DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMEA ~~DMA~~ Docket No. 2692

DO NOT DETACH THIS SLIP

Action on this document is recorded and controlled in Reports and Records Branch. Any movement of this document between divisions or offices of DMA or movement outside DMA must be reported to the Reports and Records Branch. Actions taken that affect status of the case must also be reported.

This document has been recorded as

Exploration Project

Any action taken to change the type of request for assistance must be promptly reported to the Reports and Records Branch. Use DMA Form 2 for submitting these reports.

Routing Slip - Copies to USBM and USGS. One copy retained by Region II.

To:	Code 400, Rm. 3538	Date	9-9-52
To:	Oper Com	Date	12-31-52
To:	Oper Com	Date	4-1-53
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CONTROLLED DOCUMENT

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

IN REPLY REFER TO:

RECEIVED
NOV 27 1956
D.M.E.A.

November 27, 1956

Re: DMEA 2692 Idm-E471
North Idaho Mines, Inc.
Pony Gulch Tungsten Mine
Shoshone County, Idaho
App'd. $13,200 Tungsten
Expended $6,773

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, awarded in 1953, approved the expenditure of $13,200.00, on the exploration of narrow scheelite-bearing quartz veins, by sinking (winze) and crosscutting; $6,773.00 was spent.

The work indicated that the tungsten values decreased as depth was attained and the probability of finding ore-grade material is remote. Further work is not warranted, in the opinion of the examiners, and the project does not merit certification.

I concur with that opinion and the recommendation of the examiners and the Field Team that no certification be made.

N. E. Nelson

N. E. Nelson

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

March 3, 1955

Memorandum

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Memorandum of Non-Discovery
Docket No. DMEA 2692 - Tungsten
North Idaho Mines, Inc.
(Assignee of Robert D. Skeman & Howard S. Carter, partners)
Pony Lease (Kennan property)
Shoshone County, Idaho
Contract No. Idm-E471

This Division hereby concludes that the work done upon the subject property, as described under the contract, has resulted in no discovery or development from which commercial production may be made.

A description of the property, the work done, and the results obtained follow:

1. Operator - North Idaho Mines, Inc. (Assignee of Robert D. Skeman & Howard S. Carter, partners)
P. O. Box 298
Kellogg, Idaho

2. Operator's property rights - Following leased claims:

Unpatented lode claims		Placer claims
Gold Nugget	Blue Grouse	Tin Cup
Evergreen	Never Fail	Rambler
Signal Shot	Storm King	Cinch
War Eagle	Valintine	Tungsten

3. Contract dated: September January 2, 1953

4. Work authorized -

Stage I 100-foot two-compartment inclined shaft

Stage II 100-feet of drifting and/or crosscutting from bottom of shaft

5. Work completed -

Stage I	68 feet of shaft @ $80.00/ft.	$5,440.00
Stage II	25 feet of crosscutting @ $40.00/ft.	1,000.00
	2 assays @ $4.00 ea.	8.00
	Geological Consultant	325.00
	Total cost	$6,773.00
	Government's share @ 75%	$5,079.75

Comments:

The objective of this project was to explore the downward continuation of a scheelite-bearing shear zone in argillite exposed in the Pony Gulch Tungsten mine adit. The scheelite occurs in narrow quartz veins, irregular in distribution, and varying in width from a fraction of an inch to several inches.

At a depth of 25 feet in the winze, the argillite changed to quartzite which also is badly broken and contains numerous quartz veinlets with minor scheelite. However only the first round in the winze exposed appreciable tungsten. The remainder of the work showed little or no tungsten mineralization.

When 68 feet of the winze had been completed with negative results, the operator was authorized to drive a short crosscut on the 50-foot level. No significant tungsten mineralization was exposed by this work.

The exploration project was efficiently carried out by the operator-assignee.

The original field examination recommending the project was based entirely on visual examination with ultra-violet lamp. No samples were taken by the field then or upon completion of the work. The final Field Team report stated: "Scheelite was very spotty and composed only an insignificant part of these veins. When the field examination was made, blasting had splattered specks of scheelite onto the country rock of the shear zone, thus making a slightly more impressive showing when exposed to a mineral light." This emphasizes the importance of sampling and the need for more thorough sampling by the Field Team.

W S Martin

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

DOCKET
SURNAME

Rutledge
Martin
Holliday
Trowd

March 3, 1955

Memorandum

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Memorandum of Non-Discovery
Docket No. DMEA 2692 - Tungsten
North Idaho Mines, Inc.
(Assignee of Robert D. Sussman & Howard S. Carter, partners)
Pony Lassen (Sussman property)
Shoshone County, Idaho
Contract No. Idm-2471

This Division hereby concludes that the work done upon the subject property, as described under the contract, has resulted in no discovery or development from which commercial production may be made.

A description of the property, the work done, and the results obtained follow:

1. Operator - North Idaho Mines, Inc. (Assignee of Robert D. Sussman & Howard S. Carter, partners)
P. O. Box 298
Kellogg, Idaho

2. Operator's property rights - Following leased claims:

Unpatented lode claims		Placer claims
Gold Nugget	Blue Grouse	Tin Cup
Evergreen	Never Fail	Rambler
Signal Shot	Steam King	Cinch
War Eagle	Valintine	Tungsten

September

3. Contract dated: January 2, 1953

4. Work authorized -

Stage I 100-foot two-compartment inclined shaft

Stage II 100-feet of drifting and/or crosscutting from bottom of shaft

5. Work completed -

Stage I	68 feet of shaft @ $80.00/ft.	$5,440.00
Stage II	25 feet of crosscutting @ $40.00/ft.	1,000.00
	2 assays @ $4.00 ea.	8.00
	Geological Consultant	325.00
	Total cost	$6,773.00
	Government's share @ 75%	$5,079.75

Comments:

The objective of this project was to explore the downward continuation of a scheelite-bearing shear zone in argillite exposed in the Pony Gulch Tungsten mine adit. The scheelite occurs in narrow quartz veins, irregular in distribution, and varying in width from a fraction of an inch to several inches.

At a depth of 25 feet in the winze, the argillite changed to quartzite which also is badly broken and contains numerous quartz veinlets with minor scheelite. However only the first round in the winze exposed appreciable tungsten. The remainder of the work showed little or no tungsten mineralization.

When 68 feet of the winze had been completed with negative results, the operator was authorized to drive a short crosscut on the 50-foot level. No significant tungsten mineralization was exposed by this work.

The exploration project was efficiently carried out by the operator-assignee.

The original field examination recommending the project was based entirely on visual examination with ultra-violet lamp. No samples were taken by the field then or upon completion of the work. The final Field Team report stated: "Scheelite was very spotty and composed only an insignificant part of these veins. When the field examination was made, blasting had splattered specks of scheelite onto the country rock of the shear zone, thus making a slightly more impressive showing when exposed to a mineral light." This emphasizes the importance of sampling and the need for more thorough sampling by the Field Team.

FARutledge:fcc
Docket
Adm. Reading File
Code 400
3-2-55

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

No. 157 Howard Street
Spokane 4, Washington

December 22, 1954

Mr. C. Harold St. John
W. 508 - 1st Avenue
Spokane, Washington

Re: Docket No. RMA-2698 (tungsten)
North Idaho Mines, Inc. (Assignee of
Robert D. Sherman & Howard S. Carter)
Shoshone County, Idaho
Contract No. Ida-5571

Dear Mr. St. John:

The field was report that the crosscut through the shear zone on the 50-foot level is barren.

Although not all contract funds have been expended, we feel that the objectives of the exploration have essentially been accomplished, and therefore the contract can be considered as completed as soon as you submit a final report as provided in article 5b of the contract. As soon as this report is received the final settlement procedure can be started.

By Field Team, Region II

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)
Fryklund

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

November 5, 1954

Memorandum

To: DMEA Field Team, Region II

From: Verne C. Fryklund, Jr., Geologist, U. S. Geological Survey

Subject: Routine inspection, Docket No. DMEA-2692 (tungsten), North Idaho Mines, Inc., Pony Gulch tungsten project, Shoshone County, Idaho, Contract No. Idm-E471.

I visited the property October 29, 1954, with Donald Kellum, Geological Survey. The shaft (winze) was 68 feet deep. There has been no significant amount of tungsten in the winze.

The decision has been made to consider Stage 1 completed and to drive a short crosscut at the 50-foot point in the shaft so that the full width of the shear zone can be tested. I feel that a crosscut is necessary before we can discuss mutual termination with the Operator.

Distribution:
DMEA (orig. & 3)
USBM (2)
Docket
Fryklund

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
November 29, 1954

MEMORANDUM

To: DMEA Field Team, Region II

From: E. G. Erickson, Mining Engineer, Bureau of Mines

Subject: Final inspection, North Idaho Mines, Inc., Shoshone County, Idaho, Contract Idm-E471, Docket No. DMEA 2692 (tungsten)

The final inspection of the exploration project was made on November 22, 1954, accompanied by Mr. H. St. John, Operator by assignment.

The 100 feet of shaft sinking set forth in Stage I was stopped at 68 feet because of discouraging results.

Stage II of the contract allowed 100 feet of drifting and/or crosscutting. A maximum of 30 feet of crosscutting from a point 50 feet below the collar of the shaft was approved to test the footwall of the shaft below showings of ore on the tunnel level. A total of 25 feet of crosscutting (7'x5') had been completed at the time of the visit.

The shaft and crosscut were examined under a mineralite and only a few insignificant spots showed any scheelite. The amount of tungsten was so small that cut samples taken by Mr. Lense assayed nil in WO_3. Mr. Lense is mine geologist for Bunker Hill and Sullivan Mining Company and is also employed as consultant for North Idaho Mines, Inc. He is preparing the final report on the project, and the Operator will include it with his final invoice.

The exploration project has failed to disclose any ore; therefore, a certification of discovery is not recommended.

Orig. & 3 cys - Wash.
USGS (2)
DMEA
M/D
AD
Auditor Turner
EGE/he

E. G. Erickson

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 1 - 1954

xxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

October 26, 1954

Mr. C. Harold St. John
W. 508 - 1st Avenue
Spokane, Washington

Re: Docket No. DMEA-2692 (tungsten)
North Idaho Mines, Inc. (Assignee
of Robert D. Skeman & Howard S. Carter)
Shoshone County, Idaho
Contract No. Idm-3471

Dear Mr. St. John:

We have received your letter of October 25, 1954, requesting an amendment to transfer the remaining shaft funds to crosscutting. (Our field men say you meant crosscutting rather than drifting as you say in your letter.) We agree that, in view of the slight amount of tungsten found in the shaft, work in the shaft should be halted.

In our opinion, then, Stage I is now completed and you are entering Stage II; therefore no amendment is necessary. If you feel that further work is not justified after completing a short amount of crosscut, we may then consider mutual termination of the contract. We do feel that the full width of the shear zone should be crosscut before a decision to terminate is made. Please understand that if shaft work is stopped now we will not be able to resume such work without a suitable amendment to the 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: DMEA (2) w/cys incoming
USBM (2) "
USBM (AD)
Fryklund

Office
15 E. Portland Ave.

Telephone
7761

NORTH IDAHO MINES, INC.

P. O. Box 298

KELLOGG, IDAHO

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 1 - 1954

October 25, 1954

Mr. E. A. Weissenborn, Executive Officer
Defense Minerals Exploration Administration
South 157 Howard Street
Spokane 4, Washington

Dear Mr. Weissenborn:

In regard to Docket No. MMA-2692 (Tungsten) Pony Lease, Shoshone County, Idaho, Contract No. I2r-2471, under which we were to sink a shaft 100 feet as the first phase of the contract. The shaft is now approximately 70 feet and has shown very little tungsten since the first 10 feet. It has been examined by Al Lense, our geologist, and discussed with Mr. Frichlund of your department and Mr. Erickson of the Bureau of Mines. They seem to agree that it is not feasible to go further with the shaft.

Therefore, I would like to request an amendment to the contract, allowing us to drift approximately 30 feet to complete the 100-ft. contract.

The location chosen for the start of the drift is, roughly, 50 ft. down the shaft, at which point there is the test showing of quartz in which most of the tungsten is found. If the drift should develop a showing of tungsten, we could sink further; if not, we would consider the contract completed.

Yours very truly,

NORTH IDAHO MINES, INC.

By C. Harold St. John
President

CHSJ:bm

RECEIVED
OCT 25 1954
U. S. G. S.
SPOKANE, WASH.

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

September 15, 1954

Memorandum

To: DMEA Field Team, Region II

From: Verne C. Fryklund, Geologist, Geological Survey

Subject: Routine inspection, Docket No. DMEA-2692 (tungsten) North Idaho Mines, Inc., Skeman and Carter property, Shoshone County, Idaho, Contract No. Idm-E471

I visited the property September 8, 1954. The winze was down 30 feet and holes were being loaded. There is considerably less scheelite in the winze than on the level.

The property is being mapped by Mr. Lense, Bunker-Hill & Sullivan geologist, for the operator. Car samples have been taken but no assay returns were available. At the 30-foot point no tungsten was visible in the walls.

Distribution:
DMEA (Orig. & 3)
USBM (2)
Docket
Fryklund

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON, D.C.~~
1201 N. Division St.
Spokane 2, Washington
August 31, 1954

MEMORANDUM

To: DMEA Field Team, Region II

From: E. G. Erickson, Mining Engineer, U. S. Bureau of Mines

Subject: Interim report, North Idaho Mines, Inc., Shoshone County, Idaho, Contract No. Idm-E471, Docket No. DMEA 2692 (tungsten)

The project site was inspected August 25, 1954, accompanied by Mr. H. S. Carter.

The project was inactive at the time of the inspection because the compressor was broken down. Miners had gone to Wallace for a part for the compressor and they were expected back shortly after noon.

The 50-ft. winze authorized by the contract had been advanced 15.0 feet. Measurement from rail to top of muck was 12.0 feet and it was estimated an additional 3 feet was broken with a recent blast.

One set had been timbered and because of a false hanging wall it will be necessary to timber with regular sets. Should ground conditions improve it may be possible to advance the winze with stull timber.

The vein was not sampled because of the accumulation of water due to compressor failure. The Operator is sampling each car of muck and is making a composite sample of each round. Sampling data will be obtained from the Operator as soon as he is contacted. No significant tungsten showing has been exposed in the winze to date; only an occasional blob of scheelite.

E. G. Erickson

Orig. & 3 cys - Wash.
USGS (2)
DMEA
M/D
AD
EGE/he

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
1201 N. Division Street
Spokane 2, Washington
August 2, 1954

MEMORANDUM

To: DMEA Field Team, Region II

From: E. G. Erickson, Mining Engineer, USBM

Subject: Interim report, North Idaho Mines, Shoshone County, Idaho, Contract Idm-E471, Docket No. DMEA 2692 (tungsten)

The Operator, Mr. C. Harold St. John, was contacted at the property July 28, 1954. He was doing repair work on a frame surface building at the time of the visit.

Equipment has been moved in and a labor contract has been negotiated, according to the Operator. He stated sinking operations would start the first week in August.

I suggested to the Operator that he call at the DMEA office (Mr. St. John lives in Spokane, Washington) or write and state his plans and progress on the project.

The Operator was informed that because the work under the contract had been delayed by recess, assignment of contract and extension of starting and completion dates, the Field Team was much concerned and he should make every effort to carry out the project with minimum delay. He was reminded that the season at the project site was short.

E. G. Erickson

Orig. & 3 cys. - Wash.
USGS (2)
DMEA
M/D
AD
EGE/mp

DMEA-2692

ACTION ON ~~INTERIM~~
OR FINAL FIELD TEAM REPORT

Date 8-3

Referred to:

1. ~~Mr. Nitschke~~
2. ~~Mr. Johnson~~
3. ~~Mr. Chambers~~
4. ~~Docket Control Mails and Files~~
5. ~~[illegible]~~ Division
6. Docket Control Mails and Files

Note comments in report regarding:

1. Requests cost adjustments
2.
3.
4.

and take appropriate action. done details

- - - - -

Action taken by Division:

Hold till FT sends us its recommendations.
F.T. by letter 7-8 advised operator impossible to change unit costs FAR.

WSM
Initials

CONSENT TO ASSIGNMENT

On the 20th day of May, 1952, a Lease and Bond Agreement to certain unpatented lode and placer mining claims located in the Beaver Mining District, Shoshone County, State of Idaho, known as the

Gold Nugget	Blue Grouse
Evergreen	Never Fail
Signal Shot	Storm King
War Eagle	Valentine
September	

Lode Mining Claims, and

Tin Cup	Cinch
Rambler	Tungsten

Placer Mining Claims,

was entered into between GEORGE A. PRESTON and his wife, ISABELLE PRESTON, as Lessors and ROBERT D. SKEMAN and HOWARD S. CARTER, as Lessees, which Lease and Bond provided that the written consent of the Lessors was necessary before the Lessees could make any assignment thereof.

Thereafter, George A. Preston died and Isabelle Preston was appointed Executrix of his estate, and is presently acting in that capacity. Isabelle Preston is the sole heir at law of said George A. Preston.

NOW, THEREFORE, Isabelle Preston, individually, as the sole heir at law of George A. Preston, and as executrix of his estate, does hereby consent to the Assignment of said lease by said lessees to NORTH IDAHO MINES, INC., a corporation organized and existing under the laws of the State of Idaho; provided, however, that said Lessees shall remain fully responsible for the performance of all covenants of said agreement and provided that no further or additional assignment of said agreement shall be made

without the prior written consent of the undersigned.

Dated this 30 day of July, 1953.

ISABELLE PRESTON
Isabelle Preston, Executrix of the
Estate of George A. Preston, deceased.

ISABELLE PRESTON
Isabelle Preston, individually, as sole
heir of George A. Preston, deceased.

STATE OF WASHINGTON)
) ss
County of Spokane)

On this 30 day of July, 1953, before me, the undersigned, a Notary public in and for the State of Washington, personally appeared ISABELLE PRESTON, known to me to be the individual who executed the within and foregoing instrument and she acknowledged to me that she executed the foregoing Consent to Assignment for herself, individually, and as Executrix of the Estate of George A. Preston.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

(SEAL)

J. L. THOMAS
Notary Public in and for the State of
Washington, residing at Spokane, Wash.

My Commission Expires: June 17, 1956.

ASSIGNMENT AND AGREEMENT

THIS CONTRACT, Entered into this 24th day of July, 1953, by and between ROBERT D. SKEEMAN and LYLIE SKEEMAN, his wife, and HOWARD S. CARTER and NANCY CARTER, his wife, parties of the first part and sometimes referred to herein collectively as the "ASSIGNORS", and NORTH IDAHO MINES, INC., an Idaho corporation, party of the second part and sometimes referred to herein as the "ASSIGNEE";

W I T N E S S E T H:

WHEREAS, The Assignors, by an agreement of lease and bond dated the 20th day of May, 1952, wherein George A. Preston and his wife, Isabelle Preston, are lessors and Robert D. Skeeman and Howard S. Carter are lessees, are possessed of a lease for a period of ten (10) years beginning May 20, 1952 and terminating May 20, 1962 (together with an option to renew said lease), upon the Gold Nugget, Evergreen, Signal Shot, War Eagle, Blue Grouse, Never Fail, Storm King, Valentine and September lode mining claims, and the Tin Cup, Rambler, Cinch and Tungsten placer mining claims, situated in the Beaver Mining District, Shoshone County, Idaho, in Sections 13, 14, 18 and 24, in Township 49 North, Range 4 E.B.M., which lease contains an option to purchase said claims during the period of said lease for the sum of FORTY THOUSAND and no/100 ($40,000.00) DOLLARS, payable out of royalties, and wherein the Assignors have assumed certain obligations set out in said lease and bond agreement; and

WHEREAS, the Assignors desire to assign said lease and option to the Assignee upon the terms and conditions hereinafter set forth, and the Assignee desires to accept such assignment.

NOW, THEREFORE, In consideration of the mutual covenants herein assumed, it is agreed:

1. INTEREST OF THE PARTIES: The Assignors do hereby set over and assign all their right, title and interest in and to said aforementioned lease and bond agreement of May 20, 1952, and the interest accrued and to accrue thereunder, and the Assignee does hereby agree to faithfully perform all the conditions and obligations of said aforementioned lease and bond in accordance with the terms of this contract. Said lease and bond, identified as Exhibit "A", is attached hereto and made a part of this contract.

It is agreed that the investment of the Assignors in said claims and in the performance of said lease and bond at the date of this contract is $10,000.00, which includes the exploration and development work and all other work or expenditures heretofore done on said property and certain equipment located on or purchased for use on said premises. Said equipment which is hereby sold to the assignee, subject, however, to the terms of this agreement, is as follows:

(a) Worthington compressor and receiving tank,
(b) Set of crusher rolls.
(c) 3 gasoline motors.
(d) Mine track, air and water pipe located on premises.
(e) Miscellaneous picks, shovels, cables, hammers and other small tools located on said premises.
(f) Harz Jig.

Assignors agree to deliver any of such equipment not now on the property to Assignee immediately when called for.

said capital investment shall be recovered by the Assignors as hereafter provided in paragraph 5.

Immediately upon the execution of this agreement, the Assignors agree to place a good and sufficient Mining Deed to said claims, naming North Idaho Mines, Inc. as grantee, in escrow with the Weber Bank, Kellogg, Idaho, with instructions to deliver the same to the Assignee upon payment of the purchase price provided for in said lease and bond agreement of May 20, 1952, and to instruct said bank to pay all smelter returns, to which Assignors are entitled, to Assignee who shall distribute them in accordance with the terms of this contract.

2. RELATIONSHIP OF THE PARTIES: This agreement shall not in any manner establish the relationship of partnership or co-adventure between the parties hereto, nor shall either party have the right or power to bind the other party hereto as regards third parties without the specific written consent of the other party hereto.

3. DEVELOPMENT AND OPERATION OF PROPERTY: The Assignee agrees, at its own cost and without expense to the Assignors, to explore, develop, equip, mine and operate said property as, in its sole discretion, shall be necessary to bring said property into production in a good and miner-like fashion. For this purpose the Assignee shall have quiet and peaceful possession of said property, subject to the terms of this contract. The expenses of equipping said property and of its exploration and development shall constitute a charge against the operation thereof to be repaid in full from production returns, as herein provided. Accurate

records of the costs of such work shall be maintained in such detail as shall be required by good accounting practice and quarterly reports thereof shall be made to the Assignors.

If and when said property has been brought into production, reports of operating expenses shall be rendered monthly unless otherwise agreed by the parties, together with copies of smelter settlement sheets or purchaser's statements relating to the ore or concentrate on which settlement is being made.

If the Assignors shall have any objections to said statement of costs and expenses or to the items included therein, they shall so advise the Assignee within thirty (30) days after receipt thereof, setting out in detail such objections, whereupon the parties shall confer and attempt to reach an agreement thereon by conference, and said objections shall finally be disposed of by an exchange of letters. If such objections cannot be disposed of in that manner, they shall be referred to arbitration as hereinafter provided.

If no objections are made by Assignors within said thirty (30) days, then any and all statements to which no objections shall have been made are deemed to be correct and shall not thereafter be questioned.

The Assignors shall have the right at all reasonable times to inspect the work being done by the Assignee.

4. DIVISION OF NET SMELTER RETURNS: Assignee shall have the right to mine, mill and ship or sell to a smelter or other purchaser any ores that may be encountered and removed from the said claims during the life of this agreement. If and when the property

becomes a producing mine, net smelter returns derived from ores produced and shipped shall be used and/or divided as follows:

(a) Ten per cent (10%) thereof in accordance with said lease and bond agreement of May 20, 1952.

(b) So much of the balance thereof as shall be required to pay current operating expenses. Current operating expenses shall be considered to include all costs of labor, material, supplies, power, hospitalization, compensation, payroll taxes and deductions, and mines license and mines profit taxes incidental to the operation of the property when in production, and overhead expenses. Such expenses not covered by current income shall be a first charge upon subsequent income.

(c) The entire balance to the accumulation and maintenance of a working capital in the sum of $15,000.00, and thereafter to the re-payment pro rata of the capital investment of the Assignors and the accumulated expenses of exploration and development incurred by the Assignee in bringing the property into production and in equipping it.

(d) After such working capital shall have been accumulated and said capital investment of the Assignors and accumulated expense of exploration and development incurred by Assignee shall have been retired, the net profit of such operation shall be divided twenty-five per cent (25%) to the Assignors and seventy-five per cent (75%) to the Assignee.

"Net smelter returns" are hereby defined to be the amount which shall be paid by the smelter or other purchaser for ores or concentrates produced from the property after the deduction of all

smelter treatment charges and penalties and all transportation charges upon such ore and/or concentrates from the mill to the smelter or other purchaser.

"Overhead costs" are hereby defined as all costs direct or indirect of the Assignee for supervision and management not rendered directly upon said property, or directly in connection with the operation thereof, bookkeeping and office expenses and attorney's fees; provided, however, that the total of such overhead costs chargeable to the operation hereunder shall not be more than twelve per cent (12%) of the current costs of exploration, development and/or production.

5. ASSIGNEE RESPONSIBLE FOR ALL OBLIGATIONS INCURRED BY IT: Assignee agrees to fully pay and discharge all obligations it may incur for labor, materials, supplies, equipment or otherwise in the prosecution of the work contemplated by this agreement and to save the Assignors and said property harmless from any and all claims, demands and liens for labor or material that may be furnished for or at the request of Assignee during the life of this agreement or that may be used in the prosecution of the work so carried on hereunder.

Before commencing work hereunder, the Assignee shall make, publish and record the statement under oath required by Chapter 5 of Title 44 of the Idaho Code 1947.

Assignors agree to keep said property free from liens or encumbrances prejudicial to the rights of the Assignee. In the event that the Assignors shall desire to sell all or part of their

remaining interest in this contract the Assignee shall have the first right to purchase the same.

6. MILL FACILITIES: It is agreed that the erection of adequate milling or concentrating facilities upon the property and the operation thereof shall be included in the equipping and operating of said property and the costs thereof shall be recovered by Assignee as provided in paragraph 4 hereof.

7. DMEA LOAN: It is understood that the Assignors have made application to the United States Department of Interior, Defense Minerals Exploration Administration, for a loan of $13,200.00 for the exploration and development of said property, under which, if granted, Assignors would have to advance twenty-five per cent (25%) thereof and the Assignors agree that the Assignee shall have the benefit of $9,900.00, which would be paid by the Federal Government under said DMEA loan, and for this purpose and in the event said loan or any portion thereof is granted Assignee agrees to raise Assignors' proportionate share thereof. In consideration thereof Assignors hereby set over, assign and transfer to the Assignee all their interest in such loan that may be made under said DMEA application and agree that the Assignee shall have the right and privilege of using and applying said fund for the purpose of exploration and development in accordance with the terms and conditions of such loan, if granted. The Assignee agrees to be bound by all the terms and conditions that may be imposed by the Federal Government in connection with the expenditure of said funds and the re-payment thereof, and agrees to meet any time limits and

progress requirements imposed by the DMEA, notwithstanding anything to the contrary herein.

Assignee agrees to sign any subordinate agreement required by DMEA and also agrees to procure any required subordination agreement from their lessor under said agreement of May 20, 1952.

8. ARBITRATION: The parties appreciate that unforeseen contingencies in the operations contemplated by this agreement and not specifically covered by its terms and conditions, and questions of construction and performance may arise. Each party covenants and agrees to approach such questions and differences in a spirit of fairness and cooperation.

In the event the parties are unable to agree upon any question of construction, performance, or other contingency not specifically covered by this agreement, they agree to submit the differences to arbitration within thirty (30) days after such failure to agree, each to select one arbitrator and those two to select a third, the expenses of such arbitration to be borne equally. Such arbitrators shall render their decision within thirty (30) days after the question is submitted to them. Each party covenants and agrees not to resort to legal action over any question or difference arising out of this agreement until the same has been submitted first to arbitration as herein provided.

9. TAXES: The Assignee shall pay all state, county and school district taxes levied upon the lands, improvements and personal property used in connection with its operations hereunder and the mining operations conducted under this contract, and the same shall be considered as a part of Assignee's direct costs.

Each party hereto shall pay the state and federal income taxes attributable to its portion of the income and earnings derived herefrom and each party shall pay its proportion of the mines license tax as provided by Chapter 12, Title 47, Idaho Code, and so-called "net profit" tax provided by Chapter 28, Title 63 Idaho Code.

10. TERMINATION BY ASSIGNEE: The Assignee may at any time, after date hereof, if it so elects, discontinue any operation, development or mining program on said property. In case the Assignee desires to abandon the project and discontinue development thereof, it shall give the Assignors thirty (30) days' notice of its intention so to do and upon the expiration of said thirty (30) days it shall deliver to the Assignors a release, duly executed and acknowledged, legally sufficient to terminate this contract of record, and shall reconvey to the Assignors all interest in and to said lease and bond of May 20, 1952, and the rights accrued thereunder, and thereupon this contract shall be at an end and the Assignee shall have the right to remove, within ninety (90) days thereafter, all machinery, equipment and supplies for which it has not been re-paid or reimbursed as herein provided; provided, however, that such termination shall not relieve the Assignee from its liabilities hereunder heretofore accrued and the Assignee shall not remove any of said property until it has paid all of its obligations arising from or in connection with this property. Upon said abandonment or other termination of this agreement the Assignee shall leave the property and the equipment on the property

at the time this agreement is entered into (except as Assignors shall have been reimbursed therefor) in good state and condition, reasonable wear and tear as to the equipment excepted, together with all permanent improvements that have been made thereon by the Assignee.

11. RIGHT OF ASSIGNORS TO TERMINATE: Should the Assignee fail to perform any of the covenants and agreements herein contemplated at the time and in the manner herein specified, or shall fail to perform any of the covenants and conditions of said bond and lease agreement of May 20, 1952, the Assignors shall have the right to cancel and terminate this contract upon giving the Assignee twenty (20) days' written notice of its intention to do so, stating specifically the grounds upon which it is claimed the Assignee is in default, and unless the existing default shall have been remedied by the Assignee during the said twenty (20) day period, this contract shall thereupon be terminated and be at an end. Such cancellation, however, shall not release or relieve the Assignee from liability hereunder theretofore accrued and upon such cancellation the Assignee shall reconvey to the Assignors all interest in and to said lease and bond.

12. Upon termination by either party hereto such working capital as shall remain after the payment of all obligations incurred hereunder by the Assignee shall be divided seventy-five per cent (75%) to the Assignee and twenty-five per cent (25%) to the Assignors.

13. COMPLIANCE WITH THE LAWS RELATING TO THE EMPLOYMENT OF LABOR: Assignee agrees to carry upon its employees compensation

insurance under the Workmen's Compensation Law of the State of Idaho and otherwise in all respects hold the Assignors harmless from all liability while said property is being worked and developed by Assignee during the life of this agreement and to further comply with all federal and state laws relating to social security, unemployment and old-age insurance, wages and hours, income tax on its employees, both state and federal, and all other statutes, federal and state, affecting the operation of said property and conditions of employment of all persons in the employment of Assignee.

14. AGREEMENT EXTENDS TO HEIRS, SUCCESSORS AND ASSIGNS: This agreement shall be binding upon the heirs, successors, assigns and legal representatives of the parties hereto.

IN WITNESS WHEREOF, The Lessors have hereunto set their hands and the NORTH IDAHO MINES, INC. has caused these presents to be executed by its duly authorized officers the day and year first above written.

ROBERT D. SKEMAN

LYLIE SKEMAN

HOWARD S. CARTER

NANCY CARTER

ASSIGNORS

NORTH IDAHO MINES, INC.

By R. G. SPARLING
President.

ATTEST:

MARY A. NASH
Secretary.

STATE OF IDAHO)
) ss
County of Shoshone)

On this 24th day of July, 1953, before me, the undersigned a Notary Public for the State of Idaho, personally appeared ROBERT D. SKEEMAN and LYLIE SKEEMAN, his wife, and HOWARD S. CARTER and NANCY CARTER, his wife, known to me to be the presons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year in this certificate first above written.

(SEAL)

ALDEN HULL
Notary public in and for the State of Idaho, residing at Wallace, Idaho.

STATE OF IDAHO)
) ss
County of Shoshone)

On this 24th day of July, 1953, before me, the undersigned, a Notary Public for the State of Idaho, personally appeared ROBERT SPARLING and MARY NASH, known to me to be the President and Secretary, respectively, of the NORTH IDAHO MINES, INC., the corporation whose name is subscribed to the foregoing instrument, and acknowledged to me that said corporation did execute the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year in this certificate first above written.

(SEAL)

ALDEN HULL
Notary Public in and for the State of Idaho, residing at Wallace, Idaho.

Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

1201 N. Division St.
Spokane 2, Washington
July 14, 1954

MEMORANDUM

To: DMEA Field Team, Region II

From: E. G. Erickson, Mining Engineer, Bureau of Mines

Subject: Interim report, North Idaho Mines, Inc., Shoshone County, Idaho, Contract Idm-E471, Docket No. DMEA 2692 (tungsten)

The exploration project site was inspected June 29, 1954 accompanied by Mr. V. Fryklund, Jr., U. S. Geological Survey, Mr. St. Johns and Mr. R. D. Skeman, principals in the contract, and Mr. Lens, geologist for the Operator.

The main reason for the inspection was to agree on the location of the winze. The Operator's proposed site is acceptable.

Mr. St. Johns asked if an 8'x4' ground section would be acceptable and if they could amend the contract to allow $85/ft. for winze and they would drift and timber where necessary for the $40/ft. allowed for untimbered drift. He was advised to present his proposal to the Field Team, with reasons justifying any change.

The road to the mine has been repaired and the Operator plans on starting work as soon as equipment is transported to the site and installed.

E. G. Erickson

Orig. & 3 cys - Wash.
USGS (2)
DMEA
M/D
AD
EGE/he

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

July 8, 1954

Mr. C. Harold St. John
North Idaho Mines, Inc.
P. O. Box 298
Kellogg, Idaho

Re: Docket No. DMEA-2692 (tungsten)
North Idaho Mines, Inc., Assignee of
Robert D. Skeman and Howard S. Carter
Shoshone County, Idaho
Contract No. Idm-E471

Dear Mr. St. John:

In reply to your letter of June 30, 1954, regarding changes in Contract Idm-E471, I am sorry to say that the contract for sinking the shaft cannot be changed from $80 to $85. In the short form contract which you accepted, the unit cost of shaft sinking (Stage I) was agreed upon at $80 per foot. At the time the contract was drawn up and the figures agreed upon, it was known that such things as setting up a station and trucking supplies to the mine would be necessary. However, DMEA regulations prohibit us from changing unit costs on active projects.

It will not make any difference to us if you want to change the two-compartment shaft with each compartment 4x4 to a winze measuring 4x8.

Enclosed are several copies of Amendment No. 2 to the cited contract which extends the starting date to July 15, 1954. 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 remaining copies to this office.

Yours sincerely,

John S. Vhay
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures

cc: DMEA (2)
USBM (2)
Hosterman

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

June 23, 1953

Memorandum

To: DMEA Field Team, Region II

From: John W. Hosterman, Geologist, U. S. Geological Survey

Subject: Interim report, Docket No. DMEA-2692 (tungsten), Robert D. Skeman and Howard S. Carter, Pony Lease Project, Shoshone County, Idaho, Contract Idm-E471.

On Thursday, June 18, 1953, I spent the day with Mr. Robert Skeman visiting his property, the Pony Lease. Mr. Skeman informed me that they could not go ahead on the exploration work called for under the contract because: 1) they did not have the financial backing they needed, and 2) they do not like the exploration project set forth in the present contract.

Furthermore, Mr. Skeman suggested that to properly explore the property, all of the old caved adits (approximately twelve) should be opened and mapped. Also, the old shaft that Mr. Skeman mentions in his letter of June 11, 1953, should be located and reopened. I expressed a doubt that this shaft, if found, would not be useable, but Mr. Skeman believes that when operations ceased in 1922, the shaft was secured to prevent any cave-in.

Because action to rescind the contract has already begun, there are no further recommendations to the DMEA Field Team.

Distribution:
DMEA (orig. & 3)
USBM (2)
Docket
Hosterman

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
1201 North Division Street
Spokane 2, Washington

June 16, 1953

MEMORANDUM

To: DMEA Field Team, Region II

From: E. G. Erickson, Mining Engineer, Bureau of Mines

Subject: Interim report, Pony Lease (Skeman and Carter, partners), Docket No. DMEA 2692X, Contract No. Idm-E471, Shoshone County, Idaho (tungsten)

Mr. Robert D. Skeman was contacted at his home in Kellogg, Idaho, June 10, 1953, regarding the subject DMEA exploration contract.

He informed me that their financial backers had withdrawn their support and that he and his partner were unable to finance the program. I sympathized with their misfortune and explained the position of the Field Team, i.e. money was obligated for the contract and as they were unable to perform the work the contract must be returned to enable release of funds so they might be put to use.

Mr. Skeman stated sincerely that he would get the contract from his bank and return it by mail the following day with a letter explaining the reasons for returning it. He expressed his thanks to the Field Team for their cooperation and aiding them obtain the contract.

E. G. Erickson
E. G. Erickson

Orig. & 3 - Wash.
USGS - 2
DMEA
M/D
EGE/vf

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

June 16, 1953

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

Re: Docket No. DMEA-2692 (Tungsten)
Pony Lease Project
Shoshone County, Idaho
Contract Idm-E471

Dear Mr. Selfridge:

The Operator has advised this office by letter of June 11, 1953, that he is unable to commence work on the exploration project contract. He states that work done on his own account has failed to find appreciable amounts of tungsten and he infers that his financial condition will not permit him to embark on a more detailed method of exploration as set forth in the contract.

The Operator has returned his copy of the contract and requests that the contract be tabled for future reference.

Inasmuch as the contract was signed on January 2, 1953, and since the starting date has already been extended over a considerable period to May 15, 1953, it is requested that the Field Team be authorized to rescind the contract.

Sincerely yours,

Thor H. Kiilsgaard

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: USBM (2)
Hosterman

cal
6-22

Docket

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

April 24, 1953

RECEIVED
APR 27 1953

Mr. Robert D. Skeman
721 South Division Street
Kellogg, Idaho

Re: Docket No. DMEA-262 (Tungsten)
Pony Lease Contract
Shoshone County, Idaho
Contract Idm-8471

Dear Mr. Skeman:

We have received 5 signed copies of your Pony Lease contract and assume that you have retained one copy. As you and your partner have signed the contract, it is assumed that you are interested in the exploration project and that you will commence work on that project. In a previous letter you stated that you were conducting a small diamond drilling program and that based upon results of this program you would know whether you wished to enter into the proposed project with DMEA.

You will note that your contract work is to be completed within 12 months of the date of the contract, or by the 2nd of January 1954. If you are to complete the contract work within that time limit you should plan on commencing work as soon as possible. Inasmuch as considerable time has elapsed since you received the contract for signature and because of the short time limit remaining in the contract, we must advise you that unless you commence project work by May 15, 1953, it will be necessary for DMEA to rescind the contract.

Under Article 3 of your copy of the contract, in that sentence "The Operator, within _____ days", please fill the blank in with the figure 133. The number 133 will set the limit on the starting date of your contract at May 15. We have filled in the number 133 on all other copies of the contract that you returned to this office.

Sincerely yours,

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: USBM (2)
DMEA (2)
Masterman

Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

April 16, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 20 1953

Mr. Robert D. Skeman
721 South Division Street
Kellogg, Idaho

Re: Docket No. DMEA-2692 (Tungsten)
Pony Lease property
Shoshone County, Idaho

Dear Mr. Skeman:

Reference is made to your letter of April 13, 1953, in which you state that you are trying to complete a short diamond drill program before entering into the DMEA contract, and that you would like to have until the first of June before you decide whether or not you will be able to go ahead with the proposed contract work.

We are unable to grant you this extension of time and therefore suggest that you return the unsigned copies of the contract to this office. If, by the first of June, you decide that you are able to go ahead with contract work, we shall be glad to give any request you might care to make further consideration.

Sincerely yours,

Thor H. Killsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: DMEA (2)
USBM(2)
Hosterman

Corr. retained 400

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 1-27

REFERRED TO:

1. Code 400
2.
3.
4.

FOR:

..... Action	..... Recommendation
..... Approval	..... Record of .....
..... Comment	..... Referring to .....
..... Conference	..... Reply for signature of .....
..... Consideration	..... Rewriting
..... Filing	..... Signature
..... Instructions	..... Suggestions
..... Investigation	..... Your information
..... Initials	
..... Mailing	
..... Previous correspondence	

REMARKS: .....

Check (X) before the items needing attention.

ROBERT E. ADAMS
Initials of sender.

GPO 16—63815-1

BW

Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

April 16, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
RECEIVED
APR 20 1953

Mr. Robert D. Skeman
721 South Division Street
Kellogg, Idaho

Re: Docket No. DMEA-2692 (Tungsten)
Pony Lease property
Shoshone County, Idaho

Dear Mr. Skeman:

Reference is made to your letter of April 13, 1953, in which you state that you are trying to complete a short diamond drill program before entering into the DMEA contract, and that you would like to have until the first of June before you decide whether or not you will be able to go ahead with the proposed contract work.

We are unable to grant you this extension of time and therefore suggest that you return the unsigned copies of the contract to this office. If, by the first of June, you decide that you are able to go ahead with contract work, we shall be glad to give any request you might care to make further consideration.

Sincerely yours,

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: DMEA (2)
USBM(2)
Hosterman

Copy retained 400

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 1-27

REFERRED TO:

1. Code 400
2.
3.
4.

FOR:

..... Action	..... Recommendation
..... Approval	..... Record of .....
..... Comment	..... Referring to .....
..... Conference	..... Reply for signature of .....
..... Consideration	..... Rewriting
..... Filing	..... Signature
..... Instructions	..... Suggestions
..... Investigation	..... Your information
..... Initials	
..... Mailing	
..... Previous correspondence	

REMARKS:

Check (X) before the items needing attention.

ROBERT E. ADAMS

Initials of sender.

BW

GPO 16—63815-1

Docket

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
JAN 2 0 1953

January 20, 1953

Messrs. R. D. Skeman & H. S. Carter
721 South Division Street
Kellogg, Idaho

Re: Docket DMEA-2692 (Tungsten)
Pony Lease (Kennan property)
Shoshone County, Idaho

Gentlemen:

Enclosed are the original and five copies of the above-referenced contract which have been signed by the Government. If the terms and conditions of this contract meet with your approval, please sign all six copies, retain that copy marked for the Operator and return the remaining copies to this office.

Please note that the following major changes have been made in the contract as originally outlined:

(1) The shaft is specified to be inclined and stay within the mineralized zone.

(2) Tungsten assays and consultant's fee have been removed from unit cost per foot for both sinking and drifting.

(3) Geologic consultant's fee has been placed on unit basis of day.

(4) Timbering of drift has been put on separate footage basis and allowed for total footage if required.

Sincerely yours,

Copy retained 400

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

Enclosure
cc: DMEA (2)
USBM (2)
Field man

FILE COPY
SURNAME:

Rotfolge - Selfridge -

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

JAN 2 1953

Mr. A. H. Weissenborn
Executive Officer, DMEA Region 2
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. 2692 - Tungsten
Robert D. Skeman and
Howard S. Carter
Pony Lease (Keenan property)
Shoshone County, Idaho

Dear Mr. Weissenborn:

We are enclosing the original and five copies of the above-referenced contract signed by this office for the Government, together with Annex I, Exhibit "A" (2 pages), Owner's Consent to Lien, and one map.

If the terms and conditions of this contract are satisfactory to you and the Operator, all six copies should be signed and the usual distribution made.

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 shaft is specified to be inclined and stay within the mineralized zone.

(2) Tungsten assays and consultant's fee have been removed from unit cost per foot for both sinking and drifting.

(3) Geologic consultant's fee has been placed on unit basis of day.

(4) Timbering of drift has been put on separate footage basis and allowed for total footage if required.

The above changes have increased the amount of the proposed contract from $12,750.00 to $13,200.00.

Under Article 3, the starting date has been left blank and is to be filled in when the contract is signed by the Operator.

Sincerely yours,

Frank E. Johnson

(JHB)

Chairman, Operating Committee

Enclosures

J.H. 1-2-53

Approved:

J. H. Hedges (JHB)

Member, Bureau of Mines

A. R. Kinkel, Jr. (JHB)

Member, Geological Survey

Copy to: Docket
Admn. Read. File
FT, Reg. 2
Op. Com.
Code 400
D.M.Lemmon, USGS
R.W.Geehan, USBM

FARutledge/ls 12/31/52

CHILD DOCUMENT

U.S. v. ASARCO

DOCUMENT CONTROL FORM: PRIVILEGED DOCUMENT

(Staple to Original Privilege Document or to copy of privilege document)

Repository Name USGS

Repository Location Spokane, WA

File Bates Number: USGSP0000 444

File Owner: Natalie Fades

File Location: DOI SOLWDC

Document Date: —"—

Document Title: Contract/ Exploration Project Contract, DMEA-2692, Tungsten; includes Exhibit A and Annex I

Document Author: DOI

Original Document Attached: Y N

If not attached, Original Document Current Location
(must be segregated from other documents)

Type of Privilege:

ACC WP CBI DP PI Other

Reviewer: [illegible]

Statutory privilege of confidential business & proprietary information

F-200 (A)
bruary 1952)

DOCKET DMEA 2692

COMMODITY Tungsten

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

Feed drift

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] Robert D. Skeman and Howard S. Carter, partners,
P. O. Box 591
Kellogg, Idaho

hereinafter called the "Operator," as follows:

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Idaho, County of Shoshone, described as follows:[3] 9 unpatented lode mining claims and 4 unpatented placer mining claims in Sec. 13, 14, 18, and 24; T. 49 N., R. 4 E.; E.B.M. ~~as follows:~~ ~~(See Annex I, attached to and made a part of this contract)~~ These claims are more fully described in Annex I,

the Operator represents and undertakes:[4]

~~(a) That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, 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 180 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 1 year from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 75 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $9,562.50, which is 75 percent of $12,750.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 9. *Changes and added provisions* _____

_____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

_____
(Operator)

By _____

By _____

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

_____ [CORPORATE SEAL]

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

ROBERT D. SKEMAN AND HOWARD S. CARTER, PARTNERS
EXPLORATION PROJECT CONTRACT

Exhibit "A"

Exploration Project

The exploration project shall consist of: (Refer to sketch map)

1. Sink a 2-compartment shaft a maximum of 100 feet, in the vein system exposed in the Pony Lease adit.

2. Upon the written approval of the Government, drift a maximum of 100 feet from the bottom of the above named shaft.

Costs of the Project

Shaft sinking - 100 feet at $82.50/ft.	$8,250
Timbered drift - 50 feet at $47.50/ft.	2,375
Untimbered drift - 50 feet at $42.50/ft.	2,125
Total	$12,750

Docket No. DMEA 2692
(tungsten)
Pony Lease
Shoshone County, Idaho

ESTIMATE

Shaft

Sink 100 feet - 2-4'x4' compartments - $1\frac{1}{2}$ ft. per shift - 3 men work 1 shift per day - SAY 33 ft/month

Labor

Scale -	$15.62/8 hr. day	
+ 8-1/3% overtime	1.30	
	16.92	
+ 10% OAB & Ins.	1.69	
	$18.61/8 hr.	
$\frac{18.61 \times 3}{1\frac{1}{2}}$ =		37.22

Supervision

Pay shaft scale for hoistman-supervisor

Timber

Headframe & bucket dump			$300	3.00 ?
Wall plates				
2 pcs 8x8x9	-	96		
End plates				
2 pcs 8x8x5	-	53		
Divider				
1 pc 8x8x5	-	27		
Posts				
6 - 8x8x5	-	160		
Lagging - 4 sides				
24 pcs - 2x12-5		240		
		576 fbm		
$\frac{576 \times \$65/M}{5}$ =				7.49
Wedges - headboards, nails, hangars - SAY				.50
Ladders				
10' @ $3/ea.				.30
Forwarded				$48.51

Brought forward	$48.51	
Powder		
20#/ft. @ $22.50/100	4.50	
Elec. caps - 24 - 4' round @ 20¢/ea.	1.20	
Drill steel- 3 sets @ $36/ea.	1.08	
Bits, TC @ $13/ea 1/8-ft.	1.60	
2 hoist buckets - $200 each (used)	4.00	
2" air line	.45	
1" water line	.18	
2" water line	.45	
Small tools and misc. - $150	1.50	
Power (gas & oil)	3.00	
Repairs	1.25	
20 - WO_3 assays @ $5/ea.	1.00	eliminate item
Geologist - $100	1.00	
Compressor rent - $250/mo.	7.58	
Hoist rent - $50/mo.	1.51	
Pump rent - $50/mo.	1.51	
Jackhammer rent - $50/mo.	1.51	
150 ft. 5/8" cable @ 22¢	.33	
	82.16	
SAY $82.50/ft.		$8,250.00

Drift

5 ft. round every other day - 2½ ft/day
SAY 50 ft/month - 2 months - 5x7'

Labor

Drift miner - scale -	$14.34	
+ 8-1/3% overtime	1.19	
	$15.53	
+ 10% OAB, comp ins., etc.	1.55	
	$17.08/day	
Hoist man - pay shaft scale so as to include supervision	$18.61/day	
2 drift miners	$34.16	
1 hoist man	18.61	
	$52.77	
$\frac{52.77}{2.5}$ =		21.10
Powder - 12#/ft. @ $22.50		2.70
Caps - 16/5'-round @ 1.9¢ ea.		.06
Fuse - 160'/5'-round @ 1.5¢ ft.		.48
Forwarded	24.34	$8,250.00

Drift (continued)

Brought forward	24.34	$8,250.00
Drill steel - 1 set @ $36.00	.36	
Bits - TC @ $13/ea - 1/10 ft.	1.30	
2" air line	.45	
1" water line	.18	
16# rail @ $175/ton	.94	
Spikes @ $14.65/100	.06	
Fish plates and bolts - $1/pair - 15' rail	.13	
Ties - 2' o.c. @ 40¢ ea.	.20	
Small tools and misc. $100	1.00	
Power	1.80	
Repair - $125	1.25	
Compressor rent - $250/mo.	5.00	
Hoist rent - 50/mo.	1.00	
Pump rent - 50/mo.	1.00	
Drifter - 75/mo.	1.50	
Geologist - 100/mo.	1.00	separate item
20 - WO_3 assays - $100 lump sum	1.00	
	$42.51	
SAY $42.50 untimbered	$42.50	

Timber

Posts - 2 pcs - 8x8-7) Cap - 1 pc - 8x8-5)	30¢ ft - $5.70			
Girt - 2 pcs - 4x6-5	20			
Top lagging 10 pcs - 2x6-5	50			
	70			
70 fbm @ $65/M = $4.55		4.55		
		10.25		
$\frac{10.25}{5}$ =			2.05	
Wedge - nails - head bds.			.50	
Total - materials			2.55	
Labor			2.50	
			5.05	
SAY $5.00/ft.				5.00
Timbered drift				$47.50

For estimate

1/2 untimbered	50 x 42.50	2,125.00
1/2 timbered	50 x 47.50	2,375.00
	Total project	$12,750.00

ROBERT D. SKEMAN AND HOWARD S. CARTER, PARTNERS
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA 2692

ANNEX I

The following 9 unpatented lode mining claims and 4 unpatented placer mining claims in Sec. 13, 14, 18, and 24, T. 49 N., R. 4 E., E.B.M. are recorded in the Recorders Office, Shoshone County Courthouse, Wallace, Idaho, ~~as follows:~~

Claim	Book	Page	Date
Gold Nugget	15	196	November 3, 1916
Evergreen	15	193	May 23, 1916
Signal Shot	17	56	October 5, 1916
War Eagle	15	195	October 28, 1916
Blue Grouse	15	194	November 3, 1916
Never Fail	15	194	October 28, 1916
Storm King	16	627	September 19, 1916
Valintine	14	540	February 13, 1916
September	16	485	September 1, 1916
Placer Claims			
Tin Cup	M	418	September 19, 1916
Rambler	M	366	January 14, 1914
Cinch	M	369	January 27, 1914
Tungsten	M	406	February 22, 1916

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
1201 North Division St.
Spokane 2, Washington

GCS 12/15/52

October 29, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 8 1952

MEMORANDUM

To: DMEA Field Team, Region II

From: S. W. Hobbs, Geologist, U. S. Geological Survey and
H. T. Reno, Mining Engineer, Bureau of Mines

Subject: Field examination - Application for exploration assistance on the Pony Lease property, Shoshone County, Idaho, Docket No. 2692 (tungsten)

INTRODUCTION

The Pony Gulch tungsten property, formerly known as the Kennan property, is held under lease by Robert D. Skeman and Howard S. Carter, partners, P. O. Box 591, Kellogg, Idaho.

The property, which consists of 25 lode claims and 4 placer claims, was formerly worked for gold. One adit on the Evergreen claim discloses a zone approximately 60 feet long by 15 feet wide. The zone consists of a series of ramifying quartz stringers bearing scheelite in quantities that would appear to make mining of the entire block of ground feasible. The structural conditions, volume of material, and scheelite content warrant a modest exploration program in order to determine the downward extent of the ore shoot. Any program of exploration should be carefully watched to see that the work follows the ore and that the work be stopped if the structural conditions become unfavorable.

The Pony Gulch mine is 2 miles up Pony Gulch from its junction with Beaver Creek in the Beaver Mining District, Shoshone County, Idaho. The exact location is on the line between the SW 1/4 of Sec. 13, and the NW 1/4 of Sec. 24, T. 49 N., R. 4 E. The mine is reached from Wallace, Idaho by means of the road to Delta and Prichard, Pony Gulch being 11.25 miles north of Wallace and 1.75 miles south of Delta. Although the property is easily accessible most of the year, bad snow conditions would necessitate the plowing of 2 miles of road and could hinder winter operations. It is recommended that the exploration work be confined to spring, summer, and fall months.

The Pony Lease was visited by S. W. Hobbs of the Geological Survey in company with the lessee, Mr. R. D. Skeman. The better part of one day was devoted to an examination of the geological relations on the surface and underground. H. T. Reno of the Bureau of Mines accompanied Hobbs on a second visit to evaluate the proposal and work out a feasible program. Later Reno conferred with Skeman to work out the details of costs and programming.

COMPETENCE OF APPLICANT

Robert D. Skeman, at present employed at the Sunset Minerals mill, apparently is a competent miner. However, he will need some technical help to direct an exploration program.

The partnership is not an operating mining organization and some doubt exists as to its capacity to finance and carry on an exploration project efficiently. Therefore, a contract, if approved, should be on the short form so as to provide Government participation on the basis of the estimated unit costs.

DESCRIPTION OF PROPERTY

The property, in the bottom of Pony Gulch, was the site of much activity when gold was mined from the placers and from a flat-dipping quartz vein that crops out on both banks of the stream. No useable facilities remain. Recently, however, Skeman has set up a small crushing plant and a set of jigs in the gulch to test the scheelite content of dump material. Numerous short adits and open cuts explored the gold vein. All of these are caved. The only accessible working is an adit, 375 feet long, driven on the shear zone in which the tungsten has been found. (See accompanying map.)

GEOLOGY

The Pony Gulch mine is a few miles south of the Murray district, which has been described in detail by Shenon (Geology and Ore Deposits near Murray, Idaho; Idaho Bureau of Mines and Geology, Pamphlet No. 47, 1938) and the rock types and veins are similar to those in the Murray district.

The country rock in the vicinity of the mine is Prichard slate. Poor surface exposures make the determination of the general structure difficult, and in the mine the shearing along the vein zone has nearly obliterated the attitude of the beds.

The tungsten mineral, scheelite, occurs in narrow quartz veins distributed in a nearly vertical shear zone in the Prichard slate. The shear zone strikes in a general northwest-southeast direction, crossing Pony Gulch at an angle of about 60 degrees, and is said to extend for several thousand feet. The zone dips very steeply to the northeast.

Surface exposures on the vein are limited to the creek bed and several outcrops on the north slope. A little scheelite is reported from the creek bed where the shear zone crosses it. Narrow quartz stringers carrying scattered scheelite crystals occur in slates exposed in the creek bed 100 or more feet west of the shear zone. None of these occurrences approach commercial grade material. The 375 foot adit has been driven at creek level into the south wall of the gulch along the hanging wall of the vein zone. From 200 to 260 feet from the portal, the drift is widened to approximately 15 feet by slabbing of the west or footwall of the shear zone. This cut opens a vein or vein zone composed of 5 to 6 feet of sheared slate containing a number of narrow quartz veins. These veins are quite irregular in distribution and vary in width from a fraction of an inch to several inches, but they are prominent in the opening and are exposed for a strike length of about 60 feet. Small amounts of scheelite occur in short crosscuts into the west wall at 280 and 310 feet from the portal.

The veins consist of quartz, carbonates including siderite and ankerite, some sulfides, and scheelite. The scheelite occurs in all the veinlets as scattered coarse crystals or bunches which in places fill the whole width of a 2 inch vein. On the face exposed at the south end of the widened drift, the ore is estimated to contain several percent WO_3; at the north end the grade is estimated at about 1 percent WO_3. Apparently richer bunches may be expected since it is reported by previous operators that five tons of ore was removed from a shallow underhand stope at this locality and was rich enough to ship without concentration. The wide part of the drift and the cross-cuts in the adit are the only exposures of the vein in the mine that contain showings of scheelite.

The grade of minable material is very difficult to determine because of the somewhat erratic distribution of the scheelite and the inevitable contamination with the wall rock. The estimates given above are based on a visual examination with an ultra-violet lamp and are believed relatively as accurate as cut samples for the purpose of overall evaluation. They do, however, represent but two faces and can in no way give a clear-cut picture of the average expectable grade for the block of scheelite-bearing ground. The lessee, Mr. Skeman, has set up a small mill to test the dump material that presumably came from this area. His results are not yet available, but may give a better idea of what can be considered a <u>minimum</u> grade.

DESCRIPTION OF PROJECT

The project proposes to explore the downward extension of the scheelite ore shoot by sinking a vertical shaft so far as possible on the ore for a distance of not more than 100 feet and to do a maximum of 100 feet of cross-cutting and drifting on the mineralized structure or structures from the shaft. Partial exploration of the ore shoot could

be done by raising, but the backs are less than 50 feet and the delineation of a possible ore body of any significant size could best be accomplished by proving extension to depth.

This project, scaled down from the proposal, has been approved by Skeman. During the remainder of this operating season the partners will continue part-time work in the adit. Facilities will be installed and all preparatory sinking work finished. Therefore, the project, if approved, will consist only of the actual work of sinking and drifting.

A detailed estimate of the cost of sinking and drifting is attached. It should be noted that allowance has been made for the part-time services of a geologist and for WO_3 analyses at 5-foot intervals. These items and overtime and insurance were not included in the applicant's estimate.

