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-8475, Docket DMEA-2657 (lead-zinc), dated January 14, 1955, with

Golconda Lead Mines
Scott Building
Wallace, Idaho

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 Golconda Mine located in Shoshone County, Idaho, during the period July 15, 1959, through August 28, 1962.

A certification of discovery or development was issued on March 2, 1955, and, in accordance with Annex I of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract, excepting certain exclusions set forth in Amendment No. 3, 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 23, 1954, indicated accepted costs under the exploration contract amounting to $84,390.70 with the Government's contribution on a 50 percent basis being $42,195.35.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which found the sales subject to the Government's royalty through July 14, 1959, to be $51,426.01. The royalty account as of July 14, 1959, was:

Total Royalty Payable	$2,571.30
Total Royalty Paid	2,571.30
Balance of Royalty Due	$ -0-

As of August 28, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$2,571.30
Total Royalty Paid	2,571.30
Balance of Royalty Due	$ -0-

E. D. Talbert

E. D. Talbert, OME Auditor

September 10, 1962

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region I, Spokane, Washington, pertaining to Contract Idm-8475, Docket No. DMEA-8637 (lead, zinc), dated January 14, 1953, as amended, with

Golconda Lead Mines
Insurance Building
Wallace, Idaho

for the purpose of determining the amount of royalty due the U. S. Government on sales of lead and zinc concentrates from property referred to as Golconda Mine located in Shoshone County, Idaho, during the period August 6, 1955 through July 14, 1959.

A certification of discovery or development was issued on March 2, 1955, and, in accordance with Amendment No. 3 to the contract, royalty is payable on the value of all minerals mined or produced from the land described in Article 2 of the contract, except for any dumps or tailing ponds which existed on the land prior to the date of the contract, during a maximum period of 10 years from the date of the contract. A Report of Review in lieu of final audit dated December 23, 1954, indicated accepted costs under the exploration contract amounting to $84,390.70 with the Government's contribution, on a 50 percent basis, being $42,195.35. The scope of the review and the reasons therefor are stated on page two.

My review established the total sales of concentrates for this period to be $39,744.16. Royalty due the U. S. Government at the contract rate of 5 percent is $1,987.21. A prior review for the period January 14, 1953 through August 5, 1955, stated the sales of concentrates to be $11,681.85 which, added to sales for this period, make a total of $51,426.01. The royalty account as of August 5, 1955, was

Total Royalty Due	$ 584.09
Total Royalty Paid	584.09
Balance of Royalty Due	-0-

As of July 14, 1959, the royalty account of this project was found to be

Total Royalty Due	$2,571.30
Total Royalty Paid	2,571.30
Balance of Royalty Due	-0-

C. E. Fisher

C. E. Fisher, Auditor

July 15, 1959

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 20 1959

DATE	INITIALS	

Operator's Name Golconda Lead Mines

Address Insurance Building

Wallace, Idaho

Exploration Contract No. Idm-E475

Docket No. 2637 (lead-zinc)

		Check One Yes	No.
1.	(a) Does the Operator stockpile ore subject to royalty repayment?		x
	(b) If so, is segregation and identification procedure adequate?		
2.	(a) Does Operator commingle production subject to DMEA or OME royalties with exempt production?		x
	(b) If so, do you consider the allocation of the commingled production equitable?		
3.	(a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		x
	(b) If so, are adequate records maintained on such material to protect the Government's interest?		
4.	Do you consider the assay controls in effect are adequate?	x	
5.	Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	x	
6.	Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties?	x	
7.	Does the Operator buy from or sell to other Operators?		x
8.	Comment on any item 2 (b) to 6 if answer is No.		

Property has been inactive since June 1957.

July 14, 1959
Date

S. W. Zoldok
Mining Engineer
S. W. Zoldok

53362

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

Betty

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, DMEA Field Team, Region I, N. W. District, pertaining to Contract Idm-E475, Docket No. DMEA-2637, with:

Golconda Lead Mines
Insurance Building
Wallace, Idaho

for the purpose of determining the amount of royalties due the U. S. Government on sales of lead and zinc from property referred to as Golconda Mine located in Shoshone County, Idaho, during the period of January 14, 1953, to August 5, 1955.

The contract was dated January 14, 1953. Amendment No. 3, dated March 17, 1954, exempted from the lands described in Article 2 of the contract any dumps or tailing ponds which existed prior to the date of the contract together with ore reserves described as Blocks Nos. 1 and 2. The contract was terminated by mutual consent effective November 23, 1954, and certification of discovery or development was issued under date of March 2, 1955, providing for repayment royalties for a maximum period of 10 years from the date of the exploration contract. According to report of review in lieu of final audit prepared by Mr. C. A. Turner, auditor, under date of December 23, 1954, total accepted costs under the contract amounted to $84,390.70 with the Government's contribution, on a 50 percent basis, being $42,195.35.

My review included a verification of the royalty paid in connection with 4 sales of lead and zinc concentrates to Bunker Hill & Sullivan Mining & Concentrating Company and Anaconda Copper Mining Co. during the exploration period. In addition, a conference was held with Mr. E. G. Erickson, mining engineer, Bureau of Mines, Spokane, Washington, who is thoroughly familiar with the project.

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

(1) The production involved was incidental to the exploration operations,

(2) The property has been idle since termination of the contract, 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.

The review established the total sales of lead and zinc concentrates to be $11,681.85. Royalty due the U. S. Government at the contract rate of 5 percent is $584.09. The royalty paid and balance due are as follows:

Total Royalty Due	$584.09
Total Royalty Paid	584.09
Balance of Royalty Due	- 0 -

C. E. Fisher

C. E. Fisher, Auditor

August 5, 1955

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
RECEIVED
[illegible] 6 1954

Exploration Project Contract No. Idm-B475
Golconda Lead Mines
Docket No. IBMA-2637

Amendment No. 4

Exhibit "F"

WHEREAS, it is now apparent to the Operator and the Government that contract objectives can best be reached by permitting the use of all or a part of the contract funds originally intended for raising for additional drifting and crosscutting over and above that provided for in the contract as previously amended;

NOW THEREFORE, the contract is amended to permit additional drifting and crosscutting over and above that provided in Exhibit "A" of the contract, "Description of the Work" Item 1 as modified by Item 2 of Amendment 1. This work shall be at locations mutually agreed on in advance by the Operator and the Government. The work will be done in lieu of all or a part of the raising provided for in Exhibit "A" of the contract, "Description of the Work," Item 3. Funds for the work will be at the expense of the $21,500 provided for raising in Exhibit "A" of the contract, "Estimated Costs of the project," under "400 feet of timbered raise at $53.75 per foot." The unit costs of raising, drifting and crosscutting as set forth in the contract are not changed by this amendment, nor will it increase the aggregate sum of $21,500 originally allowed for raising.

Exploration Project Contract No. Idm-2475
Galena Lead Mines
Docket No. MMA-2637

Justification for Amendment No. 4

One of the principal contract objectives is to test for the downward extension of the ore body mined in the eastern part of the mine on the 1000 and 1150 level. Present information indicates that the downward projection of this ore body may be 200 to 250 feet northeast of the 1800 level east drift face (see attached sketch).

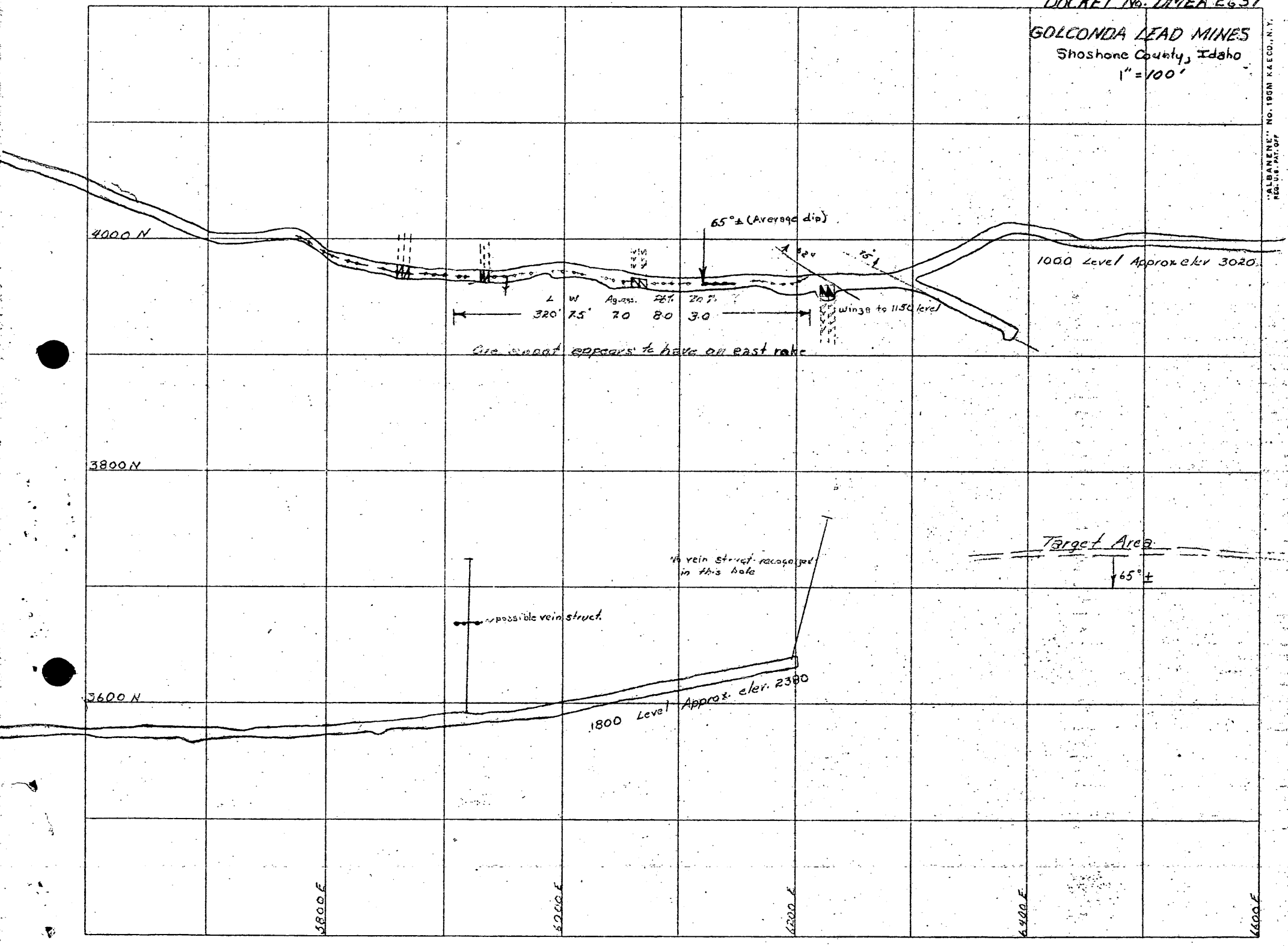
When the original contract was prepared it was estimated that 1,500 feet of drifting (changed by Amendment 1 to 1500 feet of drifting and crosscutting) would be required to test contract objectives on the 1800 level. This footage has now all been used and the drift is short of the target described above. No structure has been exposed by work under the contract which merits raising on. Therefore it is deemed advisable to use all or a part of the funds originally intended for raising to extend the 1800 level drift heading into the indicated target area as shown on the attached sketch.

