DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE — Idm-E NO. 615 — DMEA NO. 2843

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [X] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [X] Certification of Discovery] 9-15-54
- [ ] Closing Letter]
- [X] Cost Audits
- [ ] Termination Notice or Agreement]
- [ ] Recision Notice]
- [ ] Assignment of Contract
- [X] Contract Amendments
- [X] Contract with all exhibits and annexes
- [X] Owner's Consent to Lien and Subordination Agreement
- [X] Application and attachments

Right Side

- [X] Project summary (final) 6-30-58
- [X] Work Completed analysis (final)

All other material filed in chronological order including the following reports if checked:

- [ ] Field Team Semi-Annual Report for Certified Project
- [X] Final Field Team Report (Tab) 3-18-55
- [X] Operator's Final Report (Tab) 3-11-55
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [X] On-site Exam Report (Tab) Feb. 1953
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. 2 : Reports
- [X] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

- [X] Field Team Semi-Annual Report for Certified Project
- [X] Field Team Interim Reports
- [X] Operator's Monthly Reports with transmittal, narrative and maps.

Folders No. _____ : Maps (Use pocket folder or envelope)

Folders No. 3 : Settlement Sheets

Folders No. _____ : Drill Logs

Folders No. _____ : Royalty material

17963

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E615, Docket DMEA-2843 (copper), dated September 28, 1953, with

Richard E. Chilson
P. O. Box 2728
Tucson, Arizona

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the King-in-Exile Mine located in Pima County, Arizona, during the period September 28, 1953, through October 7, 1962.

A certification of discovery or development was issued on September 15, 1954, and, in accordance with Article 6 and Annex I of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated December 2, 1954, indicated accepted costs under the exploration contract amounting to $10,200.00 with the Government's contribution on a 50 percent basis being $5,100.00.

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

This review tentatively found the total sales subject to the Government's royalty for the period to be $65,141.93 and the royalty payable to the Government at the rates specified in the contract is $3,077.41.

As of October 7, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$3,077.41
Total Royalty Paid	3,077.41
Balance of Royalty Due	$ -0-

E. D. Talbert
E. D. Talbert, OME Auditor

November 2, 1962

STATUS OF PROJECT, SCOPE OF REVIEW AND REASONS THEREFOR

This contract provides that the Operator, or his successor in interest, shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The land consists of the unpatented Crown Prince claim, owned by the Operator, and the Broadtop and Exile claims, leased by the Operator, all located in sec. 24, T. 18 S., R. 15 E., Helvetia Mining District. In consideration of the contract Owner's Consents to Lien were executed on June 1, 1953, and June 9, 1953, respectively, by Eustace Seligman as surviving executor of the estate of Adolph Lewisohn (owner of an undivided 27½% interest) and Hermann Ascoderf as attorney-in-fact for Frederick Lewisohn (owner of an undivided 10% interest). An Owner's Consent to Lien could not be obtained from the Southern Arizona Bank & Trust Company as administrator of the estate of Leonard Lewisohn (owner of the remaining 62½% undivided interest). The contract contains the so-called "abandonment" clause.

Approved exploration work under the contract was completed during February 1954. No ore was produced from the property under the contract during the exploration period. Thereafter, the Operator performed additional work in the subordinated area but produced no ore up to October 12, 1955, when he assigned his lease and option to purchase to the Lewisohn Copper Corporation.

From April 1956 through December 1956 the Lewisohn Copper Corporation shipped 3,190.802 dry tons of ore to the Miami Plant of International Smelting & Refining Company and 322.9905 dry tons to the Magna Copper Company, Superior, Arizona. The proceeds as evidenced by smelter settlements aggregated $55,260.92, on which the proper royalty payable amounted to $2,538.39; however, a 5% royalty of $2,814.06 was paid on reported proceeds of $56,281.26 due to failure to take into account some allowable freight deductions and also lesser percentages of royalty applicable to some settlements. Accordingly, a $275.67 overpayment of royalty was made on these shipments.

By letters dated October 30, 1957, and July 21, 1958, the Lewisohn Copper Corporation (over the Operator's signature, as president) reported that: (1) shipments of ore from the subordinated area were commingled with other production during the first half of 1957 and a portion of the first half of 1958; (2) the proceeds subject to royalty, computed on the basis of mine cars of ore from the respective areas, aggregated $5,267.01, on which the royalty payable at

5% was $263.35; and (3) there was no production from the subordinated area between June 6, 1957, and April 27, 1958. The royalty of $263.35 was paid during September 1958.

Examinations of the mine on December 11, 1958, and January 12, 1959, by an OME regional representative disclosed that further production from the subordinated area had resulted in the stockpiling in a stope of 200 to 300 tons of 2 to 3% Cu ore and that shipment to the nearby McFarland & Hullinger mill at Sahuarita, Arizona, for concentration had begun on January 6, 1959. A subsequent examination of the mine on May 20, 1960, and inquiry of the Operator on May 23, 1960, found that the mine had shut down in May 1959 and that operations prior thereto had been confined to unsubordinated areas except for the shipment of the stockpiled ore to the concentrator.

Several requests during 1959 for advice as to the disposition of the stockpile and, also, as to the method of accounting for the 1957 and 1958 shipments were ignored by the Operator. However, in a December 15, 1958, memorandum the OME examining engineer stated in regard to the 1957 and 1958 shipments that "The grade of ore data probably will show that the best ore came from the unsubordinated area. This will indicate, if the ores are assigned equal values, that the operator's estimates of royalties due, and paid according to available records, are on the high side".

Furthermore, if the stockpile sales are computed on the basis of a maximum of 300 tons at an average value of $15.38 (the average of all reported sales) the proceeds would be $4,614.00 and the royalty, at the maximum rate of 5% would be $230.70. This is $44.97 less than the overpayment of royalty made on the 1956 shipments.

Accordingly, subject to future audit of the Operator's and the producer's records, if such is ever deemed in the Government's interests, this review accepts the royalty paid to date as being valid for all production up to the shutdown in May 1959. A summary of the above discussed production follows:

Basis	Tons	Proceeds	Royalty
1956 Smelter Settlements	3,513.7925	$55,260.92	$2,538.39
1957 - 1958 Reports	420.9749	5,267.01	263.35
1959 Stockpile	300.0000	4,614.00	230.70
1956 - 1959 Totals	4,234.7674	$65,141.93	$3,032.44
Royalty Paid			$3,077.41

The claims under this contract (and also those under contract Idm-E1027, docket DMEA-4221, with the Lewisohn Copper Corporation) were included in a Contract of Sale and Purchase executed on April 1, 1961, between the Lewisohn Copper Corporation and Banner Mining Company, P. O. Box 5605, Tucson, Arizona. A May 1, 1961, Supplement to Escrow Agreement, relating to the Contract of Sale and Purchase, recognizes the Government's "lien against the production" from the claims under this contract (and also contract Idm-E1027).

On October 6, 1962, the Operator advised an OME regional representative that the property under this contract had been inactive since May 1959. Examination of the property on October 7, 1962, found no evidence of recent operations.

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

(1) The files indicate that all production has been reported or otherwise accounted for;

(2) The property has been inactive since May 1959; and

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

File Cop
Surname

Swanson
Rubin
Hoffland
Chamberlin
Kilsgaard
Hedges
Selfridge

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

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

To: Mr. Richard E. Chilson
P. O. Box 2729 - 2718
Tucson, Arizona

Pursuant to the provisions of Exploration Project Contract No. Idm-E615, dated September 28, 1953, Docket No. DMEA-2843, hereinafter called the "contract", between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows: Work of crosscutting on crosscut "B" level and diamond drilling downward from this level have shown the existence of copper ores within a contact zone between monzonite and limestone rocks.

Dated SEP 1 5 1954

WRGriswold/bjl (9/2/54)

Copy to: Docket
Irving Gumbel, Dr., MD, EPS
Mr. Hedges I4604)
Mr. Kiilsgaard, Rm. 5227S)
Admr. R File
Op. Committee
Base Metals
Cont.Adm.&Audit Div.
Finance Office (IV)
Region IV (2)
F. E. Johnson
W. R. Griswold
Chron.
The Southern Arizona Bank & Trust Co.

THE UNITED STATES OF AMERICA

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

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

2843

I have reviewed the Monthly Reports of:

Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

pertaining to Exploration Project Contract No. Idm-E615, Docket No. DMEA 2843, including Amendment No. 1 and Termination Agreement dated July 23, 1954, for the months of October 1953 to February 1954, inclusive, covering a project for the exploration of copper on property, known as King in Exile Mine, located in Pima County, Arizona, 16 miles east of Sahuarita.

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, conference with the Executive Officer of the Field Team in charge of the project, and a determination of the reasonableness and propriety of the costs.

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

The contract provides 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:		$10,200.00
Exceptions		
By DMEA Finance Officer	None	
Herewith	None	None
Total Accepted Cost		$10,200.00

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 Five Thousand One Hundred and no/100ths Dollars

- $5,100.00 -

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.

Date: December 2, 1954

Donald T. Finch
Donald T. Finch
Auditor

DEPARTMENT OF THE INTERIOR
Domestic Minerals Administration
RECEIVED
OCT 27 1953

No. 1

Copy
12/7/53
Author

AMENDMENT OF CONTRACT: No. Idm-E015

Contract Docket No. DMEA 2843, dated September 28, 1953, between the United States of America and Richard E. Chilson is hereby amended as follows, effective as of the date of said Contract:

> Referring to "Article 3. Exploration Project" of Exploration Project Contract Form MF-200(A) (February, 1952), in the space following the words "within a period of" insert "sixteen (16) months".

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "allowable maximum."

Dated OCT 26 1953

By Richard E. Chilson
Richard E. Chilson

UNITED STATES OF AMERICA

By W. H. King
W. H. King, Executive Officer
DMEA Field Team, Region IV

MF-200 (A)
(February 1952)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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DOCKET NO. DMEA 2843

COMMODITY Copper

Ida-2615

Return 12/7/53

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 28th 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] Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

hereinafter called the "Operator," as follows: and as set forth in Annex I 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 in the State of Arizona, County of Pima, described as follows:[3] Two patented lode mining claims and one unpatented lode mining fractional claim located in the Helvetia Mining District in Sec. 24, T. 18 S., R. 15 E. See Annex I which is Attached.

the Operator represents and undertakes:[4]

(*a*) That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached:
Owner of Crown Prince
Lessee of Broadtop and Exile

and two copies of Owner's Consent to Lien are attached.

(*b*) That the Operator is a lessee, in possession and entitled to possession, ~~and two copies of Owner's Consent to Lien are 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 60 (sixty) days from the date of this contract shall commence work on a project of exploration for[5] Copper

in or upon the described land; and shall bring the project to completion within a period of _____ 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 (fifty) 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 $13,575.00, which is 50 percent of $27,150.00, 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 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 I, 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

x Richard E. Chelson
(Operator)

By W. H. Kung
Executive Officer, DMEA
Field Team, Region IV

By _____

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

Richard E. Chelson [CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

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ANNEX I

The following provisions are in lieu of all of paragraph (a) of Article 6 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:

ANNEX II

Patented Broadtop lode mining claim M.S. 1308, that part of the Mile lode mining claim M.S. 1308 which lies south and west of the King lode mining claim M.S. 1308 and the unpatented Crown Prince claim which is recorded in Book 77, Page 457 in the records of the County Clerk and Recorder's Office of Pima County, Arizona. Figure 4 attached shows the location of these claims.

MF-203

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 Arizona, County of Pima, described as follows:1/

Broadtop Lode Mining claim M.S. 1308 and that portion of the Exile Lode Mining claim M.S. 1308 which lies south and west of the King Lode Mining claim M.S. 1308.

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/ Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

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 which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ 13,575.00, or ten years have elapsed from the date of the contract.

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.

Dated this 1st day of June, 195 3.

ESTATE OF ADOLPH LEWISOHN, DEC'D [Seal]

Eustace Seligman [Seal]
Surviving Executor

[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.

4/ Insert the maximum amount of the Government's contribution.

RELEVANT CONTRACT PROVISIONS

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 six months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

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

(2) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent 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) per cent 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) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) per cent.)

(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, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

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

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

Title to and disposition of property. All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

KA

MF-203

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 Arizona, County of Pima, described as follows:1/

Broadtop Lode Mining claim M.S. 1308 and that portion of the Exile Lode Mining claim M.S. 1308 which lies south and west of the King Lode Mining claim M.S. 1308.

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/ Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

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 which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ 13,575.00, or ten years have elapsed from the date of the contract.

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.

Dated this 9th day of June, 1953.

FREDERICK LEWISOHN [Seal]

by [signature] [Seal]
His Attorney in Fact

[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.

4/ Insert the maximum amount of the Government's contribution.

RELEVANT CONTRACT PROVISIONS

Repayment by Operator. (a) If, at any time, the Government considers that a [illegible] or a 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 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 [illegible] years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

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

(2) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent such net amounts for each additional full fifty cents ($0.50) by which such net amount exceed eight dollars ($8.00) per ton, but not in excess of five (5) per cent 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) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) per cent.)

(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, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

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

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

Title to and disposition of property. All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

Drill a maximum of five diamond drill holes having a maximum total depth of 600 feet. The location, depth and direction of the drill holes will be determined after the crosscut is completed and the drilling must have prior written approval of the DMEA representative. Diamond drill holes must not be smaller than EX size.

A certified drill log must accompany the monthly progress reports.

Estimated Costs of the Work

STAGE I

Crosscutting 280 feet at $30.00 per feet	$8,400.00
Total Cost Stage I	8,400.00
Government's participation Stage I at 50%	4,200.00

STAGE II

Diamond drilling 600 feet at $5.00 per feet	3,000.00
Total Cost Stage II	3,000.00
Government's participation Stage II at 50%	1,500.00

STAGE III

Drifting 300 feet at $30.00 per feet	9,000.00
Total Cost Stage III	9,000.00
Government's participation Stage III at 50%	4,500.00

STAGE IV

Crosscutting 125 feet at $30.00 per feet	3,750.00
Diamond drilling 600 feet at $5.00 per foot	3,000.00
Total Cost Stage IV	6,750.00
Government's participation Stage IV at 50%	3,375.00
Total Cost of Project	27,150.00
Total Amount of Govt. Participation	13,575.00

The above unit drilling costs include preparation of diamond drill stations, supervision, sampling, splitting and storage of diamond drill cores, and all other costs necessary for completion of the work.

DMEA--2843

EXHIBIT "A"

Description of the Work

The work is divided into four stages. The location of the proposed work is shown on Figure 3 and Figure 4, which are attached and made a part of this Exhibit.

STAGE I

Extend crosscut B 280 feet south to cut through the contact zone into the overlying monzonite porphyry.

If in the opinion of the DMEA representative the results of Stage I indicate that the contact zone should be explored at depth, Stage II will be authorized. Work on Stage II must not be started without prior written authorization from the DMEA representative.

STAGE II

Drill a maximum of five diamond drill holes to cut the downward extension of any mineralization cut in crosscut B. Diamond drill holes must not be smaller than EX size. The maximum amount of drilling authorized under Stage II is 600 feet. The location, depth, and direction of the drill holes will be determined after Stage I is completed, and the drilling must have prior written approval of the DMEA representative.

If in the opinion of the DMEA representative the results of the work performed under Stage I and Stage II indicate that the contact zone should be explored at the elevation of crosscut B, Stage III will be authorized. Work under Stage III must not be started without prior written authorization from the DMEA representative.

STAGE III

Drive a drift 100 feet east and 200 feet west of crosscut B in the contact zone. The location of the drift with reference to the walls of the contact zone will be determined after a study of the geologic conditions encountered, and must be acceptable to the DMEA representative.

If in the opinion of the DMEA representative the results of Stage III indicate that the contact zone should be explored at depth, Stage IV will be authorized. Work under Stage IV must not be started without prior written authorization of the DMEA representative.

STAGE IV

Drive a crosscut 125 feet south from the west end of the drift authorized in Stage III.

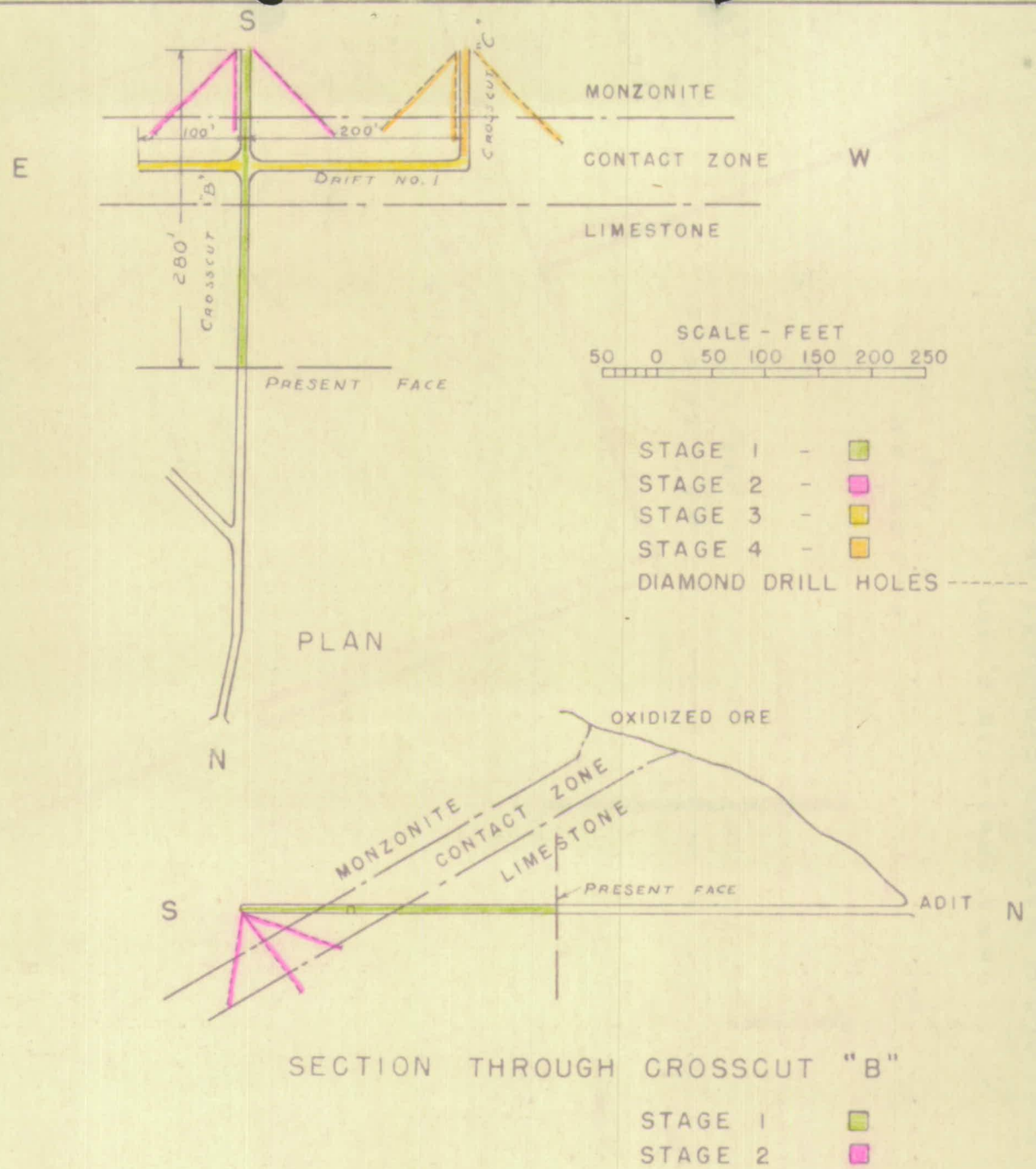

FIGURE 3. - PLAN AND SECTION OF PROPOSED EXPLORATION
KING-IN-EXILE MINE
HELVETIA MINING DISTRICT
PIMA COUNTY, ARIZONA

DMEA 2843 JAN. 6, 1953

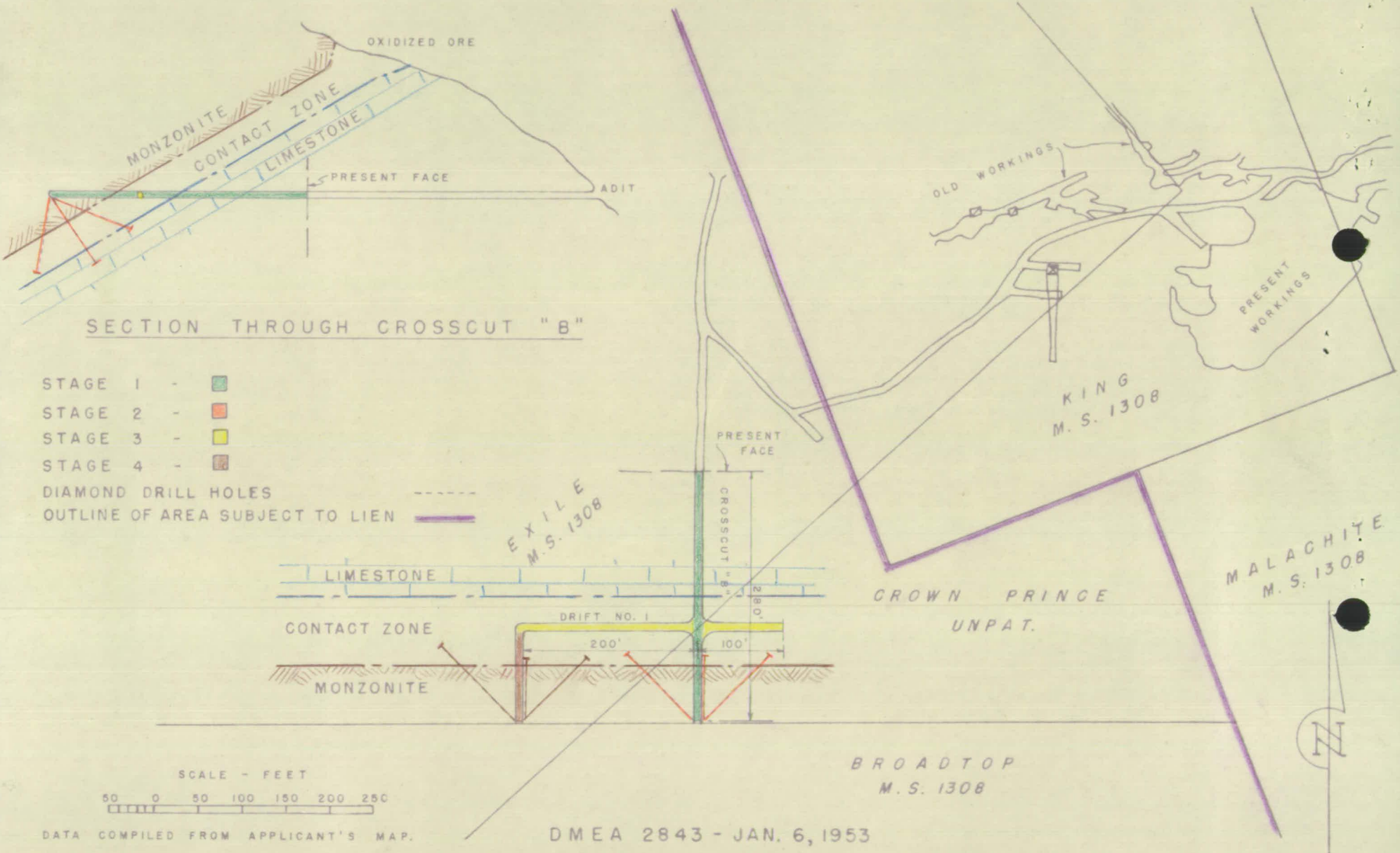

FIGURE 4. - CLAIM MAP AND EXPLORATION RECOMMENDED

KING-IN-EXILE WORKINGS HELVETIA MINING DISTRICT PIMA COUNTY, ARIZONA

Form MF-103
(Revised June 1951)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.1.

MF-103 Should Be Filed With General Technical Data Form MF-100

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

Not To Be Filled in by Applicant

Docket No. DMEW-2843
Metal or Mineral
Date Received 1/8/53
Amount $
Participation (Government %)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 8 1953

Name and address of applicant

Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

Date December 26, 1952

If you have already filed MF-100, give date filed _____, type of assistance requested _____,

DMA Docket Number (if available) _____

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four copies each, of the signed application form, General Technical Data Form MF-100, and answers to questions as specified, to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive office thereof, with your name and address on each sheet of the application and all accompanying papers. If you have previously filed MF-100, it is not necessary to file it again. However, you should indicate in space provided above the type of assistance previously applied for (loans, procurement contracts, etc.) and DMA Docket Number, if available. *When a question is inapplicable it should be so stated in the form.* Additional sheets should be attached in answering any questions or in supplying additional information. IF YOU CANNOT ANSWER A QUESTION, SO STATE.

1. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.

   (*b*) If you are not the owner of the property, submit a copy of the lease, purchase option, or other agreements under which you are authorized to operate the property with each copy of your application.

   (*c*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

   NOTE: (1) If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*c*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

   (2) If applicant is not the owner of the property or if there are any liens or encumbrances against the property, copy of agreements of claimants, lienors, encumbrances, and lessors subordinating their interests in the property to the interest of the Government under the Exploration Project Contract will be required for attachment to the Contract.

2. (*a*) What metals or minerals do you expect to find?

   (*b*) Furnish statement of the geologic features of your property, giving type of ore deposit and reasons for expecting to find commercial ore bodies. Illustrate with maps or sketches. If you have a geologic or engineering report, or assay maps showing width and grade, please send them with application, stating whether or not you wish to have them returned.

The information requested in questions 3, 4, 5, 6, 7, 8, and 9 below should be answered specifically and in detail, as this information will be attached to and incorporated as part of the Exploration Project Contract, if such contract is entered into with you by the Government.

ANSWER EACH QUESTION ON SEPARATE SHEETS OF PAPER AND SUBMIT A COPY OF EACH ANSWER FOR EACH COPY OF YOUR APPLICATION.

3. (*a*) Describe fully the proposed work and give the total cost of the project.

   (*b*) State the time required to start the project and to complete it.

4. Submit a map or sketch of the property involved showing a plan (and cross section, if needed) of the present mine workings and the *location of the proposed exploration work* as related to geologic features, such as contacts, veins, ore-bearing beds, etc.

5. Furnish an itemized list of existing facilities, buildings, installations, and fixtures with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition.

6. Furnish a detailed list of additional facilities, buildings, and fixtures to be purchased, installed, or erected by you, with the estimated cost of each item.

7. Furnish a detailed list of operating equipment, separated into items to be—

   (*a*) Rented

   (*b*) Purchased

   (*c*) Furnished by you

   with the rental, purchase price, or depreciation of each item, as the case may be, to be charged as a cost of the project.

8. Furnish an itemized schedule of labor, by numbers and classes (miners, muckers, etc.) and of supervisors by numbers and positions, with the maximum wages or salaries to be paid to each.

9. Furnish a detailed list with estimated cost of each item for materials, supplies, engineering, assaying, accounting, power, water, utilities, and any other items not provided for above.

10. (*a*) How much are you prepared to invest in the proposed project?

    (*b*) Is this amount sufficient to pay your part of the cost of the project, in accordance with the regulations on Government participation (Sec. 9 of MO–5)?

11. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

CERTIFICATION

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

Richard E. Chilson
(Name of company)

By Richard E. Chilson
(Signature of authorized official)

December 26, 1952
(Date)

Operator
(Title)

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.

U. S. GOVERNMENT PRINTING OFFICE 16—64067-2

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

December 26 1952

MF-103

Supplemental Sheet I.

1. (a) Real property involved in this exploration project are three patented mining claims, the King, the Exile and the Broadtop, and one unpatented fraction, the Crown Prince.

The King, Exile, and the Broadtop are part of thirty-three patented mining claims in the Helvetia Mining District Arizona, under lease to the applicant by the Lewisohn Estate. They are designated by the Surveyor General of Arizona as of Lot 1308, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines at page 401 et seq., reference to which is hereby made for a fuller description.

The Crown Prince is an unpatented fraction under location by the applicant. It is bounded on the south by the Broadtop on the east by the Malachite (patented) and on the north by the King and the Exile Claims.

(b) Copies of the lease agreement between the owners and the Allison Steel Manufacturing Company, dated October 1, 1949; and copies of the assignment of this lease to the applicant, dated May 1, 1950; are included with this application.

(c) The exact property to be explored by this project and to be liable for repayment of this obligation will be the Broadtop claim in its entirety and that part of the Exile clain lying outside the boundaries of the King Claim, and the Crown Prince fraction.

2. (a) The principal metal which is expected to be found is copper, with silver in minor amounts.

(b) The reason that it is expected to find commercial ore bodies in the area to be explored under this project is that it is a nearby extension of the ore zone in the King in Exile mine which we are currently mining and from which we have taken over two hundred railroad carloads of high grade ore in the past two years.

The ore of the King in Exile Mine is a hydrothermal replacement of limestone by chalcopyrite in an ore zone fifty to seventy-five feet thick. This ore zome lies immediately under a quartz-monzonite sill thrust up into the limestone at an angle of about thirty degrees from the horizontal. The ore in the deposit occurs in local shear and fault zones and fractures and as lenses in the susceptible lime beddings. The chalcopyrite is banded with calcite and quartz or garnet; or massive, in thickness up to thirty feet.

RICHARD E. CHILSON
Engineering and Mining
P.O.Box 2729
Tucson, Arizona.

December 26, 1952

MF - 103 Supplemental Sheet II

2. (b) continued:

The general shape of the high grade orebodies of the King is very irregular as they are cut up and separated by sills and horses of unaltered and unmineralized limestone. They are surrounded by large masses of lower grade ore which could be mined if the price of copper were higher.

The surface geology of the western extension of this ore zone, which is the area to be explored in this project, exhibits the identical pattern and features including surface ore outcrops at least as strong as those which mark the present orebodies of the King.

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

DECEMBER 26, 1952

MF-103 Supplemental Sheet III

3. (a) The proposed work of this project will consist of sinking two inclined shafts five hundred feet apart on the western extension of the King ore contact or ore zone and exploring between and beyond these shafts from drift levels. Core drill holes will be drilled from stations on these levels to thoroughly explore the ore zone.

The sinking of each of these shafts will be preceded by diamond drilling which will provide information as to the precise direction and probable value of this work. Assuming generally encouraging drill cores, the work will be carried on as follows:

First, an access road about one thousand feet in length will be built into the site of Inclined Shaft "A". This can be done for about $500. An adit will then be driven about one hundred feet beyond the point of the contact between the lime and the Monzonite. From the end of this crosscut three or four diamond drill holes will be drilled to explore the formation along the line of the proposed Incline "A". The number of drill holes will depend upon the apparent regularity and uniformity of the structure.

The shaft will then be sunk along the line of what appears to be the footwall of the ore structure using a surface gasoline powered hoist and a ton self-dumping skip dumping into a muck pocket above the adit level. As soon as the shaft is down fifty feet or so, drift No. 1 (see sketch) will be started to the east to connect with the crosscut "B", and when this shaft is finished, drift No. 2 will be driven to the east to connect with that being driven from Incline "B" from the 200 level, leaving a fifty foot sump. Drift No. 2 will also be driven to the west if it appears that the ore may extend in this direction. The site of this proposed shaft is marked on the surface by a very promising ore outcrop exposed in a canyon.

At the same time that the above work at Incline "A" is being done a diamond drill hole will be drilled from an under ground heading in the King-in-Exile Mine along the line of proposed crosscut "B". Then this crosscut will be driven to a point 100' south of the ore contact and a diamond drill station will be cut for drilling the structure where the incline winze "B" will be sunk.

When Incline "B" is down fifty or sixty feet, Drift No.1 will be started from this collar station, both to the east and the west and to connect up with the heading being driven from Incline "A". Upon completion of Incline "B" to 250', drift No.2 will be driven both east and west to explore the structure towards the present King workings and to connect up with the 200 level being driven from Incline "A".

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

December 26, 1952

MF-103

Supplemental Sheet IV

3. (a) continued:

Diamond drill stations will be cut on both levels midway between the two inclines and wherever cross fracturing or ore zones promise benefits from further diamond drill exploration.

The cost of this work is figured as follows:

Our experience at the King Mine over the past several years has shown us certain cost figures for drifting, crosscutting and shaft sinking in the rock we have to work with and the men and methods we find most applicable. The figures I have used here for lineal footage of work cover labor, power and supplies, including air and water lines, rail and timbering.

Crosscuts:			
Adit "A"	200'		
Crosscut "B"	275'		
	475'	@ $30. per foot	$14,250.00
Drifts:			
Drift No.1	700'		
Drift No.2	900'		
	1600'	@ $35 per foot	56,000.00
Inclined Shafts:			
Shaft "A"	250'		
Shaft "B"	250'		
	500'	@ $100 per foot	50,000.00
Diamond Drilling:			
Location at end of X-cut "A"	750'		
Initial hole on line of X-cut"B"	275'		
Location at end of X-cut "B"	750'		
Locations on drifts #1 & #2 between shafts	500'		
Locations at end of drifts	750'		
Drill hole footage reserved for special conditions	500'		
	3525'	@ $6.00 per foot	21,150.00
Dulldozer rental for access road, as detailed in Item 7 Part(a)			500.00

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

December 26 1952

Supplemental Sheet V

MF-103

3. (a) continued:

Equipment to be purchased as detailed in Item 7, part (b)	$38,425.00
Depreciation on equipment to be furnished by me as detailed in Item 7, part (c)	2,480.00
Building to be constructed as detailed in Item 5	1,500.00
Accounting cost as detailed in Item 9	1,200.00
Total estimated cost of project	$186,505.00

(c) This work can be begun at any time and can be completed within twenty-four months thereafter.

4. Maps and sketches of the property involved in this project and accompanying this application include:

(a) Plan and cross section of King workings by U. S. Mineral Surveyor, T. N. Stevens, surveyed November 1951, Titled: "Survey of Underground workings on King Mining Claim, Helvetia Mining District, Pima County, Arizona".

(B) Plan of present underground workings and proposed exploration, Titled: "King-Exile Group Workings and Proposed Exploration" made in December 1952. The survey on this work was run in November, 1952, by Robert C. Fordham.

(c) Cross-sections through present workings and proposed exploration, dated December, 1952.

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

December 26, 1952

Supplemental Sheet VI

MF-103

5. There are no existing facilities, buildings, installations or fixtures at the present time upon the property directly covered by this proposed exploration project. However, the shops and buildings of the King in Exile Mine will adequately provide all facilities necessary for that part of this work which will be done through the King adit.

6. It is proposed to construct one corrugated iron building at the portal of Adit "A" to house a compressor, hoist and tool shop. It is estimated that this can be constructed for $1,500. including a concrete foundation for the sinking hoist.

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

December 26, 1952

MF-103

Supplemental Sheet VII

7. (a) It is proposed to rent a bulldozer to construct an access road in to the site of Adit "A". This is a distance of about one thousand feet and should cost not more than $500.00.

(b) Equipment to be purchased will include:

1 600 cfm compressor	$12,500.
1 gasoline sinking hoist	2,500.
1 air sinking hoist	2,000
10 mine cars	2,500.
2 ventilation blowers & pipe	5,000
5 rock drills	3,000
1 air trammer	3,500
1 mucking machine	3,000
2 sump pumps	750
2 air receivers	500
2 self-dumping incline skips	500
1 water pressure tank	175
Miscellaneous supplies	2,500

The miscellaneous item above is for rail and air and water lines to the present face in the King Adit where work on the cross-cut "B" will start; for hoisting cable, sheaves, material for muck pockets on both adit levels, etc, and the inevitable list of overlooked details.

(c) Equipment to be furnished by me will include:

1 315 cfm compressor for Incline "A"	$3,500.00
1 Coppus Blower with 300' of ventube for headings	350.00
1 C-P 34 Stoper	350.00
1 1952 Chevrolet 3/4 ton pickup for small supplies and labor	2,000.00
	$6,200.00

This equipment will be made available to the exploration project at a depreciation charge of 1/60 of its value per month, when in use.

Other equipment available when needed and to be provided at no charge includes:

Dump trucks	Double drum gas slusher
Crane truck	Electric welder
Diesel road grader	Acetylene torches

Electric light plant.

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

December 26, 1952

MF-103

Supplemental Sheet VIII

8. LABOR:

At the King-in-Exile Mine we are now using eight miners and ten muckers with one superintendent. The miners double for timbermen, hoismen and mechanics. They are paid $1.50 per hour. The muckers do the loading and tramming. They are paid $1.25 per hour. The superintendent receives a salary of $600.00 per month. There is a large supply of labor available at these rates but it is not very good labor. We would be glad to pay more for better labor but the better labor available will not work except on a contract basis where, by working hard and long, they can make $25. to $30. per day.

Although it is not feasable to use contract labor in the very irregular work of extracting ore from the King stopes, and the development attendant thereon, it would likely be quite satisfactory in an exploration program. For this reason it is anticipated that a large part of this exploratory work will be done on contract. On a straight mine labor basis, however, six miners and six muckers would be used on this exploration work with one shift boss.

And, although we cannot certify the wage scales which it may be necessary to pay next year, the rate will be exactly the same as we will be paying in the King operation, or, as at the present time, $1.50 per hour for miners, $1.25 per hour for muckers and probably $100 per week for the shift boss.

Added to this would be one half of the salary of the superintendent who would supervise both the King operation and the exploration project, or $300. per month.

RICHARD E. CHILSON
Engineering and Mining
P.O. Box 2729
Tucson, Arizona.
December 26, 1952

Supplemental Sheet IX

MF-103

9. The only item which has not been included in the above cost estimates is the cost of accounting: Payrolls, reports for industrial insurance, employment security, social security and withholding tax and the monthly accounting and report to DMA on this project. It is estimated that the cost of this work will be about $50.00 per month.

10. I am prepared to invest $93,252.50 in this proposed project.

(b) Which will be sufficient to pay 50% of the cost of the project in accordance with the regulations on government participation. (Sec.9 of MO-5)

Form MF-100
(May 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

GENERAL TECHNICAL DATA
FOR USE UNDER THE
DEFENSE PRODUCTION ACT OF 1950

NOT TO BE FILLED IN BY APPLICANT

Docket No. DMEA-2843

Date received 1/8/53

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 8 1953

Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

Name and address of applicant

Date October 25, 1952

INSTRUCTIONS

This form is to be filed with Defense Minerals Administration, Department of the Interior, Washington 25, D. C. It should be accompanied by appropriate application form when a specific type of Government assistance is requested, in the form of (1) loan, (2) purchase contract, (3) Government guarantee of a private loan, (4) priorities or allocation of mining equipment, and maintenance, repair and operating supplies, and (5) other forms of Government assistance that might arise under the Act. Submit four (4) signed copies of the form and accompanying papers. Name and address should be stamped or typed on each sheet of this form and all accompanying papers. *When a question is inapplicable it should be so stated on the form.* Additional sheets may be attached in answering any questions or in supplying additional information. (IF YOU CANNOT ANSWER A QUESTION, SO STATE.) If a question is answered elsewhere indicate where answered. It is not necessary to answer it again.

GENERAL TECHNICAL DATA

Supply the following information on separate sheets, arranged, numbered, and lettered as indicated:

1. Materials produced:
   (*a*) What are the chief mine, mill, or smelter products?
   (*b*) What are the byproducts, if any?
2. Name(s) and type(s) of mine(s), mill(s), smelter(s), refinery(ies), pit(s), quarry (ies), drilling operation(s). Include old names of property, if any. Show extent of workings, including the following:
   (*a*) Linear feet of shafts.
   (*b*) Linear feet of drifts and crosscuts.
   (*c*) Linear feet of tunnels or adits.
   (*d*) Linear feet of other mine openings (explain briefly).

   Indicate whether mine is flooded or not. Describe any pumping problems. Give size or productive capacity.
3. For each operation listed above supply the following:
   (*a*) Distance and direction from nearest town and shipping point.
   (*b*) Mining district.
   (*c*) Township, Section, Range.
   (*d*) County, State.
4. (*a*) State whether or not property is now in operation, and if in operation, by whom operated.
   (*b*) Are you operating this property as:
   - ☐ Owner.
   - ☐ Lessee.
   - ☐ Contractor.
5. Number of years in production 3 years

   If not in production or operation, estimated date when production will begin _____
6. Experience of operators:
   Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who manage the project.
7. History:
   (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for suspension of operation.
   (*b*) State briefly the known history and production of adjoining and neighboring properties.
   (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

8. Names and addresses of Officers, Directors, or Partners, and in addition thereto, the five largest stockholders if applicant is a corporation.

Name and Address (a)	Official Title (If officer is also director indicate by "D") (b)	Total of Annual Salary, Commissions, Bonuses, Etc., Received From Applicant and Affiliates During Last Fiscal Year (c)	Estimated Net Worth Outside of Interest in Applicant (d)	Number of Shares Held in Applicant Corporation		Life Insurance Carried for Benefit of Applicant	
				Common (e)	Preferred (f)	Amount (g)	Net Cash Surrender Value After Loans (h)
	Total		x x x x x			x x x x x	x x x x x

If more lines are needed continue on separate sheet.

9. Capital Stock Issues:

For Corporate Applicants

Item	Authorized (a)	Outstanding (b)	Par Value (c)	Number of Shares Outstanding (d)	Dividend Rate Last Paid* (e)
Common stock	$	$	$		
Preferred stock	$	$	$		

*Indicate period covered.

10. Production:

Item	Kind of Product (a)	1948 Total (b)	1949 Total (c)	1950 Total (d)	Present Average Monthly (e)
1. Quantity of product mined or quarried (Short, long, metric tons; barrels; pounds; etc.)		1950	1951	1952 (to date)	
2. Quantity of product processed (specify unit of measure and type of process)	Copper ore	[illegible]	[illegible]	[illegible]	[illegible]
3. Quantity and grade of product sold or shipped (specify units of measure)					

11. Do you contemplate a change in the present average monthly rate of production? If so, state estimated maximum monthly production and basis of change.

12. Ore or Mineral Reserves:

(a) Describe the ore or mineral deposit briefly. Accompany the application by any available report on the geology and ore reserves.

(*b*) If deposit is other than placer:

(1) Submit assay plans and/or sections showing location and size of proved (measured) and probable (indicated) ore or mineral reserve.

(2) State the tonnage (indicate type of ton) and grade of each class of ore reserve, as above, and show how computed. Tabulated total ore reserve as follows:

TOTAL ORE OR MINERAL RESERVES

Ore or Mineral Reserve	Estimated Tons (a)	Metal or Mineral Content Per Ton (Grade) (b)	Gross Value Per Ton (c)	Recoverable Unit Value Per Ton (d)	Estimated Cost of Production Per Ton (e)
Measured (proved)	5,000	8% copper	$39.20	$37.24	$30.00
Indicated (probable)	25,000	8% copper	$39.20	$37.24	$30.00

These figures do not include lime credit or silver in value; Do include refining in costs.

(*c*) If placer:

(1) Give estimated total yardage and average marketable mineral content of each deposit.

(2) Submit map showing location of placer deposit and surrounding area, with all test holes or pits. Submit logs of each hole and test pit with depth and average value of each. See Supplemental Sheet

(3) Describe gravel, stating whether fine, medium or coarse; loose, tight, cemented, or frozen, and whether it contains stumps or boulders more than 1 foot in diameter; if so, how large, and in what proportion.

(4) Describe bedrock, giving type (granite, sandstone, shale, etc.) and state whether it is hard or soft, smooth, uneven or rough.

(5) Describe overburden, stating whether loose, tight, or cemented; fine or coarse textured; furnish estimate of average thickness and total amount.

(6) Tabulate the reserves using the form outlined above for ore or mineral reserves.

13. Access Roads:

Give road distances to shipping, supply and residence points, stating kind and condition of roads.

14. Water Supply:

State source and quantity of water available for operations and whether sufficient for all seasons of year.

15. Power:

State amount of power used, rate per hour, and source thereof.

16. Labor:

State number and classes (miners, muckers, millmen, etc.) of men employed during a recent representative payroll period.

17. Equipment and Facilities:

Describe present equipment on the property, including buildings. (State condition.) List major pieces of equipment now owned or controlled and in serviceable condition available for this operation.

18. Are there any particular conditions or circumstances affecting your operations that are not described above? If so, explain.

CERTIFICATION

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

Richard E. Chilson
(Name of company)

By Richard E. Chilson
(Signature of authorized official)

Operator
(Title)

October 25, 1952
(Date)

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.

U. S. GOVERNMENT PRINTING OFFICE 16—63792-1

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

October 25, 1952

MF-100 Supplemental Sheet 1

GENERAL TECHNICAL DATA

1. Material produced are:
   a. Copper ore 8% copper
   b. Silver, about 1.5 Oz. per ton
      Also lime smelter flux, about 18% CaO

2. Property consists of thirty-three (33) patented Mining Claims known in a group as the Rosemont Mines, of which two claims comprise the subject of this report, being the only properties now in production. The names of these claims are the King and the Exile, Survey No. 1308. The mine described in this report is known as the King-in-Exile.
   a. There are no shafts on these claims as all sinking operations have been conducted underground where they are called winzes, and of whcih there are 400 linear feet.
   b. There are three thousand (3,000) feet of drifts and crosscuts
   c. There are five hundred feet of adits and tunnels
   d. Also three hundred feet of raises or connections between levels and numerous ore stopes.

There is no water problem at the present time as the influx is about balanced by mine use.

3. The nearest city of consequence is Tucson, thirty miles distant. The shipping point for ore is at Sahuarita, a station on the Southern Pacific Railroad eighteen miles south of Tucson and sixteen miles west of the mine.
   b. Mining claims situated in the Helvetia Mining District.
   c. Township 19 S Section Range 15 E
   d. Pima County, Arizona

4. a. Property now being operated by Richard E. Chilson
   b. as lessee. The owner of the property is the Estate of Adolph Lewisohn, 61. Broadway, New York, New York

5. The King-in-Exile mine has been in continuous operation and production for the last five years.

6. The present applicant and sole owner of the King-Exile operation has had many years of mining and general business experience, being active in California gold mining in the thirties, employed by the Raskob Mining Interests as a geophysicist in 1939-40 and as a partner and general manager of the San Xavier Extension mine operation which produced 10,000 tons of rich zinc, copper, lead and silver ore in 1942-43; and of the Elgin Mine operation which produced 50,000 tons of copper ore in 1946-47.

7. The King Mine was located in 1882 and patented in 1898. Ore was mined by hand and carried on burros to the Rosemont Smelter. The patented claim was listed as unproductive in a tax report dated 1916. It is not known what work, if any

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

October 25, 1952

MF-100 Supplemental Sheet 2

GENERAL TECHNICAL DATA (Continued)

was done between that time and 1943 when Muheim and Maffeo, of Bisbee, worked the property under a lease from the Lewisohns. This work was carried on later by Mr. Maffeo alone until 1946 when the surface ores were exhausted and it was apparent that a considerable investment in exploration would be required to find further ore.

In July of 1948 this property was included by amendment into a lease held by the writer under which he was shipping ore from various Rosemont mines also belonging to the Lewisohn Estate. In this year seven carloads of zinc ore were shipped from the King. Early in 1949 the property was turned over to the Allison Steel Manufacturing Co., of Phoenix, Arizona; who drove some 1500 feet of exploration drifts and crosscuts to open the extension of the ore zone in the King and Exile claims below the previous workings. This work was done from an adit on the Exile claim and two raises were put up to connect with the old workings. Forty-four carloads of ore were shipped during this exploration work which was discontinued in May, 1950 when no further ore was found, and the property was returned to the writer.

In further exploration work based on a different interpretation of the geological evidence disclosed, the writer has gradually brought the King-inExile into serious production, with 1000 tons produced during the period from May, 1950 to January, 1951; 2,965 tons during the year of 1951 and 6,544 tons during the first ten months of 1952. This ore averages about 8% copper, and $1\frac{1}{2}$ Oz silver per ton.

7b. A chain of small mines and prospects extends a mile and a half south from the King-Exile property along the east side of a series of quartz-monzonite laccoliths or plugs where the limestones and porphries are sheared and mineralized in various relationships to tongues or sills of this monzonite where it has penetrated the structures. The only one of these mines to be developed to any extent is the Narragansett, about three thousand feet south of the King. This property produced 35,656 tons of ore during the years 1915, 1916, 1917, 1918 and up to July 1, 1919. This ore averaged 7.35% copper and 1.22 ounces of silver per ton.

7c. No written engineering reports of signifigance have been made upon the King-in-Exile Mine, inasmuch as it is only at the present date developing into an interesting operation.

8. Applicant is not a corporation

9. No stock issues.

10. Production:

Product	Grade	1950	1951	1952	Unit
Copper ore	8%	1001.34	2964.80	6466.62	shortons

11. Next page.

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

October 25, 1952

MF-100 Supplemental Sheet 3

GENERAL TECHNICAL DATA (Continued)

11. Our present production from the King in Exile mine is about 600 tons of ore per month containing 96,000 pounds of copper. This production can be increased to about 2,000 tons per month of the same grade of ore with the further development and exploration of our presently producing ore zone and of adjacent ore structure. This will entail the investment of about $250,000 in exploration and development, and would make available an additional 250,000 tons of ore.

12. The ore deposit of the King and Exile claims consists of a hydrothermal replacement of limestone by chalcopyrite in a zone lying under a quartz-monzonite sill. No formal reports on the geology of the mine have been made.

12b. 1. Of the accompanying sketches of the King-Exile property, sheet No. 3 shows the location and size od the proven and indicated ore reserves.

2. The tonnage of proven ore is estimated at 5,000 tons and the quantity of indicated ore is estimated at 25,000 tons. The proven ore is based on estimated tonnage of ore blocked on three sides or developed on two sides and diamond drilled. Indicated ore is estimated by applying the ratio of tons of ore per square unit of area already mined to the extent of the ore zone proven by present exploration.

TOTAL ORE OR MINERAL RESERVES

Copper ore	Estimated tons	Grade	Gross Value	Recoverable value	Cost per ton
PROVEN	5,000	8% Cu 1½ Oz. Ag	$40.69	$38.66	$18.00
PROBABLE	25,000	"	"	"	"

The gross value above includes 45¢ per ton lime credit which is about average for our present smelter schedule. The recoverable value is simply 95% of the gross value and represents a conservative smelter recovery but has no relation to the price we receive for the ore. The cost per ton includes mining and hauling to the railroad shipping point but does not include royalty (10%), freight, smelter, refining or marketing costs.

13. Access roads. Thirteen miles of our haul road is graded county road and the remining three miles are good, all-weather truck road. Supply point is Tucson, thirty-three miles. Most of the crew live in Tucson.

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

October 25, 1952

MF-100 Supplemental Sheet4

GENERAL TECHNICAL DATA (Continued)

14. Water available in present levels of the King-in-Exile Mine is adequate for all mine uses.

15. Compressors are powered by butane. No other power used at present.

16. Five miners, five muckers, two ore sorters, two trammers, one hoistman, one timber man, one truckdriver and one superintendant on mine payroll at present.

17. Equipment and facilities:

Buildings on the property consist of a compressor house and work shop and an office and warehouse.

Equipment consists of:

1. One Ingersoll-Rand K-315 Compressor, Butane powered
2. One Gardner-Denver 315 cfm Compressor, Butane powered
3. Three air hoists
4. Five double drum air slushers
5. Chicago-Pneumatic Diamond drill (fully equipped)
6. Five 16 cu. ft. mine cars
7. Rock Drills:

Thor stoper	One C-P 42 sinker
C-P stoper	One Ingersoll JA-55 sinker
Atlas Diesel stoper	One Gardner-Denver sinker
Two C-P 50 Drifters	Five Atlas-Diesel Drifters

Also one 100 ton capacity steel ore bin and sorting room, 2,000 feet of rail, air lines, water lines, hoses, steel and repair parts.

Other pieces of equipment available and in use for the mine are two dump trucks, flat bed truck with winch and boom, two pickup trucks, Gallion road grader and Caterpillar bulldozer.

18. The only particular conditions affecting this operation are that,
1. The flat dip of the ore causes mucking to be more expensive than in steeper veins and
2. All of the ore shipped is hand sorted which accounts for the consistent grade grade of product but which is also a cost factor.

L E A S E

THIS AGREEMENT, made and entered into as of the 1st day of October, 1949, by and between FREDERICK LEWISOHN (unmarried) of New York City, New York, THE SOUTHERN ARIZONA BANK AND TRUST COMPANY, an Arizona corporation qualified to transact and transacting business in Pima County, State of Arizona, as Administrator with the Will Annexed of the Estate of Leonard Lewisohn, Deceased, and SAM A. LEWISOHN and EUSTACE SELIGMAN, of New York City, New York, as Executors under the Last Will and Testament of Adolph Lewisohn, Deceased, hereinafter called the Lessors, parties of the first part, and ALLISON STEEL MANUFACTURING COMPANY, an Arizona corporation qualified to transact business in Pima County, State of Arizona, hereinafter called the Lessee, party of the second part,

W I T N E S S E T H :

That the said Frederick Lewisohn is the owner of an undivided ten per cent. (10%) interest; the said Estate of Leonard Lewisohn, Deceased, is the owner of an undivided sixty-two and one-half per cent. (62½%) interest; and the said Estate of Adolph Lewisohn, Deceased, is the owner of an undivided twenty-seven and one-half per cent. (27½%) interest in and to those certain patented lode mining claims hereinafter particularly described.