S. W. Hobbs

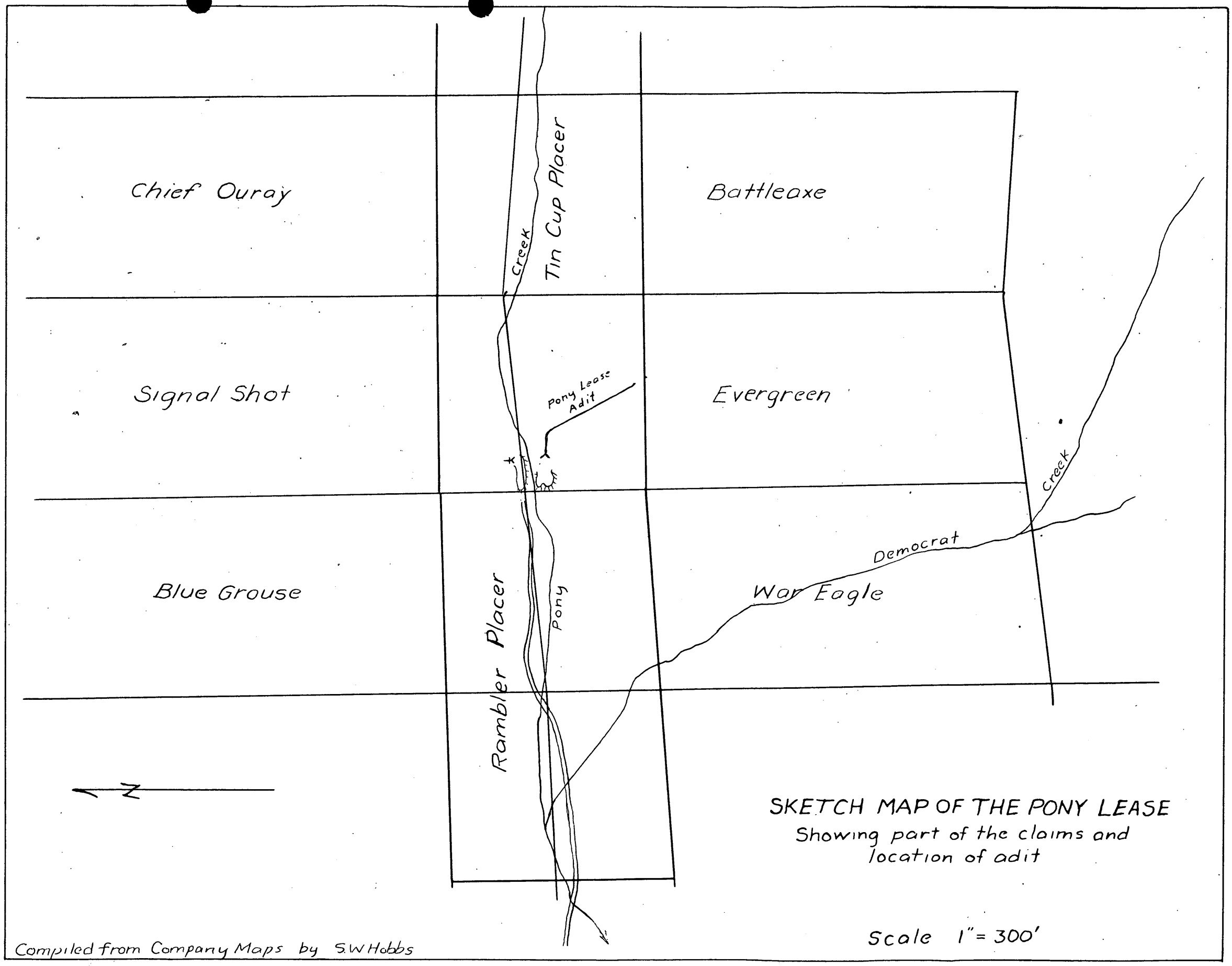
S. W. Hobbs, Geologist
U. S. Geological Survey

H. T. Reno

H. T. Reno, Mining Engineer
U. S. Bureau of Mines

Orig. and 3 - Wash.
Wash. USBM (2)
USGS (2)
DMEA
R/O
M/D
HTR

DMEA Docket No.- 2692



A G R E E M E N T .

THIS AGREEMENT made this 20 day of May, 1952 by and between GEORGE A. PRESTON, hereinafter called "Lessor" and ROBERT D. SKEMAN and HOWARD S. CARTER, hereinafter called "Lessees", WITNESSETH:

That the Lessor, for and in consideration of the royalties hereinafter reserved and the covenants and agreements hereinafter expressed, and by the said Lessees to be kept and performed, has granted, demised and let unto the Lessees the following named unpatented mining property, situate in Beaver Mining District, being in Sections Thirteen (13), Fourteen (14), Eighteen (18), and Twenty-four (24), Township Forty-nine (49) North, Range Four (4), B.B.M. in Shoshone County, State of Idaho, the following thirteen mining claims, the nine first named being lode claims and the four last named placer claims, to-wit:

1. Gold Nugget
2. Evergreen
3. Signal Shot
4. War Eagle
5. Blue Grouse
6. Never Fail
7. Storm King
8. Valentine
9. September
10. Tin Cup
11. Rambler
12. Cinch
13. Tungsten

All of said location notices are recorded in the office of the County Recorder of Shoshone County, Idaho, to which location notices reference is hereby made for a more particular description thereof.

TO HAVE AND TO HOLD THE SAME unto the said Lessees for a term from 5-20-1952 to and including 5-20-1962 with option of renewal GAP 5/11/52 (R.D.S.) (HSC)

unless sooner terminated or forfeited through the violation of any covenant hereinafter against the said Lessees reserved, or until full payment of the sum of Forty Thousand ($40,000.00) dollars as herein elsewhere provided. Lessees further agree to perform at least Twenty Five Hundred ($2500.00) dollars worth of labor upon the above premises, during the first year of this lease.

And in consideration of such demise, the said Lessees also covenant and agree with said Lessor as follows, to-wit:

1. To enter upon said mining claims or premises, and to prospect, develop and work the same in minerlike manner and with the end in view of developing the same in a workable and producing mine, and to perform thereon not less than two hundred sixty (260) shifts of labor each calendar year during the term of said lease, unless prevented by fires, strikes, mine casualties or other acts beyond their control; provided, nevertheless, that in the event Lessees are or claim to be unable on account of such acts beyond his control to perform the amount of labor or improvements necessary to hold said mining claims as valid locations at the time same are required to be performed in accordance with the terms thereof, then and in that event when such claim is made by the Lessees, they shall pay in cash to the Lessors the sum necessary to perform said annual labor or improvements to keep said claims in good standing and the said moneys shall, in that event, be expended by Lessor himself for said purpose.

On or before April 15th of each year, Lessees shall complete performance of the amount of current annual assessment work or improvements required on said claims and in each and all cases immediately upon completion of said

necessary assessment work shall make duplicate proof thereof and file one original thereof in the office of the Recorder of Shoshone County, Idaho, and deliver the other duplicate original to the Lessor.

2. To well and sufficiently timber said mine at all points where necessary in the conduct of its operations and where proper in accordance with good mining, and in all respects to conduct its said operations in accordance with good mining.

3. To promptly pay for all labor done and materials and supplies furnished in the prosecution of said work, and to give notice to all persons employed thereon and to all persons furnishing materials and supplies for said work, that the Lessees or their assigns are solely liable therefor and that the Lessor and the said mining premises are not liable therefor, and at all times during the life of this agreement to keep printed or written notices stating the foregoing facts posted in a conspicuous place upon the premises, and also to otherwise comply with all laws of the United States and the State of Idaho with reference to Lessees carrying on mining operations in Idaho in such manner as will protect said premises from claims of liens and will keep same in good standing under Federal and State laws.

4. To occupy and hold all cross or parallel lodes, spurs, or mineral deposits of any kind which may be discovered by the said Lessees or any persons under it in any manner by working within or from the demised ground as the property of the Lessor with privilege of the said Lessees to work and develop the same as a part and parcel of said demised premises.

5. To pay the Lessor as follows:

(a) On all ores, metals, minerals or products mined on said premises, in any manner whatsoever, ten percent (10%) of the net mint, smelter or other buyer return or selling price received by Lessees.

(b) It is understood that ores shipped to the smelter may be shipped at the option of the Lessees by railroad or by truck and in either event the railroad or the truck operator, as the case may be, shall be paid direct by the smelter or other buyer and that the net returns, as determined herein, shall be the net sum paid by the smelter or other purchaser after deducting said hauling charge and treatment charge.

(c) All receipts, whether from smelter, mill or otherwise, shall be paid into the Weber Bank, Kellogg, Idaho, which Bank shall hold the same in escrow and is authorized and instructed first to pay to the Lessor the proper royalty in accordance herewith and to pay the balance thereof to the Lessees.

(d) The Lessees shall at all times keep proper and detailed books disclosing all ores, minerals or other products mined or shipped and the same shall be open to the inspection of Lessor at any and all reasonable times.

6. The Lesseesagree to allow the Lessor, his agents or representatives, at all reasonable times, to enter and inspect all work executed and all workings opened up or extended by the Lessees, and to sample any ores that may be found in said claims.

7. And finally upon the violation of any covenant or covenants hereinbefore reserved, the term of this lease shall, at the option of the Lessor, expire and the same and the said premises with the appurtenances shall become forfeited to the Lessor, and the said Lessor, or his agents or representatives, may thereupon, after demand of possession in writing, enter upon said premises and dispossess all persons occupying the same, provided, however, that the Lessor shall, before declaring a forfeiture of this lease, give notice to the Lessees in writing of the particulars in which the lease is

claimed to be in default, and the Lessees shall have thirty (30) days from the service of said notice within which to correct any such default.

8. And in consideration of the acceptance of the foregoing lease and the expenditures to be made thereunder, and the well and faithful keeping of the covenants thereof, the said Lessees shall have the right and the exclusive option during the life of the lease to purchase said mining claims for the sum of Forty Thousand Dollars, all payable by the application of said royalties and rentals to which reference is made herein and by such additional moneys, if any, as shall be added thereto at any time during the life of this agreement by Lessees in such manner as to provide said entire sum of Forty Thousand Dollars, the Lessor agrees, during the life of this lease, not to commit, suffer or permit any act or omission whereby said property or said claims will become encumbered or in any way impaired, and that the deed hereinafter mentioned shall be the only title provided by the Lessor.

9. In the event the Lessees exercise their option to purchase said demised premises, then all sums paid as royalties or otherwise under the foregoing lease shall be applied to the purchase price of said mining property and the Lessees are hereby authorized to deduct the same from any payment that may become due on said purchase price. It is mutually agreed that the Lessees may not assign this lease or sub-let or under-let any of the property described herein without the written consent of the Lessor.

10. The Lessor agrees to forthwith make, execute and place in escrow in said Weber Bank, Kellogg, Idaho, as escrow holder,

a good and sufficient mining deed to the said mining claims to be delivered to the Lessees in the event the payments are made on said total purchase price in the manner and the time hereinbefore provided.

11. Should any dispute arise in connection with any of the matters covered by this agreement, the same shall be submitted to a board of arbitration, and in that behalf each party shall select a representative, and the two persons so selected shall select a third person to act as the third member of said arbitration board. It is understood between the parties hereto that no suit is to be commenced on any dispute arising in connection with the matters covered in this agreement until after the matter has been submitted for arbitration to the board of arbitration.

12. Time is of the essence of this agreement and if the Lessees fail and neglect to perform any covenant in accordance with the terms hereof, then and in that event Lessor may, at his option, upon giving notice as herein provided, terminate this agreement and all sums heretofore paid shall be forfeited to the Lessor as liquidated damages, and said deed so placed in escrow shall be returned to the Lessor.

13. The Lessees may at any time surrender this lease and possession of the leased premises to the Lessor, provided that the Lessees comply with all of the terms and provisions of this lease up to the date of such surrender, and after such surrender the Lessees shall be under no further obligation hereunder. Prior to such surrender the Lessees may remove from the demised premises machinery, equipment or other personal property placed in or at the leased premises by the Lessees.

14. Any and all notices from Lessor to Lessees shall be sent in writing by registered mail addressed to Lessees, care of Howard S. Carter, 409 West Mission, Kellogg, Idaho, or Robert D. Skeman, 721 South Division, Kellogg, Idaho, or such other addresses as Lessees may furnish to Lessor from time to time in writing. Any and all notices from Lessees to the Lessor shall be sent in writing by registered mail addressed to Lessor, Empire State Building, Spokane, Washington, or such other address as Lessor may furnish to Lessees from time to time in writing.

15. Each and every clause and covenant of this agreement shall extend to, and be binding upon, the heirs, executors, administrators and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals this 11 day of June, 1952.

George A. Preston (SEAL)
GEORGE A. PRESTON.

Isabelle Preston (SEAL)
ISABELLE PRESTON.

Howard S. Carter (SEAL)
HOWARD S. CARTER.

Robert D. Skeman (SEAL)
ROBERT D. SKEMAN.

STATE OF WASHINGTON)
) ss.
COUNTY OF SPOKANE)

On this 11 day of June, in the year Nineteen Hundred Fifty-two, personally appeared GEORGE A. PRESTON and ISABELLE PRESTON, 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 official seal the day and year in this certificate first above written.

J. L. Thomas
Notary Public in and for the
State of Washington,
residing at Spokane.

STATE OF ~~IDAHO~~ Washington)
) ss.
COUNTY OF Spokane)

On this 11 day of June, in the year Nineteen Hundred Fifty-two, personally appeared HOWARD S. CARTER and ROBERT D. SKEMAN, 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 official seal the day and year in this certificate first above written.

J. L. Thomas
Notary Public in and for the
State of ~~Idaho~~, Washington
residing at Spokane

CHESTER T. KENNAN
Mining Geologist and Engineer

MURRAY, IDAHO

PROPERTY

of

THE KENNAN MINING CO.

The Estate of The Kennan Mining Co. is located in the Coeur d'-Alene Mountains, in Shoshone County, Idaho, and embraces practically the whole catchment area of Pony Creek down to the great Dobson Fault, besides extending in several places onto the south slope of Potosi Creek. Dobson Fault commencing at a juncture with Osburn Fault near Wallace, runs northerly at least twelve miles to the North Fork of the Coeur d'Alene River, crossing the "Divide" at Dobson Pass and crossing Beaver Creek near Carbonite P. O., and Pony Creek about a mile from its confluence with Beaver Creek.

The western side of the Kennan Mining Co's property abuts against the Dobson Fault which has a vertical throw here of over one mile along the western edge of our property, bringing the Wallace Formation there down opposite the Prichard Slates. The property of our company is in the Prichard Slates. A great body of these Slates extends north and northwesterly from Sunset Peak and Dobson Pass for many miles constituting what is known as the "North Side" of the Coeur d'Alene Mining District, that portion south of this "Divide" being called the "South Side".

The "North Side" contains the gold and tungsten veins as well as lead, silver and zinc; while the "South Side" also has lead-silver-zinc mines but no tungsten is found on the "South Side", and no gold to speak of except comparatively small amounts associated with the lead-silver-zinc ores and recovered at the lead-silver-zinc smelters.

The Kennan Mining Co's property is a body of land nearly two and one-half miles long, over one mile wide in two places, and contains 60 mining claims and the largest acreage of any mining company in the Coeur d'Alenes except the Bunker Hill & Sullivan.

The property is owned by three mining engineers who selected it for themselves in the firm belief that it is the most intensely mineralized section of the Coeur d'Alene Mountains.

On glancing at the general map of mining claims between Canyon Creek and Pony Creek, one at once observes that the general trend of the great lead-silver-zinc mines of that rich section is, near Canyon Creek, somewhat north of west and as they come nearer to the great Dobson Fault their general trend veeres more toward the north in closer conformity to the general trend of that Fault, which, from its junction with Osburn Fault to its juncture with the North Fork of the Coeur d'Alene River, is north about 20 degrees west. This changing of the general trend resulted from the natural tendency to parallelism of the fissuring subsidiary to the Dobson Fault. And it has been generally noted by miners in this section that all small faults on fissures and on ore deposits "step" to the north. The result of this action is that the great lead-silver-zinc veins are crowded into a "neck" as they come down to Beaver Creek on a trend north about 25 to 35 degrees west and from Beaver Creek across Pony creek trending north about 20 to 25 degrees west.

The Kennan Mining Co's property comprises that area in which the great gold, tungsten, lead, silver and zinc veins of the Coeur d'Alenes come together---are assembled---the "head center" or "mineral hub" of the Coeur d'Alene Mountains. (See property map herewith).

The geology of the gold-tungsten veins is fully set forth in the following printed article, and the statements therein made are strictly applicable to The Kennan Mining Co's property:

Gold was the first metal discovered in the Coeur d'Alenes. It was first found in 1883 in Prichard Creek, about three miles north of Pony Creek. Pony Creek is about eight miles north of Wallace.

The only town in the gold belt is Murray, about three miles north of Pony Gulch--- it was for several years in the earliest times, county Seat of Shoshone County.

The whole belt produced in early days from quartz mining about $3,500,000 and about $3,000,000 from placer mining. As is usually the case in new gold districts the placer mines were first worked, as the gold is most easily recovered from them. A large amount of placer gold estimated at about $300,000 was taken from the gravels of Pony Creek. But the largest and richest gold placer in the district, 12 miles long on Prichard Creek, was left unworked by the early-timers because the gravel was so deep to bed rock in that creek and there was so much water, it could not be worked by hand. This Prichard Creek placer was purchased in the 90's by Boston stockholders of the Calumet & Hecla Mine of Michigan, and recently leased to the Yukon Gold Co., which installed one of its gold dredges on the placer about six months ago, since which time this placer has produced more gold than all the balance of the State of Idaho has produced in the same time. This Prichard Creek placer is believed to be the richest unworked gold placer in the United States. The Yukon Gold Co. is expected to install two more dredges on it as soon as the railroad is re-built which was recently washed out by floods.

The gold "boom" here was successfully inaugurated in the early days by the then Gen'l Pass. Agent of the Northern Pac. R'y, the nearest available r'y station being Thompson Falls, Montana, about 30 miles from Murray over Thompson Pass in the Bitter Root Range by difficult wagon road or mountain trails.

Of the $3,500,000 then saved from quartz gold mining, approximately $3,000,000 was recovered from gold mines on the opposite side of the mountain from Pony Creek, where quartz mining was first started, which was nearer to Thompson Falls by wagon road by about 9 miles than Pony Gulch. Necessarily labor, machinery and supplies and etc., were very expensive. Later the nearest available R'y station was

The next lead-silver vein to the west is the Ray-Jefferson which crosses our property on the Never Fail, Valentine, and Storm King veins for about 3,000 ft. Quite extensive workings were made on this vein by old-time prospectors just south of the end line of Never Fail claim where extensive outcroppings occur of quartz and iron. There is also a working on it on the south end of our Never Fail claim, also at frequent intervals from there to the Ray--Jefferson mine.

The next lead-silver vein to the west is believed to be the Red Monarch crossing our Moccasin, Old Perfusion, Butcher Bird, and Big Ute claims for about 3,000ft. It has two small openings on the north side of Pony Creek and one on top of the ridge on our Moccasin claim. Where this ore--channel crosses the ridge between Pony and No-Name Creeks it is very wide and prominent and the ridge covered with outcroppings and "float" for several hundred feet.

As these lead-silver-zinc veins come down from Sunset Peak and are entering the gold belt, they exhibit a general tendency to carry less zinc and more lead-silver and gold-- some of the lead-silver-zinc ores along Beaver Creek especially at the Dreadnaught mine have been found to contain from $1 to $3 per ton in gold; and some of the lead-silver ores near Beaver Creek, as high as 70% lead and 110 ozs. silver per ton.

In proceeding with the development of this extensive property, The Kennan M. Co. Plans to first install and equip water power for operating air compressors for drilling, thus reducing the cost of development work to a minimum. Then to develop several rich gold shoots, the approximate positions of which are known to the writer; then to erect a 100-ton mill already designed for recovering gold and tungsten and with profits thereof to proceed with developement of the balance of the property.

Dated at Spokane, Wash.

July 5th, 1918

Wallace, about 20 miles from Murray, by a wagon road over Dobson Pass---and not much preferable to Thompson Falls.

Their machinery for gold saving was then the arastra and simple stamp mill --- both free-milling processes. They had eleven stamp mills and un-numbered arastras: but the gold ores here were by no means wholly free-milling, even at and near the surface, and rapidly grew less free-milling as depth beneath the surface was attained, until they became so non-free-milling that a large enough proportion of the gold values could not be saved by these mills to make it pay, and consequently mining naturally ceased for that time. In the meantime, on the one hand, there sprung up on the "South Side", just over the "Divide", the great lead-silver district around Kellogg-Wardner, Wallace and Burke; and on the other hand, the great Butte Copper District, and the miners drifting to these districts, the gold district has been neglected until now.

In this early day mining smelters were far distant, smelter and freight charges high, and it cost them from $40 to $60 per ton to mine, transport and smelt ores and concentrates. Consequently very little was sent to smelters --- what they could not save by free-milling was wasted into the creek with tailings. Ores which would not yield about $7 gold per ton on the "plates" were not considered worth mining and milling.

These mills were of very small capacity --- the arastra mills from one-half ton to 3 tons per day. All except one of the stamp mills were 5-stamp or 10-stamp mills, capacities from 10 to 30 tons each per day. The largest one was only 20-stamps. All these arastra mills have long since rotted down and passed out of existence. The stamp mills too have all rotted down and have become useless wreckage --- they never were suited for recovering the gold from these ores.

According to the mill men, mine foremen, mill and smelter returns, miners, and owners of mines, who operated here at that time, the average portion of the gold content actually saved from the ores then mined and milled was about 35% of the gold in the ore, and taking $3,500,000 as the total amount saved, about $10,000,000 must have

been the actual gold content in the small tonnage of ores mined and milled at that time.

No gold mine in the district was "worked out", nor anywhere near worked out, in fact, the mines worked the most were scarcely fairly prospected by the workings on their many veins --- the mines are all there yet. The ores extracted were all practically within 300 ft. of the surface. It is only necessary now to step into the mines and go ahead where the old-timers left off.

The greatest losses were made in high grade ores. When they had large shoots much of which would run as high as $250 per ton, out of the $250 per ton, they frequently saved, and were satisfied to save, only $35 or $40 per ton. What they lost of the gold did not worry them so long as what they saved was enough to make it pay. They naturally stopped mining between shoots, or in low grade, or in non-free-milling ore. They never had any ore reserves blocked out in advance. They took out higher grades as fast as they came to them.

That the gold content in this small tonnage of ores extracted in merely starting mining here was near $10,000,000 is a paramount fact to be held firmly in mind in judging of their present probable value.

In judging the value of undeveloped or partially developed mineral lands, the mining geologist takes into careful consideration as paramount factors the persistency or continuity of the veins, the process of vein-forming, the manner of ore-deposition, the grades of ore, and especially in gold-bearing veins, the "habit of gold distribution", in the vein material.

Nature's process of forming these flat gold veins is fully described in the printed geology of the district above attached, in which they are called "lateral veins", underlying practically the whole district (like coal veins) except where segments have been eroded away by a stream.

The continuity of these "lateral" (flat gold veins) is ascertainable, as in the case of coal veins, by their outcroppings along gulches, and on side hills, also, in this case, by about 6 or 7

miles in aggregate length of mine-workings on these veins, including numerous small and widely scattered workings throughout the gold district. This is a very uncommon, not to say unique, process of gold vein formation, not elsewhere described, nor perhaps elsewhere found than in these old pre-Cambrian sediments

Each separate gold district, however, has its own typical "habit", peculiar to itself, of gold distribution in the vein or deposit-material; and having once determined the extent of the veins, if their "habit of gold distribution" can also be ascertained, then the problem is clearly solved as to their approximate value.

In studying the "habit" of gold distribution in these veins, I have been aided by the many miles of workings in them, and by knowledge of the "habit" of distribution of gold values as uniformly found in these workings. The writer has found the following to be the uniform "habit" in every vein that has been developed; stating the phases of "distribution" from the richest downward --- there are frequent so-called "pockets" found in these veins, which may be half gold by weight and contain from a few hundred to several thousand dollars per "pocket". Many small shoots of ore are found containing from 100 lbs. of ore to several tons which may run at the rate of $1,000 to $25,000 per ton. Somewhat larger shoots have yielded around $500 per ton. Shoots from 50 to several hundred feet in length are found much of the ore of which runs $250 per ton. Large shoots are found averaging between $40 and $150 per ton. Still larger shoots averaging from $10 to $40 per ton. And much low grade ore is found running under $7 per ton, and sometimes between shoots there are areas or patches quite "barren" i.e. running less than $1 per ton. Much of the low grade ore is, of course, left standing in the workings as not, at that time, available.

It is commonly conceded that the ores as heretofore mined and milled throughout the district have on the average plated (saved) about $15 per ton; but in estimating the average values of the gold ores of these veins two important facts must be taken under consideration: First- that by no means all the values were caught by the plates. Second - that low grade ores, much of which would now be utilized at a handsome profit, were then systematically avoided. On the whole, the district would clearly be denominated a "high grade" district, though there is much low grade in it, the same as in all other so-called "high grade districts", as Cripple Creek and Goldfield.

But the point we wish to make plain here is: That all these grades of gold ore, besides tungsten, have always been found in every gold vein of the district developed sufficiently to reach them --- and that this "habit""of gold distribution" is uniform. When one of the richer shoots was passed through, it was only necessary to continue on and another would be entered.

Until a mining geologist has thoroughly familiarized with the foregoing facts of the "habit of distribution" of gold in these veins, he is in no position, whatever, to estimate the present value of these gold properties.

As this gold district is located in the long, slender, sinister finger of Idaho, only a few miles from Canada, Washington, Oregon and Montana, it afforded an ideal "starting point" from which to run to other "jurisdictions", and the "runnin", "Fleein" and Escapin" were good---so that in the early days it was the favorite rendezvous of thieves, gamblers, bad-men, cut-throats, gun-men, and high-graders. In 1887, Murray had about 5,000 inhabitants --- it has about 125 now. It had 46 saloons then --- none now. The oldest inhabitant does not remember the limits of the "red light district" --- the whole district was a glowing "red light district" then, --- none now. Of all the "wild and woolly west", Murray was the wildest and wooliest ever known. For a long time half of Quantrell's Band of Jayhawkers from Missouri ruled the camp. The camp was opened

up with an old time "boom" engineered by the then Gen'l Pass. Agt. of the Northern Pac. R'y. The properties which had ore in sight were quickly taken over by eastern stock companies, and the eastern stockholders sent out as managers (?) their wayward sons and "Cousin Jacks" who left their morals and religion, if they had any, at Omaha, and mostly died at Murray "with their boots on"--- never returning even to Omaha to resume their "sheeps clothin". The first stamp mill built was a 5-stamp mill, and $300,000 is said to have been spent before it turned a wheel. The second was a 10-stamp mill, and $190,000 was spent for that mill and getting the property "ready". So-called "managers" brazenly announced in these days that they were "workin" the stockholders, not the mines. No mining engineer or metallurgist was ever heard of in those days. The largest producer in camp produced (saved) about $2,000,000, and, of course, had the very best "managers" of all --- at one time it was "managed" by a comic opera singer from Philadelphia; at another time, by a horse jockey from Kentucky; and the zenith of its great production culminated under the strenuous management of the "strong man" of a circus! High grading, thieving, and gambling was the regular business of the whole community and mining and milling were only accessory thereto. It was the worst mismanaged camp of which we have any record. The original eastern stockholders are practically all dead now, and their heirs and assigns do not remember their weird experience at mining in Idaho with any marked degree of enthusiasm --- naturally so!

Attention is called to the foregoing unfortunate conditions for mining and milling which then prevailed, as they have an important and direct bearing upon the results then attained in this gold district and the results which would now be obtained under entirely changed conditions for mining and milling.

The O. W. R. & N. R'y now runs at the mouth of Pony Creek about one mile from our property, and a good wagon road from our property all down grade to the R'Y. So that very cheap transportation is had both incoming and outgoing.

A splendid new smelter has just been erected at Kellogg,

freight rate about $1.00, and very cheap smelting charge.

The always expensive pine wood was used as fuel for steam power in early days: but now the Washington Power Co's hydro-electric power line is at Beaver Creek and will be extended about one mile onto our property at any time desired.

And more important than all, --- the processes for gold milling have now been improved so that at least 95% of the gold, instead of 35%, can be easily and cheaply saved. The writer has already designed a modern 100-ton gold mill for our property which will cost about $35,000, treat the ores for about 50¢ per ton, and save at least 95% of the gold content.

Pony Creek flows rather more water than Beaver Creek at the same distance from its head; and our company has secured from the State of Idaho a water right to the use of all the water in the creek for mining and milling purposes. There is enough water and fall to operate by water power the 100-ton mill already designed or to operate air compressors for mining. This exclusive water power is worth at least $100,000 to our company and will, in time, doubtless save far more than that in cost of power.

Three of the flat gold veins underlie practically our whole property, except where segments have been carried away through erosion of the valley of Pony Creek; and these veins outcrop at intervals on the banks or hillsides on each side of the creek as shown on the property map herewith. The lower one of the three was the only one worked in early times. It produced about $300,000 gold from very small workings, through six small mills, three arastra mills, one ball mill, one Huntington Mill, and a 5-stamp mill. Only the 5-stamp mill, the last built, still remains, the building being in a good state of preservation, but the machinery useless except for scrap iron. The stamp mill and most of the others were run by water power from the creek.

This lower gold vein from which ore was taken in the early days is a large "flat" vein from one to 13 ft. thick at different places exposed, and it presumably underlies our whole property except a comparatively small segment eroded away by the creek.

The old-timers opened this vein to the extent of about 30 short surface adits into it from 10 ft. to 250 ft. at the longest. We have kept a small crew of miners at work on the property for about a year, cleaning out, repairing and retimbering the old workings, but, as yet, have done very little new work. In the aggregate there are now about 2500 ft. of underground workings on this gold vein which, counting 1/3 their length extensions beyond their faces, expose more than 125,000 tons of ore with gross gold values thus "in sight" of at least $750,000. Of course, the ores now left standing in these old workings by the early operators were not considered high enough grade to afford them a profit under the conditions with which they had to contend in mining and milling at that time.

The early workings were made on this vein on both banks of the creek about 3/4 mile up stream from where Dobson Fault crosses the creek. The ores mined and milled from the north bank of the creek averaged about $25 per ton and those from the south side about $30 per ton. The ores mined and milled from these small workings on Pony Creek happened to have averaged somewhat higher grade than the average elsewhere in this gold district. Mr. A. B. Ward who discovered this gold vein on Pony Creek in 1884, and who had more to do than any other man with subsequent mining of both placer and quartz gold on Pony Creek, is now Foreman on our property. He operated the old Huntington Mill, through which mill alone he took out about $156,000 gold. He states the ores ran through that mill averaged about $30 per ton. A rather larger proportion of the gold was saved too from the ores mined here than elsewhere in the district. But the little ore taken from this vein in early times to yield $300,000 constitutes a mere scratch at the surface of this vein --- the <u>mines</u> are <u>all there yet</u> --- it is only NECESSARY to step into the old workings and go ahead where they left off.

As to the two flat veins lying above the 3rd, no ores have been shipped or milled off our property from them, but at the many places where these two veins appear on other properties in this gold district and have been worked, the ores were found to be of the same

character and grades as in the third one down, from which the $300,000 has been taken from our property. In fact, all of the 6 main gold veins, so far exposed in the gold district, carry gold ores of the same character and grades.

On Prichard Creek at the opposite foot of the mountain lying between Prichard Creek and Pony Creek, there are three large groups of gold mines which in the aggregate produced (saved) near $3,000,000 of gold. On these three groups there are 6 of these flat gold veins, all of which produced gold ores of the same general grades and character. Prichard Creek is the largest Creek in the district and carries the most water --- it is about 15 miles long as against Pony Creek about 4 or 5 miles long. The waters of Prichard Creek have worn down into the Prichard formation about 500 ft. deeper than have the lesser waters of Pony Creek, thereby exposing on the banks or hillsides of Prichard Creek three more of these flat gold veins lying lower in the formation than the three higher ones which also outcrop on Pony Creek banks. These three lower flat gold veins which must lie under Pony Creek can easily be cut by a working shaft about 500 ft. deep --- and their positions can be tested in advance by core drilling. If the latter course were adopted, it would be eminently wise to continue the core drill down through the Prichard Slates to the granite basement, as there is every reason to believe that more of these flat gold veins exist in the Prichard Creek Slates beneath the six above mentioned, all of which six lie above the middle vertically of the Prichard Slates. These slates are believed to be generally about 8,000 ft. thick, and have never been tested for gold veins lower down than the present flowing waters of Prichard Creek; thus leaving the lower 4,000 ft. of the Prichard Slates entirely unprospected; and there is every geological and mineralogical good reason to believe that there are more, and perhaps richer, flat gold veins in the lower half of the Prichard Slates, than have yet been found in the upper half --- the six above mentioned are in the lower part of the upper half of the Prichard Slates.

Our acreage is so large that every one of the flat gold veins found to underlie it constitutes a vast gold property in itself. The reasonable possibilities for gold mining here are fairly beyond estimating

TUNGSTEN

Tungsten ore scarcely came into commercial importance until about the year 1900; and although the tungsten mineral, scheelite, was encountered in in quantity in all these gold veins which were mined to any extent, the gold miners did not recognize it--- did not know what it was in fact, but called it "heavy spar", and considered it an abundant nuisance as it frequently "scraped" their amalgam plates carrying off the quicksilver, amalgam, gold and all, along with the tailings into the creek --- thereby causing large losses in gold milling. The specific gravity of scheelite is 6.1 as compared with about 2.5 for the vein quartz; and as it breaks down in the mill to sharp cornered and sharp edged to its own crystallization, and is so heavy, when in quantity, it would naturally "scrape" the "plates" in most disastrous manner. All eleven stamp mills in the district were seriously hampered in their operations by scheelite "scraping" the plates --- this showed conclusively that scheelite is widely distributed in the gold veins of this district.

The mine muckers took pains to "cob out" in the mine some of the coarse pieces of scheelite and throw them into the waste stopes. Then when the car would get outside more, if practicable, would be picked out and thrown into the waste dumps; but as the scheelite occurs right in the gold ore, it was hard to separate it by hand picking to any considerable extent as most often the pieces containing scheelite would also be so rich in gold that they must be sent through the mill to save the gold. Yet at several of the mines, notably at the "Golden Chest", after the rise in the price of scheelite, the old dumps and stopes were partially gone over and the long-ago discarded scheelite picked up and shipped to market. The "Golden Chest" shipped out about $100,000 worth thus obtained. A rich zone of scheelite occurred in the "Klondike Shoot" (about 900 ft. long) of this mine from which it is estimated that, at present prices, about $1,000,000 worth of scheelite was mined and wasted by the early operators. This shoot was also rich in gold. But the curious fact must here be noted that the scheelite itself does not

not carry gold --- the gold being in the quartz and associated iron minerals.

Scheelite is the richest and most valuable mineral of tungsten. When pure, it runs 80.6% WO_3, tungstic trioxide; and the scheelite from this district is the purest and freest from deleterious substances yet found. A premium of $10 per unit over current prices has been paid for this scheelite on account of its extreme purity.

There are four commercial minerals of tungsten, Scheelite, Ferberite, Huebnerite and Wolframite, the three latter are termed the dark minerals of tungsten, containing iron and manganese in varying amounts, and ranging in color from dark-reddish brown to black; while scheelite, the light colored mineral of tungsten, is a calcium tungstate and may be any light color, even snow-white, but is most usually found cream colored as in the Coeur d'Alenes.

The manner of occurrence of the tungsten minerals is quite peculiar --- a type of occurrence all their own. They have not been found to occur in large solid bodies of mineral, as iron minerals, for instance, occur; nor yet have they been found to occur as evenly distributed in connected continuous vein or deposit, as gold, silver, and copper. They may be found in any rock formation, but are primary minerals and originate at depths in the igneous complex. They are not infrequently encountered impregnating igneous rocks in a fissured or shattered zone, as for instance, ferberite is found in Colorado. Or they may occur alone, or associated with other minerals in veins and deposits. They occur in zones of scattered disconnected pieces or deposits --- as bunches, pockets, chunks, kidneys, veinlets, chimneys, lenses, and stringers, and in disseminated form through comparatively small areas: and such "zones" of tungsten mineral appear always to have their larger axis on the dip, never on the strike --- except where found in flat veins which veins were formed as set forth in the above printed article on "geology".

This district has never been prospected for tungsten minerals--- all the scheelite so far found here has been incidentally encountered in gold mining and in the gold veins and gold placers---except in two instances: about two years ago a contact scheelite vein or zone was found along

an igneous dike on the "Mother Lode" property on Prichard Creek on the opposite flank of the mountain from Pony Creek: and a few weeks ago, the writer had his men prospect for a scheelite vein which he believed crossed Pony Creek on our "Evergreen" claim, and found it, This scheelite vein is also a contact vein in quartz and quartzite, lying between slate and quartzite with several igneous dikes running nearby and parallel to it. It appears to dip at an angle of about 45 degrees southwesterly and strikes north about 20 degrees west., lying parallel to the Amazon-Manhattan lead-silver vein where it also crosses Pony Creek on the same claim. The Amazon-Manhattan vein or "Ore - channel" is here at least 200 ft. wide and the scheelite vein is believed to be on the westerly wall of that ore channel. This scheelite vein was uncovered in the creek botom and has been stripped for about 30 ft. in length. At the north end of the stripping the vein appears about 4 ft. wide and at the south and about 10 ft. wide. The scheelite, in due accordance with its typical or native manner of distribution, is irregularly distributed through the gangue in specks, grains, chunks, splotches, seams and veinlets. On account of its irregular distribution, it is quite impossible to estimate by sight the percentage of scheelite carried --- and it is likewise impossible to arrive at an accurate estimate by "hand sampling" and assaying the "hand samples"/ Often a piece of the ore which exhibits to the eye no scheelite on the outside, when crushed and "panned", yields a good string of scheelite --- showing the scheelite was on the inside of the gangue-rock or matrix. When the scheelite thus permeates the actual gangue-rock of the vein, it is a good indication of richness in the ore. On the other hand, should it only appear in the cracks, then there is not likely to be so much scheelite in the vein. It is so heavy it can be "panned " in a gold pan, the same as gold. I believe 10% by weight of scheelite in this vein as far as it has been stripped would be a guess not far out of the way. At present prices 1% in vein of this size would pay handsomely. As a comparison easily understood, each 1% of scheelite in this vein is worth about 30 times as much as if it were lead "galena" instead of scheelite.

Much scheelite was also encountered in placer mining in Pony Creek.

The scheelite on account of its heavy specific gravity is very easily and cleanly concentrated from the rock, and the concentrates of this scheelite are worth $25 to $30 per unit of WO_3, tungstic trioxide, contained. A "unit" is 20 lbs. of WO_3.

Tungsten is a wonderful mineral of marvelous useful properties. Its uses are manifold and important, and well established. Its largest use is as an alloy with steel; and it has been well said that the "Age of Steel" is passing and we are now entering the "Age of Tungsten-Steel". The demand for tungsten will remain practically unlimited. Owing to its peculiar manner of occurrence in nature, as above described, the market cannot be overstocked.

A peculiar and important advantage we have in the Coeur d'Alenes, where the tungsten occurs in gold veins, is that the gold veins are "good pay" veins for the gold alone, and the scheelite, as a by-product, can therefore be placed on the cars by us f.o.b. --- practically free of cost. No other known tungsten district, at low prices, can compete with this kind of tungsten mining. The scheelite being in the gold ore is necessarily mined with the gold ore, and the scheelite is recovered by concentration in the gold mill. When this district gets into full operation, it is bound to become one of the most stable and permanent producers of tungsten; and The Kennan Mining Co's property bids fair from all indications to be among the best producers of tungsten.

LEAD-SILVER-ZINC

The lead-silver, and the lead-silver-zinc veins of the Coeur d'Alene Mountains might better, in most instances, be termed ore-channels; because the term vein, as here used, most generally implies a fissured, fractured, and faulted zone, usually lying between more or less well defined and approximately parallel walls, which exterior walls of the zone may be from a few feet to several hundred feet apart, and the intervening space between these exterior walls is always a zone to a varying extent, in its different sections, fissured, faulted, shattered, and often locally "buckled". Ore bodies occur anywhere in this "zone" or "ore-Channel" where conditions for ore-deposition were most favorable ------- -------

---and ordinarily in places where the fissured and broken condition of the rock offered least resistance to ascending mineral-laden solutions from-below, and presented the best adapted conditions for the formation of an ore-chamber.

The longer horizontal axis of the ore-body is most often approximately parallel to the nearest esterior wall of the general zone or ore-channel, but not necessarily so--- in other words, the trend of the ore body does not necessarily point the general trend of the so-called "vein" or "ore--channel".

These general ore-channels are not usually straight for any considerable distance along their courses, but more or less sinuous and crooked; and the trend of a line of outcrop at the surface along such steep slopes as exist in the Coeur d'Alenes may vary rapidly as governed by the local dip of the vein, or ore-channel, or underlying ore-body of which the "outcrop" may be an integral part or else the gossan indicating the presence of an ore-body at some depth below. The surface of these "veins" or "ore-channels" is generally covered by a thin veil of soil, but outcrops are found on ridges and "hogbacks", on "knees" of the hillsides and in precipitious places where soil could not lodge or has been eroded away. The outcrops of these so-called "veins" or "ore-channels" are readily recognized and traced by the mining geologist or experienced prospector, though they are frequently, and for considerable distances, dim, indistinct, and obscure, consisting, perhaps, of a mere fissure-crack in the country rock without other signs or "indications". Rather seldom, indeed, are the actual lead-silver-zinc minerals found to outcrop on the surface, and many of the best lead-silver-zinc mines of the Coeur d'Alenes have been found at very considerable depths beneath the surface and by following a simple fissure in the ore-channel until the ore-body was reached. The most common gossan or "blossom" of a lead-silver-zinc deposit in the Coeur d'Alenes is oxidized iron mineral, most frequently of siderite --- the carbonate of iron. A large portion of the ore in these lead-silver-zinc deposits is usually siderite and other minerals of iron; and in many of the ore-bodies siderite is very abundant. Frequently the outcrops contain vein quartz with or without the minerals of lead, silver and zinc. Sometimes a bluish, black, glassy quartz, called by the

miners "lead-quartz", is found at and near the surface---it is believed to have been so colored by fumes or stain of lead sulphide---and is thought by lead miners, the world over, to be a sure indication of large ore-bodies. Specks, grains, small crystals or incrustations of pyromorphite, the chlor-phosphate of lead, are often found at the surface; and quite frequently in the Coeur d'Alenes the presence of an underlying ore-body is indicated by cerusitte, the carbonate of lead, often in considerable quantities. Sometimes when soil covers the "vein" formation a line of "float" in and on the soil will indicate the line of vein formation. Where the soil is light, prospectors often trace the vein formation by small surface diggings.

It is here in point to quote the last paragraph of Page 2 of this report:

> "On glancing at the general map of mining claims between "Pony Creek and Canyon Creek, one at once observes that the "general trend of the great lead--silver--zinc mines of that "rich section is, near Canyon Creek, somewhat north of west "and as they come nearer to the great Dobson Fault their "general trend veeres more towards the north in closer conformity "to the general trend of that Fault, which, from it's "junction with Osburn Fault to its juncture with the North Fork "of the Coeur d'Alene River, is north about 20 degrees west. "This changing of the general trend resulted from the natural "tendency to parallelism of the fissuring subsidiary to the "Dobson Fault. And it has been generally noted by miners in "this section that all small faults on fissures and on ore "deposits "step" to the north. The result of this action is "that the great lead-silver-zinc veins are crowded into a "neck" as they come down to Beaver Creek on a trend north about "25 to 35 degrees west and from Beaver Creek across Pony Creek "trending north about 20 to 25 degrees west."

Our "objective" in locating the property of The Kennan Mining Co. 2-1/2 miles long east-west, and abutting it against Dobson Fault, was to intercept all the lead-silver-zinc "veins" coming down from the Sunset Peak section --- and we have clearly gained our objective.

The first discovery of lead-silver-zinc ore in the Coeur d'Alenes was made on Beaver Creek, on ground now controlled by the Dreadnaught Mining Co.--- and a few days later the same "vein" was located where it crosses Pony Creek on ground now owned by the Kennan Mining Co.--- on the "Lead Kettle" and "Vimy Ridge" claims. Adits were here driven on the "vein" on both sides of Pony Creek by the old-timers and "iron capping", lead-silver stringers and other good indications found. This "vein" also outcrops boldly on the ridge between Pony and Beaver Creeks. This ridge here is quite sharp and narrow sloping down steeply on both sides, to Pony & Beaver Creeks. This vein outcrops also boldly on our property on the ridge between Pony and Potosi Creeks, and a large open cut was made on this ridge disclosing much vein quartz and irony material. A small opening was also made in it on the Potosi slope again disclosing vein material. On this ridge the "vein" formation is very wide and strewn with "float". This vein or ore-channel runs across our property for a distance of nearly 1-1/2 miles intersecting the following claims; General Pershing, Euclid, Vimy Ridge, Lead Kettle, Cheyenne Chief, and Stampede. Mr. A. B. Ward, our present foreman, was a companion of these old-timers who made this first discovery of lead-silver-zinc ores on what is now known as the Dreadnaught vein. But in those early days, with transportation entirely lacking, lead and zinc ores would have been of little use to them--- they were hunting gold. The Toughnut and Tuscumbia claims, controlled by Day Bros. and Dan McGrath, adjoin the Dreadnaught property southeasterly and from the Tuscumbia southeasterly a continuous succession of claims carry this vein formation to Senator Clark's "Sunset Mine". It is strongly claimed by the owners of these intervening claims that the Sunset Mine is on the Dreadnaught vein, and the Dreadnaught people also insist that it is. The Drednaught property, probably, overlaps ours somewhat near the top of the ridge---just how much, the writer is unable to state, as he was unable to find the Dreadnaught stakes.

The south line of The Kennan Mining Co's property is made by the south end lines of the mining claims from Dobsonsite to Midnight Test

inclusive, the south side line of the Ten Eyck, and the south end lines of the Great Scott to General Foch inclusive. (See map). The apparently vacant land lying immediately south of this south line of our property is not, as a matter of fact, much of it vacant --- it is located by mining claims which have not, as yet, been patented and are not placed on the general map of the mining district, nor on our map, as it would be impractible to locate them accurately on a map without a previous survey. It is our intention to locate any vacant ground, south of our south line, in such manner as to leave no fractions at all between our property and the claims coming down from Sunset Peak section. The claims delineated in red ink are Dreadnaught claims. Westward from a point about opposite the south end of the Midnight Test claim the ridge between Pony and Beaver Creeks flattens down and the space between the creeks becomes somewhat wider.

Next easterly of the Dreadnaught vein, and crossing our claims, General Foch, General Haig, Ute Ulay, Queen Mahon, Index, and Pic del Rey, is the "Freiend" lead-silver-zinc vein. The Friend Mining Co. has accomplished considerable development work north of Beaver Creek on this vein on ground adjoining our property; and the President of this Co. informs the writer that his company has made arrangements for the use of the Idora mill and intends to commence milling soon. This vein also outcrops on the ridge between Pony and Beaver Creeks and is evidenced on the ridge between Potosi and Pony Creeks by abundant quartz "float" and etc. The Friend M. Co's claims also lap over the ridge a few rods onto the Pony Creek slope and probably onto our property by about as many rods. This vein extends across our property for about one mile in length.

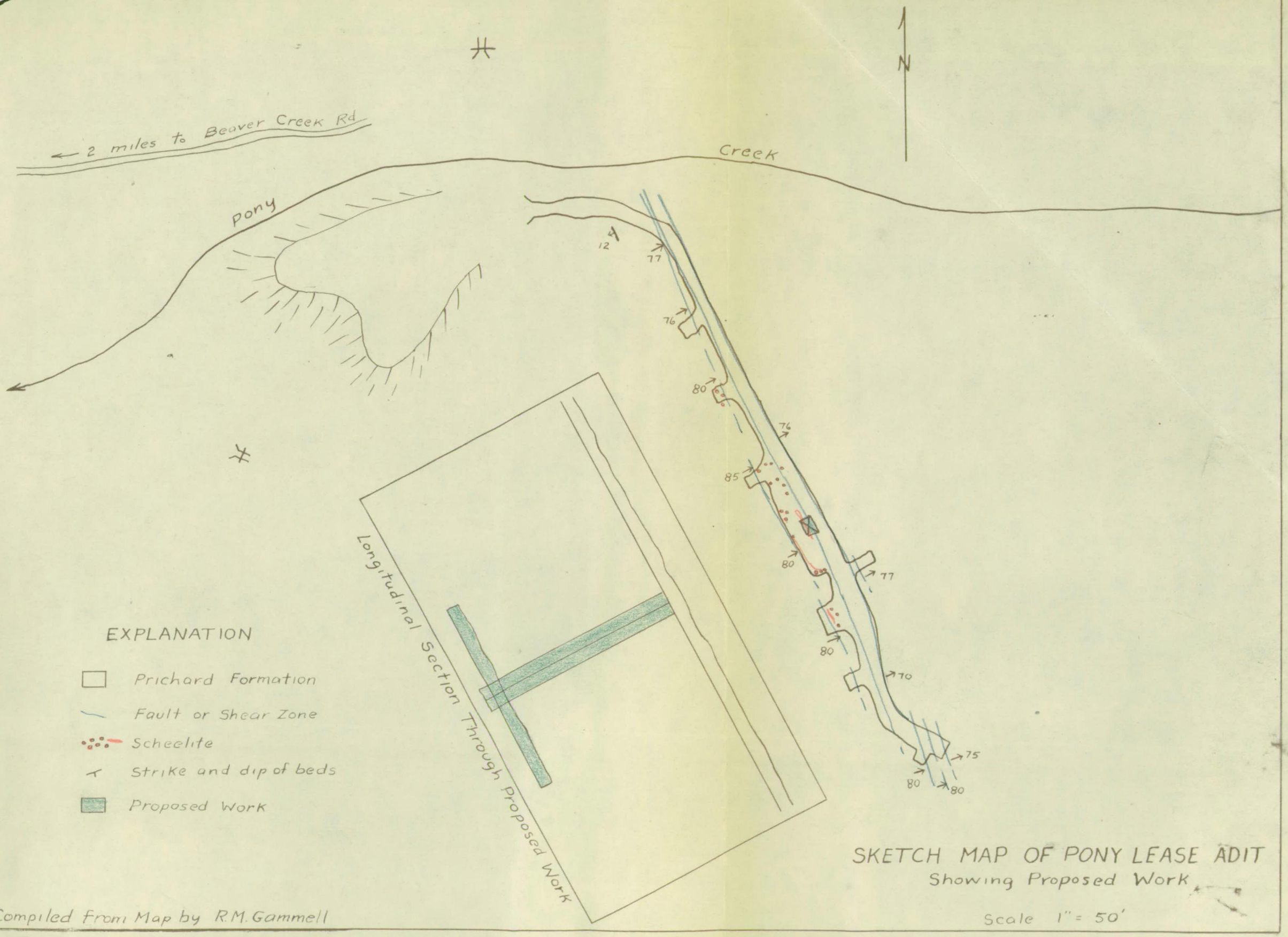
The Sunset Banner lead-silver-zinc vein crosses our property on the Great Scott, Stamboul, Tsi Ann, Red Indian, Silver Fox, Chief Joseph, Gun Barrel, Line Shot and La Parle claims for a length of about one mile. It outcrops boldly on the ridge between Pony and Beaver Creeks and such outcrops are especially prominent down the Pony Creek slope, and some small diggings were made by the old-timers here. It is also evidenced by "float" on the ridge between Pony and Potosi Creeks. The Sunset Banner property is said to be controlled by the Day Bros. and Dan McGrath.

The Sunshine-Idora lead-silver-zinc vein crosses our property for about 4,000 ft. on the Ten Eyck, Stamboul, Tsi Ann, Red Indian, Midnight Test, and Atolia claims. It has an old working on it about on the line between the Red Indian and Midnight Test. The Sunshine M. Co. is also said to be controlled by Day Bros. and McGrath.

The Columbus lead-silver-zinc vein is believed to extend across our property for about 3,000 ft. on the Pay rock, Skylark, and Demon Star claims. This vein was opened on the north side of Beaver Creek in very early days and traverses the C. & A., Way Up, and Columbus, which are patented claims, owned by non-residents who value them at a very high figure.

The next to the west is the Great Amazon-Manhattan ore-channel, which crosses our property for over one mile in length on the Battle-Axe, Evergreen, Blue Grouse, Signal Shot, Lead-Silver, Athlone, Wigwam, and Renegade claims. This is a tremendously strong and big ore-channel outcropping boldly at frequent intervals, and having a line of small workings upon it extending from the ridge between Potosi and Pony Creeks across our Property, then onto unpatented claims owned by prospectors, thence on to the Emma A. Fanny Peak, Hopeful, President, Monitor, and Amazon-Manhattan, all patented claims owned by the Amazon--Manhattan M. Co. The Amazon-Manhattan is now claimed by everyone acquiainted with it to be a greater mine, in every respect, than the Hercules. The best outcrops on this vein are on the Evergreen, Signal Shot, and Lead-Silver claims. The iron outcropping or "blow out" on the Signal Shot claim is the most prominent demonstration for the whole length of the Amazon-Manhattan ore-channel. Old--timers did a little work on this vein on both sides of Pony Creek, and some lead-silver stringers were encountered on the south bank of the creek. Large outcroppings of this ore channel are also found on the ridge between Potosi and Pony Creeks, also near the center of the Evergreen claim. This ore-channel between exterior walls is fully 200 ft. wide where it crosses Pony Creek, and not less than 200 ft. wide where it crosses the ridge between Potosi and Pony Creeks.

DMEA Docket No. - 2692



SKETCH MAP OF PONY LEASE ADIT
Showing Proposed Work

Compiled from Map by R.M. Gammell

Scale 1" = 50'

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 31 1954

I have reviewed the Monthly Reports of:

North Idaho Mines, Inc.
P. O. Box 298
Kellogg, Idaho
Assignee of
Robert D. Skeman and Howard S. Carter, Partners
Kellogg, Idaho

pertaining to Exploration Project Contract No. Idm-E471, Docket No. DMEA 2692, dated January 2, 1953, including Amendments Nos. 1 and 2, for the period of January 2, 1953 to December 22, 1954, covering a project for the exploration of tungsten, on property known as Pony Lease, located in Shoshone County, State of Idaho.

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

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

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

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

Total Cost as billed by Contractor	$6,773.00
Exceptions	None
Total Accepted Cost	$6,773.00

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 Five thousand seventy nine and 75/100 Dollars

--$5,079.75--

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

FROM LEFT-HAND SIDE

C. A. Turner, Auditor

December 29, 1954.

C
O
P
Y

March 11, 1955

North Idaho Mines, Inc.
P. O. Box 298
Kellogg, Idaho

Re: Docket No. DMEA 2692 - Tungsten
(Assignee of Robert D. Skeman &
Howard S. Carter, partners)
Pony Lease (Kannan property)
Shoshone County, Idaho
Contract No. Idm-E471

Gentlemen:

This is with reference to the subject Exploration Contract between you and the Government.

It is not our intention to make a certification of discovery or development which would create a lien against the subject property. We are, therefore, closing our books and recordw with respect to this project. Your attention is called, however, to the provisions of the Contract which require the Operator to keep and preserve certain records for the period indicated.

We regret that the exploration work performed did not result in a certification of discovery or development. Your participation in the exploration program, however, is sincerely appreciated.

Sincerely yours,

/s/ C. O. Mittendorf

Administrator

FROM
RIGHT-HAND
SIDE

Withhold this page and all following pages

Government Copy

(Amendment to Change Starting and/or Completion Dates)

Defense Minerals Administration
RECEIVED
JUL 14 1954

AMENDMENT NO. 2

It is agreed this 7th day of July 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and North Idaho Mines, Inc.

each acting in consideration of the agreement to the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E471 dated January 2, 1953 between the parties hereto be modified and amended to change the starting date from 518 (No. of days) to within 608 (No. of days) (July 15, 1954) of the date of the contract and the completion period from -- (No. of months) to -- (No of months) from the date of the contract. The effective date of this amendment shall be June 15, 1954.

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

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

Executed in sextuplicate the day and year first above written.

NORTH IDAHO MINES, INC.
(Operator)

By C. Harold St John

THE UNITED STATES OF AMERICA

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

Exploration Project Contract Idm-E471
North Idaho Mines, Inc.
Docket No. DMEA-2692 (tungsten)

Justification for Amendment No. 2

Because of the heavy snowfall this past winter and a late spring, access to this property was delayed considerably, and the road washed out somewhat. Therefore, it is believed that this further extension of the starting date is justified.

John S. Vhay

GOVERNMENT COPY

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 7 - 1953

(Amendment to Change Starting and/or Completion Dates)

AMENDMENT NO. 1

It is agreed this 2nd day of December 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and North Idaho Mines, Inc.

each acting in consideration of the agreement to the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E471 dated January 2, 1953 between the parties hereto be modified and amended to change the starting date from 133 (April 15, 1954) (No. of days) to within 518 (No. of days) of the date of the contract and the completion period from 12 (No. of months) to 24 (No of months) from the date of the contract. The effective date of this amendment shall be November 18, 1953.

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.

North Idaho Mines Inc. (Operator)

THE UNITED STATES OF AMERICA

By C. Harold St John Pres.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 1953

Exploration Project Contract No. Idm-E471
North Idaho Mines, Inc.,
Assignee of
Robert D. Skeman and Howard S. Carter

Justification of Amendment No. 1

Messrs. Robert D. Skeman and Howard S. Carter, former operators of the subject contract, postponed the commencement of project work because of financial difficulties. The starting date was therefore extended to 133 days, or until May 15, 1953. As of that date, work had not commenced and the Field Team began negotiations to rescind the contract.

In late May this office began to receive inquiries from people who were interested in taking control of the subject property and who were also interested in acquiring the contract. These negotiations were continued until July when the property was acquired by North Idaho Mines, Inc. This concern obtained an assignment of contract from Skeman and Carter and submitted this instrument to Washington, D. C., for approval by the Administrator. There followed a long series of negotiations and the assignment was finally approved by the Administrator on November 18, 1953.

As the area was covered by snow in November, and as winter operations are not feasible in that part of Idaho, the subject Amendment No. 1 was drawn to extend the starting date until April 15, 1954.

Government's copy

ASSIGNMENT OF EXPLORATION PROJECT CONTRACT

WE, ROBERT D. SKEMAN AND HOWARD S. CARTER, for and in consideration of ONE ($1.00) DOLLAR now paid, and other valuable consideration, do hereby grant and assign, subject to Government approval, to NORTH IDAHO MINES, INC., an Idaho corporation, all of our interest in a certain Exploration Project Contract, No. IDME 471, dated January 2, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the Government, and ourselves, as Operators.

By acceptance of this Assignment, the assignee agrees to assume and perform all of the reservations, terms, conditions, agreements and covenants in said contract contained.