DOCKET No. DMEA 2637

GOLCONDA LEAD MINES

Shoshone County, Idaho

1" = 100'



"ALBANENE" No. 196N K&E CO., N.Y. REG. U.S. PAT. OFF.

Docket copy

EXPLORATION PROJECT CONTRACT
GOLCONDA LEAD MINES
DOCKET NO. DMEA-2637

AMENDMENT NO. 2

It is agreed this 17th day of March, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, parties to that certain Exploration Project Contract IDm-2475 (Docket No. DMEA-2637), dated January 14, 1953, as amended (hereinafter called the "Contract"), that:

WHEREAS, at the time when the Contract was executed certain dumps and tailing ponds existed on the land described in Article 2 of the Contract, and the Operator was mining certain known and developed ore reserves included within the said land; and

WHEREAS, it was not the intention of the parties to include in the Contract existing dumps and tailing ponds, and known and developed ore reserves, but through inadvertence they were included; and the parties desire to restate their understanding concerning the land included in the Contract;

NOW THEREFORE, the Contract is further amended, effective January 14, 1953, as follows:

1. Any dumps or tailing ponds which existed on the land described in Article 2 of the Contract prior to the date thereof are excluded from the provisions of Article 2 of the Contract.

2. The ore reserves shown as Block No. 1 and Block No. 2 on the map entitled "Longitudinal Section Showing Stoping Golconda Lead Mines, Shoshone County, Idaho," attached hereto and made a part hereof, and further described below, are deleted from Article 2 of the Contract:

Block No. 1

On the 1800 level, beginning 130 feet east of coordinate 5000 east and continuing easterly 615 feet to a point 745 feet

east of coordinate 5000 feet east. Block No. 1 projects 100 feet above the 1000 level and downward to the 1150 level.

Block No. 2

Beginning at a point 210 feet west of coordinate 5000 east and extending westerly 300 feet to a point 510 feet west of 5000 coordinate. Block No. 2 extends vertically between the 1400 level and the 1600 level.

3. Annex I, attached hereto and made a part hereof, is substituted for Article 6 of the contract form.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C P Mitchenson
Administrator, Defense Minerals
Exploration Administration

Approved
Chamberlin

GOLCONDA LEAD MINES

By A H Featherstone

EXPLORATION PROJECT CONTRACT
GOLCONDA LEAD MINES
DOCKET NO. DMEA-2637

EXHIBIT "A"

Description of the Work

The purpose of the exploration work is to explore on the 1800-foot level, by drifting, diamond drilling and raising, for the downward and eastward extension of the main vein system. The work consists of the following:

1. 1500 feet of drifting eastward on the 1800-foot level of the Golconda Mine, approximately as shown on the attached maps labeled "Partial Composite Level Map Golconda Lead Mines" and "Longitudinl Section Showing Stoping Golconda Lead Mines." This drift will explore ore bodies east of the main ore body and will be 500 feet below the ore now being mined on the 1150-foot level, and 650 feet below ore which was mined near the eastern end of the East drift on the 1000-foot level. The drifting shall be properly timbered where necessary.

For the purposes of the drifting portion of the project:

"Ordinary timbering" consists of a set of two posts, with cap and lagging. The sets shall be placed approximately 5 feet apart, measured from center to center; and

"Extra timbering" shall consist of double sets of ordinary timbering and/or spiling.

2. 2000 feet of EX size diamond drill hole. The location, length, direction and inclination of the drill holes shall be mutually agreed upon in advance by the Operator and the Government. The diamond drill holes are for the purpose of testing for possible parallel veins and to prospect for offset segments of the vein.

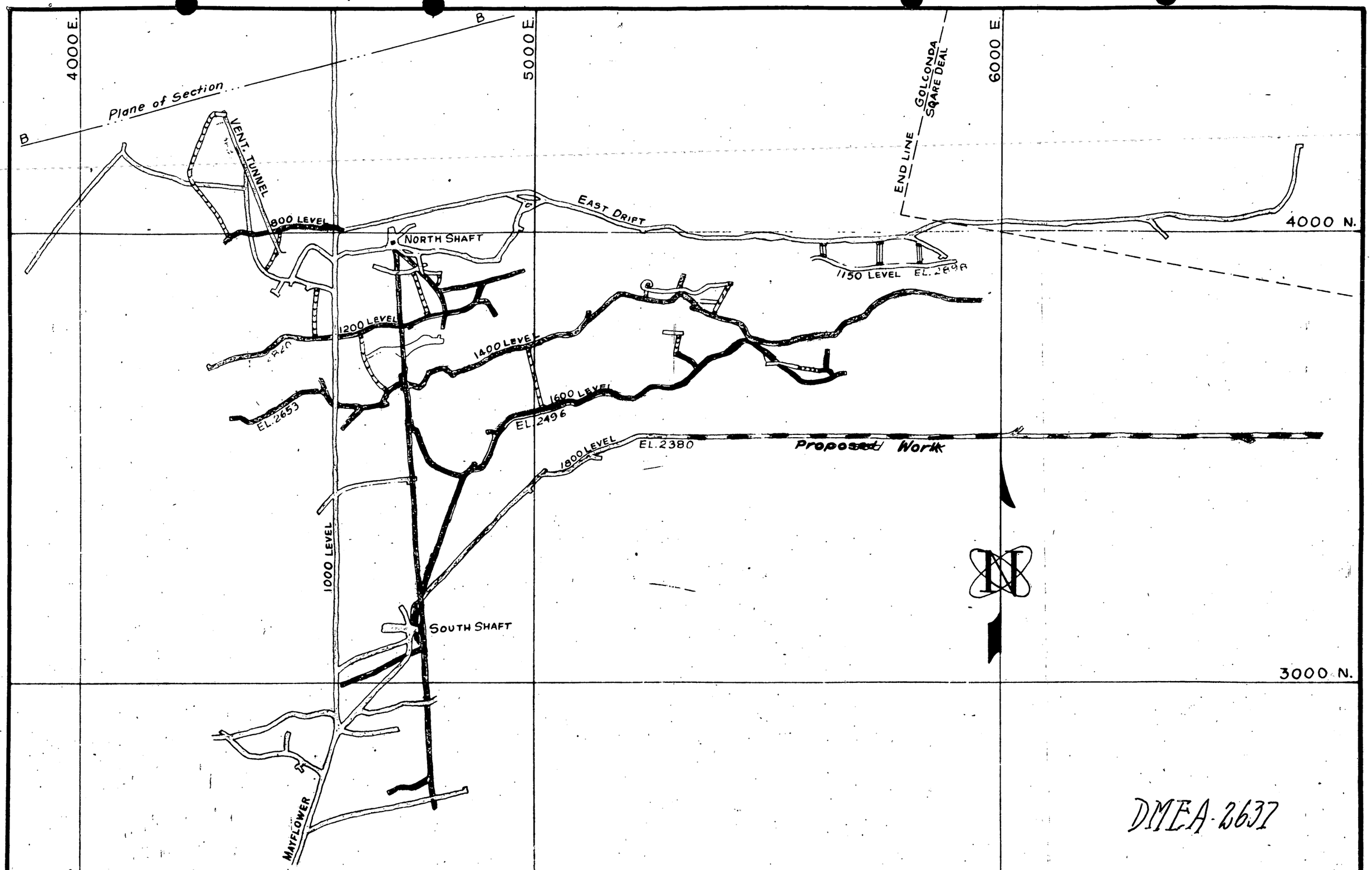
3. Two 200-foot, two-compartment timbered raises, located as mutually agreed upon in advance by the Operator and the Government. These two raises are provided to explore the vertical component of any ore found on the 1800-foot level.

Estimated Costs of the Project

1500 feet of drifting @ $41.00 per foot, including ordinary timbering	$61,500.00

The cost per foot for drifting, where no ordinary timbering is necessary, is $33.50 per foot.

200 feet of extra timbering @ $5.00 per foot	$ 1,000.00
2000 feet of diamond drill hole @ $3.00 per foot	6,000.00
400 feet of timbered raises @ $53.75 per foot	21,500.00
Total Estimated Cost of Project	$90,000.00
Government Participation @ 50%	$45,000.00



DMEA-2637

PARTIAL COMPOSITE LEVEL MAP GOLCONDA LEAD MINES SHOSHONE COUNTY, IDAHO

OCTOBER, 1952

SCALE 1"=200'

R.A. KERR

MI-200 (A)
(February 1952)

DOCKET NO. DMEA 2637

COMMODITY Lead-Zinc

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this _____ day of _____, 195__, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Golconda Lead Mines, an Idaho Corporation, Wallace, Idaho.

hereinafter called the "Operator," as follows:

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 Idaho, County of Shoshone, described as follows:[3] Patented mining claims: Klondike No. 2215, Raymond No. 2885, Lead No. 2991, Juneau No. 2215, Snowflake No. 2215, Manhattan Extension No. 3192, in Sec. 30, T. 38 N., R. 5 E., B.M.

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: The Operator is the owner of all above named property except the Manhattan Extension, lode claim No. 3192 upon which

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

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

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

in or upon the described land; and shall bring the project to completion within a period of 16 months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 50 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $45,000, which is 50 percent of $90,000, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

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

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

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

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

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

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

(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

GOLCONDA LEAD MINES
(Operator)

By _____

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.

_____ [CORPORATE SEAL]

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

GOLCONDA LEAD MINES COMPANY
SHOSHONE COUNTY, IDAHO

Docket No. DMEA 2637 (lead-zinc)
Exploration Project Contract

Exhibit "A"

Exploration Project

The exploration project shall consist of:

(1) 1500 lin. ft. of drifting eastward on the 1800-foot level of the Golconda mine approximately as shown on the attached map and section.

(2) 2000 lin. ft. of EX size diamond drill hole located as mutually agreed by the Operator and the Government.

(3) Two - 200 foot raises located as mutually agreed by the Operator and the Government.

Costs of the Project

The estimated costs of the project are as follows:

(1) Drifting $41.00 per lin. ft. except that through transverse fault zones the estimated cost shall be $46.00 per lin. ft.

(2) EX size diamond drill hole $3.00 per lin. ft.

(3) Two compartment raise - $53.75 per lin. ft.