That the Lessee is desirous of obtaining from and has applied to the Lessors for a lease on the mining premises hereinafter described for the term, at the rental and royalty, and on the terms and conditions hereinafter set forth,

NOW, THEREFORE, THIS AGREEMENT FURTHER WITNESSETH:

That for and in consideration of the sum of Five Hundred Dollars ($500.00), the receipt whereof is hereby acknowledged, and the mutual covenants and conditions hereinafter set forth, the Lessors have given and granted, and by these presents hereby do

give and grant to the Lessee the exclusive right and privilege to mine and operate the mining property herein described, upon the following terms and conditions, to wit:

1. PROPERTY: Those certain patented lode mining claims situated in the Helvetia Mining District, Pima County, State of Arizona, more particularly described as follows, to wit:

The COCONINO, OREGON COPPER, CHICAGO, ERIE, CUSHING, MARION, FRANKLIN, OLD PUT CON, OLD PAP COPPER, CENTRAL, FALLS, AJAX CONSOLIDATED, CUBA, POTOMAC, DAN WEBSTER, PATRICK HENRY, LaFAYETTE and R. G. INGERSOLL patented mining claims, designated by the Surveyor General of Arizona as Lots Number 1297A and 1297B, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 401, et seq., reference to which is hereby made for a fuller description.

Also, the WARD, ALTA COPPER, BROADTOP, EXILE, KING, MALACHITE, BONNIE BLUE, AMOLE and CUPRITE patented mining claims, designated by the Surveyor General of Arizona as Lot Number 1308, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 377, et seq., reference to which is hereby made for a fuller description.

Also, the SOUTH END and PEACH patented mining claims, designated by the Surveyor General of Arizona as Lot Number 1305, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 383, et seq., reference to which is hereby made for a fuller description.

Also, the MOHAWK SILVER and EMPIRE patented mining claims, designated by the Surveyor General of Arizona as Lot Number 1299, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 386, et seq., reference to which is hereby made for a fuller description.

Also, the TREMONT patented mining claim, designated by the Surveyor General of Arizona as Lot Number 1302, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 390, et seq., reference to which is hereby made for a fuller description.

Also, the ALTAMONT patented mining claim, designated by the Surveyor General of Arizona as Lot Number 1301, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 394, et seq., reference to which is hereby made for a fuller description.

The above mentioned Deeds of Mines being a record in the office of the County Recorder of Pima County, State of Arizona.

Provided, however, that this lease is subject to that certain lease entered into under date of December 14, 1947, between the Lessors and Richard E. Chilson, and that certain amendment thereto dated July 12, 1948, and all the terms and conditions thereof, except that the Lessors hereby consent to the assignment of said lease of December 14, 1947, as amended, or an interest therein by said Richard E. Chilson to Lessee herein, subject to the assumption of the provisions thereof by Lessee herein.

2. POSSESSION - OPERATION: The Lessee is entitled to take possession of said premises and to explore, sample and operate the same, and extract and ship ores therefrom subject to the conditions herein set forth, from and after the effective date of this agreement.

(a) Mining: All work done upon said premises by the Lessee shall be done in a good and workmanlike manner and after the manner of good mining. All workings, where necessary or where directed by the State Mine Inspector or his deputy, shall be timbered properly and substantially, and with the view of developing said property into a workable mine. All mine openings shall be kept clear of obstructions and in a condition so that they can be entered, except such openings as are now caved in and are not necessary for future operations of the Lessee. The laws of the State of Arizona and all requirements of the State Mine Inspector shall be complied with promptly.

(b) Minimum work: Commencing thirty (30) days from the effective date of this agreement, the Lessee shall devote at least one hundred twenty (120) working shifts of eight (8) hours each during each calendar month, throughout the life of this agreement, to underground work or mining operations on said property, except as hereinafter otherwise provided.

3. ROYALTY:

(a) Throughout the term of this agreement the Lessors reserve, and the Lessee agrees to pay, a royalty on all ores extracted from said mining property by the Lessee and shipped, smelted, or otherwise disposed of, as rental for the use and possession of said mining premises, as follows:

Concentrates

On ores milled, shipped, smelted or otherwise disposed of in the form of concentrates, ten per cent. (10%) of the net smelter returns or of the sale price (as hereinafter defined) received for said concentrates; subject, however, to any limitations imposed on such royalty by rules and regulations issued by any agency of the Federal Government.

Direct Shipping Ores

On ores shipped, smelted or otherwise disposed of in any form other than in the form of concentrates, the following percentages of the net smelter returns or of the sale price (as hereinafter defined) received for said ores; subject, however, to any limitations imposed on such royalty by rules and regulations issued by any agency of the Federal Government:

10% when the net smelter returns or sale price, (as hereinafter defined) are not in excess of $30.00 per ton

12% when over $30.00 and not in excess of $35.00

14% when over $35.00 and not in excess of $40.00

16% when over $40.00 and not in excess of $45.00

18% when over $45.00 and not in excess of $50.00

20% when over $50.00 and not in excess of $55.00

25% when over $55.00

(b) "Net smelter returns" and "sale price" defined:

Net smelter returns within the meaning of this agreement shall be the correct returns as shown by the liquidation sheets furnished by the smelter treating such ores and concentrates, after such smelter shall have made its deduction for railway freight and switching charges,

treatment, and usual smelting deductions, plus all additional payments, premiums or bonuses of whatever kind or character, and from whomsoever received or receivable, which the Lessee may receive or be entitled to receive by reason of the operation or maintenance of the mining claims or property, or the production, sale, distribution or other disposal of any of the ores, concentrates and metals therefrom.

Sale price within the meaning of this lease shall be the purchase price paid for such ores and concentrates f.o.b. mine bins, plus all additional payments, premiums or bonuses of whatever kind or character and from whomsoever received or receivable, which the Lessee may receive or be entitled to receive by reason of the operation or maintenance of the mining claims or property or the production, sale, distribution or other disposal of any of the ores, concentrates and metals therefrom.

In arriving at the net smelter returns or sale price, no deductions shall be made for hauling or any other charges, of whatsoever character, except as herein expressly provided.

The deduction and payment of royalties shall be governed by smelter values or sale price per dry ton of ores.

(c) Notwithstanding the provisions of paragraphs (a) and (b) hereof, it is stipulated and agreed that whenever the value of the metal content of ores extracted from said mining property by the Lessee and shipped, smelted, sold or otherwise disposed of, shall not exceed $7.50 per ton, including premiums or bonuses as hereinabove defined, the Lessee agrees to pay and the Lessors reserve and agree to accept a flat royalty at the rate of 25¢ per ton on such ores. The royalty provision contained in this subparagraph (c) shall apply only to shipments of lots of non-concentrated ores not exceeding said value of $7.50, including premiums and bonuses, and is provided to encourage the development of the property. Payments made by a smelting company, not in excess of $2.00 per ton, to subsidize the mining of said low grade ores, shall not be considered as

"premiums and bonuses" hereunder.

(d) Except as hereinafter provided, the Lessee agrees to pay a minimum royalty of $1200.00 per annum, commencing three months from the effective date of this agreement and payable at the minimum rate of $300.00 per quarter, with adjustments on an annual basis.

(e) Settlements: In the event that said ores or concentrates shall be disposed of to a smelter, the smelter treating said ores shall be instructed to remit to The Southern Arizona Bank and Trust Company, at Tucson, Arizona, the royalties hereinabove provided based on net smelter returns as above defined due from it on account of ores and concentrates smelted or purchased by said smelter, or the flat royalty of 25¢ per ton, as the case may be; and such remittance, accompanied by three liquidation sheets for each lot number of shipments, shall be made from week to week, or from month to month, but not more than forty (40) days apart, as may be agreed upon by the parties hereto and said smelter.

In the event said ores or concentrates shall be disposed of to a purchaser other than a smelter, said purchaser shall be instructed to remit to The Southern Arizona Bank and Trust Company at Tucson, Arizona, the royalties hereinabove provided based on the purchase price as above defined due on account of ores or concentrates purchased, or the flat rate of 25¢ per ton, as the case may be; and such remittance, accompanied by three liquidation sheets containing full and complete information regarding such sale and purchase, including the price, quantities of ores and concentrates contracted for, grade of ore or concentrates, lot number of shipments, and any other information that the Lessors may request relating to such sale or sales, shall be made from week to week or from month to month, but not more than forty (40) days apart, as may be agreed upon by the parties hereto and said purchaser or purchasers.

The remainder of the "net smelter returns" or "sale price" may be paid direct to the order of the Lessee.

All contracts relating to the disposal of ores or concentrates other than to a smelter shall be in writing and copies thereof and a written report of all details relating thereto shall be furnished and submitted to the Lessors. In the event that the Lessee shall desire to enter into a contract or agreement for the disposal of such ores or concentrates over any period of time, or for more than one shipment, it shall, prior to the execution of such proposed contract or agreements, submit the same to the Lessors for their approval. If the Lessors, in their opinion, deem that they can secure a more advantageous contract or agreement, they shall, within fifteen (15) days after receipt from the Lessee of a copy of such proposed contract, so notify the Lessee, in which event the said proposed contract or agreement shall not be executed by the Lessee. In the event that the Lessors shall not, within such fifteen (15) days, so notify the Lessee, then the Lessee shall be free to enter into such proposed contract or agreement.

Said bank shall be instructed to hold one copy of said liquidation sheets, to deliver one copy to a representative of the Lessors to be named by said Lessors, and to deliver one copy to the Lessee.

(f) It is stipulated and agreed that the sum of Five Hundred Dollars ($500.00) paid on the execution of this agreement is a minimum advance royalty, and if and when the royalties hereunder received by Lessors, including the minimum royalties provided for in paragraph (d) hereof, shall amount to Five Hundred Dollars ($500.00), said sum shall be returned to the Lessee.

(g) Distribution of royalties: The bank shall be instructed to divide said royalties among the Lessors as follows:

Unto Frederick Lewisohn, ten per cent. (10%).

Unto The Southern Arizona Bank and Trust Company, as Administrator with the Will Annexed of the Estate of Leonard Lewisohn, Deceased, sixty-two and one-half per cent. (62½%).

Unto Sam A. Lewisohn and Eustace Seligman, as Executors under the Last Will and Testament of Adolph Lewisohn, Deceased, twenty-seven and one-half per cent. (27½%).

4. TAXES: The Lessee, at all times during the life of this agreement, shall pay promptly all taxes that have been or may be levied upon said mining claims, or any machinery, equipment or improvements placed thereon. The Lessee further agrees to furnish promptly to The Southern Arizona Bank and Trust Company, at Tucson, Arizona, as the representative of the Lessors, receipted tax bills showing the payment of all such taxes.

In the case of taxes for the calendar year in which this lease begins, and/or for the calendar year in which this lease ends, there shall be an apportionment between the parties, the Lessors to bear the proportion of such taxes applicable to that part of the calendar year not included in this lease, and the Lessee to bear the balance of said taxes; provided, however, that the Lessors shall in no event be responsible for any portion of any taxes on machinery, equipment, or improvements placed upon the mining claims hereinabove described by Lessee, unless such machinery, equipment or improvements shall be left upon the property and shall inure to the benefit of the Lessors. The Lessee further agrees to pay all so-called sales taxes now or hereafter levied by the State of Arizona or the United States of America on the ores and concentrates shipped from said property.

5. MACHINERY-REMOVAL: All machinery, equipment and personal property, together with all improvements (including houses and other structures and tracks in place underground) which may be placed on said mining property by and at the expense of the Lessee, may be removed by it at any time within sixty (60) days after the termination of this agreement; provided, however, (a) that such right of removal shall not extend to replacements of property now in or on said mining property and owned by Lessors, or to head-frames, or

to ladders, timbers or ties in place underground; (b) that no such property shall be removed at any time while the Lessee may be in default under any of the terms or provisions of this agreement, other than default in the performance of development work as required hereunder; and (c) the removal shall be effected in such manner as to avoid injury or damage to the mine and improvements that are to remain thereon. If not so removed by the Lessee, the Lessors may, at their option, retain the said machinery, equipment and personal property, together with all improvements including houses and other structures as aforesaid, as and for their own, free of any claim of any kind on the part of the Lessee, or may at their option remove all or any part of said machinery, equipment and personal property, together with all improvements, as aforesaid, at the cost and expense of the Lessee, in which event the Lessee agrees forthwith to pay to the Lessors the cost of such removal.

6. ORE REMOVAL: All ores mined and placed on the dumps of said property by the Lessee during the life of this agreement may be removed and shipped by the Lessee in the event of a termination of this contract, but such ores shall be removed within thirty (30) days after such termination and shall be subject to royalty payments as herein provided. In the event such ores are not removed within said period as herein provided, title thereto shall thereupon vest in the Lessors, free of any claim or charge of the Lessee.

7. NOTICE OF NON-LIABILITY: The Lessee shall not incur any debts or liens against said property or against any part thereof during the life of this agreement, and shall indemnify and save harmless the Lessors and said property from any and all liens. The Lessee further agrees to record and to post on the premises, prior to commencing any operations thereon under this lease, and keep posted at its own cost and expense, a notice as provided by law that the said Lessee is responsible for all claims and demands in connection with the operation of said property, and that the Lessors and said property

are not liable for any liens or claims resulting from said operations. All miners, laborers and other persons who may labor or furnish labor or materials on or for said premises during the life of this agreement, and to whom any sum may be due from the Lessee for labor or materials, shall be promptly paid by the Lessee.

8. LIABILITY FOR INJURIES: The Lessee hereby assumes any and all liability or liabilities arising or to arise from accidents or injuries to its agents or employees or any other person in or about the premises while the same are in the possession of the Lessee, and the Lessors shall be indemnified against any liability or responsibility for or on account of any such injuries, it being understood that the hazard of all such liability or liabilities is taken into consideration by the parties hereto in fixing the consideration under this agreement.

9. INSURANCE: The Lessee shall, at all times during the life of this agreement, carry and maintain liability insurance under the Workmen's Compensation Law and under the Occupational Disease Liability Law of the State of Arizona, satisfactory to the Industrial Commission of the State of Arizona.

The Lessee shall also, at its own cost and expense, comply strictly with all the terms of the Arizona Workmen's Compensation Law and the Arizona Occupational Disease Liability Law.

The Lessee shall comply with all provisions of the Federal Wage and Hour Law, and shall make all payments due or to become due under the Federal and State Social Security Laws, Unemployment Compensation Law, tax laws, or any other laws now in effect or that may hereafter be enacted affecting the employees of the Lessee, wages paid the employees of the Lessee, and the products removed from the said premises.

The Lessee further agrees to furnish promptly to The Southern Arizona Bank and Trust Company, at Tucson, Arizona, as the representative of the Lessors, receipted bills or other satisfactory proof showing that the payments for liability insurance and all payments

required under the said Social Security, Unemployment Compensation and tax laws have been made as and when due, throughout the life of this agreement.

10. INSPECTION: The Lessors, through any duly authorized representative, shall have the right to enter upon said premises, or any part thereof, and to inspect the same at any time during the life of this agreement, at their risk, and shall have the right to inspect the records of the Lessee insofar as the same cover shipments of ores and concentrates, at any reasonable time, but without unreasonable inconvenience to the Lessee.

11. The Lessee shall keep a full and complete record of all work carried on by the Lessee, and agrees to send monthly to the representative of the Lessors a report showing the distribution of the shifts of labor performed at the property, and also to deliver to the representative of the Lessors, on demand, all logs, assay results of any drilling or other development work performed, and all maps, records or blue-prints which may relate to said mining premises, that may be made by or for the Lessee.

12. ASSIGNMENT: The Lessee shall not assign this agreement, or any interest therein, except with the written consent of the Lessors.

13. TITLE: Notwithstanding any recitals or statements herein otherwise contained, it is expressly understood and agreed that the Lessors do not represent or guarantee that they have a good merchantable title to the mining claims hereinabove described, this agreement being merely a lease of such right, title and interest in said mining claims as the Lessors may have.

14. DEFAULT: In the event the Lessee shall make default in any of the terms or provisions hereinabove contained, then the Lessors may terminate this agreement upon thirty (30) days' notice to the Lessee of their intention to declare this agreement at an end. If the Lessee shall fail within said thirty (30) days to correct and make good any violations of the terms and provisions of this agreement

on account of which such notice of default has been given, then and thereupon this agreement shall terminate. Notwithstanding the foregoing provisions with reference to default, it is stipulated and agreed that if the Lessee shall fail to pay royalties as and when hereinabove provided, or shall fail to record and post and keep posted notices of non-liability as hereinabove provided, or shall fail to secure proper liability insurance as hereinabove provided before commencing operations hereunder, and to maintain the same, the Lessors may terminate this agreement forthwith without notice.

15. WAIVER: To the extent hereinafter set forth, the Lessors shall waive the requirement in paragraph 2(b) that Lessee shall devote at least one hundred and twenty (120) working shifts of eight (8) hours each during each calendar month to underground work or mining operations on said property, and the requirement in paragraph 3(d) that Lessee shall pay a minimum royalty of $1200.00 per annum, during any periods in excess of fifteen (15) days and not to exceed six (6) months, while the price of electrolytic refined copper delivered to New England points, as quoted in the Engineering and Mining Journal, is less than 12¢ per pound, or while the Lessee shall be prevented from carrying on any work or performing any mining operations due to force majeure, provided that such waiver shall be only for such period as such cause exists not to exceed six (6) months in any one (1) year, and such cause shall, so far as possible, be remedied with all reasonable dispatch. The minimum royalty of $1200.00 per annum shall be reduced at the rate of $100.00 per month or $50.00 for each one-half month during said periods.

The term "force majeure" as employed in this agreement shall include Acts of God, fire, climatic conditions, shortage of water, strikes, failure of transportation facilities, rules, regulations or orders of the State, Federal or other governmental bodies, litigation or unavoidable breakdowns, provided reasonable diligence in curing such breakdowns is exercised.

16. TERMINATION: The Lessee may cease operations and may terminate all further liability hereunder by thirty (30) days' written notice to the Lessors of its election to terminate said agreement.

In the event of a termination of said agreement, the Lessee shall forthwith deliver to the Lessors the peaceable possession of said premises, and shall be relieved of any further liability hereunder; but in the event of the termination of this agreement by either of said parties, the Lessee shall not be discharged from any obligation in favor of the Lessors that may theretofore have accrued under the terms hereof.

17. NOTICES: All notices provided for herein may be given in writing by personal delivery of said notice, or may be given by registered mail addressed to The Southern Arizona Bank and Trust Company, as the representative of the Lessors, at Tucson, Arizona, and to the Lessee at P. O. Box 2151, Phoenix, Arizona, and said thirty (30) day period shall run from the date of mailing said notices or from the date of personal delivery thereof.

18. TERM: Unless sooner terminated as hereinabove provided, the life of this mining lease shall be five (5) years from the effective date hereof.

19. DEFINITION: Whenever used herein, the term "effective date of this agreement" shall mean the date hereof, subject to the approval and order of the Superior Court of the State of Arizona, in and for the County of Pima.

20. NATURE AND EXTENT OF CONTRACT: This is a lease to operate the property and is not a sale. Time is of the essence hereof, and all the terms and provisions herein contained extend to and are binding upon the successors and assigns of the respective parties hereto, except as hereinabove provided.

IN WITNESS WHEREOF, the parties hereto, being first duly authorized, (the said The Southern Arizona Bank and Trust Company,

as Administrator aforesaid, having been authorized by an order of the Superior Court of the State of Arizona, in and for the County of Pima, dated the 22d day of August, 1949, and the said Sam A. Lewisohn and Eustace Seligman, as Executors aforesaid, having been authorized by that certain will of Adolph Lewisohn, deceased, which was duly admitted to probate by the Superior Court aforesaid on the 29th day of May, 1939, to which reference is hereby made) have executed these presents as of the day and year first above written.

FREDERICK LEWISOHN

By Hermann Landorf
His Attorney in Fact.

ATTEST:

Its Ass't Secretary

THE SOUTHERN ARIZONA BANK AND TRUST COMPANY

By James M. Fitzhugh
Its VICE PRESIDENT
As Administrator with the Will Annexed of the Estate of Leonard Lewisohn, Deceased.

Sam A. Lewisohn

Eustace Seligman

As Executors of the Last Will and Testament of Adolph Lewisohn, Deceased.

LESSORS.

ATTEST:

Its

ALLISON STEEL MANUFACTURING COMPANY

By W. L. Allison
Its Pres

LESSEE.

STATE OF NEW YORK, }
County of New York. } SS.

On this the 30th day of August, 1949, before me, Felix A. Wagner, the undersigned officer, personally appeared Hermann Assendorf, known to me to be the person whose name is subscribed as attorney in fact for Frederick Lewisohn, and acknowledged that he executed the same as the act of his principal for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

Felix A. Wagner
Notary Public

My commission expires:

FELIX A. WAGNER
Notary Public, State of New York
Qualified in Kings County
Kings Co. Clk's No. 2[illegible] Reg. No. 94-W-0
Certificate Filed in N. Y. Co.
N. Y. Co. Clk's No. 678 Reg. No. 66-W-0
Commission Expires March 30, 1960

STATE OF ARIZONA, }
County of Pima. } SS.

On this the 15th day of October, 1949, before me, Lucy Arnold, the undersigned officer, personally appeared James M. Sawtelle and J. Russell Spann, who acknowledged themselves to be the Vice President and Assistant Secretary, respectively, of THE SOUTHERN ARIZONA BANK AND TRUST COMPANY, a corporation, Administrator with the Will Annexed of the Estate of Leonard Lewisohn, Deceased, and acknowledged that they executed the foregoing instrument in the capacity therein stated and for the purpose therein contained.

In witness whereof I hereunto set my hand and official seal.

Lucy Arnold
Notary Public

MY COMMISSION EXPIRES SEPTEMBER 14, 1952
My commission expires:

STATE OF NEW YORK, }
County of New York. } SS.

On this the 30th day of August, 1949, before me, Felix A. Wagner, the undersigned officer, personally appeared SAM A. LEWISOHN and EUSTACE SELIGMAN, of the State of New York, known to me to be the persons described in the foregoing instrument as Executors of the Last Will and Testament of Adolph Lewisohn, Deceased, and acknowledged that they executed the same in the capacity therein stated and for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

Felix A. Wagner
Notary Public

My commission expires:

FELIX A. WAGNER
Notary Public, State of New York
Qualified in Kings County
Kings Co. Clk's No. 2[illegible] Reg. No. 94 W-0
Certificate Filed in N. Y. Co.
N. Y. Co. Clk's No. 678 Reg. No. 66 W 0
Commission Expires March 30, 1960

STATE OF ARIZONA, }
County of MARICOPA. } SS.

On this the 3RD day of OCTOBER, 1949, before me, STELLA FRASIER, the undersigned officer, personally appeared W.L. ALLISON and H. JACOBS who acknowledged themselves to be the PRESIDENT and SECRETARY, respectively, of ALLISON STEEL MANUFACTURING COMPANY, a corporation, and acknowledged that they, as such PRESIDENT and SECRETARY, respectively, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by themselves as PRESIDENT and SECRETARY, respectively.

In witness whereof I hereunto set my hand and official seal.

Stella Frasier
Notary Public

My commission expires: My Commission Expires Jan. 6, 195

ASSIGNMENT OF LEASE

THIS AGREEMENT, made and entered into as of the 13 day of Nov, 1950, by and between ALLISON STEEL MANUFACTURING COMPANY, an Arizona corporation qualified to transact business in Pima County, State of Arizona, hereinafter called the "Assignor," party of the first part, RICHARD E. CHILSON of Tucson, Pima County, Arizona, hereinafter called the "Assignee," party of the second part, and FREDERICK LEWISOHN (unmarried) of New York City, New York, THE SOUTHERN ARIZONA BANK AND TRUST COMPANY, an Arizona corporation qualified to transact and transacting business in Pima County, Arizona, as Administrator with the Will Annexed of the Estate of Leonard Lewisohn, Deceased, and SAM A. LEWISOHN and EUSTACE SELIGMAN, of New York City, New York, as Executors under the Last Will and Testament of Adolph Lewisohn, Deceased, hereinafter called the "Lessors," parties of the third part,

W I T N E S S E T H :

THAT WHEREAS, the Lessors, under date of October 1, 1949, granted to the Assignor herein a lease covering the following described patented lode mining claims situated in the Helvetia Mining District, Pima County, State of Arizona, to wit:

> The COCONINO, OREGON COPPER, CHICAGO, ERIE, CUSHING, MARION, FRANKLIN, OLD PUT CON, OLD PAP COPPER, CENTRAL, FALLS, AJAX CONSOLIDATED, CUBA, POTOMAC, DAN WEBSTER, PATRICK HENRY, LaFAYETTE and R. G. INGERSOLL patented mining claims, designated by the Surveyor General of Arizona as Lots Number 1297A and 1297B, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 401, et seq., reference to which is hereby made for a fuller description.
>
> Also, the WARD, ALTA COPPER, BROADTOP, EXILE, KING, MALACHITE, BONNIE BLUE, AMOLE and CUPRITE patented mining claims, designated by the Surveyor General of Arizona as Lot Number 1308, and more particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 377, et seq., reference to which is hereby made for a fuller description.

Also, the SOUTH END and PEACH patented mining claims, designated by the Surveyor General of Arizona as Lot Number 1305, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 383, et seq., reference to which is hereby made for a fuller description.

Also, the MOHAWK SILVER and EMPIRE patented mining claims, designated by the Surveyor General of Arizona as Lot Number 1299, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 386, et seq., reference to which is hereby made for a fuller description.

Also, the TREMONT patented mining claim, designated by the Surveyor General of Arizona as Lot Number 1302, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 390, et seq., reference to which is hereby made for a fuller description.

Also, the ALTAMONT patented mining claim, designated by the Surveyor General of Arizona as Lot Number 1301, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 394, et seq., reference to which is hereby made for a fuller description.

The above mentioned Deeds of Mines being a record in the office of the County Recorder of Pima County, State of Arizona,

subject to the terms and conditions set forth in said lease which is incorporated herein by reference; and

WHEREAS, the Assignor herein desires to assign said lease to the Assignee, and the Lessors are willing to consent to the assignment of said lease subject to the terms and conditions hereinafter set forth,

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto agree as follows:

The said Allison Steel Manufacturing Company, Assignor, for and in consideration of the sum of One Dollar ($1.00), and other good and valuable consideration to it in hand paid by the Assignee, the receipt whereof is hereby acknowledged, does hereby assign, transfer and set over unto the said RICHARD E. CHILSON, Assignee, that certain lease dated October 1, 1949 and hereinabove particularly described.

TO HAVE AND TO HOLD the same unto the said Assignee from the date hereof for and during all the rest and remainder yet to come of the term mentioned in the said lease, subject to the rents, covenants and conditions contained in said lease.

The parties of the third part, Lessors aforesaid, hereby expressly consent to the assignment of said lease subject to the payment of the royalties reserved by, and the performance and observance of the covenants, conditions and agreements contained therein.

In consideration for the above assignment and the written consent of the Lessors thereto, the undersigned Assignee, party of the second part herein, hereby assumes and agrees to make all payments and to perform all promises, covenants, conditions and agreements in said lease of October 1, 1949 by lessee in said lease to be made, kept and performed from and after the date hereof, and the undersigned Assignor, party of the first part herein, agrees to make all payments and to perform and keep all promises, covenants, conditions and agreements of the said lease of October 1, 1949 by lessee in said lease to be made, kept and performed up to the date hereof.

And it is agreed by and between Lessors and Assignee that the said lease of October 1, 1949 is hereby incorporated by reference thereto in this acceptance, and all of the terms thereof shall be included and understood herein in the same manner as they are expressed in the said lease.

It is further agreed by and between the Lessors and Assignee that no further assignment or subletting of the premises described in said lease, or any part thereof, will be made without the written consent of Lessors first had and obtained.

It is further agreed upon the consideration aforesaid that the taking by Lessors of any remedy against the lessee named in said lease shall not preclude Lessors from the exercise of said

remedy against Assignee, but Lessors may have the same remedy against Assignee, his heirs, executors, administrators and assigns simultaneously with that against the lessee, and Lessors shall be limited only and at all events to one satisfaction for any debts or obligations which may accrue under or by virtue of said lease of October 1, 1949 or assignment thereof, or by virtue of any hold-over after termination thereof which may accrue by virtue of a breach of any covenant, promise or agreement contained therein.

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

ALLISON STEEL MANUFACTURING COMPANY

By W. L. Allison
Its President

ATTEST:

Its Secretary.

Assignor, Party of the First Part.

Richard E. Chalson

Assignee, Party of the Second Part.

FREDERICK LEWISOHN

By Herman Oberndorf
His Attorney in Fact.

THE SOUTHERN ARIZONA BANK AND TRUST COMPANY

By
Its Vice President

ATTEST:

Its Asst Secretary

As Administrator with the Will Annexed of the Estate of Leonard Lewisohn, Deceased.

As Executors under the Last Will and Testament of Adolph Lewisohn, Deceased.

Lessors, Parties of the Third Part.

STATE OF ARIZONA, }
County of Maricopa. } SS.

On ~~this~~ the 20th day of April, 1950, before me, Steve Grassier, the undersigned officer, personally appeared W. L. ALLISON and H. JACOBS, who acknowledged themselves to be the President and Secretary, respectively, of ALLISON STEEL MANUFACTURING COMPANY, a corporation, and acknowledged that they as such President and Secretary, respectively, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by themselves as President and Secretary, respectively.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Steve Grassier
Notary Public

My commission expires:
My Commission Expires Jan. 6, 1952

STATE OF ARIZONA, }
County of Pima. } SS.

On this the 3rd day of May, 1950, before me, Lucy Arnold, the undersigned officer, personally appeared RICHARD E. CHILSON, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purpose therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Lucy Arnold
Notary Public

My commission expires:
MY COMMISSION EXPIRES SEPTEMBER 16 1953

STATE OF NEW YORK, }
County of New York. } SS.

~~Harry Weinstock~~ On this the 4th day of May, 1950, before me, ~~Harry Weinstock~~, the undersigned officer, personally appeared HERMANN ASENDORF, known to me to be the person whose name is subscribed as attorney in fact for FREDERICK LEWISOHN, and acknowledged that he executed the same as the act of his principal and for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Felix A. Wagner
Notary Public

My commission expires:

FELIX A. WAGNER
Notary Public, State of New York
Qualified in Kings County
No. 24-9493700
Certificate filed in Kings & N. Y. County
Clerks and Register's offices
Commission Expires March 30, 1952

STATE OF ARIZONA, }
County of Pima. } SS.

On this the 3rd day of May, 1950, before me, Lucy Arnold, the undersigned officer, personally appeared James M. Sawtelle and J. Russell Spanny who acknowledged themselves to be the Vice President and Assistant Secretary, respectively, of THE SOUTHERN ARIZONA BANK AND TRUST COMPANY, a corporation, Administrator with the Will Annexed of the Estate of Leonard Lewisohn, Deceased, and acknowledged that they executed the foregoing instrument in the capacity therein stated and for the purpose therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Lucy Arnold
Notary Public

My commission expires:
MY COMMISSION EXPIRES SEPTEMBER 16 1953

STATE OF NEW YORK, }
County of New York. } SS.

On this the 12th day of May, 1950, before me, Felix A. Wagner, the undersigned officer, personally appeared SAM A. LEWISOHN and EUSTACE SELIGMAN, of the State of New York, known to me to be the persons described in the foregoing instrument as Executors of the Last Will and Testament of Adolph Lewisohn, Deceased, and acknowledged that they executed the same in the capacity therein stated and for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Felix A. Wagner
Notary Public

My commission expires:

FELIX A. WAGNER
Notary Public, State of New York
Qualified in Kings County
No. 24-9493700
Certs. filed in Kings & N. Y. County
Clerks and Registers offices
Commission Expires March 30, 1952

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code

PROJECT SUMMARY REPORT

By: J. W. Alt June 30, 1958

1. Docket No. DMEA-2843 (Copper)
Contract No. Idm-E615 .
Property: King-In-Exile Copper Mine
Pima County, Arizona

Operator: Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

Operator's Property Rights: Owner of 1 claim, Lessee of 2 claims.
Lease dated October 1, 1949.
Lease and Option dated October 11, 1955.
Owner's Consent to Lien dated June 1, 1953.
Owner's Consent to Lien dated June 9, 1953.

2. Contract dated September 28, 1952. To complete - not dated.in contract.

Work Authorized (Short Form)

STAGE I

Extend crosscut B 280 ft. south to cut through the contact zone into the overlying monozonite porphyry.

STAGE II

Drill a mazimum of five diamond drill holes to cut the downward extension of any mineralization cut in crosscut B. The maximum amount of drilling is 600 feet.

STAGE III

Drive a drift 100 feet east and 200 feet west of crosscut B in the contact zone.

STAGE IV

Drive a crosscut 125 feet south from the west end of the drift authorized in Stage III.
Drill a maximum of five diamond holes having a maximum depth of 600 feet.

Estimated Costs of the Work

STAGE I

Crosscutting 280 feet @ $30/ft.	$8,400.00

STAGE II

Diamond drilling 600 feet @ $5/ft.	$3,000.00

STAGE III

Drifting 300 feet @ $30/ft.	$9,000.00

STAGE IV

Crosscutting 125 feet @ $30/ft.	$3,750.00
Diamond drilling 600 feet @ $5/ft.	3,000.00
Total, Stage IV	$6,750.00
Total Cost of Project	$27,150.00
Total Amount of Government Participation @ 50%	$13,575.00

Amendments

No. 1 Dated October 26, 1953.

Referring to "Article 3, Exploration Project" of Exploration Project Contract, in the space following the words "within a period of", insert "sixteen (16) months".

Work Completed

STAGE I

Crosscutting 260 feet @ $30/ft.	$ 7,800.00

STAGE II

Diamond drilling 480 feet @ $5/ft.	2,400.00
Total actual expenditures	$10,200.00
Government Participation @ 50%	$ 5,100.00

Work was started October 1, 1953.
The project was terminated in February, 1954 by the Government at the end of Stage II because results of exploration under Stage I and Stage II indicated that continued participation was not to the Government's interest.

3. Report of Review dated December 2, 1954.

Total cost as billed by contractor	$10,200.00
Exceptions	0.00
Total Accepted Cost	$10,200.00
Government Participation @ 50%	$ 5,100.00

Operator's final report dated March 11, 1955.
Field Team final report dated March 24, 1955.

4. Certification date: September 15, 1954.

The nature of said discovery or development is described broadly or indicated as follows: Work of crosscutting on crosscut "B" level and diamond drilling downward from this level have shown the existence of copper ores within a contact zone between monzonite and limestone rocks.

5. Comments

All work which was done under the terms of the contract was done in a workmanlike manner. However, the DMEA representatives always were having trouble with Chilson as he wanted to deviate from the terms of the contract and do all work as he thought best. No surveying was done and very few samples were taken.

Drifting under Stage III was started long before Stage II had been completed and without prior written approval from DMEA officials. Payment for this work was denied. Considerable additional work was done by the Operator at his own expense.

Stage I had exposed low-grade chalcopyrite mineralization in quartz monzonite and tactite alone the contact zone and holes drilled under Stage II proved the existence of several thousand tons of similar low-grade ore, which could not be economically mined under present conditions.

Exploration work completed on the King-in-Exile and adjacent claims established the presence of about 75,000 tons of indicated ore containing an estimated 0.5% copper. Within this body of ore are scattered small lenses and pods, each of which might contain a few tons of ore containing 1 to 10% copper. Most of the ore is too low-grade to exploit with a small mining operation and the richer branches are too scattered and too small to be minable.

An area in which the geological conditions should be favorable for the occurrence of minable ore is believed to exist near the southwest end of the metamorphosed contact zone near where it may be cut off by a prominent northwesterly trending fault. This zone, which is about 500 feet southwest of the portal of the adit, appears to be worthy of investigation.

J. W. Alt

J. W. Alt

JWAlt/ss 6/18/58
Copy to: Docket
Mr. Johnson
Chron.

☒ Audited — WORK ANALYSIS SHEET - DMEA PROJECT — ☐ Actual Cost

☒ Certified — Analysis as of 12/31/54. — ☒ Agreed Unit Costs

Incl. Voucher for January 1954 + Field Team Letter

Name Richard E. Chilson — Docket No. DMEA-2843

State Arizona — Commodity Copper — Idm-E No. 615

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	705'	$21,150.00	260'	$7,800.00	$7,800.00
Raising					
Shafts					
Winzes					
Drilling (Specify) Diamond (EX)	1,200'	6,000.00	480'	2,400.00	2,400.00
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify)					
Totals		$21,150.00		$10,200.00	$10,200.00

Reviewed

Audit shows $10,200 spent but there is no data except a letter of the Field Engineer.

Final Field Team Report received 4/5/55.

Prepared by W. R. Hugenschmidt

71626

Re: DMEA-2843

Although memo does not give reason, I concur with not sending Opr. formal release.

OK

This Opr. was very uncooperative & failed to document sales or production. (See Rpt. of Roy. Rev 11/2/62)

Talbut
10/11/63

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
10/11	Murphy	500
10/11	on leave	500
10/11	Talbert	800
	Selvidge	420
10/14	Johnson	110
10-14	[illegible]	100
		220

October 11, 1963

Memorandum

To: The File

From: Acting Chief, Division of Minerals

Subject: DMEA-2843 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract Idm-E615

The royalty period under the terms of the subject contract and the certification of discovery or development issued on September 15, 1954, expired on September 28, 1963.

According to a Region III memorandum dated August 21, 1963, there has been no production from the property since the period covered by the Report of Royalty Review dated November 2, 1962.

This memorandum serves as a release of the Government lien in lieu of a letter to the Operator.

F M Murphy

FMMurphy/mm
cc: Director's Reading File
Region III
CA&A Division
Docket
Code 500

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED AUG 28 1963

DATE	INITIALS	
August 21, 1963		1.00
8/26		1.10
10/	Fruehwald	8.00
10/11	Murphy	5.00

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-2843 (Copper)
Contract Idm-E615
Richard E. Chilson
(King-in-Exile Mine)
Pima County, Arizona
FINAL INSPECTION OF CERTIFIED PROJECT

A Report of Royalty Review dated November 2, 1962 shows as of October 7, 1962, that no royalty was due on production from the subject property. Production from the property subsequent to October 7, 1962 is confined to a few small samples of ore that were obtained during 1963 for metallurgical tests by the Banner Mining Co. The Banner Mining Co. present lessee of the property, has no plans for production from the property prior to September 28, 1963, the expiration date of Contract Idm-E615.

I recommend that the project accounts be closed as of September 28, 1963.

Hugh M. Connors

Hugh M. Connors

TMR

OFFICIAL FILE COPY
O. M. E
RECEIVED NOV 8 1962
DATE
Dam 500
320

Building 20 - Federal Center
Denver 25, Colorado

November 6, 1962

Memorandum

To: Fiscal Section, Division of Administrative Services
Office of the Secretary, Department of the Interior
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: IMMA-2843 (Copper)
Contract Idm-E615
Richard H. Chilson
(King-in-Exile Mine)
Pima County, Arizona
and
IMMA-4821 (Copper)
Contract Idm-E1027
Lewisohn Copper Corporation
(Peach and Elgin Mines)
Pima County, Arizona

Attached is the original Report of Royalty Review dated November 2, 1962 on Contract Idm-E615 covering the period September 28, 1953, through October 7, 1962 and on Contract Idm-E1027 covering the period June 18, 1959, through October 7, 1962.

Original signed by
TMR

for
Hugh M. Connors

Attachments

cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres E615
Royalty Corres E1027
Chron

TMR/lm

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

November 2, 1962

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-2843 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract Idm-K615
and
DMEA-4221 (Copper)
Lewisohn Copper Corporation
Peach and Elgin Mines
Pima County, Arizona
Contract Idm-K1027

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

(a) Original of each to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.; and
(b) One copy of each for your files.

These Reports of Royalty Review are made for record purposes only; therefore, no copies for the Operators are provided.

As evidence of your concurrence, copies of your memorandums transmitting the original reports to the Fiscal Section should be furnished this Division. If for any reason you do not concur, all copies of the reports should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 11-2-62

cc: Docket - DMEA-2843
Director's Reading File
CA & A Division
Fiscal Section

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
	Swanson	500
10/30	Talbot	800
	Selfridge	120
10/30	Johnson	110
	Fenwick	100
		220

Mr. A. B. Bowman
General Manager
Banner Mining Company
P. O. Box 3605
Tucson, Arizona

Re: DMEA-4221 (Copper)
Lewisohn Copper Corporation
Peach and Elgin Mines
Pima County, Arizona
Contract Idm-E1027
and
DMEA-2843 (Copper)
Richard E. Chilson
King-In-Exile Mine
Pima County, Arizona
Contract Idm-E615

Dear Mr. Bowman:

We have our copy of your October 12 letter to Mr. Hugh M. Connor, with enclosure, relating to the referenced contracts.

For your information we enclose a copy of our October 26 letter to Mr. Chilson, which is self-explanatory.

May we express our appreciation for the cooperative attitude which your company has always shown toward the DMEA and OME programs.

Sincerely yours,

George Fumich, Jr.

Director

Enclosure

WRGriswold/mm
10-30-62
cc: Director's reading
CA&A Division
Docket DMEA-4221
Docket DMEA-2843
Region III (3)

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 29 1962

DATE	INITIALS	
10-29		100
10/29		110
~~10/30~~		~~120~~
10/30		~~800~~
		500

October 23, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: T. M. Romslo, Mining Engineer

Subject: Docket DMEA-2843 (Copper)
Contract Idm-E615
Richard E. Chilson
(King-in-Exile Mine)
Pima County, Arizona
ON-SITE INSPECTION OF CERTIFIED PROJECT

Mr. Richard R. Chilson, informed me over the telephone at Tucson, Arizona, October 6, 1962, that the subject property has been inactive since May 1959 and that his interest in the property reverted to the Lewisohn Copper Corporation, the owners, late in 1959.

I visited the property October 7, 1962, and found no evidence of recent operations. There was no equipment of any kind on the property, and the access mine road was in poor condition.

Mr. Al Bowman, General Manager, Banner Mining Company told me over the telephone October 8, 1962, that his company had acquired, by a Contract of Sale and Purchase dated April 1, 1961, numerous mining claims in the Helvitia and Rosemont districts. Also, that the claims acquired included the properties of the subject contract and contract Idm-E1027. He was sure the Government's interest in production from the two properties was provided for in the contract, and agreed to mail to Mr. Connors a copy of the document concerned with the Government's interest. During a visit to the Banner Mining Co.'s office, October 12, 1962, Mr. Bowman turned over to me a copy of the document and his covering letter to Mr. Connors, dated October 12, 1962. A copy of the letter and the document is attached. After my cursory inspection of the document, we mutually agreed that the quoted outstanding obligation under each contract furnished

by the Lewisohn Copper Corp. should be checked by the OME. Mr. Bowman requested that the Banner Mining Co. be informed of the OME findings.

The OME, in its letter to the Banner Mining Co., should express its appreciation of Mr. Bowman's splendid cooperation in all matters pertaining to the OME and DMEA programs.

Mr. Chilson did not inform me that the subject property is held by the Banner Mining Co. After Mr. Bowman informed me about the status of property ownership, Mr. Chilson was not asked to furnish documentary evidence of the transfer because of his tendency to overlook such matters.

T. M. Romslo

T. M. Romslo

Enclosures

BANNER MINING COMPANY

P.O BOX 5605 TUCSON, ARIZONA PHONE AXminister 4-1488

A. B. BOWMAN
VICE-PRES. & GEN. MGR.

L L TRAVIS, President

October 12, 1962

Mr. Hugh M. Connor
Acting Field Officer O.M.E.
Denver Federal Center
Building 20
Denver, Colorado

Dear Mr. Connor:

Mr. Marty Romslo of your office contacted me by phone last week regarding certain contracts the Government has with Richard E. Chilson and Lewisohn Copper Corp. both covering projects in Pima County, Arizona.

Banner Mining Company has entered into contracts with Lewisohn Copper Corp. and others in the Helvetia district of Pima County, Arizona to acquire several large groups of patented and unpatented mining claims. These contracts are in effect long term leases with options to purchase.

Mr. Romslo's question to me was about as follows: If Banner Mining Company produces from the claims which were under the IDM contracts, was provision made between Banner and Lewisohn Copper etc to protect the government's interest?

Our contract with Lewisohn Copper Corp. was dated April 1, 1961. A supplement to the Escrow Agreement under the above contract was signed on May 1, 1961, which specifically makes mention of the IDM contracts and sets up a method of paying the Government royalty in the event of production from the claims involved.

I am enclosing a conformed copy of this supplement for your information.

Yours very truly,

BANNER MINING COMPANY

A. B. Bowman

A. B. Bowman
General Manager

ABB: d
Enclosure

CONFORMED COPY

Tucson, Arizona

Dated: May 1, 1961

SUPPLEMENT TO ESCROW AGREEMENT

To:

SOUTHERN ARIZONA BANK AND TRUST COMPANY
Head Office
Tucson, Arizona

Gentlemen:

This is a Supplement to the Escrow Agreement dated May 1, 1961, between Lewisohn Copper Corp. and Banner Mining Company, relating to a Contract of Sale and Purchase, dated as of April 1, 1961, between said parties, covering one hundred one (101) unpatented mining claims, one (1) patented mining claim, and twenty-four (24) unpatented mill sites, described therein as the Lewisohn Group. Other contracts of sale and purchase with other parties cover other groups of mining claims described as the Rosemont Group, Blankenship Group and Tip Top Group in Exhibit "A" to the above mentioned Contract of Sale and Purchase.

By Contract No. Idm-E 615, executed September 28, 1953, DMEA Docket No. 2843 (copper), Richard E. Chilson entered into a production contract with the United States Government incurring an obligation in the sum of $5,100.00, on which there is an outstanding balance of $2,022.59. The rights of Richard E. Chilson have been assigned to Lewisohn Copper Corp., and this Contract (and the outstanding obligation thereunder) is a lien against the production from certain patented mining claims in the Rosemont Group and certain unpatented mining claims in the Lewisohn Group.

Also, by Contract No. Idm-K 1027, executed October 23, 1956 and terminated June 16, 1958, DMEA Docket No. 4221 (copper), Lewisohn Copper Corp. entered into a production contract with the United States Government incurring an outstanding obligation in the sum of $26,677.15, which is a lien against production from certain patented mining claims in the

Rosemont Group and certain unpatented mining claims in the Lewisohn Group. Lewisohn Copper Corp. states that there are no other production contracts with the United States Government entered into by it or assigned to it that are applicable to any of the mining claims in the Lewisohn Group, Rosemont Group, Blankenship Group or Tip Top Group.

Lewisohn Copper Corp. hereby agrees that as amounts become due under the above mentioned Contracts Nos. Idm-E 615 and Idm-K 1027, Banner Mining Company may (but does not obligate itself to) pay said amounts in behalf of Lewisohn Copper Corp. and will be allowed credit for said payments upon the next payments falling due under the above mentioned Contract of Sale and Purchase relating to the Lewisohn Group. Upon Banner Mining Company furnishing Southern Arizona Bank and Trust Company with satisfactory evidence of such payments, Southern Arizona Bank and Trust Company is hereby authorized to allow such credits.

In the absence of Lewisohn Copper Corp. and the United States Government agreeing on the amounts to be paid under the above mentioned contracts with the United States Government, Banner Mining Company is entitled to exercise its own judgment in determining amounts that may be due, and it shall be allowed credit by Southern Arizona Bank and Trust Company upon paying said amounts that are determined to be due under Contracts Nos. Idm-E 615 and Ldm-K 1027, although it is later determined that said amounts were, in fact, not due or were not owed the United States Government, or lesser amounts were due.

One of the considerations which induces Banner Mining Company to enter into the above Contract of Sale and Purchase with Lewisohn Copper Corp. relating to the Lewisohn Group is the simultaneous execution by Lewisohn Copper Corp. of this Supplement to Escrow Agreement, and it is understood that this Supplement to Escrow Agreement cannot be terminated by Lewisohn Copper Corp. unless Banner Mining Company terminates

the above mentioned Contract of Sale and Purchase.

This Supplement to Escrow Agreement shall be binding on the assignees and successors in interest of the partied hereto.

LEWISOHN COPPER CORP.

/s/ By Richard E. Chilson
President

ATTEST:

/s/ Boyd M. Morse
Secretary

BANNER MINING COMPANY

/s/ By A. B. Bowman
Vice President

ATTEST:

/s/ F. C. Prince
Assistant Secretary

Accepted for entry in the records of SOUTHERN ARIZONA BANK AND TRUST COMPANY, Tucson, Arizona, this 1st day of May, 1961.

/s/ Wm. Hughes
Escrow Agent

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
10/25	Griswold	500
10/26	Talbot	800
	Sebrosky	120
10/26	Johnson	110
"	Tarnof	100
		220

OCT 26 1962

Mr. Richard E. Chilson
President
Lewisohn Copper Corp.
P. O. Box 2728
Tucson, Arizona

Re: DMEA-4221 (Copper)
Lewisohn Copper Corporation
Peach and Elgin Mines
Pima County, Arizona
Contract Idm-E1027
and
DMEA-2843 (Copper)
Richard E. Chilson
King-In-Exile Mine
Pima County, Arizona
Contract Idm-E615

See letr 4221 - 10/15/62 with agmt

Dear Mr. Chilson:

Thanks very much for your October 15 letter with the enclosed copy of agreement. The amounts cited in the agreement coincide with our records; of course, you understand that the Idm-E615 contract royalty payments are subject to audit.

Permit us to wish that the drilling presently being done will result most favorably both for your concern and for the Banner Company.

Sincerely yours,

W. R. Griswold mm

W. R. Griswold, Chief
Division of Minerals

WRGriswold/mm/gla
10-25-62
cc to: Director's Reading File
Region III (2) w/2 cys incoming letter 10/15/62 w/o cy agreement
CA&A Division
Docket DMEA-2843
Docket DMEA-4221
Code 500

43683

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

JUL 20 1962

Re: DMEA-2843 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract Idm-E615

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 3 1962

DATE	INITIALS	
8/3		800
		100
8/3		110
8/		500
		220

Mr. Richard E. Chilson
P. O. Box 2728
Tucson, Arizona

Dear Mr. Chilson:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

W. R. Griswold, Chief
Division of Minerals

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since January 1, 1960, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☒ No ☐

Lease Terminated

2. Since January 1, 1960, has there been any production from the land subject to the contract? Yes ☐ No ☒

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity	Estimated Grade	Location
Ore	Tons		
Concentrates	Tons		
Other	Tons		

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☐

A. If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name Richard E. Chilson Title Pres., Lewisohn Copper Corp

Address P.O. Box 2728 Date July 30, 1962

4511

OME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
1/28	Fisher	800
1/5	Talbert	800
	Hurwitz	500
		120
1/14	Johnson	110
1-14	gad	220
		225

JAN 5 1960

Memorandum

To: The Files

From: C. E. Fisher, OME Auditor
Contract Administration and Audit Division

Subject: Docket No. DMEA-2843 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract No. Idm-E615

Referring to:

(1) Acting Director's letter to the Operator dated June 30, 1959, wherein request is made for information pertaining to production subject to Government royalty under terms of the subject contract; and

(2) Mr. Finch's memorandum dated July 8, 1959, wherein he states it is doubtful whether the additional royalty that might be disclosed to be due to the Government would justify the considerable expense of an on-site audit.

It is my opinion that any such audit at this time would disclose a net overpayment by the Operator rather than an amount of royalty due to the Government. This opinion is based on the following.

The estimated stockpile, all or some portion of which may have been disposed of, consists of 200-300 tons of 2% to 3% copper ore	300 tons
Average net smelter value per dry ton of ore sold by the Operator	$ 15.38
Estimated maximum value the stockpile	$4,614.00
Estimated maximum royalty due at 5%	$ 230.70
Overpayment of royalty computed by Mr. Finch	275.67
Estimated net overpayment of royalty	$ 44.97

(Above in lieu of Report of Royalty Review)

43683

This estimate of net overpayment of royalty is conservative for the following reasons:

1st. Actual sales probably are less than 300 tons.

2nd. The ore sold on which the average value of $15.38/ton was computed contained 4%-4½% copper rather than 2%-3% copper.

3rd. The net proceeds subject to royalty on the low-grade stockpile would undoubtedly be less than $11.50/ton in most instances and the royalty percentage would be less than 5%.

4th. Audit would undoubtedly disclose that the overpayment by the Operator is greater than the amount of $275.67 computed by Mr. Finch from the incomplete data in his possession. (Unsupported sales data indicated an average proceeds of $12.51/ton on which royalty was paid at 5%. Some of these sales undoubtedly were at rates of less than $11.50/ton on which royalty due would be less than 5%.)

The Operator has failed to furnish the information requested by Region III at various times and has not replied to the Acting Director's letter dated June 30, 1959.

It would appear that the only practical way this matter can be resolved would entail an on-site audit of the Operator's records. This would involve expense that cannot be justified by the Government's interest. I recommend that no further action be taken at this time. If, at some future date within the royalty repayment period, there should be production and sales subject to Government royalty the matter should again be reviewed and audit action taken at that time, if such action is then determined to be desirable.

CEFisher/ama
December 28, 1959

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

EXTRA COPY O. M. E. RECEIVED JUL 13 1959		
DATE	INITIALS	CODE
7/13	RJ	110
		~~120~~
7-16	G	500
		225

[illegible] Bldg Continuance
Denver 2, Colorado

July 8, 1959

Memorandum

To: R. D. Talbert, Acting Chief
Contract Administration and Audit Division, OME

From: Donald T. Finch, OME Auditor, Region III

Subject: Levisohn Copper Corporation, Assignee of Richard E. Chilson, Contract No. Ma-Ari5, Docket No. [illegible] 1043 (Copper)

Pursuant to your instructions in memorandum dated June 23, 1959, the following summary of royalty status of this project is submitted:

(1) The contract is dated September 28, 1953. It involved a project for exploration of copper on a property commonly known as the King-In-Exile mine, located in Pima County, Arizona. A Report of Review in lieu of Final audit dated December 2, 1954, indicated energized costs under the exploration contract amounting to $10,200.00, with the Government's contribution on a 50 percent basis being $5,100.00. A Certification of Discovery or Development was issued September 15, 1954, and accordingly royalty is due on all the production from the land described in Article I of the contract for a maximum period of 10 years from the date of the contract.