The post office address of the grantee and assignee herein is as follows:

NORTH IDAHO MINES, INC.,
P. O. Box 298,
Kellogg, Idaho.

IN WITNESS WHEREOF, we have hereunto set our hands this 24th day of July, 1953.

Robert D. Skeman

Howard S. Carter

STATE OF IDAHO)
) ss.
COUNTY OF SHOSHONE)

I, the undersigned, a Notary Public in and for the State of Idaho, hereby certify that on this 24th day of July, 1953, personally appeared before me, ROBERT D. SKEMAN AND HOWARD S. CARTER, to me known to be the individuals described in and who executed the foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal this 24th day of July, 1953.

Ann Huce

Notary Public in and for the State of Idaho, residing at Wallace, Idaho

In consideration of the foregoing Assignment, the undersigned hereby accepts the same and agrees to assume and perform all of the reservations, terms, agreements, and covenants contained in the contract above described.

Dated this 24th day of July, 1953.

NORTH IDAHO MINES, INC.,

By [signature]
President

Attest: Mary A. Nash
Secretary

~~APPROVAL BY GOVERNMENT~~

______________________________ ~~DATE~~ ______________________________
~~[illegible]~~
~~[illegible]~~

The Government this 18th day of November, 1953, without releasing either Robert D. Skeman or Howard S. Carter from any of the terms, provisions, and conditions of the afore-mentioned Exploration Project Contract, hereby consents to the above assignment.

THE UNITED STATES OF AMERICA

By [signature]
Administrator, Defense
Minerals Exploration
Administration

AUG 27 1953

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

Re: Docket No. DMEA-269F (Tungsten)
Sherman and Carter
Pony Lease Project
Shoshone County, Idaho
Contract No. Idm-2471

Dear Mr. Weissenborn:

Reference is made to the letter to me dated August 11, 1953, from your office in the above-entitled matter. You ask whether the operator, who has purportedly assigned the contract to North Idaho Mines, Inc., is required to sign an owner's consent to lien, since you believe that the operator still retains an interest in the property.

The so-called assignment is dated July 24, 1953, and in paragraph 7 thereof, the assignors assign "all their interest in such loan that may be made under said DMEA application." As the exploration project contract was executed on January 2, 1953, six months prior to this assignment, this language of paragraph 7 is not particularly appropriate, but will be accepted because the assignee agrees to be "bound by all the terms and conditions that may be imposed by the Federal Government in connection with the expenditure of said funds and the repayment thereof, and agrees to meet any time limits and progress requirements imposed by the DMEA."

Because the exploration project contract was executed prior to the assignment, and because the Government has not released and will not release the operator from his contract obligations, whether or not the operator retains any rights in the property is immaterial and an owner's consent to lien from the operator is not required. However, you should specifically notify the operator in writing that,

in consenting to the assignment, the Government does not release the operator from the obligations of the contract, and a copy of this notice should be sent to North Idaho Mines, Inc.

Sincerely yours,

Ernest Wm. Ellis

ACTING Chairman, Operating Committee

Approved:

M. H. Kline

Member, Bureau of Mines

D. M. Larrabee

Member, Geological Survey

AEKane:ep 8-25-53

Copy to: Mails & Files
Admr. Reading File
Oper. Comm.
Mr. R. W. Geehan, B/M Rm. 3513
Mary Miller, USGS, Rm B-242-B, GSA
Mr. Chambers
Mr. Martin (2)
Mr. Hoffland
Mr. Kane
Chron.
Pending

Docket No. DMEA - 2692

Commodity Tungsten

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 471

Date of Contract or Amendment: Jan, 2, 1953

Name and Address of Operator:

Robert D. Skeman and Howard S. Carter, Partners
P. O. Box 591
Kellogg, Idaho

Amount of Government participation $ 9,900.00

Percent of Government participation 75 %

Region: 11 State: Idaho

Note: Please release $ 4,820.25

E R Tallant
(Name)
for L. Lahmbers
Chief, Contract Administration and Audit Division
(Title)

Date Delivered to Bureau of Mines, Washington. 1/10/55

54458

Docket No. ~~DMEA 2692~~

Commodity ~~Tungsten~~

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 471

Date of Contract ~~or amendment~~: January 2, 1953

Name and Address of Operator:
Robert D. Skeman and Howard S. Carter, partners
P. O. Box 591
Kellogg, Idaho

Amount of Government participation $ 9,900.00

Percent of Government participation 75 %

Region: II State: Idaho

(Name)

J. L. Chambers,
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. Jan. 2, 1953

13808

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 2692

COMMODITY Tungsten

Government's Copy

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

Date IDMEA 471 Administration
RECEIVED
APR 27 1953

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 2nd day of January, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Robert D. Skeman and Howard S. Carter, Partners
P.O. Box 591
Kellogg, Idaho

hereinafter called the "Operator," as follows:

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Idaho, County of Shoshone, described as follows:[3] Nine unpatented lode claims and four unpatented placer claims in Sections 13, 14, 18, and 24; T. 49 N., R. 4 E., E.B.M. These claims are more fully described in 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 133 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 12 months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 75 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $9,900.00, which is 75 percent of $13,200.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

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

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

16—66329-1

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

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

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

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

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

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

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

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

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

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

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

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

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

Executed in sextuplicate the day and year first above written.

By Robert D. Sherman (Partner)
~~(Operator)~~

By H. S. Canter (Partner)

THE UNITED STATES OF AMERICA

By O. Mitchell Ivey
Administrator, Defense Minerals Exploration Administration

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

[CORPORATE SEAL]

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

ROBERT D. SKEMAN AND HOWARD S. CARTER
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-2692

ANNEX I

The following 9 unpatented lode mining claims and 4 unpatented placer mining claims in Sec. 13, 14, 18, and 24, T. 49 N., R. 4 E., E.B.M. are recorded in the Recorders Office, Shoshone County Courthouse, Wallace, Idaho.

Claim	Book	Page	Date
Gold Nugget	15	196	November 3, 1916
Evergreen	15	193	May 23, 1916
Signal Shot	17	56	October 5, 1916
War Eagle	15	195	October 28, 1916
Blue Grouse	15	194	November 3, 1916
Never Fail	15	194	October 28, 1916
Storm King	16	627	September 19, 1916
Valintine	14	540	February 13, 1916
September	16	485	September 1, 1916
Placer Claims			
Tin Cup	M	418	September 19, 1916
Rambler	M	366	January 14, 1914
Cinch	M	369	January 27, 1914
Tungsten	M	406	February 22, 1916

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0446

Withhold this page and all following pages up to next yellow sticky note (after map)

ROBERT D. SKEMAN AND HOWARD S. CARTER
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-2692

EXHIBIT "A"

Description of the Work

The exploration work on this project is to be done in two stages as is indicated on the map attached hereto and made a part hereof entitled "Sketch Map of Pony Lease Adit Showing Proposed Work."

Stage I

Time Schedule: 0 - 6 months

Sink a two-compartment, timbered, inclined shaft a maximum of 100 feet to explore the tungsten-bearing vein system in the shear zone on the Evergreen claim. Each compartment to be not less than 4' x 4' in the clear.

Stage II

Time Schedule: 6 - 12 months

Stage II is to be undertaken only after the completion of Stage I and with the written approval of the Government. This approval is only to be granted if the results of Stage I warrant further exploration of the deposit.

Drift and/or crosscut a maximum of 100 feet from the bottom of the shaft sunk under Stage I to further explore the tungsten-bearing vein system. The size of the drift and/or crosscut to be not less than 5' x 7' in the clear.

Agreed Estimated Project Costs

Unit Costs

Stage I

100 Feet of two-compartment, timbered shaft @ $80.00 per foot	$8,000.00
25 Tungsten analyses @ $4.00 per assay	100.00

5 Days, geologic consultant1/ @ $50.00 per day	$ 250.00	$ 8,350.00
Stage II		
100 Feet of drift and/or crosscut @ $40.00 per foot	$4,000.00	
100 Feet of timbering for drift and/or crosscut @ $5.00 per foot	500.00	
25 Tungsten analyses @ $4.00 per assay	100.00	
5 Days, geologic consultant1/ @ $50.00 per day	250.00	4,850.00
Total Estimated Cost of Project		$13,200.00
Government Participation @ 75%		$ 9,900.00

1/ The geologic consultant shall furnish technical services in direction of the exploratory program and prepare the final report.

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Idaho, County of Shoshone, described as follows: 1/ Last recording and dating May 28, 1952, Book M, of Mining Affidavits, page 217, records of Shoshone County State of Idaho. Unpatented Mining property, situate in Beaver Mining District, being in Sections Thirteen (13), Fourteen (14), Eighteen (18) and Twenty-four (24) Township Forty-nine (49), North, Range Four (4) E. B. M. in Shoshone County, State of Idaho, the following thirteen mining claims, the nine first named being lode claims and the four last named placer claims.

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/ (PONY LEASE) Operated by Robert D. Skeman, 721 South Division, Kellogg, Idaho, and Howard S. Carter, P.O. Box 591, Kellogg, Idaho, 409 West Mission, Kellogg, Idaho

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/$ 18,750.00, 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 16 day of January, 195 7.

[illegible] [Seal]

[Seal]

[Seal]

Release this page

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.

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

Release this page

April 24, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 27 1953

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

Re: Docket No. DMEA 26.2 (Tungsten)
Robert D. Gaman and Howard S. Carter
Pony Lease Project
Shoshone County, Idaho
Contract Idm-24/1

Dear Mr. Selfridge:

Attached are the original and two signed copies of the subject contract. Distribution of this contract has been made in the usual manner--one copy for the Field Team, the Operator, and the Finance Officer.

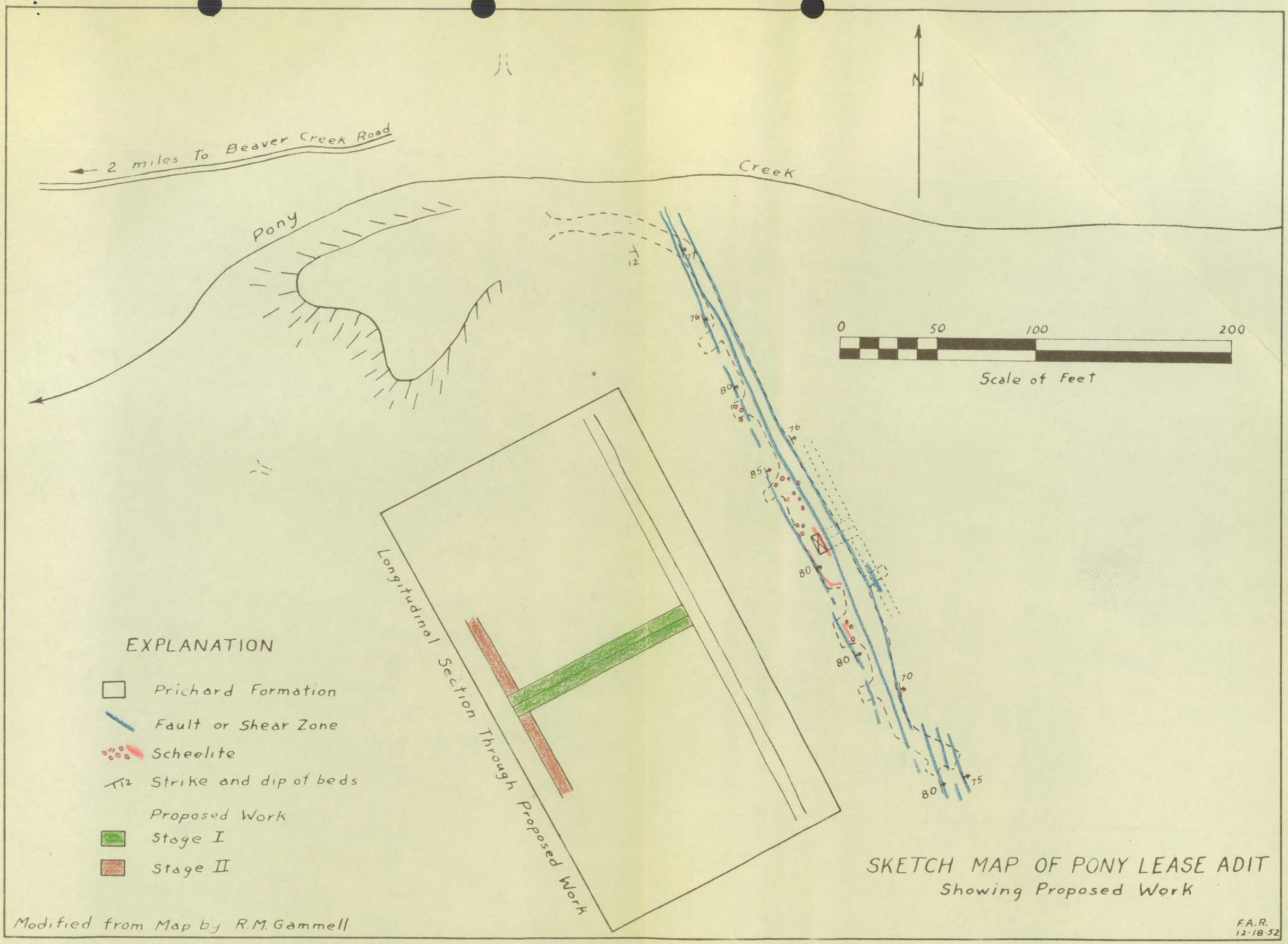
After an undue amount of consideration the Operator returned the contract signed to this office. He has since been advised that if the contract is to be completed within the specified time limit he should commence work as soon as possible. We have therefore set the starting date of the contract to be no later than May 15, 1953, and have informed the Operator that unless contract work is started by that date, the contract will be rescinded.

Sincerely yours,

Thor H. Ahlsgaard
For: A. L. Weissenborn
Executive Officer, DMEA
Field Team, Region 11

Enclosure

cc: Finance Officer w/encl.
USGS (2)
Boatenman



SKETCH MAP OF PONY LEASE ADIT
Showing Proposed Work

MAR 1 1 1955

North Idaho Mines, Inc.
P. O. Box 296
Kellogg, Idaho

Re: Docket No. [illegible] 592 - Tungsten
(Assignee of Robert D. Hansen &
Howard E. Carter, partners)
Sony Lode (Hansen property)
Shoshone County, Idaho
Contract No. [illegible]

Gentlemen:

This is with reference to the subject Exploration Contract between you and the Government.

It is not our intention to make a certification of discovery or development which would create a lien against the subject property. We are, therefore, closing our books and records with respect to this project. Your attention is called, however, to the provisions of the contract which require the Operator to keep and preserve certain records for the period indicated.

We regret that the exploration work performed did not result in a certification of discovery or development. Your participation in the exploration program, however, is sincerely appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

FARutledge:fes
3-2-55
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. I- Northwest District
Robert Halliday, USGS
Thor K. Kiilsgaard, USGS

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docs
only

See FE's next memo

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

FAR
2-28-55

North Idaho Mines, Inc.
P. O. Box 298
Kellogg, Idaho

Re: Docket No. DMEA 2692 - Tungsten
(Assignee of Robert D. Skeman &
Howard S. Carter, partners)
Pony Lease (Kennan property)
Shoshone County, Idaho
Contract No. Idm-E471

Gentlemen:

This is with reference to the subject exploration contract between you and the Government.

A report of review in lieu of a final audit of the contract expenditures and the final reports of the Field Team and Operator have been recieved and accepted by this Administration. Of the total amount of $13,200.00 approved under the contract, the sum of $6,773.00 was expended, 75 percent of which, or $5,079.75, represented the Government's share.

We are now pleased to advise you that your performance of the exploration work under the referenced contract has been satisfactory to the Government, and the account relating thereto has been closed. However, your attention is called to Article 5(d) of the contract which requires the Operator to "keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract."

We sincerely regred that the work performed did not result in a certification of discovery or development under the provisions of the exploration contract. In the absence of such certification, the Government retains no claim or lien against the property or any production therefrom.

The Government is grateful for your participation in the exploration program of the Defense Minerals Exploration Administration.

Sincerely yours,

Administrator

not used
New form letter sent.

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License No. [illegible] Information

FEB 14 1955

xxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

February 11, 1955

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

WSM

Re: Docket No. DMEA-2692 (tungsten)
North Idaho Mines, Inc.
(Assignee of Robert D. Skoman & Howard S. Carter)
Pony Gulch Tungsten Mine
Shoshone County, Idaho
Contract No. Idm-4471

Dear Mr. Selfridge:

Enclosed are four copies of the Field Team Final report on the above-captioned contract which has been prepared by Eric O. Erickson, mining engineer, Bureau of Mines, and Verne C. Fryklund, Jr., geologist, Geological Survey.

It is recommended by the authors that no Certification of Discovery or Development be made and that there be no further exploration for scheelite at this property, as it is not justified in view of the discouraging results of the exploration.

The Field Team concurs with the recommendation of the authors.

By Field Team, Region 1, Ak District

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

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

Enclosures
cc: U.S.M.(2)
Fryklund

Reviewed by
DMEA OPERATING COMMITTEE
2-18-55
(date)

400

XXXXXXXXXXXXXXXXXX
1201 N. Division Street
Spokane 2, Washington
January 11, 1955

WSM

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

Re: Docket No. DMEA 2692
Contract Idm-E471
North Idaho Mines, Inc.

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 Government has no equity in any equipment or supplies used at the project.

The exploration program failed to disclose any ore, therefore, a Certification of Discovery or Development was not recommended by the Field Team.

A final Report of Review dated December 29, 1954, 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,
Executive Officer, DMEA
Field Team, Region II

cc: DMEA (2)
USGS (2)
AD

400

Minerals Administration
RECEIVED
JAN 14 1955

xxxxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

January 11, 1955

WSM

Mr. Alvin H. Lense
c/o Geology Department
Bunker Hill Smelting and
Concentrating Company
Kellogg, Idaho

Re: Docket No. DMEA-2692 (tungsten)
North Idaho Mines, Inc.
Pony Gulch Tungsten
Shoshone County, Idaho
Contract Idm-2471 (completed)

Dear Al:

We have just received the final report on the Pony Creek property. The narrative is somewhat short but acceptable for a project of this size. Two questions, however, are:

(1) Are the samples shown on the section car samples taken at those elevations, or do some represent short channels (0.362 WO_3, for instance)?

(2) What are the yellow lines on the other map?

Sincerely yours,

Verne C. Fryklund, Jr.
For: A. S. Weissenborn
Executive Officer, DMEA
Field Team, Region 11

cc:
DMEA(2)
DSM(2)
Fryklund

Release Copy

402

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

January 7, 1955

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

Re: Docket No. DMEA-2692 (tungsten)
North Idaho Mines, Inc. (Assignee of
Robert D. Skeman & Howard S. Carter)
Shoshone County, Idaho
Contract No. Idm-2471

Dear Mr. Selfridge:

Enclosed is the operator's final report dated December 31, 1954, and received by this office on January 6, 1955, with two maps, covering accomplishments on the above-cited exploration contract. It is hereby accepted as satisfactory to the Field Team. As all contract obligations have been met by the operator and a Report of Review has been made by the auditing department, final settlement of this account can be made immediately.

The exploration project failed to disclose any ore, therefore, a Certification of Discovery or Development is not recommended.

The Field Team's final report is in preparation and should be ready for submittal within a couple of weeks.

By Field Team, Region II

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

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

Enclosures
cc: [illegible](2)
[illegible]
Fryklund

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0445

Withhold
do not copy
RG thru
end

MEMORANDUM

December 31, 1954

DEPARTMENT OF
Defense Minerals
RECEIVED
JAN 13 1955

To: Albert E. Weissenborn, Regional Geologist
U. S. Geological Survey
South 157 Howard Street
Spokane 8, Washington

From: Alvin H. Lense, Geologist

Subject: Final Progress Report at Pony Creek Lease, Shoshone County, Idaho, Docket No. DMEA-2692 (tungsten); Contract No. Idm-E471

The work authorized for the Pony Creek Lease consisted of 100 feet of shaft and 100 feet of crosscut with a contract to start July 15, 1954. However, work commencing August 1, 1954, and ending November 30, 1954, completed only 68 feet of shaft at a cost of $5,440.00 (@ $80/foot) and 25 feet of crosscut at a cost of $1000.00 (@ $40/foot). The total cost of the project, including $8.00 for assays and $325.00 for geological consultant fees, amounted to $6,773.00.

The objective of exploration was to determine the possible downward increase of scheelite in various quartz veinlets exposed in the Evergreen tunnel. These quartz veinlets occur in close conjunction with a near-vertical shear zone down which the 80-degree inclined shaft was sunk. Despite a minor increase in quartz, amounts of scheelite decreased in depth with apparently no established pattern. Therefore, ore reserve estimates remain as they were; at zero.

RECEIVED
JAN 6 1955
U. S. G. S.
SPOKANE, WASH.

Alvin H. Lense

AHL/rc

400

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

Defense Minerals Administration
RECEIVED
DEC 31 1954

2692

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

North Idaho Mines, Inc.
P. O. Box 298
Kellogg, Idaho
Assignee of
Robert D. Skeman and Howard S. Carter, Partners
Kellogg, Idaho

pertaining to Exploration Project Contract No. Idm-E471, Docket No. DMEA 2692, dated January 2, 1953, including Amendments Nos. 1 and 2, for the period of January 2, 1953 to December 22, 1954, covering a project for the exploration of tungsten, on property known as Pony Lease, located in Shoshone County, State of Idaho.

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

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

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

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

Total Cost as billed by Contractor	$6,773.00
Exceptions	None
Total Accepted Cost	$6,773.00

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 Five thousand seventy nine and 75/100 Dollars

--$5,079.75--

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

C. A. Turner, Auditor

Audit

ecember 29, 1954.

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

November 5, 1954

Memorandum

To: DMEA Field Team, Region II

WSM

From: Verne C. Fryklund, Jr., Geologist, U. S. Geological Survey

Subject: Routine inspection, Docket No. DMEA-2692 (tungsten), North Idaho Mines, Inc., Pony Gulch tungsten project, Shoshone County, Idaho, Contract No. Idm-2471.

I visited the property October 29, 1954, with Donald Kellum, Geological Survey. The shaft (winze) was 68 feet deep. There has been no significant amount of tungsten in the winze.

The decision has been made to consider Stage 1 completed and to drive a short crosscut at the 50-foot point in the shaft so that the full width of the shear zone can be tested. I feel that a crosscut is necessary before we can discuss mutual termination with the Operator.

Distribution:
DMEA (orig. & 3)
USBM (2)
Docket
Fryklund

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0445

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
1201 N. Division St.
Spokane 2, Washington
November 29, 1954

MEMORANDUM

To: DMEA Field Team, Region II

From: E. G. Erickson, Mining Engineer, Bureau of Mines

Subject: Final inspection, North Idaho Mines, Inc., Shoshone County, Idaho, Contract Idm-E471, Docket No. DMEA 2692 (tungsten)

The final inspection of the exploration project was made on November 22, 1954, accompanied by Mr. H. St. John, Operator by assignment.

The 100 feet of shaft sinking set forth in Stage I was stopped at 68 feet because of discouraging results.

Stage II of the contract allowed 100 feet of drifting and/or crosscutting. A maximum of 30 feet of crosscutting from a point 50 feet below the collar of the shaft was approved to test the footwall of the shaft below showings of ore on the tunnel level. A total of 25 feet of crosscutting (7'x5') had been completed at the time of the visit.

The shaft and crosscut were examined under a mineralite and only a few insignificant spots showed any scheelite. The amount of tungsten was so small that cut samples taken by Mr. Lense assayed nil in WO_3. Mr. Lense is mine geologist for Bunker Hill and Sullivan Mining Company and is also employed as consultant for North Idaho Mines, Inc. He is preparing the final report on the project, and the Operator will include it with his final invoice.

The exploration project has failed to disclose any ore; therefore, a certification of discovery is not recommended.

Orig. & 3 cys - Wash.
USGS (2)
DMEA
M/D
AD
Auditor Turner
EGE/he

E. G. Erickson

withhold
do not
copy

2692 400

DMEA Field Team, Region II

November 19, 1954

DMEA Certifying Officer, Region II

North Idaho Mines, Inc., Contract Idm-E471
October 1954 MF-104

The subject operating report has been received, checked, and forwarded to the Disbursing Officer at Portland, Oregon, for payment.

$28.00 has been deducted from the amount claimed for assays because of inadequate support. This exception was discussed with the Operator by telephone on November 19th and the amount will be reclaimed on the next MF-104 submitted with the necessary data attached.

Myrtle Purdy

cc: DMEA (2)
USGS (2)

400

COPY

2692

DMEA Field Team, Region II November 19, 1954

DMEA Certifying Officer, Region II

North Idaho Mines, Inc., Contract Idm-E471
October 1954 MF-104

The subject operating report has been received, checked, and forwarded to the Disbursing Officer at Portland, Oregon, for payment.

$28.00 has been deducted from the amount claimed for assays because of inadequate support. This exception was discussed with the Operator by telephone on November 19th and the amount will be reclaimed on the next MF-104 submitted with the necessary data attached.

Myrtle Purdy

Is this part a worthwhile exploration project?_____

d) Are the cost estimates detailed?_____

Can they be summarized, as on page 2 of Procedural Instruction 5-A, from the available data?_____ If so, attach a draft.

e) Are the cost estimates reasonable?_____

f) Should more information be requested from applicant?_____

g) Is a field examination necessary to complete Exhibit A?_____

11. Exhibit B (question 23-d)*

a) Is it applicable?_____

b) If so, are sufficient data furnished?_____ If so, attach a draft.

c) Is a field check needed?_____

12. Exhibit C (question 23-e, f and g)*

a) Is it applicable?_____

b) Sufficient data?_____ If so, attach a draft.

c) Are rents and charges reasonable?_____

d) Is a field check needed?_____

13. Exhibit D (question 23-a, b)*

a) Are there sufficient data?_____

b) Is the schedule adequate for the work proposed?_____

c) Is the schedule excessive for the work proposed?_____

d) Are the proposed wages and salaries reasonable?_____

e) Is a field check needed?_____

400

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D. C.~~
1201 N. Division Street
Spokane 2, Washington
August 2, 1954

WSM

MEMORANDUM

To: DMEA Field Team, Region II

From: E. G. Erickson, Mining Engineer, USBM

Subject: Interim report, North Idaho Mines, Shoshone County, Idaho, Contract Idm-E471, Docket No. DMEA 2692 (tungsten)

The Operator, Mr. C. Harold St. John, was contacted at the property July 28, 1954. He was doing repair work on a frame surface building at the time of the visit.

Equipment has been moved in and a labor contract has been negotiated, according to the Operator. He stated sinking operations would start the first week in August.

I suggested to the Operator that he call at the DMEA office (Mr. St. John lives in Spokane, Washington) or write and state his plans and progress on the project.

The Operator was informed that because the work under the contract had been delayed by recess, assignment of contract and extension of starting and completion dates, the Field Team was much concerned and he should make every effort to carry out the project with minimum delay. He was reminded that the season at the project site was short.

E. G. Erickson

Orig. & 3 cys. - Wash. ✓
USGS (2)
DMEA
M/D
AD
EGE/mp

400

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

WASHINGTON 25, D. C.

~~XXXXXXXXXXXXXXXX~~
No. 457 Howard Street
Spokane 4, Washington

December 4, 1953

Messrs. J. L. Gaskill & H. L. Carter
641 South Division Street
Kellogg, Idaho

WSM

Re: Docket No. [illegible] (Spokane)
Poly Jesse
Shoshone County, Idaho
Contract No. [illegible]

Gentlemen:

This letter will notify you that your assignment of the captioned contract to North Idaho Mines, Inc., has been approved and that it was signed by the Administrator, effective November 20, 1953. The assignment form has since been received at this office and has been accepted by Mr. C. Harold Mc. John for North Idaho Mines, Inc.

We wish to call your attention to a statement that has been added to the assignment of Exploration Project Contract which you and officials of North Idaho Mines, Inc., signed on July 28, 1953, and which reads as follows:

"The Government this 16th day of November 1953, without releasing either Robert D. Gaskill or Howard L. Carter from any of the terms, provisions, and conditions of the aforementioned Exploration Project Contract, hereby consents to the above assignment."

The above-quoted statement bears on the March 12th letter to you of November 3, 1953, in which it was noted that in consenting to the assignment the Government did not release you from contract obligations.

By DMEA Field Engr, Region II

J. L. Weissenborn, Executive Officer
(U. S. Geological Survey)

M. L. Young, Member
(U. S. Bureau of Mines)

cc: North Idaho Mines, Inc.
USBM (2)
DMEA (2) Westerman

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

NOV 19 1953

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

Re: Docket No. DMEA-2022 (Idaho)
Skeman and Carter
Shoshone County, Idaho
Contract No. Iam-E471

Dear Mr. Weissenborn:

Reference is made to the Field Team's letter of November 5, 1953, to the Chairman of the Operating Committee. In accordance with the request contained in that letter there are enclosed duly signed by the Administrator three copies of the Government's formal consent to the assignment. Please see that they are properly distributed.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures

Approved:

J. H. Hedges

Member, Bureau of Mines

T. P. Thayer

Member, Geological Survey

AEKane/ema/11-13-53
Copy to: Docket
Adm. R. File
Op. Comm.
Mr. Thayer
Mr. Hedges
W. S. Martin
A. E. Kane
J. L. Hofflund
Chron.
Pending

Orig in Docket
MDC
400 Copy

~~500~~ WA SP 7 I-GS-G/

SPOKANE 11-17-53 500P

C O MITTENDORF, ADMINISTRATOR,

DMEA WA

Please Return

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 18 1953

WSM

PLEASE REFER TO PREVIOUS CORRESPONDENCE REGARDING ASSIGNMENT OF THE SKEMAN AND CARTER CONTRACT E 471, DOCKET 2692. WE HAVE NOT YET RECEIVED COPIES OF THE ASSIGNMENT RETURNED TO WASHINGTON WITH OUR LETTER OF NOV. 3 FOR THE PURPOSE OF OBTAINING YOUR SIGNATURE ON THE DOCUMENT. OPERATOR IS PRESSING US.

Rec'd in Yoo on Nov. 12.

A E WEISSENBORN

E471 2692 3

VA 501P

With Op. Com. today
11/18/53
ls

Mr. Mittendorf signed outgoing letter on Nov. 18 late per Hazel Berry.
ls 11/19/53.

Rec'd Nov 9

Copy
mds

OCT 29 1953

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

Re: Docket No. DMEA 2692 - Tungsten
Stevens and Carter
Forty Leases
Shoshone County, Idaho
Contract No. Idm-4,1

Dear Mr. Weissenborn:

Reference is made to the subject docket and your telephoned request of October 23, 1953, through Mr. Frank Johnson for copies of the "Assignment" mentioned in our letter of October 16, 1953.

Enclosed are two copies of the Owners' "Consent to Assignment" and two copies of the "Assignment of Exploration Project Contract."

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures

FARutledge:fcc
10-26-53
cc: Docket
Code 400
Admr. Reading File
Operating Committee
FT. Reg. 2
R. W. Cochran, USBM
T. P. Thayer, USGS

APPROVED:

J. H. Hedges

Member, Bureau of Mines

T. P. Thayer

Member, Geological Survey

OCT 16 1953

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

Re: Docket No. DMEA 2692 - Tungsten
Sleeman and Carter
Pony Lease
Shoshone County, Idaho
Contract No. Idm-E471

Dear Mr. Weissenborn:

Reference is made to the subject docket and your letter of October 6, 1953, asking if approval had been given to assignment of the subject contract.

For your convenience we are enclosing a copy of our letter of August 27, 1953, consenting to the referenced assignment. Your attention is called to the last sentence which states: "However, you should specifically notify the operator in writing that, in consenting to the assignment, the Government does not release the operator from the obligations of the contract, and a copy of this notice should be sent to North Idaho Mines, Inc."

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosure

FARUTLEDGE:foc 10-14-53
cc: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. Reg. 2
R. W. Geehan, USBM
T. P. Thayer, USGS

APPROVED:

J. H. Hedges

Member, Bureau of Mines

T. P. Thayer

Member, Geological Survey

original to Docket 400

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

October 6, 1953

WSM

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

Re: Docket No. DMEA-2692 (Tungsten)
Skeman and Carter
Pony Lease Project
Shoshone County, Idaho
Contract No. Idm-2471

Dear Mr. Selfridge:

Reference is made to the assignment of the subject contract from Skeman and Carter to the North Idaho Mines, Inc. The assignment of this contract was forwarded to Washington under cover of a Field Team letter dated August 11, 1953, with the recommendation that the contract assignment be approved.

To date we have not received further word as to the approval of this contract assignment and are, therefore, concerned with its current status. We would appreciate further word from you on this matter.

Sincerely yours,

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

cc: USBM (2)
Hosterman

AUG 27 1953

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

Re: Docket No. DMEA-2692 (Tungsten)
Skeman and Carter
Pony Lease Project
Shoshone County, Idaho
Contract No. Idm-5471

Dear Mr. Weissenborn:

Reference is made to the letter to me dated August 11, 1953, from your office in the above-entitled matter. You ask whether the operator, who has purportedly assigned the contract to North Idaho Mines, Inc., is required to sign an owner's consent to lien, since you believe that the operator still retains an interest in the property.

The so-called assignment is dated July 24, 1953, and in paragraph 7 thereof, the assignors assign "all their interest in such loan that may be made under said DMEA application." As the exploration project contract was executed on January 8, 1953, six months prior to this assignment, this language of paragraph 7 is not particularly appropriate, but will be accepted because the assignee agrees to be "bound by all the terms and conditions that may be imposed by the Federal Government in connection with the expenditure of said funds and the repayment thereof, and agrees to meet any time limits and progress requirements imposed by the DMEA.

Because the exploration project contract was executed prior to the assignment, and because the Government has not released and will not release the operator from his contract obligations, whether or not the operator retains any rights in the property is immaterial and an owner's consent to lien from the operator is not required. However, you should specifically notify the operator in writing that,

in consenting to the assignment, the Government does not release the operator from the obligations of the contract, and a copy of this notice should be sent to North Idaho Mines, Inc.

Sincerely yours,

Ernest Wm. Ellis

ACTING Chairman, Operating Committee

Approved:

M. H. Kline

Member, Bureau of Mines

D. M. Larrabee

Member, Geological Survey

AEKane:ep 8-25-53

Copy to: Mails & Files
Admr. Reading File
Oper. Comm.
Mr. R. W. Geehan, B/M Rm. 3513
Mary Miller, USGS, Rm B-242-B, GSA
Mr. Chambers
Mr. Martin (2)
Mr. Hofflund
Mr. Kane
Chron.
Pending

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
~~So. 151 Howard Street~~
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 13 1953

August 11, 1953

RECEIVED
AUG 24 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

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

Re: Docket No. DMEA-2692 (Tungsten)
Pony Lease Project
Shoshone Co., Idaho
Contract No. Idm-E471

Dear Mr. Selfridge:

Reference is made to a letter to you from the Executive Officer, Region II, dated July 9, 1953, on the subject contract. In that letter it was mentioned that other parties were interested in taking over the contract and for that reason we were delaying sending the recision agreements to the field for signature.

Since July 9, Mr. Albert Nash, acting for North Idaho Mines, Inc., visited this office and stated that he was interested in taking over the Skeman and Carter contract. He was informed that so far as we were concerned the contract was no longer effective, but that if he wished he could proceed with arrangements to take over the property and then take his chances in obtaining an extension to the contract. He was also told that the Field Team did not have authority to renew the contract but could only present his case to Washington officials for their decision.

Mr. Nash subsequently visited this office again on August 6, bringing with him copies of the Consent to Assignment of the Lease and copies of the Assignment of Exploration Project Contract, all of which are enclosed herewith.

Upon reading the Consent to Assignment we have found where the Assignors have retained an interest in the property and we therefore believe that, as they originally obtained a Consent to Lien Agreement from the owner, they should in turn sign a similar agreement with the Assignee. We are therefore writing Nash and asking that he obtain such a Consent to Lien which we will forward to Washington, D. C. upon receipt. In the event this Consent to Lien Agreement is not needed it can be discarded by the legal department. It is assumed that copies of the original lease agreement between Skeman & Carter and the property owners are in the DMEA Skeman files in Washington, D. C.

Mr. Nash stated that he was very anxious to obtain the contract and that if he received it he would be ready to commence exploration work within a short time after receipt. He pointed out that contract terms were agreeable to him and that he would do the work as prescribed in the contract and at the rates as specified.

The Field Team believes that exploration of the Pony lease property is still warranted. We have the word of North Idaho Mines, Inc., officials that they are financially able, and that they will do the work specified in the contract; therefore, we recommend that favorable consideration be given this contract assignment, if the Operating Committee deems continuation of the contract justifiable. If the contract assignment is accepted, an amendment will have to be drawn extending the starting date.

By Field Team, Region II,

Thor H. Kiilsgaard, Actg. Exec. Officer
(U. S. Geological Survey)

Thomas E. Howard, Acting Member
(U. S. Bureau of Mines)

Enclosures

cc: UMM (2)
Hosterman

P. S. We are attaching copies of the Consent to Lien Agreement which was received from North Idaho Mines, Inc., today. This is the agreement mentioned in paragraph 4 of this letter.

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

So. 157 Howard Street
Spokane 4, Washington

August 7, 1953

WSM

North Idaho Mines, Inc.
c/o Albert M. Nash
P. O. Box 298
Kellogg, Idaho

Re: Contract Idm-2471
Skeman and Carter
Pony Lease
Shoshone Co., Idaho
Docket No. DMEA-2692 (tungsten)

Dear Mr. Nash:

In reading over your Consent to Assignment and Lease, I find that Skeman and Carter have retained an interest in the property and will be paid a royalty on production. Inasmuch as Skeman and Carter originally obtained a Consent to Lien agreement from Mr. Preston we believe it will be necessary that North Idaho Mines, Inc. obtain a similar Consent to Lien agreement from Skeman and Carter. If Skeman and Carter were completely removed from the lease, such a Consent to Lien agreement would probably not be necessary. However, if they are retaining an interest we feel that it would be wise for you to obtain the consent to lien agreement which would guarantee the Government payment if a certification of discovery was issued.

Copies of the Owner's Consent to Lien form are enclosed. If these will be filled out and signed and returned to this office, we will forward them to Washington for their consideration.

Very truly yours,

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures as above

cc: USBM (2)
DMEA (2)
Hosterman

400

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

July 9, 1953

WSM

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

Re: Docket No. DMEA-2692 (Tungsten)
Pony Lease Project
Skeman and Carter
Shoshone County, Idaho
Contract No. Idm-E471

Dear Mr. Selfridge:

Your letter of June 30 authorizing us to rescind the Pony Lease project contract was received July 6.

Today, before the rescission notice had been mailed, I was visited by Messrs. Robert Sperling, Harold St. John, and Howland who said that they wished to take over the operation of the Pony Lease from Skeman and Carter. I discussed the matter with them and told them that the contract was dead because of the fact that the date when exploration was to commence had been reached and the operators had done no work. I further advised them that if they could make an agreement with Skeman and Carter and with the owner of the property, demonstrate that they had control of the property, and convince us that they would carry out the provisions of the contract with some show of energy, it might be possible to reinstate the contract. They were informed, however, that the decision in this matter must rest with the Washington office of the DMEA, and that at the moment, the contract must be considered as not in effect.

For this reason, I am holding off sending out a rescission notice to Skeman and Carter, but will wait a short time to see what develops with the new people, who appear anxious to do some work on the property.

Sincerely yours

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

cc: USBM (2)
Hosterman

400

JUN 30 1953

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 8, Washington

Re: Docket No. DMEA 2692 (Tungsten)
Fony Lease Project
Shoshone County, Idaho
Contract No. Ida-2472

Dear Mr. Weissenborn:

This will acknowledge receipt of your letter of June 16, 1953, advising that the Operator of the cited contract had returned his copy of the contract with a request that it be tabled for future reference.

Because you have already granted the Operator an extension of the starting date of the project to May 15, 1953, and no effort has been made to begin operations, you should advise him that we are unable to comply with his request, and rescind the contract.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

J. H. Hedges

Member, Bureau of Mines

E. L. McKnight

Member, Geological Survey

JHopkins/eaf (6/26/53)
cc: Docket
Oper. Committee
✓ Code 400
Admr. Read. File

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

400

June 16, 1953

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

WSM

Re: Docket No. DMEA-2692 (Tungsten)
Pony Lease Project
Shoshone County, Idaho
Contract Idm-8471

Dear Mr. Selfridge:

The Operator has advised this office by letter of June 11, 1953, that he is unable to commence work on the exploration project contract. He states that work done on his own account has failed to find appreciable amounts of tungsten and he infers that his financial condition will not permit him to embark on a more detailed method of exploration as set forth in the contract.

The Operator has returned his copy of the contract and requests that the contract be tabled for future reference.

Inasmuch as the contract was signed on January 2, 1953, and since the starting date has already been extended over a considerable period to May 15, 1953, it is requested that the Field Team be authorized to rescind the contract.

Sincerely yours,

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: USBM (2)
Hosterman

400

APR 29 1953

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

Re: Docket No. DMEA 2692, Tungsten
Skeman and Carter
Gold Nuggett, et al. claims
Shoshone County, Idaho
Contract No. Idm-E471

Dear Mr. Weissenborn:

We are enclosing an extra copy of the above-referenced contract for use of your field representatives in making their examinations and reports.

Sincerely yours,

C. O. Mittenderf

Administrator

Enclosure

Copy to: Docket
FT, Reg. 2
Code 400
Adm. Read. File

L. Scott
4/28/53

402

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

April 24, 1953

APR 28 1953

Mr. Robert D. Skeman
721 South Division Street
Kellogg, Idaho

WSM

Re: Docket No. DMEA-2692 (Tungsten)
Pony Lease Contract
Shoshone County, Idaho
Contract Idm-E471

Dear Mr. Skeman:

We have received 5 signed copies of your Pony Lease contract and assume that you have retained one copy. As you and your partner have signed the contract, it is assumed that you are interested in the exploration project and that you will commence work on that project. In a previous letter you stated that you were conducting a small diamond drilling program and that based upon results of this program you would know whether you wished to enter into the proposed project with DMEA.

You will note that your contract work is to be completed within 12 months of the date of the contract, or by the 2nd of January 1954. If you are to complete the contract work within that time limit you should plan on commencing work as soon as possible. Inasmuch as considerable time has elapsed since you received the contract for signature and because of the short time limit remaining in the contract, we must advise you that unless you commence project work by May 15, 1953, it will be necessary for DMEA to rescind the contract

Under Article 3 of your copy of the contract, in that sentence "The Operator, within _____ days", please fill the blank in with the figure 133. The number 133 will set the limit on the starting date of your contract at May 15. We have filled in the number 133 on all other copies of the contract that you returned to this office.

Sincerely yours,

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: USBM (2)
DMEA (2)
Hosterman

400

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

April 7, 1953

Mr. Robert D. Skeman
721 South Division Street
Kellogg, Idaho

Re: Docket No DMEA-2692 (Tungsten)
Pony Lease Contract

Dear Mr. Skeman:

On January 20, 1953, we forwarded to you from this office six copies of a DMEA contract on your Pony Lease property, Shoshone County, Idaho. These copies were to be signed by you and your partner and returned to this office.

To date signed copies of your contract have not been received which leads us to wonder if you are still interested in the contract project. We therefore wish to inform you that unless you return the requested number of signed copies to this office by April 20, 1953, we will conclude that you are no longer interested in the contract and will withdraw Government participation in the proposed project.

Sincerely,

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

cc: DMEA (2)
USBM (2)
Hosterman

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

April 7, 1953

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

Re: Docket No. DMEA-2692 (Tungsten)
Pony Lease
Shoshone County, Idaho

Dear Mr. Selfridge:

Referring to your letter of April 2, 1953, on the subject docket, we have made several attempts to obtain signature on the Pony Lease contract but without success. The applicants have objected to contract terms, although they have implied that they would sign. We have recently written them informing that unless the contract was returned signed by April 20, 1953, we would withdraw Government participation in the proposed project.

Sincerely yours,

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: USBM (2)
Hosterman

400

400

Air Mail

Mr. A. E. Hanenborn, Executive Officer
Field Team, Region II
South 157 Howard Street
Spokane 1, Washington

APR 2 1953

Re: Docket No. [illegible] 2692 - Irrigation
Robert H. Kamm and Howard L. Carter
Duty [illegible] (Kamm property)
Shoshone County, Idaho

Dear Mr. Hanenborn:

A note from the exploration contract on the referenced property was sent to the applicant on January 20, 1953, for his signature.

Please ascertain the reason for the delay in the execution of the above contract.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approvals

J. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

cc: Docket
Field Team, Region 2
Operating Committee
Adm. Asst. File
Code 400
[illegible] Keehan, USGS
[illegible] Henson, BLM

Mintledge/bhb
3/31/53

400

WSM

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

January 20, 1953

Messrs. R. D. Skeman & H. S. Carter
721 South Division Street
Kellogg, Idaho

Re: Docket DMEA-2692 (Tungsten)
Pony Lease (Kannan property)
Shoshone County, Idaho

Gentlemen:

Enclosed are the original and five copies of the above-referenced contract which have been signed by the Government. If the terms and conditions of this contract meet with your approval, please sign all six copies, retain that copy marked for the Operator and return the remaining copies to this office.

Please note that the following major changes have been made in the contract as originally outlined:

(1) The shaft is specified to be inclined and stay within the mineralized zone.

(2) Tungsten assays and consultant's fee have been removed from unit cost per foot for both sinking and drifting.

(3) Geologic consultant's fee has been placed on unit basis of day.

(4) Timbering of drift has been put on separate footage basis and allowed for total footage if required.

Sincerely yours,

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

Enclosure
cc: DMEA (2)
USBM (2)
Field man

CODE 400

400

JAN 2 1953

Mr. A. E. Weissenborn
Executive Officer, DMEA Region 2
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. 2692 - Tungsten
Robert D. Skeman and
Howard S. Carter
Pony Lease (Kenman property)
Shoshone County, Idaho

Dear Mr. Weissenborn:

We are enclosing the original and five copies of the above-referenced contract signed by this office for the Government, together with Annex I, Exhibit "A" (2 pages), Owner's Consent to Lien, and one map.

If the terms and conditions of this contract are satisfactory to you and the Operator, all six copies should be signed and the usual distribution made.

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 shaft is specified to be inclined and stay within the mineralized zone.

(2) Tungsten assays and consultant's fee have been removed from unit cost per foot for both sinking and drifting.

(3) Geologic consultant's fee has been placed on unit basis of day.

(4) Timbering of drift has been put on separate footage basis and allowed for total footage if required.

The above changes have increased the amount of the proposed contract from $12,750.00 to $13,200.00.

Under Article 3, the starting date has been left blank and is to be filled in when the contract is signed by the Operator.

Sincerely yours,

Frank E. Johnson
Chairman, Operating Committee

Enclosures

Approved:

J. H. Hedges
Member, Bureau of Mines

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

Copy to: Docket
Admn. Read. File
FT, Reg. 2
Op. Com.
Code 400
D.M.Lemmon, USGS
R.W.Geehan, USBM

FARutledge/ls 12/31/52

Chief Counsel, DMEA

December 19, 1952

Iron and Ferro-Alloy Division, DMEA

Review and preparation of Exploration Project Contract
Docket No. DMEA 2692 - Tungsten
Robert D. Skeman and Howard S. Carter
Pony Lease (Kennan Property)
Shoshone County, Idaho

Transmitted herewith is the rough draft of a proposed exploration project contract for your use in preparing the contract in final form.

A map, modified from the one attached to this rough draft, has been prepared and copies are being made.

G. C. Selfridge, Chief
Iron and Ferro-Alloy Division

Attachments

FARutledge:lm
12/19/52

cc: Admn. Reading File
Docket
G. C. Selfridge
F. A. Rutledge

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 2692

COMMODITY Tungsten

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

draft

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this _____ day of _____, 195__, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Robert D. Skeman and Howard S. Carter, partners,
P. O. Box 591
Kellogg, Idaho

hereinafter called the "Operator," as follows:

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Idaho, County of Shoshone, described as follows:[3]
9 unpatented lode mining claims and 4 unpatented placer mining claims in Sec. 13, 14, 18, and 24, T. 49 N. R. 4 E., B.M. as follows:
(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 free and clear, the following mining claims, or unpatented placer claims, or which the Operator's interest 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 180 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 1 year from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 75 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $ 9,562.50, which is 75 percent of $ 12,750.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 9. *Changes and added provisions* _____

_____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

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—66329-1

ROBERT D. SKEMAN AND HOWARD S. CARTER, PARTNERS
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA 2692

ANNEX I

The 9 unpatented lode mining claims and 4 unpatented placer mining claims in Sec. 13, 14, 18, and 24, T. 49 N., R. 4 E., E.B.M. are recorded in the Recorders Office, Shoshone County Courthouse, Wallace, Idaho, as follows:

Claim	Book	Page	Date
Gold Nugget	15	196	November 3, 1916
Evergreen	15	193	May 23, 1916
Signal Shot	17	56	October 5, 1916
War Eagle	15	195	October 28, 1916
Blue Grouse	15	194	November 3, 1916
Never Fail	15	194	October 28, 1916
Storm King	16	627	September 19, 1916
Valintine	14	540	February 13, 1916
September	16	485	September 1, 1916
Placer Claims			
Tin Cup	M	418	September 19, 1916
Rambler	M	366	January 14, 1914
Cinch	M	369	January 27, 1914
Tungsten	M	406	February 22, 1916

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0445

ROBERT D. SKEMAN AND HOWARD S. CARTER, PARTNERS
EXPLORATION PROJECT CONTRACT

Exhibit "A"

Exploration Project

The exploration project shall consist of: (Refer to sketch map)

1. Sink a 2-compartment shaft a maximum of 100 feet, in the vein system exposed in the Pony Lease adit.

2. Upon the written approval of the Government, drift a maximum of 100 feet from the bottom of the above named shaft.

Costs of the Project

Shaft sinking - 100 feet at $82.50/ft.	$8,250
Timbered drift - 50 feet at $47.50/ft.	2,375
Untimbered drift - 50 feet at $42.50/ft.	2,125
Total	$12,750

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

March 25, 1953

Memorandum

To: Staff

From: George C. Selfridge, Chairman

Subject: 1953 Red Cross Campaign

During the past two weeks the keymen for the 1953 Red Cross Campaign Fund have contacted all employees to accept contributions toward this worthy cause. At this reporting 80 per cent of the employees have contributed $223.50 or 80.9 per cent of an adjusted quota.

The campaign will come to a close at the end of March. Thus, only six more days remain for those who have not yet contributed toward this campaign to make a contribution, so that we in DMEA may report 100% participation and reach our quota.

Funds for the Red Cross Campaign are urgently needed and therefore, each and every employee should do his utmost toward bringing this campaign to a successful end.

During the next two days the keyman will again contact everyone to accept contributions - not only from those who have not yet contributed but also from those who wish to increase their contributions in order that this Agency's excellent record of the past may continue.

(signed) George C. Selfridge

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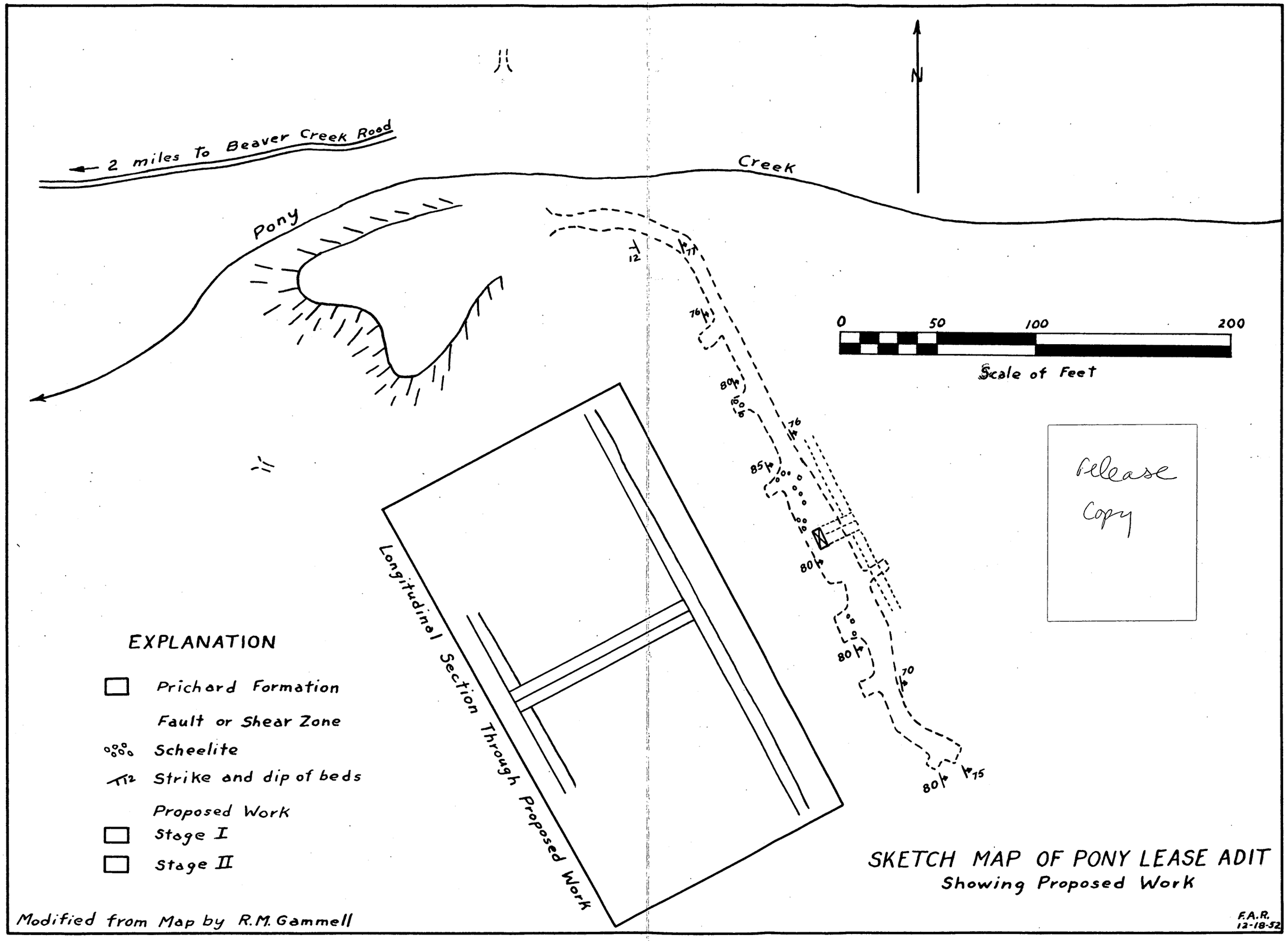
map



SKETCH MAP OF PONY LEASE ADIT
Showing Proposed Work

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

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BATES NO. 0445

IN REPLY REFER T

G-MD-OF

402

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

December 17, 1952

Memorandum

To: G. C. Selfridge

From: M. D. Crittenden

Subject: DMEA 2692 (Tungsten)

The applicants are lessees of the Peny Gulch tungsten property (formerly Kennan property) in Shoshone County, Idaho. The property was examined by the Field Team who indicate approval of a modified exploration program for which they say "a detailed estimate of the cost of sinking and drifting is attached".

Cost sheets were apparently omitted, and should be requested of the Field Team.

M. D. Crittenden

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

400

December 1, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 8 1952

MEMORANDUM

To: Chairman, Operating Committee, DMEA

From: Field Team, Region II

Subject: Pony Lease, Robert D. Skeman and Howard S. Carter, Shoshone County, Idaho, Docket No. DMEA 2692 (tungsten)

Enclosed are four copies of a joint memorandum report on the subject property by S. W. Hobbs, geologist, U. S. Geological Survey and H. T. Reno, mining engineer, U. S. Bureau of Mines. Also enclosed are three copies each of addenda to forms MF-103 and MF-203 submitted by the applicant.

While the exploration target is not large, the Field Team considers that a modest program to test the downward extension of the ore shoot exposed in the adit is warranted. It is recommended, therefore, that a contract for a project along the lines indicated by the examining team and agreed to by the applicant, be negotiated.

Two copies of a specimen contract are attached.

By Field Team, Region II

A. E. Weissenborn, Exec. Officer
(U. S. Geological Survey)
South 157 Howard Street

M. E. Volin, Member
(U. S. Bureau of Mines)
1201 North Division Street

Enclosures

Orig. & 3 - Wash.
USGS - 2
DMEA
M/D
D/F
HTR

Reviewed by
DMEA OPERATING COMMITTEE
12-12-52

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
1201 N. Division St.
Spokane 2, Washington
October 24, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
NOV 3 1952

Mr. Robert D. Skeman
721 S. Division St.
Kellogg, Idaho

Subject: Application for exploration aid
Pony Lease, Shoshone County, Idaho
Docket No. DMEA 2692 (tungsten)

Dear Mr. Skeman:

In reviewing the subject application it is noted that, although the names of 13 claims on which you wish to explore are given, the legal description is not complete and no statement is made as to whether the claims are patented.

In order to complete the legal description, the claim number of each patented claim and the book and page number of the County recording for each unpatented claim must be furnished.

It is noted also that these claims are not listed in the Owner's Consent to Lien, Form MF-203, submitted with the application. Accordingly, 6 blank forms MF-203 are enclosed. These forms also must contain a complete legal description of the land involved.

Sincerely yours,

Thomas E. Howard
Chief, DMEA Section
Bureau of Mines, Region II

Enclosure

HTR/TEH/he

cc: DMEA, Wash. (2)
USGS
DMEA
HTR
DF

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 29 1952

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[illegible]

Mr. A. M. Weissenborn
Executive Officer, Region II
South 157 Howard Street
Spokane 8, Washington

Re: Docket No. DMRA 2692 - Tungsten
Robert D. Thomas & Howard T. Carter
Pony Lease, Kamma Property
Shoshone County, Idaho

Dear Mr. Weissenborn:

On August 29, 1952, your office forwarded to Washington three copies of the subject application and noted that one copy had been retained in order that a field examination might be made. Therefore, we will hold this application in abeyance until your field team report is received.

Sincerely yours,

Frank E. Johnson

Chairman, Operating Committee

FAJutledge'lm
9/11/52

Approved:

J. H. Hedges

Member, Bureau of Mines

T. P. Thayer

Member, Geological Survey

cc: Admn. Reading File
Docket
R. W. Geehan, USBM
D. M. Lemmon, USGS
Field Team Reg. II
Operating Committee
W. S. Martin
F. A. Rutledge

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

400

So. 157 Howard Street
Spokane 4, Washington

August 29, 1952

Mr. Frank E. Johnson, Chairman
Operating Committee, DMEA
Washington, D. C.

