DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

Idm-E NO. 406

DMEA NO. 2654

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

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

Right Side

- [x] Project summary (final)
- [x] Work Completed analysis (final)

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

- [ ] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [x] On-site Exam Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

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

Right Side

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

Folders No. 4 : Maps (Use pocket folder or envelope)

Folders No. _____ : Settlement Sheets

Folders No. _____ : Drill Logs

Folders No. 3 : Royalty material
Reported Inactive 12/28/59

17963

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E406, Docket DMEA-2654 (tungsten), dated September 25, 1952, with

McRae Tungsten Corporation
c/o Robert J. McRae
The Bunker Hill Company
Box 29
Kellogg, 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 Red Bluff Group of claims located in Valley County, Idaho, during the period September 9, 1959, through March 25, 1963.

A certification of discovery or development was issued on June 29, 1956, and, in accordance with Annex II, attached to and a part of Amendment No. 3 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 12 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. An Audit Certificate dated March 25, 1956, indicated accepted costs under the exploration contract amounting to $23,299.21 with the Government's contribution on a 75 percent basis being $17,474.40.

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

This review found no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which also found no sales subject to the Government's royalty through September 8, 1959. Accordingly, as of March 25, 1963, the royalty account of this project was found to be:

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

E. D. Talbert

E. D. Talbert, OME Auditor

March 28, 1963

Idm-8406 McRae Tungsten Corporation DMRA-2654

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract as amended provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the Red Bluff Nos. 1 (amended), 2, 3, and 4 unpatented lode mining claims situated on Smith Creek in Big Creek Mining District. At the time the contract was executed, the Operator was in possession by virtue of an August 1, 1952, assignment by Robert J. and Ruth C. McRae of a ten year lease and option agreement granted on the same date by Wilbur V. Wiles, Big Creek, Idaho. In consideration of the contract as amended, an Owner's Consent to Lien was executed by Mr. Wiles on March 18, 1955. The contract contains the so-called "abandonment" provision.

Exploration work under the contract was completed during August 1955. No ores were produced during the exploration period and examinations of the property and inquiries by DMRA and OMM regional representatives disclosed that the property remained inactive thereafter through September 8, 1959.

In a March 29, 1960, letter Wilbur V. Wiles advised that the Operator "let the lease go Oct. 1, 1958". In a March 25, 1963, reply to a MMM Form 63 inquiry, Robert J. McRae stated that there had been no production since September 8, 1959, and that "About 1957 this lease was given up and the property was returned to Mr. Wilbur Wiles of Big Creek, Idaho".

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

(1) The files indicate that there has been no production from the property since the date of the contract;

(2) The property has remained inactive since completion of the exploration work; 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 royalty which might be disclosed.

~~(1) 500~~

(2) 225

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-E406, Docket No. DMEA-2654 (Tungsten), dated September 25, 1952, with

McRae Tungsten Corporation
1704 Courley Street
Boise, Idaho

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Red Bluff Group of Claims located in Valley County, Idaho, during the period September 25, 1952, through September 8, 1959.

A certification of discovery or development was issued on June 29, 1956, and, in accordance with Annex II to Amendment No. 3 of the contract royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 12 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. An Audit Certificate dated March 25, 1956, indicated accepted costs under the exploration contract amounting to $23,299.21 with the Government's contribution, on a 75 percent basis, being $17,474.40.

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

(1) The mine has not been operated since completion of the exploration;
(2) Semi-annual reports by representatives of the Field Team, Region I, and other documents in the files do not disclose any production or sales of minerals from this property subject to Government royalty during the exploration period or subsequent thereto; 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 royalty which might be disclosed.

The review indicated that there has not been any production or sales of minerals from the land described in Article 2 of the contract since September 25, 1952, and no royalty is due the Government.

C. E. Fisher

C. E. Fisher, OME Auditor

October 15, 1959

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name McRae Tungsten Corporation

Address 1704 Gourley Street

Boise, Idaho

Exploration Contract No. Idm-E406 Docket No. DMEA-2654

		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 inactive.

September 8, 1959
Date

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

53362

DOCKET

Holt
Martin
Chambers
Burton
Johnson
Kiilsgaard
Holliday
Selfridge
Geehan

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

To: McRae Tungsten Corporation
1704 Gourley Street
Boise, Idaho

Pursuant to the provisions of Exploration Project Contract No. Idm-2406, as amended, dated September 25, 1952, (Docket No. DMEA-2634), hereinafter called the "Contract," between the McRae Tungsten Corporation and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that a discovery or development from which production may be made has resulted from the exploration.

The nature of said discovery or development is described broadly or indicated as follows:

Tungsten in the form of hubnerite and scheelite occurs in lenses in a wide, strong, northerly-trending shear zone cutting silicified schists, granitic rocks, and pegmatite. The ore-bearing lenses have been proved to depth by diamond drilling, drifting, and crosscutting. The work supplied sufficient data for calculating a substantial reserve of tungsten ore.

THE UNITED STATES OF AMERICA

Dated: JUN 29 1956

By O P Mittendorf
Administrator, Defense Minerals Exploration Administration

cc: Docket ✓
Code 400-Mr.Martin
Code 800-Mr.Chambers
Code 110-Mr.Johnson
Oper. Committee
Adm. Read. File
R. W. Geehan, USBM
R. W. Holliday, USBM
Thor Kiilsgaard, USGS

cc: FT, Region I-NW Dist.
EPS, GSA
Finance Officer
Wilbur Wiles

SPHolt/ls 3/27/56

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/27	Murphy	120M
10/28	Fisher	800
	Lethridge	120
10/28	Johnson	110
30	G	100
		220

OCT 28 1964

McRae Tungsten Corporation
c/o Mr. Robert J. McRae
The Bunker Hill Company
Box 29
Kellogg, Idaho

Re: DMEA-2634 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract Idm-8406

Gentlemen:

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated June 29, 1956, all minerals mined or produced from September 25, 1952, to September 25, 1964, 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.

Acting Director

MMerrithew/mm (10/29/64)
cc: Wilbur V. Wiles, Big Creek via Yellow Pine, Idaho
Director's Reading File
Region I
CA&A Division
Docket
Code 120M

23263

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

RECEIVED
APR 2 - 1956

AUDIT CERTIFICATE

I have examined the records and transactions of the:

McRae Tungsten Corporation
Stibnite, Idaho

WBM

pertaining to Exploration Project Contract No. Idm-E406, Docket No. DMEA-2654, dated September 25, 1952, including Amendments Nos. 1 to 4, inclusive, covering a project for the exploration of tungsten, on property known as the Red Bluff Group of Claims, located in the Big Creek Mining District, Valley County, State of Idaho, for the period of September 25, 1952, to February 27, 1956, and including the disposition of project property.

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

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

Total cost as billed by Contractor		$25,273.61
Less proceeds from disposition of property		1,274.55
Net Claimed Cost		$23,999.06
Exceptions (see audit report for details)		
Prior to this audit	None	
During this audit	$699.85	699.85
Accepted Costs		$23,299.21

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Seventeen thousand four hundred seventy four and 40/100 Dollars

--$17,474.40--

is valid and proper.

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

C. A. Turner

C. A. Turner, Auditor

March 25, 1956

Final audit

AUDIT REPORT

I. INTRODUCTION

On February 6, 7 and 8, 1956, a final audit (covering operations for the period of September 25, 1952, to August 31, 1955) was made of the records and transactions pertaining to Exploration Project Contract No. Idm-E406, Docket No. DMEA-2654, dated September 25, 1952, including Amendments Nos. 1 to 4, inclusive, with the:

McRae Tungsten Corporation
Stibnite, Idaho

covering a project for the exploration of tungsten on property known as the Red Bluff Group of Claims, located in the Big Creek Mining District, Valley County, State of Idaho. This report includes the review of a final and subsequent Operator's Monthly Report and Voucher Form MF-104, dated February 7, 1956, and the disposition of project property which was approved by the Field Team Region 1, Northwest District, February 27, 1956.

The original records under this contract were maintained by and were in the custody of Robert J. McRae, president of the corporation, and were located in Mr. McRae's home, 1704 Gourley Street, Boise, Idaho.

Mr. J. A. Bardill, Mining Engineer, U.S. Bureau of Mines, and member of the Region I, Northwest District Field Team, was available for consultation as required. Mr. McRae also rendered valuable assistance during the audit.

II. GENERAL INFORMATION ON RECORDS

The general records of the company consisted of the items of original entry, namely; payroll records, vendors' invoices, bank statements, cancelled bank checks and the various monthly and quarterly reports rendered to the State and Federal Governments pertaining to labor, income tax and workmen's compensation insurance. Work sheets were also available on which certain labor and supplies were prorated and allocated to the exploration project and the Operator's other mining activities.

Labor and supply items were paid by checks drawn on the Idaho First National Bank, McCall, Idaho. Checks were signed by Robert J. McRae and Harry M. Sargent.

The Operator's Monthly Report and Voucher Forms MF-104 were prepared by and signed by Robert J. McRae, president of the corporation.

The actual on-site audit was preceded by a oonsiderable amount of pre-audit analysis and preparatory work in Spokane, Washington, office of the DMEA.

III. SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs shown in the "Total to Date" column of the Operator's Monthly Report and Voucher Form MF-104 for the month of February, 1956, but including the settlement of the Government's equity in certain project property.

Stage II of the contract was deleted in its entirety by Amendment No. 4.

The audit disclosed a considerable amount of improper distribution of the charges to "Items of Cost" shown on the February, 1956, Operator's Monthly Report and Voucher Form MF-104. Therefore, the audit findings presented below are those applicable to Stages I, III and IV, resulting after correction of the cost distribution.

(1) Independent Contracts

Costs allowed to the Operator for work performed by Independent Contractors are as follows:

Stage I

One mile access road				
Bulldozing	161 Hours	@$12.50	$2,012.50	
Preparing drill sites				
Bulldozing	16 Hours	@$12.50	200.00	
Total	177 Hours	@$12.50		$2,212.50

See Schedule No. 1, Access Road and Drill Sites

Stage IV

Diamond drilling	
1003.5 feet @$5.154 per foot	$5,171.87
Total Independent Contracts	**$7,384.37**

The bulldozing was completed by R. G. Nissula, Cascade, Idaho, with a D7 Cat and dozer, 177 Hours @$12.50 $2,212.50

Diamond drilling was contracted by Nichols and Thompson, 505 South 16th Street, Boise, Idaho, as follows:

41-3/8 Shifts @$125.00 per shift $5,171.87

The allowable maximums for bulldozing the access road and drill sites were as follows:

Access Road	$2,500.00
Drill Sites	$ 200.00

or the total cost of the access road and drill sites not to exceed $15.00 per bulldozer working hour.

See Schedule No. 1, Access Road and Drill Sites.

The allowable maximum of $8.00 per foot for diamond drilling was not exceeded.

A review of the docket file on this project indicates the probability that part of the road and drill site work was performed prior to the effective date of the contract (September 25, 1952). The findings are: Two roads were constructed, one prior to the effective date of the exploration project contract and one under the terms of the contract.

Road Number One from the forks of Smith Creek to a point about 500 feet beyond the camp site, approximately two miles, was built in August and September, 1952. This was a crude drag road costing about $3,000.00. It was over this road that the McRae Tungsten Corporation skidded the drilling equipment and supplies to perform the work authorized in Stage II of the contract. The costs of this road and a portion of the drilling were incurred prior to the date of the contract and were assumed by the McRae Tungsten Corporation without any Government participation. Stage II of the contract was deleted by Amendment No. 4 and the remaining drilling transferred to Stage IV.

Road Number Two or the Red Bluff Road continued from the point where the drag road ended to the Red Bluff Outcrop, a distance of approximately 5,000 feet. This road construction covered the period of September 27, 1952, to October 12, 1952, inclusive, a total of 161 bulldozer operating hours. The costs were incurred under the terms of the contract and participated in by the Government.

The drill sites were constructed October 13 and 14, 1952, a total of 16 bulldozer operating hours. These drill sites were used during the Stage IV drilling. These costs were incurred under the terms of the contract and participated in by the Government.

The analysis of costs did not include the construction of No. 1 Road. However, the analysis of exploration project costs, which included Road No. 2 and the drill site costs, indicated that the No. 1 (skid and drag) Road was built prior to the effective date of the contract and the costs assumed by the McRae Tungsten Corporation.

(2) Labor and Supervision

The basic records for the labor costs consisted of the monthly payrolls, which are supported by an individual monthly time sheet for each employee. The individual monthly time sheet is a daily record of the shift worked, hours worked, classification and location of work, and rate of pay. These monthly records are compiled from the foreman's pocket time book, which was not available at the time of the audit.

Employees whose labor benefited both the exploration project and the Operator's other mining activities was prorated on the monthly time sheets. Supervision charges were based on the actual time spent on the project. The cook's time was prorated on the basis of hours worked on the exploration project and hours worked on the Operator's other activities.

During the audit, all of the monthly time sheets were recomputed and payments checked by reference to the cancelled bank checks. Employees were paid by checks drawn on the Idaho First National Bank, McCall, Idaho. Checks required two signatures, Robert J. McRae and Harry M. Sargent.

Payrolls were compared with the Employer's Quarterly Federal Tax Returns, State of Idaho, Employer's Contribution Reports and the State of Idaho Insurance Fund Reports.

Labor was paid at rates prevailing in the mining district as follows:

Miners	$1.60 to $1.75 per Hour
Muckers	$1.60 per Hour
Cook	$210.00 per Month
Cat Operator	$350.00 per Month
Supervision	$600.00 per Month

Labor costs determined by this audit to be allowable are shown in the following summary:

Labor Costs	Stage I	Stage III	Stage IV
Access Road (Schedule No. 1)	$402.50	$ ---	$ ---
Drill Sites (Schedule No. 1)	---	---	---
Drifting	---	3,928.99	---
Cook	---	936.50	---
Total	$402.50	$4,865.49	$ ---

Additional labor allocated to categories as follows:

No. 5 Initial Rehabilitation & Repair	$ ---	$ 96.32	$ ---
No. 7 Repair	---	103.60	---
No. 7 Snow Removal & Mail Delivery	---	665.35	$ ---
Total	$ ---	$ 865.27	$ ---
Total Labor	$402.50	$5,730.76	$ ---
Supervision Costs	$600.00	$1,500.00	$600.00

Labor costs disallowed by this audit are as follows:

Access Road	$17.96
Drill Sites	41.79
Total	$59.75

Labor costs were disallowed from the access road and drill sites to bring the total costs of this project within the allowable maximum of $15.00 per bulldozer working hour. See Schedule No. 1.

Supervision costs disallowed by this audit are as follows:

Stage II	$280.00
Stage IV	160.00
Total	$440.00

Stage II was entirely eliminated from the contract by Amendment No. 4 and the Stage IV claims were $160.00 in excess of the allowable maximum.

Allowable maximums for labor and supervision are as follows:

Access roads and drill sites have a maximum of $15.00 per bulldozer operating hour, of which $12.50 per hour was paid the independent contractor, leaving $2.50 per hour for labor.

Cook			
Stage I	1 Month	@$300.00	$300.00
Stage III	4½ Months	@$300.00	$1,350.00
Stage IV	1 Month	@$300.00	$300.00
Supervision			
Stage I	1 Month	@$600.00	$600.00
Stage III	2½ Months	@$600.00	$1,500.00
Stage IV	1 Month	@$600.00	$600.00

Direct Labor Drifting

Labor cost of $9.68 per foot on all production subsequent to January 31, 1954.

During the audit it was determined that the direct labor cost of drifting at January 31, 1954, to be:

170 feet	@$15.08 per foot	$2,564.11

This cost per foot was questioned as being excessive. However, the Field Team accepted this cost as being reasonable under the circumstances. Starting a new job under adverse winter weather conditions which continued into January, 1954, in a remote location, coupled with organizational difficulties would naturally increase the labor cost during the starting period. The Field Team, to maintain an average cost of about $13.00 per foot for the entire job, placed a maximum of $9.68 per foot on direct drifting labor for the remaining drifting.

The direct labor cost for the entire drifting footage of the project was by the audit determined to be:

311 feet	@$12.63 per foot	$3,928.99.

This cost per foot compares favorably with $12.93 for labor attained at the Snowbird Project (Contract No. Idm-E133) in the same area and under the same conditions. The labor cost of $12.63 per foot is considered reasonable for this job.

(3) Operating Materials and Supplies

The costs chargeable to this category were determined by a complete analysis of the vendor's invoices, freight bills and cancelled bank checks. The following summarizes the costs determined by the audit to be allowable in Stage III of the contract.

Timber	$ 268.36
Explosives	832.72
Pipe and Fittings	137.24
Drill Steel & Bits	634.50
Fuel Oil & Lubrication	806.22
Cable	100.42
Fuel	102.00
Miscellaneous	221.83
Accepted Costs Stage III	$3,103.29
Less Salvage Pipe and Accessories	63.21
Net Cost to Project	$3,040.08

The McRae Tungsten Corporation by letter dated December 26, 1955, made an offer for the remaining equipment and supplies to be salvaged, which include pipe and accessories $63.21. This bid was accepted by Field Team letter dated January 4, 1956.

The Field Team Representative who examined the project advised the auditor informally that all project supplies had been consumed.

(4) Operating Equipment

The acceptable costs of this category were determined to be as follows:

Rental:

1 Ingersoll-Rand Slusher Hoist
No. A 5NN-OH and Esco Slusher
Bucket - Value $1,272.89
2½ Months @$93.25 per Month $233.13

This equipment was rented from the Intermountain Equipment Co. under a contract dated October 20, 1953, which contained an Option to Purchase clause. The Operator purchased the equipment. The Government has an equity of $233.13. This item is transferred to equipment purchases of this category.

Purchases:

1 Ingersoll-Rand Portable Compressor Model GK 105 Serial No. 406-31445		$2,000.00
1 Ingersoll-Rand J40 Jack Hammer and Jack leg, Serial Nos. 673946 and L 13081		360.00
Equity in slusher hoist and bucket		233.13
Total		$2,593.13
Less Proceeds From Property Disposition		
Compressor	$805.00	
Jack Hammer and Jack leg	153.00	
Equity in slusher hoist and bucket	13.34	
	$971.34	
Less Transportation on Compressor Mine to Boise, Idaho	36.05	
Net Proceeds		935.29
Net Cost to Project		$1,657.84

The McRae Tungsten Corporation by letters dated December 26, 1955, and February 21, 1956, made offers for the remaining equipment to be salvaged as follows:

Compressor (Starline Equipment Co.)	$ 805.00
Jack Hammer and Jack leg	153.00
Equity in Slusher Hoist and Bucket	13.34
	$ 971.34

which were accepted by Field Team letters dated January 4, 1956, and February 27, 1956.

The offer of $805.00 for the compressor included in the Operator's letter of December 26, 1955, was made by the Starline Equipment Co. to whom the sale was made.

Depreciation:

Air Compressor	
2½ Months @$35.83 per Month	$ 89.57
International Tractor	
209 Hours @$.56 per Hour	117.04
Total	$206.61
Allocated to Category No. 7 snow removal and mail delivery	117.04
Total	$ 89.57

A disallowance of $.10 was made on the tractor depreciation to correct an error in computation.

Allowable maximums as follows were not exceeded

Compressor	2½ Months	@$35.83 per Month	$ 89.58
Tractor	600 Hours	@$ .56 per Hour	336.00

(5) Initial Rehabilitation and Repairs

Charges to this category were determined by an examination of the payrolls, payroll distribution of labor, vendor's invoices and cancelled bank checks. The charges applicable to Stage III are as follows:

Labor	$ 96.32
Compressor Parts	53.00
Total	$149.32

The allowable maximum of $150.00 was not exceeded.

(6) New Buildings Improvements Etc.

Charges to this category were determined by an examination of the payrolls and distribution of labor, vendor's invoices and cancelled bank checks. Acceptable costs were found to be as follows:

Stage III

Compressor and Shop Building	
Martin Construction Co.	$478.80
Labor	30.40
Building Materials	403.93
Accepted Cost	$913.13
Less salvage proceeds	240.00
Net Cost to Project	$673.13

The corrected distribution included an item of $200.00 to cover the cost of a prefabricated building transferred from Contract No. Idm-E133. The contract authorized the transfer of this building from Contract No. Idm-E133. However the building was not moved from the site of the prior contract, or used for any useful purpose on the present contract. The cost of the building $200.00 was disallowed by the audit.

The McRae Tungsten Corporation by letter dated December 26, 1955, made an offer for the Compressor House of $240.00, which was accepted by letter dated January 4, 1956, from the Field Team.

The allowable maximum of $1,250.00 was not exceeded.

(7) Miscellaneous

The allowable costs in this category were determined by audit of the invoices and cancelled checks or, as in the case of payroll taxes and insurance, by examination of the Company's tax returns and insurance reports. The accepted costs were found by the audit to be as follows:

Repairs Equipment	$ 261.22
Sampling and Analysis	272.50
Payroll Taxes	393.92
Liability Insurance	488.40
Snow Removal	920.87
Freight On Compressor	36.05
Accepted Costs	$2,372.96

Repairs to Equipment were found to be as follows:

Jack leg	$ 5.88
Jack Hammer	169.09
Compressor	86.25
Accepted Costs	$ 261.22

Sampling and Analysis were found to be assays made by the Union Assay Co. at Salt Lake City, Utah, as follows:

Stage I	45 determinations	$ 118.00
Stage III	33 "	114.50
Stage IV	8 "	40.00
Accepted Costs		$ 272.50

Payroll Taxes were determined by an analysis of the Operator's payrolls and various State and Federal Tax Returns. Returns examined, and the rates were found to be as follows:

(Schedule next page)

	1952 and 1953	1954 and 1955
Employer's Quarterly Federal Tax Return		
Account Number 82-0205159		
F.I.C.A. Rates	1.5%	2.0%
Employer's Contribution Report		
State of Idaho - Firm No. 109937805		
Rates	2.7%	2.7%
Federal Excise Tax		
Does not apply - Operator had less than eight employees	-	-
Total	4.2%	4.7%

Payroll Taxes

Accepted Labor Costs	1952	1953	1954	1955
Access Road & Drill Sites	$ 402.50	$ -	$ -	$ -
Drifting	-	1,807.01	2,121.98	-
Initial Repairs & Rehabilitation	-	96.32	-	-
Repairs Equipment	-	76.67	26.93	-
Snow Removal	-	169.84	495.51	-
Cook	-	347.68	588.82	-
Supervision	600.00	750.00	750.00	600.00
Total	$1,002.50	$3,247.52	$3,983.24	$600.00
Rate	@4.2%	@4.2%	@4.7%	@4.7%
Payroll Taxes	$ 42.11	$ 136.40	187.21	$ 28.20

Allocated to Stages

	Labor	Payroll Taxes
Stage I	$1,002.50	$ 42.11
Stage III	7,230.76	323.61
Stage IV	600.00	28.20
Total	$8,833.26	$393.92

Liability Insurance allowable costs were made upon premiums paid to the State of Idaho as follows:

State of Idaho Insurance Fund
Policy No. 29550 M

Rates	1952	1953	1954	1955
Surface Labor	3.5%	3.5%	3.6%	3.6%
Underground Labor	8.0%	8.0%	8.5%	8.5%

Premiums are computed as follows

	Payroll		Insurance
Year of 1952	$1,002.50	@3.5%	$ 35.08
1953	1,807.01	@8.0%	144.56
	1,440.51	@3.5%	50.41
1954	2,121.98	@8.0%	169.75
	1,861.26	@3.6%	67.00
1955	600.00	@3.6%	21.60
Total	$8,833.26		$488.40

Allocated to Stages

Stage I	$1,002.50	$ 35.08
Stage III	7,230.76	431.72
Stage IV	600.00	21.60
Total	$8,833.26	$488.40

Snow Removal and Mail Delivery. The acceptable costs under this item are as follows:

Labor	$665.35
Depreciation on Cat & Dozer 209 Hours @$.56 per Hour	117.04
Fuel Oil and Lube	138.48
Accepted Costs Stage III	$920.87

Freight On Compressor. Acceptable cost under this item was found to be

Freight On Compressor	$ 36.05

The compressor which was sold to the Starline Equipment Co. was shipped from the mine to Boise, Idaho. This item of cost is chargeable to the salvage proceeds.

(8) Contingencies

This category of cost not applicable to this contract.

IV. CONCLUSIONS

The audit disclosed that all costs charged to this project, with the exception of the disallowances aggregating $699.85 as itemized in the preceding section of this report, are reasonable and proper under the terms of the contract.

The adjustments between "Items of Cost" as shown on the February, 1956, Form MF-104, the disallowances, the accepted costs as disclosed by this audit and the proceeds from property disposition are summarized in the audit summary as follows:

AUDIT SUMMARY

	Totals February 1956 MF-104	Corrected Distribution	Disallowed By Audit	Accepted Costs	Stage I	Stage III	Stage IV
1. Independent Contracts							
Drilling	$ 5,171.87	$ 5,171.87	$ ---	$ 5,171.87	$ ---	$ ---	$ 5,171.87
Bulldozing	2,200.77	2,212.50	---	2,212.50	2,212.50	---	---
2. Labor and Supervision							
Labor	5,433.22	4,391.24	59.75	4,331.49	402.50	3,928.99	---
Cook	---	936.50	---	936.50	---	936.50	---
Supervision	3,140.00	3,140.00	440.00	2,700.00	600.00	1,500.00	600.00
Technical	---	---	---	---	---	---	---
3. Operating Materials and Supplies							
Timber	281.66	268.36	---	268.36	---	268.36	---
Explosives	832.72	832.72	---	832.72	---	832.72	---
Pipe	137.24	137.24	---	137.24	---	137.24	---
Fuel Oil & Lube	806.22	806.22	---	806.22	---	806.22	---
Steel and Bits	628.17	634.50	---	634.50	---	634.50	---
Miscellaneous	334.56	424.25	---	424.25	---	424.25	---
4. Operating Equipment							
Rental	233.13	233.13	---	---	---	---	---
Purchase	2,360.00	2,360.00	---	2,593.13	---	2,593.13	---
Depreciation	206.71	89.67	.10	89.57	---	89.57	---
5. Initial Rehabilitation & Repairs	349.32	149.32	---	149.32	---	149.32	---
6. New Buildings, Improvements, Etc.	913.13	1,113.13	200.00	913.13	---	913.13	---
7. Miscellaneous							
Repairs Equipment	260.15	261.22	---	261.22	---	261.22	---
Sampling and Analysis	272.50	272.50	---	272.50	118.00	114.50	40.00
Payroll Taxes	394.67	393.92	---	393.92	42.11	323.61	28.20
Liability Insurance	481.22	488.40	---	488.40	35.08	431.72	21.60
Snow Removal	800.30	920.87	---	920.87	---	920.87	---
Freight On Compressor	36.05	36.05	---	36.05	---	36.05	---
8. Contingencies	---	---	---	---	---	---	---
	$25,273.61	$25,273.61	$ 699.85	$24,573.76	$3,410.19	$15,301.90	$ 5,861.67
Less Proceeds From Property Disposition							
Pipe & Accessories $ 63.21							
Compressor 805.00							
Jack Hammer & Jack leg 153.00							
Slusher Hoist & Bucket 13.34							
Compressor House 240.00							
	1,274.55	1,274.55	---	1,274.55	---	1,274.55	---
Net Totals	$23,999.06	$23,999.06	$ 699.85	$23,299.21	$3,410.19	$14,027.35	$ 5,861.67

The contract contained numerous items of cost expressly designated as "Allowable Maximums." The status of these allowable maximums, after deduction of the disallowances discussed in Section III of this report, is summarized as follows:

Salary rates of Supervisor $600.00 and Cook $300.00 per month were not exceeded.

Drifting, direct labor cost of $9.68 per foot on drifting subsequent to January 31, 1954, was not exceeded.

Access road and drill site costs of $15.00 per bulldozer working hour were not exceeded.

Equipment rental time of 2½ months at $93.25 per month was not exceeded.

Depreciation time on compressor of 2½ months at $35.83 per month was not exceeded.

Diamond drilling did not exceed the rate of $8.00 per foot.

	Allowable Maximum	Accepted Costs	Balance
Stage I			
One Mile Access Road	$ 2,500.00	$ 2,012.50 402.50	$ 85.00
Diamond Drill Sites	200.00	200.00	---
Bunk House 14 x 16	200.00	---	200.00
Cook House 16 x 32	3,000.00	---	3,000.00
Facilities & Installations - Cook House	600.00	---	600.00
Total	$ 6,500.00	$ 2,615.00	$ 3,885.00
Stage II			
Deleted From Contract			
Stage III			
Equipment Rental	233.13	233.13	---
Equipment Purchased	2,760.00	2,360.00	400.00
Depreciation			
Compressor	89.58	89.57	.01
Cat & Dozer	336.00	117.04	218.96
Rehabilitation & Repairs	150.00	149.32	.68
New Buildings & Improvements	1,250.00	913.13	336.87
Total	$ 4,818.71	$ 3,862.19	$ 956.52
Stage IV			
Rates per foot and per month discussed in preceding paragraph			
Totals	$11,318.71	$ 6,477.19	$ 4,841.52
Total Contract Costs	$47,045.61	$23,299.21	$23,746.40

During the on-site audit, the findings of the audit were discussed with Robert J. McRae, president of the corporation. At the conclusion of the audit the findings were discussed with A. E. Weissenborn, Executive Officer, DMEA Field Team, Region 1, N. W. District.

C. A. Turner, Auditor

March 25, 1956

Schedule No. 1

Cost of Access Road and Drill Sites

	Access Road		Drill Sites	
Independent Contract Bulldozing	161 Hours @$12.50	$2,012.50	16 Hours @$12.50	$200.00
Labor - Helper	@$ 2.61	420.46	@$ 2.61	41.79
Total	161 Hours @$15.11	2,432.96	16 Hours @$15.11	241.79
Disallow Costs in excess of $15.00 per Bulldozer Operating Hour	.11	17.96	.11	1.79
Cost per Bulldozer Operating Hour	161 Hours @$15.00	2,415.00	16 Hours @$15.00	240.00
Disallow Costs in excess of the allowable maximum	- -	-	2.50	40.00
Accepted Costs		$2,415.00		$200.00

Allowable Maximums

Access Road	$2,500.00
Drill Sites	200.00

or

Costs not to be in excess of $15.00 per bulldozer working hour.

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9/28/55

AMENDMENT NO. 4

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JUL 18 1955

It is agreed this 30th day of June 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and

Texas Tungsten Corporation

(Docket No. DMEA 2654 - tungsten)

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 406 of September 25 1952 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 June 1 1955.

This amendment is made by authority granted the Executive Officer, DMEA Field Team, Region ~~II~~ I, NW Dist., 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.

TEXAS TUNGSTEN CORPORATION
(Operator)

By Robert J. McRae
President

THE UNITED STATES OF AMERICA

By [signature]
~~Executive Officer~~
DMEA Field Team, Region ~~II~~ I, NW Dist.
King G. Agnew, Acting Exec. Officer

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McRAE TUNGSTEN CORPORATION
Exploration Project Contract No. Idm-E406
Docket No. DMEA 2654 (tungsten)

AMENDMENT NO. 4

Exhibit "F"

Changes and modifications:

1. In Exhibit "A" of the contract under Description of the Work, Stage I, delete paragraph 3; delete Stage II in its entirety, and under Stage IV, add

> 3. Diamond drill 1020 feet of AX size hole to further explore the extensions of the ore zone. This drilling is to be undertaken only if the results of paragraph 1. above are faverable and the additional drilling is deemed warranted by the Government. Locations, bearings, and indications of the holes to be determined by the Operator with the appreval of the Government.

2. In Exhibit "A" of the contract under Estimated Cost of Project, (1) Independent Contracts, Stage I,

delete

240 feet of diamond drilling, AX size hole, @ $8.00* per foot 2/	$ 1,920.00

and under Stage II, delete

780 feet of diamond drilling, AX size hole, @ $8.00* per foot 2/	$ 6,240.00

and under Stage IV, add

1020 feet of diamond drilling, AX size hole, @ $8.00* per foot 2/	$ 8,160.00

*Indicates allowable maximum.

2/ Including all costs of drilling, moving in and out, moving between holes, reaming, cementing, casing and time lost while surveying.

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McRAE TUNGSTEN CORPORATION
Exploration Project Contract No. Idm-E406
Docket No. DMEA 2654 (tungsten)

Justification of Amendment No. 4

Operator completed the diamond drilling provided under Stages I and II at company expense prior to the effective date of the contract because of the short working season at the isolated site of the mine. Stage III, consisting of underground work, was completed under the contract.

The results of the diamond drilling and underground exploration are encouraging enough to justify the transfer of unused diamond drilling footages from Stages I and II to Stage IV to further delineate the tungsten-bearing ore zone.

J. D. Bardill

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EXPLORATION PROJECT CONTRACT
MCRAE TUNGSTEN CORPORATION
DOCKET NO. DMEA-2654

AMENDMENT NO. 3

It is agreed this 11th day of January, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and the McRae Tungsten Corporation, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-2406 (Docket No. DMEA-2654), dated September 25, 1952, as amended, hereinafter called the "Contract," that:

1. (a) Work under the Contract shall be suspended during the period beginning May 1, 1954, and ending not later than July 15, 1955.

   (b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government, and the Government shall not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of the work.

   (c) The Operator at its own cost and expense, without contribution by the Government, during the period of suspension, shall preserve and protect the project work and any property in which the Government has an interest.

2. The time fixed for the completion of the work is extended to September 25, 1955.

3. Annex II, attached hereto and made a part hereof, is substituted for the provisions of Article 9 of the Contract.

4. It is of the essence of this Contract that the work be resumed before the termination of the period here fixed for suspension; and if it is not so resumed in the manner required by the Contract, the following provisions shall thereupon become effective:

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

(b) Any work or operations prosecuted or costs incurred by the Operator beginning with May 1, 1954, shall be for the sole account of the Operator without contribution by the Government, except for allowable costs incurred in performing winding-up and settlement actions provided for in the Contract, including (1) the preservation and disposal of property to the cost of which the Government has contributed, and (2) the making and rendering of reports and accounts.

(c) The Operator shall promptly perform all winding-up and settlement actions provided for in the contract, including (1) the disposal of any facilities, building, fixtures, equipment, or other items to the cost of which the Government has contributed; and (2) the rendering of the final report and final account.

(d) All rights of the Government provided for in the Contract, as amended herein, with respect to a certification of discovery or development and a percentage royalty and lien for its payment are preserved.

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

THE UNITED STATES OF AMERICA

By C. W. Mittendorf
Administrator, Defense Minerals
Exploration Administration

Appd. Sol. Off.
Rutledge
Talbert
Martin
Selridge
Ferguson

MCRAE TUNGSTEN CORPORATION

By Robert J. McRae, Pres

EXPLORATION PROJECT CONTRACT
MCRAE TUNGSTEN CORPORATION
DOCKET NO. DMEA-2654

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ANNEX II

The following provisions are in lieu of Article 9:

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

b. Royalty on production.--The Operator, as principal, if the Operator is the producer, or as surety, if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land,‡ as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years* from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

c. Basis for computation.--The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the

* The period "twelve years" is substituted for the period "ten years."

‡ The word "land" refers to the land described in Article 2 of the contract form.

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the raw ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

d. Unsold production.--If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

e. Percentages of royalty.--The percentages of the Government's royalty shall be as follows:

> One and one-half ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.
>
> (For instance: the royalty on an amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

f. Lien for payment.--To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

g. Notice to purchasers.--The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

h. No obligation to produce.--Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

i. Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

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MF-203
(Revised July 1, 1954)

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 Valley, described as follows:1/

	Book	Page	Date
Red Bluff No. 1 (Amended)	13	234	6/15/51
Red Bluff No. 2	11	587	6/15/51
Red Bluff No. 3	11	588	6/15/51
Red Bluff No. 4	11	589	6/15/51

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/ McRae Tungsten Corporation

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of Amendment No. 3 to said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

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

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

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.

(OVER)

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

4. Changes and added provisions ~~In paragraph 2, the words "the term fixed in the contract has elapsed" are substituted for the words "ten years have elapsed from the date of the contract."~~

Dated this 18 day of MARCH, 1955.

x Wilfur Wilder [Seal]

[Seal]

[Seal]

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AMENDMENT NO. 2

It is agreed this 17th day of March 195 4, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and McRae Tungsten Corporation, a corporation organized and existing under and by virtue of the laws of the State of Idaho, Stibnite, Idaho each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 466 of September 25, 195 2 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 September 25 195 3.

Robin 5/10/54

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.

McRAE TUNGSTEN CORPORATION
(Operator)

By Robert J. McRae
President

THE UNITED STATES OF AMERICA

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

Nelme Tungsten Corporation
Exploration Project Contract No. Idm-2406
Docket No. DMA-2654 (tungsten)

Amendment No. 2

Exhibit "F"

Changes and Modifications

I. In Exhibit "A" of the contract, under Description of the Work, Stage III, delete all work described in paragraphs 1, 2, and 3. Also, in Amendment No. 1 to the contract, under Changes and Modifications, delete paragraph 1. In lieu of these deletions insert the following:

(1) Drive a 125-foot adit southwestward to crosscut the ore zone at an altitude of approximately 8,030 feet. Adit not to exceed 6' x 7½' in the clear.

(2) Drive 150 feet of drift to the south from the crosscut to explore the ore zone. Drift not to exceed 6' x 7½' in the clear.

(3) Drive a total of 40 feet of crosscutting from the South drift to explore the ore zone. Crosscuts not to exceed 6' x 7½' in the clear.

(4) Crosscut west from the South drift to explore the western parallel vein exposed by diamond drilling. Total length of crosscut not to exceed 40 feet. Crosscut not to exceed 6' x 7½' in the clear.

(5) Drift on the western parallel vein from the western crosscut. Aggregate length of drifting not to exceed 60 feet. Drifts not to exceed 6' x 7½' in the clear.

II. In Amendment No. 1, Changes and Modifications, Stage III, under items (2) and (7), the following changes are to be made:

(2) Labor, Supervision, Consultants

Delete all items under this section and insert the following:

1 Engineer-supervisor 3/ @ $600.00* per month for 2½ months	$1,500.00
1 Cook @ $300.00* per month for 4½ months	1,350.00
3 Miners @ $16.20 per shift, including overtime - 115 shifts each	5,589.00
	$8,439.00

3/ Retain the original footnote. See page 4, Exhibit "A", original schedule.

(7) Miscellaneous

delete:

Workmen's Compensation, employers liability insurance, payroll taxes	$540.90

add:

Workmen's Compensation, employers liability insurance, payroll taxes	$843.90

III. The time limit of the contract is hereby amended from a period of 18 months to a period of 24 months, and the expiration date is thereby advanced until September 25, 1954.

McRae Tungsten Corporation
Exploration Project Contract No. Idm-2406
Docket No. DMEA-2694 (tungsten)

Justification for Amendment No. 2

Drifting from the DMEA adit has disclosed a shear zone 16 feet or more in thickness, which contains a series of en echelon lenses of tungsten ore. The operator believes that these lenses will continue on to the south although the outcrop of the ore in this southern area is obscured by overburden. He has therefore requested an additional 50 feet of drifting to better test this southern area.

Crosscutting previously allotted the contract under Amendment No. 1 has been expended in testing the width of the shear zone to determine the continuity of the en echelon lenses of ore. As no footage has remained to test a parallel vein, about 30 feet to the west of the shear zone being tested by drifting, an additional 40 feet of crosscutting has been allocated to reach this target. Sixty feet of drifting has also been allocated to explore this parallel vein.

Prior to drafting this amendment, the operator was contacted and told that if he wanted rental allowances and depreciation rates for this additional work, the amendment would have to be approved in Washington as such items were maximum allowables. The operator stated that he was in a hurry to complete the work and that rather than wait for such an amendment he would prefer to do the work outlined herein with the Government participating only in labor and supply costs, and with no help for these items marked as allowable maximums in Amendment No. 1. As only a comparatively small amount of work is to be done, and as exploration to date has yielded highly encouraging results, this amendment has been drafted according to the operator's preference.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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Docket No. DMEA 7
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AMENDMENT NO. 1

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It is agreed this 30th day of November 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, and McRae Tungsten Corp., Stibnite, Idaho

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 406 of September 25, 1952 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 September 25 1952.

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.

McRAE TUNGSTEN CORPORATION
(Operator)

By Robert J. McRae, Pres

THE UNITED STATES OF AMERICA

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

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DEPARTMENT OF THE INTERIOR
Bureau of Mines Minerals Administration
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MCRAE TUNGSTEN CORPORATION
Exploration Project Contract No. Idm-2406
Docket No. DMEA 2654 (tungsten)

AMENDMENT NO. 1

Exhibit "F"

Changes and Modifications

1. In Exhibit "A" of the contract, under Description of Work, Stage III, paragraph 1, delete the words "250-foot adit" and in paragraph 2 delete the words "250 feet". Substitute under paragraph 1 "125-foot adit" and under paragraph 2 "100 feet".

2. In Exhibit "A" of the contract under Estimated Cost of Project (*Indicates allowable maximum) delete everything listed under Stage III and substitute the following:

Stage III

(1) Independent Contracts

None

(2) Labor, Supervision, Consultants

1 Engineer-supervisor[1] @ $600.00* per month for 2-1/2 months	$1,500.00
1 Cook @ $300.00* per month for 2-1/2 months	750.00
3 Miners @ $16.20 per shift, including overtime - 65 shifts each	3,159.00
	$5,409.00

(3) Operating Materials and Supplies

See pages 5 and 6 of Exhibit "A" of original schedule. Retain this list under Stage III.

(4) Operating Equipment
To be rented

1 Ingersoll-Rand ASHN-BH Slusher hoist, double drum, Serial No. 4460.	Value	$1080.00
1 Ross slusher bucket	Value	192.89
		$1272.89
2-1/2 months* rental rate @ $93.25*		$ 233.13*

Note: Rental rate from Compilation of Rental Rates for Construction Equipment, Fifth Edition, 1950. Associated Equipment Distributors.

1/ Retain the original footnote. See page 4, Exhibit "A", original schedule.

Operating Equipment
To be purchased

1 Ingersoll Rand portable compressor (used), Model GE-105, Serial No. 406-31445 4/	2,000.00
1 Ingersoll Rand J-40 jackhammer and jackleg (used), Serial Nos. 675946 and LI3081 4/	360.00
1 20 cu. ft. mine car	200.00
1 Acetylene welding outfit (complete)	200.00
	$2,760.00*

To be furnished by Operator

1 125-cu. ft. portable air compressor (used approx. 2200 hours, valued at $2150 after reconditioning by Operator)	
2-1/2 months' depreciation @ $35.83	89.58*
1 T-9 International crawler tractor with cable dozer (valued at $8000 after reconditioning by Operator) 7/	
600* hours @ $0.56/hr.	336.00*
	$425.58

(5) **Rehabilitation and Repairs**

Rehabilitate 125 cu. ft. compressor		
Labor	$100.00	
Parts	50.00	150.00*

(6) **New Buildings, Improvements, Installations**

1 - 16'x24' frame compressor and shop building	$1,250.00*

(7) Miscellaneous

Workmen's Compensation, employer's liability insurance, payroll taxes	$540.90
Analytical work	200.00
Mail delivery and snow removal 7/	664.00
Repairs to equipment 6/	800.00
	$2,204.90
(8) Contingencies - Stage III	$ 672.20

5/ Retain the original footnote, see page 6 of Exhibit "A" of original schedule.

6/ Repair and maintenance items are to be charged against the project only as incurred and spent while the equipment is working on the project.

7/ When necessary, the Operator will use the bulldozer for snow removal at the depreciation rate of $0.56 per hour when actually in operation. Bulldozer can be used to transport miners to and from work for which one bulldozer hour will be allowed for each work day at the same depreciation rate of $0.56 per hour.

McRAE TUNGSTEN CORPORATION
Exploration Project Contract Idm-2406
Docket No. DMRA 2654 (tungsten)

Justification for Amendment No. 1

It has been mutually agreed by the Field Team and the Operator that the reduction of the drifting and crosscutting under Stage III, authorized in this amendment, will adequately explore the ore found by the diamond drilling. The Estimated Cost of the Project is redrafted with more concise information now available, and the new total cost will be much less to the Government.

J. A. Boucher

MF-200 (June 1952) (Revised Feb. 1952)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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COMMODITY Tungsten

Docket Copy
Idm-E406

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

EXPLORATION PROJECT CONTRACT[1]

See

IT IS AGREED this 25th day of September, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] McRae Tungsten Corporation, a corporation organized and existing under and by virtue of the laws of the State of Idaho, Stionite, 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 Valley, described as follows:[3] The Red Bluff group of claims in the Big Creek Mining District as recorded at the Courthouse, Cascade, Idaho. (See Annex I, attached to and made a part of this contract)

the Operator represents and undertakes:[4]

(*a*) ~~[illegible] the property is subject only to the [illegible] subordination agreement of the holder is attached.~~

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

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

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

in or upon the described land; and shall bring the project to completion within a period of 18 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.

ARTICLE 4. *Performance of the work.*—(*a*) *Operator's responsibility.* The work shall be performed efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmens' compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. To the extent specified in Exhibit "A," attached hereto, the work may be performed by independent contractor or contractors; and work not specified in Exhibit "A" for performance by independent contractor may nevertheless be so performed upon amendment of Exhibit "A," as agreed to by the parties, to state the work to be so performed and the estimated unit costs thereof, as provided hereafter.

(*b*) *Independent contracts.*—Any independent contract for the performance of work shall be on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved), or on some basis that will indicate the amount due for work performed at any stage of the work to be performed under such independent contract. The Government shall not be nor be considered to be a party to any such independent contract, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of any such independent contract. If the reference in Exhibit "A" to any such independent contract states that the Government's approval thereof is required, the Government may refuse to participate in the cost thereof unless and until it has given its written approval of the independent contract.

(*c*) *Government may inspect.*—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 5. *Estimated costs of the project.*—A statement of the estimated cost of the project is set forth in Exhibit "A," attached hereto. Except insofar as any item of requirement or the estimated cost thereof set forth in Exhibit "A" is there or elsewhere designated as an "allowable maximum," such items of requirement and of related cost are estimates only, and may be exceeded to the extent that the Government may from time to time approve for the most economic and beneficial performance of the work within the limitation of the total aggregate estimate of costs. The Government's approval of any such excess over the estimate for an item of requirement or related cost will be signified by its approval and payment of any invoice or voucher for payment which expressly calls attention to such excess. Items expressly designated in Exhibit "A" or elsewhere as "allowable maximum," and the total aggregate estimated cost are limitations, and any excess therein will be for the sole account of the Operator in which the Government will not participate.

ARTICLE 6. *Allowable costs of the project.*—(*a*) The costs of the project in which the Government will participate are limited to the following:

(1) *Independent contracts.*—Payments to independent contractors under independent contracts listed in Exhibit "A." The estimated cost of any work to be performed under an independent contract is or shall be included in the estimate of costs in Exhibit "A" in terms of the estimated numbers of units of work to be performed, the estimated amount to be paid per unit, and the estimated total amount to be paid to the independent contractor, and such estimates shall be allowable maximums above which the Government will not contribute. Regardless of the provisions of any such independent contract, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable and necessary. No such independent contract shall have the effect of increasing the estimated total cost of the exploration project contract nor the maximum amount which the Government will pay as provided in the exploration project contract.

(2) *Labor, supervision, consultants.*—Labor, supervision and technical services (including engineering and geological consultants), a schedule of which is included in the estimate of costs set forth in Exhibit "A." The requirements and related estimated costs for supervision and technical services are allowable maximums.

(3) *Operating materials and supplies.*—Necessary materials and supplies including items of equipment costing less than $50.00 each, and power, water, and fuel, a schedule of which is included in the estimate of costs in Exhibit "A."

(4) *Operating equipment.*—Any operating equipment to be rented or purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or the allowable depreciation, as the case may be, a schedule of which is included in Exhibit "A." Any items listed as owned and to be furnished by the Operator, and related [illegible] allowable depreciation, are allowable maximums.

(5) *Rehabilitation and repairs.*—Any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and to be devoted to the purposes of the exploration contract, a schedule of which is included in the estimate of costs set forth in Exhibit "A." These items are allowable maximums.

(6) *New buildings, improvements, installations.*—Any necessary buildings, fixed improvements, or installations to be purchased, installed, or constructed for the purposes of the exploration work, with the estimated cost of each, a schedule of which is included in the estimate of costs in Exhibit "A." All of these items are allowable maximums.

(7) *Miscellaneous.*—Repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance and payroll taxes.

(8) *Contingencies.*—Such other necessary, reasonable direct costs of performing the exploration work, within the limit of the total aggregate estimate of costs, whether or not included in any schedule of costs in Exhibit "A," as may be approved by the Government in the course of the work, as indicated by its approval and payment of invoices and vouchers.

[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*) The Government's payments in all [illegible]es will be based on actual, necessary costs [illegible]cluding contract unit prices) incurred not in excess of any "allowable maximum," and not in excess of the fixed percentage of [illegible]e total aggregate estimated cost. Costs will be considered to be incurred only as they are or become due and payable.

(*c*) No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes) or any other indirect costs, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

ARTICLE 7. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operators shall provide the Government with monthly reports of work performed and costs (including contract unit prices) incurred 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 costs incurred 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.

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

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 75 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $40,350.00, which is 75 percent of $53,800.00, 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 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.

(*b*) The Government may make any payment or payments direct to independent contractors and to suppliers, for the account of the Operator, rather than to the Operator.

ARTICLE 9. *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 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 10. *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 11. *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.

ARTICLE 12. *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. Upon the completion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, facilities, buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its pro rata share of any money remaining.

ARTICLE 13. *Changes and added provisions.* The Operator's obligation to bring the project to completion continues only so long as the accumulated allowable costs of the project in which the Government will participate do not exceed the agreed total estimated cost of the project set forth in Article 8.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

McRae Tungsten Corporation
(Operator)

By Robert J. McRae
President

I, Harry M. Sargent, certify that I am the Vice-President and secretary of the corporation named as Operator herein; that Robert J. McRae, who signed this contract on behalf of the Operator, was then President of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

Harry M. Sargent

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66328-1

MCRAE TUNGSTEN CORPORATION
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-2654

ANNEX I

The Red Bluff group of claims is recorded at Cascade, Idaho, in the office of the County Recorder, Valley County, Idaho, as follows:

CLAIM	BOOK	PAGE	DATE
Red Bluff No. 1, amended	13	234	June 15, 1951
Red Bluff No. 2	11	587	June 15, 1951
Red Bluff No. 3	11	588	June 15, 1951
Red Bluff No. 4	11	589	June 15, 1951

MCRAE TUNGSTEN CORPORATION
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-2654

EXHIBIT "A"

Description of the Work

The work is to be done in four stages and is indicated on the map attached hereto and made a part hereof entitled "Proposed exploration - McRae Tungsten - Red Bluff No. 1."

Stage I

Time Schedule: 0 - 1 month

1. Construct approximately one (1) mile of access road to the location of the proposed exploration on the Red Bluff No. 1 claim.

2. Prepare six (6) diamond drill sites.

3. Diamond drill two (2), AX size, drill holes, numbers 1 and 2 at the indicated locations, bearings, and inclinations to test the ore zone at the 8050-foot altitude. Aggregate length of the two holes to be approximately 240 feet.

Stage II

Time Schedule: 2- 3 months

Stage II is to be undertaken only after the completion of Stage I, if in the opinion of the Government, the results of Stage I warrant it.

1. Diamond drill four (4) AX size, drill holes, numbers 3, 4, 5 and 6 at the indicated locations, bearings and inclinations to explore the ore zone at the 8,000-foot altitude. The aggregate length of the four holes to be approximately 780 feet.

Stage III

Time Schedule: 4 - 9 months

Stage III is to be undertaken only after the completion of Stage II, if in the opinion of the Government, the results of Stage II warrant it.

1. Drive a 250-foot adit southwestward to crosscut the ore zone at an altitude of approximately 8,000 feet. Adit to be of sufficient size for mucking machine operation but not to exceed 6' x 7-1/2' in the clear.

2. Drive 250 feet of drift from the crosscut adit to explore the ore zone. Size of drift to be of sufficient size for mucking machine operation but not to exceed 6' x 7-1/2' in the clear.

3. Drive two additional crosscuts from the drift to explore the ore zone. Aggregate length of the two crosscuts not to exceed 40 feet. Crosscuts to be of sufficient size for mucking machine operation but not to exceed 6' x 7-1/2' in the clear.

Stage IV

Time Schedule: 10 - 11 months

Stage IV is to be undertaken only after the completion of Stages II and III, if in the opinion of the Government, the results of Stages II and III warrant it. The carrying out of either phase of Stage IV will be subject to the conditions applying to that phase with the exception that if physically feasible the diamond drilling shall follow Stage II.

1. Diamond drill 500 feet of AX size hole to further explore the extensions of the ore zone. This drilling to be undertaken only if the results of the preceding work is favorable and the additional drilling is deemed warranted by the Government. Locations, bearings, and inclinations of the holes to be determined by the Operator with the approval of the Government.

2. Drive 100 feet of raise. The raises to be driven only if the assay grades on the surface do not extend uniformly to the level of the drift and the raises are deemed necessary by the Government to explore the ore zone. Size of raises not to exceed 4 x 7 feet in the clear.

Estimated Cost of Project
(*Indicates allowable maximum)

(1) Independent Contracts

Stage I		
Construct one mile of access road 1/	$2,500.00*	
Prepare six diamond drill sites 1/	200.00*	
240 feet of diamond drilling, AX size hole, @ $8.00* per foot 2/	1,920.00	$4,620.00
Stage II		
780 feet of diamond drilling, AX size hole, @ $8.00* per foot 2/		6,240.00
Stage III		
None		
Stage IV		
500 feet of diamond drilling, AX size hole, @ $8.00* per foot 2/		4,000.00

1/ If a caterpillar D-6 tractor equipped with dozer, or equivalent, is rented for road and drill site construction, the charge for same shall not exceed $15.00 per working hour, including wages of an Operator, fuel, lubrication, transportation, repairs, and all other costs.

2/ Including all costs of drilling, moving in and out, moving between holes, reaming, cementing, casing and time lost while surveying.

(2) Labor, Supervision, Consultants

Stage I		
1 - Engineer-supervisor 3/ @ $600.00* per month, 1 month	$ 600.00	
1 - Cook @ $300.00 per month, 1 month	300.00	$ 900.00
Stage II		
1 - Engineer-supervisor 3/ @ $600.00* per month, 2 months	1,200.00	
1 - Cook @ $300.00 per month, 2 months	600.00	1,800.00
Stage III		
1 - Engineer-supervisor 3/ @ $600.00* per month, 5 months	3,000.00	
3 - Miners @ $16.20 per shift including overtime, 130 shifts	6,318.00	
1 - Cook @ $300.00 per month, 5 months	1,500.00	10,818.00
Stage IV		
1 - Engineer-supervisor 3/ @ $600.00* per month, 1 month	600.00	

3/ The engineer-supervisor shall direct the operation and shall be responsible for securing representative samples of the deposit, where warranted, and their subsequent handling. He shall also prepare and keep up to date the mine and geologic maps ordinarily necessary for an exploration operation. He will determine the location, direction, attitude, and length of each diamond drill hole and will be responsible for the cutting or splitting of representative samples from the ore-bearing sludges or drill cores. In addition, he is to keep the necessary accounts and prepare the monthly reports required by this contract. If his time is divided between the exploration project and another activity, then his salary is to be divided in the same proportion between the former and the latter.

3 - Miners @ $16.20 per shift including overtime, 25 shifts	$1,215.00	
1 - Cook @ $300.00 per month, 1 month	300.00	$2,115.00

(3) Operating Materials and Supplies

Stage I

Core boxes and sample supplies		30.00

Stage II

Core boxes and sample supplies		100.00

Stage III

4,200 lbs. powder @ $0.21	882.00	
3,000 caps @ $35.00 per 1000	105.00	
15,000 ft. fuse @ $15.00 per 1000	225.00	
1,300 ft. mine rail, 16#, 6,930# @ $0.10	693.00	
800 ft. 1-1/2" pipe @ $0.30	240.00	
200 lb. track spikes @ $0.35	70.00	
500 lb. drill steel @ $0.30	150.00	
50 tungsten carbide bits @ $13.00	650.00	
500 lb. carbide @ $0.15	75.00	
3,000 gal. gasoline @ $0.33	990.00	
2,000 bd. ft. 2" lumber @ $75.00 per M	150.00	
1,000 wedges @ $0.06	60.00	
60 gal. lube oil @ $1.30	78.00	
Picks, hammers, and small tools	250.00	

McRae Tungsten Corp.

DMEA-2654
E-406
Tungsten

Mine timber and lagging	$ 700.00	
Nails, spikes, and miscellaneous supplies	400.00	
Fuel	300.00	$6,018.00

Stage IV

Core boxes and sample supplies	75.00	
1,000 lb. powder @ $0.21	210.00	285.00

(4) Operating Equipment

To be rented

Stages I, II, III, and IV

None

To be purchased

Stage I & II

None

Stage III

1 - Ingersoll Rand portable compressor (used) Model GK-105, Serial No. 406-31445 4/	2,000.00
1 - Ingersoll Rand J-40 jackhammer and jackleg (used) Serial Nos. 673946 and L13081 4/	360.00
1 - Ingersoll Rand J-40 jackhammer (new)	400.00
1 - 125 cu. ft. portable air compressor (used)	1,000.00

4/ These items are being transferred at the valuation indicated from the Operating Equipment acquired pursuant to the terms of Exploration Project Contract Idm-E133, dated September 5, 1951, between the same parties who are also parties to this contract.

McRae Tungsten Corp.

DMEA-2654
E-406
Tungsten

1 - Mucking machine (used)	$2,000.00	
1 - 20 cu. ft. mine car	200.00	
1 - Acetylene welding outfit (complete)	200.00	$ 6,160.00*

Stage IV

1 - Ingersoll rand R-38 stoper (new)	550.00

To be furnished by the Operator

Stages I, II, III & IV

None

(5) **Rehabilitation and Repairs**

Stages I, II, III & IV

None

(6) **New Buildings, Improvements, Installations**

Stage I

1 - 14' x 16' prefabricated house for bunkhouse 5/, including cost of moving	200.00*	
1 - 16' x 32' celotex-lined frame cook house	3,000.00*	
Facilities and installations for cook house	600.00*	3,800.00

Stage II

None

Stage III

1 - 16' x 24' frame compressor and shop building	1,250.00*

5/ See footnote 4.

Stage IV

None

(7) **Miscellaneous**

Stage I

Workmen's Compensation, Employer's Liability Insurance and payroll taxes	$ 90.00	
Analytical work	50.00	$ 140.00

Stage II

Workmen's Compensation, Employer's Liability Insurance and payroll taxes	180.00	
Analytical work	150.00	330.00

Stage III

Workmen's Compensation, Employer's Liability Insurance and payroll taxes	1,081.80	
Analytical work	200.00	
Mail delivery and snow removal	1,000.00	
Repairs to equipment 6/	800.00	3,081.80

Stage IV

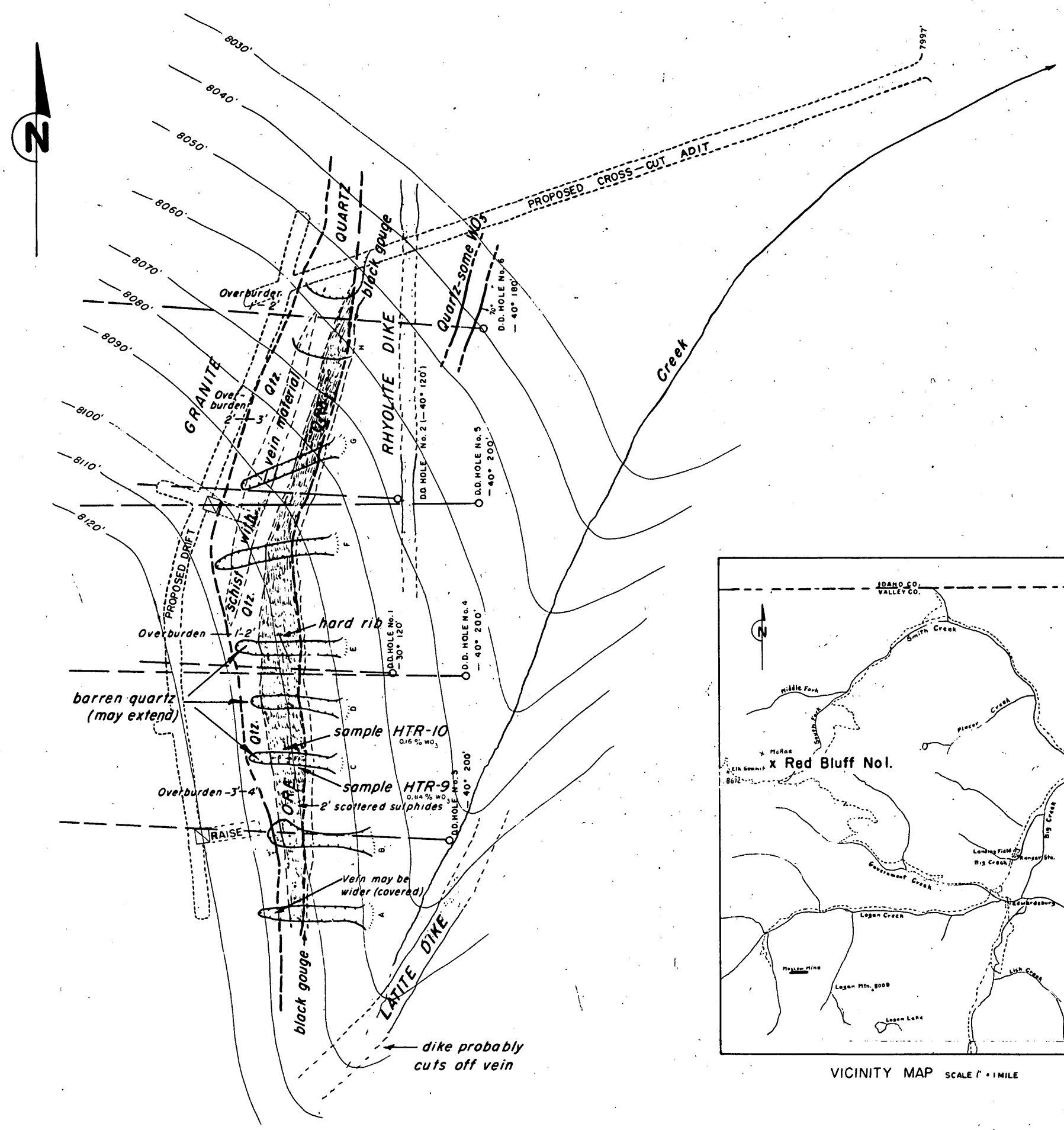
Workmen's Compensation, Employer's Liability Insurance and payroll taxes	211.50	
Analytical work	75.00	286.50

(8) **Contingencies**

Stage I		110.00

6/ Repair and maintenance items are to be charged against the project only as incurred and spent while the equipment is working on the project.

Stage II		$ 330.00
Stage III		672.20
Stage IV		163.50
Estimated Cost, Stage I	$ 9,600.00	
Estimated Cost, Stage II	8,800.00	
Estimated Cost, Stage III	28,000.00	
Estimated Cost, Stage IV	7,400.00	
Total Estimated Cost of Project		$53,800.00*
Government Participation at 75%		$40,350.00*



PLAT OF CLAIMS

MC RAE TUNGSTEN CORP

SCALE 1" = 1320'

U.S. DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Proposed exploration

MC RAE TUNGSTEN
RED BLUFF NO. I.

VALLEY COUNTY, IDAHO

H.T. Reno — Engr
Drawn by Web Anderson

August 1952

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 Valley, described as follows: 1/ Quartz Claims

Red Bluff No 1 (Amended)

Red Bluff No 2

Red Bluff No 3

Red Bluff No 4 # See Annex Attached

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/ McRAE TUNGSTEN CORP.

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 production 3/ 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/$ 40,350.00, or ten years have elapsed from the date of the contract.

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

Dated this 27 day of Sept, 195 7.

