DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
6/19	Mittendorf	100
6/19	C	220
6/19	JWW	500

2719

JUN 19 1957

Mr. Henry L. Day
Day Mines, Inc.
Wallace, Idaho

Dear Mr. Day:

Retained by Gov. Mittendorf

Thank you for your letter of June 7, which expresses your willingness to cooperate with Mr. Argall in his present plan to record some DMEA case histories. I have passed your name on to Mr. Argall, together with your remarks, and I am of the opinion that he will contact you directly in due time.

Your cooperation in this matter is deeply appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

COMittendorf/fw
6/18/57

cc: Mails & Files
Admr. Read. File
Mr. Mittendorf

8621

DMEA Form 9

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

DMEA NO. 2719

Application (Denied
(Withdrawn
(After disposition, delete items not applicable)

Contract (Terminated - not Certified
(Cancelled
(Terminated - Certified
(Royalty Agreement

This is the official contract file containing all official records of the project. The records contained in the files are checked and are arranged in this order:

Left Side

✓ ~~Interim~~ Royalty Audits
Reports of Royalty Review
✓ Certification of Discovery
✓ Certificate of Audit (Final) 11/18/58
Interim Audit(s)
Report of Review
✓ Termination Notice or Agreement
Recision Notice
Assignment of Contract
✓ Contract Amendments (latest on top)
✓ Contract with all exhibits and annexes + Amended contract
Owner's Consent to Lien
Subordination Agreement
Leases and assignments of leases
✓ Application and attachments
(3) Envelope for maps

Right Side

✓ Project summary 7-15-59
✓ Work completed analysis
All other material is filed in chronological order with correspondence including the following reports as checked:

✓ Final Field Team Report (Tab) May 1959
✓ Operator's Final Report 4/4/58
(2R) Interim Reports
(2R) ✓ Operator's monthly reports and all attachments (latest on top) Separate folder
✓ On-site Exam Report(s) (Tab)
(4) Settlement Sheets

When the volume of records is expected to warrant additional folders, or when convenience of reference warrants separate folders for certain records, they should be set up in this order:

Left Side

Folder No. 2: (In chron. order)
✓ Interim Summary Reports by W. O. Engineers

Right Side

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

✓ Folder No. 3: Maps (Use pocket folder or envelope. Fold maps with title block out and show reference to related document or correspondence.)

✓ Folder No. 4: Settlement Sheets

Folder No. 5: Drill Logs

9775

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0378

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Amended Contract No. Idm-E484, Docket No. DMEA-2719 (lead-zinc), dated December 6, 1956, with

Day Mines, Inc.
Day Building
Wallace, Idaho

for the purpose of determining the amount of royalty due the U. S. Government on the stockpiling and sales of minerals from property referred to as the Hercules Mine located at Burke, Shoshone County, Idaho, during the period June 24, 1959, through January 31, 1961.

A certification of discovery or development was issued on February 26, 1956, under the provisions of a prior contract dated February 5, 1953, and, in accordance with Annex II of the amended contract, royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 16 years from the date of the prior contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated November 14, 1958, indicated accepted costs under the exploration contract amounting to $396,900.53 with the Government's contribution, on a 50 percent basis, being $198,450.27.

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

This review established the estimated value of concentrates stockpiled and subject to DMEA royalty for the period to be $103,351.52. Royalty due the Government at rates specified in the contract and on a 75% basis is $3,875.66.

A prior Royalty Audit Certificate found the sales and stockpiles subject to Government royalty through June 23, 1959, to be $1,071,208.49 which added to the stockpile addition for this subsequent period make a total of $1,174,560.01. The royalty account as of June 23, 1959, was:

Total Royalty Due	$51,473.53
Total Royalty Paid	51,473.53
Balance of Royalty Due	$ -0-

At January 31, 1961, the royalty account of this project was found to be:

Total Royalty Due	$55,349.19*
Total Royalty Paid	55,349.19
Balance of Royalty Due	$ -0- *

* Subject to adjustment upon sale of stockpiled concentrates or the exercise of the Government's option under Art. 6(d) of the contract.

February 6, 1961

E. D. Talbert

E. D. Talbert, OME Auditor

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

By letter dated November 12, 1959, the Operator affirmed that no more ore would be produced from this project after that reported as milled and stockpiled at Burke, Idaho, during September 1959. A subsequent report of the examining engineer stated that the mine was abandoned.

Beginning in June 1958, the Operator concentrated and stockpiled all ore produced. Royalty, however, continued to be paid to the Government on the basis of 75% of the estimated value of the concentrates subject to the DMEA contract. Approval of this procedure was given the Operator by a letter dated July 11, 1958, from the Executive Officer, DMEA Field Team, Region I, in accordance with a June 12, 1958, authorization of the DMEA Operating Committee.

This review included examination, recomputation, and tabulation of the Operator's monthly statements showing the estimated concentrate production from the Hercules Mine and the estimated smelter values based on current average metal prices. A summary tabulation of these monthly statements, which are subject to verification by audit of the Operator's records and accounts, is attached as Exhibit "A".

Additional royalty on these stockpiled concentrates, a total of 2,925 dry tons, will be due and payable either (1) when and as sold, or (2) when and if the Government exercises its option under Article 6(d) of the contract.

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

(a) There were no sales of production during the period covered by this review and all stockpiled production appears to have been accounted for;

(b) Ore breaking was terminated August 14, 1959, milling was discontinued during September 1959, and the mine has been abandoned; and

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

Exhibit "A"

Idm-E484

Day Mines, Inc.

DMEA-2719

Royalty Paid on Estimated Basis on Stockpiled Concentrates

	Dry Tons	Contents Ag. oz.	Contents Pb. lbs.	Contents Zn. lbs.	Estimated Return	DMEA %	DMEA Amount	Royalty 100%(Base)	Royalty 75% (Paid)
Zinc Concentrates									
Inventory, 12/31/58	30	82.50	1,170	29,250	$ 1,631.39	71.6	$ 1,167.32	$ 58.37	$ 43.78
January 1959	45	144.	1,170	46,980	2,758.38	92.5	2,551.50	127.58	95.69
February	95	361.	2,090	98,800	5,755.00	87.6	5,041.38	252.07	189.05
March	95	560.50	2,850	100,320	5,752.23	92.5	5,320.81	266.04	199.53
April	200	800.	4,400	214,400	12,080.00	120.7	14,580.56	729.03	546.77
May	150	945.	3,900	151,200	8,482.39	125.	10,602.99	530.15	397.61
3rd royalty audit	615	2,893.	15,580	640,950	$ 36,459.39	107.7	$ 39,264.56	$ 1,963.24	$ 1,472.43
June	215	860.	4,300	226,180	12,648.45	87.2	11,029.45	551.47	413.60
July	130	468.	2,080	141,960	8,046.69	49.1	3,950.92	197.55	148.16
August	55	445.50	3,740	54,230	2,805.10	149.6	4,196.43	209.82	157.37
September	20	96.	760	21,680	1,295.54	36.3	470.28	23.51	17.63
	1,035	4,762.50	26,460	1,085,000	$ 61,255.17	96.2	$ 58,911.64	$ 2,945.59	$ 2,209.19
Lead Concentrates									
January 1959	235	5,969.	288,580	9,400	$ 31,367.61	74.2	$ 23,274.77	$ 1,163.74	$ 872.81
February	275	7,315.	330,000	13,200	33,027.96	80.3	26,521.45	1,326.07	994.55
March	230	6,210.	281,520	11,040	27,617.61	83.4	23,033.09	1,151.65	863.74
April	225	4,857.50	264,600	15,750	24,754.55	108.6	26,885.44	1,344.17	1,008.13
May	220	4,994.	268,400	13,640	26,958.33	103.7	27,955.79	1,397.79	1,048.34
3rd royalty audit	1,185	29,325.50	1,433,100	63,030	$143,726.06	88.8	$127,668.54	$ 6,383.42	$ 4,787.57
June	230	5,704.	280,600	13,800	29,099.13	52.7	15,335.24	766.76	575.07
July	195	5,655.	249,600	10,140	26,576.98	77.1	20,490.85	1,024.54	768.41
August	200	6,400.	269,600	7,600	29,290.37	148.6	43,525.49	2,176.27	1,632.20
September	80	2,536.	98,560	2,560	11,394.41	38.2	4,352.66	217.63	163.22
	1,890	49,420.50	2,331,460	97,130	$240,086.95	88.	$211,372.78	$10,568.62	$ 7,926.47
Totals	2,925	54,183.	2,357,920	1,182,130	$301,342.12	89.7	$270,284.42	$13,514.21	$10,135.66