Re: Application - Tungsten
Robert D. Skeman and
Howard S. Carter, Partners
(Pony Lease) Shoshone Co., Idaho

dmea 2692

Dear Mr. Johnson:

Enclosed are three copies of an application from the above-referenced partners. Copy 1 is composed of the following:

(1) MF-103
(2) map showing work to be done
(3) Owner's Consent to Lien
(4) Claim map
(5) Geologic report with map
(6) Lease agreement (1 only)

Copies 2 and 3 are without the last 3 items. Copy 4, which we have retained, includes all items with the exception of the map to accompany the geologic report by Kennan and lease agreement. An examination will be made without referral since we have men working in that area.

Very truly yours,

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures
As above

cc: USBM (2)
Hobbs w/cy 4 of appl.

Copy Sent 8/29/52

400

Clarification of question # 3 M F 103.

The group of Thirteen (13) unpatented mining claims we wish to explore lie in, Sections Thirteen (13), Fourteen (14), Eighteen (18), and Twenty-four (24), Township Fourty-nine (49) North, Range Four (4), E.B.M. in Shoshone County, State of Idaho. Nine(9) are lode claims Fifteen Hundred (1500) by Six Hundred (600) ft. each, Four (4) are Placer Claims Twenty Acres each. All original locations are recorded in the Recorders Office, Shoshone County, Courthouse, Wallace, Idaho, as follows;

Gold Nugget, by E. J. Roberts November(3), (1916), Book (15), Page (196).

Evergreen, by Chas. Hartman & John Keller, May (23), (1916), Book (15), Page (193),

Signal Shot, by Geo. Fuler, October (5), (1916), Book (17), Page (56) ,

War Eagle, by Chas. Hartman & JOhn Keller, October (28), (1916), Book (15), Page (195)

Blue Grouse, by Chas. Hartman & John Keller, November (3), (1916), Book (15), Page (194)

Never Fail, by Chas. Hartman & John Keller, October (28), (1916), Book (15), Page (194)

Storm King, by E. J. Roberts, September (19), (1916), Book (16), Page (627)

Valintine, by J. B. Kerr & L. J. Starr, February (13), (1916), Book (14), Page (540)

September, by J. B. Kerr, September (1), (1916), Book (16), Page (485)

Placer Claims

Tin Cup, by E. J. Roberts, September (19), (1916), Book (M), Page (418)

Rambler, by John Keller, January (14), (1914), Book (M), Page (366)

Cinch, by John W. Weyer, January (27), (1914), Book (M), Page (369)

Tungston, by Chas. Hartman & John Keller, February (22), (1916), Book (M), Page (406)

Last recording of assessment work filed May (28), (1952) Book (M), Page (217), Mining Affidavits, Recorders Office, Shoshone County, Court House, Wallace, Idaho.

The following group of unpatented mining claims are situated in the Beaver Mining District and lying in Sections Thirteen (13), Fourteen (14), Eighteen (18) and Twenty-four (24), Township Forty-nine (49) North, Range Four (4), B.B.M. in Shoshone County, State of Idaho. The first Nine (9) are quartz or lode claims Fifteen Hundred (1500) ft. by Six Hundred (600) ft. each. The other four (4) are Placer Claims of Twenty (20) Acres eachs. All Thirteen (13) claims are recorded in the recorders office Shoshone County Court House, Wallace, Idaho. Original locations as follows; Gold Nugget by E. J. Roberts November Third (3) Nineteen- sixteen (1916), Book Fifteen (15) Page (196), Evergreen, by Chas. Hartman & John Keller May (23), (1916), Book (15), Page (193), Signal Shot by Geo. Fuler October (5), (1916), Book (17), Page (56), War Eagle, by Chas. Hartman & John Keller October (28), (1916), Book (15), Page (195), Blue Grouse, by Chas. Hartman & John Keller November (3), (1916), Book (15), Page (194), Never Fail, by Chas. Hartman & John Keller, October (28), (1916), Book (15), Page (194), Storm King by E.J. Roberts, September (19), (1916), Book (160), Page (627), Valintine, by J. B. Kerr & L. J. Starr, February (13) (1916), Book (14), Page (540), September, by J. B. Kerr, September (1), (1916), Book (160), Page (485), Placer Claims; Tin Cup, by E. J. Roberts, September (19), (1916), Book (M), Page (418), Rambler, by John Keller, January (14), (1918), Book (M), Page (366), Cinch, by John W. Weyer, January (27), (1914), Book (M), Page (369), Tungsten, by Chas. Hartman & John Keller, February (22), (1916), Book (M), PAGE (406).

The above group of mining claims were aquired by the Kennen Mining Co. incorporated under the laws of the State of Idaho, on or about August (13), (1917).

Said corporation forfieted its charter on or about November (30), (1934), for reason of failure to file Annual Statement with the Secretary of State of The State of Idaho.

A quite title action complaint was brought by Geo.A. Preston, plaintiff vs. Kennen Mining CO. a defunct corporation and E. J. Roberts, E. J. Roberts Jr., and S. D. Roberts trustees; case number (8957), was filed July (20), (1942), Judges decree in favor of the Plaintiff, August (19), (1942).

A Deed to the Thirteen (13) mining claims to Geo. A. Preston (etal), was filed August (7), (1942), in the Recorders Office, Shoshone County Court House, Wallace, Idaho.

Notice to hold or assessment work done have been filed in the name of, Geo. A. Preston (etal), each year on or before the First (1) day of July, of each year since that time, in the same Recorders Office.

Dmea 2692, Idm E-471, amend Att, 2,

Division Copy

Idmn 2692
WSM

ASSIGNMENT OF EXPLORATION PROJECT CONTRACT

WE, ROBERT D. SKEMAN AND HOWARD S. CARTER, for and in consideration of ONE ($1.00) DOLLAR now paid, and other valuable consideration, do hereby grant and assign, subject to Government approval, to NORTH IDAHO MINES, INC., an Idaho corporation, all of our interest in a certain Exploration Project Contract, No. IDME 471, dated January 2, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the Government, and ourselves, as Operators.

By acceptance of this Assignment, the assignee agrees to assume and perform all of the reservations, terms, conditions, agreements and covenants in said contract contained.

The post office address of the grantee and assignee herein is as follows:

NORTH IDAHO MINES, INC.,
P. O. Box 298,
Kellogg, Idaho.

IN WITNESS WHEREOF, we have hereunto set our hands this 24th day of July, 1953.

Robert D. Skeman

Howard S. Carter

STATE OF IDAHO)
) ss.
COUNTY OF SHOSHONE)

I, the undersigned, a Notary Public in and for the State of Idaho, hereby certify that on this 24th day of July, 1953, personally appeared before me, ROBERT D. SKEMAN AND HOWARD S. CARTER, to me known to be the individuals described in and who executed the foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal this 24th day of July, 1953.

Arlene Hull
Notary Public in and for the State of Idaho, residing at Wallace, Idaho.

In consideration of the foregoing Assignment, the undersigned hereby accepts the same and agrees to assume and perform all of the reservations, terms, agreements, and covenants contained in the contract above described.

Dated this 24th day of July, 1953.

NORTH IDAHO MINES, INC.,

By L. L. Gaulin
President

Attest: Mary A. Nash
Secretary

~~APPROVAL BY GOVERNMENT~~

~~Acting Administrator, Defense Minerals Exploration Administration~~ Date

The Government this 18th day of November, 1953, without releasing either Robert D. Skeman or Howard S. Carter from any of the terms, provisions, and conditions of the afore-mentioned Exploration Project Contract, hereby consents to the above assignment.

THE UNITED STATES OF AMERICA

By O O Mittendorf
Administrator, Defense
Minerals Exploration
Administration

Approved

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Idaho, County of Shoshone, described ~~as follows~~:1/ in a lease dated May 20, 1952, between George A. Preston, Lessor, and Robert D. Skeman and Howard S. Carter, Lessees, and thereafter on the 24th day ~~of July, 1953, assigned under agreement between Robert D. Skeman and Lylie Skeman~~, his wife, and Howard S. Carter and Nancy Carter, his wife, Assignors, and North ~~Idaho Mines, Inc., an Idaho corporation, Assignee.~~

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/ NORTH IDAHO MINES, INC., an Idaho corporation,

hereinafter called the "Operator"; and

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

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

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

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

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

4. Changes and added provisions

Dated this 10th day of August, 195 3.

Robert D. Skeman [Seal]

Howard S. Carter [Seal]

[Seal]

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

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

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

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

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

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

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

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

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

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

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

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

DEPARTMENT OF THE INTERIOR
Lands Minerals Administration
RECEIVED
[illegible] 1953

CONSENT TO ASSIGNMENT

On the 20th day of May, 1952, a Lease and Bond Agreement to certain unpatented lode and placer mining claims located in the Beaver Mining District, Shoshone County, State of Idaho, known as the

Gold Nugget	Blue Grouse
Evergreen	Never Fail
Signal Shot	Storm King
War Eagle	Valentine
September	

Lode Mining Claims, and

Tin Cup	Ginch
Rambler	Tungsten

Placer Mining Claims,

was entered into between GEORGE A. PRESTON and his wife, ISABELLE PRESTON, as Lessors and ROBERT D. SHEHAN and HOWARD H. CARTER, as Lessees, which lease and bond provided that the written consent of the Lessors was necessary before the Lessees could make any assignment thereof.

Thereafter, George A. Preston died and Isabelle Preston was appointed Executrix of his estate, and is presently acting in that capacity. Isabelle Preston is the sole heir at law of said George A. Preston.

NOW, THEREFORE, Isabelle Preston, individually, as the sole heir at law of George A. Preston, and as executrix of his estate, does hereby consent to the Assignment of said lease by said lessees to NORTH IDAHO MINES, INC., a corporation organized and existing under the laws of the State of Idaho; provided, however, that said lessees shall remain fully responsible for the performance of all covenants of said agreement and provided that no further or additional assignment of said agreement shall be made

without the prior written consent of the undersigned.

Dated this 30 day of July, 1953.

ISABELLE PRESTON
Isabelle Preston, Executrix of the
Estate of George A. Preston, deceased.

ISABELLE PRESTON
Isabelle Preston, individually, as sole
heir of George A. Preston, deceased.

STATE OF WASHINGTON)
) ss
County of Spokane)

On this 30 day of July, 1953, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared ISABELLE PRESTON, known to me to be the individual who executed the within and foregoing instrument and she acknowledged to me that she executed the foregoing Consent to Assignment for herself, individually, and as Executrix of the Estate of George A. Preston.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

(SEAL)

J. L. THOMAS
Notary Public in and for the State of
Washington, residing at Spokane, Wash.

My Commission Expires: June 17, 1956.

ASSIGNMENT AND AGREEMENT

THIS CONTRACT, Entered into this 24th day of July, 1953, by and between ROBERT D. SKEEMAN and LYLIE SKEEMAN, his wife, and HOWARD S. CARTER and NANCY CARTER, his wife, parties of the first part and sometimes referred to herein collectively as the "ASSIGNORS", and NORTH IDAHO MINES, INC., an Idaho corporation, party of the second part and sometimes referred to herein as the "ASSIGNEE":

W I T N E S S E T H:

WHEREAS, the Assignors, by an agreement of lease and bond dated the 20th day of May, 1952, wherein George A. Preston and his wife, Isabelle Preston, are lessors and Robert D. Skeeman and Howard S. Carter are lessees, are possessed of a lease for a period of ten (10) years beginning May 20, 1952 and terminating May 20, 1962 (together with an option to renew said lease), upon the Gold Nugget, Evergreen, Signal Shot, War Eagle, Blue Grouse, Never Fail, Storm King, Valentine and September lode mining claims, and the Tin Cup, Rambler, Cinch and Tungsten placer mining claims, situated in the Beaver Mining District, Shoshone County, Idaho, in Sections 13, 14, 18 and 24, in Township 49 North, Range 4 E.B.M., which lease contains an option to purchase said claims during the period of said lease for the sum of FORTY THOUSAND and no/100 ($40,000.00) DOLLARS, payable out of royalties, and wherein the Assignors have assumed certain obligations set out in said lease and bond agreement; and

WHEREAS, the Assignors desire to assign said lease and option to the Assignee upon the terms and conditions hereinafter set forth, and the Assignee desires to accept such assignment.

NOW, THEREFORE, In consideration of the mutual covenants herein assumed, it is agreed:

1. INTEREST OF THE PARTIES: The Assignors do hereby set over and assign all their right, title and interest in and to said aforementioned lease and bond agreement of May 20, 1952, and the interest accrued and to accrue thereunder, and the Assignee does hereby agree to faithfully perform all the conditions and obligations of said aforementioned lease and bond in accordance with the terms of this contract. Said lease and bond, identified as Exhibit "A", is attached hereto and made a part of this contract.

It is agreed that the investment of the Assignors in said claims and in the performance of said lease and bond at the date of this contract is $10,000.00, which includes the exploration and development work and all other work or expenditures heretofore done on said property and certain equipment located on or purchased for use on said premises. Said equipment which is hereby sold to the assignee, subject, however, to the terms of this agreement, is as follows:

(a) Worthington compressor and receiving tank,
(b) Set of crusher rolls.
(c) 3 gasoline motors.
(d) Mine track, air and water pipe located on premises.
(e) Miscellaneous picks, shovels, cables, hammers and other small tools located on said premises.
(f) Harz Jig.

Assignors agree to deliver any of such equipment not now on the property to Assignee immediately when called for.

said capital investment shall be recovered by the Assignors as hereafter provided in paragraph 5.

Immediately upon the execution of this agreement, the Assignors agree to place a good and sufficient Mining Deed to said claims, naming North Idaho Mines, Inc. as grantee, in escrow with the Weber Bank, Kellogg, Idaho, with instructions to deliver the same to the Assignee upon payment of the purchase price provided for in said lease and bond agreement of May 20, 1952, and to instruct said bank to pay all smelter returns, to which Assignors are entitled, to Assignee who shall distribute them in accordance with the terms of this contract.

2. RELATIONSHIP OF THE PARTIES: This agreement shall not in any manner establish the relationship of partnership or co-adventure between the parties hereto, nor shall either party have the right or power to bind the other party hereto as regards third parties without the specific written consent of the other party hereto.

3. DEVELOPMENT AND OPERATION OF PROPERTY: The Assignee agrees, at its own cost and without expense to the Assignors, to explore, develop, equip, mine and operate said property as, in its sole discretion, shall be necessary to bring said property into production in a good and miner-like fashion. For this purpose the Assignee shall have quiet and peaceful possession of said property, subject to the terms of this contract. The expenses of equipping said property and of its exploration and development shall constitute a charge against the operation thereof to be repaid in full from production returns, as herein provided. Accurate

records of the costs of such work shall be maintained in such detail as shall be required by good accounting practice and quarterly reports thereof shall be made to the Assignors.

If and when said property has been brought into production, reports of operating expenses shall be rendered monthly unless otherwise agreed by the parties, together with copies of smelter settlement sheets or purchaser's statements relating to the ore or concentrate on which settlement is being made.

If the Assignors shall have any objections to said statement of costs and expenses or to the items included therein, they shall so advise the Assignee within thirty (30) days after receipt thereof, setting out in detail such objections, whereupon the parties shall confer and attempt to reach an agreement thereon by conference, and said objections shall finally be disposed of by an exchange of letters. If such objections cannot be disposed of in that manner, they shall be referred to arbitration as hereinafter provided.

If no objections are made by Assignors within said thirty (30) days, then any and all statements to which no objections shall have been made are deemed to be correct and shall not thereafter be questioned.

The Assignors shall have the right at all reasonable times to inspect the work being done by the Assignee.

4. DIVISION OF NET SMELTER RETURNS: Assignee shall have the right to mine, mill and ship or sell to a smelter or other purchaser any ores that may be encountered and removed from the said claims during the life of this agreement. If and when the property

becomes a producing mine, net smelter returns derived from ores produced and shipped shall be used and/or divided as follows:

(a) ten per cent (10%) thereof in accordance with said lease and bond agreement of May 20, 1952.

(b) so much of the balance thereof as shall be required to pay current operating expenses. Current operating expenses shall be considered to include all costs of labor, material, supplies, power, hospitalization, compensation, payroll taxes and deductions, and mines license and mines profit taxes incidental to the operation of the property when in production, and overhead expenses. Such expenses not covered by current income shall be a first charge upon subsequent income.

(c) The entire balance to the accumulation and maintenance of a working capital in the sum of $15,000.00, and thereafter to the re-payment pro rata of the capital investment of the Assignors and the accumulated expenses of exploration and development incurred by the Assignee in bringing the property into production and in equipping it.

(d) After such working capital shall have been accumulated and said capital investment of the Assignors and accumulated expense of exploration and development incurred by Assignee shall have been retired, the net profit of such operation shall be divided twenty-five per cent (25%) to the Assignors and seventy-five per cent (75%) to the Assignee.

"Net smelter returns" are hereby defined to be the amount which shall be paid by the smelter or other purchaser for ores or concentrates produced from the property after the deduction of all

smelter treatment charges and penalties and all transportation charges upon such ore and/or concentrates from the mill to the smelter or other purchaser.

"Overhead costs" are hereby defined as all costs direct or indirect of the Assignee for supervision and management not rendered directly upon said property, or directly in connection with the operation thereof, bookkeeping and office expenses and attorney's fees; provided, however, that the total of such overhead costs chargeable to the operation hereunder shall not be more than twelve per cent (12%) of the current costs of exploration, development and/or production.

5. ASSIGNEE RESPONSIBLE FOR ALL OBLIGATIONS INCURRED BY IT: Assignee agrees to fully pay and discharge all obligations it may incur for labor, materials, supplies, equipment or otherwise in the prosecution of the work contemplated by this agreement and to save the Assignors and said property harmless from any and all claims, demands and liens for labor or material that may be furnished for or at the request of Assignee during the life of this agreement or that may be used in the prosecution of the work so carried on hereunder.

Before commencing work hereunder, the Assignee shall make, publish and record the statement under oath required by Chapter 5 of Title 44 of the Idaho Code 1947.

Assignors agree to keep said property free from liens or encumbrances prejudicial to the rights of the Assignee. In the event that the Assignors shall desire to sell all or part of their

remaining interest in this contract the Assignee shall have the first right to purchase the same.

6. MILL FACILITIES: It is agreed that the erection of adequate milling or concentrating facilities upon the property and the operation thereof shall be included in the equipping and operating of said property and the costs thereof shall be recovered by Assignee as provided in paragraph 4 hereof.

7. DMEA LOAN: It is understood that the Assignors have made application to the United States Department of Interior, Defense Minerals Exploration Administration, for a loan of $13,200.00 for the exploration and development of said property, under which, if granted, Assignors would have to advance twenty-five per cent (25%) thereof and the Assignors agree that the Assignee shall have the benefit of $9,900.00, which would be paid by the Federal Government under said DMEA loan, and for this purpose and in the event said loan or any portion thereof is granted Assignee agrees to raise Assignors' proportionate share thereof. In consideration thereof Assignors hereby set over, assign and transfer to the Assignee all their interest in such loan that may be made under said DMEA application and agree that the Assignee shall have the right and privilege of using and applying said fund for the purpose of exploration and development in accordance with the terms and conditions of such loan, if granted. The Assignee agrees to be bound by all the terms and conditions that may be imposed by the Federal Government in connection with the expenditure of said funds and the re-payment thereof, and agrees to meet any time limits and

progress requirements imposed by the DMEA, notwithstanding anything to the contrary herein.

Assignee agrees to sign any subordinate agreement required by DMEA and also agrees to procure any required subordination agreement from their lessor under said agreement of May 20, 1952.

8. ARBITRATION: The parties appreciate that unforeseen contingencies in the operations contemplated by this agreement and not specifically covered by its terms and conditions, and questions of construction and performance may arise. Each party covenants and agrees to approach such questions and differences in a spirit of fairness and cooperation.

In the event the parties are unable to agree upon any question of construction, performance, or other contingency not specifically covered by this agreement, they agree to submit the differences to arbitration within thirty (30) days after such failure to agree, each to select one arbitrator and those two to select a third, the expenses of such arbitration to be borne equally. Such arbitrators shall render their decision within thirty (30) days after the question is submitted to them. Each party covenants and agrees not to resort to legal action over any question or difference arising out of this agreement until the same has been submitted first to arbitration as herein provided.

9. TAXES: The Assignee shall pay all state, county and school district taxes levied upon the lands, improvements and personal property used in connection with its operations hereunder and the mining operations conducted under this contract, and the same shall be considered as a part of Assignee's direct costs.

Each party hereto shall pay the state and federal income taxes attributable to its portion of the income and earnings derived herefrom and each party shall pay its proportion of the mines license tax as provided by Chapter 12, Title 47, Idaho Code, and so-called "net profit" tax provided by Chapter 28, Title 63 Idaho Code.

10. TERMINATION BY ASSIGNEE: The Assignee may at any time, after date hereof, if it so elects, discontinue any operation, development or mining program on said property. In case the Assignee desires to abandon the project and discontinue development thereof, it shall give the Assignors thirty (30) days' notice of its intention so to do and upon the expiration of said thirty (30) days it shall deliver to the Assignors a release, duly executed and acknowledged, legally sufficient to terminate this contract of record, and shall reconvey to the Assignors all interest in and to said lease and bond of May 20, 1952, and the rights accrued thereunder, and thereupon this contract shall be at an end and the Assignee shall have the right to remove, within ninety (90) days thereafter, all machinery, equipment and supplies for which it has not been re-paid or reimbursed as herein provided; provided, however, that such termination shall not relieve the Assignee from its liabilities hereunder heretofore accrued and the Assignee shall not remove any of said property until it has paid all of its obligations arising from or in connection with this property. Upon said abandonment or other termination of this agreement the Assignee shall leave the property and the equipment on the property

at the time this agreement is entered into (except as Assignors shall have been reimbursed therefor) in good state and condition, reasonable wear and tear as to the equipment excepted, together with all permanent improvements that have been made thereon by the Assignee.

11. RIGHT OF ASSIGNORS TO TERMINATE: Should the Assignee fail to perform any of the covenants and agreements herein contemplated at the time and in the manner herein specified, or shall fail to perform any of the covenants and conditions of said bond and lease agreement of May 20, 1952, the Assignors shall have the right to cancel and terminate this contract upon giving the Assignee twenty (20) days' written notice of its intention to do so, stating specifically the grounds upon which it is claimed the Assignee is in default, and unless the existing default shall have been remedied by the Assignee during the said twenty (20) day period, this contract shall thereupon be terminated and be at an end. Such cancellation, however, shall not release or relieve the Assignee from liability hereunder theretofore accrued and upon such cancellation the Assignee shall reconvey to the Assignors all interest in and to said lease and bond.

12. Upon termination by either party hereto such working capital as shall remain after the payment of all obligations incurred hereunder by the Assignee shall be divided seventy-five per cent (75%) to the Assignee and twenty-five per cent (25%) to the Assignors.

13. COMPLIANCE WITH THE LAWS RELATING TO THE EMPLOYMENT OF LABOR: Assignee agrees to carry upon its employees compensation

insurance under the Workmen's Compensation Law of the State of Idaho and otherwise in all respects hold the Assignors harmless from all liability while said property is being worked and developed by Assignee during the life of this agreement and to further comply with all federal and state laws relating to social security, unemployment and old-age insurance, wages and hours, income tax on its employees, both state and federal, and all other statutes, federal and state, affecting the operation of said property and conditions of employment of all persons in the employment of Assignee.

14. AGREEMENT EXTENDS TO HEIRS, SUCCESSORS AND ASSIGNS: This agreement shall be binding upon the heirs, successors, assigns and legal representatives of the parties hereto.

IN WITNESS WHEREOF, The Lessors have hereunto set their hands and the NORTH IDAHO MINES, INC. has caused these presents to be executed by its duly authorized officers the day and year first above written.

ROBERT D. SKEMAN

LYLIE SKEMAN

HOWARD S. CARTER

NANCY CARTER

ASSIGNORS

NORTH IDAHO MINES, INC.

By R. G. SPARLING
President.

ATTEST:

MARY A. NASH
Secretary.

STATE OF IDAHO)
) ss
County of Shoshone)

On this 24th day of July, 1953, before me, the undersigned a Notary Public for the State of Idaho, personally appeared ROBERT D. SPERLING and LYLLE SPERLING, his wife, and HOWARD G. CARTER and NANCY CARTER, his wife, known to me to be the presons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year in this certificate first above written.

(SEAL)

ALDEN HULL
Notary Public in and for the State of Idaho, residing at Wallace, Idaho.

STATE OF IDAHO)
) ss
County of Shoshone)

On this 24th day of July, 1953, before me, the undersigned, a Notary Public for the State of Idaho, personally appeared ROBERT SPARLING and MARY HASH, known to me to be the President and Secretary, respectively, of the NORTH IDAHO MINES, INC., the corporation whose name is subscribed to the foregoing instrument, and acknowledged to me that said corporation did execute the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year in this certificate first above written.

(SEAL)

ALDEN HULL
Notary Public in and for the State of Idaho, residing at Wallace, Idaho.

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

400

July 16, 1954

WSM

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

Re: Docket No. DMEA-2054 (Tungsten)
North Idaho Mines, Inc.
Shoshone County, Idaho
Contract No. Ian-471

Dear Mr. Selfridge:

Enclosures are the original and two signed copies of Amendment No. 2 to the cited contract, with attached justification.

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

Sincerely yours,

J. S. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures
cc: Finance Office w/encl.
DMEA (2)
Hosterman

Amend #2

amend #2

Division Copy

(Amendment to Change Starting and/or Completion Dates)

JUL 14 1954

AMENDMENT NO. 2

It is agreed this 7th day of July 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and North Idaho Mines, Inc.

each acting in consideration of the agreement to the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-2471 dated January 2, 1953 between the parties hereto be modified and amended to change the starting date from 518 (No. of days) to within 608 (No. of days) of the date of the contract and the completion period from -- (No. of months) to -- (No of months) from the date of the contract. The effective date of this amendment shall be June 15, 1954.

(July 15, 1954)

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

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

Executed in sextuplicate the day and year first above written.

NORTH IDAHO MINES, INC.
(Operator)

By C. Harold St John

THE UNITED STATES OF AMERICA

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

Exploration Project Contract Idm-E471
North Idaho Mines, Inc.
Docket No. DMEA-2692 (tungsten)

Justification for Amendment No. 2

Because of the heavy snowfall this past winter and a late spring, access to this property was delayed considerably, and the road washed out somewhat. Therefore, it is believed that this further extension of the starting date is justified.

John S. Vhay

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

Department of the Interior
Defense Minerals Administration
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DEC 8 1953

December 3, 1953

WSM

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

Re: Docket No. DMA-2,2 (Tungsten)
North Idaho Mines, Inc., assignee of
Robert T. Thoman and Howard T. Carter
Shoshone County, Idaho
Contract No. DMc-471

Dear Mr. Selfridge:

Attached are the original and two signed copies of Amendment No. 1 to the subject contract, with attached justification. Distribution of this amendment is being made in the usual manner.

Acknowledgment is made of the receipt of copies of the Assignment of Exploration Project Contract; these are being distributed in the usual manner.

Sincerely yours,

Thor E. Kullgard
For: S. E. Weissenborn
Executive Officer, DMA
Field Team, Region II

mde

Attachment

cc: Finance Office w/encls.
U BM (2)
Hostetler

Amend #1

DIVISION COPY

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 7 - 1953

(Amendment to Change Starting and/or Completion Dates)

AMENDMENT NO. 1

It is agreed this 2nd day of December 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and North Idaho Mines, Inc.

each acting in consideration of the agreement to the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E471 dated January 2, 1953 between the parties hereto be modified and amended to change the starting date from 133 (No. of days) to (April 15, 1954) within 518 (No. of days) of the date of the contract and the completion period from 12 (No. of months) to 24 (No of months) from the date of the contract. The effective date of this amendment shall be November 18, 1953.

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.

North Idaho Mines Inc.
(Operator)

By C. Harold St John
Pres.

THE UNITED STATES OF AMERICA

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

Amend 1

amend #1

Exploration Project Contract No. [illegible]
North Idaho Mines, Inc.,
Assignee of
Robert D. Skeman and Howard D. Carter

Justification of Amendment No. 1

Messrs. Robert D. Skeman and Howard D. Carter, former operators of the subject contract, postponed the commencement of project work because of financial difficulties. The starting date was therefore extended to 135 days, or until May 15, 1953. As of that date, work had not commenced and the Field Team began negotiations to rescind the contract.

In late May this office began to receive inquiries from people who were interested in taking control of the subject property, and who were also interested in acquiring the contract. These negotiations were continued until July when the property was acquired by North Idaho Mines, Inc. This concern obtained an assignment of contract from Skeman and Carter and submitted this instrument to Washington, D. C., for approval by the Administrator. There followed a long series of negotiations and the assignment was finally approved by the Administrator on November 18, 1953.

As the area was covered by snow in November, and as winter operations are not feasible in that part of Idaho, the subject Amendment No. 1 was drawn to extend the starting date until April 15, 1954.

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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D.C.
~~XXXXXXXXXXXXXXXX~~
~~Bo. 157 Howard Street~~
~~Spokane 8, Washington~~

April 24, 1953

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

Re: Docket No. DMA 262 (Tungsten)
Robert D. Skeman and Howard S. Carter
Pony Lease Project
Shoshone County, Idaho
Contract Idm-1471

Dear Mr. Selfridge:

Attached are the original and two signed copies of the subject contract. Distribution of this contract has been made in the usual manner--one copy for the Field Team, the Operator, and the Finance Officer.

After an undue amount of consideration the Operator returned the contract signed to this office. He has since been advised that if the contract is to be completed within the specified time limit he should commence work as soon as possible. We have therefore set the starting date of the contract to be no later than May 15, 1953, and have informed the Operator that unless contract work is started by that date, the contract will be rescinded.

Sincerely yours,

Thor H. Kullsgaard
For: A. S. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosure

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

Release

Copy
page &
next
page

MF-200 (A)
(February 1952)

DOCKET [illegible]. DMEA [illegible]

COMMODITY Tungsten

Division Copy
IDM-E 471

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 27 1953

EXPLORATION PROJECT CONTRACT

(Short Form)

IT IS AGREED this 2nd day of January, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Robert W. Swenson and Howard J. Carter, Partners
P.O. Box 591
Kellogg, Idaho

hereinafter called the "Operator," as follows:

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Idaho, County of Shoshone, described as follows:[3] Nine unpatented lode claims and four unpatented placer claims in Sections 13, 14, 15, and 24; T. 49 N., R. 4 E., B.M.H. These claims are more fully described in Annex 1, 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: [illegible] Consent to Lien 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 133 (May 15) 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 12 months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 75 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $9,900.00, which is 75 percent of $13,200.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 9. *Changes and added provisions* _____

_____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Robert W. Skeman (Partner)
(Operator)

By H. S. Carter (Partner)

By O. P. Mitteadorf
Administrator, Defense Minerals Exploration Administration
c/o Hoffman & Chamberlain

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

_____ [CORPORATE SEAL]

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

ROBERT D. SKEMAN AND HOWARD S. CARTER
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMRA-2692

ANNEX I

The following 9 unpatented lode mining claims and 4 unpatented placer mining claims in Sec. 13, 14, 15, and 24, T. 49 N., R. 4 E., B.B.M. are recorded in the Recorders Office, Shoshone County Courthouse, Wallace, Idaho.

Claim	Book	Page	Date
Gold Nugget	15	196	November 3, 1916
Evergreen	15	193	May 23, 1916
Signal Shot	17	56	October 5, 1916
War Eagle	15	195	October 28, 1916
Blue Grouse	15	194	November 3, 1916
Never Fail	15	194	October 28, 1916
Storm King	16	627	September 19, 1916
Valintine	14	540	February 13, 1916
September	16	485	September 1, 1916

Placer Claims

Tin Cup	M	418	September 19, 1916
Rambler	M	366	January 14, 1914
Cinch	M	369	January 27, 1914
Tungsten	M	406	February 22, 1916

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ROBERT D. BERMAN AND HOWARD S. CARTER
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-2692

EXHIBIT "A"

Description of the Work

The exploration work on this project is to be done in two stages as is indicated on the map attached hereto and made a part hereof entitled "Sketch Map of Pony Lease Adit Showing Proposed Work."

Stage I

Time Schedule: 0 - 6 months

Sink a two-compartment, timbered, inclined shaft a maximum of 100 feet to explore the tungsten-bearing vein system in the shear zone on the Evergreen claim. Each compartment to be not less than 4' x 4' in the clear.

Stage II

Time Schedule: 6 - 12 months

Stage II is to be undertaken only after the completion of Stage I and with the written approval of the Government. This approval is only to be granted if the results of Stage I warrant further exploration of the deposit.

Drift and/or crosscut a maximum of 100 feet from the bottom of the shaft sunk under Stage I to further explore the tungsten-bearing vein system. The size of the drift and/or crosscut to be not less than 5' x 7' in the clear.

Agreed Estimated Project Costs

Unit Costs

Stage I

100 Feet of two-compartment, timbered shaft @ $80.00 per foot	$8,000.00
25 Tungsten analyses @ $4.00 per assay	100.00

5 Days, geologic consultant1/ @ $50.00 per day	$ 250.00	$ 8,350.00
Stage II		
100 Feet of drift and/or crosscut @ $40.00 per foot	$4,000.00	
100 Feet of timbering for drift and/or crosscut @ $5.00 per foot	500.00	
25 Tungsten analyses @ $4.00 per assay	100.00	
5 Days, geologic consultant1/ @ $50.00 per day	250.00	4,850.00
Total Estimated Cost of Project		$13,200.00
Government Participation @ 75%		$ 9,900.00

1/ The geologic consultant shall furnish technical services in direction of the exploratory program and prepare the final report.

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Idaho, County of Shoshone, described as follows: 1/ Last recording and dating May 28, 1952, Book M, of Mining Affidavits, page 217, records of Shoshone County State of Idaho. Unpatented Mining property, situate in Beaver Mining District, being in Sections Thirteen (13), Fourteen (14), Eighteen (18) and Twenty-four (24) Township Forty-nine (49), North, Range Four (4) E. B. M. in Shoshone County, State of Idaho, the following thirteen mining claims, the nine first named being lode claims and the four last named placer claims.

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/ (PONY LEASE) Operated by Robert D. Skeman, 721 South Division, Kellogg, Idaho, and Howard S. Carter, P.O. Box 591, Kellogg, Idaho, 409 West Mission, Kellogg, Idaho

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/$ 18,750.00, 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 16 day of January, 195 7.

George A. Pond [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.

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Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of November, 195 4 Docket No. DMEA 2692 Contract No. Idm E471

Operator's Name NORTH IDAHO MINES, INC. Minerals Tungsten

Address Box 298, Kellogg, Idaho

Contract Amount, $13,200.00 Government Participation: 75 % Amount, $9,900.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						WM
Drilling						
Bulldozing						
Crosscutting	$1,000.00	None	$1,000.00			
Drifting						
Shaft	None	$5,440.00	$5,440.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services	$125.00	$200.00	$325.00			
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Assays		8.00	8.00	cHt.		
(8) Contingencies (specify):						
		cHt 5648.00	6773.00	cHt.		
TOTALS	~~$1,125.00~~	~~$5,640.00~~	~~$6,765.00~~	1125.00	5648.00	6773.00

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

Date 11/29/54 *Payee NORTH IDAHO MINES, INC.,

Per C. Harold St John Title President & Treasurer

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 843.75

Signature MGP
(Authorized Certifying Officer)

Date 1-19-55 Vou. No. 1410
(See other side)

final payment

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 471 in accordance with the terms of the contract.

Signature 1st Eric G Erickson Title Mining Engr Date 12/13/54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature 1st Stephen W Goldoft Title Mining Engr Date 1/12/55

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November 1954 Docket No. DMEA 2692 Contract No. Idm E471

Operator's Name NORTH IDAHO MINES, INC. Minerals Tungsten

Address Box 298, Kellogg, Idaho.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting	Foot	$1,000.00	25	$1,000.00	25	$40.00	100	$4,000.00
Raising								
Shafts	Foot	-	-	$5,440.00	68	$80.00	100	$8,000.00
Winzes								
Drilling: Core								
Churn								
~~Auger~~ Assays.				$8.00	2	$8.00	25	$100.00
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Geological Consultant Day		$125.00	2½	$325.00	6½	$50.00	10	$500.00
TOTAL DISTRIBUTED COSTS		$1,125.00		~~$6,765.00~~ $6 773.00	cts.			TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				$6 773.00	cts.			
TOTAL COSTS		$1,125.00		~~$6,765.00~~				

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

Date November 29, 1954 Operator NORTH IDAHO MINES, INC.,

Per C. Harold St John Title President & Treasurer.

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

Certified transcript of wages paid geologist and engineer for period November 1 through November 29, 1954, inclusive, under Contract Idm-E471, Docket No. DMEA 2692.

To Whom Paid	Days Worked	Rate of Pay	Total Paid
Al Lense	November 13 - 4 Hrd. November 14 - 4 Hrs. November 22 - 4 Hrs. November 27 - 4 Hrs. November 29 - 4 Hrs.	$50.00 per day	$125.00

I hereby certify that the above is a true and accurate account of the wages paid by this corporation to Al Lense during the period November 1 through November 29, 1954.

C. Harold St. John

C. Harold St. John, President
North Idaho Mines, Inc.

Release
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NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0445

Drawing of Shaft Wall

-- Strike of structures and bedding essentially at right angles to shaft.

Withhold
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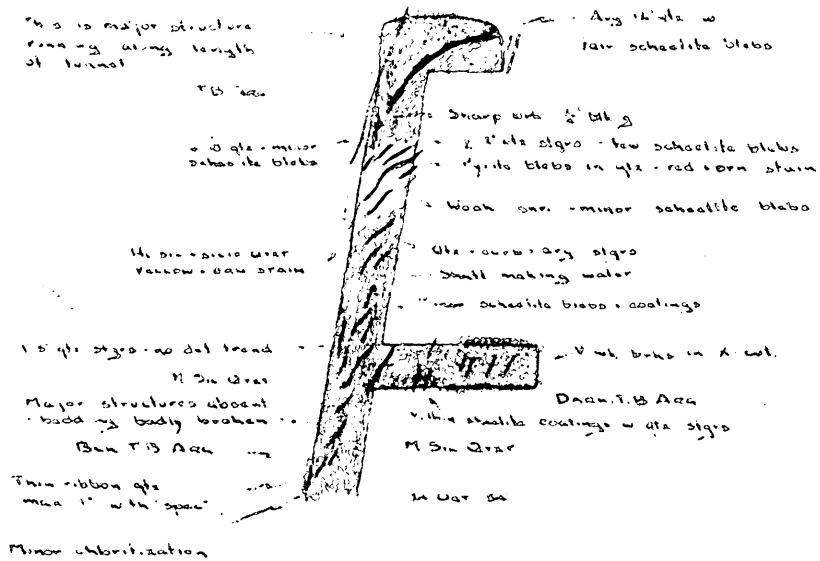
thru end



WO_3 Assays
0.862
0.149
0.000
0.000
0.000
0.000
0.133
0.134
0.000
0.000

SE VIEWING SECTION OF SHAFT

1" = 30'

MEMORANDUM

December 18, 1954

To: Albert E. Weissenborn, Regional Geologist
U. S. Geological Survey
South 157 Howard Street
Spokane 8, Washington

From: Alvin H Lense, Geologist

Subject: Progress at Pony Creek Lease

After selection of that point in the shaft showing greatest scheelite potential, (see previous monthly report) a crosscut, 25 feet in length, was driven. This crosscut represents the total workings completed at Pony Creek during the month of November.

Essentially, most of the crosscut exposes a gray, massive siliceous quartzite less sheared and broken in a direction away from the shaft. Minor exposures of dark argillite are briefly developed at the end of the crosscut.

Quartz stringers, relatively abundant in the shaft, rapidly diminish in size abd quantity and finally disappear. Scheelite, appearing as thin bands incorporated within the outer margins of the quartz stringers shows no significant concentration.

/s/ Alvin H. Lense

NON-PRIVILEGED DOCUMENT

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DO NOT CODE

BATES NO. 0445

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Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October, 1954. Docket No. DMEA 2692 Contract No. Idm E471

Operator's Name NORTH IDAHO MINES, INC. Minerals Tungsten

Address Box 298, Kellogg, Idaho

Contract Amount, $13,200.00 Government Participation: 75 % Amount, $ 9,900.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
Shaft	$1,120.00	$4,320.00	$5,440.00	1120.00		
(2) Labor and Supervision:						FOR
Labor						
Supervision						
Technical Services	$100.00	$100.00	$200.00	100.00		
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Assaying	$36.00	None	$36.00	8.00		
(8) Contingencies (specify):						
TOTALS	$1,256.00	$4,420.00	$5,676.00	1228.00	4420.00	5648.00

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

Date 11/1/54. *Payee NORTH IDAHO MINES, INC.,

Per C. Harold Johns Title President & Treasurer.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 921.00

Signature MGP
(Authorized Certifying Officer)

Date 11/18/54 Vou. No. 1360

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 6471 in accordance with the terms of the contract.

Signature 1st Eric G Erickson Title Mining Engr Date 11/15/54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature 1st Stephen W Goldoff Title Mining Engr Date 11/15/54

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 22 1954

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October 1954 Docket No. DMEA 2692 Contract No. Idm E471
Operator's Name NORTH IDAHO MINES, INC. Minerals Tungsten
Address Box 298, Kellogg, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts	Foot	$1,120.00	14	$5,440.00	68	$80.00	100	$8,000.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
~~Test Pits~~ Assaying		$36.00	9	$36.00	9	$4.00	25	$100.00
Roads and Trails								
Geological Consultant Day		$100.00	2	$200.00	4	$50.00	5	$250.00
TOTAL DISTRIBUTED COSTS		$1,256.00		$5,676.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$1,256.00		$5,676.00				

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

Date 11/1/54 Operator NORTH IDAHO MINES, INC.,
Per Harold St John Title President & Treasurer.

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

Certified transcript of wages paid geologist and engineer for period October 1 through October 31, 1954, inclusive, under Contract Idm-E471, Docket No. DMEA 2692.

To Whom Paid	Days Worked	Rate of Pay	Total Paid
Al Lense	October 2 - 4 hours October 9 - 4 hours October 16- 4 hours October 23- 4 hours	$50.00 per day	$100.00

I hereby certify that the above is a true and accurate account of the wages paid by this corporation to Al Lense during the period October 1 through October 31, 1954.

C. Harold St. John

C. Harold St. John, President
North Idaho Mines, Inc.

Release copy this pg only

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0446

MEMORANDUM

November 1, 1954

To: Albert E. Weissenborn, Regional Geologist
U. S. Geological Survey
South 157 Howard Street
Spokane 8, Washington

From: Alvin H. Lense, Geologist

Subject: Progress at Pony Creek Lease

Little progress was made shaft-sinking at the Pony Creek Lease during the month of October, 1954. Machinery breakdowns and worker absenteeism were principal factors.

No change in wall--rock was noted until sixty-eight (68) feet at which point the massive, siliceous quartzite was partially supplanted by thin-bedded, black agrillite. Quartz-filled tension cracks and quartz stringers decreased in size and number so that at the bottom only a minor amount of quartz with very sparse specularite was observable. The marked decrease in quartz and the complete absence of shheelite were deemed sufficient evidence to corroborate the leaser's decision to cease sinking operations.

If one makes the simple assumption that zones containing the greater amounts of quartz veins and stringers constitute zones of greatest scheelite potentiality, then that point fifty (50) feet deep in the shaft, should be considered as the best possible point from which to commence cross-cutting to the southwest.

/s/ Alvin H. Lense

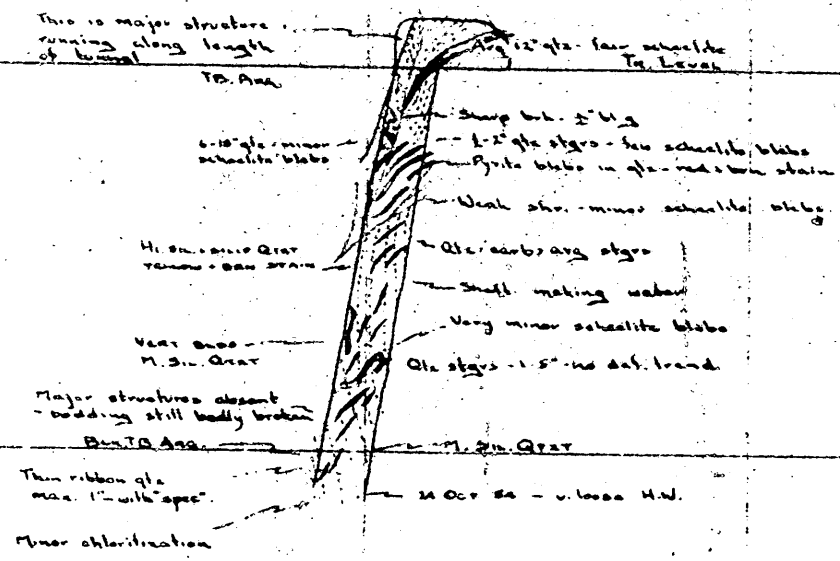
DATE 30 Sept

SCALE 30'

MINE Pony Creek

LEVEL Shaft

NOTES BY A.H. Lance



Bearing of Shaft: [illegible]

Strike of structures and bedding essentially at [illegible] angles to shaft.

SE VIEWING SECTION OF SHAFT

DMEA Field Team, Region II

November 19, 1954

DMEA Certifying Officer, Region II

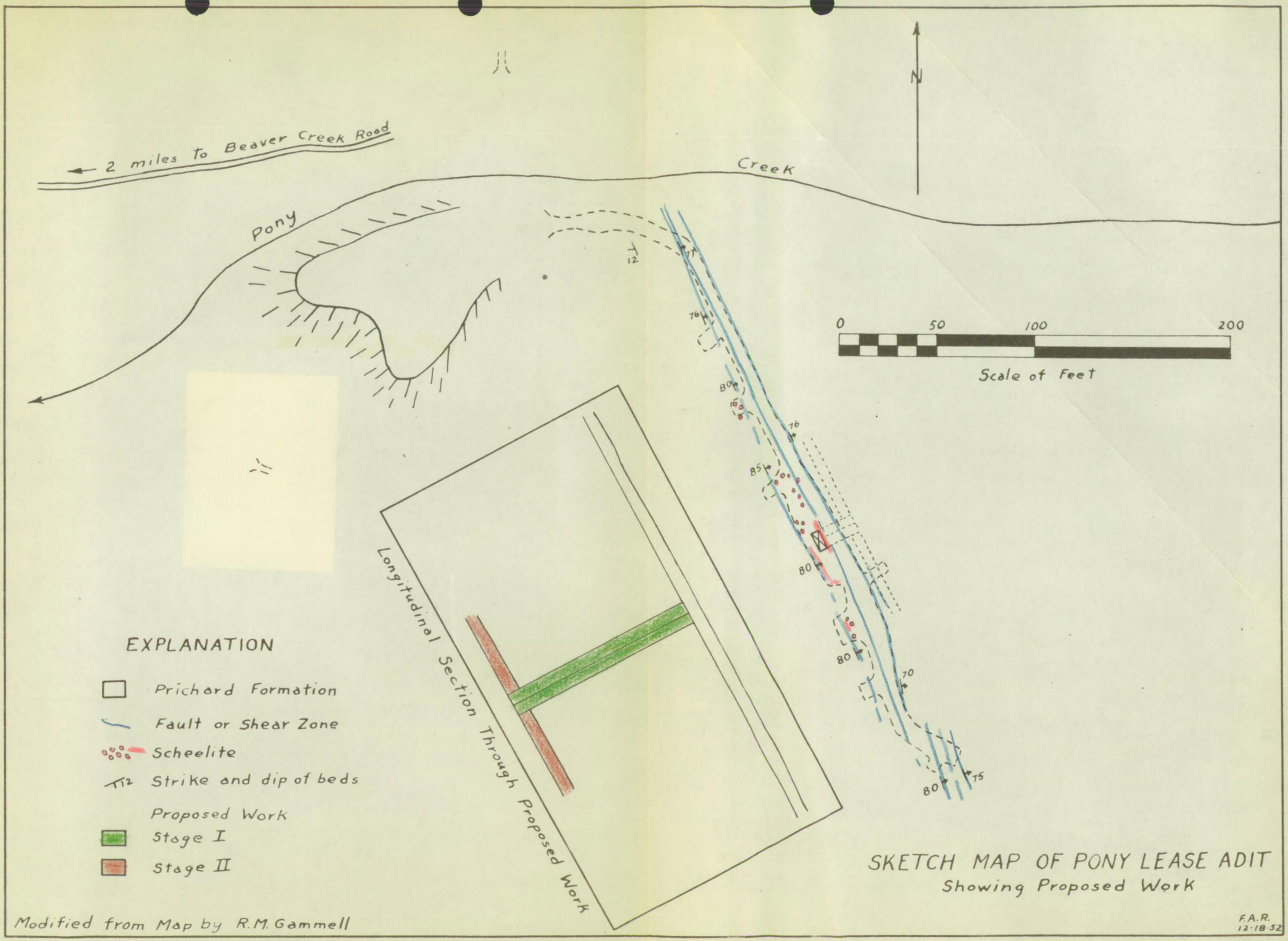
North Idaho Mines, Inc., Contract Idm-E471
October 1954 MF-104

The subject operating report has been received, checked, and forwarded to the Disbursing Officer at Portland, Oregon, for payment.

$28.00 has been deducted from the amount claimed for assays because of inadequate support. This exception was discussed with the Operator by telephone on November 19th and the amount will be reclaimed on the next MF-104 submitted with the necessary data attached.

Myrtle Purdy

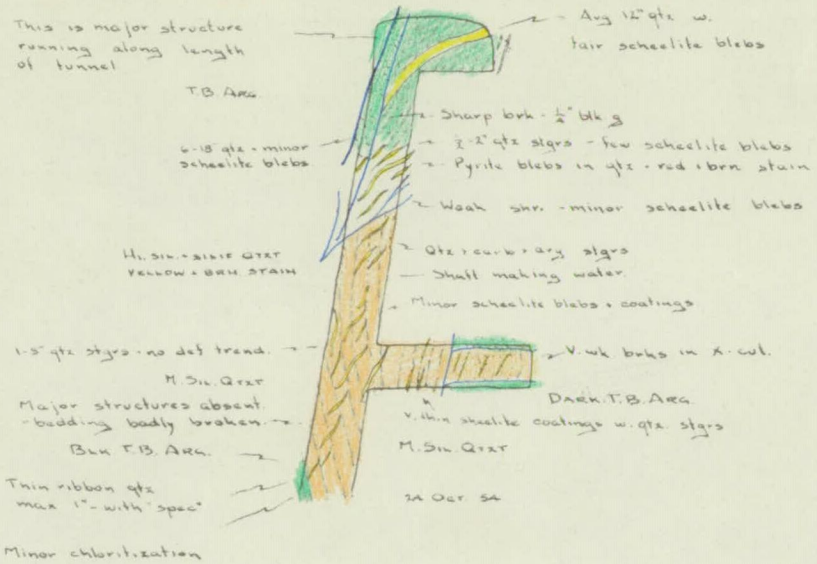
cc: Wash. (2)


N
2 miles to Beaver Creek Road
Pony
Creek
0
50
100
200
Scale of Feet
12
77
76
80
76
85
80
80
70
75
80
Longitudinal Section Through Proposed Work
EXPLANATION
Prichard Formation
Fault or Shear Zone
Scheelite
Strike and dip of beds
Proposed Work
Stage I
Stage II
SKETCH MAP OF PONY LEASE ADIT
Showing Proposed Work
Modified from Map by R.M. Gammell
F.A.R.
12-18-52

release
copy
Pgthn
end

BEARING OF SHAFT N 62°00'E

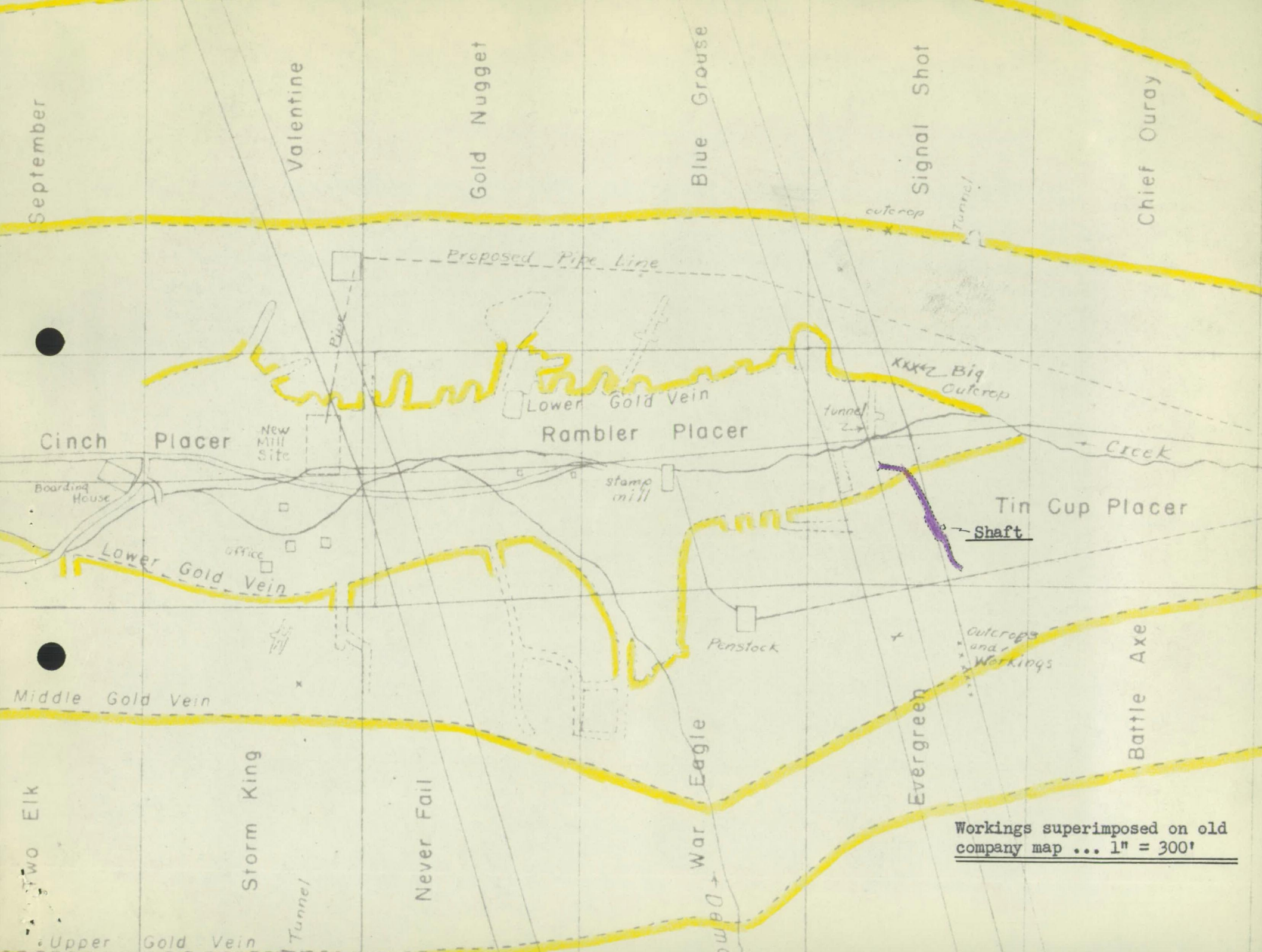
— Strike of structures and bedding essentially at right angles to shaft. —



WO_3 Assays
0.862
0.149
0.000
0.000
0.000
0.000
0.133
0.134
0.000
0.000

SE VIEWING SECTION OF SHAFT

1" = 30' .... A.H.L. 54



Workings superimposed on old company map ... 1" = 300'

Docket Copy

FROM LEFT-HAND SIDE

(Amendment to Change Starting and/or Completion Dates)

AMENDMENT NO. 2

It is agreed this 7th day of July 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and North Idaho Mines, Inc.

each acting in consideration of the agreement to the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E471 dated January 2, 1953 between the parties hereto be modified and amended to change the starting date from 518 (No. of days) to within 608 (July 15, 1954) (No. of days) of the date of the contract and the completion period from -- (No. of months) to -- (No of months) from the date of the contract. The effective date of this amendment shall be June 15, 1954.

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

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

Executed in sextuplicate the day and year first above written.

NORTH IDAHO MINES, INC.
(Operator)

By C. Harold St John

THE UNITED STATES OF AMERICA

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

Exploration Project Contract Idm-2471
North Idaho Mines, Inc.
Docket No. DMA-2692 (tungsten)

Justification for Amendment No. 2

Because of the heavy snowfall this past winter and a late spring, access to this property was delayed considerably, and the road washed out somewhat. Therefore, it is believed that this further extension of the starting date is justified.

John S. Vhay

Exploration Project Contract No. [illegible]
North Idaho Mines, Inc.,
Assignee of
Robert D. Skeman and Howard S. Carter

Justification of Amendment No. [illegible]

Messrs. Robert D. Skeman and Howard S. Carter, former operators of the subject contract, postponed the commencement of project work because of financial difficulties. The starting date was therefore extended to 133 days, or until May 15, 1953. As of that date, work had not commenced and the Field Team began negotiations to rescind the contract.

In late May this office began to receive inquiries from people who were interested in taking control of the subject property and who were also interested in acquiring the contract. These negotiations were continued until July when the property was acquired by North Idaho Mines, Inc. This concern obtained an assignment of contract from Skeman and Carter and submitted this instrument to Washington, D. C., for approval by the Administrator. There followed a long series of negotiations and the assignment was finally approved by the Administrator on November 10, 1953.

As the area was covered by snow in November, and as winter operations are not feasible in that part of Idaho, the subject Amendment No. 1 was drawn to extend the starting date until April 15, 1954.

DOCKET COPY

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 7 - 1953

(Amendment to Change Starting and/or Completion Dates)

AMENDMENT NO. 1

It is agreed this 2nd day of December 1953, Rubin 2-3-54.

between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and North Idaho Mines, Inc.

each acting in consideration of the agreement to the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E471 dated January 2, 1953 between the parties hereto be modified and amended to change the starting date from 133 (No. of days) to (April 15, 1954) within 518 (No. of days) of the date of the contract and the completion period from 12 (No. of months) to 24 (No of months) from the date of the contract. The effective date of this amendment shall be November 18, 1953.

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.

North Idaho Mines Inc. (Operator)

By C. Harold St John
Pres.

THE UNITED STATES OF AMERICA

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

Docket copY

ASSIGNMENT OF EXPLORATION PROJECT CONTRACT

WE, ROBERT D. SKEMAN AND HOWARD S. CARTER, for and in consideration of ONE ($1.00) DOLLAR now paid, and other valuable consideration, do hereby grant and assign, subject to Government approval, to NORTH IDAHO MINES, INC., an Idaho corporation, all of our interest in a certain Exploration Project Contract, No. IDME 471, dated January 2, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the Government, and ourselves, as Operators.

By acceptance of this Assignment, the assignee agrees to assume and perform all of the reservations, terms, conditions, agreements and covenants in said contract contained.