William V. Wilson [Seal]

[Seal]

[Seal]

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

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

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

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.

RED BLUFF GROUP

These quartz claims are recorded at the Valley County Court House as follows:

NAME OF CLAIM	BOOK	PAGE	DATE
Red Bluff No 1(Amended)	13	234	6/15/51
Red Bluff No 2	11	587	6/15/51
Red Bluff No 3	11	588	6/15/51
Red Bluff No 4	11	589	6/15/51

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

No. 157 Howard Street
Spokane 4, Washington

(402)

August 8, 1952

DMEA 254

Mr. Frank E. Johnson
Chairman, Operating Committee
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Dear Mr. Johnson:

We are transmitting herewith three copies of an exploration application on the Red Bluff property, Valley County, Idaho, submitted by the McRae Tungsten Corporation. One copy of the application has been retained here for our use in preparing our report on the property. Copies of the purchase contract and the necessary subordination agreements are not included with the application. These are being prepared by the operator and will be sent to you as soon as we receive them.

Sincerely yours,

S. Warren Bobbs
Acting Member, DMEA
Field Team, Region II

Enclosure 1 (in trip.)
cc: USBM (2)
J.J. Quinlan, U.S.G.S.

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Form Approved.
Budget Bureau No. 42-R1035.2.

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Not to be filled in by applicant

Docket No. DMEA-2654
Metal or Mineral
Date Received 8-14-52
Estimated Cost
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: McRae Tungsten Corp. Stibnite, Idaho

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract Red Bluff Group

Exploration to be on the Red Bluff No. 1

(*b*) State any mine name by which the property is known.

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Purchaser under contract

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property.

(*e*) If you own the land, describe any liens or encumbrances on it

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice.

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes.

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore .....

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc.

(*c*) The work will start within ..... days and be completed within ..... months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project:

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)?

(*b*) How do you propose to furnish your share of the costs?

[XX] Money [ ] Use of equipment owned by you [ ] Other

Explain in detail on acompanying paper.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated July 26, 1952, 1952

Mc Rae Tungsten Corp.
(Applicant)

By Robert J. McRae
President

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

U. S. GOVERNMENT PRINTING OFFICE 16—66551-1

McRAE TUNGSTEN CORP.
Stibnite, Idaho

RED BLUFF APPLICATION

1. a. McRae Tungsten Corporation, Stibnite, Idaho.
   b. An Idaho Corporation
   c. Officers of Corporation:

Robert J. McRae	President	Stibnite, Idaho
Dan C. McRae	Vice-Pres.	Stibnite, Idaho
Harry M. Sargent	Secy-Treas.	Stibnite, Idaho
Hubert Martin	Director	Boise, Idaho
Charles C. Chaffee	Director	Boise, Idaho

3. a. The exploration will be on Red Bluff Claim No. 1. The entire property consists of 4 claims held by location comprising 80 acres more or less.
   b. Red Bluff
   c. Purchase under contract.
   d. See accompanying lease bond.
   e. None
   f. Claims recorded as below: Cascade, Idaho Valley County

Claim	Book	Pages	Date
Red Bluff No. 1	11	586	June 15, 1951
" " " 2	11	587	" " "
" " " 3	11	588	" " "
" " " 4	11	589	" " "

4. a. This is a new discovery and the Red Bluff outcrop has had only 12 surface cuts dug across the outcrop to expose the ore for sampling. One can drive to within one mile of the property. It is now free of snow and open for inspection.
   b. There has been no past production. The exposed ore body is at least 220 feet long and 9.4 feet wide and averages 0.77 %WO_3.
   c. The ore exposure occurs in a sheared zone from 15 to 30 feet wide. The strike of the zone is due north. Its dip is nearly vertical or not more than 70 degrees to the west. There is a heavy gouge of 1 to 3 feet on the east or footwall. From the gouge westward for from 6 to 15 feet is a zone containing silicified bands up to 24 inches wide that constitute the better mineralized rock. Between the silicified bands are bands of dark shistose rock containing some brecciated quartz which contains lower tungsten values. The tungsten mineral is hubnerite and very little scheelite is found. In this respect it is different from all other deposits in this area. The better ore zone is feet long. The vein structure has been proven to contain some hubnerite for a length of 420 feet.
   A rhyolite dike 4 to 6 feet wide occurs on or near the east wall. About 100 feet east occurs a dacite dike 100 or more feet wide striking with the zone. Pegmatitic granite forms the west or hanging wall of the vein. Several high

c (Cont'd.) The underground program would start as soon as preliminary drilling indicates justification. It would be completed 16 months after approval. Work would start underground as soon as it is approved.

4. c. (cont)
grade stringers of hubnerite occur in the granitic wall rock up to 60 feet from the main zone.

d. The property is located about 10 miles from Big Creek Post Office in Valley County, Idaho. It is 13 miles from Big Creek by forest highway. Big Creek is 90 miles via good mountain highway from Cascade, Idaho the rail point.

e. Manpower is available from natives of the district up to 6 to 10 men. Timber is plentiful and water and water power are abundant.

5. a. Tungsten

b. See Plan Maps No 1 and No 2.

The proposed work is to drill 6 diamond drill holes as listed on Plan No 1 totalling 1040 feet. Then if the preliminary drilling warrents a follow up 500 feet of secondary drilling.

As soon as the drilling indicates the ore extends below the 8000 foot elevation then it is proposed to start an underground development to explore the orebody. The project as proposed would be 250 feet of crosscut to the vein, then 250 feet of drift on the vein, 100 feet of short crosscuts in the vein, and 100 feet of raising. This underground work is shown on Plan No 2.

C. Diamond drilling will start 4 days after the contract is approved and all preliminary drilling, 1040 ft., completed within 90 days of approval. The secondary drilling would start 10 months after approval and be completed 15 months after approval.

d. R.J. McRae has had 25 years mining experience and is at present Chief Metallurgist for Bradley Mining Co. at Stibnite, Idaho. Supervision and engineering will be done by R. J. McRae.

6. Independent Contracts

a. Diamond drill contractor Nichols and Thompson submitted the following bid:

1.	Drilling	$ 5.65 per ft.
2.	Reaming and cementing	2.75 " "
3.	Moving into job and out	400.00
4.	Moving from hole to hole and from location to location @ $[redacted]	10.00 " hour

Calculated costs under above bid:

1.	Moving in and out from Job payable in advance.	$400.00
2.	Drilling 1040 ft @ $5.65	5876.00
3.	Estimated 200 feet of reaming or cementing @ $2.75	550.00
4.	Hole to hole moving Est. 32 hrs. @ $10.00 per hour	320.00
	Total	$7046.00

RED BLUFF (cont)

6. b. Labor, supervision and consultants:

Part time Supervisor @ $150.00 per month (3 Months)		$450.00
" " Bookkeeper @ 75.00 " " " "		225.00
" " Engineer @ 250.00 " " " "		750.00
		$1425.00

c. Operating Materials
d. Operating Equipment
e. Rehabilitation and repairs.
f. New buildings, improvements.
g. Miscellaneous:

Assaying @ $21.00 per hole	126.00
Compensation and Payroll taxes @ 10% of payroll	142.50
Preparatory work 5000 feet of road @ $50.00 per per 100 feet.	2500.00
Preparation of Diamond drill Site	200.00
Transportation expense to and from job for Supervisor and Engineer	150.00
	$3123.50

h. Contingencies
Estimated at $1.00 per foot $1040.00

Summary of Drill Costs on Preliminary Holes

	Costs	Cost per foot
Drilling and Est. related costs	$7046.00	$6.75
Labor Supervision and Engineering	1425.00	1.37
Miscellanious	3123.50	3.22
Contingencies	1040.00	1.00
Total	$12634.00	$ 12.34

If 500 feet of Secondary Drilling is done then the cost becomes:

500@ $9.23 per foot $4620.00
$12,634.50 plus $4620.00 $17,254.00 Total
~~$11,254.00~~

$$\frac{\$17,254.00}{1540 \text{ Ft.}} \quad \$11.18 \text{ per foot.}$$

Underground Project on Red Bluff

6. Costs
   a. Independent Contracts--None.
   b. Labor Supervision and Engineering:

RATE/HR	CLASSIFICATION	RATE/26 days per Mo.	RATE/SHIFT	TOTAL/DAY
$1.88	2 Miners	$421.00	$16.20	$32.40
Salary	1 Foreman	450.00	17.30	17.30
"	1 Cook	300.00	11.50	11.50
"	¼ Supervisor	600.00	23.50	5.77
"	Part time Bookkeeper			2.83
				$69.80

Figure 4 feet advance per working day:

$\frac{\$66.97}{4}$ $17.45 per foot

c. Operating Material and Supplies

SUPPLIES

Powder @ 8# per foot 5600 lbs. @ $0.21	$1176.00
Caps 3000 @ $35.00	105.00
Fuse 15,000 ft. @ $15.00/1000	225.00
Rails 1600 feet 8000 lbs @ 10¢	800.00
Pipe 800 feet 1½ inch @ 30¢	240.00
Track Spikes 200 lbs. @ 35¢	70.00
Steel 500 lbs. @ 30¢	150.00
Bits tungsten carbide 50 @ $13.00	650.00
Carbide 500 lbs. @ $0.15	75.00
Gasoline 3000 Gal. @ 33¢	990.00
Lumber 2 inch 2000 ft @ $75.00	150.00
Wedges 1000 @ 0.06	60.00
Lube oil 60 gal @ $1.30	78.00
Picks, hammers, etc.	150.00
Small tools	100.00
Drill and Compressor and Mucking Machine PARTS	800.00
Timber and Lagging	700.00
Misc.	400.00
	$6919.00

Supplies $\frac{\$6919.00}{700}$ $9.90 cost per foot

d. Equipment costing more than $50.00

1	New J-40 Jackhammer	$400.00
1	" Stoper R-38	550.00
1	Used portable 125 foot compressor for more air	1000.00
1	Used mucking machine	2000.00
1	" 20 cu foot car	200.00
1	Welding Acetyelene outfit	200.00
		$4350.00

Equipment $\frac{\$4350.00}{700}$ $6.22 cost per foot

UNDERGROUND COSTS ON RED BLUFF (cont)

6. g. Miscellaneous Costs:

Fuel and Camp Supplies	$700.00
Mail delivery and Snow removal and transportation	1000.00
Compensation and PR taxes Est @ 10%PR	1220.00
	$2920.00

$\frac{\$2920.00}{700}$ $4.17

h. Contingencies
Estimated at 5% of total cost.

Summary of Underground Costs

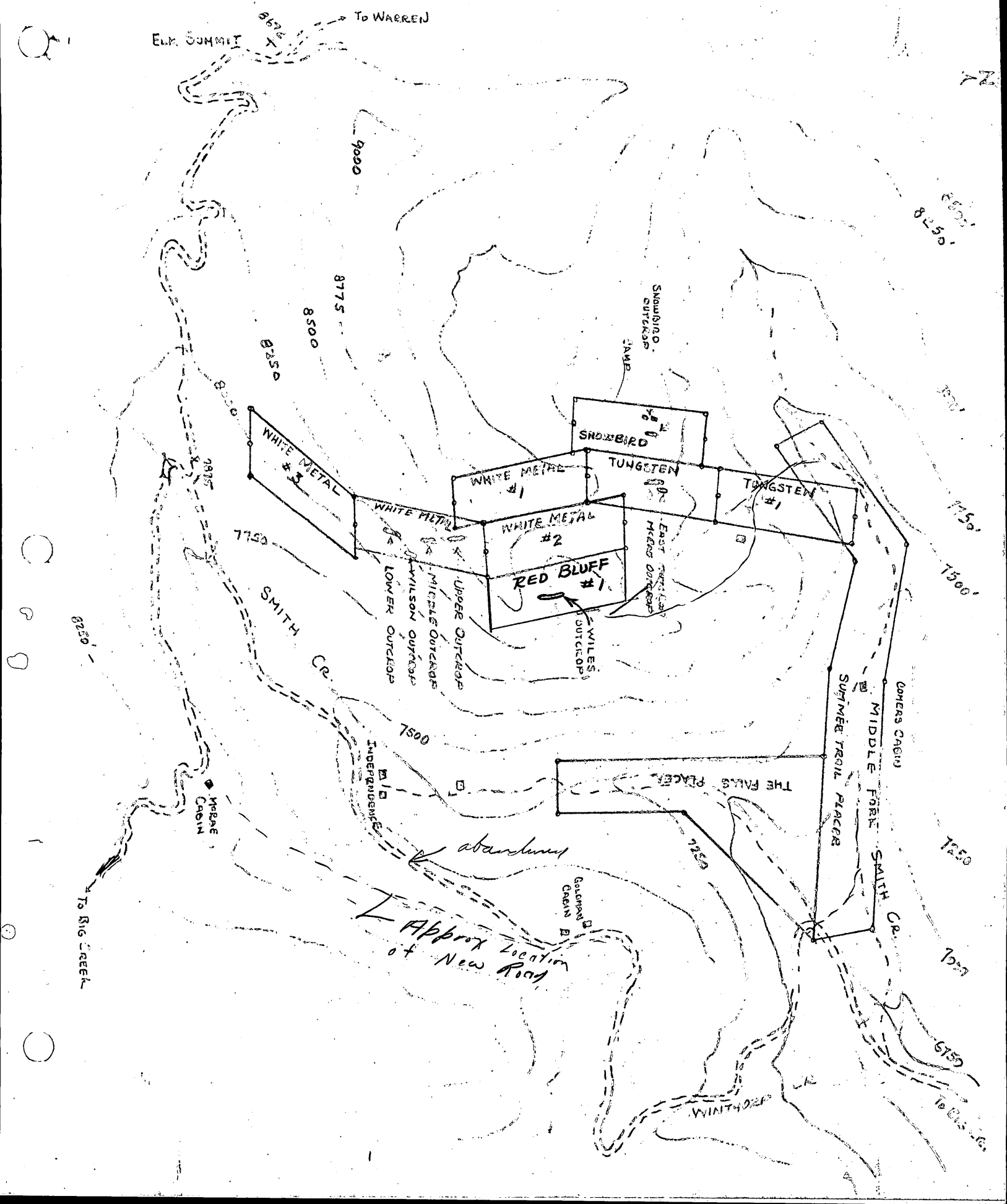
Heading	Cost	Cost/ft
Labor, Supervision, Engineering	$12,200.00	$17.45
Operating Materials and Supplies	6,919.00	9.90
Operating Equipment	4,350.00	6.22
New Buildings	4,850.00	6.93
Miscellaneous	2,920.00	4.17
	$31,239.00	$44.67
Contingencies	1,561.95	2.03
	$32,800.95	$46.70

7. a. Yes
b. Cash

BY R.E.K. DATE SUBJECT PLAT OF CLAIMS SHEET No. OF

CHKD. BY DATE 3-10-52 JOB No.

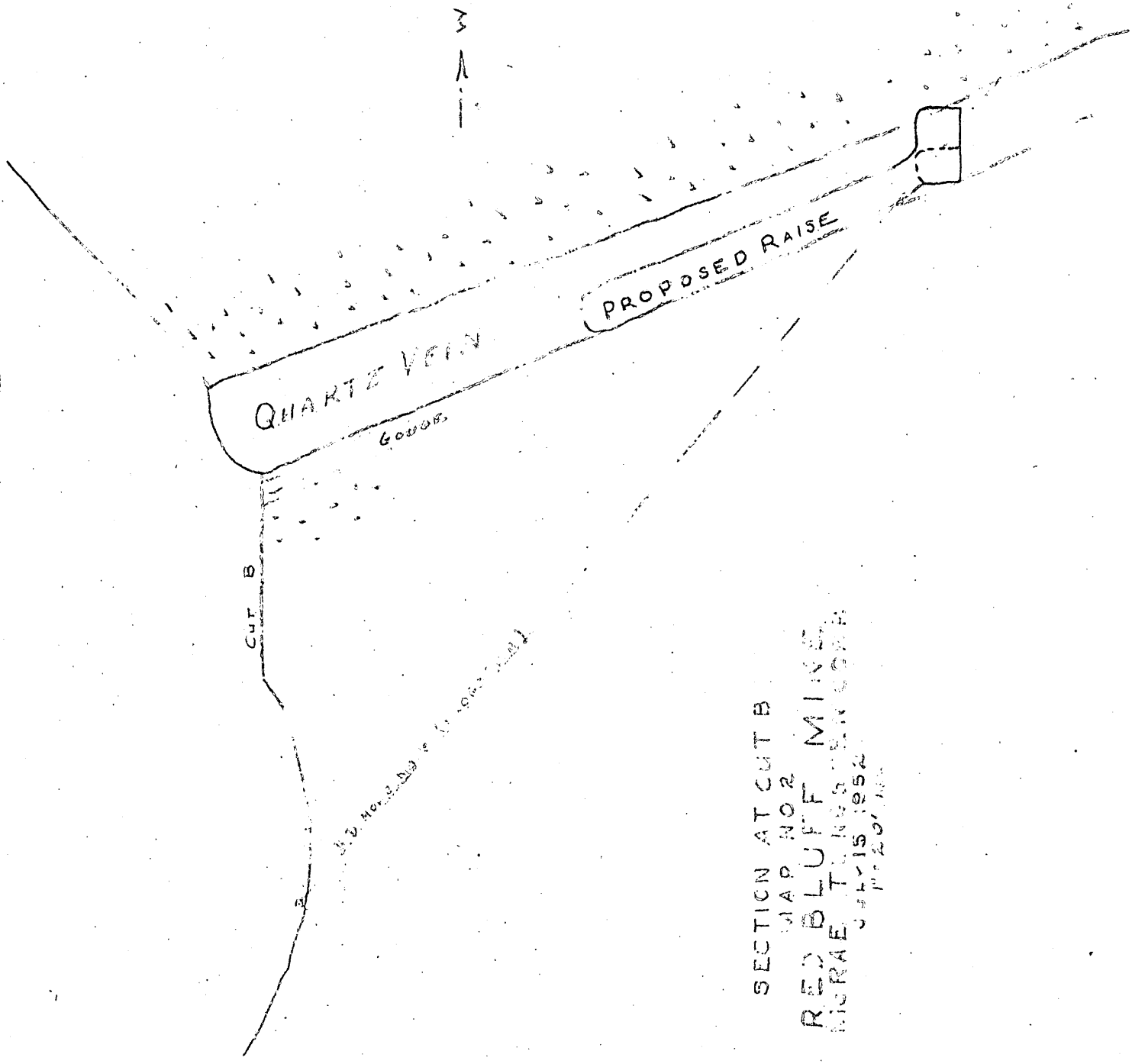
McRae Tungsten Corp. SCALE 1" = 1320'



BRADLEY MINING CO. SUBJECT ..... SHEET NO. ..... OF .....

BY ..... DATE ..... JOB NO. .....

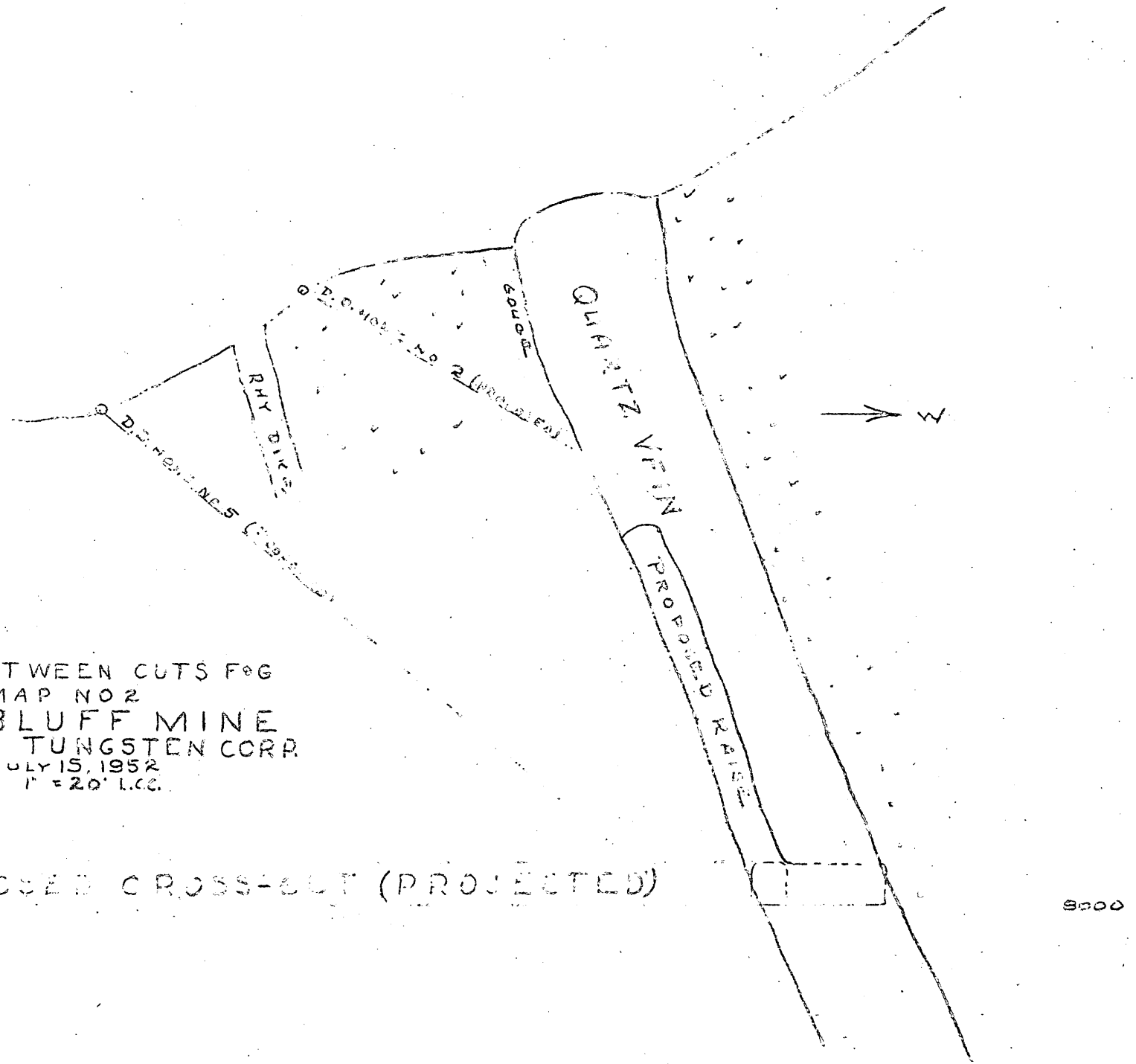
CHKD. BY ..... DATE .....



BRADLEY MINING CO. SUBJECT..... SHEET NO.....OF.....

BY..... DATE..... JOB NO.....

CHKD. BY..... DATE.....



SEC. BETWEEN CUTS F&G
MAP NO 2
RED BLUFF MINE
McRAE TUNGSTEN CORP.
JULY 15, 1952
1" = 20' L.C.

Material returned
by Mr. Mundy.
11/10/72
Re letter to
W. J. Davis 10/11/72

Mr. Davis requested
another copy of the
mill flow chart which
Mr. Mundy prepared and
sent to Davis without change.
H. Kirkemo 10/13/76

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D. C. 20242

OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF THE INTERIOR

Mr. Harold Kirkemo
Chief, Office of Minerals Exploration
U. S. Geological Survey
Room 865, Matomic Building
1717 H Street, N. W.
Washington, D. C. 20006

Mr. Marvin Mundy
Technical Representative
Cooper-Trent Division
Keuffel & Esser Co.
Wilson Boulevard at Danville Street
Arlington, Virginia 22201

Telephone EMpire 3-3302

Hand Sample Serial 2559-68

Mine Robert J. McRae

ASSAY REPORT
UNION ASSAY OFFICE, INC.
J.V.Sadler, President
A.C.Selby, Vice-Pres.&Treas.
Lily M. Hottinger, Secretary

December 8, 1955

Salt Lake City 10, Utah

		% WO_3
Red Bluff P-2	116-120	0.66
Red Bluff P-2	120-125	1.10
Red Bluff P-2	125-131	0.73
Red Bluff P-3	115-119	0.74
Red Bluff P-3	119-124	1.00
Red Bluff P-3	124-128	0.45
Red Bluff P-3	128-130	0.03
Red Bluff P-3	130-135	2.70
Red Bluff P-3	135-140	1.02
Red Bluff P-3	140-146	0.31

C
O
P
Y Charges $40.00

S/ J. V. Sadler

Bearing - West RED BLUFF MINE

Inclination - 45° Hole P 1

Elevation - 8036 ft.

FOOTAGE	DESCRIPTION	PER CENT CORE REC.	CORE SIZE
0' - 5'	Aplitic Quartz, Pyrites, some Sulphides	95%	B X
14.5' - 18'	Aplitic Quartz Alteration weak in minerals	30%	B X
18' - 20'	Appears same as above	05%	B X
20' - 21.5'	Appears same as above	15%	B X
21.5' - 23'	Appears same as above	85%	B X
23' - 30'	Schistose Sediments some sulphides	65%	B X
30' - 43'	Igneous, rhyolite	95%	A X
43' - 53'	Sheared Silicified Schistose some sulphides	80%	A X
53' - 55.5'	Quartz trace Autunerite at 54', Pyrite, Galena, Fluorite	95%	A X
55.5' - 64'	Metamorphic Sulphides, pyrites - abundant sulphides	75%	A X
64' - 70.5'	Same as 55.5' to 64'	60%	A X
70.5' - 122'	Metamorphics with bands of Aplite, Pyrite, Galena, Sphalerite, Fluorite	85%	A X

End of Hole 122'

COPY

Bearing - West [illegible]

Inclination - 45° Hole No. P 2

Elevation 6030 ft.

Footage	Description	Per Cent Core Rec.	Core Size
0' - 17'	Broken dike material	65%	B X
17' - 25.5'	Brecciated Quartz, Dark Sulphide Assay Av .46 WO_3	75%	A X
25.5' - 38'	Quartz, some pyrites, fine sulphides possible fluorites	50%	A X
38' - 44'	Quartz, some pyrites and sulphides	66 2/3%	A X
44' - 47'	Aplitic Quartz, pyrite, flourite	85%	A X
44' - 77.5'	Aplitic material with sulphides	80%	A X
77.5' - 84'	Quartz, pyrites, fluorites	85%	A X
84' - 86'	Quartz, strong sulphides	95%	A X
86' - 88.0'	Quartz	70%	A X
87.5' - 104'	Rhyolite Dike	75%	A X
104' - 112'	Dark Sheared Quartz very strong in sulphides, pyrites, fluorites	60%	A X
112' - 114'	Vein Quartz, Sulphides	25%	A X
114' - 117'	Vein Quartz, Sulphides	75%	A X
117' - 131'	Vein Quartz, Sulphides (116' - 131' some hubnerite)	95%	A X
131' - 136'	Quartz, weak sulphides, pyrites	95%	A X
136' - 142'	Aplite, sulphides	95%	A X
142' - 143'	Quartz included schist		
143' - 146'	Aplite and included schists with pyrites	96%	A X

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Bearing - West RED BLUFF MINE

Inclination - 45°

Elevation 8030 ft.

FOOTAGE	DESCRIPTION	PER CENT CORE REC.	CORE SIZE
146' - 153.5'	Aplite and included schists with pyrites, but less pyrites	65%	A X
153.5' - 158.5'	Aplite and schist, quartz pyrites	65%	A X
158.5' - 162'	Altered Aplite	45%	A X
162' - 184.5'	Schist, some alteration, some pyrites	95%	A X
184.5' - 197'	Pyritic Schist	50%	A X
	End of Hole 197'		

COPY

Bearing -- West RED BLUFF MINE

Inclination -- 45° Hole No. P 3

Elevation -- 8087 ft.

FOOTAGE	DESCRIPTION	PER CENT CORE REC.	CORE SIZE
0 - 12'	Rhyolite	75%	B X
12' - 101'	Altered Dacite Dike	80%	A X
101' - 109'	Rhyolite Dike	80%	A X
108'4" - 112'	Dark Silicified Metamorphics	95%	A X
112' - 119'	Vein Quartz and Hubnerite	90%	A X
119' - 124'4"	Vein Quartz Bands and Hubnerite	90%	A X
124'4" - 125'4"	Quartz vein with Hubnerite	98%	A X
125'4" - 128'	Quartz, Limonite, Fluorite, Trace Hubnerite	98%	A X
128' - 131'	Aplitic Quartz	80%	A X
131' - 135'	Hubnerite vein in good quartz - 2.5% WO_3		
135' - 140'6"	Metamorphic quartz some sulphides, oxidization	75%	A X
144' - 146'	Metamorphic and Quartz Bands Hubnerite malybdenite	75%	A X
146' - 163'	Aplitic Quartz	40%	A X
163' - 169'	Aplite and Pyrite	85%	A X
169' - 176'	Silicified Sediments - quartz pyrites, fluorite	85%	A X
176' - 186'6"	Aplite, some pyrites - moly.	95%	A X

End of Hole 186' 6"

COPY

Bearing - West RED BLUFF MINE

Inclination - 45°

Elevation - 8110 ft. Hole # 4

FOOTAGE	DESCRIPTION	PCT CORE REC.	CORE SIZE
0' - 10'	Dike rock Lacite	90%	B X
10' - 78'	Dike rock Lacite	90%	A X
78' - 86'	Altered and fractured	50%	A X
86' - 99'	Dike, some quartz		
99' - 105'	Altered Aplitic Rock	30%	A X
105' - 115'	Vein Quartz, Sulphides	20%	A X
115' - 149'	Aplite, Quartz, Sulphides	35%	A X

End of Hole

COPY

Bearing - S 70° W RED BLUFF MINE

Inclination - 45° Hole F 6

Elevation - 3065 ft.

FOOTAGE	DESCRIPTION	PER CENT CORE REC.	CORE SIZE
0 - 295	Dacite Dike	80%	A X
295 - 349	Aplite mixed with sediments, some sulphides, no hubnerite	70%	A X
	End hole 349 ft.		

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MAY 14 1956

DHER 2654

RED BLUFF MINE
HOLE NO. 1

Bearing West
Inclination Minus 30
Elevation 8081

McRae Tungsten Corp.
Big Creek District
Valley County, Idaho

FOOTAGE	DESCRIPTION	SLUDGE SECTION	SLUDGE ASSAY % WO_3	CORE SECTION	CORE ASSAY % WO_3	PER CENT REC.	CORE SIZE
0 - 7	Aplite with pyrite					85	Ax
9.5 - 12	Siliceous Aplite					85	Ax
12-15	Metamorphosed Schistose sediments with fluorite and pyrite					65	"
15-19	Schistose sediments much silicified. First Hubnerite at 17 feet	15-19	0.40	15-19	1.15	50	"
19-24	Metamorphics completely silicified	19-24	0.37	19-24	2.44	90	"
24-28	Highly silicified metamorphics, fluorite and pyrite	24-28	0.05	—	—	35	"
28-34	Complete silicification traces of metamorphic structure	28-34	0.05		—	45	"
34-39	Silicified metamorphics to 34.3, then basic dike to 35.5 feet, then schistose sediments	34-39	0.06		—	40	"
39-43.5	Quartz with sulfides, some hubnerite	39-43.5	0.06		0.02	90	
43-47	Vein quartz and silicified metamorphics	43-97	0.07		—	90	
47-52.5	Silicified metamorphics		--		—	90	
52-58	" "		--		--	80	
58-63	" "		--		--	75	
63-68	End of mineralized section appears to be at 63.5, then chloritized and sericitzed aplite with fluorite		--		--	75	
68-73	At 72 vein quartz with good mineralization, fair hubnerite	68-73	0.06			80	

RED BLUFF MINE
HOLE NO. 1
(continued)

Bearing West
Inclination Minus 30
Elevation 8081

McRae Tungsten Corp.
Big Creek District
Valley County, Idaho

FOOTAGE	DESCRIPTION	SLUDGE SECTION	SLUDGE ASSAY % WO_3	CORE SECTION	CORE ASSAY % WO_3	PER CENT REC.	CORE SIZE
73-78	Chloritized metamorphics then 0.5' high grade vein 74.3-74.8 Feet then schist	73-78	1.24	72-74.3 74.3 - 74.8	0.26 18.78	100	
78-83	Silicified schist some fluorite					95	

RED BLUFF MINE
HOLE NO. 2

Bearing N 70° W
Inclination Minus 45°
Elevation 8080

McRae Tungsten Corp.
Big Creek District
Valley County, Idaho

FOOTAGE	DESCRIPTION	SLUDGE SECTION	SLUDGE ASSAY % WO_3	CORE SECTION	CORE ASSAY % WO_3	PER CENT REC.	CORE SIZE
0 - 5	Aplite with traces of Galena					30	Bx
5-18.5	Aplite with silicified metamorphics from 14 feet					40	Ax
16-5-23	Same to 20', then less silicification and more schistose					30	"
23-25	Silicified metamorphics, some hubnerite	(23-27.5)	0.16	(23-25)	0.36	30	"
25-27.5	Silicified metamorphics. Good hubnerite			(25-27.5)	5.21	40	"
27.5-36	Silicified metamorphics. No hubnerite					25	"
36-39.5	Silicified metamorphics	(36-39.5)	0.85	(36-39.5)	1.85	75	"
39.5-46	Silicified metamorphics. Some hubnerite. Also considerable Galena	(39.5-46)	0.55	(39.5-46)	0.70	85	"
46-48	Silicified metamorphics and aplite			(46-50)	0.34	50	"
48-52.5	Completely silicified metamorphics with pyrite and galena					80	"
52.5-56	Silicified metamorphics. Hubnerite to 53.5 with some galena	(52.5-56)	0.03	(50-56)	0.06	90	"
56-69.5	Silicified metamorphics. Trace of Hubnerite at 58.6 feet. Much pyrite and fluorite 57 to 66 ft.			(56-59)	0.05	85	"
69.5-77	Quartz and aplite, pyrite and galena					92	"
77-85.5	Silicons metamorphics that approaches quartzite					65	"
85.5-90.5	Quartz to 87.5, then sil. schist					50	"
90.5-95.5	Chloritized Aplite					60	"

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RED BLUFF MINE
HOLE NO. 2
(continued)

Bearing N 70° W
Inclination Minus 45°
Elevation 8080

McRae Tungsten Corp.
Big Creek District
Valley County, Idaho

FOOTAGE	DESCRIPTION	SLUDGE SECTION	SLUDGE ASSAY % WO_3	CORE SECTION	CORE ASSAY % WO_3	PER CENT REC.	CORE SIZE
95.5-100	Schist to 97.5, then aplite					50	Ax
100-103	Soft argillaceous quartzite					60	"

RED BLUFF MINE
HOLE NO. 3

Bearing Due West
Inclination Minus 35°
Elevation 8067

McRae Tungsten Corp.
Big Creek District
Valley County, Idaho

FOOTAGE	DESCRIPTION	SLUDGE SECTION	SLUDGE ASSAY % WO_3	CORE SECTION	CORE ASSAY % WO_3	PER CENT REC.	CORE SIZE
0 - 5	Dacite					60	Bx
5 -37	Dacite					65	Ax
37-54	Dacite hydrothermally bleached					45	"
54-62.5	Weathered aplite					45	"
62.5-70.5	Altered aplite traces of included metamorphics					80	"
70.5-82	Argillite					80	"
82.5-88.5	Silicified schist, pyrite and fluorite			(86.5-88.5)	0.04	90	"
88.5-94	Silicified schist, Hubnerite at 89'	(88.5-93)	0.05	(88-94)	0.03	90	
94-99	Silicified schist, and quartz with traces of hubnerite	(94-101)	0.03	(94-101)	0.03	70	
99-104	Quartz from 98 to 101.5 with traces of hubnerite					70	
104-109	Silicified schist minor quartz					50	
109-114.5	Silicified schist					15	
114.5-119	Quartz with schistose inclusions					60	
119-124	Harder quartz. No brecciation					25	
124-129	Silicified metamorphics 0.5' Good hubnerite at 124-124.5, then chloritized metamorphics with pyrite and fluorite	(124-129)	0.04	(124-124.8)	3.35	60	
129-139	Silicified schist with pyrite					75	

RED BLUFF MINE
HOLE NO. 3
(continued)

Bearing Due West
Inclination Minus 35°
Elevation 8067

McRae Tungsten Corp.
Big Creek District
Valley County, Idaho

FOOTAGE	DESCRIPTION	SLUDGE SECTION	SLUDGE ASSAY % WO_3	CORE SECTION	CORE ASSAY % WO_3	PER CENT REC.	CORE SIZE
139-149	Schist with pyrite					90	
149-162	Chloritic schist with pyrite					80	
162-177	Chloritic schist with pyrite					60	
177 - End							

RED BELT MINE
HOLE NO. 4

Bearing West
Inclination Minus 40°
Elevation 8080

McRae Tungsten Corp.
Big Creek District
Valley County, Idaho

FOOTAGE	DESCRIPTION	SLUDGE SECTION	SLUDGE ASSAY % WO_3	CORE SECTION	CORE ASSAY % WO_3	PER CENT REC.	CORE SIZE
0 - 5	Aplite silicified and chloritized					95	
5 -10	Aplite silicified and chloritized					90	
10-15	Aplite silicified					95	
15-18	Aplite silicified					80	
18-22.5	Silicified metamorphics, first hubnerite at 20.5 feet			(19-24.5)	0.15	55	
22.5-27.5	Silicified metamorphics brecciated Hubnerite at 22.7					55	
27.5-32	Silicified metamorphics					35	
32-37	Silicified metamorphics					05	
37-41	" " Hubnerite 39-40.5'	(37.5-41)	0.15	(37.5-41)	0.65	60	
41-44.5	Quartz vein Hubnerite to 43 feet	(41-43)	0.18	(41-45)	0.35	35	
44.5-48	Quartz with metamorphic inclusions					35	
48-53	Silicified metamorphics					50	
53-59.5	" "			(55-58.5)	0.03	95	
59.5-64.5	" "					80	
64.5-67	" " to 65.5, then argillite with pyrite. Hubnerite 67.7-68.					85	
68-71	Silicified argillite quartz Stringers much pyrite			(67-71)	0.23	80	
71-74	Quartz veinlets in argillite					30	
	End at 74 feet						

RED BLUFF MINE
HOLE NO. 5

Bearing West
Inclination Minus 40°
Elevation 8093

McRae Tungsten Corp.
Big Creek District
Valley County, Idaho

FOOTAGE	DESCRIPTION	SLUDGE SECTION	SLUDGE ASSAY % WO_3	CORE SECTION	CORE ASSAY % WO_3	PER CENT REC.	CORE SIZE
0 -10	Bleached Dacite					30	
15-20	Bleached Dacite					10	
20-22.5	Silicified metamorphics Hubnerite at 20.5 feet	(20-22.5)	0.22	20-25	0.49	40	
22.5-25	Silicified metamorphics	(22.5-27)	0.05			30	
25-30	" "					35	
30-33	" " Hubnerite	(30-33)	0.06	(30-33)	3.10	30	
33-38	" "					40	
38-44	" "					25	
44-49	" " to 46.5 then chloritized aplite					15	
49-54	Aplite					60	
54-59.5	Silicified metamorphics			(54-59)	0.14	30	
59.5-63	" "	(59-63.5)	0.05	(59-64.5)	0.08	40	
63-65	" " Trace Hubnerite					100	
65-70	Silicified Metamorphics					90	
70-75	Schistose metamorphics					75	
75-79	Chloritic schist barren quartz vein at 77-78 ft.					65	

RECEIVED
MAY 14 '55

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

October 11, 1972

AIRMAIL

Mr. W. T. Davis
6848 Vivian Street
Arvada, Colorado 80004

Re: DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract Idm-E406

Dear Mr. Davis:

We acknowledge receipt of a recent letter from Mr. Wilbur Wiles, P. O. Box 12, Yellowpine, Idaho 83677, requesting that maps from our records on the subject property be sent to you. The following material is available:

1. Map No. 1, Red Bluff Property. Surface Trenches, Diamond Drill Plan, Underground Plan, Size 16" x 17".

2. Map No. 2, The Red Bluff Vein. Plan, Red Bluff Mine, Vertical Section through Vein, and End Views at Diamond Drill Holes, Size 12" x 16".

3. Map No. 2, Red Bluff Mine. Proposed Underground Development, McRae Tungsten Corporation, Size 15" x 18".

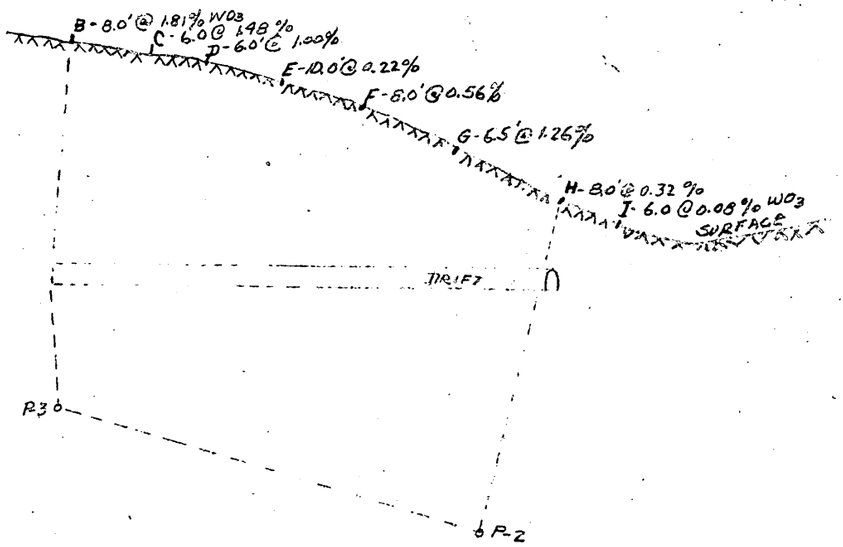
4. McRae Tungsten Corporation, Red Bluff Mine Map. Surface Detail, Size 17" x 20".

5. Mill Flow Sheet, McRae Tungsten Corporation, Size 18" x 19-1/2".

6. McRae Tungsten Corporation. Vertical sections of drill holes, Red Bluff numbers 1 thru 5, 4 pages, Size 8-1/2" x 11".

7. Assays, holes P-2 and P-3, and logs of drill hole numbers 1 thru 5 (Red Bluff holes), and hole numbers P-1, P-2, P-3, P-4, and P-6 (DMEA holes), 15 pages, Size 8-1/2" x 11".

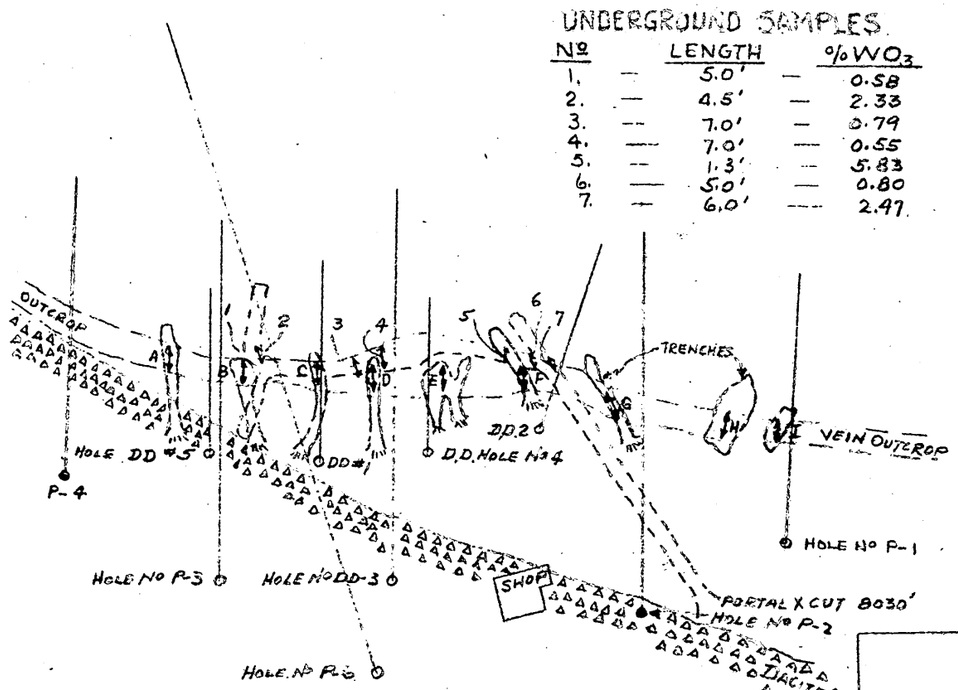
Marvin,
Shipped Via Air 10/27/72
G-17081



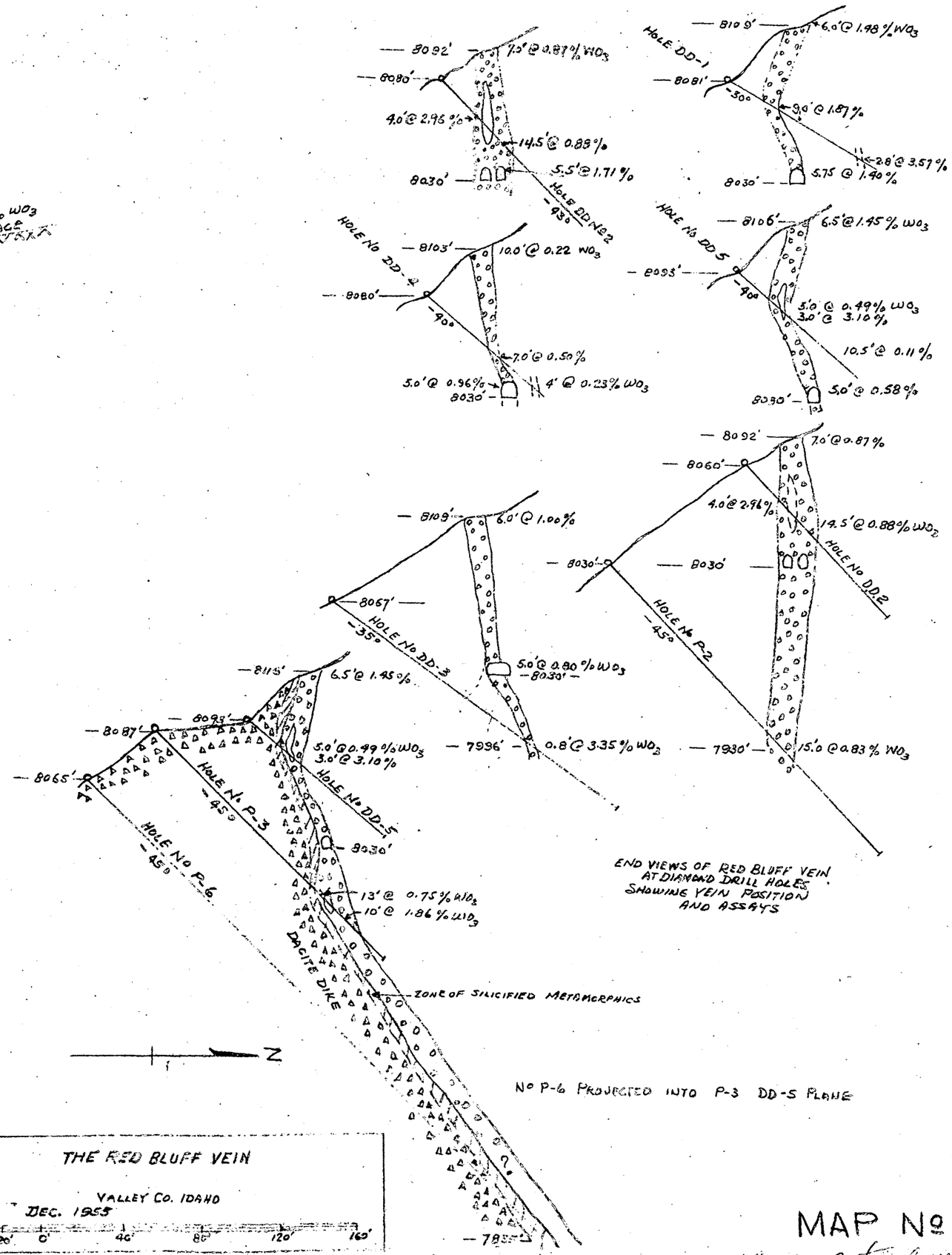
VERTICAL SECTION THRU VEIN

UNDERGROUND SAMPLES

№	LENGTH	% WO_3
1.	5.0'	0.58
2.	4.5'	2.33
3.	7.0'	0.79
4.	7.0'	0.55
5.	1.3'	5.83
6.	5.0'	0.80
7.	6.0'	2.47



PLAN RED BUFF MINE



END VIEWS OF RED BLUFF VEIN AT DIAMOND DRILL HOLES SHOWING VEIN POSITION AND ASSAYS

THE RED BLUFF VEIN

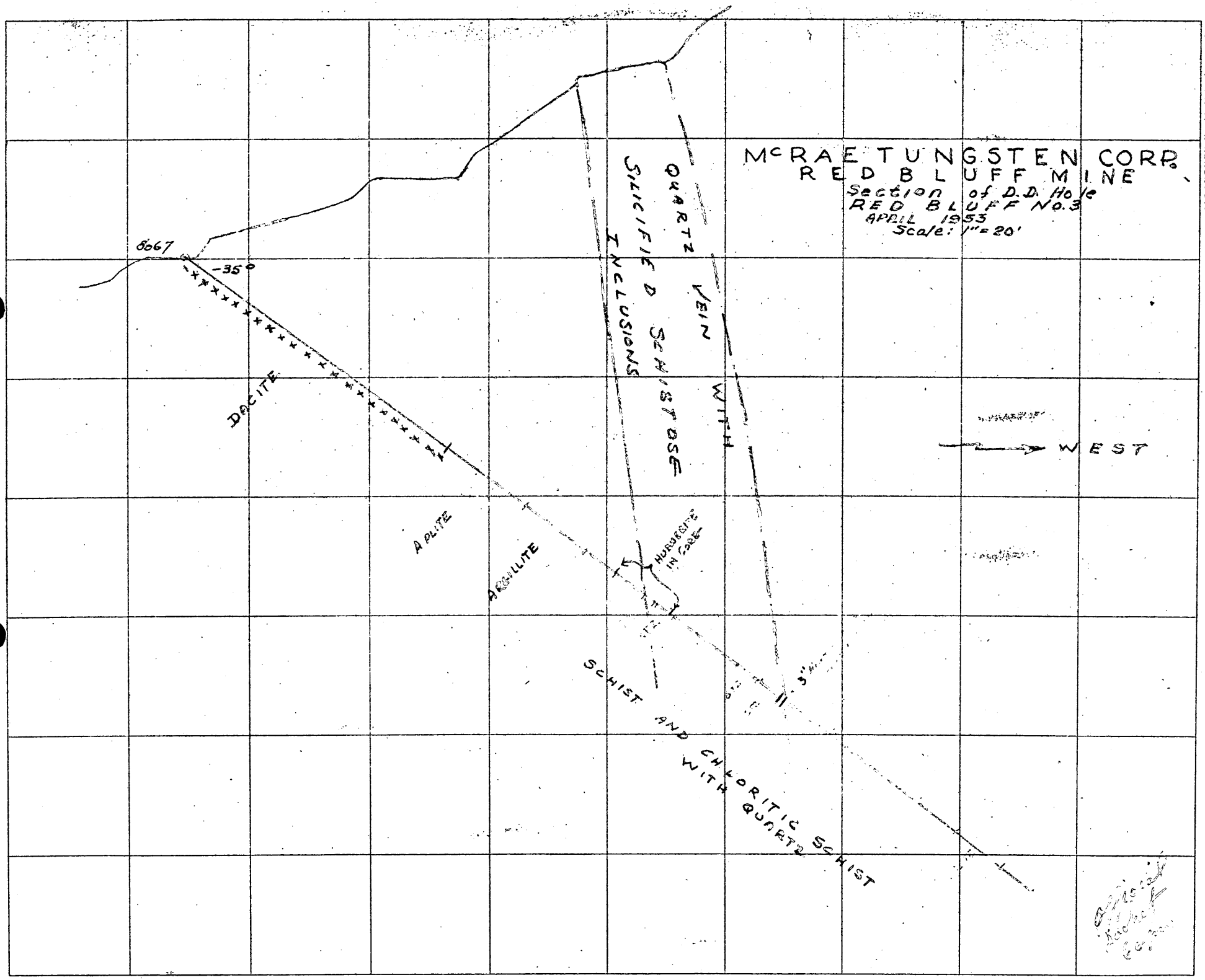
VALLEY CO. IDAHO

DEC. 1955

40' 20' 0' 40' 80' 120' 160'

MAP № 2

Extra Copy Geol. Report

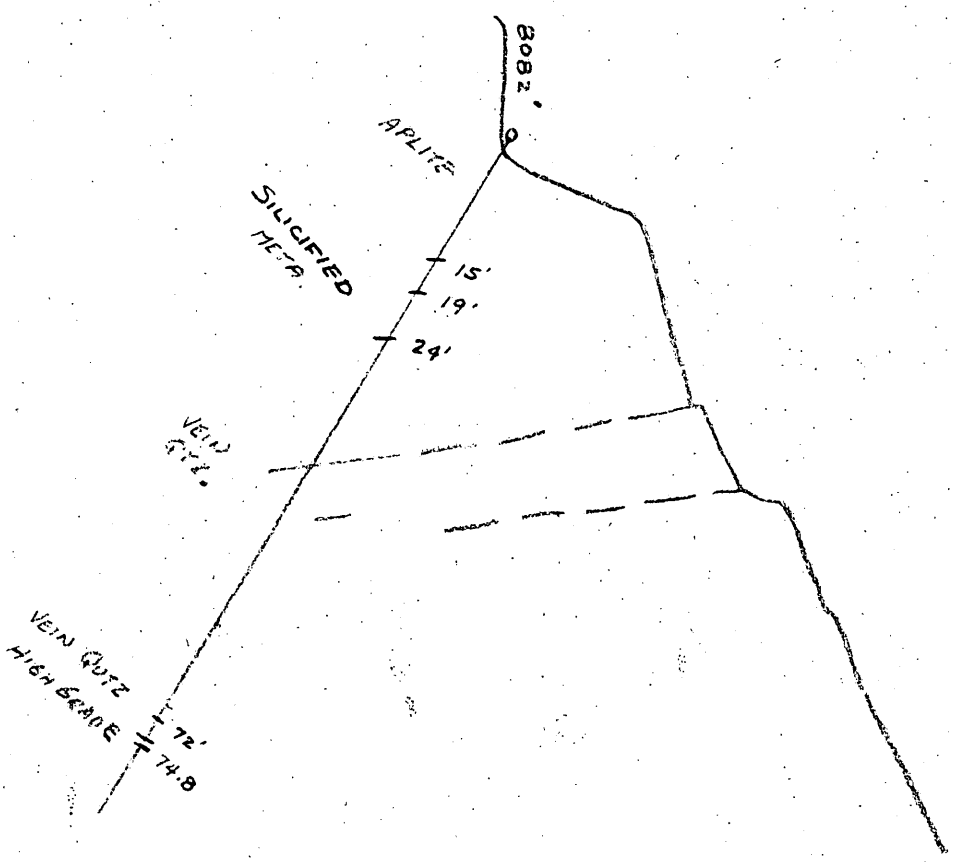


"ALBANENE" No. 195M K&E CO., N.Y.
REG. U.S. PAT. OFF.

BRADLEY MINING CO. SUBJECT ..... SHEET NO. ..... OF .....

BY ..... DATE ..... JOB NO. .....

CHKD. BY ..... DATE .....



RED BLUFF No. 1

McRAE TUNGSTEN CORP.
RED BLUFF MINE
Section of DD. Hole
RED BLUFF No. 1
OCT 31, 1952
Scale 1" = 20'

WEST

Official Document

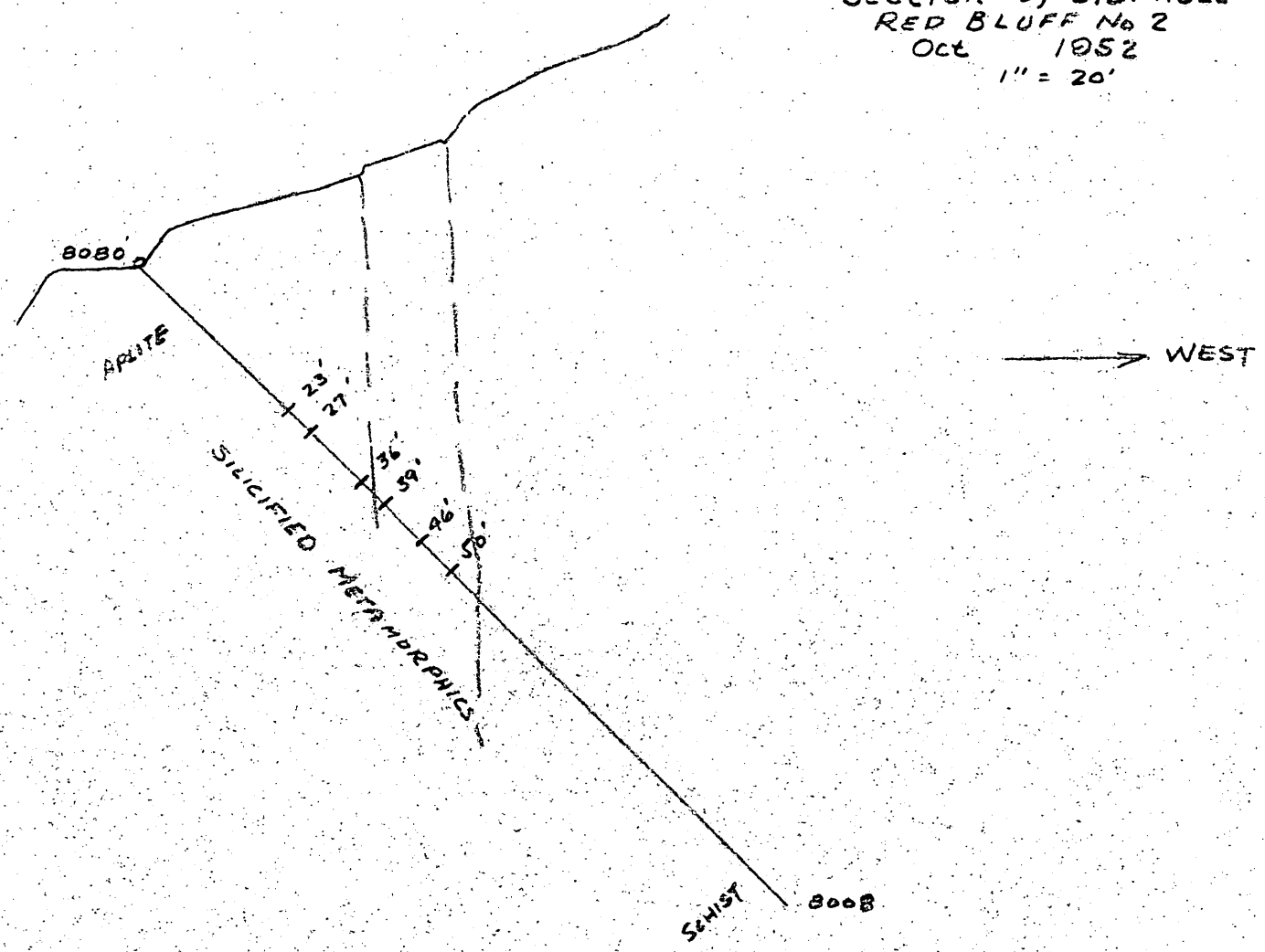
BRADLEY MINING CO. SUBJECT ..... SHEET NO. ..... OF .....

BY ..... DATE ..... JOB NO. .....

CHKD. BY ..... DATE .....

RED BLUFF No. 2

McRAE TUNGSTEN CORP.
RED BLUFF MINE
Section of D.D. HOLE
RED BLUFF No 2
Oct 1952
1" = 20'



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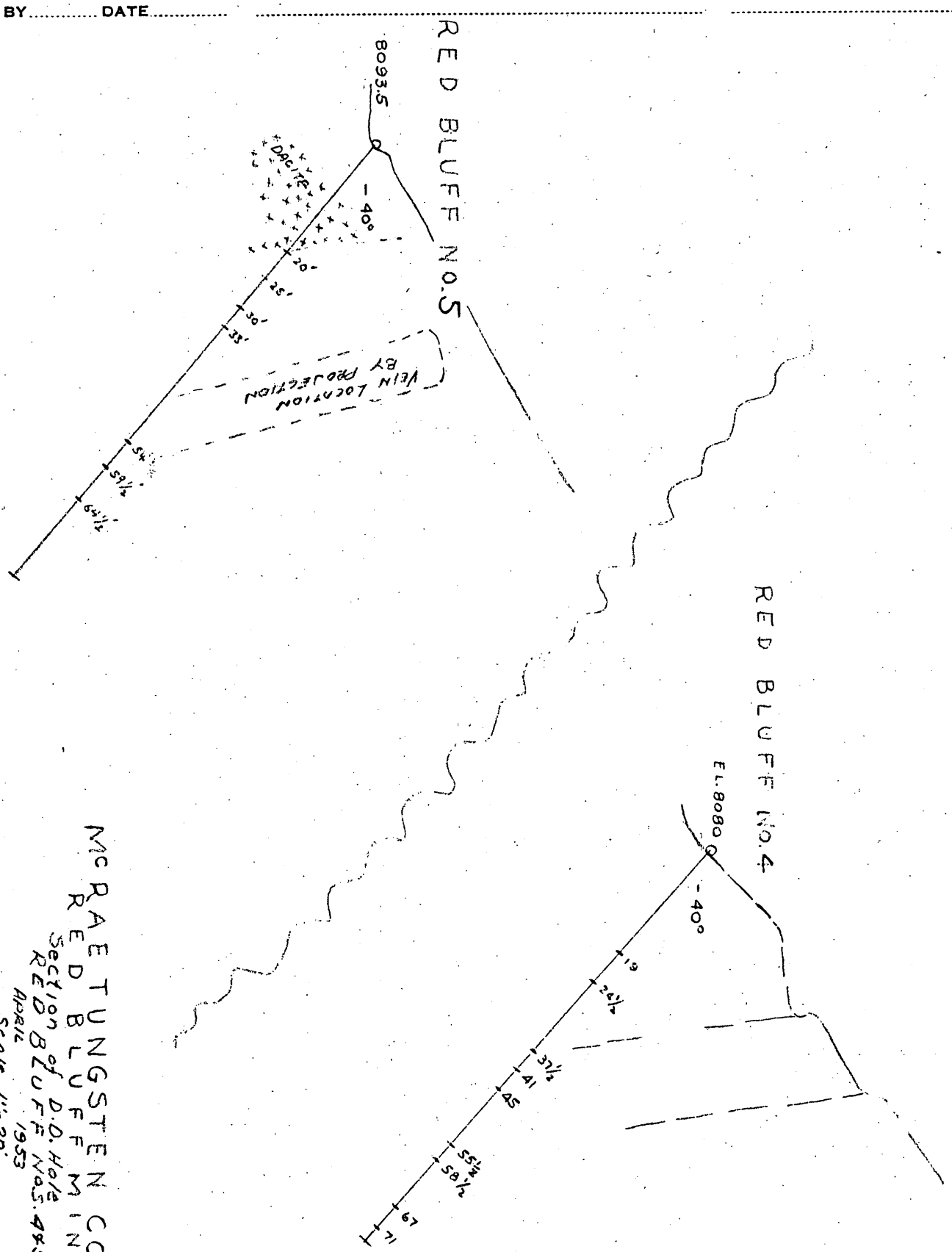
BRADLEY MINING CO. SUBJECT..... SHEET NO.....OF.....

BY.....DATE..... JOB NO.....

CHKD. BY.....DATE.....



McRAE TUNGSTEN CORP.
RED BLUFF MINE
Section of D.D. Hole
RED BLUFF Nos. 4 & 5
1953
April
Scale 1" = 20'

Official Record Copy

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

October 28, 1977

Mr. W. T. Davis
6848 Vivian Street
Arvada, Colorado 80004

Re: DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract Idm-E406

Dear Mr. Davis:

In reply to your letter of October 19, 1977, requesting replacement copies of material sent to you in 1972, we enclose one copy each of assays and drill logs (15 pages total) listed as Item 7 in our letter to you dated October 11, 1972.