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

4/24 wrks 500.

ROYALTY AUDIT CERTIFICATE

I have examined the records and sales documents pertaining to the sales of lead concentrates and zinc concentrates for the period of April 13, 1956 to March 3, 1958, by the

DAY MINES, INC.
Wallace, Idaho

produced from the Hercules Mine, located at Burke, Shoshone County, State of Idaho, under the terms of the Amended Contract No. Idm 484, Docket No. DMEA 2719 (lead-zinc), dated December 6, 1956.

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

The audit established the net sales of lead concentrates and zinc concentrates for this period to be $555,515.49. Royalty due the United States Government at the rate of 5% is $27,775.52.

Prior audit conducted by C. V. Fisher, DMEA auditor for the period of February 5, 1953 to March 12, 1956, found the sales of the last date to be $118,272.93, which added to sales for this period, make a total of $673,788.42 as of March 3, 1958. The royalty account as of March 12, 1956, was

Total Royalty Due	$5,913.63
Total Royalty Paid	5,913.63
Balance Royalty Due	None

As of March 3, 1958, the royalty account of this project was found to be

Total Royalty Due	$33,689.15
Total Royalty Paid	33,676.89
Balance Royalty Due	$ 14.26

C. A. Turner, Auditor.

April 23, 1958

BUREAU MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

ROYALTY AUDIT REPORT

I. INTRODUCTION

On April 9, 1958, an audit was made of the production, sales and royalty accounts and records of

The Day Mines, Inc.
Wallace, Idaho

pertaining to the sales of lead concentrates and zinc concentrates for the period of April 13, 1956 to March 3, 1958, produced from the Hercules Mine, located at Burke, Shoshone County, State of Idaho, on which royalties are due the United States Government under the terms of Amended Exploration Project Contract No. Idm I 484 (lead-zinc), Docket No. 2719, dated December 6, 1956.

The Amended Contract superseded the prior contract designated as Contract No. Idm I 484, Docket No. 2719, dated February 5, 1953 including Amendments Nos. 1 to 4 inclusive. The Amended Contract provided for the completion of incompleted work under the prior contract, additional work to be added to the exploration project, and the Certificate of Discovery or Development dated February 20, 1956 to be applicable to all work on lands included under the prior contract and the Amended Contract and a Special Agreement concerning royalty.

The accounting records are maintained at the Company's main office, Wallace, Idaho under the direction of Leonard Gaffney, Assistant Treasurer.

During the on-site audit the following representatives of the Company and the U. S. Bureau of Mines were present and consulted as necessary:

Mr. Leonard Gaffney	-	Assistant Treasurer
Mr. Merrit Rue	-	Assistant Secretary
Mr. Lloyd Jacobain	-	Metallurgical Accountant
Mr. Garth Crosby	-	Chief Geologist
Mr. Wesley Mason	-	Engineer
Mr. J. A. Dardill	-	U.S. Bureau of Mines Metallurgist

The cooperation of all greatly facilitated the audit.

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0378

II. GENERAL INFORMATION

The Amended Contract provides for a total cost of exploration work amounting to $415,250.00, with the Government's contribution on a 50 percent basis being $207,625.00. An interim audit dated April 13, 1956 by C. T. Fisher, DMEA auditor, for the period ending August 31, 1955 indicated the cost of exploration to be $273,300.48, with the Government's contribution on a 50 percent basis being $136,650.24. Since August 31, 1955 the exploration work has been continued on the basis of agreed unit costs of work completed under the prior Contract and on the basis of fixed unit costs of work completed under the Amended Contract. The Operator's total cost of exploration for the period ended February 28, 1958 is $379,838.48 (subject to audit) with the Government's contribution on a 50 percent basis being $189,919.24. The exploration has not been completed and is still in progress. The Contract termination date is December 5, 1958.

A Certificate of Discovery or Development was issued February 20, 1956 under the prior contract to establish and fix the Government's percentage royalty on production, and its lien therefor on the land described in Article 2 of the Contract for a period of ten years, which was increased to twelve years by Amendments to the prior Contract. The Amended Contract, Annex II increased the period of royalty repayment for a period of sixteen years from the date of prior Contract which was February 5, 1953, until the total amount contributed by the Government, without interest, under the prior Contract and the Amended Contract, as it may hereafter be amended, is fully repaid, under the royalty provisions of the Amended Contract.

Annex II of the Amended Contract contained a Special Agreement concerning royalty. In addition to royalty otherwise payable under the Amended Contract, the Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer, shall pay the Government a royalty on any production, regardless of where it comes from, that is transported or passed through any shaft, winz, raise, crosscut, drift, or other workings to the cost of which the Government has contributed, for the same period, in the same manner and amount, and subject to the same conditions as are provided in the Amended Contract: Provided, however, that not more than one royalty shall be due or paid on the same production.

The Operator maintains a complete set of records and accounts perteining to mining operations, milling operations, and the sales of concentrates which are supported by records from the mine, the mill and the smelter returns.

The Operator is conducting mining and milling operations concurrently with the exploration work, including mining on land not subject to DMEA royalty. An adequate record is being made of the tonnage produced from each location with assays of the mineral content of the ores, from which an equitable allocation may be made between ore subject to DMEA Royalty and ore not subject to DMEA Royalty.

The ore is all milled at the Burke mill. Lead concentrates are sold to the American Smelting and Refining Co. and the zinc concentrates are sold to the Bunker Hill Company.

A prior royalty audit was made of this Contract on April 12, 1956 by C. . Fisher, DMEA auditor, covering the period of February 5, 1953 to April 12, 1956. The present audit extends the period covered by audit to March 3, 1958.

III. SCOPE OF AUDIT AND FINDINGS

A. Conference with Examining Engineer

Conference with the examining engineer, Mr. John A. Bardill, Metallurgist, U.S. Bureau of Mines, disclosed the following:

(a) The Operator does not stockpile ore subject to royalty repayment.

(b) The Operator does commingle production subject to DMEA royalty with exempt production. The examining engineer considers, and this auditor agrees, that the Operator maintains adequate records pertaining to commingled ore and that the allocation subject to DMEA royalty is equitable.