Docket No. DMEA (lead-zinc) 2637
Golconda Lead Mines
Shoshone County, Idaho

ESTIMATE

Drift

Advance 5 ft. per shift - but only 25 ft./week - 100 ft./month
200 ft./month - 2 shifts = 4-1/6 ft./shift - say 4 ft. because of ground

		Cost/unit	Cost/ft.	Total
Direct Labor				
Contract - base rate	$ 9.00/ft.			
Plus timber	3.00 -(?)			
Total	$12.00/ft.		$ 12.00	
Other Labor				
Trammer - Base rate	$14.34			
Plus 8-1/3% overtime	1.19			
	15.53			
Plus 10% Comp. Ins., O.A.B., etc	1.55	$17.08		
Hoistman - Base rate	$15.19			
Plus 8-1/3% overtime	1.26			
	16.45			
Plus 10% Comp. Ins.,O.A.B.,etc.	1.65	$18.10		
1 Level trammer & cager	$17.08			
1 Hoistman	18.10			
1/2 Main level trammer $\frac{17.08}{2}$	8.54			
	$43.72			
$\frac{\$43.72}{4}$ =			$ 10.93	
Supervision, Engineering, & Bookkeeping				
1/2 man at $600/mo. -- $300				
2 shifts -- $\frac{\$300}{200}$			$ 1.50	
Timber				
2 Posts -- 16' at 21¢/lin. ft. --	3.36			
1 Cap -- 7' at 25¢/lin. ft. --	1.75			
Top lagging - 7x3x5' at $63/fbm -	6.32			
Side lagging - 48 pcs. at 18¢ ea.	8.64			
Wedges - 8 at .06 each ----------	.48			
Headboards -- 6 3 x 12 - 1 at $63/fbm ----------	1.08			
Girts - 2 - 4 x 6 - 5 at $63/fbm ----------	1.26			
$\frac{\$22.89}{5}$			$ 4.58	4.58 3.00 $7.50

Drift (Cont.)

	Cost/unit	Cost/ft.	Total
Brought Forward		$ 29.01	
Powder 7#/ft. at 18.50/100		$ 1.30	
Caps 12 at .016 each		.19	
Fuse 120 ft. at .012/ft/5		.29	
Rail 20# - 13-1/3#/ft. at $175/ton		1.17	
Ties 2' oc at 40¢ each		.20	
Spikes 3/8 x 4 -- .39#/ft. at $14.65/100		.06	
Bolts 1/2 x 2 at $16/100		.02	
Fish Plates at $1/pair -- 15 ft. rail		.13	
Vent tube incl. fittings 15" at $1.20/ft.		1.20	
Air line - 1/2 - 3" & 1/2 - 2" at average 58¢/ft.		.58	
Water line - 1" at 19¢		.19	
Power - $500/month - 1/2 to Project $\frac{\$250}{200}$		1.25	
Repairs - $1125 lump		.75	
Small tools & Misc. - including fittings & 2 sets of air and water hose - lump $500 --		.30	
Steel and Bits - assume		1.00	

Depreciation

Equipment for use only on project -

	Approx. new price	Fair Value
75 HP/hoist	$15,000	$5,000
Pumps	12,000	1,000
Mucking Machine	3,500	2,000
Charger	1,000	500
Level locomotive	6,000	2,000
Vent fan	565	500
4 cars	2,000	1,000
		$12,000

$\frac{\$12,000}{60}$ -- $200/month — $ 1.00

Equipment pro-rated 1/2 to project

1000 cfm compressor	+ $15,000	$5,000
Shop equipment	+ $ 3,000	1,000
Level locomotive and charger	+ 8,000	4,000
		$10,000

$\frac{\$10,000}{60}$ -- $166/month x 1/2 -- $83/mo. — .42

Pro-rated labor - (Maintenance - Shop)

1 Electrician (part time)	$ 50/mo.
1 Mechanic (full time)	350/mo.
1 Yard & Timberman (full time)	350/mo.
	$750/mo.

19 men in mine - 9 men on project

9/28 x 750 -- $240/month — 1.20

Sampling and assaying — .50

$ 40.76 ← 38.00

Through fault section where spiling or shortsets are necessary increase - $5.00/ft. SAY $ 41.00

Allow 200 ft. at $500/ft. $ 46.00

Raise

2 200 ft. raises - 2 compartment - 4 x 4 - frame 8 x 8
Advance 2-1/2 ft. per shift - work 2 shifts per day - 2 raises at once or 5 ft. per shift for 2 raises - 100 ft. per month

		Cost/ft.	Total
Direct Labor			
Contract - $18 per ft., including timbering		$ 18.00	
Other Labor (From drift estimate)			
Trammer	17.08		
Cager	17.08		
Hoistman	18.10		
1/2 Main level trammer	8.54		
	60.80		
$\frac{60.80}{5}$ =		12.16	
Supervision, Engineering & Bookkeeping			
1/2 man at $600/mo. 2 shifts	$300.00		
$\frac{\$300}{200}$ =		1.50	
Timber - Lag - 4 sides and line chute			
Wall plates 2 pcs. 8 x 8 - 10	107		
End plates 1 pc. 8 x 8 - 10	53		
Divider 1 pc. 8 x 8 - 5	27		
6 Posts 3 pcs. 8 x 8 - 10	160		
Lining 16 pcs. 2 x 12 - 5	160		
Head Boards 12 pcs. 3 x 12 - 1	36		
	543 fbm		
543 fbm at $63/M	34.21		
20 wedges at .06 each	1.20		
Lagging 64 pcs. at 18¢	11.52		
	46.92		
$\frac{46.92}{5}$ ==		9.38	
Ladders - 10' at $3.00 each		.30	
Landings at 20' oc			
3 pcs. 2 x 12 -- 4 24 fbm			
$\frac{24 \times \$63/M}{20}$		.08	
		9.76	9.76

Raise (Continued)

	Cost/ft.	Total
Brought Forward	$ 41.42	
Powder 9#/ft. at $18.50/100	1.67	
14 - Elec. caps at 22¢ each/5' round	.62	
Vent tube 12" at 0.85	.85	
Air line 2" at .45	.45	
Water line 1" at .18	.18	
Power - $500/mo. - 1/2 to Project	2.50	
Repairs	.75	
Small tools and misc. $400	1.00	
Steel and Bits	1.25	
Depreciation $366/mo. - see drift estimate	1.88	
Prorated labor - $240/mo. - see drift estimate	1.20	
Total	$ 53.77	
SAY	$ 53.75	

Diamond Drilling

For EX holes - less than 300 feet long - bid price of $3.00 per foot can be obtained. Experience with this work has shown that usually cementing and reaming is unnecessary in this ground $ 3.00

Cost of Project

1500 lin. ft. drift at $41.00 per foot	$61,500.00
200 lin. ft. drift through faults at $5.00/ft.	1,000.00
2000 lin. ft. diamond drill hole at $3.00/ft.	6,000.00
400 lin. ft. raises at $53.75 per foot	21,500.00
Total	$90,000.00

Golconda Lead Mines
Wallace Idaho
MF - 103

1. Name of applicant

(a) Golconda Lead Mines
Insurance Building
Wallace, Idaho
(b) Corporation, incorporated under the laws of the State of Idaho
(c) A. H. Featherstone, President Wallace, Idaho
J. A. Featherstone, Vice-President Lloyd, Montana
H. F. Magnuson, Secretary-Treasurer Wallace, Idaho
(d) Does not apply

2. General - DMEA Order 1 read and complied with

3. Applicant's property rights

(a) Exploration work would be carried on in the Klondike, Raymond, Lead, Juneau and Snowflake, patented mining claims in Section 30, T48N, R 5E B. M., Hunter mining District, Shoshone County, Idaho
(b) Golconda Mine
(c) Owner
(d) Does not apply
(e) None
(f) No unpatented claims

4. Physical description

(a) The Golconda Mine has been in operation since 1926. Workings consist of: 13,500 feet of drifts and crosscuts; Main shaft 800 feet, old shaft 500 feet, winze 140 feet; 5,250 feet of tunnels and adits; 1,000 feet of raises. The mine has been opened on five levels over a vertical distance of 800 feet. Present work is confined to the main adit level and a winze level 140 feet below. Many of the workings are inacessible for examination.
(b) Production through 1950 totals 314,321 tons having an average grade of 3.6 oz. AG 5.3% Lead, 3.8% Zinc. Present production about 40 tons per day averaging 6 oz Silver, 8.0% Lead and 2.5% Zinc. No proven ore reserves.
(c) Ore is found in ore shoots along vein which occurs as replacement of altered quartzite in shear zone. There is no indication the ore shoots were bottomed in any of present workings. The area to be explored will enter a geologically promising section of the Burke formation. Maps and other technical information are available at the company office or can be sent on request.
(d) Mine is on U. S. No. 10 Highway and a branch line of the Northern Pacific Railway about 3 miles east of Wallace, Idaho, the principal shipping, supply and residential point. Smelters are located at Kellogg, Idaho, 15 miles to the west.

5. Exploration project

(a) Lead and zinc

(b) The proposed work is to explore two vein systems at depth below and to the east of present workings. A depth of 300 to 750 feet vertically below present workings will be gained by 2000 feet of drifting and 800 feet of crosscutting on the 1800 level. Maps are available at the company office or can be sent upon request.

(c) The work will start in about 90 to 120 days and will require 22 months from the date of an exploration contract to complete.

(d) Golconda Lead Mines has been in operation since 1927. A. H. Featherstone, manager, has had 50 years mining experience.

6. Estimated Costs

(a) Independent contracts

Contract drifting and consulting (2,800 feet at $15.00 per foot)		$42,000

(b) Labor, supervision, consultants

	Rate per month	Cost per month	
3 Hoistmen	$425	$1,275	
3 Motormen	425	1,275	
1 Shiftboss	475	475	
3 Cagers	400	1,200	
1 Trackman	375	375	
3 Surface labor	350	1,050	
50% of mine superintendent	275	275	
Engineering and geological	100	100	
Total cost per month		$6,025	
Total for 22 months (22 x $6,025)			$132,550

(c) Operating materials and supplies

Mine timber, stull, lagging, ties and wedges	$9,000	
Rail, including fishplates, bolts and spikes	3,000	
Pipe (2" and 4")	4,300	
Explosives, caps, fuse	8,000	
Vent pipe	2,900	
Bits and drill steel	3,400	
Power	3,300	
Shovels, axes, picks, and small tools	350	
Drilling hoses (air and water)	650	
Total		34,900

(d) Operating equipment

New equipment to be purchased		
Ventilation fan	$450	
Rock drills	1,300	
Battery trammer & Batteries	4,500	
Mine cars	4,000	
Total		10,250

Equipment owned by Golconda Lead Mines to be used on rental bases:

Double Drum hoist
Electric pumps
Vent fan
Mucking machine
Battery charger
Locomotive (top level)
Compressors
Shop facilities

Estimated value of this equipment is $22,000 and the suggested rental value is $1,000 per month.