(2) On October 12, 1955, Richard E. Chilson assigned his lease on Round Top and Exile claims to Levisohn Corporation in which it is reported he is an officer. These two claims along with the Green Prince claim were subject to the EMRA Contract. See copy of letter to Administrator from Associate Solicitor, Division of Mineral Resources dated March 6, 1957. Note: Files do not indicate if Field Team determined the status of the Green Prince claim as suggested in the last paragraph of the solicitor's letter.

(3) The Field Team's Semi-Annual Report of Certified Project for the period July 1, to December 31, 1955, contains this statement under other remarks:

> "No production from subcontracted area, but 25 railroad carloads of ore produced from other parts of mine since termination of contract".

(4) The first reported production from the subcontracted properties was sold to the Miami Plant of the International Smelting and Refining Co. on April 19, 1956, per Liquidation Settlement Sheet for Smelter Lot 938, dated April 23, 1956.

(5) Reported sales of production for the year 1956 from the subordinated land was supported by Liquidation Settlement Sheets from the International Smelting and Refining Company and from the Magma Copper Company. During the preparation of this analysis I recomputed and tabulated all of these liquidation settlement sheets. See enclosed summary of reported production. Also see enclosed schedule of indicated overpayments of royalty.

(6) The files indicate that production from the subordinated ground and that from exempt ground is commingled in a common ore bin. Reported production for the first ½ of 1957 and first ½ of 1958 was contained in letters to the examining engineer from Mr. Chilson on October 30, 1957, and July 21, 1958. Copies of these letters are enclosed herewith.

(7) The Field Team's Semi-Annual Report for the period July 1, 1958 thru December 31, 1958, shows estimated stockpile of low grade ore (2% to 3% Copper content) of 200 to 300 tons. It also states shipment of this stockpiled ore to the near by McFarland-Ballinger Mill began January 6, 1959. In this connection see copy of examining engineer's letter to Executive Officer dated December 15, 1958, attached to copy of Field Team's letter to Chilson on March 18, 1958 - forwarded to Operating Committee. Mr. Tomsic's letter indicates shipment to McFarland-Ballinger Mill was experimental. Rumor has it that McFarland-Ballinger Mill was closed some time in the spring of 1959.

(8) Available detail of production during the years 1957 to date are insufficient for the preparation of a Report of Royalty Review. In view of the indicated overpayment and the examining engineer's field reports it is, however, doubtful if additional royalty due that might be disclosed would justify the rather considerable expense of an on-site audit at this time.

Donald T. Finch

Donald T. Finch

DTF:ltm

cc: Subject

CONTRACT NO. [illegible] PERMIT NO. [illegible]

[illegible] COPPER CORPORATION
[illegible] OF [illegible]
[illegible]

[illegible] OF [illegible] [illegible] FOR THE PERIOD

[illegible] 28, 1972 to July 6, 1972

	Mount Pleasant Interprovil. S.A.R.L.	Magna Copper Company	Operator's Summary (In Kilograms)	Total Reported
Sales To:				
Period:	9-28-55 to 1-8-57	11-22-56 to 1-15-57	1-1-57 to 7-6-72	9-28-55 to 7-6-72
Total Dry Weight: Pounds	6,521,604	639,681	841,249	7,889,734
Total Dry Weight: Tons	3,260.8020	319.9405	420.6245	3,944.1670
Gross Value Net of Treatment Charge	$27,221.51	$2,705.72	$5,087.01	$35,014.24
Allowable Deductions:				
Freight	$ 7,305.75	$ 748.96	No Data	$ 8,054.71
Transportation, Bus	219.00	22.47	" "	241.47
Annual Storehouse Charge		288.01	" "	288.01
Total Reported Deductions	$ 7,524.75	$ 1,059.44	$ [illegible]	$ [illegible]
Net Smelter Value as Reported	$19,696.76	$ 1,646.28	$ 5,087.01	$26,430.05
Average Net Smelter Value Per Dry Ton	$ 15.79	$ 15.13	$ 12.09	$ 13.42
Total Royalty Paid	$ 2,[illegible]	$ 295.81	$ 105.55	$ 3,017.41
Total Royalty Due on Sales as Reported	2,305.92	232.47	105.55	2,643.94
Royalties Overpaid (Based on Available Data)	$ 196.87	$ 62.82	$ 0	$ 373.47

CONTRACT NO. [illegible] DOCKET NO. [illegible]

NATIONAL COPPER CORPORATION
[illegible]

SUMMARY OF REPORTED OVERPAID [illegible] OF ROYALTIES [illegible]

Sales to International Smelting and Refining Co.

Date	Smelter No.	
10-18	1579	$ 7.68
10-[illegible]	1579	44.66
10-[illegible]	1579	25.61
11-[illegible]	1579	15.72
11-[illegible]	1611	14.27
11-[illegible]	1629	6.34
11-15	1630	10.33
11-[illegible]	1642	10099
11-[illegible]	1670	11.75
11-29	1674	26.05
12-[illegible]	1682	17.08
12-[illegible]	1708	21.83
Total Indicated Overpayment of Royalties on Sales to International Smelting and Refining Co.		$212.87

Sales to Magma Copper Co.

Date		
12-10	M-59	$27.52
12-17	M-61	8.18
12-27	M-64	8.77
12-28	M-66	8.36
1957		
1-8	M-69	8.13
1-23	M-1	11.84
Total Indicated Overpayment of Royalties on Sales to Magma Copper Co.		$ 68.80

Total Indicated Overpayment of Royalties Period September 28, 1953 to June 6, 1959 based on Available Data. $[illegible]

Form 7
(2-56)

OFFICIAL FILE COPY

Date	Surname	Code
	[illegible]	500
8/18	Talbut	800
8/18	[illegible]	130
8/18	Johnson	110
8/19	gad	220
8/		500

AUG 18 1959

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Chairman, Operating Committee, OME

Subject: Docket No. BMEA-2643 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract No. Idm-8515

We have your memorandum of August 6 covering the cited project. We do not feel that any further action on your part is required at this time.

/s/ George C. Selfridge

(FB)

WRGriswold/GMcC
August 18, 1959

cc: Docket
Director's Reading File
Operating Committee
A. D. McMahon, USBM
Harold Kirkemo, USGS

cc: CA & A Division
Chron.

APPROVED:

Frank D. Lamb (FB)
Member, Bureau of Mines

Harold Kirkemo (FB)
Member, Geological Survey

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
WASHINGTON 25, D. C.
Building 20 - Federal Center
Denver 25, Colorado

August 6, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 10 1959

DATE	INITIALS	CODE
8-10	gad	VVO
8/10	[illegible]	800
"	Received	500
		225

Memorandum

TO: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 2843 (Copper) Contract No. Idm-E615, Richard E. Chilson (King-in-Exile mine) Pima County, Arizona

This office has had no response to the Acting Director's letter to Mr. Chilson dated June 30, 1959.

Will you please advise if there is any further action required by this office in the matter.

J. W. Townsend

OME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/29	Talbert	800
	Grimwood	500
6/29	[illegible]	120
		~~110~~
6/30	C	220
7/2	[illegible]	500
		225

JUN 30 1959

Mr. Richard E. Chilson
c/o Lewisohn Copper Corporation
P. O. Box 2728
Tucson, Arizona

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Docket No. DMEA-2843 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract No. Idm-E515

Dear Mr. Chilson:

By letter dated September 7, 1958, you advised the Executive Officer, OME Field Team, Region III, Denver, Colorado, that a detailed description of your method of recording, accounting, and calculating royalties due the Government on production from property under the referenced contract would be furnished at the earliest possible time. Despite a lapse of almost ten months, further requests by the Executive Officer's letters of November 21, 1958, March 18, 1959, and May 22, 1959, and a telephone promise on December 15, 1958, to T. M. Romslo, a representative of the Field Team, the information has not been furnished.

The Executive Officer's letters dated March 18, 1959, and May 22, 1959, also requested advice as to whether or not any production subsequent to June 1958 had been shipped. These inquiries were based on a statement in your December 1, 1958, letter to the Executive Officer that work was being performed in the subordinated area and that some ore might be shipped within a few weeks, as well as Mr. Romslo's observation on his December 15 visit to the property that a few hundred tons of ore had been stored for possible future shipment. This information likewise has not been furnished.

The Office, as successor to the Defense Minerals Exploration Administration, is responsible for enforcing all the provisions of the exploration project contract including the collection of royalty due the Government under Article 6 and, if required, the determination of royalty liability in accordance with the last sentence of Article 7. Accordingly, the prompt submission of the requested information together with the payment of royalty due, if any, would be appreciated.

Sincerely yours,

Frank E. Johnson (for)

Acting Director

EDTalbert/ama
June 29, 1959

Copy to: Docket
Director's Reading File
Mr. Johnson
CA & A Division
Operating Committee
Mr. Kiilsgaard
Mr. McMahon
Field Team, Region III (2)

43683

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

June 22, 1959

cy to 800

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUN 24 1959

DATE	INITIALS	CODE
6/24	G	220
6/24	WRB	500

Memorandum

To: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket DMEA 2843 (Copper) Contract Idm-E615, ~~Lewisohn Copper Corporation~~ Richard E. Chelson (King-In-Exile mine) Pima County, Arizona

We have had no reply to our letters to the operator dated March 18, 1959 and May 22, 1959, copies of which have been forwarded you.

This operator has been most unco-operative, and our promise to refer the matter to your office did not have the desired effect. Will you please take such action as you deem necessary in this matter.

J. W. Townsend

J. W. Townsend

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 25 1959

DATE	INITIALS	CODE
5/26	a	220
5/26	HW	800
		500

224 New Customhouse
Denver 2, Colorado

May 22, 1959

Mr. Richard E. Chilson
Lawrence Copper Corporation
P. O. Box 2720
Tucson, Arizona

Re: Docket DMEA 2843 (Copper)
Contract Idm-E615
(King-in-Exile mine)
Pima County, Arizona

Dear Mr. Chilson:

Your letter of September 7, 1958, stated that a detailed description of your method of recording, accounting and calculating DMEA royalties would be forthcoming at the earliest possible time. Surely nine months should be a sufficient time, but we have not received the information requested.

Your letter of December 1, 1958, informed us that you had done some more work in the DMEA area and would have some ore to ship in a few weeks. Was the ore shipped?

You have not replied to our letter of March 18, 1959, in which we requested advice as to whether or not shipments have been or are being made from the previously stockpiled ore or current production.

If we do not receive the requested information from you before June 10, 1959, we will have no alternative but to refer the matter to the Washington Office for such action as they deem necessary.

Very truly yours,

Original signed by
J. W. TOWNSEND

J. W. Townsend
Executive Officer
OME Field Team, Region III

HMC:jy

cc: Chm. Op. Comm. (2)
Roy. Corres. file E615
Chron.

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 23 1959

DATE	INITIALS	CODE
3/23	C	223
3/24	WEL.	500

224 New Customhouse
Denver 2, Colorado

March 18, 1959

Mr. Richard M. Chilson
Inspiration Copper Corporation
P. O. Box 2788
Tucson, Arizona

Re: Docket DMEA 2843 (Copper)
Contract Ida-M615
Inspiration Copper Corporation
(King-In-Rule mine)
Pima County, Arizona

Dear Mr. Chilson:

It was stated in your letter of December 1, 1958 that exploration work was being done in the DMEA area and that you might have some ore to ship in a few weeks.

An inspection of the property early in December 1958 by T. M. Romsle disclosed that work was being conducted in the area subordinated under Contract Ida-M615, and that a few hundred tons of copper ore had been mined and dumped into a small stope where it was being stored for possible future shipment.

Please advise as to whether or not shipments have been or are being made from the previously stockpiled ore or current production.

Accurate records must be kept by you relative to production from the subordinated area; therefore, please forward information as to the type of records you are maintaining of the tonnage and grade of ore mined from the subordinated area, both as to that stockpiled and/or shipped.

Very truly yours,

Original signed by
J. W. TOWNSEND

J. W. Townsend
Executive Officer
OME Field Team, Region XXI

RMC/rr

cc: Chem. Op. Comm. (2)
/w/copy of Romsle's memorandum of Dec. 15, 1958.
Royalty file, M615
Romsle
Ruerick
Chron.

Chamman Op.

OFFICIAL FILE COPY O. M. E. RECEIVED DEC 22 1958		
DATE	INITIALS	CODE
12/22	c	220
	copies	500

OME
DEPARTMENT OF THE INTERIOR
DEC 17 1958
REGION III
DENVER, COLORADO

December 15, 1958

Memorandum

To: J. W. Townsend, Executive Officer, OME Field Team, Region III.

From: T. M. Romslo, Mining Engineer, Tucson, Arizona.

Subject: Docket No. DMEA-2843 (Copper) Contract No. Idm-E615, Lewisohn Copper Corporation (King-in-Exile Mine), Pima County, Arizona.

As requested in your memorandum of December 8, 1958, I made the on site inspection of the King-in-Exile mine December 11 and obtained the following information regarding operations subsequent to my semi-annual inspection of the project on July 2, 1958.

Prior to entering the mine, I obtained the following information from Ralph Soto, day-shift mine foreman. Operation of the mine has been essentially continuous since its reopening during the latter part of 1957. At the present time, the mine is operating 2 shifts daily with a 11-man day shift crew and 5 men on the night shift. Of the 16 men, 14 are mining about 25 tons of 6 - 7 percent copper ore per day. Shipments of this ore to A.S.& R. Co's El Paso smelter approximate 1 railroad car each 2 days. The other 2 men are irregularily employed one shift daily in the subordinated area. They are following a narrow and sporadically mineralized zone of a type along which small deposits of shipping grade ore have been found. Since the latter part of June 1958, a few hundred tons of material containing possibly 2 percent copper has been mined from this zone and scraped to a small stope where it is stored for possible future shipment.

The underground inspection included a visit to both areas. In the unsubordinated area, I did not enter the productive zones which are about 100 feet above the adit level as they were not readily accessible. However, I did note that mine-car lots of ore from these zones contained copper ore of a grade similar to that reported by Mr. Soto. In the pertinent subordinated area, I found that operations since July 2, 1958 had been confined to the zone described by Mr. Soto and that little or none of the drilled and blasted material had been removed from the mine. These findings substantiate the statements made by Richard E. Chilson in his letter to you December 1, 1958.

Mr. Chilson told me during a telephone conversation on December 15, that the information furnished me by his mine foreman was correct and supplied me with the following additional information. He is trying to complete arrangements with McFarland and Hollinger, owners of the concentrator at nearby Sahuarita, Ariz. that was formerly owned by Eagle Pitcher, for trial runs on the low-grade material stored in the subordinated area. If the trial runs are made and the results are satisfactory, additional shipments of this material will be made and mining operations in the subordinated area will be confinued. Otherwise, all operations in this area will be suspended.

During the aforementioned telephone conversation, I asked Mr. Chilson if he would soon furnish the detailed description of his method of recording, accounting and calculating royalties that he promised in his letter to you of September 7, 1958. He first denied having promised the material and said that the request was unreasonable. After I made reference to the letter and explained that other operators willingly furnished material of this type in accordance with regulations, he said he would comply with the request but would not say when the material would be sent to you. I understand from statements he made that the production from each area will include a detailed record of tonnage by mine-car counts but that very little factual data will be furnished as to the grade of the ores. The grade of ore data probably will show that the best ore came from the unsubordinated area. This will indicate, if the ores

are assigned equal values, that the operator's estimates of royalties due, and paid according to available records, are on the high side. The only information I have that would indicate that this conclusion is valid is that during a few inspections I found the highest grade ore was being produced from the unsubordinated area.

Original signed by
T. M. Romslo

T. M. Romslo

CC: J. W. Townsend (orig. & 8)
Royalty & Certified Projects (1 each)
DF

TMROMSLO/rg

OFFICIAL FILE COPY O. M. E. RECEIVED DEC 11 1958		
DATE	INITIALS	CODE
12/11	C	220
12/18	[illegible]	500

224 New Customhouse
Denver 2, Colorado

December 8, 1958

Memorandum

To: T. M. Romslo

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 2843 (Copper) Contract No. Idm-E615
Lewisohn Copper Corporation, (King-in-Exile Mine)
Pima County, Arizona

Attached is a copy of a letter from Richard E. Chilson dated November 1, 1958.

You will see from a review of your file on this contract that the Operator is not cooperative. Please investigate the new exploration work in the DMEA area by an on site inspection and render a report regarding the Operator's statement.

You will note that the Operator's letter dated September 7, 1958 promised a detailed description of his method of recording, accounting and calculating royalties due the Government. However, we have not received this information.

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosure

JWC/ff
cc: Chm. Op. Comm. (2)
Chambers
Royalty File E615
Harshman
OME/TUC
Emerick
Chron.

LEWISOHN COPPER CORP.
P. O. BOX 2728
TUCSON, ARIZONA

DEPARTMENT OF THE INTERIOR
DEC 5 - 1958
REGION III
DENVER, COLORADO

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 11 1958
DATE | INITIALS | CODE

December 1, 1958

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

Re: Docket DMEA 2843 (Copper)
Contract Idm-E615
Lewisohn Copper Corporation
(King-in-Exile Mine)
Pima County, Arizona

Dear Mr. Townsend:

In reply to your letter of November 21st, no production has been made from the subordinated area of the King Mine since June 16, 1958.

Regular shipments are being made from unsubordinated area of the King mine but the subordinated area is in a different structure and has been much lower grade and production of shipping ore from this area only sporadic.

We have lately been doing some more exploration work in the DMEA area and may have some ore to ship in a few weeks. We will try to keep this ore separate and ship it is separate lots in order to simplify the DMEA royalty. Previous production has been mixed and the royalty calculated on the basis of mine car count from the different production faces.

Very truly yours,

Richard E. Chilson

Richard E. Chilson

P.S. Please change our address in your files.

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 24 1958

DATE	INITIALS	CODE
11/24	C	220
11/25	[illegible]	500

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado

November 21, 1958

Mr. Richard E. Chilson
Lewisohn Copper Corporation
1070 N. Warren Avenue
Tucson, Arizona

Re: Docket DMEA 2843 (Copper)
Contract Ida-E615
Lewisohn Copper Corporation
(King-In-Exile mine)
Pima County, Arizona

Dear Mr. Chilson:

It has been brought to our attention, through a news release, that you are employing a crew of 8 to 10 men in stoping operations at the King-In-Exile mine.

In accordance with the contract, this office must be furnished with three copies of settlement sheets for each lot of ore shipped to the smelter, together with a check for the amount of royalty due on each lot shipped.

Your letter of September 7, 1958 stated that you would make a complete report at the earliest possible time, but more than two months have elapsed, and we have had no further word from you. Please advise by return mail the date on or before which we will receive the requested information, together with the amount of royalty due.

Very truly yours,

J. W. TOWNSEND

J. W. Townsend
Executive Officer
OME Field Team, Region III

HMC:jy
cc: Chm. Op. Comm. (2)
Chambers
Royalty file E615
Harshman
OME, TUC
Emerick
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

September 10, 1958

9/12 C. 220
9-15 Ous 500

VIA AIR MAIL

1 cy sent to 800

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 2843 (Copper), Contract No. Idm-E615
Lewisohn Copper Corporation (King-in-Exile Copper Mines)
Pima County, Arizona

Enclosed are two photo copies of a letter dated September 7, 1958, from Richard E. Chilson, which is self-explanatory.

In view of Mr. Chilson's letter, please disregard our memorandum of August 27, 1958, which requested that your office write the Operator and demand royalties on past production.

E. N. Harshman

E. N. Harshman

Encls.

LEWISOHN COPPER CORP.
P. O. BOX 2728
TUCSON, ARIZONA

DMEA
DEPARTMENT OF THE INTERIOR
SEP 10 1958
REGION III
DENVER, COLORADO

September 7, 1958

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

Dear Mr. Townsend:

In answer to your letter of July 11, 1958 with reference to Docket DMEA-2843 (Copper), Contract Idm-E615 please find enclosed check No. 4 on theSuburban Trust Co., Plainfield, New Jersey in the amount of $204.83 covering the DMEA royalty to which reference is made in this letter.

Enclosed also is Lewisohn Copper check No. 2305 in the amount of $58.52 in payment of DMEA royalty generated by production from the DMEA subordinated area of the King mine in the first half of 1958. Details of this production were reported to the Bureau of Mines (Mr. T. M. Romslo) on July 21, 1958.

I understand that you would appreciate a detailed description of our method of recording, accounting and calculating these royalties. I will try to make a complete report for your files at the earliest possible time.

No production is being made of DMEA subordinated ore from the King Mine at this time.

Very truly yours,

Richard E. Chilson

Richard E. Chilson

PHOTOCY TO
CHAIR OPR COMM - 2
SARF - E 615
ROMSLO - DMEA/TUC
EMERICK

Royalty File E 615

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

August 27, 1958

9/2 C 220
11 ~~Bus~~ 500

Memorandum

To: Chairman, Operating Committee, DMEA

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

cy to 800

Subject: Docket DMEA 2843 (Copper) Contract Idm-E615, Lewisohn Copper Corporation (King-in-Exile Copper Mines) Pima County, Ariz.

By letter, dated February 28, 1958, certified letter, dated July 11, 1958, and certified letter, dated August 7, 1958, the Operator was requested to submit royalties and sales data on production made during the first half of 1957 and the first half of 1958. Copies of these letters were previously furnished to your office. Although the postal receipts show that the certified letters were delivered to Mr. Chilson, to date no reply has been received by this office.

Since our efforts have not been successful, it is requested that your office write the Operator in an attempt to obtain the previously requested royalties and sales data.

J. W. Townsend

TMR

LEWISOHN COPPER CORP.

P. O. BOX 2726
TUCSON, ARIZONA

ORIGINAL FILE COPY

RECEIVED AUG 1958
DATE

[redacted] Julyual,
[redacted] August 1, 1958

Mr. [illegible] M. Ramelo
U. S. Bureau of Mines
University of Arizona
Tucson, Arizona

[redacted] DMEA copper ore production

Dear Mr. Ramelo:

Herewith the [illegible] figures on the production [illegible] King Mine during [illegible] half of 1958. No ore [illegible] from the King between June 6th, 1957 and January 1st [illegible] through four carloads were shipped during the months of [illegible]uary and March, 1958, no production [illegible] made from the DMEA sub-[illegible]ated area until April 28th. Between the 28th of April and [illegible] of June, 1958, seven carloads were shipped including 122 [illegible] from the subordinated area.

R. R. Carloads shipped (4-28 to 6-30-58)	7
Dry tons	[illegible]
Average copper assay	5.57%
Gross Return (Net smelter plus property royalty)	$4847.60
[illegible]al mine cars delivered to operation [illegible]	[illegible]
[illegible] from unsubordinated area	[illegible]
[illegible] from subordinated area	122
Percentage of production from subordinated area	25.15%
Subordinated portion of gross return [illegible]	$1220.34
[illegible] return @ 5%	$58.52

[illegible] apparent discrepancy in the above figures is due [illegible] subordinated percentage is not actually dis-[illegible] the gross return but is calculated separately [illegible]

While we are able to mine and ship only higher [illegible] under present conditions we find a relatively large [illegible] or 12 to [illegible] ore in the [illegible] we call the [illegible] We intend instituting a considerable diamond drilling [illegible] in the near future to see if enough ore can be dev-[illegible] warrant a small treatment plant which would make ore out [illegible] more of this [illegible]

[illegible] best regards [illegible]

DMEA
DEPARTMENT OF THE INTERIOR
AUG 4 - 1958
REGION III
DENVER, COLORADO

Richard E. Chilson

E 615

224 New Customhouse
Denver 2, Colorado
August 7, 1958

CERTIFIED MAIL

8/11	J.G.	225
8/12		800
		500

Mr. Richard E. Chilson
Lewisohn Copper Corporation
1070 N. Warren Avenue
Tucson, Arizona

Re: Docket DMEA-2843 (Copper)
Contract Idm-B615
Lewisohn Copper Corp.
(King-in-Exile Copper Mines)
Pima County, Arizona

Dear Mr. Chilson:

By letter, dated July 21, 1958, you advised Mr. T. M. Romslo of the Tucson Office, DMEA, that production having a value of $4,847.60 was produced during the first half of 1958, which is subject to DMEA royalty. You further indicated that royalties of $58.52 were due the Government.

Please provide this office by return mail with three copies of the settlement sheets covering this production, with check in the amount of royalty due.

With the mentioned settlement sheets and royalty, please also enclose the sales data on production and royalties which were requested by our letter of July 11, 1958.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

MHM:jy
cc: Sec. Op. Comm. (2)) w/copy of Oper's.
Royalty File) ltr. dtd. 7/21/58.
Emerick)
Semiannual File
DMEA,TUC
Chron.

LEWISOHN COPPER CORP.

P. O. BOX 2728
TUCSON, ARIZONA

RECEIVED AUG 11 1958

DATE	INITIALS	CODE

July 21, 1958

Mr. T. M. Romslo
U. S. Bureau of Mines
University of Arizona
Tucson, Arizona

Re: King Mine DMEA copper ore production

Dear Mr. Romslo:

Herewith the relevant figures on the production of ore from the King Mine during the first half of 1958. No ore was produced from the King between June 6th, 1957 and January 1st 1958. Although four carloads were shipped during the months of January and March, 1958, no production was made from the DMEA subordinated area until April 28th. Between the 28th of April and the end of June, 1958, seven carloads were shipped including 122 mine cars from the subordinated area.

R. R. Carloads shipped (4-28 to 6-30-58)	7
Dry tons	389.14
Average copper assay	5.57%
Gross Return (Net smelter plus property royalty)	$4847.60
Total mine cars delivered to ore bin	485
Mine cars from unsubordinated area	363
Mine cars from subordinated area	122
Percentage of production from subordinated area	25.15%
Subordinated portion of gross return	$1170.34
Subordinated gross return @ 5%	$58.52

The apparent discrepancy in the above figures is due to the fact that the subordinated percentage is not actually distributed evenly over the gross return but is calculated separately for each carload and then totaled.

While we are able to mine and ship only higher grade ore under present conditions, we find a relatively large percentage of 1½ to 3% ore in this DMEA area which we call the Exile. We intend instituting a considerable diamond drilling program here in the near future to see if enough ore can be developed to warrant a small treatment plant which would make ore out of a great deal more of this mineralization.

DMEA
DEPARTMENT OF THE INTERIOR
AUG 4 - 1958
REGION III
DENVER, COLORADO

With best regards, I am

Very truly yours,

Richard E. Chilson

O. FILE COPY
DMEA
RECEIVED JUL 16 1958

DATE	INITIALS	CODE
7/16	C	220
7/16	[illegible]	800
7/17	[illegible]	500

CERTIFIED MAIL

23A New Customhouse
Denver 2, Colorado

July 11, 1958

Mr. Richard E. Chilson
Lewisohn Copper Corporation
1070 E. Warren Avenue
Tucson, Arizona

Re: Docket DMEA-2543 (Copper)
Contract 12m-2615
Lewisohn Copper Corp.
(King-in-Exile Copper Mines)
Pima County, Arizona

Dear Mr. Chilson:

Enclosed is a photo copy of our letter, dated February 28, 1958, for which we have received no reply.

We have deferred writing you until this date under the impression that you were in contact with our Tucson Office, DMEA, and that delinquent royalties and a satisfactory proposal for reporting production subject to Government royalty could be expected to be received at an early date.

It is believed that a sufficient time has now elapsed for this purpose; therefore, you are requested to submit within ten days from the date of this letter all royalties due, suitable evidence of sales of production thereto, and proposal for reporting production subject to DMEA royalty. Should this office not receive the requested royalties and information at the end of such period, we will have no recourse but to refer the matter to the Washington Office, DMEA, for whatever action is indicated to protect the interests of the Government.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

Enclosure
MBM:jy
cc: Semiannual Rpt. File
Royalty File E615
Sec. Op. Comm. (2)
DMEA, TUC - w/copy of our ltr.
Emerick dtd. 2/28 to Oper.
Chron.

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 3 1958

DATE	INITIALS	CODE
3/3	C	220
3/3	[illegible]	800
3/4	[illegible]	500

224 New Customhouse
Denver 2, Colorado

February 28, 1958

Mr. Richard E. Chilson
Lewisohn Copper Corporation
1070 N. Warren Avenue
Tucson, Arizona

Re: Docket DMEA-2843 (Copper)
Contract Idm-E615
Lewisohn Copper Corp.
(King-in-Exile Copper Mines)
Pima County, Arizona

Dear Mr. Chilson:

By letter dated October 30, 1957, you advised Mr. T. M. Romulo of the Tucson Office, DMEA, that production having a value of $4,096.67 was produced during the first half of 1957, which is subject to DMEA royalty. You further indicated that royalties of $204.83 were due the Government.

Considerable time has elapsed without our having received the indicated royalties and evidence of sales. We will appreciate your attention to the payment of these delinquent royalties for this and all other previously unreported production.

At the same time, we will appreciate receiving from you a description of the method whereby record is maintained of production subject to DMEA royalty and production not subordinated. The method of counting mine cars of ore produced from each area, as explained to Mr. Romulo, seems quite satisfactory. We would, however, appreciate your making an explanation of the method employed to this office so that the Washington Office, DMEA may rule on its acceptability.

Very truly yours,

Original signed by
W. H. KING

W. H. King
Executive Officer, DMEA
Field Team, Region III

MHM:jy
cc: Semiannual Rpt. file E615
Royalty file
Sec. Op. Comm. (2)
DMEA,TUC
Emerick
Chron.

7

OFFICIAL FILE COPY

Date	Surname	Code
3/18	Griswold	500
3-18	Chamber	800
3/20	Selfridge	120
"	Johnson	110
"	Whitenton	102
2/21	C	220
		225

MAR 21 1957

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

Re: Docket No. DMEA-2843 (Copper)
Richard E. Chilson
King-in Exile Mine
Pima County, Arizona
Contract No. Idm-E615

Dear Mr. Harshman:

With reference to your February 20 letter covering legal instruments pertaining to the cited contract, we are enclosing two copies of a self-explanatory memorandum from the Associate Solicitor.

The Operator's proposal concerning future royalty payments appears to be satisfactory.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (-HB)

Enclosures

WRGriswold/er 3/18/57
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. McMahon, USBM
Mr. Kiilsgaard, USGS
Mr. Jay Chamber, DMEA
Chron.

APPROVED:

Frank D. Lamb (-HB)
Member, Bureau of Mines

Thor H. Kiilsgaard (-HB)
Member, Geological Survey

8623

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

MAR - 8 1957

Memorandum

To: Administrator, DMEA
Attention: Chief, Base Metals Division

From: Associate Solicitor, Division of Mineral Resources

Subject: Docket No. DMEA-2843 - Copper
Richard E. Chilson

This responds to Mr. Griswold's memorandum of March 6, transmitting a memorandum dated February 20 from the Field Team, Region III, which asks whether "the legal instruments which convey the land described in the subject contract from respective owners and lessees to Lewisohn Copper Corporation" protect the Government's interests.

The DMEA contract with Richard E. Chilson covers three claims: Crown Prince owned by Chilson; and Broadtop and Exile leased by Chilson.

The "legal instruments" to which the Field Team's letter refers are an Assignment of Lease, and a Lease and Option. These instruments relate only to the Broadtop and Exile claims, and in our opinion adequately protect the Government's interests. However, they do not include the Crown Prince claim. If Mr. Chilson has conveyed that claim to the Corporation, he should be asked to furnish a copy thereof to DMEA.

Robert P. Dwyer

Robert P. Dwyer

PIndritz:ar
March 8, 1957
Copy to: Sol Docket (2)
DMEA Docket
Mr. Griswold (2)
R. P. Dwyer
P. Indritz
Chron file

DMEA Form 7
(12-56)

500

OFFICIAL FILE COPY

Date	Surname	Code

March 6, 1957

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Docket No. DMEA-2043, Richard E. Chilson, Contract No. Idm-E615, King-in-Exile Mine, Pima County, Arizona (Copper)

Referring to the first paragraph of the February 20 memorandum of Mr. Traver, do the attached document copies satisfy the Government's requirements.

W. R. Griswold

W. R. Griswold

WRGriswold/bjl

Copy to: Docket
Base Metals
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
224 New Customhouse
Denver 2, Colorado

February 20, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 25 1957

DATE	INITIALS	CODE
2/25	C	220
		225

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Royalty Payments, Docket DMEA 2843 (Copper), Contract Idm-E615, Richard E. Chilson (King-in-Exile Mine), Pima County, Arizona

Enclosed are two copies of the legal instruments which convey the land described in the subject contract from respective owners and lessees to Lewisohn Copper Corporation. The interests of the Government appear to be sufficiently protected (Lease and Option, Page 17), but an official decision by the Washington Office, DMEA is requested.

You were informed first by memorandum dated October 24, 1956 and subsequently by copies of correspondence to the Operator and Lewisohn Copper Corporation, of action to effect a system for making royalty payments which will be satisfactory to the Government. Copy of Mr. Martin's letter forwarded with copy of our reply of February 5, 1957 expresses the position of Lewisohn Copper Corporation and proposes a method for discharging the obligation imposed by Contract Idm-E615. You may recall that this proposal coincides with the one recommended by paragraph 5 of our October 24 memorandum to you.

The amount of Government participation in this contract is $5,100.00. To date, $2,814.06 has been paid back in the form of royalties. On the basis of settlement sheets submitted, $2,532.16 are due. All overpayments are being credited to the royalty account. The loan, in effect, is 55.18 percent repaid.

From the foregoing, we feel inclined to go along with the proposal as set forth by Mr. Martin, specifically that of the Government accepting a maximum royalty on all King-in-Exile mine production irrespective of origin until the amount of $5,100.00 has been fully repaid.

We would appreciate receiving your comments and decision as to the acceptibility of Mr. Martin's royalty proposal.

W. M. Traver

Enclosures

OFFICIAL FILE COPY
D M E A
RECEIVED FEB 25 1957
DATE | INITIALS | CODE

ASSIGNMENT OF LEASE

THIS AGREEMENT, made and entered into as of the 12th day of October, 1955, by and between RICHARD E. CHILSON of Tucson, Pima County, Arizona, party of the first part, hereinafter called the "Assignor," LEWISOHN COPPER CORP., a Delaware corporation with its principal place of business at 123 North Church Street, Tucson, Arizona, party of the second part, hereinafter called the "Assignee," and FREDERICK LEWISOHN (unmarried) of New York City, New York, THE SOUTHERN ARIZONA BANK AND TRUST COMPANY, an Arizona corporation qualified to transact and transacting business in Pima County, Arizona, as Administrator with the Will Annexed of the Estate of Leonard Lewisohn, Deceased, and DAVID M. HEYMAN, JOHN O. SPERNBURGH, EUSTACE CELIGMAN and ALFRED ADOLPH ROSSIN, as Trustees under the authority conferred by Article "SEVENTH" as qualified by Article "EIGHTH" of the Last Will and Testament of Sam A. Lewisohn, Deceased, parties of the third part, hereinafter called the "Lessors,"

W I T N E S S E T H:

THAT WHEREAS, the Lessors, by a lease and option agreement dated as of October 11, 1955, granted to the Assignor herein a lease and option covering the following described patented lode mining claims situated in the Helvetia Mining District, Pima County, State of Arizona, to wit:

The COCONINO, OREGON COPPER, CHICAGO, ERIE, CUSHING, MARION, FRANKLIN, OLD PUT CON, OLD PAP COPPER, CENTRAL, FALLS, AJAX CONSOLIDATED, CUBA, HILO CONSOLIDATED, YORK, DAYLIGHT, POTOMAC, DAN WEBSTER, PATRICK HENRY, LAFAYETTE and R. G. INGERSOLL patented mining claims, designated by the Surveyor General of Arizona as Lots Number 1297A and Number 1297B, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 401, et seq., reference to which is hereby made for a fuller description.

Also, the WARD, ALTA COPPER, BROADTOP, FALLS, KING, MALACHITE, BONNIE PLUM, ANGEL, CUPRIST, ARMY and BLUE POINT patented mining claims, designated by the Surveyor General of Arizona as Lot Number 1300, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of

62554

Mines, at page 377, et seq., reference to which is hereby made for a fuller description.

Also, the MOHAWK SILVER and EMPIRE patented mining claims, designated by the Surveyor General of Arizona as Lot Number 1299, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 386, et seq., reference to which is hereby made for a fuller description.

Also, the BALTIMORE patented mining claim designated by the Surveyor General of Arizona as Lot Number 1312 and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 389, et seq., reference to which is hereby made for a fuller description.

Also, the TREMONT patented mining claim, designated by the Surveyor General of Arizona as Lot Number 1302, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 390, et seq., reference to which is hereby made for a fuller description.

Also, the ALTAMONT patented mining claim, designated by the Surveyor General of Arizona as Lot Number 1301, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 394, et seq., reference to which is hereby made for a fuller description.

Also, the BLACK BESS patented mining claim, designated by the Surveyor General of Arizona as Lot Number 1303, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 396, et seq., reference to which is hereby made for a fuller description.

Also, the ANTELOPE patented mining claim, designated by the Surveyor General of Arizona as Lot Number 1311, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 399, et seq., reference to which is hereby made for a fuller description.

Also, the COCONINO, CHICAGO, OREGON, OLD PUT, AJAX CONSOLIDATED, OLD PAP and FRANKLIN patented mill sites, designated by the Surveyor General of Arizona as Lots Number 1297A and Number 1297B, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 401, et seq., reference to which is hereby made for a fuller description.

The above mentioned Deeds of Mines being a record in the office of the County Recorder of Pima County, State of Arizona,

subject to the terms and conditions set forth in said lease and option agreement which is incorporated herein by reference: and

WHEREAS, the Assignor herein desires to assign said lease and option agreement to the Assignee, and the Lessors are willing

to consent to the assignment of said lease and option agreement 62554
subject to the terms and conditions hereinafter set forth,

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto agree as follows:

The said Richard E. Chilson, Assignor, for and in consideration of the sum of One Dollar ($1.00), and other good and valuable consideration to him in hand paid by the Assignee, the receipt whereof is hereby acknowledged, does hereby assign, transfer and set over unto the said LEWISOHN COPPER CORP., Assignee, that certain lease and option agreement dated as of October 11, 1955 and hereinabove particularly described.

TO HAVE AND TO HOLD the same unto the said Assignee from the date hereof for and during all the rest and remainder yet to come of the term mentioned in the said lease and option agreement, subject to the rents, covenants and conditions contained in said lease and option agreement.

The parties of the third part, Lessors aforesaid, hereby expressly consent to the assignment of said lease and option agreement subject to the payment of the royalties reserved by, and the performance and observance of the covenants, conditions and agreements contained therein.

In consideration for the above assignment and the written consent of the Lessors thereto, the undersigned Assignee, party of the second part herein, hereby assumes and agrees to make all payments and to perform all promises, covenants, conditions and agreements in said lease and option agreement dated as of October 11, 1955 by lessee in said lease and option agreement to be made, kept and performed from and after the date hereof, and the undersigned Assignor, party of the first part herein, agrees to make all payments and to perform and keep all promises, covenants, conditions and agreements of the said lease and option agreement dated as of October 11, 1955, by

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lessee in said lease and option agreement to be made, kept and performed up to the date hereof.

And it is agreed by and between Lessors and Assignee that the said lease and option agreement dated as of October 11, 1955 is hereby incorporated by reference thereto in this acceptance, and all of the terms thereof shall be included and understood herein in the same manner as they are expressed in the said lease and option agreement.

It is further agreed by and between the Lessors and Assignee that no further assignment or subletting of the premises described in said lease and option agreement, or any part thereof, will be made without the written consent of Lessors first had and obtained.

It is further agreed upon the consideration aforesaid that the taking by Lessors of any remedy against the lessee named in said lease and option agreement shall not preclude Lessors from the exercise of said remedy against Assignee, but Lessors may have the same remedy against Assignee, its successors and assigns, simultaneously with that against the lessee, and Lessors shall be limited only and at all events to one satisfaction for any debts or obligations which may accrue under or by virtue of said lease and option agreement dated as of October 11, 1955 or assignment thereof, or by virtue of any hold-over after termination thereof which may accrue by virtue of a breach of any covenant, promise or agreement contained therein.

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

Assignor, Party of the First Part

LEWISOHN COPPER CORP.

By _____
Its President

Assignee, Party of the Second Part

ATTEST:

Its Secretary

(Forming part of Assignment of Lease, Richard E. Chilson, Lewisohn Copper Corp., and Frederick Lewisohn et al)

FREDERICK LEWISOHN

THE SOUTHERN ARIZONA BANK AND TRUST COMPANY

By _____ Its VICE PRESIDENT

ATTEST: _____ Its Assistant Secretary

As Administrator with the Will Annexed of the Estate of Leonard Lewisohn, Deceased.

DAVID W. HYMAN

JOHN C. GREENBURGH

EUSTACE SELIGMAN

ALFRED ADOLPH ROSSIN

As Trustees under Article "SEVENTH" of the Last Will and Testament of Sam A. Lewisohn, Deceased.

Lessors, Parties of the Third Part

STATE OF Arizona
County of Pima } SS.

On this, the 2nd day of October, 1955, before me, _____, the undersigned officer, personally appeared RICHARD E. CHILSON, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

My commission expires: My comm. expires Mar. 8, 1957.

(Forming part of Assignment of Lease, Richard E. Chilson, Lewisohn Copper Corp., and Frederick Lewisohn et al)

Book 910 Page 186

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STATE OF ARIZONA }
County of Pima } SS.

On this, the 7th day of October, 1955, before me, Betty J. Gray, the undersigned officer, personally appeared Richard E. Chilson and Lloyd M. Kenner, who acknowledged themselves to be the President and Secretary, respectively, of LEWISOHN COPPER CORP., a corporation, and acknowledged that they as such President and Secretary, respectively, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by themselves as President and Secretary, respectively.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Betty J. Gray
Notary Public

My commission expires: My comm. expires Mar. 8, 1957.

STATE OF }
County of } SS.

On this, the [illegible] day of [illegible], 1955, before me, [illegible], the undersigned officer, personally appeared FREDERICK LEWISOHN, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

[illegible]
Notary Public

My commission expires:
MORTON PLANITZ
NOTARY PUBLIC STATE OF NEW YORK
NO 03 3114500
Certificate filed in N.Y. County
Commission Expires March 30, 1957

STATE OF ARIZONA, }
County of Pima. } SS.

On this, the 7 day of Oct, 1955, before me, John W. Lyons, the undersigned officer, personally appeared [illegible] and [illegible], who acknowledged themselves to to the Vice Pres and Asst Secty, respectively of THE SOUTHERN ARIZONA BANK AND TRUST COMPANY, a corporation, Administrator with the Will Annexed of the Estate of Leonard Lewisohn, Deceased, and acknowledged that they executed the foregoing instrument in the capacity therein stated and for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

John W. Lyons
Notary Public
My commission expires: [illegible]

(Forming part of Assignment of Lease
Richard E. Chilson, Lewisohn Copper
Corp., and Frederick Lewisohn et al)

Book 910 Page 187

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STATE OF New York }
County of New York } SS.

On this, the 11th day of October, 1955, before me, [illegible], the undersigned officer, personally appeared DAVID M. HEYMAN of the State of New York, known to me to be one of the persons described in the foregoing instrument as Trustees under Article "SEVENTH" of the Last Will and Testament of Sam A. Lewisohn, Deceased, and acknowledged that he executed the same in the capacity therein stated and for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

My commission expires:

STATE OF New York }
County of New York } SS.

On this, the 11th day of October, 1955, before me, [illegible], the undersigned officer, personally appeared JOHN C. GREENBURGH of the State of New York, known to me to be one of the persons described in the foregoing instrument as Trustees under Article "SEVENTH" of the Last Will and Testament of Sam A. Lewisohn, Deceased, and acknowledged that he executed the same in the capacity therein stated and for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

My commission expires:

Notary Public, New York
No. 24-9406760, Qualified in Kings County
Cert. Filed in New York County
Commission Expires March 30, 1956

STATE OF New York }
County of New York } SS.

On this, the 10th day of October, 1955, before me, JOHN W. P. [illegible], the undersigned officer, personally appeared EUSTACE SELIGMAN of the State of New York, known to me to be one of the persons described in the foregoing instrument as Trustees under Article "SEVENTH" of the Last Will and Testament of Sam A. Lewisohn, Deceased, and acknowledged that he executed the same in the capacity therein stated and for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

JOHN W. P. [illegible]
Notary Public, State of New York
Residing in Bronx County
Bronx Co. No. [illegible]
Certificate filed in New York, Queens, Nassau, Richmond, Westchester, Suffolk Counties
Commission Expires March 30, 1957

Notary Public

My commission expires:

(Forming part of Assignment of Lease
Richard E. Chilgen, Lewisohn Copper
Corp., and Frederick Lewisohn et al)

Book 910 Page 188

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STATE OF }
County of } ss.

On this, the 11 day of October, 1955, before me, Maurice Helfer, the undersigned officer, personally appeared ALFRED ADOLPH ROSSIN of the State of New York, known to me to be one of the persons described in the foregoing instrument as Trustees under Article "SEVENTH" of the Last Will and Testament of Sam A. Lewisohn, Deceased, and acknowledged that he executed the same in the capacity therein stated and for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Maurice Helfer
Notary Public

My commission expires:

MAURICE HELFER
NOTARY PUBLIC, STATE OF NEW YORK
No. 31-9[illegible]
Qualified in New York County
Term expires March 30, 1956

Fee 5.95 62554 Assignments
Indexed Compared Blotted
RR X AS
State of Arizona }
County of Pima } ss.

I hereby certify that the within instrument was filed for record at request of Morris & Malott 1955 Nov 10 AM 10:17 Book 910 Page 181 to 188 Inc.

Witness my hand and Official Seal day and year above written
Anna Sullinger County Recorder
/s/ John J. Johnson, Deputy

(Seal)

BOOK 898 PAGE 415

LEASE AND OPTION

THIS AGREEMENT, made and entered into as of the 11th day of October, 1955, by and between FREDERICK LEWISOHN (unmarried) of New York City, New York, THE SOUTHERN ARIZONA BANK AND TRUST COMPANY, an Arizona corporation qualified to transact and transacting business in Pima County, Arizona, as Administrator with the Will Annexed of the Estate of Leonard Lewisohn, Deceased, and DAVID M. HEYMAN, JOHN G. GREENBURGH, EUSTACE SELIGMAN, and ALFRED ADOLPH ROSSIN, as Trustees under the authority conferred by Article "SEVENTH" as qualified by Article "EIGHTH" of the Last Will and Testament of Sam A. Lewisohn, Deceased, hereinafter called the "Lessors," parties of the first part, and RICHARD E. CHILSON of Tucson, Pima County, Arizona, hereinafter called the "Lessee," party of the second part,

W I T N E S S E T H :

That the said Frederick Lewisohn is the owner of an undivided ten per cent. (10%) interest; the said Estate of Leonard Lewisohn, Deceased, is the owner of an undivided sixty-two and one-half per cent. (62½%) interest; and the said testamentary Trustees of Sam A. Lewisohn, Deceased, are the owners of an undivided twenty-seven and one-half per cent. (27½%) interest in and to those certain patented lode mining claims and mill sites hereinafter particularly described.

That the Lessee is desirous of obtaining from and has applied to the Lessors for a lease and option on the mining premises hereinafter described for the term, at the rental and royalty, and on the terms and conditions hereinafter set forth,

NOW, THEREFORE, THIS AGREEMENT FURTHER WITNESSETH:

OFFICIAL FILE COPY
RECEIVED FEB 25 1957
DATE | INITIALS | CODE

I.

LEASE

That for and in consideration of the sum of Five Dollars ($5.00), the receipt whereof is hereby acknowledged, and the mutual covenants and conditions hereinafter set forth, the Lessors have

given and granted, and by these presents hereby do give and grant to the Lessee the exclusive right and privilege to mine and operate the mining property herein described, upon the following terms and conditions, to wit:

1. **PROPERTY:** Those certain patented lode mining claims and mill sites situated in the Helvetia Mining District, Pima County, State of Arizona, more particularly described as follows, to wit:

The COCONINO, OREGON COPPER, CHICAGO, ERIE, CUSHING, MARION, FRANKLIN, OLD PUT CON, OLD PAP COPPER, CENTRAL, FALLS, AJAX CONSOLIDATED, CUBA, HILO CONSOLIDATED, YORK, DAYLIGHT, POTOMAC, DAN WEBSTER, PATRICK HENRY, LaFAYETTE and R. G. INGERSOLL patented mining claims, designated by the Surveyor General of Arizona as Lots Number 1297A and Number 1297B, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 401, et seq., reference to which is hereby made for a fuller description.

Also, the WARD, ALTA COPPER, BROADTOP, EXILE, KING, MALACHITE, BONNIE BLUE, AMOLE, CUPRITE, ARCOLA and BLUE POINT patented mining claims, designated by the Surveyor General of Arizona as Lot Number 1308, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 377, et seq., reference to which is hereby made for a fuller description.

Also, the MOHAWK SILVER and EMPIRE patented mining claims, designated by the Surveyor General of Arizona as Lot Number 1299, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 386, et seq., reference to which is hereby made for a fuller description.

Also, the BALTIMORE patented mining claim designated by the Surveyor General of Arizona as Lot Number 1312 and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 389, et seq., reference to which is hereby made for a fuller description.

Also, the TREMONT patented mining claim, designated by the Surveyor General of Arizona as Lot Number 1302, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 390, et seq., reference to which is hereby made for a fuller description.

Also, the ALTAMONT patented mining claim, designated by the Surveyor General of Arizona as Lot Number 1301, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 394, et seq., reference to which is hereby made for a fuller description.

Also, the BLACK BESS patented mining claim, designated by the Surveyor General of Arizona as Lot Number 1303, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 396, et seq., reference to which is hereby made for a fuller description.

Also, the ANTELOPE patented mining claim, designated by the Surveyor General of Arizona as Lot Number 1311, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 399, et seq., reference to which is hereby made for a fuller description.

Also, the COCONINO, CHICAGO, OREGON, OLD PUT, AJAX CONSOLIDATED, OLD PAP and FRANKLIN patented mill sites, designated by the Surveyor General of Arizona as Lots Number 1297A and Number 1297B, and particularly described in the United States Patent therefor which is recorded in Book No. 22, Deeds of Mines, at page 401, et seq., reference to which is hereby made for a fuller description.

The above mentioned Deeds of Mines being a record in the office of the County Recorder of Pima County, State of Arizona.

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2. <u>POSSESSION</u> - <u>OPERATION:</u> The Lessee is entitled to take possession of said premises and to explore, sample and operate the same, and extract and ship ores therefrom, subject to the conditions herein set forth, from and after the effective date of this agreement.

(a) Mining: All work done upon said premises by the Lessee shall be done in a good and workmanlike manner and after the manner of good mining. All workings, where necessary or where directed by the State Mine Inspector or his deputy, shall be timbered properly and substantially, and with the view of developing said property into a workable mine. All mine openings shall be kept clear of obstructions and in a condition so that they can be entered, except such openings as are now caved in and are not necessary for future operations of the Lessee. The laws of the State of Arizona and all requirements of the State Mine Inspector shall be complied with promptly.

(b) Minimum work: Commencing thirty (30) days from the effective date of this agreement, the Lessee shall devote at

least one hundred twenty (120) working shifts of eight (8) hours each during each calendar month, throughout the life of this agreement, to underground work or mining operations on said property, except as hereinafter otherwise provided.

3. **ROYALTY:**

(a) Throughout the term of this agreement the Lessors reserve, and the Lessee agrees to pay, a royalty on all ores extracted from said mining property by the Lessee and shipped, smelted, or otherwise disposed of, as rental for the use and possession of said mining premises, as follows:

Concentrates

On ores milled, shipped, smelted or otherwise disposed of in the form of concentrates, ten per cent. (10%) of the net smelter returns or of the sale price (as hereinafter defined) received from said concentrates; subject, however, to the provisions hereinafter set forth with respect to concentrates milled from "sub-marginal ores."

Direct Shipping Ores

On ores shipped, smelted or otherwise disposed of in any form other than in the form of concentrates, the following percentages of the net smelter returns or of the sale price (as hereinafter defined) received from said ores:

10% when the net smelter returns or sale price, (as hereinafter defined) are not in excess of $30.00 per ton,

12% when over $30.00 and not in excess of $35.00,

14% when over $35.00 and not in excess of $40.00,

16% when over $40.00 and not in excess of $45.00,

18% when over $45.00 and not in excess of $50.00,

20% when over $50.00 and not in excess of $55.00,

25% when over $55.00.

(b) "net smelter returns" and "sale price" defined:

"Net smelter returns" within the meaning of this agreement shall be the correct returns as shown by the liquidation

sheets furnished by the smelter treating such ores and concentrates, after such smelter shall have made its deduction for railway freight and switching charges, treatment, and usual smelting deductions, plus all additional payments, premiums or bonuses of whatever kind or character, and from whomsoever received or receivable, which the Lessee may receive or be entitled to receive by reason of the operation or maintenance of the mining claims or property, or the production, sale, distribution or other disposal of any of the ores, concentrates and metals therefrom.

"Sale price" within the meaning of this agreement shall be the purchase price paid for such ores and concentrates f.o.b. mine bins, plus all additional payments, premiums or bonuses of whatever kind or character and from whomsoever received or receivable, which the Lessee may receive or be entitled to receive by reason of the operation or maintenance of the mining claims or property or the production, sale, distribution or other disposal of any of the ores, concentrates and metals therefrom.

In arriving at the net smelter returns or sale price, no deductions shall be made for hauling or any other charges, of whatsoever character, except as herein expressly provided.

The deduction and payment of royalties shall be governed by smelter values or sale price per dry ton of ores.