(c) The Operator does not stockpile mine or mill rejects that may have a potential value within the royalty payment period.

(d) Assay controls are deemed adequate.

(e) The manner of disposing of production is considered as giving the Government its fair royalty return.

(f) Periodic examinations by the examining engineer indicate that the Operator is properly reporting the current production subject to DMEA royalty.

(g) The Operator does not buy from or sell to other Operators.

B. Audit of Settlement Sheets

A considerable amount of pre-audit work was accomplished in the DMEA office, Region I, Spokane, Washington, prior to the on-site audit. This consisted of a recomputation of the monthly production reports, the detailed ~~settlement~~ smelter settlement sheets, and the monthly royalty settlement statements prepared by the Operator showing the allocation of sales and the amounts subject to DMEA royalty and the amounts not subject to DMEA royalty. This information was tabulated and reconciliation was made with the amounts of royalty receipts indicated by the records of the Finance Officer. The tabulations are filed as a part of my audit working papers. A summary analysis of these statements is included in Section IV of this audit report.

The on-site audit included a comparison and reconciliation of the data compiled during the preaudit work with the Operator's production records, sales records and general records in the Company's main office, Wallace, Idaho.

It was determined by the on-site audit:

1. The number of tons of ore mined in the various locations of the mine were determined by actual weights at the mill head prior to milling.

2. Samples were made at the mill head which were assayed for the lead content and zinc content in the ore. Based on these assays, the indicated total tonnage of lead and zinc content of ore mined during the month were determined for the total production, and for the production from the portion of the mine subject to DMEA royalty. A percentage of production subject to DMEA royalty from the total production for the month was determined for both lead and zinc by dividing the indicated number of tons of each metal subject to DMEA royalty by the total indicated number of tons of each metal produced during the month.

3. The actual tonnage of mill production of lead and zinc concentrates during the month was allocated between that subject to DMEA royalty and that not subject to DMEA royalty, was based on percentages determined as outlined in the above paragraph (2).

4. Sales of concentrates were made on a first in and first out basis, that is, when lead concentrates were sold to the American Smelting and Refining Co., East Helena, Montana, the proceeds received were divided between those subject to DMEA royalty and those not subject to DMEA royalty on basis of tonnage of each included in the settlement. Similar separation was made of the proceeds received from the sales of the zinc concentrates made to the Bunker Hill Company, Electrolytic Zinc Plant, Silver King, Idaho.

5. We are being advised by the Operator that all production after January 1, 1958 will be subject to DMEA royalty.

The Operator's payment of DMEA royalty received by the Regional Finance Officer on March 3, 1958, covered all shipments of concentrates made to the end of February 1958. The last lots shipped on which royalty was paid being HL 124 lead concentrates and HL 62 zinc concentrates.

Remaining inventories of the production subject to DMEA royalty as of February 28, 1958 being: Lead concentrates 62,619 tons and zinc concentrates 45,0195 tons.

It was determined by the audit that freight charges and umpire charges were paid by the smelters on shipments of lead concentrates and zinc concentrates. The allowable deductions on shipments subject to DMEA royalty for the period under audit, April 13, 1956 to March 3, 1958, are as follows:

	Lead Concentrates	Zinc Concentrates
Freight Charges	$5,660.03	$1,534.70
Umpire Charges	127.16	54.36
TOTAL	$5,787.19	$1,589.06

IV. CONCLUSIONS AND RECOMMENDATIONS

A summary analysis of the Operator's production and sales during the period covered by this audit, April 13, 1956 to March 3, 1958, the prior audit February 5, 1953 to April 12, 1956 and the totals to March 3, 1958, together with the amounts subject to DMEA royalty paid follows:

SUMMARY OF ROYALTY PAID ON PRODUCTION TO MARCH 3, 1958

	Feb. 5, 1953 to April 12,1956	April 13,1956 to March 3, 1958	TOTAL
Sales Lead Concentrates to American Smelting and Refining Co.			
Lead Concentrates			
Short Dry Tons	2169.0850	3652.8430	5821.9280
Less not subject to royalty	1634.9966	905.2108	2540.2074
Tons subject to DMEA Royalty	534.0884	2747.6322	3281.7206
Sales of Lead Concentrates	$378,161.07	$595,763.52	$973,924.59
Less sales not subject to Royalty	286,944.59	111,825.82	398,770.41
Sales subject to DMEA Royalty	$ 91,216.48	$483,937.70	$575,154.18
Metal Content DMEA Portion			
Lead - Tons	333.7085	1756.5485	2090.2570
Copper - Tons	.0506	.0573	1.0790
Silver - Ounces	13,651.1500	63,636.8232	77,287.9732
Sales DMEA Portion			
Lead	$ 79,557.34	$426,056.87	$505,614.21
Copper	28.44	39.04	67.48
Silver	11,630.70	57,841.79	69,472.49
Total Sales	$ 91,216.48	483,937.70	575,154.18
Deductions from Sales			
Smelter Treatment Charges	$ 6,170.47	$ 31,071.53	$ 37,242.00
Freight, Umpire, etc.	1,758.26	5,787.19	7,545.45
Total Deductions	$ 7,928.73	$ 36,858.72	$ 44,787.45
Net Proceeds Lead Sales subject to Royalty	$ 83,287.75	$447,078.98	$530,366.73
Royalty Paid @ 5%	$ 4,164.40	$ 22,353.63	$ 26,518.03

Schedule continued - page 7

	Feb. 5, 1953 to April 12,1956	April 13,1956 to March 3, 1958	TOTAL
Sales Zinc Concentrates to the Bunker Hill Company			
Zinc Concentrates			
Short Dry Tons	1091.3735	2025.8845	3117.2580
Less not subject to Royalty	556.6433	418.0022	974.6455
Tons subject to DMEA Royalty	534.7302	1607.8823	2142.6125
Sales Zinc Concentrates	$141,867.75	$276,016.17	$417,883.92
Less sales not subject to Royalty	86,573.32	54,861.01	141,434.33
Sales subject to DMEA Royalty	$ 55,294.43	$221,155.16	$276,449.59
Metal Content DMEA Portion			
Lead - Tons	11.1790	25.9056	37.0846
Zinc - Tons	274.0745	820.2334	1094.3079
Silver - Ounces	1,506.0500	5,369.7700	6,875.8200
Gold - Ounces	6.7300	20.4440	27.1740
Sales DMEA Portion			
Lead	$ 686.23	$ 7,987.32	$ 8,673.55
Zinc	53,337.03	207,581.60	260,918.63
Silver	1,086.93	4,886.17	5,973.10
Gold	184.24	700.07	884.31
Total Sales	$ 55,294.43	$221,155.16	$276,449.59
Deductions from Sales			
Smelter Treatment Charges	$ 19,812.57	111,414.60	$131,227.17
Freight, Umpire, etc.	496.68	1,589.06	2,085.74
Total Deductions	$ 20,309.25	$113,003.66	133,312.91
Net Proceeds Zinc Sales subject to Royalty	$ 34,985.18	$108,151.50	$143,136.68
Royalty Paid @ 5%	$ 1,749.23	$ 5,407.63	$ 7,156.86

* * * * * *

Summary of Sales on which Royalties Due Were Paid			
Sales of Lead Concentrates	$ 83,287.75	$447,078.98	530,366.73
Sales of Zinc Concentrates	34,985.18	108,151.50	143,136.68
Total Sales	$118,272.93	$555,230.48	$673,503.41
Royalty Paid @ 5%	$ 5,913.63	$ 27,761.26	$ 33,674.89

NOTE: Erroneous computations in connection with Lot HZ28 resulted in understatement of zinc concentrate sales in the amount of $285.01 and underpayment of royalty of $14.26 as shown in the schedule on page 9.