The post office address of the grantee and assignee herein is as follows:

NORTH IDAHO MINES, INC.,
P. O. Box 298,
Kellogg, Idaho.

IN WITNESS WHEREOF, we have hereunto set our hands this 24th day of July, 1953.

Robert D. Skeman

Howard S. Carter

STATE OF IDAHO)
) ss.
COUNTY OF SHOSHONE)

I, the undersigned, a Notary Public in and for the State of Idaho, hereby certify that on this 24th day of July, 1953, personally appeared before me, ROBERT D. SKEMAN AND HOWARD S. CARTER, to me known to be the individuals described in and who executed the foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal this 24th day of July, 1953.

Aedan Hull

Notary Public in and for the State of Idaho, residing at Wallace, Idaho.

In consideration of the foregoing Assignment, the undersigned hereby accepts the same and agrees to assume and perform all of the reservations, terms, agreements, and covenants contained in the contract above described.

Dated this 24th day of July, 1953.

NORTH IDAHO MINES, INC.,

By R. L. Spaulding
President

Attest: Mary A. Nash
Secretary

~~APPROVAL BY GOVERNMENT~~

~~Acting Administrator, Defense Minerals Exploration Administration~~ ~~Date~~

The Government this 18th day of November, 1953, without releasing either Robert D. Skeman or Howard S. Carter from any of the terms, provisions, and conditions of the afore-mentioned Exploration Project Contract, hereby consents to the above assignment.

THE UNITED STATES OF AMERICA

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

Approved
Form
Talbert

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 632

COMMODITY Tungsten

Docket Copy

DMEA 471

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 27 1953

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 2nd day of January, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Robert D. Skeman and Howard J. Carter, Partners
P.O. Box 591
Kellogg, Idaho

hereinafter called the "Operator," as follows:

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Idaho, County of Shoshone, described as follows:[3] Nine unpatented lode claims and four unpatented placer claims in Sections 13, 14, 15, and 24; T. 49 N., R. 4 E., B.B.M. These claims are more fully described in 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 which the Subordination Agreement hereto 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 133 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 12 months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 75 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $9,900.00, which is 75 percent of $13,200.00 the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

.....

.....

.....

.....

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Robert D. Sherman (Partner)
(Operator)

By H. S. Carter (Partner)

By O. Meltzer
Administrator, Defense Minerals Exploration Administration

ACK for Hoffman Chamberlain

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

[CORPORATE SEAL]

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

ROBERT D. SKEMAN AND HOWARD S. CARTER
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-2692

ANNEX I

The following 9 unpatented lode mining claims and 4 unpatented placer mining claims in Sec. 13, 14, 18, and 24, T. 49 N., R. 4 E., B.B.M. are recorded in the Recorders Office, Shoshone County Courthouse, Wallace, Idaho.

Claim	Book	Page	Date
Gold Nugget	15	196	November 3, 1916
Evergreen	15	193	May 23, 1916
Signal Shot	17	56	October 5, 1916
War Eagle	15	195	October 28, 1916
Blue Grouse	15	194	November 3, 1916
Never Fail	15	194	October 28, 1916
Storm King	16	627	September 19, 1916
Valintine	14	540	February 13, 1916
September	16	485	September 1, 1916

Placer Claims

Tin Cup	M	418	September 19, 1916
Rambler	M	366	January 14, 1914
Cinch	M	369	January 27, 1914
Tingsten	M	406	February 22, 1916

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0444

Withhold this page and all following pages up to next yellow sticky note

ROBERT D. SKEMAN AND HOWARD S. CARTER
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMRA-2692

EXHIBIT "A"

Description of the Work

The exploration work on this project is to be done in two stages as is indicated on the map attached hereto and made a part hereof entitled "Sketch Map of Pony Lease Adit Showing Proposed Work."

Stage I

Time Schedule: 0 - 6 months

Sink a two-compartment, timbered, inclined shaft a maximum of 100 feet to explore the tungsten-bearing vein system in the shear zone on the Evergreen claim. Each compartment to be not less than 4' x 4' in the clear.

Stage II

Time Schedule: 6 - 12 months

Stage II is to be undertaken only after the completion of Stage I and with the written approval of the Government. This approval is only to be granted if the results of Stage I warrant further exploration of the deposit.

Drift and/or crosscut a maximum of 100 feet from the bottom of the shaft sunk under Stage I to further explore the tungsten-bearing vein system. The size of the drift and/or crosscut to be not less than 5' x 7' in the clear.

Agreed Estimated Project Costs

Unit Costs

Stage I

100 Feet of two-compartment, timbered shaft @ $80.00 per foot	$8,000.00
25 Tungsten analyses @ $4.00 per assay	100.00

5 Days, geologic consultant1/ @ $50.00 per day	$ 250.00	$ 8,350.00

Stage II

100 Feet of drift and/or crosscut @ $40.00 per foot	$4,000.00	
100 Feet of timbering for drift and/or crosscut @ $5.00 per foot	500.00	
25 Tungsten analyses @ $4.00 per assay	100.00	
5 Days, geologic consultant1/ @ $50.00 per day	250.00	4,850.00
Total Estimated Cost of Project		$13,200.00
Government Participation @ 75%		$ 9,900.00

1/ The geologic consultant shall furnish technical services in direction of the exploratory program and prepare the final report.

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Idaho, County of Shoshone, described as follows: 1/ Last recording and dating May 28, 1952, Book M, of Mining Affidavits, page 217, records of Shoshone County State of Idaho. Unpatented Mining property, situate in Beaver Mining District, being in Sections Thirteen (13), Fourteen (14), Eighteen (18) and Twenty-four (24) Township Forty-nine (49), North, Range Four (4) E. B. M. in Shoshone County, State of Idaho, the following thirteen mining claims, the nine first named being lode claims and the four last named placer claims.

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/ (PONY LEASE) Operated by Robert D. Skeman, 721 South Division, Kellogg, Idaho, and Howard S. Carter, P.O. Box 591, Kellogg, Idaho, 409 West Mission, Kellogg, Idaho

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/$ 18,750.00, 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 16 day of July, 195 X.

[illegible] [Seal]

[Seal]

[Seal]

Release this page

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.

Release this page

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

So. 157 Howard Street
Spokane 4, Washington

August 7, 1953

North Idaho Mines, Inc.
c/o Albert M. Nash
P. O. Box 298
Kellogg, Idaho

Re: Contract Idn-2471
Skaman and Carter
Cory Lease
Shoshone Co., Idaho
Docket No. DMEA-2692 (tungsten)

Dear Mr. Nash:

In reading over your Consent to Assignment and Lease, I find that Skaman and Carter have retained an interest in the property and will be paid a royalty on production. Inasmuch as Skaman and Carter originally obtained a Consent to Lien agreement from Mr. Preston we believe it will be necessary that North Idaho Mines, Inc. obtain a similar Consent to Lien agreement from Skaman and Carter. If Skaman and Carter were completely removed from the lease, such a Consent to Lien agreement would probably not be necessary. However, if they are retaining an interest we feel that it would be wise for you to obtain the consent to lien agreement which would guarantee the Government payment if a certification of discovery was issued.

Copies of the Owner's Consent to Lien form are enclosed. If these will be filled out and signed and returned to this office, we will forward them to Washington for their consideration.

Very truly yours,

Thor H. Hiilogard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures as above

cc: USBM (2)
DMEA (2)
Hosterman

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

Defense Minerals Administration
RECEIVED
JUL 13 1953

July 9, 1953

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

Re: Docket No. DMEA-2692 (Tungsten)
Pony Lease Project
Skeman and Carter
Shoshone County, Idaho
Contract No. Idm-E471

Dear Mr. Selfridge:

Your letter of June 30 authorizing us to rescind the Pony Lease project contract was received July 6.

Today, before the rescission notice had been mailed, I was visited by Messrs. Robert Sparling, Harold St. John, and Howland who said that they wished to take over the operation of the Pony Lease from Skeman and Carter. I discussed the matter with them and told them that the contract was dead because of the fact that the date when exploration was to commence had been reached and the Operators had done no work. I further advised them that if they could make an agreement with Skeman and Carter and with the owner of the property, demonstrate that they had control of the property, and convince us that they would carry out the provisions of the contract with some show of energy, it might be possible to reinstate the contract. They were informed, however, that the decision in this matter must rest with the Washington office of the DMEA, and that at the moment, the contract must be considered as not in effect.

For this reason, I am holding off sending out a rescission notice to Skeman and Carter, but will wait a short time to see what develops with the new people, who appear anxious to do some work on the property.

Sincerely yours

A. E. Weissenborn

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

cc: USBM (2)
Hosterman

FILE COPY
SURNAME:

400

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

Hopkins
Rutledge
Parker
Selfridge
Hedges
Weissenborn

JUN 30 1953

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 8, Washington

Re: Docket No. DMEA 2692 (Tungsten)
Pony Lease Project
Shoshone County, Idaho
Contract No. Idm-5471

Dear Mr. Weissenborn:

This will acknowledge receipt of your letter of June 16, 1953, advising that the Operator of the cited contract had returned his copy of the contract with a request that it be tabled for future reference.

Because you have already granted the Operator an extension of the starting date of the project to May 15, 1953, and no effort has been made to begin operations, you should advise him that we are unable to comply with his request, and rescind the contract.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2/6)

APPROVED:

J. H. Hedges
Member, Bureau of Mines (2/6)

E. L. McKnight
acting Member, Geological Survey (2/6)

JHopkins/esf (6/26/53)
cc: Docket
Oper. Committee
Code 400
Admr. Read. File

J.H. 6-30-53

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0444

FILE COPY
SURNAME:

400

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

Withhold this page

Hopkins
Rutledge
Martin
Atkins

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 8, Washington

Re: Docket No. DMEA 2692 (Tungsten)
Pony Lease Project
Shoshone County, Idaho
Contract No. Idm-E471

Dear Mr. Weissenborn:

This will acknowledge receipt of your letter of June 16, 1953, advising that the Operator of the cited contract had returned his copy of the contract with a request that it be tabled for future reference.

Because you have already granted the Operator an extension of the starting date of the project to May 15, 1953, and no effort has been made to begin operations, we suggest that you advise him that we are unable to comply with his request.

This Administration does not favor the execution of contracts with an unlimited period in which to start work.

With regard to your authority to rescind this contract, we believe that DMEA Circular No. 22, dated May 19, 1952, states that this authority rests with you by the terms of Order No. 2684. We suggest that you prepare a copy of the form attached to this circular, entitled: "Rescission of Exploration Project Contract by Agreement before Work is Begun", and forward to the Operator for his signature, with the qualification, however, that if the work under the contract is begun before July 30, 1953, the contract will remain in force.

Sincerely yours,

APPROVED:

Chairman, Operating Committee

Member, Bureau of Mines

E. J. McKnight
Member, Geological Survey

JHopkins/esf (6/25/53)
cc: Docket
Oper. Comm.
Code 400
Admr. Read. File

400

FILE COPY
SURNAME:

Martin

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

APR 29 1953

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

Re: Docket No. DMRA 2692, Tungsten
Skeman and Carter
Gold Nuggett, et al. claims
Shoshone County, Idaho
Contract No. Idm-2471

Dear Mr. Weissenborn:

We are enclosing an extra copy of the above-referenced contract for use of your field representatives in making their examinations and reports.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

Enclosure

Copy to: Docket
FT, Reg. 2
Code 400
Adm. Read. File

L. Scott
4/28/53

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

April 24, 1953

Department of the Interior
Defense Minerals Administration
RECEIVED
APR 27 1953

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

Re: Docket No. DMEA 2692 (Tungsten)
Robert D. Skeman and Howard S. Carter
Pony Lease Project
Shoshone County, Idaho
Contract Idm-E471

Dear Mr. Selfridge:

Attached are the original and two signed copies of the subject contract. Distribution of this contract has been made in the usual manner--one copy for the Field Team, the Operator, and the Finance Officer.

After an undue amount of consideration the Operator returned the contract signed to this office. He has since been advised that if the contract is to be completed within the specified time limit he should commence work as soon as possible. We have therefore set the starting date of the contract to be no later than May 15, 1953, and have informed the Operator that unless contract work is started by that date, the contract will be rescinded.

Sincerely yours,

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosure

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

(Docket)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

April 7, 1953

WSM
Sherman + Carter

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

RECEIVED
APR 16 1953

Re: Docket No. DMEA-2692 (Tungsten)
Pony Lease
Shoshone County, Idaho

Dear Mr. Selfridge:

Referring to your letter of April 2, 1953, on the subject docket, we have made several attempts to obtain signature on the Pony Lease contract but without success. The applicants have objected to contract terms, although they have implied that they would sign. We have recently written them informing that unless the contract was returned signed by April 20, 1953, we would withdraw Government participation in the proposed project.

Sincerely yours,

Thor H. Kiilsgaard

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Copy retained 400

cc: USBM (2)
Hosterman

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

April 7, 1953

Mr. Robert D. Skeman
721 South Division Street
Kellogg, Idaho

Re: Docket No. DMEA-2692 (Tungsten)
Pony Lease Contract

Dear Mr. Skeman:

On January 20, 1953, we forwarded to you from this office six copies of a DMEA contract on your Pony Lease property, Shoshone County, Idaho. These copies were to be signed by you and your partner and returned to this office.

To date, signed copies of your contract have not been received, which leads us to wonder if you are still interested in the contract project. We therefore wish to inform you that unless you return the requested number of signed copies to this office by April 20, 1953, we will conclude that you are no longer interested in the contract and will withdraw Government participation in the proposed project.

Sincerely,

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

cc: DMEA (2)
USBM (2)
Hosterman

Copy retained

400

FILE COPY
SURNAME:

Rutledge
Martin
Selfridge
Kirkpatrick
Secretary

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

Air Mail

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

APR 2 1953

Re: Docket No. DME 2692 - Tungsten
Robert D. Skeman and Howard S. Carter
Pony Lease (Kennan property)
Shoshone County, Idaho

Dear Mr. Weissenborn:

D.C. 4/1/53

We note that the exploration contract on the referenced property was sent to the applicant on January 20, 1953, for his signature.

Please ascertain the reason for the delay in the execution of the above contract.

Sincerely yours,

George C. Selfridge (GHS)

Chairman, Operating Committee

Approved:

J. H. Hodges (GHS)

Member, Bureau of Mines

A. R. Kinkel, Jr. (GHS)

Member, Geological Survey

cc: Docket
Field Team, Region 2
Operating Committee
Admn. Read. File
Code 400
R. W. Geehan, USBM
D. M. Lemmon, USGS

FARutledge/hhb
3/31/53

IN REPLY REFER TO:

G-MD-CF

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

December 17, 1952

GCS 12/19/52

Memorandum

To: G. C. Selfridge

From: M. D. Crittenden

Subject: DMEA 2692 (Tungsten)

The applicants are lessees of the Pony Gulch tungsten property (formerly Kennan property) in Shoshone County, Idaho. The property was examined by the Field Team who indicate approval of a modified exploration program for which they say "a detailed estimate of the cost of sinking and drifting is attached".

Cost sheets were apparently omitted, and should be requested of the Field Team.

Max D. Crittenden Jr

M. D. Crittenden

Copy retained 400

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 12/10

REFERRED TO:

1. Thayer
2.
3.
4.

FOR:

- ---------- Action
- ---------- Approval
- ---------- Comment
- ---------- Conference
- ---------- Consideration
- ---------- Filing
- ---------- Instructions
- ---------- Investigation
- ---------- Initials
- ---------- Mailing
- ---------- Previous correspondence
- ---------- Recommendation
- ---------- Record of ----------
- ---------- Referring to ----------
- ---------- Reply for signature of ----------
- ---------- Rewriting
- ---------- Signature
- ---------- Suggestions
- ---------- Your information

REMARKS: Agenda 12/12

Check (X) before the items needing attention.

Frank E. Johnson
(JB) *Initials of sender.*

GPO 16—63815-1

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

December 1, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 8 1952

MEMORANDUM

To: Chairman, Operating Committee, DMEA

From: Field Team, Region II

Subject: Pony Lease, Robert D. Skaman and Howard S. Carter, Shoshone County, Idaho, Docket No. DMEA 2692 (tungsten)

Enclosed are four copies of a joint memorandum report on the subject property by S. W. Hobbs, geologist, U. S. Geological Survey and H. T. Reno, mining engineer, U. S. Bureau of Mines. Also enclosed are three copies each of addenda to forms MF-103 and MF-203 submitted by the applicant.

While the exploration target is not large, the Field Team considers that a modest program to test the downward extension of the ore shoot exposed in the adit is warranted. It is recommended, therefore, that a contract for a project along the lines indicated by the examining team and agreed to by the applicant, be negotiated.

Two copies of a specimen contract are attached.

By Field Team, Region II

A. E. Weissenborn, Exec. Officer
(U. S. Geological Survey)
South 157 Howard Street

M. E. Volin, Member
(U. S. Bureau of Mines)
1201 North Division Street

Enclosures

Orig. & 3 - Wash.
USGS - 2
DMEA
M/D
D/F
HJR

Approved by
DMEA OPERATING COMMITTEE
12-12-52

NON-PRIVILEGED DOCUMENT

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DO NOT CODE

BATES NO. 0444

Withhold this page and all following pages up to next yellow sticky note (after map)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
1201 North Division St.
Spokane 2, Washington

October 29, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 8 1952

MEMORANDUM

To: DMEA Field Team, Region II

From: S. W. Hobbs, Geologist, U. S. Geological Survey and
H. T. Reno, Mining Engineer, Bureau of Mines

Subject: Field examination - Application for exploration assistance on the Pony Lease property, Shoshone County, Idaho, Docket No. 2692 (tungsten)

INTRODUCTION

The Pony Gulch tungsten property, formerly known as the Kennan property, is held under lease by Robert D. Skeman and Howard S. Carter, partners, P. O. Box 591, Kellogg, Idaho.

The property, which consists of 25 lode claims and 4 placer claims, was formerly worked for gold. One adit on the Evergreen claim discloses a zone approximately 60 feet long by 15 feet wide. The zone consists of a series of ramifying quartz stringers bearing scheelite in quantities that would appear to make mining of the entire block of ground feasible. The structural conditions, volume of material, and scheelite content warrant a modest exploration program in order to determine the downward extent of the ore shoot. Any program of exploration should be carefully watched to see that the work follows the ore and that the work be stopped if the structural conditions become unfavorable.

The Pony Gulch mine is 2 miles up Pony Gulch from its junction with Beaver Creek in the Beaver Mining District, Shoshone County, Idaho. The exact location is on the line between the SW 1/4 of Sec. 13, and the NW 1/4 of Sec. 24, T. 49 N., R. 4 E. The mine is reached from Wallace, Idaho by means of the road to Delta and Prichard, Pony Gulch being 11.25 miles north of Wallace and 1.75 miles south of Delta. Although the property is easily accessible most of the year, bad snow conditions would necessitate the plowing of 2 miles of road and could hinder winter operations. It is recommended that the exploration work be confined to spring, summer, and fall months.

Routing [illegible]
DMEA OPERATIONS [illegible]
12-12-52
(date)

The Pony Lease was visited by S. W. Hobbs of the Geological Survey in company with the lessee, Mr. R. D. Skeman. The better part of one day was devoted to an examination of the geological relations on the surface and underground. H. T. Reno of the Bureau of Mines accompanied Hobbs on a second visit to evaluate the proposal and work out a feasible program. Later Reno conferred with Skeman to work out the details of costs and programming.

COMPETENCE OF APPLICANT

Robert D. Skeman, at present employed at the Sunset Minerals mill, apparently is a competent miner. However, he will need some technical help to direct an exploration program.

The partnership is not an operating mining organization and some doubt exists as to its capacity to finance and carry on an exploration project efficiently. Therefore, a contract, if approved, should be on the short form so as to provide Government participation on the basis of the estimated unit costs.

DESCRIPTION OF PROPERTY

The property, in the bottom of Pony Gulch, was the site of much activity when gold was mined from the placers and from a flat-dipping quartz vein that crops out on both banks of the stream. No usable facilities remain. Recently, however, Skeman has set up a small crushing plant and a set of jigs in the gulch to test the scheelite content of dump material. Numerous short adits and open cuts explored the gold vein. All of these are caved. The only accessible working is an adit, 375 feet long, driven on the shear zone in which the tungsten has been found. (See accompanying map.)

GEOLOGY

The Pony Gulch mine is a few miles south of the Murray district, which has been described in detail by Shenon (Geology and Ore Deposits near Murray, Idaho; Idaho Bureau of Mines and Geology, Pamphlet No. 47, 1938) and the rock types and veins are similar to those in the Murray district.

The country rock in the vicinity of the mine is Prichard slate. Poor surface exposures make the determination of the general structure difficult, and in the mine the shearing along the vein zone has nearly obliterated the attitude of the beds.

The tungsten mineral, scheelite, occurs in narrow quartz veins distributed in a nearly vertical shear zone in the Prichard slate. The shear zone strikes in a general northwest-southeast direction, crossing Pony Gulch at an angle of about 60 degrees, and is said to extend for several thousand feet. The zone dips very steeply to the northeast.

Surface exposures on the vein are limited to the creek bed and several outcrops on the north slope. A little scheelite is reported from the creek bed where the shear zone crosses it. Narrow quartz stringers carrying scattered scheelite crystals occur in slates exposed in the creek bed 100 or more feet west of the shear zone. None of these occurrences approach commercial grade material. The 375 foot adit has been driven at creek level into the south wall of the gulch along the hanging wall of the vein zone. From 200 to 260 feet from the portal, the drift is widened to approximately 15 feet by slabbing of the west or footwall of the shear zone. This cut opens a vein or vein zone composed of 5 to 6 feet of sheared slate containing a number of narrow quartz veins. These veins are quite irregular in distribution and vary in width from a fraction of an inch to several inches, but they are prominent in the opening and are exposed for a strike length of about 60 feet. Small amounts of scheelite occur in short crosscuts into the west wall at 290 and 310 feet from the portal.

The veins consist of quartz, carbonates including siderite and ankerite, some sulfides, and scheelite. The scheelite occurs in all the veinlets as scattered coarse crystals or bunches which in places fill the whole width of a 2 inch vein. On the face exposed at the south end of the widened drift, the ore is estimated to contain several percent WO_3; at the north end the grade is estimated at about 1 percent WO_3. Apparently richer bunches may be expected since it is reported by previous operators that five tons of ore was removed from a shallow underhand stope at this locality and was rich enough to ship without concentration. The wide part of the drift and the cross-cuts in the adit are the only exposures of the vein in the mine that contain showings of scheelite.

The grade of minable material is very difficult to determine because of the somewhat erratic distribution of the scheelite and the inevitable contamination with the wall rock. The estimates given above are based on a visual examination with an ultra-violet lamp and are believed relatively as accurate as cut samples for the purpose of overall evaluation. They do, however, represent but two faces and can in no way give a clear-cut picture of the average expectable grade for the block of scheelite-bearing ground. The lessee, Mr. Skeesan, has set up a small mill to test the dump material that presumably came from this area. His results are not yet available, but may give a better idea of what can be considered a minimum grade.

DESCRIPTION OF PROJECT

The project proposes to explore the downward extension of the scheelite ore shoot by sinking a vertical shaft so far as possible on the ore for a distance of not more than 100 feet and to do a maximum of 100 feet of cross-cutting and drifting on the mineralized structure or structures from the shaft. Partial exploration of the ore shoot could

be done by raising, but the banks are less than 50 feet and the delineation of a possible ore body of any significant size could best be accomplished by proving extension to depth.

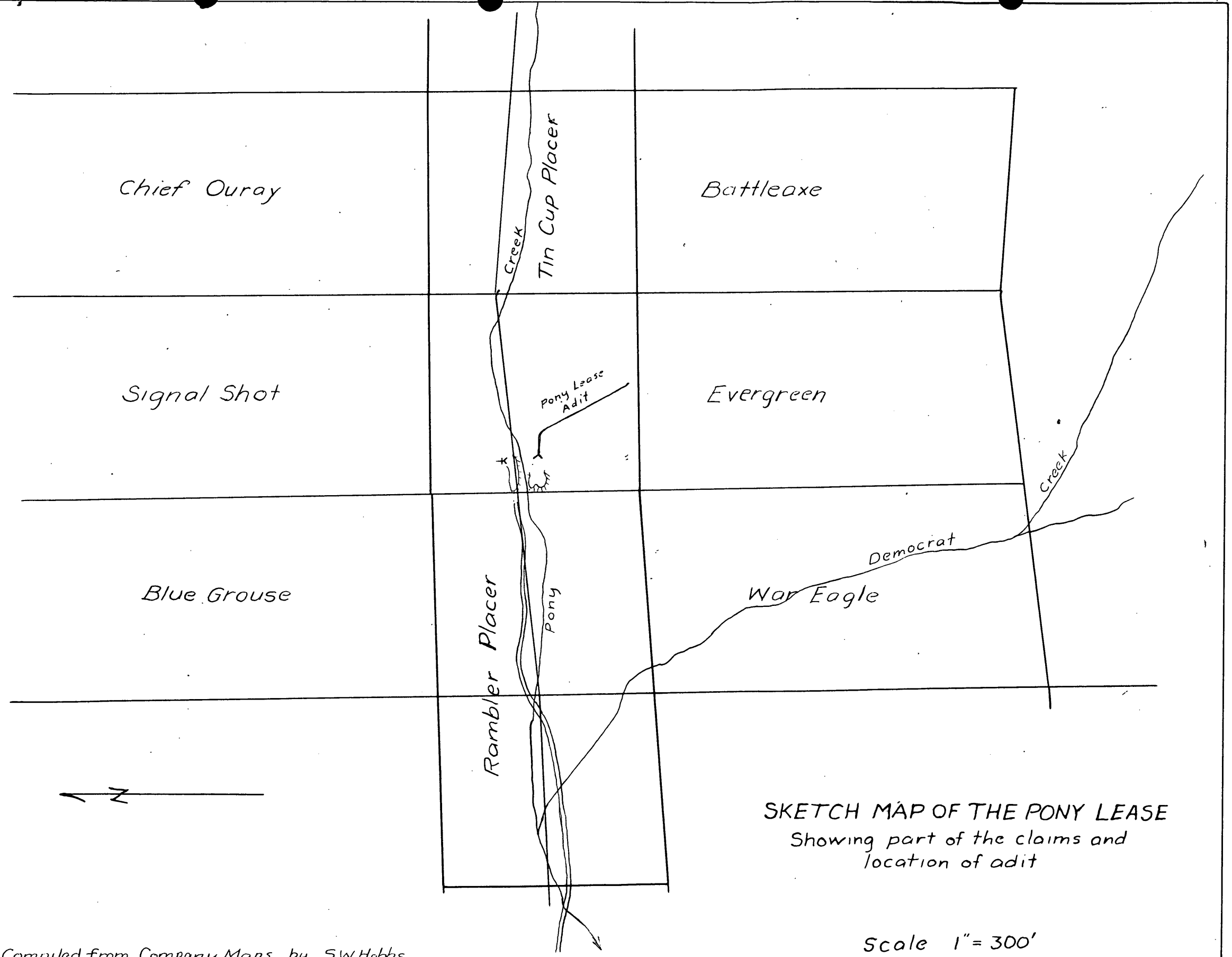
This project, scaled down from the proposal, has been approved by Skeesan. During the remainder of this operating season the partners will continue part-time work in the adit. Facilities will be installed and all preparatory sinking work finished. Therefore, the project, if approved, will consist only of the actual work of sinking and drifting.

A detailed estimate of the cost of sinking and drifting is attached. It should be noted that allowance has been made for the part-time services of a geologist and for WO_3 analyses at 5-foot intervals. These items and overtime and insurance were not included in the applicant's estimate.

S. W. Bobbs, Geologist
U. S. Geological Survey

W. T. [illegible], Mining Engineer
U. S. Bureau of Mines

Orig. and 3 - Wash.
Wash. USGS (2)
USGS (2)
DMEA
R/D
M/D
MTR



Compiled from Company Maps by S.W. Hobbs

SEP 11 1952

Release this page

Mr. A. R. Weissenborn
Executive Officer, Region II
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 2692 - Tungsten
Robert D. Shuman & Howard S. Carter
Pony Lease, Kennan property
Shoshone County, Idaho

Dear Mr. Weissenborn:

On August 29, 1952, your office forwarded to Washington three copies of the subject application and noted that one copy had been retained in order that a field examination might be made. Therefore, we will hold this application in abeyance until your field team report is received.

Sincerely yours,

Frank E. Johnson

Chairman, Operating Committee

FARutledge'lm
9/11/52

Approved:

J. H. Hedges

Member, Bureau of Mines

T. P. Thayer

Member, Geological Survey

cc: Admn. Reading File
Docket
R. W. Geehan, USBM
D. M. Lemmon, USGS
Field Team Reg. II
Operating Committee
W. S. Martin
F. A. Rutledge

5. *The exploration project.*—(*a*) S[illegible] the mineral or minerals for which you wis[illegible] 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?

☐ Money ☐ Use of equipment owned by you ☐ Other

Explain in detail on acompanying paper.

Release this page

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 30, 195[illegible]

Pony Lease
(Applicant)

By Robert D. Sherman
Howard S. Carter

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

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Copy # 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-2692
Metal or Mineral Tungsten
Date Received 9-8-52
Estimated Cost
Participation (Government %)

U. S. G. S.
SPOKANE, WASH.

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: (PONY WASH) Operated by Robert D. Sloman, 721 South Division St., Kellogg, Idaho and Howard S. Carter, P. O. Box 591, Kellogg, Idaho 409 West Mission Ave., Kellogg, Idaho. Partnership.

(*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 Gold Nugget, Evergreen, Signal Shot, War Eagle, Blue Grouse, Never Fail, Storm King, Valentine, September, Tin Cup, Rambler Cinch, Tungsten Situate in Beaver Mining District, Shoshone County, Idaho

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

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

(*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. Refer to M.P. 203 and copy of agreement.

(*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. Refer M. P. 203. #1

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. See report by Chester Kennan

(*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. See report by Chester Kennan

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points. See M.P. 103 4 -D

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

See Engineer's Report attached.

16—66551-1

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BATES NO. 0444

Withhold this page

4- a. See included report

b-& c- See included report

(d) Readily assessable. About 12 miles by road from the railroad at Wallace ,Idaho

(e) Labor can usually be recruited at Wallace or Kellogg.
Supplies are generally available at Wall ace,Idaho.
Equipment and materials are available at Wallace,Idaho
Electrict power line is within four miles of the property.

5 (a) Tungsten in the occurance as scheelite

(b) Sinking a 125 foot shaft and drifting 100 feet northwest and 100 feet southeast on the mineralized structure as per sketch.

(c)
The work will start within 30 days,and be completed within 200 working days.

(d) Robert D. Skeman has had about 20 years of practical mining experience.

6- Estimated cost;

Equipment necessary to start.

1- 250 cubixc foot air compressor Portable--------	$3500.00	
2- Atlas drills -------complete ----------	1200.00	
Drill steel ----------	36.00	
500 feet of 2" air pipe ----------	1600.00	
400 feet of 1" water line ----------	1200.00	
1- 12" ventilation fan ----------	250.00	
500 feet of ventilation pipe ----------	250.00	
1- 12' X 12 ' building for compressor and Dry	1500.00	
Estimated cost to get started(Equipment only)---	$9536.00	$9,536.00

Sinking a prospect shaft 7' X 10 feet in the clear.
Advance per shift 1.0 foot

Labor sinking-3 men @ $15.60 per shift ---------	$48.60
Powder caps and fuse ----------@ 6.00 per foot----	6.00
Drill steel and bits ----------3.00 ,, ,,	3.00
Power cost for compressor ----------	8.00
Timber inc. skids----------	7.00
Estimated cost per foot of shaft-----	$72.60

X
125 feet of shaft @ $72.60 per foot---------- $90[illegible].00

Drifting 200 feet on the 100 foot level;
Advance at 3.0 feet per shift.

	46.80
Labor 3 men at $15.60 per shift ----------	~~$48.60~~
Powder caps and fuse--------At 4.00 per foot-----	12.00
Drill steel and bits----------At 3.00	9.00
Air and water line @ 0.90 per foot	2.70
Ventilation line @ .50 ----------	1.50
Power for compressor per shift	8.00
	$81.80

[illegible] feet [illegible] 200 feet [illegible]
[illegible] Estimated total cost [illegible]

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Idaho, County of Shoshone, described as follows: 1/ Last recording and dating May 28, 1952, Book M, of Mining Affidavits, page 217, records of Shoshone County State of Idaho. Unpatented Mining property, situate in Beaver Mining District, being in Sections Thirteen (13), Fourteen (14), Eighteen (18) and Twenty-four (24) Township Forty-nine (49), North, Range Four (4) E. B. M. in Shoshone County, State of Idaho, the following thirteen mining claims, the nine first named being lode claims and the four last named placer claims,

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/ (PONY LEASE) Operated by Robert D. Skeman, 721 South Division, Kellogg, Idaho, and Howard S. Carter, P.O. Box 591, Kellogg, Idaho, 409 West Mission, Kellogg, Idaho

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/$ 18,750.00, 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 16 day of [illegible], 195[illegible]

[illegible] [Seal]

[Seal]

[Seal]

Release this page

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.

Release this page

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Chief Counsel, DMEA

DATE: December 19, 1952

FROM : Iron and Ferro-Alloy Division, DMEA

SUBJECT: Review and preparation of Exploration Project Contract
Docket No. DMEA 2692 - Tungsten
Robert D. Skeman and Howard S. Carter
Pony Lease (Kennan Property)
Shoshone County, Idaho

Transmitted herewith is the rough draft of a proposed exploration project contract for your use in preparing the contract in final form.

A map, modified from the one attached to this rough draft, has been prepared and copies are being made.

G. C. Selfridge

G. C. Selfridge, Chief
Iron and Ferro-Alloy Division

Attachments

RECEIVED
DEC 19 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

DEC 19 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

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BATES NO. 0444

Withhold
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<u>and</u> all
following
pages

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 2692

COMMODITY Tungsten

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

Dec
Draft

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this ..... day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Robert D. Skeman and Howard S. Carter, Partners
P.O. Box 591
Kellogg, Idaho

hereinafter called the "Operator," as follows:

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Idaho, County of Shoshone, described as follows:[3] Nine unpatented lode claims and four unpatented placer claims in Sections 13, 14, 18 and 24; T. 49 N.; R. 4 E.; B.M. These claims are more fully described in 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 qualifications or encumbrances, a breach of which shall be a violation of the contract:~~

(*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] tungsten

in or upon the described land; and shall bring the project to completion within a period of twelve (12) months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 75 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $9,900.00, which is 75 percent of $13,200.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

.....

.....

.....

.....

Executed in sextuplicate the day and year first above written.

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—66329-1

ROBERT D. SKEMAN AND HOWARD S. CARTER, PARTNERS
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA 2692

draft

ANNEX I

The following 9 unpatented lode mining claims and 4 unpatented placer mining claims in Sec. 13, 14, 18, and 24, T. 49 N., R. 4 E., B.B.M. are recorded in the Recorders Office, Shoshone County Courthouse, Wallace, Idaho.

Claim	Book	Page	Date
Gold Nugget	15	196	November 3, 1916
Evergreen	15	193	May 23, 1916
Signal Shot	17	56	October 5, 1916
War Eagle	15	195	October 28, 1916
Blue Grouse	15	194	November 3, 1916
Never Fail	15	194	October 28, 1916
Storm King	16	627	September 19, 1916
Valintine	14	540	February 13, 1916
September	16	485	September 1, 1916
	Placer Claims		
Tin Cup	M	418	September 19, 1916
Rambler	M	366	January 14, 1914
Cinch	M	369	January 27, 1914
Tungsten	M	406	February 22, 1916

ROBERT D. SKEMAN AND HOWARD S. CARTER, PARTNERS
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA 2692

draft

EXHIBIT "A"

Description of the Work

The exploration work on this project is to be done in two stages as is indicated on the map attached hereto and made a part hereof entitled "Sketch Map of Pony Lease Adit Showing Proposed Work".

Stage I

Time Schedule: 0 - 6 months

1. Sink a two compartment, timbered, inclined shaft a maximum of 100 feet to explore the tungsten-bearing vein system in the shear zone on the Evergreen claim. Each compartment to be not less than 4' x 4' in the clear.

Stage II

Time Schedule: 6 - 12 months

Stage II is to be undertaken only after the completion of Stage I and with the written approval of the Government. This approval is only to be granted if the results of Stage I warrant further exploration of the deposit.

1. Drift and/or crosscut a maximum of 100 feet from the bottom of the shaft sunk under Stage I to further explore the tungsten-bearing vein system. The size of the drift and/or crosscut to be not less than 5' x 7' in the clear.

drop

Estimated Cost of Project
~~(* Indicates allowable maximum)~~

Unit Costs

Stage I		
100 Feet of two-compartment timbered shaft @ $80.00 per foot	$8,000.00	
25 Tungsten analyses @ $4.00 per assay	100.00	
5 Days geologic consultant 1/ @ $50.00 per day	250.00	$8,350.00
Stage II		
100 Feet of drift and/or crosscut @ $40.00 per foot	4,000.00	
100 Feet timbering for drift and/or crosscut @ $5.00 per foot	500.00	
25 Tungsten analyses @ $4.00 per assay	100.00	
5 Days geologic consultant 1/ @ $50.00 per day	250.00	4,850.00
TOTAL ESTIMATED COST FOR PROJECT		$13,200.00
GOVERNMENT PARTICIPATION AT 75 PERCENT		$ 9,900.00

1/ The geologic consultant shall furnish technical services in direction of the exploratory program and prepare the final report.

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

Spokane, Washington

December 1, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
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MEMORANDUM

To: Chairman, Operating Committee, DMEA

From: Field Team, Region II

Subject: Pony Lease, Robert D. Skeman and Howard S. Carter, Shoshone County, Idaho, Docket No. DMEA 2692 (tungsten)

Enclosed are four copies of a joint memorandum report on the subject property by S. W. Hobbs, geologist, U. S. Geological Survey and H. T. Reno, mining engineer, U. S. Bureau of Mines. Also enclosed are three copies each of addenda to forms MF-103 and MF-203 submitted by the applicant.

While the exploration target is not large, the Field Team considers that a modest program to test the downward extension of the ore shoot exposed in the adit is warranted. It is recommended, therefore, that a contract for a project along the lines indicated by the examining team and agreed to by the applicant, be negotiated.

Two copies of a specimen contract are attached.

By Field Team, Region II

For Thos H Stilgoard
A. E. Weissenborn, Exec. Officer
(U. S. Geological Survey)
South 157 Howard Street

Thomas E Howard
acting for M. E. Volin, Member
(U. S. Bureau of Mines)
1201 North Division Street

Enclosures

Orig. & 3 - Wash.
USGS - 2
DMEA
M/D
D/F
HTR

M F 103

Clarification of question # 3 M F 103.

The group of Thirteen (13) unpatented mining claims we wish to explore lie in, Sections Thirteen (13), Fourteen (14), Eighteen (18), and Twenty-four (24), Township Fourty-nine (49) North, Range Four (4), E.B.M. in Shoshone County, State of Idaho. Nine(9) are lode claims Fifteen Hundred (1500) by Six Hundred (600) ft. each, Four (4) are Placer Claims Twenty Acres each. All original locations are recorded in the Recorders Office, Shoshone County, Courthouse, Wallace, Idaho, as follows;

Gold Nugget, by E. J. Roberts November(3), (1916), Book (15), Page (196).

Evergreen, by Chas. Hartman & John Keller, May (23), (1916), Book (15), Page (193),

Signal Shot, by Geo. Fuler, October (5), (1916), Book (17), Page (56) ,

War Eagle, by Chas. Hartman & JOhn Keller, October (28), (1916), Book (15), Page (195)

Blue Grouse, by Chas. Hartman & John Keller, November (3), (1916), Book (15), Page (194)

Never Fail, by Chas. Hartman & John Keller, October (28), (1916), Book (15), Page (194)

Storm King, by E. J. Roberts, September (19), (1916), Book (16), Page (627)

Valintine, by J. B. Kerr & L. J. Starr, February (13), (1916), Book (14), Page (540)

September, by J. B. Kerr, September (1), (1916), Book (16), Page (485)

Placer Claims

Tin Cup, by E. J. Roberts, September (19), (1916), Book (M), Page (418)

Rambler, by John Keller, January (14), (1914), Book (M), Page (366)

Cinch, by John W. Weyer, January (27), (1914), Book (M), Page (369)

Tungston, by Chas. Hartman & John Keller, February (22), (1916), Book (M), Page (406)

Last recording of assessment work filed May (28), (1952) Book (M), Page (217), Mining Affidavits, Recorders Office, Shoshone County, Court House, Wallace, Idaho.

Clarification of question # 3 M F 103.

The group of Thirteen (13) unpatented mining claims we wish to explore lie in, Sections Thirteen (13), Fourteen (14), Eighteen (18), and Twenty-four (24), Township Fourty-nine (49) North, Range Four (4), E.B.M. in Shoshone County, State of Idaho. Nine(9) are lode claims Fifteen Hundred (1500) by Six Hundred (600) ft. each, Four (4) are Placer Claims Twenty Acres each. All original locations are recorded in the Recorders Office, Shoshone County, Courthouse, Wallace, Idaho, as follows;

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War Eagle, by Chas. Hartman & JOhn Keller, October (28), (1916), Book (15), Page (195)

Blue Grouse, by Chas. Hartman & John Keller, November (3), (1916), Book (15), Page (194)

Never Fail, by Chas. Hartman & John Keller, October (28), (1916), Book (15), Page (194)

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Placer Claims

Tin Cup, by E. J. Roberts, September (19), (1916), Book (M), Page (418)

Rambler, by John Keller, January (14), (1914), Book (M), Page (366)

Cinch, by John W. Weyer, January (27), (1914), Book (M), Page (369)

Tungsten, by Chas. Hartman & John Keller, February (22), (1916), Book (M), Page (406)

Last recording of assessment work filed May (28), (1952) Book (M), Page (217), Mining Affidavits, Recorders Office, Shoshone County, Court House, Wallace, Idaho.

The folliaging group of unpatented mining claims are situated in the Beaver Mining District and lying in Sections Thirteen (13), Fourteen (14), Eighteen (18) and Twenty-four (24), Township Forty-nine (49) North, Range FOur (4), E.B.M. in Shoshone County, State of Idaho. The first Nine (9) are quartz or lode claims Fifteen Hundred (1500) ft. by Six Hundred (600) ft. each. The other four (4) are Placer Claims of Twenty (20) Acres eachs. All Thirteen (13) claims are recorded in the recorders office Shoshone County Court House, Wallace, Idaho. Original locations as follows; Gold Nugget by E. J. Roberts November Third (3) Nineteen- sixteen (1916), Book Fifteen (15) Page (196), Evergreen, by Chas. Hartman & John Keller May (23), (1916), Book (15), Page (193), Signal Shot by Geo. Fuler October (5), (1916), Book (17), Page (56), War Eagle, by Chas. Hartman & John Keller October (28), (1916), Book (15), Page (195), Blue Grouse, by Chas. Hartman & John Keller November (3), (1916), Book (15), Page (194), Never Fail, by Chas. Hartman & JOhn Keller, October (28), (1916), Book (15), Page (194), Storm King by E.J. Roberts, September (19), (1916), Book (160), Page (627), Valintine, by J. B. Kerr & L. J. Starr, February (13) (1916), Book (14), Page (540), September, by J. B. Kerr, September (1), (1916), Book (160), Page (485); Placer Claims; Tin Cup, by E. J. Roberts, September (19), (1916), Book (M), Page (418), Rambler, by John Keller, January (14), (1918), Book (M), Page (366), Cinch, by John W. Weyer, January (27), (1914), Book (M), Page (369), Tungsten, by Chas. Hartman & John Keller, February (22), (1916), Book (M), PAGe (406).

The above group of mining claims were aquired by the Kennen Mining Co. incorporated under the laws of the State of Idaho, on or about August (13), (1917).

Said corporation forfieted its charter on or about November (30), (1934), for reason of failure to file Annual Statement with the Secretary of State of The State of Idaho.

A quite title action complaint was brought by Geo.A. Preston, plaintiff vs. Kennen Mining CO. a defunct corporation and E. J. Roberts, E. J. Roberts Jr., and S. D. Roberts trustees; case number (8957), was filed July (20), (1942). Judges decree in favor of the Plaintiff, August (19), (1942).

A Deed to the Thirteen (13) mining claims to Geo. A. Preston (etal), was filed August (7), (1942), in the Recorders Office, Shoshone County Court House, Wallace, Idaho.

Notice to hold or assessment work done have been filed in the name of, Geo. A. Preston (etal), each year on or before the First (1) day of July, of each year since that time, in the same Recorders Office.

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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE ~~MINERALS ADMINI~~STRATION
~~WASHINGTON 25, D. C.~~
1201 N. Division St.
Spokane 2, Washington
October 24, 1952

Mr. Robert D. Skeman
721 S. Division St.
Kellogg, Idaho

Subject: Application for exploration aid
Pony Lease, Shoshone County, Idaho
Docket No. DMEA 2692 (tungsten)

Dear Mr. Skeman:

In reviewing the subject application it is noted that, although the names of 13 claims on which you wish to explore are given, the legal description is not complete and no statement is made as to whether the claims are patented.

In order to complete the legal description, the claim number of each patented claim and the book and page number of the County recording for each unpatented claim must be furnished.

It is noted also that these claims are not listed in the Owner's Consent to Lien, Form MF-203, submitted with the application. Accordingly, 6 blank forms MF-203 are enclosed. These forms also must contain a complete legal description of the land involved.

Sincerely yours,

Thomas E. Howard
Chief, DMEA Section
Bureau of Mines, Region II

Enclosure

HTR/TEH/he

cc: DMEA, Wash. (2)
USGS
DMEA
HTR
DF

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 9-20-52

REFERRED TO:

1. Code 400-Rm. 3538
2.
3.
4.

FOR:

..... Action	..... Recommendation
..... Approval	..... Record of .....
..... Comment	..... Referring to .....
..... Conference	..... Reply for signature of .....
..... Consideration	..... Rewriting
..... Filing	..... Signature
..... Instructions	..... Suggestions
..... Investigation	..... Your information
..... Initials	
..... Mailing	
..... Previous correspondence	

REMARKS: .....

Check (X) before the items needing attention.

Adams (AA)
Initials of sender.

GPO 16—63815-1

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
SEP 29 1952

GCL 10/1/52

September 19, 1952

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

Re: Docket DMEA 2692, Tungsten
Robert D. Skeman & Howard S. Carter
Pony Lease, Kennan property
Shoshone County, Idaho

Dear Mr. Johnson:

This is to inform you that the subject application has been referred to our field man for examination and that a report is expected reasonably soon.

Sincerely yours,

A. E. Weissenborn

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

cc: USBM(2)
Warren Hobbs

Copy retained 400

FILE COPY 400
SURNAME:

Rutledge
Martin

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

Mr. A. H. Weissenborn
Executive Officer, Region II
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 2692 - Tungsten
Robert D. Skuman & Howard S. Carter
Peay Lease, Kennam property
Shoshone County, Idaho

Dear Mr. Weissenborn:

On August 29, 1952, your office forwarded to Washington three copies of the subject application and noted that one copy had been retained in order that a field examination might be made. Therefore, we will hold this application in abeyance until your field team report is received.

Sincerely yours,

9/15/52

Frank F. Johnson
Chairman, Operating Committee

FARutledge'lm
9/11/52

Approved:

J. H. Hedges

Member, Bureau of Mines

T. P. Thayer

Member, Geological Survey

cc: Admn. Reading File
Docket
R. W. Geehan, USBM
D. M. Lemmon, USGS
Field Team Reg. II
Operating Committee
W. S. Martin
F. A. Rutledge

Mr. Robert D. Skeman
Skeman and Carter
721 South Division St.
Kellogg, Idaho

Subject: DMEA-2692
Re: Exploration Assistance
Kennan Property
September 9, 1952

My dear Mr. Skeman:

The receipt of your application dated July 30, 1952, for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-2692 and referred to the Iron and Ferro-Alloys Division.

Kindly refer to DMEA-2692 in any future correspondence relating to your application.

Sincerely yours,

ROBERT E. ADAMS

Robert E. Adams
Chief, Operation's Control
and Statistics Division

25451

DMEA-2692

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

So. 157 Howard Street
Spokane 4, Washington

August 29, 1952

Mr. Frank E. Johnson, Chairman
Operating Committee, DMEA
Washington, D. C.

Re: Application - Tungsten
Robert D. Skeman and
Howard S. Carter, Partners
(Pony Lease) Shoshone Co., Idaho

Dear Mr. Johnson:

Enclosed are three copies of an application from the above-referenced partners. Copy 1 is composed of the following:

(1) MF-103
(2) map showing work to be done
(3) Owner's Consent to Lien
(4) Claim map
(5) Geologic report with map
(6) Lease agreement (1 only)

Copies 2 and 3 are without the last 3 items. Copy 4, which we have retained, includes all items with the exception of the map to accompany the geologic report by Kennan and lease agreement. An examination will be made without referral since we have men working in that area.

Very truly yours,

Thor H. Kiilsgaard

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures
As above

cc: USBM (2)
Hobbs w/cy 4 of appl.

MF-103
(Revised April 1952)

RECEIVED
AUG 28 1952
U. S. DEPT. OF INT. WASH.

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Copy #1

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-2692
Metal or Mineral
Date Received 9-8-52
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. (PARTY LEASE) Operated by Robert D. Skeman, 721 South Division St., Kellogg, Idaho and Howard S. Carter, P. O. Box 591, Kellogg, Idaho 409 West Mission Ave., Kellogg, Idaho. Partnership.

(*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. Gold Nugget, Evergreen, Signal Shot, War Eagle, Blue Grouse, Never Fail, Storm King, Valentine, September, Tin Cup, Rambler Cinch, Tungsten Situate in Beaver Mining District, Shoshone County, Idaho

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

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise. Kennon Property Lessee

(*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. Refer to M.F. 203 and copy of agreement.

(*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. Refer M. F. 203. #1

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. See report by Chester Kennan

(*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. See report by Chester Kennan

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points. See M.F. 103 4 -D

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power. See Engineer's Report attached.

16—66551-1

5. *The exploration project.*—(*a*) [redacted]e the mineral or minerals for which you wis[redacted] 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?

☐ 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 30, 1952

Pony Lease
(Applicant)

By Robert D. Sherman
Howard S. Canter

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

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0444

MF* 103

4- a. See included report

b-& c- See included report

(d) Readily assessable. About 12 miles by road from the railroad at Wallace ,Idaho

(e) Labor can usually be recruited at Wallace or Kellogg. Supplies are generally available at Wall ace,Idaho. Equipment and materials are available at Wallace,Idaho Electrict power line is within four miles of the property.

Withhold this page

5 (a) Tungsten in the occurance as scheelite

(b) Sinking a 125 foot shaft and drifting 100 feet northwest and 100 feet southeast on the mineralized structure, as per sketch.

(c) The w ork will start within 30 days,and be completed within 200 workings days.

(d) Robert D. Skeman has had about 20 years of practical mining experience.

6- Estimated cost;

Equipment necessary to start.

1- 250 cubixc foot air compressor ~~Portable~~--------	$3500.00	
2- Atlas drills -------complete ----------	1200.00	
Drill steel ----------	36.00	
400 feet of 2" air pipe ----------	1600.00	
400 feet of 1" water line ----------	1200.00	
1- 12" ventilation fan ----------	250.00	
500 feet of ventilation pipe ----------	250.00	
1- 12' X 12 ' building for compressor and Dry	1500.00	
Estimated cost to get started~~(Equipment only)~~---	$9536.00	$9,536.00

Sinking a prospect shaft 7' X 10 feet in the clear. too big
Advance per shift 1.0 foot

Labor sinking-3 men @ $15.60 per shift ---------	$48.60
Powder caps and fuse ----------@$6.00 per foot----	6.00
Drill steel and bits ----------3.00 ,, ,,	3.00
Power cost for compressor ----------	8.00
Timber inc. skids----------	7.00
Estimated cost per foot of shaft-----	$72.60

125 feet of shaft @ $72.60 per foot---------- $9075.00

Drifting 200 feet on the 100 foot level;
Advance at 3.0 feet per shift.

Labor 3 men at $15.60 per shift ----------	$48.60
Powder caps and fuse--------~~At 4.00 per foot~~-----	12.00
Drill steel and bits----------At3.00	9.00
Air and water line @ 0/90 per foot	2.70
Ventilation line @ .50 ----------	1.50
Power for compressor per shift	8.00
	$81.80

Cost per foot $81.80/3 equals $27.27 for 200 feet equals $5454.00
Estimated total cost of project---------- $24,065.00

MF-203
(Revised July 1, 1953)

2692

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Idaho, County of Shoshone, described as follows:1/ in a lease dated May 20, 1952, between George A. Preston, Lessor, and Robert D. Skeman and Howard S. Carter, Lessees, and thereafter on the 24th day of July, 1953, assigned under agreement between Robert D. Skeman and Lylie Skeman, his wife, and Howard S. Carter and Nancy Carter, his wife, Assignors, and North Idaho Mines, Inc., an Idaho corporation, Assignee.

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/ NORTH IDAHO MINES, INC., an Idaho corporation,

hereinafter called the "Operator"; and

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

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

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

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

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

4. Changes and added provisions

Dated this 10th day of August, 195 3.

Robert D. Skeman [Seal]

Howard S. Carter [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.

RELEVANT CONTRACT PROVISIONS

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

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

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

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

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

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

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

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

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

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Idaho, County of Shoshone, described ~~as follows~~:1/ in a lease dated May 20, 1952, between George A. Preston, Lessor, and Robert D. Skeman and Howard S. Carter, Lessees, and thereafter on the 24th day of July, 1953, assigned under agreement between Robert D. Skeman and Lylie Skeman, his wife, and Howard S. Carter and Nancy Carter, his wife, Assignors, and North Idaho Mines, Inc., an Idaho corporation, Assignee,

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/ NORTH IDAHO MINES, INC., an Idaho corporation,

hereinafter called the "Operator"; and

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

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4. Changes and added provisions

Dated this 10th day of August, 195 3.

Robert D. Skeman [Seal]

Howard S. Carter [Seal]

[Seal]

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MF-203
(Revised July 1, 1953)

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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

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Howard S. Carter [Seal]

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DOCKET
SURNAME
Rutledge
Martin
Chamberlain
Holliday
Troup
Selfridge
Johnson

400

MAR 11 1955

FROM
RIGHT-HAND
SIDE

North Idaho Mines, Inc.
P. O. Box 298
Kellogg, Idaho

Re: Docket No. DMEA 1492 - Tungsten
(Assignees of Robert D. Shuman &
Howard S. Carter, partners)
Pony Lease (Shuman property)
Shoshone County, Idaho
Contract No. [illegible]

Gentlemen:

This is with reference to the subject Exploration Contract between you and the Government.

It is not our intention to make a certification of discovery or development which would create a lien against the subject property. We are, therefore, closing our books and records with respect to this project. Your attention is called, however, to the provisions of the Contract which require the Operator to keep and preserve certain records for the period indicated.

We regret that the exploration work performed did not result in a certification of discovery or development. Your participation in the exploration program, however, is sincerely appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

FARutledge:fcc
3-2-55
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. I- Northwest District
Robert Holliday, USBM
Thor H. Kiilsgaard, USGS

A.C.S.

FILE COPY
SURNAME:

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

Chief Counsel, DMEA

December 19, 1952

Rutledge
Selfridge

Iron and Ferro-Alloy Division, DMEA

Review and preparation of Exploration Project Contract
Docket No. DMEA 2692 - Tungsten
Robert D. Skeman and Howard S. Carter
Pony Lease (Kennan Property)
Shoshone County, Idaho

Transmitted herewith is the rough draft of a proposed exploration project contract for your use in preparing the contract in final form.

A map, modified from the one attached to this rough draft, has been prepared and copies are being made.

G. C. Selfridge, Chief
Iron and Ferro-Alloy Division

Attachments

FARutledge:lm
12/19/52

cc: Admn. Reading File
Docket
G. C. Selfridge
F. A. Rutledge

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0444

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
FEB 14 1955

February 11, 1955

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

Re: Docket No. DMEA-2692 (tungsten)
North Idaho Mines, Inc.
(Assignee of Robert D. Skeman & Howard S. Carter)
Pony Gulch Tungsten Mine
Shoshone County, Idaho
Contract No. Idm-E471

Dear Mr. Selfridge:

Enclosed are four copies of the Field Team final report on the above-captioned contract which has been prepared by Eric G. Erickson, mining engineer, Bureau of Mines, and Verne C. Fryklund, Jr., geologist, Geological Survey.

It is recommended by the authors that no Certification of Discovery or Development be made and that there be no further exploration for scheelite at this property, as it is not justified in view of the discouraging results of the exploration.

The Field Team concurs with the recommendation of the authors.

By Field Team, Region I, NW District

Wing G. Agnew

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

John S. Vhay

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

Enclosures
cc: USBM(2)
Fryklund

Reviewed by
DMEA OPERATING COMMITTEE
2-18-55
(date)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 14 1955

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD TEAM, REGION I
Northwest District

Withhold this page and all following pages

FINAL REPORT

Contract Idm-E471

by

Eric G. Erickson
Mining Engineer
U. S. Bureau of Mines

Verne C. Fryklund, Jr.
Geologist
U. S. Geological Survey

NORTH IDAHO MINES, INC.
(ASSIGNEE OF ROBERT D. SKEMAN & HOWARD S. CARTER)
P. O. Box 298
Kellogg, Idaho

Docket No.:	DMEA-2692
Commodity:	Tungsten
Contract date:	January 2, 1953
Completion date:	November 30, 1954

PONY GULCH TUNGSTEN MINE
Beaver Mining District
Shoshone County, Idaho

Reviewed by
DMEA OPERATING COMMITTEE
2-18-55
(date)

Spokane, Washington

February 1955

FINAL REPORT

NORTH IDAHO MINES, INC.
(ASSIGNEE OF ROBERT D. SKEMAN & HOWARD S. CARTER)
Pony Gulch Tungsten Mine
Beaver Mining District
Shoshone County, Idaho

Contract Idm-E471

* * * *

INTRODUCTION

This report describes a project conducted by North Idaho Mines, Inc., assignee of Robert D. Skeman and Howard S. Carter of Kellogg, Idaho, to explore for tungsten ores at the Pony Gulch Tungsten mine, Beaver mining district, Shoshone County, Idaho. The work was performed under Defense Minerals Exploration Administration Project Contract Idm-E471.

Summary

Purpose of the project was to explore the downward continuation of a scheelite-bearing shear zone exposed in the Pony Gulch Tungsten mine adit.

The shear zone was to be explored in two stages. Stage I was to sink a 100-foot winze in the shear zone; if scheelite showings in the winze warranted, 100 feet of drift and/or crosscut was to be driven to explore the shear zone. The shaft was sunk 68 feet without finding significant amounts of scheelite. The Operator cut the full width of the shear zone at the 50-foot point with a 25-foot crosscut. No significant amount of scheelite was discovered.