(e)	Rehabilitation and repairs		
	Repair worn hoist		$1,590
(f)	New buildings, improvements, installations		none
(g)	Miscellaneous		
	Equipment maintenance	$2,500	
	Accounting and office ($100 per month)	2,200	
	Assaying	300	
	Workmens compensation	6,982	
	Social security taxes and unemployment compensation	7,855	
	Contingencies	1,000	
	Total miscellaneous		20,837
	Total estimated cost of property		$242,127

7. (a) Yes
   (b) Golconda Lead mines is prepared to pay for its portion of the cost of the exploration project by rental for the use of equipment owned and the balance in cash.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
	[illegible]	500
4/23	Talbut	800
"	Ourleave	120
"	Johnson	110
[illegible]	[illegible]	100
		220

APR 2 3 1963

Golconda Lead Mines
Scott Building
Wallace, Idaho

Attention: Mr. Wray Featherstone, President and Manager

Re: DMEA-2637 (Lead-Zinc)
Golconda Lead Mines
Golconda Mine
Shoshone County, Idaho
Contract Ida-E475

Gentlemen:

Thank you for returning the completed MME Form 63's mailed to you on March 22, 1963.

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated March 2, 1955, all minerals mined or produced from January 14, 1953, to January 14, 1963, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

George Fumich, Jr.

(PK)

Director

MMerrithew/mm
4/23/63
cc: The Square Deal Mining & Milling Co., Ltd.
Director's Reading File
CA&A Division
Region I (2) w/copy of Form 63 dated 3/22/63
Docket
Code 500

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
	Gerwold	500
4/23	Talbot	800
"	Dr Leave	120
"	Johnson	110
4	Fumich	100
		520

APR 23 1963

The Square Deal Mining & Milling Co., Ltd.

Wallace, Idaho

Re: DMEA-2637 (Lead-Zinc)
Golconda Lead Mines
Golconda Mine
Shoshone County, Idaho
Contract Idm-2475

Gentlemen:

Enclosed is a self-explanatory letter of today to the Operator under the subject contract.

This correspondence relates to the Owner's Consent to Lien form executed by you under the Defense Minerals Exploration Administration program on October 22, 1952.

Sincerely yours,

George Fumich, Jr.
Director

Enclosure

MMerrithew/mm
4/23/63
cc: Director's Reading File
Region I (2)
Docket
Code 500

8623

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

September 10, 1962

Memorandum

To: Acting Field Officer, Region I

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

Subject: DMEA-2637 (Lead-Zinc)
Golconda Lead Mines
Golconda Mine
Shoshone County, Idaho
Contract Idm-E475

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

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.; and

(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

As evidence of your concurrence, a copy of your memorandum transmitting the original report to the Fiscal Section should be furnished this Division. If for any reason you do not concur, both copies of the report should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 9-10-62

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

43683

So. 157 Howard Street
Spokane 4, Washington
August 12, 1959

Mr. Wray Featherstone, Manager
Golconda Lead Mines
Wallace, Idaho

Re: Docket No. DMEA-2637 (Lead-Zinc)
Golconda Mine
Shoshone County, Idaho
Contract No. Idm-2475

Dear Mr. Featherstone:

Enclosed for your information and files is a copy of a Report of Royalty Review dated July 15, 1959, covering the sales of lead and zinc concentrates from the Golconda mine during the period August 6, 1955, through July 14, 1959.

The audit discloses that there is no royalty due the Government.

Sincerely yours,

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

Enclosure

cc: OME(2)
DMA
LSEM(e)
FSEM(AD)

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 17 1959

DATE	INITIALS	CODE
8-17	gad	VVO
8/17	[illegible]	800
8-18	[illegible]	500
		225

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

August 24, 1962

Re: DMEA-2637 (Lead-Zinc)
Golconda Lead Mines
Golconda Mine
Shoshone County, Idaho
Contract Idm-E475

Golconda Lead Mines
Insurance Building
Wallace, Idaho

Gentlemen:

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. K. Griswold, Chief
Division of Minerals

MME Form 63
Revised 3-62

DMEA-2637
Idm-E475

OFFICIAL FILE COPY
O. M. E
RECEIVED SEP 4 1962

DATE	INITIALS	
9/5		800
		100
9/5		110
		500
	Yes ☐	No ☑
		220

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since July 14, 1959, 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 ☑

2. Since July 14, 1959, 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: WRAY FEATHERSTONE

Name ~~GOLCONDA LEAD MINES~~ Title PRES & MGR.

Address SCOTT BLDG Date 8-28-62
WALLACE, IDAHO

4511

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

March 22, 1963

Re DMEA-2637 (Lead-Zinc)
Golconda Lead Mines
Golconda Mine
Shoshone County, Idaho
Contract Idm-E475

Mr. Wray Featherstone
President & Manager
Golconda Lead Mines
Scott Building
Wallace, Idaho

Dear Mr. Featherstone:

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.

If you will be kind enough to bring us up to date we shall be able to release the Government lien against production from this property.

Sincerely yours,

W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 12 1963

DATE	INITIALS	CODE
4/12		800
		120
		100
7/12		110
	Granted	500
		220

Expired 1/14/63

MME Form 63
Revised 3-62

DMEA-2637
Idm-E475

REQUEST FOR INFORMATION ON CERTIFIED PROJECT
AND PROJECT UNDER ROYALTY AGREEMENT

From August 28, 1962, to January 14, 1963,

1. ~~Since~~ was ~~there~~ 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 ☒

Property idle during above period. No operation since 1957. No plans for immediate future.

From August 28, 1962, to January 14, 1963,

2. ~~Since~~ was ~~there~~ 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 WEAY FEATHERSTONE Title PRES. & MGR

Address SCOTT BUILDING Date APRIL 8, 1963
WALLACE, IDAHO

4511

COPY

So. 157 Howard Street
Spokane 4, Washington

July 15, 1954

Mr. Wray Featherstone, Superintendent
Golconda Lead Mines
Insurance Building
Wallace, Idaho

Re: Docket No. DMEA-2637 (lead-zinc)
Golconda Lead Mines
Shoshone County, Idaho
Contract No. Idm-E475

Dear Mr. Featherstone:

This will acknowledge your letter of July 8, 1954, regarding additional work under the captioned contract.

We appreciate the company's position in not wanting at this time to obligate itself for more work than is absolutely necessary to explore the target area in the vicinity of the present DMEA drift heading. All factors considered, it appears that it would be best to wait until after the vein structure is cut again and some additional drifting along it is completed before a decision is made regarding additional work in the area. However, should the contemplated work under the existing contract indicate that additional work in the target area is justified, we will consider a request for additional work under the contract.

We regret the misunderstanding that has arisen regards to the raise in the vicinity of survey station 1813A. Mr. Quinlan informs us that he did discuss the matter of the raise with you before it was started. At the time of this discussion it was his understanding that the raise was to be driven on company account. You evidently misunderstood that the DMEA would be willing to participate in the cost of the raise; however, this was not the intent.

On the basis of work completed to date, contract objectives can best be tested by continuing drifting. It is evident that remaining contract funds may be exhausted by this work. For these reasons it will not be possible for the Government to participate in the cost of the raise. Therefore, the amount previously paid for the raise will be deducted from your next monthly payment.

By Field Team, Region II

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

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

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

August 4, 1958

MEMORANDUM:

To: Mr. Wingfield N. Chamberlain
Division of Operation Control & Statistics

From: Director, Division of Base Metals

Subject: Semi-Annual Reports of Certified projects for the period January 1, 1958 thru June 30, 1958.

The following projects were inactive during the cited period.

Docket No.	Contract No.	Name
DMEA-3112	Idm-E651	Centrida Mines, Inc.
DMEA-432	Idm-E1	Mines Management, Inc.
DMEA-81	Idm-E18	United Minerals Corporation
DMEA-1166	Idm-E76	American Zinc, Lead & Smelting Co.
DMEA-390	Idm-E63	Highland-Surprise Cons. Mining Co.
DMEA-125	Idm-E81	Bennett Mining Company
DMEA-961	Idm-E86	Idaho Mining Company
DMEA-525	Idm-E137	Spokane Mining Syndicate
DMEA-1877	Idm-E155	William Mulcahy
DMEA-652	Idm-E177	South Mt. Mining & Concentrating Co.
DMEA-1596	Idm-E184	Nabob Silver-Lead Company

DMEA-2166	Idm-E208	Farmer Mine Enterprises
DMEA-1959	Idm-E223	Wylie M. Gardner and L. R. Vanes
DMEA-2123	Idm-E228	Pacific Northwest Mining Company
DMEA-1831	Idm-E242	William Seren
DMEA-1175	Idm-E251	Amader Mining Company (assignee of Kootenay Copper Mines)
DMEA-1894	Idm-E266	Buchman, Breeken and Merden
DMEA-2213	Idm-E294	Elmer Enderlin
DMEA-2388	Idm-E301	American Zinc, Lead & Smelting Co.
DMEA-2269	Idm-E308	Mines Management, Inc.
DMEA-2420	Idm-E380	Hypotheek Mining & Milling Co.
DMEA-2237	Idm-E421	Signal Mining Company
DMEA-2637	Idm-E475	Goldenda Lead Mines
DMEA-2862	Idm-E482	Spokane-Idaho Mining Co.
DMEA-2612	Idm-E489	Granere Company (assignee of Index Mining Company)
DMEA-2929	Idm-E587	Grandview Mines
DMEA-3142	Idm-E644	Howe Sound Company
DMEA-3288	Idm-E667-	Alaska Copper Mines, Inc.
DMEA-3664	Idm-E819	Highland-Surprise Cons. Mining Co.

W. R. Griswold

WRG/dl 8-4-58
cc to: Dockets (28)
Admr. R. File
Chmr.

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-E475, Docket DMEA-2637 (lead-zinc), dated January 14, 1955, with

Golconda Lead Mines
Scott Building
Wallace, Idaho

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 Golconda Mine located in Shoshone County, Idaho, during the period July 15, 1959, through August 28, 1962.

A certification of discovery or development was issued on March 2, 1955, and, in accordance with Annex I of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract, excepting certain exclusions set forth in Amendment No. 3, 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 23, 1954, indicated accepted costs under the exploration contract amounting to $84,390.70 with the Government's contribution on a 50 percent basis being $42,195.35.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which found the sales subject to the Government's royalty through July 14, 1959, to be $51,426.01. The royalty account as of July 14, 1959, was:

Total Royalty Payable	$2,571.30
Total Royalty Paid	2,571.30
Balance of Royalty Due	$ -0-

As of August 28, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$2,571.30
Total Royalty Paid	2,571.30
Balance of Royalty Due	$ -0-

E. D. Talbert, OME Auditor

September 10, 1962

extra

OFFICIAL FILE COPY
C. M. E.