The audit has confirmed the accuracy and propriety of the royalty payments received by the Regional Office applicable to the sales of concentrates during the period under audit, April 13, 1956 to March 3, 1958.

At the conclusion of the audit the audit findings were discussed with Mr. Leonard Gaffney. This audit report and findings were discussed with Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, April 23, 1958.

C. A. Turner, Auditor.

April 23, 1958.

SCHEDULE NO. 1

SCHEDULE OF UNPAID ROYALTY DUE

TONS	NET PROCEEDS PER TON	NET PROCEEDS TOTAL	DMFA PORTION PERCENT	DMFA PORTION AMOUNT	ROYALTY PAID RATE	ROYALTY PAID AMOUNT
Royalty Paid on Lot #Z 28 dated 5-9-56 Zinc Concentrates						
50.0190	$67.2658	$3,364.57	11.8%	$397.01	5%	$19.85
3.1340	67.2658	210.81	107.8%	227.52	5%	11.37
53.1530		3,575.38		624.53		31.22
Royalty Should Have Been						
8.2190	67.2658	$ 552.85	63.4%	$ 350.51	5%	$17.53
41.8000	67.2658	2,811.72	11.8%	331.78	5%	16.59
3.1340	67.2658	210.81	107.8%	227.25	5%	11.36
53.1530		$3,575.38		909.54		$45.48
Unpaid Royalty Due						$14.26

* * * * *

The Operator calculates and pays royalty on the production subject to DMFA Royalty included in each shipment of concentrates. Production is included in shipments on the basis of first in and first out, or first produced and first sold. Some lots of concentrates contain DMFA production of two or more months.

Lot #Z 28 was reported as follows:

50.019 Tons	April production with DMFA PORTION	11.8%
3.134 Tons	May-June production with DMFA Portion	107.8%
53.153 Tons		

Lot #Z 28 should have been reported

8.219 Tons	March production with DMFA Portion	63.4%
41.800 Tons	April production with DMFA Portion	11.8%
3.134 Tons	May-June production with DMFA Portion	107.8%
53.153		

* * * * *

Check Sheet of Examining Engineer

Operator's Name Day Mines, Inc.

Address Wallace, Idaho

Exploration Contract No. Idm-E484 Docket No. DMEA-2719 (lead-zinc)

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

8. Comment on any item 2 (b) to 6 if answer is No.

3. (a) Mill tailings are too low grade to have any future potential value.

John D. Bardill
Mining Engineer

Date April 9, 1958

82448

RECEIVED
MAY 21 1956

DEFENSE MINERALS EXPLORATION ADMINISTRATION

CONTRACT ADMINISTRATION AND AUDIT DIVISION

FIRST ROYALTY AUDIT CERTIFICATE

I have examined the production records and sales documents pertaining to the sale of lead and zinc concentrates for the period February 5, 1953, to April 12, 1956, by

Day Mines, Inc.
Day Building
Wallace, Idaho

produced from Hercules Mine located at Burke, Shoshone County, Idaho, on which royalties are due the U. S. Government under terms of Contract Idm. - E484, Docket No. DMEA-2719, dated February 5, 1953, as amended.

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

The audit established the total sales of such concentrates for this period, subject to DMEA royalties, to be $118,272.93. Royalty due the Government at the contract rate of 5 per cent is $5,913.63. The royalty paid and balance due are as follows:

Total Royalties Due	$ 5,913.63
Total Royalties Paid	5,913.63
Balance of Royalties Due	-0-

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

April 23, 1956

RECEIVED
APR 30 1956

FIRST ROYALTY REPORT

I. INTRODUCTION

On April 11 and 12, 1956, an audit was made of the production, sales, and royalty accounts and records of

Day Mines, Inc.
Day Building
Wallace, Idaho

pertaining to the sale of lead and zinc concentrates during the period February 5, 1953, to April 12, 1956, produced from property known as Hercules Mine, located at Burke, Shoshone County, Idaho, on which royalties are due the U. S. Government under terms of Contract Idm - E484, Docket No. DMEA-2719, dated February 5, 1953, as amended.

The production and sales records pertaining to this contract are maintained in the company's office at Wallace, Idaho, under the supervision of Mr. Leonard Gaffney, Chief Accountant.

An interim cost audit of this contract was made concurrently with this royalty audit. The results of such audit are included in a separate interim cost audit report dated April 23, 1956.

Mr. Eric G. Erickson, Mining Engineer, Bureau of Mines, Region I, Northwest District, accompanied the auditor and assisted in both audits.

II. GENERAL INFORMATION

Article 9 of the exploration contract, as amended by Amendments Nos. 2 and 4, provides that should the Government, within 6 months after completion of the exploration project or termination of the contract certify that a discovery or development has resulted from the work, the operator and his successor in interest shall be obligated to pay a percentage royalty on the net smelter returns or other net proceeds realized from the ore, concentrates, or metals mined or produced from the land described in Article 2 of the contract within 12 years from the date of the contract, until the total amount contributed by the Government, without interest, is fully repaid or said 12 years have elapsed, whichever occurs first. The exploration had not been completed nor had the contract been terminated at the time of the audit. A certificate of discovery or development was issued on February 20, 1956.

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0378

Amendment No. 2 exempts from the land described in Article 2 areas on the Hercules vein: Above the 1000 level east of the Mercury fault; above the 1300 level between the Mercury fault and the 427 raise; and above the 1000 level west of the 427 raise and east of the present face of the 1000 level. The amendment also provides for the payment of royalty to the Government on any production which is transported through any shaft, drift, crosscut, raise or other working to the cost of which the Government has contributed under this contract, regardless of where it comes from.

According to the interim audit report and certificate dated April 23, 1956, prepared by this auditor, the total accepted costs of the exploration to August 31, 1955, amounted to------ $273,300.48, with the Government's contribution, on a 50 per cent basis, being -----$136,650.24.

III. SCOPE OF AUDIT AND FINDINGS

A. Conference with Examining Engineer

A conference with the examining engineer (Mr.Erickson) disclosed the following:

(a) The operator does not stockpile ore subject to DMEA royalties; nor are low-grade ores, tailings or middlings stockpiled.

(b) The sampling and assay controls in effect are considered adequate.

(c) The manner of disposing of production is considered as giving the Government its fair royalty returns.

(d) Examination indicated that the operator is properly reporting the current production subject to DMEA royalty.

(e) The operator does not buy from or sell to other operators.

B. Audit of Settlement Statements

A considerable amount of pre-audit work was accomplished in the DMEA office, Region I, Northwest District, Spokane, Washington, prior to the field audit. This consisted of a recomputation of smelter settlement sheets and settlement statements prepared by the operator showing allocation of sales of concentrates between amounts subject to DMEA royalties and amounts not

so subject submitted in support of monthly payments of royalties to DMEA. The information was tabulated and reconciliation was made with the amounts of royalty receipts indicated by records of the regional Finance Officer. These tabulations, which are filed as a part of my audit work papers, were reconciled with the company's production and sales records during the on-site audit. A summary analysis of these statements is included in Section IV, of this audit report.