(c) Notwithstanding the provisions of paragraphs (a) and (b) hereof, it is stipulated and agreed that whenever the value of the metal content of ores other than copper extracted from said mining property by the Lessee and shipped, smelted, sold or otherwise disposed of, shall not exceed $7.50 per ton, including premiums and bonuses as above defined, and the copper content of such ores shall be less than 2%, the Lessee agrees to pay, and the Lessors reserve and agree to accept, a flat royalty at the rate of 25¢ per ton on such ores, hereinafter referred to as "sub-marginal ores." The royalty provision contained in this subparagraph (c) shall apply only to shipments of lots of non-concentrated "sub-marginal ores" and is provided to encourage the development of the property.

Payments made by a smelting company, not in excess of $2.00 per ton, to subsidize the mining of said low grade ores, shall not be considered as "premiums or bonuses" hereunder.

In the event such "sub-marginal ores" are concentrated, the Lessors agree to accept a flat royalty at the rate of 25¢ per ton on such "sub-marginal ores" so milled and concentrated in lieu of the royalties hereinabove provided, subject to the provisions hereinafter set forth.

(d) Except as hereinafter provided, the Lessee agrees to pay a minimum royalty of $1,200.00 per annum, commencing from the effective date of this agreement and payable at the minimum rate of $300.00 per quarter, with adjustments on an annual basis.

(e) Settlements:

In the event that said ores or concentrates, other than those made from "sub-marginal ores," shall be disposed of to a smelter, the smelter treating said ores shall be instructed to remit to The Southern Arizona Bank and Trust Company, at Tucson, Arizona, the royalties hereinabove provided based on net smelter returns as above defined due from it on account of ores and concentrates smelted or purchased by said smelter, or the flat royalty of 25¢ per ton, as the case may be; and such remittance, accompanied by three liquidation sheets for each lot number of shipments, shall be made from week to week, or from month to month, but not more than forty (40) days apart, as may be agreed upon by the parties hereto and said smelter.

In the event said ores or concentrates, other than those made from "sub-marginal ores," shall be disposed of to a purchaser other than a smelter, said purchaser shall be instructed to remit to The Southern Arizona Bank and Trust Company at Tucson, Arizona, the royalties hereinabove provided based on the purchase price as above defined due on account of ores or concentrates purchased, or the flat rate of 25¢ per ton, as the case may be; and such remittance, accompanied by three liquidation sheets containing

full and complete information regarding such sale and purchase, including the price, quantities of ores and concentrates contracted for, grade of ore or concentrates, lot number of shipments, and any other information that the Lessors may request relating to such sale or sales, shall be made from week to week or from month to month, but not more than forty (40) days apart, as may be agreed upon by the parties hereto and said purchaser or purchasers.

The remainder of the "net smelter returns" or "sale price" may be paid direct to the order of the Lessee.

All contracts relating to the disposal of ores or concentrates other than to a smelter shall be in writing and copies thereof and a written report of all details relating thereto shall be furnished and submitted to the Lessors. In the event that the Lessee shall desire to enter into a contract or agreement for the disposal of such ores or concentrates over any period of time, or for more than one shipment, it shall, prior to the execution of such proposed contract or agreements, submit the same to the Lessors for their approval. If the Lessors, in their opinion, deem that they can secure a more advantageous contract or agreement, they shall, within fifteen (15) days after receipt from the Lessee of a copy of such proposed contract, so notify the Lessee, in which event the said proposed contract or agreement shall not be executed by the Lessee. In the event that the Lessors shall not, within such fifteen (15) days, so notify the Lessee, then the Lessee shall be free to enter into such proposed contract or agreement.

Said bank shall be instructed to hold one copy of said liquidation sheets, to deliver one copy to a representative of the Lessors to be named by said Lessors, and to deliver one copy to the Lessee.

(f) In the event that concentrates made from "submarginal ores" shall be disposed of to a smelter or a purchaser other than a smelter, said smelter or purchaser, as the case may

be, shall make settlements as hereinabove provided at the rate of 25¢ per ton on the "sub-marginal ores" milled and concentrated, based on the affidavit of Lessee as to the tonnage and grade of the millheads processed to make such concentrates; provided, however, that Lessors shall not be bound by said affidavits and shall have full rights of inspection as hereinafter provided and be entitled to a full and complete accounting and payment.

(g) Distribution of royalties: The bank shall be instructed to divide said royalties among the Lessors as follows:

Unto Frederick Lewisohn, ten per cent. (10%)

Unto The Southern Arizona Bank and Trust Company, as Administrator with the Will Annexed of the Estate of Leonard Lewisohn, Deceased, sixty-two and one-half per cent. (62½%)

Unto David M. Heyman, John G. Greenburgh, Eustace Seligman and Alfred Adolph Rossin, as Trustees under Article "SEVENTH" of the Last Will and Testament of Sam A. Lewisohn, Deceased, or their duly authorized representative, twenty-seven and one-half per cent. (27½%).

4. TAXES: The Lessee, at all times during the life of this agreement, shall pay promptly all taxes that have been or may be levied upon said mining claims, or any machinery, equipment or improvements placed thereon.

The Lessee further agrees to furnish promptly to The Southern Arizona Bank and Trust Company, at Tucson, Arizona, as the representative of the Lessors, receipted tax bills

showing the payment of all such taxes.

In the case of taxes for the calendar year in which this lease begins, and/or for the calendar year in which this lease ends, there shall be an apportionment between the parties, the Lessors to bear the proportion of such taxes applicable to that part of the calendar year not included in this lease, and the Lessee to bear the balance of said taxes; provided, however, that the Lessors shall in no event be responsible for any portion of any taxes on machinery, equipment, or improvements placed upon the mining claims hereinabove described by Lessee, unless such machinery, equipment or improvements shall be left upon the property and shall inure to the benefit of the Lessors. The Lessee further agrees to pay all so-called sales taxes now or hereafter levied by the State of Arizona or the United States of America on the ores and concentrates shipped from said property.

5. MACHINERY - REMOVAL: All machinery, equipment and personal property, together with all improvements (including houses and other structures and tracks in place underground) which may be placed on said mining property by and at the expense of the Lessee, may be removed by him at any time within sixty (60) days after the termination of this agreement; provided, however, (a) that such right of removal shall not extend to replacements of property now in or on said mining property and owned by Lessors, or to head-frames, or to ladders, timbers or ties in place underground; (b) that no such property shall be removed at any time while the Lessee may be in default under any of the terms or provisions of this agreement, other than default in the performance of development work as required hereunder; and (c) the removal shall be effected in such manner as to avoid injury or damage to the mine and improvements that are to remain thereon. If not so removed by the Lessee, the Lessors may, at their option, retain the said machinery, equipment and personal property, together with all improvements including houses and other structures

as aforesaid, as and for their own, free of any claim of any kind on the part of the Lessee, or may at their option remove all or any part of said machinery, equipment and personal property, together with all improvements, as aforesaid, at the cost and expense of the Lessee, in which event the Lessee agrees forthwith to pay to the Lessors the cost of such removal.

6. ORE REMOVAL: All ores mined and placed on the dumps of said property by the Lessee during the life of this agreement may be removed and shipped by the Lessee in the event of a termination of this contract, but such ores shall be removed within thirty (30) days after such termination and shall be subject to royalty payments as herein provided. In the event such ores are not removed within said period as herein provided, title thereto shall thereupon vest in the Lessors, free of any claim or charge of the Lessee.

7. NOTICE OF NON-LIABILITY: The Lessee shall not incur any debts or liens against said property or against any part thereof during the life of this agreement, and shall indemnify and save harmless the Lessors and said property from any and all liens. The Lessee further agrees to record and to post on the premises, prior to commencing any operations thereon under this lease, and keep posted at his own cost and expense, a notice as provided by law that the said Lessee is responsible for all claims and demands in connection with the operation of said property, and that the Lessors and said property are not liable for any liens or claims resulting from said operations. All miners, laborers and other persons who may labor or furnish labor or materials on or for said premises during the life of this agreement, and to whom any sum may be due from the Lessee for labor or materials, shall be promptly paid by the Lessee.

8. LIABILITY FOR INJURIES: The Lessee hereby assumes any and all liability or liabilities arising or to arise from accidents or injuries to his agents or employees or any other person

in or about the premises while the same are in the possession of the Lessee, and the Lessee hereby agrees to indemnify the Lessors against any liability or responsibility for or on account of any such injuries, it being understood that the hazard of all such liability or liabilities is taken into consideration by the parties hereto in fixing the consideration under this agreement.

9. **INSURANCE:** The Lessee shall, at all times during the life of this agreement, carry and maintain liability insurance under the Workmen's Compensation Law and under the Occupational Disease Liability Law of the State of Arizona, satisfactory to the Industrial Commission of the State of Arizona.

The Lessee shall also, at his own cost and expense, comply strictly with all the terms of the Arizona Workmen's Compensation Law and the Arizona Occupational Disease Liability Law.

The Lessee shall comply with all provisions of the Federal Wage and Hour Law, and shall make all payments due or to become due under the Federal and State Social Security laws, Unemployment Compensation Law, tax laws, or any other laws now in effect or that may hereafter be enacted affecting the employees of the Lessee, wages paid the employees of the Lessee, and the products removed from said premises.

The Lessee further agrees to furnish promptly to The Southern Arizona Bank and Trust Company at Tucson, Arizona, as the representative of the Lessors, receipted bills or other satisfactory proof showing that the payments for liability insurance and all payments required under the said Social Security, Unemployment Compensation and tax laws have been made as and when due, throughout the life of this agreement.

10. **INSPECTION:** The Lessors, through any duly authorized representative, shall have the right to enter upon said premises, or any part thereof, and to inspect the same at any time during

the life of this agreement, at their risk, and shall have the right to inspect the records of the Lessee insofar as the same cover shipments of ores and concentrates, at any reasonable time, but without unreasonable inconvenience to the Lessee.

11. The Lessee shall keep a full and complete record of all work carried on by the Lessee, and agrees to send monthly to the representative of the Lessors a verified report showing the distribution of the shifts of labor performed at the property, the daily tonnage and assay reports of all ores concentrated, and also to deliver to the representative of the Lessors, on demand, all logs, assay results of any drilling or other development work performed, and all maps, records or blue-prints which may relate to said mining premises, that may be made by or for the Lessee.

12. ASSIGNMENT: The Lessee shall not assign this agreement or any interest therein except with the written consent of the Lessors.

Upon such assignment and transfer, Lessee shall have no further rights or obligations under the terms hereof; provided, however, that Lessee shall not be discharged from any obligation in favor of Lessors that may have accrued under this agreement prior to the approval of said assignment, unless the assignee shall assume the same and be financially responsible therefor.

13. TITLE: Notwithstanding any recitals or statements herein otherwise contained, it is expressly underatood and agreed that the Lessors do not represent or guarantee that they have a good merchantable title to the mining claims hereinabove described, this agreement being merely a lease of such right, title and interest in said mining claims as the Lessors may have.

14. **DEFAULT:** In the event the Lessee shall make default in any of the terms or provisions hereinabove contained, then the Lessors may terminate this agreement upon thirty (30) days' notice to the Lessee of their intention to declare this agreement at an end. If the Lessee shall fail within said thirty (30) days to correct and make good any violations of the terms and provisions of this agreement on account of which such notice of default has been given, then and thereupon this agreement shall terminate. Notwithstanding the foregoing provisions with reference to default, it is stipulated and agreed that if the Lessee shall fail to pay royalties as and when hereinabove provided, or shall fail to record and post and keep posted notices of non-liability as hereinabove provided, or shall fail to secure proper liability insurance as hereinabove provided before commencing operations hereunder, and to maintain the same, the Lessors may terminate this agreement forthwith without notice.

15. **WAIVER:** To the extent hereinafter set forth, the Lessors shall waive the requirement in paragraph 2(b) that Lessee shall devote at least one hundred twenty (120) working shifts of eight (8) hours each during each calendar month to underground work or mining operations on said property, and the requirement in paragraph 3(d) that Lessee shall pay a minimum royalty of $1,200.00 per annum, during any periods in excess of fifteen (15) days and not to exceed six (6) months, while the price of electrolytic refined copper delivered to New England points, as quoted in the Engineering and Mining Journal, is less than 12¢ per pound, or while the Lessee shall be prevented from carrying on any work or performing any mining operations due to force majeure, provided that such waiver shall be only for such period as such cause exists, not to exceed six (6) months in any one (1) year, and such cause shall, so far as possible, be remedied with all reasonable dispatch. The minimum royalty of $1,200.00 per annum shall be reduced at the rate of $100.00 per month or $50.00 for each one-half month during said periods.

The term "force majeure" as employed in this agreement shall include Acts of God, fire, climatic conditions, shortage of water, strikes, failure of transportation facilities, rules, regulations or orders of the State, Federal, or other governmental bodies, litigation or unavoidable breakdowns, provided reasonable diligence in curing such breakdowns is exercised.

16. TERMINATION: The Lessee may cease operations and may terminate all further liability hereunder by thirty (30) days' written notice to the Lessors of his election to terminate said agreement.

In the event of a termination of said agreement, the Lessee shall forthwith deliver to the Lessors the peaceable possession of said premises, and shall be relieved of any further liability hereunder; but in the event of the termination of this agreement by either of said parties, the Lessee shall not be discharged from any obligation in favor of the Lessors that may theretofore have accrued under the terms hereof.

17. NOTICES: All notices provided for herein may be given in writing by personal delivery of said notice, or may be given by registered mail addressed to The Southern Arizona Bank and Trust Company, as the representative of the Lessors, at Tucson, Arizona, and to the Lessee at P. O. Box 2729, Tucson, Arizona, and said thirty (30) day period shall run from the date of mailing said notices or from the date of personal delivery thereof.

18. TERM: Unless sooner terminated as hereinabove provided, the life of this mining lease shall be ten (10) years from the effective date hereof.

II.

OPTION

19. OPTION: In consideration of the sum of One Dollar ($1.00) and other good and valuable consideration, the receipt whereof is hereby acknowledged, the Lessors have given and granted, and by

these presents do give and grant unto the Lessee the exclusive right, privilege and option to purchase the mining property herein described upon the following terms and conditions, to wit:

20. PROPERTY: Those certain patented lode mining claims and mill sites situated in the Helvetia Mining District, Pima County, State of Arizona, more particularly described in paragraph 1 of the preceding lease agreement.

21. PURCHASE PRICE: The purchase price for said mining property is the sum of Five Hundred Thousand Dollars ($500,000.00).

22. TERM OF OPTION: Said option shall be exercised on or before ten (10) years from the effective date of this agreement by written notice to The Southern Arizona Bank and Trust Company, as the representative of the Lessors, at the address and in the manner stated in paragraph 17 of the preceding lease agreement; provided, however, that in the event the preceding lease is terminated at any time prior to the stated term of this option, it is expressly understood and agreed that this option shall terminate also with like force and effect as if said option had never existed.

23. EXERCISE OF OPTION: If and when Lessee elects to exercise this option, he shall, on giving the notice provided in the preceding paragraph, tender therewith the sum of Five Hundred Thousand Dollars ($500,000.00) less the total sum of all royalty payments theretofore made by Lessee to Lessors pursuant to the provisions of paragraph 3 of this lease and option. In such event, Lessors agree to credit said royalty payments as part of the purchase price. No credit of any kind will be given on the purchase price for said royalty payments except on the exercise of this option in the manner herein provided. The purchase price, if and when paid, shall be distributed to the Lessors by The Southern Arizona Bank and Trust Company in the same percentages as provided by paragraph 3(d) hereof for the distribution of royalties.

24. **ESCROW DEED:** If and when the Lessors shall have received royalty payments hereunder aggregating the sum of One Hundred Thousand Dollars ($100,000.00), the Lessors shall execute and place in escrow in The Southern Arizona Bank and Trust Company of Tucson, Arizona, good and sufficient mining deeds conveying the interests of the Lessors in said mining property to the Lessee, together with instructions covering the delivery thereof upon payment of the purchase price by the Lessee as provided in Section 23 hereof. Said deeds shall convey all of the right, title and interest of the respective Lessors, but shall not impose upon said Lessors, or any of them, either individually or in their respective representative capacities, or upon the estate which they represent, any liability or responsibility for any cause except the acts of the respective grantors.

III.

MISCELLANEOUS

25. **DEFINITION:** Wherever used herein, the term "effective date of this agreement" shall mean the date of this agreement, subject to the approval and order of the Superior Court of the State of Arizona, in and for the County of Pima.

26. **NATURE AND EXTENT OF CONTRACT:** This is an option coupled with a lease granting the right to operate, and is not a sale. Time is of the essence hereof, and all the terms and provisions herein contained extend to and are binding upon the heirs and assigns of the respective parties hereto, except as hereinabove provided.

27. **RELEASE:** Upon the surrender or termination of this agreement as hereinabove provided, the Lessee shall execute and deliver to the Lessors a good and sufficient release of this agreement and of the lease and option hereinabove granted.

28. **TERMINATION OF PRIOR LEASE:** For the consideration aforesaid, it is stipulated and agreed that that certain lease agreement made and entered into as of the 29th day of June, 1953 by and be-

tween Frederick Lewisohn, The Southern Arizona Bank and Trust Company as Administrator with the Will Annexed of the Estate of Leonard Lewisohn, Deceased, and Eustace Seligman as Executor under the Last Will and Testament of Adolph Lewisohn, Deceased, Lessors, and Richard E. Chilson, Lessee, which lease was executed by The Southern Arizona Bank and Trust Company pursuant to the authorization and order of the Superior Court of the State of Arizona, in and for the County of Pima, dated the 29th day of June, 1953, is hereby terminated as of the effective date of this agreement; provided, however, that the Lessee hereunder shall and hereby does assume all obligations in favor of Lessors that may have accrued under said agreement of June 29, 1953 prior to the termination thereof, and Lessee hereunder shall and hereby does assume under this lease and option agreement all unfilled obligations arising out of and in connection with that certain Exploration Project Contract between the United States of America and the Lessee, therein referred to as "Operator."

It is further stipulated and agreed that machinery, equipment and personal property, together with improvements which were placed on the premises by Lessee with the right of removal within sixty (60) days after the termination of said lease agreement of June 29, 1953, may be left on the premises subject to the right of removal as provided for herein.

IN WITNESS WHEREOF, the parties hereto, being first duly authorized, (the said The Southern Arizona Bank and Trust Company, as Administrator aforesaid, having been authorized by an order of the Superior Court of the State of Arizona, in and for the County of Pima, dated the 27th day of September, 1955, and the said David M. Heyman, John G. Greenburgh, Eustace Seligman and Alfred Adolph Rossin, as Trustees, acting pursuant to the authority conferred by Article "SEVENTH" of the Last Will and Testament of

Sam A. Lewischn, Deceased) have executed these presents as of the day and year first above written.

FREDERICK LEWISOHN

By _____

THE SOUTHERN ARIZONA BANK AND TRUST COMPANY

By _____ Its VICE PRESIDENT

ATTEST:

_____ Its Assistant Secretary

As Administrator with the Will Annexed of the Estate of Leonard Lewischn, Deceased.

_____
David M. Heyman

_____
John G. Greenburgh

_____
Eustace Seligman

_____
Alfred Adolph Rossin

As Trustees under Article "SEVENTH" of the Last Will and Testament of Sam A. Lewischn, Deceased.

LESSORS

_____
Richard E. Chilson

LESSEE

BOOK 898 PG 495
56385 4

No. 98221

[illegible] R. WATSON, County Clerk and Clerk of the Supreme Court, New York County, a Court of Record having by law a seal, DO HEREBY CERTIFY that

Morton Planitz

whose name is subscribed to the annexed affidavit, deposition, certificate of acknowledgment or proof, was at the time of taking the same a NOTARY PUBLIC in and for the State of New York, duly commissioned and sworn and qualified to act as such throughout the State of New York according to law a commission, or a certificate of his official character, and his signature, have been filed in my office; that as such Notary Public he was authorized by the laws of the State of New York to administer oaths and affirmations, to take acknowledgment or proof of deeds, mortgages, powers of attorney and other instruments for lands, tenements and hereditaments to be read in evidence or recorded, to protest notes and to take and certify affidavits and depositions; and that I am acquainted with the handwriting of such Notary Public, or have compared the signature on the annexed instrument with his autograph signature deposited in my office, and believe that the signature is genuine.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 31 day of AUG 1955

Archibald R. Watson

County Clerk and Clerk of the Supreme Court, New York County

[illegible] 50c

(Forming part of Lease and Option,
Frederick Lewisohn, et al, to
Richard R. Chilson)

STATE OF NEWYORK)
) SS.
County of New York) 56

On this the 15 day of August, 1955, before Morton Planitz, the undersigned officer, personally appeared FREDERICK LEWISOHN, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein stated.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Morton Planitz
Notary Public
MORTON PLANITZ
NOTARY PUBLIC, STATE OF NEW YORK
No 03-3114400
Certificate filed in New York County
Commission expires March 30, 1956

My commission expires:

STATE OF ARIZONA,)
) SS.
County of Pima.)

BOOK 898 PAGE 497

On this the 2nd day of October, 1955, before me, John W Ross, the undersigned officer, personally appeared John M Sentelle and J Russell Spann, who acknowledged themselves to be the Vice President and Assistant Secretary, respectively, of THE SOUTHERN ARIZONA BANK AND TRUST COMPANY, a corporation, Administrator with the Will Annexed of the Estate of Leonard Lewisohn, Deceased, and acknowledged that they executed the foregoing instrument in the capacity therein stated and for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

John W Ross
Notary Public

My commission expires:

STATE OF MONTANA)
: SS.:
COUNTY OF Missoula)

On this the 8th day of August, 1955, before me, Eva M. Taylor, the undersigned officer, personally appeared Alfred Adolph Rossin, of the State of New York, known to me to be one of the persons described in the foregoing instrument as a Trustee under Article "SEVENTH" of the Last Will and Testament of Sam A. Lewisohn, deceased, and acknowledged that he executed the same in the capacity therein stated and for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and seal.

Eva M Taylor
Notary Public

My Commission expires:
January 3, 1958.

563834

Form 1

State of New York,
County of New York, } ss.:

No. 98222

ARCHIBALD R. WATSON, County Clerk and Clerk of the Supreme Court, New York County, a Court of Record having by law a seal, DO HEREBY CERTIFY that

Emil Mannini Jr.

whose name is subscribed to the annexed affidavit, deposition, certificate of acknowledgment or proof, was at the time of taking the same a NOTARY PUBLIC in and for the State of New York, duly commissioned and sworn and qualified to act as such throughout the State of New York; that, pursuant to law a commission, or a certificate of his official character, [illegible] signature, have been filed in my office; that as such Notary Public he [illegible] by the laws of the State of New York to administer oaths and affirmations, [illegible] the acknowledgment or proof of deeds, mortgages, powers of attorney and [illegible] for lands, tenements and hereditaments to be read in evidence or [illegible] to protest notes and to take and certify affidavits and depositions; and [illegible] with the handwriting of such Notary Public, or have compared the [illegible] on the annexed instrument with his autograph signature deposited in my office, and [illegible] that the signature is genuine.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 31 day of AUG, 1955

Archibald R. Watson

County Clerk and Clerk of the Supreme Court, New York County

[illegible]AID 50

BOOK 898 PAGE 498

(Forming part of Lease and Option,
Frederick Lewisohn, et al, to
Richard E. Chilsen)

56383

STATE OF ~~NEW YORK~~ New York,
County of ~~Final~~ New York } ss.

On this the 22 day of August, 1955, before me the ~~undersigned~~ officer, personally appeared RICHARD E. CHILSEN, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

EMIL MOROSINI, JR.
Notary Public, State of New York
No 31-2773700
Qualified in New York County
Commission Expires March 30, 1957

My commission expires:

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

BOOK 898 PAGE 499

On this the 16th day of August, 1955, before me, Claire M. Cooper, the undersigned officer, personally appeared Eustace Seligman, of the State of New York, known to me to be one of the persons described in the foregoing instrument as a Trustee under Article "SEVENTH" of the Last Will and Testament of Sam A. Lewisohn, deceased, and acknowledged that he executed the same in the capacity therein stated and for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and seal.

CLAIRE M. COOPER
NOTARY PUBLIC, State of New York
Residing in New York County
New York Co. Clk's No. 31-0753150
Cert. filed in Bronx, Queens & New York Co. Clk's
Commission Expires March 30, 1957

Claire M. Cooper
Notary Public

My Commission Expires

State of New York, } ss.:
County of New York, }

No. 98223

ARCHIBALD R. WATSON, County Clerk and Clerk of the Supreme Court, New York County, and Court of Record having by law a seal, DO HEREBY CERTIFY that

Claire M. Cooper

whose name is subscribed to the annexed affidavit, deposition, certificate of acknowledgment or proof, was at the time of taking the same a NOTARY PUBLIC in and for the State of New York, duly commissioned and sworn and qualified to act as such throughout the State of New York; that pursuant to law a commission, or a certificate of his official appointment and his autograph signature, have been filed in my office; that as such Notary Public he was duly authorized by the laws of the State of New York to administer oaths and affirmations, to receive and certify the acknowledgment or proof of deeds, mortgages, powers of attorney and other writings for lands, tenements and hereditaments to be read in evidence or recorded in this State, to protest notes and to take and certify affidavits and depositions; and that I am well acquainted with the handwriting of such Notary Public or have compared the signature on the annexed instrument with his autograph signature deposited in my office, and believe that the signature is genuine.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal

this 31 day of AUG, 1956

Archibald R. Watson
County Clerk and Clerk of the Supreme Court, New York County

State of New York, } ss. 56383 (0 No. 98224 Form 1

I, ARCHIBALD R. WATSON, County Clerk and Clerk of the Supreme Court, New York County, a Court of Record having by law a seal, DO HEREBY CERTIFY that

Marcus Blumberg

whose name is subscribed to the annexed affidavit, deposition, certificate of acknowledgment or proof, was at the time of taking the same a NOTARY PUBLIC in and for the State of New York, duly commissioned and sworn and qualified to act as such throughout the State of New York; that pursuant to law a commission, or a certificate of his official character, and his autograph signature, have been filed in my office; that as such Notary Public he was duly authorized by the laws of the State of New York to administer oaths and affirmations, to receive and certify the acknowledgment or proof of deeds, mortgages, powers of attorney and other written instruments for lands, tenements and hereditaments to be read in evidence or recorded in this State, to protest notes and to take and certify affidavits and depositions; and that I am well acquainted with the handwriting of such Notary Public, or have compared the signature on the annexed instrument with his autograph signature deposited in my office, and believe that the signature is genuine.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 31 day of AUG, 19[illegible]

Archibald R. Watson

County Clerk and Clerk of the Supreme Court, New York County

D 500

State of New York
County of New York, ss:

Form 1

No. 98225

I, ARCHIBALD R. WATSON, County Clerk and Clerk of the Supreme Court, New York County, a Court of Record having by law a seal, DO HEREBY CERTIFY that

Arthur Proffitt

whose name is subscribed to the annexed affidavit, deposition, certificate of acknowledgment or proof, was at the time of taking the same a NOTARY PUBLIC in and for the State of New York, duly commissioned and sworn and qualified to act as such throughout the State of New York; that pursuant to law a commission, or a certificate of his official character, and his autograph signature, have been filed in my office; that as such Notary Public he was duly authorized by the laws of the State of New York to administer oaths and affirmations, to receive and certify the acknowledgment or proof of deeds, mortgages, powers of attorney and other written instruments for lands, tenements and hereditaments to be read in evidence or recorded in this State, to protest notes and to take and certify affidavits and depositions; and that I am well acquainted with the handwriting of such Notary Public, or have compared the signature on the annexed instrument with his autograph signature deposited in my office, and believe that the signature is genuine.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 31 day of ..... 195..

FEE PAID 50¢

Archibald R. Watson

County Clerk and Clerk of the Supreme Court, New York County

94

STATE OF NEW YORK)
: SS.:
COUNTY OF ~~WESTCHESTER~~ New York)

On this the 22nd day of August, 1955, before me, Morris Blumberg, the undersigned officer, personally appeared David M. Heyman, of the State of New York, known to me to be one of the persons described in the foregoing instrument as a Trustee under Article "SEVENTH" of the Last Will and Testament of Sam A. Lewisohn, deceased, and acknowledged that he executed the same in the capacity therein stated and for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and seal.

Morris Blumberg
Notary Public

My Commission Expires:

MORRIS BLUMBERG
Notary Public, State of New York
No. 30-0329 [illegible]
Qualified in Nassau County
Certificate filed in New York County
Commission Expires March 30, 1957

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

On this the 19th day of August, 1955, before me, Arthur Proffit, the undersigned officer, personally appeared John G. Greenburgh, of the State of New York, known to me to be one of the persons described in the foregoing instrument as a Trustee under Article "SEVENTH" of the Last Will and Testament of Sam A. Lewisohn, deceased, and acknowledged that he executed the same in the capacity therein stated and for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and seal.

Arthur Proffit
Notary Public

My Commission Expires:

ARTHUR PROFFIT
Notary Public, State of New York
No. 44-8446600, Qualified in Rockland County
Cert. Filed in New York County
Commission Expires March 30, 1956

56383

Filed 1955 OCT 10 AM 10:53
Book 298 Page 428 & 429
Witness my hand and Official Seal the day and year above written.
ANNA SULLINGER, County Recorder
By [illegible] Deputy

State of Arizona
County of Pima } ss.
I hereby certify that the within instrument was filed for record at request of [illegible]
[illegible]

FEE 14.35
COMPARED TO
COPIED
INDEXED

56383

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

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 11 1957

DATE	INITIALS	CODE
2/12	C	220
2/12	[illegible]	800
		225

224 New Customhouse
Denver 2, Colorado

February 5, 1957

Mr. B. H. Martin, Manager
Lewisohn Copper Corporation
128 North Church
Tucson, Arizona

Re: Royalty payments, Docket DMEA 2843 (Copper)
Contract Idm-E615, Richard E. Chilson (King-in-Exile Mine), Pima County, Arizona

Dear Mr. Martin:

Thank you for the material and check for $2,314.06 which was enclosed with your letter of January 24, 1957.

We can well understand your desire to discharge the obligation imposed by the terms of the captioned contract at ~~an early~~ date. Accordingly, we are crediting the amount of $2,814.06 to your royalty account, although cursory inspection of the settlement sheets submitted indicates overpayment.

We note that all shipments have been made to either International Smelting & Refining Company, Miami Plant; or Magma Copper Company, Superior, Arizona. As a matter of record, please submit one copy each of the applicable smelter schedule issued by the two concerns.

Very truly yours,

Original signed by
W. M. TRAVER

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

MHM/vj

cc: Royalty File E615
Corres. File E615 w/cy Martin's ltr dtd 1/24/57
Sec. Opr. Comm. (2) " " " " "
W. R. Storms " " " " "
Marshall
Chron.

LEWISOHN COPPER CORP.
128 NORTH CHURCH
TUCSON, ARIZONA

January 24, 1957

DMEA
DEPARTMENT OF THE INTERIOR
FEB 4 1957
REGION III
DENVER, COLORADO

Mr. W. M. Traver
Executive Officer, DMEA
224 New Customhouse
Denver 2, Colorado

Re: Royalty Payments, Docket DMEA 2843 (Copper)
Contract Idm-E 615 Richard E. Chilson
(King-in-Exile), Pima County, Arizona

Dear Mr. Traver:

This is in reference to your letter of October 24, 1956 to Richard E. Chilson regarding royalty payments on the above DMEA contract.

OFFICIAL FILE COPY
DMEA

Pursuant to your request, we are enclosing the following:

Six (6) copies of the legal instruments which convey the land described in the contract from respective owners and lessees to Lewisohn Copper Corp.

Four (4) copies of each settlement sheet covering any production made from land subject to DMEA royalty under contract Idm-E 615 from the date of the contract, September 28, 1953.

The flow sheet, as requested in your letter, is, due to its simplicity, more easily explained than shown as a drawing. The King-Exile mine is a small operation with all production going into a 120 ton capacity ore bin with no provision for weighing or sampling. When the bin is full, a shipment is immediately made of the ore to the smelter. Inasmuch as production of DMEA subordinated and unsubordinated ore has not been properly separated, we are calculating royalty on total production from the combined property since the date of first production from the DMEA subordinated area.

A corrected summary of King-Exile production since the DMEA subordinated area has been in production is tabulated below. No DMEA ore was produced prior to May 24, 1956.

Jan. 1 - June 30, 1956:	Dry Tons	Average Assay	Gross Smelter Returns
DMEA Subordinated	335.176	5.24	$ 9,716.03
Unsubordinated	220.786	4.81	5,818.32
Total	555.962	5.07	$15,534.35
July 1 - Dec. 31, 1956:			
Total Production	3,178.616	4.05	$46,565.23
Total for Year 1956:			
DMEA Subordinated	3,513.792		$56,281.26
Unsubordinated	220.786		5,818.32
Total	3,734.578		$62,099.58

There is a discrepancy in reported DMEA subordinated production for the Jan. 1 - June 30 period in my report of September 1, 1956 to the Arizona Field Office and this present report. For Jan. 1 - June 30, I erroneously reported DMEA production as 117.107 dry tons, whereas this report shows 335.176 dry tons, which is the correct amount. This error was due to my unfamiliarity with our record system at that time.

As stated previously, smelter returns are attached to support the above figures.

Since our total production, in 1956, of DMEA subordinated ore has a gross smelter value of $56,281.26, we will calculate the royalty due the government for 1956 production as follows:

	$56,281.26	Gross smelter return
	.05%	Maximum royalty rate
	$ 2,814.06	
Less	500.00	Previously accepted by your letter of 11/6/56 to Richard E. Chilson
	$ 2,314.06	Net amount due

Although all our DMEA subordinated production was not of sufficient value to command the 5% maximum royalty rate, the quantity that fell under this rate was actually a small proportion of the total. Inasmuch as we are anxious to discharge the total obligation as soon as possible, we therefore considered the total production as being of sufficient value to command the maximum rate of 5%. Enclosed please find our check in the amount of $2,314.06, for 1956 DMEA royalty in full.

Very truly yours,

LEWISOHN COPPER CORP.

By B. N. Martin
bjg Manager

CYTO:
CBBEESP
CHNIE
STEMS (2)

BHM:bjg encls-AM

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 24 1957

DATE	INITIALS	CODE
1/24	C	220
1/25		800
		225

224 New Customhouse
Denver 2, Colorado

January 21, 1957

Mr. Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

Re: Royalty payments, DocketDMEA 2843 (Copper), Contract Idm-E615, Richard E. Chilson (King-in-Exile Mine), Pima County, Arizona

Dear Mr. Chilson:

In response to our letter of January 9, Mr. B. H. Martin, Manager, Lewisohn Copper Corporation, by letter dated January 18, 1957, has submitted a check for $500.00 as payment on the royalty account of the subject contract.

Mr. Martin, however, made no mention as to when we may expect to received the information requested of you, by our letter of October 24, 1956.

At that time we requested that you provide this office with the following information:

1. Six (6) copies (signed copies or photostats of a signed copy preferred) of the legal instrument or instruments which conveys the land described in the contract from the respective owners and lessees to Lewisohn Copper Corporation, should there be an assignment or transfer of the Operator's interest in the subject land.

2. Four (4) copies of each settlement sheet covering any production made from land which is subject to DMEA royalty under Contract Idm-E615, from the date of the contract, September 28, 1953.

3. Four (4) copies of the present flow sheet of subordinated production from the mining face to final disposition.

Particular attention must be given to those points where weighing and sampling are performed, and where there is comingling of DMEA production with excluded production.

We will appreciate your immediate response to this request.

Very truly yours,

Original signed by
W. M. TRAVER

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

MHM/vj

cc: Royalty File E615
Corres. File E615
Chair. Opr. Comm. (2)
W. R. Storms
Marshall
Chron.

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 14 1957

DATE	INITIALS	CODE
1-14	C	220
1/17	E.E.P.	808
		225

224 New Customhouse
Denver 2, Colorado

January 9, 1957

Mr. Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

Re: Royalty payments, Docket DMEA 2843 (Copper)
Contract Idm-E615, Richard E. Chilson (King-in-Exile Mine), Pima County, Arizona

Dear Mr. Chilson:

Enclosed are photocopies of our letters dated October 24, and November 6, 1956, for which we have received no reply.

Please advise us by return mail when we may expect to receive the material requested by these letters. It will be to our mutual advantage for you to assist us in keeping this royalty account current.

Yours very truly,

Original signed by
E. N. HARSHMAN

E. N. Harshman
Acting Executive Officer,
DMEA Field Team,
Region III

Enclosures

MHM/vj

cc: Royalty File E615
Corres. File E615
Sec. Opr. Comm. (2)
W. R. Storms
Marshall
Chron.

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

224 New Customhouse
Denver 2, Colorado

November 6, 1956

RECEIVED 8 1956

Mr. Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

Re: Royalty payments, Docket DMEA 2843 (Copper)
Contract Idm-E615, Richard E. Chilson (King-in-Exile Mine), Pima County, Arizona

Dear Mr. Chilson:

The DMEA Washington Office has delegated us to accept the sum of $500.00 tendered by you as payment on the royalty account; such account to be subject to a later royalty audit.

Accordingly, your check for $500.00 should be made payable to the Defense Minerals Exploration Administration and sent to the Executive Officer, DMEA Field Team, Region III, 224 New Customhouse, Denver 2, Colorado.

Other matters pertaining to your proposal for royalty payments are being considered by the Washington Office. Your prompt attention to our request of October 24 will expedite their action.

Yours very truly,

Original signed
W. M. TRAVER

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

MHM/vj

cc: Royalty File E615
Corres. File E615
Sec. Opr. Comm. (2)
W. R. Storms
Marshall
Chron.

File Copy
Surname

Griswold
Chambers
Selfridge
H Pherson
Mathewson

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

500

OCT 31 1956

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

Re: Docket No. DMEA-2843 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract No. Idm-E615

Dear Mr. Traver:

We have your memorandum dated October 24, with enclosures, covering royalty matters under the cited contract.

Obviously, we cannot accept the 2½ per cent arrangement suggested by Mr. Morse. A reasonable approximation, based upon a car count and grab sampling, as outlined by you, seems the logical solution.

You may accept the sum of $500.00 tendered by the Operator as payment on the royalty account; such account to be subject to a later royalty audit.

Sincerely yours,

George C. Selfridge (ey)

Chairman, Operating Committee

APPROVED:

Frank D. Hamb (ey)

Member, Bureau of Mines

Thor H. Kiilsgaard (ey)

Member, Geological Survey

WRGriswold/er 10/30/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Pennington, USBM
Mr. Kiilsgaard, USGS
Mr. Jay Chambers, DMEA
Chron.

A.C.S.

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

RECEIVED
OCT 26 1956

224 New Customhouse
Denver 2, Colorado

October 24, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Royalty payments, Docket DMEA 2843 (Copper), Contract Idm-E615 (King-in-Exile Mine), Pima County, Arizona

Enclosed for your consideration and appropriate action are two copies of the following:

1. Letter dated October 16, 1956 from Mr. Boyd M. Morse, 128 North Church, Tucson 1, Arizona, which indicates transfer or assignment of the above subject property and comingled production therefrom. Mr. Morse estimates $500.00 in royalties is due the Government on past production and proposes initiation of payments to the Government at 2½ percent of smelter returns.

2. Letter dated October 24, 1956 from this office to the Operator, which acknowledges receipt of Mr. Morse's letter, advises that the proposal is being referred to our Washington office, and requests pertinent information which will be forwarded to you.

3. Letter dated September 1, 1956 from B. H. Martin, Manager, Lewisohn Copper Corporation, which was originally attached to and made part of the Semiannual Report of the subject contract for the past period, and was transmitted to your office by our letter of transmittal dated October 5, 1956.

We do not concur with the proposal as set forth by Mr. Morse. Royalty repayment at a set rate of 2½ percent of net smelter returns would allow the Operator to ship production subject to DMEA royalty in any proportion deemed desirable. Any proportion in excess of 1:1 would decidedly be to the Government's disadvantage.

It is our opinion that the Operator was aware that provision should be made to keep records of assay and weights of DMEA production prior to comingling. Further, the physical characteristics of the mining operation appear to permit such records to be maintained with a minimum of inconvenience to the Operator. Further, the enclosed copies of Mr. Martin's letter indicate that some record of the origin of production has been maintained.

It is also our opinion that in the absence of weighing facilities prior to comingling, a good estimate of the weight and assay of DMEA production can be obtained by counting the loaded cars, skips, or buckets coming from the DMEA area, computing the equivalent weight, and taking appropriate grab samples. Admittedly, this procedure is not exact, but it would provide an equitable basis for royalty computation.

This office recommends that should the Operator refuse to maintain and render adequate records of DMEA production prior to comingling, or submit an acceptable proposal for payment of royalty; then he (the Operator) should be required to pay royalty on the net smelter returns of all production from the King-in-Exile mine at the rates prescribed in Contract Idm-E615.

From information presently available, the estimate of $500.00 due as royalty for production to September 1, 1956 seems liberal. Mr. Martin's letter of September 1 (the only source of production to date) however, makes no mention of production subsequent to June 30, 1956. We see no reason for refusing to accept the suggested amount as partial payment on the royalty account. In our reply to the Operator, however, no mention was made as to the acceptability of the $500.00 so as to prevent any misconstruction of the Government's initial attitude toward the proposal.

This office will immediately forward Washington's copies of the material requested in our letter of October 24 to the Operator, upon receipt of same. In turn, we will appreciate being kept informed of your action.

W. M. Traver

W. M. Traver

Enclosures

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

RECEIVED
OCT 26 1956

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

October 24, 1956

Mr. Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

Re: Royalty payments, Docket DMEA 2843 (Copper), Contract Idm-E615, Richard E. Chilson (King-in-Exile), Pima County, Arizona

Dear Mr. Chilson:

We have received a letter dated October 16, 1956, from Mr. Boyd M. Morse, 128 North Church, Tucson 1, Arizona, which indicated assignment or transfer of the Operator's interest in the land described in the above subject contract and production therefrom. Mr. Morse additionally stated, (owing to the absence of sufficient records) there appears to be no way of equitably determining the Government's royalty for past production, since ore from land subordinated to DMEA was comingled with ore produced from land not subordinated. In that respect, he proposed that an estimated $500.00 in royalties was due on past production and further proposed initiation of royalty payments on 2½% of smelter returns.

Mr. Morse subsequently telephoned this office on October 22, reiterated the contents of this October 16 letter and expressed the opinion that it would be virtually impossible to equitably determine the Government's royalty for past comingled production from the King-in-Exile mine. He was informed that his proposals would be referred to our Washington office for their consideration and appropriate action.

To facilitate such action, you are requested to immediately provide this office with the following information:

1. Six (6) copies (signed copies or photostats of a signed copy preferred) of the legal instrument or instruments which conveys the land described in the contract from the respective owners and lessees to Lewisohn Copper Corporation, should there be an assignment or transfer of the Operator's interest in the subject land.

2. Four (4) copies of each settlement sheet covering any production made from land which is subject to DMEA royalty under Contract Idm-E615, from the date of the contract, September 28, 1953.

3. Four (4) copies of the present flow sheet of subordinated production from the mining face to final disposition. Particular attention must be given to those points where weighing and sampling are performed, and where there is comingling of DMEA production with excluded production.

Your prompt attention to our request will expedite action by the Washington office.

Yours very truly,

Original signed by
W. M. TRAVER

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

MHM/vj

cc: Royalty File E615
Corres. File E615
Chairman Opr.Comm. (2)
W. R. Storms
Marshall
Chron.

LAW OFFICES
BOYD M. MORSE

LEONARD EVERETT
ASSOCIATE

DMEA
DEPARTMENT OF THE INTERIOR
OCT 19 1956
REGION III
DENVER, COLORADO

RECEIVED
OCT 26 1956

128 NORTH CHURCH
TUCSON 1, ARIZONA
TELEPHONE 3-0568

October 16, 1956

Mr. W. N. Traver, Executive Officer
Region 3 - D.M.E.A
224 New Customhouse
Denver 2, Colorado

Dear Mr. Traver:

It has come to my attention that Lewisohn Copper Corp. is now, and has been for two or three months, shipping some ore from an area explored under a contract made some years ago with Mr. Richard E. Chilson and the government's lien to which the lease held by the corporation is subordinated. The company has, since its formation, continued production at a rather slow rate from what we call the "King" mine which, until recently, produced no ore from this subordinated area. Both the King and Exile areas are presently in production.

There would appear to be no way practicable of going back in our records and determining the amount which would be payable to date on the government loan, inasmuch as ore is regularly shipped from the "King" and "Exile" areas in the same mine. An additional difficulty would be in determining what grade of ore came from each area. There is no practical way of separating the production from the two areas.

I have discussed the matter with Mr. Chilson, and we feel that a reasonable estimate of the payments now due is $500. We further suggest, if it is agreeable with you, that we start making payment of 2 1/2% of smelter returns, which would continue as long as our present production program is in effect or until the loan is repaid. I see no other way of ascertaining the amounts due under the government lien, and hope that this idea will meet with favorable reaction from your office.

From - BOYD M. MORSE

To **Mr. W. N. Traver** *Date* **October 16, 1956**

Incidentally, I trust that this letter is properly addressed to you, as it was suggested by someone locally that you were the proper person to contact. If this is incorrect, would you please forward this to the proper office. We would appreciate obtaining from your office the total amount due the government under this contract.

Very truly yours,

Boyd M. Morse

Boyd M. Morse

BMM:bjg
Air Mail

COPIES TO:
CORRESP FILE E615
CHAIRMAN OVERCOMM (2)
W.R. STOKES
10/24/56
MAN

LEWISOHN Copper Corp.
122 North Church
Tucson, Arizona

RECEIVED
OCT 26 1956

September 1, 1956

Mr. T. A. Nowlo
U. S. Bureau of Mines
University of Arizona
Tucson, Arizona

Dear Sir:

Pursuant to your request, herein follows a resume of activities at the King Mine of Lewisohn Copper Corp. during the period January 1, to June 30, 1956

Development consisted of the sinking of two inclined winzes; one, the "King-Exile" winze to a point 147' (slope distance) below the adit level; and, two, the "King" winze sunk to a depth of 90' below the old stoping area which is a total of approximately 450' (slopedistance) below the adit level. The "King-Exile" winze is in the area subordinated by DMEA assistance, was begun on March 2nd, and encountered ore at approximately 120'. The "King" winze is not in a subordinated area.

Ore shipments during the period are as follows:

Source	Lot No.	Date/Bill of Lading	Smelter	Dry Weight	Grade	Smelter Return before royalties
King-Exile	23	4/14/56	Insp-Miami	60,576	4.87	$1,617.03
King-Exile	24	5/24/56	"	56,531	4.41	1,277.98
Other	19	1/5/56	"	61,701	6.26	2,229.74
"	20	2/10/56	"	50,404	3.62	798.07
"	21	3/21/56	"	58,503	5.21	1,773.59
"	22	3/22/56	"	48,185	4.14	1,016.92

The number of employees during the period averaged 10 1/2.

Very truly yours,

/s/ B. H. Martin
by
B. H. Martin, Manager

COPY

File Copy
Surname
J. W. Ad.
Kilsgaard
Hedges
Johnson

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

APR 13 1955

Mr. Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

Re: Docket No. DMEA-2843 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract No. Idm-E615

Dear Mr. Chilson:

Your letter of March 11, addressed to Mr. W. M. Traver, has been forwarded to me. I note you feel that the Defense Minerals Exploration Administration erred in terminating its participation in the work after completion of Stage II of the project, and also that you feel it erred in making a certification of discovery.

It probably is inevitable that there should be times when an Operator feels that more work at a particular location should be done on a project, whereas a DMEA engineer or geologist may feel that further Government participation is not warranted. It very well could be that the position of each person concerned could be essentially correct, judged from their respective and differing viewpoints.

In this particular case, as you and the Government's representative could not agree on the location for doing further exploration work, the contract was terminated at your request. Our records show clearly that you were advised on several occasions by the Government's representative that Stages III and IV of the contract would not be approved, and he suggested your requesting permission to do work at another location, which you never did. Consequently, we had no alternative but to comply with your request for termination of the contract.

Referring to the certification which was made under the contract, the project was certified as a discovery because it encountered considerable low-grade copper ore, which at present is not minable but which may be minable under more favorable or emergency circumstances, as well as indicating small areas of higher grade material which might be mined under present prices. Perhaps I should explain that certifications are often made on projects wherein the ores may not be of immediate commercial value. None of us can foresee the conditions or the emergencies which may arise in the days which lie ahead of us, especially since a certification covers a ten-year future period.

R.C.J.

You may be sure that I most sincerely regret that you should feel critical of the DMEA participation in your project, and I am certain that my feelings are shared by our representatives in the field. I must point out, however, that we are obligated to protect the Government's interest in carrying out the DMEA program; hence, at times, we must take actions not fully in accord with the views of the operator when honest differences of opinions arise.

Sincerely yours,

Administrator

WRGriswold/GCSelfridge/FEJohnson/bjl
(written 4/12/55)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
~~Mr. Bixby~~
Mr. Hedges
Mr. Kiilsgaard
Mr. F. E. Johnson
Chron.

Region III (2)

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

224 New Customhouse
Denver 2, Colorado

March 29, 1955

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 2843 (Copper), Contract Idm-E615, Richard E. Chilson, Pima County, Arizona

Enclosed are the following final reports pertaining to work completed under the subject contract:

1. Original and one copy of the operator's final report.

2. Original and three copies of the final geologic report by the U.S. Geological Survey.

3. Original and three copies of the final engineering report by the U.S. Bureau of Mines.

Final payment to the operator was processed by this office March 22, 1955, in conformance with the final Report of Review by the Contract Administration and Audit Division dated December 2, 1954.

The exploration work consisted of 260 feet of crosscutting and 480 feet of diamond drilling at a total accepted cost of $10,200.00, in which the Government participated to the extent of 50% or an amount of $5,100.00. The exploration work resulted in a discovery or development of copper ore on which a certification was issued September 15, 1954.

The contract was terminated by the Government at the end of Stage II by notice of October 26, 1954.

The operator in his final report protests certification of the project as a discovery or development, however we believe under the circumstances that the issuance of a certification as a result of the work performed is fully justified.

W. M. Traver

E. N. Harshman

Reviewed by
DMEA OPERATING COMMITTEE
4-4-55
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

DMEA
Date Rec'd
MAR 28 1955
BUREAU OF MINES
Denver, Colorado

March 25, 1955

Department of the Interior
Defense Minerals Administration
DENVER
MAR 31 1955

Memorandum

To: Field Team, Region III

From: E. N. Harshman

Subject: DMEA Docket 2843 (copper), Contract Idm-E 615, Richard E. Chilson, King-In-Exile mine, Pima County, Arizona.

Enclosed are the original and 8 copies of a final geologic report by J. N. Faick, U. S. Geological Survey, describing the geologic aspects of work completed under the above subject contract.

In the King-In-Exile mine, low grade copper ore is found in a tactite zone near the contact of quartz monzonite porphyry and limestone. Under contract Idm-E 615 the contractor explored a part of this zone by 260 feet of crosscut and 480 feet of diamond drill holes.

The project was terminated after completion of two of the proposed four stages of work.

Faick estimates that about 75,000 tons of ore containing an estimated 0.5 percent copper are inferred from work done under the DMEA contract and work done by the operator at his expense. One ?

About 300 to 500 feet west of the face of the DMEA crosscut, and outside the project area, Faick has recognized geologic conditions that may be favorable for localization of copper ore deposits.

The project has been certified as a discovery.

E. N. Harshman

E. N. Harshman
Member, Field Team

Enclosures (9)

Reviewed by
DMEA OPERATING COMMITTEE
4-4-55

DMEA
Date Rec'd
MAR 28 1955
BUREAU OF MINES
Denver, Colorado

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Box 4126 University Station
Tucson, Arizona

IN REPLY REFER TO:
MINERAL DEPOSITS
DMEA
RECEIVED
MAR 24 1955
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO
DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
MAR 31 1955

March 18, 1955

MEMORANDUM

To: Mr. E. N. Harshman

From: J. N. Faick

Subject: Docket DMEA 2843 (Copper) Contract Idm-E615, Richard E. Chilson, King-In-Exile Mine, Pima County, Arizona.

Enclosed are the original and 8 copies of the Survey's Final Report on the above subject exploration project. This project was set up in 4 stages and the Government terminated the contract at the end of Stage II because participation in Stages III and IV did not appear to be to the Government's interest. The operator refused to sign the termination agreement because he believes the work did not result in making a discovery of ore.

The project was certified by the Government as a discovery because considerable low grade copper ore was found in monzonite and in the contact zone between this monzonite and limestone intruded by it.

J. N. Faick
John N. Faick
Geologist

JNF:ms
Enclosures
cc. - (8) Harshman
Storms

Reviewed by
DMEA OPERATING COMMITTEE
4-4-55
(date)

MINERAL DEPOSITS
DMEA
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U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
FIELD TEAM, REGION III

DMEA 2843, Contract Idm-E615

KING-IN-EXILE MINE

(Copper)

PIMA COUNTY, ARIZONA

FINAL REPORT

By
J. N. Faick
Geologist
U. S. Geological Survey

Reviewed by
DEPT. OF MINING & MINERALS
4-4-55

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
FIELD TEAM, REGION III

FINAL REPORT
DMEA 2843, Contract Idm-E615
KING-IN-EXILE MINE
(Copper)
PIMA COUNTY, ARIZONA

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INTRODUCTION

On January 15, 1953 the Chairman of the Operating Committee of the Defense Minerals Exploration Administration requested to have an examination made and a report submitted on the feasibility of exploring for copper ores on the King-in-Exile fractional claim, which is part of the property formerly known as the Rosemont Mines, Helvetia District, Pima County, Arizona. The application to DMEA was submitted by Richard E. Chilson, Box 2729, Tucson, Arizona, and was docketed as DMEA 2843. The property[1] was examined February 4 and 5, 1953 by M. J. Elsing and R. W. Ageton, and it was determined that the property was worthy of exploration. A project to explore the property in 4 logical stages was recommended, and a contract Idm-E 615, between the Government and the operators, was signed September 28, 1953. Work was started October 1, 1953, and under terms of the contract the mineralized contact zone was explored by 260 feet of crosscut and by 480 feet of diamond drill holes. Considerable additional work was done by the operator at his own expense.