We had a spare copy of these pages so there is no charge for duplication. Your signed but blank check to the Geological Survey is enclosed.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosures
15 pgs., assay rpts. and drill logs
Check returned

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

October 11, 1972

AIRMAIL

Mr. W. T. Davis
6848 Vivian Street
Arvada, Colorado 80004

Re: DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract Idm-E406

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2. Map No. 2, The Red Bluff Vein. Plan, Red Bluff Mine, Vertical Section through Vein, and End Views at Diamond Drill Holes, Size 12" x 16".

3. Map No. 2, Red Bluff Mine. Proposed Underground Development, McRae Tungsten Corporation, Size 15" x 18".

4. McRae Tungsten Corporation, Red Bluff Mine Map. Surface Detail, Size 17" x 20".

5. Mill Flow Sheet, McRae Tungsten Corporation, Size 18" x 19-1/2".

6. McRae Tungsten Corporation. Vertical sections of drill holes, Red Bluff numbers 1 thru 5, 4 pages, Size 8-1/2" x 11".

7. Assays, holes P-2 and P-3, and logs of drill hole numbers 1 thru 5 (Red Bluff holes), and hole numbers P-1, P-2, P-3, P-4, and P-6 (DMEA holes), 15 pages, Size 8-1/2" x 11".

Copies of this material may be obtained by contacting:

Cooper-Trent, Inc.
1521 North Danville Street
Arlington, Virginia 22201
Attention: Mr. Marvin Mundy

Please send the enclosed copy of this letter to Cooper-Trent with your letter of instructions when ordering copies of the above material. Cooper-Trent will contact you regarding cost of reproductions. All further correspondence relating to procurement of copies of the material should be with the above company and not with this office.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

Copy to: Mr. Wilbur Wiles
P. O. Box 12
Yellowpine, Idaho 83677

DOCKET
SURNAME
Holt
Martin

June 19, 1956

MEMORANDUM

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: General Summary of Contract and Results Obtained
Docket No. DMEA 2Gh - Tungsten
Melton Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract No. Idm-2Gh6

Operator:

Melton Tungsten Corporation, 170h Overlay Street, Boise, Idaho.

Operator's Property Rights:

The Operator controls by lease from the owner, Wilbur V. Wilcox, the following unpatented lode mining claims:

Red Bluff No. 1 Amended
Red Bluff No. 2
Red Bluff No. 3
Red Bluff No. 4

situated in an unorganized area of Valley County, Idaho, about 1½ miles northeast of Elk Summit, which is about 10 miles by Forest Service Road, northeast, from Big Creek, Idaho. Location notices for the four claims are recorded in Book 13, page 23h, and Book 11, pages 587 to 589, in the County Recorder's office, Cascade, Idaho.

Contracts:

(a) Executed September 25, 1952. Work to be started within 30 days.

(b) Work to be completed within 18 months of the date of the contract.

(c) Work authorized

Stage I. 1. Construct 1 mile of access road.
2. Prepare 6 diamond drill sites.
3. Drill two diamond drill holes, aggregate length 240 feet.

Stage II. 1. Drill 4 diamond drill holes, aggregate length 780 feet.

Stage III. 1. Drive 250-foot adit crosscut southwest at approximate elevation 8,000 feet.
2. Drift 250 feet along vein from adit crosscut.
3. Drive additional 40 feet of crosscut from drift.

Stage IV. 1. Drill 500 feet of diamond drill holes.
2. Drive 100 feet of raise.

Total estimated cost of the project $53,800.00

Government participation at 75% $40,350.00

Amendment No. 1, dated November 30, 1953, reduced the length of adit to be driven under Stage III from 250 to 125 feet, the crosscut under same stage from 250 to 100 feet, and re-drafted the estimated cost of the work, also the method of computing costs.

Amendment No. 2, dated March 17, 1954, changed the elevation of the 125-foot adit to be driven under Stage III, paragraph 1 (as amended) from 8,000 to 8,030 feet, changed the 100 feet of drifting to 150 feet, added 40 more feet of crosscut from the south drift, added 60 feet of drift from the west crosscut, and increased the time in which work was to be completed from 18 to 24 months, or to September 25, 1954.

Amendment No. 3, dated January 11, 1955, authorized suspension of work under the contract from May 1, 1954 to July 15, 1955, extended the time for completion of the work to September 25, 1955, and the period for repayment of royalty to 12 years.

Amendment No. 4, dated June 30, 1955, deleted 240 feet of diamond drilling from Stage I and 780 feet from Stage II, and added 1,020 feet of diamond drilling to Stage IV, without changing the total estimated cost of the project.

(d) Work completed:

Acce- Road, 1 mile

Drill sites prepared, 6

Crosscuts, 125 feet in adit crosscut
33 feet in west crosscut
20 feet in east crosscut
178 feet total

Drifts, 118 feet on main vein

Diamond drilling, 1,004 feet

Total cost of project $23,299.21
Government participation at 75 percent $17,474.40

Audits:

An audit certificate, dated March 25, 1956 was received April 2, 1956.

Reports:

The Operator's Final Report was received January 9, 1956. The Final Report of the Field Team was received May 14, 1956.

Geology and Ore Occurrence:

The property is in a contact metamorphic zone between granitic rocks to the west and steeply dipping metasediments, probably part of a roof pendant, to the east. The contact zone in this area consists of more or less silicified metasediments, striking northerly, dipping vertically or steeply to the east or west, and containing tungsten as hubnerite with sparse scheelite in irregularly distributed lenses and vein-like masses associated with quartz, also lower grade disseminations in less silicified material. The known length of the ore zone is approximately 260 feet, its width varies from 8 to 30 feet, and it has been explored by DMEA work to depths from 35 to 270 feet below the outcrop.

Ore Reserves:

Ore reserves indicated by project work total approximately 19,900 tons, containing 16,300 units of tungsten trioxide (WO_3). A certification of discovery or development was prepared by this Division on March 27, 1956, subject to approval.

Certification:

As recommended by the Field Team, a Certification of Discovery or Development was issued by this office on 6.29.56.

Comments:

The project was established to explore for tungsten in the Red Bluff Group of claims, Valley County, Idaho. Tungsten ore discovered by project work was estimated by the Field Team as approximately 19,900 tons indicated ore, containing 16,300 units of WO_3.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

SPHolt/foc
6-18-56
cc to: Docket
Code 400
Admr. Read. File
Oper. Comm.

Mc Rae Tungsten
Docket 2654

Ore Reserves -
As corrected by Teletype
of 6.7.54

Tons	Units
6680	4984
13233	11343
19,913	16,329
Rounded to 19,900	16,300

Work completed
170 ft x Crosscut
118 " Shaft
1004 " D. Drilling

S. R.
7.22.54

MME Form 17
Mar. 59

OFFICE OF MINERALS EXPLORATION

WORK COMPLETED ANALYSIS

Yes Certified — After final audit or review report is received, prepare in duplicate. File original in official docket. Send copy to Code 210.

Operator	McRae Tungsten Corp.	Actual Cost	x
State	Idaho	Agreed Unit Cost	
Final Report of Audit	Commodity Tungsten	Docket No.	DMEA-2654
Final Report of Review	x	Contract No.	Idm-E 406

Type of Work (Use these categories only)	Authorized by Contract and Amendments		Completed and Paid for		Net cost after sale of Gov't. Property
	Units	Cost 1/	Units	Cost 1/	
Drifting & Crosscutting	580	29,405.00	295	13,012.29	13,012.29
Raising	1,000	5,000.00	-	-	-
Shafts					
Winzes					
Drilling (Specify) D.D.	1,520	12,160.00	1,004	6,596.28	6,596.28
Surface Excavation					
Underground Excavation					
Roads and Trails		2,500.00		2,212.40	2,212.40
Operating Equipment Purchased		2,760.00		* 1,657.84	383,29
Surface Rehabilitation & Repairs		200.00		149.32	149.32
Underground Rehabilitation					
New Building, Improvements, etc.		1,250.00		673.13	673.13
Other (Specify)		525.00		272.50	272.50
Totals		53,800.00		24,473.76	2/ 23,299.21

1/ Round off to dollars.
2/ Net cost total must agree with final report of audit or review.

* $1,274.55 Salvage on Equipment

Prepared by /s/ James Hopkins Date 1958

52616

☐ Audited

☐ Certified

WORK ANALYSIS SHEET - DMEA PROJECT

Analysis as of 12-22-54
Incl. Voucher for April '54

☐ Actual Cost

☑ Agreed Unit Costs

Name Idaho Tungsten Corp

Docket No. 265-4

State Idaho

Commodity Tungsten

Idm-E No. 406

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	540	16541.70	295	10526.94	10526.94
Raising	100	3063.30			
Shafts					
Winzes					
Drilling (Specify) D.D. Approx.	1520	12160.00		118.00	118.00
Surface Excavation					
Underground Excavation					
Roads and Trails		2500.00		2500.00	2500.00
Operating Equipment Purchased		6710.00		2360.00	2360.00
Surface Rehabilitation & Repairs				200.00	200.00
Underground Rehabilitation					
New Building, Improvements, etc.		4050.00		913.13	913.13
Other (Specify) Assaying 475.00; Drifting 200.00; Supervision & Clerk 8100.00		8775.00		2430.00	2430.00
Totals		53,800.00		$19,048.07	19,048.07
					23,299.21

WORK SUSPENDED TO JULY 15, 1955 AMEND. No. 3

Note Above

Prepared by [illegible]

See revised copy, note S.P.H.

Total 2-3 is Operation No. 1

71626

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/11/72		120
		220

October 11, 1972

AIRMAIL

Mr. W. T. Davis
6848 Vivian Street
Arvada, Colorado 80004

Re: DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract Idm-8406

Dear Mr. Davis:

We acknowledge receipt of a recent letter from Mr. Wilbur Wiles, P. O. Box 12, Yellowpine, Idaho 83677, requesting that maps from our records on the subject property be sent to you. The following material is available:

1. Map No. 1, Red Bluff Property. Surface Trenches, Diamond Drill Plan, Underground Plan, Size 16" x 17".

2. Map No. 2, The Red Bluff Vein. Plan, Red Bluff Mine, Vertical Section through Vein, and End Views at Diamond Drill Holes, Size 12" x 16".

3. Map No. 2, Red Bluff Mine. Proposed Underground Development, McRae Tungsten Corporation, Size 15" x 18".

4. McRae Tungsten Corporation, Red Bluff Mine Map. Surface Detail, Size 17" x 20".

5. Mill Flow Sheet, McRae Tungsten Corporation, Size 18" x 19-1/2".

6. McRae Tungsten Corporation. Vertical sections of drill holes, Red Bluff numbers 1 thru 5, 4 pages, Size 8-1/2" x 11".

7. Assays, holes P-2 and P-3, and logs of drill hole numbers 1 thru 5 (Red Bluff holes), and hole numbers P-1, P-2, P-3, P-4, and P-6 (DMEA holes), 15 pages, Size 8-1/2" x 11".

material returned by Mr. Mundy 11/10/72

Copies of this material may be obtained by contacting:

Cooper-Trent, Inc.
1321 North Danville Street
Arlington, Virginia 22201
Attention: Mr. Marvin Mundy

Please send the enclosed copy of this letter to Cooper-Trent with your letter of instructions when ordering copies of the above material. Cooper-Trent will contact you regarding cost of reproductions. All further correspondence relating to procurement of copies of the material should be with the above company and not with this office.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

Copy to: Mr. Wilbur Wilas
P. O. Box 12
Yellowpine, Idaho 83677

For the attention of Mr. Mundy:

Please return the enclosed material to:

Mr. Harold Kirkemo
Chief, Office of Minerals Exploration
U. S. Geological Survey
Room 865, Matomic Building
1717 H Street, N. W.
Washington, D. C. 20006

cc: Director's Reading File
Mineral Resources ✓
OME File
OME Reading File
OME Region I w/copy incoming letter
Robert A. Weeks
Harold Kirkemo

RAWeeks/gla 10-11-72

WILBUR WILES
P.O. BOX 12
YELLOWPINE, IDAHO 83677

RE: DMEA-2654 (TUNGSTEN)
McRAE TUNGSTEN CORP.
RED BLUFF GROUP
VALLEY COUNTY, IDAHO
CONTRACT IDM-E406

OFFICE OF MINERALS EXPLORATION:

DEAR SIRS:

I HAVE SOLD THE RED BLUFF CLAIMS TO MR. W.T. DAVIS (ADRESS) 6848 VIVIAN ST. ARVADA, COLORADO 80004.

A FEW YEARS AGO I LET A MINING CO. TAKE ALL MY MAPS OF THE RED BLUFF & COULD NEVER GET THEM BACK.

IF YOU STILL HAVE A COPY OF THE MAPS, & THE DRILL HOLES, IT WOULD BE OF MUCH VALUE TO MR. DAVIS IN HIS MINING OPERATION.

IF YOU HAVE A SET OF THESE MAPS PLEASE SEND A COPY TO MR. DAVIS.

YOURS TRULY,

Wilbur Wiles

OFFICIAL
COPY
O. M. E.
RECEIVED
OCT 10 1972

INITIALS	CODE
gla	30
JHK	20

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/20/71		120
		220

AIRMAIL

Mr. W. T. Davis
6848 Vivian Street
Arvada, Colorado 80002

MAY 20 1971

Re: DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract Idm-E406

Dear Mr. Davis:

This is in reply to your letter of May 11, 1971, requesting the following information on the second DMEA contract with McRae Tungsten Corporation.

Number of contract: Idm-E406 (DMEA-2654)

Claims involved: Red Bluff No. 1, amended, and
Red Bluff Nos. 2, 3, and 4

Government participation: $17,474.40

Sincerely yours,

Harold Kirkemo gla

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
OME Region I w/cy incoming letter
Mr. Kirkemo

HKirkemo/gla 5/20/71

May 11, 1971

MAY 17
INITIALS CODE
120

Geological Survey
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Gentlemen:

I desire information on a second DMEA contract made during the early 1950's to the Mc Rae Tungsten Corporation on certain claims leased from parties named Wiles and Geiling. The property consisted of the Red Bluff claims situated on the south fork of Smith Creek in unsurveyed ground situated in Sec. 18, T. 21 N. R. 9E. in Valley County, Idaho. I am familiar with the first DMEA contract issued Mc Rae Tungsten Corporation which was called IDM-E133 in which the Government participated to the extent of $9250.75.

The information I desire is the number of the second contract, the names of the claims involved, and the extent of Government participation in this project. I will greatly appreciate this information.

Very truly yours,

W. T. Davis

W. T. Davis
6848 Vivian Street
Arvada, Colorado 80002

WTD: gg

AUG 22 1969

Mr. Wilbur Wiles
2805 Hill Road
Boise, Idaho 83703

Re: DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract Idm-E406

Dear Mr. Wiles:

In reference to your recent request the following material is available:

1. Map No. 1, Red Bluff Property. Surface Trenches, Diamond Drill Plan, Underground Plan, Size 16" x 17". 60

2. Map No. 2, The Red Bluff Vein. Plan, Red Bluff Mine, Vertical Section through Vein, and End Views at Diamond Drill Holes, Size 12" x 16". 40

3. Map No. 2, Red Bluff Mine. Proposed Underground Development, McRae Tungsten Corporation, Size 15" x 18". 40

4. McRae Tungsten Corporation, Red Bluff Mine Map. Surface Detail, Size 17" x 20". 60

5. Mill Flow Sheet, McRae Tungsten Corporation, Size 18" x 19-1/2". 80

6. McRae Tungsten Corporation. Vertical sections of drill holes, Red Bluff numbers 1 thru 5, 4 pages, Size 8-1/2" x 11".

7. Assays, holes P-2 and P-3, and logs of drill hole numbers 1 thru 5 (Red Bluff holes), and hole numbers P-1, P-2, P-3, P-4, and P-6 (DMEA holes), 15 pages, Size 8-1/2" x 11".

Copies of this material may be obtained by contacting:

Cooper-Trent, Inc.
1521 North Danville Street
Arlington, Virginia 22201
Attention: Mr. Marvin Mundy

Please send the enclosed copy of this letter to Cooper-Trent with your letter of instructions when ordering copies of the above material. Cooper-Trent will contact you regarding cost of reproductions. All further correspondence relating to procurement of copies of the material should be with the above company and not with this office.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

For the attention of Mr. Mundy:

Please return the enclosed material to:

Mr. Harold Kirkemo
Office of Minerals Exploration
U. S. Geological Survey
Room 4460, Interior Department
Washington, D. C. 20242

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
8/21/69	Petrum	120
		120
		220

Mr. Wilbur Wiles
2805 Hill Road
Boise, Idaho 83703

AUG 22 1969

Re: DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract Idm-E406

Dear Mr. Wiles:

In reference to your recent request the following material is available:

1. Map No. 1, Red Bluff Property. Surface Trenches, Diamond Drill Plan, Underground Plan, Size 16" x 17".

2. Map No. 2, The Red Bluff Vein. Plan, Red Bluff Mine, Vertical Section through Vein, and End Views at Diamond Drill Holes, Size 12" x 16".

3. Map No. 2, Red Bluff Mine. Proposed Underground Development, McRae Tungsten Corporation, Size 15" x 18".

4. McRae Tungsten Corporation, Red Bluff Mine Map. Surface Detail, Size 17" x 20".

5. Mill Flow Sheet, McRae Tungsten Corporation, Size 18" x 19-1/2".

6. McRae Tungsten Corporation. Vertical sections of drill holes, Red Bluff numbers 1 thru 5, 4 pages, Size 8-1/2" x 11".

7. Assays, holes P-2 and P-3, and logs of drill hole numbers 1 thru 5 (Red Bluff holes), and hole numbers P-1, P-2, P-3, P-4, and P-6 (DMEA holes), 15 pages, Size 8-1/2" x 11".

Copies of this material may be obtained by contacting:

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Arlington, Virginia 22201
Attention: Mr. Marvin Mundy

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Sincerely yours,

Harold Kirkemo (gfa)

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

For the attention of Mr. Mundy:

Please return the enclosed material to:

Mr. Harold Kirkemo
Office of Minerals Exploration
U. S. Geological Survey
Room 4460, Interior Department
Washington, D. C. 20242

cc: Director's Reading File
Economic Geology File
OME File
OME Reading File
OME Region I
Mr. Peterson
130

ECPeterson/bsl 8/21/69

WILBUR WILES
2806 HILL RD.
BOISE IDAHO
83703

OFFICE OF MINERALS EXPLORATION:

DEAR SIRS:

I HAVE A MINING CO. INTERESTED IN MY RED BLUFF TUNGSTEN MINE.

I LET A COMPNAY TAKE THE DATA, & MAPS TO COPY THAT YOU SENT ME AUGUST 31-1960, & THEY LOST THEM.

IF POSSIABLE I WOULD LIKE TO GET ANOTHER COPY OF ALL THE DATA, & MAPS, YOU HAVE ON THE RED BLUFF.

YOURS TRULY,

Wilbur Wiles

OFFICIAL
COPY
O. M. E.
RECEIVED
AUG 15 1969
INITIALS | CODE
~~120~~
HK ~~120~~
220

I have not ordered this file from Storage - Didn't know if Mr Kuhns wanted me too. C.C.

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

AUG 31 1960

Mr. Wilbur Wiles

Big Creek, Idaho

Re: DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract Idm-E406

Dear Mr. Wiles:

With reference to our letter of April 21, 1960, we have now received from Mr. Robert J. McRae, Operator under the above-cited contract, authorization to furnish you any information we may have relating to the contract and property, as requested in your letter of March 29, 1960.

Therefore, we are enclosing copies of the following data and maps:

a. Assays, Holes P-2 and P-3, and Drill Logs of Diamond Drill Holes Nos. 1 to 5 (Red Bluff holes), and Nos. P-1, P-2, P-3, P-4, and P-6 (DMEA holes).

b. Map No. 1, Red Bluff Property. Surface Trenches, Diamond Drill Plan, Underground Plan.

c. Map No. 2, The Red Bluff Vein. Plan, Red Bluff Mine, Vertical Section through Vein, and End Views at Diamond Drill Holes.

d. McRae Tungsten Corporation, Red Bluff Mine. Surface Detail.

e. Map No. 2, Red Bluff Mine. Proposed Underground Development, McRae Tungsten Corporation.

f. McRae Tungsten Corporation. Four Vertical Sections, of D. D. Holes, Red Bluff Nos. 1 to 5.

g. Mill Flow Sheet, McRae Tungsten Corporation, with two photographs, showing mill and tailings pond.

Sincerely yours,

Frank E. Johnson
Acting Director

Enclosures

Copy to: Mr. Robert J. McRae

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/27	Murphy	120M
10/28	[illegible]	800
	[illegible]	120
10/28	[illegible]	110
"	[illegible]	100
		220

OCT 28 1964

Mr. Wilbur V. Wiles
Big Creek via Yellow Pine
Idaho

Re: DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract Idm-K406

Dear Mr. Wiles:

Thank you for returning the completed Form 63's mailed to you on September 25, 1964.

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

This correspondence relates to the Owner's Consent to Lien executed by you on September 27, 1952, under the Defense Minerals Exploration Administration program.

Sincerely yours,

George Fumich, Jr.
Acting Director

(RH)

Enclosure

MMerrithew/mm (10/29/64)
cc: Director's reading file
Region I w/cy of Form 63 dated 9/25/64
Docket
Code 120M

23263

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

September 25, 1964

Re: DMEA-2654 (Tungsten)
McRae Tungsten Corp.
Red Bluff Group
Valley County, Idaho
Contract Idm-E406

Mr. Wilbur V. Wiles
Big Creek via Yellow Pine
Idaho

Dear Sir:

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,

George C. Selfridge

George C. Selfridge, Chief
Division of Exploration Operations

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 26 1964

DATE	INITIALS	CODE
10/26	GEP	806
		~~100~~
10/26	JJ	~~110~~
10/27	mm	120 m
		~~120~~
		130 m

MME Form 63
Revised 3-62

DMEA-2654
Idm-E406

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

From October 1963, to September 25, 1964

1. ~~Since~~ , 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 ☐

MCRAE TUNGSTEN CORP. LET THERE LEASE GO
I STILL OWN THE PROPERTY

From October 1963, to September 25, 1964

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

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

	Quantity	Value

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name Wilfur Wiles Title

Address BIG CREEK, VIA-YELLOWPINE IDAHO Date OCT-14-1964

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

October 16, 1963

O.K for 1964

Mr. Wilbur V. Wiles
via yellow line
Big Creek, Idaho

OFFICIAL FILE COPY
O. M. E
RECEIVED OCT 31 1963

DATE	INITIALS	CODE
10/31	[illegible]	800
		~~120~~
		~~100~~
		110
11/1	[illegible]	
10/4	F M Murphy	~~500~~ F M M
		220

Re: DMEA-2654 (Tungsten)
McRae Tungsten Corp.
Red Bluff Group
Valley County, Idaho
Contract Idm-E406

Dear Sir:

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,

F M Murphy

F. M. Murphy, Acting Chief
Division of Minerals

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since September 25, 1952, 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 ☐

MCRAE TUNGSTEN CORP. DROPED THERE LEASE WHEN THE PRICE OF TUNGSTEN WENT DOWN.
WILBUR V. WILES IS STILL OWNER, & NO ONE HAS A LEASE ON THE PROPERTY

2. Since March 25, 1963, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

	Quantity	Value

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name Wilbur V. Wiles Title

Address BIG CREEK VIA-YELLOW PINE, IDAHO Date OCT-24-1963

4511

OFFICIAL FILE COPY
O. M. E
RECEIVED
DATE

Sa. 157 Howard Street
Spokane 4, Washington
April 2, 1963

Memorandum

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

From: Acting Field Officer, Region I

Subject: IMSA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group of Claims
Valley County, Idaho
Contract Idm-2406

There is enclosed a Report of Royalty Review dated March 28, 1963, covering the subject contract for the period September 9, 1959, through March 25, 1963.

One copy of the Report of Review has been retained for the Spokane office files. The report is for record purposes only, and no copy was provided for the Operator.

D. R. MacLaren

Enclosure

DRMacLaren:ny

cc: CRR(2)
CAAA
CFF

Sending copies to:
Nelson
McDalvey

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

MAR 28 1963

Memorandum

To: Acting Field Officer, Region I

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

Subject: DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group of Claims
Valley County, Idaho
Contract Idm-E406

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, U. S. 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 3-28-63

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

43683

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

March 15, 1963

Re:DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract Idm-E406

Mr. Robert J. McRae
The Bunker Hill Company
Box 29
Kellogg, Idaho

OFFICIAL FILE COPY
O. M. E
RECEIVED MAR 26 1963

DATE	INITIALS	CODE
3/26		800
		120
3/26		100
3/26		010
		500
		220

Dear Mr. McRae:

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

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

Sincerely yours,

W. R. Griswold, Chief
Division of Minerals

3/25/63

THE SUBJECT PROPERTY WAS HELD UNDER LEASE FROM 1953 - 1957 BY McRAE TUNGSTEN Co. ABOUT 1957 THIS LEASE WAS GIVEN UP AND THE PROPERTY WAS RETURNED TO MR. WILBUR WILES OF BIG CREEK, IDAHO.

R.J. McRae

MME Form 63
Revised 3-62

DMEA-2654
Idm-E406

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since September 8, 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 September 8, 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:

Name _____ Title _____

Address _____ Date _____

4511

(2) MAC

Box 227, Mitchell Star Route
Prineville, Oregon
March 29, 1961

OFFICIAL FILE COPY
O. M. E
RECEIVED APR 4 1961

DATE	INITIALS	CODE
4-4	gad	VVO
4-4	[illegible]	800
"	~~[illegible]~~	500
		220

Mr. D. R. MacLaren
Acting Field Officer, OME
Region I
U. S. Dept. of Interior
South 157 Howard Street
Spokane 4, Washington

Dear Mr. MacLaren:

Thank you very much for your swift response to my recent request for information. I shall certainly follow your suggestion, and contact Mr. McRae before we begin our investigation.

Apparently our Red Bluff claims, Numbers 5, 6, 7, 8, and 9 are contiguous with numbers 1, 2, 3, and 4, which are owned by McRae Tungsten Corporation. Consequently, Mr. McRae can, if he will, give us considerable help in the preliminary work on these claims.

You will probably be hearing from us again before we begin our field program. We surely appreciate your cooperation.

Yours sincerely,

PACIFIC DEVELOPMENT CO.

Winston M. Sahinen, Geologist

MAC

Mae (2)

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 20 1961

DATE	INITIALS	CODE
3-20	gad	1V0
		1V0
3/22		800
"		500
		220

No. 157 Howard Street
Spokane 4, Washington
March 17, 1961

DMEA-1654
IDM-E406

Mr. Vincent M. Schiess
Geologist
Pacific Development Company
Box 827, Mitchell Star Route
Prineville, Oregon

Dear Mr. Schiess:

The only claim group mentioned in your letter of March 14, 1961, that was subject to a Defense Minerals Exploration Administration project is the Red Bluff group. The operator under this contract was Hahns Tungsten Corporation, Stibnite, Idaho. The claims included in the contract group were Red Bluff 1, 2, 3, and 4. Certification of Discovery or Development was issued June 29, 1956, as a result of which the Government is entitled to royalty on any production from these claims until September 29, 1966, or until the sum of $17,474.00 has been repaid, whichever occurs first. For any information regarding the program or its results you may write to:

Robert J. Hahns, Trustee
Hahns Tungsten Corporation
1702 Bowling Street
Boise, Idaho

or to:

Wilbur Wilson

Big Creek, Idaho

Red Bluff claims 6, 7, 8, and 9 and the White Bluff claims were included in a DMEA application, Docket No. DMEA-4906, which was received from Westmont Mining Company February 9, 1955, but was subsequently withdrawn by the applicant.

Detailed information pertaining to a project is considered confidential and is only for the use of the Government. We regret that we cannot open our files to you, however, should you or your representative wish to call at the office and being written

authorization from Mohns Tungsten Corporation, we would be glad to go over the maps and discuss the geologic features with you, but we could not furnish you with copies of the maps. I believe you could get as much and probably more information than we could give you from Mr. Mohns or Mr. Wiles.

Sincerely yours,

D. R. Mackenzie
Acting Field Officer, OME
Region I

cc: OME(2) w/cys incoming
Director
Econ. Geol.
MAPM
Alphabetical File
DMMA-2694, Mohns Tungsten Corp.
DMMA-2902 (Withdrawn), Wardenhoff Mining Co.

(Re: DMMA-2694 (Tungsten), Mohns Tungsten Corp., Red Bluff Group, Valley County, Idaho, Contract Ida-2406, and DMMA-2902 (Tungsten), Wardenhoff Mining Company, Valley County, Idaho, withdrawn)

One (2)

Box 227, Mitchell Star
Primeville, Oregon
March 14, 1961

ORIGINAL FILE COPY
O. M. E
RECEIVED MAR 20 1961

DATE	INITIALS	CODE

Department of Interior
Bureau of Mines
S. 154 Howard
Spokane, Washington

Gentlemen:

My employers have assumed control of several groups of mining properties in the Big Creek mining district in Valley and Idaho counties, Idaho. I am writing you in the hope that you will be able to furnish me with some historical and geological information. Evidently the properties have changed hands several times in the past few years, and whatever records or reports there might have been were lost.

The properties are all unpatented, and consist of groups of both lode and placer claims. They all lie in the Big Creek district, and are said to be within a few miles of each other. The general area is believed to be encompassed by T. 20-21 N., R. 9 E.

There is said to have been extensive development performed at different times for gold, lead and zinc, tungsten, and garnet. The dates and extent of this development are not known, nor are the results. It is probable that some of the former owners have requested Federal aid through the Defense Minerals Procurement or Exploration Programs, so your engineers have probably examined the properties in the past.

Former operators of the properties are the following: Big Creek Tungsten Co., Big Creek Minerals Corp., Big Creek Development Co., Golden Cup Mining Corporation, and Wordenhoff Mining Co. Ownership of the various properties was consolidated in Wordenhoff Mining Company in 1958.

The names of the individual groups of claims are as follows: Belvedere Placers, Big Creek, Golden Cup, Homestake, Idaho, Johnnie, Lady Garnet, Lucky Bug, Quincy Ann Placer, Rainbow, Red Bluff, and White Bluff. These names are believed to be the same ones that the various groups have been known by in the past, so would probably appear in your records of investigations in the area.

Our tentative plans for the area begin with a preliminary geological examination, after which detailed geological work and sampling will be done. If you have any publications available for distribution describing the area in general, or have any Reports of Investigations or similar reports on the individual prospects, they would be most valuable in making the preliminary plans. We could also use any bibliographies that your staff has compiled on the area.

If you require written permission by the present owner of the properties, Werdenhoff Mining Company, before you can release any of the desired information, please let me know, and I will obtain it at once.

Yours very truly,

PACIFIC DEVELOPMENT COMPANY

Winston M. Sahinen,
Geologist

MAR 16 1961

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
8/30	Holt	500
	Grimwood	500
8/31	Selfridge	120
		110
8/31	gad	220
		225

AUG 31 1960

Mr. Wilbur Wiles

Big Creek, Idaho

Re: DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract Idm-E406

Dear Mr. Wiles:

With reference to our letter of April 21, 1960, we have now received from Mr. Robert J. McRae, Operator under the above-cited contract, authorization to furnish you any information we may have relating to the contract and property, as requested in your letter of March 29, 1960.

Therefore, we are enclosing copies of the following data and maps:

a. Assays, Holes P-2 and P-3, and Drill Logs of Diamond Drill Holes Nos. 1 to 5 (Red Bluff holes), and Nos. P-1, P-2, P-3, P-4, and P-6 (DMEA holes).

b. Map No. 1, Red Bluff Property. Surface Trenches, Diamond Drill Plan, Underground Plan.

c. Map No. 2, The Red Bluff Vein. Plan, Red Bluff Mine, Vertical Section through Vein, and End Views at Diamond Drill Holes.

d. McRae Tungsten Corporation, Red Bluff Mine. Surface Detail.

e. Map No. 2, Red Bluff Mine. Proposed Underground Development, McRae Tungsten Corporation.

f. McRae Tungsten Corporation. Four Vertical Sections, of D. D. Holes, Red Bluff Nos. 1 to 5.

g. Mill Flow Sheet, McRae Tungsten Corporation, with two photographs, showing mill and tailings pond.

Sincerely yours,

(signed) FRANK E. JOHNSON
Acting Director

SPHolt/gla 8-30-60
cc to: Director's Reading File
Region I (2) w/2 cys
Mr.McRae's letr.
Docket
Chron
Code 500

43683

Enclosures

Copy to: Mr. Robert J. McRae

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 25 1960

DATE	INITIALS	CODE
	gad	VVO
8/25.		800
"		500
		225

Boise, Idaho
August 22, 1960

Mr. Frank Johnson
Acting Director
Office of Minerals Exploration
Department of Interior
Washington, D. C.

Dear Mr. Johnson:

This is in reference to your letter of April 21, 1960, addressed to Mr. Wilbur Wiles of Big Creek, Idaho and relating to DMEA-2654 (tungsten) Contract No. IDM-B406, Red Bluff Group, Valley County, Idaho. McRae Tungsten Co. was the operator.

Mr. Wiles is the owner of the Red Bluff property.

McRae Tungsten Co. hereby authorizes you to furnish to Mr. Wiles any information you may have relating to the above Contract and property. I presume Mr. Wiles will write you requesting what information he desires from you.

Yours truly,

Robert J. McRae

Robert J. McRae, Trustee
McRae Tungsten Co.
1704 Gourley Street
Boise, Idaho

cc: WW
HMS
File

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
4/20	Holt	500
	Hirame	500
4/21	Selfridge	120
		110
4-21	gad	220
		225

APR 21 1960

APR 21 1960

Mr. Wilbur Wiles

Big Creek, Idaho

Re: DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Wiles:

Ordinarily we do not make available to the public any information secured from work performed under an exploration project contract, as requested in your letter of March 29, 1960.

However, if you are unable to secure the required information from the McRae Tungsten Corporation, Operator under the subject contract, we can furnish it to you upon receipt of a written authorization from the McRae Tungsten Corporation.

Sincerely yours,

(signed) FRANK E. JOHNSON (SPH)

Acting Director

SPHolt/gla
4-20-60
cc to: Director's Reading File
Region I (2) w/2 cys incoming letter
Docket
Chron
Code 500

43683

WILBUR WILES
BIG CREEK, IDAHO.
MARCH-29-1960.

U.S. DEPT. OF THE INTERIOR: D.M.E.A.

DEAR SIRS:

A LINE IN REGARDS TO MY TUNGSTEN PROPERTY, LOCATED AT BIG CREEK, VALLEY COUNTY IDAHO.

RE: DOCKET NO. DMEA 2654- TUNGSTEN-MCRAE TUNGSTEN CORP. RED BLUFF GROUP-VALLEY COUNTY, IDAHO. CONTRACT NO. IDM-E406

THE PROPERTY WAS LEASED TO MCRAE TUNGSTEN CORP. AT THE TIME THE LOAN WAS MADE.

MCRAE TUNGSTEN CORP. LET THE LEASE GO OCT-I 1958.

I WOULD LIKE TO GET A COPY OF THE ASSAYS ON THE DIAMOND DRILLING THAT WAS DONE ON THE PROPERTY.

IT WOULD BE A big HELP IN PLANNING FUTURE DEVELEMENT WORK.

YOURS TRULY,
Wilbur Wiles

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 6 1960

DATE	INITIALS	CODE
4-6	gad	VVO
4/6	[illegible]	800
4/8	[illegible]	500

Note- Wilbur V. Wiles is the owner- S.W.H. 4/8/60

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED NOV 16 1956 D.M.E.A.

November 15, 1956

Re: DMEA 2654, Idm-E4[illegible]
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Tungsten

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Field Team Final Report

The contract and amendments approved the expenditure of $53,800 on a four-stage work program, but only $23,299.21 was spent. The work, consisting of drifting, crosscutting, and diamond drilling, explored a contact zone between granitic rocks and steeply dipping Precambrian metasediments of the Belt series.

Surface trenching had indicated a hubnerite-bearing zone about 200 feet long and up to 13 feet wide. The crosscut adit and drift and diamond drilling confirmed the existence of the zone to a depth of about 140 feet. D.D.H. P-2, the deepest intersection, shows a width of 13 feet and a grade of 0.83% WO_3.

On strike the zone is cut off diagonally by a wide dacite dike. The dike, on average, appears to dip less steeply than the ore zone and a cut off of the zone at depth is thus suggested, but because the ore zone and the dike meet at a 'narrow' angle, the ore zone may plunge northerly as indicated by the section on D.D.H. P-2, A-A', and extend to considerable depth.

The examiners estimate the indicated reserves are:-

Block	Tons	Grade	Units
A (above adit)	6,080	0.82	4,986
B (100' below adit)	13,833	0.82	11,343
Totals	19,913	0.82	16,329

The property has not been placed on production as the operator is using

his mill on ore from the Snowbird mine. Because of dissimilarities the two ores cannot be mixed.

The project was certified June 29, 1956. I concur with that action.

N. E. Nelson

N. E. Nelson

So. 157 Howard Street
Spokane 4, Washington

October 26, 1956

Mr. E. W. Isham
Head of Manufacturing Department
The Salt Lake Tungsten Company
2160 Indiana Avenue
P. O. Box 2572
Salt Lake City 10, Utah

Docket No. DMEA-2654 (Idm-E406)
McRae Tungsten Corporation
Valley County, Idaho

Para. 2: "Royalty payment of 5 percent of the net amount due the McRae Tungsten Corporation is due the Government. Payment should be made in the usual manner, made out to the Defense Minerals Exploration Administration and mailed to me at the above address in accordance with the instructions contained in our letter to you of November 30, 1954."

(This letter filed under DMEA-864X (Idm-E133))

A. E. Weissenborn

DOCKET
SURNAME
Holt
Martin
Chambers
Kiilsgaard
Halliday
Selbridge
Johnson

400

JUN 29 1956

Mr. Wilbur V. Wiles
Big Gulch, Idaho

Re: Docket No. [illegible] - Tungsten
Red Ruff Group, Mellen Tungsten Corporation
Valley County, Idaho
Contract No. [illegible]

Dear Mr. Wiles:

Transmitted herewith for your information is a copy of the certification of discovery or development issued as a result of the exploration program under the above-referenced contract. The property as set forth in the contract was leased to R. J. Mellen by Wilbur V. Wiles under a certain indenture dated August 1, 1952. The same property was also referred to in an assignment dated August 22, 1952, from Robert J. Mellen and Ruth C. Mellen to the Mellen Tungsten Corporation, and in two "Owner's Consent to Lien" forms, executed September 27, 1952, and March 16, 1955, by Wilbur V. Wiles.

Also enclosed is a copy of a letter to the Mellen Tungsten Corporation.

Sincerely yours,

C. O. Mittendorf

Administrator

SPHolt/fec Date 3/29/56
cc to: Docket
Code 400
Adm. Read. File
Operating Comm.
FT. REG. I - WRD
Code 800- Mr. Chambers
Code 110 - Mr. Johnson
Messrs. Geehan, USBM
Holliday, USBM
Kiilsgaard, USGS

Enclosure

M. G. G.

DOCKET
SURNAME
Holt
Hunting
Chamber
Kilsgaard
Holliday
Young
Selfridge
Jefferson

JUN 29 1956

Mr. Clarence A. Fredell, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration
Washington 25, D. C.

Re: Docket No. DMEA 265 - Tungsten
Idaho Tungsten Corporation
Red Ruff Group
Valley County, Idaho
Contract No. Ida-3966

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development for the above-subject contract.

Contract No. Ida-3966 for the exploration of the Red Ruff Group tungsten deposits was executed September 25, 1952. Expenditures up to $53,800.00 were authorized by the contract, of which the Government's share at 75 percent was $40,350.00. The cost of the work completed was $23,297.21, of which the Government's share at 75 percent was $17,473.40.

The object of the exploration program was to test the possible tungsten occurrences along a contact metamorphic zone between granite and metasediments. The program employed drifting, crosscutting and diamond drilling to explore the contact zone.

The contract allowed $53,800.00 to construct one mile of access road, prepare six diamond drill sites, drill 1,520 feet of diamond drill holes, drive 290 feet of crosscut, 290 feet of drift, and 100 feet of raise.

Work completed comprised one mile of access road, six diamond drill sites, 178 feet of crosscut, 118 feet of drift, and 1,004 feet of diamond drill holes.

Tungsten ore discovered by project work was estimated by the Field Team as approximately 19,900 tons of ore, containing 16,300 units of tungsten trioxide, (WO_3).

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

cc to: Oper. Comm.
FT. REG. I - RMDist.
R. W. Geehan, USBM
R. W. Holliday, USBM
T. H. Killsgaard, USGS

SPECLF:fec 6/19/56
cc to: Docket
Code 400
Code 110
Code 800
Admr. Read. File

R.G.

DOCKET
SURNAME
Holt
Martin
Chambers
Holliday
Selfridge
Johnson

400

JUN 2 9 1956

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region I - Northwest District
South 157 Howard Street
Spokane 8, Washington

Re: Docket No. DMEA 8Q8 - Tungsten
Idaho Tungsten Corporation
Red Bluff Group
Valley County, Idaho
Contract No. 2Ia-1Q6

Dear Mr. Weissenborn:

Enclosed are copies of a certification of discovery or development for the above-referenced property, and of related correspondence.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (SFS)

Enclosures

cc to: Docket
Code 400
Code 800 - Mr. Chambers
Code 110 - Mr. Johnson
Admr. Read. File
Operating Comm.
FT, RMO. I - MKD
Messrs. Gachna, USBM
Holliday, USBM
Kiilsgaard, USGS

SFHolt/fec
3/29/56

APPROVED:

P. F. Yopes (SFS)
Director, Bureau of Mines

Thor H. Kiilsgaard (SFS)
Director, Geological Survey

R.C.J.

400

DOCKET
Surname:
Holt
Martin
Chambers
Ostrin
Kiilsgaard
Holliday
Selfridge
Johnson

JUN 29 1956

(Copy not mailed until board 6/29/56, to meet deadline) lw

McRae Tungsten Corporation
1704 Gourley Street
Boise, Idaho

Re: Docket No. DMEA-2654, Tungsten
Red Bluff Group
Valley County, Idaho
Contract No. Idm-E406

Gentlemen:

Transmitted herewith is a certificate of discovery or development issued under the subject contract, which was executed September 25, 1952.

By the terms of the Exploration Project Contract, as amended, and of the certification, all production from the lands described in the referenced contract from the date of the Exploration Project Contract is subject to the Government's percentage royalty as set forth in the contract until the sum of $17,474.40 is paid, or until September 25, 1964, whichever occurs first.

Payments should be made to Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest District, South 157 Howard Street, Spokane 4, Washington, in the same manner as you are now doing in the case of Contract No. Idm-E133, Docket No. DMEA-864, Snowbird mine.

Also, as requested in the case of Contract No. Idm-E133, please advise Mr. Weissenborn of any changes in ownership and production rights, or if production ceases for any extended period.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

cc: Docket
Code 400
Code 110-Mr. Johnson
Code 800-Mr. Chambers
FT, Region I--NW Dist.

cc: R. W. Geehan, USBM
R. W. Holliday, USBM
T. Kiilsgaard, USGS
Operating Committee
Adm. Reading File
Wilbur V. Wiles, Big Creek, Idaho

SPHolt/ls 6/15/56

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible] P 1[illegible] [illegible]-[illegible]-[illegible]

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JUN - 3 1956

[illegible]ROMANE MA, K [illegible]-7-5[illegible] 12 P

[illegible] F MARTIN, ACTG CHAIRMAN, P EA, DEPT OF THE INTERIOR

[illegible]

RAE

REFERTO, DOCKET DREA [illegible], HC RAE [illegible] CORP, [illegible] FOR [illegible] [illegible] [illegible] 6[illegible] TONS AND 4[illegible] [illegible] [illegible]. TOTAL [illegible] [illegible] [illegible] [illegible] [illegible] 1[illegible] [illegible] OF 170[illegible]. CORRECTED COPIES [illegible] [illegible] REPORT BEING [illegible].

[illegible] [illegible], [illegible], [illegible]

[illegible] [illegible] [illegible] [illegible] 17[illegible] [illegible]

[illegible]

JUN 8 8 53 AM '56

BUREAU OF MINES
MAIL ROOM
WASHINGTON D. C.

CW

XXXXXXXXXXXXXXXXXXXX

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

T E L E T Y P E

JUN - 6 1956

Holt
Martin
Graham
Kilsgaard
Johnson
Mathewson

Mr. A. E. WEISSENBORN, EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION I - NW DISTRICT
SOUTH 157 HOWARD STREET
SPOKANE 8, WASHINGTON

REFERENCE DOCKET DMEA 2654 MORAN TUNGSTEN CORPORATION. FINAL FIELD TEAM REPORT PAGE 8 ORE RESERVES BLOCK A FIGURES FOR CUBIC FEET AND TONS ORE DO NOT CHECK. TO PREPARE CERTIFICATION WE NEED CORRECT FIGURES, AND TOTAL TONS AND UNITS WO_3.

W. S. Martin
ACTING CHAIRMAN, OPERATING COMMITTEE (WS)

SPROLT:fgc 6/6/56
Docket
Code 400
Admr. Read. File
Oper. Comm.
FT. REG. I - NWDist.
R. W. Holliday, USBM
T. H. Kiilsgaard, USGS

R

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

May 18, 1956

RECEIVED
MAY 21 1956

Memorandum

To: W. S. Martin, Chief, Iron and Ferroalloys Division-DMEA
Through: Chief, Branch of Ferrous Metals & Ferroalloys

From: R. W. Holliday, Commodity Specialist, Branch of Ferrous Metals & Ferroalloys

Subject: Review of Field Team Final Report
Docket No. DMEA 2654
Red Bluff Group
McRae Tungsten Corporation
Valley County, Idaho
$17,474.40 (Government participation) - Tungsten

Subject report indicates that additional Government participation in exploration of other occurrences that may be found along the strike of the structure is warranted. Certification of Discovery was recommended by Field Team letter of January 4, 1956.

I concur in the recommendations.

R. W. Holliday

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

RECEIVED
MAY 21 1956

May 16, 1956

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

Re: Docket No. DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Selfridge:

With reference to your letter of May 11 inquiring as to the whereabouts of the final report on the Red Bluff Claims, you no doubt have received it by now since it was mailed from this office the same day your letter was written.

Sincerely yours,

Verne C. Fryklund Jr.

Verne C. Fryklund, Jr.
for: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW District.

cc: USBM (2)
Kellum

DMEA 4

RECEIVED
JUN 11 1956

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

June 7, 1956

MEMORANDUM

To: W. S. Martin, Acting Chairman
Operating Committee, DMEA
Washington 25, D. C.

aew

From: A. E. Weissenborn, Executive Officer, DMEA
Field Team, Region I, Northwest District

Subject: Correction to Field Team Final Report, Docket No. DMEA-2654 (Tungsten), McRae Tungsten Corporation, Red Bluff Group of Claims, Valley County, Idaho, Contract No. Idm-E406

Thank you for calling our attention to an arithmetical error in calculating Block A ore reserves. Enclosed are four copies of page 8 correcting these ore reserve figures. It would be appreciated if you would please remove page 8 and substitute the enclosed page 8.

Enclosures
Distribution:
DMEA(4)
USBM(5)
USGS(SRO)
Docket
Kellum

RECEIVED
JUN 1 1 19:6

The average width and grade of the vein above the drift has been determined using the following figures:

No.	Length of sample (F) (feet)	Width (W)	% WO_3	W x F	W x F x WO_3
Surface	200	9.5	0.80	1,900	1,520
Drift	130*	6.6	0.87	858	746

*Note 13 feet of total 143 feet has no sample data.

The average width is considered to be 8.3 feet, the average grade 0.82 percent tungsten trioxide.

Two of the three diamond drill hole intersections in the vein below the adit level have an average width of 13.5 feet and grade of 0.89 percent tungsten trioxide. These figures were not used to calculate the grade of ore below the drift.

The ore reserves are in the indicated category. Block A has a length of 200 feet and lies above the track elevation (no calculation was made for drift rock already removed).

Block B is 200 feet long and extends only to a depth of 100 feet below the drift.

$$\text{Block A} = \frac{72,956 \text{ cu. ft.}}{12 \text{ cu. ft./ton}} = 6,080 \text{ Tons } (4,986 \text{ units})$$

$$\text{Block B} = \frac{166,000 \text{ cu. ft.}}{12 \text{ cu. ft./ton}} = 13,833 \text{ Tons } (11,343 \text{ units})$$

Blocks A and B contain perhaps 16,329 units of tungsten trioxide, but only one-third is readily accessible for mining.

The adit explored the vein through a strike length of 143 feet. Although it is obvious (pl. 1) that high-grade hubnerite concentrations have relatively small dimensions, it appears that the whole zone contains enough hubnerite to permit mining from the adit to the surface.

Locations of the diamond drill holes are shown in plan, and in section, on plate 1. Logs of the holes submitted by the Operator (with corrections as noted in the geologic discussion) are in the pocket. DDH's P-2 and P-3 clearly demonstrate that ore-grade material extends from 70 to at least 100 feet below the adit level.

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

RECEIVED
MAY 14 1956

May 11, 1956

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

Re: Docket No. DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Group of Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Selfridge:

Enclosed are four copies of a Field Team final report written by John D. Bardill, Metallurgist, Bureau of Mines, and Donald F. Kellum, Geologist, Geological Survey, on the Red Bluff Group of Claims.

A Certification of Discovery or Development was recommended by Field Team letter of January 4, 1956.

The authors state that it appears that Government participation in exploration of other occurrences that may be found along the strike of the structure is warranted.

The Field Team concurs in the recommendations of the authors.

By Field Team, Region I, NW District

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

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

Field Team Final

Enclosures
cc: USBM(2)
USGS(SRO)
Kellum
Ross

Reviewed by
DMEA OPERATING COMMITTEE
5-18-56
(date)

RECEIVED
MAY 14 1956

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD TEAM, REGION I
Northwest District

FINAL REPORT

Contract Idm-E406

by

John D. Bardill
Metallurgist
U. S. Bureau of Mines

Donald F. Kellum
Geologist
U. S. Geological Survey

McRAE TUNGSTEN CORPORATION
Stibnite, Idaho

Docket No.:	DMEA-2654
Commodity:	Tungsten
Contract date:	September 25, 1952
Completion date:	August 31, 1955

Reviewed by
DMEA OPERATING COMMITTEE
5-18-56
(date)

RED BLUFF GROUP OF CLAIMS
Big Creek Mining District
Valley County, Idaho

Spokane, Washington

May 1956

CONTENTS

	Page
INTRODUCTION	1
Summary	1
Recommendations	1
LOCATION AND ACCESSIBILITY	2
PROPERTY	2
GEOLOGY	2
THE PROJECT	5
Ore Reserves	7
Exploitation Possibilities	9
Summary of Factual Data	9
Discussion of Conclusions	11
Diamond Drill Hole Logs	In pocket

ILLUSTRATIONS

Plate No.		
1	Sketch Map of the Red Bluff Property and Vicinity, Valley County, Idaho	In pocket

FINAL REPORT

McRAE TUNGSTEN CORPORATION
Red Bluff Group of Claims
Big Creek Mining District
Valley County, Idaho

Contract Idm-E406

* * * *

INTRODUCTION

This report describes an exploration project for tungsten conducted jointly by the McRae Tungsten Corporation and the Defense Minerals Exploration Administration on the Red Bluff Group of Claims, Valley County, Idaho.

Summary

A hubnerite-bearing silicified zone was explored by 295 feet of crosscutting and drifting and 1,004 feet of diamond drilling. This work tested the ore zone through a strike length of 260 feet and to depths ranging from 35 to 270 feet below the surface.

The project was successful; indicated ore reserves are estimated to contain about 17,000 units of tungsten trioxide.

Recommendations

Certification of Discovery or Development was recommended by Field Team letter of January 4, 1956. Further Government exploration of the ore zone exposed by work under this contract does not seem necessary. Government participation in exploration of other occurrences that may be found along the strike of the structure is warranted.

LOCATION AND ACCESSIBILITY

The property is in an unsurveyed area 1½ miles N. 70° E. from Elk Summit which is 10 miles by Forest Service road northwest of Big Creek, Idaho. Big Creek is 23 miles from Yellow Pine and 86 miles from the railroad at Cascade, Idaho. The road between the mine, Big Creek, and Yellow Pine usually is closed by snow from mid-November until about the first of June. Sub-zero temperatures are usual during the winter months. Snowfall is heavy.

The claims are in a small cirque on a south-facing slope all at an altitude of about 8,500 feet.

PROPERTY

The property consists of four unpatented lode mining claims in the unsurveyed Big Creek Mining District, Valley County, Idaho, and are recorded at the courthouse at Cascade, Idaho, as follows:

Claim	Book	Page	Date
Red Bluff No. 1, Amended	13	234	June 15, 1951
Red Bluff No. 2	11	587	do.
Red Bluff No. 3	11	588	do.
Red Bluff No. 4	11	589	do.

Wilbur Wiles of Stibnite, Idaho, is the owner of the claims. Wiles leased the property to R. J. McRae who then assigned the lease and option to McRae Tungsten Corporation.

The only workings on the property prior to the contract were nine surface trenches. There had been no production prior to the contract date nor during the project work period.

GEOLOGY

Geologic mapping of the Big Creek quadrangle, in which the Red Bluff property is situated, was completed by the General Geology Branch of the Geological Survey during the summer of 1955. Results of this work are not yet available.

The property is in a contact zone between granitic rocks of the Idaho batholith to the west and steeply dipping metasediments belonging to the Yellowjacket formation (Precambrian Belt series) to the east. The areal geology was not studied in detail by DMEA personnel, but it is probable that the Belt sediments found on the property are part of a roof pendant. The contact zone in this area

is also the locus of an extensive post-batholith complex of north- to northeast-striking dacitic dikes that range from a few feet to several hundred feet in thickness. A number of dikes occur in the immediate mine area, and a thick dacite porphyry dike belonging to this complex occurs east of the adit portal and intersects the ore zone a short distance beyond the south end of the DMEA drift.

The portion of the property explored is within a series of steeply dipping metasediments in which a large part of the lithologic characteristics are either obscured or almost completely obliterated by shearing and the introduction of quartz. Locally, these rocks are schistose and contain sericite. The original sediments appear to have been argillites containing interbeds of impure quartzite. The term "aplite" used by the Operator (see drill logs in pocket) refers to a rock that is composed mostly of quartz with lesser amounts of a silicate mineral, possibly diopside, and that, for the most part, appears to be reconstituted, impure quartzite rather than a true aplite.

The structure explored during the project is within the above-described metasediments and consists of a zone of silicification ranging in degree from siliceous impregnation to complete replacement of the original rock. The known length of the zone is approximately 260 feet with a range in thickness of 8 to 30 feet; the dip ranges from vertical to steep east or west. For convenience, this zone will be referred to as a "vein."

In portions of the vein, quartz associated with some of the ore represents both fissure filling and extreme silicification while other parts of the vein that also contain ore-grade material are indistinguishable from so-called wall rock. Remnants of both quartzitic and argillaceous sediments are contained within the vein; in detail, its boundaries are irregular and may be either sharp or gradational with less silicified wall rock.

Hubnerite is essentially the only ore mineral present, although sparse amounts of scheelite occur. Trace amounts of pyrite, galena, sphalerite, molybdenite, fluorite and rhodonite occur both within the vein and in much of the metasediments. In general the sulfides (excepting pyrite) are most often found in relatively unsilicified material while fluorite and rhodonite occur in more highly silicified material. Trace amounts of hubnerite (and possibly scheelite) are also present in some of the more silicified metasediments on either side of the vein as shown by sampling along the adit crosscut and by drilling. Assays of the samples along the adit crosscut also indicate a low silver content.

Distribution of hubnerite within the vein is irregular and consists of high-grade lenses and veinlike masses most often associated with quartz and lower grade disseminations found predominantly

in less silicified material. At the surface where the vein is marked by a zone of footwall gouge up to 3 feet thick, hubnerite is more evenly distributed than indicated by subsequent work. Drilling by the Operator (DDH 1 through 5) tested the vein at depths of 50 to 60 feet below the outcrop and found that, while the grade of ore intersected was comparable or slightly higher, ore distribution and vein thickness differed significantly from that shown at the surface. This work also showed that some subore-grade hubnerite occurred on either side of the vein (section B-B').

DMEA crosscuts and drifts and additional work by the Operator at the 8,030-foot elevation explored 143 feet of the vein 55 to 85 feet below the outcrop and exposed one high-grade lens of hubnerite up to 3 feet thick and approximately 40 feet long, as well as smaller veinlike bodies and sporadic disseminations within and associated with the vein. Raising and winzing by the Operator to determine the extent of the hubnerite lens at the intersection of the crosscut and drift showed that this body had an approximate rake to the south of 30° and continued below the sill level for at least 7 feet at which point there was 10 inches of 3 percent ore. There was ore above the sill for about 17 feet in the raise as shown by muck from the last round that assayed 0.60 percent tungsten trioxide.

A rhyolite dike about 7 feet thick, intersected in the adit crosscut, apparently pinches immediately south of the crosscut, as indicated by surface exposures above this point; it is present as a much smaller, discontinuous dike south of this point. With the exception of section A-A' no attempt was made to illustrate its occurrence in section although a portion of the dike occurs along the apparent east wall of the ore zone at an altitude of 8,030 feet near the south end of the DMEA drift. Above the drift in DDH-1 the relationship of this dike to the ore zone is reversed, and ore-grade hubnerite occurs east of the dike as well as considerably east of a direct projection from drift level to surface. This dike is apparently continuous north of the adit crosscut and occurs within hubnerite-bearing metasediments near the vein east wall. These conflicting relationships of the dike and ore suggest that the rhyolite dike may be post-ore and only coincident with the ore zone locally. There also exists the possibility that ore may occur east of the dike at the drift level. The rhyolite dikes referred to in the Operator's log of DDH P-3 (footages 0-12 and 101-109) are actually aphanitic portions of a thick dacite porphyry dike discussed in the following paragraph and not (as might be inferred of the 101-109 intercept) related to the rhyolite dike described above.

A thick, northeast-striking, west-dipping dacite porphyry dike occurs east of the vein. The west contact of this dike is exposed at the adit portal, and the inferred trace of this contact at an altitude of 8,030 feet, derived from drill data, is shown on

plate 1. As can be seen from the map, this dike would intersect the vein extension about 20 feet beyond the south end of the DMEA drift and would undoubtedly mark the termination of the ore zone in this direction unless the vein either coincided with or had been localized along the west contact of the dike south of the workings. DMEA drilling to test this possibility (DDH's P-4 and P-6) showed that no hubnerite was present although quartz and silicified metasediments containing sulfides occurred along the west dike contact; it is concluded that the dike cuts off the ore zone south of the workings (tested by DDH P-4) at a depth no less than 70 feet below the south end of the DMEA drift (tested by DDH P-6, illustrated in section C-C'). The fact that silicification approaching ore zone intensity occurs along the west contact of the dike is not in itself regarded as conclusive evidence of ore zone continuation inasmuch as a large part of the metasediments are similarly silicified.

THE PROJECT

Recommendation for a project was made by H. T. Reno, engineer, Bureau of Mines, in a memorandum dated August 11, 1952. It was considered that the grade of material exposed in bulldozer trenches (about 0.8 percent tungsten trioxide) warranted a modest program that would test the quartz vein at depth.

The original proposal was planned in three stages, and performance of each succeeding stage was contingent upon the success of the preceding stage. Stage I consisted of construction of about a mile of access road to the property, preparation of six diamond drill sites and two AX-size diamond drill holes totaling 240 linear feet. Stage II consisted of four diamond drill holes totaling 780 linear feet. Stage III provided 500 feet of diamond drill holes, 350 feet of crosscuts, 250 feet of drifts, and 100 feet of raises to explore the structure. Estimated total cost of the project was $51,220.00.

An exploration project contract for $53,800.00 was approved September 25, 1952, in which the Government's participation was 75 percent. This contract was essentially the same as the original proposal but was set up in four stages on an allowable maximum cost basis with allowances for purchase of equipment, supplies, bunkhouse, cookhouse, compressor-shop building, and engineer-supervisor services.

The contract work included:

<u>Stage I</u>

Construction of access road and preparation of six drill sites.

Two AX-size diamond drill holes totaling 240 feet.

Stage II

Four AX-size diamond drill holes totaling about 780 feet.

Stage III

An adit crosscut to the ore zone approximately 250 feet long.

250 feet of drift from the crosscut to explore the ore zone.

Two crosscuts from the drift not to exceed 40 feet total.

Stage IV

500 feet of AX-size hole to explore the ore body further.

100 feet of raises.

Because of the short season the Operator drilled five holes before the effective date of the contract. The cost of these five holes was disallowed. Work was suspended in October 1952 and resumed in September 1953, and by May 1954 the crosscut had been driven 125 feet to and through the ore zone, as well as a drift 105 feet southerly in the ore zone, a 33-foot crosscut west from the drift, and a 32-foot crosscut east from the drift.

Amendment No. 1, dated November 30, 1953 (effective September 25, 1952), changed the adit crosscut length from 250 to 125 feet and the drift length from 250 to 100 feet. Costs were revised to conform with the shorter working period for a lesser footage.

Amendment No. 2, dated March 17, 1954 (effective September 25, 1953), increased each of the two crosscut lengths from 20 to 40 feet, provided for a 60-foot drift on the western parallel vein and adjusted costs to conform with the work changes. Time for completion was extended from 18 to 24 months with expiration date of September 25, 1954.

Amendment No. 3, dated January 11, 1955, allowed a recess between May 1, 1954, and July 15, 1955 and extended the expiration date to September 25, 1955, because the Operator wished to do some development work during the summer of 1954 before resuming diamond drilling in 1955.

Amendment No. 4, dated June 30, 1955 (effective June 1, 1955), deleted paragraph 2 of Stage I and all of Stage II, totaling 1,020 feet of diamond drilling. This footage, with a maximum allowable cost of $8.00 per foot, was transferred to Stage IV to delineate the ore body further.

Diamond drilling provided under Amendment No. 4 was started early in August 1955 and completed by the end of the month. Five AX holes were drilled, totaling 1,004 feet.

DMEA drilling, consisting of five holes, P-1 through P-4, and P-6, tested the vein through a strike length of 260 feet at depths ranging from adit level to 200 feet beneath the adit level. The results of DDH's P-4 and P-6 have already been discussed. DDH P-3 (section C-C'), testing the vein approximately 45 feet below the south end of the DMEA drift, intersected hubnerite of ore grade through a 31-foot drill intercept (true thickness 15 feet, average grade 0.98 percent tungsten trioxide) indicating that ore continued to a depth of about 70 feet below the adit level before being intersected by the dacite porphyry dike. DDH P-2 (section A-A'), tested the vein approximately 90 feet below the adit crosscut and intercepted a 15-foot interval of ore-grade hubnerite (true thickness 12 feet, average grade 0.83 percent tungsten trioxide). It may be possible (from section) to infer a continuation of some mineralization to about 160 feet below the adit level at which point the vein would be intersected by the dacite dike. DDH P-1, testing the northern extension of the vein 70 feet north of the DMEA drift, intersected the vein about 45 feet below the surface (at the approximate elevation of the adit level). Sparse hubnerite intersected in this drill hole indicates that mineralization along the vein continues to at least this point north of the present workings.

Ore Reserves

On the surface the vein has been cut by nine trenches that have exposed a 200-foot-long ore shoot that averages 9.5 feet in width and 0.80 percent tungsten trioxide in grade (assays are from the Operator). The drift has cut a much less obvious vein for a length of 143 feet. The vein averages 6.6 feet in width and 0.87 percent tungsten trioxide.