The operator's allocation of production and sales between those subject to DMEA royalty and those not so subject was accomplished in the following manner:

1. The number of tons of ore mined in the various sections of the mine were determined based on actual weights at the mill head.

2. Assays were made at the mill head for lead and zinc contents in the ore. Based on such assays, the indicated total tonnage of lead and zinc contents of ore mined during the month were determined for total production and for the production from the portion of the mine subject to DMEA royalties. A percentage of production subject to DMEA royalty from the total production for the month was determined for both lead and zinc by dividing the indicated number of tons of each metal subject to DMEA royalty by the total indicated number of tons of each metal produced during the month.

3. The actual tonnage of mill production of lead and zinc concentrates during the month was allocated between that subject to DMEA royalty and that not subject to such royalty, based on percentages determined as outlined in paragraph (2).

4. Sales were made on a first-in first-out basis, that is, when lead concentrates were sold to American Smelting and Refining Company, East Helena, Montana, the proceeds received were divided between those subject to DMEA royalty and those not so subject on basis of the tonnage of each included in the settlement. Similar separation was made of proceeds received from sales of zinc concentrates to the Electrolytic Zinc Plant, Silver King, Idaho.

The operator has paid DMEA royalties on all production subject to such royalties through August, 1955. The mine and mill were closed by strike against the "16 Companies" which started August 24, 1955, and was not settled until February 1, 1956. At the time operations ceased, in August, 1955, there were inventories of

80.7950 tons of lead concentrates and 45.0515 tons of zinc concentrates on hand at the mill, of which 30.1363 tons and 35.0951 tons, respectively, were considered to be production subject to DMEA royalty.

Although production has been resumed and shipments of concentrates have been made since the strike, settlements had not been accomplished and the royalties due on DMEA portion thereof had not been paid at the date of this audit. Mr. Gaffney advised that such royalties due will be paid to DMEA within a short time.

IV. CONCLUSIONS

A summary analysis of the operator's production and sales during the period covered by this audit, together with amounts subject to DMEA royalties and royalties paid follows:

PRODUCTION DATA

Item	Lead Concentrates		Zinc Concentrates	
Ore Mined	Total	DMEA Ppn.	Total	DMEA Ppn.
Total Short tons 32993				
DMEA " " 13388				
%-DMEA 40.58%				
SDT Concentrates produced	2249.880	564.2247	534.1760	124.5839
SDT Less inventory 8/31/55	80.795	30.1363	18.9065	8.4323
SDT Net sales	2169.085	533.0884	515.2695	116.1516
% DMEA		24.58		22.54
Net proceeds from sales		$83,287.75		$34,985.18
Per SDT		155.94		301.20

ANALYSIS OF NET PROCEEDS FROM SALES SUBJECT TO DMEA ROYALTIES

	LEAD CONCENTRATES		ZINC CONCENTRATES	
	Quantities	Values	Quantities	Values
Contents:				
Lead	667,417 lbs.	$79,557.34	22,358 lbs.	$ 686.23
Zinc			548,149 lbs.	53,337.03
Copper	101.29 lbs.	28.44		
Silver	13,561.15 oz.	11,630.70	1,506.05 oz.	1,086.93
Gold			6.73 oz.	184.24
Total payments for metals		$91,216.48		$55,294.43
Deductions:				
Treatment charges		$ 6,170.47		$19,812.57
Freight, umpire, etc.		1,758.26		496.68
Total deductions		$ 7,928.73		$20,309.25
Net proceeds subject to DMEA royalty		$83,287.75		$34,985.18
DMEA royalties paid (5%)		$ 4,164.40		$ 1,749.23

SUMMARY

Item	Net Proceeds	DMEA Royalties paid
Lead Concentrates	$ 83,287.75	$ 4,164.40
Zinc Concentrates	34,985.18	1,749.23
Total	$118,282.93	$ 5,913.63

The audit has confirmed the accuracy and propriety of the royalty payments received by the regional office applicable to lead and zinc concentrate sales during the period February 5, 1953, to April 12, 1956. It has also determined that all indicated sales during such period have been properly accounted for.

At the conclusion of the audit Mr. Gaffney was informed of the audit findings. On April 16, 1956, Mr. A. K. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest District, was informed of the results of the audit.

C. E. Fisher

C. E. Fisher, Auditor

April 23, 1956

Check Sheet of Examining Engineer

Operator's Name Day Mines, Inc.

Address Day Building

Wallace, Idaho

Exploration Contract No. Idm-E484 Docket No. DMEA-2719 (lead-zinc)

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

8. Comment on any item 2 (b) to 6 if answer is No.

E. G. Erickson
Mining Engineer

Date April 27, 1956

82448

Government's copy

Long
Hoffman
App'd. Sol. Off.
Wagenschein
Chandler
Selfridge
Johnson

SEP 12 1958

TERMINATION AGREEMENT

It is agreed this 29th day of August, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Day Mines, Incorporated, hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-E484 (Docket No. DMEA-2719), dated December 6, 1956, as amended, hereinafter called the "Contract," that:

1. Effective August 10, 1958, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the fixed unit costs of the work performed prior to August 10, 1958.

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

4. All rights of the Government with respect to percentage royalty and liens to secure the payment thereof, reports (including preservation of the Operator's records), accounts, audits, and the right to recover any overpayment, are hereby preserved.

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

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

THE UNITED STATES OF AMERICA

By O. Mitteudorf
Administrator, Defense Minerals Exploration Administration

DAY MINES, INCORPORATED

By Henry L. Day

Title President.

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0378

Docket copy

RECEIVED
DEC 10 1956
U. S. G. S.
SPOKANE, WASH.

RECEIVED
DEC 21 1956
D.M.E.A.

MF-200A
(Rev. April 1956)

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
AMENDED EXPLORATION PROJECT CONTRACT
(Short Form)

DMEA No.	*Commodity*	*Contract No.*	*County*	*State*
2719	Lead-Zinc	*Idm–E*484	Shoshone	Idaho

It is agreed DEC 6 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and DAY MINES, INC., an Idaho corporation,

whose mailing address is Day Building
Wallace, Idaho,
hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF–200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall continue the work, and, subject to the provisions of Article 7 and Exhibit A, shall complete the work by December 5, 1958.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $415,250.00. The Government will contribute 50 percent of the fixed unit cost of the work performed, not exceeding $207,625.00, in accordance with the provisions of Articles 4 and 5.

(c) The Operator shall not transfer or assign this contract or any right or obligation thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: none

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached, as follows: none

(c) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing

in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after certification of discovery or development, to inspect production operations and underground workings. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(a) Operator's records.—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development. **See Annex II for deletions.**

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

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling, assaying, or transportation performed or paid by the Operator or by anyone other than the buyer are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

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

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this Article.

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

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

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 7. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *Notices to be given by the Government* may be delivered to the Operator or may be sent by registered mail addressed to the Operator at the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 10. *Changes and added provisions.*—

See Annex II which is attached hereto and made a part hereof.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C P Mittendorf

Administrator, Defense Minerals Exploration Administration

DAY MINES, INC.

(Operator)

By Henry L. Day.

Title President.