The project was terminated by the Government at the end of stage II because results of exploration under Stage I and Stage II indicated that continued participation was not to the Government's interest. The last work done under the contract was during February 1954. The project was certified as a discovery because it encountered considerable low-grade copper ore which at present is submarginal, but which may be minable ore under more favorable circumstances.

---

[1] Elsing, M.J. and Ageton, R.W.; Report of Examination, King-in-Exile Copper Mine, Helvetia Mining District, Pima County, Arizona; DMEA 2843, February 1953.

GENERAL GEOLOGY

The Helvetia mining district is in the northern Santa Rita Mountains, Pima County, about 28 airline miles southeast of Tucson, Arizona (see fig. 1). Within an area of 4 or 5 square miles, comprising the central part of the Helvetia district, there are numerous old mines and prospects but only one mine, the Rosemont lease, which includes the King and Exile claims, has been active during recent years. The geology of the district (see plate 1) and the principal mines are described by Schrader [1/] and by Creasey and Quick [2/].

In the Helvetia district Paleozoic and Cretaceous strata crop out in a north-northwesterly trending belt about 7 miles long and ranging in width from a half to 2 miles. The Paleozoic system is represented by rocks ranging in age from Cambrian to Permian but with the Ordovician and Silurian missing. Cretaceous formations are present in the northeastern part of the district.

The formations exposed in the district are described [3/] by Creasey and Quick and these descriptions are summarized, with modifications, in Table I.

1/ Schrader, F.C., Mineral Deposits of the Santa Rita and Patagonia Mountains, Ariz.: U.S.Geol. Survey Bull. 582, 1915.

2/ Creasey, S.C. and Quick, G.L., Copper Deposits of Part of the Helvetia Mining District, Pima County, Arizona; U.S.Geol.Survey open File Report, April 1943.

3/ Idem. pp. 7-11.

TABLE I

GENERALIZED STRATIGRAPHY OF THE HELVETIA DISTRICT

AGE	STRATIGRAPHIC UNIT	DESCRIPTION
Cretaceous	Comanche Series	Interbedded shales, Arkosic Sandstones, and impure limestones.
Permian	Snyder Hill	Evenly bedded pure limestone. Dark blue where unaltered, gray to white where recrystallized.
	Upper Manzano (Scherrer)	Upper member is light gray limestone, locally dolomitic, with a few quartzite intrabeds. Lower member is gray to pink cross-bedded even-grained feldspathic quartzite. Contains intrabeds of impure dolomitic limestone.
	Lower Manzano (Andrada)	Limestone, soft marls, and discontinuous gypsiferous beds. Depositional contact with Naco and Upper Manzano.
Pennsylvania	Naco	Massive, gray, impure limestone, locally dolomitic. Contains some intrabedded shale and crossbedded feldspathic quartzite.
Mississippian	Escrabosa	Thick bedded, pure, blueish-gray limestone, locally recrystallized to marble, crops out in one small patch, where formation is overturned; elsewhere is eliminated by faulting.
Devonian	Martin	Cut out by faulting. Is present short distance north of district.
Silurian (not present)		
Ordovician (not present)		
Cambrian	Abrigo	Cut out by faulting. Is present short distance north of district.
	Bolsa	Thick bedded recrystallized quartzite. Includes some of Schrader's alaskite aplite.

The thickness of none of the Paleozoic formations exposed in the Helvetia district is known as only 3 depositional contacts are exposed. All other contacts are either intrusive or fault contacts and the faulting in the district is so intense as to invalidate even rough estimates of the thickness.

The sedimentary rocks of the district have been intruded by 2 distinctly different igneous rocks. The older of these, which apparently is part of a batholith, is a coarse-grained granitic rock, ranging in composition from granite to monzonite. This rock, which will be referred to as granite in this report, occurs in the western half of the area and is believed to be post-Paleozoic and pre-Comanche in age, because it is intrusive into Paleozoic formations but at no place has been found to intrude the Cretaceous sedimentary formation.

The younger intrusive is an irregular stock or plug which occurs southwest of Lopez Pass, near the east central part of the district. This rock is quartz monzonite porphyry, and contains orthoclase, plagioclase and quartz phenocrysts in a light colored aphanitic groundmass. The rock is clearly intrusive into Cretaceous and Paleozoic sedimentary formations. The limestones locally around the periphery of this porphyry have been contact metamorphosed to hornfels and tactite, and pyrometasomatic ore bodies locally are associated with the contact zone. The quartz monzonite porphyry plug or stock, in a few places, contains appreciable amounts of disseminated pyrite, chalcopyrite and molybdenite.

The structural history of the Helvetia district is complex. In a general way the regional structure is monoclinal with the older formations generally in the western part of the area and the younger formations in the eastern part. The regional strike is northwest and the dip is northeasterly.

Folding of the strata is wide-spread and in some areas is intense. In some of the thrust plates the limestone is contorted into tight, nearly isoclinal folds, whereas in other places the folds are open or the beds overturned. The competent "upper Manzano" beds appear to be largely homoclinal.

Thrust faulting in particular is the dominant structural feature in the Helvetia District. Numerous and extensive thrust faults dipping southwestward at low angles have cut the Paleozoic beds and in some places have moved the Cretaceous strata over the Paleozoic. It is reported that the upper portion of the Tertiary quartz monzonite porphyry stock or plug south of Lopez Pass has been displaced by a thrust fault; an interpretation which is based upon results of exploration diamond drilling.

Some of the thrust faults are folded, possibly overturned, and suggest that at least two periods of thrust faulting took place.

Thrust faulting may have been more or less active over a considerable length of time, and in a general way can be divided into two periods separated by the intrusion and solidification of the quartz monzonite porphyry stock. This stock has intruded the Paleozoic limestone formations, the Snyder Hill, and has also intruded the thrust fault,

which north of the stock separates the upper Manzana beds from the Snyder Hill. However, the high-angle westernmost fault (Plate 1), which is a thrust in part at least, appears to cut the stock.

Small high-angle faults were found to offset both the thrust faults and the igneous contact.

The ore deposits are of the pyrometasomatic or contact metamorphic type. The ore shoots occur near the contact between limestone and intrusive rocks or may be associated with lime silicate rocks along fault zones at considerable distances from the contacts. The ore bodies are irregular lenticular zones lying mostly within and generally parallel to the lime silicate zones, and have nearly the same configuration. The location of the ore minerals in the silicated zones is thought to be controlled by fracture zones, cross fractures and folding. Northeast-striking fractures and southeast trending crossfaults appear to be important as structures controlling the distribution of ore.

The principal metallic mineral in the deposit is chalcopyrite, with which is associated pyrite, molybdenite, sphalerite, and scheelite. The gangue minerals are garnet, quartz, actinolite and other minerals of contact metamorphic origin. The ores have been oxidized to depths ranging from a few feet to about 300 feet.

THE EXPLORATION PROJECT

This DMEA project was intended to explore part of the Rosemont group of 33 patented claims, known as the Rosemont lease, owned by the Lewisohn estate, and the unpatented Crown Prince claim controlled by the applicant. The area subordinated (see fig. 2A) by the exploration contract includes the Broadtop patented claim, that part of the Exile patented claim which lies outside the boundaries of the King patented claim, and the applicant's unpatented Crown Prince claim.

The Rosemont lease was operated spasmodically since the latter part of the last century, and apparently is one of the largest mines of the district, but the production from it is unknown. Some of the largest ore bodies were on the King claim, which is estimated to have produced a total of about 20,000 tons of ore containing about 6 or 8 percent copper. Elsing and Ageton[1] reported the production prior to February 1953 was about 13,000 tons of ore containing approximately 8 percent copper, and a few thousand tons of similar ore have been produced since that time.

The old Rosemont mine workings explored and developed a northeasterly trending contact metamorphic or tactite zone between Paleozoic limestone and the Tertiary quartz monzonite porphyry plug. The tactite zone (see Plate 1) is exposed for several hundred feet along the northwest side of the plug which was intruded along a thrust fault, as illustrated by section E-E', Plate 1. This mineralized contact zone extends several hundred feet in a southwesterly direction from the Rosemont workings, and apparently is terminated against a fault (?) which trends southeasterly from the vicinity of the Copper World mine.

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[1] Op. Cit. p. 4

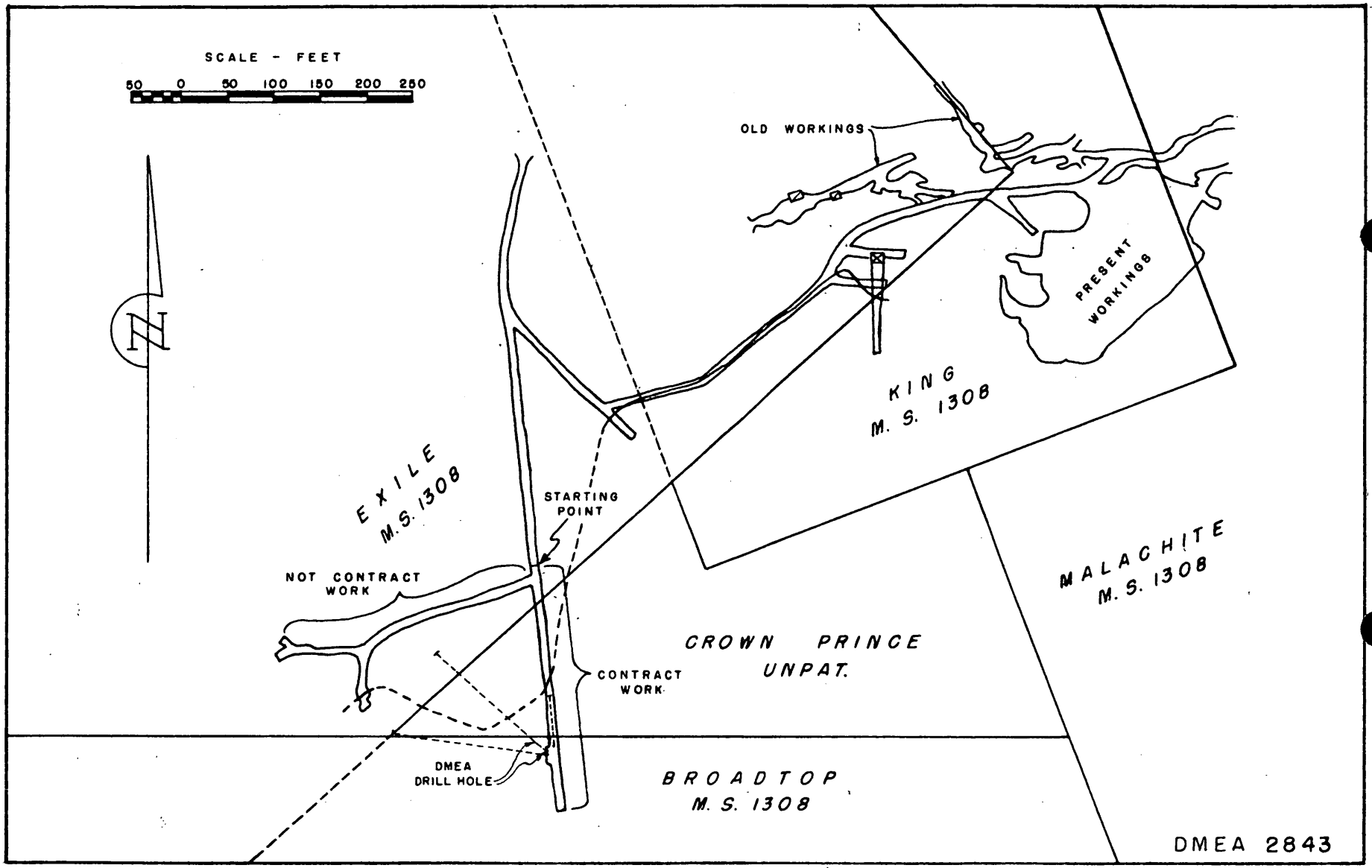


FIGURE 2A — CLAIM AND MINE MAP — KING-IN-EXILE MINE
HELVETIA MINING DISTRICT PIMA COUNTY, ARIZONA

The DMEA contract was granted for the purpose of exploring part of the contact zone which lies southwest of the King claim. Exploration was to be done in 4 stages and according to the contract each successive stage was not to be undertaken without prior written authorization from the DMEA representative. The 4 stages provided by the contract are as follows:

Stage I. Crosscut 280 feet in a southerly direction across a mineralized contact zone.

Stage II. Drill a maximum of 5 holes or 600 feet to explore the downward extension of the mineralized contact zone.

Stage III. Drift along the mineralized contact zone a distance of 100 feet east and 200 feet west of the crosscut adit.

Stage IV. Drive a crosscut 125 feet south from the west end of the drift authorized in Stage III.

The total cost of the project, as provided by the contract, was $27,150; however, the expenditure of only $10,200 was allowed because the contract was terminated by the Government at the end of Stage II. Stage I had exposed low-grade chalcopyrite mineralization in quartz monzonite and tactite along the contact zone and the holes drilled under Stage II proved the existence of several thousand tons of similar low-grade ore, which could not be economically mined under present conditions.

Termination of Government participation in this project at the end of Stage II was recommended for several reasons, as follows:

1. Stages III and IV were expected to yield results nearly identical to results of stages I and II, and in the examiners' opinion

would not result in the discovery of ore in such grade or quality that it would contribute to the nation's present mineral supplies.

2. The DMEA examiners regard Stage III of the program more as development than exploration.

3. There are better ways to explore the project area, such as diamond drilling from the surface, diamond drilling from the crosscut adit, or putting in shallow test pits or adits at the surface.

4. Stages III and IV would not explore the best part of the property, and it is believed that a better area for exploration exists 300 or 400 feet southwest of the proposed Stage IV area.

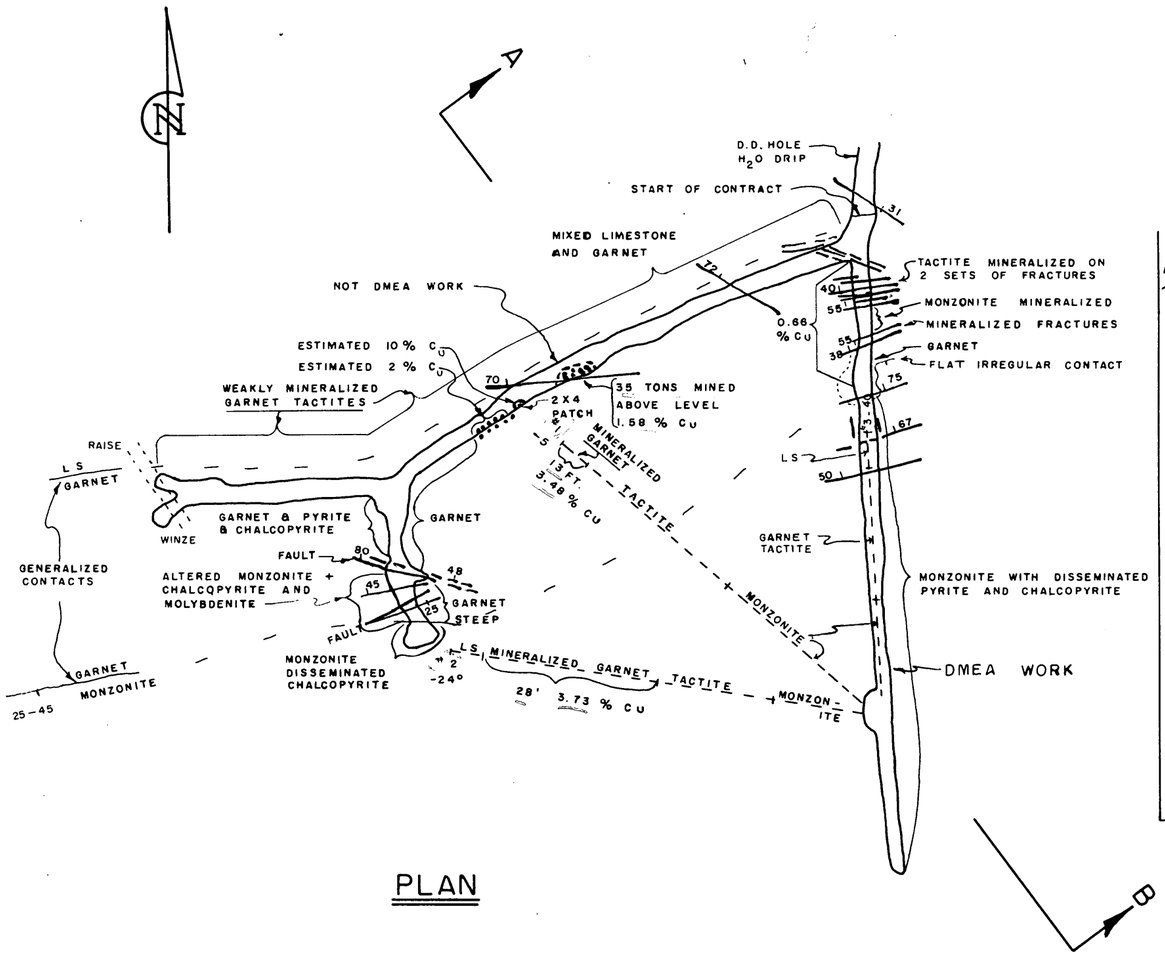
5. DMEA examiners received remarkably little cooperation from the operator. He supplied no usable field maps or surveys, very few assays of samples, and only "sketchy" production records.

6. It is doubtful if ore will be found within this project area, except by accident, unless adequate geological maps and sections are prepared, a job that should be done by a competent geologist.

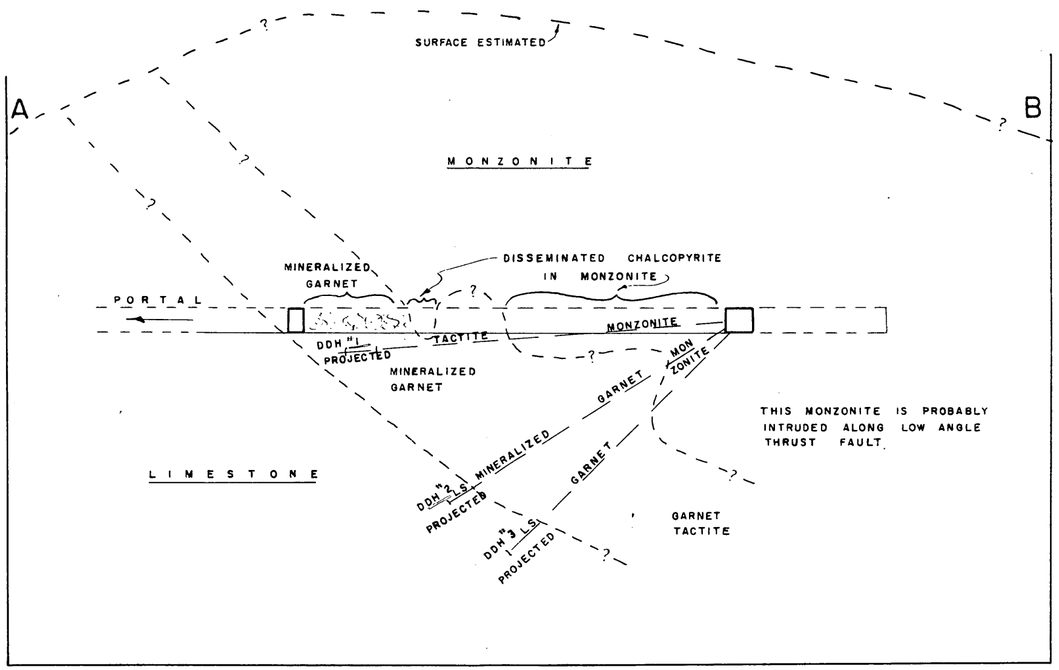
RESULTS OF EXPLORATION

The work completed under terms of this contract consisted of driving the crosscut adit 260 feet southward from the previously existing face, and drilling of 3 diamond drill holes a total of 480 feet (figs. 2 and 3).

Under Stage I of the contract, the crosscut adit (see fig.3A), which was driven southerly 265 feet, crossed the garnet or tactite zone between limestone and monzonite, which contact zone strikes southwesterly and dips about 25° southeast. This contact zone is very irregular and strongly fractured and mineralized, and the limestone is intensely garnetized for a distance of about 40 feet from the contact with monzonite.



PLAN



SECTION A-B

FIGURE - 3 A
GENERALIZED GEOLOGIC SKETCH MAP & SECTION
DMEA 2843
SCALE - 1" = 50'

In this contact zone, which was mineralized along the adit for a distance of about 75 feet, chalcopyrite and pyrite occur disseminated and in thin discontinuous veinlets in both monzonite and garnet, and to a lesser extent in weakly garnetized limestone. Most of the sulfide minerals appear to be concentrated in 2 sets of very thin discontinuous veinlets which strike nearly parallel to the contact; one set dips 40 degrees northwest and the other set dips 55 degrees southeast.

The most intensely mineralized zone was sampled by the operator, who obtained an average of 0.66 percent copper for a distance of 50 feet along the north wall of the adit. Minor amounts of disseminated chalcopyrite are visible in the monzonite south of the zone sampled by the operator.

Under Stage II of the contract a drill station was cut near the end of the crosscut adit and the contact was explored by drilling 3 diamond drill holes downward across it. Results of the drilling are as follows:

TABLE II
LOGS OF DMEA DRILL HOLES

No.	Bearing	Inclination	Generalized Log: Distance	Generalized Log: Description	Percent Copper
DDH #1	N 49° W.	-5°	0-70	Monzonite	-
			70-142	Tactite	-
			142-155	Mineralized Garnet	3.48
			Bottom 155		
DDH #2	N 80° W.	-24°	0-35	Monzonite	-
			35-87	Tactite	-
			87-100	Mineralized garnet	1.15
			100-107	Mineralized garnet	1.35
			107-115	Mineralized garnet	10.00
			115-160	Mineralized garnet	1.00 (estimated)
			160-175	Grey limestone	-
			Bottom 175		
DDH #3	E 6° W.	-40°	0-50	Monzonite	-
			50-117	Garnet	-
			117-137	Limestone	-
			Bottom 137		

As noted in the above table, Hole No. 1, in the interval from 142 to 155 feet, penetrated 13 feet of ore containing 3.48 percent copper. Hole No. 2 penetrated 28 feet of mineralized material averaging about 3.73 percent copper. In this zone the 20-foot interval from 87 to 107 feet, averaged 1.22 percent copper, and the 8-foot interval from 107 to 115 was reported by the operator to contain 10 percent copper. This reported 10 percent copper could not be substantiated by the DMEA examiners, apparently all the high grade core was removed for analysis. The core from Hole No. 3 contained only a very small amount of chalcopyrite, and none of the core appeared to be of ore grade.

Core recovery from all of the holes was very poor, but was best in the tactite, in which recovery is estimated to be about 60 percent.

After withdrawal of Government support at the end of Stage II, the applicant continued exploration at his own expense. The operator drifted about 290 feet southwesterly along the contact, drove a crosscut about 65 feet southeasterly across the contact at a point 185 feet west of the adit, and is reported to have sunk a short winze on the contact and to have explored it by a raise about 100 feet long to the surface. A few tens of feet of sublevel drifts were driven from the raise and winze. These workings were all in mineralized tactite but no minable ore was discovered although the headings evidently were driven on some of the best copper showings.

The drift encountered 3 small zones containing submarginal ore. At a point in the drift, about 120 feet from the adit, about 35 tons of ore which contained 1.58 percent copper was mined. A small

amount of ore was obtained from 2 places in the floor of the drift from 265 to 280 feet west of the main adit. It is estimated that about 75 tons of low grade ore have been produced from the project area. The West 185-crosscut which was driven across the contact zone, 185 feet West of the adit, revealed disseminated chalcopyrite throughout the entire distance of 65 feet, and trace amounts of molybdenite were found localized near the contact between the monzonite and garnetized limestone. This part of the mineralized contact zone has not yet been sampled, but this writer estimates that it contains from 0.5 to 1.5 percent copper, and probably averages only slightly less than one percent copper. The mineralized zone which was explored on the King-in-Exile claim closely resembles disseminated or "porphyry" type deposits, except that the King-in-Exile deposit is apparently small and lacks significant secondary enrichment. Most of the chalcopyrite observed by this writer is localized in or near narrow fractures in the garnet and monzonite but is also disseminated in these host rocks.

It is unlikely that ore, which would be minable under present economic conditions, will be found except in zones of intense structural deformation. In the contact zone which was explored by this project, there is nothing to indicate the presence of zones in which deformation or mineralization is greater than has been found by the project; however, available data is very inadequate and minable ore could be present without our knowledge of it. Particularly favorable limestone beds, if present, also may have been important in localization of ore, but this type of stratigraphic control of ore emplacement is not apparent in the project area.

POSSIBLE FUTURE EXPLORATION

A zone which may be favorable for exploration exists from about 300 to 500 feet west of the face of the crosscut adit, but this is outside the area for which exploration was provided by the contract. No proposals for exploration of this zone have been submitted, nor has any geological or engineering work been done on this apparently favorable area.

In this area the mineralized contact zone presumably is cut off by a fault, which is known to the operator as the Broad Top fault, and which appears to be an extension or branch of the prominent fault zone extending southeasterly from the vicinity of the Copper World mine. The intersection of this fault (if it exists in the area) with the mineralized contact zone should be a favorable zone for future exploration because minable ore bodies are most likely to be concentrated in zones of structural disturbance. This intersection could readily be explored by surface cuts or shallow drill holes, but is not a suitable objective for Stage III of Contract Idm-E615 because of the unnecessarily long distance the drift must be driven to reach the objective.

Two important factors indicate that the Helvetia district may become a relatively important copper producing area at some future time. Copper metalization has been relatively intense within an area of 4 or 5 square miles, and within this area about 50 small mines and prospects have exploited numerous pyrometasomatic and limestone replacement ore bodies. Favorable geological conditions indicate that other ore bodies probably remain undiscovered.

Schrader[1] makes frequent reference to the chalcopyrite, cupriferous pyrite, and pyrite in the quartz monzonite stock, especially in brecciated and altered zones. In 1939 the Anaconda Mining Company diamond drilled a mineralized breccia zone in and near the south side of the quartz monzonite porphyry (T gr in Plate 1), which lies southwest of Lopez pass. It is reported that this drilling established the presence of considerable amounts of disseminated copper above a thrust fault which is reported to cut off the stock at depth as shown on Plate 1, Section E-E'. It is reasonable to assume that the extension of the stock eventually will be located, and if it is found to be sufficiently large and well mineralized it may then develop into a porphyry-type copper mine.

ORE RESERVES

The work done under Stages I and II of this contract and the work completed by the operator at his own expense after termination of the contract explored a mineralized contact zone which strikes southwesterly and dips about 25 degrees southeasterly. The mineralized contact zone was explored along the strike for about 300 feet and was shown by the adit and crosscut to be about 75 feet wide, and drill hole data indicate it to be about 40 feet thick. Assuming these dimensions are correct, then about 75,000 tons of ore is indicated. The grade of this ore, by inspection and analysis of a few samples, ranges from about 0.3 percent to about 1.5 percent copper and is estimated to average about 0.5 percent copper. Within this zone there are a few small pods or pockets of ore containing as high as 10 percent copper, but these are believed to be too small and too widely scattered to be minable under foreseeable conditions.

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[1] Op. Cit. pp. 65, 96, 99.

CONCLUSIONS AND RECOMMENDATIONS

Exploration work completed on the King-in-Exile and adjacent claims established the presence of about 75,000 tons of indicated ore containing an estimated 0.5 percent copper. Within this body of ore are scattered small lenses and pods, each of which might contain a few tons of ore containing from 1 to 10 percent copper. Most of the ore is too low-grade to exploit with a small mining operation and the richer bunches are too scattered and too small to be minable.

The ore zone is localized along a contact between quartz monzonite porphyry and garnetized limestone, and both of these host rocks are strongly mineralized by pyrite and chalcopyrite. The ore minerals are localized principally in or near fracture zones.

An area in which geological conditions should be favorable for the occurrence of minable ore is believed to exist near the southwest end of the metamorphosed contact zone near where it may be cut off by a prominent northwesterly trending fault. This zone, which is about 500 feet southwest of the portal of the adit, appears to be worthy of investigation.

Undoubtedly small but minable pyrometasomatic ore bodies remain to be discovered in the Helvetia district but the cost of discovery will be high because of the complex geology. The disseminated copper ore in the quartz monzonite porphyry stock southwest of Lopez Pass holds some promise of being of sufficient size and grade to be of interest as a potential porphyry-type copper deposit.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

SOUTHWEST EXPERIMENT STATION
Box 4097
UNIVERSITY STATION

Mining Division
Date Rec'd
JUL 16 1954
BUREAU OF MINES
Denver, Colorado
MAR 31 1955

TUCSON, ARIZONA

July 13, 1954

Memorandum

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Branch, Mining Div., Region IV

Subject : Final Engineering Report, DMEA Contract Idm-E615, Docket DMEA-2843, Richard E. Chilson's King-in-Exile Copper Mine, Helvetia Mining District, Pima County, Ariz.

Enclosed are original and 8 copies of a final Engineering Report on the King-in-Exile copper mine of Richard E. Chilson. This report was written by W. R. Hardwick and me.

We have received no definite information that contract Idm-E615 has been terminated, but are submitting this report as no approved contract work has been done since February.

Walter R. Storms

Walter R. Storms

CC W. H. King (8)
DMEA-2843
DF

WRStorms:frj

Reviewed by
DMEA OPERATING COMMITTEE
4-4-55
(Date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION IV

FINAL ENGINEERING REPORT

DMEA-2843, Contract Idm-E615

Richard E. Chilson

King-in-Exile Copper Mine

Helvetia Mining District

Pima County, Arizona

Walter R. Storms, Supervising Mining Engineer
U. S. Bureau of Mines

William R. Hardwick, Mining Engineer
U. S. Bureau of Mines

July 1954

4-4-55

DMEA-2843, CONTRACT Idm-E615
RICHARD E. CHILSON, KING-IN-EXILE COPPER MINE
HELVETIA MINING DISTRICT, PIMA COUNTY, ARIZONA

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Reviewed by
DMEA OPERATING COMMITTEE
4-4-55
(date)

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Late in 1952 or early in 1953, Richard E. Chilson, whose address is P. O. Box 2729, Tucson, Ariz., applied to the Defense Minerals Exploration Administration under the Defense Production Act of 1950, as amended, for Governmental assistance in exploring his King-in-Exile copper deposit in the Helvetia Mining District of Pima County, Ariz. Chilson's application for the sum of $186,505 was docketed as DMEA-2843, then sent to Tucson for a field examination of the property.

Copper-bearing deposits occur irregularly along the contact zone between limestone and monzonite porphyry at the King-in-Exile property. Oreshoots are found in small lenses in the metamorphosed limestone in this contact zone. These have been developed by adits into the mountain side with drifts along the ore zone. Up to February 1953, some 13,000 tons of copper ore, averaging approximately 8.0 percent copper, had been produced.[1/] Probably several hundred additional tons have been mined since that date as the property has been a fairly consistent, although small producer.

Chilson asked for exploratory assistance in the amount of $186,505 to build a road, drive an adit across the ore zone, do a substantial amount of diamond drilling and drifting, then sink 2 inclined winzes down the flat-dipping ore zone. Early in February 1953, DMEA examiners[2/] visited the property and recommended that

1/ Elsing, M. J. and Ageton, R. W., "DMEA-2843, King-in-Exile Copper Mine (Rosemont Mines), Helvetia Mining District, Pima County, Ariz.", DMEA Confidential Report, Feb. 1953.

2/ Elsing, M. J., consulting mining engineer, and Ageton, R. W., mining engineer, Bureau of Mines.

exploratory assistance be given the applicant. However, they recommended a modified program in 4 stages for a total cost of $27,150.00. This program was as follows: (1) Extend one of the mine crosscuts (crosscut B) for 280 feet across the ore zone; (2) drill 5 diamond drill holes downward from the end of this crosscut to explore the contact zone; (3) drift east and west from the crosscut for a total of 300 feet in this zone; and (4) crosscut again from the west end of this drift and drill 5 diamond drill holes from near the crosscut's end.

On September 28, 1953, a contract was signed between Richard E. Chilson and the Government, this contract providing the amount of $27,150.00 for the following exploratory work: (1) Extend crosscut "B" 280 feet south to cut through the limestone-monzonite contact; (2) drill a maximum of 5 diamond drill holes from near the end of this crosscut for a maximum distance of 600 feet; (3) drive a drift 100 feet east and 200 feet west of crosscut "B" in the contact zone; and (4) drive a 125-foot crosscut southward from the west end of the drift authorized under 3, then drill a maximum of 5 diamond drill holes having a maximum total depth of 600 feet. Each stage had to have prior written approval from a DMEA representative before it could be started, and the results from each previous stage had to be favorable before the next stage could be authorized.

Work under terms of the contract started on October 1, 1953 when DMEA representatives visited the King-in-Exile mine, and set a starting point for crosscutting in Crosscut "B". On December 1, 1953,

this crosscut had been driven a total distance of 260 feet. As the contact had been crossed about 80 feet from the starting point and as the last 140 feet had been in monzonite, the total authorized distance of 280 feet was not driven. As copper mineralization had been found for at least 50 feet across the contact zone and as there seemed to be a good chance of discovering ore by diamond drilling under stage 2 of the contract, this latter work was authorized. During December 1953, and January and February 1954, 3 diamond drill holes were drilled. Hole No. 1 was drilled 155 feet at minus 5 degrees. It cut copper mineralization which averaged 3.48 percent copper for 13 feet from 142 to 155 feet. Hole No. 2 was drilled 175 feet at minus 24 degrees. It cut good copper mineralization which averaged 10.0 percent copper for 8 feet from 107 to 115 feet. Hole No. 3 was drilled 137 feet at minus 40 degrees. It cut only a very small amount of low-grade copper mineralization. All holes were drilled from a station cut in crosscut "B" about 188 feet from the contract starting point.

During January 1954, Chilson started a drift westward from Crosscut "B" at a point 11 feet south of the crosscut contract starting point. This drift was started without the prior written consent of a DMEA representative and at a point not favored by the DMEA contract progress examiners. However, Chilson tried to collect for work done in this drift and also continued to drive it even after being advised that the work would not be paid for. Finally

Chilson asked that the contract be terminated after he had done a substantial amount of drifting westward along the contact zone without finding any minable ore bodies. Thirty-five tons of material were mined from one spot in this drift which only averaged 1.58 percent copper and was too low grade to hand-sort into a marketable product.

A total of $10,200.00 was expended under terms of the contract for 260 feet of crosscut and 480 feet of diamond drill hole (13 feet of hole were paid for although this hole caved and was lost). Low-grade copper ore was discovered in Crosscut "B", which although not commercial at this time, might become ore at some future date; a spot of high-grade ore was found in diamond drill hole No. 2; and ore of fair grade was discovered by Hole No. 1. Therefore, DMEA representatives have recommended that a Certificate of Discovery be issued.

INTRODUCTION

Late in 1952 or early in 1953, Richard E. Chilson applied to the Defense Minerals Exploration Administration for assistance under the Defense Production Act of 1950, as amended, to explore his King-in-Exile copper property in the Helvetia Mining District of Pima County, Ariz. After a DMEA examining team had visited the property and recommended that assistance be given the applicant, Exploration Project Contract No. Idm-E615 was signed on September 28, 1953 by Chilson and a Government representative.

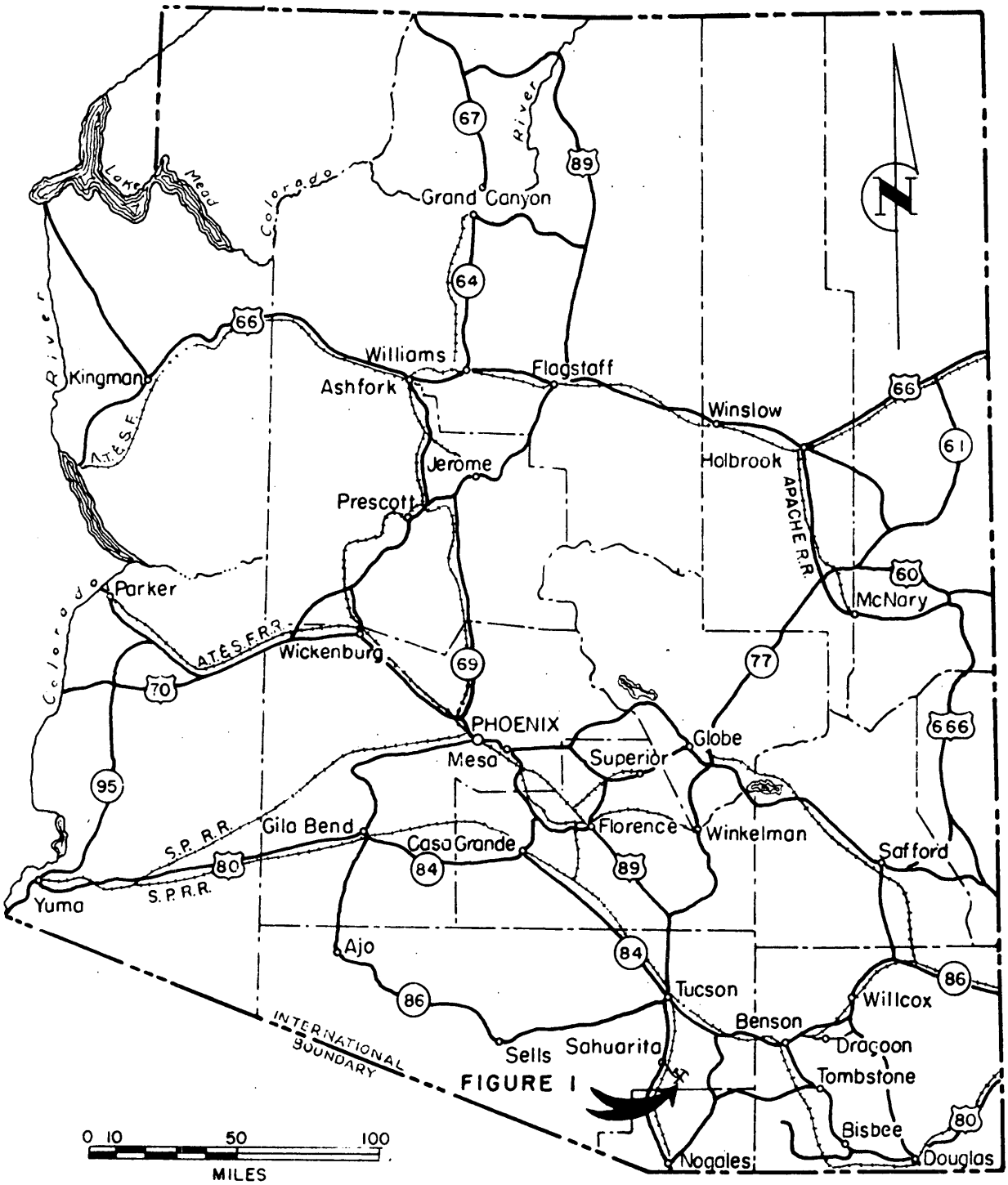

FIGURE 1

FIGURE 1. - LOCATION MAP, - KING-IN-EXILE MINE
HELVETIA MINING DISTRICT
PIMA COUNTY, ARIZONA

DMEA 2843

The King-in-Exile is part of the old Rosemont group of 33 patented lode mining claims owned by the heirs of Lewisohn Brothers. Chilson has a lease, dated June 29, 1953, on the Exile, King, and Broadtop claims of this group for a period of 10 years. He owns the unpatented Crown Prince claim which is not in the Rosemont group. The exploration contract includes only the following claims: "Patented Broadtop lode mining claim M.S. 1308, that part of the Exile lode mining claim M. S. 1308 which lies south and west of the King lode mining claim M. S. 1308, and the unpatented Crown Prince claim which is recorded in Book 77, Page 457 in the records of the County Clerk and Recorder's Office of Pima County, Arizona".

Contract Idm-E615 provides for a total expenditure of $27,150 to be used for 405 feet of crosscutting, 300 feet of drifting, and a maximum of 1,200 feet of diamond drilling. The contract work was to be started 60 days after date of contract, and was to be completed within 16 months after that date.

Work under terms of the contract started on October 1, 1953. The last work done was the drilling of diamond drill hole No. 3, which was completed in February 1954.

PHYSICAL FEATURES AND CLIMATE

The King-in-Exile mine is situated in the Helvetia Mining District of Pima County, Ariz. in sec. 24, T. 18 S., R. 15 E. at the northwest end of the Santa Rita Mountains at an altitude of 5,400 to 5,600 feet (figure 1). The property may be reached from

Tucson by automobile by traveling south on paved U. S. Highway 89 for 18 miles to Sahuarita, thence eastward on a good graded gravel road for 16 miles to the mine. Sahuarita is on the Tucson-Nogales branch of the Southern Pacific Railroad and is the shipping point for the King-in-Exile ore.

The topography at the mine is rough as the property is in the rugged Santa Rita Mountains. Vegetation includes oak, juniper, cypress, and various shrubs and grasses. Water is obtained from mine workings below the main adit level. Annual precipitation probably averages 16 inches per year, mostly as heavy summer thunder storms, although some snow may fall during the winter.

HISTORY AND PRODUCTION

Elsing[3/] describes the history as follows:

"The history of the Helvetia district, which now includes the Rosemont district, dates back to the late seventies and the early eighties. The Rosemont Mining and Smelting Co. built and operated a smelter at the Rosemont Camp prior to 1895. In 1896 the Lewisohn Brothers acquired the Rosemont holdings but shutdown the mines and smelter after operating a few years.

"The recorded production of the district from 1908 to the end of 1949 was approximately 225,000 tons of ore containing 17,250,000 pounds of copper, 400,000 pounds of lead, 1,100,000 pounds of zinc, 175,000 ounces of silver, and a little gold. The main production of the district was made during World War I, and during and after World War II. For 25 of the 42 years mentioned, production was

3/ Elsing, M. J. and Ageton, R. W., previously cited in footnote 1.

less than 1,000 tons per year. The most important producers in the order of their importance were the Narragansett, Copper World, and Rosemont-Mohawk.

"The applicant's King-in-Exile mine is a combination of the King and Exile claims of the Rosemont group, owned by the Lewisohn interests and leased to Chilson until October 1, 1954.

"In 1942-43 the King-in-Exile mine was under lease to Muheim and Maffeo, when in 10 months the production was 2,000 tons. Subsequently leasing was carried on by Maffeo until 1946 when all available ore reserves were mined. In 1948 Chilson acquired a lease on the King-in-Exile and shipped 7 carloads of zinc ore from the King.

"Early in 1949 the property was leased to the Allison Steel Manufacturing Co. of Phoenix, Arizona. Some 1,500 feet of drifts and crosscuts were driven from an adit to open the extension of the ore at greater depth. After 44 carloads of copper ore were shipped, the Allison company discontinued work in May 1950 and assigned its lease to Chilson who continued production, shipping 1,001 tons, 2,965 tons, and 6,467 tons in 1950, 1951, and 1952, respectively. The total production of the King-in -Exile mine has been approximately 13,000 tons reported to have averaged approximately 8 percent copper."

Probably several hundred tons of additional ore have been mined since Elsing's report was written in February 1953, as Chilson has continued production from the property. Chilson's lease also has been extended until June 29, 1963.

GEOLOGY

A general description of the ore deposits of the Helvetia district as given by Schrader[4/] follows:

"Both fissure veins and contact-metamorphic deposits occur in the Helvetia camp. The fissure veins are principally quartz veins with fluorite, carrying mostly argentiferous galena with minor amounts of copper-bearing minerals and some gold. They occur chiefly in the granite.

"The contact-metamorphic deposits occur mainly as replacement bodies in the limestone near the contact of the granite and the other intrusives, and also as impregnations or metasomatic replacements along the contact of either of these rocks with the other main formation, the quartzite, in the quartzite, along the faults, and, to a less extent, in the granite. Accordingly, most of the contacts and faults represent several north-south zones or bands of metallization. Some of these zones are several miles in length and contain workable ore bodies.

"The ores in the eruptive rocks are siliceous and those in the limestone are generally basic. The chief value of the ores is in the copper content of the deposits in the limestone. The gangue is mostly silicated limestone and in part quartz, in places with considerable garnet and calcite.

"The outcrop is generally an iron cap composed of a mixture of lime silicates; malachite, azurite, oxides of copper, iron, manganese, and magnetite.

4/ Schrader, Frank C., Mineral Deposits of the Santa Rita and Patagonia Mountains, Arizona, U. S. Geol. Surv. Bull. 582, 1915, p. 98.

"The chief primary ore minerals are cupriferous pyrite and chalcopyrite, but in the oxidized zone, which extends from 100 to 300 feet below the surface and in which the ores are mostly secondary, the ore minerals are chiefly the copper carbonates (malachite and azurite), the copper oxide (cuprite), native copper, the sulphides (chalcopyrite, chalcocite, and tetrahedrite), and some gold and silver. Associated with the ore in places are also some galena, sphalerite, pyrrhotite, and molybdenite. The oxidized ores in general, containing plentiful lime and iron for fluxing without an excess of silica, are basic and free-milling and are generally rich, mostly running from 20 to 25 percent in copper. The lower limit of the oxidation zone is irregular and ranges from 100 to 300 feet below the surface. Water is encountered in most of the deep mines, and what is regarded as ground-water level was struck a little below the 300-foot level in the Isle Royale mine."

Of the King-in-Exile property, Schrader[5/] states:

"The Exile and King claims of the Rosemont Copper Co. are 1-3/4 miles east of Helvetia, near the crest of the Santa Rita Range. The north end of the Exile overlaps the King. The principal openings are just north of the Helvetia-Rosemont trail and are near together, at an elevation of about 5,400 feet. They consist of several short tunnels, the largest about 150 feet in length, winzes,

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5/ Schrader, Frank C., p. 119, previously cited in footnote 4.

and stopes. The southern work, seemingly on the King claim, shows a 12-foot ledge of altered, sheared, silicified, epidotized, mineralized limestone next to the contact with the intrusive alaskite-granite porphyry(?), dipping steeply to the north. The ledge contains stringers and pockets of oxidized iron and copper ores.

"To the north of this work a 100-foot tunnel extending eastward exposes a similar 10-foot ore body dipping to the south in an opposite direction to the dip of the adjoining unmineralized crystalline limestone. Here the ore consists of malachite, azurite, cuprite, limonite, and a little pyrite and chalcopyrite in a gangue of altered limestone."

Chilson has been mining copper ore from several irregular deposits which occur in the contact zone between limestone on the north and a monzonite porphyry on the south, the contact trending roughly northeast-southwest and dipping approximately 30 degrees to the south. The chief producing area has been on the King claim (see figure 2), where one oreshoot, 120 feet by 210 feet in cross-section with a thickness of from 5 to 20 feet, has been mined.

As there seemed to be a good chance that other similar oreshoots would be found to the southwest on the Exile, Crown Prince, and Broadtop claims, the exploratory work under Contract Idm-E615 was planned in that area.

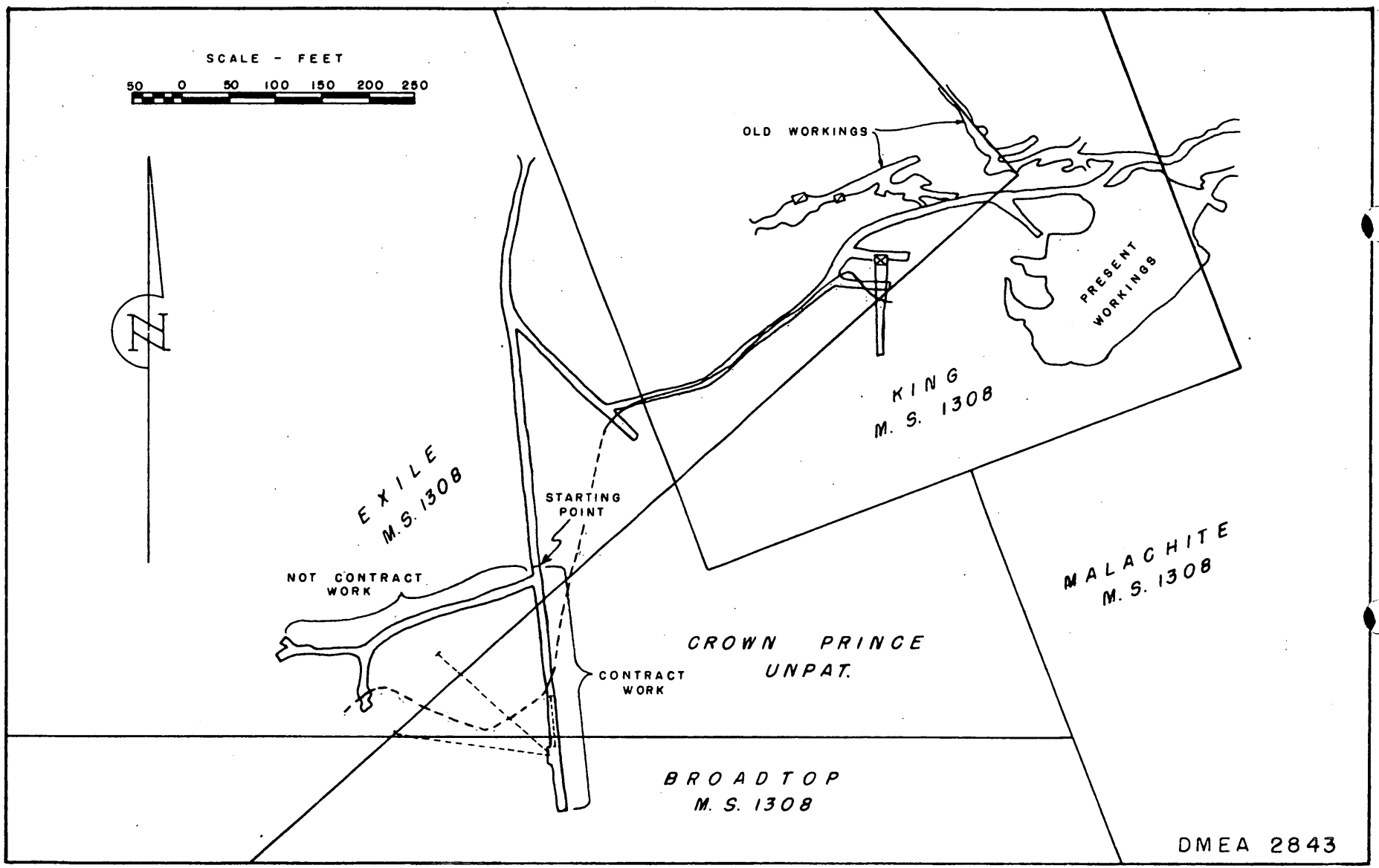


FIGURE 2. — CLAIM AND MINE MAP — KING-IN-EXILE MINE
HELVETIA MINING DISTRICT PIMA COUNTY, ARIZONA

ORE RESERVES

No ore reserves can be estimated from the exploratory work that has been done under this contract. Crosscut "B" cut 50 feet of mineralized material that averaged 0.66 percent copper, and while this cannot be classed as ore at the present time, it does indicate the possibility of a substantial tonnage of low-grade mill ore for some future date. Diamond drill hole No. 1 cut 13 feet of material which averaged 3.48 percent copper, and hole No. 2 cut 8 feet of ore averaging 10.0 percent copper. Insufficient work has been done to indicate whether or not these spots are oreshoots of a commercial size.

WORK COMPLETED

As previously mentioned, Contract Idm-E615 provided for the following:

Stage I: Extend crosscut B 280 feet south to cut through the contact zone into the overlying monzonite porphyry.

Stage II: Drill a maximum of 5 diamond drill holes to cut the downward extension of any mineralization cut in crosscut B, the maximum footage to be 600 feet.

Stage III: Drive a drift 100 feet east and 200 feet west of crosscut B in the contact zone.