Diamond drill hole intersections that cut the vein above the drift have grades comparable to that of the drift. DDH's P-2, No. 3, and P-3 cut the vein below the adit; DDH P-2 cuts the vein about 100 feet below the drift. In addition, DDH P-2 shows that ore probably exists from the surface to the drill hole intersection and that the north end of the drift could have been extended about 70 feet and still be in ore.

The average width and grade of the vein above the drift has been determined using the following figures:

No.	Length of sample (F) (feet)	Width (W)	% WO_3	W x F	W x F x WO_3
Surface	200	9.5	0.80	1,900	1,520
Drift	130*	6.6	0.87	858	746

*Note 13 feet of total 143 feet has no sample data.

The average width is considered to be 8.3 feet, the average grade 0.82 percent tungsten trioxide.

Two of the three diamond drill hole intersections in the vein below the adit level have an average width of 13.5 feet and grade of 0.89 percent tungsten trioxide. These figures were <u>not</u> used to calculate the grade of ore below the drift.

The ore reserves are in the indicated category. Block A has a length of 200 feet and lies above the track elevation (no calculation was made for drift rock already removed).

Block B is 200 feet long and extends only to a depth of 100 feet below the drift.

$$\text{Block A} = \frac{72{,}956 \text{ cu. ft.}}{12 \text{ cu. ft./ton}} = 6{,}902 \text{ Tons } (5{,}660 \text{ units})$$

X wrong see T.T. 6.7.56

$$\text{Block B} = \frac{166{,}000 \text{ cu. ft.}}{12 \text{ cu. ft./ton}} = 13{,}833 \text{ Tons } (11{,}343 \text{ units})$$

Blocks A and B contain perhaps 17,000 units of tungsten trioxide, but only one-third is readily accessible for mining.

The adit explored the vein through a strike length of 143 feet. Although it is obvious (pl. 1) that high-grade hubnerite concentrations have relatively small dimensions, it appears that the whole zone contains enough hubnerite to permit mining from the adit to the surface.

Locations of the diamond drill holes are shown in plan, and in section, on plate 1. Logs of the holes submitted by the Operator (with corrections as noted in the geologic discussion) are in the pocket. DDH's P-2 and P-3 clearly demonstrate that ore-grade material extends from 70 to at least 100 feet below the adit level.

Exploitation Possibilities

X Wrong see T.T. 6.7.54

Approximately 21,000 tons averaging about 0.82 percent tungsten trioxide are estimated ore reserves. Cutoff grade will probably be about 0.7 percent tungsten trioxide because costs will be abnormally high due to the isolated location of the operation and long, severe winters. Most supplies must be shipped to the property during the summer season when it is accessible by road. During the winter supplies and personnel are flown to the mine camp.

Since the ground stands well, little timber will be required underground. Ore will probably be mined through open stopes with stulls and occasional square sets in the wider sections of the ore zone. Selective mining will probably be practical where conditions permit.

Operator has a small 25-t.p.d. gravity mill at the nearby Snowbird mine which is being remodeled and enlarged. Operator states the flowsheet for the Snowbird mine ore is not suitable for Red Bluff mine ore; consequently, the Snowbird will be mined out before milling Red Bluff ore.

Results of any metallurgical tests that may have been made on Red Bluff ore are not known to the writers.

Summary of Factual Data

The contract, dated September 25, 1952, was in the amount of $53,800.00 in which Government participation was 75 percent. The target area was reached before the originally planned project work was finished so the project was considered completed. Further work would have been development.

An access road, preparation of drill sites, 1,004 feet of diamond drilling, 105 feet of drift, and 190 feet of crosscuts were completed at a cost of $23,299.21. Government participation at 75 percent was $17,474.40.

190
105
295

Severe sub-zero temperatures and extremely heavy snowfalls caused recesses in the work and increased costs.

There was no production during the project.

The following items, at the valuation indicated, were transferred to this contract from Contract No. Idm-E133, Docket No. DMA-864X, as the Operator was the same in both contracts:

1	Ingersoll-Rand portable compressor (used), Model CK 105, Serial No. 406-31445	$2,000.00
1	Ingersoll-Rand J-40 jackhammer and jackleg (used), Serial No. 673946 and LI 3081	360.00
		$2,360.00

The Government had a 75 percent equity in this equipment.

The following is a summary of the costs of the project:

Items of cost	Total cost	Cost per fo
(1) Independent Short Form Contracts		
Diamond drilling (1,004 feet) 41-3/8 shifts @ $125/shift	$ 5,171.87	$ 5.15
Bulldozing access road, drifting, and crosscutting	1,482.37	5.02
Bulldozing access road, diamond drilling	730.13	0.72
(2) Labor and Supervision		
Labor, drifting and crosscutting	5,267.99	17.86
Supervision, do.	2,100.00	7.12
Supervision, diamond drilling	600.00	0.60
(3) Operating Materials and Supplies		
Timber	268.36	0.91
Explosives	832.72	2.82
*Pipe	74.03	0.25
Fuel	806.22	2.73
Steel and bits	634.50	2.15
Miscellaneous	424.25	1.44
(4) Operating Equipment		
*Purchase	1,657.84	5.62
Depreciation	89.57	0.30
(5) Initial Rehabilitation and Repairs	149.32	0.51
(6) *New Buildings, Improvements, etc.	673.13	2.28
(7) Miscellaneous		
Repairs to equipment	261.22	0.89
Sampling and analysis, diamond drilling	98.10	0.10
do. , drifting	174.40	0.59
Payroll taxes	393.92	1.34
Liability insurance	488.40	1.66
Snow removal	920.87	3.12
Total cost	$23,299.21	
Diamond drilling cost per foot (1,004 feet)	$ 6.57	
Drifting and/or crosscutting cost per foot (295 feet)	$ 56.61	

Total amount of contract	$53,800.00
Government's share at 75 percent	$40,350.00
Total amount expended	$23,299.21
Government's participation	$17,474.41
Total Amount unexpended	$30,500.79
Government's share unexpended	$22,875.59
Royalties received	none

*The Government's equity in the equipment and compressor house was sold. Cost of these items has been adjusted on the basis of the following salvage values:

Pipe and accessories	$ 63.21
Compressor	805.00
Jackhammer and jackleg	153.00
Slusher hoist and bucket	13.34
Compressor house	240.00
	1274.55

Discussion of Conclusions

The work was performed by a competent Operator though progress was extremely slow.

No specific geologic guides to ore were apparent other than a general association of hubnerite mineralization with moderate to extreme silicification and some shearing. Within the vein erratic distribution of ore is typical. The vein is apparently cut off by a post-mineral dike at depth and to the south of present workings; further exploration for a possible extension of the vein beyond the dike is geologically unfeasible. Thus, from present information, no further Government participation in exploration of the vein south of the adit is warranted, although it is possible that ore-grade material may exist within the vein or in similar parallel zones north of the area explored.

Further exploration of other occurrences along the strike of the structure is warranted.

Enclosure
Distribution:
DMEA(4)
USBM(5)
USGS(SRO)
Docket
Kellum

DOCKET
SURNAME
Holt
Martin
Selfridge
Kirsten
Mitchenay

400

MAY 11 1956

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

Re: Docket No. DMEA 265 - Tungsten
McKee Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Ida-1406

Dear Mr. Weissenborn:

Reference is made to your letter of March 26, 1956, in which you stated that you hoped to transmit the final report on the above-subject project the first part of April. So far the report has not reached this office.

It will be appreciated if you will advise us when we may expect to receive it.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (SHB)

APPROVED:

P. F. Yopes (SHB)
Member, Bureau of Mines

N. E. Nelson (SHB)
Member, Geological Survey

SPHOLT/fec 5/10/56
cc to: Docket
Code 400
Admr. Read. File
Oper. Comm.
FT. REG. I -NWD
R. W. Holliday, USBM
T. H. Kiilsgaard, USGS

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
No. 157 Howard Street
Spokane 4, Washington

May 1, 1956

Mr. Robert J. McNee, President
McNee Tungsten Corporation
1704 Gourley Street
Boise, Idaho

Re: Docket No. DMEA-3654 (Tungsten)
Red Bluff property
Valley County, Idaho
Contract No. Idm-3406

Dear Mr. McNee:

Enclosed is a copy of an Audit Certificate and Audit Report dated March 25, 1956, for the period September 25, 1952 to February 27, 1956. This is being sent for your information and files.

Sincerely,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

Enclosure

cc: DMEA (2)
USBM (2)
USBM (AD)
Turner

RECEIVED
MAY 4 - 1956

Talbert

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

Mr. Charles A. Turner
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Docket No. DMEA-2654
Contract No. IDm-R406
McKee Tungsten Corporation

Dear Mr. Turner:

In your letter of April 25, 1956, submitting a revised page 1 for your audit report covering the referenced project, you request advice as to the proper method of specifying the period covered in future audits.

The method used in your revised introduction is acceptable. Another method is shown in the example of an audit report and certificate included in the manual of Audit Procedure for Exploration Work Under DMEA Exploration Contracts. (See the first paragraph on pages 49, 50 and 51 of the manual.)

The only requirement with respect to stating the period covered by an audit is that such statement be factual. Obviously the introductory statement, as presented in your original draft of page 1 (that on February 6, 7 and 8, 1956, you made an audit of operations through February 27, 1956), was erroneous. Furthermore, the appearance of such an impossible condition in the very first sentence of an audit report would tend to raise questions as to the correctness of the report in other particulars.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
April 27, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.G.

XXXXXXXXXXXXXXXXXX
1201 N. Division Street
Spokane 2, Washington
April 26, 1956

RECEIVED
MAY 4 - 1956

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

Re: Contract No. Idm-E406
Docket No. DMEA 2654
McRae Tungsten Corporation

Dear Mrs. Purdy:

Work under the subject contract has been completed to the satisfaction of the Government. A final report evaluating the results of the exploration program has been presented by the operator and accepted by the Executive Officer.

The bid of the Starline Equipment Co. on the jointly-owned compressor was accepted, and a check has been received in the amount of $603.75 covering the Government's interest in this compressor. The bid of McRae Tungsten Corporation on the balance of the equipment has been accepted by the Government and the amount due on these items will be deducted from the final payment to the operator.

The Field Team will recommend that a Certification of Discovery or Development be issued covering this project.

A final audit report dated March 25, 1956 by DMEA Auditor C. A. Turner has been received.

As all contract requirements have been met, it is requested that final settlement of our account with the operator be made.

Sincerely yours,

A. E. Weissenborn, Exec. Officer
DMEA Field Team, Region I, NW

cc: DMEA (2)
USGS (2)

Talbert

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

APR 3 1956

Mr. Charles A. Turner
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Audit Report
Moffae Tungsten Corporation
Idm-2406, DMEA-2654

Dear Mr. Turner:

The introductory sentence of the copies of your recently submitted final Audit Report for the referenced project states "On February 6, 7 and 8, 1956, a final audit (covering operations for the period of September 25, 1952, to February 27, 1956) was made ***." This is obviously an erroneous statement and, accordingly, the acceptance and release of the report is being held in abeyance pending your submission of a revised page 1.

From a study of your report and the docket file it appears that your actual site audit covered a period of operations ending in the latter part of the calendar year 1955, but that your report covers not only your site audit findings but also the review of subsequent property disposition and a February 1956 MF-104 claiming costs incident to the removal of the project equipment. Accordingly, the date "February 27, 1956" should be changed to the actual closing date of the period covered by your site audit and a second sentence should be added to the first paragraph stating, in effect, that the report also includes the review of a subsequent Form MF-104 and disposition of project property.

In the sixth line of page 13 of the report a reference is made to the "February, 1955, Form MF-104". We have changed this reference on the Washington copies to "February, 1956, Form MF-104". Please correct all regional copies accordingly.

Upon preparation and submission of a revised page 1 for this report normal distribution of the regional copies of the report and certificate is authorized without further advice from this Division.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
April 3, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.L.

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

RECEIVED
MAR 29 1956

March 26, 1956

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

Re: Docket No. DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Selfridge:

The final report on the McRae project is in final draft form. With luck, we hope to transmit it in the first part of April.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

cc: USBM (2)
USBM (AD)
Kellum

DOCKET

400

Holt
Martin
Chambers
Selfridge
Johnson
Whitesell

MAR 22 1956

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

Re: Docket No. DMEA-2654, Tungsten
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Weissenborn:

Reference is made to your letter of January ~~28~~ 26, 1956, recommending that a certification of discovery be issued for the subject contract and submitting an estimate of ore reserves in the Red Bluff claims. Reference is also made to the statement by John D. Bardill in the "Final Inspection Report" of October 27, 1955, on the same project, that a Final Report of the Field Team would be prepared and that certification would be recommended.

A certification of discovery or development is being prepared here. The Operator's Final Report was received from your office on January 9, 1956; and, from copies of correspondence in our files, progress is apparently being made on the final audit. After that we will need only the Final Report of the Field Team to complete the certification, and it will be appreciated if you will let us know when that report may be expected.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (WS)

APPROVED:

/s/ Robert W. Geehan (WS)
Member, Bureau of Mines

W. P. Williams (WS)
Member, Geological Survey

cc: Docket
Code 400
Oper. Comm.
Adm. Read. File
FT, Region I-NW
T. Kiilsgaard, USGS
R. W. Holliday, USBM

SPHolt/WSMartin/ls
3/20/56

R.C.L.

Talbert

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

MAR 20 1956

Mr. Charles A. Turner
DMEA Auditor
[illegible] North Division Street
Spokane 2, Washington

AIR MAIL

Re: Docket No. DMEA-[illegible] (Tungsten)
Hilma Tungsten Corporation
Red Ribbon Claims
Valley County, Idaho
Contract No. [illegible]

Dear Mr. Turner:

By letter dated March 16, 1956, you requested advice as to whether or not the reasons, as presented by the Field Team in a letter to you under date of March 15, 1956, constitute adequate justification for considering the labor costs of the subpoenaed project as being reasonable during the period of October 1953 to January 1954.

The reasons presented in the Field Team's letter to you are essentially the same as those given by Mr. Weissenborn in a discussion of this project during his recent visit to the Washington office. It was agreed that such reasons adequately justified the acceptance of the labor costs for the period in question.

The original of the Field Team's letter should be filed with your audit working papers and your audit report should state that during the course of the audit the acceptance of the higher costs was questioned but that the Field Team advised that the costs were justified for the several reasons stated in the second, third, and last paragraphs of their letter.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
March 20, 1956

Copy to: Docket
Admr. Reading File
Mr. Weissenborn
Mr. Salfridge
Mr. Martin
Mr. Chambers

R.C.G.

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

1201 N. Division St.
Spokane 2, Washington

RECEIVED
MAR 19 1956

March 15, 1956

Mr. C. A. Turner
DMEA Auditor, Region I
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMEA-2654 (tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Turner:

Following are the reasons for the Field Team's decision not to request retroactive disallowances for direct labor exceeding $9.68 per foot on work done prior to February 1954.

Crosscutting at the project started on October 27, 1953 under adverse winter weather conditions which continued into January 1954. This, in addition to the organizational difficulties of starting a project in a remote location, would naturally increase the labor costs during the starting period.

The Field Team recognized that the labor costs during the starting period would be higher than normal and considers these costs to be reasonable under the circumstances, but beginning in February 1954 the Operator should have had the work well organized which would result in lowering the labor costs.

To forestall the eventuality of continued high labor costs the Field Team informed the Operator on April 15, 1954 that the Government would not participate in such costs exceeding $9.68 per foot unless the Operator could submit acceptable evidence that the higher costs were due to unusually difficult operating conditions.

Thus, by reducing the labor costs (all labor except cook's wages) to $9.68 per foot for the footage remaining on February 1, 1954, the average costs of drift labor would be reduced to about $13.00 per foot for the entire job which compares favorably with

the average of $12.93 per foot for labor attained at the Snowbird project (Contract No. Idm-E133) in the same area and under the same conditions. This labor cost is reasonable for the job.

By Field Team, Region I, NW District

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

Verne C. Fryklund, Jr., Acting Member
U. S. Geological Survey

cc: DMEA (3)
USGS (2)
USBM (AD)

Docket

Talbot

H Johnson

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

MAR - 6 1956

Mr. Charles A. Turner
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Docket No. DMEA-2654 (Tungsten)
Nelson Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. [illegible]

Dear Mr. Turner:

Receipt is acknowledged of your two letters of February 27, 1956, one of which pertains to examination direct labor costs of drifting and crosscutting and the other to the cost of a building, as claimed by the Operator of the subject project.

Under the provisions of the project contract the costs in which the Government will participate are limited to the actual, necessary and reasonable direct costs of performing the exploration work. Operating Committee Resolution No. 11, dated October 17, 1952, specifies that "It is the responsibility of the Field Team representative to ascertain, in general, that the charges of the operator are reasonable."

In accordance with this responsibility the Field Team determined and advised the Operator by letter dated April 15, 1954, that a reasonable direct labor cost should not exceed $9.65 per foot of drift and crosscut and all such costs in excess of that amount would be deleted. This determination apparently was based on the statements of March 29, 1954, and April 14, 1954, addressed to the Field Team by S. V. Zalesk, Mining Engineer, as quoted upon in the penultimate paragraph of my letter of February 17, 1956.

By letter dated February 27, 1956, the Field Team now advises you that "It was not the intention of the Field Team to make these disallowances retroactive, but that they should be made beginning with the February 1954 vouchers." This decision appears to be inconsistent with Mr. Zalesk's findings that the average labor costs, including both direct and indirect labor, averaged $30.61 per foot through January, 1954, and $17.94 per foot during February, 1954. The basis for determining that the costs for February, 1954, were not reasonable, whereas the apparently higher prior costs were reasonable, is not understood.

It is always the desire of this Division to have its audit findings concur with the recommendations of the Field Team. To do so, however, in this instance without an adequate justification would place you as the auditor, as well as this Division, in a most untenable

R.G.S.

position. Therefore this matter should be discussed further with the Field Team and the suggestion should be made that they either (1) concur with the limitation on direct labor costs of $9.68 per foot of advance being retroactively applied to the costs of work prior to February, 1954, or (2) furnish an adequate justification for considering the higher labor costs for that period as being reasonable under the provisions of the contract.

With regard to the Operator's charge for $200.00 for the building, which was discussed in the antepenultimate paragraph of my letter of February 17, 1956, there appears to be no justification for accepting this item as an actual, necessary and reasonable direct cost of the project. Although the contractual estimator included $200.00 for the 14'x36' prefabricated house to be transferred at that valuation from the property acquired under the provisions of another contract (Ida-2133, Docket No. DREA-864), the records indicate that the building was not moved to the project site. In fact, in a letter dated August 13, 1953, the Operator advised the Field Team that "The house transferred from the Sunshine is ¼ mile airline from the Red Bluff project and 10 miles by road and cannot be used in connection with Red Bluff."

You state in your letter that "The Operator feels that the Government should participate in this $200.00 item on one contract or the other." You also advise that "The Operator included in his bid for the equipment and supplies an item of $60.00 for the building, which was accepted by the Field Team." Under the prior contract (Ida-2133) the Government contributed to a net cost for this building of $1,216.65 (a cost of $1,416.65 less salvage value of $200.00) in accordance with the contract provision (Art. 5) that "The difference between the cost of such additional facilities, buildings, or fixtures and the salvage value thereof at the conclusion of the work shall be charged as a cost of the project ***." Although the later contract (Ida-2406) permitted the transfer of this building to the new project at the salvage value of $200.00, the building was neither transferred nor used for the purposes of the contract and, therefore, cannot be considered an actual, necessary direct cost of the work for contribution by the Government. As the Government may not contribute to the $200.00 cost under this contract, it follows that the Government has no interest in this building and the Field Team's acceptance of the Operator's bid of $60.00 is without force or effect.

The original of the Field Team's letter, addressed to you under date of February 27, 1956, is returned herewith for retention with your audit work papers.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure-1

EDTalbert/vb
March 5, 1956

Copy to: Docket
Admr. Reading File
A. K. Weinzimmern (2)

Mr. Selfridge
Mr. Martin
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON, D.C.~~

1201 N. Division St.
Spokane 2, Washington
February 27, 1956

RECEIVED
MAR - 2 1956

Mr. Charles A. Turner
DMEA Auditor, Region I
1201 North Division Street
Spokane 2, Washington

Re: Docket No. DMEA-2654 (tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Turner:

This letter will clarify the matter of deleting all direct labor costs for drifting and crosscutting that exceeded $9.68 per foot and which was the subject of a Field Team letter to the Operator dated April 15, 1954.

Mr. Jay L. Chambers, Chief, Contract Administration and Audit Division, in his February 17, 1956 letter to you, brought up the question of a retroactive disallowance. It was not the intention of the Field Team to make these disallowances retroactive, but that they should be made beginning with the February 1954 voucher.

By Field Team, Region I, NW District

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

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

cc: DMEA (2)
USGS (2)
USBM (AD)

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

1201 N. Division St.
Spokane 2, Washington
February 27, 1956

RECEIVED
MAR - 2 1956

Mr. Robert J. McRae, President
McRae Tungsten Corporation
P. O. Box 94
Boise, Idaho

Re: Docket No. DMEA-2654 (tungsten)
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. McRae:

The Government accepts your bid, by letter dated February 21, 1956, of $10.00 for its equity in one I.R. A5NN-OH slusher hoist, double drum, Serial No. 6460, with Esco slusher bucket.

The amount of your bid will be deducted from your final voucher.

Thank you for your prompt attention to this matter.

By Field Team, Region I, NW District

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

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

cc: DMEA (2)
USGS (2)
USBM (AD)
Turner

4-1136
3-P-500

McRAE TUNGSTEN CORPORATION
A MISSOURI CORPORATION
P. O. BOX 94
BOISE, IDAHO
1704 Courtley St.

RECEIVED
MAR - 2 1956

February 21, 1956

Mr. A. E. Weissenborn
Executive Officer DMEA
Field Team Region II
South 157 Howard St.
Spokane4, Washington

Dear Mr. Weissenborn:

It has been called to our attention that DMEA has a small equity in the slusher and bucket used on a rental basis on the Red Bluff Contract.

In order to clear this matter up I herewith offer $10.00 for the Governments equity in the above equipment. If this is acceptable to DMEA then please hold this amount out of the funds due McRae Tungsten Corp.

Yours truly,
Robert J. McRae
Robert J. McRae, President

RECEIVED
FEB 23 1956
U. S. G. S.
SPOKANE, WASH.

Talbert

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

Mr. Charles A. Turner
DMEA Auditor
1301 North Division Street
Spokane 2, Washington

FEB 17 1956

Re: Nelson Tungsten Corporation
Contract No. Zda-2406
Docket DMEA-2654

Dear Mr. Turner:

By letter dated February 14, 1956, you request advice as to whether labor provided by the Operator in connection with road building and preparation of drill sites may be considered an allowable cost under the referenced contract.

Although the contract provided that this Stage I work would be done under independent contracts, an equitable settlement would seem to require the allowance of the labor costs incurred by the Operator provided that (1) the hourly costs for the independent contractor plus the additional labor did not exceed the contractual maximum of "$15.00 per working hour, including wages of an Operator, fuel, lubrication, transportation, repairs and all other costs," (2) the allowable maximums of $2,500.00 and $200.00, respectively, for road construction and drill site preparation are not exceeded, and (3) the work and the costs thereof are otherwise acceptable under the terms of the contract.

With regard to proviso (3) it should be noted that this contract contains the usual stipulation that "No items of **** work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate." A review of the docket file on this project indicates the probability that the road and drill site work was performed prior to the date of contract (September 25, 1952).

A copy of a letter dated August 27, 1952, from the Operator to Senator Walker states, in part, "In order to accomplish the drilling program before snow comes we have been forced to build a road to the property and let the diamond drill contract at our own expense."

Furthermore, a memorandum to the Field Team from John A. Boucher, Mining Engineer, under date of September 22, 1953, contains the statement that "All of the drilling to date was done prior to the execution of the contract and the cost and payment disallowed, so the

R.C.G.

drilling was not vouchered by the Operator," and J. D. Bardill's justification for Amendment No. 4 to the contract recites that "Operator completed the diamond drilling provided under Stages I and II at company expense prior to the effective date of the contract ****." It would appear that, if the Stage I drilling was completed prior to the date of the contract, the access road and drill sites preparatory to the drilling also must have been completed.

In reviewing the Forms NF-104 another questionable charge has been noted. The Operator has claimed $149.32 under category (5) Initial Rehabilitation and Repairs, whereas the contract as amended authorized an allowable maximum of $150.00 for rehabilitating of compressor under this category. It appears, however, that $200.00 of the claimed amount is actually the valuation of a 14'x26' bunkhouse authorized under category (6) New Buildings, Improvements and Installations for transfer from another project (Contract Bhm-8133). That this item may be a "necessary" cost of the project is questioned because the Operator in a letter dated August 13, 1953, to the Executive Officer stated "You asked if the 12x12 compressor house proposed in my letter was to be in addition to the 14x26 house transferred from the Snowbird (DMEA-864). The house transferred from the Snowbird is 1/4 mile airline from the Red Bluff project and 30 miles by road and cannot be used in connection with Red Bluff."

Another matter which should be given particular attention in the audit of this project is the reasonableness of the costs claimed for drifting and crosscutting. In a memorandum to the Field Team under date of March 23, 1954, S. W. Kaldek, Mining Engineer, stated that the costs "are believed to be excessive" and, in a table attached, indicated that the labor costs averaged $20.82 per foot through January 1954. In another memorandum dated April 14, 1954, Mr. Kaldek advised the Field Team that the labor costs for February 1954, amounted to $13.56 per foot for direct labor and $4.38 per foot for indirect labor, and recommended that the Government participate in the direct labor costs only to the extent of $9.66 per foot. By letter dated April 15, 1954, the Field Team advised the Operator that all direct labor costs exceeding $9.66 per foot would be deleted. Such disallowances apparently were made on all vouchers paid thereafter; however, a review of our NF-104 file does not establish definitely that a retroactive disallowance was effected.

In view of these questionable matters, your audit report should be most specific in the findings related thereto and should include appropriate refutations or concurrences with the facts or implications.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
February 17, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

RECEIVED
JAN 30 1956

January 26, 1956

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

Re: Docket No. DMEA-2654 (Tungsten)
McRae Tungsten Corp.
Red Bluff Claims
Valley County, Idaho
Contract Idm-E406

Dear Mr. Selfridge:

Work at the Red Bluff claims has been completed. The contract work has permitted calculation of the following indicated ore reserves:

1. Block A, above the adit, contains about 5,500 units of WO_3.

2. Block B, below the adit, contains about 11,300 units of WO_3.

We recommend that a Certification of Discovery be issued.

By Field Team, Region I, NW Dist.

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

Thomas E Howard
for Wing G. Agnew, Member
U. S. Bureau of Mines

cc: USBM (2)
USBM (AD)

DMEA

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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
JAN 20 1956

January 16, 1956

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

WJM

Re: Docket No. DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff claims
Valley County, Idaho
Contract No. Idm-2406

Dear Mrs. Purdy:

Attached is Check No. 1101 dated January 11, 1956, for $603.75 received from the Sterline Equipment Company of Boise, Idaho, in accordance with our Field Team letter of January 4, 1956, to Mr. Robert J. McRae.

Sincerely yours,

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

Attachment
cc: DMEA(2)
USBM(2)
Turner
McRae

Check received
Jan 17-1956
M. Purdy

Royalty

PHONE 4-1136

McRAE TUNGSTEN CORPORATION

A MISSOURI CORPORATION

P. O. BOX 94

BOISE, IDAHO

January 12, 1956

RECEIVED

JAN 20 1956

Mr. A. E. Weissenborn
Executive Officer
U.S. Geological Survey
1201 N. Division St.
Spokane 2, Washington

Re: Docket No. DMEA-2654
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Weissenborn:

Enclosed find Starline Equipment Company check made payable to Defense Minerals Exploration Administration for the amount of $603.75. This is payment for compressor which was jointly owned by DMEA and the McRae Tungsten Corporation.

Bob has been at the Tungsten Property for the past 10 days and requested by radio that I arrange to have this check forwarded to you.

Sincerely,

Mrs. Robert J. McRae
1704 Gourley
Boise, Idaho

RECEIVED

JAN 15 1956

SPOKANE, WASH.

PHONE 4-1136

McRAE TUNGSTEN CORPORATION
A MISSOURI CORPORATION
P. O. BOX 94
BOISE, IDAHO

January 12, 1956

Mr. A. E. Weissenborn
Executive Officer
U.S. Geological Survey
1201 N. Division St.
Spokane 2, Washington

Re: Docket No. DMEA-2654
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Weissenborn:

Enclosed find Starline Equipment Company check made payable to Defense Minerals Exploration Administration for the amount of $603.75. This is payment for compressor which was jointly owned by DMEA and the McRae Tungsten Corporation.

Bob has been at the Tungsten Property for the past 10 days and requested by radio that I arrange to have this check forwarded to you.

Sincerely,

Mrs. Robert J. McRae
1704 Gourley
Boise, Idaho

RECEIVED
JAN 13 1956
U.S.G.S.
SPOKANE WASH.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

January 4, 1956

Mr. Robert J. McRae, President
McRae Tungsten Corporation
1704 Courtney Street
Boise, Idaho

Re: Docket No. DMEA-2654 (Tungsten)
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-2406

Dear Mr. McRae:

This will acknowledge receipt of your final report on the Red Bluff property. The report is acceptable under the terms of the contract.

We are pleased to see that a significant amount of tungsten is indicated by the project work.

By Field Team, Region I, NW Dist.

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

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

cc: DMEA (2)
USBM (2)
USBM (AD)
Kellum

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
January 4, 1956

RECEIVED
JAN 9 1956

Mr. Robert J. McRae, President
McRae Tungsten Corporation
P. O. Box 94
Boise, Idaho

Re: Docket No. DMEA-2654 (tungsten)
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. McRae:

This will acknowledge receipt of bids on jointly-owned equipment from the Starline Equipment Company, Intermountain Equipment Company, and the McRae Tungsten Corporation. Thank you for your promptness in obtaining these bids.

The Government accepts the Starline Equipment Company bid of $805.00 for the compressor, and McRae Tungsten Corporation's bid of $153.00 for jackhammer and jackleg, $63.21 for pipe and accessories, $60.00 for prefab shop building, and $240.00 for the compressor house.

Please have the Starline Equipment Company make a check for $603.75 (75% of $805.00) payable to the Defense Minerals Exploration Administration, and send it to Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest District, 157 South Howard Street, Spokane 4, Washington.

The amount of the Government's equity in the McRae Tungsten Corporation bid amounting to $387.16 (75% of $516.21) will be withheld from monies due McRae Tungsten Corporation on their 1955 vouchers.

The charge of $35.00 for hauling the compressor from the project site to Boise, Idaho, is reimbursable and can be claimed on your final voucher.

By Field Team, Region I, NW District

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

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

cc: DMEA (2)
USGS (2)
USBM (AD)
Turner

PHONE 4-1136

McRAE TUNGSTEN CORPORATION
A MISSOURI CORPORATION
P. O. BOX 94
BOISE, IDAHO

DEC 30 1955
SPOKANE, WASH.

December 26, 1955

Mr. A. E. Weissenborn, Executive Officer
U. S. Geological Survey
Defense Minerals Administration
1201 North Division Street
Spokane 2, Washington

Dear Mr. Weissenborn,

I have followed through and obtained bids on the jointly owned DMEA equipment and buildings on Contract No. Idm-E406, Docket No. DMEA-2654 covering the Red Bluff property in Valley County, Idaho. This covers the items listed on an attached sheet to your letter of December 9.

I was able to get two bids on the compressor and jackleg drill, but on the pipe, shop building, and compressor house no outside bids could be obtained. On these last three items McRae Tungsten has submitted a bid. I want to point out on the compressor, jackhammer and leg, and shop building that three additional years of depreciation must be considered which will very substantially reduce the listed values. In the case of the compressor house there are two years of depriciation to deduct.

In anticipation of liquidating the above items I had the compressor hauled to Boise where it could be inspected and a proper bid made. The transportation bill on the compressor was $35.00 for hauling 200 miles. McRae Tungsten Company has paid this bill and will submit a receipted copy from the Whitmore Transportation Company. We believe this is a charge for which McRae Tungsten should be reimbursed to the extent of 75% of $35.00 or $26.25 from the proceeds of sale of this unit.

Item	List Value 1952	Highest Bid	
Compressor	$2,000.00	$805.00	Starline Equipment Co.
Jackhammer and Jack leg	360.00	$153.00	McRae Tungsten Co.
Pipe and Accessories (1954)	126.41	63.21	McRae Tungsten Co.
Prefab Shop Building (1952)	200.00	60.00	McRae Tungsten Co.
Compressor House (1954)	913.13	240.00	McRae Tungsten Co.

I am enclosing the originals of two bids on the compressor and jackhammer and leg and one bid on the other items. While McRae Tungsten is willing to make the enclosed bid we are not in position to advance cash to cover these bids. We would be willing to have these bid amounts taken out of the large amount DMEA is withholding from our 1955 vouchers pending a final audit.

In connection with a final audit of this contract I am unable to set a time in the near future due to my own committments. It would be most convenient to have it done in Boise. I will advise you some time in January as to when it might be done and then try and arrange a mutually satisfactory date with your auditor.

It is also my objective to try and make a final report on this project during January. For your information I am enclosing core assays made on ore sections in holes P-2 and P-3.

It is also important that you inform me soon as to your action on both the Intermountain and Starline bids as they do not care to have these bids outstanding indefinitely.

Yours very truly

Robert J. McRae

Robert J. McRae, President
McRae Tungsten Corporation

PHONE 4-1136

McRAE TUNGSTEN CORPORATION
A MISSOURI CORPORATION
P. O. BOX 94
BOISE, IDAHO

December 26, 1955

Mr. A. E. Weissenborn, Executive Officer
U. S. Geological Survey
Defense Minerals Administration
1201 North Division Street
Spokane 2, Washington

Dear Mr. Weissenborn:

McRae Tungsten Corporation herewith submits a bid on the following listed equipment and buildings situated on the McRae Tungsten property, Valley County, Idaho. This equipment is owned jointly 75% by Defense Minerals Administration and 25% by McRae Tungsten Corporation.

Jackhammer and Jack Leg	$153.00
Pipe and Accessories.	63.21
Prefab Shop Building	60.00
Compressor House	240.00

These bids cover both equities in the above property.

The above bids will stand for a period not exceeding sixty days from January 1, 1956.

Yours very truly

Robert J. McRae

Robert J. McRae, President
McRae Tungsten Corporation

W. SWENDSEN
PRESIDENT

P. A. DUFFORD
VICE PRESIDENT AND
GENERAL MANAGER

C. H. DEFOREST
SECRETARY AND
TREASURER

INTERMOUNTAIN EQUIPMENT COMPANY

MACHINERY AND CONSTRUCTION SUPPLIES

P. O. BOX 1129 TELEPHONE 3-6441

BOISE, IDAHO

December 19, 1955

McRae Tungsten Corporation
1704 Gourley Street
Boise, Idaho

Attention: Mr. Robert J. McRae, President

Gentlemen:

We are pleased to bid on your equipment listed in your letter of December 16, as follows:

1 - Ingersoll-Rand Portable Compressor (used), Model GK 105, Serial #406-31445. This unit is located in Boise, Idaho at the Nelson Gravel Co. The unit is in good operating condition. $700.00

1 - Ingersoll-Rand Jackhammer and Jackleg (used), Serial #673946 and #LI3081. These units are in good operating shape. They are located at the McRae Tungsten Mine at Big Creek, Idaho. Inspection nearly impossible. $125.00

Very truly yours,

INTERMOUNTAIN EQUIPMENT COMPANY

J. E. Nordyke

JEN:rs

STARLINE Equipment Company
503 SOUTH 16TH STREET ★ P. O. BOX 2571 ★ PHONE 4-3321
BOISE, IDAHO

December 19, 1955

Make 1 Copy

McRae Tungsten Corporation
1704 Gourley Street
Boise, Idaho

Gentlemen:

I would like to place a bid on the used Ingersoll-Rand portable compressor, Model GK105, Serial #406-31445 at $805.00 f.o.b. Boise.

I would also like to bid on the jack leg and jack hammer at a price of $135.00.

Yours very truly,

STARLINE Equipment Company

R. L. Beglan

R. L. Beglan

RLB:pc

IDAHO BRANCH ASSOCIATE MEMBER AGC
EQUIPMENT DISTRIBUTORS

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

January 4, 1956

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

Re: Docket No. DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Selfridge:

Enclosed are the original and two copies of the Operator's final report. This report meets the requirements of the contract and is therefore acceptable to the Field Team.

A significant amount of tungsten is indicated by project work; therefore, we will recommend that a Certification of Discovery or Development be issued.

By Field Team, Region I, NW Dist.

A. E. Weissenborn

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

Thomas E. Howard
for: Wing G. Agnew, Member
U. S. Bureau of Mines

Enclosures

cc: USBM (2)
USBM (AD)
Kellum

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JAN 9 1956

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BUREAU OF MINES
JAN 3 - 1956
SPOKANE, WASH.

Final Report on The Red Bluff Project

Docket DMEA 2654 Contract IDM E - 406

Property and Location

The Red Bluff property consists of 4 Quartz claims held by location comprising 80 acres more or less. The property is located on the head of Smith Creek which is a tributary of Big Creek in Valley County, Idaho. The nearest post office is at Big Creek, Idaho.

History

The Red Bluff outcrop was discovered in 1951 by Wilbur Wiles. It was taken under lease and option by McRae Tungsten Company in 1952. In September 1952 McRae Tungsten completed 500 feet of diamond drilling. Late in September 1952 a DMEA Contract was signed to do drilling, road work, and underground development. A road was constructed to the outcrop in October 1952 and additional diamond drill sites were excavated. In October of 1953 a limited underground project was started and completed in May of 1954. In August of 1955 some 1005 feet of additional diamond drilling was completed. The diamond drilling and underground work is outlined on the two maps enclosed with this report.

Geology

The ore outcrop occurs in a sheared zone from 15 to 30 feet wide. The wall rock is composed of blocks of silicified schist cut by granite and pegmatites. Numerous rhyolite and large latite and dacite dikes cut the country rock with a general north and south strike and a westerly dip.

The strike of the ore zone is due north and the dip is slightly west. There is generally a heavy gouge 1 to 3 feet thick on the east wall (footwall). From the gouge westward for 6 to 15 feet is the zone containing the best ore. The better ore

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occurs in silicified bands from 6 inches to 24 inches wide. Between the silicified bands is a dark schistose rock containing some brecciated quartz which contains lower tungsten values. The valuable tungsten mineral is huebnerite. Very little scheelite is contained.

Development

There are 9 surface cuts across the outcrop zone exposing the ore for a length of 200 feet.

There are 5 older McRae drill holes that explored the zone for about 50 feet in depth and 160 feet long.

There are 5 recent DMEA drill holes that explored additional length and depth to 150 feet. These are illustrated both plan and section on the enclosed maps.

The underground work consisted of a 120 foot cross cut to the ore and then a drift southward on the vein with about 50 feet of cross cuts at the south end of the drift. The underground work explored at an average depth of 65 feet below the outcrop.

Ore Development

The surface cuts indicated an outcrop averaging 200 feet long, 9.4 feet wide averaging 0.77% WO_3.

The preliminary diamond drilling indicated a body equally as wide and somewhat higher grade. The distribution of ore in the holes was more erratic than the surface would indicate.

The underground work confirmed the fact that the ore was mostly confined to narrow silicified bands from 6 inches to 24 inches wide that would run from 2.5 to 10% WO_3.

The deeper drilling as indicated by holes P - 2 and P - 3 indicate a zone 6 to 10 feet wide that will average in excess of 1% WO_3.

While it is very difficult to arrive at an average grade for the developed block I feel confident that a width of 6 feet can be mined and made to average above 1% WO_3.

Based on sections on Map No. 2 there would appear to be a developed ore shoot 200 feet long, 6 feet wide and extending at least 150 feet deep that will acerage in excess of 1% WO_3. This block would represent 15,000 tons containing at least 15,000 units of WO_3.

General

This type of occurrence is very hard to evaluate and it will only be after mining a representative section that real tonnage and grade figures con be arrived at.

Robert J. McRae

Robert J. McRae

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
1208 N. Division St.
Spokane 2, Washington
December 9, 1955

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DEC 15 1955

Mr. Robert J. McRae, President
McRae Tungsten Corporation
1704 Gourley Street
Boise, Idaho

Re: Docket No. DMEA-2654 (tungsten)
Red Bluff Property
Valley County, Idaho
Contract No. Idm-8406

Dear Mr. McRae:

This will acknowledge your December 6 letter concerning disposition of equipment and your August voucher.

We are sorry that we failed to acknowledge receipt of your August voucher as soon as it was received.

No doubt you will submit another voucher for assaying and costs attendant to winding up the project. If you can dispose of the jointly-owned equipment and submit your final voucher this December, we can audit your account the first part of January 1956. Will you please let us know where your books are kept so that we can inform the auditor?

Regarding partial payment on your August voucher, it is standard procedure to withhold from the last voucher or vouchers 10 percent of the maximum total amount which the Government might have been called upon to pay under the terms of the contract, in this case $4,035.00. (See Article 8a of the contract.) We are therefore releasing for payment the difference between $4,361.30 (which is 75 percent of $5,815.07, the amount of your August voucher) and $4,035.00, or $326.30.

By Field Team, Region I, NW District

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

Thomas E. Howard, Acting Member
U. S. Bureau of Mines

cc: DMEA (2)
USGS (2)
USBM (AD)
Turner

PHONE 3-8300

McRAE TUNGSTEN CORPORATION
A MISSOURI CORPORATION
~~P. O. BOX 271~~
BOISE, IDAHO
1704 Gourley St.

SPOKANE

Dec. 6, 1955

Mr. A. E. Weissenborn, Executive Officer
U. S. Geological Survey
Defense Minerals Exploration Administration
1201 N. Division St.
Spokane 2, Washington

RECEIVED
DEC 15 1955

Re; Docket No. DMEA -2654
Red Bluff Claims
Valley County, Idaho
Contract No. Idm- E406

Dear Mr. Weissenborn:

This will confirm the general substance of our telephone call of this morning.

On September 14 I mailed drill logs, maps, progress report, vouchers, and invoices covering the dilling of 5 holes totaling 1004 feet. The invoices totaled $5815.07. I also mentioned in the Progress Report that there would be some charges later when the core could be split for assaying. As I mentioned I have had no word or acknowledgment of this material .

This will acknowledge receipt of your letter of Nov. 30 relating to a Final Report and Disposition of Property. I also have noted the attached list and value of the joint property to be disposed of.

The cores that appeared to have value have been sent in for assay. The results should be available in about 10 days and at that time a Final Report can be worked up and also final charges for assaying and Engineering submitted under the contract.

I will take immediate steps to obtain bids on the two pieces of mining equipment. In anticipation of this I had the compressor moved to Boise last month so that bids could be obtained on it to better advantage. The charge for moving it out was $35.00.

It will be next to impossible to get any outside bids on the buildings as they are of no value to any one else. McRae Tungsten will submit an offer on them.

When these matters are completed I would like to follow through with a final audit as I would like to clear this entire contract up as soon as possible. In the meantime I would appreciate any partial settlement that can be made on the submitted invoice for $5815.07.

Yours truly,

Bob McRae

Robert J. McRae

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

1201 N. Division St.
Spokane 2, Washington
November 30, 1955

Mr. Robert J. McRae, President
McRae Tungsten Corporation
1704 Gourley Street
Boise, Idaho

Re: Docket No. DMEA-2654 (tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. McRae:

Since the contract work under the referenced docket has been completed we wish to call your attention to Article 7 (b), "Final report," and Article 11, "Title to and disposition of property," of the contract form.

We are attaching for your convenience a list showing costs of property which must be disposed of under Article 11 and in which the Government has a 75 percent equity.

As we would like to proceed with the closing out of this contract, your attention to this matter will be greatly appreciated.

By Field Team, Region I, NW District

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

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

cc: DMEA (2)
USGS (2)
USBM (AD)
Turner

McRae Tungsten Corporation

Contract No. Idm-E406
Docket No. DMEA-2654

Equipment, etc. Purchased

1	Ingersoll-Rand portable compressor (used), Model GK 105, Serial No. 406-31445	$2,000.00
1	Ingersoll-Rand jackhammer and jackleg (used), Serial Nos. 673946 and LI3081	360.00
	Pipe and accessories	126.41
	Prefab house (shop building)	200.00
	Compressor house	913.13
	Total	$3,599.54
	Government equity - 75% or	$2,699.66

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

September 29, 1955

Memorandum

To: Miss Curtin, Statistics and Control Division

From: Hazel Berry, Operating Committee By E S-7

Subject: Amendments to Contracts

Attached are the following docket copies of amendments to contracts which have been reviewed and approved by the Commodity Divisions, Contract Administration and Audit Division, and the Legal Division. The official dockets are also attached.

McRae Tungsten Corp., DMEA-2654, Idm-E406, Amendment No. 4.

Galtie Boy Mines, Inc., DMEA-3068, Idm-E620, Amendment No. 5.

American Machine & Metals, Inc., DMEA-3076, Idm-E591, Amendment No. 3.

Attachments - 3

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

RECEIVED
JUL 13 1955

July 12, 1955

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

Re: Docket No. DMEA-2654 (tungsten)
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Selfridge:

Attached are the Government, Docket, and Division copies of Amendment No. 4 to the above-captioned contract with attached justification and map showing proposed diamond drill holes.

Distribution of this amendment has been made.

Sincerely yours,

Verne C. Fryklund

Verne C. Fryklund, Jr.
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I
Northwest District

Attachments

cc: Finance Office
USBM(2)
Kellum

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
June 30, 1955

RECEIVED
JUL - 6 1955

Mr. Robert J. McRae, President
McRae Tungsten Corporation
1704 Gourley Street
Boise, Idaho

Re: Docket No. DMEA 2654 (tungsten)
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. McRae:

Enclosed are 7 copies of Amendment No. 4 which provides for the transfer of unused diamond drilling footages from Stage I and II to Stage IV of the contract work.

If the terms and conditions of the enclosed amendment meet with your approval, please sign all copies, retain the one marked for the Operator, and return the remaining copies to this office.

Sincerely yours,

Wing G. Agnew
Acting Executive Officer
DMEA Field Team, Region I, NW District

Enclosure

cc: DMEA (2)
USGS (2)
USBM (AD)

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

April 13, 1955

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

Re: Docket No. DMEA-2654 (tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Selfridge:

Attached are the Government, Docket, and Division copies of Amendment No. 3, with new Owner's Consent to Lien, to the cited contract.

Distribution of this amendment has been made in the usual manner.

Sincerely yours,

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

Attachments

cc: Finance Office
USBM (2)
Puffett

No. 157 Howard Street
Spokane 4, Washington

April 11, 1955

Mr. Robert J. McRae, President
McRae Tungsten Corporation
1704 Courtney
Boise, Idaho

Re: Docket No. DMEA-2654 (tungsten)
Red Bluff Claims
Valley County, Idaho
Contract No. Ida-3406

Dear Mr. McRae:

I have discussed the possibility of your meeting with Mr. Weissenborn and Mr. Nicholson when they visit the Ima mine, to confer regarding the exploration to be done at the Red Bluff claims this summer. Both Mr. Weissenborn and Mr. Nicholson agree that if it can be arranged, it will be a satisfactory method with them.

At the present time, no exact date has been set for the trip to the Ima mine. Mr. Nicholson informed me today that it will be sometime during the last week in April, depending on whether Mr. Bradley will be there.

Consequently, if you'd prefer that this conference regarding the Red Bluff exploration be held at the Ima mine, I'll let you know by telegram when they plan to be there, and you can arrange your schedule accordingly. Otherwise, it will probably be necessary for you to come to Spokane.

Yours very truly,

Willard P. Puffett
Geologist

P.S. Since writing the above, we received your letter of April 8, 1955, with the Owner's Consent to Lien signed by Wilbur Wiler, which we will forward to Washington.

cc: DMEA (2)
USBM (2)
Puffett
Nicholson

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

March 10, 1955

Mr. Robert J. McRae, President
McRae Tungsten Corporation
1704 Gourley
Boise, Idaho

Re: Docket No. DMEA-2654 (tungsten)
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-5406

Dear Mr. McRae:

We are in receipt of your letter of February 23, 1955, returning Amendment No. 3 signed by you, but without the Owner's Consent to Lien.

Because the amendment, to be effective, is subject to the attachment of the Owner's Consent to Lien, we cannot complete the transaction until we do receive the form. Therefore, we are holding the amendment in this office until we do receive it. We hope that the Owner's Consent to Lien can be returned to us shortly.

We will be glad to meet with you to discuss a diamond drilling program at the Red Bluff. Please let us know a few days in advance so that our field men will be on hand.

Very truly yours,

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

cc: DMEA (2) w/cys incoming
USBM (2)
Puffett

XXXXXXXXXXXXXXXXX
So. 157 Howard Street
Spokane 4, Washington

January 24, 1955

Mr. Robert J. McRae, President
McRae Tungsten Corporation
1704 Gourley
Boise, Idaho

Re: Docket No. DMEA-2654 (tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-2406

Dear Mr. McRae:

Enclosed are the original and five copies of Amendment No. 3 to your DMEA contract at the Red Bluff property. Enclosed with this amendment are seven copies of new Owner's Consent to Lien forms.

By the terms of this amendment, contract work is to be suspended during the period beginning May 1, 1954, and ending not later than July 15, 1955. If work is not resumed by July 15, 1955, the contract is automatically cancelled as of May 1, 1954.

Annex II of this amendment increases the royalty repay period from 10 to 12 years. Because of this increase in time for the royalty repay period, it is necessary that new Owner's Consent to Lien forms be signed by the owner of the Red Bluff claims.

If the terms of the amendment are satisfactory to you, after you have had the Owner's Consent to Lien forms signed, please sign all copies, retain those copies marked Operator's Copy, and return the rest to this office.

According to your letter to us of November 4, 1954, you desire to hold a conference with us to outline the diamond drilling you plan on doing when contract work is resumed. We would appreciate your contacting us at the earliest possible date, after signing the enclosed amendment, to arrange for this conference.

By Field Team, Region I
Northwest District

Enclosure

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

cc: DMEA (2)
USBM (2)
USBM (AD)
Puffett

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

DOCKET
400 SURNAME
Rutledge
Talbutt
Martin
Newcomb
Geehan
Selfridge
Hedges

JAN 11 1955

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

Re: Docket No. DMEA 2654 - Tungsten
McRae Tungsten Corporation
Red Bluff claims
Valley County, Idaho
Contract No. Idm-2406

Dear Mr. Weissenborn:

Enclosed are the original and five copies of a proposed amendment, Amendment No. 3, to the above-referenced contract signed by the Administrator for the Government, together with Annex II (3 pages).

If the terms and conditions of this proposed amendment are satisfactory to you and the Operator, all six copies should be signed and the usual distribution made, subject to the attachment of new Owner's Consent to Lien.

If any part of this proposed amendment does not have either your approval or that of the Operator and cannot be amended within your delegated authority, the original and all copies of the proposed amendment are to be returned to this office, together with the proposed changes for consideration.

Please note that the amendment while authorizing suspension of the exploration during the period beginning May 1, 1954, and ending not later than July 15, 1955, also automatically cancels the subject contract as of May 1, 1954, if the work is not resumed before termination of the suspension period. In addition, Annex II increases the royalty repay period to twelve years.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Enclosures

APPROVED:

J. H. Hedges
Member, Bureau of Mines (JHH)

Thor H. Kiilsgaard
Member, Geological Survey (THK)

FARutledge:foc
1-6-55
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. II
R. W. Geehan, USBM
Thor H. Kiilsgaard, USGS

R.C.H.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 10 1955

January 5, 1955

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

Re: Docket No. DMEA-2654 (tungsten)
McRae Tungsten Corporation
Red Bluff claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Selfridge:

With reference to your letter of December 28, 1954, I have no excuses to offer for our failure to send in Mr. McRae's letter sooner and can only say that it is obvious we slipped on this one. I sincerely regret the delay and the extra work that it caused the Legal Division.

We will be glad to receive the amendment extending the time for completion of the Red Bluff project.

Sincerely yours,

A. E. Weissenborn

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

cc: USBM(2)
Puffett

Rubin

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

JAN - 4 1955

Memorandum

To: The Administrator, DMEA
Attention: W. S. Martin

From: Acting Assistant Solicitor, Defense Minerals

Subject: McRae Tungsten Corporation, Red Bluff claims, Valley County, Idaho, Docket No. DMEA-2654 (Tungsten) Contract No. Idm-2406

As requested in Mr. Martin's memorandum dated December 27 the attached Amendment No. 3 (suspension agreement) has been drafted.

The OCL attached to the Contract is on an old form, and as the latest royalty annex is added to the Contract by this amendment a new OCL is required on the attached form prior to execution of the Amendment.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

HCRubin:gjb
1/3/55
Copy to: Solicitor's Docket
DMEA Docket
W. S. Martin
J. L. Hofflund
H. C. Rubin
Chron. File

DOCKET
SURNAME

400

Rutledge
Martin
Selfridge
Johnson
Whitehead

DEC 28 1954

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

Re: Docket No. DMEA 2654 - Tungsten
McRae Tungsten Corporation
Red Bluff claims
Valley County, Idaho
Contract No. Idm-4406

Dear Mr. Weissenborn:

Reference is made to the subject docket.

On November 1, 1954, we received your letter of October 26 recommending that the above-referenced contract be terminated. On November 23, 1954, we sent you a mutual termination agreement prepared by the Acting Assistant Solicitor on the basis of our rough draft sent to him on November 5.

On December 16, 1954, we received your letter of December 13 transmitting Mr. McRae's letter of November 4 which requested a recess of the exploration project instead of a termination. Prompt submission of Mr. McRae's request might have saved some of the time lost by our legal division in preparing the unnecessary termination agreement.

An amendment is in preparation authorizing recess of the subject project and extending the time for completion of the exploration work.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

APPROVED:

C. H. JOHNSON

Member, Bureau of Mines (CHJ)

Thor H. Kiilsgaard

Member, Geological Survey (THK)

FARUTLEDGE:foc
12-23-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. II
R. W. Geehan, USBM
Thor H. Kiilsgaard, USGS

R.C.G.

DOCKET
Surname:
Martin

December 27, 1954

MEMORANDUM

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Iron and Ferro-Alloys Division, DMEA

Subject: Preparation of Suspension-Termination Agreement
Docket No. DMEA 2654 - Tungsten
McRae Tungsten Corporation
Red Bluff claims
Valley County, Idaho
Contract No. Idm-E406

INTERIOR DEPT.
DEC 28 1954
SOLICITOR

Transmitted herewith is the rough draft of a Suspension-Termination Agreement for your use in preparing the final draft.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

Attachment

cc: Docket
Adm. Read. File
Code 400

FARutledge/ls
12/27/54

INTERIOR DEPT.
DEC 28 1954
SOLICITOR

SUSPENSION-TERMINATION AGREEMENT
McRae Tungsten Corporation
Docket No. DMEA 2654

It is agreed this _____ day of January, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and the McRae Tungsten Corporation, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E406, Docket No. DMEA 2654, dated September 25, 1952, hereinafter called the "Contract," that:

1. (a) Work under the contract shall be suspended during the period beginning May 1, 1954, and ending not later than July 15, 1955.

   (b) No costs incurred by the operator during the period of suspension shall be allowable for contribution by the Government, and the Government shall not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of the work.

   (c) The Operator at his own cost and expense, without contribution by the Government, during the period of suspension, shall preserve and protect the project work and any property in which the Government has an interest.

2. The time fixed for the completion of the work is extended to September 25, 1955.

3. The maximum period for royalty payments and lien for the payment thereof, provided for in the contract is increased to eleven (11) years.

4. It is of the essence of this contract that the work be resumed before the termination of the period here fixed for suspension; and if it is not so resumed in the manner required by the contract, the following provisions shall thereupon become effective:

(a) Effective July 15, 1955, the contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

(b) The Government shall contribute only to the allowable costs incurred prior to said effective date in accordance with the contract.

(c) Any work or operations prosecuted or costs incurred by the operator beginning with said effective date shall be for the sole account of the operator without contribution by the Government except for the allowable costs incurred in performing winding-up and settlement actions provided for in the contract, including (1) the preservation and disposal of property to the cost of which the Government has contributed, and (2) the making and rendering of reports and accounts.

(d) The operator shall promptly perform all winding-up and settlement actions provided for in the contract, including (1) the disposal of any facilities, building, fixtures, equipment, or other items to the cost of which the Government has contributed; and (2) the rendering of the final report and final account.

(e) 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.

(f) 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 Suspension-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 _____
Administrator, Defense Minerals Exploration Administration

McRae Tungsten Corporation

By _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

December 13, 1954

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

Re: Docket No. DMEA-2654 (tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Selfridge:

We have received from your office a termination agreement whereby the above-captioned contract is to be terminated.

In our letter to you of October 26, 1954, we suggested the contract be terminated as we had received no word from the operator concerning his plans for continuing with the contract work. Since we wrote you on that date we have received a letter from Mr. Robert J. McRae, president of the McRae Tungsten Corporation, wherein he states that he is driving raises on his own account and desires to complete the diamond drilling as stipulated in Stage IV of the contract. We are enclosing copies of Mr. McRae's letter of November 4, 1954.

On the basis of Mr. McRae's letter we believe the contract should not be terminated at this time, but rather an extension of time be granted the operator so that he can diamond drill for deeper extensions of his tungsten deposit next summer. The 2-year period expired on September 25, 1954. Consequently, if the contract time is to be extended it will be necessary that an amendment be prepared covering this extension.

Mr. McRae has not outlined any definite program for diamond drilling other than stating that he wants to explore the ore zone 200 feet below the outcrop. He states that he would like to discuss a proposed program for this drilling at a later date.

Therefore, we recommend that, instead of terminating the contract at this time, the contract time be extended until September 25, 1955. If this is done, it will be necessary to recess the contract until July 1, 1955.

We will retain the copies of the termination agreement until we receive word of your decision regarding the above recommendation.

By Field Team, Region II

A. E. Weissenborn

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

Wing G. Agnew

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

Enclosure

cc: USBM (2)
Puffett

XXXXXXXXXXXXXXXXX
So. 157 Howard Street
Spokane 4, Washington

December 13, 1954

Mr. Robert J. McRae, President
McRae Tungsten Corporation
1704 Courtley
Boise, Idaho

Re: Docket No. DMEA-2654 (tungsten)
McRae Tungsten Corporation
Red Bluff claims
Valley County, Idaho
Contract No. Idm-2406

Dear Mr. McRae:

We have your letter of November 4, 1954, wherein you request that the contract time be extended to permit you to diamond drill the ore zone at the Red Bluff claims some 200 feet below the outcrop.

As you know, the 2-year period for the contract expired on September 25, 1954; therefore, it is necessary that we obtain permission from our Washington office to extend the contract beyond the 2-year limit.

We will inform you of our Washington office's decision as to whether or not the contract time can be extended. If it is approved, we will contact you to arrange a conference at which time the proposed diamond drilling can be planned.

Very truly yours,

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

cc: DMEA (2)
USBM (2)
Puffett

McRAE TUNGSTEN CORPORATION
STIBNITE, IDAHO

Nov. 4, 1954

Mr. A. E. Weissenborn, Executive Officer DMEA
1201 N Division St.
Spokane 2, Washington

Dear Mr. Weissenborn:

Thank you for your letter of Sept. 24 re raises on the Red Bluff property. I appreciate your view point and we are proceeding with the raising on our own.

As I stated we do not feel ready to drill below the level until we have explored fully to the surface. This exploration should be completed shortly. In addition we are negotiating to increase our working capital considerably in the next few months.

In view of the above I would like to keep the contract alive and lay out a drilling program to fully explore 200 feet below the outcrop. Since the drilling cannot be done until July 1, 1955, I would appreciate you taking the necessary steps to keep it active. A little later I would like to discuss with you a proposed drilling program so we can set up funds for it.

Yours truly,

ROBERT J. McRAE /s/

Robert J. McRae
1704 Gourley
Boise, Idaho

C O P Y

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

November 30, 1954

WSM

2654

The Salt Lake Tungsten Company
2160 Indiana Avenue
Salt Lake City, Utah

Gentlemen:

This will acknowledge receipt of Check No. 1881 in the amount of $208.34 dated November 22, 1954, made payable to Mr. A. E. "Weissenborn", which represented DMEA royalty due on a shipment from McNee Tungsten Corporation.

This is to inform you that in the future all checks are to be made payable to "Defense Minerals Exploration Administration" and should be mailed to Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region II, South 157 Howard Street, Spokane 4, Washington.

Enclosed is a copy of a memorandum from the Executive Officer regarding the remittance of checks on royalty repayments.

Sincerely yours,

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

Enclosure

cc: McNee Tungsten Corporation
Stibnite, Idaho

DMEA (2)
USBM (2)
USBM(AD)

400

DOCKET
Surname:

Rutledge
Talbert
Newcomb
Mc Lynn
Selfridge
Ryan
Mitchendry

NOV 23 1954

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

Re: Docket No. DMEA 2654-Tungsten
McRae Tungsten Corporation
Red Bluff claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Weissenborn:

Enclosed are the original and five copies of a proposed termination agreement under the subject contract.

If the terms and conditions of this proposed termination agreement are satisfactory to you and the operator, all six copies should be signed and the usual distribution made.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

Enclosures

APPROVED:

J. H. Hedges

Member, Bureau of Mines (JHB)

Thor H. Kiilsgaard

Member, Geological Survey (JHB)

cc: Docket
Code 400
FT, Reg. 2
Oper. Comm.
Adm.Read. File
R. W. Geehan, USBM
Thor Kiilsgaard, USGS

FARutledge/ls
11-22-54

R.C.G.

Docket
Rutledge

November 19, 1954

MEMORANDUM

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Mutual termination of contract
Docket No. DMEA 2654 - Tungsten
McRae Tungsten Corporation
Red Bluff claims
Valley County, Idaho
Contract No. Idm-E406

The Executive Officer, DMEA Field Team, Region II, has requested the preparation of a termination agreement under the subject contract.

The first three stages of the contract have been completed and a substantial quantity of tungsten ore has been discovered. A certification of discovery or development is indicated. The uncompleted work authorized by Stage IV consisted of two parts as follow: (a) 500 feet of diamond drilling, and (b) 100 feet of raising. Raises were to be driven only if the assay grades on the surface did not extend uniformly to the drift level and the raises were deemed necessary by the Government to explore the ore zone.

The operator is unwilling to complete the drilling under Stage IV of the contract until raises are driven to ascertain the continuity of the ore between the drift level and the surface. However, the Field Team contends that sufficient information has already been obtained from surface trenches, diamond drill holes, and the underground exploration on the drift level for the purpose of the exploration program.

A resume of the project follows:

1. Contract executed September 25, 1952.

2. Operator - McRae Tungsten Corporation

3. Lessee.

4. Total estimated cost - $53,800.00.

R.C.S.

5. Work authorized:

Stage I

1. Construct one mile access road
2. Prepare six diamond drill sites
3. Drill two drill holes totaling approximately 240 feet.

Stage II

1. Diamond drill four holes totaling approximately 780 feet.

Stage III

1. Drive a 250-foot crosscut adit southwestward at an altitude of approximately 8,000 feet.
2. Drive 250 feet of drift from the crosscut adit.
3. Drive two crosscuts not to exceed aggregate length of 40 feet.

Stage IV

1. Diamond drill 500 feet of AX size hole.
2. Drive 100 feet of raises.

6. The underground work under Stage III above was twice amended. Work finally authorized follows:

1. Drive 125-foot crosscut adit southwestward at altitude of approximately 8,030 feet.
2. Drive 150-foot drift to the south from the crosscut adit.
3. Drive a total of 40 feet of crosscutting from the South drift.
4. Crosscut west from the South drift not to exceed 40 feet.
5. Drift on the western parallel vein from the western crosscut not to exceed 60 feet.

7. The following work was completed.

Stage I

1. One mile access road.
2. Six diamond drill sites.

Stage II

None. Drilling by Operator at no cost to Government.