800

So. 157 Howard Street
Spokane 4, Washington
September 18, 1962

Memorandum

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

From: Acting Field Officer, Region I

Subject: DMEA-2637 (Lead-Zinc)
Golconda Lead Mines
Golconda Mine
Shoshone County, Idaho
Contract Idm-E475

There is enclosed a Report of Royalty Review dated September 10, 1962, covering the subject contract for the period July 15, 1959, through August 28, 1962.

One copy of the Report has been retained in the Regional Office files. Since the Report is for record purposes only, no copy for the Operator was provided.

D. R. MacLaren

Enclosure

DRMacLaren:my
cc: CAAA Div., OMK
OMK,CFF
Reading copies to:
Nolan
McKelvey

September 10, 1962

Memorandum

To: Acting Field Officer, Region I

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

Subject: DMEA-2657 (Lead-Zinc)
Golconda Lead Mines
Golconda Mine
Shoshone County, Idaho
Contract Idm-8475

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

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.; and

(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

As evidence of your concurrence, a copy of your memorandum transmitting the original report to the Fiscal Section should be furnished this Division. If for any reason you do not concur, both copies of the report should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 9-10-62

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

JUL 20 1959
O.M.E.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region I, Spokane, Washington, pertaining to Contract Ida-2475, Docket No. IDDA-2637 (lead, zinc), dated January 14, 1955, as amended, with

Golconda Lead Mines
Insurance Building
Wallace, Idaho

for the purpose of determining the amount of royalty due the U. S. Government on sales of lead and zinc concentrates from property referred to as Golconda Mine located in Shoshone County, Idaho, during the period August 6, 1955 through July 14, 1959.

A certification of discovery or development was issued on March 2, 1955, and, in accordance with Amendment No. 3 to the contract, royalty is payable on the value of all minerals mined or produced from the land described in Article 2 of the contract, except for any dumps or tailing ponds which existed on the land prior to the date of the contract, during a maximum period of 10 years from the date of the contract. A Report of Review in lieu of final audit dated December 23, 1958, indicated accepted costs under the exploration contract amounting to $84,390.70 with the Government's contribution, on a 50 percent basis, being $42,195.35. The scope of the review and the reasons therefor are stated on page two.

My review established the total sales of concentrates for this period to be $39,744.16. Royalty due the U. S. Government at the contract rate of 5 percent is $1,987.21. A prior review for the period January 14, 1953 through August 5, 1955, stated the sales of concentrates to be $11,661.85 which, added to sales for this period, make a total of $51,406.01. The royalty account as of August 5, 1955, was

Total Royalty Due	$ 984.09
Total Royalty Paid	984.09
Balance of Royalty Due	-0-

As of July 14, 1959, the royalty account of this project was found to be

Total Royalty Due	$2,972.30
Total Royalty Paid	2,972.30
Balance of Royalty Due	-0-

C. E. Fisher
C. E. Fisher, Auditor

July 15, 1959

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

EXTRA COPY
O. M. E.
RECEIVED JUL 20 1959

DATE	INITIALS	CODE

Operator's Name Golconda Lead Mines

Address Insurance Building

Wallace, Idaho

Exploration Contract No. Idm-E475

Docket No 2637 (lead-zinc)

		Check One Yes	Check One No.
1.	(a) Does the Operator stockpile ore subject to royalty repayment?		x
	(b) If so, is segregation and identification procedure adequate?		
2.	(a) Does Operator commingle production subject to DMEA or OME royalties with exempt production?		x
	(b) If so, do you consider the allocation of the commingled production equitable?		
3.	(a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		x
	(b) If so, are adequate records maintained on such material to protect the Government's interest?		
4.	Do you consider the assay controls in effect are adequate?	x	
5.	Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	x	
6.	Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties?	x	
7.	Does the Operator buy from or sell to other Operators?		x
8.	Comment on any item 2 (b) to 6 if answer is No.		

Property has been inactive since June 1957.

July 14, 1959
Date

Mining Engineer
S. W. Zoldok

53362

So. 157 Howard Street
Spokane 4, Washington
August 12, 1959

Mr. Vrey Featherstone, Manager
Golconda Lead Mines
Wallace, Idaho

Re: Docket No. DMSA-2657 (Lead-Zinc)
Golconda Mine
Shoshone County, Idaho
Contract No. Idm-2475

Dear Mr. Featherstone:

Enclosed for your information and files is a copy of a Report of Royalty Review dated July 15, 1959, covering the sales of lead and zinc concentrates from the Golconda mine during the period August 6, 1953, through July 14, 1959.

The audit discloses that there is no royalty due the Government.

Sincerely yours,

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

Enclosure

cc: OME(2)
OAA
OTM(2)
OZEM(AD)

EXTRA COPY
O. M. E.
RECEIVED AUG 17 1959

DATE	INITIALS	CODE
		800

For Certificate of Deposit No. 383, dated February 15, 1957, giving royalty payment of $1,034.40, see E-152.

E-475

For Certificate of Deposit No. 417, dated August 30, 1957, giving royalty payment of $952.81, see E-152.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, DMEA Field Team, Region I, N. W. District, pertaining to Contract Idm-E475, Docket No. DMEA-2637, with:

Golconda Lead Mines
Insurance Building
Wallace, Idaho

for the purpose of determining the amount of royalties due the U. S. Government on sales of lead and zinc from property referred to as Golconda Mine located in Shoshone County, Idaho, during the period of January 14, 1953, to August 5, 1955.

The contract was dated January 14, 1953. Amendment No. 3, dated March 17, 1954, exempted from the lands described in Article 2 of the contract any dumps or tailing ponds which existed prior to the date of the contract together with ore reserves described as Blocks Nos. 1 and 2. The contract was terminated by mutual consent effective November 23, 1954, and certification of discovery or development was issued under date of March 2, 1955, providing for repayment royalties for a maximum period of 10 years from the date of the exploration contract. According to report of review in lieu of final audit prepared by Mr. C. A. Turner, auditor, under date of December 23, 1954, total accepted costs under the contract amounted to $84,390.70 with the Government's contribution, on a 50 percent basis, being $42,195.35.

My review included a verification of the royalty paid in connection with 4 sales of lead and zinc concentrates to Bunker Hill & Sullivan Mining & Concentrating Company and Anaconda Copper Mining Co. during the exploration period. In addition, a conference was held with Mr. E. G. Erickson, mining engineer, Bureau of Mines, Spokane, Washington, who is thoroughly familiar with the project.

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

(1) The production involved was incidental to the exploration operations,

(2) The property has been idle since termination of the contract, 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.

The review established the total sales of lead and zinc concentrates to be $11,681.85. Royalty due the U. S. Government at the contract rate of 5 percent is $584.09. The royalty paid and balance due are as follows:

Total Royalty Due	$584.09
Total Royalty Paid	584.09
Balance of Royalty Due	- 0 -

RECEIVED
AUG 1955

C. E. Fisher

C. E. Fisher, Auditor

August 5, 1955

E-475

For Schedule of Collections No. DMA-152, dated July 26, 1954, giving royalty repayment of $249.76, see E-63.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Golconda Lead Mines
Insurance Building
Wallace, Idaho

pertaining to Exploration Project Contract No. Idm-E475, Docket No. DMEA 2637, dated January 14, 1953, including Amendments Nos. 1 to 6 inclusive, for the period of January 14, 1953 to November 8 1954, covering a project for the exploration of lead and zinc on property known as the Golconda Mine, located in Shoshone County, State of Idaho.

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

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

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

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

Total Cost as billed by Contractor	$84,390.70
Exceptions	None
Total Accepted Cost	$84,390.70

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 Forty two thousand one hundred ninety five and 35/100 Dollars

--$42,195.35--

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

C. A. Turner, Auditor

December 23 1954

COPY

So. 157 Howard Street
Spokane 4, Washington

July 15, 1954

Mr. Wray Featherstone, Superintendent
Golconda Lead Mines
Insurance Building
Wallace, Idaho

Re: Docket No. DMEA-2637 (lead-zinc)
Golconda Lead Mines
Shoshone County, Idaho
Contract No. Idm-E475

Dear Mr. Featherstone:

This will acknowledge your letter of July 8, 1954, regarding additional work under the captioned contract.

We appreciate the company's position in not wanting at this time to obligate itself for more work than is absolutely necessary to explore the target area in the vicinity of the present DMEA drift heading. All factors considered, it appears that it would be best to wait until after the vein structure is cut again and some additional drifting along it is completed before a decision is made regarding additional work in the area. However, should the contemplated work under the existing contract indicate that additional work in the target area is justified, we will consider a request for additional work under the contract.

We regret the misunderstanding that has arisen regards to the raise in the vicinity of survey station 1813A. Mr. Quinlan informs us that he did discuss the matter of the raise with you before it was started. At the time of this discussion it was his understanding that the raise was to be driven on company account. You evidently misunderstood that the DMEA would be willing to participate in the cost of the raise; however, this was not the intent.

On the basis of work completed to date, contract objectives can best be tested by continuing drifting. It is evident that remaining contract funds may be exhausted by this work. For these reasons it will not be possible for the Government to participate in the cost of the raise. Therefore, the amount previously paid for the raise will be deducted from your next monthly payment.

By Field Team, Region II

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

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

APR 23 1963

Galena Lead Mines
Sagel Building
Wallace, Idaho

Attention: Mr. Wang Bethlavenne, President and Manager

In: MSA-2637 (Lead-Zinc)
Galena Lead Mines
Galena Mine
Shoshone County, Idaho
Contract Ldr-5471

Gentlemen:

Thank you for returning the completed MMS Form 63's mailed to you on March 22, 1963.

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated March 2, 1956, all minerals mined or produced from January 14, 1953, to January 14, 1963, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to the present records retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

George Fumich, Jr.

Director

MHarrington/mm
4/23/63
cc: The Square Deal Mining & Milling Co., Ltd.
Director's Reading File
GAAA Division
Region I (3) w/copy of Form 63 dated 3/22/63
Docket
Code 500

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

GOVERNMENT'S COPY

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

To: Mr. A. H. Featherstone, President
Galena Lead Mines
Wallace, Idaho

Pursuant to the provisions of Exploration Project Contract No. Idm-1475, dated January 14, 1953, Docket No. DMA-8637, 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: Drifting on the 1800 level of the Galena mine has shown the existence of lead-zinc ores occurring within a vein in metamorphic rocks.

Dated: MAR 2 1955

THE UNITED STATES OF AMERICA

By O Mitchell
Administrator, Defense Minerals
Exploration Administration

WMGriswold/er (written 2/24/55)
Copy to: Docket
Irving Gumbel, Dr.,MD,EPS
Mr. Hedges, 4604
Mr. Kiilsgaard, 5224
Admr R File
Op. Committee
Base Metals
Cont.Adm.&Audit Div.
Finance Office
Region I, NW Dist. (2)
Mr. F. E. Johnson
Mr. W. M. Griswold
N Chron.