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

Norval K. Bue

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE: 1956—O-383069

11/27/56

"Appd. Sol. Off."

g. aer

Talbert

Selfridge

K Johnson

RECEIVED
DEC 27 1985
DMEA

AMENDED EXPLORATION PROJECT CONTRACT
DAY MINES, INC.
DOCKET NO. DMEA-2719

ANNEX I

The land referred to in Article 2 of the contract is owned by the Operator and consists of the following patented lode mining claims in the Summit and Leland Mining Districts, Shoshone County, Idaho:

Name	U. S. Survey No.
Protection	1654
Sulkirk	2069
Mercury	1782
Tacoma	2101
Rambler	1904
Montana	2101
Granite Contact	1654
Mars	2101
Irene	2101

excepting therefrom the following areas on the Hercules vein: above the 1000 level east of the Mercury fault, above the 1300 level between the Mercury fault and the 427 raise, and above the 1000 level west of the 427 raise and east of the present face of the 1000 level.

The locations of the claims are shown on the map attached to Amendment No. 2 of the original contract, entitled "Hercules Mine, Shoshone County, Idaho, Composite Map Showing Western Mine," which is incorporated herein by reference. However, the Government's right to percentage royalty is not limited by any markings on any map attached to the "Prior Contract," or any amendment thereof.

AMENDED EXPLORATION PROJECT CONTRACT
DAY MINES, INC.
DOCKET NO. DMRA-2719

ANNEX II

WHEREAS:

The parties to this amended Contract are parties to a contract dated February 5, 1953, executed on Form MF-200 (Revised February 1952), having the same contract and docket numbers as this Amended Contract and hereinafter called the "Prior Contract,"

The work set forth under the Prior Contract has been or soon will be completed, and the parties desire to add work to the project, to preserve the Certification of Discovery or Development heretofore made under date of February 20, 1956, and the Government's rights to royalty and liens for the payment thereof, and to restate their agreement in this Amended Contract.

NOW, THEREFORE, it is agreed that:

1. Effective as of February 5, 1953, the Prior Contract is superseded by this Amended Contract which shall govern all rights and obligations of the parties, except that any incompleted work under the Prior Contract shall be completed under said contract, and vouchers for work performed under the Prior Contract shall be submitted pursuant to and paid under the Prior Contract.

2. The Certification of Discovery or Development issued under date of February 20, 1956, shall be applicable to all work and lands included under the Prior Contract and this Amended Contract, as it may hereafter be amended, and further certification is hereby waived.

3. Article 6(a) of the Amended Contract is deleted.

4. Article 6(b) of the Amended Contract is amended by deleting all of clauses (1) and (2) after the words "as follows," and by substituting the following:

> "for a period of sixteen years from the date of the Prior Contract which was February 5, 1953, until the total amount contributed by the Government, without interest, under the Prior Contract and this Amended Contract, as it may hereafter be amended, is fully repaid, under the royalty provisions of this Amended Contract."

5. The Operator hereby releases and agrees to save the Government harmless from all claims and demands under or arising out of the Prior Contract, except as otherwise provided in section 1 of this Annex II.

6. Special Agreement concerning royalty. In addition to royalty otherwise payable under the Amended Contract, the Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer, shall pay to the Government a royalty on any production, regardless of where it comes from, that is transported or passed through any shaft, winze, raise, crosscut, drift, or other working to the cost of which the Government has contributed, for the same period, in the same manner and amount, and subject to the same conditions as are provided in this Amended Contract: Provided, however, That not more than one royalty shall be due or paid on the same production.

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0378

AMENDED EXPLORATION PROJECT CONTRACT
DAY MINES, INC.
DOCKET NO. DMEA-2719

EXHIBIT A

Description of the Work

The work is divided into two stages. Stage I consists of the work performed under the Prior Contract. Stage II consists of additional work to be performed under this Amended Contract.

Stage II

The work specified in this Stage II is indicated on the map entitled "Hercules Mine, Composite Plan of West Mine," attached hereto and made a part hereof.

1. (a) Drive a Pilot drift not more than 70 feet on the 1600 level, for hoist-room and winze. The size of this drift shall be not less than 8 feet by 8 feet in cross section in the clear of timber.

(b) Excavate for 1600 level station, not to exceed 1600 cubic feet of excavation.

(c) Install steel rock bolts as necessary for the above work.

(d) Install a hoist on the 1600 level, and install a ventilation system adequate for the performance of the work.

2. Drive a 2-compartment raise, above the location of the winze (item 4), not to exceed 75 feet above the 1600 level. This raise shall be not less than 11½ feet by 7½ feet in rock cross section.

3. Drive a raise for a head pocket, not to exceed 50 feet above the 1600 level. This raise shall be not less than 7 feet by 6 feet in rock cross section.

4. Sink a timbered 2-compartment, vertical winze, not to exceed 350 feet below the 1600 level. The winze shall be not less than 11½ feet by 7½ feet in rock cross section.

5. Cut a 1900 level pocket. The pocket shall not exceed 85 feet in length, and shall be not less than 7 feet by 6 feet in rock cross section.

6. (a) Cut a 1900 level station, not to exceed 2,600 cubic feet of excavation.

(b) Install a substation and a power cable.

(c) Install a pump, signal system, and a loading gate.

7. On the 1900 level, crosscut to the Rambler vein and drift on the vein structure for not to exceed 1,000 feet for all crosscutting and drifting. The size of the drifts and/or crosscuts shall be not less than 8 feet by 8 feet in cross section and in the clear of timber.

8. On the 1900 level, timber will be used where necessary or steel rock bolts will be placed. However, timbering may not exceed 200 linear feet nor may steel rock bolts, if used instead of timber, exceed 250 in number.

The location, direction, and extent of all work are subject to the approval of the Government.

Estimated Cost of Project

Stage I

Estimated total cost of work completed under the Prior Contract	$288,710.00

Stage II

Fixed Unit Costs

1.	(a)	70 feet of drifting @ $48.00/ft.	$ 3,360.00
	(b)	1,600 cubic feet of excavation @ $0.75/cu. ft.	1,200.00
	(c)	50 rock bolts @ $4.00/bolt	200.00
	(d)	Install hoist and ventilation system 1/	1,000.00
2.		Raising 75 feet @ $74.00/ft.	5,550.00
3.		Raising head pocket, 50 feet @ $42.00/ft.	2,100.00

1/ The completed installation constitutes the unit.

4.		Sinking 2-compartment winze 350 feet @ $157.50/ft.	$ 55,125.00	
5.		Cutting 1900 level pocket 35 feet @ $47.00/ft.	1,645.00	
6.	(a)	Cutting 1900 level station 2,600 cubic feet @ $0.90/cu. ft.	2,340.00	
	(b)	Install a substation and power cable 1/	4,020.00	
	(c)	Install pump, signal system, and loading gate 1/	1,000.00	
7.		Drifting and crosscutting 1,000 feet @ $48.00/ft.	48,000.00	
8.		200 linear feet of timbering @ $5.00/ft. or alternatively 250 rock bolts @ $4.00/ea.	1,000.00	
		Estimated Total Costs of Stage II		$126,540.00

S U M M A R Y

Estimated Total Cost of Stage I	$288,710.00	
Estimated Total Cost of Stage II	126,540.00	
Estimated Total Cost of Project		$415,250.00
Government Participation @ 50%		$207,625.00

1/ The completed installation constitutes the unit.