Stage III

1. 125-foot crosscut adit
2. 118-foot drift on main vein
3. 33-foot west crosscut
4. 20-foot east crosscut

8. Total funds expended to date - $19,048.07 (subject to audit).

F. A. Rutledge, Acting Chief
Iron and Ferro-Alloys Division

cc: DOCKET
Code 400
ADM. READ. FILE

FARutledge/ls
11-19-54

400

DOCKET
Surname:
Rutledge
Martin

November 5, 1954

MEMORANDUM

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Iron and Ferro-Alloys Division, DMEA

Subject: Preparation of Mutual Termination Agreement
Docket No. DMEA 2654 - Tungsten
McRae Tungsten Corporation
Red Bluff claims
Valley County, Idaho
Contract No. Idm-E406

INTERIOR DEPT.
NOV 8 - 1954
SOLICITOR

Transmitted herewith is the rough draft of a Termination Agreement for your use in preparing the final draft.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

Attachment

cc: DOCKET
CODE 400
ADM. READ. FILE

FARutledge/ls
11-5-54

TERMINATION AGREEMENT

It is agreed this _____ 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 McRae Tungsten Corporation, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E406, Docket No. DMEA 2654, dated September 25, 1954, hereinafter called the "Contract," that:

1. Effective November 15, 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 to allowable costs incurred prior to said effective date in accordance with the contract; and shall contribute to allowable costs incurred or to be incurred beginning with said effective date in performing winding-up and settlement actions provided for in the contract, including (a) the preservation and disposal of property to the cost of which the Government has contributed, and (b) the making and rendering of reports and accounts.

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 (a) the disposal of any facilities, buildings, fixtures, equipment, or other items to the cost of which the Government has contributed; and (b) 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 _____

Administrator, Defense Minerals Exploration Administration

McRAE TUNGSTEN CORPORATION

By _____

_____

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 1 - 1954

October 26, 1954

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

Re: Docket No. DMEA-2654 (tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Selfridge:

We have delayed answering your letter of September 29, 1954, concerning the subject docket as we have been attempting to determine if the Operator is desirous of continuing work under terms of the contract.

In a letter to the Field Team, dated August 9, 1954, Mr. McRae, president of the McRae Tungsten Corporation, requested authorization to drive two raises from the adit level to the surface on the Red Bluff property. After analysis of the presently available geologic information, we informed Mr. McRae in a letter dated September 1, 1954, that the driving of the raises would be more in the nature of development than exploration, and thus we could not recommend that this work be done as part of the contract.

In a letter dated September 15, 1954, Mr. McRae stated that he could not allocate funds for diamond drilling below the adit level unless he could obtain authorization for the raising.

On September 29, 1954, we wrote Mr. McRae, suggesting that, as we could not permit the raises as exploration, and as he was not willing to proceed with the diamond drilling as per Stages II and IV of the project, the contract should be terminated by mutual agreement. To date we have received no answer from Mr. McRae.

The date for the completion of the exploration is September 25, 1954. Our field men were in Big Creek, Idaho, on Saturday, October 2, 1954, where they contacted Mr. McRae's brother-in-law who is employed at the McRae property. He stated that in all probability, the camp would be abandoned for the winter within the next two weeks, unless some additional underground work were to be planned at the Red Bluff property for this winter. Mr. McRae had not intimated to him that any further work was to be done.

As we have not been able to obtain any satisfactory assurance from Mr. McRae that he plans on continuing with the exploration project, we do not believe that the contract time should be extended. Rather, we would prefer to terminate the contract, by mutual agreement with the Operator if possible, and recommend that a Certification of Discovery and Development be issued for the work which has been completed.

We would appreciate obtaining your opinion concerning the status of this contract.

By Field Team, Region II

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

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

cc: USBM (2)
USBM(AD)
Puffett

400

DOCKET
SURNAME
Rutledge
Martin
Selfridge
Johnson

SEP 29 1954

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

Re: Docket No. DMEA 2654 - Tungsten
McRae Tungsten Corporation
Red Bluff claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Weissenborn:

Reference is made to your letter of September 1, 1954, to the Operator approving 500 feet of diamond drilling under Stage IV and 250 feet of drilling from Stage II of the subject contract.

Since the date for completion of the exploration under the contract is September 25, 1954, a request should be submitted for an amendment extending the period for completion of the work if more time is required.

Sincerely yours,

George C. Selfridge (by EST)
Chairman, Operating Committee

APPROVED:

J. H. Hedges
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

FARutledge:foc
9-28-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. II
R. W. Geehan, USBM
Thor H. Kiilsgaard, USGS

R.G.

Energy Administration
RECEIVED
OCT 4 1954

XXXXXXXXXXXXXXXX
1201 N. Division Street
Spokane 2, Washington
September 24, 1954

Mr. Robert J. McRae
Stibnite
Idaho

Re: Docket No. DMEA 2654 (tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. McRae:

This will acknowledge receipt of your letter of September 10, 1954, reiterating your request for raises at the Red Bluff mine.

As previously stated in our letter of September 1, 1954, we have serious doubts that raising could be considered as exploration in view of the apparent continuity of tungsten mineralization between the surface and the drift some 55 to 65 feet lower in elevation. The Field Team, however, was willing to authorize additional diamond drilling to explore the downward projection of the vein zone some 100 to 150 feet below the drift level. As justification for raising, your letter states that "unless raises are run to determine whether there is any discovery of minable ore between the level and the surface I could not allocate funds for drilling below the level."

A section through DDH No. 2, which would practically bisect your proposed No. 1 raise, shows on the surface (elev. 8,090 feet) a mineralized zone approximately 20 feet wide. The best surface sample here assayed 1.26 percent WO_3 over 6½ feet with 10 feet of the zone being low grade. DDH No. 2 intersected two ore zones. The first zone (elev. 8,063 feet) showed 2 feet of 0.36 percent WO_3 and 2½ feet of 5.21 percent WO_3. The second zone (elev. 8,090 feet) showed 3½ feet of 1.85 percent WO_3, 6½ feet of 0.70 percent WO_3 and 4 feet of 0.34 percent WO_3. The drift (elev. 8,032 feet) cuts these same two ore zones, showing 0.66 percent WO_3 over 3 feet and 2.47 percent WO_3 over 6 feet. Here, in a vertical range of about 58 feet, the ore zone is exposed in three places with perfect correlation.

A section through DDH No. 1, very near your proposed Raise No. 2, shows a 12-foot wide vein zone on the surface (elev. 8,104 feet) assaying 1.48 percent WO_3 over 6 feet and 0.28 percent WO_3 over the other 6 feet. DDH No. 1 intersects an ore zone (elev. 8,072 feet) showing 1.15 percent WO_3 over 4 feet and 2.44 percent WO_3 over 5 feet. The drift (elev. 8,032 feet) at this point shows 5 feet of 0.79 percent WO_3 and 2½ feet of 0.29 percent WO_3 in a 10-foot quartzitic vein carrying some huebnerite. Thus, here also, the vein shows excellent tungsten mineralization at three points in a vertical distance of 72 feet. While it is true that the ore showings cannot be correlated in that they cannot be joined by a straight line, work already completed has shown that the distribution of ore lenses in the ore zone is erratic and we doubt that the driving of Raise No. 2 would add any new information.

It is generally recognized that erratic tungsten mineralization is typical of many tungsten veins, which admittedly makes it somewhat difficult to determine where "exploration" ends and "development" begins. We do feel that diamond drilling to find more ore lenses or to expand the ore-bearing zone would clearly be exploration; whereas, raising to follow an individual ore shoot would more properly be classed as development, and therefore should not be participated in by DMEA. We also believe that the results of the DMEA work done to date are quite encouraging and amply justify this development.

We are sorry that we cannot agree with you on the propriety of DMEA participation in the raising, but we reiterate our willingness to participate in the diamond drilling outlined in our previous letter. However, if you, as you previously have stated, are unwilling to undertake the drilling without first raising, we suggest that termination of the contract by mutual agreement is the only solution. If this is your wish please let us know at once and we will request the necessary authorization from our Washington office.

By Field Team, Region II

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

cc: DMEA (2) w/encls. & 2 cys incoming ltr ✓
USGS (2) w/encls.
Certifying Officer

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

SWZ/TEH/AEW/fw

~~Enclosures~~

RECEIVED
OCT - 4 1954

COPY

ROBERT J. McRAE
MINING ENGINEER
STIBNITE, IDAHO

RECEIVED
AIR MAIL
SEP 15 1954
U.S.G.S.
SPOKANE, WASH.

September 10, 1954

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

Dear Mr. Weissenborn:

I have your letter of September 1 re drilling and raising on the Red Bluff property. Unless raises are run to determine whether there is any discovery of minable ore between the level and the surface I could not allocate funds for drilling below the level. At present we are doubtful as to the continuity of the level showings. We started a raise about 12 feet north of Proposed No. 1 raise last spring on our own. It started on ore but is barren at 10 feet above the level. No mill ore could be salvaged from it even though the back of the level drift to the north assayed 2.3 percent WO_3. In addition we sunk 10 feet at the intersection of the crosscut and the vein. In the winze we had only 10 inches of ore and it was most difficult to salvage any mill ore. In the south the ore on the level and the surface does not correspond with the ore in No. 1 drill hole. Faced with these uncertain ore possibilities we moved to the Snowbird in May at great expense to ourselves.

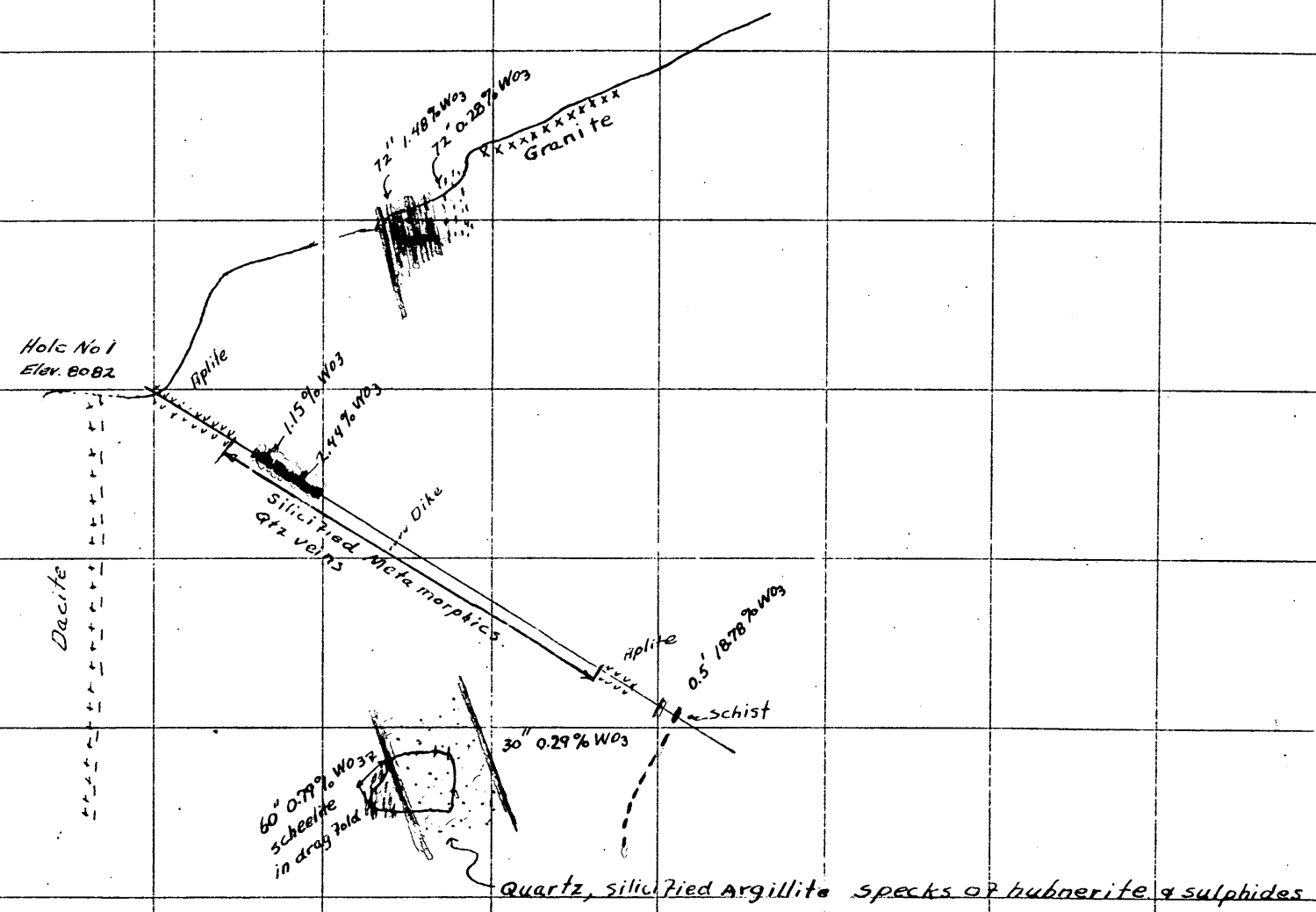
I am sure Mr. Puffitt will concur with my thoughts that the Red Bluff project is of doubtful economic value unless continuity can be proven to the ore lenses. All work so far indicates they are erratic. It was with this in mind that I proposed that we prove by raising between the level and the surface before drilling below the level.

If this is to be done I will have to have confirmation by October 1 as no other work will be in progress on our properties this winter and all supplies would have to be moved in for such work before October 10.

Yours truly,

/s/ Robert J. McRae

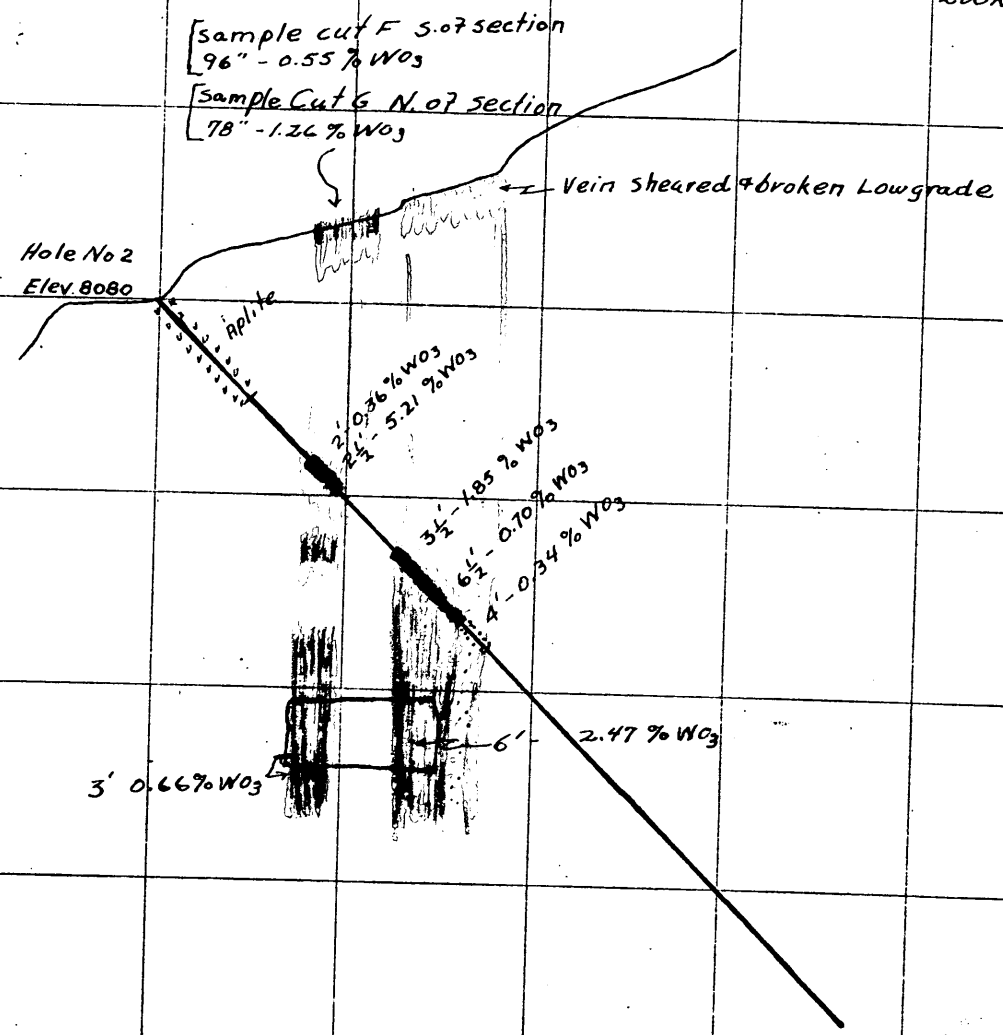
Mc Rae Tungsten Corp.
Red Bluff Mine
Valley Co. Idaho
1" = 20'
Section Thru DDH No 1
Looking, South

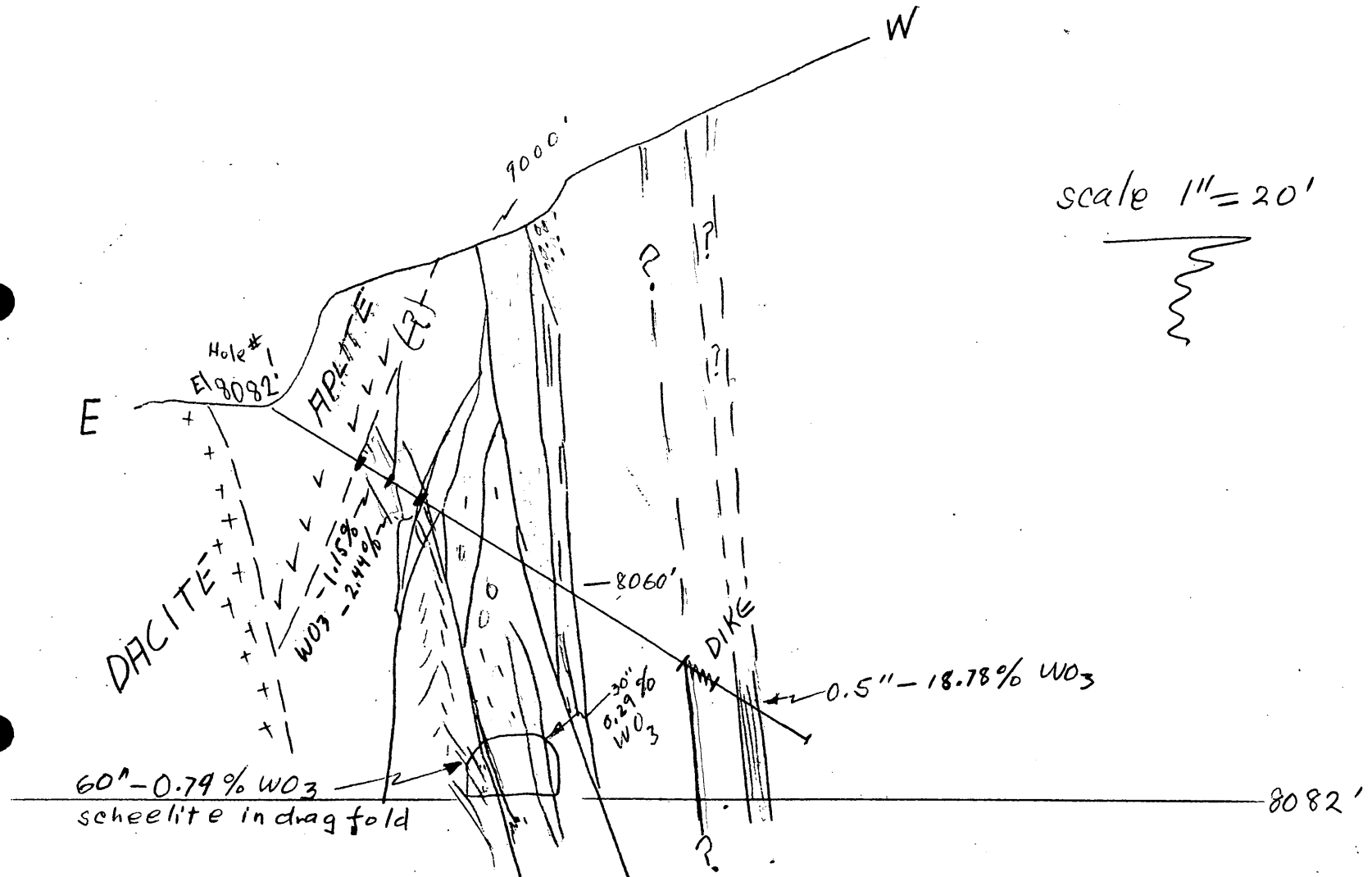


"ALBANENE" REG. U.S. PAT. OFF. No. 195M K&E CO., N.Y.

McRae Tungsten Corp
Red Blue Mine
Valley Co. Idaho
1" = 20'

Section Through D.D.H. No 2
Looking South.





SECTION THRU DDH No 1 - Looking South.

Mc Rae Tungsten Corp. - Red Bluff Mine - Valley County, Idaho

XXXXXXXXXXXXXXXXX

So. 157 Howard Street
Spokane 4, Washington

September 1, 1954

Mr. Robert McRae
McRae Tungsten Corporation
Stibnite, Idaho

Re: Docket No. DMEA-2654 (tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. McRae:

In reply to your request dated August 9, 1954, and your letter dated August 21, 1954, the Field Team approves 500 feet of diamond drilling under Stage IV and allows 250 feet of drilling from Stage II of the contract. No amendment will be necessary as this work is covered in the contract.

We suggest that drilling consist of 3 holes, each approximately 250 feet long, to be drilled in a westerly direction so as to intersect the vein 100 to 150 feet below the drift level. These holes should be located approximately 150 feet east of the vein in the drift so their angle of inclination will not be greater than minus 45 degrees. We suggest one of the holes be located 60 to 70 feet in a southerly direction from the portal of the crosscut so as to intersect the south raking ore shoot found in the crosscut. The size of the holes should conform to the contract specification.

With respect to raising, we do not feel that Raise No. 1 can be justified. Assays at the surface in the drift, and in the drill hole, are so similar that a raise would have to be considered a development. We have much the same feeling about Raise No. 2 because it is only 60 feet to the surface. It is true, the assays are not consistent and if there were a greater distance between assayed points we would have no reluctance in approving the raise. In view of the above comments, we would appreciate your further opinion as to justification of Raise No. 2.

By Field Team, Region II

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

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

cc: USBM (2)
DMEA (2)
Puffett

McRAE TUNGSTEN CORPORATION
STIBNITE, IDAHO

August 21, 1954

-- Field Team DMEA, Region II
1201 N. Division Street
Spokane, Washington

Gentlemen:

I wrote you on August 9 re possible raises on Red Bluff to be done by contract. At that time there appeared to be no hurry.

It now turns out we have a contractor who will do this job, but we would have to know by October 1 to 10 so supplies could be secured before it snows in.

I would appreciate an early reply to the following questions:

1. Does the Field Team agree and recommend the raises and crosscuts from them?

2. If they do, does it appear possible that the project could be finalized on a unit cost basis by October 1-10/54?

3. If nothing better could be done would the field team consider carrying on under Stage IV of existing contract for 100 feet of raise as provided and transfer some of the unused 87 feet of crosscutting to the additional raising and crosscuts off of the raises?

If we cannot get lined out by October 10 then the project would have to be deferred until next summer. The contractor is on the ground now and will be employed until October 1. By starting early in October the job can be finished before the heavy winter conditions prevail.

Yours truly,

Robert J. McRae /s/

COPY

McRAE TUNGSTEN CORPORATION

STIBNITE, IDAHO

RECEIVED
BUREAU OF MINES
AUG 11 1954
SPOKANE, WASH.

Aug. 9, 1954

Field Team DMEA, Region II
1201 N Division Street
Spokane, Washington

Subject: Red Bluff Property
Contract IDM E406

Gentlemen:

The work reported in the April Progress Report is the last that we have been able to do on this contract. Since that time we have been milling ore from the Snowbird Property.

As reported in the April report the exploration work left much to conjecture as to the size and continuity of the individual ore lenses, and that raises from the present development would appear to be the only way this could be answered.

Under Amendment No. 2 dated March 17, 1954, the project comprised the following work:

Working	Allowable Footage	Completed Footage
Main Crosscut	125	125
Drift on Main Zone	150	118
West Crosscut	40	33
East Crosscut	40	20
Additional Drifting	60	0

There remains under Amendment No. 2 approximately 87 feet of crosscut and drift uncompleted.

In view of the uncertain picture presented by the exploration to date the operators propose the following additional work to clarify the results:

STAGE I

1. Drive to the surface two 5x7 foot raises from the main drift to the surface.

a. No 1 Raise to be located just north of the main crosscut in stub N. drift. It would intersect No. 2 drill hole. Length to be an estimated 55 feet to gain the surface. Attitude nearly vertical or inclined about 75 degrees eastward. In any event it will follow the main ore zone.

b. No 2 Raise to be located about 90 feet southward from the main crosscut along the south drift. This would pass close to drill hole No. 1. Length to be an estimated 65 feet to gain the surface. Attitude nearly vertical or in any event to follow the main structure.

Stage I (cont)

1. c. In Raise No. 1 allow for two short crosscuts to be driven 10 feet east and 10 feet west at an elevation of 8064 or 30 feet above the floor of the main crosscut. These to explore the width of the zone.

d. In Raise No. 2 allow for a 25 foot crosscut eastward at elevation 8075 to explore the ore cut by drill hole No. 1 which lies east of the present drift and surface outcrop.

Total work Raising 120 feet and 45 feet of crosscutting.

STAGE II

(Stage II to be contingent on results of Stage I.)

1. Drill 4 diamond drill holes at minus 45 degree angle to cut the zone approximately 150 feet deep. The holes to be spaced on 75 foot centers along the strike of the vein at a distance eastward the same as Drill Hole No. 3.

It is estimated that the work under Stage I would be completed between October 15, 1954 and June 15, 1955.

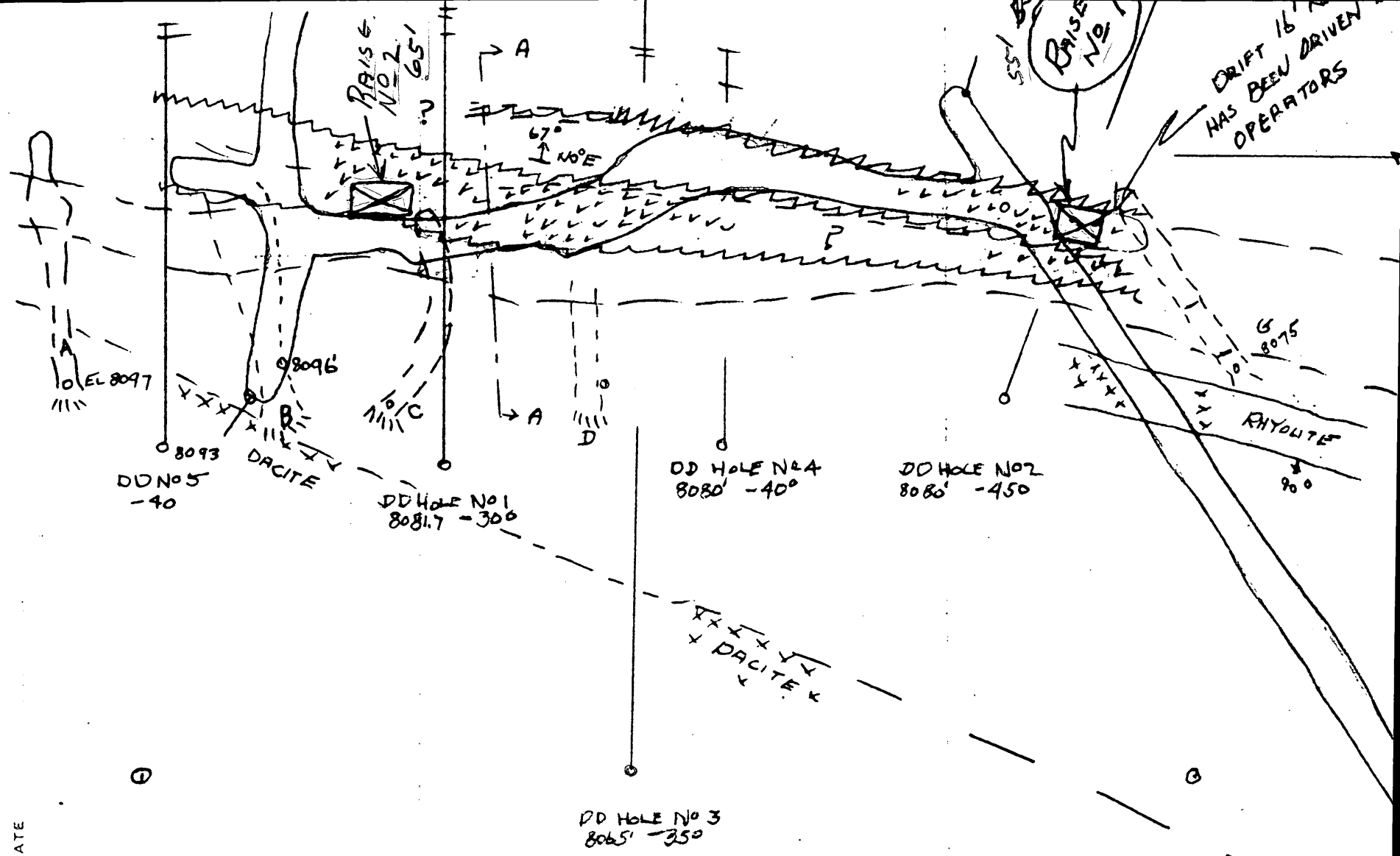
Stage II if justified would be completed by Sept. 15,1955.

It is further proposed that the raising be done on a unit cost basis of $30.00 per foot and $32.50 per foot for crosscutting.

I have had Intermountain Equipment Co. of Boise, who are agents for Ingersoll Rand, appraise the DMEA compressor both on a cash basis and on a trade in basis. They declined to bid on the J-40 Jackhammer and jackleg as they said these items had little value.

I would appreciate your consideration of the above proposals. I am sure that both DMEA and McRae Tungsten would like to clarify the Red Bluff exploration.

Yours truly
Robert J. McRae
Robert J. McRae
Stibnite, Idaho



QUARTZ VEIN

GOUGE

RHY. AND DACITE

PROPOSED STAGE I RAISES

8/7/54

Scale 1" = 20'

BRADLEY MINING CO.

SUBJECT RED BLUFF McRAE TUNGSTEN CORP

DATE 5-1-54

BY

CHKD BY

DATE

DATE

SHEET NO.

JOB NO.

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

W.S. in R.R.

September 1, 1954

Memorandum

To: Mr. Frank E. Johnson
Deputy Administrator

From: Jay L. Chambers, Chief (Signed) J. L. Chambers
Contract Administration and Audit Division

Subject: Idm-2406, DMEA-2654, McRae Tungsten Corp. (Tungsten)

On an "Action on Interim or Final Field Team Report" referral slip covering an interim report on the subject project, as submitted by W. S. Anderson, Bu Mines Engineer, you made the following comments:

> "Withhold payments under both contracts until satisfactory arrangements made for liquidation"

and requested that we take appropriate action. Also by notation on the report you suggested that we "Withhold for settlement" the payment of the April MF-104, which was the last submitted by the Operator (per the interim report).

For your information the April MF-104 on Idm-2406 was certified for payment on July 9, 1954. Final settlement on the other contract referred to, Idm-2133 (DMA-864) was effected by a refund on March 24, 1954 by the Operator of an amount due the Government in accordance with a final Audit Certificate dated December 18, 1953.

EDT albert/wb
September 1, 1954

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

Docket

COPY

Defense Minerals Administration
RECEIVED
OCT 18 1954

McRAE TUNGSTEN CORPORATION
STIBNITE, IDAHO

Aug. 9, 1954

2654

Mr. A. E. Weissenborn
Executive OfficerDMEA
Field Team, Region II
South 157 Howard St.
Spokane 4, Washington

Dear Mr. Weissenborn:

I have your letter of July 21, 1954, re arrangements for royalty deductions to be paid to DMEA on the Snowbird-Red Bluff production. All production is from the Snowbird Property so far because we feel the exploration program at the Red Bluff left too much in doubt as to the grade and quantity of ore that could be stoped.

We will be having an inspection made of approximately 4 tons of production about August 20th at Stibnite, Idaho. All of my correspondence has been with D. C. Lillis, Chief, Inspection Division, 909 First Ave., Seattle 4, Washington. It is my impression that the inspector comes out of Butte, Montana.

Any product sold to other purchasers will be with instructions to handle the royalty in accordance with your instructions.

Milling is still on an exploratory basis and we hope that it will develop into a steady operation.

Yours truly,

/s/ Robert J. McRae

Robert J. McRae
Stibnite, Idaho

RECEIVED
AIR MAIL
AUG 11 1954
U.S.G.S.
SPOKANE, WASH.

Department of the Interior

Defense Minerals Exploration Admin.

14X4401(01) Revolving Fund,
Defense Production Act, Interior (Allocated Working Fund to the Off. of the Sec.)

MAY 6 - 1954

2654

MR. B. J. BEEKMAN
DMEA AUDITOR
1201 NORTH RIVERSIDE STREET
SPOKANE 2, WASHINGTON

REFERENCE MAY 4 ON CONTRACT DMA-E406, MERAL TUNGSTEN. AGREE THAT AUDIT SHOULD NOT BE MADE AT THIS TIME. YOU MAY RETURN TO WASHINGTON WHENEVER YOUR WORK IN SPOKANE IS FINISHED.

(Signed) J. L. Chambers

JAY L. CHAMBERS, CHIEF
CONTRACT ADMINISTRATION
AND AUDIT DIVISION

JLChambers/wb
May 6, 1954

Copy to: Docket (DMEA-2654)
Admr. Reading File
Mr. Chambers

Department of the Interior

Defense Minerals Exploration Admin.

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

Chamberlain
Martin

APR 26 1954

MR. R. J. BEEKHUS
DMEA AUDITOR
1201 NORTH DIVISION STREET
SPOKANE 2, WASHINGTON

SEE LETTER OF OPERATING COMMITTEE APRIL 16 TO EXECUTIVE OFFICER RE AUDIT MCRAE TUNGSTEN CORPORATION E406, DMEA 2654. CONSULT WITH FIELD TEAM AND ARRANGE FOR AUDIT AS PER LETTER BEFORE COMING TO WASHINGTON FOR MAY 17 CONFERENCE. TAKE VACATION IF IT DOES NOT INTERFERE WITH AUDIT.

(Signed) J. L. Chambers

JAY L. CHAMBERS, CHIEF
CONTRACT ADMINISTRATION
AND AUDIT DIVISION

JLChambers/wb
April 26, 1954

Copy to: Mails & Files
Admr. Reading File
Mr. Chambers

R.C.S.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

April 22, 1954

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

Re: Docket No. DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Selfridge:

Reference is made to your letter of April 16, 1954, in which you suggest that an engineer and auditor make an on-site audit of the cited contract to determine the manner in which the operator is prorating his costs between DMEA exploration work and his other mining activities.

We agree that an audit and examination should be made as soon as possible but unfortunately it will be several weeks before we can do this as the property is now accessible only by snowshoes or snow-cat. A trip to the mine at the present time would necessitate sending our personnel to Boise and then taking a plane to Stibnite. From Stibnite they would have to take the weekly plane to Big Creek and at that point either be met by the snow-cat or else snowshoe about 15 miles to the mine. Once at the mine they would either have to wait for the next weekly plane or schedule a special return flight. In the event of a storm, which should be expected at this time of the year, they would have to wait until the weather cleared before they could leave Big Creek. In the face of these obstacles we do not believe it would be practical to schedule a field examination at this time.

Increased labor costs appear to be one of the chief reasons why exploration expenditures are higher than were anticipated. We have called these excessive labor costs to the operator's attention in our letters to him dated March 18 and April 15, 1954. In our latest letter we deleted from payment those labor costs that appeared to be excessive, informing the operator that the deleted costs could be reclaimed in a later invoice if they could be proved to have resulted from unusual operating conditions or were otherwise necessary to benefit the project.

It is hoped that future work will be at an increased rate of advance with correspondingly lower costs.

By Field Team, Region II

for: Wing G. Agnew, Acting Executive Officer
U. S. Bureau of Mines

Thor H. Kiilsgaard, Acting Member
U. S. Geological Survey

cc: USBM (2)
Nickelson

Docket
Chambers
Martin
Selfridge
Johnson
Northenby

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

APR 13 1954

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

Re: Docket No. DMEA-2654 (Tungsten)
McKinn Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Ida-2406

Dear Mr. Weissenborn:

Reference is made to a memorandum from S. W. Zeldek, Mining Engineer, to the DMEA Field Team, Region II, under date of March 23, 1954, in regard to costs of the above-cited contract.

It is the opinion of the Operating Committee that an engineer and an auditor should make an on-site audit of this contract to determine whether or not the operator is prorating labor, material, and other costs between the exploration project and his own constructions and production activities, and the basis of such proration.

During this examination the auditor should determine whether or not the records maintained by the operator are sufficient to keep separate and proper costs for the exploration work, and point out any necessary changes which the operator should make in his accounting practices to enable an auditor to determine the actual costs of the project for which the Government should reimburse the operator.

We recognize that operating under difficult winter conditions increases many mining costs by a very large increment, and this letter is not meant to imply that we necessarily expect you will find any unwarranted items in the above examination.

Sincerely yours,

George C. Selfridge (GCS)
Chairman, Operating Committee

APPROVED:

C. H. JOHNSON (CHJ)
Member, Bureau of Mines

D. M. Larrabee (DML)
Member, Geological Survey

JIChambers/mb 4-15-54

Copy to: Docket
Admr. Reading File
Operating Committee
Region II Field Team
Mr. Geehan
Mr. Martin
Mrs. Miller
Mr. Chambers

R.C.S.

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

1201 N. Division St.
Spokane 2, Washington
April 15, 1954

Mr. Robert J. McRae
McRae Tungsten Corporation
Stibnite, Idaho

Re: Docket No. DMEA 2654 (tungsten)
Red Bluff Claims
Valley County, Idaho
Contract Idm-2406

Dear Mr. McRae:

Reference is made to our letter to you of March 18, 1954 wherein your attention is called to the slow rate of advance and consequent high exploration costs at the Red Bluff project.

Your reported advance for February 1954 is 48 feet, or about 2 feet per shift. This is less than the 3 feet per shift minimum that was deemed necessary to complete the work under Amendment No. 2. It is possible that some unusual difficulties were encountered in drifting, but your February narrative does not mention this being the case.

In projects such as yours where the costs are thought to be excessive, it is the responsibility of the Field Team to reappraise the objectives of the exploration in the light of these high costs in order to determine whether the expected results justify continued Government participation in the work or whether some action should be taken to bring the costs down to a more reasonable figure. Because of these reasons the Field Team is therefore taking action to assure a more reasonable direct labor cost at the Red Bluff project.

The direct labor cost is computed on the basis of a 3-foot advance per shift, which we believe to be fair for your project. By using your current wage scale we arrive at a direct labor cost of $9.68 per foot of drift or crosscut advance. We believe this to be a fair charge and we are deleting all direct labor costs exceeding $9.68 per foot. The deletion may be reclaimed in a subsequent invoice provided you submit acceptable evidence that the incurred costs were due to unusually difficult operating conditions or were otherwise necessary to benefit the exploration.

Your February monthly report and voucher have been referred to the Certifying Officer for processing.

By Field Team, Region II

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

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

cc: DMEA, Wash. (2)
USBM(2) -- Certifying Officer

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

1201 N. Division St.
Spokane 2, Washington
April 14, 1954

MEMORANDUM

To: DMEA Field Team, Region II

From: S. W. Zoldok, Mining Engineer, Bureau of Mines

Subject: Costs of exploration, Docket No. DMEA 2654 (tungsten), McRae Tungsten Corp. (Red Bluff property), Valley County, Idaho, Contract Idm-E406

The high cost of exploration at the referenced project was called to the attention of the Field Team in a memorandum dated March 23, 1953. It was recognized that the high exploration costs were due to the slow rate of advance in the crosscut and drift. The Field Team, in a letter dated March 18, 1954, called the Operator's attention to the high exploration costs.

Amendment No. 2 increased the crosscut and drift footage from 265 feet (per Amendment No. 1) to 415 feet under Stage III of the contract and also extended the time limit on the contract from 18 months to 24 months. The extension was based on an advance of 3 feet per day so that the remaining work could be completed.

During the month of February 1954 the drift advance was 2.1 feet per shift (2 men) or about the same as it was in the previous month. The direct labor cost was $13.56 per foot and the indirect labor $4.38 per foot, or a total of $17.94 per foot, not counting payroll taxes and liability insurance which total $2.76 per foot.

In his progress report for February 1954 the Operator mentions no extenuating circumstances that might account for the month's advance of only 48 feet. In a separate letter to the Field Team, dated March 23, 1954, a copy of which is attached, the Operator gives no valid reason for the slow rate of advance.

Under the circumstances it is recommended that the Government participate only in the direct labor cost of crosscutting and drifting that is based on a 3-foot advance per working day. Using the Operator's present wage scale, this cost would be $9.68 per foot.

S. W. Zoldok
S. W. Zoldok

Orig. & 3 cys - Wash.
USGS (2)
DMEA
Certifying Officer
SWZ/he

MAR 19 1954

March 23, 1954

Field Team, Region II
So. 157 Howard Street
Spokane 4, Washington

Gentlemen:

I have signed and am enclosing the copies of amendment No 2 to Contract IDM-2406. The amendment appears to cover the advisable exploration work. It will be our purpose to complete as much of it as we can.

I appreciate your feeling as to the time and cost of the advance on this project. We had the choice of either dropping the project or carrying on through against the conditions we encountered. I have no apologies to offer. I have driven several thousand feet of drift in this area, and I will say that I feel the project is reasonable for the conditions encountered.

Yours truly,

Robert J. McRae

Robert J. McRae

RECEIVED
MAR 31 1954
U.S.A.E.C.
SPOKANE, WASH.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 9 1954

April 5, 1954

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

Re: Docket No. DMEA-2654 (tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Selfridge:

Enclosed are the original and two signed copies of Amendment No. 2 to the subject contract with attached justification. Distribution of this amendment is being made in the usual manner.

Sincerely yours,

Thor H. Kiilsgaard

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosure

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

RECEIVED
APR 30 1954
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

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

1201 N. Division St.
Spokane 2, Washington
March 23, 1954

MEMORANDUM

To: DMEA Field Team, Region II

From: S. W. Zoldok, Mining Engineer, Bureau of Mines

Subject: Cost of exploration
Docket No. DMEA 2654 (tungsten)
McRae Tungsten Corporation (Red Bluff)
Valley County, Idaho
Contract Idm-E406

Attention is called to the exploration costs at the referenced project which are believed to be excessive.

The project is isolated and can be reached only by snow-cat or on snowshoes. No inspection has been made since October 4, 1953. The same Operator had the Snowbird project, Contract Idm-E133, in the same area with practically the same physical conditions prevailing. The only difference is that the Operator is constructing a mill and camp at the Red Bluff project concurrently with exploration work.

A comparison of costs at the two projects follows, as well as an estimate on what the drifting and crosscutting might cost when the project is completed.

	Contract Idm-E133 Snowbird 430 ft. of drift, crosscut & raise		Contract Idm-E406 Red Bluff 155 ft. of crosscut and drift		
	Total	Per foot	Total	Per foot	
1. Independent contracts	All costs in this category deleted.				
2. Labor	$5,558.24	$12.93	$3,227.27	$20.82	20.82
Supervision) Technical Services)	1,300.00	3.02	1,210.00	7.81	5.66*
3. Oper. Materials and Supplies					
Explosives	625.74	1.46	639.57	4.13	2.41°
Steel bits	477.99	1.11	438.23	2.83	1.65°
Gas-oil	492.42	1.15	764.36	4.93	2.88°
Timber	33.08	0.08	383.66	2.47	2.47
Misc.	777.87	1.81	362.45	2.34	2.34
4. Oper. Equipment					
Rental			233.13	1.50	.88*
Purchase	880.00	2.05	2360.00	15.22	4.45*
Depreciation			177.59	1.15	1.15
5. Rehabilitation			149.32	0.96	.56*
6. New buildings	1,246.65	2.90	913.13	5.89	3.45*
7. Miscellaneous	1,858.87	4.32	1,156.61	7.46	7.46
		$30.83		$77.51	56.18

* applicable on allow. map items if bal. of 110' crosscut/drift is completed.
° Presuming inventories on hand are sufficient for completion.
Talbot

The above comparison is meant to give the picture to date and does not represent what the final costs will be. Many of the supplies were purchased in the fall and presumably were sufficient to complete the 265 feet of drift and crosscuts authorized under Amendment No. 1. From past performance at the Red Bluff project, however, a reasonably accurate estimate of the costs to complete work under Amendment No. 1 can be made. These cost estimates should also reflect those that will prevail under Amendment No. 2 unless the Operator can increase his rate of advance, which in the past has been slightly less than 2 feet per shift.

Cost estimates to complete 265 feet of crosscuts and drift under Amendment No. 1 are:

Item	Total	Cost per foot
Labor	$5,517.30 =	$20.82
Supervision	1,500.00 1/	5.66
Explosives	639.57	2.41
Steel-bits	438.23	1.65
Gas-oil	764.36	2.88
Timber	587.66	2.22
Misc. supplies	453.15	1.71
Equip. rental	233.13 1/	0.88
" purchase	2360.00 2/	4.45
" depreciation	425.58 1/	1.61
Rehabilitation	149.32	0.56
New bldgs.	913.13	3.45
Misc.	1,976.90 =	7.46
Total		$55.76

1/ Maximum allowable under Amendment No. 1
2/ Assuming salvage value of 50 percent.

S. W. Zoldok
S. W. Zoldok

Origl & 3 cys - Wash.
USGS (2)
DMEA
AD
Auditors
SWZ/he

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

March 18, 1954

Mr. R. J. McRae
McRae Tungsten Corporation
Stibnite, Idaho

Re: Docket No. DMEA-2654 (tungsten)
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-2406

Dear Mr. McRae:

Enclosed are several copies of Amendment No. 2 to your Red Bluff contract. If the terms and conditions of this amendment meet with your approval, please sign all copies, retain that copy marked for the operator, and return the others to this office.

This amendment has been prepared along the lines of your telephone conversation with Thor Kiilsgaard on March 16, 1954. It allows 50 feet of additional drifting to the south, 40 feet of crosscutting to the west, and up to 60 feet of drifting on the western vein exposed by crosscutting. To do this work the Government will participate in labor and supply costs but not in rental allowances or in depreciation rates, or in any other items of Amendment No. 1 marked as allowable maximums.

The estimated time to complete the proposed work has been extended by two months. This extension has been calculated on the assumption that you can maintain an advance of 3 feet per day for the remaining work. In this respect, it might be noted that as of your January invoice our calculations showed you had maintained an advance of about 2 feet per day. We realize you have been fighting winter conditions, but even so, this rate of advance is below standard for an operation such as you are conducting.

The cook's wages, although marked as an allowable maximum of $300 per month, can be paid for an extended period of time necessary to complete project work, presumably for 2 additional months. The supervisor's salary, however, is fixed as an allowable maximum both as to time (2½ months) and amount ($1,500). This proviso is set forth in the contract under Article 6, section 2.

The amendment also increases the time limit of the contract to 24 months to allow time to complete the proposed work.

No mention has been made of diamond drilling under Stage IV as this work can be approved only following our field examiners' inspection of work completed and on appraisal of the results obtained. We shall have our examiners visit your property for this purpose as soon as it becomes accessible in the spring.

We note that costs of the Red Bluff work have been decidedly higher than were costs for similar work at the Snowbird property. As most of the work on both of these projects was during winter months and under comparable conditions, it is difficult for us to understand why Red Bluff work should be so much more costly. It is the responsibility of the Field Team to check the performance of work done under DMEA contracts and it is for this reason that we call the slow rate of advance and the high costs of the Red Bluff work to your attention. We hope that remaining work can be completed at an accelerated rate and at correspondingly decreased costs.

By Field Team, Region II

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

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

Enclosure

cc: USBM (2)
DMEA (2)
Nickelson

DMEA

C
O
P
Y

McRAE TUNGSTEN CORPORATION
Stibnite, Idaho

Feb. 24, 1954

DMEA Field Team Region II
So. 157 Howard Street
Spokane 4, Washington

Subject: Red Bluff Contract IDM 406
Docket 2654

Gentlemen:

I wish at this time to initiate a discussion of subject contract, its probable position as to funds for completion as allocated under Amendment No. 1, and possible additional footage beyond that allowed under amended stage III.

At the present the 125 foot crosscut is completed and 62 feet of the drift to the south. This leaves 38 feet of drift and 40 feet of short crosscuts as allowed in the amended stage III. Good ore has been encountered but it is not entirely continuous in the drift. It is my opinion that the mineralized zone is 16 feet wide and the ore bodies or lenses may occur anyplace within this zone. Therefore a drift without occasional short crosscuts is not conclusive.

The prosecution of this project since mid December has been most difficult. Heavy storms resulting in 9 feet of snow at the project accompanied by high winds have rendered it impossible in January to take the men to work via bulldozer as it sometimes took the cat 2 hours to clear a road for itself. The men have been snowshoeing to and from work. Between storms the road has been cleared for supply delivery. In mid January a snowslide took out the snowsheds at the Snowbird tunnel where all available rails were stored. Some delay was unavoidable while trying to salvage or find enough rail to complete or carry on the Red Bluff project.

It now appears to me that roughly the funds as allocated in Amendment No. 1 which totalled $5409.00 will be exhausted at about the time the drift is completed. This will leave 40 feet of crosscuts to complete the project.

In view of the foregoing I would appreciate knowing if you will allocate more funds to finish the remaining footage what ever it may be?

In addition I would like to submit for your consideration the following proposals or additions to the existing contract.

1. Extend rental allowance on slusher and bucket from present 2½ months (now expired) to 4 months.

2. Extend depreciation on McRae Tungsten compressor from present 2½ months period to 4 months.

3. Allow 25 feet of drifting to the north of the crosscut on the vein.

4. Allow 25 feet of additional drifting on the vein to the south.

The present 40 feet of crosscutting may be sufficient to cross the vein in 3 additional places besides the main crosscut. Whether this is sufficient cannot be judged at this time.

We will finish the drift and will have exhausted our funds allocated by about March 10, so I would appreciate knowing your position on funds as early as possible so we can make our plans. I will be sending in January's Progress Report and Voucher in a few days.

Yours truly,

/s/ Robert J. McRae

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 18 1954

January 13, 1954

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

Re: Docket No. DMEA-2654 (tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Selfridge:

Attached are the original and two signed copies of Amendment No. 1 to the above contract, with attached justification.

Distribution of this amendment has been made in the usual manner.

Sincerely yours,

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

Attachment

cc: USBM (2)
Puffett

Month	Feet Advance Month	Feet Advance To Date	Cost Month	Cost To Date	Labor	Equipment	Supplies	Other	[illegible]	[illegible]
October '52	—	—		5908.00	1147.23	—	—	4760.77	—	
June '53		—	118.00	6026.00			—	—	118.00	
October	Xcut 15	Xcut 15	3999.25	10025.00	752.13	95.86	2238.13	913.13	—	
November	D 42	57	1989.98	12015.03	1533.73	278.67	18.60	158.78	—	44.09
December	D 62	119	1910.31	13925.34	1336.94	174.10	219.27	164.00	16.00	30.31
January	D 51	170	1762.71	15688.05	1060.96	—	105.69	301.26		28.65
February	D 48	218	1181.80	16869.85	885.53	52.17	67.84	176.46		21.[illegible]

Total - Labor, Equipment & Supplies Assigning for Drifting = $9248.22 ÷ 218 = $42.[illegible]

Project DMEA 2654 - Tungsten

McRoc Tungsten Corporation Idm-E 406

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

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
Received
JAN 4 1954

1201 N. Division St.
Spokane 2, Washington
December 28, 1953

Mr. Robert J. McRae
McRae Tungsten Corporation
Stibnite, Idaho

Re: Docket No. DMEA 2654 (tungsten)
Red Bluff Claims
McRae Tungsten Corp.
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. McRae:

Enclosed are 7 copies of a revised Amendment No. 1. The wages for a cook have been included as per your letter of December 12, 1953. We have also allowed depreciation on the TD-14 cable dozer owned by you to be used in snow removal and for transporting men to work.

If the terms and conditions of the enclosed amendment meet with your approval, please sign all copies, retain the one marked for the Operator, and return the remaining copies to this office.

By DMEA Field Team, Region II

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

Thomas E. Howard, Acting Member
U. S. Bureau of Mines

Enclosure

cc: DMEA, Wash. (2)
USGS (2)

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

December 8, 1953

Mr. Robert McRae
McRae Tungsten Corporation
Stibnite, Idaho

Re: Docket No. DMEA-2654 (Tungsten)
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-2406

Dear Mr. McRae:

Reference is made to the Field Team letter of November 30 in which it was stated that an amendment was being forwarded to you as requested in your letter of November 10, 1953. This amendment is enclosed herewith.

After some consideration and discussion it was decided not to extend the time limit on the present amendment as it is likely that the 225 feet of drifting and crosscutting currently called for can be completed within the present time limit. However, when this work approaches completion, we would appreciate a letter from you stating your continued exploration plans and the time needed to complete any proposed work. As such plans will unnoubtedly be based on findings of work currently being done, it is believed that any time extension amendment, with other possible changes, will be more advantageous if drawn at a future date than if drawn at the present time.

If terms and conditions of the enclosed amendment meet with your approval, please sign all copies, retain that copy marked for the Operator and return the remaining copies to this office.

Sincerely yours,

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures

cc: USBM (2)
DMEA (2)
Puffett

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

RECEIVED
DEC 1953

1201 N. Division St.
Spokane 2, Washington
November 30, 1953

Mr. Robert J. McRae
McRae Tungsten Corporation
Stibnite, Idaho

Subject: Docket No. DMEA 2654 (tungsten)
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. McRae:

Reference is made to your letter of November 10, 1953, giving your suggestions for amendments to the subject contract. The Field Team already had mutually agreed (letter of August 5, 1953) to your counterproposal for a reduction in crosscutting and drifting, and in consideration of your letter of November 10, 1953 we have drafted an amendment which will be sent to you for your approval and signature.

Your suggestions are answered as follows according to the enumeration in your letter:

I. We believe it unnecessary at this time to extend the date of termination from March 25, 1954 to September 1, 1954. The reduction in the amount of crosscutting and drifting from a total of 500 feet to 225 feet would materially lessen the time schedule for Stage III from 5 months to 3 months and allow you sufficient time to complete Stage III by the termination date, March 25, 1954. Our engineer will inspect your work under Stage III when it is feasible to visit the project, considering adverse weather conditions. At the completion of Stage III an approval for Stage IV and an amendment to extend the termination date will be considered.

II. The Government does not enter into rental-purchase agreements on equipment, and in lieu of that we suggest a straight rental basis on the slusher hoist and bucket for the length of time in use on the project. The allowable rental rate may be obtained from a Compilation of Rental Rates for Construction Equipment, Fifth Edition, 1950, Associated Equipment Distributors.

III. We have permitted monthly depreciation on the 125-cu. ft. compressor at 1/60 of your valuation of $2150. In addition, we have allowed you an amount for labor and parts in the rehabilitation of this compressor.

IV. We believe that the sum of $1000 allotted for "mail and snow removal" in Stage III is ample for all expenses in this category; however, to enable us to establish a basis for payments under this item it will be necessary for you to inform us of the type of bulldozer you own, whether hydraulic or cable blade, and your valuation of the machine, together with the meter reading if available. We would also like to know if mining is to be carried on concurrently with DMEA work on the Red Bluff claims. We can write a retroactive amendment to the contract as soon as you furnish us this information, which will set up a basis for your claims for payment under this category.

Due to the fact that you will be operating your own project in conjunction with the DMEA project, we request that you submit a detailed breakdown each month in support of your monthly progress report and vouchers. For your DMEA operations, we suggest you keep a daily record of footage drilled underground, number of holes drilled, primers used, sticks of dynamite per round, sets of timber, sides of lagging, cars of muck (ore and/or waste), fuel for compressor and hours run, hours of labor and equipment with fuel on road clearing (when used), supplies, etc. and forward such information with the monthly reports.

By Field Team, Region II

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

N. E. Volin, Member
U. S. Bureau of Mines

cc: DMEA, Wash. (2)
USGS (2)

MCRAE TUNGSTEN CORPORATION
STIBNITE, IDAHO

NOV 16 '53
SPOKANE, WASH.

Nov. 10, 1953

Mr. John A. Bowsher, Mining Engineer
Defense Minerals Exploration Administration
1201 N Division St.
Spokane 2, Washington

Dear Mr. Bowsher:

I have prepared and am mailing in a voucher and Progress Report covering September and October on the Red Bluff project. Most of the estimated supplies necessary for the project have been charged as all supplies had to be provided before the roads snow up.

I have been expecting to hear from you on the amendments to the present contract to allow for several conditions not now provided for. Since I have not received any word I am writing you outlining my ideas of what the amendments should cover.

I. Time on Stage III should be amended to cover the period from Sept. 1, 1953 to Sept. 1, 1954. This will allow time after July 1 for DMEA engineers to see the project before it has lapsed.

II. Provision should be made for the rental on the slusher hoist and bucket. This is to take place of the purchase of a mucking machine under Stage III. This should be retroactive to cover October's rental already sent in on voucher.

III. Provide for depreciation on the McRae Tungsten compressor (120 cu ft) valued after rebuilding at $2150.00

III. (cont). This is to take the place of the purchase of a 120 cu ft used unit.

IV. Provide for up to $1250.00 for transportation of men from camp to job daily by caterpillar estimated to cost about $250.00 per month. This is a real problem and must be provided for.

Total funds for wages under Stage III should not be reduced, and I would like to see the item of mail and snow removal remain at $1000.00.

I think the footage of crosscut and drifting should be left open so it can be extended if development warrants. Our present thinking is to thoroughly prove the deposit on the 8032 foot level.

I note that in the contract certain operating supplies are listed with dollar amounts. Will the fiscal agent consider that only those supplies and amounts listed will be reimbursable? If that should be thus interpreted then an amendment is in order to make operating supplies a dollar amount only. It was my understanding that listing the supplies and amounts was only to show how the cost of the project was calculated.

Crosscutting is underway and on Nov. 1 we had about 15 ft, but it still had to be timbered and some time was spent this week on snow sheds. Snow is 15 inches deep. We found that at this elevation we needed both compressors so we added a small addition to the shop to house the DMEA 105 cu ft unit. Everything should be well underground by Nov. 15. A steady 3 man crew is presently at work.

Yours truly,

Robert J. McRae

Robert J. McRae

cc: To A.E. Weissenborn

Sorry I missed you on your last trip & was about 2 hrs too slow.
RJM.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
RECEIVED
AUG 1 1953

August 17, 1953

Mr. Robert S. McRae
McRae Tungsten Corporation
Stibnite, Idaho

Re: Docket No. DMEA-2654 (Tungsten)
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-2406

Dear Mr. McRae:

Reference is made to your letter of August 13, 1953, in which you discuss your intentions of doing the Red Bluff project work.

As we interpret your letter, you now intend to do the adit work on a cost incurred basis, as set up in the contract, and not on an agreed unit cost basis, which would require a contract amendment. If the work is to be done on a cost incurred basis we would suggest that you stock such operating supplies as you reason are necessary to do the proposed work. Those supplies itemized in the contract were included merely to show the manner in which contract costs were determined. There is no reason why you should purchase only those supplies. Instead, you should purchase supplies you deem as necessary for project work. The Government will, of course, pay their share of these allowable contract costs upon receipt of properly documented invoices, as was done in the Snowbird contract. Any supplies remaining at the close of project work should be inventoried by you and probably also by our examining engineers. At that time they can decide whether you should refund the Government for unused supplies or whether we would waive our equity in such supplies. In other cases, in isolated properties such as yours, we have waived our interests in unused supplies, unless, of course, the amounts of such supplies are large.

As to your question on labor, supervision, etc., we suggest that you follow the quotations in the present contract. As we understand it, contract items will remain unchanged except the footage of work to be done, which will be reduced.

One point in your letter we question concerns the 14' by 16' house transferred to this contract from the Snowbird contract. At the time you proposed the transfer it was assumed the house would be used on this contract and therefore we allowed you a transfer price of $200. If this house is not used in the proposed project work, it will be necessary for us to delete the transfer price from some future payment to you. Such deletion will mean that you completely own the house and that the Government is not interested in its further use.

Your estimate of $600 for construction of a compressor shed at the Red Bluff might be adequate; however, we will, if necessary, participate up to the agreed estimate quoted in the contract.

Sincerely yours,

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: DMEA (2)
USBR (2)
Puffett

McRAE TUNGSTEN CORPORATION
STIBNITE, IDAHO

Aug. 13, 1953

Mr. A.E. Weissenborn, Executive Officer
DMEA Field Team, Region II
S. 157 Howard St.
Spokane, Wash.

Dear Mr. Weissenborn:

Thank you for your letter of August 5, 1953 re DMEA 2654 (Tungsten) Red Bluff Claims in Valley County, Idaho.

In view of the points you have raised we believe perhaps it would be simpler to do the job on an agreed cost as set up under our present contract. This project to call for about 100 to 125 feet of crosscut and 100 feet of drift on the most favorable zone at elevation of approximately 8035. We would also like to leave it open for a possible 20 to 50 feet of crosscut at the end of the drift since the zone is 25 to 35 feet wide.

As you realize we must put in all the operating supplies this fall before the work is actually done. This proposed footage of 225 feet is 41% of the original 540 feet proposed under stage III. I would like to know how we can determine the total allowable operating supplies. In many cases the above percentage could be applied but in others such as steel, lagging, timber, small tools, etc. the smaller footage may require nearly as much as the larger footage. If it is allowable, I can use my judgment on required supplies.

If we do this job on an agreed cost then I would like to build a 16 x 16 compressor shed which I believe will cost approximately $600.00. There is allowed in the original proposal $1250.00 for a compressor-shop building.

You asked if the 12 x 12 compressor house proposed in my letter was to be in addition to the 14 x 16 house transferred from the Snowbird (DMEA 864). The house transferred from the Snowbird is ¼ mile airline from the Red Bluff project and 10 miles by road and cannot be used in connection with Red Bluff. We have this summer established a new camp at a lower elevation on the Red Bluff road. The camp site where this house is located has been abandoned and the house has a doubtful value due to the lack of road connection.

I have asked for bids on the 105 compressor to get an idea of its sale value. These I will pass on to you for your information even though we may want to keep the compressor if we go on with the agreed cost program.

It is my plan to supply to the project a slusher for mucking and a 125 cubic foot compressor for additional air. I presume we can arrange for a depreciation allowance. The compressor has a value of $2200.00 and the slusher and bucket $1350.00.

It is possible we will get this tunnel started within two weeks and get it underground and build snowsheds before snow comes. In the meantime I will look forward to hearing how we can determine our allowable supplies, labor, supervision, etc. on the reduced footage.

Yours truly,

Bob McRae

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

August 7, 1953

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

Re: Docket No. DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Selfridge:

This is in reply to your letter of August 3, 1953, regarding the status of both the McRae and the Werdenhoff Mining Company claims.

Since writing our letter of July 2, Mr. Kiilsgaard and I have had the opportunity of discussing the situation with Mr. McRae. We have determined, first, that there is no connection between the Werdenhoff Mining Company's Red Bluff claims and those of the same name held by McRae. We have also ascertained that by making a slight change in the proposed plan of exploration, Mr. McRae would be willing to continue to do a sufficient amount of work so that it would be possible to declare a discovery without any doubt as to the validity of such discovery. We had hoped to prepare an amendment to this effect, but some additional difficulties have arisen with respect to supplies and equipment on hand at the project which we are currently attempting to solve. We would prefer to do this additional work which we believe is fully justified, but if this is not possible, we will recommend terminating the contract in the manner you suggest. You will be advised of the status of the contract as soon as we hear again from Mr. McRae.

In regard to the Werdenhoff Mining Company, Docket No. DMEA-2902 (Tungsten), a field man is now on the property making an examination.