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

MAR 3 - 1955

Mr. A. H. Featherstone, President
Golconda Lead Mines
Wallace, Idaho

Re: Docket No. DMEA-2637 (Lead-Zinc)
Golconda Lead Mines
Golconda Mine
Shoshone County, Idaho
Contract No. Idm-2475

Dear Mr. Featherstone:

Transmitted herewith is a certification of discovery or development related to the Exploration Project Contract No. Idm-2475, dated January 14, 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 January 14, 1953, the date of the contract, is subject to the Government's percentage royalty as set forth in the said contract until the sum of $42,195.35, which the Government has advanced as its participating interest is repaid, or until January 14, 1963, whichever occurs first.

Payments should be made to Mr. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest District, South 157 Howard Street, Spokane 4, Washington. 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. Weissenborn 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. Weissenborn at six-month intervals that such is the case.

Sincerely yours,

C. O. Mittendorf
Administrator

Enclosure

Base Metals
Mr. F. E. Johnson
Mr. H. R. Griswold
Chron.

R. File
Op. Committee
Cont. Adm.&Audit Div.
Finance Office
Region I, NW Dist. (2)

,EPS
,Sogaard, 5224

INTERIOR DEPT.
FEB 25 1955
SOLICITOR

No. 157 Howard Street
Spokane 4, Washington

February 15, 1955

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

Re: Docket No. DMEA-2637 (lead-zinc)
Colorado Lead Mines
Colorado Mine
Shoshone County, Idaho
Contract No. 14m-2475

Dear Mr. Selfridge:

This is in reply to your letter of January 26, 1955, forwarding for our consideration J. L. Hoffland's memorandum of January 21, 1955, in regards to Amendment No. 6 and the termination agreement covering the captioned contract.

The work authorized by Amendment No. 6 had been informally approved before it was performed, and therefore, it was the purpose of the amendment to formalize this approval. Therefore, in compliance with Mr. Hoffland's memorandum of January 21, 1955, we have executed a new termination agreement which contains a provision for rescinding the termination agreement previously executed.

Enclosed are the Government, Docket, and Division copies of the new termination agreement. The other copies are being distributed in the usual manner.

By Field Team, Region I
Northwest District

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

John S. Vhay, Acting Member
U. S. Geological Survey

Enclosure
cc: DMEA (2)
DMEA(AD)
Quinlan

GOVERNMENT COPY

FEB 21 1955

9.W.AD

TERMINATION AGREEMENT

It is agreed this 7th day of February, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Golconda Lead Mines, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E 475, Docket No. DMEA- 2637, dated January 14, 1953, hereinafter called the "Contract," that:

1. The Termination Agreement entered into November 10, 1954, by the Operator and the Government is hereby rescinded.

2. Effective November 23, 1954, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

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

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

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

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

THE UNITED STATES OF AMERICA

By A E Weissenborn
A. E. Weissenborn, Exec. Officer
DMEA Field Team, Region I
Northwest District

GOLCONDA LEAD MINES
Operator

By A H Featherstone
A. H. Featherstone, President

(Authority: Operating Committee letter dated 11-4-54)

500

JAN 26 1955

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

Re: Docket No. DMEA-2637 (Lead-Zinc)
Golconda Lead Mines
Golconda Mine
Shoshone County, Idaho
Contract No. 16a-2475

Dear Mr. Weissenborn:

In regard to Amendment No. 6 to the cited contract which you have prepared, executed and distributed, we are enclosing copies of a memorandum from J. L. Hoffland, Acting Assistant Solicitor, Defense Minerals, dated January 21, 1955.

Please advise us as to what action you will take as to the suggestion given by Mr. Hoffland.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosure

JWAlt/er 1/25/55
Copy to: Docket
Admr R. File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

Mr. J. Chambers

APPROVED:

J. H. Hedges
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

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

JAN 21 1955.

Memorandum

To: The Administrator, DMEA
Attention: W. R. Griswold
Jay L. Chambers

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-2637 (lead-zinc), Golconda Lead Mines, Golconda Mine, Shoshone County, Idaho, Contract No. Ida-E475

We have reviewed Amendment No. 6 of the subject contract executed by Mr. Weissenborn, transmitted to us with a reference slip dated January 10.

The amendment is dated November 22, 1954, is effective July 30, 1954, and provides for 11.31 feet of additional drifting and crosscutting. Apparently the amendment was executed for the purpose of authorizing work retroactively. There is no evidence that such work was informally authorized in advance. To compound the matter, a termination agreement was executed by the Executive Officer on November 10, 1954. Thus Amendment No. 6 was executed after the contract was terminated.

We suggest that it be determined whether the additional work authorized in Amendment No. 6 was informally approved before it was performed. If it was, and the purpose of Amendment No. 6 was to formalize this approval, then the Executive Officer should execute a new termination agreement which contains a provision rescinding the old one. If the additional work was not approved in advance, it is our view that the costs of said work are not eligible for contribution by the Government.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

HCRubin:gjb
1/20/55
Copy to: DMEA Docket
Solicitor's Docket
W. R. Griswold
Jay L. Chambers
J. L. Hofflund
H. C. Rubin
Chron. File

GOVERNMENT COPY

TERMINATION AGREEMENT

It is agreed this 10th day of November, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Golconda Lead Mines, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E 475, Docket No. DMEA- 2637, dated January 14, 1953, hereinafter called the "Contract," that:

1. Effective November 8, 1954, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

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

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

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

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

THE UNITED STATES OF AMERICA

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

GOLCONDA LEAD MINES
Operator

By A H Featherstone
A. H. Featherstone, President

(Authority: Operating Committee letter dated 11-4-54)

GOVERNMENT COPY

AMENDMENT NO. 6

It is agreed this 22nd day of November 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and

Golconda Lead Mines, Wallace, Idaho

(Docket No. DMEA 2637, lead-zinc)

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 475 of January 14 1953 between the parties hereto be modified and amended as described in Exhibit "F" attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be July 30 1954.

This amendment is made by authority granted the Executive Officer, DMEA Field Team, Region II, in Order No. 2684 by the Acting Secretary of the Interior.

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."

Executed in sextuplicate the day and year first above written.

GOLCONDA LEAD MINES
(Operator)

By A H Featherstone
President

THE UNITED STATES OF AMERICA

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

Exploration Project Contract No. Idm-E475
Golconda Lead Mines
Docket No. DMEA-2637

Amendment No. 6

Exhibit "F"

WHEREAS, it is now apparent to the Operator and the Government that contract objectives can best be reached by permitting the use of a part of the contract funds originally intended for extra timbering for additional drifting and crosscutting over and above that provided for in the contract as previously amended;

WHEREAS, the contract as modified by Item 2 of Amendment No. 1 and by Amendment No. 4 provides a maximum of $83,000 for drifting and crosscutting, which at a unit price of $41.00 per foot, including ordinary timbering, allows for 2024.39 feet of drifting and crosscutting; and

WHEREAS, it is now apparent that 2035.70 feet of drifting and crosscutting are required to adequately test contract objectives;

NOW THEREFORE, the contract is hereby further amended to provide for an additional 11.31 feet of drifting and crosscutting over and above that provided in the contract as previously amended; thus bringing the total drifting and crosscutting allowed in the contract to 2035.70 feet. This additional drifting and crosscutting will be at locations mutually agreed on by the Operator and the Government. Funds amounting to $463.70 for this additional drifting and crosscutting will be at the expense of the $1,000 provided for extra timbering in Exhibit "A" of the contract, "Estimated Costs of the Project" under section "200 feet of extra timbering at $5.00 per foot." The unit costs of drifting, crosscutting and extra timbering as set forth in the contract are not changed by this amendment, but the total funds provided for extra timbering is reduced to $536.30.

Exploration Project Contract No. Idm-E475
Golconda Lead Mines
Docket No. DMEA-2637

Justification for Amendment No. 6

Disclosures made by the exploration work indicate that an additional 11.31 feet of drifting and crosscutting are needed to adequately test contract objectives. As only $150 of the $1,000 provided for extra timbering has been used, it is advantageous to use $463.70 of the funds originally intended for extra timbering for this additional drifting and crosscutting.

James J. Quinlan

GOVERNMENT'S COPY

(Amendment to Change Starting and/or Completion Dates)

AMENDMENT NO. 5

It is agreed this 13th day of May 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and Golconda Lead Mines

each acting in consideration of the agreement to the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E475 dated January 14 1953 between the parties hereto be modified and amended to change the completion period from 16 (No. of months) to 24 (No of months) from the date of the contract. The effective date of this amendment shall be May 13, 1954.

This amendment is made by authority granted the Executive Officer, DMEA Field Team, Region II, in Order No. 2684 by the Acting Secretary of the Interior.

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".

Executed in sextuplicate the day and year first above written.

GOLCONDA LEAD MINES
(Operator)

By A H Featherstone
A. H. Featherstone, President

THE UNITED STATES OF AMERICA

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

Exploration Project Contract No. Idm-E475
Golconda Lead Mines
Docket No. DMEA-2637

Justification for Amendment No. 5

Although work under the subject contract, as amended, has been performed in an efficient and workmanlike manner, the time allowed in the contract to complete the work is insufficient. Several factors have contributed to make the original time estimate low. These are: work on the project was not started as soon as anticipated because of difficulties encountered in rehabilitating a portion of the 1800 level prior to contract work; also, heavy ground conditions encountered in the DMEA workings has slowed progress.

Government Copy

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 30 1954

AMENDMENT NO. 4

Docket DMEA-2637
(lead-zinc)

It is agreed this 22nd day of April 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Golconda Lead Mines

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 475 of March 14 1953 between the parties hereto be modified and amended as described in Exhibit "F" attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be March 10 1954.

This amendment is made by authority granted the Executive Officer, DMEA Field Team, Region II, in Order No. 2684 by the Acting Secretary of the Interior.

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."

Executed in sextuplicate the day and year first above written.

GOLCONDA LEAD MINES
(Operator)

By A H Featherstone
A. H. Featherstone, President

THE UNITED STATES OF AMERICA

By Thor H Kiilsgaard
~~xxxxxxxxxxxxxxxxxx~~, Exec. Officer
DMEA Field Team, Region II
Thor H. Kiilsgaard, Acting

Authority: Teletype dtd 4/21/54 from Administrator

DEPARTMENT OF THE INTERIOR
Defense Minerals
REC'D
APR 30 1954

Exploration Project Contract No. Idm-E475
Golconda Lead Mines
Docket No. DMEA-2637

Amendment No. 4

Exhibit "F"

WHEREAS, it is now apparent to the Operator and the Government that contract objectives can best be reached by permitting the use of all or a part of the contract funds originally intended for raising for additional drifting and crosscutting over and above that provided for in the contract as previously amended;

NOW THEREFORE, the contract is amended to permit additional drifting and crosscutting over and above that provided in Exhibit "A" of the contract, "Description of the Work" Item 1 as modified by Item 2 of Amendment 1. This work shall be at locations mutually agreed on in advance by the Operator and the Government. The work will be done in lieu of all or a part of the raising provided for in Exhibit "A" of the contract, "Description of the Work," Item 3. Funds for the work will be at the expense of the $21,500 provided for raising in Exhibit "A" of the contract, "Estimated Costs of the project," under "400 feet of timbered raise at $53.75 per foot." The unit costs of raising, drifting and crosscutting as set forth in the contract are not changed by this amendment, nor will it increase the aggregate sum of $21,500 originally allowed for raising.