Docket copy

Rubin
Lawyer
"Appd. Sol. off."
J. Ceel
Grant
Selford
Fyrne

RECEIVED
MAR 22 1956

EXPLORATION PROJECT CONTRACT
DAY MINES, INC.
DOCKET NO. DMEA-2719

AMENDMENT NO. 4

It is agreed this 7th day of March 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Day Mines, Inc., that Contract Idm-2484 (Docket No. DMEA-2719), dated February 5, 1953, as amended, is further amended effective August 5, 1955, as follows:

1. In Article 3 of the contract, the period fixed for completion is extended from "30 months" to "44 months".

2. In Annex I to Amendment No. 2, the period "twelve years" is substituted for the period "eleven years".

3. In Article 10 of the contract form, that part of the second sentence beginning with the word "Provided" is deleted.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, the amount of any item designated as "allowable maximum," or the agreed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. M. Mitterling
Administrator, Defense Minerals
Exploration Administration

DAY MINES, INC.

By Henry L. Day,
President

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0376

Docket copy

Defense Minerals Administration
RECEIVED
NOV 22 1954

EXPLORATION PROJECT CONTRACT
DAY MINES, INC.
DOCKET NO. DMEA-2719

AMENDMENT NO. 2

It is agreed this 10th day of November, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Day Mines, Inc., that Contract Idm-E484 (Docket No. DMEA-2719), dated February 5, 1953, as amended, is further amended effective February 5, 1953, as follows:

1. In Article 3 of the contract, the period fixed for completion, "two (2) years," is deleted and the period "30 months" is substituted.

2. To the "Description of the Work" in Exhibit "A," as amended, add:

(a) Continue raise from 1600 level (two compartment, timbered) 95 feet to the 1300 level. On the 1600 level drift west and/or crosscut 650 feet on the Hercules vein, including excavation for diamond drill, car transfer and switching stations. Drifts and crosscuts shall be 8 feet by 8 feet in the clear, timbered as necessary, but not to exceed an aggregate of 200 feet of this timbering shall be allowed for contribution by the Government. The location, direction and extent of this work must have prior approval of the Government.

(b) 2,000 feet of diamond drilling on the 1600 level to test walls for other ore-bearing structures and to make certain that the main body of monzonite has been cut. Drill holes shall be at least AX in size, and the location, direction, inclination, and extent of the holes must have prior approval of the Government.

The location of the above-described work is indicated on attached map entitled "Hercules Mine - Shoshone County, Idaho, Composite Map Showing Western Mine."

3. The Government will contribute to the costs of this work on the basis of Agreed Unit Costs, as provided under that title in Exhibit "A," as follows:

95 feet, 2-compartment, timbered raise @ $70.00/ft.	$ 6,650.00	
Drift and/or crosscut, 650 feet @$48.00/ft.	31,200.00	
2,000 feet of diamond drill holes @ $3.50/ft., including supervision, reaming, cementing, casing, core boxes, and all other costs to complete the drilling	7,000.00	
Timbering of drifts and/or crosscuts, 200 feet @ $5.00/ft.	1,000.00	
Total Agreed Unit Costs of Amendment No. 2		$45,850.00

4. In Exhibit "A" the "Total Unit Cost" is increased to $274,587.00; the "Total Estimated Cost of the Project" is increased to $288,710.00; and the amount of "Government Participation @ 50%" is increased to $144,355.00.

5. Annex I, attached hereto and made a part hereof, is substituted for Article 9 of the contract.

6. Appendix I of the contract is revised to read as follows:

The property consists of the following patented lode mining claims in the Summit and Leland Mining Districts, Shoshone County, Idaho:

Name	U. S. Survey No.
Protection	1654
Selkirk	2069
Mercury	1782
Tacoma	2101
Rambler	1904
Montana	2101
Granite Contact	1654
Mars	2101
Irene	2101

excepting therefrom the following areas on the Hercules vein: above the 1000 level east of the Mercury fault, above the 1300 level between the Mercury fault and the 427 raise, and above the 1000 level west of the 427 raise and east of the present face of the 1000 level.

In addition to royalty on production from the described land, any production which is transported through any shaft, drift, crosscut, raise, or other working to the cost of which the Government has contributed under this contract shall be subject to the Government's percentage royalty in the same manner and to the same extent as if it had come from the described land, regardless of where it comes from.

The Government's right to percentage royalty is not limited by any markings on maps attached to the contract.

For location of claims refer to map attached to this amendment, entitled: "Hercules Mine, Shoshone County, Idaho, Composite Map Showing Western Mine."

* * * *

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Mitteudorf
Administrator, Defense Minerals
Exploration Administration

H. Flund
J. W. Ace
Leonard
Chamberlin
Selfridge

DAY MINES, INC.

By Henry L. Day
President

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 22 1954

EXPLORATION PROJECT CONTRACT
DAY MINES, INC.
DOCKET NO. DMEA-2719

ANNEX 1

The following provisions are in lieu of Article 9:

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

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

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

* The "land" refers to the land described in Article 2 of the contract.

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

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

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

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

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

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

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

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

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

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 6378

Docket Copy

AMENDMENT NO. 1

It is agreed this 3rd day of May 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and

Day Mines, Inc.

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 484 of February 5, 1953 between the parties hereto be modified and amended as described in Exhibit "F" attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be April 23, 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.

DAY MINES, INC.
(Operator)

By Henry L. Day

THE UNITED STATES OF AMERICA

By Wing G. Agnew
Exec. Officer
DMEA Field Team, Region II
Wing G. Agnew, Acting

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0378

Day Mines, Inc.
Exploration Project Contract No. Idm-8484
Docket No. DMEA-2719 (lead-zinc)

Amendment No. 1

Exhibit "F"

Changes and modifications

In Exhibit "A" of the contract, under Description of the Work, delete Items 4 and 6, and in lieu thereof substitute the following:

4. Crosscut and drift an aggregate distance of 2,640 feet on the Hercules vein structure, as shown on the attached maps "Vertical Longitudinal Projection of Hercules Project" and "Plan Projection of Hercules Project." This work includes timbering where necessary, and the excavation of all diamond drill, car transfer and switching stations. If a suitable site for a raise on ore has not been developed when the 2,640 foot point is reached, additional drifting on the vein is to be performed until such a site is developed or until drifting and raising funds are exhausted. Funds for the additional drifting beyond the 2,640-foot point shall be taken from unused funds alloted to raising, the work to be at unit costs prescribed in the contract.

6. Raise (two compartment, timbered) from the 1600 level, at a point located in the drift and of dimensions approved in advance by the Government.

Day Mines, Inc.
Exploration Project Contract No. Idm-E484
Docket No. DMEA-2719 (lead-zinc)

Justification of Amendment No. 1

Drifting on the 1600 level of the Hercules vein has found ore but not in sufficient quantity to warrant the raise authorized in the cited contract. It is believed that further drifting will better explore the Hercules vein on the 1600 level and that such work will be of benefit in locating a raise to explore that section of the vein above the 1600 level. The contract has therefore been amended to allow funds authorized for raising to be devoted to additional drifting, the unit costs of this work to be those authorized for drifting and crosscutting in the contract.

Thor H. Kiilsgaard
Geologist

DAY MINES, INC.