Sincerely yours,

A. E. Weissenborn

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

cc: USBM (2)
Puffett
Docket 2902

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

xxxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 14 1953

August 5, 1953

Mr. Robert J. McRae
McRae Tungsten Corporation
Stibnite, Idaho

Re: Docket No. DMEA-2654 (Tungsten)
Red Bluff Claims
Valley County, Idaho

Dear Mr. McRae:

This will acknowledge receipt of your letters of July 10, 17, and 30, 1953, in which you discuss exploration plans on your Red Bluff property and also the disposal of the compressor in which the Government has an equity.

In regard to the discussion Al Weissenborn and Thor Kiilsgaard had with you at Stibnite, Idaho on July 19 concerning continued exploration work on the Red Bluff property, we wish to advise that your counterproposal for a crosscut and drift is acceptable to the Field Team. As we understand from your map, your proposed adit would portal at altitude 8035 feet and crosscut S 65° W. for 100 to 125 feet from where a drift would be driven about 100 feet to the south on the most promising zone. We have discussed your request for a unit cost amendment, and, after analyzing the costs allowable in your contract and considering the work to be done, feel that we could recommend a contract amendment allowing for an adit unit cost of $34.20 per foot. Such an amendment will have to be drawn up in Washington; therefore, if this proposed unit cost is agreeable with you, please inform us and we will have it prepared. If the unit cost is agreeable, you could immediately start work with the understanding that the amendment would be in force by the time your first monthly report on contract work was completed.

After examining your Red Bluff contract, however, we find that there are other factors involved which might make a unit cost amendment unattractive to you. There are the items of equipment in which the Government has an equity that were transferred from the Snowbird contract. These are:

	Transfer Price
1 - 14 x 16' house, celotex lined	$ 200.00
1 - Ingersoll 105 compressor	2,000.00
1 - Jackhammer and Jack Leg	360.00
Total	$2,560.00

DMEA, Wash, D.C.

The DMEA will not enter into a unit cost contract in which there is equipment used in which the Government has an equity. It will therefore be necessary for you to dispose of this equipment or to buy out the Government's equity before the unit cost amendment is drawn up. As the equipment has not been used since its transfer from the Snowbird contract, its value should be somewhere near the transfer price. If you consider this price as too high you should advertise the equipment, as instructed in the accompanying form letter, and dispose of it to the highest bidder. Owing to the expense of purchasing the Government's equity in this equipment, and with regard to the relatively short amount of adit work that you wish to do, you may deem it more feasible to do the proposed work on an agreed cost, as presented in the contract, instead of by unit cost, and then to dispose of the equipment when the work was completed. This procedure would be acceptable to the Field Team. You might even decide to terminate the contract now and dispose of the equipment in which case your request would be transmitted to Washington for consideration. We would, however, be interested in your completing the proposed adit work if you are financially able to do so.

Your estimate of $470.00 as the cost necessary for preparatory work at the Red Bluff property is acceptable. We would suggest that if this work is done it be billed on a cost incurred basis and not as unit costs. In this respect we are wondering at the proposed 12 x 12' tunnel house--will this house be used in addition to the house transferred from the Snowbird property?

The manner of disposing of the 105 compressor is discussed in the attached form letter. You should advertise the compressor in the local newspaper or in the trade magazines; however, our experience has been that such advertising has not been too rewarding. We therefore suggest that you obtain bids from the two parties you discuss in your letter as well as your own bid, if you are interested, and send the bids to this office. We will consider the highest bid, if it is acceptable, and, following the cash sale, will turn your percent of the sale price over to you. If you should purchase a larger compressor for the Red Bluff property and should do the work on a unit cost, we would, of course, have no interest in the new compressor. If, however, you bought a new compressor and then did the proposed work under terms of the existing contract, we would have to make an allowance for depreciation, which we would do.

If you have further comments on these proposals, please inform us.

By DMEA Field Team, Region II

cc: USBM (2)
DMEA (2)
Puffett

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

M. E. Volin, Member
(U. S. Bureau of Mines)

Enclosure

McRAE TUNGSTEN CORPORATION

Stibnite, Idaho

July 10, 1953

Mr. Tom Howard
Bureau of Mines
N. 1201 Division Street
Spokane, Washington

Dear Tom:

I met Steve Zoldok in Boise about a month ago and discussed the Red Bluff contract with him (DMEA 2654). In this connection I am sending you 5 sets of logs and assays on core and sludges on the 5 holes drilled by McRae Tungsten Corp. As you know, 3 of these holes followed closely the holes to be drilled in Stage I of subject contract.

At the present we are satisfied with the results of the drilling we have done on the Red Bluff and are currently installing a mill to treat ore from both the Snowbird DMEA 864 and the Red Bluff. This activity will take considerable of our funds, and we do not have sufficient remaining funds to carry out the program as outlined in DMEA 2654. The building of a treatment plant during the floor price program is the only way the government can be repaid the money it has invested in these contracts.

There was a question in Steve's mind as to whether the DMEA could claim a discovery upon which to base a royalty for repayment on the results of the drilling done by McRae Tungsten Corp. This subject he was to discuss with you.

I suggested that instead of further drilling we would rather drive a 100 to 125 foot crosscut to cut the deposit under drill hole No. 2 at elevation 8040 feet. This crosscut is dotted in on the enclosed plan map marked A. On the basis of this crosscut the DMEA could claim a discovery. This work we could probably complete by November 1, 1953 at a total cost of something under $5,000.00. In case this was done it would be best to do the job on a per foot basis.

The above suggestions and discussions are considered of a preliminary nature and I would like to have your thoughts on the matter.

There are assay charges and engineering charges for splitting core, preparing samples, and working up the data against the enclosed drill hole data. I am not submitting the bill on this at the present time.

There is about 4 feet of snow at the property, but it should be pretty well gone by July 20.

Yours truly

Robert J. McRae

RJM/ja

DMEA 2654

RED BLUFF MINE
HOLE NO. 1

Bearing West
Inclination Minus 30
Elevation 8081

McRae Tungsten Corp.
Big Creek District
Valley County, Idaho

FOOTAGE	DESCRIPTION	SLUDGE SECTION	SLUDGE ASSAY % WO_3	CORE SECTION	CORE ASSAY % WO_3	PER CENT REC.	CORE SIZE
0 - 7	Aplite with pyrite					85	Bx
9.5-12	Siliceous Aplite					85	Ax
12-15	Metamorphosed Schistose sediments with fluorite and pyrite					65	"
15-19	Schistose sediments much silicified. First hubnerite at 17 feet	15-19	0.40	15-19	1.15	50	"
19-24	Metamorphics completely silicified	19-24	0.37	19-24	2.44	90	"
24-28	Highly silicified metamorphics, fluorite and pyrite	24-28	0.05	—	—	35	"
28-34	Complete silicification traces of metamorphic structure	28-34	0.05		—	45	"
34-39	Silicified metamorphics to 34.3, then basic dike to 35.5', then schistose sed.	34-39	0.06		—	40	"
39-43.5	Quartz with sulfides, some hubnerite	39-43.5	0.06		0.02	90	
43-47	Vein quartz and silicified metamorphics	43-97	0.07		—	90	
47-52.5	Silicified metamorphics		—		—	90	
52-58	" "		—		—	80	
58-63	" "		—		—	75	
63-68	End of mineralized section appears to be at 63.5, then chloritized and sericitized aplite with fluorite		—		—	75	
68-73	At 72 vein quartz with good mineralization, fair hubnerite	68-73	0.06			80	

RED BLUFF MINE
HOLE NO. 1
(continued)

Bearing West
Inclination Minus 30
Elevation 8081

McKee Tungsten Corp.
Big Creek District
Valley County, Idaho

FOOTAGE	DESCRIPTION	SLUDGE SECTION	SLUDGE ASSAY % WO_3	CORE SECTION	CORE ASSAY % WO_3	PER CENT REC.	CORE SIZE
73-78	Chloritized metamorphics then 0.5' high grade vein 74.3-74.8 feet then schist	73-78	1.24	72-74.3	0.26	100	
				74.3-74.8	18.78		
78-83	Silicified schist some fluorite					95	

RED BLUFF MINE
HOLE NO. 2

Bearing N 70° W
Inclination Minus 45°
Elevation 6080

McRae Tungsten Corp.
Big Creek District
Valley County, Idaho

FOOTAGE	DESCRIPTION	SLUDGE SECTION	SLUDGE ASSAY % WO_3	CORE SECTION	CORE ASSAY % WO_3	PER CENT REC.	CORE SIZE
0 - 5	Aplite with traces of galena					30	Bx
5-18.5	Aplite with silicified metamorphics from 14 feet					40	Ax
18.5-23	Same to 20', then less silicification and more schistose					30	"
23-25	Silicified metamorphics, some hubnerite	(23-27.5)	0.16	(23-25)	0.36	30	"
25-27.5	Silicified metamorphics. Good hubnerite			(25-27.5)	5.21	40	"
27.5-36	Silicified metamorphics No hubnerite					25	"
36-39.5	Silicified metamorphics	(36-39.5)	0.85	(36-39.5)	1.85	75	"
39.5-46	Silicified metamorphics. Some hubnerite. Also considerable galena	(39.5-46)	0.55	(39.5-46)	0.70	85	"
46-48	Silicified metamorphics and aplite			(46-50)	0.34	50	"
48-52.5	Completely silicified metamorphics with pyrite and galena					80	"
52.5-56	Silicified metamorphics. Hubnerite to 53.5 with some galena	(52.5-56)	0.03	(50-56)	0.06	90	"
56-69.5	Silicified metamorphics. Traces of hubnerite at 58.6 ft. Much pyrite and fluorite 57 to 66 ft.			(56-59)	0.05	85	"
69.5-77	Quartz and aplite, pyrite and galena					92	"
77-85.5	Siliceous metamorphics that approaches quartzite					65	"
85.5-90.5	Quartz to 87.5, then sil. schist					50	"
90.5-95.5	Chloritized Aplite					60	"

[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
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RED BLUFF MINE
HOLE NO. 2
(continued)

Bearing N 70° W
Inclination Minus 45°
Elevation 8080

McRae Tungsten Corp.
Big Creek District
Valley County, Idaho

FOOTAGE	DESCRIPTION	SLUDGE SECTION	SLUDGE ASSAY % WO_3	CORE SECTION	CORE ASSAY % WO_3	PER CENT REC.	CORE SIZE
95.5-100	Schist to 97.5, then aplite					50	Ax
100-103	Soft argillaceous quartzite					60	"

RED BLUFF MINE
HOLE NO. 3

Bearing Due West
Inclination Minus 35°
Elevation 8067

McRae Tungsten Corp.
Big Creek District
Valley County, Idaho

FOOTAGE	DESCRIPTION	SLUDGE SECTION	SLUDGE ASSAY % WO_3	CORE SECTION	CORE ASSAY % WO_3	PER CENT REC.	CORE SIZE
0 - 5	Dacite					60	Bx
5 -37	Dacite					65	Ax
37-54	Dacite hydrothermally bleached					45	"
54-62.5	Weathered aplite					45	"
62.5-70.5	Altered aplite traces of included metamorphics					80	"
70.5-82	Argillite					80	"
82.5-88.5	Silicified schist, pyrite and fluorite			(86.5-88.5)	0.04	90	"
88.5-94	Silicified schist. Hubnerite at 89'	(88.5-93)	0.05	(88.94)	0.03	90	
94-99	Silicified schist, and quarts with traces of hubnerite	(94-101)	0.03	(94-101)	0.03	70	
99-104	Quarts from 98 to 101.5 with traces of hubnerite					70	
104-109	Silicified schist minor quarts					50	
109-114.5	Silicified schist					15	
114.5-119	Quarts with schistose inclusions					60	
119-124	Harder quarts. No brecciation					25	
124-129	Silicified metamorphics 0.5' Good hubnerite at 124-124.5, then chloritized metamorphics with pyrite and fluorite	(124-129)	0.04	(124-124.8)	3.35	60	
129-139	Silicified schist with pyrite					75	

RED BLUFF MINE
HOLE NO. 3
(continued)

Bearing Due West
Inclination Minus 35°
Elevation 806?

McRae Tungsten Corp.
Big Creek District
Valley County, Idaho

FOOTAGE	DESCRIPTION	SLUDGE SECTION	SLUDGE ASSAY % WO_3	CORE SECTION	CORE ASSAY % WO_3	PER CENT REC.	CORE SIZE
139-149	Schist with pyrite					90	
149-162	Chloritic schist with pyrite					80	
162-177	Chloritic schist with pyrite					60	

177 - End

RED BLUFF MINE
HOLE NO. 4

Bearing West
Inclination Minus 40°
Elevation 5000

McRae Tungsten Corp.
Big Creek District
Valley County, Idaho

FOOTAGE	DESCRIPTION	SLUDGE SECTION	SLUDGE ASSAY % WO_3	CORE SECTION	CORE ASSAY % WO_3	PER CENT REC.	CORE SIZE
0 - 5	Aplite silicified and chloritized					95	
5 -10	Aplite silicified and chloritized					90	
10-15	Aplite silicified					95	
15-18	Aplite silicified					80	
18-22.5	Silicified metamorphics, first hubnerite at 20.5 feet			(19-24.5)	0.15	55	
22.5-27.5	Silicified metamorphics brecciated Hubnerite at 22.7					55	
27.5-32	Silicified metamorphics					35	
32-37	Silicified metamorphics					05	
37-41	" " Hubnerite 39-40.5'	(37.5-41)	0.15	(37.5-41)	0.65	60	
41-44.5	Quartz vein, Hubnerite to 43 feet	(41-48)	0.18	(41-45)	0.35	35	
44.5-48	Quartz with metamorphic inclusions					35	
48-53	Silicified metamorphics					50	
53-59.5	" "			(55-58.5)	0.03	95	
59.5-64.5	" "					80	
64.5-67	" " to 65.5, then argillite with pyrite. Hubnerite 67.7-68					85	
68-71	Silicified argillite quartz Stringers much pyrite			(67-71)	0.23	80	
71-74	Quartz veinlets in argillite					30	
	End at 74 feet						

RED BLUFF MINE
HOLE NO. 5

Bearing West
Inclination Minus 40°
Elevation 8093

McRae Tungsten Corp.
Big Creek District
Valley County, Idaho

FOOTAGE	DESCRIPTION	SLUDGE SECTION	SLUDGE ASSAY % WO_3	CORE SECTION	CORE ASSAY % WO_3	PER CENT REC.	CORE SIZE
0 - 10	Bleached Dacite					30	
15-20	Bleached Dacite					10	
20-22.5	Silicified metamorphics Hubnerite at 20.5 feet	(20-22.5)	0.22	20-25	0.49	40	
22.5-25	Silicified metamorphics	(22.5-27)	0.05			30	
25-30	" "					35	
30-33	" " Hubnerite	(30-33)	0.06	(30-33)	3.10	30	
33-38	" "					40	
38-44	" "					25	
44-49	" " to 46.5 then chloritized aplite					15	
49-54	Aplite					60	
54-59.5	Silicified metamorphics			(54-59)	0.14	30	
59.5-63	" "	(59-63.5)	0.05	(59-64.5)	0.08	40	
63-65	" " Trace Hubnerite					100	
65-70	Silicified metamorphics					90	
70-75	Schistose metamorphics					75	
75-79	Chloritic schist barren quartz vein at 77-78 ft.					65	

FILE COPY
400 SURNAME:

Rutledge
Martin
Selfridge

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

AUG 3 1953

AIR MAIL

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

Re: Docket No. DMEA 2654 - Tungsten
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-2406

Dear Mr. Weissenborn:

Reference is made to your letter of July 2, 1953, enclosing a letter to you of June 10, 1953, from S. W. Zoldok, in which he recommended that the subject contract be terminated by mutual consent, and that the Operator be allowed to repay the Government's share of the cost by percentage royalty on production.

Your letter favored the above recommendation but stipulated that no action be taken in the matter until the present status of the Red Bluff claims had been ascertained. You added that you had written to the Werdenhoff Mining Company (Docket No. DMEA 2902-Tungsten), asking for a copy of that Company's operating agreement on a Red Bluff group of claims in Valley County, Idaho, which may possibly constitute the same claims as the captioned property.

Unless you have already received a reply to your above-mentioned inquiry, please clarify the matter during the field examination to be made as requested in our letter of July 17, 1953, covering the Werdenhoff and Red Bluff claims.

In the event that there is no connection between the Red Bluff Claims covered by Docket No. 2654 and those listed under Docket No. 2902, the Government would consent to termination of the McRae Tungsten Corporation's Contract No. Idm-2406, provided the Operator agrees to the repayment of the Government's contribution by royalty payments in the same manner as though a discovery had been made as a result of the exploration program. Such an agreement would be similar to that used to terminate Contract No. Idm-2301, Docket No. DMEA 2388 (Lead-Zinc), American Zinc, Lead and Smelting Co., Bluebird mine, Pend Oreille County, Washington.

Approved:

J. H. Hedges
Member, Bureau of Mines

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

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

MDL 8-3-53

WSMartin/FARutledge/foc - 7-29-53
cc: Docket
Code 400
FT. Reg. II
Adm. Reading File
Oper. Comm.
D. M. Lemmon, USGS
R. W. Geehan, USBM

FILE COPY
SURNAME:

Rutledge

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

July 23, 1953

Memorandum

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Recommended conditions for termination of Contract No. Idm-E406
Docket No. DMEA 2654 - Tungsten
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Reference is also made to the following contract :
Docket No. DMA 864X - Tungsten, McRae Tungsten Corporation, Snowbird Group of claims, Valley County, Idaho, Contract No. Idm-E133.

The Operator wishes to terminate Contract No. Idm-E406 before any discovery or development has been made as a result of the project work. Work completed by the Operator prior to the execution of the contract but identical to that specified in the referenced contract, however, has indicated sufficient tungsten mineralization to warrant development for production by the Operator.

Several proposals follow:

1. Although a development has not been made as a result of this contract (Idm-E406), the Government could specify as one of the conditions for mutual termination of the contract that royalty payments on all production be due the Government up to the full amount presently contributed by the Government. The Operator has already stated he is willing to follow this procedure.

2. Issue a certificate of discovery or development on the basis that a discovery has been made as a result of the program outlined in the contract even though the work was completed by the Operator prior to the execution of the contract. This would be similar to the following cases in which Certificates have been issued:

   Dockets Nos. DMEA 2105 and 2106, Contract No. Idm-E2[illegible]4, Beryllium Development Co., Beryl, Maine. Cancelled before any funds expended by the Government.

Docket No. DMEA 2444, Contract No. Idm-E396, Outlet Mining Co., Lead-Zinc, Colorado. Cancelled before any funds expended by Government.

3. Prepare an agreement combining Contracts E133 and E406 and providing that royalty payments shall be due the Government on production from both properties up to the aggregate amount spent on both projects. Production from the Snowbird claims alone is expected to be insufficient to repay the amount spent at that project. The Field Team estimated the ore reserves to contain 3490 units, which at $63.00 per unit would return not more than $219,870.00, of which 5% is $10,993.50, as against a Government expenditure on Contract No. Idm-E133 of $11,790.72.

4. Request repayment of the entire amount of the Government's contribution immediately on the grounds that the Operator, by using Government funds for a road which could only be justified if required for the exploration project, should either continue the exploration project or return the funds now.

This Division recommends proposal number 3.

W. S. Martin

W. S. Martin, Acting Chief
Iron and Ferro-Alloys Division

WSMartin/jh
7/23/53
cc. to: Docket
Adm. Reading File
Code 400 (2)
Mr. Rutledge

FILE COPY
SURNAME:

Martin

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

Air Mail

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

Re: Docket No. DMRA 2654 - Tungsten
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-W406

Dear Mr. Weissenborn:

Reference is made to your letter of July 2, 1953, enclosing a letter to you of June 10, 1953, from S. W. Zoldok, in which he recommended that the subject contract be terminated by mutual consent, and that the Operator be allowed to repay the Government's share of the cost by percentage royalty on production.

Your letter favored the above recommendation but stipulated that no action be taken in the matter until the present status of the Red Bluff claims had been ascertained. You added that you had written to the Herdenhoff Mining Company (Docket No. DMRA 2902-Tungsten), asking for a copy of that Company's operating agreement on a Red Bluff group of claims in Valley County, Idaho, which may possibly constitute the same claims as the cautioned property.

Unless you have already received a reply to your above-mentioned inquiry, please clarify the matter during the field examination to be made as requested in our letter of July 17, 1953, covering the Herdenhoff and Red Bluff claims.

In the event that there is no connection between the claims of Dockets Nos. 2654 and 2902, the Government would consent to termination of McRae Tungsten Corporation's Contract No. Idm-W406, provided the Operator now repaid the full amount of the Government's contribution. If no discovery resulted from the project work, and consequently no certification of discovery or development is possible, payment through royalties would not be permissible. If, on the contrary, the project work contributed to the discovery, as now appears worthy of investigation,

certification could of course be made as soon as you provide us with the pertinent details.

Sincerely yours,

Chairman, Operating Committee

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

WSMartin/jh
7/21/53
cc. to: Docket
Field Team, Reg. II
Code 400 (3)
Oper. Comm.
D. M. Lemmon, USGS
R. W. Geehan, USBM
Adm. Reading File

1-1027
(April 1946)

UNITED STATES
DEPARTMENT OF THE INTERIOR

AGENCY Defense Minerals Exploration Administration Originator: WSMartin/AEKane/ema
TELETYPE Ext.: 5285 Room: 3538

Appro.: 14X 3923.970 - Working Fund - DMEA
Date: July 9, 1953
Time:
No.:
To: A. E. Weissenborn, DMEA Field Team, Region II, Spokane, Washington

Subject:

URLET July 2, 1953, DOCKET DMEA 2654 McRae Tungsten Corp., Red Bluff claims, Valley County, Idaho. Government consents Termination of Contract provided Operator now repays full amount Government contribution. No certification possible as no discovery resulted from project work; therefore repayment through royalties not permissible.

G. C. Selfridge, Chairman
Operating Committee

Authorized:

Sign original message and transmit to Room ..... in duplicate

U. S. GOVERNMENT PRINTING OFFICE 16—50915-1

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

1201 N. Division St.
Spokane 2, Washington
July 2, 1953

RECEIVED
JUL - 9 1953
GENERAL COUNSEL
DEFENSE MINERALS ADMINISTRATION

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

Subject: Docket No. DMEA 2654 (tungsten)
McRae Tungsten Corp.
Red Bluff claims
Valley County, Idaho

Idm-E-406

Dear Mr. Selfridge:

Enclosed are the original and 3 copies of a memorandum by S. W. Zoldok, Mining Engineer, U. S. Bureau of Mines, reporting the results of a recent conference with the subject Operator.

As Zoldok points out, none of the work done under the contract was direct exploration and therefore could not be considered as a basis for a certification of discovery. Drill sites were prepared and it was intended to do additional drilling this spring. Mr. McRae now feels that evidence obtained from the 7 drill holes completed last fall, which were specified in the contact but were completed before its effective date, is sufficient to justify mining the deposit and he has indicated verbally that he wishes to terminate the contract. He was informed that he should formally request termination. To date this has not been done.

If the applicant intends to mine the deposit we would favor granting his request, providing he agrees to royalty repayment without certification and reimburses the Government for its equity in the equipment on the basis of its value when it was transferred to the Red Bluff project.

No action should be taken, however, until the present status of the Red Bluff claims is ascertained. The Werdenhoff Mining Co., Docket No. DMEA 2902 (tungsten), in an application for DMEA assistance forwarded to you on June 30, 1953, indicated that they have an operating agreement on a Red Bluff Group of claims in Valley County, Idaho. We have written them for a copy of the agreement

Copy retained 400

and to ask if the claims are the same ones held under lease by the McRae Tungsten Corporation. There would, of course, be no justification for terminating the present contract if the property is the same and further exploration is contemplated.

By Field Team, Region II

A. E. Weissenborn

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

Thomas E. Howard

Thomas E. Howard, Acting Member
U. S. Bureau of Mines

Enclosure

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

1201 North Division Street
Spokane 2, Washington

June 10, 1953

MEMORANDUM

To: DMEA Field Team, Region II

From: S. W. Zoldok, Mining Engineer, Bureau of Mines

Subject: McRae Tungsten Corp., Red Bluff Claims, Valley County, Idaho, Docket No. DMEA 2654, Contract No. Idm-E406 (tungsten)

A conference was held on May 31, 1953 with Mr. Robert J. McRae, President, McRae Tungsten Corp., concerning the subject contract.

Mr. McRae stated that his company plans to construct a 50-ton per day gravity/flotation mill in conjunction with a magnetic separator to treat tungsten ores from the Red Bluff and Snowbird (Docket No. DMEA 864X) group of claims. The mill equipment has been purchased and construction will begin as soon as weather permits. Mill equipment and construction will require practically all of the company's available funds and if exploration is to be continued on the Red Bluff claims it will be necessary for the company to raise additional funds. The Operator had already completed several diamond drill holes prior to the effective date of the contract and conservatively estimates there is approximately 5,000 tons of ore between the surface and the 60 foot level that will average better than 1.00 percent tungsten, or about 15,000 tons that will average between 0.5 and 0.7 percent tungsten.

Mr. McRae has verbally requested that Contract No. Idm-E406 be terminated by mutual consent and that he is willing to repay the Government's share of the cost by percentage royalty on production.

It is recommended that the contract be terminated on the basis suggested by Mr. McRae.

The total exploration cost on the Red Bluff claims amounted to $3,348.00 and consisted entirely of road building and drill site preparation. Equipment transferred from the Snowbird project (Contract Idm-E133) to the Red Bluff project (Contract Idm-E406) is listed below:

1	Ingersoll Rand portable compressor (used) Model GK-105, Ser. No. 406-31445	$2,000.00
1	Ingersoll Rand J-40 jackhammer and jackleg (used), Ser. Nos. 673946 and L13018	360.00
1	Building	200.00
	Total	$2,560.00

Total amount expended on project	$5,908.00
Government's share of cost (75%)	$4,431.00

Stephen W. Zoldok

Stephen W. Zoldok

Orig. & 3 - Wash.
USGS - 2
DMEA
M/D
SWZ/vf

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

1201 N. Division St.
Spokane 2, Washington
March 26, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 9 1953

MEMORANDUM

To: DMEA Field Team, Region II

From: Stephen W. Zoldok, Mining Engineer, Bureau of Mines

Subject: Docket No. DMEA 2654 (tungsten)
McRae Tungsten Corporation
Contract No. Idm-E406

Prorating the supervisor's salary on the above contract was the subject of R. J. Hindman's memorandum written to the Field Team on January 12, 1953. The matter was held in abeyance pending Mr. McRae's return from a consulting trip to Korea.

This matter was discussed with Mr. R. J. McRae at Stibnite, Idaho, on March 18, 1953. Mr. McRae stated that the $600.00 charge for supervision and technical services in his October MF-104 actually covered these items for the months of September, October and part of November 1952. Inasmuch as the effective date of the contract is September 25, 1952, there are only 5 days when supervision could properly be charged during the month of September. He also stated that no record was kept of the time he spent on project work although according to the contract this would be necessary in order to properly prorate his supervision cost since he is in the employ of the Bradley Mining Co. and the exploration project is just a side line. It was suggested to Mr. McRae that he keep a diary on the project to enable him to properly prorate his supervision costs in the future.

It is recommended that the Field Team write Mr. McRae a letter, requesting him to keep a record of actual hours spent on project work. On the basis of a 200 hour month at $600.00 per month the supervision would then be paid for at the rate of $3.00 per hour. It is further recommended that if Mr. McRae is unable to substantiate the $600.00 supervision charge for October 1952, this item be cut to conform to the average monthly supervision cost as determined from the succeeding MF—104's.

The Operator plans to reactivate the exploration work about June 1, 1953, weather permitting.

Orig. & 3 cys - Wash.
USGS (2)
DMEA
AD
SWZ

Stephen W. Zoldok
Stephen W. Zoldok

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

So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 12 1953

gcl
1/14/53
WSM

January 7, 1953

Mr. F. E. Johnson, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-2654 (Tungsten)
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Contract No. Idm-E406

Dear Mr. Johnson:

This will acknowledge your letter of January 2 concerning the prorational salaries for part-time service has been noted and referred to the Project Engineer and the Certifying Officer for their consideration and an appropriate reply.

We are glad to get your comments on this situation in general, for as you point out, some of the older contracts are ambiguous as to the amount that is intended to be allowed for supervision. We are glad to note that your comments agree with our thinking in this matter for we have been somewhat unsure as to whether we could enforce our ideas should we get into a dispute with some Operator.

Sincerely yours,

A. E. Weissenborn

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

cc: USBM (2)

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 140
WASHINGTON 25, D. C.

Rutledge
Selfridge
Chambers
AEKane
Hoffman

Rewritten by

JAN 2 1953

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

Re: Docket No. DMEA-2654 - Tungsten
McRae Tungsten Corporation
Contract No. Idm-E406

Dear Mr. Weissenborn:

In a review of the MF-104 for October on the subject contract, it was noted that the full amount of $600.00, estimated in the contract as the amount necessary for an engineer-supervisor, was claimed. As the voucher was submitted, $300.00 was shown for supervision and $300.00 for technical services.

It so happens that this particular contract contains a footnote concerning the engineer-supervisor which includes the following language:

> "If his time is divided between the exploration project and another activity, then his salary is to be divided in the same proportion between the former and the latter."

This footnote was added in view of the Field Team's recommendation that $300.00 be allowed for a part-time supervisor-engineer-bookkeeper. It appears, therefore, that the $600.00 estimated for this item was intended as a full-time monthly salary, to be prorated for services less than full time.

Under these circumstances, it is believed that any claims for salaries for supervisor-engineer-bookkeeper in the amount of $600.00 per month, should be substantiated by a record showing full-time services in this capacity. If only part-time services were rendered, the allowance for the supervisor-engineer should be suitably prorated.

The situation is different where the exploration contract does not specifically indicate that the estimate for supervision is for full-time services. For instance, if the

estimate is simply: "Supervision, per month, $600.00" the contract is ambiguous as to what is intended. If the sum of $600.00 would be a reasonable full-time salary for the supervision provided for the project, then such an estimate should be construed as requiring full-time services, or suitable prorating for less than full-time services. This points to the desirability of making the estimates for supervision and technical services specific in future contracts. With respect to existing contracts, where the estimate may not be specific, the officer approving claims for payment will simply have to exercise a reasonable discretion. If the project does not require full-time services, claims for salary for full-time supervision should be disallowed. Even if full-time supervision would be proper, suitable evidence of full-time performance should be required.

Sincerely yours,

Frank E. Johnson (JHB)

Chairman, Operating Committee

APPROVED:

J. H. Hedges (JHB)

Member, Bureau of Mines

A. R. Kinkel, Jr. (JHB)

Member, Geological Survey

J.H. 1-2-53

Fd Rutledge/JLHofflund/mef
12/23/52
cc to: Mails and Files
Adm. R. File
Operating Comm.
Mr. Thayer
Mr. Hedges
Mr. Selfridge
Mr. Hofflund
Chron.
Pending

FILE COPY
SURNAME:

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

Rutledge
Selfridge
Alexander
Clayton

Mr. A. E. Weissenborn
Executive Officer, Region II
South 157 Howard Street
Spokane 8, Washington

Re: Docket No. DMEA 2654 - Tungsten
Idaho Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Exploration Contract Nm-2806

Dear Mr. Weissenborn:

In a review of the MP-104 for October on the subject contract, it was noted that the full amount of $600.00, setup in the contract for an engineer-supervisor, was claimed. As submitted, $300.00 was shown for supervision and $300.00 for technical services. Your attention is called to the item for engineer-supervisor under the above referenced contract.

Exploration contracts have been written, unless otherwise specified, on the basis that the monthly allotted sums for supervisors and engineers represent maximum salaries for full time services. If only part-time services are rendered, then only an equitable proportion of the allowable monthly salary is to be charged against the contract. This was specifically stated under a footnote for the engineer-supervisor in the subject contract as follows:

"The engineer-supervisor shall direct the operation and shall be responsible for securing representative samples of the deposit, where warranted, and their subsequent handling. He shall also prepare and keep up to date the mine and geologic maps ordinarily necessary for an exploration operation. He will determine the location, direction, attitude, and length of each diamond drill hole and will be responsible for the cutting or splitting of representative samples from the ore-bearing sludges or drill cores. In addition, he is to keep the necessary accounts and prepare the monthly reports required by this contract. If his time is divided between the exploration project and another activity, then his salary is to be divided in the same proportion between the former and the latter."

This footnote was added in view of the Field Team's recommendation that $300.00 be allowed for a part-time supervisor-engineer-bookkeeper. Therefore, it is felt that these items should be substantiated by a record of the time worked by both the supervisor and/or engineer.

This question in regard to the payment of supervisor's salaries has been raised by several of the other regions and it has been determined by the Administrator that the amounts provided for supervision are maximums and not necessarily definite salaries. Therefore, it would be in the interest of good management for the Field Team to have a complete understanding with the Operator in regard to supervisory salaries when the project contract is placed in operation. At that time, your engineers doubtless could make a fairly close estimate of the amount of supervision and/or engineering which would be considered adequate. Later in the development of the project the supervisory payment might be adjusted whenever justifiable, provided that the maximum allowed in the contract is not exceeded. This would avoid the payment of a high salary to a person who may find it, in his opinion, necessary to visit a project once or twice a month and claim the entire amount set aside in the estimate as his just salary.

Sincerely yours,

Chairman, Operating Committee

Approved:

FARutledge'lm
12/15/52

Member, Bureau of Mines

Member, Geological Survey

cc: Admn. Reading File
~~Docket~~
R. W. Geehan, USBM
D. M. Lemmon, USGS
Field Team Reg. II
Operating Committee
G. C. Selfridge
F. A. Rutledge

FILE COPY 400
SURNAME:

Rutledge
Martin for
Selfridge

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

NOV 19 1952

Mr. A. H. Weissenborn
Executive Officer, Region II
South 157 Howard Street
Spokane 8, Washington

Re: Docket No. DMEA 2654 - Tungsten
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho
Exploration Contract Idn-2406

Dear Mr. Weissenborn:

We are enclosing an extra copy of the referenced contract for use of your field representatives in making their examinations and reports.

Sincerely yours,

(signed) FRANK E. JOHNSON
(JHB)

Chairman, Operating Committee

J.H. 11-19-52

Enclosure

FARutledge'lm
11/14/52

Approved:

J. H. Hedges (JHB)
Member, Bureau of Mines

A.R. Kinkel, Jr (JHB)
Member, Geological Survey

cc: Admn. Reading File
Docket
R. W. Geehan, USBM
D. M. Lemmon, USGS
Field Team Reg. II
Operating Committee
G. C. Selfridge
F. A. Rutledge

Docket
RCS
10/30/52

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.~~ C.
1201 North Division St.
Spokane 2, Washington
October 20, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 27 1952

Mr. Robert J. McRae
McRae Tungsten Corporation
Stibnite, Idaho

Subject: Docket No. DMEA 2654
Contract Idm-E406

Copy retained 400

Dear Bob:

As you indicated in your letter of October 12, 1952, the corporation seal was omitted from the subject contract form. The seal is required and the contracts are returned herewith so that it may be affixed by the secretary.

Sincerely yours,

Thomas E. Howard
Chief, DMEA
Bureau of Mines, Reg. II

Enclosure

TEH/vf

cc: DMEA - Wash. (2)
USGS (2)
DMEA
D/F

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 12 1952

October 14, 1952

MEMORANDUM

To: Chairman, Operating Committee, DMEA, Washington, D. C.

From: DMEA Field Team, Region II

Subject: Docket No. DMEA 2654 (tungsten)
McRae Tungsten Corp., Red Bluff claims
Contract Idm-E406

Enclosed are the original and two signed copies of the subject exploration contract. One copy has been given to the Operator, one retained here, and by copy of this letter, the Regional Fiscal Officer's copy is transmitted.

The Field Team is of the opinion that the contract will be difficult to administer in its present form. However, as we believe that the deficiencies can be corrected by amendment within the authority of the Executive Officer it was forwarded to the Operator for signature rather than returned to your office for revision.

We would like to point out two of these deficiencies in the hope that they may be eliminated from future contracts. The most important, from the standpoint of administration, is the detailed itemization of operating materials and supplies for Stages III and IV of the contract. We question that this is necessary. In similar contracts it has served only to confuse engineering and fiscal personnel. It is noted that the amounts and estimated costs are not allowable maximums and therefore can be exceeded. We have been informed that this detail is intended only to be a guide and should be considered as such. However, if it is to be used as a guide, a maximum somewhere near the amount specified is implied. Also, the fact that some supply items are specified implies that <u>all</u> items are listed.

Obviously, this is not the case as the only supply items specified for Stage IV of the project are core boxes, sample supplies and 1,000 pounds of powder. It will no doubt confuse our fiscal personnel who are not technically trained to learn that other supplies such as caps, fuse, pipe, bits, timber, etc. are required to drive a raise.

We believe that an estimated unit cost for each item of work would be a far better guide for administering a contract. Not only would the contract itself be more flexible but any important deviation from the amount specified for an item of work would be immediately apparent to engineers and fiscal personnel. Trouble could be spotted without the necessity for the extensive bookkeeping required to keep records showing cumulative totals spent for each supply item specified.

Though none are shown in this contract, a unit cost for each item of work can be calculated by combining the various cost items and dividing by the amount of work specified for each phase. However, this has not been possible in other contracts (e.i., American Alloys Contract Idm-E247) prepared in a similar manner, because a number of work items were specified in each phase and funds allotted for the phase were not distributed.

Corrected Consent to Lien forms covering the full amount of the contract were obtained, and a copy attached to each copy of the contract prior to signature by the Operator.

By Field Team, Region II

cc: USBM (2)
Reg. Fiscal Officer, Albany

A. E. Weissenborn, Executive Officer
(Geological Survey)

M. F. Volin, Member
(Bureau of Mines)

P.S. 6/17/52

The reason for the delay in returning the signed contract to you is that it was discovered the corporate seal was inadvertently not affixed and had to be returned to the Operator. It was just received back in this office today.

A. E. W.

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

1201 N. Division St.
Spokane 2, Washington
October 1, 1952

Mr. Robert J. McRae
McRae Tungsten Corporation
Stibnite, Idaho

Subject: Docket No. DMEA 2654 (tungsten)
Red Bluff claims, Valley County, Idaho
Exploration Contract Idm-E406

Dear Mr. McRae:

Enclosed are the original and five copies of the subject contract signed for the Government by Frank E. Johnson, Acting Administrator, DMEA.

If you consider the terms and conditions of the contract satisfactory, all six copies should be signed by a duly authorized official of the Corporation. The copy marked "Operator's Copy" should be retained for your files and the original and remaining four copies returned to this office.

The number of days from the date of the contract within which you can commence work should be inserted in the blank space provided in Article 3 of the contract form.

If any of the terms or provisions of the contract are unsatisfactory, please return all copies with your comments.

Sincerely yours,

Thomas E. Howard
Mining Engineer

Enclosure

Copy retained 400
George C. Selfridge

TEH/he

cc: USGS (2)
DMEA, Wash. (2)
DMEA
DF

FILE COPY
SURNAME:

Martin
Selfridge
Wsm

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

SEP 30 1952

Hon. Henry C. Dworshak
United States Senate
Washington 25, D. C.

My dear Senator Dworshak:

On September 10, 1952, Mr. J. D. Price in your office telephoned to our Iron and Ferro-Alloy Division to learn what action we had taken with regard to the application of Mr. Robert J. McNee, President, McNee Tungsten Corporation, Stibnite, Idaho, for aid in exploring his Corporation's Red Bluff claims in Valley County, Idaho, our Docket No. DMEA 2654 - Tungsten.

At that time Mr. Price was advised that an exploration contract was in course of preparation, and we are now pleased to report that the contract has been completed and sent to the above Corporation for signature.

Sincerely yours,

C. O. Mittendorf (for) J.H. 9.30.52

Administrator

WSMartin'lm
9/29/52

cc: Admn. Reading File
Docket
R. W. Geehan, USBM
D. M. Lemmon, USGS
Field Team Reg. II
G. C. Selfridge
W. S. Martin

FILE COPY
SURNAME:

Martin
Selfridge Reg WSM

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

SEP 30 1952

Hon. Herman Welker
United States Senate
Washington 25, D. C.

My dear Senator Welker:

Reference is made to our letter of September 10, 1952, with regard to the application of Mr. Robert J. Mahne, President, Mahne Tungsten Corporation, Stibnite, Idaho, for aid in exploring his Corporation's Red Bluff claims in Valley County, Idaho, our Docket No. DMMA 2654 - Tungsten.

At that time we informed you that an exploration contract was in course of preparation, and we are now pleased to report that the contract has been completed and sent to the above Corporation for signature.

Sincerely yours,

C. O. Mittendorf
Administrator

(for) P.N. 9-30-52

WSMartin:lm
9/29/52

cc: Admn. Reading File
Docket
R. W. Geehan, USBM
D. M. Lemmon, USGS
Field Team Reg. II
G. C. Selfridge
W. S. Martin

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

W. P. MARSHALL, PRESIDENT

1201

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=Int'l Letter Telegram
VLT=Int'l Victory Ltr.

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

52 SE 28 AM 12 48

OA279 PRA844

PR BOA321 NL PD= HUNTINGTON ORG 27=

W S MARTIN=ACTING CHIEF FERRO ALLOYS DIVISION

DEFENSE MINERALS ADMINISTRATION DEPT OF INTERIOR WASHDC=

RE DOCKET DEMA 2654 CONSENT O LIENS FORTY THOUSAND THREE HUNDRED FIFTY DOLLARS SIGNED AND MAILED TO WEISSENBORN TODAY=

ROBERT J MCRAE MCRAE TUNGSTEN CORP STIBNITE IDA=..

9/29/52

Department of the Interior
Defense Minerals Administration
RECEIVED
SEP 29 1952

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

SEP 29 6 50 AM '52

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

FILE COPY 400
SURNAME:

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

Rutledge
Self
Gudgeon
Fe Gilman

SEP 25 1952

Mr. A. E. Weissenborn
Executive Officer, Region II
South 157 Howard Street
Spokane 8, Washington

Re: Docket No. DMEA 2654 - Tungsten
Nelson Tungsten Corporation
Red Bluff Claims
Big Creek Mining District
Valley County, Idaho

Dear Mr. Weissenborn:

We are enclosing the original and five copies of the above referenced exploration contract signed by this office for the Government, together with Annex I (1 page), Exhibit "A" (9 pages), and one map. Since we do not have the date of filing for the amended location of the Red Bluff No. 1 claim, to expedite the completion of this contract, it has been signed by the Government with the condition that this date of filing be added by your office before the contract is signed by the Operator.

In addition, the Owner's Consent to Lien forms obtained do not cover the full amount of the exploration contract. The Government at this time is waiving the deficiency in the forms at hand, but new Owner's Consent to Lien forms covering the full amount of the contract should be obtained as soon as practicable.

If the terms and conditions of this contract are satisfactory to you and the Operator, all six copies should be signed by a duly authorized official of the Corporation. The "Operator's Copy" is to be given to the Operator; the "Finance Officer's Copy" is to be sent to the Regional Finance Officer; the "Field Team's Copy" retained by your office; and the remaining three copies returned to this office.

If any part of this contract does not have either your approval or that of the Operator and cannot be amended within your delegated authority, the original and all copies of the contract are to be returned to this office, together with the proposed changes for consideration.

Please note that the following major changes have been made in the contract as originally outlined:

1. The contract is written in four stages instead of the proposed three.

2. A cook has been added under Stages I and II.

3. An engineer-supervisor at the rate of $600.00 per month replaces a part time supervisor, a part time bookkeeper, and a part time engineer. Note the restrictive clause for pay if the time of the engineer-supervisor is divided between this position and any other activity.

4. The charge for diamond drilling has been estimated as you suggested at $8.00 per foot. This item should cover all costs of drilling, moving in and out, moving between holes, reaming, cementing, casing, and time lost while surveying. However, payment should be made at the independent contract prices for work actually performed.

5. Core boxes and sample supplies have been added under Stages I, II and IV.

6. Contingencies have been added under Stages I, II, III and IV.

The above changes have increased the amount of the contract from $50,054.95 to $53,800.00.

Sincerely yours,

cc
9-25

Ernest Wm. Ellis (B.H.)

ACTING Chairman, Operating Committee

cc: Admn. Reading File
Docket
R. W. Geehan, USBM
D. M. Lemmon, USGS
Field Team Reg. II
Operating Committee
G. G. Selfridge
F. A. Rutledge

Enclosures

FARutledge:lm
9/24/52

Approved:

C. H. Johnson (B.H.)
Member, Bureau of Mines

C. R. Keukel, Jr. (B.H.)
Member, Geological Survey

FILE COPY
SURNAME:

140

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

September 27, 1952

Memorandum

To: Administrator

Through: G. C. Selfridge

From: Chief Counsel

Subject: McRae Tungsten Corporation - Docket No. DMRA-2654

There is attached, in satisfactory legal form for execution, a contract covering the above-described project, subject to the insertion in Annex I of the date of the recording of the amended Red Bluff #1 claim if the same is obtainable.

The Government's lien in this case should be $40,350.00, the extent of its participation in the estimated cost of the contract. However, the Owner's Consent to Lien provides that the Government's lien shall not be in excess of $37,541.25. The Government is at this time accepting the Owner's Consent to Lien as written and waiving the deficiency because the Owner is away on an extended vacation and can not be reached so that he may increase the figure written. However, the Operator should be requested to ask the Owner upon his return to sign a new Consent to Lien in the proper amount.

J. L. Hofflund
J. L. Hofflund
Chief Counsel

Attachments

AEKane/ema
cc: Mails & Files
J. L. Hofflund
A. E. Kane
G. C. Selfridge
Chron.

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

W. P. MARSHALL, PRESIDENT

1201

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=Int'l Letter Telegram

VLT=Int'l Victory Ltr.

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

1952 SEP 17 PM 3 23

WP062 DL PD=STIBNITE IDA 17 1215P=

=W S MARTIN, ACTING CHIEF IRON AND FERROR ALLOY DIVN
DEFENSE MINERALS EXPLORATION ADMN DEPT OF INTERIOR=

:REURLET SEPT 11 DOCKET NO DMEA 2654 MCRAE TUNGSTEN CORPN MEETING WEISENBORN FRIDAY. WILL SUGGEST TO HIM REDUCTION OF OVERALL PROJECT TO $50,055.00 SO ORIGINAL CONSENT TO LIEN WILL SERVE. OWNER ON EXTENDED VACATION AND IMPOSSIBLE TO REACH PERSON IN TIME=

:R J MCRAE PRES MCRAE TUNGSTEN CORPN=

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 18 1952

:11 DMEA 2654 $50,055.00=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

MAIL RO
WASHINGTO

CARL HAYDEN, ARIZ., CHAIRMAN
THEODORE FRANCIS GREEN, R. I.
GUY M. GILLETTE, IOWA
WILLIAM BENTON, CONN.
EARLE C. CLEMENTS, KY.
MIKE MONRONEY, OKLA.
THOMAS C. HENNINGS, JR., MO.
HENRY CABOT L[illegible] JR.,
WILLIAM E. JENNER, IND.
ROBERT C. HENDRICKSON, N. J.
MARGARET CHASE SMITH, MAINE
EVERETT MCKINLEY DIRKSEN, ILL.
HERMAN WELKER, IDAHO

DARRELL ST. CLAIRE, CHIEF CLERK
RUSSELL C. KING, CHIEF COUNSEL

United States Senate

COMMITTEE ON
RULES AND ADMINISTRATION

Noted
Good relationship!

September 11, 1952

C. O. Mittendorf, Administrator
Defense Minerals Administration
Washington 25, D. C.

[Mr. Rae Dungate]

Re: Docket No. DMEA 2654 Tungsten

Dear Sir:

I wish to take this opportunity to thank you for your prompt reply to my letter of September 6 concerning the above entitled matter.

I now realize that at the time I wrote you I was not in possession of all the facts and after reading your letter, let me assure you that in my opinion you have done everything possible to expedite the matter. Again let me thank you for your cooperation.

Sincerely yours,

Herman Welker

HERMAN WELKER
U.S. Senator, Idaho

(No ans. req. - Code 400)

HW:kb-3

RECEIVED
SEP 12 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 12 1952

FILE COPY
SURNAME:

Rutledge
Martin
Hoffman
Mott

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

SEP 11 1952

Mr. Robert J. McKee
McKee Tungsten Corporation
Stibnite, Idaho

Re: Docket No. DMEA 2654 - Tungsten
McKee Tungsten Corporation
Red Bluff Claims
Valley County, Idaho

Dear Mr. McKee:

Reference is made to the subject application and our letter of September 4, 1952, enclosing "Owner's Consent to Lien" forms for execution. Today four copies of an executed "Owner's Consent to Lien" were received from the Spokane office, where they were held for forwarding with the lease and option agreement until it was learned there that the lease and option agreement had already been sent direct to us here without notification to that office.

We regret that the Owner's Consent to Lien forms received through the field office are not acceptable in their present form as the amount under paragraph 2 has been stated as $37,541.25 for the Government's contribution to the exploration contract. Your application, as it is now being processed, will require the Government's contribution of $40,350.00 since the total project cost has been increased to $53,800.00.

Please have the enclosed Owner's Consent to Lien forms executed, inserting under paragraph 2 the amount of $40,350.00, and send six copies direct to Mr. A. E. Weissenborn, Executive Officer, Region II, South 157 Howard Street, Spokane 8, Washington, for attachment to the proposed contract before signature. It will help us to expedite completion of the contract if you will notify this office promptly when the completed forms have been forwarded.

Sincerely yours,

Signed
W. S. Martin, Acting Chief
Iron and Ferro-Alloy Division

P.H.
9-11-52

cc: Admn. Reading File
Docket
R. W. Geehan, USBM
D. M. Lemmen, USGS
Field Team Reg. II
W. S. Martin
F. A. Rutledge

Enclosures

FARutledge:lm
9/10/52

400 FILE COPY
SURNAME:

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

Martin
Hoffman

SEP 1 0 1952

DMEA-654

Hon. Herman Welker
United States Senate
Washington 25, D. C.

My dear Senator Welker:

This will acknowledge receipt of your letter of September 6, 1952, enclosing copy of a self-explanatory letter to you of August 27 from Mr. Robert J. McRae, President, McRae Tungsten Corporation, Stibnite, Idaho, concerning his application of July 26 (Docket No. DMEA 2654 - Tungsten) for aid in exploring that Corporation's Red Bluff claims in Valley County, Idaho.

You ask to be advised what can be done to expedite the above case, and we are pleased to report that a contract has now been prepared and will be sent to the applicant promptly upon our receipt of "Owner's Consent to Lien" forms sent to him on September 4 for execution.

In his letter to you, Mr. McRae has sacrificed completeness to conciseness. While it is true that the application is dated July 26, and the acknowledgment by this office is dated August 15, the application was in fact given to our Field Team in Spokane, Washington, which reported in its letter of August 8 to us: "Copies of the purchase contract and the necessary subordination agreements are not included with the application. These are being prepared by the operator and will be sent to you as soon as we receive them."

Furthermore, on August 27, the same day that Mr. McRae wrote to you implying that we had been dilatory in this instance, he wrote to us enclosing three exhibits to be added to his application and his letter concluded as follows: "These above papers I believe complete the above application." Unfortunately the "Lease and Option Agreement," one of the same three exhibits, while it contained the lessor's offer to sign all instruments required by the contract, could not be accepted in lieu of the regular "Owner's Consent to Lien" form, and it was therefore necessary to send copies of such form to Mr. McRae on September 4.

We are keenly aware of the working season in the area where Mr. McRae is operating and you may rest assured that immediately we receive the necessary legal forms, the contract will be sent to our Field Team to be submitted to Mr. McRae for signature.

In compliance with your request, we are returning herewith Mr. McRae's letter to you. In view of your indicated interest in the matter, we shall keep you advised of our further action with regard to this application. If we can be of any further assistance, please let us know.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

B.H.
9-10-52

Enclosure

WSMartin:ls
9/9/52

Copy to: Admn. Reading File
Docket
Field Team, Region 2
W. S. Martin
D. M. Lemmon, USGS
R. W. Geehan, USBM

CARL HAYDEN, ARIZ., CHAIRMAN
THEODORE FRANCIS GREEN, R. I.
GUY M. GILLETTE, IOWA
WILLIAM BENTON, CONN.
EARLE C. CLEMENTS, KY.
MIKE MONRONEY, OKLA.
THOMAS C. HENNINGS, JR., MO.
HENRY CABOT LODGE, JR., MASS.
WILLIAM E. JENNER, IND.
ROBERT C. HENDRICKSON, N. J.
MARGARET CHASE SMITH, MAINE
EVERETT MCKINLEY DIRKSEN, ILL.
HERMAN WELKER, IDAHO

DARRELL ST. CLAIRE, CHIEF CLERK
RUSSELL C. KING, CHIEF COUNSEL

United States Senate

COMMITTEE ON
RULES AND ADMINISTRATION

September 6, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 8 1952

Dmea-2654

Mr. Robert E. Adams, Chief
Operations Control and Statistics Division
Iron and Ferro Alloys Division
Defense Minerals Exploration Agency
Washington, D. C.

Dear Sir:

The enclosed letter is self-explanatory. Will you please see what can be done to expedite this case. I am familiar with the area in which Mr. McRae is operating and know that the time element is very important. An early reply will be appreciated.

When the matter is closed, please return Mr. McRae's letter for my files.

Yours truly,

Herman Welker

HERMAN WELKER
U. S. Senator, Idaho

HW:cs-3
enc.

Awaiting Owner's consent to lien.

COPY

McRAE TUNGSTEN CORPORATION

STIBNITE, IDAHO

AUGUST 27, 1952

The Honorable Herman Welker
United States Senator
McCall, Idaho

The McRae Tungsten Corporation of which I am president has pending an application for an Exploration Assistance Loan before the Defense Minerals Exploration Administration in Washington, D. C.

Our corporation has been developing tungsten ore in Valley County, Idaho, for the past two years. Last year we developed the Snowbird vein in the above area under a $20,300.00 DMEA Loan. This project developed ore containing at least 140,000 lbs. of Tungsten oxide worth at current market $420,000.00.

During this past July we acquired a larger outcrop of tungsten ore in the same district. I made application for a DMEA loan on July 26 to aid in developing this prospect. The application called for $17,254.00 to do 1,540 feet of diamond drilling and $32,800.00 to explore by tunnels underground if the drilling program so warranted. In all of the above programs the operator or owner has to put up 25% of the sum and the government 75%.

Also during July Mr. H. F. Reno of the Bureau of Mines acting for the DMEA District Office at Spokane, examined this property for said agency. It is my understanding that the report made by Mr. Reno for the District Office was very favorable and that the District DMEA office under Mr. A. E. Weissenborn sent a strong recommendation to Washington, D. C., with my application that it be granted promptly.

As a word of explanation the property is at an elevation of 8100 feet in a very isolated area that is free of snow between June 15 and Oct. 15. In order to accomplish the drilling program before snow comes we have been forced to build a road to the property and let the diamond drill contract at our own expense. The diamond drill is now operating on the proposed drill program for which we are forced to pay 100% due to slow action on approval by DMEA. In other words we will have 1/2 of the drill footage asked for drilled out at our own expense if approval is delayed beyond Sept. 15. Our funds are limited and DMEA contracts do not allow payment for work done prior to approval date even though such work is provided for in the contract.

In view of the foregoing we would greatly appreciate any efforts you can extend toward expediting the early approval of our application.

Pertinent Data on pending Application:

(a) Applicant - McRae Tungsten Corporation of Stibnite, Idaho.
(b) Property - Red Bluff Group
(c) Docket No. DMEA-2654
(d) Agency - Defense Minerals Exploration Administration, Iron and Ferro-Alloys Division
(e) Date of Application - July 26, 1952
(f) Acknowledged as being received in Washington on August 15, 1952 by Robert E. Adams, Chief, Operations Control, and Statistics Division of DMEA.

Yours truly,

Signed: Robert J. McRae, Pres.

McRae Tungsten Corporation

FILE COPY 400
SURNAME:

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

Rutledge
Martin

John L. Hoffluna, Chief Counsel, DMEA Sept. 9, 1952

Iron and Ferro-Alloy Division, DMEA

Review and preparation of Exploration Project Contract
Docket No. 2654 - Tungsten
McMas Tungsten Corporation
Red Bluff Claims
Big Creek Mining District
Valley County, Idaho

Transmitted herewith is the subject docket, together with a rough draft of a proposed exploration project contract for your use in preparing the contract in final form.

Owner's Consent to Lien forms were not received with the purchase contract. A set of the forms was mailed to the applicant September 4, 1952, and will be added to the contract when received.

W. S. Martin, Acting Chief
Iron and Ferro-Alloy Division

FARutledge:lm
9/9/52

cc: Admn. Reading File
Docket
W. S. Martin
F. A. Rutledge

MF-200
(June 1951)
(Revised Feb. 1952)

DOCKET NO. DMEA 2654

COMMODITY Tungsten

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

EXPLORATION PROJECT CONTRACT [1]

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] McRae Tungsten Corporation, a corporation organized and existing under and by virtue of the laws of the State of Idaho, Stibnite, 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 Valley, described as follows: [3] The Red Bluff group of claims in the Big Creek Mining District as recorded at the Courthouse, Cascade, Idaho. (See Annex I, attached to and made a part of this contract.)

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~~: .....

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

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

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

in or upon the described land; and shall bring the project to completion within a period of 18 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.

ARTICLE 4. *Performance of the work.*—(*a*) *Operator's responsibility.* The work shall be performed efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmens' compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. To the extent specified in Exhibit "A," attached hereto, the work may be performed by independent contractor or contractors; and work not specified in Exhibit "A" for performance by independent contractor may nevertheless be so performed upon amendment of Exhibit "A," as agreed to by the parties, to state the work to be so performed and the estimated unit costs thereof, as provided hereafter.

(*b*) *Independent contracts.*—Any independent contract for the performance of work shall be on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved), or on some basis that will indicate the amount due for work performed at any stage of the work to be performed under such independent contract. The Government shall not be nor be considered to be a party to any such independent contract, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of any such independent contract. If the reference in Exhibit "A" to any such independent contract states that the Government's approval thereof is required, the Government may refuse to participate in the cost thereof unless and until it has given its written approval of the independent contract.

(*c*) *Government may inspect.*—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 5. *Estimated costs of the project.*—A statement of the estimated cost of the project is set forth in Exhibit "A," attached hereto. Except insofar as any item of requirement or the estimated cost thereof set forth in Exhibit "A" is there or elsewhere designated as an "allowable maximum," such items of requirement and of related cost are estimates only, and may be exceeded to the extent that the Government may from time to time approve for the most economic and beneficial performance of the work within the limitation of the total aggregate estimate of costs. The Government's approval of any such excess over the estimate for an item of requirement or related cost will be signified by its approval and payment of any invoice or voucher for payment which expressly calls attention to such excess. Items expressly designated in Exhibit "A" or elsewhere as "allowable maximum," and the total aggregate estimated cost are limitations, and any excess therein will be for the sole account of the Operator in which the Government will not participate.

ARTICLE 6. *Allowable costs of the project.*—(*a*) The costs of the project in which the Government will participate are limited to the following:

(1) *Independent contracts.*—Payments to independent contractors under independent contracts listed in Exhibit "A." The estimated cost of any work to be performed under an independent contract is or shall be included in the estimate of costs in Exhibit "A" in terms of the estimated numbers of units of work to be performed, the estimated amount to be paid per unit, and the estimated total amount to be paid to the independent contractor, and such estimates shall be allowable maximums above which the Government will not contribute. Regardless of the provisions of any such independent contract, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable and necessary. No such independent contract shall have the effect of increasing the estimated total cost of the exploration project contract nor the maximum amount which the Government will pay as provided in the exploration project contract.

(2) *Labor, supervision, consultants.*—Labor, supervision and technical services (including engineering and geological consultants), a schedule of which is included in the estimate of costs set forth in Exhibit "A." The requirements and related estimated costs for supervision and technical services are allowable maximums.

(3) *Operating materials and supplies.*—Necessary materials and supplies including items of equipment costing less than $50.00 each, and power, water, and fuel, a schedule of which is included in the estimate of costs in Exhibit "A."

(4) *Operating equipment.*—Any operating equipment to be rented or purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or the allowable depreciation, as the case may be, a schedule of which is included in Exhibit "A." Any items listed as owned and to be furnished by the Operator, and related ~~initial~~ allowable depreciation, are allowable maximums.

(5) *Rehabilitation and repairs.*—Any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and to be devoted to the purposes of the exploration contract, a schedule of which is included in the estimate of costs set forth in Exhibit "A." These items are allowable maximums.

(6) *New buildings, improvements, installations.*—Any necessary buildings, fixed improvements, or installations to be purchased, installed, or constructed for the purposes of the exploration work, with the estimated cost of each, a schedule of which is included in the estimate of costs in Exhibit "A." All of these items are allowable maximums.

(7) *Miscellaneous.*—Repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance and payroll taxes.

(8) *Contingencies.*—Such other necessary, reasonable direct costs of performing the exploration work, within the limit of the total aggregate estimate of costs, whether or not included in any schedule of costs in Exhibit "A," as may be approved by the Government in the course of the work, as indicated by its approval and payment of invoices and vouchers.

[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, the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name mineral or minerals.

(*b*) The Government's payments in all cases will be based on actual, necessary costs (including contract unit prices) incurred not in excess of any "allowable maximum," and not in excess of the fixed percentage of the total aggregate estimated cost. Costs will be considered to be incurred only as they are or become due and payable.

(*c*) No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes) or any other indirect costs, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

ARTICLE 7. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operators shall provide the Government with monthly reports of work performed and costs (including contract unit prices) incurred 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 costs incurred 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.

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

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 75 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $ 40,350.00, which is 75 percent of $ 53,800.00, 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 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.

(*b*) The Government may make any payment or payments direct to independent contractors and to suppliers, for the account of the Operator, rather than to the Operator.

ARTICLE 9. *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 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 10. *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 11. *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.

ARTICLE 12. *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. Upon the completion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, facilities, buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its pro rata share of any money remaining.

ARTICLE 13. *Changes and added provisions.* The Operator's obligation to bring the project to completion continues only so long as the accumulated allowable costs of the project in which the Government will participate do not exceed the agreed total estimated cost of the project set forth in Article 8.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____

_____
(Operator)

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—66328-1

Office of the County Recorder

ANNEX I

The Red Bluff group of claims is recorded at Cascade, Idaho, in the ~~records of~~ Valley County, Idaho, as follows:

CLAIM	BOOK	PAGE	DATE
~~Red Bluff No. 1~~	~~11~~	~~586~~	~~June 15, 1951~~
Red Bluff No. 1, amended	13	234	
Red Bluff No. 2	11	587	June 15, 1951
Red Bluff No. 3	11	588	June 15, 1951
Red Bluff No. 4	11	589	June 15, 1951

McRae Tungsten Corporation
Exploration Project Contract
Red Bluff Claims
Docket No. DMEA 2654

Exhibit "A"

Description of the Work

The work to be done is in 4 stages and is

Stage I

Time Schedule: 0 - 1 month

~~to~~ indicated on the map attached hereto and made a part hereof, entitled "Plot of claims McRae Tungsten Co."

1. Construct approximately one (1) mile of access road to the location of the proposed exploration on the Red Bluff No. 1 claim.
2. Prepare six (6) diamond drill sites ~~at the locations shown on the attached map~~.
3. Diamond drill two (2), AX size, drill holes, numbers 1 and 2 at the locations, bearings, and inclinations ~~shown on the attached map~~ to test the ore zone at the 8050-foot altitude. Aggregate length of the two holes to be approximately 240 feet.

Stage II

Time Schedule: 2 - 3 months

Stage II is to be undertaken only after the completion of Stage I ~~to the satisfaction of and approval by~~ if in the opinion of the Government, ~~which approval will be dependent upon~~ the results of Stage I warrant it,

1. Diamond drill four (4), AX size, drill holes, numbers 3, 4, 5 and 6 at the locations, bearings and inclinations ~~shown on the attached map~~ to explore the ore zone at the 8,000-foot altitude. The aggregate length of the four holes to be approximately 780 feet.