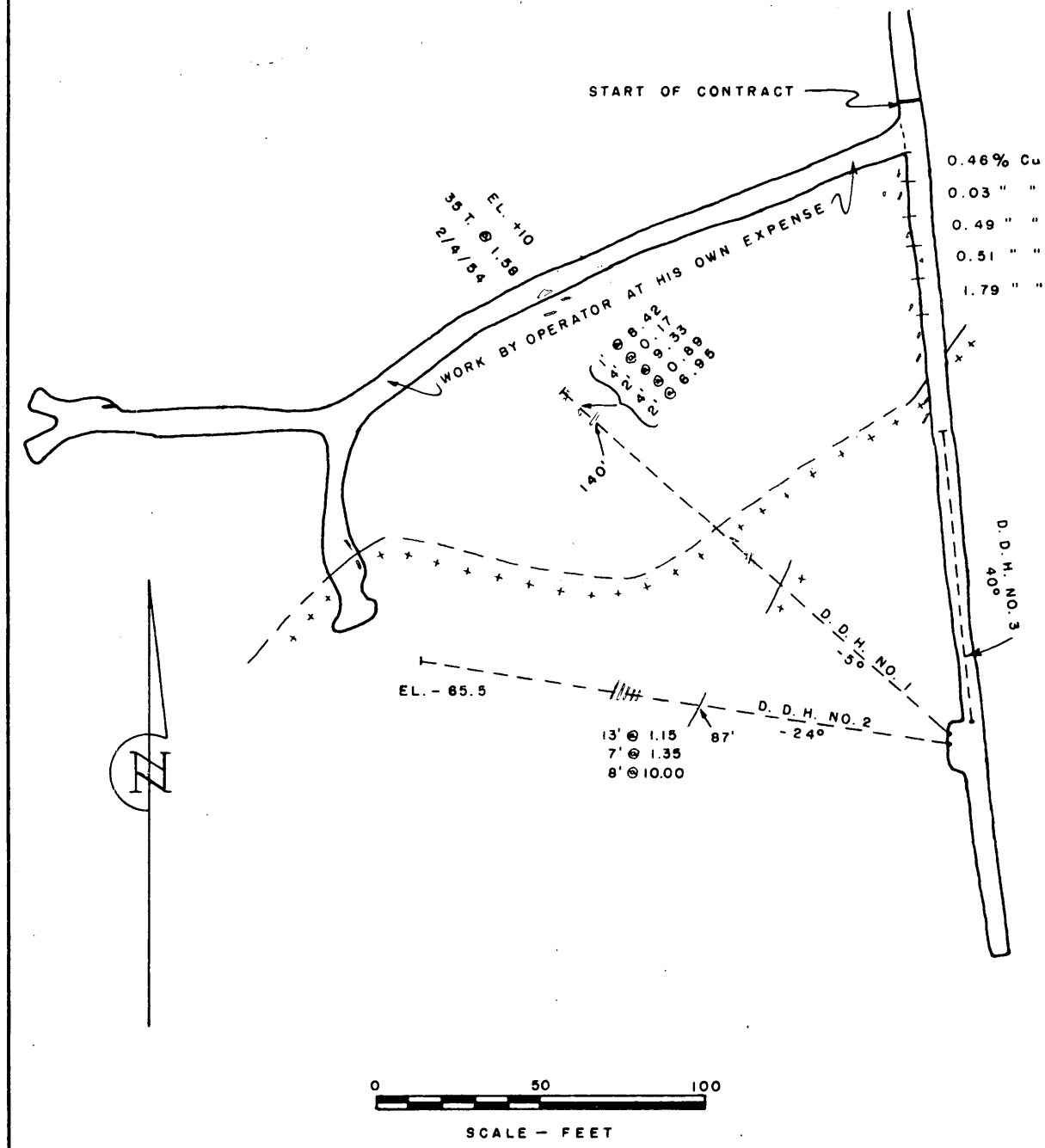
Stage IV: Drive a crosscut 125 feet south from the west end of the drift authorized in Stage III, then drill a maximum of 5 diamond drill holes having a maximum total depth of 600 feet.

Stage II could not be started unless the results of Stage I indicated that the contact zone should be explored at depth, and then not until the operator had been authorized in writing by the DMEA representative. Similarly, Stages III and IV could not be started unless the prior stage showed favorable results. Written permission again was necessary.

Crosscutting under Stage I was started on October 1, 1953 and continued until the end of November, when 260 feet had been driven. The contact was cut at about 80 feet from the starting point (see figure 3) so it seemed unnecessary to drive the crosscut the full 280 feet as provided for in the contract. Copper mineralization was cut by this crosscut although 50 feet, which were sampled, only averaged 0.66 percent copper.

As there seemed to be a good chance of finding an ore body by diamond drilling several holes downward from near the south end of crosscut "B", Stage II was authorized and the operator so notified in writing by the Field Team.

A drill station was cut in the crosscut some 188 feet south of its starting point and 3 diamond drill holes were drilled downward across the contact (see figure 3). Hole No. 1 was drilled with a bearing of N. 48° W. and a dip of minus 5 degrees. This hole was drilled to a depth of 155 feet, cutting the contact at about 70 feet. From 142 to 155, or for a distance of 13 feet, this hole averaged 3.48 percent copper. Hole No. 2 was drilled with a bearing of S. 75° W. and a dip of minus 23 degrees. This first No. 2 hole



APRIL 1954

DMEA 2843

FIGURE 3. - CONTRACT WORK - KING-IN-EXILE MINE
HELVETIA MINING DISTRICT PIMA COUNTY, ARIZONA

was lost at 13 feet when it caved. A second Hole No. 2 was drilled to a depth of 175 feet with a bearing of N. 80° W. and a dip of minus 24 degrees. This latter hole cut the contact at 35 feet. From 107 to 115 feet it cut ore which averaged 10.0 percent copper. Hole No. 3 was drilled with a bearing of N. 14° W. and a dip of minus 40 degrees to a depth of 137 feet. Only a very small amount of copper mineralization was noted in this hole.

During January 1954, while the operator was drilling Hole No. 2, he also started a drift to the southwest as shown on figure 3. This drift was started before Stage II had been completed, without the knowledge of local DMEA representatives, and without prior written approval from the DMEA Field Team. At the end of January 1954, the operator asked for payment for 100 feet of drifting at $30.00 per foot. The Government's share of this cost would have been $1,500.00, but as the work had been done without prior written approval and against the advice of the local DMEA representatives, this request for payment was denied.

Chilson continued to drive the drift to the southwest from Crosscut "B" as shown on figure 3 (this map was made on April 30,1954). So far as is known, no oreshoot of commercial grade was discovered by this work. One lot of 35 tons, which averaged 1.58 percent copper, was mined from the drift, but it seems doubtful if any ore of shipping grade could be hand-sorted from this lot.

As the drifting had been disallowed, Chilson in his narrative report for February 1954 asked that the contract be terminated. The local DMEA representatives agreed that the contract should be terminated by mutual agreement. They also agreed, that as copper mineralization had been discovered which might be ore some day, a Certification of Discovery should be issued.

EXPENDITURES

Total approved expenditures according to the contract were:

Stage I.	Crosscutting 280 feet at $30 per foot	$8,400.00
Stage II.	Diamond drilling 600 feet at $5 per foot	3,000.00
Stage III.	Drifting 300 feet at $30 per foot	9,000.00
Stage IV.	Crosscutting 125 feet at $30 per foot	3,750.00
	Diamond drilling 600 feet at $5 per foot	3,000.00
Total cost of project		$27,150.00
Government's share		$13,575.00

Actual expenditures were as follows:

Stage I.	Crosscutting 260 feet at $30 per foot	$7,800.00
Stage II.	Diamond drilling 480 feet at $5 per foot	2,400.00
Stages III and IV.	None	
Total actual expenditures		$10,200.00
Government's share, 50%		$5,100.00
Government's royalty paid to date		None

EFFICIENCY OF OPERATIONS

All work, which was done under the terms of Exploration Project Contract No. Idm-E615, was done in a workmanlike manner. However, local DMEA representatives always were having trouble with Chilson as he wanted to deviate from terms of the contract and do all work as he thought best. No surveying was done and very few samples were taken.

The diamond drill station for drilling under Stage II was started at a spot of Chilson's own choice, without the consent of DMEA representatives, and before permission had been given to start Stage II. However, permission for drilling under Stage II finally was given by the DMEA Field Team.

Drifting under Stage III was started long before Stage II had been completed and without prior written approval from DMEA officials. Payment for this work was denied.

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

March 11, 1955

DMEA
Date Rec'd
MAR 13 1955
BUREAU OF MINES
Denver, Colorado

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

Re: DMEA 2843
Contract Idm-E615

THE INTERIOR
Administration
MAR 31 1955

Dear Mr. Traver:

Replying to your letter of March 8, 1955 I submit herewith a final account of our work at the King-in-Exile Mine under the DMEA contract Idm-E615.

Work in progress on a south crosscut in the Exile Claim as shown on the sketch was credited on the DMEA contract beginning October 3, 1953, having been examined and measured the day before by USBM and USGS engineers.

The adit face at that time was in white crystalline limestone. The crosscut continued for twelve feet in pure limestone, then ran into a garnet metamorphic containing traces of chalcopyrite on fracture and cleavage planes. The metamorphic formation was fifty-eight feet in width along the crosscut to the hanging wall of quartz monzonite porphyry. Within this formation were several small occurrences of ore-grade mineralization in bunches up to several hundred pounds in size. Average mineralization was less than one-half of one percent copper.

The crosscut was continued one hundred sixty feet in the monzonite in the hope of cutting a lime ore zone observed on the surface. Apparently this surface lime was only shallow and did not come down to the tunnel level.

A diamond drill station was slabbed out at a point one hundred sixty-eight feet in from the point of beginning of the contract work and three holes were drilled across the monzonite-lime contact. Hole #1, the center hole shown on the sketch, was drilled N40W at minus six degrees. This hole started in the monzonite, cut the metamorphic contact at seventy feet and continued in this metamorphic formation, similar tho that cut in the crosscut, to the end of the hole at one hundred fifty-five feet. Due to a drill bit delay, this hole caved at seventy-five feet in a mud area and was not re-opened although it had been intended to run the hole through to the lime footwall. This hole cut ore-grade mineralization in three spots between one hundred forty and one hundred fifty-five feet, also similar to that observed in the crosscut.

The second hole was drilled N60W at minus twenty-two degrees. This hole, due to its dip angle, cut the contact at thirty-five feet. From thirty-five feet to eighty-seven feet the formation was a hard siliceous garnet with traces of chalcopyrite and pyrite cubes. From eighty-seven feet to one hundred seven feet the

copper mineralization was improved and eight feet of ore-grade mineralization was cut between one hundred seven feet and one hundred fifteen feet. This eight feet of core assayed ten percent copper, indicating to me at that time a very strong possibility of commercial ore in this area. From one hundred fifteen feet to one hundred sixty feet where the footwall lime was encountered, the hole cut forty five feet of only slightly mineralized garnet. From one hundred sixty feet to one seventy-five where the hole was bottomed, the lime was completely unmineralized and unaltered except for a one inch streak of chalcopyrite at one hundred sixty-five feet.

Drill hole #3 was now drilled to cut the contact directly below the crosscut. Drilled on a bearing of N7W at minus forty degrees, this hole cut the contact from the monzonite into the metamorphic at fifty feet and continued in garnet and lime silicates to one hundred seventeen feet where the footwall lime was encountered, with no significant mineralization. The hole was driven twenty feet into the footwall and bottomed in lime at one hundred thirty-seven feet.

While arguing with the government engineers as to the advisability of driftwork to the west, this drift was driven two hundred feet southwest along the metamorphic-lime contact and a crosscut through to and into the hanging wall monzonite was cut sixty feet south.

Diamond drill stations were cut at the end of the drift and again at the end of the south crosscut. From the first of these stations, DD Sta.#2, a hole was first drilled to intersect Hole #2 from DD Stal #1 at the one hundred fifteen foot mark where it had cut eight feet of strong mineralization. This hole was drilled on a course S65E at minus fifty degrees to a depth of eighty-five feet. The formation cut was all garnet and lime silicate with traces of chalcopyrite and iron pyrite throughout. Eighteen inches of probably ore grade mineralization was cut between seventy and seventy-two feet in a soft black gouge from which no core was recovered. This was the intersection of the hole with a fault observed in the crosscut thirty feet south of this station. A short entry had been run on this fault during the crosscut work, in very high grade ore which soon pinched out. This same fault also is probably responsible for the ore showing cut in the Hole #2, Sta. #1.

Four holes drilled from this station, #2, to the north and northwest indicated that the footwall lime was offset some fifty-five feet to the north and was carrying heavy mineralization along the contact, mostly heavy black iron but with four or five percent copper in spots. A crosscut was accordingly run to this footwall and some exploration done in this locality, including a raise to the surface for air, a seventy foot inclined winze and a fifty foot sublevel.

Two holes were drilled to intersect this mineralized zone to

to the southwest of our work and below the level. These holes indicated continuing mineralization of a similar nature. No ore was encountered, however, and the work was discontinued.

Meanwhile I had used every means of persuasion at my command to obtain a decision one way or the other in regard to the government's attitude on this exploration work which had been planned as a part of the contract but never formally approved for execution. Mr. Hardwick (USBM) told me several times that the work would be recommended for approval, between changes of mind and suggestions to abandon the project. It seemed to me that he was waiting for a development which would assure him of a correct decision. As we were prosecuting the work night and day, he had only to wait to avoid any risk of being wrong.

I charged Faik and Hardwick with this and told them I was not going to give them any more information until they made up their minds because I couldn't see the justice of the government's declaring a discovery without carrying their appropriate share of the risk of making the discovery as provided in our contract. Mr. Faik was quite reasonable in this discussion but Mr. Hardwick said that a discovery could be certified upon any pretext or none, as had been done in several cases in which they did not like the attitude of the operator.

I guess someone did not like my attitude, surely there was no complaint on my performance of any letter of the contract. At any rate a Certification of Discovery was declared while contract work beyond Stage II was considered unwarranted by the showing; Obviously a fraudulent certification.

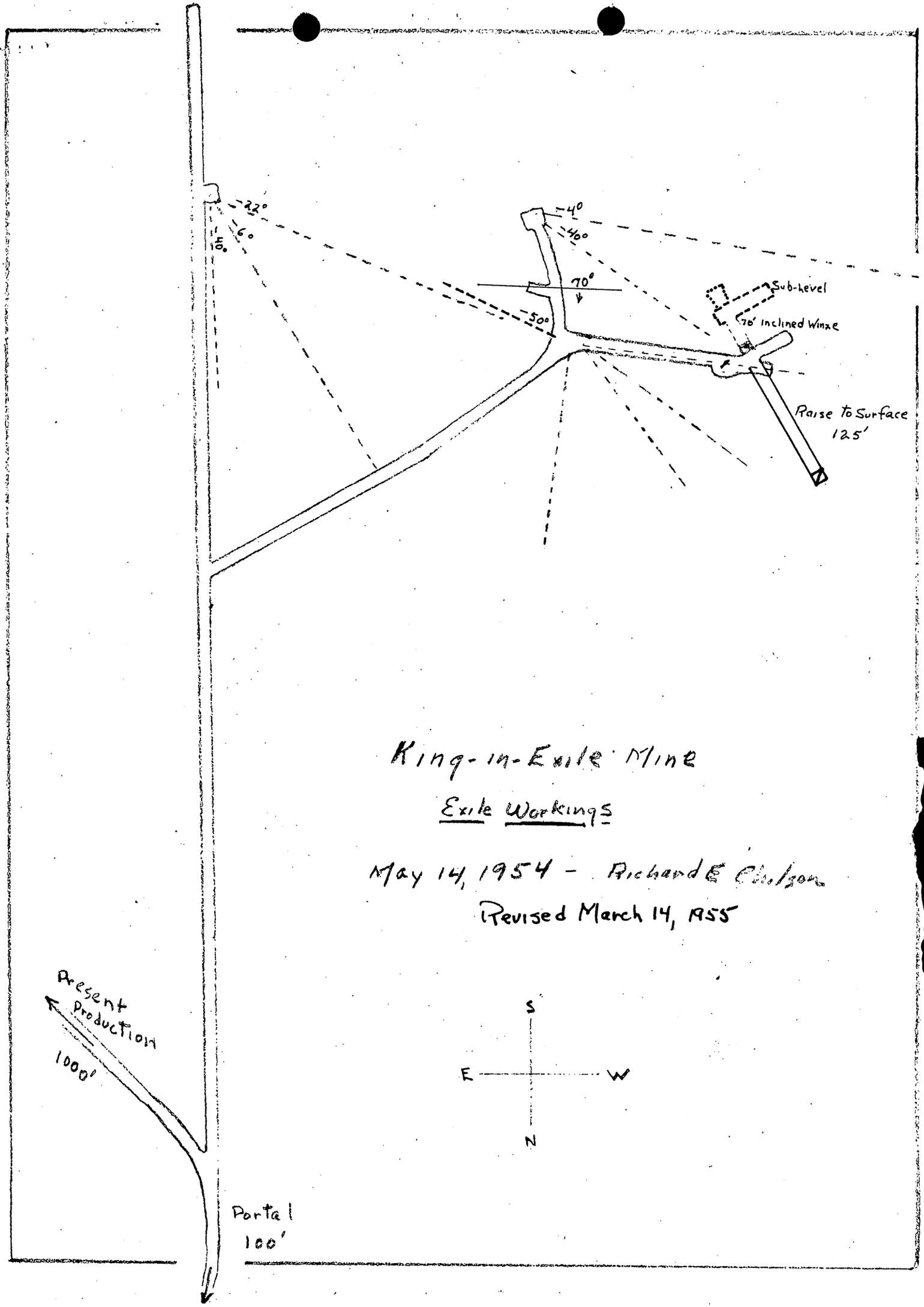
When I took this problem to Mr. Storms, head of the Tucson office, he told me that while we all knew there was no discovery, he thought the boys were under some pressure to improve the statistical position of the program. When I asked him to give me a letter to that effect he just laughed and said: "Now, Dick, you know I can't do that, why I wouldn't last twenty-four hours here."

In conclusion, I would like to explain that the reason I did not submit a final report last summer is that I was so fed to the teeth with the petty bureaucratic tyrants with which I had to deal that I did not feel up to writing a civil statement to the DMEA at that time.

Very truly yours,

Richard E. Chilson

Richard E. Chilson


-22°
-6°
1' 10°
-4°
-40°
70°
-50°
Sub-level
70' Inclined Winze
Raise to Surface
125'
King-in-Exile Mine
Exile Workings
May 14, 1954 - Richard E Chelgon
Revised March 14, 1955
Present Production
1000'
S
E
W
N
Portal
100'

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

Defense Minerals Administration
RECEIVED
MAR 31 1955

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

Month of FINAL 195 Docket No. DMEA 2843 Contract No. Idm-E615
Operator's Name Richard E. Chilson Minerals Copper
Address P. O. Box 2729, Tucson Arizona

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							300	$30.00
Crosscutting				$7800.00	260	$30.00	380	$30.00
Raising								
Shafts								
Winzes								
Drilling: Core				$3085.00	580	$5.00	1200	$5.00
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.								
TOTAL COSTS				$10,885.00				

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

Date March 11, 1955 Operator Richard E. Chilson

Per Same Title Operator

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

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

RECEIVED
MAR 31 1955

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

Month of FINAL, 195 Docket No. DMEA 2843 Contract No. Idm-E-615
Operator's Name Richard E. Chilson Minerals Copper
Address P. O. Box 2729, Tucson Arizona
Contract Amount, $ 27,150.00 Government Participation: 50 % Amount, $ $13,575.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling		$3085.00	$3085.00			
Bulldozing						
Crosscutting						
Drifting		$7800.00	$7800.00			
(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):						
TOTALS		$10,885.00	$10,885.00			

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

Date March 11, 1955 Payee Richard E. Chilson

Per Same Title Operator

*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)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

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

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

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

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

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

224 New Customhouse
Denver 2, Colorado

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 10 1955

March 8, 1955

Mr. Richard E. Chilson
P.O. Box 2729
Tucson, Arizona

Re: Docket DMEA 2843
Contract Idm-E615

Dear Mr. Chilson:

Reference is made to the last paragraph of the Administrator's letter to you of October 26, 1954, with particular reference to the portion regarding the requirement for you to submit a final engineering and geologic report relative to work performed under the contract.

We are desirous of closing our records on this account at an early date, therefore we will appreciate your prompt attention to the matter of rendering your final report.

Receipt of your final report will then permit us to process your final Form MF-104 for the month of February 1954 for reimbursement to you.

Very truly yours,

W. M. TRAVER,

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

JWT:jp
cc Subject
Chron
Chairman, Op. Comm. (2)
Harshman
Storms
Faick
Townsend

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1954

224 New Customhouse
Denver 2, Colorado

October 26, 1954

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 2843 (Copper), Contract Idm-E615, Richard E. Chilson, King-in-Exile Mine, Pima County, Arizona

The letter from the Administrator, DMEA, to Mr. Richard E. Chilson, forwarded by your letter of October 21, 1954, has been mailed to the operator.

In conjunction therewith we are enclosing ten copies of the letter for your distribution.

W H King
W. H. King

Enclosures

Copies distributed

140

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

Mailed in the Field.

OCT 26 1954

Hofflund
Chandler
Firswell
Hedges
Kiilsgaard
Selfridge
Johnson

Mr. Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

Re: Docket No. DMEA-2843 (Copper)
King-in-Exile Mine
Pima County, Arizona
Contract Idm-M615

Dear Mr. Chilson:

The Government has not approved and hereby notifies you that it will not approve of any work under the subject contract provided for under Stage III and Stage IV. The Field Team has previously notified you of this determination.

In these circumstances the contract work is to be treated as fully performed and the work terminated as far as further contribution to costs by the Government is concerned.

You have heretofore been notified of the Government's Certification of Discovery of Development.

Your attention is called to the provision of the contract which requires you to keep and preserve your records and accounts of this transaction for a period of three years for possible future reference. The contract also requires you to provide the Government with an adequate geological and engineering report (five copies), including an estimate of ore reserves resulting from the exploration work; and to render the Government a final account and statement of work performed. Any work prosecuted or costs incurred by you beyond the work described in Stages I and II of the contract will be for your sole account, without contribution by the Government.

Sincerely yours,

C. O. Mittendorf

Administrator

JLHofflund/emd
10/14/54
Copy to: DMEA Docket
Solicitor's Docket
Adm. R. File
Operating Comm.
W. R. Griswold (2)
C. H. Johnson, USBM
Mr. Kiilsgaard, USGS
Field Team, Reg. IV
Contract Adm. & Audit Div.
J. L. Hofflund chron. pending

LETTER TERMINATING GOVERNMENT PARTICIPATION.

File Copy
Surname

Chamberlin
Counsel
Hedges
Selfridge
Johnson

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

OCT 21 1954

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

Re: Docket No. DMEA-2843 (Copper)
Richard T. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract No. Idm-E615

Dear Mr. King:

Enclosed is a letter to the cited Operator which gives formal notification that the Government will not participate in any work on the project beyond Stage II and that the work is considered as terminated as far as Government contributions are concerned.

If it meets with your approval please forward this letter to the Operator. Otherwise, it should be returned to this office with your comments.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JHB)
WRGriswold/er 10/19/54

Enclosure 1

APPROVED:

J. H. Hedges (JHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (JHB)
Member, Geological Survey

Copy to: Docket
Admr R File
Op Committee
Base Metals
Mr. Kiilsgaard, USGS
Mr. C. H. Johnson, USBM
Chron.

File Copy
Surname

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

October 19, 1954

Memorandum

To: The Administrator

From: Chief, Base Metals Division

Subject: Docket No. DMEA 2843, Richard S. Chilson, King-in-Exile Mine, Pima County, Arizona, Contract No. Idm-E615, Copper

The attached letter for your signature merely formalizes an action already taken by the Field.

It is our understanding that the Operator is a bit resentful over the fact that Stage III was not allowed by the Field Team.

W. R. Griswold

W. R. Griswold

WRG/er 10/19/54

Copy to: Docket
Base Metals
Chron.

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

October 14, 1954

Memorandum

To: Administrator, DMEA
Attention: Mr. W. R. Griswold

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-2843, Richard E. Chilson
Contract Idm-E615, Copper

Reference is made to memorandum of the Chief, Base Metals Division to the Acting Assistant Solicitor dated September 16, which we misunderstood as requesting the preparation of a notice of termination on the ground of lack of probability of making a worthwhile discovery. It now develops that certification of discovery actually has been made, and therefore the draft of the notice of termination was returned to this office for revision.

Further examination of the file discloses to me that this is not a suitable case for termination. The work was set up in four stages the beginning of each one of which after the first was subject to the approval of the Government. The Government has simply refused to agree to further work under stages III and IV (as I understand it). In this view of the case it is simply a matter of notifying the Operator that the work approved by the Government has been completed and that the Government will participate in no further work. A letter for this purpose is attached for your signature, but I understand that it is to be sent to the Field Team for its approval and for forwarding to the Operator.

J. L. Hoffmund
J. L. Hoffmund
Acting Assistant Solicitor
Defense Minerals

Attachment

File Copy
Surname

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

October 8, 1954

Memorandum

To: Administrator

From: Chief, Base Metals Division

Subject: Docket No. DMEA-2843, Richard E. Chilson, King-in-Exile Mine, Pima County, Arizona, Contract No. Idm-E615, Copper

This project was set up in four stages, after completion of Stage II the field refused to authorize more work, feeling results were too unpromising.

I had thought this notice of termination should have been signed by the field and had asked legal to prepare for field signature, but I note they have prepared for you to sign.

W. R. Griswold

Attachment

W. R. Griswold

WRG:er 10/8/54

Copy to: Docket
Base Metals
Chron.

File Copy
Surname

500

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

OCT 6 1954

Southern Arizona Bank & Trust Company
32 North Stone Street
Tucson, Arizona

Re: Docket No. DMEA-284 (Copper)
Richard K. Chilson
King-In-Exile Mine
Pima County, Arizona
Contract No. Idm-E615

Gentlemen:

For your information, as Administrators of the Estate of Leonard Lewisohn, we are enclosing a copy of a certification by the Government on the cited mining property. We are also enclosing a copy of the letter of transmittal of the certification.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures 2

WRGriswold/er 10/5/54

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Region IV (2)
Mr. Kiilsgaard, USGS
Mr. C. H. Johnson, USBM
Chron.

R.C.B.

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

RECEIVED
SEP 30 1954

224 New Customhouse
Denver 2, Colorado

September 27, 1954

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 2843 (Copper), Contract Idm-E615, Richard E. Chilson, King-in-Exile Mine, Pima County, Arizona

Reference is made to your letter of September 16, 1954 wherein you requested the address of the Southern Arizona Bank and Trust Company.

In conjunction therewith and other matters we are enclosing four copies of a memorandum from the Chief, Mining Methods Branch, Mining Division, Region IV, dated September 23, 1954.

W. H. King

Enclosures

SEP 30 1954

September 23, 1954

Air Mail

Memorandum

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : RMEA Contract Idn-R615, Docket RMEA-2043, Richard E. Chilson's King-in-Exile Copper Mine, Helvetia Mining District, Pima County, Ariz.

In answer to your memorandum of September 21 with copy of a letter from the Chairman of the RMEA Operating Committee, asking for the address of the Southern Arizona Bank and Trust Company, the address of the bank's main office is:

Southern Arizona Bank & Trust Co.
Mr. Lewis W. Douglas, Pres.,
32 North Stone Ave.
Tucson, Ariz.

Incidentally, Richard E. Chilson called on me a few days ago to protest against the certification of a discovery at his King-in-Exile mine. As Hardwick and Faick were in the field at the time, Chilson plans to return later to argue with them. He wanted copies of Hardwick's reports (also Faick's) but I told him I had no authority to release these reports. I believe he plans to go to Washington to talk to C. G. Mittendorf. He is "steamed up" because the drifting under Stage III was not approved although the project has been certified.

Walter R. Storms

Walter R. Storms

CC W. H. King (8)
J. N. Faick
RMEA-2043
DF

WRStorms:frj

File Copy
Surname

Griswold
Selfridge
GCSelfridge

500

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

SEP 16 1954

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

Re: Docket No. DMEA-2843 (Copper)
Richard E. Chilson
King-In-Exile Mine
Pima County, Arizona
Contract No. Idm-E615

Dear Mr. King:

With reference to the cited contract, we would like to have the address of The Southern Arizona Bank & Trust Company, the Administrator of the Will Annexed of the Estate of Leonard Lewisohn, et al. We need this address in order to send a copy of the certification of discovery or development to the lessors of the property.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (2LB)

APPROVED:

J. H. Hedges
Member, Bureau of Mines (2LB)

Thor H. Kiilsgaard
Member, Geological Survey (2LB)

WRGriswold/bjl (9/2/54)

Copy to: Docket
Admr. R. File
Base Metals
Mr. Hedges (4604)
Mr. Kiilsgaard, Rm. 5227
Chron.

R.C.H.

File Copy
Surname

500

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

Griswold
Rubin
Hoffhuel
Chandler
Kulsgaard
Hedges
Selfridge

SEP 16 1954

Mr. Irving Gumbel, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration
Washington 25, D. C.

Re: Docket No. DMEA-2843 (Copper)
Richard E. Chilson
King-In-Exile Mine
Pima County, Arizona
Contract No. Idm-E615

My dear Mr. Gumbel:

Enclosed is a copy of a certification of discovery or development related to Exploration Project Contract No. Idm-E615.

The contract was dated September 28, 1953, with the Government participating to the extent of 50 percent in an exploration project estimated to cost $27,150.00. Actual expenditures (subject to audit) were $9,515.00, with the Government's share being half of such amount, or $4,757.50.

The total amount of work provided for under the contract consisted of 405 feet of crosscutting, 300 feet of drifting and 1,200 feet of diamond drilling. Work actually done consisted of 260 feet of crosscutting and 343 feet of diamond drilling.

The discovery consisted of copper ores occurring within a contact zone between monzonite and limestone rocks. Due to the limited amount of work which was done, it would not be possible to calculate an ore reserve tonnage resulting from such work of exploration.

Sincerely yours,

Frank E. Johnson (for)
ACTING Administrator

WRGriswold/bjl (9/2/54)
Copy to: Docket
Cont.Adm.&Audit Div.
Region IV (2)
Base Metals
Admr. R. Files
Op. Committee
Mr. Hedges (4604)
Mr. Kulsgaard, R.5227
F. E. Johnson
W. R. Griswold
Chron.

Enclosure

R.C.S.

File Copy
Surname

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

Initialed
Kiilsgaard
Hedges
Selfridge
Chamberlin

Mr. Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

SEP 16 1954

Re: Docket No. DMEA-2643 (Copper)
Richard E. Chilson
King-In-Exile Mine
Pima County, Arizona
Contract No. Idm-8615

Dear Mr. Chilson:

Transmitted herewith is a certification of discovery or development related to the Exploration Project Contract No. Idm-8615, dated September 28, 1953, on the lands described in the contract.

By the terms of the Exploration Project Contract and of the certification, all production from the land described in the contract after September 28, 1953, the date of the contract, is subject to the Government's percentage royalty as set forth in the said contract until the sum which the Government has advanced as its participating interest is repaid, or until September 28, 1963, whichever occurs first.

Payments should be made to Mr. W. H. King, Executive Officer, DMEA Field Team, Region IV, 224 New Customhouse Building, Denver 2, Colorado. Checks should be drawn in favor of the Defense Minerals Exploration Administration. The purchaser should be advised to deduct royalties from the amount due on each shipment and forward the checks to the Executive Officer.

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

You are requested to notify Mr. King of any changes in ownership or production rights that might affect the Government's right to its percentage royalty. Also, if production ceases at any time for an extended period please notify Mr. King at six-month intervals that such is the case.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosure

WRGriswold/bjl (9/2/54)
Copy to: Docket
Mr. Gumbel, Dr., MD, EPS
Mr. Hedges, Rm 4604
Region IV (2)
F. E. Johnson
Mr. Kiilsgaard, Rm. 5227
Admr. R. File
Op. Committee
Cont. Adm.&Audit Div.
Finance Office
W. R. Griswold
Base Metals
The Southern Arizona Bank & Trust Co. (Lessor)
Chron.

R.C.B.

File Copy
Surname
Brunnel
Rutin
Hoffland
Chamberlin

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

INTERIOR DEPT.
SEP 2 - 1954
SOLICITOR

Mr. Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

Re: Docket No. DMEA-2843 (Copper)
Richard E. Chilson
King-In-Exile Mine
Pima County, Arizona
Contract No. Idm-E615

Dear Mr. Chilson:

Transmitted herewith is a certification of discovery or development related to the Exploration Project Contract No. Idm-E615, dated September 28, 1953, on the lands described in the contract.

By the terms of the Exploration Project Contract and of the certification, all production from the land described in the contract after September 28, 1953, the date of the contract, is subject to the Government's percentage royalty as set forth in the said contract until the sum which the Government has advanced as its participating interest is repaid, or until September 28, 1963, whichever occurs first.

Payments should be made to Mr. W. H. King, Executive Officer, DMEA Field Team, Region IV, 224 New Customhouse Building, Denver 2, Colorado. Checks should be drawn in favor of the ~~Treasurer of the United States~~. The purchaser should be advised to deduct royalties from the amount due on each shipment and forward the checks to the Executive Officer.

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

You are requested to notify Mr. King of any changes in ownership or production rights that might affect the Government's right to its percentage royalty. Also, if production ceases at any time for an extended period please notify Mr. King at six-month intervals that such is the case.

Sincerely yours,

ACTING Administrator

Enclosure

WRGriswold/bjl (9/2/54)
Copy to: Docket
Mr. Gumbel, Dr., MD, EPS
Mr. Hedges, Rm. 4604
Region IV (2)
F. E. Johnson

Mr. Kiilsgaard, Rm. 5227
Admr. R. File
Op. Committee
Cont. Adm. & Audit Div.
Finance Office
W. R. Griswold

Base Metals
The Southern Arizona Bank & Trust Co. (lessor)
Chron.

File Copy
Surname

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

September 16, 1954

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Chief, Base Metals Division

Subject: Docket No. DMEA-2843, Richard E. Chilson, King-in-Exile Mine, Pima County, Arizona, Contract No. Idm-E615, Copper.

Will you kindly prepare a notice of termination for this contract, to be forwarded to Mr. W. H. King, Executive Officer of Region IV for his signature.

The reason for termination being -

"...further work of exploration under this contract is not likely to make any worthwhile discovery of additional ores and hence any further work is not justified."

We had previously sent this Operator a mutual termination agreement which he refused to sign. A Certification of Discovery or Development has been submitted to the Operating Committee for approval.

W. R. Griswold

WRG:er 9/16/54

Copy to: Docket
Base Metals
Chron.

Mr. W. S. Martin
Sept. 1, 1954
unattended service

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 2 1954

DN 235 BUREAU MINES 9-1-5 4 4-35 PM

W S MARTIN
ACTG ØMARX CHAIRMAN, OPERATING COMMITTEE
DMEA

REFERENCE DOCKET DMEA 2843, CONTRACT IDM-E615, RICHARD E. CHILSON, LAST PARAGRAPH OF YOUR LETTER OF AUGUST 27. THIS OFFICE HA S HAD NO OTHER CORRESPONDENCE WITH OPERATOR RELATIVE TO NONPARTICIPATION BY THE GOVERNMENT OR TERMINATION OF THE CONTRACT OTHER THAN THAT INCLUDED UNDER ITEM 1 OF MEMORA NDUM TO ADMINISTRATOR DATED JUNE 9. 1954.

W H KING

Denver, Colo.

File Copy
Surname
Griswold
Martin
Johnson
Mattenberg

500

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

AUG 27 1954

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

Re: Docket No. DMEA-2843 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract No. Idm-B615

Dear Mr. King:

We have your letter of August 16, regarding the cited contract, with enclosure of a memorandum by Mr. Walter R. Storms, dated August 11, and the unsigned copies of the termination agreement.

We shall prepare a certification of this project, as had been recommended, there being little doubt that it is to the best interest of the Government to so certify.

We shall likewise prepare a notice of termination, for your signature, and forward it to you for transmittal to the Operator. In the event that this Operator was advised in writing as to the Government's refusal to continue participation in the project, we should have a copy of such notice to guide us in preparing the termination notice.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

APPROVED:

J. H. Hedges
Member, Bureau of Mines

S/ Thor N. Kjelsgaard
Member, Geological Survey

WRGriswold/er 8/26/54

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Gildersleeve
Mr. C. H. Johnson (USBM)
Chron.

P.C.G.

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

August 16, 1954

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region 1V

Subject: Docket DMEA 2843 (Copper), Contract Idm-E615
Richard E. Chilson's King-in-Exile Copper Mine
Pima County, Arizona

Enclosed are the original and five copies of a termination agreement which was prepared in Washington and signed by the Administrator, DMEA, for the Government, which was forwarded to this office for signature by the Operator by your letter of July 26, 1954.

Also enclosed are the original and three copies of a memorandum from the Chief, Mining Methods Branch, Mining Division, Region 1V, by which he returned the termination agreement to this office unsigned by the Operator for reasons stated in his memorandum.

Considerable difficulty has been experienced in the past with the Operator in administering the contract, as copies of correspondence on file in your office will disclose.

The copper mineralization disclosed in the drill holes was not exposed otherwise. Therefore, there may be some question as to whether or not it constitutes a discovery or development.

Inasmuch as resolution of the matter relative to the Operator's refusal to sign the termination agreement involves DMEA policy, therefore, the matter is forwarded for your consideration and appropriate action without specific recommendations from this office.

W. H. King

W. H. King

Enclosures

Mining Division
Date Rec'd.
AUG 13 1954
BUREAU OF MINES
Denver, Colorado

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

SOUTHWEST EXPERIMENT STATION
Box 4097
UNIVERSITY STATION

TUCSON, ARIZONA

August 11, 1954

Memorandum

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : Termination Agreement, DMEA Contract Idm-E615, Docket DMEA-2843, Richard E. Chilson's King-in-Exile Copper Mine, Helvetia Mining District, Pima County, Ariz.

Enclosed are original and 5 copies of the Termination Agreement, which you sent me on August 3 and which was received here on August 9, for DMEA Exploration Project Contract No. Idm-E615. We phoned Chilson at his home here in Tucson, so he came in this afternoon and read the agreement. He will not sign the Termination Agreement as he feels that a discovery was not made. He stated that he had done additional diamond drilling and drifting in the area in question and that no ore was found. He feels that the low-grade material found in the crosscut, and the spots of ore found in Drill Holes 1 and 2 do not constitute ore.

We are returning all copies of the agreement as you requested.

Walter R. Storms

Walter R. Storms

CC W. H. King (7)
J. N. Faick
DMEA-2843
DF

WRStorms:frj

File Copy
Surname

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

500

JUL 26 1954

Initialed
Talbut
Selfridge
H. Johnson

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

Re: Docket No. DMEA-2843 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract No. Idm-E615

Dear Mr. King:

With reference to your letter of June 9 and phone conversation with Mr. W. R. Griswold of July 7, concerning a termination of the cited contract, we are enclosing the original and five copies of a termination agreement which we believe is in accord with your recommendations. If the agreement meets with your approval, please present it to the Operator for signature and distribute the copies in the usual manner. Otherwise, return all copies to us with your comments.

Sincerely yours,

Chairman, Operating Committee

Enclosures 6

WRGriswold/cr (7/22/54)

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

Copy to: Docket
Admr R. File
Op. Committee
Base Metals
Mr. Gildersleeve
Mr. [illegible]
Chron.
Mr. C. H. Johnson

RGS.

Government's Copy

TERMINATION AGREEMENT

It is agreed this 23d day of July, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Richard E. Chilson, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E615 (Docket No. DMEA-2843), dated September 28, 1953, as amended, hereinafter called the "Contract," that:

1. All work provided for in Stages III and IV of Exhibit "A" are deleted as of September 28, 1953.

2. The Operator shall promptly render to the Government a full and final report and a final accounting of all the units of work performed under the Contract. Any units of work performed under Stages III and IV of the Contract are for the sole account of the Operator without contribution by the Government.

3. Annex I to the Contract is deleted, and Annex II attached hereto and made a part hereof is substituted for Article 6 of the Contract form.

4. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of the Contract, except as herein otherwise provided.

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

THE UNITED STATES OF AMERICA

By C O Mitchedor
Administrator, Defense Minerals Exploration Administration

Richard E. Chilson

EXPLORATION PROJECT CONTRACT
RICHARD E. CHILSON
DOCKET NO. DMEA-2843

ANNEX II

The following provisions are in lieu of Article 6:

Repayment by Operator.--a. Certification.--If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after 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. Royalty on production. The Operator, as principal, if the Operator is the producer, or as surety, if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, 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.~~ See substituted paragraph "b" on page 3 of this annex.

c. Basis for computation.--The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the raw ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

e. Percentages of royalty.--The percentages of the Government's royalty shall be as follows:

> One and one-half ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.
>
> (For instance: the royalty on an amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

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

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

h. No obligation to produce.--Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

i. Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

Paragraph substituted for paragraph "b" on page 1 of this annex.—

b. The Operator, regardless of a certification of discovery or development and regardless of whether the Operator is the producer or has any interest in the land or the production therefrom, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2 of the Contract for a period of ten years from the date of the Contract or until the total amount contributed by the Government, without interest, is fully repaid, whichever occurs first.

58694

File Copy
Surname

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

July 22, 1954

Memorandum

To: Administrator

From: Chief, Base Metals

Subject: Docket No. DMEA-2843, Richard E. Chilson, King-in-Exile Mine, Pima County, Arizona, Contract No. Idm-E615, (Copper)

A short form contract, dated September 28, 1953, was executed by the Region IV office for a total sum of $27,150.00. Total work units provided for were 705 feet of crosscutting and drifting and 1,200 feet of diamond drilling, the work having been split into four stages.

Stages I and II were essentially completed, with results so disappointing that the Field Team felt that further exploration was unjustified. Actual work done was 265 feet of crosscutting and 467 feet of diamond drilling.

Beyond any question, a discovery was made by the DMEA work, a garnet contact zone having shown a 0.66 per cent copper grade across 50 feet, with diamond drilling having indicated what probably is local pods of higher grade material. However, since the Operator and the Field Team are unable to come to any agreement as to future work, a mutual termination seems to be the only solution.

W. R. Griswold

W. R. Griswold

Attachment

Copy to: Docket
Base Metals
Chron.

R.C.G.

File Copy
Surname

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

500

July 8, 1954

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Chief, Base Metals Division

Subject: Docket No. DMEA-2843, Richard E. Chilson
Contract No. Idm-E615

At our request your office prepared the attached termination agreement.

However, after consultation with the Office of the Administrator, and after a phone conversation with Mr. W. H. King, it has been decided to rewrite the termination agreement so that it also includes the so-called pseudo certification.

Therefore, would you be kind enough to rewrite this agreement.

W. R. Griswold

W. R. Griswold

WRGriswold:er

cc: Docket
Base Metals
Chron.

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

July 8, 1954

Memorandum for the Files

From: Chief, Base Metals Division

Subject: Docket No. DMEA-2843, Richard E. Chilson, King-in-Exile Mine, Pima County, Arizona (Copper), Contract No. Idm-E615

Referring to the Field Team's teletype of July 6, 1954, regarding a mutual termination agreement for the cited contract, a phone conversation was had on July 7 with Mr. W. H. King at Denver. It was agreed that such a termination agreement be prepared, which would include a "pseudo-certification" stipulation for presentation to the Operator for his signature. Such an agreement will therefore be prepared and forwarded to Region IV.

W. R. Griswold

Copy to: Docket
Base Metals
Chron.

Mr. Geo. Selfridge
July 6, 1954
3:50 P.M.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 7 - 1954

BUR MINES DN 235 7-6-54 12-48 PM

GEORGE C SELFRIDGE

REFERENCE DOCKET 2843, CONTRACT IDM-E615, RICHARD E. CHILSON, OUR MEMORANDUM OF JUNE 9,1954, TO THE ADMINISTRATOR. PLEASE TELETYPE ADVICE AS TO YOUR DECISION RELATIVE TO TERMINATION OF THE CONTRACT.

W H KING

Denver, Colo.

JUL 7 8 11 AM '54

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

June 28, 1954

Memorandum

To: W. R. Griswold, DMEA

From: C. H. Johnson, Bureau of Mines

Subject: DMEA-2843 (Copper) Richard E. Chilson, King-in-Exile Mine, Pima County, Arizona

I have reviewed the field team reports by Faick of the Geological Survey and Hardwick of the Bureau of Mines, dated May 21, 1954, and May 17, 1954, respectively, recommending termination and certification of the above-named project. It appears to me that further exploration of this deposit would have been justifiable, but lacking agreement between the field engineers and the operator as to further exploration, the reports recommend that the operator's request for termination should be granted and that a discovery should be certified. In my opinion, the reports present ample evidence that a discovery was made by the DMEA work. The fact that subsequent exploration by the operator, without Government assistance, extended the discovery, does not lessen the validity of the original finding.

More complete details of sampling would be desirable and it may be that the operator possesses such information, in which case it would be desirable to obtain it before the project is closed out. I refer to samples taken in the workings, and details of the diamond drilling.

C. H. Johnson

C. H. Johnson

Copy to - E. L. Newcomb, USGS
Minerals Division
C. H. Johnson
Files

File Copy
Surname

500

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

June 22, 1954

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Chief, Base Metals Division

Subject: Docket No. DMEA-2843 (Copper), Richard E. Chilson, Contract No. Idm-E615

Referring to Mr. King's memorandum of June 9, 1954, will you kindly prepare a mutual termination agreement for the cited contract.

We plan to certify this project as soon as we receive the signed copies of the termination agreement.

W. R. Griswold

W. R. Griswold

WRGriswold/bjl

Copy to: Docket
Base Metals
Chron.

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

224 New Customhouse
Denver 2, Colorado

June 9, 1954.

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA-2843 (Copper), Contract Idm-E615, Richard E. Chilson, King-in-Exile Mine, Pima County, Arizona.

Enclosed is the following material relevant to the termination of the subject contract by mutual consent:

1. Four copies of the Operator's Narrative Report which accompanied his Form MF-104 for the month of February 1954, wherein he requested termination of the contract and advised that he would reapply for other exploration assistance, together with copy of a letter from this office dated April 5, 1954 acknowledging receipt of the Operator's Form MF-104 report and advising him relative to the termination of the contract and procedure in applying for additional Government exploration assistance.

2. Original and three copies of a memorandum report from William R. Hardwick, Mining Engineer, Tucson, Arizona, dated May 17, 1954 and transmittal thereof of the same date from the Chief, Mining Methods Branch, Mining Division, Region IV, Tuscon, Arizona relative to the termination of the contract.

3. Original and three copies of a memorandum report from John N. Faick, Geologist, U. S. Geological Survey, dated May 18, 1954 and transmittal thereof dated May 21, 1954 from A. H. Koschmann, Supervising Geologist, Colorado-Wyoming District, U. S. Geological Survey also relevant to the termination of the contract.

The Examining Engineer and Geologist were unable to reach agreement with the Operator relative to the additional work or performance of the balance of work authorized under the contract, and for reasons stated in their reports recommend that the contract be terminated at the completion of Stage II work, as requested by the Operator, and that a Certification of Discovery or Development be issued. This office concurs with the recommendations of the Examining Engineer and Geologist that the necessary termination agreement and certification be prepared.

W. H. King

W. H. King

Enclosures

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Defense Minerals Exploration Administration
Denver Federal Center
Denver 2, Colorado

May 21, 1954

Memorandum

To: DMEA Field Team, Region IV

From: A. H. Koschmann

Subject: Request for termination, DMEA Docket 2843 (copper), Contract Idm-E615, Richard E. Chilson, King-In-Exile Mine, Pima County, Arizona

Enclosed are 9 copies of a memorandum report by J. N. Faick of the U. S. Geological Survey covering the above subject.

E. N. Hauchmann
for A. H. Koschmann
Supervising Geologist
Colorado-Wyoming

Enclosures (9)

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Box 4126 University Station
Tucson, Arizona

May 18, 1954

Memorandum

To: A. H. Koschmann

From: J. N. Faick

Subject: Request for termination, Docket DMEA 2843 (Copper), Contract Idm - E615, Richard E. Chilson, King-In-Exile Mine, Pima County, Arizona

This memorandum on the above subject is intended to be used in conjunction with a similar report being prepared by W. H. Hardwick, Engineer, U. S. Bureau of Mines. We have been requested to review this project and to submit our analysis of the project work to date and to make recommendations relative to future work, if any. Our study of the project is incomplete at present, but the data available to us is sufficient for our immediate requirements, and additional data will be submitted in a final report.

The original contract between the Government and the operator provided exploration of the property in 4 stages, as follows:

I. Drive a crosscut or adit 280 feet in a southerly direction to explore a metamorphic contact zone between limestone and monzonite.

II. Diamond drill 5 holes, a maximum total of 600 feet, from the crosscut to further explore the contact zone.

III. Drift 300 feet southwesterly along the contact from the crosscut.

IV. Crosscut 125 feet in a southerly direction from the drift to further explore the contact zone.

On this project (see map included with engineering report) the Government participated in Stage I and Stage II of the exploration contract, but declined to participate in Stage III and Stage IV.

The crosscut adit, which was driven 265 feet under Stage I, crossed the contact zone which strikes southwesterly and dips about 25° southeast. In this contact zone, which was mineralized along the adit for a distance of about 85 feet, chalcopyrite occurs disseminated, and in thin discontinuous veinlets in both monzonite and garnet. The most intensely mineralized zone was sampled by the operator, who obtained an average of 0.66 percent copper for a distance of 50 feet along the north wall of the adit. Trace amounts of disseminated chalcopyrite are visible in the monzonite south of the zone sampled.

From a drill station which was cut near the end of the cross-cut adit (see map), the contact was explored by drilling 3 diamond drill holes. Results of the drilling are as follows:

No.	Bearing	Inclination	Generalized Log Distance	Generalized Log Description	Percent Copper
DDH #1	N 49° W.	-5°	0-70	Monzonite	-
			70-142	Tactite	-
			142-155	Mineralized Garnet	3.48
			Bottom 155		
DDH #2	N 80° W.	-24°	0-35	Monzonite	-
			35-87	Tactite	-
			87-100	Mineralized garnet	1.15
			100-107	Mineralized garnet	1.35
			107-115	Mineralized garnet	10.00
			115-160	Mineralized garnet	1.00 (estimated)
			160-175	Grey limestone	-
			Bottom 175		
DDH #3	N 6° W.	-40°	0-50	Monzonite	-
			50-117	Garnet	-
			117-137	Limestone	-
			Bottom 137		

A small amount of chalcopyrite is visible in the core from Hole No. 3, but the core has not yet been sampled for analysis. Core recovery from all the holes is very poor, but is greatest in tactite, in which recovery is estimated to be about 60 percent.

Because the ore material encountered by Stage I and Stage II was erratically distributed and was too low grade to mine under present economic conditions, the Government declined to participate in Stage III and Stage IV of the project as originally set up. The Government examiners were of the opinion that the results obtained from Stage I and Stage II exploration proved that the contact zone was strongly mineralized, but that the valuable minerals were so widely disseminated and were present in such small amounts that further exploration as allowed by Stages III and IV was unjustified.

This opinion was not acceptable to the operator, who, without Government authorization, started drifting along the contact. As the Government representatives were opposed to the drift, and did not approve driving it, the operator was advised that the Government would not share the cost of it. The operator believed that additional exploration of the mineralized zones penetrated by the drill holes would result in the discovery of minable ore; therefore continued to drift along the contact zone at his own expense. The drift has been advanced 290 feet in a southwesterly direction and from the drift a 65-foot cross-cut (west 185-XC) has been driven southerly across the contact zone.

The drift encountered 3 small zones containing submarginal ore, which was either mined out or in the process of being mined when visited on April 30, 1954. At a point in the drift, about 120 feet from the adit, about 35 tons of ore which contained 1.58 percent copper was mined. On April 30 ore was being mined from 2 places in the floor of the drift; from 65 to 80 feet west of the west 185-crosscut. Results of mining the last 2 mentioned ore bodies are not available at present. It is estimated that about 75 tons of low-grade ore have been produced from the project area. The West 185-crosscut which was driven across the contact zone, 185 feet West of the adit, revealed disseminated chalcopyrite throughout the entire distance, and trace amounts of molybdenite were found localized near the contact between the monzonite and garnetized limestone. This part of the mineralized contact zone has not yet been sampled, but this writer estimates that it contains 0.4 to 1.5 percent copper, and probably averages only slightly less than one percent copper.

The mineralized zone being explored on the King-In-Exile claim closely resembles disseminated or "porphyry" type deposits, except that the King-In-Exile deposit is apparently small and lacks significant secondary enrichment. Most of the chalcopyrite observed by this writer is localized in or near narrow fractures in the garnet and monzonite but is also disseminated in the host rocks. Three sets of mineralized fractures are present and these strike east-northeasterly sub-parallel to the strike of the monzonite-limestone contact, and these fractures dip respectively about 55° S.E., 40° N.W. and about 25° southerly. These fractures, and the chalcopyrite ore which is localized along them, are widely distributed, and do not appear to be particularly concentrated in any part of the contact zone thus far explored.

It is unlikely that ore, which would be minable under present economic conditions, will be found except in zones of intense structural deformation. In the contact zone which was explored by this project, there is nothing to indicate the presence of zones in which deformation or mineralization is greater than has been found by the project; however, available data is very inadequate and minable ore could be present without our knowledge of it. Particularly favorable limestone beds, if present, also may have been important in localization of ore, but this type of stratigraphic control of ore emplacement is not apparent in the project area.

A zone which appears especially favorable for exploration exists about 300 feet west of the face of the crosscut adit, but this is outside the area for which exploration was provided by the contract. No proposals for exploration of this zone have been submitted, nor has any geological or engineering work been done on this apparently favorable area.

The operator and the representatives of DMEA have been unable to reach an agreement on exploration procedures other than the previously completed Stages I and II. Although Stage III is admittedly desirable for the operator in case ore is discovered, the Government examiners are opposed to it. Stage III, which is a drift along the mineralized contact zone, is more properly described as development rather than exploration. The operator intends to drive it through to the surface and will thus have improved ventilation and a convenient means of waste disposal. He will also use it as an exploration base for sinking on the most significant ore showings encountered.

The Government examiners are of the opinion that there are better methods of exploring this property than by following Stage III and Stage IV of the original contract. The area could be advantageously diamond drilled from the surface, or could be effectively explored by a relatively small amount of drifting from the face of the crosscut adit, and by supplemental drilling. Regardless of the exploration procedure followed, the property should have been adequately mapped prior to initiation of the project, so that the most favorable areas could have been selected for exploration.

The DMEA representatives objected to Government participation in this project beyond Stage II; therefore the operator undertook Stage III at his own expense and requested termination of the contract, to be effective at the end of Stage II.

It is recommended that the contract be terminated as requested, and that it be certified as a discovery. Certification is justified because the completed work exposed a mineralized zone that contains many thousands of tons of ore estimated to contain slightly less than one percent copper, and because a few small pods of low-grade ore estimated to contain about 3 percent copper, were mined as a result of the project. The King-In-Exile claim is strongly mineralized and is potentially favorable for the occurrence of ore; therefore, it is possible that significant amounts of minable ore may be discovered upon the property at some future time.