DEPARTMENT OF THE INTERIOR
Defense Minerals
RECEIVED
APR 30 1954

Exploration Project Contract No. Idm-E475
Golconda Lead Mines
Docket No. DMEA-2637

Justification for Amendment No. 4

One of the principal contract objectives is to test for the downward extension of the ore body mined in the eastern part of the mine on the 1000 and 1150 level. Present information indicates that the downward projection of this ore body may be 200 to 250 feet northeast of the 1800 level east drift face (see attached sketch).

When the original contract was prepared it was estimated that 1,500 feet of drifting (changed by Amendment 1 to 1500 feet of drifting and crosscutting) would be required to test contract objectives on the 1800 level. This footage has now all been used and the drift is short of the target described above. No structure has been exposed by work under the contract which merits raising on. Therefore it is deemed advisable to use all or a part of the funds originally intended for raising to extend the 1800 level drift heading into the indicated target area as shown on the attached sketch.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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ANNEX I

The following provisions are in lieu of Article 6:

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

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

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

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

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

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

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

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

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

Government Copy

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 14 1954

AMENDMENT NO. 2

It is agreed this 23d day of December 195 3, between the United States of America, acting through the Department of the Interior, Defence Minerals Administration, and Golconda Lead Mines

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 475 of January 14, 195 3 between the parties hereto be modified and amended as described in Exhibit "F" attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be January 14, 195 3.

This amendment is made by authority granted the Executive Officer, DMEA Field Team, Region II, in Order No. 2684 by the Acting Secretary of the Interior.

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"~~ nor the agreed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

GOLCONDA LEAD MINES
(Operator)

By A H Featherstone
President

THE UNITED STATES OF AMERICA

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

Department of the Interior
Release
JUN 1 1 1954

Exploration Project Contract No. Idm-E475
Golconda Lead Mines
Docket No. DMEA-2637

Amendment No. 2

Exhibit "F"

Changes and Modifications:

1. In Exhibit "A" of the contract under "Description of the Work," add the following to Article No. 2:

"When approved by the Government, "dog-hole" crosscuts or raises may be driven in lieu of diamond drilling."

2. In Exhibit "A" of the contract under "Estimated Costs of the Project," deletions and additions are hereby made which change the third item to read as follows:

"Either diamond drilling at $3.00 per foot, or "dog-hole" raising and crosscutting @ $10.00 per foot, the total combined costs of both not to exceed $6,000.00."

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JAN 1 1954

Exploration Project Contract No. Idm-E475
Golconda Lead Mines
Docket No. DMEA-2637

Justification of Amendment No. 2

Experience gained from drilling short holes to test walls of drift in ground similar to that found to exist in areas being explored under this project has shown that results are not conclusive.

Desired information can be obtained at a moderate cost by driving "dog-hole" raises or crosscuts. It therefore became desirable both to the Government and the Operator to amend the contract to allow "dog-hole" raises or crosscuts in lieu of exploring by diamond drilling in those particular cases where drilling will not suffice.

Government Copy

EXPLORATION PROJECT CONTRACT
GOLCONDA LEAD MINES
DOCKET NO. DMEA-2637

AMENDMENT NO. 1

It is agreed this 5th day of May, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and the Golconda Lead Mines, each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E475, dated January 14, 1953, between the parties hereto be and the same hereby is amended, as follows:

1. In Article 3 of the contract, the words "90 days" are hereby changed to "120 days."

2. In Exhibit "A", under the title "Description of the Work," Item 1, the first sentence is eliminated and, in its place, the following is substituted:

"1500 feet of drifting and crosscutting on the 1800-foot level of the Golconda Mine. The starting point of this drifting and crosscutting will be determined by the Government."

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, nor the agreed unit costs of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. O. Mitchenor
Administrator, Defense Minerals Exploration Administration

GOLCONDA LEAD MINES

By Troy Featherstone
Assistant Manager

Docket No. ~~DMEA # 475~~

Commodity ~~Lead - Zinc~~

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E-475

Date of Contract ~~Amendment~~ Jan. 14, 1953

Name and Address of Operator:

Golconda Lead Mines
Insurance Bldg.
Wallace, Idaho

Amount of Government participation $5,000.00

Percent of Government participation 50 %

Region: 11 State: Idaho

Note: Please release $ 2,804.65

E H Talbert
(Name)
for J. L. Chambers
Chief, Contract Administration and Audit Division
(Title)

Date Delivered to Bureau of Mines, Washington. 1/4/55

54458

Docket No. DMEA 2637

Commodity ~~Lead-Zinc~~

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 475

Date of Contract ~~or Amendment~~ January 14, 1953

Name and Address of Operator:
Golconda Lead Mines
Insurance Bldg.,
Wallace, Idaho

Amount of Government participation $ 45,000.00

Percent of Government participation 50 %

Region: II State: Idaho

J. L. Chamber
(Name)

J. L. Chamber,
Chief, Contract Administration and Audit Division
(Title)

Date Delivered to Bureau of Mines, Washington. Jan, 14, 1953 13808

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 2637

COMMODITY Lead-Zinc

RECEIVED
BUREAU OF MINES
JAN 28 1953
SPOKANE, WASH.

Government's Copy

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

IDM-E 475

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
FEB 3 1953

IT IS AGREED this 14th day of January, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Golconda Lead Mines, an Idaho corporation
Insurance Building
Wallace, Idaho

hereinafter called the "Operator," as follows:

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 Idaho, County of Shoshone, described as follows:[3] Patented mining claims: Klondike No. 2215, Raymond No. 2885, Lead No. 2991, Juneau No. 2215, Snowflake No. 2215, Manhattan Extension No. 3192, all in Sec. 30, T. 38 N., R. 5 E., B.M.

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: of all claims listed in Article 2 except Manhattan Extension

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

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 90 days from the date of this contract shall commence work on a project of exploration for[5] lead and zinc

in or upon the described land; and shall bring the project to completion within a period of 16 months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 50 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $45,000.00 which is 50 percent of $90,000.00 the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

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

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

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

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

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

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

(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.

GOLCONDA LEAD MINES
(Operator)

By A H Featherstone

THE UNITED STATES OF AMERICA

By C. F. Mitchelmore
Administrator, Defense
Minerals Exploration
Administration

I, H.F. Magnuson, certify that I am the secretary of the corporation named as Operator herein; that A.H.Featherstone, President, 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.

H. F. Magnuson

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
GOLCONDA LEAD MINES
DOCKET NO. DMEA-2637

EXHIBIT "A"

Description of the Work

The purpose of the exploration work is to explore on the 1800-foot level, by drifting, diamond drilling and raising, for the downward and eastward extension of the main vein system. The work consists of the following:

1. 1500 feet of drifting eastward on the 1800-foot level of the Golconda Mine, approximately as shown on the attached maps labeled "Partial Composite Level Map Golconda Lead Mines" and "Longitudinl Section Showing Stoping Golconda Lead Mines." This drift will explore ore bodies east of the main ore body and will be 500 feet below the ore now being mined on the 1150-foot level, and 650 feet below ore which was mined near the eastern end of the East drift on the 1000-foot level. The drifting shall be properly timbered where necessary.

For the purposes of the drifting portion of the project:

"Ordinary timbering" consists of a set of two posts, with cap and lagging. The sets shall be placed approximately 5 feet apart, measured from center to center; and

"Extra timbering" shall consist of double sets of ordinary timbering and/or spiling.

2. 2000 feet of EX size diamond drill hole. The location, length, direction and inclination of the drill holes shall be mutually agreed upon in advance by the Operator and the Government. The diamond drill holes are for the purpose of testing for possible parallel veins and to prospect for offset segments of the vein.

3. Two 200-foot, two-compartment timbered raises, located as mutually agreed upon in advance by the Operator and the Government. These two raises are provided to explore the vertical component of any ore found on the 1800-foot level.

Estimated Costs of the Project

1500 feet of drifting @ $41.00 per foot, including ordinary timbering	$61,500.00

The cost per foot for drifting, where no ordinary timbering is necessary, is $33.50 per foot.

200 feet of extra timbering @ $5.00 per foot	$ 1,000.00
2000 feet of diamond drill hole @ $3.00 per foot	6,000.00
400 feet of timbered raises @ $53.75 per foot	21,500.00
Total Estimated Cost of Project	$90,000.00
Government Participation @ 50%	$45,000.00

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 Idaho, County of Shoshone, described as follows:1/ The Manhattan Extension lode claim, the Patent of which is recorded in Book 64 of Deeds at page 40 in the office of the County Recorder of Shoshone County, Idaho; Beginning at Corner No.1, of the Manhattan ~~Extension Lode Mining Claim from which the ¼ corner of sections 19 and 30~~ Twp,48 N.R.5. E.B.M. bears N. 51° 40' West 711.35 feet distant; thence ~~S. 79° 20E. 1500 feet to corner No. 2; Thence S. 12° 30' West 600 feet to~~ corner No. 3; Thence N. 79° 20' West 1500 feet to corner No. 4; Thence ~~N. 12° 30' E. 600 feet to corner No. 1, the place of beginning.~~

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/ GOLCONDA LEAD MINES ~~COMPANY~~

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/$ _____, 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 22nd day of October, 1952.

The Square Deal Mining & Milling Co [Seal]

A.A. Featherstone President [Seal]

Margaret Featherstone [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.

Golconda Lead Mines

Kellogg, Idaho

RECEIVED
BUREAU OF MINES
FEB 11 1957
SPOKANE, WASH.

RECEIVED
FEB 18-1957
D.M.E.A.

February 7, 1957

United States Department of the Interior
Defense Minerals Exploration Administration
1201 North Division Street
Spokane 2, Washington

Attention: Eric Erickson

Re: Exploration Project Contract
Golconda Lead Mines
Docket No. DMEA 2637
Lead-Zinc, DMn-E475

Gentlemen:

Enclosed herewith is tonnage statement, together with royalty check and smelter returns for December mill run. This covers ore mined on the 1,600 level in the DMEA contract area.

Yours very truly,

GOLCONDA LEAD MINES

By _____
Wray Featherstone

WFmj
Enclosures

9/3	8	220
9/3	Jura	300

So. 157 Howard Street
Spokane 4, Washington

August 26, 1957

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

Re: Docket No. DMEA-2637 (Lead-Zinc)
Golconda Lead Mines
Shoshone County, Idaho
Contract No. Idm-E475

Dear Mrs. Long:

Attached is Check No. 15822, dated August 22, 1957, received from Golconda Lead Mines for $952.81 which represents the Government's royalty due for June 1957, Lead Lots 147 and 148 and Zinc Lots G-1 to G-3, from ore mined on the 1600 level according to the attached royalty statement from the company and settlement sheets.