Stage III

Time Schedule: 4 - 9 months

Stage III is to be undertaken only after the completion of Stage II to ~~the satisfaction of and approval by~~ in the opinion of the Government, ~~which approval will be dependent upon~~ the results of Stage II. as set out

1. Drive a 250-foot adit southwestward ~~at the location shown on the attached map~~ to crosscut the ore zone at an altitude of approximately 8,000 feet. Adit to be of sufficient size for mucking machine operation but not to exceed 6' x 7-1/2' in the clear.
2. Drive 250 feet of drift from the crosscut adit to explore the ore zone ~~as indicated on the attached map~~. Size of drift to be of sufficient size for mucking machine operation but not to exceed 6' x 7-1/2' in the clear.
3. Drive two additional crosscuts from the drift to explore the ore zone ~~at approximately the locations shown on the attached map.~~ Aggregate length of the two crosscuts not to exceed 40 feet. Crosscuts to be of sufficient size for mucking machine operation but not to exceed ~~XXXXXXXX~~ 6' x 7-1/2' in the clear.

Stage IV

Time Schedule: 10 - 11 months

Stage IV is to be undertaken only after the completion of Stages II and III to ~~the satisfaction of and approval by~~ in the opinion of the government ~~the Government, which approval will be~~ dependent upon the results of Stages II and III. as set out The carrying out of either phase of Stage IV will be subject to the conditions applying to that phase with the exception that if physically feasible the diamond drilling shall follow Stage II.

1. Diamond drill 500 feet of AX size hole to further explore the extensions of the ore zone. This drilling to be undertaken only if the results of the preceeding work is favorable and the additional drilling is deemed warranted by the Government. Locations, bearings, and inclinations of the holes to be determined by the Operator with the approval of the Government.

2. Drive 100 feet of raise ~~at the locations shown on the attached map.~~ The raises to be driven only if the assay grades on the surface do not extend uniformly to the level of the drift and the raises are deemed necessary by the Government to explore the ore zone. Size of raises not to exceed 4 x 7 feet in the clear.

Estimated Cost of Project
*Indicates allowable maximum

(1) Independent Contracts

Stage I		
Construct one mile of access road 1/	$2,500.00*	
Prepare six diamond drill sites 1/	200.00*	
240 feet of diamond drilling, AX size hole, @ $8.00* per foot 2/	1,920.00	4,620.00
Stage II		
780 feet of diamond drilling, AX size hole, @ $8.00* per foot 2/		6,240.00
Stage III		
None		
Stage IV		
500 feet of diamond drilling, AX size hole, @ $8.00* per foot 2/		4,000.00

1/ If a caterpillar D-6 tractor equipped with dozer, or equivalent, is rented for road and drill site construction, the charge for same shall not exceed $15.00 per working hour, including wages of an operator, fuel, lubrication, transportation, repairs, and all other costs

2/ Including all costs of drilling, moving in and out, moving between holes, reaming, cementing, casing and time lost while surveying.

(2) Labor, Supervision, Consultants

Stage I		
1 - Engineer-supervisor 3/ @ $600.00* per month, 1 month	600.00	
1 - Cook @ $300.00 per month, 1 month	300.00	900.00
Stage II		
1 - Engineer-supervisor 3/ @ $600.00* per month, 2 months	1,200.00	
1 - Cook @ $300.00 per month, 2 months	600.00	1,800.00
Stage III		
1 - Engineer-supervisor 3/ @$600.00* per month, 5 months	3,000.00	
3 - Miners @ $16.20 per shift including overtime, 130 shifts	6,318.00	
1 - Cook @ $300.00 per month, 5 months	1,500.00	10,818.00
Stage IV		
1 - Engineer-supervisor 3/ @ $600.00* per month, 1 month	600.00	
3 - Miners @ $16.20 per shift including overtime, 25 shifts	1,215.00	
1 - Cook @$300.00 per month, 1 month	300.00	2,115.00

(3) Operating Materials and Supplies

Stage I	
Core boxes and sample supplies	30.00
Stage II	
Core boxes and sample supplies	100.00

3/ The engineer-supervisor shall direct the operation and shall be responsible for securing representative samples of the deposit, where warranted, and their subsequent handling. He shall also prepare and keep up to date the mine and geologic maps ordinarily necessary for an exploration operation. He will determine the location, direction, attitude, and length of each diamond drill hole and will be responsible for the cutting or splitting of representative samples from the ore-

bearing sludges or drill cores. In addition, he is to keep the necessary accounts and prepare the monthly reports required by this contract. If his time is divided between the exploration project and another activity, then his salary is to be divided in the same proportion between the former and the latter.

Stage III		
4,200 lbs. powder @$0.21	882.00	
3,000 caps @ $35.00 per 1000	105.00	
15,000 ft. fuse @ $15.00 per 1000	225.00	
1,300 ft. mine rail, 16#, 6,930# @ $0.10	693.00	
800 ft. 1-1/2" pipe @ $0.30	240.00	
200 lb. track spikes @ $0.35	70.00	
500 lb. drill steel @ $0.30	150.00	
50 tungsten carbide bits @ $13.00	650.00	
500 lb. carbide @ $0.15	75.00	
3,000 gal. gasoline @ $0.33	990.00	
2,000 bd. ft. 2" lumber @ $75.00 per M	150.00	
1,000 wedges @ $0.06	60.00	
60 gal. lube oil @ $1.30	78.00	
Picks, hammers, and small tools	250.00	
Mine timber and lagging	700.00	
Nails, spikes, and miscellaneous supplies	400.00	
Fuel	300.00	6,018.00
Stage IV		
Core boxes and sample supplies	75.00	
1,000 lb. powder @ $0.21	210.00	285.00

(4) Operating Equipment

To be rented

Stages I, II, III, & IV

None

To be purchased

Stage I & II

None

Stage III

1 - Ingersoll Rand portable compressor (used) Model GK-105, Serial No. 406-31445 4/	2,000.00	
1 - Ingersoll Rand J-40 jackhammer and jackleg (used) Serial Nos. 673946 and L13081 4/	360.00	
1 - Ingersoll Rand J-40 jackhammer (new)	400.00	
1 - 125 cu. ft. portable air compressor (used)	1,000.00	
1 - Mucking machine (used)	2,000.00	
1 - 20 cu. ft. mine car	200.00	
These items are being transferred from the Operating Equipment acquired pursuant to the terms of Expl.Proj. Contract Idm- E 133 at the valuation above indicated.	200.00	6,160.00*
4/ These items are being transferred at the valuation indicated from the Operating Equipment acquired pursaunt to the terms of Expl.Proj.Contract Idm-E 133 dated Sept 5/61 between the same parties who are also parties to this contract.		550.00

4/ These items are to be purchased at the specified price (above) from the material and equipment available upon completion of exploration contract Idm-E133.

(6) New Buildings, Improvements, Installations

Stage I		
1 - 14' x 16' prefabricated house for bunkhouse 4/, including cost of moving	200.00*	
1 - 16' x 32' celotex-lined frame cook house	3,000.00*	
Facilities and installations for cook house	600.00*	3,800.00
Stage II		
None		
Stage III		
1 - 16' x 24' frame compressor and shop building		1,250.00*
Stage IV		
None		

(7) Miscellaneous

Stage I		
Workmen's Compensation, Old Age Benefits, Unemployment Insurance ~~and~~ payroll taxes	90.00	
Analytical work	50.00	140.00
Stage II		
Workmen's Compensation, Old Age Benefits, Unemployment Insurance and payroll taxes	180.00	
Analytical work	150.00	330.00
Stage III		
Workmen's Compensation, Old Age Benefits, Unemployment Insurance and payroll taxes	1,081.80	
Analytical work	200.00	

Mail delivery and snow removal	1,000.00	
Repairs to equipment 5/	800.00	3,081.80
Stage IV		
Workmen's Compensation, Old Age Benefits, Unemployment Insurance and payroll taxes	211.50	
Analytical work	75.00	286.50
(8) Contingencies		
Stage I		110.00
Stage II		330.00
Stage III		672.20
Stage IV		163.50
ESTIMATED COST, STAGE I	9,600.00	
ESTIMATED COST, STAGE II	8,800.00	
ESTIMATED COST, STAGE III	28,000.00	
ESTIMATED COST, STAGE IV	7,400.00	
TOTAL ESTIMATED COST FOR PROJECT		53,800.00 *
GOVERNMENT PARTICIPATION AT 75 PERCENT		$40,350.00 *

5/ Repair and maintenance items are to be charged against the project only as incurred and spent while the equipment is working on the project.

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

1201 N. Division Street
Spokane 2, Wash.
September 8, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 10 1952

Mr. W. S. Martin, Acting Chief
Iron and Ferro-Alloys Division
Defense Minerals Exploration Admin.
Department of the Interior
Washington 25, D. C.

VIA AIR MAIL

Subject: Docket No. DMEA 2654 (tungsten)
McRae Tungsten Corp., Valley County, Idaho
Consent to Lien

Dear Mr. Martin:

Enclosed please find 4 copies of an executed "Owner's Consent to Lien" on the subject property. It has been held in this office to be forwarded with the lease and option agreement not included with the application. Since the lease and option agreement were sent by the applicant directly to your office, the subject forms are forwarded herewith.

Sincerely yours,

M. E. Volin, Member
DMEA Field Team
Region II

Enclosure

McRae File.

DMEA 2654

September 5, 1952

Dear George:

I believe we have everything in your letter of August 31, 1952, under control. On DMEA 2654, McRae, Red Bluff property, although we received a copy of the Purchase Agreement, we find that Owner's Consent to Lien is also required and McRae has been asked to complete and return the forms to us. In the meantime, we are sending a draft of the contract up to Legal.

As for the No. 3 project of Bradley Ima Mine, we have been unable to find the review on the new costs. Should we write to Weissenborn about that?

Your comments on the American Alloys Metals have been passed along to Legal and they will go ahead on the basis of the draft you returned with your letter. For your convenience, we are attaching a typed copy of your same letter.

Hasta la vista

Bill Martin

Enclosure

7,046.00
1425.00
3123.50
1040.00
6919.00
4350.00
2920.00
12,115.00
38,938.00 asked.

17.45
700
12,115.00

51,220.00 Field Loan.

53,800.00 Contract.

40,350.00 Loan. Shan.

FILE COPY
SURNAME:

Rutledge
Martin

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

SEP 4 1952

Mr. Robert J. McRae
McRae Tungsten Corporation
Stibnite, Idaho

Re: Docket No. DMEA 2654 - Tungsten
McRae Tungsten Corporation
Red Bluff Claims
Valley County, Idaho

Dear Mr. McRae:

In reviewing your application, it was noted that Owner's Consent to Lien forms were not included although the Owner indicated his willingness to sign such forms in your Exhibit "G". Please have the enclosed forms executed and return six copies to this office as soon as possible in order that we may expedite the processing of your application.

It would be appreciated if you would indicate the location of the Red Bluff No. 2, No. 3, and No. 4 claims on the attached map and return it with the Consent to Lien forms.

Sincerely yours,

Signed

W. S. Martin, Acting Chief
Iron and Ferro-Alloy Division

S.N.
9-4-52

Enclosures

FARutledge'lm
9/3/52

cc: Admn. Reading File
Docket
R. W. Geehan, USBM
D. M. Lemmon, USGS
Field Team Reg. II
W. S. Martin
F. A. Rutledge

COPY

August 31, 1952

Dear Bill:

Just a note on DMEA 2654, McRae, Red Bluff property. Talked part of it over with boys. Reno's map showing new road and claims is not correct as far as road is concerned. The road in the contract is from Middle Fork Smith Creek to claim No. 1. Reno's memo says 24,860 tons. This was based on a depth of 179 feet from surface. Is optimistic. I told them the x-cuts on 40' centers, 100 ft. was blocking out ore. I suggested the main x-cut should cut thru the vein and maybe 2 others 1/3 and 2/3's of the way over to the S end of the drift on the ore. Maybe 20' x-cuts for this main x-cut should allow some leeway. Lemmon suggested eliminating the raising. If the values on the surface come down uniformly in the drift, I would agree with Lemmon that raising would be development. If they don't, then allow all raising to find bottom of ore and explore it to the extent necessary to get some idea of values. Talk it over with him and then get the thing out as quickly as possible. I understand the guy is already on the property and will pick up when contract is dated. I am going to the No. 3 project at Bradley's Ima mine and they tell me here that they sent us a review on the new costs which apparently I didn't see before leaving.

The boys have a lot of auditing problems. The mixed unit costs and actual cost in same contract may be a headache.

Please tell the Lawyer, Hofflund, that Weissenborn thinks the agreement O.K. I didn't have a chance to check the Docket No. 1951 about 16 claims but I guess it is O.K. On page 2, paragraph 2, "three contracts" should read "two contracts" and refer to Idm-E105 and E127.

January 21, 1958

Dear Bill:

Just a note on Bill Smith, Moses, Inc. stuff you copy. Bill's part of it over with Dave. Here's the showing you read and claim is not correct or for an trial in connection. The road to the conference in Middle and South Creek to Clair Co. is Route 1, some maps call 300 tons. Info was based on a depth of 125 feet from surface. In addition, I told them the results on 401 contacts, 100 ft. was flowing and prob. I suggested the main issue should be when the coal measures & others 1/2 and 1/2 of the way over to the 3 seams of the Davis on the area. Only 201 x-cuts for this with x-cut should allow some leeway. Lemon mentioned eliminating the problem. If the values on the existing cuts from intersecting in the mid. I would agree with Lemon that relating would be desirable. If they don't, then this all relating to find bottom of the mud requires it to be a second measurement to get some idea of volume. Bill is over with Kim and then get his thing out as quickly as possible. I understand the app is already on the prosecutor and will talk to them concerning it today. Talk to Mr. J Prudent at Prudential's Inc also and they will be here then. May need to a review in the non-depth which is necessarily I didn't see before leaving.

We have been a lot of auditing problems. The stated unit costs and actual cost in some contracts may be a problem.

Please tell the Lemon, Maitland, and Wordsworth Mines the conference at 11. I plan I have a chance to check the Tower 14. 1991 where it closes but I guess it is O.K. On page 2, paragraph 2, "Some contracts should need two contractor and some to 10-Mile and YMV".

Maybe "closing out" would be preferable to "winding up" in paragraph 5 on same page. Please check certification on E127 is sufficiently complete to take care of paragraph No. 2 on page 3.

Am taking advantage of the week end. Will leave Tuesday and reach S.L.C., Utah, c/o R. J. Roberts, USGS Room 208, 222 South West Temple, Monday morning, September 8. Will leave S.L.C. Wednesday, 10th, for Denver.

Hasta la vista

Signed: George

Docket

COPY

McRAE TUNGSTEN CORPORATION

STIBNITE, IDAHO

AUGUST 27, 1952

The Honorable Herman Welker
United States Senator
McCall, Idaho

The McRae Tungsten Corporation of which I am president has pending an application for an Exploration Assistance Loan before the Defense Minerals Exploration Administration in Washington, D. C.

Our corporation has been developing tungsten ore in Valley County, Idaho, for the past two years. Last year we developed the Snowbird vein in the above area under a $20,300.00 DMEA Loan. This project developed ore containing at least 140,000 lbs. of Tungsten oxide worth at current market $420,000.00.

During this past July we acquired a larger outcrop of tungsten ore in the same district. I made application for a DMEA loan on July 26 to aid in developing this prospect. The application called for $17,254.00 to do 1,540 feet of diamond drilling and $32,800.00 to explore by tunnels underground if the drilling program so warranted. In all of the above programs the operator or owner has to put up 25% of the sum and the government 75%.

Also during July Mr. H. F. Reno of the Bureau of Mines acting for the DMEA District Office at Spokane, examined this property for said agency. It is my understanding that the report made by Mr. Reno for the District Office was very favorable and that the District DMEA office under Mr. A. E. Weissenborn sent a strong recommendation to Washington, D. C., with my application that it be granted promptly.

As a word of explanation the property is at an elevation of 8100 feet in a very isolated area that is free of snow between June 15 and Oct. 15. In order to accomplish the drilling program before snow comes we have been forced to build a road to the property and let the diamond drill contract at our own expense. The diamond drill is now operating on the proposed drill program for which we are forced to pay 100% due to slow action on approval by DMEA. In other words we will have 1/2 of the drill footage asked for drilled out at our own expense if approval is delayed beyond Sept. 15. Our funds are limited and DMEA contracts do not allow payment for work done prior to approval date even though such work is provided for in the contract.

In view of the foregoing we would greatly appreciate any efforts you can extend toward expediting the early approval of our application.

Pertinent Data on pending Application:

(a) Applicant - McRae Tungsten Corporation of Stibnite, Idaho.
(b) Property - Red Bluff Group
(c) Docket No. DMEA-2654
(d) Agency - Defense Minerals Exploration Administration, Iron and Ferro-Alloys Division
(e) Date of Application - July 26, 1952
(f) Acknowledged as being received in Washington on August 15, 1952 by Robert E. Adams, Chief, Operations Control, and Statistics Division of DMEA.

Yours truly,

Signed: Robert J. McRae, Pres.

McRae Tungsten Corporation

McRAE TUNGSTEN CORPORATION

STIBNITE, IDAHO

August 27, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 29 1952

Mr. Robert E. Adams, Chief
Operation's Control and Statistics Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Subject: DMEA-2654
Re Exploration Assistance
Red Bluff Group

Dear Mr. Adams:

In connection with the above application I am submitting 3 exhibits to be added to said application.

Exhibit A.
A signed copy of the Assignment of Mining Lease and Royalty Agreement from R. J. McRae to McRae Tungsten Corporation.

Exhibit B.
Copy of Conveyance and Agreement signed and notarized. The original is in escrow.

Exhibit C.
A signed copy of the Lease and Option Agreement between Wilbur Wiles, owner and R. J. McRae, Lessee.

These above papers I believe complete the above application.

Yours truly,

Robert J. McRae

R. J. McRae

RJM:lh

EXHIBIT A

A S S I G N M E N T
of
MINING LEASE AND ROYALTY AGREEMENT

Between: R. J. McRAE AND RUTH C. McRAE, husband and wife,

ASSIGNORS,

and

McRAE TUNGSTEN CORPORATION, an Idaho corporation,

ASSIGNEE.

THIS INDENTURE AND AGREEMENT,

W I T N E S S E T H:

That WHEREAS, under date the 1st day of August, 1952, Wilbur V. Wiles, a bachelor, as lessor, entered into a Lease and Option Agreement with R. J. McRae, as lessee, leasing, relating to and covering the following described unpatented lode mining claims, and the lodes, dips, angles and grounds thereof, situate in Big Creek Mining District, in the County of Valley, State of Idaho, to-wit:

RED BLUFF NO. 1 amended lode mining claim, the location notice whereof is recorded in the office of the County Recorder of the County of Valley, State of Idaho, in Book 13 of records of mining claims at page 234;

RED BLUFF NO. 2 lode mining claim, the location notice whereof is recorded in the office of the County Recorder of the County of Valley, State of Idaho, in Book 11 of records of mining claims at page 587;

RED BLUFF NO. 3 lode mining claim, the location notice whereof is recorded in the office of the County Recorder of the County of Valley, State of Idaho, in Book 11 of records of mining claims at page 588;

RED BLUFF NO. 4 lode mining claim, the location notice whereof is recorded in the office of the County Recorder of the County of Valley, State of Idaho, in Book 11 of records of mining claims at page 589;

Together with all water rights and ditch rights of whatsoever nature appurtenant thereto, and together with the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining; and

WHEREAS, the said R. J. McRae and Ruth C. McRae, his wife, desire to assign said lease to McRae Tungsten Corporation, a corporation organized and existing under the laws of the State of Idaho, and the said McRae Tungsten Corporation is willing to take an assignment of said Lease and Option, all upon the terms and conditions, and upon the reservations, herein set forth;

NOW, THEREFORE, R. J. McRae and Ruth C. McRae, husband and wife, as assignors, for value received, the receipt whereof is hereby acknowledged, do hereby convey, assign, transfer and set over unto the said McRae Tungsten Corporation, as assignee, all the right, title and interest of whatsoever kind which they, the said assignors, now have, or might or could have, under that certain Lease and Option Agreement hereinbefore referred to and described.

This assignment and transfer is made upon the express condition and understanding that the said McRae Tungsten Corporation will keep, observe and fulfill each and every obligation of said Lease and Option Agreement set forth therein required to be done and performed by the said R. J. McRae as lessee, thenceforth so long as it shall hold such lease and option agreement, and the said assignee shall pay the royalties required to be paid and all other payments required to be paid thereunder.

This assignment and transfer is also made upon the express conditions and understanding that the assignee shall pay to the assignors twenty-five percent (25%) of the net earnings from the mining and operation of said described mining claims, which

twenty-five percent (25%) of net earnings shall be and is hereby agreed to be a reservation to the assignors and which twenty-five percent (25%) of net earnings the assignee agrees to pay to the assignors. Net earnings shall consist of the gross income realized from the mining and operation of said described mining claims after deduction of all costs of extracting, refining and marketing the minerals and mine products which shall be mined and extracted from said mining claims and all costs incidental thereto and all royalties and other payments to be paid to said Wilbur V. Miles under the terms of said Lease and Option Agreement, but not including, however, salaries of corporate officers or income taxes.

This assignment and transfer is also made upon the express condition and understanding that such twenty-five percent (25%) of net earnings shall be paid by the assignee to the assignors for each calendar year hereafter within thirty (30) days after the end of such calendar year.

This assignment and transfer is also made upon the express condition and understanding that if the assignee shall fail or neglect to fully comply with the terms and provisions of said lease and option agreement as therein required to be kept and performed by R. J. McRae, or should fail to make any payment required by the terms of this assignment to be paid to the said R. J. McRae and Ruth C. McRae, then in the event of such default continuing for ten (10) days after notice thereof given by the assignors, or either of them, by registered mail to said assignee, at Stibnite, Idaho, all rights and interest of the said assignee under this assignment shall revert to and be reinvested in the said assignors, and all sums theretofore paid to them shall be retained by them as liquidated damages.

This assignment and transfer is also made upon the express condition and understanding that the assignee shall have the right at any time by giving said assignors fifteen (15) days' written notice by registered mail addressed to them at Stibnite, Idaho, of its election to reassign said lease and option agreement to the said assignors and to surrender to the assignors said lease and option and to redeliver possession of said mining claims to said assignors and to be relieved of all obligations thereafter to be performed under the terms of this assignment; PROVIDED, that at the time of such surrender all of the obligations on the part of the assignee shall have been fully and completely performed to the date of surrender.

And, it is expressly agreed between the assignors and the assignee that termination by reason of default of the assignee or reassignment of said lease and option shall not relieve the assignee from the payment of any net earnings due or to become due to the assignors on any ores or minerals mined prior to the actual surrender of said mining claims, nor shall it relieve the said assignee from any obligation, debt, claim or demand actually incurred by the assignee to the assignors from the date hereof to the date of such termination or reassignment and surrender of possession.

IN WITNESS WHEREOF, the said assignors have hereunto subscribed their names and the said assignee has hereunto caused its corporate name to be subscribed, pursuant to authorization of its Board of Directors, all the 22nd day of August, 1952.

Robert J. McRae
R. J. McRae

Ruth C. McRae
Ruth C. McRae

ASSIGNORS

McRAE TUNGSTEN CORPORATION

By Robert J. McRae
Its President

ATTEST:

Harry M. Sargent
Its Secretary

ASSIGNEE

EXHIBIT B

CONVEYANCE AND AGREEMENT

THIS AGREEMENT, Made and entered into this 22nd day of August, 1952, by and between R. J. McRAE and RUTH C. McRAE, husband and wife, parties of the first part, hereinafter called "McRae", and McRAE TUNGSTEN CORPORATION, a corporation organized and existing under and by virtue of the laws of the State of Idaho, hereinafter called "McRae Tungsten",

W I T N E S S E T H:

That McRae, for and in consideration of the net earnings hereinafter agreed to be paid by McRae Tungsten, its successors or assigns, to McRae, their heirs or assigns, and in consideration of the mutual covenants and agreements herein contained, and subject to the net earnings hereinafter retained, have granted, bargained, sold, and conveyed, and do by these presents grant, bargain, sell and convey, unto McRae Tungsten, its successors and assigns, all of the following described unpatented lode mining claims situate in Big Creek Mining District in the County of Valley, State of Idaho, to-wit:

RED BLUFF NO. 1 amended lode mining claim, the location notice whereof is recorded in the office of the County Recorder of the County of Valley, State of Idaho, in Book 13 of records of mining claims at page 234;

RED BLUFF NO. 2 lode mining claim, the location notice whereof is recorded in the office of the County Recorder of the County of Valley, State of Idaho, in Book 11 of records of mining claims at page 587;

RED BLUFF NO. 3 lode mining claim, the location notice whereof is recorded in the office of the County Recorder of the County of Valley, State of Idaho, in Book 11 of records of mining claims at page 588;

RED BLUFF NO. 4 lode mining claim, the location notice whereof is recorded in the office of the County Recorder of the County of Valley, State of Idaho, in Book 11 of records of mining claims at page 589;

Together with all water rights and ditch rights of whatsoever nature appurtenant thereto, and together with the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining; and

TO HAVE AND TO HOLD, subject to the net earnings herein retained by McRae, all and singular the said mining claims, together with the appurtenances and privileges thereunto incident, unto said McRae Tungsten, its successors and assigns, forever.

For and in consideration of the premises and the conveyance of the above described mining claims, McRae Tungsten, for itself, its successors and assigns, does hereby covenant, promise and agree to pay to McRae, their heirs or assigns, twenty-five percent (25%) of the net earnings from the mining and operation of said described mining claims at all times hereafter.

By net earnings, as used herein, is meant the amount of the gross income realized from the mining and operation of said mining claims after deduction of all costs of extracting, refining and marketing the mineral and mine products which shall be mined or extracted from said mining claims and all costs incidental thereto, but not including, however, salaries of corporate officers or income taxes.

Such covenant on the part of McRae Tungsten to pay twenty-five percent (25%) of the net earnings as herein agreed to be paid shall be considered and held to be covenants running with the said mining claims and the minerals, ores and values therein, and shall be binding upon McRae Tungsten, its successors and assigns, forever.

Anything in this agreement to the contrary notwithstanding, it is the intention of the parties to this agreement that full ownership, possession and control of all said mining claims shall be vested in McRae Tungsten, and McRae shall have no interest in fee

in or to said mining claims; except, that in the event McRae Tungsten, its successors or assigns, fails or refuses to pay any net earnings herein reserved when the same shall become due, that McRae shall have a mortgage lien in, to and upon all of the said mining claims to secure the payment of said sums and McRae Tungsten does hereby mortgage said mining claims, and the whole thereof, to secure the payment of said net earnings herein agreed to be paid to McRae.

It is hereby agreed and covenanted that this agreement, and all its terms and conditions, shall be forever binding upon McRae, their heirs or assigns, and upon McRae Tungsten, its successors and assigns.

IN WITNESS WHEREOF, R. J. McRae and Ruth C. McRae, husband and wife, have hereunto set their hands, and McRae Tungsten has hereunto caused its corporate name to be subscribed and its seal to be affixed by its officers first thereunto duly authorized by resolution of its Board of Directors, all as of the day and year herein first above written.

Robert J. McRae
R. J. McRae

Ruth C. McRae
Ruth C. McRae
PARTIES OF THE FIRST PART

McRAE TUNGSTEN CORPORATION

By Robert J. McRae
President

ATTEST: Harry M. Sargent
Secretary

PARTY OF THE SECOND PART

3-pho

STATE OF IDAHO,)
) ss.
COUNTY OF VALLEY,)

On this 27th day of August, in the year 1952, before me, the undersigned, a Notary Public in and for said State, personally appeared R. J. McRae and Ruth C. McRae, husband and wife, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

Homer J. Shaw
Notary Public for Idaho,
Residing at Stibnite, Idaho.

STATE OF IDAHO,)
) ss.
COUNTY OF VALLEY,)

On this 27th day of August, in the year 1952, before me, the undersigned, a Notary Public in and for said State, personally appeared Robert J.McRae, known to me to be the President of the corporation that executed the foregoing instrument, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

Homer J. Shaw
Notary Public for Idaho,
Residing at Stibnite, Idaho.

4-pho

EXHIBIT C

LEASE AND OPTION AGREEMENT

Between: WILBUR V. WILES,

LESSOR,

and

R. J. McRAE,

LESSEE.

THIS LEASE AND OPTION AGREEMENT, Made and entered into the 1st day of August, 1952, by and between WILBUR V. WILES, a bachelor, party of the first part, hereinafter referred to as the lessor, and R. J. McRAE, party of the second part, hereinafter referred to as the lessee,

W I T N E S S E T H:

WHEREAS, the lessor is the owner of those certain unpatented lode mining claims located and situated on Smith Creek in Big Creek Mining District in Valley County, Idaho, identified, described and consisting as follows:

RED BLUFF NO. 1 AMENDED lode mining claim, the location notice whereof is recorded in the office of the County Recorder of the County of Valley, State of Idaho, in Book ~~11~~ 13 of records of mining claims at page ~~587~~ 234

RED BLUFF NO. 2 lode mining claim, the location notice whereof is recorded in the office of the County Recorder of the County of Valley, State of Idaho, in Book 11 of records of mining claims at page 587;

RED BLUFF NO. 3 lode mining claim, the location notice whereof is recorded in the office of the County Recorder of the County of Valley, State of Idaho, in Book 11 of records of mining claims at page 588;

RED BLUFF NO. 4 lode mining claim, the location notice whereof is recorded in the office of the County Recorder of the County of Valley, State of Idaho, in Book 11 of records of mining claims at page 589

Together with all water rights and ditch rights of whatsoever nature appurtenant thereto, and together with the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining; and

WHEREAS, the lessee desires a lease with an option to purchase the said mining claims together with all water rights, ditch rights, tenements and hereditaments thereunto belonging or in anywise appertaining, all hereinafter referred to as the "mining claims", and the lessor desires to give and grant to the lessee a lease with an option to purchase the same, all under the terms and conditions hereinafter set forth;

THEREFORE, for and in consideration of the sum of Ten Dollars ($10.00) and other valuable consideration by the lessee to the lessor in hand paid, the receipt whereof is hereby acknowledged, and in consideration of the covenants and agreements hereinafter contained and on the part of the lessee to be done and performed, and in consideration of the royalties reserved and the rentals to be paid by the lessee, the lessor hereby leases unto the lessee and does hereby give and grant unto the lessee, the exclusive right, privilege and option to purchase said mining claims upon the terms and conditions hereinafter set forth.

The term of this lease and option, unless sooner forfeited, cancelled, terminated or surrendered as hereinafter provided, shall be from the day and date hereof until and to expire on the 1st day of August, 1962.

The lessor hereby grants unto the lessee the exclusive right to enter into the immediate possession of said mining claims and to prospect the same for minerals of every kind, nature and description, and to continue in possession of such mining claims so long as the lessee shall not be in default in the terms of this agreement, and to develope said mining claims and to mine, extract, mill or smelt the ores and minerals therefrom, and to sell and

dispose of the minerals and ores so extracted during the term hereof and subject to the covenants, terms and conditions herein provided.

The lessor hereby expressly reserves unto himself, his heirs, administrators, executors and assigns, as perpetual royalty, the equal five percent (5%) of the net smelter returns on all ores and minerals of every kind which shall be mined or taken from said mining claims and milled, smeltered or otherwise turned to account. In determining the net smelter return on which royalty shall be computed there shall be deducted, in addition to the charges of the smelter or other reduction plant, all railroad transportation charges to the smelter or reduction plant of the buyer or buyers of such minerals, all deductions by the buyers, and all penalties in the marketing of the minerals from said premises. The royalty to be paid to the lessor shall become due on each return from the sale of such minerals and shall be paid by the lessee to the lessor within thirty (30) days after receipt by the lessee of the net smelter or sale return upon which the royalty payment shall be due. At the time of making each such payment of royalty the lessee shall transmit to the escrow holder hereinafter named a duplicate smelter or reduction plant return statement or settlement sheet covering the return upon which the royalty is then being paid; PROVIDED, HOWEVER, that the lessee agrees to pay to the lessor a minimum royalty as follows:

The sum of Two Hundred Fifty Dollars ($250.00) on the 1st day of October, 1953, and the sum of Two Hundred Fifty Dollars ($250.00) on the 1st day of October in each year thereafter to and including the 1st day of October, 1961;

In the event of the comingling of ores from the mining claims above described and other mining claims, the royalties reserved to which the lessor shall be entitled as hereinabove set forth shall be determined by, and based upon, dry weights and samples of ore, and percentage of recovery, made and taken by lessee in accordance with good engineering practice, taken from the above described claims prior to the comingling and milling with other ores from other claims.

The lessor hereby gives and grants unto the lessee throughout the term of this lease the exclusive right, privilege and option to purchase from the lessor said mining claims for the sum of Ten Thousand Dollars ($10,000.00), subject to the reservation of lessor of a perpetual royalty of five percent (5%) as hereinbefore defined, and in the event such option to purchase shall be exercised by the lessee all payments and royalties theretofore paid by the lessee under the terms of this agreement shall be credited upon the said purchase price of Ten Thousand Dollars ($10,000.00). Termination of this lease by reason of default of the lessee shall also terminate such option to purchase, time being of the essence thereof.

THE LESSEE FURTHER AGREES AS FOLLOWS:

1. To do or cause to be done diamond drilling to the extent of five hundred (500) lineal feet on said mining claims before the 1st day of October, 1953;

2. To record and post all statutory notices required by the laws of the State of Idaho now or hereafter in effect, to keep the mining claims covered by this lease and option agreement free and clear of all claims for labor or materials;

3. To do all work that shall be performed upon and at such

mining claims in a good and miner-like manner;

4. To keep the said mining claims and property free and clear of all liens and encumbrances suffered by the lessee;

5. To permit the lessor, or his agents, at reasonable times to examine the books relating to the mining operations of said mining claims and the sale of the mine products therefrom, and examine said property and the mining operations conducted thereon or therein;

6. To do and perform all assessment work and annual labor which shall be necessary to hold such mining claims under the laws of the United States of America and under the laws of the State of Idaho each year before the first day of July at 12:00 o'clock noon, including the assessment work and annual labor necessary to be done to hold such mining claims for the year ending July 1st, 1953 at 12:00 o'clock noon.

THE LESSEE FURTHER AGREES that upon the performance of such assessment work each year that he will file, or cause to be filed, the affidavit of the performance thereof as provided by the laws of the State of Idaho.

IT IS MUTUALLY AGREED By and between the parties hereto that in the event there should be enacted in any year during the term of this lease legislation of the United States of America providing moratorium in, or suspension of, the requirement that assessment work and annual labor be done and performed upon mining claims within the United States for such year, that the benefit of each such moratorium or suspension shall accrue to all of the parties hereto and the requirement of this lease and option agreement that the lessee perform the annual labor and assessment work in each such year wherein moratorium or

suspension shall be granted, shall be waived or suspended, as the case may be, so long as the lessee shall comply with all of the requirements of such moratorium or suspension legislation, all to the end that such mining claims shall be maintained in good standing under the laws of the United States of America and of the State of Idaho.

THE LESSEE FURTHER AGREES to pay all taxes and assessments which may be levied and assessed on said mining claims and all taxes and assessments on all of the improvements now or hereafter situate thereon as such taxes become due and before they become delinquent, and to pay all taxes and assessments which shall be levied and assessed upon all mine products which shall be extracted from said mining claims by the lessee, including the Mines License Tax of the State of Idaho, as such taxes become due and before they become delinquent.

The lessee, at his sole discretion and expense, shall have the right to erect upon and at and in such mining claims such buildings and structures, and to install such machinery, equipment and other property, as he shall deem necessary or advisable in carrying on mining operations, milling operations and smelting operations at, upon or in said mining claims. The lessee shall also have full rights of ingress and egress upon and across all such mining claims for all purposes connected with his mining, milling, or smelting operations. Title to all machinery, equipment, and structures, except permanent buildings and structures built into such mining claims, shall remain in the lessee at all times, and in the event of a forfeiture, cancellation or termination of this agreement, any and all machinery, equipment,

structures and other property, excepting only permanent buildings and structures built into such mining claims, may be removed from the said mining claims by the lessee within the period of one (1) year from the time of such termination. All permanent buildings which shall be placed upon said mining claims and all structures which shall be built into such mining claims shall become a part thereof and shall not be removed, but the lessee shall have the right to make such alteration thereof and change in the location thereof as he may deem advisable from time to time in his mining, milling and smelting operations and in the use of such buildings and structures.

The lessee shall at all times have the right to undertake and consummate all proceedings requisite to causing patent to said mining claims to issue from the United States of America and the lessor agrees to fully cooperate therein and the extent and limit of the lessor's interest in the event of the issuance of any such patent, in and to such mining claims, shall be the payments and royalties provided in this agreement, which royalties are also reserved in the deed for which provision is hereinafter made.

Inter-Mountain State Bank at Cascade, Idaho, is hereby designated as the escrow holder, and the collecting agent for the lessor under the terms of this agreement and all payments to be made under the terms hereof by the lessee to the lessor, excepting only the initial payment of Ten Dollars ($10.00) paid coincident with the execution hereof, shall be paid by the lessee to the said Bank to be by it placed to the credit of the lessor. The lessor shall forthwith make and execute a good and sufficient deed for conveyance of the mining claims covered hereby to the lessee, free and clear of all incumbrances of whatsoever nature, but subject to the paramount title to said mining claims in the United States of America, but reserving to the lessor said perpetual royalty of five percent (5%), and shall deposit such deed with said escrow holder with instructions to it to deliver such deed to the lessee upon payment to such escrow holder by the lessee of payments aggregating the total purchase price, and with instructions to redeliver such deed back to the lessor

for cancellation in the event this lease and option agreement shall be terminated by reason of default of the lessee.

In the event the lessee shall default in any of the payments herein provided to be paid or in the performance of any of the covenants and agreements herein on the part of the lessee to be done and performed, then the lessor shall have the right to declare this lease and option and all rights of the lessee under and by virtue of this lease and option to be terminated and forfeited, said right of termination by the lessor to be exercised by the lessor giving written notice to lessee by registered mail specifying the particulars wherein the lessee is then in default and providing that unless the delinquent payment is made, or the failure to perform corrected, within sixty (60) days from the date of said notice, this agreement shall be immediately forfeited and terminated, and upon such forfeiture or termination all payments which shall have been made to the lessor shall be considered as rents and royalties and shall be retained by the lessee free and clear of any right or claim of the lessee and in this connection time is of the essence of this agreement.

IT IS SPECIFICALLY UNDERSTOOD AND AGREED by and between the parties hereto that the lessee contemplates obtaining from the United States of America through some one or more of its agencies, including but not limited to the Defense Minerals Authority, a loan for the exploration and development of such property, known as a "Defense Minerals Loan". The lessor agrees to cooperate fully in obtaining such loan and to sign, execute, acknowledge and deliver, in accordance with the requirements of the United States of America and its agencies in the granting of such loan, all instruments of whatsoever nature requisite to obtain

such loan and to encumber said described mining claims by mortgage, deed of trust or such other instrument as shall be required by the United States of America or its agencies in connection with such loan and the lessee further agrees to subordinate all of his rights under this lease to all rights of the United States of America or its agencies in connection with such loan and to all encumbrances to be made on said property to obtain such loan.

In the event of such loan and the encumbrances on said mining claims for the repayment thereof, such encumbrances shall not be deemed to be encumbrances under this agreement as between the lessor and the lessee and their transactions hereunder.

Notwithstanding any of the provisions hereof, IT IS UNDERSTOOD AND AGREED that the lessee shall have the right at any time, by first giving the lessor thirty (30) days' notice of his election so to do, to surrender this lease and option agreement and to redeliver possession of the mining claims covered hereby to the lessor and to be relieved of all obligations thereafter to be done and performed under the terms of this agreement, and such surrender by the lessee shall fully terminate this lease and relieve the lessee of all further obligations hereunder, excepting only the obligation of the lessee to pay the royalty of five percent (5%) herein reserved and due or to become due on any ores or minerals which have been mined and removed from such mining claims and sold or otherwise turned to account prior to the actual surrender of such mining claims. Upon any such surrender by lessee all payments which shall have been made to the lessor,

either as royalty or as payment on the purchase price of the property covered hereby, shall be retained by the lessor and shall be considered as rent and royalty hereunder, and upon surrender the lessee shall have no further right or option to purchase the mining claims covered hereby.

All notices of any party to the other shall be addressed to them, respectively, as follows:

To the lessor, at Big Creek, Idaho; and

To the lessee, at Stibnite, Idaho;

PROVIDED, HOWEVER, that either party hereto may notify the other by registered mail of any other or further address to which any such notice shall be addressed, and thereafter any such notice by either party to the other shall be also directed to such address.

All of the terms and conditions hereof shall bind and inure to the heirs, executors, administrators and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the day and year herein first above written.

Wilbur V. Wiles
Wilbur V. Wiles
LESSOR

Robert J. McRae
R. J. McRae
LESSEE

10-pho

STATE OF IDAHO,)
COUNTY OF VALLEY,) ss.

On this 6th day of August, in the year 1952, before me, the undersigned, a Notary Public in and for said State, personally appeared Wilbur V. Wiles and R. J. McRae, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

Notary Public for Idaho,
Residing at Stibnite, Idaho.

11-phe

ES 3

EXHIBIT A

ESCROW AGREEMENT

To INTER-MOUNTAIN STATE BANK

..... Branch

Cascade, Idaho
(Address)

The undersigned, WILBUR V. WILES, of Big Creek, Idaho

hereinafter called "Grantor", and R. J. McRAE, of Stibnite, Idaho

hereinafter called "Grantee", herewith deliver to you in escrow the documents and property hereinafter described, to be held and disposed of by you in accordance with the instructions and upon the terms herein set forth, and not otherwise, to all of which the undersigned hereby agree. Said documents and property are described as follows:

The Lease and Option Agreement to which this escrow agreement is attached and marked Exhibit A;

The Deed referred to in such Lease and Option Agreement from the lessor to the lessee and covering the mining claims described in such Lease and Option Agreement.

You are hereby authorized and directed to deliver the above described documents and property to Grantee upon payment to you, at the address above specified, for the Grantor of the total sum of $10,000.00 without interest ~~and interest on the unpaid balance thereof at _____ per cent per annum from~~, to be paid as follows:

(Specify date and amount of each payment of principal and dates of interest payments)

Five percent (5%) royalty as defined in the Lease and Option Agreement to which this escrow agreement is attached as Exhibit A;

Minimum royalty payment of $250.00 per year commencing on October 1, 1953, as in such Lease and Option Agreement provided; and,

The balance of said total sum on or before the 1st day of August, 1962.

Provided, however, that you are authorized to receive any or all such payments or any part thereof at any time after the above dates specified therefor (hereinafter referred to as the due dates) and prior to delivery of said documents and property to Grantor as hereinafter provided, with like effect as if paid on or before said due date.

If, however, at any time prior to full payment of all principal and interest above specified, Grantor delivers to you at the office above specified, written demand for the delivery of such documents and property to him, specifying in detail as grounds therefor, either:

(a) That all or any part of any payment of principal or interest above specified remains unpaid and that the due date therefor has passed; or

(b) That Grantee has failed to perform any specified term or condition, other than payment of principal and interest, encumbent on him to be performed, under that certain contract dated August 1, 1952 made by and between Grantor herein as one party and Grantee herein as the other party, copy of which is deposited with you herewith for purposes of identification, then in such event or events, hereinafter called defaults, you shall promptly deliver to Grantee personally, or at your option deposit in the United States mail, postage prepaid, addressed to Grantee at Stibnite, Idaho, or at such other address as he may have directed by writing previously delivered to you at the branch above designated, copy of such demand. If it appears by your records that all payments of principal or interest designated in said demand and for which the due date has actually arrived are fully paid, or if not, then if the same be paid before the expiration of sixty days after said copy of demand is so delivered or mailed to Grantee, and within the same time Grantee also proves to your satisfaction that none of the other defaults, if any, specified in said demand existed at the time said demand was made, or if they did that they do so no longer, Grantor's said demand shall be disregarded and you shall continue to hold said documents and property under the terms hereof and to receive the payments as above specified at the times and on the same conditions and to the same effect as if no such demand had been made; otherwise all said documents and property then held by you shall be delivered to Grantor; provided, however, that you may at your option at any time without liability to anyone, withhold delivery of all said documents and property and decline to receive further payments hereunder until your rights, powers, and duties hereunder in any respect requested by you have been settled acceptably to yourselves by further written instructions of the undersigned or finally determined by judicial action.

It is further agreed that this instrument contains the entire agreement between you and the undersigned, or any of them, and that you are not a party to nor bound by the contract referred to in paragraph designated (b) above, or any provision thereof, nor by any instrument or agreement other than this, whether between or among the undersigned themselves, or otherwise; that you shall not be required to take notice of any default or any other matter, nor bound by nor required to give any notice or demand, nor required to take any action whatever except as herein expressly provided; and you shall not be liable for any loss or damage not caused by your own negligence or willful misconduct.

The undersigned agree to pay you as compensation for your services hereunder an initial fee of $..... and an additional fee of one-tenth of one per cent (but not less than..... cents on each collection) of all funds received by you hereunder, together with all actual and necessary expenses and liabilities you may incur hereunder, for all which you are granted a first lien on all the above described property and documents and all funds coming into your hands hereunder, and you shall be under no obligation to deliver any of said documents, property, or funds until such lien is discharged, anything herein contained to the contrary notwithstanding.

The words "Grantor" and "Grantee", and the language of this instrument, where there is more than one grantor or grantee, shall be construed as plural and be binding equally on all such grantors and/or grantees, and in cases where one or more are females, the masculine shall include the feminine. The word "undersigned" as hereinbefore used, refers to the grantors and/or grantees, and not to you.

IN WITNESS WHEREOF, the parties have executed this instrument, in triplicate, this 1st day of August, 19 52 at Stibnite, Idaho

Robert J. McRae R. J. McRae	Wilbur V. Wiles Wilbur V. Wiles
GRANTEES	GRANTORS

STATE OF IDAHO,
County of VALLEY, } ss.

On this 6th day of August, in the year 19 52, before me, the undersigned, a Notary Public in and for said state, personally appeared R. J. McRae and Wilbur V. Wiles

known to me to be the person(s) whose name(s) are subscribed to the foregoing instrument, and acknowledged to me that (t)he(y) executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year first in this certificate written.

Homer J. Lehman

Notary Public for Idaho,

Residing at Stibnite, Idaho

The undersigned bank hereby acknowledges receipt of the documents and property described in the foregoing agreement, and agrees to hold and dispose of the same in accordance with the instructions and upon the terms and conditions above set forth.

Dated at Cascade, Idaho this 14th day of August, 19 52.

INTER-MOUNTAIN STATE BANK

By Leo Campbell

IN REPLY REFER TO:

G-MD-CF

GCS 8/25/52

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

August 22, 1952

Memorandum

To: George C. Selfridge, DMEA

From: D. M. Lemmon, USGS

Subject: Exploration application $50,055 DMEA 2654 - Tungsten
McRae Tungsten Corporation
Red Bluff claim
Valley County, Idaho

This property was examined July 15 and 16, 1952 by H. T. Reno, Bureau of Mines. In his report dated August 11, Reno recommends approval of a project costing $51,220, essentially as requested by the applicant.

The program proposed seems reasonable and I concur with the favorable recommendation. Inasmuch as the adit is to be located at the proper depth after diamond drilling the vein, the need of raises for exploration may be questioned. Perhaps the raising should be eliminated or set up as stage 3, contingent on results of drifting.

No clear explanation has been given for the need of buying new equipment for this project instead of using equipment from the adjoining Snowbird project now nearing completion. Also, if diamond drilling is to be allowed at the Snowbird by contract amendment, some saving in drill costs might be achieved by handling the 2 projects under a single drilling contract. These details can probably be worked out by the Field Team in administering the contract.

D M Lemmon

Copy retained 400

Mr. Robert J. McRae
McRae Tungsten Corp.
Stibnite, Idaho

Subject: DMEA-2654
Re: Exploration Assistance
Red Bluff Group
August 15, 1952

My dear Mr. McRae:

The receipt of your application dated July 26, 1952, for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-2654 and referred to the Iron and Ferro-Alloys Division.

Kindly refer to DMEA-2654 in any future correspondence relating to your application.

Sincerely yours,

ROBERT E. ADAMS

Robert E. Adams
Chief, Operation's Control
and Statistics Division

25451

August 15, 1952

Memorandum

To: Executive Officer, DMEA Field Team, Region II

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

Listed below is the assigned docket number to an application which was recently submitted from Region II.

DMEA-2654 - McRae Tungsten Corp.

ROBERT E. ADAMS

Robert E. Adams
Chief, Operation's Control
and Statistics Division

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

1201 North Division Street
Spokane 2, Washington
August 11, 1952

MEMORANDUM

To: Chairman, Operating Committee, DMEA

From: Field Team, Region II

Subject: Application for exploration assistance, McRae Tungsten Corp., Red Bluff claim, Valley County, Idaho.
DMEA Docket No. 2654 (tungsten)

An examination report together with specimen contract concerning the captioned property, made in advance of docketing by H. T. Reno, Mining Engineer, U. S. Bureau of Mines, is enclosed herewith for consideration.

The Field Team concurs with the examining engineer's opinion and recommends that an exploration project contract in the amount of $51,220 be granted to the applicant.

Attention is directed to the fact that the applicant is approaching successful completion of the terms of Exploration Project Contract Idm-133, for which a discovery will be certified. Performance to date under that contract has been satisfactory in every respect.

In view of the short period remaining during which operations can be carried forward at high altitudes, it is urged that the attached docket be reviewed at an early date.

By Field Team, Region II

G. C. Reed, for
M. E. Volin, Acting Executive Officer

S. W. Hobbs, Acting Member

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
1201 North Division Street
Spokane 2, Washington
August 11, 1952

MEMORANDUM

Reviewed by
DMEA OPERATING COMMITTEE
8-22-52
(date)

To: M. E. Volin, Member DMEA Field Team, Region II

From: H. T. Reno, Mining Engineer, Bureau of Mines

Subject: Application for exploration aid, McRae Tungsten Corp., Red Bluff Claim, Valley County, Idaho, Docket 2654 (tungsten)

RECOMMENDATION

It is recommended that the DMEA enter into an exploration project contract with the applicant in the amount of $51,220.

INTRODUCTION

The applicant is the McRae Tungsten Corporation, an Idaho corporation.

The Red Bluff claim was examined and nearby properties inspected in company with Mr. R. J. McRae, corporation president, on July 15 and 16, 1952.

LOCATION

The property is in an unsurveyed area 1-1/4 miles N. 70° E. from Elk Summit which is about 10 miles by Forest Service road northwest of Big Creek, Idaho. Big Creek is 23 miles from Yellow Pine and 86 miles from the rail point at Cascade, Idaho. The road from Big Creek to Yellow Pine usually is closed by snow from mid-November until the latter part of May or the first of June. The road from Yellow Pine to Cascade in past years has been kept open to provide an outlet for mining operations at Stibnite. A service road under construction by the applicant to the Snowbird claims will pass within a mile of the property.

TOPOGRAPHY AND CLIMATE

The Red Bluff claims are at an elevation of about 8000 feet in a small draw on a steep, south slope. Water and timber are plentiful. Winter weather normally is severe.

PROPERTY

The proposed exploration is to be performed on the No. 1 claim amended of the Red Bluff group consisting of Red Bluff Nos. 1, 2, 3, and 4, unpatented lode claims recorded June 15, 1952, in Book 11, Pages 586 to 589 and amended in Book 13, Page 234 at Cascade in the records of Valley County, Idaho.

The applicant holds a purchase option on the four claims. Owner's consent to lien and purchase option are to be forwarded.

FINANCIAL AND ADMINISTRATIVE COMPETENCE OF APPLICANT

The applicant's conduct of the current exploration Contract Idm-E133 on the Snowbird claims leaves no doubt regarding his competence and administrative ability.

PAST PRODUCTION

No underground or surface facilities exist. The applicant has excavated ten surface trenches across the vein during the course of preliminary exploration work to date.

DESCRIPTION OF THE DEPOSIT

The country rock in the Red Bluff claim area is a medium to coarse grained granite cut by numerous latite and rhyolite dikes. These dikes range from a few feet to hundreds of feet wide. Inclusions of quartzite and schist are inferred from the presence of float rock. A single small inclusion of grey quartzose schist in quartz, however, was observed in place.

A quartz vein from six to 20 feet wide, striking about north and dipping 70° west is exposed by trenches for 400 feet. This vein, apparently part of a lode system that can be traced northward for two or three miles, is marked by one to four feet of black footwall gouge. Although the lode apparently is cut by a latite dike south of the trenches, it may continue beyond the dike.

Evenly disseminated crystals of hubnerite (1/4 in. or less), a few scattered sulphides, and a small amount of manganese oxide in a quartz gangue comprise a mineralized zone within the vein structure at least 190 feet long and averaging 9 feet wide.

This ore body undoubtedly is related to the granitic intrusives of the area. Apparently the vein fissure first was filled with barren quartz and later reopened to admit mineralizing materials. The footwall gouge evidently was formed by post mineral movement.

It is considered unlikely that the ore body extends much beyond the limits exposed in the trenches or extends to any great depth. However, the apparent size, even distribution, and the relatively high concentration of the hubnerite make it an unusually attractive exploration target.

ORE RESERVES

An estimate of ore reserves based on the applicant's sampling which was partly verified by two check samples is as follows:

Classification	Tons	Grade, Percent WO_3
Measured	None	
Indicated	7860	0.81
Inferred	17000	+0.50

ESTIMATED PRODUCTION COSTS

The following production cost estimate is based on a 50-ton operation with the mill plant located on the property.

Mining costs are estimated at $10.00 a ton including development, depletion, depreciation and taxes. Dilution of ore by footwall gouge is estimated at not more than 15 percent. Dilution from the hanging wall, however, will be negligible.

Concentration by gravity methods is estimated to cost about $2.50 a ton excluding amortization and taxes.

The cost of truck haulage of concentrates to the railroad at Cascade, Idaho, is estimated at $8.00 a ton. A production cost of $21.03 per unit WO_3 is indicated by the following tabulation:

Mining	$16.72	+$2.51 for 15% dilution
Milling	4.18	+ .63 " " "
Hauling	.13	+ .02 " " "
Total	$21.03	+ 3.16 = $24.21

EVALUATION OF THE APPLICANT'S PROPOSAL

The applicant's proposal is well planned. It is, in effect, a three stage program with each stage contingent upon the success of the preceeding one.

The diamond drill campaign is designed to determine the presence of the ore body at depth. Two holes to probe the vein at fifty feet will be followed by four holes to intersect the vein at a hundred feet. The proposed crosscut is planned to provide maximum backs within economic limits. The crosscut location will depend on the results of the diamond drilling. It will, however, not be lower than its presently proposed location.

Although the diamond drill holes will intersect the vein at unfavorable angles, this is not considered a serious objection as the structure is wide and the planned holes relatively shallow.

DISCUSSION

The success of the applicant's DMEA project on the Snowbird claims has stimulated an intense search for tungsten in the area. The applicant presented and later withdrew an application to explore two outcrops which are estimated to have indicated and inferred reserves amounting to 1900 tons containing about 0.9 percent WO_3.

Other prospectors in the area have found additional small, high-grade ore bodies. A large outcrop containing scheelite recently was found a half-mile southwest and six or seven hundred feet below the Red Bluff outcrop. Tungsten mineralization apparently extends over an area two miles wide, four miles long and through a vertical interval of 1000 feet or more.

According to the applicant, returns from ore on the Snowbird claim will pay the installation cost of a mill but will leave no operating margin. If the Red Bluff project is successful, the applicant plans to install a mill sufficiently flexible to accept for custom milling all ores produced in the vicinity. Such a mill will result in immediate production from the numerous small high-grade deposits and, in addition, will stimulate further prospecting.

It is emphasized that only 3-1/2 months remain in this year during which weather is suitable for surface work. If the diamond drilling, preparation for underground work, and storage of supplies is to be completed before winter, the project must be started no later than the last of September.

A proposed contract is attached. The estimated costs are based on the applicant's estimate with a few additions and revisions.

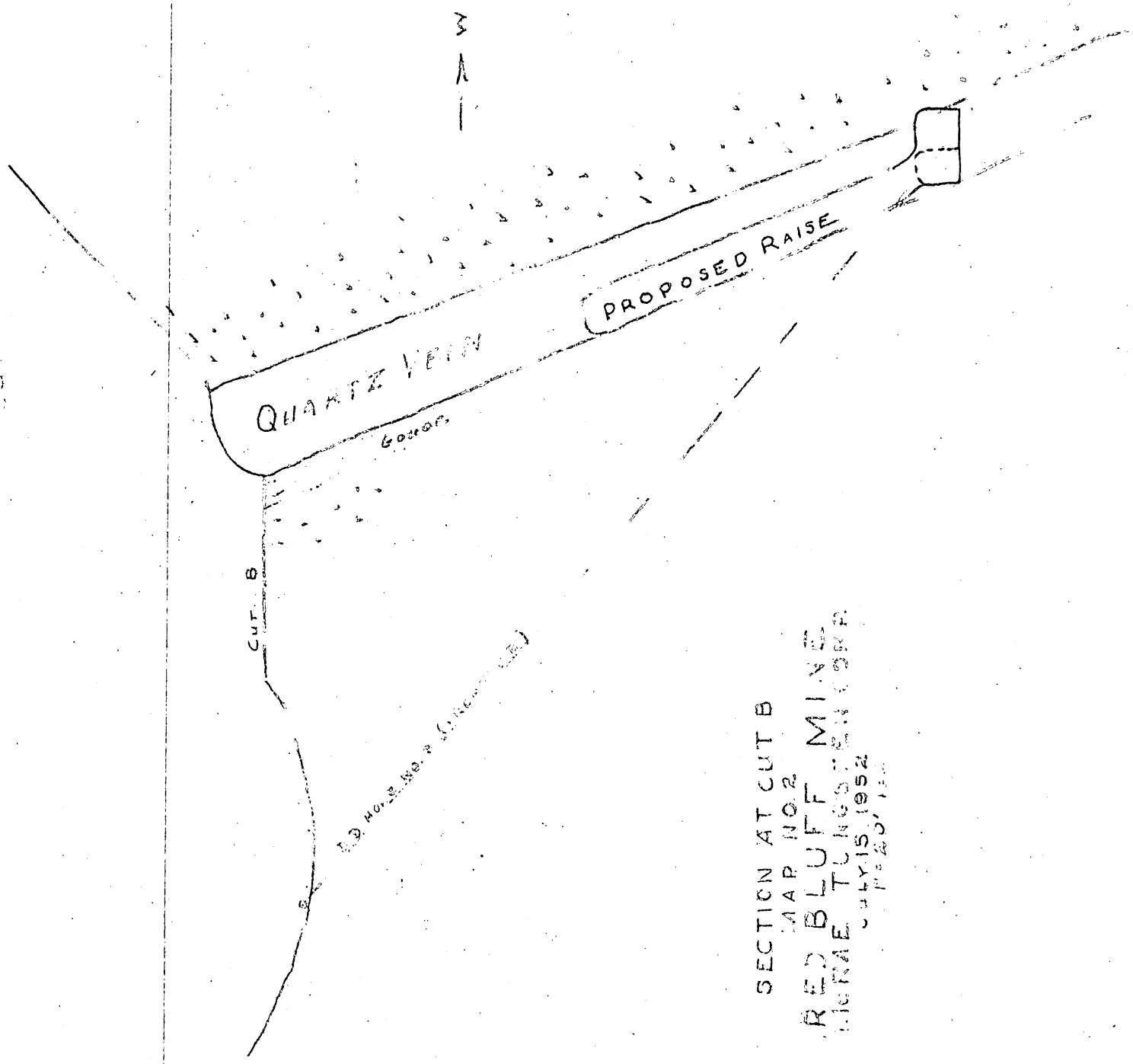
The applicant's estimate made no provision for transferring title of a compressor, jackhammer, and prefabricated house purchased on Contract Idm-E133. As this equipment will be available by September, 1952, it is proposed to buy it for the Red Bluff project at cost, less reasonable depreciation. This will allow contract Idm-E133 accounts to be closed with a minimum of trouble and expense and cause the proposed contract to reflect the true expense.

The applicant has agreed to a decrease in supervision, engineering, and bookkeeping cost from $475 a month for the surface work and $675 a month for the underground work to $300 a month for both surface and underground work.

BRADLEY MINING CO. SUBJECT ..... SHEET NO. ..... OF .....

BY ..... DATE ..... JOB NO. .....

CHKD. BY ..... DATE .....



MF-200
(June 1951)
(Revised Feb. 1952)

DOCKET NO. DMEA 2654

COMMODITY

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

EXPLORATION PROJECT CONTRACT[1]

Field draft

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] McRae Tungsten Corp., an Idaho Corporation, Stibnite, 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 Valley, described as follows:[3] Red Bluff No. 1, amended, an unpatented lode mining claim recorded in Book 13, Page 234 at Cascade in the records of Valley County, Idaho

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: _____

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

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

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

in or upon the described land; and shall bring the project to completion within a period of 18 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.

ARTICLE 4. *Performance of the work.*—(*a*) *Operator's responsibility.* The work shall be performed efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmens' compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. To the extent specified in Exhibit "A," attached hereto, the work may be performed by independent contractor or contractors; and work not specified in Exhibit "A" for performance by independent contractor may nevertheless be so performed upon amendment of Exhibit "A," as agreed to by the parties, to state the work to be so performed and the estimated unit costs thereof, as provided hereafter.

(*b*) *Independent contracts.*—Any independent contract for the performance of work shall be on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved), or on some basis that will indicate the amount due for work performed at any stage of the work to be performed under such independent contract. The Government shall not be nor be considered to be a party to any such independent contract, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of any such independent contract. If the reference in Exhibit "A" to any such independent contract states that the Government's approval thereof is required, the Government may refuse to participate in the cost thereof unless and until it has given its written approval of the independent contract.

(*c*) *Government may inspect.*—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 5. *Estimated costs of the project.*—A statement of the estimated cost of the project is set forth in Exhibit "A," attached hereto. Except insofar as any item of requirement or the estimated cost thereof set forth in Exhibit "A" is there or elsewhere designated as an "allowable maximum," such items of requirement and of related cost are estimates only, and may be exceeded to the extent that the Government may from time to time approve for the most economic and beneficial performance of the work within the limitation of the total aggregate estimate of costs. The Government's approval of any such excess over the estimate for an item of requirement or related cost will be signified by its approval and payment of any invoice or voucher for payment which expressly calls attention to such excess. Items expressly designated in Exhibit "A" or elsewhere as "allowable maximum," and the total aggregate estimated cost are limitations, and any excess therein will be for the sole account of the Operator in which the Government will not participate.

ARTICLE 6. *Allowable costs of the project.*—(*a*) The costs of the project in which the Government will participate are limited to the following:

(1) *Independent contracts.*—Payments to independent contractors under independent contracts listed in Exhibit "A." The estimated cost of any work to be performed under an independent contract is or shall be included in the estimate of costs in Exhibit "A" in terms of the estimated numbers of units of work to be performed, the estimated amount to be paid per unit, and the estimated total amount to be paid to the independent contractor, and such estimates shall be allowable maximums above which the Government will not contribute. Regardless of the provisions of any such independent contract, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable and necessary. No such independent contract shall have the effect of increasing the estimated total cost of the exploration project contract nor the maximum amount which the Government will pay as provided in the exploration project contract.

(2) *Labor, supervision, consultants.*—Labor, supervision and technical services (including engineering and geological consultants), a schedule of which is included in the estimate of costs set forth in Exhibit "A." The requirements and related estimated costs for supervision and technical services are allowable maximums.

(3) *Operating materials and supplies.*—Necessary materials and supplies including items of equipment costing less than $50.00 each, and power, water, and fuel, a schedule of which is included in the estimate of costs in Exhibit "A."