John N. Faick

John N. Faick
Geologist

JNF:ms

cc: Koschmann (8)
Storms

Mining Division
Date Rec'd
MAY 1 1954
BUREAU OF MINES
Denver, Colorado

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

SOUTHWEST EXPERIMENT STATION
Box 4097
UNIVERSITY STATION

TUCSON, ARIZONA

May 17, 1954

Air Mail

Memorandum

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : Possible Termination, DMEA Contract Idm-E615, Docket DMEA-2843, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

Enclosed are original and 6 copies of a report by W. R. Hardwick of the Bureau of Mines, recommending termination of Exploration Project Contract No. Idm-E615 with certification. I concur with his recommendations.

Walter R. Storms

Walter R. Storms

CC W. H. King (6)
J. N. Faick
DMEA-2843
DF

WRSTorms:frj

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

SOUTHWEST EXPERIMENT STATION
Box 4097
UNIVERSITY STATION

TUCSON, ARIZONA

May 17, 1954

Memorandum

To : Walter R. Storms, Chief, Mining Methods Br., Mining Div., Region IV, Tucson, Ariz.

From : William R. Hardwick, Mining Engineer, Tucson, Ariz.

Subject : Termination, Docket DMEA-2843 (Copper), Contract Idm-E615, Richard E. Chilson, King-in-Exile Copper Mine, Pima County, Ariz.

Reference is made to the memorandum from the DMEA Field Team, Region IV, of March 12, 1954 to W. R. Storms, Relative to Termination of the subject contract. Mr. Richard E. Chilson visited the Tucson office of the U. S. Bureau of Mines after he had received a letter written to him on April 5, 1954 which suggested that he present a request for an amendment to the contract to allow the additional exploration work in the vicinity of the Broadtop fault. This was mentioned in his last narrative report.

The King-in-Exile mine was visited on April 28, 1954 and the drifting and crosscut work that the Operator has completed at his own expense was examined and mapped by the writer. The mine was again visited on April 30 by John N. Faick and the undersigned. Mr. Chilson was not at the mine either time, but later was contacted and the progress of the project was discussed with him.

The King-in-Exile copper mine is located along a flat-dipping contact between a monzonite porphyry intrusion and limestone beds. The contact is evident for several miles and where exposed, it is mineralized. However, ore bodies of a minable size have only been found where a fault crosses this contact.

This original DMEA project proposed driving a crosscut through the contact and drilling diamond drill holes at favorable angles to cut the contact. If the crosscut and drill holes were favorable, 300 feet of drifting along the contact was contemplated. When 260 feet of crosscut and three diamond holes for a total length of 480 feet were

CC W. H. King (Orig. & 6)
J. N. Faick
DMEA-2843
DF

WRStorms:frj

completed, it was evident that the particular area where the operator contemplated drifting was not favorable, so denial of the operator's request for this work was recommended by the DMEA examiners. On April 30, the operator had completed 355 feet of drift and crosscut in this area at his own expense and had found no significant ore body.

At the point indicated on the attached sketch, the operator found a small mineralized area from which he reported mining 35 mine cars of material that ran 1.58 percent copper. Samples for a distance of 50 feet along the crosscut averaged 0.66 percent copper. Furthermore, two of the three drill holes that were drilled under the project showed high copper assays. Although production has been small or even insignificant in this area, it is possible that in the course of ten years it may turn out to be larger than now is anticipated.

Adequate exploration has not yet been completed to make an accurate estimate of the amount of ore discovered. Assuming the ore bodies cut by the drill holes to be equidimensional, a few tens of tons at a grade of 3 to 10 percent copper can be postulated. If, however, a grade of plus one percent copper is used, several hundred tons could be assumed. Further exploration might expose a relatively large body of low-grade ore.

DMEA Circular 26, Supplement No. 2, states "The mere fact that production may be small is no reason for not certifying". It is believed that there is reasonable likelihood of production within ten years from the date of the contract from which the Government might recover some part of its contribution. It is recommended that this project be certified.

Mr. Chilson has arbitrarily adopted the attitude that the Government must either participate in the costs of the drifting which he has completed or cancel the contract without a "Certification of Discovery or Development". When Chilson was told that denial of this drifting would be recommended he suggested additional exploration along the Broadtop fault and was told to submit a plan for this work. To date no plan has been received.

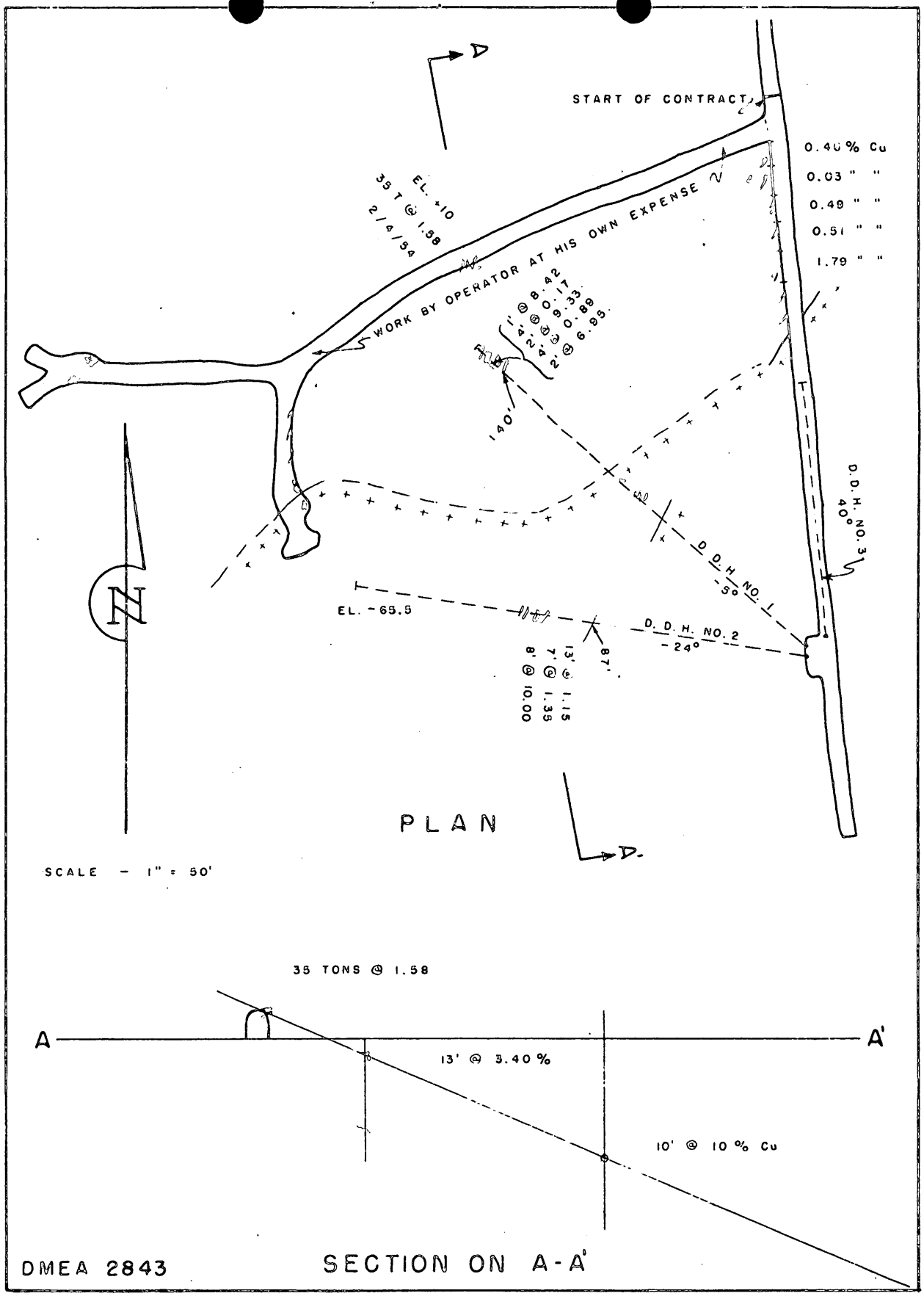
This contract was divided into four stages and the total estimated cost was $27,150.00, of which the Governments agreed part was $13,575.00. However, only the following work was completed:

	Total Cost	Government's Part
Crosscut	$7,800.00	$3,900.00
Underground diamond drill	2,400.00	1,200.00
	$10,200.00	$5,100.00

Of the $5,100.00 which is the Government's agreed part the Operator has been paid $4,757.50, and $342.50 has been withheld pending a final Engineering and Geological report by the operator as provided by the contract. The operator requested Termination of the Contract in his last narrative report. It is recommended that his request be approved.

William R. Hardwick

William R. Hardwick, Mining Engineer
Mining Methods Branch
Mining Division, Region IV



KING - IN - EXILE MINE

224 New Customhouse
Denver 2, Colorado

April 5, 1954

Mr. Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

Re: Docket No. DMEA 2843
Contract Idm-E615

Dear Mr. Chilson:

Receipt is acknowledged of your Form MF-104, Operator's Monthly Progress Report and Voucher, for the month of February 1954.

In the last paragraph of your Narrative Report accompanying the Form MF-104 Report you request that the contract be terminated, and you state that you will make a new application for exploration assistance in the vicinity of the broadtop fault. Any additional work on the property must necessarily be included as a part of contract Idm-E615 by amendment to the contract. Therefore, we will defer terminating the contract until the matter relative to your request for additional work in the vicinity of the broadtop fault should be prepared in sextuplicate and forwarded to Mr. W. R. Storms, P. O. Box 4097, Tucson, Arizona.

Under the circumstances, processing of your report for the month of February 1954 will be deferred pending resumption of work, if such is approved, or until we have received your final engineering and geologic report, in conformance with the terms of the contract relative to work performed thereunder.

Yours very truly,

W. H. King
Executive Officer
DMEA Field Team, Region IV

JWT:ma

cc: Contract
AHKoschmann
WRStorms
AFShride
JWTownsend
Chron.

RICHARD E. CHILSON
Engineering and Mining
P.O. Box 2729
Tucson, Arizona

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

Re: DMEA 2843
Contract: Idm-E615

Dear Mr. King:

Herewith my fifth monthly report on the above contract. During the month of February, 1954, we drilled DD hole No. 3 from the DD station "A" on a bearing of North 7 deg. west at a dip of about -40 deg. This hole cut the contact from the monzonite into the metamorphic formation at fifty feet and continued in garnet and lime silicates to 117 feet where the unaltered lime came in without any significant mineralization. The hole was driven 20 feet into the footwall and bottomed in lime at 137'.

During this month the government representatives have steadfastly refused to recommend government participation in further work under the contract on the grounds that the odds are against the finding of a significant ore deposit and that there is a cheaper way of exploring the structure. Their judgment might seem to have been vindicated by the fact that I have drifted the two hundred feet along the formation at my own expense and cut about fifty feet of crosscut without finding any ore yet. However, as I am not smart enough to know when I am licked, I am going to do a little more exploration in this area before I will be satisfied. I feel that we may be too high on the structure and that a couple of hundred feet down dip would be better country. Also further yet to the southwest, in the vicinity of the broadtop fault.

In any event, under the circumstances, I wish to request that this contract be terminated and I will make a new application for exploration assistance in the vicinity of the broadtop fault as suggested by Mr. Faik and Mr. Hardwick. I might point out that this work was proposed as part I of my original application for the project which we are now terminating, but got lost in the shuffle.

Very truly yours,

/s/ Richard E. Chilson

Surname
Docket file

700

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

May 18, 1954

Memorandum

To: Mr. W. R. Griswold, Chief
Base Metals Division

Through Mr. Robert E. Adams

From: Ernest Wm. Ellis, Chief
Rare and Miscellaneous Metals Division

Subject: Docket No. DMEA-2843 (Copper)
Contract No. Idm-E615
Richard E. Chilson
Pima County, Arizona

As we agreed, when any contract was executed to explore for copper subsequent to June 1, 1953, it would be forwarded to the Base Metals Division for handling. In this connection I am transferring our contract file and card record for the captioned project.

This contract was executed by Region IV on September 28, 1953, and sent to this Division, no doubt by mistake. I understand that you had some correspondence relative to the proposed contract when it was being processed.

You will note from the card entries that the Operator has has asked Region IV to terminate the contract, according to the April monthly report submitted by that Region.

SIGNED
Ernest Wm. Ellis

FLKnouse/gla
cc to: Docket file
Mr. Adams

R.C.G.

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

RECEIVED

224 New Customhouse
Denver 2, Colorado

December 28, 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 2843 (Copper), Contract Idm-E615, Richard E. Chilson, King in Exile Copper Mine, Pima County, Arizona

Enclosed for your records are three copies of the DMEA Field Team, Region IV, authorization for the performance of drilling under Stage II of the contract. Attached to each copy of the authorization of work is data relevant to the authorization.

W H King
W. H. King

Enclosures

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

[illegible]
[illegible]

[illegible]
[illegible]

[illegible]
[illegible]
[illegible]

[illegible]
[illegible]

Dear Mr. [illegible]:

Effective December 1, [illegible], you are hereby authorized to perform the work described under "Item II" of Exhibit "[illegible]" attached to Exploration Project Contract Form [illegible]-200 ( ), in conformance with stipulations cited therein, contingent on the following conditions:

1. The location, direction, and extent of all holes drilled will be determined as the work progresses, subject to mutual agreement between you and [illegible]. Approval of work to you under the terms of the contract will constitute the Government's final approval of the work performed.

2. If conditions encountered in the progress of the work indicate that an [illegible] is desirable, a portion of the [illegible] feet of drilling [illegible] for that purpose in lieu of drilling [illegible] holes described.

3. [illegible] shall not be construed to increase the [illegible] cost of the project, the amount of the Government's contribution or any item of allowable cost which is expressly designated "allowable maximum."

Yours very truly,

W. H. King
[illegible] King

for E. M. Hawkinson
[illegible] Hawkinson
[illegible]
[illegible] Region IV

J.T:fto
cc Conklendorf (3) w/cys of all data
MMStorms " " "
AFGuride " " "
AJKoschmann (2) " " "
Regiv-Contr File " " "
Reg IV-Admnt File " " "
Chron
J.Townsend

MINING DIVISION
REGION IV

December 2, 1953

Memorandum

Air Mail

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : Stage II of Contract Idm-E615, Docket DMEA-2843, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

This morning for the first time, I had a chance to discuss the work under contract Idm-E615 with the operator, Richard E. Chilson. At the present time, all Chilson wants is permission to start Stage II under this contract. He is cutting a diamond drill station in Crosscut B about 100 feet south of the point where contract work in this crosscut originally started in October. He plans to drill at least 3 down holes from this station to try to pick up the mineralized contact between the limestone and the monzonite. The contract provides for a maximum of 5 diamond drill holes at a maximum footage of 500 feet.

As both A. F. Shride of the Geological Survey and W. R. Hardwick of the Bureau of Mines have recommended this work, I recommend that the Field Team give Chilson written permission to start Stage II. The location, direction, and length of all holes should be left to the discretion of the Survey and Bureau representatives in Tucson as definite hole lengths cannot be predicted at this time. The bearing and inclination of holes 2, 3, 4 and 5 probably will depend upon information found in Hole 1. According to the contract the holes must be drilled down "to cut the downward extension of any mineralization cut in crosscut B."

Figures 3 and 4 of the contract indicate that the holes should be drilled from near the end of crosscut B, which is supposed to have been extended 200 feet under Stage I. However, the operator continued to drive this crosscut at his own expense between the time the DMEA examiners originally visited the property and wrote their report, and the time the contract work actually started, so 200 feet is not necessary. He has driven 260 feet but plans to cut the drill station some 72 feet north of the present end of Crosscut B and not at the face.

Hardwick in his memorandum of November 17 recommends an effective date for starting Stage II as November 13, or later. That date probably is all right as the operator only recently started cutting a drill station.

CC W. H. King (6)
A. F. Shride
DMEA-2843
DF

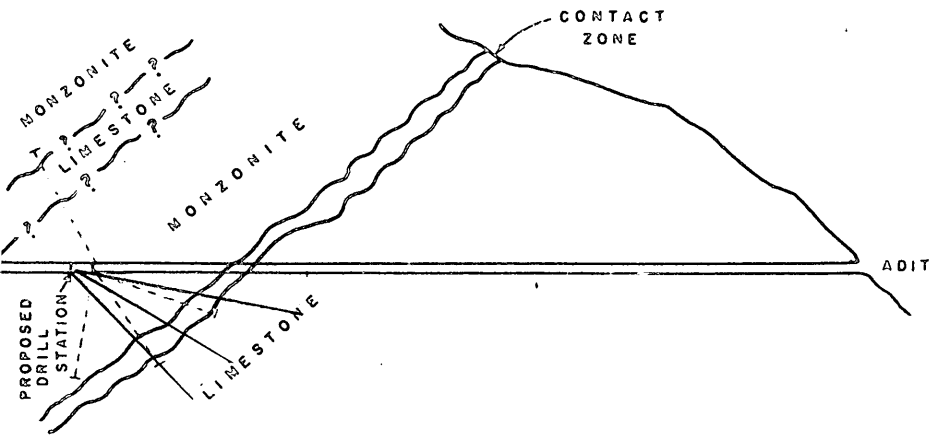
WRSterms:frj

Nine copies of the map from Shride's report are enclosed. These have been brought up to date with Chilson's proposed holes shown in blue.

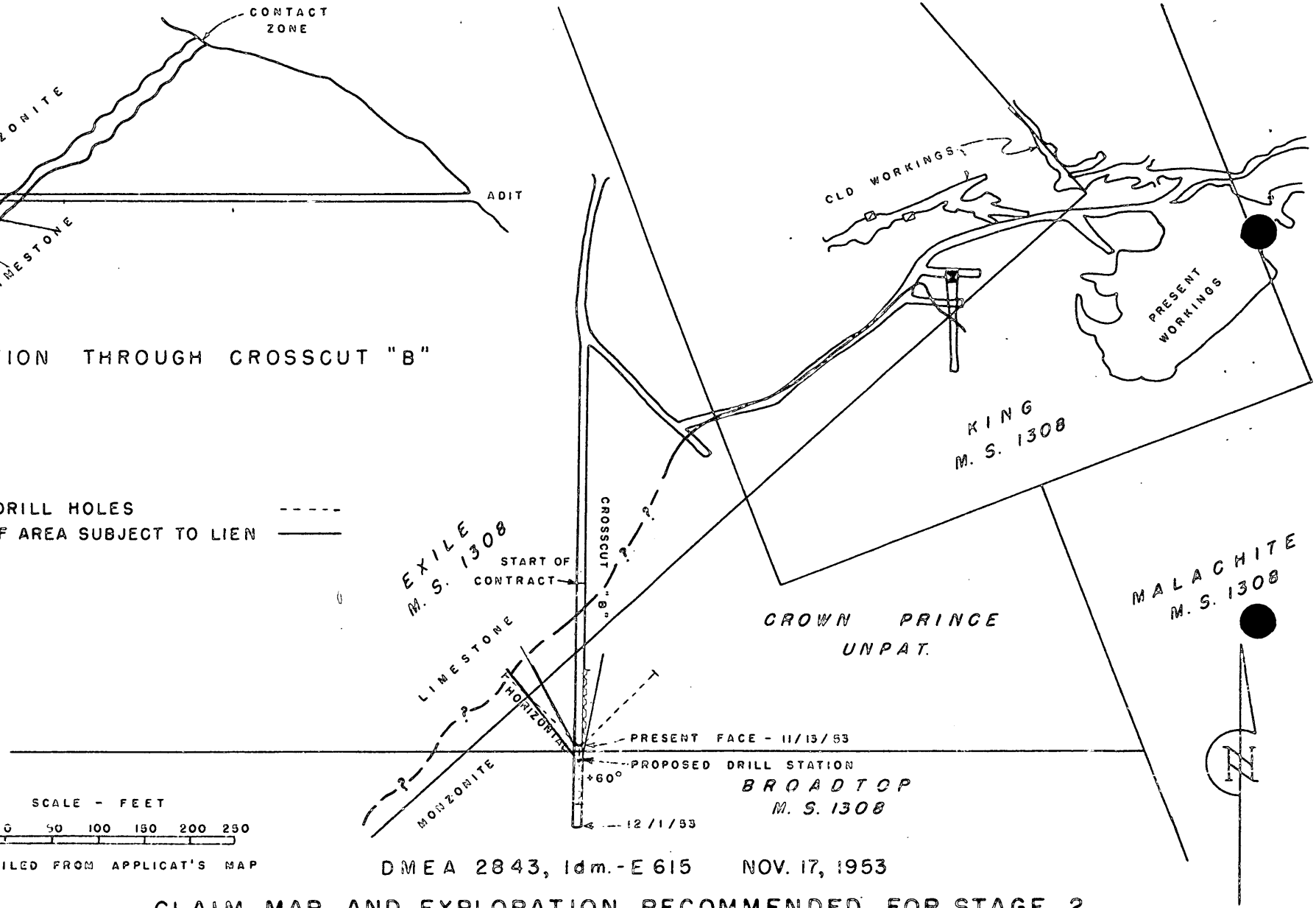
Chilson plans to ask for an amendment at a later date so he can drill an up-hole from Crosscut B to pick up the contact above the Crosscut. However, he will send in a request for such an amendment later.

Walter R. Storms

Walter R. Storms



SECTION THROUGH CROSSCUT "B"



DIAMOND DRILL HOLES - - - - -
OUTLINE OF AREA SUBJECT TO LIEN ———

SCALE - FEET

50 0 50 100 150 200 250

DATA COMPILED FROM APPLICAT'S MAP

DMEA 2843, Idm.-E 615 NOV. 17, 1953

CLAIM MAP AND EXPLORATION RECOMMENDED FOR STAGE 2

KING-IN-EXILE WORKINGS HELVETIA MINING DISTRICT PIMA COUNTY, ARIZONA

MINING DIVISION
REGION IV

December 2, 1953

Memorandum

To : Walter R. Stearns, Chief, Mining Methods Br., Mining Div., Region IV, Tucson, Ariz.

From : William R. Hardwick, Mining Engineer, Tucson, Ariz.

Subject : Interim Report, Project MMA-3843, Contract IDm-3813, Richard K. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

Richard K. Chilson's King-in-Exile copper mine was visited on November 13, 1953 by A. F. Shride and the undersigned, and it then was recommended that Stage II be authorized to allow diamond drilling to test the mineralized contact at several points. No written request was received from the operator as the property again was visited on December 1, 1953 by the writer.

On December 1, the operator had stopped advancing the crosscut and was cutting a station at a distance of 180 feet from the starting point of the contract. At this point he expects to run drill holes downward to cut the mineralized contact at points other than where the crosscut penetrated the same. Mr. Chilson was requested to submit a written plan for this work as soon as possible, and told that after this was submitted he should receive written authorization before starting work.

The drilling as proposed by Chilson was along the lines discussed on November 13 with Shride and myself and is so recommended.

William R. Hardwick
William R. Hardwick, Mining Engineer
Mining Methods Branch
Mining Division, Region IV

CC W. E. King (Orig. & 4)
A. F. Shride
MMA-3843
MF

WRHardwick:fr

MINING DIVISION
REGION IV

November 30, 1953

Memorandum

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : Proposed Amendment No. 2, Contract Idm-E615, Docket DMEA-2843, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

Enclosed are original and five copies of a memorandum report by W. E. Hardwick of the Bureau of Mines, recommending that Stage II of Contract Idm-E615 be approved, with an amendment if necessary to allow one up-hole (Stage II provides for diamond drilling). I concur with his recommendations.

A. F. Shride of the Geological Survey sent in similar recommendations on November 17. Hardwick had been waiting for a written request from the operator for an amendment, but is sending in his recommendation now as there seems to have been some misunderstanding between Shride, Chilson and Hardwick about the method of obtaining approval for drilling under Stage II.

Walter R. Storms

Walter R. Storms

CC W. H. King (4)
DMEA-2843
DF

WRStorms:frj

MINING DIVISION
REGION IV

November 17, 1953

Memorandum

To : Walter R. Storms, Chief, Mining Methods Br., Mining Div., Region IV, Tucson, Ariz.

From : William R. Hardwick, Mining Engineer, Tucson, Arizona

Subject : Proposed Amendment No. 2 to Docket DMEA-2843, Contract Idm-8615, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

The King-in-Exile Copper Mine was visited by A. F. Shride, U. S. Geological Survey, and the undersigned engineer on November 13, 1953. Richard E. Chilson was at the mine.

The first stage of the proposed work under the contract consisted of extending crosscut "B" for 200 feet south to cut through the contact zone into the overlying monzonite porphyry. On November 13 the crosscut had been advanced to a point 135 feet beyond the monzonite contact, and had passed through a contact zone which was only slightly mineralized.

Mr. Chilson stated that he had expected to pass through a relatively thin monzonite sill then into limestone beds, a tactite zone which was mineralized, and finally into the main monzonite mass. The structure postulated by Mr. Chilson was interpreted from surface indications. It now appears that there is no monzonite sill and that the face of the crosscut is now in the main monzonite intrusion.

Mr. Chilson now proposes to stop the drift and to diamond drill holes winging out on each side to cut the contact and determine whether the contact is more highly mineralized at other points than where the crosscut passed through it. He also proposes to drill an "up hole" normal to the direction in which he believes the second contact should be.

CC W. H. King (Original & 5)
A. F. Shride
DMEA-2843
DF

WRHardwick:frj

The contract provides in Stage II for drill holes to cut the downward extension of any mineralization cut in crosscut "B", and this is interpreted by the undersigned to be applicable to the wing holes, provided they are slightly downward. However, there is a question as to whether the up hole is authorized.

It is believed that the drill holes requested by the operator are justified and it is recommended that he be authorized in writing, as provided by the contract, to drill these holes and that the contract be amended, if necessary, to allow the up hole with an effective date for the amendment of November 13, 1953.

William R Hardwick

William R. Hardwick, Mining Engineer
Mining Methods Branch
Mining Division, Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 4126, University Station
Tucson 5, Arizona

November 17, 1953

Memorandum

To: A. H. Koschmann

From: A. F. Shride

Subject: Memorandum on Stage 2, Contract Idm-E615, R. E. Chilson.

Immediate action is warranted on the attached memo. As Messrs. King and Shaw are available in Tucson, and Hardwick of the Bureau and I are in complete agreement on this problem, I have taken the liberty to turn over 2 copies of the memo to them in order to expedite handling.

I assume that you would agree to this procedure.

A. F. Shride

A. F. Shride

This memo was held for inclusion of an illustration. The illustration will now be transmitted with the engineering report.

/s/A.F.S.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 4126, University Station
Tucson 5, Arizona

November 17, 1953

Memorandum

To: Field Team, Region IV
Through: A. H. Koschmann AHK

From: A. F. Shride

Subject: Suggested modifications in exploration plan, Contract Ldm-2615 (DMEA-2843), Chilson's King-in-Exile mine, Pima County, Arizona

Stage 1 of the above contract, which involved cross-cutting through an easterly-dipping contact between limestone and overlying monzonite (see illustrations with contract) is essentially completed. The contact zone is sparsely mineralized and the results of exploration to date are disappointing; so little of the project has been completed that these results should not yet be considered detrimental to the project. The geometry of the geologic units is considerably more complex than outlined in the report on which this contract is based. Therefore, the exploration plan should be modified at this time and probably again in the future after more information is developed by exploration.

The geologic relations shown on the attached sketch, which should be compared with figure 4 of the contract, are very generalized because of lack of data. The trends of the contacts as shown are believed, however, to be more likely than the relations shown in the original report.

It will be noted than an ore-bearing limestone block, between two monzonite intrusions, possibly exists at some unknown distance south and above the end of the cross-cut. It is conceivable that the limestones favorable to ore localization in the stoped area are in such a block. This would be one explanation for the lack of ore in the contact zone penetrated by the cross-cut. The writer, Mr. Hardwick of the Bureau of Mines, and the operator are agreed the possibility is remote that another limestone exists in this area. However, the possibility should not be overlooked. A diamond drill hole inclined upward at approximately 60° in a southerly direction would be a much more economical method of testing for such an ore zone than continuation at this time of the cross-cut. Such a hole need not be more than 125 feet and might be as little as 75 feet in length. It is recommended that such a drill hole be allowed as a part of Stage 2. Depending on interpretation of the contract such work may require an amendment.

The strike of the monzonite-limestone contact west of the crossout is speculative; the southeast strike shown on the attached sketch is considered the most likely. A drill hole approximately horizontal and having westerly bearing would be worthwhile to determine the location of this contact and the mineral content of the limestone. This hole probably does not require an amendment. Depending on the results from this drill hole other like holes should be drilled, and/or additional down holes as outlined under Stage 2 of the contract can be drilled. Therefore it is recommended that Stage 2 be authorized, including such amendments as are required. It would benefit the government to act on this proposal immediately. The operator, Mr. Hardwick, and the writer are agreed on this proposal.

Determination of the plan, if any, for Stage 3 must be held in abeyance. Quick action, when data from the drilling is available, may be necessary in processing a Stage 3 plan.

It is worth noting that Mr. Chilson's conduct of the exploration has been excellent and that he is constantly appraising the results of his exploration. Therefore he may again suggest worthwhile modifications which should be seriously considered.

A. F. Shride

A. F. Shride
Acting District Supervisor
Arizona - New Mexico

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1953

224 New Customhouse
Denver 2, Colorado

OCT 26 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA 2843 (Copper), Contract Idm-E615, Richard E. Chilson, King-in-Exile Mine, Pima County, Arizona

Enclosed are the original and two copies of Amendment No. 1 to Contract Idm-E615 which has been executed to provide a period for the completion of the project work which was omitted when the contract was prepared.

Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

W. H. King

W. H. King

Enclosures

RECEIVED
DEC -7 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

10-28

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1953

224 New Customhouse
Denver 2, Colorado

October 26, 1953

CC
10-28

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Richard E. Chilson, Tucson, Arizona, Contract Idm-E615, Docket No. DMEA 2843 (Copper)

Enclosed are the original and two copies of Contract No. Idm-E615, which have been signed by Richard E. Chilson.

W. H. King
W. H. King

Enclosures

RECEIVED
DEC -7 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

FILE COPY
SURNAME:

Z. L. Knouse
A. R. Kane
Anderson
Ellis
Chamberlin
Selfridge
Hedges

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

OCT 13 1953

Mr. [illegible]
Executive Officer, [illegible]
Field Team, [illegible] IV
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. [illegible]-2[illegible]3 (Copper)
Contract No. [illegible]-615
Richard [illegible] Allison
Pima County, Arizona

Dear Mr. [illegible]:

We are returning herewith for correction the original and two copies of the short-form contract dated September [illegible], 1953, with Richard [illegible] Allison, enclosed in your memorandum to the Administrator dated September 23, 1953. The place for completion of the work has not been stated in Article 2, and the contract is improperly signed.

All copies of the contract should be corrected, and the usual three copies returned to this office.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (24B)

Enclosures 3

Concurred:

J. H. Hedges

Member, Bureau of Mines (EWB)

T. P. Thayer

Member, Geological Survey (EWB)

AR:Kane/ZLKnouse/ep/gla
10-9-53
cc to: Adm. Reading File
Operating Committee
Docket
Messrs. C. [illegible] Johnson, Rm. 3621
A. M. Pinkel, Jr., Rm. [illegible]-2[illegible]2A
Knouse
Ellis
Goffland
Kane
Legal chron.

R.C.G.
10-13-53

Docket File

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

224 New Customhouse
Denver 2, Colorado

September 29, 1953

REGISTERED

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA 2843 (Copper), Contract Idm-E615, Richard E. Chilson, Pima County, Arizona

Enclosed are the original and two copies of Contract Idm-E615. Copies of this contract have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

W. H. King
W. H. King

Enclosures

cc
10-2

SURNAME COPY

Defense Minerals Exploration Administration
Robert E. Adams
Ext. 2017

14X3923.970, Working Fund, Interior, DMEA
September 29, 1953
10:45 a.m.

TO: W.H.King,Executive Officer,Region IV,224 New Customhouse Bldg.,Denver 2,Colo.

SUBJECT: Assignment of Contract Number

MESSAGE:

REURTEL 11-29-53 DOCKET NO. DMEA 2843, RICHARD E. CHILSON, P. O. BOX 2729, TUCSON, ARIZONA, PROPERTY LOCATED IN PIMA COUNTY, ARIZONA, COMMODITY COPPER, CONTRACT NUMBER IDM-R615 ASSIGNED THIS CONTRACT.

AUTHORIZED: Frank E. Johnson 657
ACTING ADMINISTRATOR

REAdams/meb
cc to: Adm.Reading File
Mails & Files Br.
Bu.of Mines Audits Div., Rm. 2509
Miss Curtin

SENT
SEP 29 1953
Clerical Service Section

Mr. C. O. Mittendorf
Sept. 28, 1953
1:33 P.M.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 28 1953

DN 235 BUREAU MINES 9-28-53 11-29 AM

XXIX
C O MITTENDORF

PLEASE ASSIGN A NUMBER TO CONTRACT COVERING DOCKET NO. 2843, RICHARD E. CHILSON, P. O. BOX 2729, TUCSON, ARIZONA, COMMODITY COPPER. PROPERTY LOCATED IN PIMA COUNTY, ARIZONA. CONTRACT DATED SEPTEMBER 28,1953. TOTAL AMOUNT OF CONTRACT $27,150.00 AMOUNT OF GOVERNMENT, PARTICIPATION $13,575.00.

W H KING

IDME-615 50%

Denver, Colo.

SEP 28 2 17 PM '53
BUREAU OF MINES
MAIL ROOM
WASHINGTON D. C.

1 3.5 75.00

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

Defense Minerals Exploration Administration
OCT 2 1953

224 New Customhouse
Denver 2, Colorado

September 29, 1953

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA Docket 2843, Richard E. Chilson, King-in-Exile Mine, Pima County, Arizona

Enclosed are four copies of the engineering and geologic examination report on Docket No. DMEA 2843.

A contract has been prepared and is in force.

W. H. King

W. H. King

Enclosure

Reviewed by DMEA-Oper. Comm. 10-9-53

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Bureau Mines Administration
Received
OCT 2 1953

Mining Division
Region IV

February 27, 1955.

Memorandum

To: Field Team, Region IV

From: Chief, Mining Division, Region IV

Subject: Final Report, RMEA Docket 2845, (Copper) Richard E. Chilson, King-in-Exile Mine, Pima County, Arizona.

Enclosed are nine copies of the final report on the subject docket by M. J. Elsing and R. W. Agetsm of the Bureau of Mines. The Survey did not participate.

The applicant's original proposal called for an expenditure of $166,505.00, and included two shafts which would actually be development. A revised plan im which the applicant approves, is entirely exploration and is estimated to cost a total of $27,150.00. Government participation - $13,575.00.

The examining engineers recommend the revised plan in that it explores a part of the favorable area with a reasonable chance for the discovery of ore, and the work will be done efficiently.

We concur in this recommendation.

W. H. King
W. H. King

Enclosures

Ret. Proj. Comm
Open.
109-53.

Defense Minerals Administration
RECEIVED
1953

MINING DIVISION
REGION IV

February 19, 1953

Memorandum

To : W. H. King, Chief, Mining Div., Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : Final Report, Docket DMEA-2843, King-in-Exile Copper Mine, Helvetia Mining District, Pima County, Ariz.

Enclosed are original and 8 copies of the above report by M. J. Kising and R. W. Ageton of the Bureau of Mines. A separate report on geology will not be submitted by the Geological Survey.

With the consent of the applicant, the DMEA examiners have reduced the original proposal costs from $186,505 to $27,150, and as there seems to be a very good chance of finding a substantial amount of copper ore under this new proposed project, they recommend that an exploration loan be granted. I concur with their recommendations.

Brochure is enclosed.

Walter R. Storms

Walter R. Storms

CC W. H. King (8)
A. F. Shride
DMEA-2843
DF

WRStorms:rj

Rec'd by Open Conv. 10-9-53.

ON-S.45 Report

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT - 2 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION IV

DMEA-2843, King-in-Exile Copper Mine, (Rosemont Mines)

Helvetia Mining District, Pima County, Ariz.

M. J. Elsing, Consulting Mining Engineer
U. S. Bureau of Mines

R. W. Ageton, Mining Engineer
U. S. Bureau of Mines

February 1953

Rec. by DMEA-Opt. Comm. 10-9-53.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

By M. J. Elsing[1] and R. W. Ageton[2]

On January 15, 1953, the Chairman of the Operating Committee of the Defense Minerals Exploration Administration requested the Executive Officer, Region IV, to have an examination and report made on the feasibility of an exploration project for copper, amounting to $186,505 as applied for by Richard E. Chilson for the exploration of the King-in-Exile mine (Rosemont Mines) in the Helvetia mining district, Pima County, Ariz. The Chairman further requested that if the proposed program or an alternate program approved by the applicant be recommended, it be fully justified.

On February 4 and 5, 1953, M. J. Elsing and R. W. Ageton examined the mine and surface showings of the area to be explored. They also discussed with Chilson his original program and an alternate program which required a lesser sum than was originally requested.

The total recorded production of the Helvetia district, including the Rosemont area, from 1908 through 1949 has been approximately 225,000 tons of ore containing 17,250,000 pounds of copper, 400,000 pounds of lead, 1,100,000 pounds of zinc, 175,000 ounces of silver, and a little gold. The most important part of this

---

1/ Consulting Mining Engineer, U. S. Bureau of Mines
2/ Mining Engineer, U. S. Bureau of Mines

production was made during World War I and during and after World War II. For 25 of the 42 years mentioned, production has been less than 1,000 tons per year. More than a score of mines have been the source of this production, none of which is large.

The ore in the King-in-Exile mine occurs in small lenses in metamorphosed limestone at and near its contact with a monzonite porphyry. For some time the average grade of ore shipped has been approximately 8 percent copper and 1.5 ounces of silver per ton. Such a grade is maintained only by selective mining and close sorting. On the average, 1 ton of ore is obtained from 2 tons of broken material.

The applicant outlined a project which would have cost $186,505. The program called for drifting, crosscutting, diamond drilling, and the sinking of 2 inclined shafts 500 feet apart. Two shafts at a distance of 500 feet from each other would not be good practice under almost any condition. These shafts would actually be development work for the extraction of any ore that might be found. Another objectionable feature of the proposed project was that it included $38,425 for additional equipment.

The expenditure of $186,505 is not in line with the possible ore bodies that can be reasonably hoped for. Therefore, a modified program of exploration was discussed with the applicant. This

modified plan provides for almost all of the exploratory features of the applicant's original plan at a cost of only $27,150. Under the new proposed plan the present working adit is to be extended to cut the ore zone along the monzonite porphyry contact and to explore it by drifting and diamond drilling.

The proposed plan has been set up in 4 stages as shown in figure 3 of the Engineering Report. Stage 1 provides for extending the present adit for 280 feet in order to crosscut the ore zone along the monzonite porphyry contact. Stage 2 provides for drilling for the extension of the ore zone below the adit level from the new face of the adit. Stage 3 provides for drifting 100 feet east and 200 feet west in the ore zone. Stage 4 provides for crosscutting south from the face of the westerly drift across the ore zone and entering the monzonite for 75 feet so the flat-dipping ore zone can be diamond drilled in depth. Stage 4 allows for 600 feet of down holes from the face of this crosscut.

The proposed plan provides that the drifting and crosscutting be done at a cost of $30 per foot and the diamond drilling at $5 per foot. These costs have been estimated on the basis of information supplied by the applicant. He has agreed to them, and also has agreed to provide at his own expense all the equipment and facilities to do the work.

The applicant has agreed that the ore mined from the Broadtop claim and that portion of the Exile claim beyond the limits of the King claim, and the production from the unpatented Crown Prince fraction shall be a lien for the repayment of the proposed loan.

The applicant's lease expires October 1, 1954 but he has requested the heirs of the Lewisohn brothers to extend his lease for 10 years and has sent them Form MF-203, "Owners Consent to Lien".

The applicant stated that he was fully in accord with the proposed modified program.

The project provides for exploring the same zone along the monzonite porphyry which has been productive of some 13,000 tons of 8 percent copper ore, after sorting. The particular point to be intersected by the adit is below a surface showing of low grade oxidized copper ore which the applicant has exposed in a bulldozer cut. It seems reasonable to expect ore in depth below this surface showing. The proposed work is a good prospect and it is almost certain that Chilson will provide efficient management of the proposed expenditures and that a good job will be done without delay. The proposed program should be completed in approximately 12 months.

For these reasons it is recommended that $27,150 be expended in the exploration of this project of which the Government's share will be $13,575. This recommendation is contingent upon the applicant's ability to obtain a lease for at least 5 years and upon the owners signing the subordination agreement.

DMEA-2843, KING-IN-EXILE COPPER MINE (ROSEMONT MINES)
HELVETIA MINING DISTRICT, PIMA COUNTY, ARIZ.

Engineering Report

By M. J. Elsing
Consulting Mining Engineer
U. S. Bureau of Mines

R. W. Ageton
Mining Engineer
U. S. Bureau of Mines

February 1953

Rev. by DMEA-Opn. Com.
10-9-53.

DMEA-2843, KING-IN-EXILE COPPER MINE (ROSEMONT MINES)
HELVETIA MINING DISTRICT, PIMA COUNTY, ARIZ.

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INTRODUCTION

On January 15, 1953, the Chairman of the Operating Committee of the Defense Minerals Exploration Administration requested the Executive Officer, Region IV, to have an examination and report made on the feasibility of an exploration project for copper, amounting to $186,505, as applied for by Richard E. Chilson for the exploration of the King-in-Exile mine (Rosemont Mines) in the Helvetia Mining District, Pima County, Ariz. The Chairman further requested that if the proposed program, or an alternate program approved by the applicant be recommended, it be fully justified by geological maps or sketches with sample data, claim lines, costs, and other substantiating data. In the event that a program was recommended, he requested that an original and six copies of Form MF-203, "Owners Consent to Lien" be supplied covering the property concerned in this project which is not owned by the applicant.

On February 4 and 5, 1953, M. J. Elsing and R. W. Ageton visited the property, examined the mine and surface showings of the area to be explored, and discussed with Chilson an alternate program of exploration.

ACKNOWLEDGMENTS

Acknowledgments are due to R. E. Chilson, applicant and lessee of the King-in-Exile mine. Chilson accompanied the examiners underground and over the surface showings, and provided all the information that he had available.

LOCATION, TOPOGRAPHY AND PHYSICAL FEATURES

The King-in-Exile mine is situated in the Helvetia mining district, Pima County, Ariz. (see figure 1). The mine is reached from Tucson by following the Tucson-Nogales paved highway to Sahuarita, 18 miles south of Tucson. At this point a turn is made to the east and a good, graded, gravel, all-weather road is followed to the property, which is 16 miles from Sahuarita. Sahuarita is on the Tucson-Nogales branch of the Southern Pacific Railroad and is the shipping point for the ore which goes to El Paso smelter of the American Smelting and Refining Co.

The mine is located in sec. 24, T. 18 S., R. 15 E., at the northwest end of the Santa Rita Mountains at an altitude of 5,400 to 5,600 feet.

The last mile of the road to the mine enters the foothills of the range and the topography is rough, permitting exploration by adits. The vegetation includes oak, juniper, cypress, and various shrubs and grasses. The only immediate water available is from the workings below the main tunnel level.

HISTORY AND PRODUCTION

The history of the Helvetia district, which now includes the Rosemont district, dates back to the late seventies and the early eighties. The Rosemont Mining and Smelting Co. built and operated a smelter at the Rosemont Camp prior to 1895. In 1896 the Lewisohn Brothers acquired the Rosemont holdings but shutdown the mines and smelter after operating a few years.

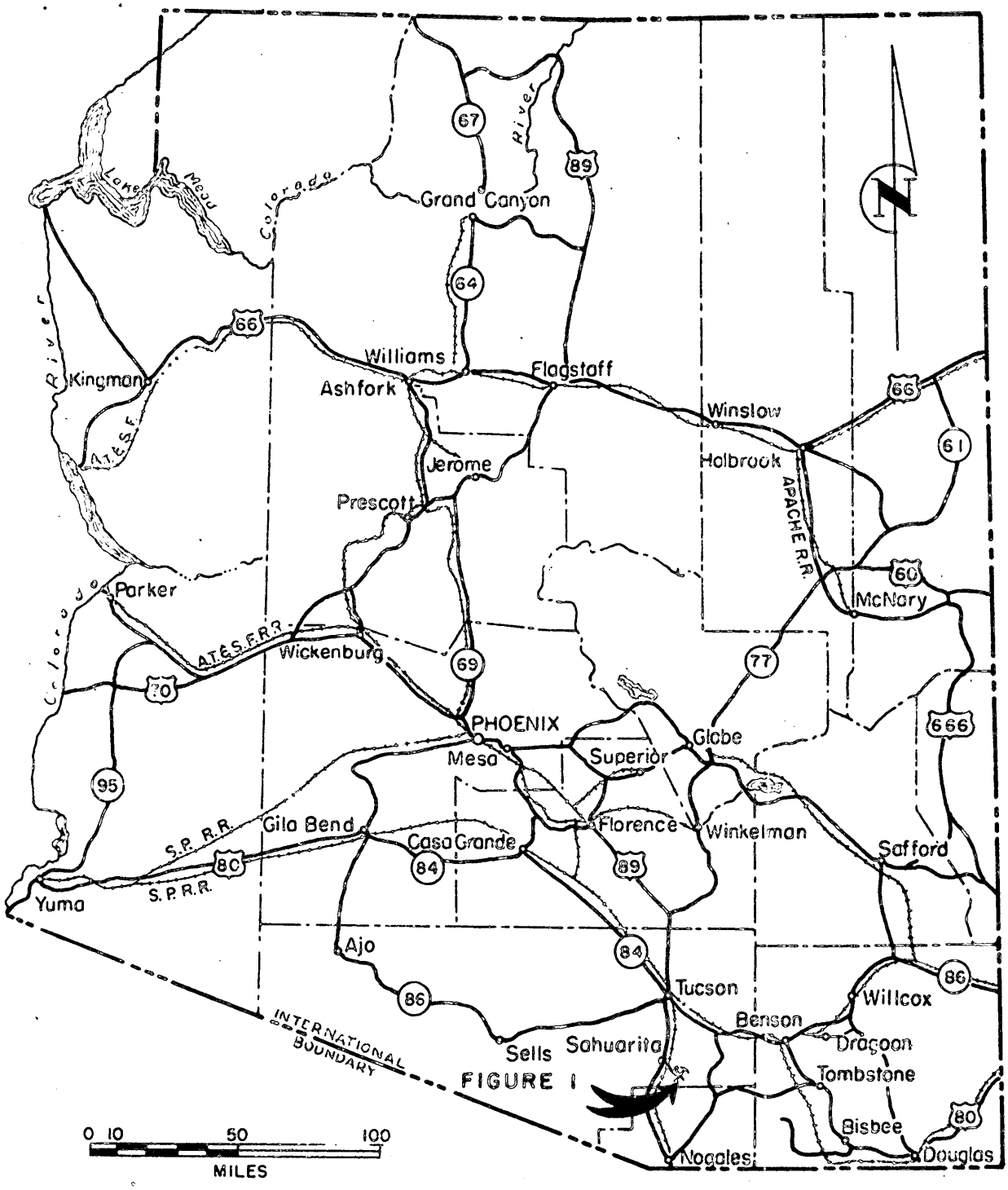


FIGURE 1

FIGURE 1. - LOCATION MAP, - KING-IN-EXILE MINE
HELVETIA MINING DISTRICT
PIMA COUNTY, ARIZONA

DMEA 2843 JAN. 6, 1953

The recorded production of the district from 1908 to the end of 1949 was approximately 225,000 tons of ore containing 17,250,000 pounds of copper, 400,000 pounds of lead, 1,100,000 pounds of zinc, 175,000 ounces of silver, and a little gold. The main production of the district was made during World War I, and during and after World War II. For 25 of the 42 years mentioned, production was less than 1,000 tons per year. The most important producers in the order of their importance were the Narragansett, Copper World, and Rosemont-Mohawk.

The applicant's King-in-Exile mine is a combination of the King and Exile claims of the Rosemont group, owned by the Lewisohn interests and leased to Chilson until October 1, 1954.

In 1942-43 the King-in-Exile mine was under lease to Muheim and Maffeo, when in 10 months the production was 2,000 tons. Subsequently leasing was carried on by Maffeo until 1946 when all available ore reserves were mined. In 1948 Chilson acquired a lease on the King-in-Exile and shipped 7 carloads of zinc ore from the King.

Early in 1949 the property was leased to the Allison Steel Manufacturing Co. of Phoenix, Arizona. Some 1,500 feet of drifts and crosscuts were driven from an adit to open the extension of the ore at greater depth. After 44 carloads of copper ore were shipped, the Allison company discontinued work in May 1950 and assigned its

lease to Chilson who continued production, shipping 1,001 tons, 2,965 tons, and 6,467 tons in 1950, 1951, and 1952, respectively. The total production of the King-in-Exile mine has been approximately 13,000 tons reported to have averaged approximately 8 percent copper.

OWNERSHIP AND EXTENT

The Rosemont group consists of 33 patented lode mining claims owned by the heirs of the Lewisohn Brothers. Of these claims the Broadtop and Exile claims, and the applicant's unpatented Crown Prince claim are to be explored by this project.

On October 1, 1949, the Allison Steel Manufacturing Co., an Arizona Corporation, acquired a 5-year lease on the Exile, King, Broadtop, and Crown Prince claims. On May 1, 1950, with the approval of the Lewisohn heirs, the Allison company assigned this lease to Richard E. Chilson. A copy of the lease and its assignment accompanied the application.

Chilson states that the exact property to be explored by this project and to be liable for repayment of this obligation will be the Broadtop claim in its entirety, that part of the Exile claim lying outside the boundaries of the King claim, and the Crown Prince fraction. The Crown Prince fraction lies between the King, Exile, Broadtop, and Malachite claims. It is unpatented and is being held under location by Chilson.

The applicant's lease has less than 20 months to run. Should some kind of an exploration program be approved, such approval should be contingent upon the ability of the applicant to get an extension of his lease for a full 5 years from date, or better yet to get his lease extended for 5 years from the present expiration date of October 1, 1954. Chilson understands this, has asked the owners for a 10-year lease, and advised them of the necessity of their signing the "Owners Consent to Lien". Chilson was asked to procure 6 copies of this form and forward them to the owners at the earliest possible moment.

DESCRIPTION OF THE DEPOSIT

The principal rocks of the district are Paleozoic limestones, quartzites, and igneous rocks including granite and porphyries. Faulting generally controls the location of the ore deposits. Mineralization in the district is spread over an area 3.5 miles in length by 0.5-mile wide but the ore is localized in small ore shoots and pockets. The most important sulphide copper mineral is chalcopyrite with minor amounts of bornite. Some of the ore bodies worked many years ago contained azurite and malachite as the principal copper minerals. The gangue of the primary ore consists of pyrite, lime silicates, and limestone.

At the King-in-Exile mine there were several ore shoots, the largest of which was 120 feet by 210 feet in cross section with a thickness of 5 to 20 feet. This ore body occurs close to and below

a monzonite sill which apparently has intruded the limestone along the bedding planes. The dip of the contact and of the ore body is approximately 30°. The ore as shipped contains about 8 percent copper and 1.5 ounces of silver. In order to maintain this grade, careful sorting is necessary.

MINABLE ORE RESERVES

The applicant estimates that he has 5,000 tons of proven ore reserves averaging 8 percent copper and 1.5 ounces silver, after sorting. The sorting ratio is approximately one ton of ore picked from 2 tons of broken rock. He also estimates that the reserves of probable ore amount to 25,000 tons of the same grade, after sorting.

The proven ore is that ore which is in pillars in the open stopes and in ore faces exposed on the perimeter of the present stoping area. The probable ore is defined less definitely and includes ore beyond the proven ore. It is in a lower ore bed under the present ore body discovered by some short diamond drill holes.

There are no sample maps and samples are seldom taken. The grade of the ore is estimated by inspection. No assaying of diamond drill cores is done. Whether the core represents waste or minable ore is decided by visual inspection. The smelter assay is the ultimate control of mining operations. Very extensive and careful sampling would be necessary to be of any value. Such sampling would represent very little tonnage and the expense would be prohibitive. A certain type of 3-percent ore could be more

profitable than another type of 4 percent ore. If the copper in the former occurred as masses of high-grade chalcopyrite the grade, by sorting, could be raised to 6 or 7 percent, whereas there would be no possibility of raising the grade of the disseminated ore. The applicant and his foreman have become very expert in judging the probable grade of the ore and how much it can be raised by sorting. One dump, consisting of sorted rejected material, comprises 10,000 to 12,000 tons which the applicant estimates contains less than 0.5 percent copper.

PRESENT STATUS

Exploration and Development

The mine presently is producing about 600 tons of ore per month. No exploration now is being done except some short hole diamond drilling, and only sufficient development to maintain production.

Mining, Milling and Other Facilities

There are no milling facilities at the mine as the ore is a direct smelting ore and contains sufficient lime to warrant a low smelting rate with a credit for lime averaging 45 cents per ton.

PROJECT PROPOSALS

Original Proposals

The first step in the applicant's original proposal was to build a road 1,000 feet in length to the site of a new adit and inclined shaft. He thought this could be done for $500 by renting a bulldozer. The proposed adit was to be located 500 feet west of

the present working adit and is shown in figure 2 as Adit A. This adit was supposed to pass through the ore zone by advancing it 200 feet from the surface. After the completion of the adit it was proposed to drill 3 or 4 diamond drill holes at the face of the adit to locate the position of the ore zone in depth. After this had been done an incline shaft, known as Incline A, would be sunk to a depth of 250 feet. While this work was in progress, it was proposed to drill a diamond drill hole from the face of the present working adit due south and parallel to Adit A. If ore was encountered in this hole, it was proposed to extend the adit, or Crosscut B as shown in figure 2, along the line of the drill hole to a point 100 feet south of the ore zone. At this point, 3 diamond drill holes would be drilled with the idea of locating the position of the ore in depth.