Recommendations

No Certification of Discovery or Development should be made. Further exploration for scheelite at this property is not justified in view of the discouraging results of the exploration.

LOCATION AND ACCESSIBILITY

The Pony Gulch mine is 2 miles up Pony Gulch from its junction with Beaver Creek in the Beaver mining district, Shoshone County, Idaho, near the line between the SW¼ of sec. 13 and the NW¼ of

sec. 24, T. 49 N., R. 4 E., E.B.M. It is reached from Wallace, Idaho, via the road to Delta and Prichard; Pony Gulch is about 11 miles north of Wallace and about 2 miles south of Delta.

The winter snowfalls are heavy and the cost of snow removal to allow travel on the 2 miles of Pony Gulch road is hardly justified for a small project.

PROPERTY

The Operator's property rights as set forth in the contract included the following nine unpatented lode mining claims and four unpatented placer mining claims in secs. 13, 14, 18, and 24, T. 49 N., R. 4 E., E.B.M., recorded in the Recorder's Office, Shoshone County Courthouse, Wallace, Idaho.

Lode Claims	Book	Page
Gold Nugget	15	196
Evergreen	15	193
Signal Shot	17	56
War Eagle	15	195
Blue Grouse	15	194
Never Fail	15	194
Storm King	16	627
Valintine	14	540
September	16	485
Placer Claims		
Tin Cup	M	418
Rambler	M	366
Cinch	M	369
Tungsten	M	406

The claims are leased from a Mr. George A. Preston. His address is not given on the Owner's Consent to Lien form.

Prior to the work performed under the exploration project contract an adit drift had been driven about 375 feet southeast and several short crosscuts, 6 and 8 feet long, had been advanced to explore both walls of the shear. A 68-foot winze and a 25-foot southwest crosscut off the winze were excavated under the DMEA contract. A 5-ton shipment of scheelite ore from the drifting performed prior to the DMEA contract was reported, but details regarding grade, etc., were not submitted.

All openings are in argillaceous quartzites of the Prichard formation. The only supported openings are the winze station and the winze. All openings are open except the winze which is filled with water. The winze can be dewatered with a conventional sump pump in about 4 hours. A mechanical blower is used for ventilation.

On the property there are a small storage and work shop building and a frame cabin that will accommodate about 4 men.

Power equipment is portable and is removed during winter months. The Operator has set up a jig table in an attempt to work the stream-bed gravels.

GEOLOGY

S. W. Hobbs, geologist, Geological Survey, and H. T. Reno, mining engineer, Bureau of Mines, in a memorandum dated October 29, 1952, describe the geology of this property as follows:

"The Pony Gulch mine is a few miles south of the Murray district, which has been described in detail by Shenon (Geology and Ore Deposits near Murray, Idaho; Idaho Bureau of Mines and Geology, Pamphlet No. 47, 1938) and the rock types and veins are similar to those in the Murray district.

"The country rock in the vicinity of the mine is Prichard slate. Poor surface exposures make the determination of the general structure difficult, and in the mine the shearing along the vein zone has nearly obliterated the attitude of the beds.

"The tungsten mineral, scheelite, occurs in narrow quartz veins distributed in a nearly vertical shear zone in the Prichard slate. The shear zone strikes in a general northwest-southeast direction, crossing Pony Gulch at an angle of about 60 degrees, and is said to extend for several thousand feet. The zone dips very steeply to the northeast. Surface exposures on the vein are limited to the creek bed and several outcrops on the north slope. A little scheelite is reported from the creek bed where the shear zone crosses it. Narrow quartz stringers carrying scattered scheelite crystals occur in slates exposed in the creek bed 100 or more feet west of the shear zone. None of these occurrences approach commercial grade material. The 375 foot adit has been driven at creek level into the south wall of the gulch along the hanging wall of the vein zone. From 200 to 260 feet from the portal, the drift is widened to approximately 15 feet by slabbing of the west or footwall of the shear zone. This cut opens a vein or vein zone composed of 5 to 6 feet of sheared slate containing a number of narrow quartz veins. These veins are quite irregular in distribution and vary in width from a fraction of an inch to several inches, but they are prominent in the opening and are exposed for a strike length of about 60 feet. Small amounts of scheelite occur in short crosscuts into the west wall at 280 and 310 feet from the portal.

"The veins consist of quartz, carbonates including siderite and ankerite, some sulfides, and scheelite. The scheelite occurs in all the veinlets as scattered coarse crystals or bunches which in places fill the whole width of a 2 inch vein. On the face exposed at the south end of the widened drift, the

ore is estimated to contain several percent WO_3; at the north end the grade is estimated at about 1 percent WO_3. Apparently richer bunches may be expected since it is reported by previous operators that five tons of ore was removed from a shallow underhand stope at this locality and was rich enough to ship without concentration. The wide part of the drift and the cross-cuts in the adit are the only exposures of the vein in the mine that contain showings of scheelite.

"The grade of minable material is very difficult to determine because or the somewhat erratic distribution of the scheelite and the inevitable contamination of the wall rock. The estimates given above are based on a visual examination with an ultra-violet lamp and are believed relatively as accurate as cut samples for the purpose of over-all evaluation. They do, however, represent but two faces and can in no way give a clear-cut picture of the average expectable grade for the block of scheelite-bearing ground. The lessee, Mr. Skeman, has set up a small mill to test the dump material that presumably came from this area. His results are not yet available, but may give a better idea of what can be considered a minimum grade."

Test work showed that no appreciable scheelite could be recovered from rock extracted from mine workings. An attempt is being made to recover some values from the stream-bed gravel.

THE PROJECT

Geologic justification for the project is the quoted material under "Geology" as taken from the memorandum of Hobbs and Reno.

The exploration project work was set up in two stages: Stage I specified sinking a maximum of 100 feet of winze; Stage II, dependent upon significant results from Stage I work, was to drift and/or crosscut a maximum of 100 feet from the winze. The sinking of a 68-foot winze and 25 feet of crosscutting off its 50-foot level failed to disclose significant amounts of scheelite mineralization. The objectives of the contract having been attained, work was stopped.

An attempt was made to start work by May 15, 1953. Due to financial difficulties the work was not started by that date, and Amendment No. 1, dated December 2, 1953, postponed the starting date to April 15, 1954. Amendment No. 2, dated July 7, 1954, again changed the starting date, this time deferring it to July 15, 1954. Preparation work started early in July 1954 and winze sinking began in the first week of August. Final inspection was made November 22, 1954, and because the results were discouraging the contract work was stopped. The zone explored by the winze and crosscut was found to be essentially barren of scheelite.

The only visible scheelite on the adit level and in the winze was in 1- to 2-inch wide quartz veins. Scheelite was very spotty and composed only an insignificant part of these veins. When the field examination was made, blasting had splattered specks of scheelite onto the country rock of the shear zone, thus making a slightly more impressive showing when exposed to a mineral light.

Assays of samples indicate there are no reserves.

Summary of Factual Data

Following is a tabulation of work items and costs:

Work item	Units	Agreed unit cost	Total cost
Winze	68 feet	$80/ft.	$5,440.00
Crosscutting	25 feet	40/ft.	1,000.00
Assaying	2 samples	4/ea. 1/	8.00
Consulting fees	6½ days	50/day	325.00
Total approved costs			$6,773.00
Government's share - 75%			5,079.75
Total amount of contract			13,200.00
Amount not spent			6,427.00

1/ Operator claimed cost of only two samples; other samples were determined free of cost to the project.

No equipment was purchased under the contract.

There was no production from the exploration project work.

Discussion of Conclusions

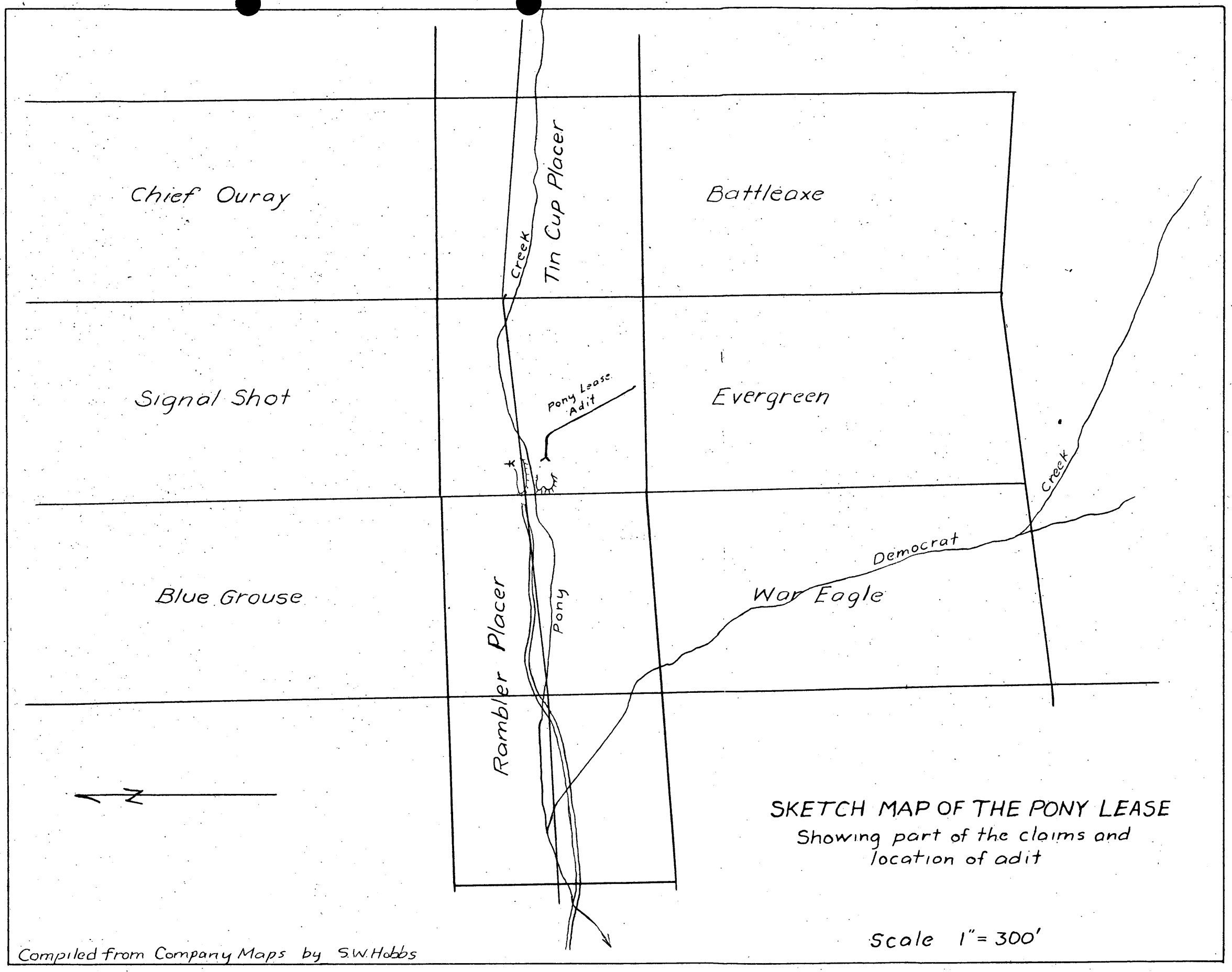
Once work started, performance was good. The contract work demonstrated that the values decreased rather than increased in depth penetrated and that the possibility of finding ore of commercial grade is quite remote.

Narrow quartz veins crop out in Pony Gulch Creek near the mine, but only a few contain scheelite. Present data indicate there is no justification for further exploration for tungsten at this property.

Enclosures

Distribution:
DMEA (4)
USBM (5)
USGS (SRO)
Docket
Fryklund

DMEA Docket No.-26.92



SKETCH MAP OF THE PONY LEASE
Showing part of the claims and location of adit

Scale 1" = 300'

Compiled from Company Maps by S.W. Hobbs

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 13 1955

January 7, 1955

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

Re: Docket No. DMEA-2692 (tungsten)
North Idaho Mines, Inc. (Assignee of
Robert D. Skeman & Howard S. Carter)
Shoshone County, Idaho
Contract No. Idm-E471

Dear Mr. Selfridge:

Enclosed is the operator's final report dated December 31, 1954, and received by this office on January 6, 1955, with two maps, covering accomplishments on the above-cited exploration contract. It is hereby accepted as satisfactory to the Field Team. As all contract obligations have been met by the operator and a Report of Review has been made by the auditing department, final settlement of this account can be made immediately.

The exploration project failed to disclose any ore, therefore, a Certification of Discovery or Development is not recommended.

The Field Team's final report is in preparation and should be ready for submittal within a couple of weeks.

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)

Enclosures

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0444

Withhold this page and all following pages

MEMORANDUM

December 31, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 3 1955

To: Albert E. Weissenborn, Regional Geologist
U. S. Geological Survey
South 157 Howard Street
Spokane 8, Washington

From: Alvin H. Lense, Geologist

Subject: Final Progress Report at Pony Creek Lease, Shoshone County, Idaho, Docket No. DMEA-2692 (tungsten); Contract No. Idm-E471

The work authorized for the Pony Creek Lease consisted of 100 feet of shaft and 100 feet of crosscut with a contract to start July 15, 1954. However, work commencing August 1, 1954, and ending November 30, 1954, completed only 68 feet of shaft at a cost of $5,440.00 (@ $80/foot) and 25 feet of crosscut at a cost of $1000.00 (@ $40/foot). The total cost of the project, including $8.00 for assays and $325.00 for geological consultant fees, amounted to $6,773.00.

The objective of exploration was to determine the possible downward increase of scheelite in various quartz veinlets exposed in the Evergreen tunnel. These quartz veinlets occur in close conjunction with a near-vertical shear zone down which the 80-degree inclined shaft was sunk. Despite a minor increase in quartz, amounts of scheelite decreased in depth with apparently no established pattern. Therefore, ore reserve estimates remain as they were; at zero.

Alvin H. Lense

AHL/rc

RECEIVED
JAN 6 1955
U. S. G. S.
SPOKANE, WASH.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 13 1955

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

January 7, 1955

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

Re: Docket No. DMEA-2692 (tungsten)
North Idaho Mines, Inc. (Assignee of
Robert D. Skeman & Howard S. Carter)
Shoshone County, Idaho
Contract No. Idm-2471

Dear Mr. Selfridge:

Enclosed is the operator's final report dated December 31, 1954, and received by this office on January 6, 1955, with two maps, covering accomplishments on the above-cited exploration contract. It is hereby accepted as satisfactory to the Field Team. As all contract obligations have been met by the operator and a Report of Review has been made by the auditing department, final settlement of this account can be made immediately.

The exploration project failed to disclose any ore, therefore, a Certification of Discovery or Development is not recommended.

The Field Team's final report is in preparation and should be ready for submittal within a couple of weeks.

By Field Team, Region II

A. L. Weissenborn, Exec. Officer
(U. S. Geological Survey)

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

Enclosures
cc: JSM(2)
DMEA(2)
Prykland

MEMORANDUM

December 31, 1954

DEPARTMENT OF ... Lands Division ... RECEIVED JAN 3 1955

To: Albert E. Weissenborn, Regional Geologist
U. S. Geological Survey
South 157 Howard Street
Spokane 8, Washington

From: Alvin H. Lense, Geologist

Subject: Final Progress Report at Pony Creek Lease, Shoshone County, Idaho, Docket No. DMEA-2692 (tungsten); Contract No. Idm-E471

The work authorized for the Pony Creek Lease consisted of 100 feet of shaft and 100 feet of crosscut with a contract to start July 15, 1954. However, work commencing August 1, 1954, and ending November 30, 1954, completed only 68 feet of shaft at a cost of $5,440.00 (@ $80/foot) and 25 feet of crosscut at a cost of $1000.00 (@ $40/foot). The total cost of the project, including $8.00 for assays and $325.00 for geological consultant fees, amounted to $6,773.00.

The objective of exploration was to determine the possible downward increase of scheelite in various quartz veinlets exposed in the Evergreen tunnel. These quartz veinlets occur in close conjunction with a near-vertical shear zone down which the 80-degree inclined shaft was sunk. Despite a minor increase in quartz, amounts of scheelite decreased in depth with apparently no established pattern. Therefore, ore reserve estimates remain as they were; at zero.

Alvin H. Lense

RECEIVED
JAN 6 1955
U. S. G. S.
SPOKANE, WASH.

AHL/rc

November 19, 1954

DMEA Field Team, Region II

DMEA Certifying Officer, Region II

2692

North Idaho Mines, Inc., Contract Idm-E471
October 1954 MF-104

WSM

The subject operating report has been received, checked, and forwarded to the Disbursing Officer at Portland, Oregon, for payment.

$28.00 has been deducted from the amount claimed for assays because of inadequate support. This exception was discussed with the Operator by telephone on November 19th and the amount will be reclaimed on the next MF-104 submitted with the necessary data attached.

Myrtle Purdy

cc: DMEA (2)
USGS (2)

Copy made for 400 file

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

July 12, 1954

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

Re: Docket No. DMEA-2692 (tungsten)
North Idaho Mines, Inc.
Shoshone County, Idaho
Contract No. Idm-E471

Dear Mr. Selfridge:

Enclosed are the original and two signed copies of Amendment No. 2 to the cited contract, with attached justification.

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

Sincerely yours,

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

Enclosures
cc: Finance Office w/encl.
USBM (2)
Hosterman

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Defense Minerals Administration
RECEIVED
DEC 4 - 1953

December 3, 1953

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

Re: Docket No. DMEA-2692 (Tungsten)
North Idaho Mines, Inc., Assignee of
Robert D. Skeman and Howard S. Carter
Shoshone County, Idaho
Contract No. Idm-E471

Dear Mr. Selfridge:

Attached are the original and two signed copies of Amendment No. 1 to the subject contract, with attached justification. Distribution of this amendment is being made in the usual manner.

Acknowledgment is made of the receipt of copies of the Assignment of Exploration Project Contract; these are being distributed in the usual manner.

Sincerely yours,

Thor H. Kiilsgaard

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Attachment

cc: Finance Office w/encls.
USBM (2)
Hosterman

12-7

RECEIVED
JAN 20 1954
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

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

December [illegible], 1953

Messrs. R. D. Newman & H. W. Carter
[illegible] South Division Street
Kellogg, Idaho

Re: Docket No. [illegible] (Complete)
Poly Lease
Shoshone County, Idaho
Contract No. [illegible]

Gentlemen:

This letter will notify you that your assignment of the captioned contract to North Idaho Mines, Inc., has been approved and that it was signed by the Administrator, effective November 19, 1953. The assignment form has since been received at this Office and has been accepted by Mr. C. Harold [illegible] Jones for North Idaho Mines, Inc.

We wish to call your attention to a statement that has been added to the assignment of Exploration Project Contract, which you and officials of North Idaho Mines, Inc., signed on July [illegible], 1953, and which reads as follows:

> "The Government this 16th day of November 1953, without releasing either Robert D. Newman or Howard W. Carter from any of the terms, provisions, and conditions of the above-mentioned Exploration Project Contract, hereby consents to the above assignment."

The above-quoted statement begins on the fifth line [illegible] letter to you of November 3, 1953, in which it was noted that in consenting to the assignment the Government did not release you from contract obligations.

By [illegible] Fields [illegible], Organ [illegible]

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

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

cc: North Idaho Mines, Inc.
USBM (2)
DMEA (2) Westerman

FILE COPY
SURNAME: cc 11-19

140

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

NOV 19 1953

AEKane
Butler
Martin
Talbert
Selfridge
Johnson

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

Re: Docket No. DMEA-2692 (Tungsten)
Skeman and Carter
Shoshone County, Idaho
Contract No. Idm-E471

Dear Mr. Weissenborn:

Reference is made to the Field Team's letter of November 3, 1953, to the Chairman of the Operating Committee. In accordance with the request contained in that letter there are enclosed duly signed by the Administrator five copies of the Government's formal consent to the Assignment. Please see that they are properly distributed.

Sincerely yours,

George C. Selfridge

(JHB)

Chairman, Operating Committee

AEKane/ema/11-13-53
Copy to: Docket
Adm. R. File
Op. Comm.
Mr. Thayer
Mr. Hedges
W. S. Martin
A. E. Kane
J. L. Hofflund
Chron.
Pending

Enclosures

Approved:

J. H. Hedges (JHB)
Member, Bureau of Mines

T. P. Thayer (JHB)
Member, Geological Survey

R.C.B. 11-17-53

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 18 1953

RECEIVED
Nov 18 7 49 AM '53
GENERAL SERVICES ADMIN.
PUBLIC BLDGS. SERVICE
BMD - COMMUNICATIONS

MDA

500 WA SP /I-GS-G/

SPOKANE 11-17-53 500P

C. O. MITTENDORF, ADMINISTRATOR,

DMEA WA

PLEASE REFER TO PREVIOUS CORRESPONDENCE REGARDING ASSIGNMENT OF THE SKEMAN AND CARTER CONTRACT E471, DOCKET 2692. WE HAVE NOT YET RECEIVED COPIES OF THE ASSIGNMENT RETURNED TO WASHINGTON WITH OUR LETTER OF NOV. 3 FOR THE PURPOSE OF OBTAINING YOUR SIGNATURE ON THE DOCUMENT. OPERATOR IS PRESSING US.

A E WEISSENBORN

E471 2692 3

VA 501P

Nov 18 8 28 AM '53
BUREAU OF MINES
MAIL ROOM
WASHINGTON D C.

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 5 1953

November 3, 1953

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

Re: Docket No. DMEA-2692 (tungsten)
Pony Lease project
Shoshone County, Idaho
Contract No. Idm-E471

Dear Mr. Selfridge:

Reference is made to the subject docket and to letters from the Chairman, Operating Committee, dated August 27, October 16, and October 29, 1953. We are returning herewith copies of the "Consent to Assignment" and copies of the "Assignment of Exploration Project Contract" forwarded to this office under cover of your letter of October 29.

At your request we have written the Operator notifying him that by consenting to the assignment the Government does not release him from obligations of the contract. A copy of this letter has been sent to North Idaho Mines, Inc., and a copy is enclosed for your perusal.

We did not read in the letter of August 27 from the Operating Committee any consent by DMEA to the referenced assignment of the subject contract. Instead, we interpreted that letter as advising that an Owner's Consent to Lien Agreement was not needed from the Operator and that the language of paragraph 7 of the Consent to Assignment, while not particularly appropriate, was acceptable. If the August 27 letter was intended as an approval of the assignment, it varied widely from the assignment form usually received, which is signed by the Administrator.

It was our intention to hold the August 27 letter until we received the "Assignment of Exploration Project Contract," signed by the Administrator, from Washington, D. C. Upon its receipt, we intended to forward a copy to North Idaho Mines, Inc., and in the same forwarding letter notify them, and the previous Operator, that in consenting to the assignment the Government did not release the Operator from obligations of the contract.

If the contract assignment may be considered as approved, it is suggested that enclosed copies of "Assignment of Exploration Project Contract," as well as other copies of this instrument now in your possession, be signed by the Administrator. The appropriate number of signed copies of this instrument could then be returned to this office for distribution.

By Field Team, Region II

M. E. Volin, Acting Executive Officer
(U. S. Bureau of Mines)

Thor H. Kiilsgaard, Acting Member
(U. S. Geological Survey)

Enclosures

cc: USBM (2)
Hosterman

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

[illegible] Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 1953

November 5, 1953

Messrs. K. D. Sherman & H. S. Carter
721 South Division Street
Kellogg, Idaho

Re: Docket No. DMEA-[illegible] (Kingston)
Mon, Lease
Shoshone County, Idaho
Contract No. [illegible]

Gentlemen:

We have been instructed to notify you that DMEA has consented to the assignment of your DMEA contract to North Idaho Mines, Inc. We wish to inform you, however, that in consenting to the assignment, the Government does not release you as the Operator from obligations of the contract.

When the Assignment of the Exploration Project Contract, signed by the Administrator of DMEA has been received from the Washington, D. C., office it will be forwarded to North Idaho Mines, Inc., officials for their acceptance. You will, however, be notified at that time of our receipt of the assignment.

By Field Team, Region II

H. S. Volin, Acting Executive Officer
(U. S. Bureau of Mines)

Thor H. Kiilsgaard, Acting Member
(U. S. Geological Survey)

cc: North Idaho Mines, Inc.
P. O. Box [illegible]
Kellogg, Idaho

DMEA (2)
USBM (2)
Hosterman

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
No. 457 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 2 9 1953

November [illegible], 1953

WSM

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

Re: Docket No. DMEA-26,2 (Tungsten)
Pony Lease project
Shoshone County, Idaho
Contract No. Ian-1471

Dear Mr. Selfridge:

Reference is made to the subject docket and to letters from the Chairman, Operating Committee, dated August 27, October 16, and October 29, 1953. We are returning herewith copies of the "Consent to Assignment" and copies of the "Assignment of Exploration Project Contract" forwarded to this office under cover of your letter of October 29.

At your request we have written the Operator notifying him that by consenting to the assignment the Government does not release him from obligations of the contract. A copy of this letter has been sent to North Idaho Mines, Inc., and a copy is enclosed for your perusal.

We did not read in the letter of August 27 from the Operating Committee any consent by DMEA to the referenced assignment of the subject contract. Instead, we interpreted that letter as advising that an Owner's Consent to Lien Agreement was not needed from the Operator and that the language of paragraph 7 of the Consent to Assignment, while not particularly appropriate, was acceptable. If the August 27 letter was intended as an approval of the assignment, it varied widely from the assignment form usually received, which is signed by the Administrator.

It was our intention to hold the August 27 letter until we received the "Assignment of Exploration Project Contract," signed by the Administrator, from Washington, D. C. Upon its receipt, we intended to forward a copy to North Idaho Mines, Inc., and in the same forwarding letter notify them, and the previous Operator, that in consenting to the assignment the Government did not release the Operator from obligations of the contract.

If the contract assignment may be considered as approved, it is suggested that enclosed copies of "Assignment of Exploration Project Contract," as well as other copies of this instrument now in your possession, be signed by the Administrator. The appropriate number of signed copies of this instrument could then be returned to this office for distribution.

By Field Team, Region II

M. E. Volin, Acting Executive Officer
(U. S. Bureau of Mines)

Thor H. Kiilsgaard, Acting Member
(U. S. Geological Survey)

Enclosures

cc: USBM (2)
Hosterman

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

[illegible]
[illegible] Howard Street
[illegible], Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 2 0 1953

November [illegible], 1953

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

Re: Docket No. DMEA-2[illegible] (Tungsten)
Pony lease project
Shoshone County, Idaho
Contract No. Idm-1471

Dear Mr. Selfridge:

Reference is made to the subject docket and to letters from the Chairman, Operating Committee, dated August 27, October 16, and October 2[illegible], 1953. We are returning herewith copies of the "Consent to Assignment" and copies of the "Assignment of Exploration Project Contract" forwarded to this office under cover of your letter of October 2[illegible].

At your request we have written the Operator notifying him that by consenting to the assignment the Government does not release him from obligations of the contract. A copy of this letter has been sent to North Idaho Mines, Inc., and a copy is enclosed for your perusal.

We did not read in the letter of August 27 from the Operating Committee any consent by DMEA to the referenced assignment of the subject contract. Instead, we interpreted that letter as advising that an Owner's Consent to Lien Agreement was not needed from the Operator and that the language of paragraph 7 of the Consent to Assignment, while not particularly appropriate, was acceptable. If the August 27 letter was intended as an approval of the assignment, it varied widely from the assignment form usually received, which is signed by the Administrator.

It was our intention to hold the August 27 letter until we received the "Assignment of Exploration Project Contract," signed by the Administrator, from Washington, D. C. Upon its receipt, we intended to forward a copy to North Idaho Mines, Inc., and in the same forwarding letter notify them, and the previous Operator, that in consenting to the assignment the Government did not release the Operator from obligations of the contract.

If the contract assignment may be considered as approved, it is suggested that enclosed copies of "Assignment of Exploration Project Contract," as well as other copies of this instrument now in your possession, be signed by the Administrator. The appropriate number of signed copies of this instrument could then be returned to this office for distribution.

By Field Team, Region II

M. S. Volin, Acting Executive Officer
(U. S. Bureau of Mines)

Thor H. Kiilsgaard, Acting Member
(U. S. Geological Survey)

Enclosures

cc: USBM (2)
Hosterman

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

[illegible]
[illegible]
[illegible]

[illegible]

Messrs. [illegible]
[illegible]
[illegible], Idaho

Re: [illegible]
[illegible]
[illegible]
[illegible]

Gentlemen:

We have been informed by [illegible] that [illegible] consent to the assignment of your DMEA contract to North Idaho Mines, Inc. We wish to inform you, however, that in consenting to the assignment, the Government does not release you as the operator from obligations of the contract.

When the assignment of the Exploration Project Contract, signed by the Administrator of DMEA has been received from the Washington D. C. office it will be forwarded to North Idaho Mines, Inc., officials for their acceptance. You will, however, be advised at that time of our receipt of the assignment.

By [illegible], Region 12

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

[illegible]
[illegible], Acting Director
(U. S. Geological Survey)

cc: North Idaho Mines, Inc.
P. O. Box [illegible]
[illegible], Idaho

DMEA (2)
USBM (2)
Hosterman

FILE COPY
SURNAME: 100

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

OCT 29 1953

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

Re: Docket No. DMEA 2692 - Tungsten
Skeman and Carter
Pony Lease
Shoshone County, Idaho
Contract No. Idm-E471

Dear Mr. Weissenborn:

Reference is made to the subject docket and your telephoned request of October 23, 1953, through Mr. Frank Johnson for copies of the "Assignment" mentioned in our letter of October 16, 1953.

Enclosed are two copies of the Owners' "Consent to Assignment" and two copies of the "Assignment of Exploration Project Contract."

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Enclosures

FARutledge:fcc
10-26-53
cc: Docket
Code 100
Admr. Reading File
Operating Committee
FT. Reg. 2
R. W. Ceehan, USBM
T. P. Thayer, USGS

APPROVED:

J. H. Hedges
Member, Bureau of Mines

T. P. Thayer
Member, Geological Survey

R.C.G. 10-29-53

FILE COPY
SURNAME:

400

Rutledge
Martin
Selfridge
Johnson

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

OCT 16 1953

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

Re: Docket No. DMEA 2692 - Tungsten
Skeman and Carter
Pony Lease
Shoshone County, Idaho
Contract No. Idm-E471

Dear Mr. Weissenborn:

Reference is made to the subject docket and your letter of October 6, 1953, asking if approval had been given to assignment of the subject contract.

For your convenience we are enclosing a copy of our letter of August 27, 1953, consenting to the referenced assignment. Your attention is called to the last sentence which states: "However, you should specifically notify the operator in writing that, in consenting to the assignment, the Government does not release the operator from the obligations of the contract, and a copy of this notice should be sent to North Idaho Mines, Inc."

Sincerely yours,

George C. Selfridge

(GHB)

Chairman, Operating Committee

Enclosure

FARUTLEDGE:foc 10-14-53
cc: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. Reg. 2
R. W. Geehan, USBM
T. P. Thayer, USGS

APPROVED:

J. H. Hedges
Member, Bureau of Mines (GHB)

T. P. Thayer
Member, Geological Survey (GHB)

R.C.G. 10-16-53

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

October 6, 1953

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

Re: Docket No. DMEA-2692 (Tungsten)
Skeman and Carter
Pony Lease Project
Shoshone County, Idaho
Contract No. Idm-E471

Dear Mr. Selfridge:

Reference is made to the assignment of the subject contract from Skeman and Carter to the North Idaho Mines, Inc. The assignment of this contract was forwarded to Washington under cover of a Field Team letter dated August 11, 1953, with the recommendation that the contract assignment be approved.

To date we have not received further word as to the approval of this contract assignment and are, therefore, concerned with its current status. We would appreciate further word from you on this matter.

Sincerely yours,

A. E. Weissenborn

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

cc: USBM (2)
Hosterman

140

FILE COPY
SURNAME:

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

AUG 27 1953

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

Re: Docket No. DMEA-2692 (Tungsten)
Skeman and Carter
Pony Lease Project
Shoshone County, Idaho
Contract No. Idm-E471

Dear Mr. Weissenborn:

Reference is made to the letter to me dated August 11, 1953, from your office in the above-entitled matter. You ask whether the operator, who has purportedly assigned the contract to North Idaho Mines, Inc., is required to sign an owner's consent to lien, since you believe that the operator still retains an interest in the property.

The so-called assignment is dated July 24, 1953, and in paragraph 7 thereof, the assignors assign "all their interest in such loan that may be made under said DMEA application." As the exploration project contract was executed on January 2, 1953, six months prior to this assignment, this language of paragraph 7 is not particularly appropriate, but will be accepted because the assignee agrees to be "bound by all the terms and conditions that may be imposed by the Federal Government in connection with the expenditure of said funds and the repayment thereof, and agrees to meet any time limits and progress requirements imposed by the DMEA."

Because the exploration project contract was executed prior to the assignment, and because the Government has not released and will not release the operator from his contract obligations, whether or not the operator retains any rights in the property is immaterial and an owner's consent to lien from the operator is not required. However, you should specifically notify the operator in writing that,

in consenting to the assignment, the Government does not release the operator from the obligations of the contract, and a copy of this notice should be sent to North Idaho Mines, Inc.

Sincerely yours,

Ernest Wm. Ellis

ACTING Chairman, Operating Committee

Approved:

M. H. Kline

Member, Bureau of Mines

D. M. Larrabee

Member, Geological Survey

AEKane:ep 8-25-53

Copy to: Mails & Files
Admr. Reading File
Oper. Comm.
Mr. R. W. Geehan, B/M Rm. 3513
Mary Miller, USGS, Rm B-242-B, GSA
Mr. Chambers
Mr. Martin (2)
Mr. Hofflund
Mr. Kane
Chron.
Pending

HHH 8-27-53

DEPARTMENT OF THE INTERIOR
Defense Mineral Administration
AUG 17 1953

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

August 11, 1953

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

Re: Docket No. DMEA-2692 (Tungsten)
Pony Lease Project
Shoshone Co., Idaho
Contract No. Idm-E471

Dear Mr. Selfridge:

Reference is made to a letter to you from the Executive Officer, Region II, dated July 9, 1953, on the subject contract. In that letter it was mentioned that other parties were interested in taking over the contract and for that reason we were delaying sending the recision agreements to the field for signature.

Since July 9, Mr. Albert Nash, acting for North Idaho Mines, Inc., visited this office and stated that he was interested in taking over the Skeman and Carter contract. He was informed that so far as we were concerned the contract was no longer effective, but that if he wished he could proceed with arrangements to take over the property and then take his chances in obtaining an extension to the contract. He was also told that the Field Team did not have authority to renew the contract but could only present his case to Washington officials for their decision.

Mr. Nash subsequently visited this office again on August 6, bringing with him 6 copies of the Consent to Assignment of the Lease and copies of the Assignment of Exploration Project Contract, all of which are enclosed herewith.

Upon reading the Consent to Assignment we have found where the Assignors have retained an interest in the property and we therefore believe that, as they originally obtained a Consent to Lien Agreement from the owner, they should in turn sign a similar agreement with the Assignee. We are therefore writing Nash and asking that he obtain such a Consent to Lien which we will forward to Washington, D. C. upon receipt. In the event this Consent to Lien Agreement is not needed it can be discarded by the legal department. It is assumed that copies of the original lease agreement between Skeman & Carter and the property owners are in the DMEA Skeman files in Washington, D. C.

Mr. Nash stated that he was very anxious to obtain the contract and that if he received it he would be ready to commence exploration work within a short time after receipt. He pointed out that contract terms were agreeable to him and that he would do the work as prescribed in the contract and at the rates as specified.

The Field Team believes that exploration of the Pony lease property is still warranted. We have the word of North Idaho Mines, Inc., officials that they are financially able, and that they will do the work specified in the contract; therefore, we recommend that favorable consideration be given this contract assignment, if the Operating Committee deems continuation of the contract justifiable. If the contract assignment is accepted, an amendment will have to be drawn extending the starting date.

By Field Team, Region II,

Thor H. Kiilsgaard

Thor H. Kiilsgaard, Actg. Exec. Officer
(U. S. Geological Survey)

Thomas E. Howard

Thomas E. Howard, Acting Member
(U. S. Bureau of Mines)

Enclosures

cc: USBM (2)
Hosterman

P. S. We are attaching copies of the Consent to Lien Agreement which was received from North Idaho Mines, Inc., today. This is the agreement mentioned in paragraph 4 of this letter.

Defense Minerals Administration
RECEIVED
JAN 14 1955

xxxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

January 11, 1955

Mr. Alvin H. Sense
c/o Geology Department
Bunker Hill Smelting and
Concentrating Company
Kellogg, Idaho

Re: Docket No. DMEA-2692 (tungsten)
North Idaho Mines, Inc.
Pony Gulch Tungsten
Shoshone County, Idaho
Contract Idm-E471 (completed)

Dear Al:

We have just received the final report on the Pony Creek property. The narrative is somewhat short but acceptable for a project of this size. Two questions, however, are:

(1) Are the samples shown on the section car samples taken at those elevations, or do some represent short channels (0.862 WO_3, for instance)?

(2) What are the yellow lines on the other map?

Sincerely yours,

Verne C. Fryklund, Jr.
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc:
DMEA(2)
LBH(2)
Fryklund

XXXXXXXXXXXXXXXXXX
1201 N. Division Street
Spokane 2, Washington
January 11, 1955

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

Re: Docket No. DMEA 2692
Contract Idm-E471
North Idaho Mines, Inc.

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 Government has no equity in any equipment or supplies used at the project.

The exploration program failed to disclose any ore, therefore, a Certification of Discovery or Development was not recommended by the Field Team.

A final Report of Review dated December 29, 1954, 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,
Executive Officer, DMEA
Field Team, Region II

cc: DMEA (2)
USGS (2)
AD

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0444

CONSENT TO ASSIGNMENT

On the 20th day of May, 1952, a Lease and Bond Agreement to certain unpatented lode and placer mining claims located in the Beaver Mining District, Shoshone County, State of Idaho, known as the

Gold Nugget	Blue Grouse
Evergreen	Never Fail
Signal Shot	Storm King
War Eagle	Valentine
September	

Lode Mining Claims, and

Tin Cup	Cinch
Rambler	Tungsten

Placer Mining Claims,

was entered into between GEORGE A. PRESTON and his wife, ISABELLE PRESTON, as Lessors and ROBERT D. SKEMAN and HOWARD S. CARTER, as Lessees, which Lease and Bond provided that the written consent of the Lessors was necessary before the Lessees could make any assignment thereof.

Thereafter, George A. Preston died and Isabelle Preston was appointed Executrix of his estate, and is presently acting in that capacity. Isabelle Preston is the sole heir at law of said George A. Preston.

NOW, THEREFORE, Isabelle Preston, individually, as the sole heir at law of George A. Preston, and as executrix of his estate, does hereby consent to the Assignment of said lease by said lessees to NORTH IDAHO MINES, INC., a corporation organized and existing under the laws of the State of Idaho; provided, however, that said Lessees shall remain fully responsible for the performance of all covenants of said agreement and provided that no further or additional assignment of said agreement shall be made

without the prior written consent of the undersigned.

Dated this 30 day of July, 1953.

ISABELLE PRESTON
Isabelle Preston, Executrix of the
Estate of George A. Preston, deceased.

ISABELLE PRESTON
Isabelle Preston, individually, as sole
heir of George A. Preston, deceased.

STATE OF WASHINGTON)
) ss
County of Spokane)

On this 30 day of July, 1953, before me, the undersigned, a Notary public in and for the State of Washington, personally appeared ISABELLE PRESTON, known to me to be the individual who executed the within and foregoing instrument and she acknowledged to me that she executed the foregoing Consent to Assignment for herself, individually, and as Executrix of the Estate of George A. Preston.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

(SEAL)

J. L. THOMAS
Notary Public in and for the State of
Washington, residing at Spokane, Wash.

My Commission Expires: June 17, 1956.

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0444

ASSIGNMENT AND AGREEMENT

THIS CONTRACT, Entered into this 24th day of July, 1953, by and between ROBERT D. SKEEMAN and LYLIE SKEEMAN, his wife, and HOWARD S. CARTER and NANCY CARTER, his wife, parties of the first part and sometimes referred to herein collectively as the "ASSIGNORS", and NORTH IDAHO MINES, INC., an Idaho corporation, party of the second part and sometimes referred to herein as the "ASSIGNEE";

W I T N E S S E T H:

WHEREAS, the Assignors, by an agreement of lease and bond dated the 20th day of May, 1952, wherein George A. Preston and his wife, Isabelle Preston, are lessors and Robert D. Skeeman and Howard S. Carter are lessees, are possessed of a lease for a period of ten (10) years beginning May 20, 1952 and terminating May 20, 1962 (together with an option to renew said lease), upon the Gold Nugget, Evergreen, Signal Shot, War Eagle, Blue Grouse, Never Fail, Storm King, Valentine and September lode mining claims, and the Tin Cup, Rambler, Cinch and Tungsten placer mining claims, situated in the Beaver Mining District, Shoshone County, Idaho, in Sections 13, 14, 18 and 24, in Township 49 North, Range 4 E.B.M., which lease contains an option to purchase said claims during the period of said lease for the sum of FORTY THOUSAND and no/100 ($40,000.00) DOLLARS, payable out of royalties, and wherein the Assignors have assumed certain obligations set out in said lease and bond agreement; and

WHEREAS, the Assignors desire to assign said lease and option to the Assignee upon the terms and conditions hereinafter set forth, and the Assignee desires to accept such assignment.

NOW, THEREFORE, In consideration of the mutual covenants herein assumed, it is agreed:

1. INTEREST OF THE PARTIES: The Assignors do hereby set over and assign all their right, title and interest in and to said aforementioned lease and bond agreement of May 20, 1952, and the interest accrued and to accrue thereunder, and the Assignee does hereby agree to faithfully perform all the conditions and obligations of said aforementioned lease and bond in accordance with the terms of this contract. Said lease and bond, identified as Exhibit "A", is attached hereto and made a part of this contract.

It is agreed that the investment of the Assignors in said claims and in the performance of said lease and bond at the date of this contract is $10,000.00, which includes the exploration and development work and all other work or expenditures heretofore done on said property and certain equipment located on or purchased for use on said premises. Said equipment which is hereby sold to the assignee, subject, however, to the terms of this agreement, is as follows:

(a) Worthington compressor and receiving tank,
(b) Set of crusher rolls.
(c) 3 gasoline motors.
(d) Mine track, air and water pipe located on premises.
(e) Miscellaneous picks, shovels, cables, hammers and other small tools located on said premises.
(f) Harz Jig.

Assignors agree to deliver any of such equipment not now on the property to Assignee immediately when called for.

said capital investment shall be recovered by the Assignors as hereafter provided in paragraph 5.

Immediately upon the execution of this agreement, the Assignors agree to place a good and sufficient Mining Deed to said claims, naming North Idaho Mines, Inc. as grantee, in escrow with the Weber Bank, Kellogg, Idaho, with instructions to deliver the same to the Assignee upon payment of the purchase price provided for in said lease and bond agreement of May 20, 1952, and to instruct said bank to pay all smelter returns, to which Assignors are entitled, to Assignee who shall distribute them in accordance with the terms of this contract.

2. RELATIONSHIP OF THE PARTIES: This agreement shall not in any manner establish the relationship of partnership or co-adventure between the parties hereto, nor shall either party have the right or power to bind the other party hereto as regards third parties without the specific written consent of the other party hereto.

3. DEVELOPMENT AND OPERATION OF PROPERTY: The Assignee agrees, at its own cost and without expense to the Assignors, to explore, develop, equip, mine and operate said property as, in its sole discretion, shall be necessary to bring said property into production in a good and miner-like fashion. For this purpose the Assignee shall have quiet and peaceful possession of said property, subject to the terms of this contract. The expenses of equipping said property and of its exploration and development shall constitute a charge against the operation thereof to be repaid in full from production returns, as herein provided. Accurate

records of the costs of such work shall be maintained in such detail as shall be required by good accounting practice and quarterly reports thereof shall be made to the Assignors.

If and when said property has been brought into production, reports of operating expenses shall be rendered monthly unless otherwise agreed by the parties, together with copies of smelter settlement sheets or purchaser's statements relating to the ore or concentrate on which settlement is being made.

If the Assignors shall have any objections to said statement of costs and expenses or to the items included therein, they shall so advise the Assignee within thirty (30) days after receipt thereof, setting out in detail such objections, whereupon the parties shall confer and attempt to reach an agreement thereon by conference, and said objections shall finally be disposed of by an exchange of letters. If such objections cannot be disposed of in that manner, they shall be referred to arbitration as hereinafter provided.

If no objections are made by Assignors within said thirty (30) days, then any and all statements to which no objections shall have been made are deemed to be correct and shall not thereafter be questioned.

The Assignors shall have the right at all reasonable times to inspect the work being done by the Assignee.

4. DIVISION OF NET SMELTER RETURNS: Assignee shall have the right to mine, mill and ship or sell to a smelter or other purchaser any ores that may be encountered and removed from the said claims during the life of this agreement. If and when the property

becomes a producing mine, net smelter returns derived from ores produced and shipped shall be used and/or divided as follows:

(a) Ten per cent (10%) thereof in accordance with said lease and bond agreement of May 20, 1952.

(b) So much of the balance thereof as shall be required to pay current operating expenses. Current operating expenses shall be considered to include all costs of labor, material, supplies, power, hospitalization, compensation, payroll taxes and deductions, and mines license and mines profit taxes incidental to the operation of the property when in production, and overhead expenses. Such expenses not covered by current income shall be a first charge upon subsequent income.

(c) The entire balance to the accumulation and maintenance of a working capital in the sum of $15,000.00, and thereafter to the re-payment pro rata of the capital investment of the Assignors and the accumulated expenses of exploration and development incurred by the Assignee in bringing the property into production and in equipping it.

(d) After such working capital shall have been accumulated and said capital investment of the Assignors and accumulated expense of exploration and development incurred by Assignee shall have been retired, the net profit of such operation shall be divided twenty-five per cent (25%) to the Assignors and seventy-five per cent (75%) to the Assignee.

"Net smelter returns" are hereby defined to be the amount which shall be paid by the smelter or other purchaser for ores or concentrates produced from the property after the deduction of all

smelter treatment charges and penalties and all transportation charges upon such ore and/or concentrates from the mill to the smelter or other purchaser.

"Overhead costs" are hereby defined as all costs direct or indirect of the Assignee for supervision and management not rendered directly upon said property, or directly in connection with the operation thereof, bookkeeping and office expenses and attorney's fees; provided, however, that the total of such overhead costs chargeable to the operation hereunder shall not be more than twelve per cent (12%) of the current costs of exploration, development and/or production.

5. ASSIGNEE RESPONSIBLE FOR ALL OBLIGATIONS INCURRED BY IT: Assignee agrees to fully pay and discharge all obligations it may incur for labor, materials, supplies, equipment or otherwise in the prosecution of the work contemplated by this agreement and to save the Assignors and said property harmless from any and all claims, demands and liens for labor or material that may be furnished for or at the request of Assignee during the life of this agreement or that may be used in the prosecution of the work so carried on hereunder.

Before commencing work hereunder, the Assignee shall make, publish and record the statement under oath required by Chapter 5 of Title 44 of the Idaho Code 1947.

Assignors agree to keep said property free from liens or encumbrances prejudicial to the rights of the Assignee. In the event that the Assignors shall desire to sell all or part of their

remaining interest in this contract the Assignee shall have the first right to purchase the same.

6. MILL FACILITIES: It is agreed that the erection of adequate milling or concentrating facilities upon the property and the operation thereof shall be included in the equipping and operating of said property and the costs thereof shall be recovered by Assignee as provided in paragraph 4 hereof.

7. DMEA LOAN: It is understood that the Assignors have made application to the United States Department of Interior, Defense Minerals Exploration Administration, for a loan of $13,200.00 for the exploration and development of said property, under which, if granted, Assignors would have to advance twenty-five per cent (25%) thereof and the Assignors agree that the Assignee shall have the benefit of $9,900.00, which would be paid by the Federal Government under said DMEA loan, and for this purpose and in the event said loan or any portion thereof is granted Assignee agrees to raise Assignors' proportionate share thereof. In consideration thereof Assignors hereby set over, assign and transfer to the Assignee all their interest in such loan that may be made under said DMEA application and agree that the Assignee shall have the right and privilege of using and applying said fund for the purpose of exploration and development in accordance with the terms and conditions of such loan, if granted. The Assignee agrees to be bound by all the terms and conditions that may be imposed by the Federal Government in connection with the expenditure of said funds and the re-payment thereof, and agrees to meet any time limits and

progress requirements imposed by the DMEA, notwithstanding anything to the contrary herein.

Assignee agrees to sign any subordinate agreement required by DMEA and also agrees to procure any required subordination agreement from their lessor under said agreement of May 20, 1952.

8. ARBITRATION: The parties appreciate that unforeseen contingencies in the operations contemplated by this agreement and not specifically covered by its terms and conditions, and questions of construction and performance may arise. Each party covenants and agrees to approach such questions and differences in a spirit of fairness and cooperation.

In the event the parties are unable to agree upon any question of construction, performance, or other contingency not specifically covered by this agreement, they agree to submit the differences to arbitration within thirty (30) days after such failure to agree, each to select one arbitrator and those two to select a third, the expenses of such arbitration to be borne equally. Such arbitrators shall render their decision within thirty (30) days after the question is submitted to them. Each party covenants and agrees not to resort to legal action over any question or difference arising out of this agreement until the same has been submitted first to arbitration as herein provided.

9. TAXES: The Assignee shall pay all state, county and school district taxes levied upon the lands, improvements and personal property used in connection with its operations hereunder and the mining operations conducted under this contract, and the same shall be considered as a part of Assignee's direct costs.

Each party hereto shall pay the state and federal income taxes attributable to its portion of the income and earnings derived herefrom and each party shall pay its proportion of the mines license tax as provided by Chapter 12, Title 47, Idaho Code, and so-called "net profit" tax provided by Chapter 28, Title 63 Idaho Code.

10. TERMINATION BY ASSIGNEE: The Assignee may at any time, after date hereof, if it so elects, discontinue any operation, development or mining program on said property. In case the Assignee desires to abandon the project and discontinue development thereof, it shall give the Assignors thirty (30) days' notice of its intention so to do and upon the expiration of said thirty (30) days it shall deliver to the Assignors a release, duly executed and acknowledged, legally sufficient to terminate this contract of record, and shall reconvey to the Assignors all interest in and to said lease and bond of May 20, 1952, and the rights accrued thereunder, and thereupon this contract shall be at an end and the Assignee shall have the right to remove, within ninety (90) days thereafter, all machinery, equipment and supplies for which it has not been re-paid or reimbursed as herein provided; provided, however, that such termination shall not relieve the Assignee from its liabilities hereunder heretofore accrued and the Assignee shall not remove any of said property until it has paid all of its obligations arising from or in connection with this property. Upon said abandonment or other termination of this agreement the Assignee shall leave the property and the equipment on the property

at the time this agreement is entered into (except as Assignors shall have been reimbursed therefor) in good state and condition, reasonable wear and tear as to the equipment excepted, together with all permanent improvements that have been made thereon by the Assignee.

11. RIGHT OF ASSIGNORS TO TERMINATE: Should the Assignee fail to perform any of the covenants and agreements herein contemplated at the time and in the manner herein specified, or shall fail to perform any of the covenants and conditions of said bond and lease agreement of May 20, 1952, the Assignors shall have the right to cancel and terminate this contract upon giving the Assignee twenty (20) days' written notice of its intention to do so, stating specifically the grounds upon which it is claimed the Assignee is in default, and unless the existing default shall have been remedied by the Assignee during the said twenty (20) day period, this contract shall thereupon be terminated and be at an end. Such cancellation, however, shall not release or relieve the Assignee from liability hereunder theretofore accrued and upon such cancellation the Assignee shall reconvey to the Assignors all interest in and to said lease and bond.

12. Upon termination by either party hereto such working capital as shall remain after the payment of all obligations incurred hereunder by the Assignee shall be divided seventy-five per cent (75%) to the Assignee and twenty-five per cent (25%) to the Assignors.

13. COMPLIANCE WITH THE LAWS RELATING TO THE EMPLOYMENT OF LABOR: Assignee agrees to carry upon its employees compensation

insurance under the Workmen's Compensation Law of the State of Idaho and otherwise in all respects hold the Assignors harmless from all liability while said property is being worked and developed by Assignee during the life of this agreement and to further comply with all federal and state laws relating to social security, unemployment and old-age insurance, wages and hours, income tax on its employees, both state and federal, and all other statutes, federal and state, affecting the operation of said property and conditions of employment of all persons in the employment of Assignee.

14. AGREEMENT EXTENDS TO HEIRS, SUCCESSORS AND ASSIGNS: This agreement shall be binding upon the heirs, successors, assigns and legal representatives of the parties hereto.

IN WITNESS WHEREOF, The Lessors have hereunto set their hands and the NORTH IDAHO MINES, INC. has caused these presents to be executed by its duly authorized officers the day and year first above written.

ROBERT D. SKEMAN

LYLIE SKEMAN

HOWARD S. CARTER

NANCY CARTER

ASSIGNORS

NORTH IDAHO MINES, INC.

BY R. G. SPARLING
President.

ATTEST:

MARY A. NASH
Secretary.

STATE OF IDAHO)
) ss
County of Shoshone)

On this 24th day of July, 1953, before me, the undersigned a Notary Public for the State of Idaho, personally appeared ROBERT D. SPERMAN and LYLIE SPERMAN, his wife, and HOWARD S. CARTER and NANCY CARTER, his wife, known to me to be the presons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year in this certificate first above written.

(SEAL)

ALDEN HULL
Notary Public in and for the State of Idaho, residing at Wallace, Idaho.

STATE OF IDAHO)
) ss
County of Shoshone)

On this 24th day of July, 1953, before me, the undersigned, a Notary Public for the State of Idaho, personally appeared ROBERT SPARLING and MARY NASH, known to me to be the President and Secretary, respectively, of the NORTH IDAHO MINES, INC., the corporation whose name is subscribed to the foregoing instrument, and acknowledged to me that said corporation did execute the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year in this certificate first above written.

(SEAL)

ALDEN HULL
Notary Public in and for the State of Idaho, residing at Wallace, Idaho.

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0444

CONSENT TO ASSIGNMENT

On the 20th day of May, 1952, a Lease and Bond Agreement to certain unpatented lode and placer mining claims located in the Beaver Mining District, Shoshone County, State of Idaho, known as the

Gold Nugget	Blue Grouse
Evergreen	Never Fail
Signal Shot	Storm King
War Eagle	Valentine
September	

Lode Mining Claims, and

Tin Cup	Cinch
Rambler	Tungsten

Placer Mining Claims,

was entered into between GEORGE A. PRESTON and his wife, ISABELLE PRESTON, as Lessors and ROBERT D. SMITH and HOWARD S. CARTER, as Lessees, which Lease and Bond provided that the written consent of the Lessors was necessary before the Lessees could make any assignment thereof.

Thereafter, George A. Preston died and Isabelle Preston was appointed Executrix of his estate, and is presently acting in that capacity. Isabelle Preston is the sole heir at law of said George A. Preston.

NOW, THEREFORE, Isabelle Preston, individually, as the sole heir at law of George A. Preston, and as executrix of his estate, does hereby consent to the assignment of said lease by said lessees to NORTH IDAHO MINES, INC., a corporation organized and existing under the laws of the State of Idaho; provided, however, that said Lessees shall remain fully responsible for the performance of all covenants of said agreement and provided that no further or additional assignment of said agreement shall be made

without the prior written consent of the undersigned.

Dated this 30 day of July, 1953.

ISABELLE PRESTON
Isabelle Preston, Executrix of the
Estate of George A. Preston, deceased.

ISABELLE PRESTON
Isabelle Preston, individually, as sole
heir of George A. Preston, deceased.

STATE OF WASHINGTON)
) ss
County of Spokane)

On this 30 day of July, 1953, before me, the undersigned, a Notary public in and for the State of Washington, personally appeared ISABELLE PRESTON, known to me to be the individual who executed the within and foregoing instrument and she acknowledged to me that she executed the foregoing Consent to Assignment for herself, individually, and as Executrix of the Estate of George A. Preston.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

(SEAL)

J. L. THOMAS
Notary Public in and for the State of
Washington, residing at Spokane, Wash.

My Commission Expires: June 17, 1956.

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 04444

ASSIGNMENT AND AGREEMENT

THIS CONTRACT, Entered into this 24th day of July, 1953, by and between ROBERT D. SKEEMAN and LYLIE SKEEMAN, his wife, and HOWARD S. CARTER and NANCY CARTER, his wife, parties of the first part and sometimes referred to herein collectively as the "ASSIGNORS", and NORTH IDAHO MINES, INC., an Idaho corporation, party of the second part and sometimes referred to herein as the "ASSIGNEE";

W I T N E S S E T H:

WHEREAS, the Assignors, by an agreement of lease and bond dated the 20th day of May, 1952, wherein George A. Preston and his wife, Isabelle Preston, are lessors and Robert D. Skeeman and Howard S. Carter are lessees, are possessed of a lease for a period of ten (10) years beginning May 20, 1952 and terminating May 20, 1962 (together with an option to renew said lease), upon the Gold Nugget, Evergreen, Signal Shot, War Eagle, Blue Grouse, Never Fail, Storm King, Valentine and September lode mining claims, and the Tin Cup, Rambler, Cinch and Tungsten placer mining claims, situated in the Beaver Mining District, Shoshone County, Idaho, in Sections 13, 14, 18 and 24, in Township 49 North, Range 4 E.B.M., which lease contains an option to purchase said claims during the period of said lease for the sum of FORTY THOUSAND and no/100 ($40,000.00) DOLLARS, payable out of royalties, and wherein the Assignors have assumed certain obligations set out in said lease and bond agreement; and

WHEREAS, the Assignors desire to assign said lease and option to the Assignee upon the terms and conditions hereinafter set forth, and the Assignee desires to accept such assignment.

NOW, THEREFORE, In consideration of the mutual covenants herein assumed, it is agreed:

1. INTEREST OF THE PARTIES: The Assignors do hereby set over and assign all their right, title and interest in and to said aforementioned lease and bond agreement of May 20, 1952, and the interest accrued and to accrue thereunder, and the Assignee does hereby agree to faithfully perform all the conditions and obligations of said aforementioned lease and bond in accordance with the terms of this contract. Said lease and bond, identified as Exhibit "A", is attached hereto and made a part of this contract.

It is agreed that the investment of the Assignors in said claims and in the performance of said lease and bond at the date of this contract is $10,000.00, which includes the exploration and development work and all other work or expenditures heretofore done on said property and certain equipment located on or purchased for use on said premises. Said equipment which is hereby sold to the assignee, subject, however, to the terms of this agreement, is as follows:

(a) Worthington compressor and receiving tank,
(b) Set of crusher rolls.
(c) 3 gasoline motors.
(d) Mine track, air and water pipe located on premises.
(e) Miscellaneous picks, shovels, cables, hammers and other small tools located on said premises.
(f) Harz Jig.