(4) *Operating equipment.*—Any operating equipment to be rented or purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or the allowable depreciation, as the case may be, a schedule of which is included in Exhibit "A." Any items listed as owned and to be furnished by the Operator, and related initial allowable depreciation, are allowable maximums.

(5) *Rehabilitation and repairs.*—Any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and to be devoted to the purposes of the exploration contract, a schedule of which is included in the estimate of costs set forth in Exhibit "A." These items are allowable maximums.

(6) *New buildings, improvements, installations.*—Any necessary buildings, fixed improvements, or installations to be purchased, installed, or constructed for the purposes of the exploration work, with the estimated cost of each, a schedule of which is included in the estimate of costs in Exhibit "A." All of these items are allowable maximums.

(7) *Miscellaneous.*—Repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance and payroll taxes.

(8) *Contingencies.*—Such other necessary, reasonable direct costs of performing the exploration work, within the limit of the total aggregate estimate of costs, whether or not included in any schedule of costs in Exhibit "A," as may be approved by the Government in the course of the work, as indicated by its approval and payment of invoices and vouchers.

[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*) The Government's payments in all cases will be based on actual, necessary costs (including contract unit prices) incurred not in excess of any "allowable maximum," and not in excess of the fixed percentage of the total aggregate estimated cost. Costs will be considered to be incurred only as they are or become due and payable.

(*c*) No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes) or any other indirect costs, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

ARTICLE 7. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operators shall provide the Government with monthly reports of work performed and costs (including contract unit prices) incurred 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 costs incurred 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.

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

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 75 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $ 38,415.00, which is 75 percent of $ 51,220.00, 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 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.

(*b*) The Government may make any payment or payments direct to independent contractors and to suppliers, for the account of the Operator, rather than to the Operator.

ARTICLE 9. *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 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 10. *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 11. *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.

ARTICLE 12. *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. Upon the completion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, facilities, buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its pro rata share of any money remaining.

ARTICLE 13. *Changes and added provisions.* _____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

_____
(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—66328-1

McRae Tungsten Corp.

Red Bluff Project

Exploration Project Contract

Docket No. DMEA (Tungsten)

EXHIBIT "A"

Exploration Project

The exploration project shall consist of:

Stage I

(1) Construction of approximately one mile of access road and preparation of six diamond drill sites.

(2) 240 lin. ft. of min. AX size diamond drill hole, holes Nos. 1 and 2 on the attached sketch, to test for the presence of tungsten at the depth shown.

Stage II

Contingent upon the success of Stage I, 780 lin. ft. of min. AX size diamond drill hole, holes Nos. 3, 4, 5, and 6 on the attached sketch (final location and inclination dependant upon the results of each proceeding hole), to test for tungsten at the depth shown or to determine the bottom of the tungsten ore body within practical limits.

Stage III

350 lin. ft. of crosscuts, 250 lin. ft. of drift, and 100 lin. ft. of raises to explore the ore body at depth shall be started as soon as Stage II is sufficiently advanced to determine the most favorable elevation of the cross cut adit portal.

Contingent upon the success of Stage II a maximum of 500 lin. ft. of minimum AX size diamond drill hole located as mutually agreed by the operator and the government.

Estimated Costs of the Project

Details are listed under "Allowable Costs of Project".

Phase I

Construct road and prepare drill sites	$2700.00*
Diamond drill moving in and out charge	400.00*
240 lin. ft. of diamond drill hole @ $8.00/ft.*	1920.00*
Assaying	50.00*
Engineering, Supervision & Bookkeeping, 1 mo. @ $300	300.00*
Total Phase I	$5370.00*

Phase II

780 lin. ft. diamond drill hole @ $8.00/ft.*	$6240.00*
Assaying	100.00*
Engineering, Supervision & Bookkeeping, 2 mo. @ $300/mo.	600.00*
Total for Phase II	$6940.00*

Estimated Costs of the Project (Continued)

Phase III

350 lin. ft. cross cut @ $22.50/ft.*	$7875.00*
250 lin. ft. drift @ $22.50/ft.*	5625.00*
100 lin. ft. raise @ $28.00/ft.*	2800.00*
500 lin. ft. diamond drill hole @ $8.00/ft.*	4000.00*
Equipment Purchase	6710.00*
New Buildings and Installations	5050.00*
Fuel and Camp supplies	700.00*
Mail delivery, Snow removal & transporation	1000.00*
Supervision, Engineering & Bookkeeping @8 mo./$300	2400.00*
Cook's Salary - $300/mo. - 8 mo.	2400.00*
Assaying	350.00*
Total Phase III	$38,910.00
Total Cost of Project	$51,220.00

Allowable Costs of Project

(1) Independent Contracts

The diamond drilling shall be subcontracted. The cost of AX hole including necessary cementing, reaming and hole to hole moving shall not exceed $8.00 per lin. ft.

(2) Labor, Supervision and Consultants

Labor other than the cook is included in the unit cost for drifting, crosscutting and raising; and the lump sum price of buildings and installations.

1 cook @ $300/mo.*

Supervision, engineering, and bookkeeping shall be furnished on a part time basis by the applicant at an arbitrary figure not to exceed $300 a month.

(3) Operating Materials and Supplies

Fuel and camp supplies $ 700.00

All other operating materials and supplies are included in the unit cost per foot, of drifting, raising and crosscutting.

(4) Operating Equipment

To be Rented:

1 caterpillar D-6 tractor equipped with dozer, or equivalent, for road and drill site construction @ $15.00/hr. *

(4) Operating Equipment (Continued)

To be Purchased:

1 Ingersoll Rand portable compressor (used) Model GK-105, Serial No. 406-31445 1/	$2000.00*
1 Ingersoll Rand J-40 Jackhammer 1/ and Jack leg (used) Serial Nos. 673946 & L13081	360.00*
1 Ingersoll Rand J-40 Jackhammer (new)	400.00*
1 Ingersoll Rand R-38 Stoper (new)	550.00*
1 125 cu. ft. portable air compressor (used)	1000.00*
1 Mucking machine (used)	2000.00*
1 20 cu. ft. mine car	200.00*
1 Acetylene welding outfit complete	200.00*
Total	$6,710.00*

To be furnished by the Operator:

None

(5) Rehabilitation and Repairs

None

(6) New Buildings, Improvements, Installations

1 14' x 16' prefabricated house for bunk-house 1/, including cost of moving	$200.00*
1 16' x 32' celotex-lined frame cook house	$3000.00*
1 16' x 24' frame compressor and shop building	1250.00*
Facilities and installations for cook house	600.00*
Total	$5050.00*

(7) Miscellaneous

Mail delivery, snow-removal & transportation. $1000.00*
All repairs to and maintenance of operating equipment, workmens compensation insurance, liability insurance, and payroll taxes are included in the unit cost for crosscutting, drifting, and raising and in the lump sum cost of the buildings

(8) Contingencies

As specified in the contract form.

1/ These items are to be purchased at the specified price from the material and equipment available upon the completion of exploration contract DMEA Idm-E133.

* Designates allowable maximum.

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

So. 157 Howard Street
Spokane 4, Washington

August 8, 1952

Mr. Frank E. Johnson
Chairman, Operating Committee
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Dear Mr. Johnson:

We are transmitting herewith three copies of an exploration application on the Red Bluff property, Valley County, Idaho, submitted by the McRae Tungsten Corporation. One copy of the application has been retained here for our use in preparing our report on the property. Copies of the purchase contract and the necessary subordination agreements are not included with the application. These are being prepared by the operator and will be sent to you as soon as we receive them.

Sincerely yours,

S. Warren Hobbs

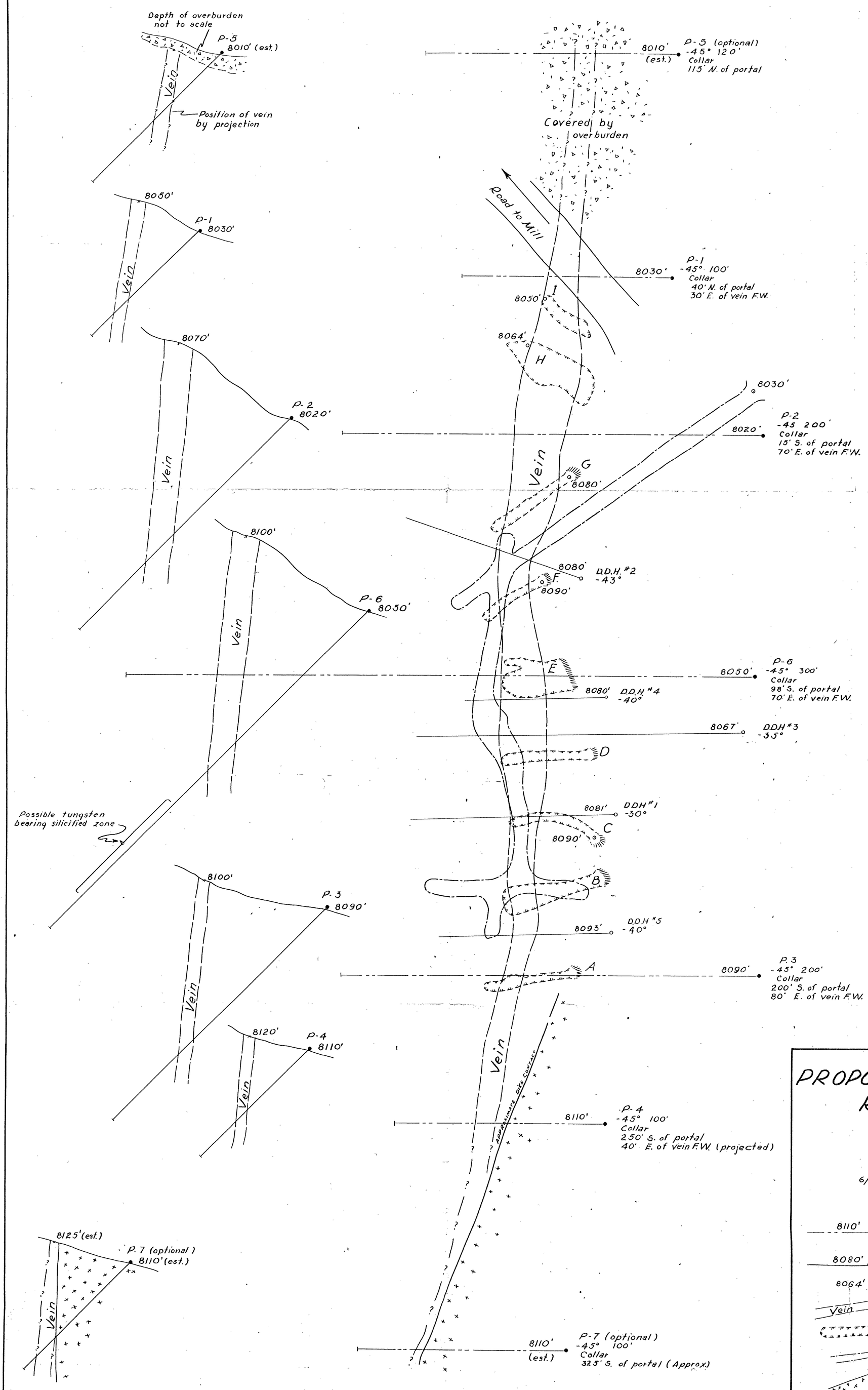
S. Warren Hobbs
Acting Member, DMEA
Field Team, Region II

Enclosure 1 (in trip.)
cc: USBM (2)
J.J. Quinlan, U.S.G.S.

Copy retained 400

SECTIONS OF PROPOSED DIAMOND DRILL HOLES

SCALE 1" = 40'
Looking North



PROPOSED DIAMOND DRILLING
RED BLUFF PROPERTY

Valley County, Idaho

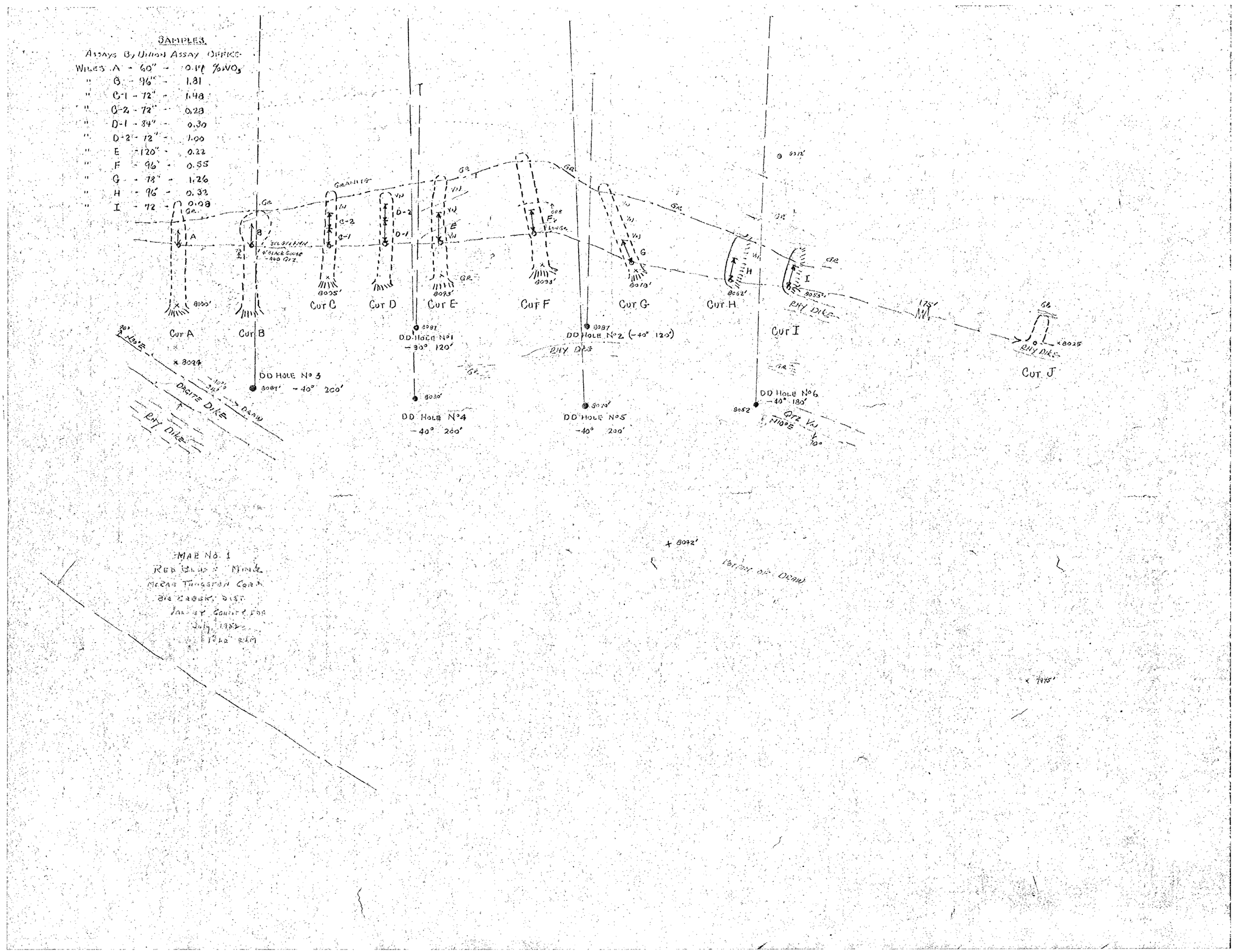
Contract No. Idm. E 406
Scale Map 1" = 20'
Sections 1" = 40'

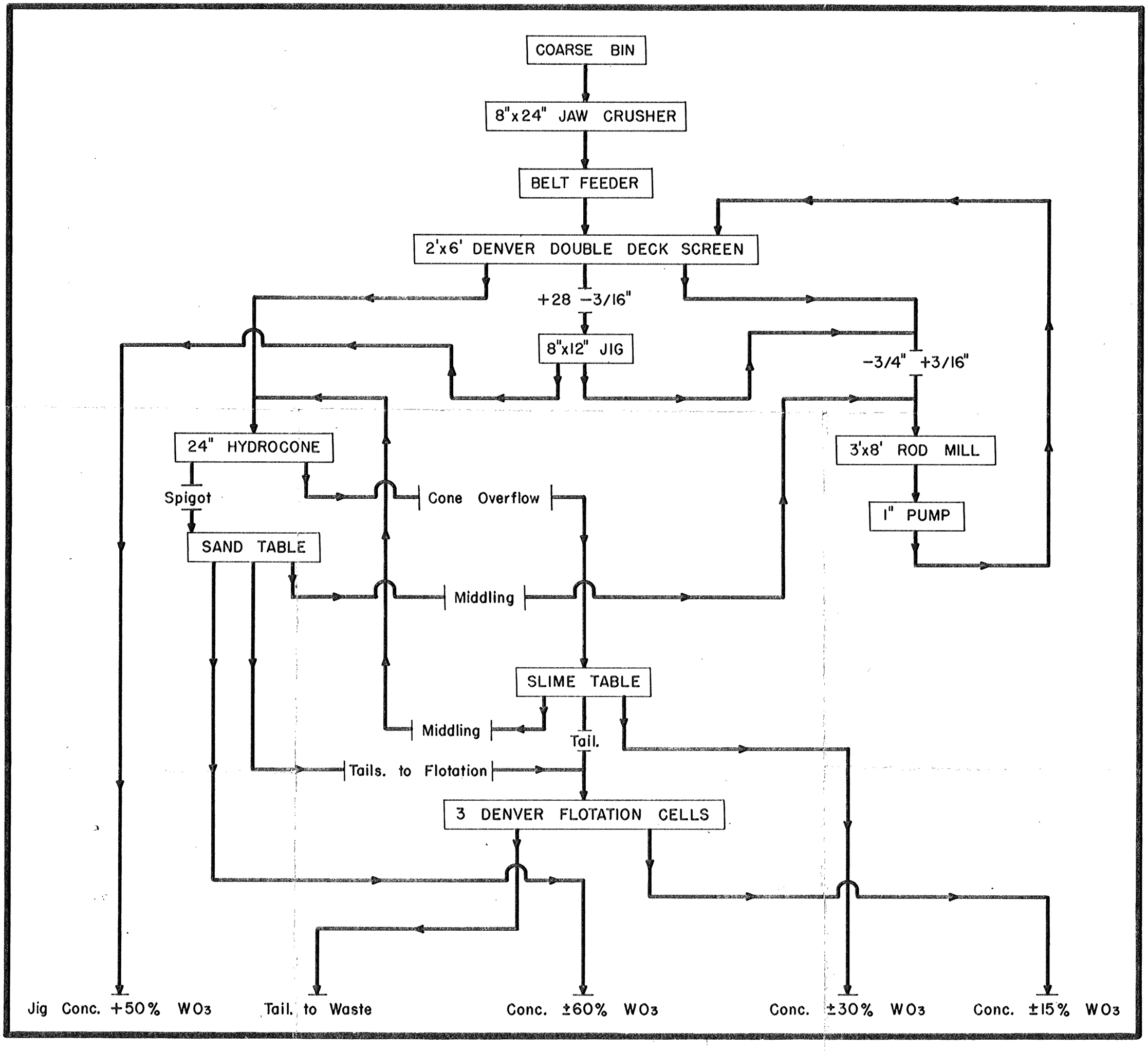
6/28/54 To accompany proposed amendment No. 4.

EXPLANATION

- 8110' P-4 — Proposed diamond drill hole, showing approximate elev. at collar. Approximate location as indicated. (est.) estimated elevation at optional holes. Collar
- 8080' D.D.H. #4 — Diamond drilling already done by operator.
- 8064' — Elevation.
- Vein — Surface trace of tungsten-bearing silicified zone; average dip 85° W.
- A — Trenching done on tungsten-bearing silicified zone.
- Underground workings, portal indicated.
- Approximate surface trace of thick dacite dike at southern end of property, dip vertical.
- Area obscured by overburden.

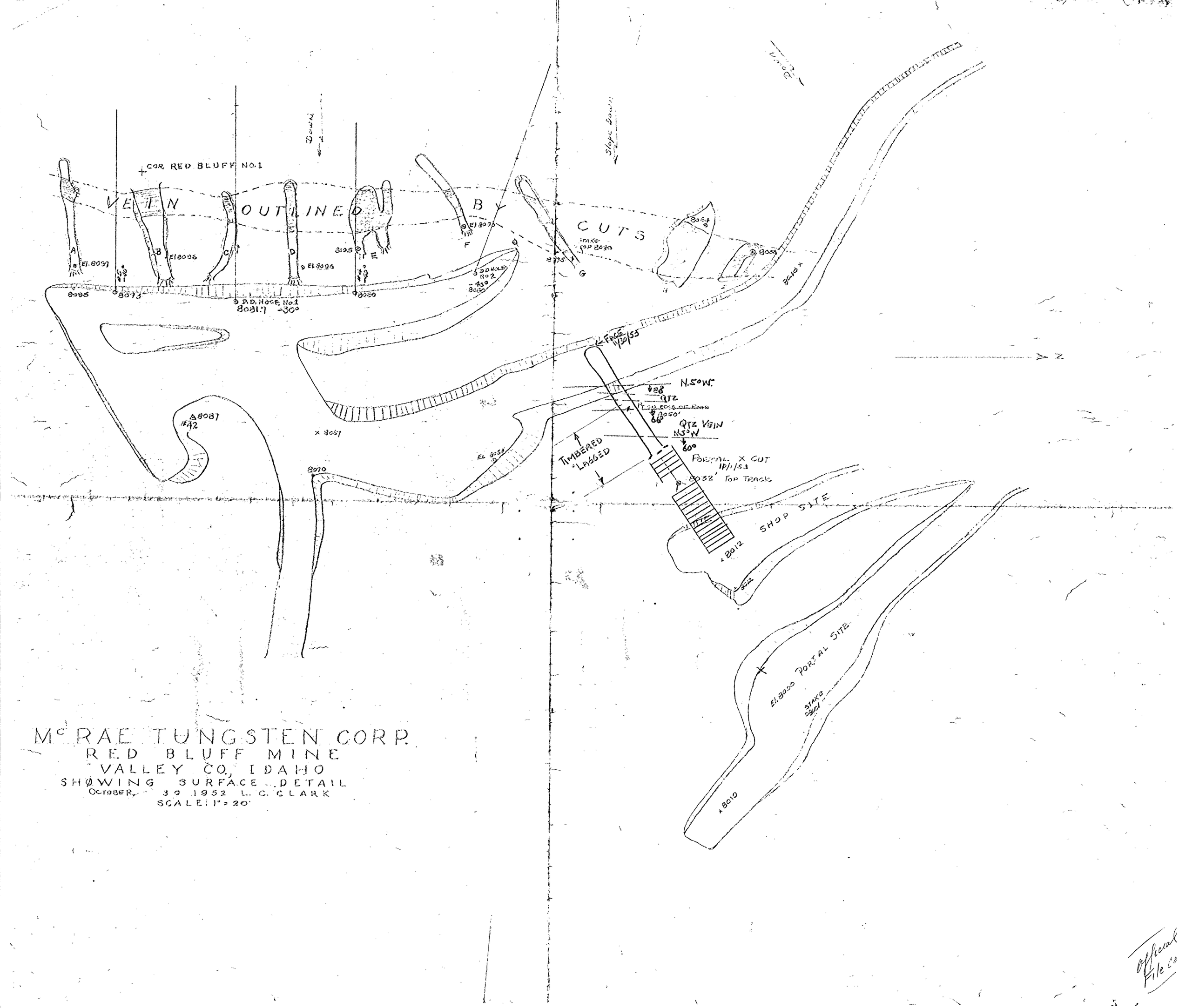
Map & Sections after Operator.


SAMPLES
ASSAYS BY UNION ASSAY OFFICE
WILES A - 60" - 0.14 %WO3
" B - 96" - 1.31
" C-1 - 72" - 1.48
" C-2 - 72" - 0.28
" D-1 - 84" - 0.30
" D-2 - 72" - 1.00
" E - 120" - 0.22
" F - 96" - 0.55
" G - 78" - 1.26
" H - 96" - 0.32
" I - 72 - 0.08
GR.
GRANITE
VN
A
B
C-2
C-1
D-2
D-1
E
F
G
H
I
4" BLACK GOUGE AND QTZ.
8100'
8095'
8093'
8093'
8078'
8062'
8055'
Cut A
Cut B
Cut C
Cut D
Cut E
Cut F
Cut G
Cut H
Cut I
Cut J
DD HOLE No 1
-30° 120'
8081
DD HOLE No 2 (-40° 120')
8087
DD HOLE No 3
8087' -40° 200'
DD HOLE No 4
-40° 200'
8030'
DD HOLE No 5
-40° 200'
8078'
DD HOLE No 6
-40° 180'
8052
RHY DIKE
175'
8025
8094
DACITE DIKE
DRAW
N100°E
QTZ VN
8072'
Bottom of Draw
8075'
MAP No. 1
RED BLUFF MINE
MCRAE TUNGSTEN CORP.
BIG CABIN DIST.
JACKSON COUNTY, OR
July 1957
FIELD BOOK



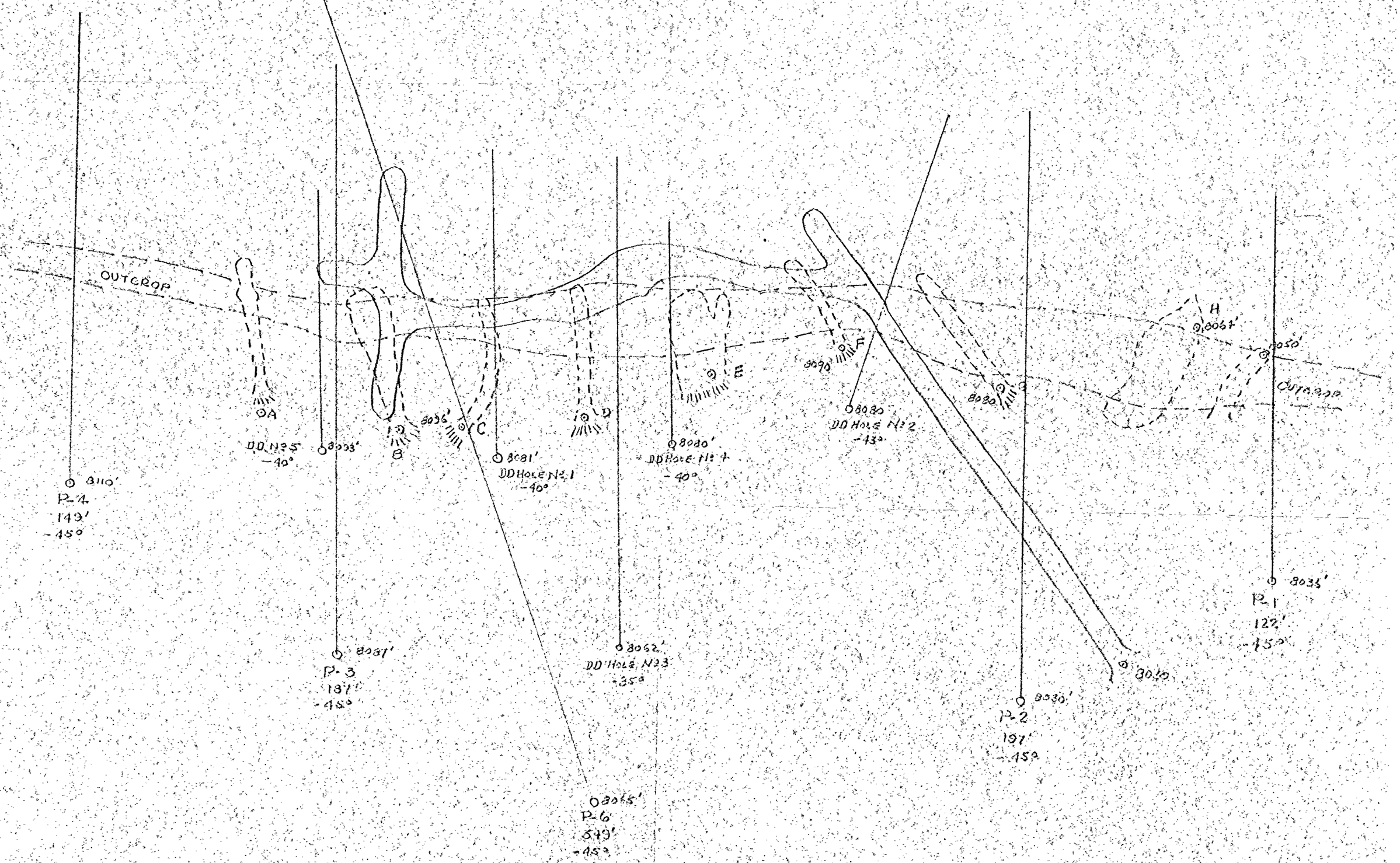
Mill Flow Sheet — McRae Tungsten Corporation

3406



Mc RAE TUNGSTEN CORP.
RED BLUFF MINE
VALLEY CO., IDAHO
SHOWING SURFACE DETAIL
OCTOBER 30 1952 L. C. CLARK
SCALE: 1" = 20'

Official File Co



RED BLUFF PROPERTY

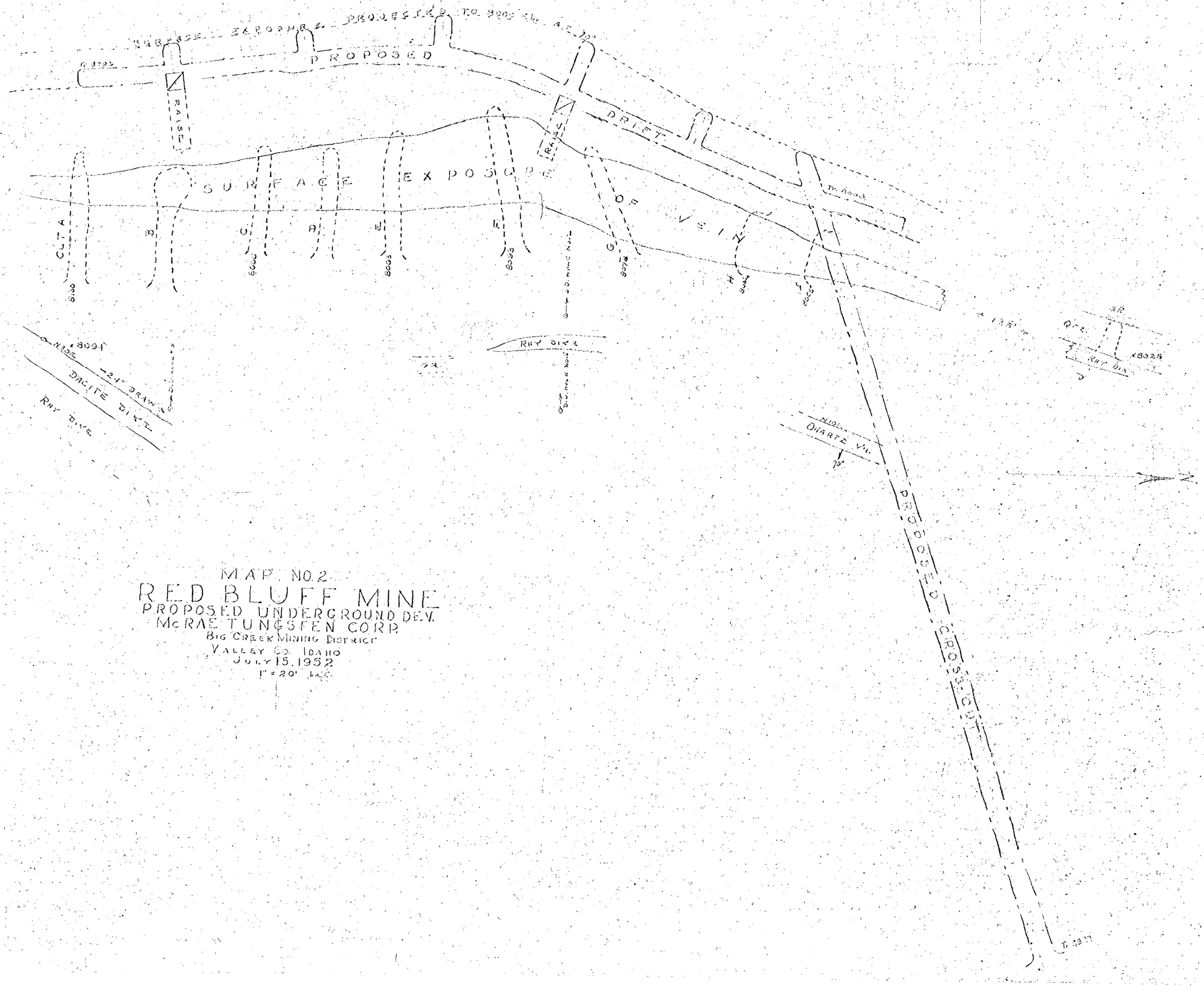
SURFACE TRENCHES
DIAMOND DRILL PLAN.
UNDERGROUND PLAN

McRAE TUNGSTEN CO. ~ VALLEY CO. IDAHO
CONTRACT IDM. E-406

MAP No 1

Scale 1" = 20'

R.J.D. 12/24/5[illegible]



MAP NO. 2
RED BLUFF MINE
PROPOSED UNDERGROUND DEV.
McRAE TUNGSTEN CORP.
BIG CREEK MINING DISTRICT
VALLEY CO. IDAHO
JULY 15, 1952
1" = 20' H.C.

MC RAE TUNGSTEN CORPORATION
RED BLUFF CLAIMS
Valley County, Idaho

Plate No. 1

Extra copy F.T. Final Report

COMPOSITE MAP OF RED BLUFF WORKINGS
SCALE: 1" = 20'

EXPLANATION

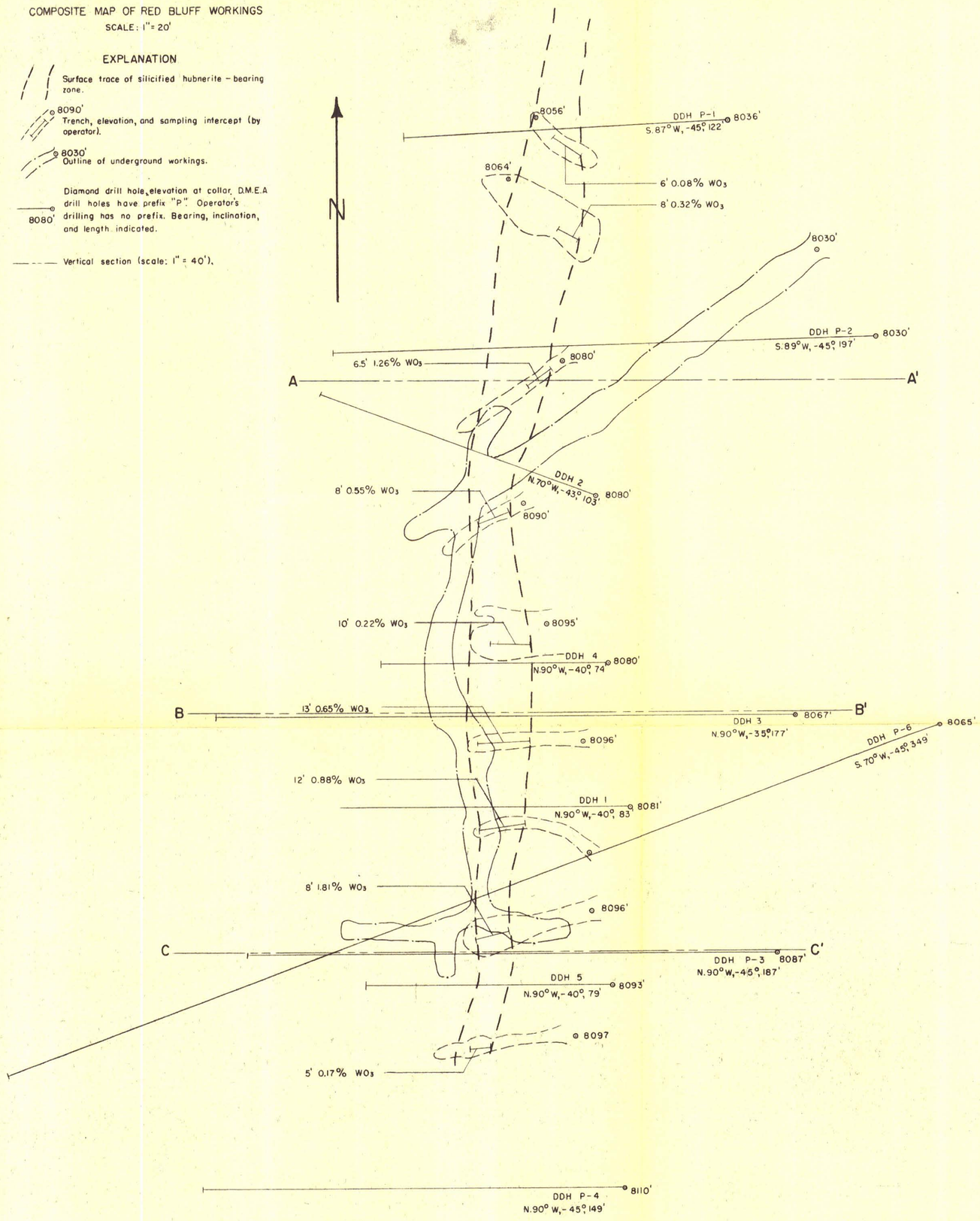
Surface trace of silicified hubnerite - bearing zone.

8090' Trench, elevation, and sampling intercept (by operator).

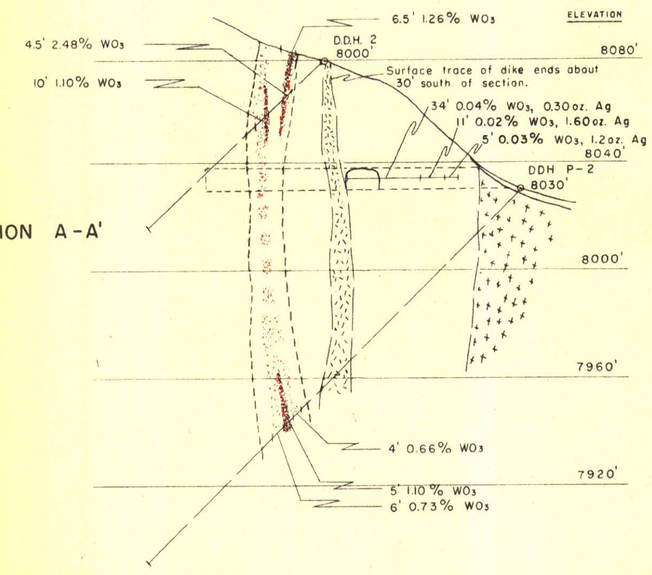
8030' Outline of underground workings.

8080' Diamond drill hole, elevation at collar. D.M.E.A drill holes have prefix "P". Operator's drilling has no prefix. Bearing, inclination, and length indicated.

Vertical section (scale: 1" = 40').



SECTION A-A'



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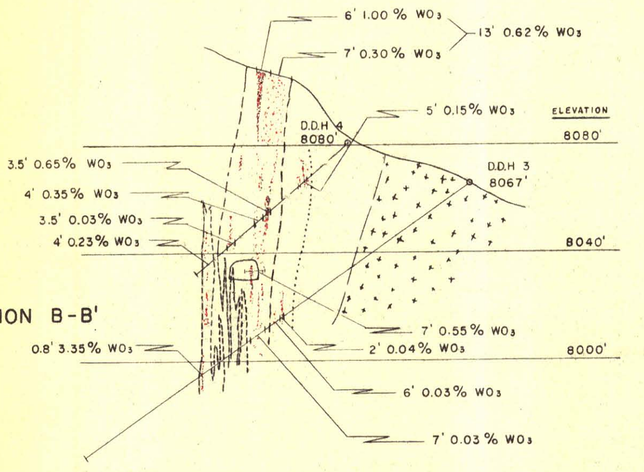
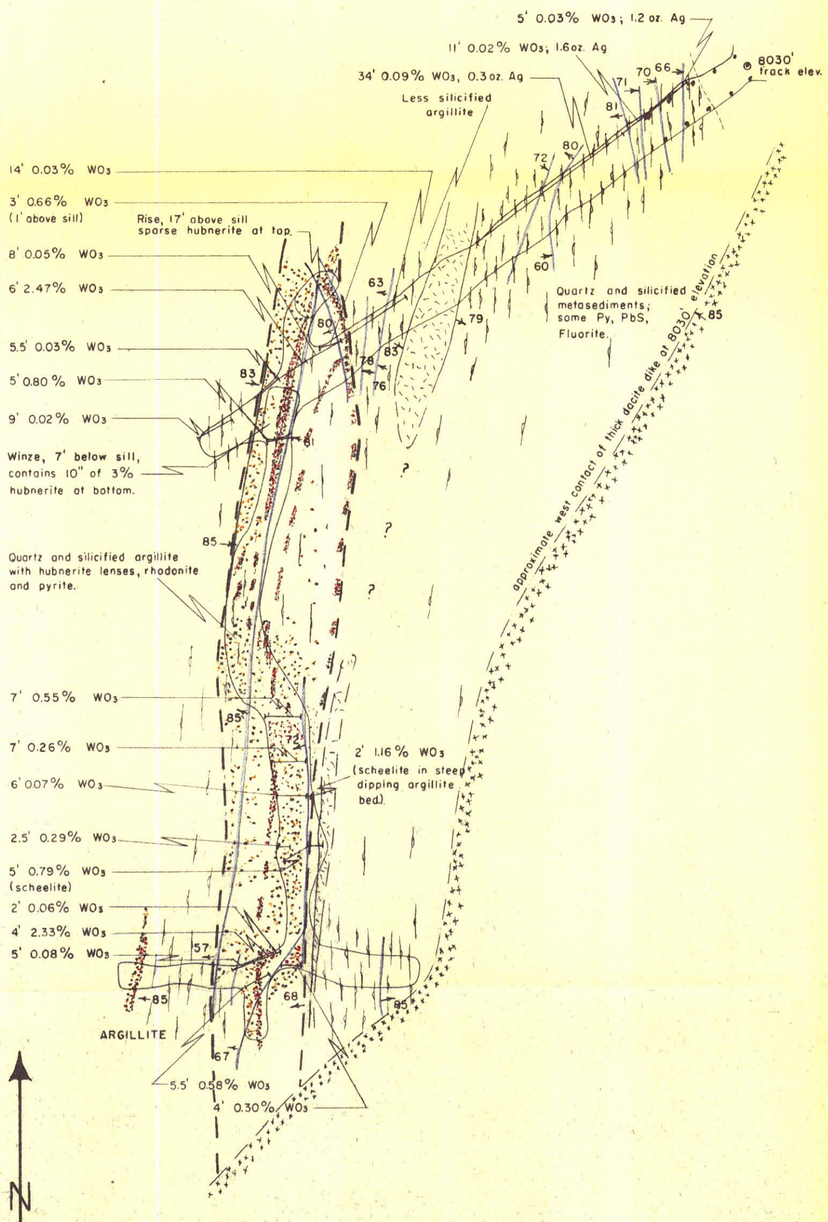
SECTION B-B'





GEOLOGY OF D.M.E.A. ADIT
SCALE: 1" = 20'

EXPLANATION

Hubnerite bearing zone having steep west dip, generally well silicified with remnants of silicified metamorphic rocks as described below. Red color indicates hubnerite; yellow color indicates silicification.

Steeply dipping series of interbedded argillites and impure quartzites, in part schistose. Silicification ranges from nil to locally intense.

Rhyolite dike.

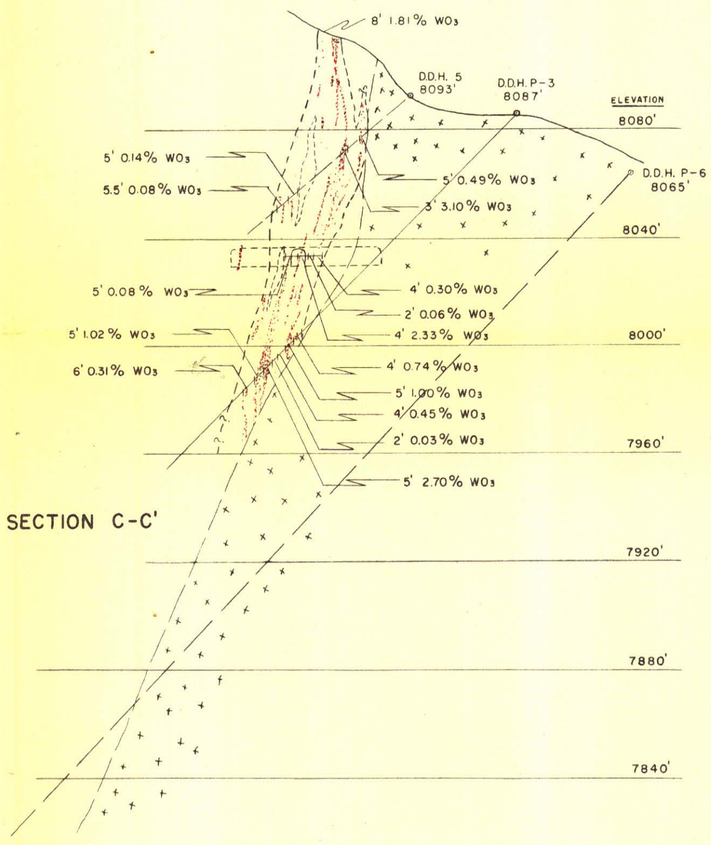
85 West contact of thick dacite porphyry dike having fine-grained border phase. Dike contains feldspar phenocrysts in fine-grained, green matrix.

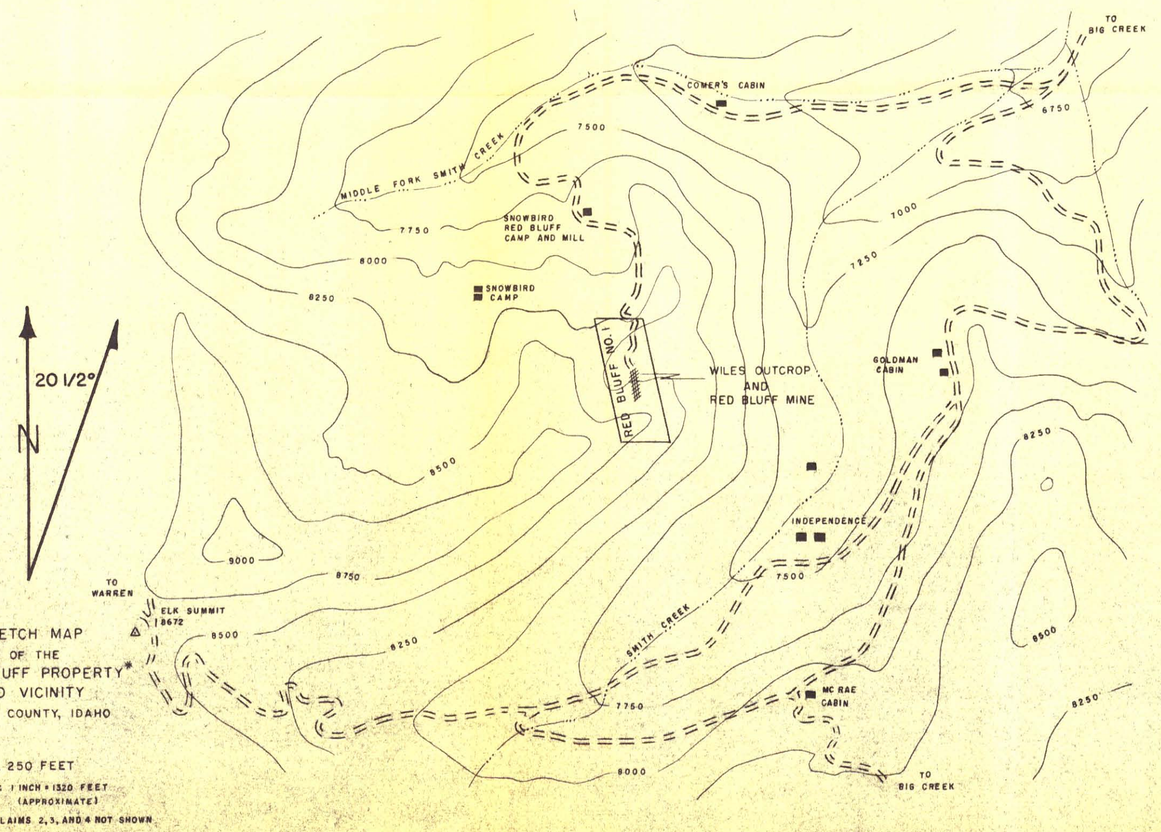
60 Fault.

Sampling intercept, by operator, 4' above sill unless otherwise indicated.

5.5' 0.58% WO3

SECTION C-C'

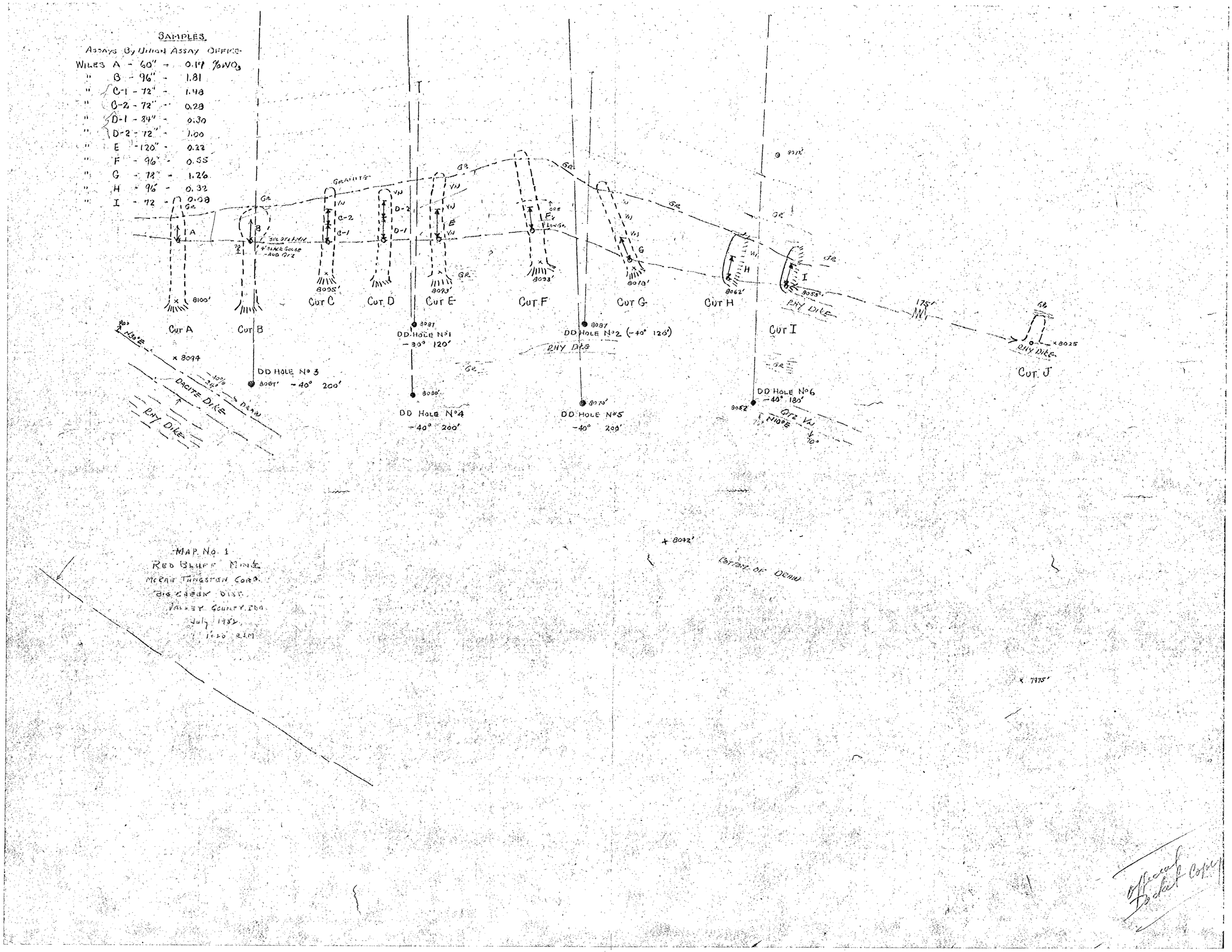




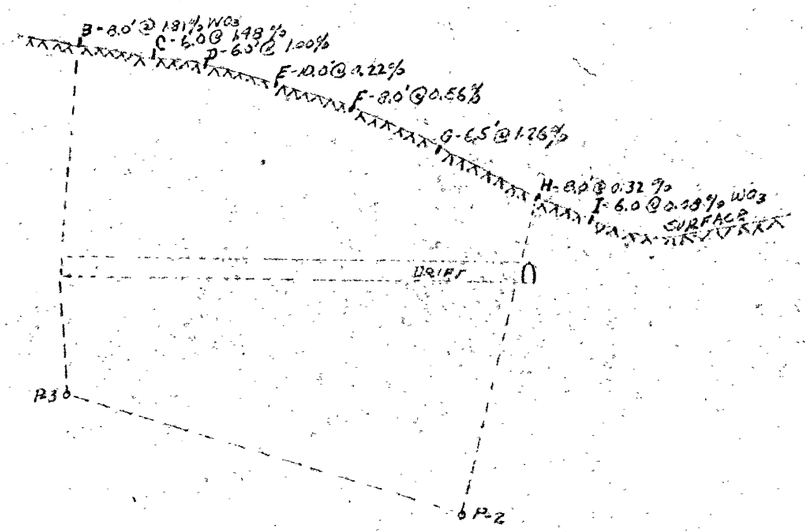
SKETCH MAP
OF THE
RED BLUFF PROPERTY*
AND VICINITY
VALLEY COUNTY, IDAHO

C.I. 250 FEET
SCALE: 1 INCH = 1320 FEET
(APPROXIMATE)

*RED BLUFF CLAIMS 2, 3, AND 4 NOT SHOWN



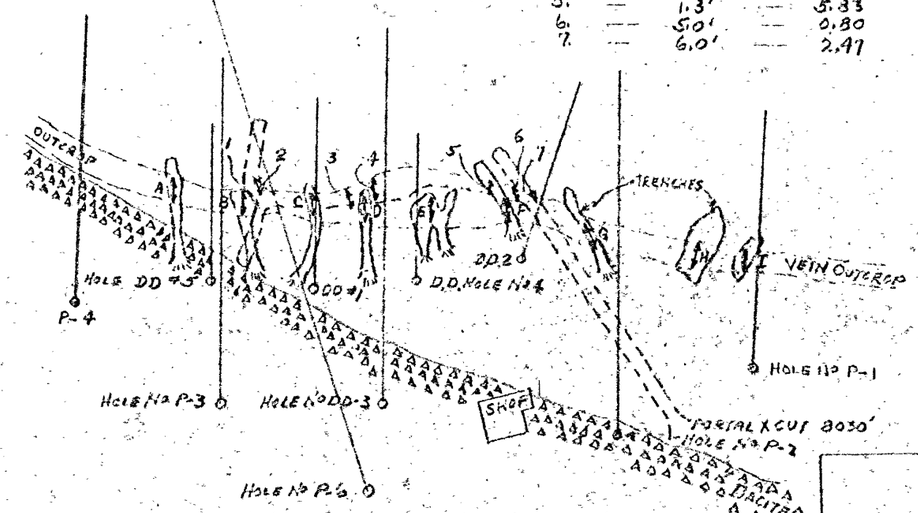
Official Docket Copy



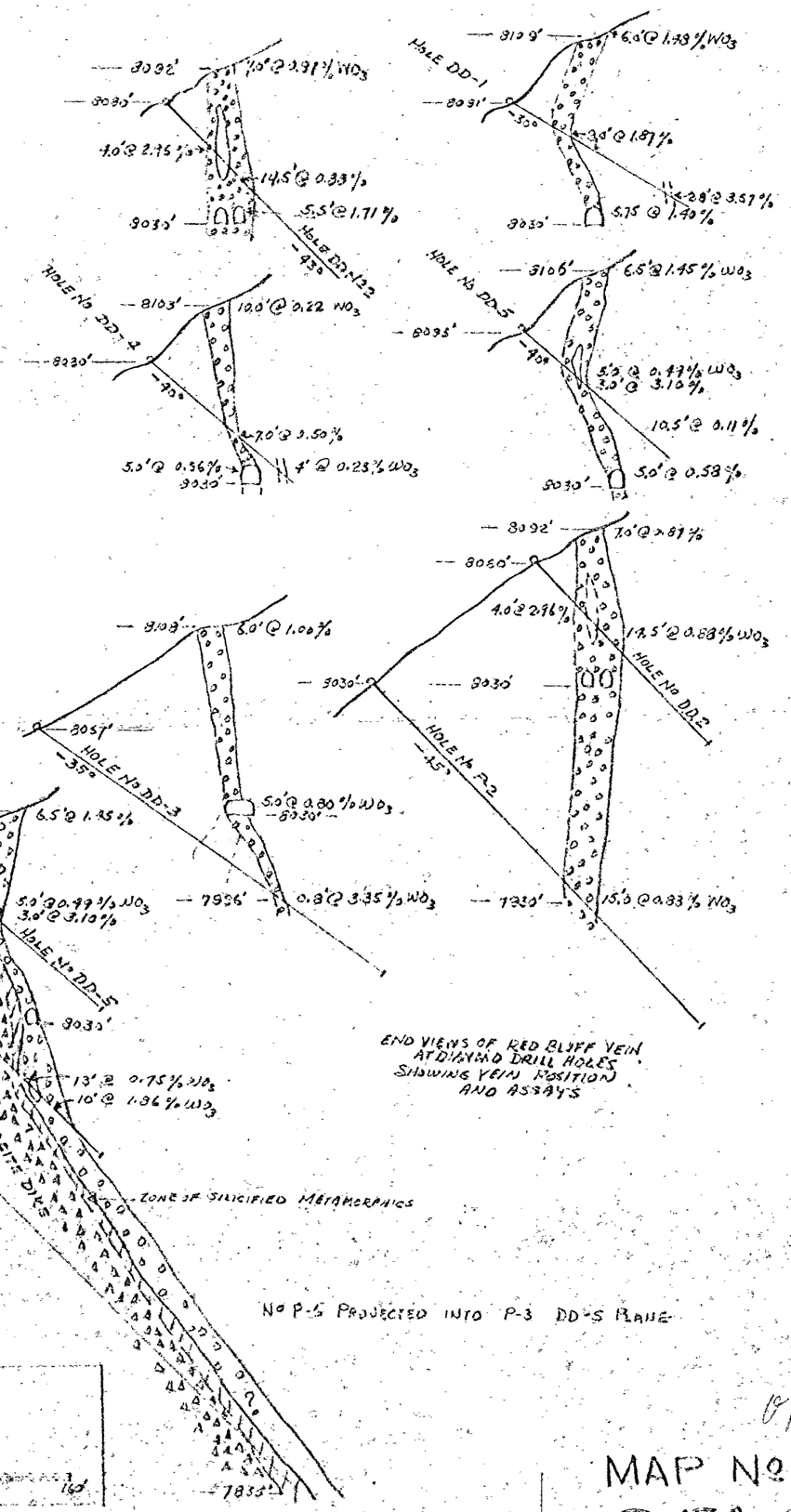
VERTCAL SECTION THRU VEIN

UNDERGROUND SAMPLES

Nº	LENGTH	%WO3
1.	5.0'	0.53
2.	4.5'	2.38
3.	7.0'	0.79
4.	7.0'	0.55
5.	1.3'	5.83
6.	5.0'	0.80
7.	6.0'	2.47



PLAN RED BLUFF MINE



END VIEWS OF RED BLUFF VEIN AT DIAMOND DRILL HOLES SHOWING VEIN POSITION AND ASSAYS

THE RED BLUFF VEIN

VALLEY CO. IDAHO

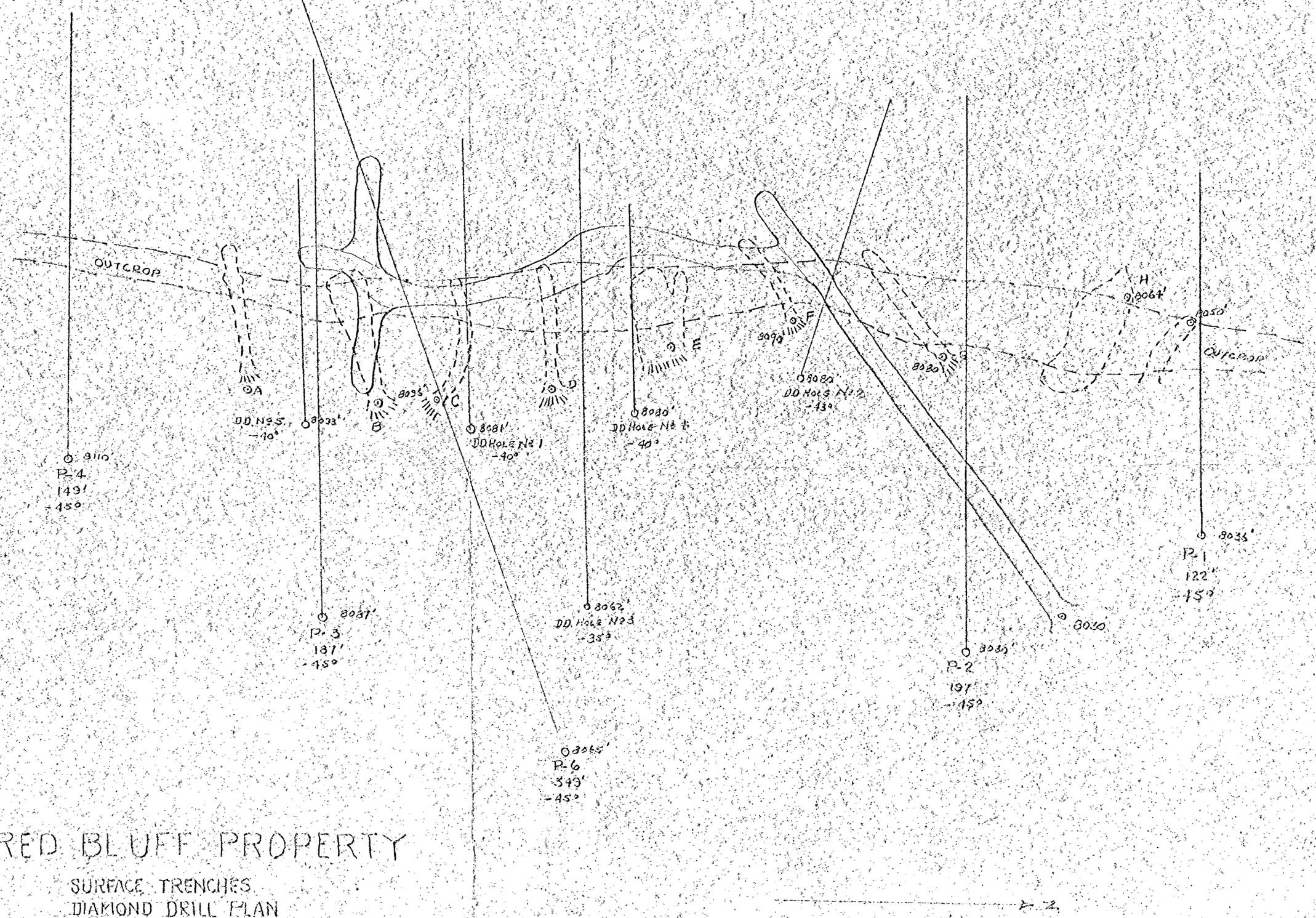
DEC. 1955

40' 20' 0' 40' 80' 120' 160'

Official Product copy

MAP Nº 2

DMEA 2654



RED BLUFF PROPERTY

SURFACE TRENCHES
DIAMOND DRILL PLAN
UNDERGROUND PLAN

McRAE TUNGSTEN CO. ~ VALLEY CO. IDAHO
CONTRACT IDM. E-406

Scale 1" = 20'

P.A.M. 12/24/55

MAP Nº 1

Official Docket copy

Map 101 - Omea 2654