A drift connecting Adit A and Crosscut B, shown as Drift No. 1, would be driven and a strike drift laid out to the east. An inclined shaft, called Incline B, was to be sunk in Crosscut B to a depth of 250 feet. Inclines A and B were to be connected by Drift No. 2 which also would be driven to the east and to the west in the ore zone at a depth of 200 feet.

The applicant's estimate of the cost of this development and the cost of the equipment necessary to do the work is shown below:

FIGURE 2. - CLAIM AND MINE MAP

KING-IN-EXILE WORKINGS

HELVETIA MINING DISTRICT - PIMA COUNTY, ARIZ.

DMEA 2843 JAN. 6, 1953

PRESENT OPERATION

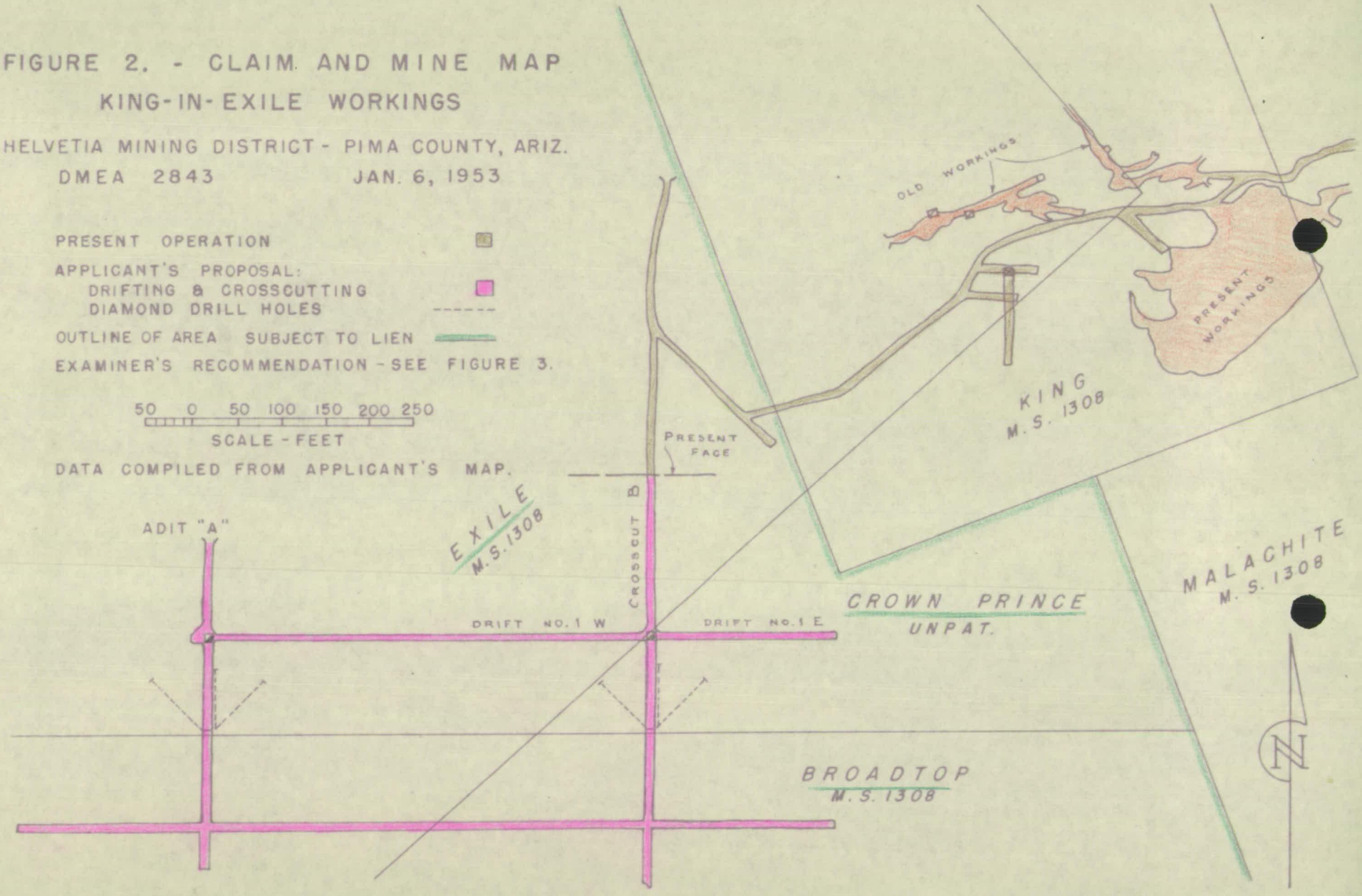
APPLICANT'S PROPOSAL:
DRIFTING & CROSSCUTTING
DIAMOND DRILL HOLES

OUTLINE OF AREA SUBJECT TO LIEN

EXAMINER'S RECOMMENDATION - SEE FIGURE 3.

50 0 50 100 150 200 250
SCALE - FEET

DATA COMPILED FROM APPLICANT'S MAP.



Estimated Cost of Project

Bulldozer rental for access road	$500.00
Crosscuts:	
Adit A, 200 ft. @ $30 per ft.	6,000.00
Crosscut B, 275 ft. @ $30 per ft.	8,250.00
Drifts:	
No. 1, 700 ft. @ $35 per ft.	24,500.00
No. 2, 900 ft. @ $35 per ft.	31,500.00
Inclined Shafts:	
Shaft A, 250 ft. @ $100 per ft.	25,000.00
Shaft B, 250 ft. @ $100 per ft.	25,000.00
Diamond Drilling:	
At end of Adit A ----- 750 ft.	
On line of Crosscut B- 275 ft.	
At end of Crosscut B— 750 ft.	
In drifts Nos. 1 and 2-500 ft.	
At ends of drifts----- 750 ft.	
Miscellaneous--------- 500 ft.	
Total drilling-------3,525 ft. @ $6 per foot------	$21,150.00

Equipment to be purchased

1	600-cfm compressor	$12,500
1	Gasoline sinking hoist	2,500
1	Air sinking hoist	2,000
10	Mine cars	2,500
2	Ventilation blowers and pipe	5,000
5	Rock drills	3,000
1	Air trammer	3,500
1	Mucking machine	3,000
2	Sump pumps	750
2	Air receivers	500
2	Self-dumping inclined skips	500
1	Water pressure tank	175
	Miscellaneous supplies	2,500
		$38,425

Equipment furnished by applicant

1	Compressor for Incline A	$3,500
1	Coppus blower with 300 ft. of ventube	350
1	C. P. No. 34 stoper	350
1	1952 Chevrolet 3/4-ton pickup	2,000
		$6,200

This equipment would be made available to the project at a depreciation charge of one-sixtieth of its value per month when in use.

Other equipment available when needed and to be provided at no charge included:

Dump trucks
Crane truck
Diesel road grader
Electric light plant
Double drum gas slusher
Electric welder
Acetylene torches

It was estimated that the project would take 2 years for completion. The total cost on this basis would be as follows:

Summary of Cost of Project

Access road	$500.00
Crosscuts	14,250.00
Drifts	56,000.00
Inclined shafts	50,000.00
Diamond drilling	21,150.00
Equipment to be purchased	38,425.00
Depreciation of equipment to be furnished	2,480.00
Compressor and hoist house at Adit A	1,500.00
Accounting, 24 months at $50 per month	1,200.00
Total estimated cost of project	$185,505.00
Total estimated as shown by applicant	$186,505.00

The above data has been compiled from information submitted with Form MF-103, dated December 26, 1952, and received by the Defense Minerals Exploration Administration on January 8, 1953. In the General Technical Data, Form MF-100, dated October 25, 1952, and also received by the Defense Minerals Exploration Administration on January 8, 1953, the applicant states that the development and exploration of the presently producing ore zone and adjacent structures would make available an additional 250,000 tons of ore at a cost of $250,000.

In evaluating the validity of such claims the past history of the district is of great importance. The recorded production of the Helvetia mining district, including the Rosemont section, was some 225,000 tons of ore from 1908 through 1949. This production came from a score of mines, some of which had several ore bodies. The Narragansett is the largest mine in the district and its production was some 36,000 tons. The King-in-Exile mine had several ore bodies, the largest of which produced some 13,000 tons.

Numerous engineers and geologists of the Bureau of Mines and the Geological Survey have examined mines in the district and they are all of the opinion that the district offers chances of developing small copper deposits at comparatively small expense, but they agree that these discoveries will be in the catagory of lease operations. The writer visited several mines in the district 30 years ago, has been more or less familiar with developments since that time, and fully agrees with this conclusion.

The applicant's assumption that with a comparatively small amount of development in an area roughly 600 feet by 1,200 feet, he can open up 250,000 tons of ore or 10 percent more ore than the entire district has produced in 42 years cannot be substantiated by facts or past history. The geological surface evidence does not suggest larger deposits than have been found. It is reasonable to conclude that the most promising outcrops and showings in the district have been explored, more or less in the sequence of their size and encouraging character.

This does not mean that additional ore cannot be developed in the King-in-Exile mine but it does mean that such new discoveries will be more or less on the order of the present King-in-Exile ore body. The conclusion is that any new discoveries will be small and of such a character that to be mined profitably they must be mined by the methods of a lessee. It follows that a lessee's method of exploration should be followed.

Present Proposals

The question of a less ambitious plan was discussed with the applicant and a revised plan was formulated with his approval. This program is shown in 4 stages in figure 3.

Stage 1.

Extend Cross B 280 feet. This crosscut will cut through the favorable ore horizon and enter the overlying monzonite porphyry. The contact and the ore zone are supposedly dipping at a comparatively flat angle. It is anticipated that 280 feet of crosscutting will advance the face 50 to 100 feet into the monzonite.

Stage 2.

Prepare drill station and drill 5 diamond drill holes to cut the downward extension of any mineralization in Crosscut B. Total drilling, a maximum of 600 feet.

Stage 3.

Extend drift No. 1 east 100 feet and west 200 feet in the best part of the ore zone cut by Crosscut B. Drifting 300 feet.

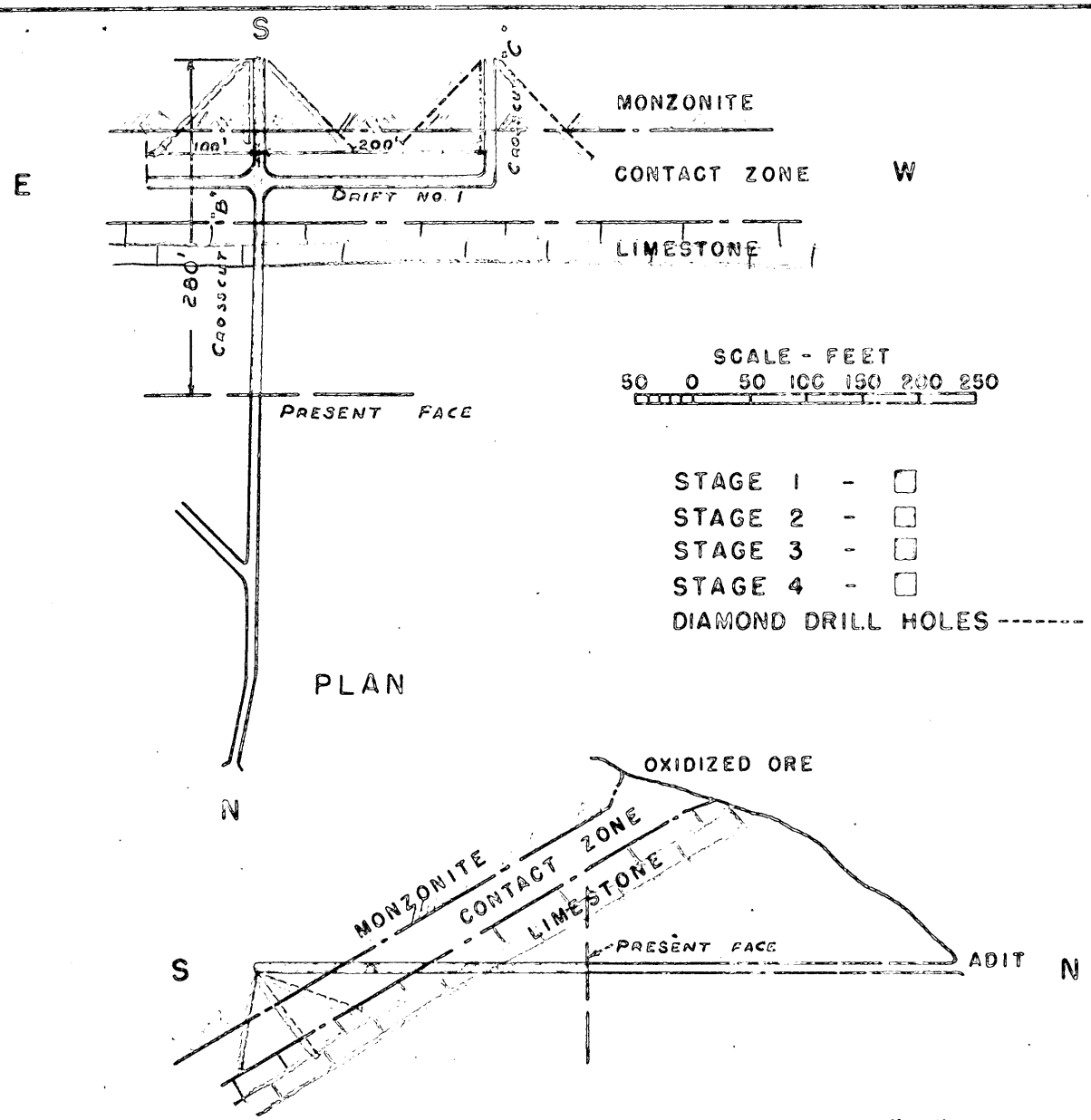


FIGURE 3. - PLAN AND SECTION OF PROPOSED EXPLORATION
KING-IN-EXILE MINE
HELVETIA MINING DISTRICT
PIMA COUNTY, ARIZONA

DMEA 2843 JAN. 6, 1953

Stage 4.

Crosscut south from the west end of drift No. 1 and cut into the monzonite for a distance of 75 feet. Diamond drill 5 down holes to explore ore zone at depth.

Crosscutting-------125 feet
Diamond drilling---600 feet

Summary of Exploration

Stage 1:

Crosscut B, 280 ft. @ $30.00 per ft.----------$8,400

Stage 2:

Diamond drill at face of Crosscut B
maximum 600 ft. @ $500---------- 3,000

Stage 3:

Drift No. 1 east and west 300 ft. @ $30-------- 9,000

Stage 4:

Crosscut south 125 ft. @ $30.00	$3,700	
Diamond drill 600 ft. @ $5.00	3,000	
Total		6,750
Total 4 stages		$27,150

The results of the work might modify the order of the proposed stages. If Crosscut B found good ore at or near the contact there would be no immediate need for driving into the monzonite in order to establish a set up for diamond drilling. The logical procedure would be to drift east and west in order under Stage 3. If the mineralized zone cut by Crosscut B was only geologically interesting, then Crosscut B should be extended to a sufficient distance for the drilling of a fan of 3 holes to cut the zone at depth and also drill a hole downward to cut the zone to the east and another to the west. If nothing of interest was found the project could be stopped.

The applicant keeps a record of only such costs as are required for the payment of industrial insurance and taxes. He knows the amount of his net smelter returns and his bank balance at the first and last of the year, and on the basis of these he calculates what his profit or loss has been. He does not know the cost of trucking, mining or development.

In his original application he gave a cost of $30 per foot for crosscutting and $35 for drifting. When asked for a breakdown of these costs he was unable to provide it.

On the basis of information provided by the applicant the examiners made the following estimate of the cost of drifting and crosscutting:

	Per foot
Labor (drilling, blasting, mucking, tramming)	$15.70
Explosives	3.25
Track ties, rails, air & water lines, ventubing	2.90
Compressed air	2.75
Drills, bits, hose, machine repairs	1.40
Supervision and bookkeeping	1.50
Depreciation	2.50
Total	$30.00

It requires 32 holes to break a round in a 6- by 7-foot drift and a 50-pound box of powder is used per round. On the basis of efficient work, the cost shown above can be obtained. Chilson stated that he was willing to do the work at $30.00 per foot and that he would supply all equipment and other necessary facilities. He also was willing to do the diamond drilling at $5.00 per foot. This price is in line with diamond drilling presently done at other mines in Arizona.

CONCLUSIONS

Between early 1949 and May 1950 Allison Steel did about 1,500 feet of development at the property and shipped 44 cars of ore. Chilson stated that Allison spent approximately $90,000 at the property and received $15,000 net smelter returns.

It was this development work which made Chilson's subsequent operation of the mine profitable. The first half of 1952 was particularly profitable under his able management as a lease operator. About the middle of 1952 Chilson engaged in some outside activities and turned the operation of the mine over to his foreman. Production and grade dropped steadily with the result that the last 6 months of 1952, the mine operations showed a loss of some $5,000. Chilson now is devoting his entire time to the mine, so the grade and tonnage are steadily climbing. Chilson is a hard worker and a very good lease operator. It is believed he again can make the King-in-Exile mine a profitable operation. He has been producing ore from this district for the past 8 years, including some 50,000 tons from the Elgin mine. He has a very good knowledge of the conditions under which the ore occurs in the district. The proposed work is located under a surface showing of promise which has been exposed by a trench made by a bulldozer.

The conclusions drawn are that Government assistance will have competent management and that the chances are very much in favor of the development of ore which can be mined profitably and permit the repayment of the loan on the modified basis.

The applicant agrees that the production of ore from the Broadtop claim, and from that portion of the Exile claim lying outside the boundary of the King claim, and the production from the unpatented Crown Prince fraction will be a lien for the repayment of the modified project.

RECOMMENDATIONS

The applicant expressed the opinion that the modified program was less ambitious and yet provided for sufficient work to explore at least a part of the favorable area. He proposed to do the work on a footage basis and supply all the equipment and facilities needed.

Because the project offers a reasonable chance for the discovery of ore, and because the work will be done efficiently, it is recommended that the sum of $27,150 be expended in the exploration of this project. The Government's share will be $13,575.

This recommendation is contingent upon the applicant's ability to obtain a lease for at least 5 years and upon the owners signing the subordination agreement.

FILE CO500
SURNAME:

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

AUG 24 1953

Griswold
Martin
Johnson
Wheeler

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

Re: Docket No. [illegible] 2843 (Copper)
Richard E. Chilson
Crown Prince Mine
Pima County, Arizona

Dear Mr. King:

This is in reply to your memorandum dated July 30, 1953, referring to the above application. We are enclosing a copy of a memorandum on the subject from the Chief Counsel which is self-explanatory.

The existing lease which the Applicant has cannot be considered as satisfactory, having only one year remaining until the expiration date and also being subject to an earlier lease, the terms of which are unknown to us.

It would seem most logical for the Applicant to obtain a new ten-year lease if such is possible, as outlined by the Chief Counsel.

The enclosures transmitted by your letter are returned herewith as requested.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

Enclosures
APPROVED:

C. H. Johnson
Member, Bureau of Mines

D. M. Larrabee
Member, Geological Survey

WRGriswold/hmj
(8/19/53)
cc to: Docket
Adm. R. File
Op. Committee
Base Metals Division
Mr. Sinkel
Mr. Bishop
Chron.

8-24-53

FILE COPY
SURNAME:

140

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

NS in RR August 18, 1953

Pertin

Memorandum

To: The Administrator
Through: W. R. Griswold

From: Chief Counsel

Subject: Richard E. Chilson - Docket No. DMEA-2843

Pursuant to a memorandum dated August 6 from the Chief, Base Metals Division, we have reviewed a draft of a contract, a performance bond, and the DMEA docket concerning the above-described application. The contract was prepared in Region IV, and has been submitted to us, prior to execution, in connection with a request for review of the legal sufficiency of a performance bond submitted by the applicant in lieu of acquiring one of three required Owner's Consents to Lien. The discussion in the memorandum dated August 6 concerning the applicant's letter dated July 28 to Mr. King is of a non-legal nature and we make no comment on it in this memorandum, except to point out that the criteria for consideration in passing upon an application are contained in Section 6 of DMEA Order-1.

The contract concerns three claims. Article 2(a) of the contract form states that the Crown Prince claim is owned by the applicant. The other two claims were leased by Frederick Lewisohn (10% interest), the Southern Arizona Bank and Trust Company, as Administrator of the estate of Leonard Lewisohn (62½% interest), and the administrators of the estate of Adolph Lewisohn (27½% interest) to the Allison Steel Manufacturing Company for a term of five years from October 1, 1949; and the lease was assigned to the applicant by an instrument dated May 3, 1950. The lease is subject to an earlier lease (dated December 14, 1947 and amended July 12, 1948) to the applicant, copies of which we do not have. Without knowledge of the contents of the lease dated December 14, 1947, as amended, the extent of the applicant's right to possession cannot be determined. It appears to us that under the lease dated October 1, 1949, the applicant has the right to possession of the two leased claims for a remaining term of only approximately one year. The contract form does not contain a completion period.

Attached to the contract form are Owner's Consents to Lien of Frederick Lewischn and of the Estate of Adolph Lewischn, covering 37½% of the total interest in the leased claims. As the Owner's Consent to Lien was not obtainable for the 62½% interest of the Estate of Leonard Lewischn, because of the Administrator's limited authority, a surety company's performance bond was obtained for the full amount of the Government's contribution, in lieu of the Owner's Consent to Lien.

With respect to the specific question referred to us, if the applicant's right to possession is for a sufficient period of time to complete the work, then the bond is acceptable in lieu of the Owner's Consent to Lien. If the applicant's right to possession is insufficient to permit completion of the work, then the value to the Government of the performance bond is doubtful.

Should it be determined that the applicant's right to possession is for an insufficient period for completing the work, then we suggest that the applicant be required to obtain a lease for a full period of ten years. In such event, the Government could return the bond to the applicant (for which he could obtain a refund), and rely upon the Owner's Consents to Lien of 37½% interest in the leased claims, as security for the full amount of the Government's contribution, waiving an Owner's Consent to Lien for the 62½% interest if this is a proper case for such waiver. If the latter interest is waived, the proviso in the second sentence of Article 7 of the short form should be deleted from the contract.

It is noted that the two Owner's Consents to Lien are for only $13,575.00, instead of $14,075.00. If the bond is accepted, the amounts need not be changed, as the bond would be adequate security for the Government. However, in the event that our suggestion is adopted, new Owner's Consents to Lien should be obtained; also, there should be attached to the contract, in lieu of that part of Article 6 which precedes the colon, the new annex covering royalties.

It is also noted that the Executive Officer's letter dated July 16 to the Operator states that: "The regulations of the Defense Minerals Exploration Administration require a bond in all cases where Owner's Consent to Lien can not be obtained." DMEA Order-1 does not so specify. Rather, a bond is accepted as a substitute for an Owner's Consent to Lien which can not be obtained, in a case where the Owner's Consent to Lien can not be waived.

J. L. Hofflund

J. L. Hofflund
Chief Counsel

HCRubin/ema

cc: Mails & Files
W. R. Griswold
J. L. Hofflund
H. C. Rubin
Chron.

8-18-53

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

N.S. in R&R

August 6, 1953

Memorandum

To: Chief Counsel

From: Chief, Base Metals Division

Subject: Docket No. DMEA-2843 (Copper), Richard E. Chilson
Crown Prince Mine, Pima County, Arizona

With reference to the above-cited project application, it will be noted in the Applicant's letter of July 28, 1953, to Mr. W. H. King, that the Applicant feels that he is being victimized and put upon, and has expressed himself to such effect in no uncertain terms. We would not be inclined to recommend that a contract be executed upon such a basis. There have been instances in the past where an Applicant went into a contract in an obviously resentful frame of mind, and generally the results have been unsatisfactory.

There seems to be a popular shibboleth that, in dealings with the Government, one must expect to encounter an endless and frustrating amount of "red tape" and "bureaucracy". For us to condone such contemptuous expressions, or to tacitly accept them, would add little to the dignity of the Government of the United States. Nor would it show, on our part, a proper degree of respect for the DMEA program.

The writer has spent most of his life in private industry, the latter part of which, in positions of a moderate degree of responsibility. And, from considerable experience, I can say, in a most whole-hearted manner, that red tape and bureaucracy in "big-business" is far more in evidence than anything I have encountered in Government service.

In the attached draft of a letter to Mr. W. H. King, I have attempted, in a halting and non-professional manner, to cover certain ideas on the matter of a contract. Would you be kind enough to have this letter rewritten, in a manner which you would approve.

W. R. Griswold
W. R. Griswold

Attachments
WRGriswold/hmj (8/6/53)
CC to: Docket
Admn Base Metals
Chron.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 5 1953

224 New Customhouse
Denver 2, Colorado

July 30, 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA-2843, Richard E. Chilson, Crown Prince Mine, Pima County, Arizona

Enclosed is a copy of a proposed contract on the subject docket and the Performance Bond issued in lieu of Owner's Consent to Lien for the Leonard Lewisohn estate.

If this Performance Bond is satisfactory to you will you please return the copy of the contract so that we may forward it for the operator's signature.

Attached are copies of correspondence with the applicant which you might find interesting.

W. H. King
W. H. King

Enclosures

/ C O P Y /

RICHARD E. CHILSON
Engineering and Mining
P. O. Box 2729
Tucson, Arizona

July 28, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 3 1953

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

Dear Mr. King:

Thank you for your letter of July 24th in which you say that the EX diamond drill cores will be satisfactory. I am sure this will be borne out in practice.

After two weeks of legal analysis, haggling, pleading and tears I finally got the performance bond which you require for the nominal sum of $281.50 which I took from my special campaign fund for the promotion of government bureaucratic nonsense. No doubt there is or might be some hypothetical justification for this oddity but the cost is very real. We don't pay our bills with appropriations in this business.

I enclose the unsigned copy of the contract as you suggest, three copies of the bond and the power of attorney by authority of which the bond was executed by Mr. George H. Amos.

Trusting that everything is now in order, I am,

Very truly yours,

/s/ Richard E. Chilson

Richard E. Chilson

/ C O P Y /

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 3 1953

224 New Customhouse
Denver 2, Colorado

/ C O P Y /

July 16, 1953

Mr. Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

Re: DMEA Docket 2843

Dear Mr. Chilson:

This will acknowledge receipt of your letter dated July 14, 1953 requesting information on the required bond and the size of core work in your proposed contract.

The regulations of the Defense Minerals Exploration Administration require a bond in all cases where Owner's Consent to Lien can not be obtained. It was unfortunate that the will of Leonard Lewisohn did not give the executors the authority to sign the Owner's Consent to Lien, Form MF-203, which necessitates your obtaining a bond.

We have requested further information from the Field regarding their experience with EX core in your area, and it is entirely possible that EX core may suffice. If so, we could make the change in the contract before it is signed.

After you obtain your bond, please return the copy of the contract and the bond to this office.

Very truly yours,

W. H. KING

W. H. King
Executive Officer
Field Team, Region IV

HMC:es

cc: Docket
Chron.
Connors
Storms
Koschmann (2)

700
FILE COPY
SURNAME:

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

March 10, 1953

Memorandum

To: Mails & Files

From: Ernest Wm.Ellis, Chief
Rare and Miscellaneous Metals Division

J.C. 3/10/53

Subject: Docket No. DMEA-2843 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona

The above application, involving a total estimated cost of $186,500.00, was transferred by this Division to Region IV on January 15, 1953, for a field examination.

By the attached memorandum dated February 27, 1953, from the Field Team, Region IV, we are advised that that office is presently preparing a contract covering exploration work estimated to cost $27,150.00 (50% Government participation $13,575.00) and will forward four copies of the Final Report with the signed contract.

Although this Division will subsequently receive a copy of the contract for its files, we are removing this docket from our active list of cases inasmuch as responsibility for processing has been taken up by Region IV.

Ernest Wm. Ellis

Ernest Wm. Ellis

GLAult/EWEllis/a
cc to: Adm. Reading File
Docket
Messrs. CHJohnson-3621
ARKinkel-4234 GSA

3/9/53 gla

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

224 New Customhouse
Denver 2, Colorado

February 27, 1953.

Memorandum

To: Administrator, Defense Minerals Exploration Administration
Attention: 200

From: Field Team, Region IV

Subject: Final Report, DMEA Docket 2843, (Copper) King-in-Exile Mine, Richard E. Chilson, Pima County, Arizona.

The application for Government assistance in exploration work, estimated to cost $27,150.00, has been approved by us and a contract is being prepared.

Government participation will be 50 percent, or $13,575.00.

Four copies of the Final Report will be forwarded with your copy of the contract.

The original and one copy of Form 3b is attached.

W. H. King
W. H. King

A. H. Koschmann
A. H. Koschmann

Enclosures

FILE COPY
SURNAME:
700

J. L. Greene
Selfridge

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

JAN 15 1953

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

Re: Docket No. [illegible]-2843 (Copper)
Richard [illegible]. Chilson
King-in-exile Mine
Pima County, Arizona

Dear Mr. King:

The captioned application is referred to your office for a field examination.

Copies of memoranda from Mr. C. M. Johnson, dated January 12, 1953, and from Mr. Irwin J. Lyons, dated January 13, 1953, outlining questions for consideration by the examining engineers are enclosed.

If your office recommends the program submitted by the applicant, or an alternate program approved by the applicant detailed costs and manpower schedules showing the proposed work in relation to the geology, sample data, and mining claim lines as justification for the work as is outlined in Form [illegible]-103, should accompany the report.

JC 1/15/53

The description and cost of equipment and supplies required to do this work (classified as units to be purchased or rented) and fair market value and description of units to be furnished by the operator should also accompany the report. If all or any part of a recommended program is to be done by a contractor it should be so indicated and a detailed breakdown of the cost for the part to be contracted supplied. Also, if any part of the work is to be done on a unit cost basis a detailed breakdown of the cost should be furnished. If an exploration program is recommended we will require from the applicant a list of the mining claims or property on which the work is to be done and any adjoining claims or property controlled by the Applicant, that will derive benefit from the recommended exploration, where the claims or property are recorded, book number, page and entry date. Also, an original and six copies signed by the property owners of Form [illegible]-203 "Owner's Consent to Lien" are to be obtained covering the property concerned in this project which is not owned by the Applicant.

Under the date of January 9, 1953, a copy of the application and related data were transmitted to your office.

Sincerely yours,

George C. Selfridge

(JHB)

Chairman, Operating Committee

Enclosures

Members

J. H. Hedges (JHB)

Member, Bureau of Mines

T. P. Thayer (JHB)

Member, Geological Survey

FLKnouse/jem
1/14/53
cc to: Adm. Reading File
Docket
Messrs. CHJohnson-3621
AWKinkel-4234 GGA
Ellis
Knouse
Opr. Com.
Field Team, Region IV

FILE COPY
SURNAME:

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

Knouse
Ellis
Hayes
~~Hathaway~~
Sellstedge

Mr. Richard E. Chilson
P.O. Box 2729
Tucson, Arizona

JAN 15 1953

Re: Docket No. DMEA-2843 (Copper)
King-in-Exile Mine
Pima County, Arizona

Dear Mr. Chilson:

The application for assistance in exploring your property in Pima County, Arizona, under the above captioned docket number, has been reviewed by the Rare and Miscellaneous Metals Division of the Defense Minerals Exploration Administration. Your application has been referred for a field examination to the Executive Officer of Region IV at the following address:

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

T.C. 1/15/53

The Regional Office will contact you at the earliest opportunity in regard to your project.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

FLKnouse/jem
1/14/53
cc to; Adm. Reading File
Docket
Messrs. Ellis
Knouse
Field Team, Region IV (2)

1/13/53 yn

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

January 13, 1953

Memorandum

To: Mr. E. Wm. Ellis

From: Erwin J. Lyons

Subject: Recommendation for field referral

Re: Docket DMEA-2843
Richard E. Chilson
King, Exile, and Crown Prince claims, Pima County, Arizona
Total Cost: $186,500.00
Copper, silver

Applicant has submitted a proposal to explore a possible southwestern extension of the King-in-Exile mine, Pima County, Arizona. The project consists of driving 475 feet of adits and crosscuts, sink two inclines, each 250 feet deep, drive 1600 feet of drifts, and do 3525 feet of diamond drilling. The drilling will precede the sinking of the inclines.

A description of the property is included in a Strategic Minerals Investigations report by S. C. Creasey and George L. Quick of the U. S. Geological Survey. The report is based upon field work done in 1943 and since that time additional ground has been opened up on the property. It is recommended, therefore, that the application be referred to the field for geologic examination and study of the proposed method of exploration.

Erwin J. Lyons

Erwin J. Lyons
Geologist

1/13/53 jim

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

January 12, 1953

Memorandum

To: E. W. Ellis, DMEA

From: C. H. Johnson

Subject: DMEA-2843 (Copper), Richard E. Chilson, King in Exile Mine, Pima County, Arizona

This looks like a worth-while project, although it probably is somewhat too ambitious. I should be glad to concur in a referral to the field for investigation and report.

The application is returned herewith.

C. H. Johnson
C. H. Johnson

Attachment

Copy to - Mr. Kinkel, USGS - Room 4234
Minerals Division
Base Metals Branch
Mr. Johnson
Files

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

January 9, 1953

Mr. Richard E. Chilson
P.O.Box 2729
Tucson, Arizona

Subject: DMEA-2843
Re: Exploration Assistance
King-in-Exile Mine

My dear Mr. Chilson:

The receipt of your application dated December 26, 1952 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-2843 and referred to the Rare and Miscellaneous Metals Division.

Kindly refer to DMEA-2843 in any future correspondence relating to your application.

Sincerely yours,

ROBERT E. ADAMS

Robert E. Adams, Chief
Operation's Control and
Statistics Division

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

January 2, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 8 1953

Mr. C. O. Mittendorf
Executive Secretary
Defense Minerals Administration
Department of the Interior
Washington, D. C.

Dear Mr. Mittendorf:

I am submitting herewith an application for government participation in an exploration project for copper ore at the King-in-Exile Mine in the Helvetia Mining District, Pima County, Arizona.

The King is a relatively new mine with little history but, I believe, a very promising future. With negligible production prior to 1950, it produced well over one million pounds of copper in 1952 and is just beginning to look good.

We have a very strong and consistent ore structure which, except for recent bulldozer stripping and some pick and shovel pits, has never been scratched. With an early start on a bold exploration program we should be able to treble the 1952 production in 1954, at a time when, according to the seers, the U. S. might need the production.

Notwithstanding my confidence in this project, you will note from the careful step by step schedule in my plan of operations for this work that each operation is preceded by diamond drilling to guide and evaluate more expensive exploration; for, although as I say, I believe this is a sound project, I have no intention of wasting your money or mine in opening up unproductive country.

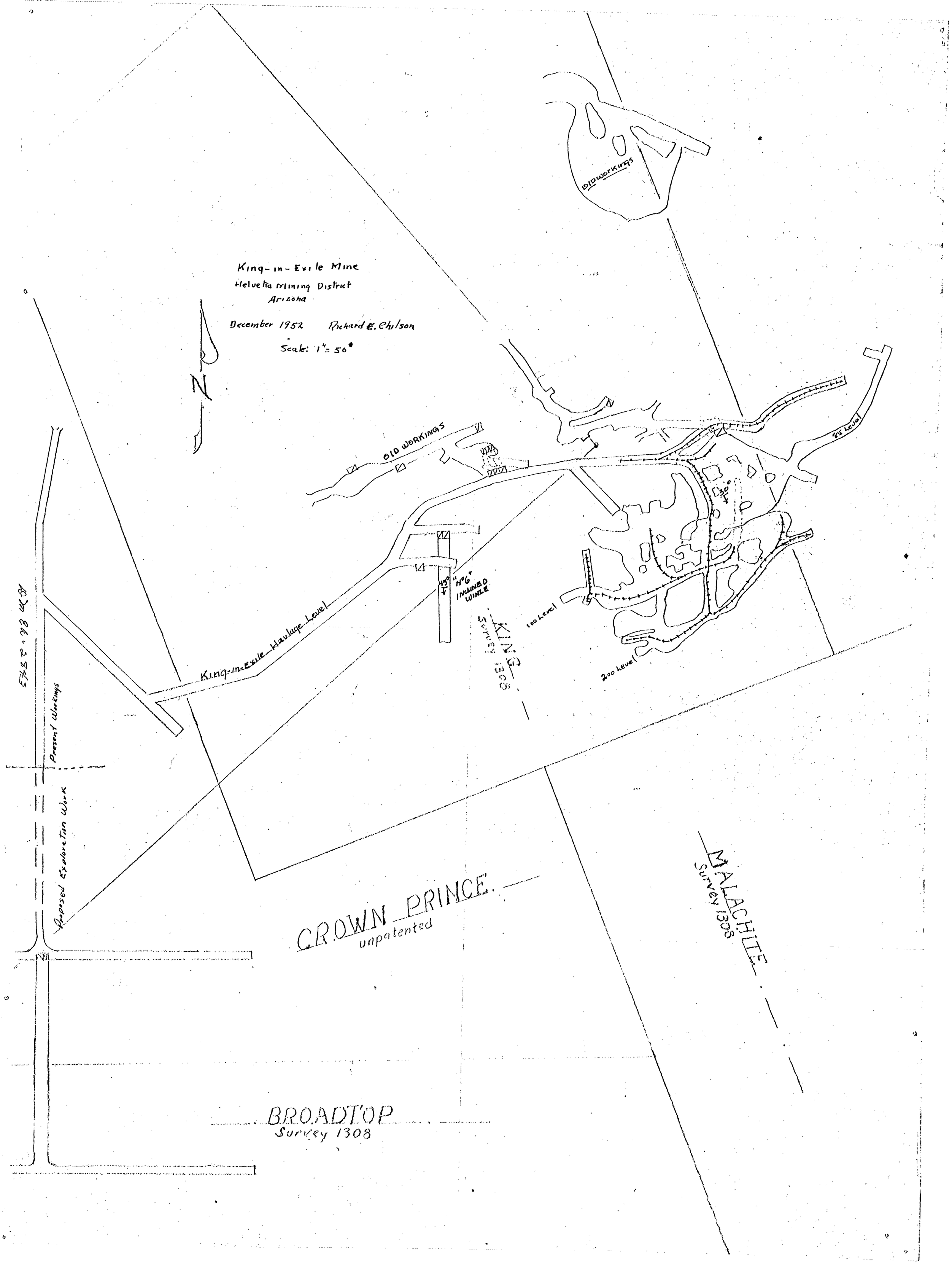
Under separate cover you will find four copies each of forms MF-100 and MF-103 with maps, sections and various required exhibits.

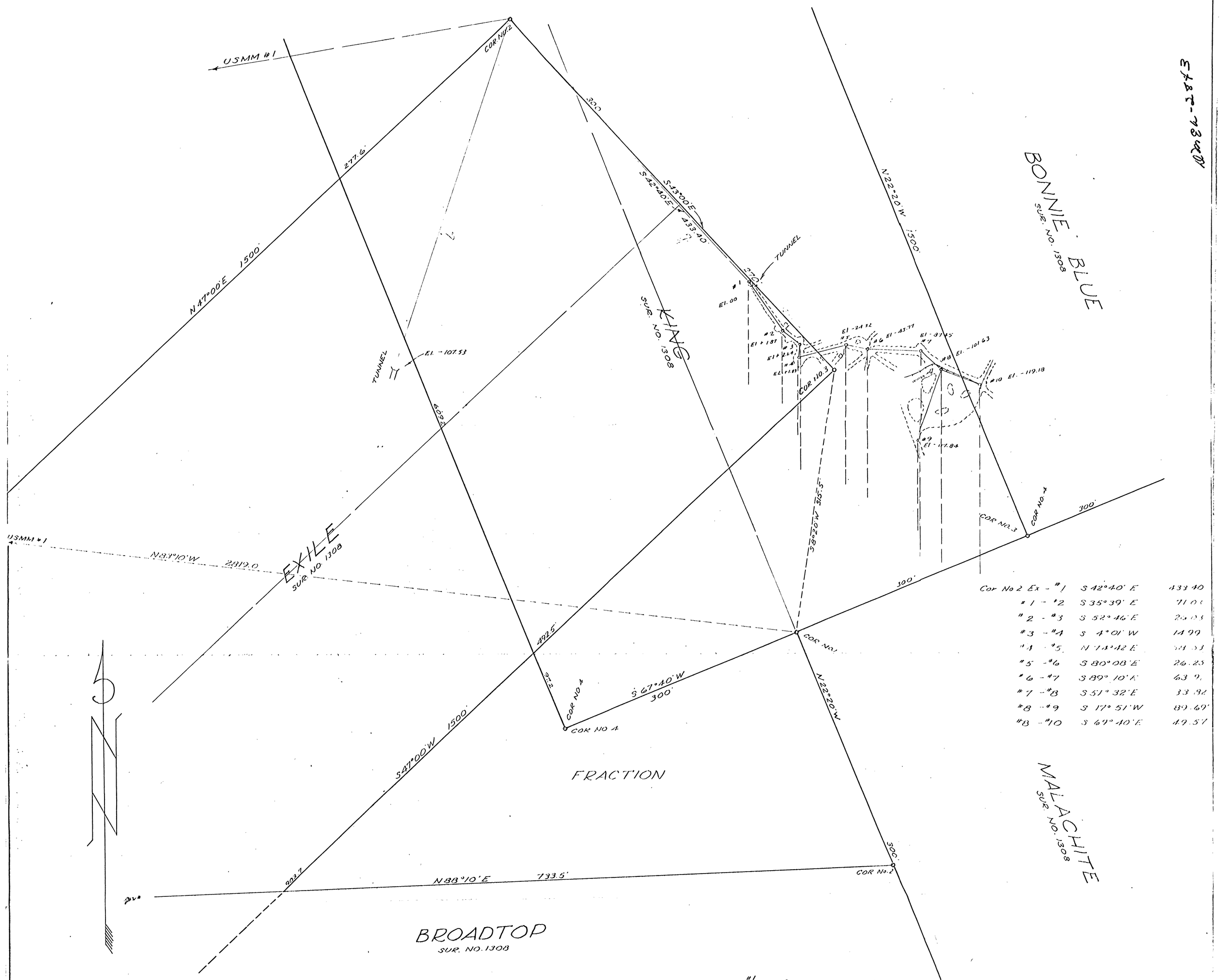
Trusting you will give this matter your earliest attention, I am

Very truly yours,

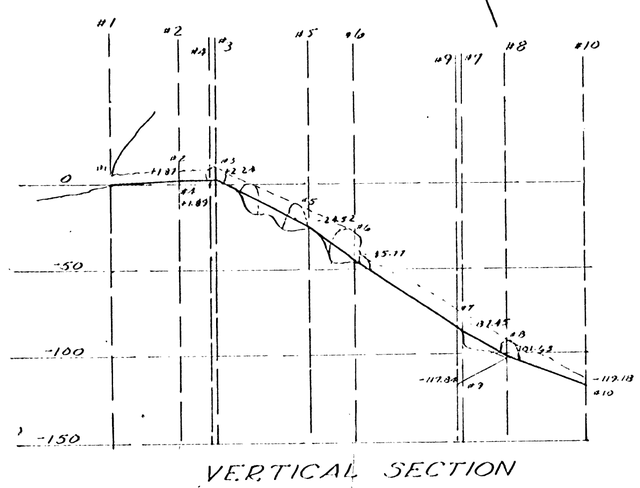
Richard E. Chilson

Richard E. Chilson


King-in-Exile Mine
Helvetia Mining District
Arizona
December 1952
Richard E. Chilson
Scale: 1" = 50'
N
OLD WORKINGS
OLD WORKINGS
85' Level
30°
45°
"H°6"
INCLINED
WINZE
100 Level
200 Level
King-in-Exile Haulage Level
KING
Survey 1309
Present Workings
Proposed Exploration Work
CROWN PRINCE
unpatented
MALACHITE
Survey 1309
BROADTOP
Survey 1308



Cor No 2 Ex - #1	S 42°40' E	433.40
#1 - #2	S 35°39' E	71.08
#2 - #3	S 52°46' E	26.03
#3 - #4	S 4°01' W	14.99
#4 - #5	N 74°42' E	38.53
#5 - #6	S 80°08' E	26.25
#6 - #7	S 89°10' E	63.91
#7 - #8	S 51°32' E	33.82
#8 - #9	S 17°51' W	89.69'
#8 - #10	S 69°40' E	49.57



VERTICAL SECTION

SURVEY OF UNDERGROUND WORKINGS ON KING MINING CLAIM HELVETIA MINING DISTRICT PIMA COUNTY, ARIZONA

R.E. CHILSON

NOV. 1951

SCALE: 1" = 60'

By R. N. L. Adams
U.S. MIN. SURVEYOR

Richard E. Chilson
P.O. Box 3779
Tucson, Arizona

D.M.A. MF-103

King Adit Level
85 Level
100 Level
200 Level
Open Stopes
Inclined Winzes
Pillars
Old Workings

Dotted Lines Indicate Proposed Work

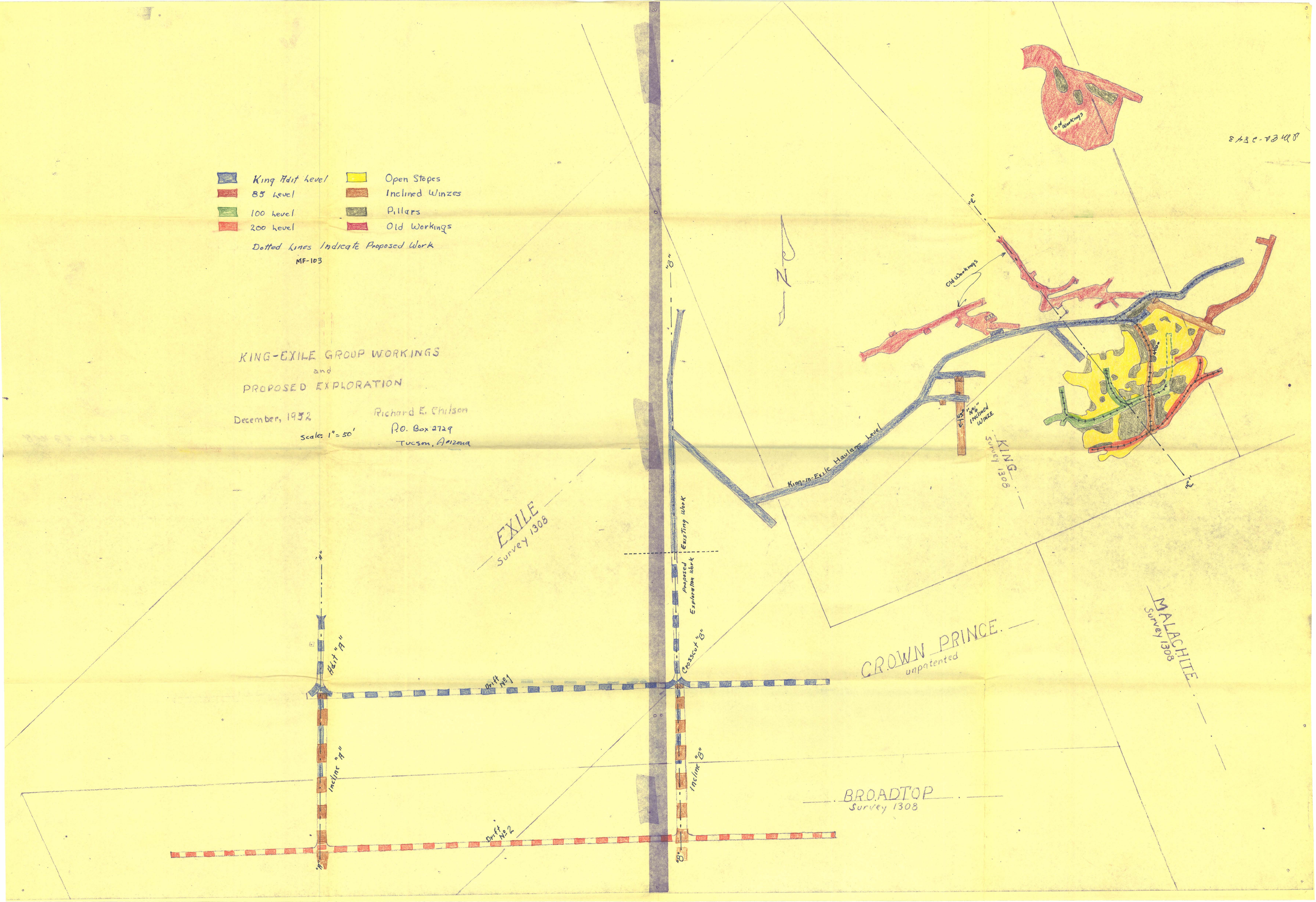
MF-103

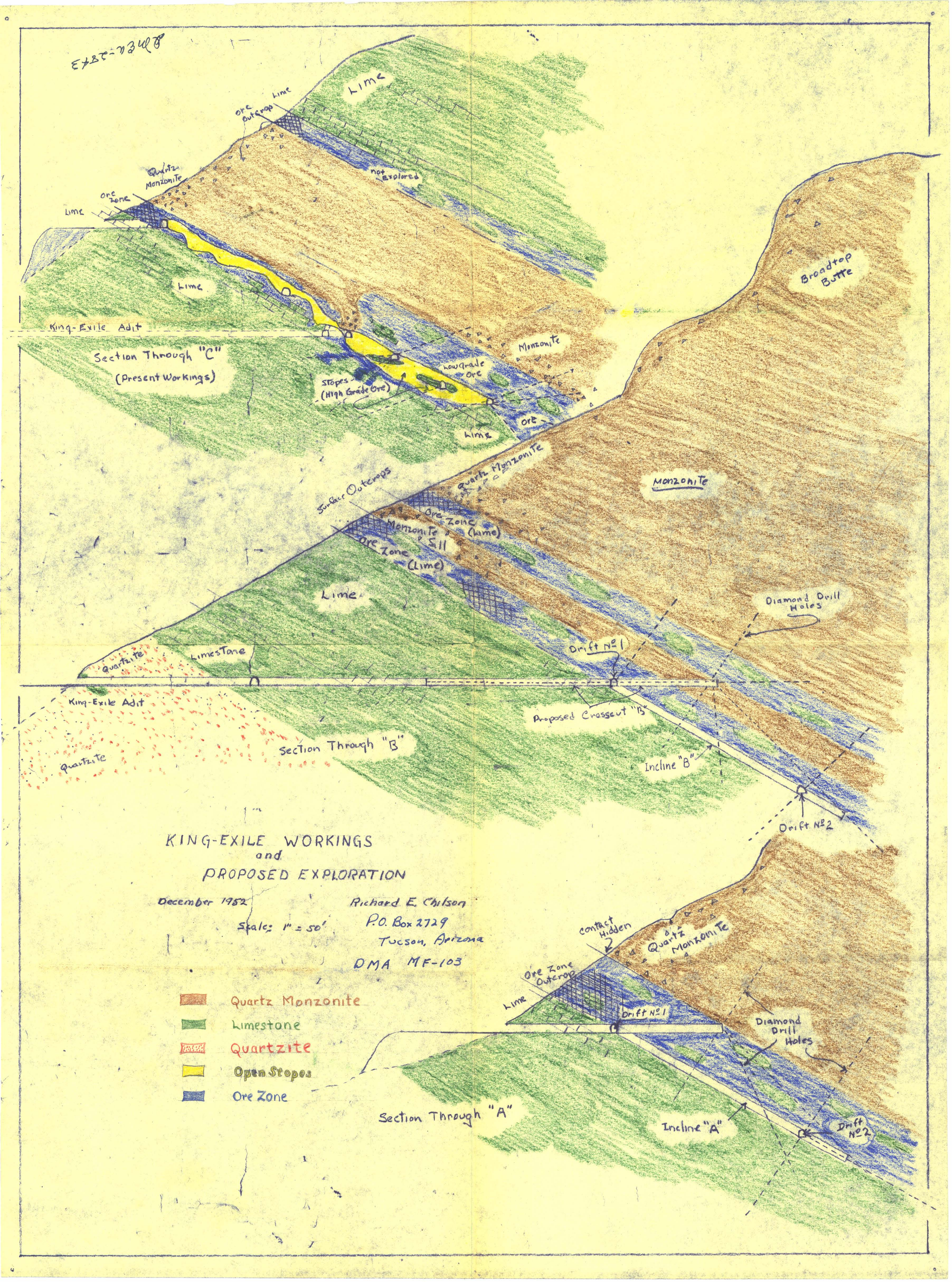
KING-EXILE GROUP WORKINGS and PROPOSED EXPLORATION

December, 1972

Scale: 1" = 50'

Richard E. Chilson
P.O. Box 2729
Tucson, Arizona




Lime
Ore outcrop
Lime
Quartz Monzonite
Ore zone
Lime
not Explored
Lime
King-Exile Adit
Section Through "C"
(Present Workings)
Stopes
(High Grade Ore)
Low Grade Ore
Monzonite
Ore
Lime
Broadtop Butte
Quartz Monzonite
Surface Outcrops
Ore Zone (Lime)
Monzonite Sill
Ore Zone (Lime)
Monzonite
Lime
Diamond Drill Holes
Quartzite
Limestone
Drift No 1
King-Exile Adit
Proposed Crosscut "B"
Section Through "B"
Incline "B"
Quartzite
Drift No 2
KING-EXILE WORKINGS
and
PROPOSED EXPLORATION
December 1952
Scale: 1" = 50'
Richard E. Chilson
P.O. Box 2729
Tucson, Arizona
DMA MF-103
Quartz Monzonite
Limestone
Quartzite
Open Stopes
Ore Zone
Contact Hidden
Quartz Monzonite
Ore Zone Outcrop
Lime
Drift No 1
Diamond Drill Holes
Section Through "A"
Incline "A"
Drift No 2