Assignors agree to deliver any of such equipment not now on the property to Assignee immediately when called for.

said capital investment shall be recovered by the Assignors as hereafter provided in paragraph 5.

Immediately upon the execution of this agreement, the Assignors agree to place a good and sufficient Mining Deed to said claims, naming North Idaho Mines, Inc. as grantee, in escrow with the Weber Bank, Kellogg, Idaho, with instructions to deliver the same to the Assignee upon payment of the purchase price provided for in said lease and bond agreement of May 20, 1952, and to instruct said bank to pay all smelter returns, to which Assignors are entitled, to Assignee who shall distribute them in accordance with the terms of this contract.

2. RELATIONSHIP OF THE PARTIES: This agreement shall not in any manner establish the relationship of partnership or co-adventure between the parties hereto, nor shall either party have the right or power to bind the other party hereto as regards third parties without the specific written consent of the other party hereto.

3. DEVELOPMENT AND OPERATION OF PROPERTY: The Assignee agrees, at its own cost and without expense to the Assignors, to explore, develop, equip, mine and operate said property as, in its sole discretion, shall be necessary to bring said property into production in a good and miner-like fashion. For this purpose the Assignee shall have quiet and peaceful possession of said property, subject to the terms of this contract. The expenses of equipping said property and of its exploration and development shall constitute a charge against the operation thereof to be repaid in full from production returns, as herein provided. Accurate

records of the costs of such work shall be maintained in such detail as shall be required by good accounting practice and quarterly reports thereof shall be made to the Assignors.

If and when said property has been brought into production, reports of operating expenses shall be rendered monthly unless otherwise agreed by the parties, together with copies of smelter settlement sheets or purchaser's statements relating to the ore or concentrate on which settlement is being made.

If the Assignors shall have any objections to said statement of costs and expenses or to the items included therein, they shall so advise the Assignee within thirty (30) days after receipt thereof, setting out in detail such objections, whereupon the parties shall confer and attempt to reach an agreement thereon by conference, and said objections shall finally be disposed of by an exchange of letters. If such objections cannot be disposed of in that manner, they shall be referred to arbitration as hereinafter provided.

If no objections are made by Assignors within said thirty (30) days, then any and all statements to which no objections shall have been made are deemed to be correct and shall not thereafter be questioned.

The Assignors shall have the right at all reasonable times to inspect the work being done by the Assignee.

4. DIVISION OF NET SMELTER RETURNS: Assignee shall have the right to mine, mill and ship or sell to a smelter or other purchaser any ores that may be encountered and removed from the said claims during the life of this agreement. If and when the property

becomes a producing mine, net smelter returns derived from ores produced and shipped shall be used and/or divided as follows:

(a) ten per cent (10%) thereof in accordance with said lease and bond agreement of May 20, 1952.

(b) so much of the balance thereof as shall be required to pay current operating expenses. Current operating expenses shall be considered to include all costs of labor, material, supplies, power, hospitalization, compensation, payroll taxes and deductions, and mines license and mines profit taxes incidental to the operation of the property when in production, and overhead expenses. Such expenses not covered by current income shall be a first charge upon subsequent income.

(c) the entire balance to the accumulation and maintenance of a working capital in the sum of $15,000.00, and thereafter to the re-payment pro rata of the capital investment of the Assignors and the accumulated expenses of exploration and development incurred by the Assignee in bringing the property into production and in equipping it.

(d) After such working capital shall have been accumulated and said capital investment of the Assignors and accumulated expense of exploration and development incurred by Assignee shall have been retired, the net profit of such operation shall be divided twenty-five per cent (25%) to the Assignors and seventy-five per cent (75%) to the Assignee.

"Net smelter returns" are hereby defined to be the amount which shall be paid by the smelter or other purchaser for ores or concentrates produced from the property after the deduction of all

smelter treatment charges and penalties and all transportation charges upon such ore and/or concentrates from the mill to the smelter or other purchaser.

"Overhead costs" are hereby defined as all costs direct or indirect of the Assignee for supervision and management not rendered directly upon said property, or directly in connection with the operation thereof, bookkeeping and office expenses and attorney's fees; provided, however, that the total of such overhead costs chargeable to the operation hereunder shall not be more than twelve per cent (12%) of the current costs of exploration, development and/or production.

5. ASSIGNEE RESPONSIBLE FOR ALL OBLIGATIONS INCURRED BY IT: Assignee agrees to fully pay and discharge all obligations it may incur for labor, materials, supplies, equipment or otherwise in the prosecution of the work contemplated by this agreement and to save the Assignors and said property harmless from any and all claims, demands and liens for labor or material that may be furnished for or at the request of Assignee during the life of this agreement or that may be used in the prosecution of the work so carried on hereunder.

Before commencing work hereunder, the Assignee shall make, publish and record the statement under oath required by Chapter 5 of Title 44 of the Idaho Code 1947.

Assignors agree to keep said property free from liens or encumbrances prejudicial to the rights of the Assignee. In the event that the Assignors shall desire to sell all or part of their

remaining interest in this contract the Assignee shall have the first right to purchase the same.

6. MILL FACILITIES: It is agreed that the erection of adequate milling or concentrating facilities upon the property and the operation thereof shall be included in the equipping and operating of said property and the costs thereof shall be recovered by Assignee as provided in paragraph 4 hereof.

7. DMEA LOAN: It is understood that the Assignors have made application to the United States Department of Interior, Defense Minerals Exploration Administration, for a loan of $13,200.00 for the exploration and development of said property, under which, if granted, Assignors would have to advance twenty-five per cent (25%) thereof and the Assignors agree that the Assignee shall have the benefit of $9,900.00, which would be paid by the Federal Government under said DMEA loan, and for this purpose and in the event said loan or any portion thereof is granted Assignee agrees to raise Assignors' proportionate share thereof. In consideration thereof Assignors hereby set over, assign and transfer to the Assignee all their interest in such loan that may be made under said DMEA application and agree that the Assignee shall have the right and privilege of using and applying said fund for the purpose of exploration and development in accordance with the terms and conditions of such loan, if granted. The Assignee agrees to be bound by all the terms and conditions that may be imposed by the Federal Government in connection with the expenditure of said funds and the re-payment thereof, and agrees to meet any time limits and

progress requirements imposed by the DMEA, notwithstanding anything to the contrary herein.

Assignee agrees to sign any subordinate agreement required by DMEA and also agrees to procure any required subordination agreement from their lessor under said agreement of May 20, 1952.

8. ARBITRATION: The parties appreciate that unforeseen contingencies in the operations contemplated by this agreement and not specifically covered by its terms and conditions, and questions of construction and performance may arise. Each party covenants and agrees to approach such questions and differences in a spirit of fairness and cooperation.

In the event the parties are unable to agree upon any question of construction, performance, or other contingency not specifically covered by this agreement, they agree to submit the differences to arbitration within thirty (30) days after such failure to agree, each to select one arbitrator and those two to select a third, the expenses of such arbitration to be borne equally. Such arbitrators shall render their decision within thirty (30) days after the question is submitted to them. Each party covenants and agrees not to resort to legal action over any question or difference arising out of this agreement until the same has been submitted first to arbitration as herein provided.

9. TAXES: The Assignee shall pay all state, county and school district taxes levied upon the lands, improvements and personal property used in connection with its operations hereunder and the mining operations conducted under this contract, and the same shall be considered as a part of Assignee's direct costs.

Each party hereto shall pay the state and federal income taxes attributable to its portion of the income and earnings derived herefrom and each party shall pay its proportion of the mines license tax as provided by Chapter 12, Title 47, Idaho Code, and so-called "net profit" tax provided by Chapter 28, Title 63 Idaho Code.

10. TERMINATION BY ASSIGNEE: The Assignee may at any time, after date hereof, if it so elects, discontinue any operation, development or mining program on said property. In case the Assignee desires to abandon the project and discontinue development thereof, it shall give the Assignors thirty (30) days' notice of its intention so to do and upon the expiration of said thirty (30) days it shall deliver to the Assignors a release, duly executed and acknowledged, legally sufficient to terminate this contract of record, and shall reconvey to the Assignors all interest in and to said lease and bond of May 20, 1952, and the rights accrued thereunder, and thereupon this contract shall be at an end and the Assignee shall have the right to remove, within ninety (90) days thereafter, all machinery, equipment and supplies for which it has not been re-paid or reimbursed as herein provided; provided, however, that such termination shall not relieve the Assignee from its liabilities hereunder heretofore accrued and the Assignee shall not remove any of said property until it has paid all of its obligations arising from or in connection with this property. Upon said abandonment or other termination of this agreement the Assignee shall leave the property and the equipment on the property

at the time this agreement is entered into (except as Assignors shall have been reimbursed therefor) in good state and condition, reasonable wear and tear as to the equipment excepted, together with all permanent improvements that have been made thereon by the Assignee.

11. RIGHT OF ASSIGNORS TO TERMINATE: Should the Assignee fail to perform any of the covenants and agreements herein contemplated at the time and in the manner herein specified, or shall fail to perform any of the covenants and conditions of said bond and lease agreement of May 20, 1952, the Assignors shall have the right to cancel and terminate this contract upon giving the Assignee twenty (20) days' written notice of its intention to do so, stating specifically the grounds upon which it is claimed the Assignee is in default, and unless the existing default shall have been remedied by the Assignee during the said twenty (20) day period, this contract shall thereupon be terminated and be at an end. Such cancellation, however, shall not release or relieve the Assignee from liability hereunder theretofore accrued and upon such cancellation the Assignee shall reconvey to the Assignors all interest in and to said lease and bond.

12. Upon termination by either party hereto such working capital as shall remain after the payment of all obligations incurred hereunder by the Assignee shall be divided seventy-five per cent (75%) to the Assignee and twenty-five per cent (25%) to the Assignors.

13. COMPLIANCE WITH THE LAWS RELATING TO THE EMPLOYMENT OF LABOR: Assignee agrees to carry upon its employees compensation

insurance under the Workmen's Compensation Law of the State of Idaho and otherwise in all respects hold the Assignors harmless from all liability while said property is being worked and developed by Assignee during the life of this agreement and to further comply with all federal and state laws relating to social security, unemployment and old-age insurance, wages and hours, income tax on its employees, both state and federal, and all other statutes, federal and state, affecting the operation of said property and conditions of employment of all persons in the employment of Assignee.

14. AGREEMENT EXTENDS TO HEIRS, SUCCESSORS AND ASSIGNS: This agreement shall be binding upon the heirs, successors, assigns and legal representatives of the parties hereto.

IN WITNESS WHEREOF, The Lessors have hereunto set their hands and the NORTH IDAHO MINES, INC. has caused these presents to be executed by its duly authorized officers the day and year first above written.

ROBERT D. SKEMAN

LYLLE SKEMAN

HOWARD S. CARTER

NANCY CARTER

ASSIGNORS

NORTH IDAHO MINES, INC.

BY R. G. SPARLING
President.

ATTEST:

MARY A. NASH
Secretary.

STATE OF IDAHO)
) ss
County of Shoshone)

On this 24th day of July, 1953, before me, the undersigned a Notary public for the State of Idaho, personally appeared ROBERT D. SKEEMAN and LYLIE SKEEMAN, his wife, and HOWARD S. CARTER and NANCY CARTER, his wife, known to me to be the presons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year in this certificate first above written.

(SEAL)

ALDEN HULL
Notary public in and for the State of Idaho, residing at Wallace, Idaho.

STATE OF IDAHO)
) ss
County of Shoshone)

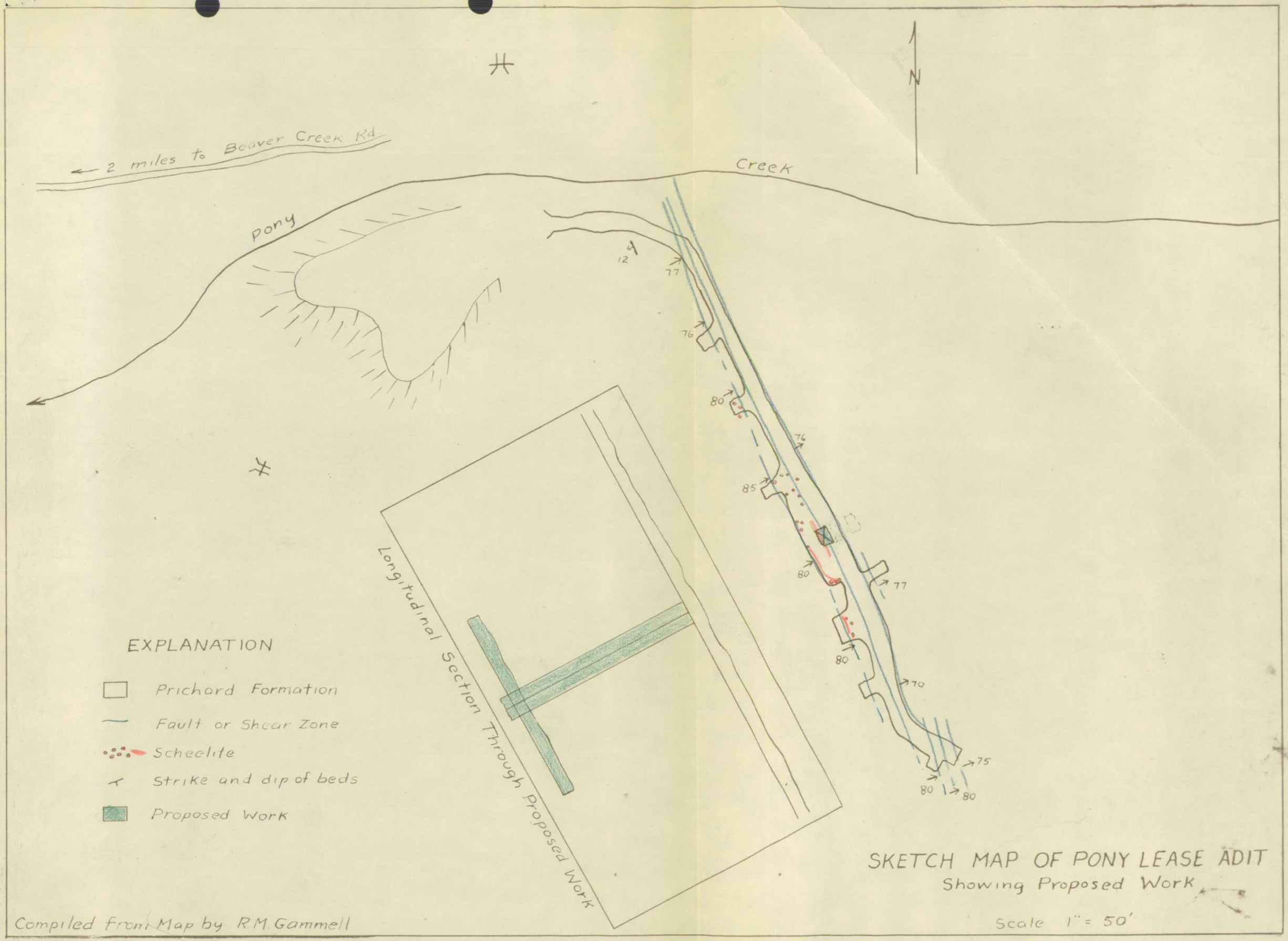
On this 24th day of July, 1953, before me, the undersigned, a Notary Public for the State of Idaho, personally appeared ROBERT SPARLING and MARY HAHN, known to me to be the President and Secretary, respectively, of the NORTH IDAHO MINES, INC., the corporation whose name is subscribed to the foregoing instrument, and acknowledged to me that said corporation did execute the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year in this certificate first above written.

(SEAL)

ALDEN HULL
Notary Public in and for the State of Idaho, residing at Wallace, Idaho.

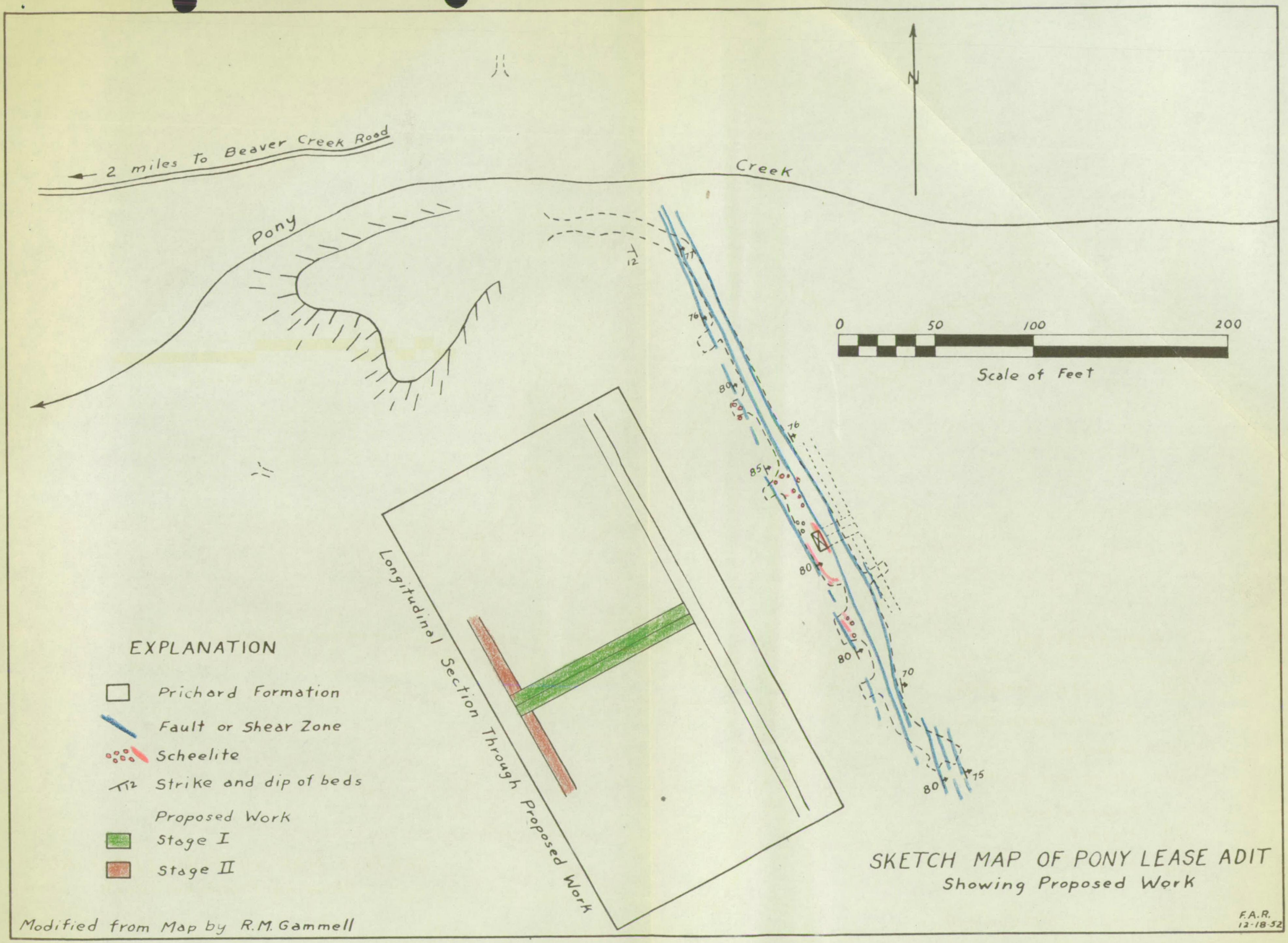
DMEA Docket No.- 2692



SKETCH MAP OF PONY LEASE ADIT
Showing Proposed Work

Compiled from Map by R.M. Gammell

Scale 1" = 50'


N
2 miles To Beaver Creek Road
Pony
Creek
0
50
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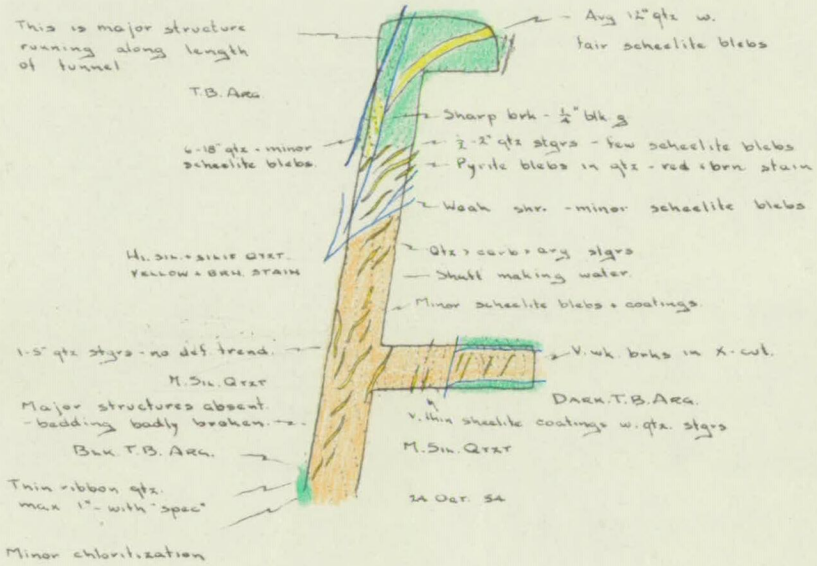
200
Scale of Feet
Longitudinal Section Through Proposed Work
EXPLANATION
Prichard Formation
Fault or Shear Zone
Scheelite
Strike and dip of beds
Proposed Work
Stage I
Stage II
SKETCH MAP OF PONY LEASE ADIT
Showing Proposed Work
Modified from Map by R.M. Gammell
F.A.R.
12-18-52

BEARING OF SHAFT N 62°00'E

— Strike of structures and bedding essentially at right angles to shaft —



WO_3 Assays
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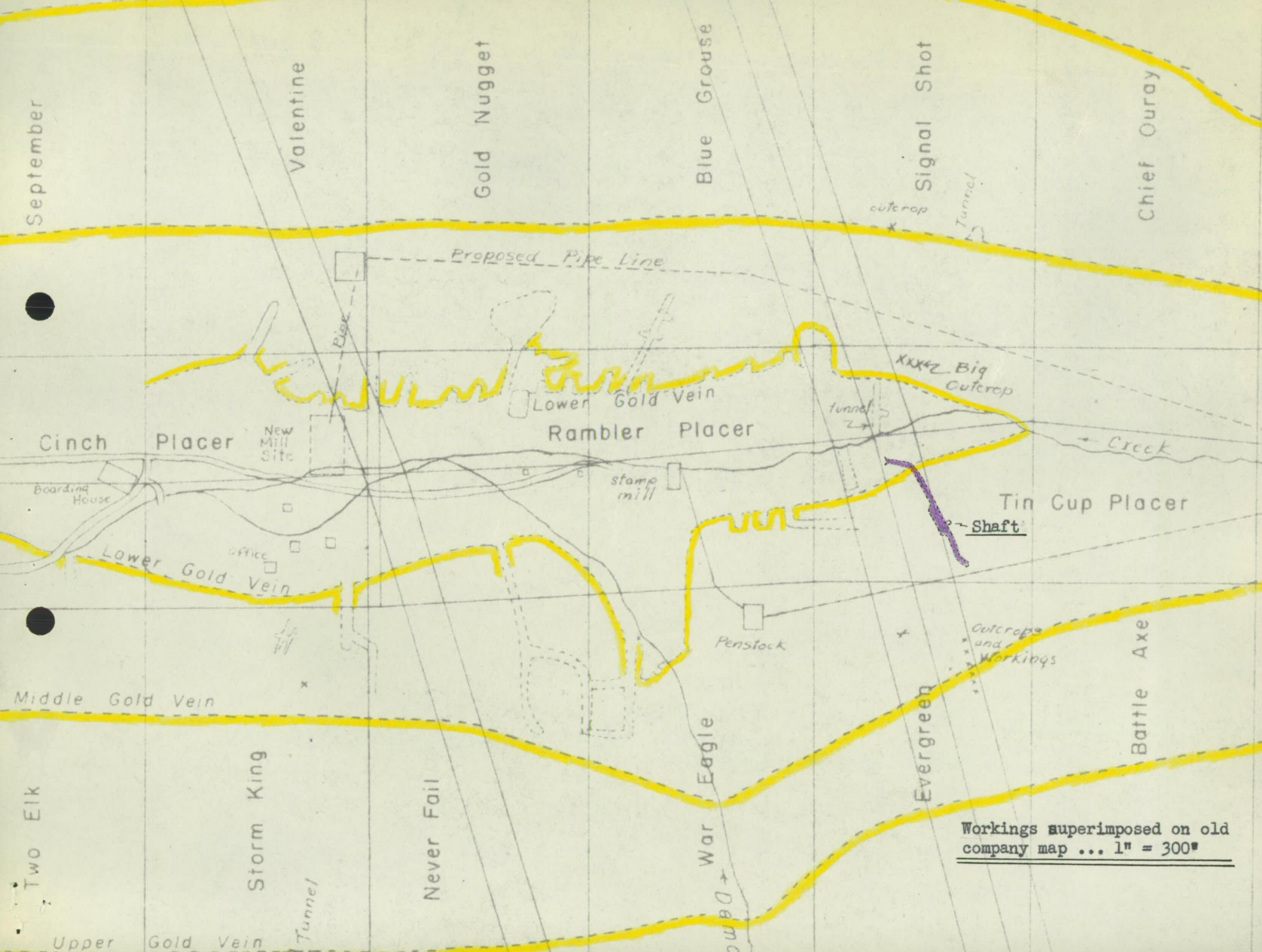
SE VIEWING SECTION OF SHAFT

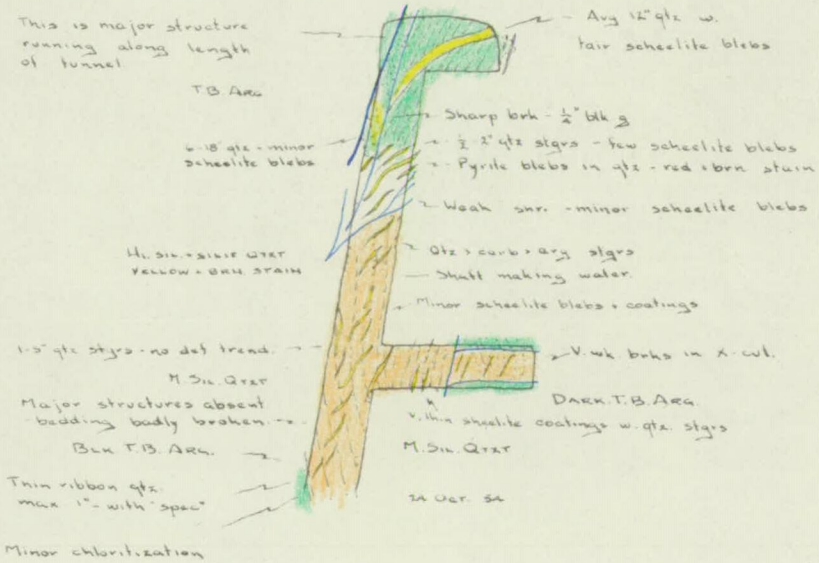
1" = 30' .... A.H.L. 54



Workings superimposed on old company map ... 1" = 300'

BEARING OF SHAFT N 62°00'E

— Strike of structures and bedding essentially at right angles to shaft —



WO_3 Assays
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SE VIEWING SECTION OF SHAFT

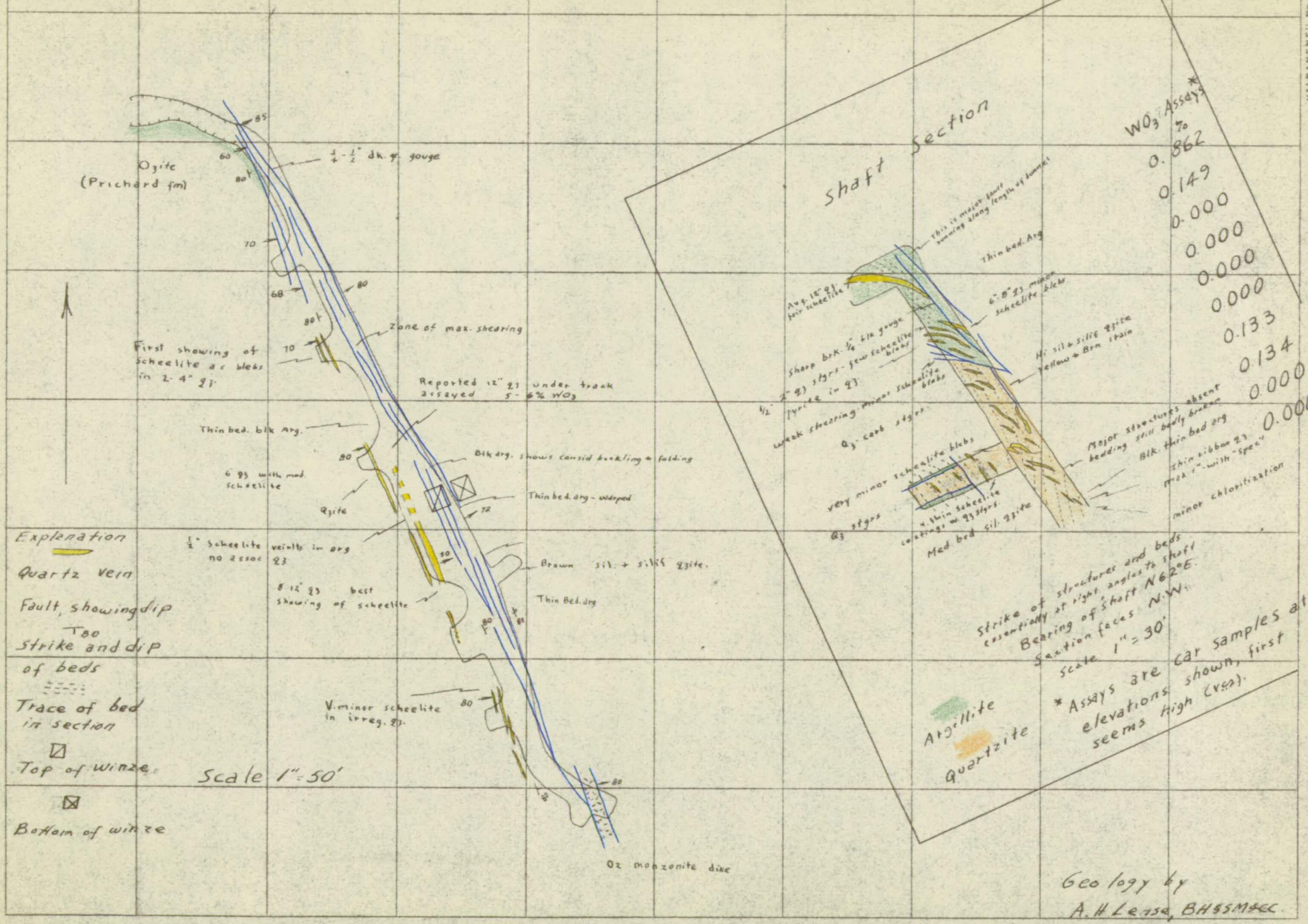
1" = 30' .... A.H.L. 54

Workings superimposed on old company map ... 1" = 300'

Docket No. DMEA-2692

GEOLOGIC MAP

North Idaho Mines, Inc.
(Pony Gulch Lease)
Shoshone County, Idaho



WO3 Assays* %
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"ALBANENE" NO. 1005M K&E CO., N.Y. REG. U.S. PAT. OFF.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 14 1955

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of September, 1954 Docket No. DMEA 2692 Contract No. Idm E471
Operator's Name NORTH IDAHO MINES, INC. Minerals Tungsten
Address Box 298, Kellogg, Idaho
Contract Amount, $ 13,200.00 Government Participation: 75 % Amount, $ 9,900.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						WSM
Drilling						
Bulldozing						
Crosscutting						
Drifting Shaft	$2,560.00	$1,760.00	$4,320.00	2560.00	1760.00	4320.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services	$25.00	$75.00	$100.00	25.00	75.00	100.00
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$2,585.00	$1,835.00	$4,420.00	2585.00	1835.00	4420.00

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

Date 10/1/54 *Payee NORTH IDAHO MINES, INC.,

Per C. Harold St John Title President and Treasurer.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 1938.75

Signature MGP
(Authorized Certifying Officer)

Date 10/11/54 Vou. No. 1309
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 6471 in accordance with the terms of the contract.

Signature 1st Eric G Erickson Title Mining Engr Date 10/7/54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature 1st Stephen W Zoldok Title Mining Engr Date 10/7/54

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 872893

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of September, 1954 Docket No. DMEA 2692 Contract No. Idm E471

Operator's Name NORTH IDAHO MINES, INC. Minerals

Address Box 298, Kellogg, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts	Foot	$2,560.00	32	$4,320.00	54	$80.00	100	$8,000.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Geologic Consultant	Day	$25.00	1/2	$100.00	2	$50.00	5	$250.00
TOTAL DISTRIBUTED COSTS		$2,585.00		$4,420.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$2,585.00		$4,420.00				

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

REMARKS:

Date 10/1/54 Operator NORTH IDAHO MINES, INC.,

Per Harold A. John Title President and Treasurer.

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

MEMORANDUM

October 1, 1954

To: Albert E. Weissenborn, Regional Geologist
U. S. Geological Survey
South 157 Howard Street
Spokane 8, Washington

From: Alvin H. Lense, Geologist

Subject: Monthly progress at Pony Creek Lease

Progress during the month of September, 1954 at Pony Creek Lease is largely restricted to deepening of the main shaft from twenty-two (22) feet to fifty-four (54) feet.

At twenty-four feet below the tunnel track level, a weak, almost horizontal, shear zone was encountered and the wall rock changed from Pritchard slate to massive siliceous quartzite beds essentially vertical in dip. The main hanging-wall structure also disappeared from view at this point.

Quartz-filled tension cracks and stringers have become more numerous and thicker with depth (maximum about six inches) and contain minor amounts of iron carbonate, pyrite, and chalcopyrite with variable black argillite. Occasional blebs of scheelite appear but are too small and widespread to be of any significance.

/s/ Alvin H. Lense

North Idaho Mines, Inc.
Contract Idm-E471

Form M-104 (Rev.)
(April 1952)

W

Budget Bureau No. 42-R1036.5

Defense Minerals Administration
RECEIVED
SEP 27 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July 15 through August 31, 1954, 195..... Docket No. DMEA 2692 Contract No. Ida E471

Operator's Name NORTH IDAHO MINES, INC. Minerals Tungsten

Address Box 298, Kellogg, Idaho

Contract Amount, $13,200.00 Government Participation: 75 % Amount, $9,900.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						WSM
Bulldozing						
Crosscutting						
Drifting						
~~Winze~~ Shaft	$1,760.00	None	$1,760.00	1760.00	—0—	1760.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services	$75.00	None	$75.00	75.00	—0—	75.00
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$1,835.00	None	$1,835.00	1835.00	—0—	1835.00

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

Date 9/3/54 *Payee NORTH IDAHO MINES, INC.,

Per C. Harold Johnson Title President and Treasurer

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$1376.25

Signature MGP
(Authorized Certifying Officer)

Date 9/23/54 Vou. No. 1296
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E471 in accordance with the terms of the contract.

Signature /S/ Eric G Erickson Title Mining Engr Date 9/14/54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen W Zoldok Title Mining Engr Date 9/15/54

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 27 1954

OPERATOR'S UNIT COST AND PROGRESS REPORT

July 15 through August 31, 1954

Month of ..... 195..... Docket No. DMEA 2692 Contract No. Ida 1471

Operator's Name NORTH IDAHO MINES, INC. Minerals Tungsten

Address Box 298, Kellogg, Idaho.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes	Foot	$1,760.00	22	$1,760.00	22	$80.00	100	$8,000.00
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Geologic Consultant	Day	$75.00	1½	$75.00	1½	$50.00	5	$250.00
TOTAL DISTRIBUTED COSTS		$1,835.00		$1,835.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$1,835.00		$1,835.00				

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

Date 9/3/54 Operator NORTH IDAHO MINES, INC.,

Per C. Harold St John Title President and Treasurer

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

RECEIVED
BUREAU OF MINES
SEP 1 1954
SPOKANE, WASH.

M E M O R A N D U M

September 1, 1954

To: Albert E. Weissenborn, Regional Geologist
U.S. Geological Survey
South 157 Howard Street
Spokane 8, Washington

From: Alvin H. Lense, Geologist

Subject: Progress at Pony Creek Lease

The present picture of progress at the Pony Creek Lease shows completion of station cutting and timbering, and the sinking of an 30 degree, timbered shaft to a depth of twenty-two (22) feet.

The two-foot quartz vein with scheelite, while dipping approximately 30 degrees into the shaft at the tunnel track level, steepened sharply and terminated most abruptly, ten feet below, against the major shear. This shear, in turn, has flattened and rolled in and out but still constitutes the rough hanging-wall of the shaft. Overall, the greater part of the shaft is in a zone of rumpled, but generally vertical, Pritchard slates.

Amounts of scheelite have decreased markedly since the termination of the quartz vein with only minor sprinklings observable in the ½ to 1 inch quartz ribbons which are oriented more or less parallel with the bedding within the sheared zone. At the twenty-foot level in the shaft, red iron oxide and some iron carbonate was encountered with an accompanying increase in the amount of pyrite.

Alvin H. Lense

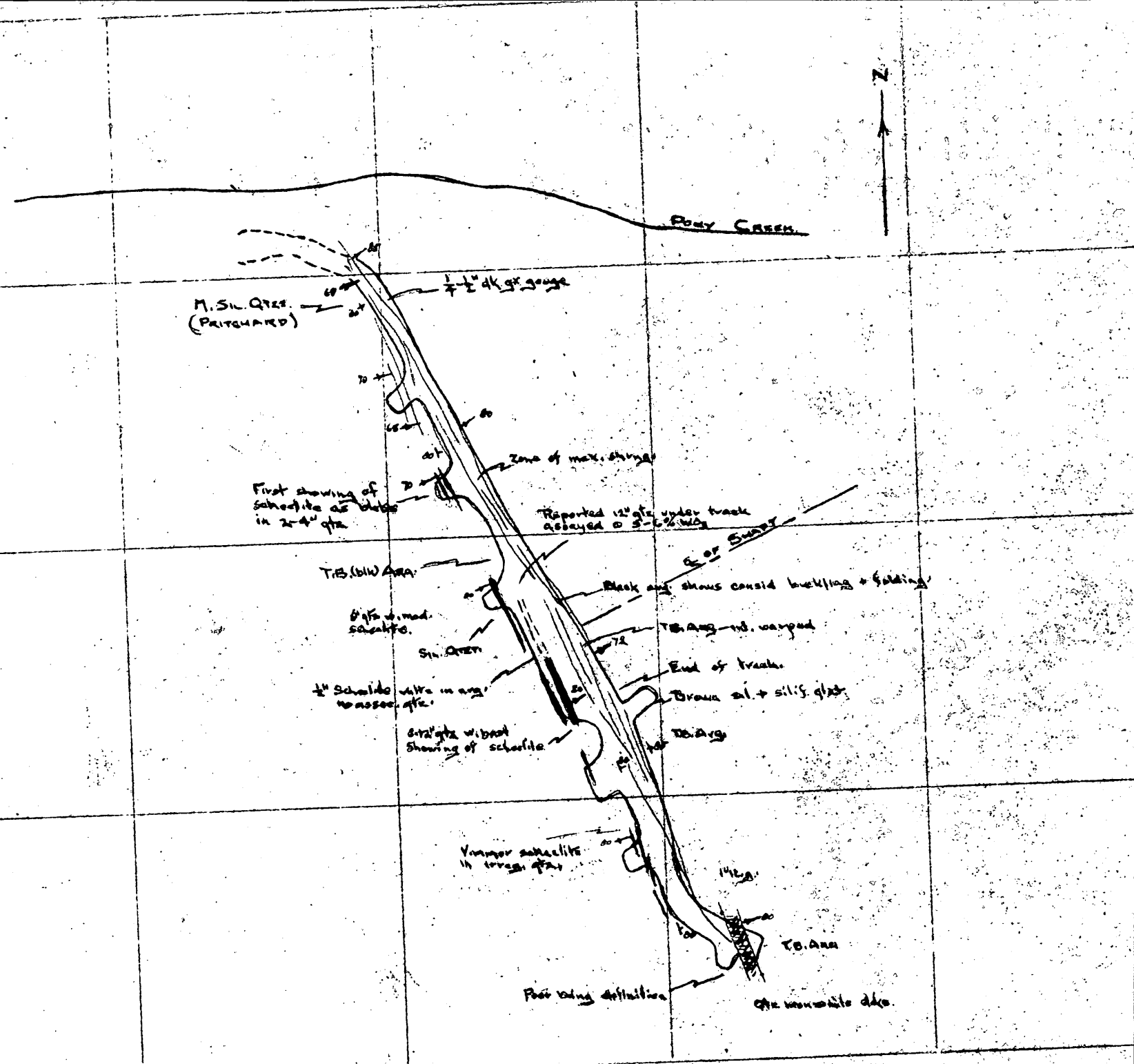
DATE Aug 34

SCALE 50'

MINE Pony Creek Lease

LEVEL Pony Creek Adit

NOTES BY A.H. Lenz



NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0445

☑ Audited

☑ Certified

[redacted]K ANALYSIS SHEET - DMEA PROJECT[redacted]

Analysis as of 12/23/54
Incl. Voucher for 3/18/55

☐ Actual Cost

☒ Agreed Unit Costs

Name NORTH IDAHO MINES, INC.
State (SKEMAN & CARTER) IDAHO
Commodity Tungsten

Docket No. DMEA 2692
Idm-E No. 421

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	100'	4,500.00	25'	1,000.00	
Raising					
Shafts	100	8,000.00	68'	5,440.00	80.00
Winzes					
Drilling (Specify)					
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify) Assaying, Geological		700.00		333.00 235.00	
Totals		13,200.00		~~5,675.00~~ 6,773.00	

104-104A REPORTS OF OCTOBER 1954 GOV'T 752 5,079.75

NON-CERTIFICATION WRITTEN, 3/2/55

REPORT OF REVIEW, 12/29/54

FINAL FIELD TEAM REPORT, 2/14/55

OPERATORS FINAL REPORT 1/6/55

Prepared by [signature]

COMPLETED

71626

400

IN REPLY REFER TO:

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

RECEIVED
NOV 27 1956
D.M.E.A.

November 27, 1956

Re: DMEA 2692 Idm-2471
North Idaho Mines, Inc.
Pony Gulch Tungsten Mine
Shoshone County, Idaho
App'd. $13,200 Tungsten
Expended 6,773

WSM

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, awarded in 1953, approved the expenditure of $13,200.00, on the exploration of narrow scheelite-bearing quartz veins, by sinking (winze) and crosscutting; $6,773.00 was spent.

The work indicated that the tungsten values decreased as depth was attained and the probability of finding ore-grade material is remote. Further work is not warranted, in the opinion of the examiners, and the project does not merit certification.

I concur with that opinion and the recommendation of the examiners and the Field Team that no certification be made.

N. E. Nelson

N. E. Nelson

NENelson:jeh
11/27/56
cc: Director's reading 4212
Branch reading 4212
DMEA(3)
Robert Holliday
Docket file
Chrono. file

11/28/56
Closing letter sent
3/5/57.

March 3, 1955

Memorandum

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Memorandum of Non-Discovery
Docket No. DMEA 2692 - Tungsten
North Idaho Mines, Inc.
(Assignee of Robert D. Sussman & Howard S. Carter, partners)
Pony Lease (Sussman property)
Shoshone County, Idaho
Contract No. IDm-4471

This Division hereby concludes that the work done upon the subject property, as described under the contract, has resulted in no discovery or development from which commercial production may be made.

A description of the property, the work done, and the results obtained follow:

1. Operator - North Idaho Mines, Inc. (Assignee of Robert D. Sussman & Howard S. Carter, partners)
   P. O. Box 298
   Kellogg, Idaho

2. Operator's property rights - Following leased claims:

Unpatented lode claims		Placer claims
Gold Nugget	Blue Grouse	Tin Cup
Evergreen	Never Fail	Rambler
Signal Shot	Steam King	Cinch
War Eagle	Valintine	Tungsten

3. Contract dated: January 2, 1953 September

4. Work authorized -

   Stage I 100-foot two-compartment inclined shaft

   Stage II 100-feet of drifting and/or crosscutting from bottom of shaft

5. Work completed -

Stage I	68 feet of shaft @ $80.00/ft.	$5,440.00
Stage II	25 feet of crosscutting @ $40.00/ft.	1,000.00
	2 assays @ $4.00 ea.	8.00
	Geological Consultant	325.00
	Total cost	$6,773.00
	Government's share @ 75%	$5,079.75

Comments:

The objective of this project was to explore the downward continuation of a scheelite-bearing shear zone in argillite exposed in the Foxy Gulch Tungsten mine adit. The scheelite occurs in narrow quartz veins, irregular in distribution, and varying in width from a fraction of an inch to several inches.

At a depth of 25 feet in the winze, the argillite changed to quartzite which also is badly broken and contains numerous quartz veinlets with minor scheelite. However only the first round in the winze exposed appreciable tungsten. The remainder of the work showed little or no tungsten mineralization.

When 68 feet of the winze had been completed with negative results, the operator was authorized to drive a short crosscut on the 50-foot level. No significant tungsten mineralization was exposed by this work.

The exploration project was efficiently carried out by the operator-assignee.

The original field examination recommending the project was based entirely on visual examination with ultra-violet lamp. No samples were taken by the field then or upon completion of the work. The final Field Team report stated: "Scheelite was very spotty and composed only an insignificant part of these veins. When the field examination was made, blasting had splattered specks of scheelite onto the country rock of the shear zone, thus making a slightly more impressive showing when exposed to a mineral light." This emphasizes the importance of sampling and the need for more thorough sampling by the Field Team.

FARutledge:foc
Docket
Adm. Reading File
Code 400
3-2-55

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 14 1955

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD TEAM, REGION I
Northwest District

FINAL REPORT

Contract Idm-E471

by

Eric G. Erickson
Mining Engineer
U. S. Bureau of Mines

Verne C. Fryklund, Jr.
Geologist
U. S. Geological Survey

NORTH IDAHO MINES, INC.
(ASSIGNEE OF ROBERT D. SKEMAN & HOWARD S. CARTER)
P. O. Box 298
Kellogg, Idaho

Docket No.:	DMEA-2692
Commodity:	Tungsten
Contract date:	January 2, 1953
Completion date:	November 30, 1954

PONY GULCH TUNGSTEN MINE
Beaver Mining District
Shoshone County, Idaho

Reviewed by
DMEA OPERATING COMMITTEE
2-18-55
(date)

Spokane, Washington

February 1955

FINAL REPORT

NORTH IDAHO MINES, INC.
(ASSIGNEE OF ROBERT D. SKEMAN & HOWARD S. CARTER)
Pony Gulch Tungsten Mine
Beaver Mining District
Shoshone County, Idaho

Contract Idm-E471

* * * *

INTRODUCTION

This report describes a project conducted by North Idaho Mines, Inc., assignee of Robert D. Skeman and Howard S. Carter of Kellogg, Idaho, to explore for tungsten ores at the Pony Gulch Tungsten mine, Beaver mining district, Shoshone County, Idaho. The work was performed under Defense Minerals Exploration Administration Project Contract Idm-E471.

Summary

Purpose of the project was to explore the downward continuation of a scheelite-bearing shear zone exposed in the Pony Gulch Tungsten mine adit.

The shear zone was to be explored in two stages. Stage I was to sink a 100-foot winze in the shear zone; if scheelite showings in the winze warranted, 100 feet of drift and/or crosscut was to be driven to explore the shear zone. The shaft was sunk 68 feet without finding significant amounts of scheelite. The Operator cut the full width of the shear zone at the 50-foot point with a 25-foot crosscut. No significant amount of scheelite was discovered.

Recommendations

No Certification of Discovery or Development should be made. Further exploration for scheelite at this property is not justified in view of the discouraging results of the exploration.

LOCATION AND ACCESSIBILITY

The Pony Gulch mine is 2 miles up Pony Gulch from its junction with Beaver Creek in the Beaver mining district, Shoshone County, Idaho, near the line between the SW¼ of sec. 13 and the NW¼ of

sec. 24, T. 49 N., R. 4 E., E.B.M. It is reached from Wallace, Idaho, via the road to Delta and Prichard; Pony Gulch is about 11 miles north of Wallace and about 2 miles south of Delta.

The winter snowfalls are heavy and the cost of snow removal to allow travel on the 2 miles of Pony Gulch road is hardly justified for a small project.

PROPERTY

The Operator's property rights as set forth in the contract included the following nine unpatented lode mining claims and four unpatented placer mining claims in secs. 13, 14, 18, and 24, T. 49 N., R. 4 E., E.B.M., recorded in the Recorder's Office, Shoshone County Courthouse, Wallace, Idaho.

Lode Claims	Book	Page
Gold Nugget	15	196
Evergreen	15	193
Signal Shot	17	56
War Eagle	15	195
Blue Grouse	15	194
Never Fail	15	194
Storm King	16	627
Valintine	14	540
September	16	485
Placer Claims		
Tin Cup	M	418
Rambler	M	366
Cinch	M	369
Tungsten	M	406

The claims are leased from a Mr. George A. Preston. His address is not given on the Owner's Consent to Lien form.

Prior to the work performed under the exploration project contract an adit drift had been driven about 375 feet southeast and several short crosscuts, 6 and 8 feet long, had been advanced to explore both walls of the shear. A 68-foot winze and a 25-foot southwest crosscut off the winze were excavated under the DMEA contract. A 5-ton shipment of scheelite ore from the drifting performed prior to the DMEA contract was reported, but details regarding grade, etc., were not submitted.

All openings are in argillaceous quartzites of the Prichard formation. The only supported openings are the winze station and the winze. All openings are open except the winze which is filled with water. The winze can be dewatered with a conventional sump pump in about 4 hours. A mechanical blower is used for ventilation.

On the property there are a small storage and work shop building and a frame cabin that will accommodate about 4 men.

Power equipment is portable and is removed during winter months. The Operator has set up a jig table in an attempt to work the stream-bed gravels.

GEOLOGY

S. W. Hobbs, geologist, Geological Survey, and H. T. Reno, mining engineer, Bureau of Mines, in a memorandum dated October 29, 1952, describe the geology of this property as follows:

> "The Pony Gulch mine is a few miles south of the Murray district, which has been described in detail by Shenon (Geology and Ore Deposits near Murray, Idaho; Idaho Bureau of Mines and Geology, Pamphlet No. 47, 1938) and the rock types and veins are similar to those in the Murray district.
>
> "The country rock in the vicinity of the mine is Prichard slate. Poor surface exposures make the determination of the general structure difficult, and in the mine the shearing along the vein zone has nearly obliterated the attitude of the beds.
>
> "The tungsten mineral, scheelite, occurs in narrow quartz veins distributed in a nearly vertical shear zone in the Prichard slate. The shear zone strikes in a general northwest-southeast direction, crossing Pony Gulch at an angle of about 60 degrees, and is said to extend for several thousand feet. The zone dips very steeply to the northeast. Surface exposures on the vein are limited to the creek bed and several outcrops on the north slope. A little scheelite is reported from the creek bed where the shear zone crosses it. Narrow quartz stringers carrying scattered scheelite crystals occur in slates exposed in the creek bed 100 or more feet west of the shear zone. None of these occurrences approach commercial grade material. The 375 foot adit has been driven at creek level into the south wall of the gulch along the hanging wall of the vein zone. From 200 to 260 feet from the portal, the drift is widened to approximately 15 feet by slabbing of the west or footwall of the shear zone. This cut opens a vein or vein zone composed of 5 to 6 feet of sheared slate containing a number of narrow quartz veins. These veins are quite irregular in distribution and vary in width from a fraction of an inch to several inches, but they are prominent in the opening and are exposed for a strike length of about 60 feet. Small amounts of scheelite occur in short crosscuts into the west wall at 280 and 310 feet from the portal.
>
> "The veins consist of quartz, carbonates including siderite and ankerite, some sulfides, and scheelite. The scheelite occurs in all the veinlets as scattered coarse crystals or bunches which in places fill the whole width of a 2 inch vein. On the face exposed at the south end of the widened drift, the

ore is estimated to contain several percent WO_3; at the north end the grade is estimated at about 1 percent WO_3. Apparently richer bunches may be expected since it is reported by previous operators that five tons of ore was removed from a shallow underhand stope at this locality and was rich enough to ship without concentration. The wide part of the drift and the cross-cuts in the adit are the only exposures of the vein in the mine that contain showings of scheelite.

"The grade of minable material is very difficult to determine because or the somewhat erratic distribution of the scheelite and the inevitable contamination of the wall rock. The estimates given above are based on a visual examination with an ultra-violet lamp and are believed relatively as accurate as cut samples for the purpose of over-all evaluation. They do, however, represent but two faces and can in no way give a clear-cut picture of the average expectable grade for the block of scheelite-bearing ground. The lessee, Mr. Skeman, has set up a small mill to test the dump material that presumably came from this area. His results are not yet available, but may give a better idea of what can be considered a minimum grade."

Test work showed that no appreciable scheelite could be recovered from rock extracted from mine workings. An attempt is being made to recover some values from the stream-bed gravel.

THE PROJECT

Geologic justification for the project is the quoted material under "Geology" as taken from the memorandum of Hobbs and Reno.

The exploration project work was set up in two stages: Stage I specified sinking a maximum of 100 feet of winze; Stage II, dependent upon significant results from Stage I work, was to drift and/or crosscut a maximum of 100 feet from the winze. The sinking of a 68-foot winze and 25 feet of crosscutting off its 50-foot level failed to disclose significant amounts of scheelite mineralization. The objectives of the contract having been attained, work was stopped.

An attempt was made to start work by May 15, 1953. Due to financial difficulties the work was not started by that date, and Amendment No. 1, dated December 2, 1953, postponed the starting date to April 15, 1954. Amendment No. 2, dated July 7, 1954, again changed the starting date, this time deferring it to July 15, 1954. Preparation work started early in July 1954 and winze sinking began in the first week of August. Final inspection was made November 22, 1954, and because the results were discouraging the contract work was stopped. The zone explored by the winze and crosscut was found to be essentially barren of scheelite.

The only visible scheelite on the adit level and in the winze was in 1- to 2-inch wide quartz veins. Scheelite was very spotty and composed only an insignificant part of these veins. When the field examination was made, blasting had splattered specks of scheelite onto the country rock of the shear zone, thus making a slightly more impressive showing when exposed to a mineral light.

Assays of samples indicate there are no reserves.

Summary of Factual Data

Following is a tabulation of work items and costs:

Work item	Units	Agreed unit cost	Total cost
Winze	68 feet	$80/ft.	$5,440.00
Crosscutting	25 feet	40/ft.	1,000.00
Assaying	2 samples	4/ea. 1/	8.00
Consulting fees	6½ days	50/day	325.00
Total approved costs			$6,773.00
Government's share - 75%			5,079.75
Total amount of contract			13,200.00
Amount not spent			6,427.00

1/ Operator claimed cost of only two samples; other samples were determined free of cost to the project.

No equipment was purchased under the contract.

There was no production from the exploration project work.

Discussion of Conclusions

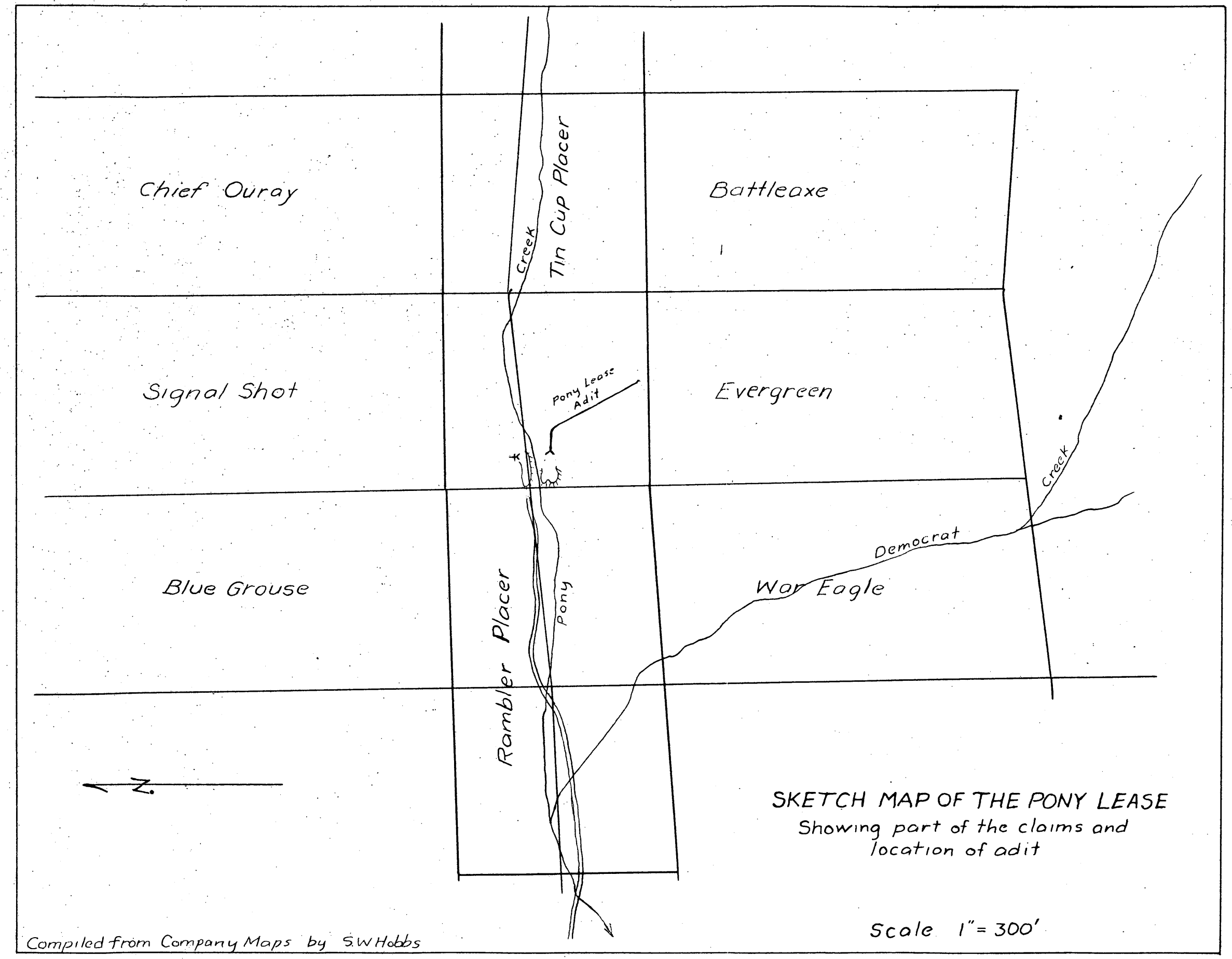
Once work started, performance was good. The contract work demonstrated that the values decreased rather than increased in depth penetrated and that the possibility of finding ore of commercial grade is quite remote.