Also attached is a copy of a letter from Mr. Wray Featherstone, Manager, dated August 15,1957, which states in part that effective June 1957 all mining operations were suspended, all equipment has been removed and no further ore extraction is contemplated.

Sincerely yours,

Donald R. MacLaren
Acting Member, DMEA
Field Team, Region I

Attachments as indicated

cc: Operator
DMEA w/encls.
CPF

ATTACHMENTS REC'D	8-27-57 (DATE)
BY	D. R.
ROYALTY PMTS TO DATE	$2571.30

Fmr

Klug

So. 157 Howard Street
Spokane 4, Washington

February 15, 1957

RECEIVED FEB 18 1957 D.M.E.A.

Mrs. Dorothy Long, Certifying Officer
DMEA Field Team, Region I, NW District
1201 North Division Street
Spokane 2, Washington

Re: Docket No. DMEA-2637 (lead-zinc)
Golconda Lead Mines
Shoshone County, Idaho
Contract No. Idm-E475

Dear Mrs. Long:

Attached is Check No. 13609 dated February 7, 1957, received from Golconda Mines for $1,034.40 which represents the Government's royalty due from one shipment of lead, Lot 146, and two shipments of zinc, Lots 085 and 086, from the Golconda mine in accordance with the attached settlement sheets and tonnage statement.

This covers ore mined on the 1600 level of the mine in the DMEA contract area.

Sincerely yours,

Donald R. MacLaren
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I
Northwest District

Attachments as indicated

cc: Operator
DMEA w/encls.
CPF

ATTACHMENTS REC'D 3-15-57 (DATE)
BY D.L.
ROYALTY PMTS TO DATE $ 4,618.49

Golconda Lead Mines

Wallace, Idaho

August 15, 1957

United States Department of the Interior
Defense Minerals Exploration Administration
1201 North Division Street
Spokane 2, Washington

Attention: Mr. Eric Erickson

Re: Exploration Project Contract
Golconda Lead Mines
Docket No. DMEA 2[illegible]
Lead-Zinc, Idm-E47

Gentlemen:

Enclosed herewith is tonnage statement, together with royalty check and smelter returns for June mill run. This covers ore mined on the 1,600 level under the DMEA contract area.

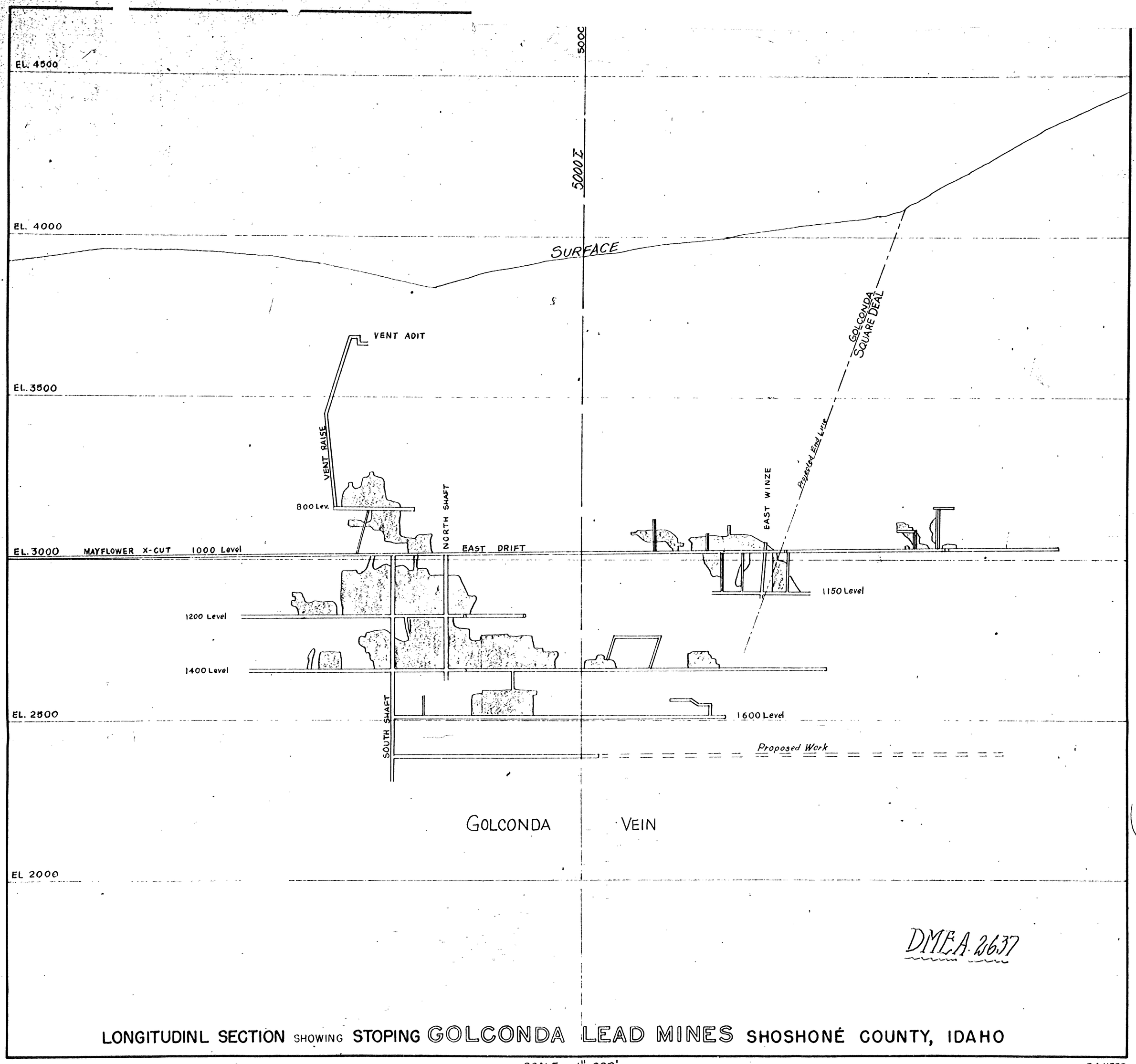
Effective June 1, 1957, all mining operations were suspended. All equipment has been removed from the mine and no further ore extraction is contemplated. Therefore, no further royalties will be paid on this contract in the forseeable future.

Very truly yours,

GOLCONDA LEAD MINES,

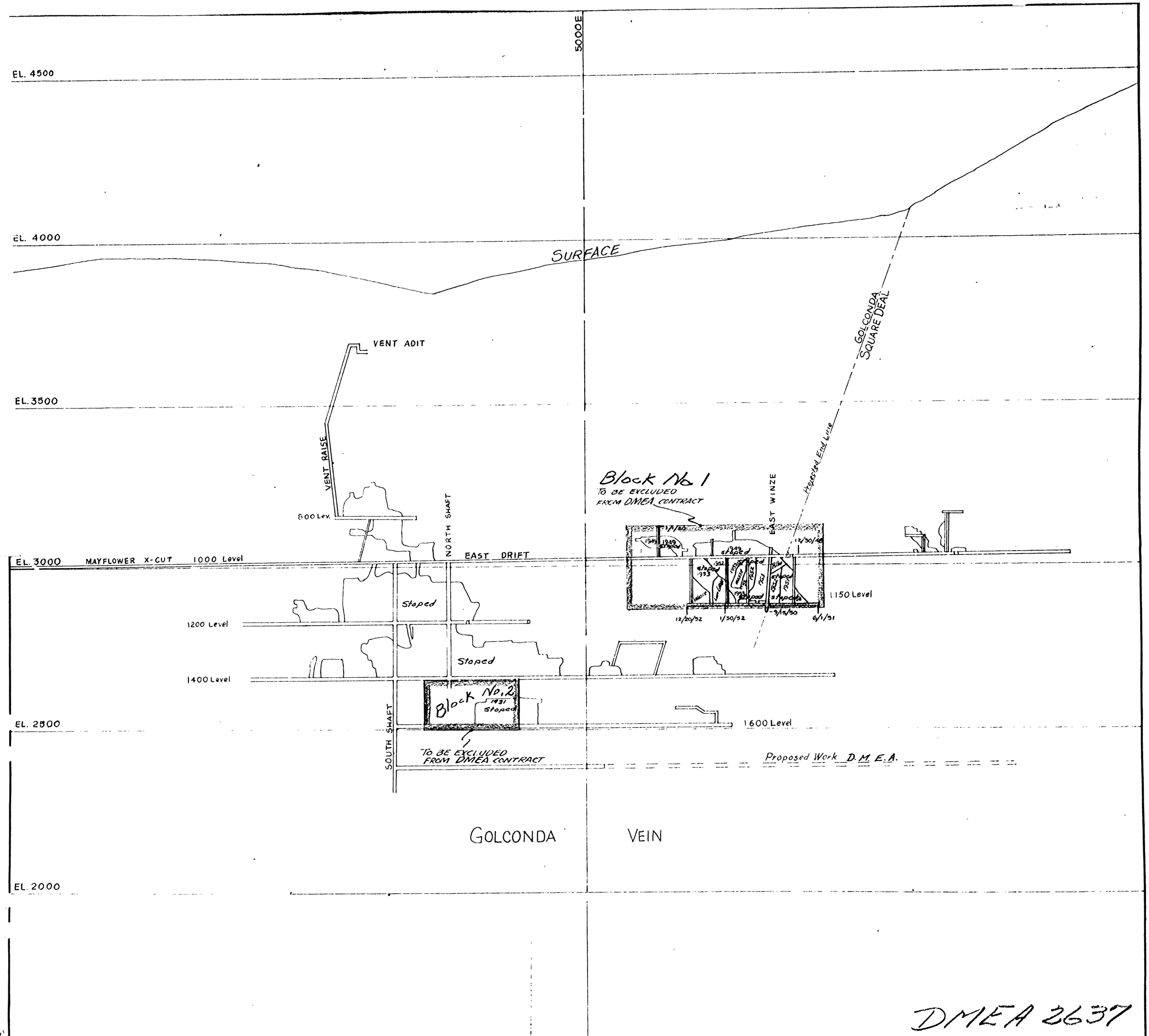
By _____
Wray Featherstone, Manager

WF/af
Enclosures



LONGITUDINL SECTION SHOWING STOPING GOLCONDA LEAD MINES SHOSHONÉ COUNTY, IDAHO

OCTOBER, 1952 SCALE 1"=200' R.A.KERR



DMEA 2637

LONGITUDINL SECTION SHOWING STOPING GOLCONDA LEAD MINES SHOSHONE COUNTY, IDAHO

OCTOBER, 1952 SCALE 1"=200' R.A.KERR