Narrow quartz veins crop out in Pony Gulch Creek near the mine, but only a few contain scheelite. Present data indicate there is no justification for further exploration for tungsten at this property.

Enclosures

Distribution:
DMEA (4) ✓ USGS (SRO)
USBM (5) Docket
Fryklund

DMEA Docket No.-2692



402

xxxxxxxxxxxxxxxxxx
No. 157 Howard Street
Spokane 4, Washington

December 22, 1954

WSM

Mr. C. Harold St. John
W. 508 - 1st Avenue
Spokane, Washington

Re: Docket No. DMEA-2692 (tungsten)
North Idaho Mines, Inc. (Assignee of
Robert D. Shuman & Howard S. Carter)
Shoshone County, Idaho
Contract No. Idm-3471

Dear Mr. St. John:

The field man report that the crosscut through the shear zone on the 50-foot level is barren.

Although not all contract funds have been expended, we feel that the objectives of the exploration have essentially been accomplished, and therefore the contract can be considered as completed as soon as you submit a final report as provided in article 5b of the contract. As soon as this report is received the final settlement procedure can be started.

By Field Team, Region II

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

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

cc: DMEA (2)
USBM (2)
USBM(AD)
Fryklund

400

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 1 - 1954

XXXXXXXXXXXXXXXXXX
No. 157 Howard Street
Spokane 4, Washington

October 26, 1954

Mr. C. Harold St. John
r. 502 - 1st Avenue
Spokane, Washington

WSM

Re: Docket No. M-[illegible] (tungsten)
North Idaho Mines, Inc. (Assignee
of Robert W. Cleaver & Howard S. Carter)
Shoshone County, Idaho
Contract No. [illegible]

Dear Mr. St. John:

We have received your letter of October 25, 1954, requesting an amendment to transfer the remaining shaft funds to crosscutting. (Our field man, you mean crosscutting rather than drifting as you say in your letter.) We agree that, in view of the slight amount of tungsten found in the shaft, work in the shaft should be halted.

In our opinion, then, Stage I is now completed and you are entering Stage II; therefore no amendment is necessary. If you feel that further work is not justified after completing a short amount of crosscut, we may then consider mutual termination of the contract. We do feel that the full width of the shear zone should be crosscut before a decision to terminate is made. Please understand that if shaft work is stopped now we will not be able to resume such work without a suitable amendment to the contract.

By Field Team, Region II

Wing U. Nguyen, Acting Exec. Officer
U. S. Bureau of Mines

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

cc: DMA (2) w/cys incoming
USBM (2)
USGS (2)
Fryklund

Office
15 E. Portland Ave.

Telephone
7761

NORTH IDAHO MINES, INC.

P. O. Box 298
KELLOGG, IDAHO

October 25, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 1 - 1954

Mr. E. A. Weissenborn, Executive Officer
Defense Minerals Exploration Administration
South 157 Howard Street
Spokane 4, Washington

Dear Mr. Weissenborn:

In regard to Docket No. DMEA-2692 (Tungsten) Pony Lease, Shoshone County, Idaho, Contract No. Idm-E471, under which we were to sink a shaft 100 feet as the first phase of the contract. The shaft is now approximately 70 feet and has shown very little tungsten since the first 10 feet. It has been examined by Al Lense, our geologist, and discussed with Mr. Frichlund of your department and Mr. Erickson of the Bureau of Mines. They seem to agree that it is not feasible to go further with the shaft.

Therefore, I would like to request an amendment to the contract, allowing us to drift approximately 30 feet to complete the 100-ft. contract.

The location chosen for the start of the drift is, roughly, 50 ft. down the shaft, at which point there is the best showing of quartz in which most of the tungsten is found. If the drift should develop a showing of tungsten, we could sink further; if not, we would consider the contract completed.

Yours very truly,

NORTH IDAHO MINES, INC.

By C. Harold St John
President

CHSTJ:bm

RECEIVED
OCT 25 1954
U. S. G. S.
SPOKANE, WASH.

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

June 23, 1953

Memorandum

To: DMEA Field Team, Region II

From: John W. Hosterman, Geologist, U. S. Geological Survey

Subject: Interim report, Docket No. DMEA-2692 (tungsten), Robert D. Sheeman and Howard S. Carter, Pony Lease Project, Shoshone County, Idaho, Contract Ida-5471.

On Thursday, June 18, 1953, I spent the day with Mr. Robert Sheeman visiting his property, the Pony Lease. Mr. Sheeman informed me that they could not go ahead on the exploration work called for under the contract because: 1) they did not have the financial backing they needed, and 2) they do not like the exploration project set forth in the present contract.

Furthermore, Mr. Sheeman suggested that to properly explore the property, all of the old caved adits (approximately twelve) should be opened and mapped. Also, the old shaft that Mr. Sheeman mentions in his letter of June 11, 1953, should be located and reopened. I expressed a doubt that this shaft, if found, would not be useable, but Mr. Sheeman believes that when operations ceased in 1922, the shaft was secured to prevent any cave-in.

Because action to rescind the contract has already begun, there are no further recommendations to the DMEA Field Team.

Distribution:
DMEA (orig. & 3)
USBM (2)
Docket
Hosterman

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

April 16, 1953

Mr. Robert D. Skeman
721 South Division Street
Kellogg, Idaho

WSM

Re: Docket No. DMEA-2652 (Tungsten)
Pony Lease property
Shoshone County, Idaho

Dear Mr. Skeman:

Reference is made to your letter of April 13, 1953, in which you state that you are trying to complete a short diamond drill program before entering into the DMEA contract, and that you would like to have until the first of June before you decide whether or not you will be able to go ahead with the proposed contract work.

We are unable to grant you this extension of time and therefore suggest that you return the unsigned copies of the contract to this office. If, by the first of June, you decide that you are able to go ahead with contract work, we shall be glad to give any request you might care to make further consideration.

Sincerely yours,

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: DMEA (2)
USBM(2)
Hosterman

Copy retained 400

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XXXXXXXXXXXXXXXXXX
So. 157 Howard Street
Spokane 4, Washington

September 15, 1954

WSM

Memorandum

To: DMEA Field Team, Region II

From: Verne C. Fryklund, Geologist, Geological Survey

Subject: Routine inspection, Docket No. DMEA-2692 (tungsten)
North Idaho Mines, Inc., Skeman and Carter property,
Shoshone County, Idaho, Contract No. Idm-2471

I visited the property September 8, 1954. The winze was down 30 feet and holes were being loaded. There is considerably less scheelite in the winze than on the level.

The property is being mapped by Mr. Lense, Bunker Hill & Sullivan geologist, for the operator. Car samples have been taken but no assay returns were available. At the 30-foot point no tungsten was visible in the walls.

Distribution:
DMEA (Orig. & 3)
USBM (2)
Docket
Fryklund

xxxxxxxxxxxxxxxxxx

1201 N. Division St.
Spokane 2, Washington
August 31, 1954

400

WSM

MEMORANDUM

To: DMEA Field Team, Region II

From: E. G. Erickson, Mining Engineer, U. S. Bureau of Mines

Subject: Interim report, North Idaho Mines, Inc., Shoshone County, Idaho, Contract No. Idm-R471, Docket No. DMEA 2692 (tungsten)

The project site was inspected August 25, 1954, accompanied by Mr. H. S. Carter.

The project was inactive at the time of the inspection because the compressor was broken down. Miners had gone to Wallace for a part for the compressor and they were expected back shortly after noon.

The 50-ft. winze authorized by the contract had been advanced 15.0 feet. Measurement from rail to top of muck was 12.0 feet and it was estimated an additional 3 feet was broken with a recent blast.

One set had been timbered and because of a false hanging wall it will be necessary to timber with regular sets. Should ground conditions improve it may be possible to advance the winze with stull timber.

The vein was not sampled because of the accumulation of water due to compressor failure. The Operator is sampling each car of muck and is making a composite sample of each round. Sampling data will be obtained from the Operator as soon as he is contacted. No significant tungsten showing has been exposed in the winze to date; only an occasional blob of scheelite.

E. G. Erickson

Orig. & 3 cys - Wash.
USGS (2)
DMEA
M/D
AD
EGE/he

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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

1201 N. Division St.
Spokane 2, Washington
July 14, 1954

MEMORANDUM

WSM

To: DMEA Field Team, Region II

From: E. G. Erickson, Mining Engineer, Bureau of Mines

Subject: Interim report, North Idaho Mines, Inc., Shoshone County, Idaho, Contract Idm-E471, Docket No. DMEA 2692 (tungsten)

The exploration project site was inspected June 29, 1954 accompanied by Mr. V. Fryklund, Jr., U. S. Geological Survey, Mr. St. Johns and Mr. R. D. Skeman, principals in the contract, and Mr. Lens, geologist for the Operator.

The main reason for the inspection was to agree on the location of the winze. The Operator's proposed site is acceptable.

Mr. St. Johns asked if an 8'x4' ground section would be acceptable and if they could amend the contract to allow $85/ft. for winze and they would drift and timber where necessary for the $40/ft. allowed for untimbered drift. He was advised to present his proposal to the Field Team, with reasons justifying any change.

The road to the mine has been repaired and the Operator plans on starting work as soon as equipment is transported to the site and installed.

E. G. Erickson

Orig. & 3 cys - Wash.
USGS (2)
DMEA
M/D
AD
EGE/he

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

July 8, 1954

Mr. C. Harold St. John
North Idaho Mines, Inc.
P. O. Box 293
Kellogg, Idaho

WSM

Re: Docket No. DME-2692 (tungsten)
North Idaho Mines, Inc., assignee of
Robert D. Sassman and Howard S. Carter
Shoshone County, Idaho
Contract No. Ida-2471

Dear Mr. St. John:

In reply to your letter of June 30, 1954, regarding changes in Contract Ida-2471, I am sorry to say that the contract for sinking the shaft cannot be changed from $80 to $85. In the short form contract which you accepted, the unit cost of shaft sinking (Stage 1) was agreed upon at $80 per foot. At the time the contract was drawn up and the figures agreed upon, it was known that such things as setting up a station and trucking supplies to the mine would be necessary. However, DMEA regulations prohibit us from changing unit costs on active projects.

It will not make any difference to us if you want to change the two-compartment shaft with each compartment 4x4 to a winze measuring 4x8.

Enclosed are several copies of Amendment No. 2 to the cited contract which extends the starting date to July 15, 1954. 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 remaining copies to this office.

Yours sincerely,

John F. Vhay
For: [illegible] E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures

cc: DMEA (2)
USBM (2)
Hosterman

400

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

1201 North Division Street
Spokane 2, Washington

June 16, 1953

Memorandum

To: DMEA Field Team, Region II

From: E. G. Erickson, Mining Engineer, Bureal of Mines

Subject: Interim report, Pony Lease (Skeman and Carter, partners), Docket No. DMEA 26921, Contract No. Ida-7471, Shoshone County, Idaho (tungsten)

WSM (See attached USGS Report)

Mr. Robert L. Skeman was contacted at his home in Kellogg, Idaho, June 10, 1953, regarding the subject DMEA exploration contract.

He informed me that their financial backers had withdrawn their support and that he and his partner were unable to finance the program. I sympathized with their misfortune and explained the position of the Field Team, i.e. money was obligated for the contract and as they were unable to perform the work the contract must be returned to enable release of funds so they might be put to use.

Mr. Skeman stated sincerely that he would get the contract from his bank and return it by mail the following day with a letter explaining the reasons for returning it. He expressed his thanks to the Field Team for their cooperation and aiding them obtain the contract.

E. G. Erickson

Orig. & 3 - Wash.
USGS - 2
DMEA
S/D
EGE/vf

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
1201 ~~WASHINGTON 25, D. C.~~ North Division St.
Spokane 2, Washington

gcl
12/15/52

October 29, 1952

MEMORANDUM

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 8 1952

To: DMEA Field Team, Region II

From: S. W. Hobbs, Geologist, U. S. Geological Survey and
H. T. Reno, Mining Engineer, Bureau of Mines

Subject: Field examination - Application for exploration assistance on the Pony Lease property, Shoshone County, Idaho, Docket No. 2692 (tungsten)

INTRODUCTION

The Pony Gulch tungsten property, formerly known as the Kennan property, is held under lease by Robert D. Skeman and Howard S. Carter, partners, P. O. Box 591, Kellogg, Idaho.

The property, which consists of 25 lode claims and 4 placer claims, was formerly worked for gold. One adit on the Evergreen claim discloses a zone approximately 60 feet long by 15 feet wide. The zone consists of a series of ramifying quartz stringers bearing scheelite in quantities that would appear to make mining of the entire block of ground feasible. The structural conditions, volume of material, and scheelite content warrant a modest exploration program in order to determine the downward extent of the ore shoot. Any program of exploration should be carefully watched to see that the work follows the ore and that the work be stopped if the structural conditions become unfavorable.

The Pony Gulch mine is 2 miles up Pony Gulch from its junction with Beaver Creek in the Beaver Mining District, Shoshone County, Idaho. The exact location is on the line between the SW 1/4 of Sec. 13, and the NW 1/4 of Sec. 24, T. 49 N., R. 4 E. The mine is reached from Wallace, Idaho by means of the road to Delta and Prichard, Pony Gulch being 11.25 miles north of Wallace and 1.75 miles south of Delta. Although the property is easily accessible most of the year, bad snow conditions would necessitate the plowing of 2 miles of road and could hinder winter operations. It is recommended that the exploration work be confined to spring, summer, and fall months.

Reviewed by
DMEA OPERATING COMMITTEE
12-12-52
(date)

The Pony Lease was visited by S. W. Hobbs of the Geological Survey in company with the lessee, Mr. R. D. Skeman. The better part of one day was devoted to an examination of the geological relations on the surface and underground. H. T. Reno of the Bureau of Mines accompanied Hobbs on a second visit to evaluate the proposal and work out a feasible program. Later Reno conferred with Skeman to work out the details of costs and programming.

COMPETENCE OF APPLICANT

Robert D. Skeman, at present employed at the Sunset Minerals mill, apparently is a competent miner. However, he will need some technical help to direct an exploration program.

The partnership is not an operating mining organization and some doubt exists as to its capacity to finance and carry on an exploration project efficiently. Therefore, a contract, if approved, should be on the short form so as to provide Government participation on the basis of the estimated unit costs.

DESCRIPTION OF PROPERTY

The property, in the bottom of Pony Gulch, was the site of much activity when gold was mined from the placers and from a flat-dipping quartz vein that crops out on both banks of the stream. No useable facilities remain. Recently, however, Skeman has set up a small crushing plant and a set of jigs in the gulch to test the scheelite content of dump material. Numerous short adits and open cuts explored the gold vein. All of these are caved. The only accessible working is an adit, 375 feet long, driven on the shear zone in which the tungsten has been found. (See accompanying map.)

GEOLOGY

The Pony Gulch mine is a few miles south of the Murray district, which has been described in detail by Shenon (Geology and Ore Deposits near Murray, Idaho; Idaho Bureau of Mines and Geology, Pamphlet No. 47, 1938) and the rock types and veins are similar to those in the Murray district.

The country rock in the vicinity of the mine is Prichard slate. Poor surface exposures make the determination of the general structure difficult, and in the mine the shearing along the vein zone has nearly obliterated the attitude of the beds.

The tungsten mineral, scheelite, occurs in narrow quartz veins distributed in a nearly vertical shear zone in the Prichard slate. The shear zone strikes in a general northwest-southeast direction, crossing Pony Gulch at an angle of about 60 degrees, and is said to extend for several thousand feet. The zone dips very steeply to the northeast.

Surface exposures on the vein are limited to the creek bed and several outcrops on the north slope. A little scheelite is reported from the creek bed where the shear zone crosses it. Narrow quartz stringers carrying scattered scheelite crystals occur in slates exposed in the creek bed 100 or more feet west of the shear zone. None of these occurrences approach commercial grade material. The 375 foot adit has been driven at creek level into the south wall of the gulch along the hanging wall of the vein zone. From 200 to 260 feet from the portal, the drift is widened to approximately 15 feet by slabbing of the west or footwall of the shear zone. This cut opens a vein or vein zone composed of 5 to 6 feet of sheared slate containing a number of narrow quartz veins. These veins are quite irregular in distribution and vary in width from a fraction of an inch to several inches, but they are prominent in the opening and are exposed for a strike length of about 60 feet. Small amounts of scheelite occur in short crosscuts into the west wall at 280 and 310 feet from the portal.

The veins consist of quartz, carbonates including siderite and ankerite, some sulfides, and scheelite. The scheelite occurs in all the veinlets as scattered coarse crystals or bunches which in places fill the whole width of a 2 inch vein. On the face exposed at the south end of the widened drift, the ore is estimated to contain several percent WO_3; at the north end the grade is estimated at about 1 percent WO_3. Apparently richer bunches may be expected since it is reported by previous operators that five tons of ore was removed from a shallow underhand stope at this locality and was rich enough to ship without concentration. The wide part of the drift and the cross-cuts in the adit are the only exposures of the vein in the mine that contain showings of scheelite. no samples

The grade of minable material is very difficult to determine because of the somewhat erratic distribution of the scheelite and the inevitable contamination with the wall rock. The estimates given above are based on a visual examination with an ultra-violet lamp and are believed relatively as accurate as cut samples for the purpose of overall evaluation. They do, however, represent but two faces and can in no way give a clear-cut picture of the average expectable grade for the block of scheelite-bearing ground. The lessee, Mr. Skaman, has set up a small mill to test the dump material that presumably came from this area. His results are not yet available, but may give a better idea of what can be considered a minimum grade.

DESCRIPTION OF PROJECT

The project proposes to explore the downward extension of the scheelite ore shoot by sinking a vertical shaft so far as possible on the ore for a distance of not more than 100 feet and to do a maximum of 100 feet of cross-cutting and drifting on the mineralized structure or structures from the shaft. Partial exploration of the ore shoot could

be done by raising, but the backs are less than 50 feet and the delineation of a possible ore body of any significant size could best be accomplished by proving extension to depth.

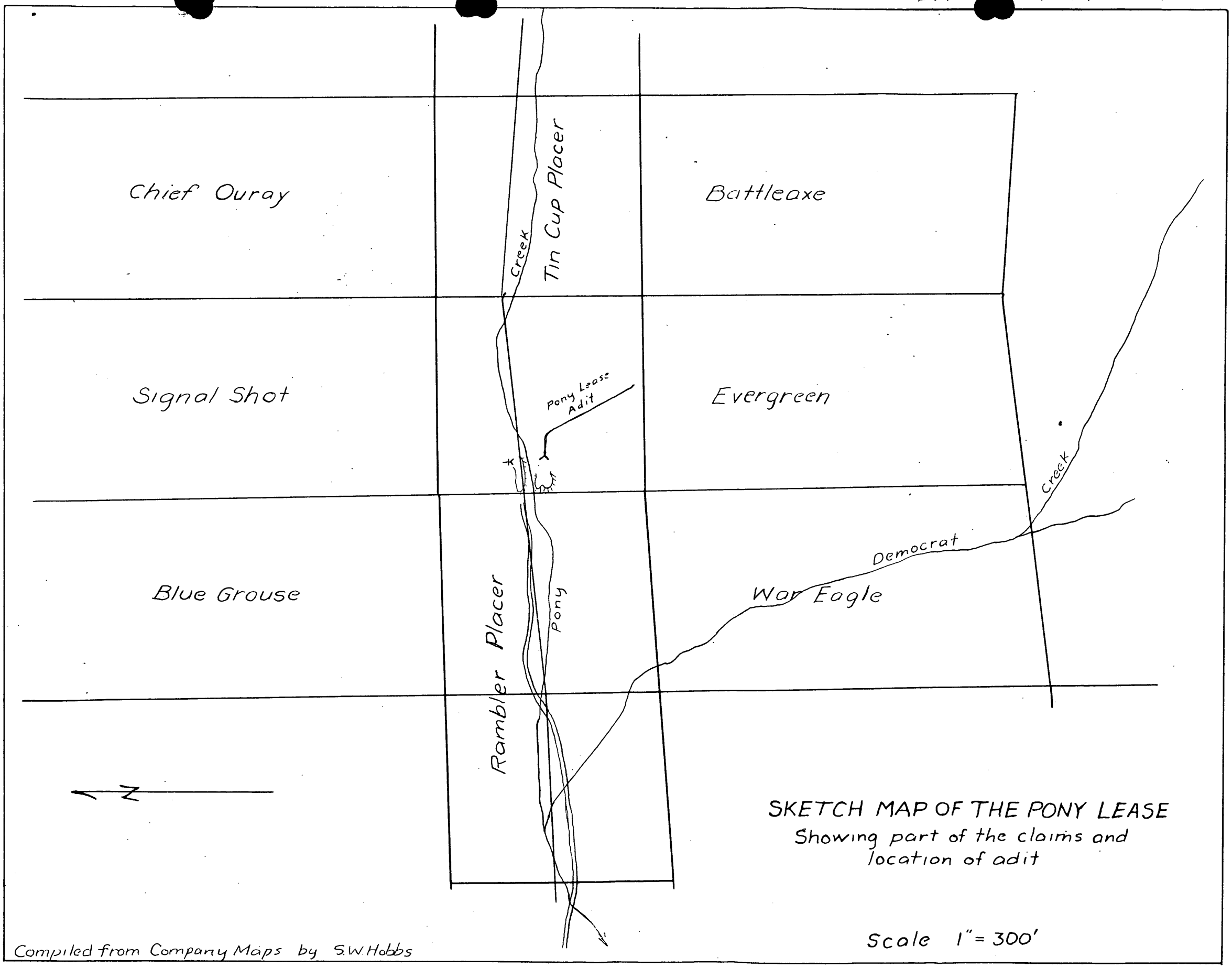
This project, scaled down from the proposal, has been approved by Skeman. During the remainder of this operating season the partners will continue part-time work in the adit. Facilities will be installed and all preparatory sinking work finished. Therefore, the project, if approved, will consist only of the actual work of sinking and drifting.

A detailed estimate of the cost of sinking and drifting is attached. It should be noted that allowance has been made for the part-time services of a geologist and for WO_3 analyses at 5-foot intervals. These items and overtime and insurance were not included in the applicant's estimate.

S. W. Hobbs, Geologist
U. S. Geological Survey

H. T. Peno, Mining Engineer
U. S. Bureau of Mines

Orig. and 3 - Wash.
Wash. USBM (2)
USGS (2)
DMEA
R/O
M/D
HTR



SKETCH MAP OF THE PONY LEASE
Showing part of the claims and location of adit

Scale 1" = 300'

Docket No. DMEA 2692
(tungsten)
Pony Lease
Shoshone County, Idaho

ESTIMATE

Shaft

Sink 100 feet - 2-4'x4' compartments - 1½ ft. per shift - 3 men work 1 shift per day - SAY 33 ft/month

Labor

Scale -	$15.62/8 hr. day
+ 8-1/3% overtime	1.30
	16.92
+ 10% OAB & Ins.	1.69
	$18.61/8 hr.

$\frac{18.61 \times 3}{1\frac{1}{2}}$ = 37.22

Supervision

Pay shaft scale for hoistman-supervisor

Timber

Headframe & bucket dump		$300	3.00
Wall plates			
2 pcs 8x8x9	- 96		
End plates			
2 pcs 8x8x5	- 53		
Divider			
1 pc 8x8x5	- 27		
Posts			
6 - 8x8x5	- 160		
Lagging - 4 sides			
24 pcs - 2x12-5	240		
	576 fbm		

$\frac{576 \times \$65/M}{5}$ = 7.49

Wedges - headboards, nails, hangers - SAY .50

Ladders
10' @ $3/ea. .30

Forwarded $48.51

Brought forward	$48.51	
Powder		
20#/ft. @ $22.50/100	4.50	
Elec. caps - 24 - 4' round @ 20¢/ea.	1.20	
Drill steel- 3 sets @ $36/ea.	1.08	
Bits, TC @ $13/ea 1/8-ft.	1.60	
2 hoist buckets - $200 each (used)	4.00	
2" air line	.45	
1" water line	.18	
2" water line	.45	
Small tools and misc. - $150	1.50	
Power (gas & oil)	3.00	
Repairs	1.25	
20 - WO_3 assays @ $5/ea.	1.00	
Geologist - $100	1.00	
Compressor rent - $250/mo.	7.58	
Hoist rent - $50/mo.	1.51	
Pump rent - $50/mo.	1.51	
Jackhammer rent - $50/mo.	1.51	
150 ft. 5/8" cable @ 22¢	.33	
	82.16	
SAY $82.50/ft.		$8,250.00

Drift

5 ft. round every other day - 2½ ft/day
SAY 50 ft/month - 2 months - 5x7'

Labor

Drift miner - scale -	$14.34
+ 8-1/3% overtime	1.19
	$15.53
+ 10% OAB, comp ins., etc.	1.55
	$17.08/day
Hoist man - pay shaft scale so as to include supervision	$18.61/day
2 drift miners	$34.16
1 hoist man	18.61
	$52.77

$\frac{52.77}{2.5}$ =	21.10	
Powder - 12#/ft. @ $22.50	2.70	
Caps - 16/5'-round @ 1.9¢ ea.	.06	
Fuse - 160'/5'-round @ 1.5¢ ft.	.48	
Forwarded	24.34	$8,250.00

Drift (continued)

Brought forward	24.34	$8,250.00
Drill steel - 1 set @ $36.00	.36	
Bits - TC @ $13/ea - 1/10 ft.	1.30	
2" air line	.45	
1" water line	.18	
16# rail @ $175/ton	.94	
Spikes @ $14.65/100	.06	
Fish plates and bolts - $1/pair - 15' rail	.13	
Ties - 2' o.c. @ 40¢ ea.	.20	
Small tools and misc. $100	1.00	
Power	1.80	
Repair - $125	1.25	
Compressor rent - $250/mo.	5.00	
Hoist rent - 50/mo.	1.00	
Pump rent - 50/mo.	1.00	
Drifter - 75/mo.	1.50	
Geologist - 100/mo.	1.00	
20 - WO_3 assays - $100 lump sum	1.00	
	$42.51	
SAY $42.50 untimbered	$42.50	

Timber

Posts - 2 pcs - 8x8-7) 30¢ ft - $5.70
Cap - 1 pc - 8x8-5)
Girt - 2 pcs - 4x6-5 20
Top lagging
10 pcs - 2x6-5 50
70

70 fbm @ $65/M = $4.55 4.55
10.25

$\frac{10.25}{5}$ = 2.05

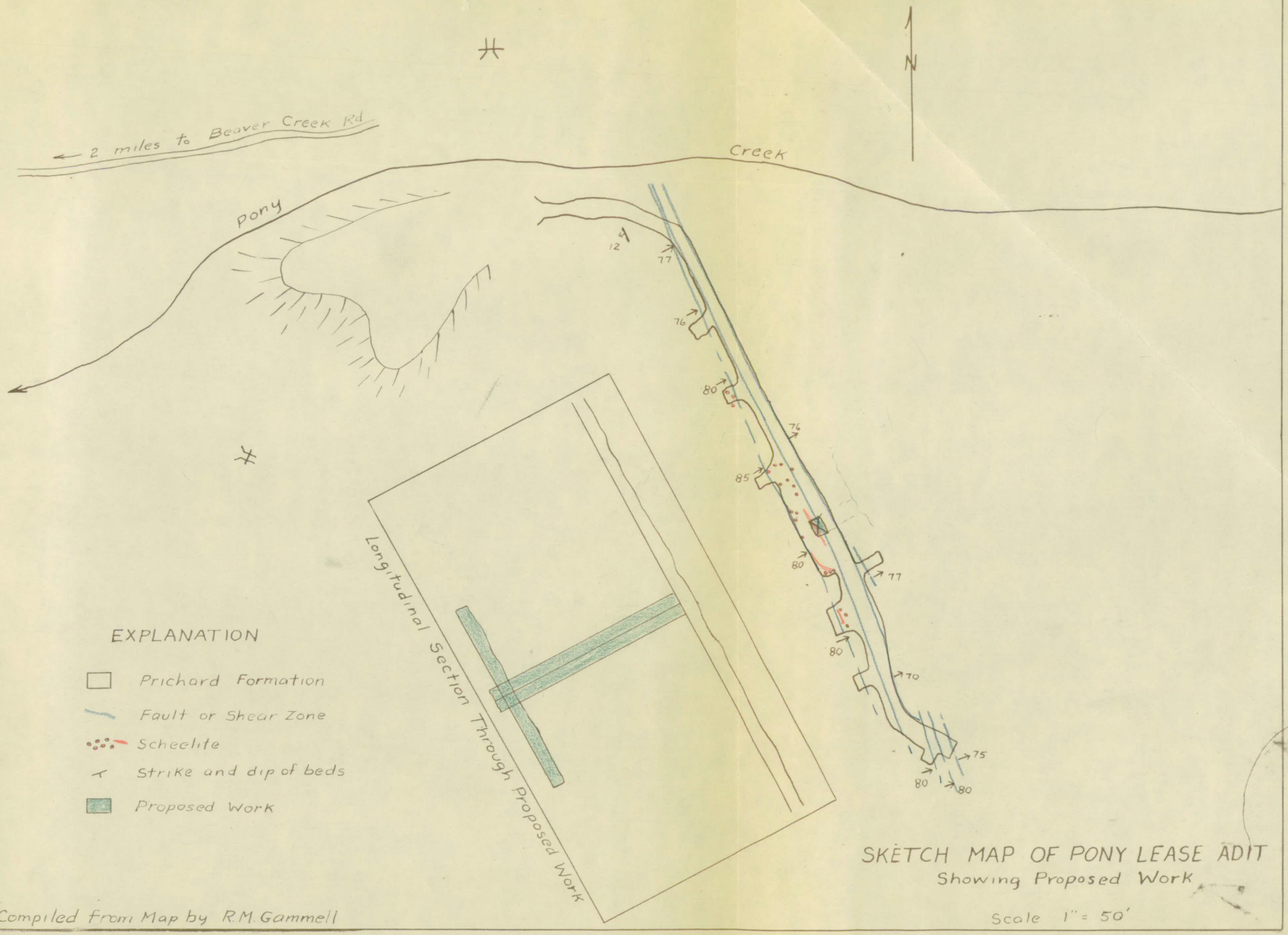
Wedge - nails - head bds. .50
Total - materials 2.55
Labor 2.50
5.05

SAY $5.00/ft. 5.00

Timbered drift $47.50

For estimate

1/2 untimbered	50 x 42.50	2,125.00
1/2 timbered	50 x 47.50	2,375.00
Total project		$12,750.00



SKETCH MAP OF PONY LEASE ADIT
Showing Proposed Work

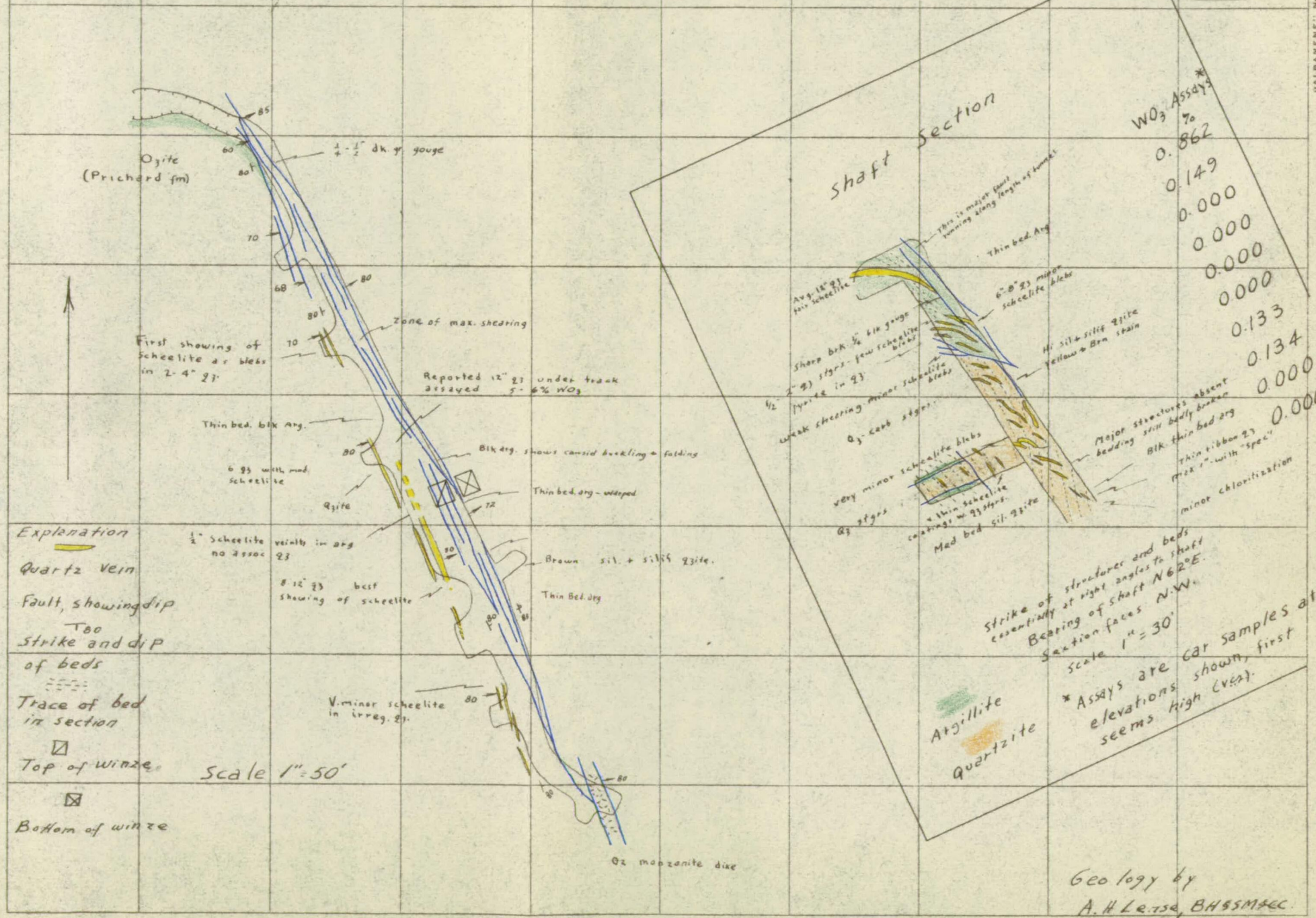
Scale 1" = 50'

Compiled from Map by R.M. Gammell

Docket No. DMEA-2692

GEOLOGIC MAP

North Idaho Mines, Inc.
(Pony Gulch Lease)
Shoshone County, Idaho



ARTMENT OF THE INTERIOR
Administration
FEB 14 1955

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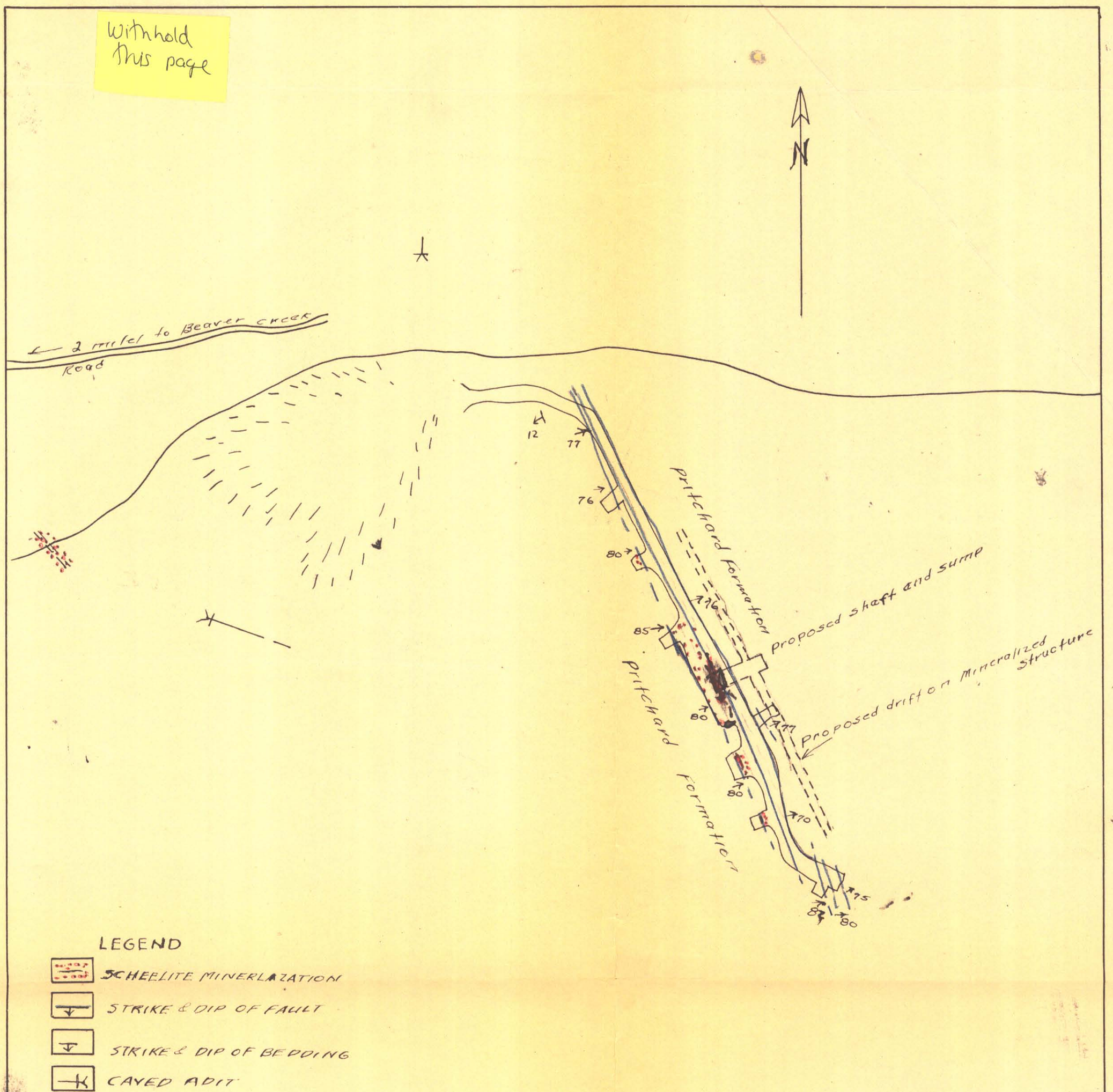
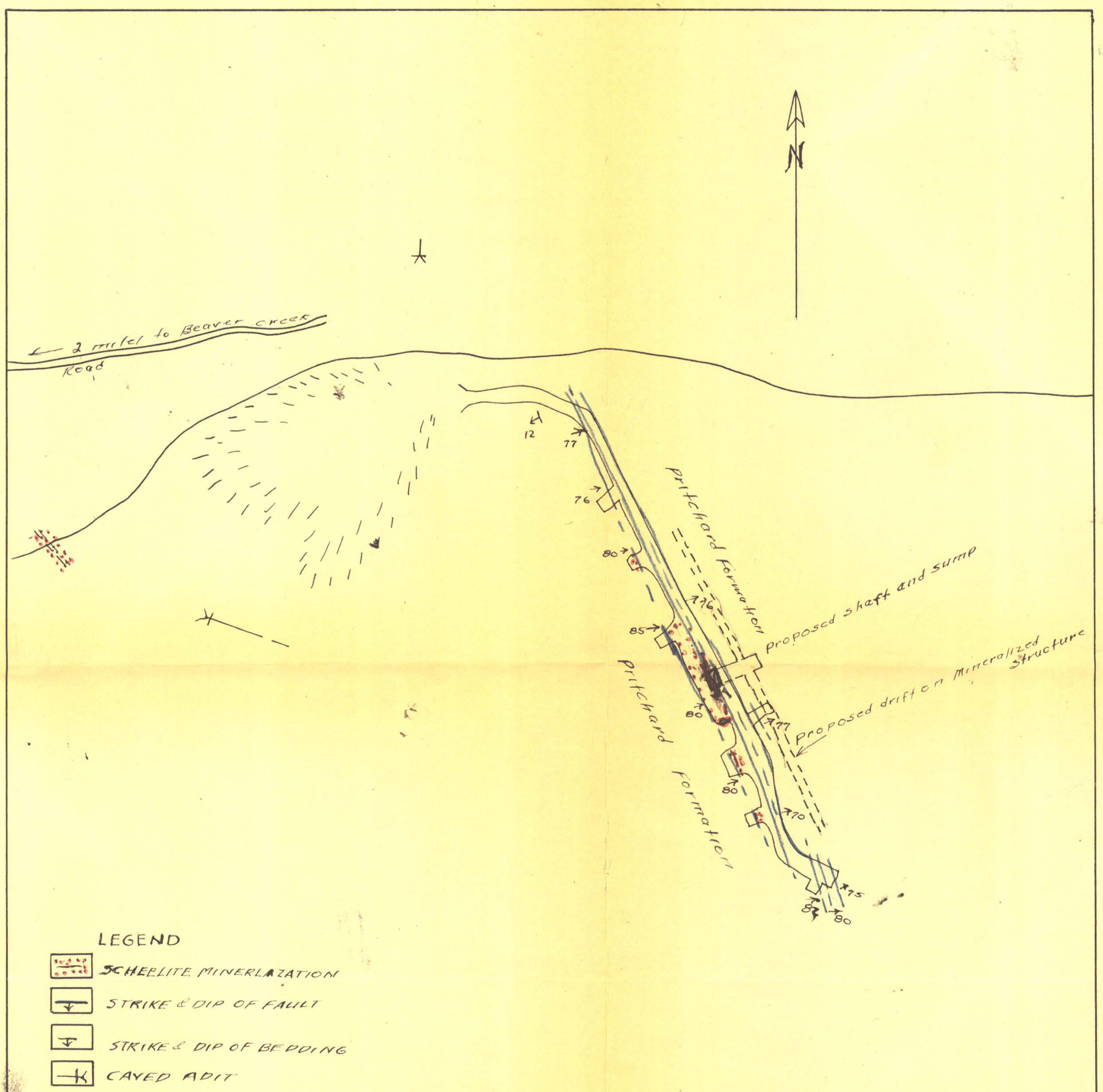


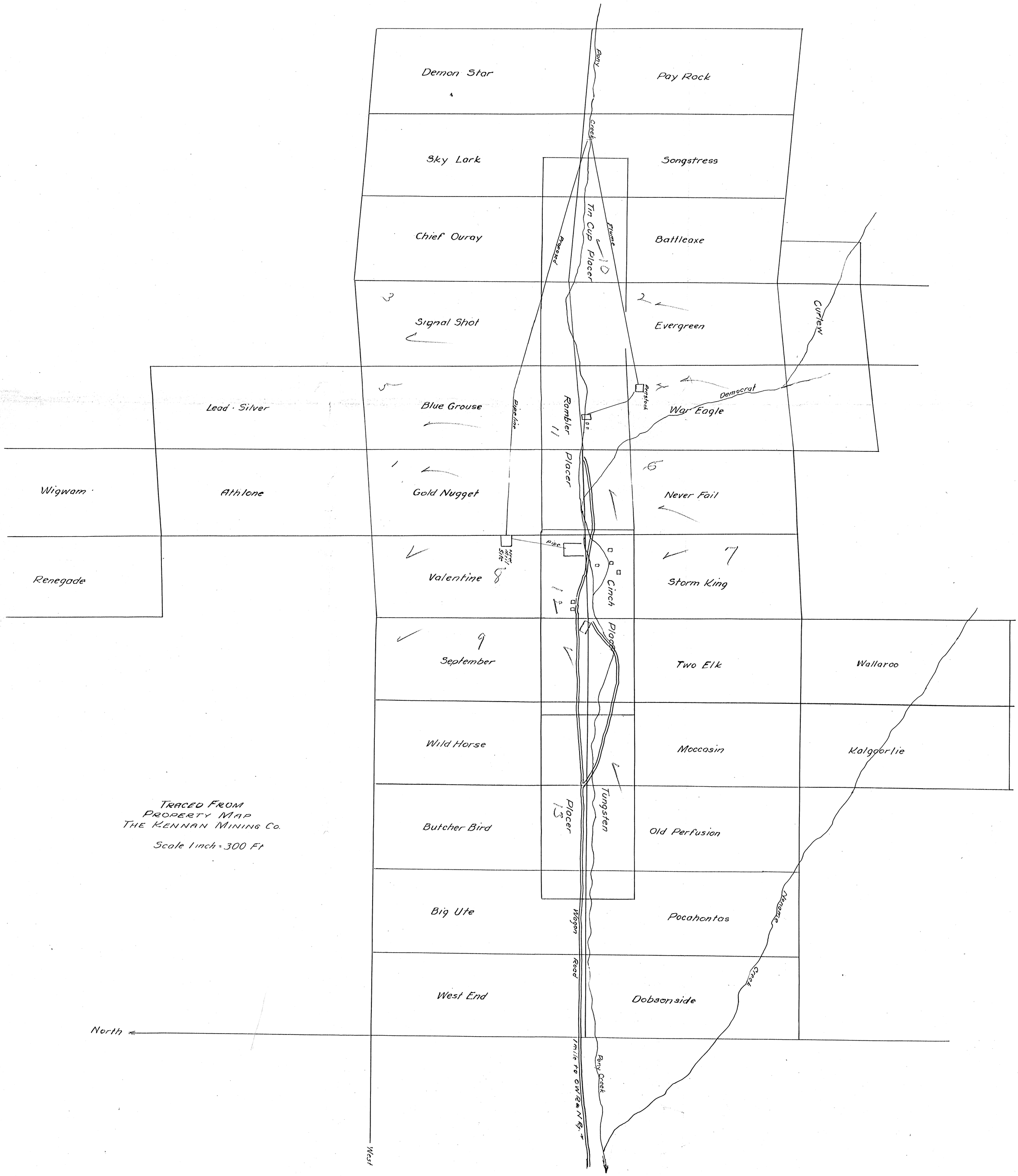
PONY GULCH TUNGSTEN
BEAVER MINING DISTRICT
SHOSHONE COUNTY IDAHO
SCALE 1" = 50'

Traced 7-16-52 C.R.B



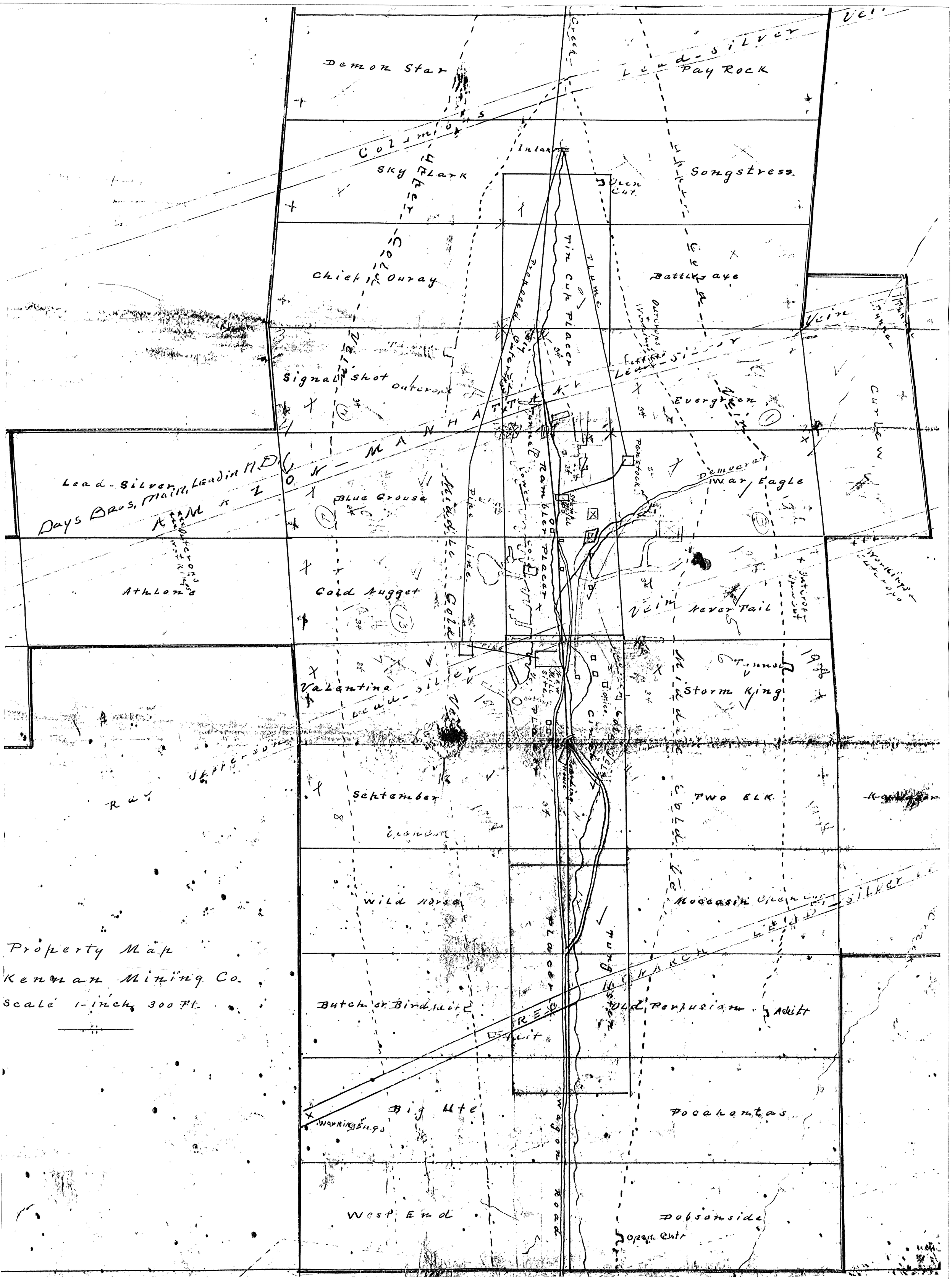
PONY GULCH TUNGSTEN
BEAVER MINING DISTRICT
SHOSHONE COUNTY IDAHO
SCALE 1" = 50'

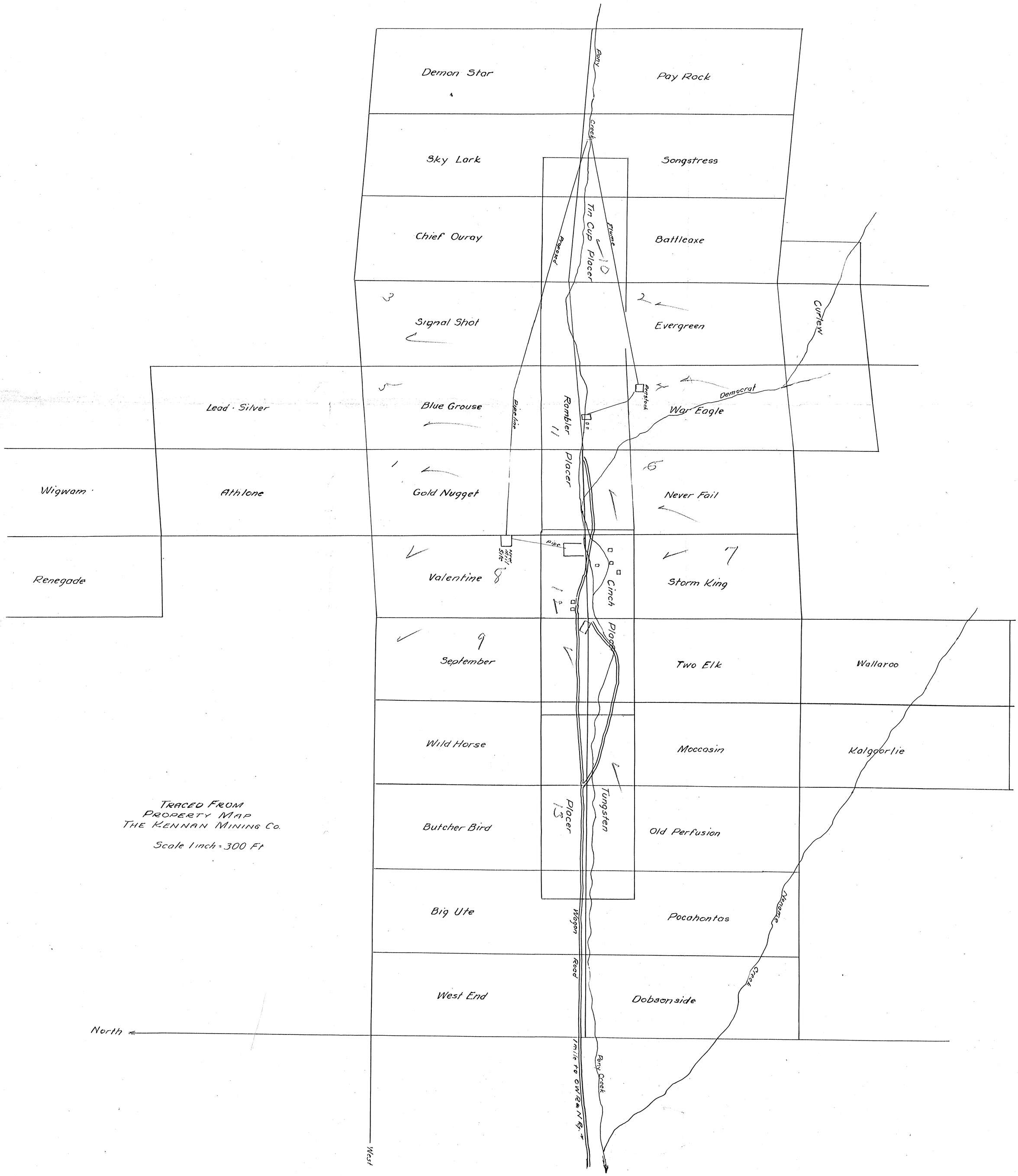
Traced 7-16-52 C.R.B



TRACED FROM
PROPERTY MAP
THE KENNAN MINING CO.

Scale 1 inch = 300 Ft


Demon Star
Lead-Silver
Pay Rock
Columbia
Sky Lark
Intake
Open Cut
Songstress
Chief of Ouray
Tim Cup Placer
Battle Axe
Signal Shot
Outcrop
Evergreen
Lead-Silver
Lead-Silver, Leading N.D.G.
Days Bros, Main, Leading
Blue Grouse
Pipe Line
Ram Placer
Penstock
Democrat
War Eagle
Athlone's
Cold Nugget
Vein Never Fail
Valentine
Lead-Silver
Storm King
Tunnel
September
Two Elk
Wild Horse
Moccasin
Lead-Silver
Butcher Bird Mine
Old Perpusion
Adit
Big Ute
Workings
Pocahontas
West End
Dobsonside
Open Cut
Property Map
Kennan Mining Co.
Scale 1-inch 300 Ft.



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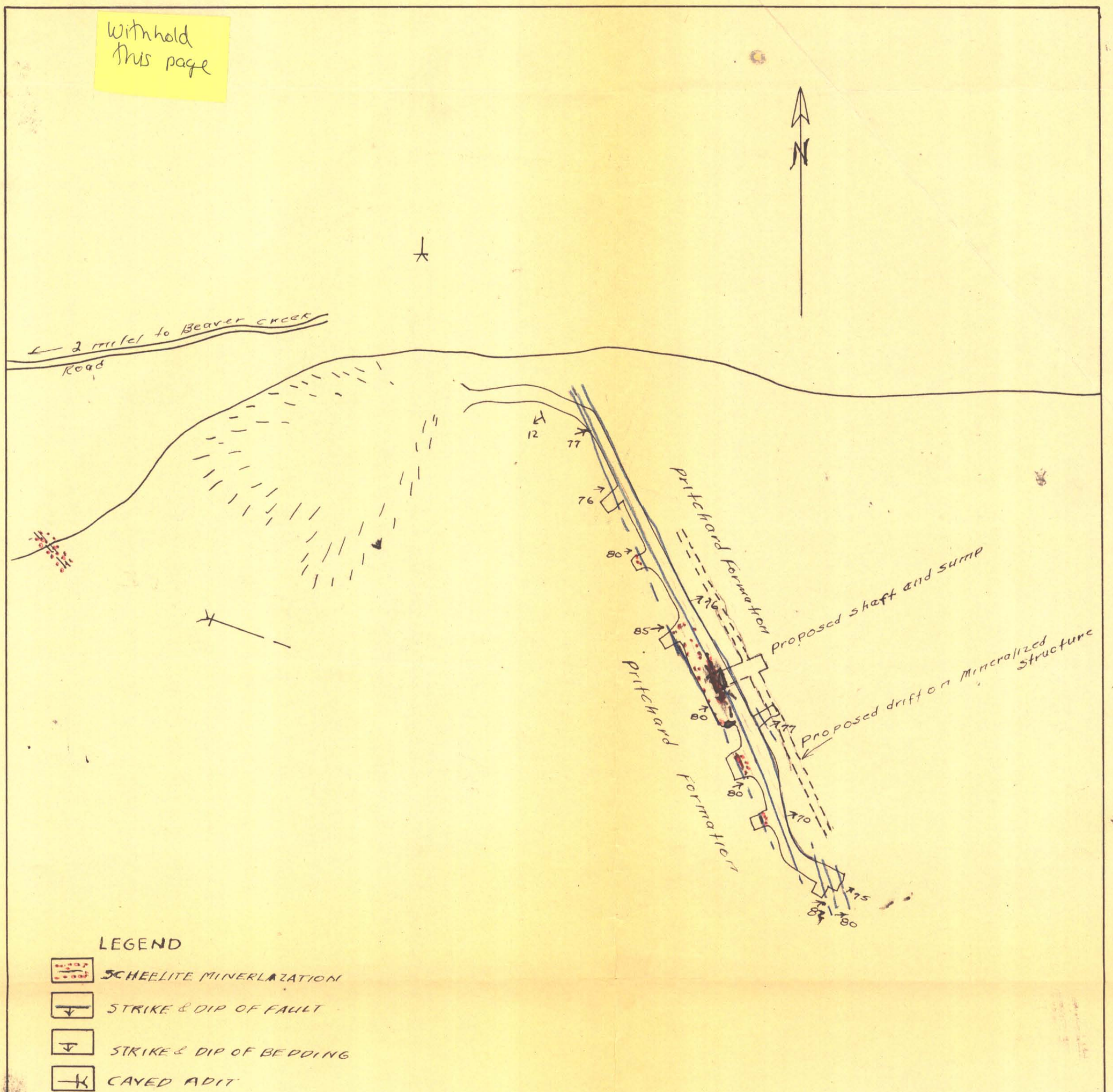

PONY GULCH TUNGSTEN
BEAVER MINING DISTRICT
SHOSHONE COUNTY IDAHO
SCALE 1" = 50'

Traced 7-16-52 C.R.B