WALLACE, IDAHO

Defense Materials Administration
RECEIVED
MAY 28 1954

HENRY L. DAY
PRESIDENT

April 23, 1954

DMEA

Mr. A. E. Weissenborn
Executive Officer, DMEA
S. 157 Howard Street
Spokane 4, Washington

Dear Sir:

DMEA 2719 - Hercules

The 2640 feet of drifting and crosscutting programed for the Hercules 1600 level development will be completed early in May. Unfortunately, the ore encountered at 1775 feet turned to barren vein from 1925 feet to 2250 feet before a second oreshoot was encountered, which we are developing now. It is quite possible that insufficient length will be developed by the remaining authorized footage to enable us to locate properly the raise to 1300 level, next on the program. (See enclosed map.)

We therefore request permission to use unexpended funds of the project for continued drifting, under the present unit cost schedule, until a satisfactory location for the raise may be selected.

Very truly yours,

Henry L. Day

HLD:mbr

RECEIVED
APR 26 1954
U. S. G. S.
SPOKANE, WASH.

MF-200
(June 1951)
(Revised Feb. 1952)

DOCKET NO. DMEA 2/19

COMMODITY Lead-Zinc

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

Docket copy

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 24 1953

EXPLORATION PROJECT CONTRACT [1]

IT IS AGREED this 5th day of February, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Day Mines, Inc., an Idaho Corporation
Day Building
Wallace, Idaho

hereinafter called the "Operator," as follows:

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Idaho, County of Shoshone, described as follows: [3] See Appendix I attached hereto and made a part hereof

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:

None

(*b*) ~~That the Operator is a lessee, in possession and entitled to possession, and the owner consents to the terms 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 15 days from the date of this contract shall commence work on a project of exploration for [5] Lead-Zinc

30 mps

in or upon the described land; and shall bring the project to completion within a period of two (2) years from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided.

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

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

(*c*) *Government may inspect.*—The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

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

ARTICLE 6. *Allowable costs of the project.*—(*a*) The costs of the project in which the Government will participate are limited to the following: and also the costs referred to in Article 13

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 7. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operators shall provide the Government with monthly reports of work performed and costs (including contract unit prices) incurred under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of costs incurred on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

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

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

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

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 50 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $121,430.00, which is 50 percent of $242,860.00, the agreed, estimated total cost of the project in which the Government will participate; *Provided,* that until the Operator's final report and final accounting have been rendered to the Government, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

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

ARTICLE 9. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

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

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

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

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

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

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

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

ARTICLE 11. *Title to and disposition of property.*—All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

ARTICLE 12. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, facilities, buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its pro rata share of any money remaining.

ARTICLE 13. *Changes and added provisions.* To the extent that costs are set forth in Exhibit "A" as agreed unit costs, they are in lieu of the actual costs that would otherwise be allowable costs of the project as provided in Article 6(a) of the contract form.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By [signature]

Administrator, Defense Minerals Exploration Administration

Day Mines, Inc. (Operator)

By Henry L. Day President.

I, S. F. Heitfeld, certify that I am the Acting [illegible] secretary of the corporation named as Operator herein; that Henry L. Day [illegible], who signed this contract on behalf of the Operator, was then President of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

[signature]

[CORPORATE SEAL]

EXPLORATION PROJECT CONTRACT
DAY MINES, INC.
DOCKET NO. DMEA-2719

EXHIBIT "A"

Description of the Work

The purpose of this project is to explore the downward extension of the Hercules structure for lead and zinc in an area west of the main shaft.

The following work shall be performed:

1. Rehabilitate the Hercules shaft below the 1200 level, including repair of shaft, and unwatering and clearing debris from the bottom of it.

2. Deepen and timber the Hercules shaft (3 compartments, each compartment 56" x 62" in clear) a distance of approximately 330 feet to the 1600 level. See attached map "Vertical Longitudinal Projection of Hercules Project" designating this work as Hercules "Proposed Shaft Sinking."

3. Excavate a station, approximately 6200 cubic feet of excavation; excavate a pocket and sump, approximately 3900 cubic feet of excavation; and install pumps, gates, blowers, and electrical equipment; all on the 1600 level.

4. Crosscut and drift an aggregate total distance of 2640 feet on the Hercules vein structure, as shown on the attached maps "Vertical Longitudinal Projection of Hercules Project" and "Plan Projection of Hercules Project." This work includes timbering where necessary, and the excavation of all diamond drill, car transfer, and switching stations.

5. Diamond drill an aggregate total of 1000 feet of AX size drill hole from 4 positions to probe the Hercules vein. The approximate locations, attitudes and distances, are shown on the map "Plan Projection of Hercules Project."

6. Raise (two compartment, timbered) from the 1600 to the 1300 level, a distance of approximately 320 feet, at a point located in the drift and of dimensions approved in advance by the Government.

The location, direction, attitude and extent of all work under the contract is subject to the approval of the Government.

Estimated Costs of the Project

AGREED UNIT COSTS

330 feet, 3 compartment shaft @ $200/ft.	$66,000.00
6200 cu. ft. of excavation for station @ $0.65/cu. ft.	4,030.00
3900 cu. ft. of excavation for pocket and sump @ $1.33/cu. ft.	5,187.00
Drift and crosscut, 2640 feet @ $40.00/ft., including excavation for diamond drill, car transfer and switching stations, minimum size 8' x 8'	106,720.00
Timbering of crosscut and drift-200 feet @ $5.00/ft.	4,400.00
320 feet, 2 compartment, timbered raise @ $70.00/ft.	22,400.00
Total Unit Cost	$208,737.00

The Government will contribute to the costs of shaft sinking, excavation, drifting, crosscutting, timbering of crosscut and drift, and of timbered raise, on the basis of these agreed, estimated, unit costs, as they accrue, for units of work actually performed, in lieu of actual costs. The agreed, estimated unit cost includes all costs of the work except those costs specified in Article 6(a) of the contract form for which schedules appear below, to which the Government will contribute on the basis of actual costs.

Scheduled Actual Costs
(*Indicates allowable maximum)

(1) Independent Contracts

1000 ft. AX size diamond drill hole @ $5.00/ft.*, including supervision, labor, reaming, cementing, casing, core boxes, and all other costs to complete the drilling.	$5,000.00*

The diamond drilling shall be subcontracted to the lowest responsible bidder and the subcontract is subject to the approval of the Government.

(2) Labor, Supervision, Consultants (for shaft rehabilitation)

Labor, including power and all materials, for rehabilitation of Hercules shaft below the 1200 level1/	$6,500.00	
Supervision of shaft rehabilitation, including shift bosses and engineering1/	1,000.00*	$ 7,500.00*

(4) Operating Equipment (for use in rehabilitating shaft)

To be furnished by Operator	Depreciation Allowance	
750 hp hoist, 1 month	313.00*	
[illegible] sump pumps, 1 month	78.00*	
Compressor, 1 month	170.00*	
Level locomotive and 16 cars, 1 month	62.00*	
Total Depreciation Allowance		623.00*

(6) New Buildings, Improvements, Installations

Install pumps, gates, blowers and electrical equipment, labor and material	1,000.00*
Total Estimated Cost of Project	$242,860.00*
Government Participation @ 50%	$121,430.00*

1/ Labor shall be paid at a shift rate not exceeding the shift rate paid for like work in the Coeur d'Alene mining district. The cost of supervision shall not exceed 20%* of the direct labor cost of shaft rehabilitation.

EXPLORATION PROJECT CONTRACT
DAY MINES, INC.
DOCKET NO. DMEA-2719

APPENDIX I

The property is all that ground lying below the 1000-level east of the Mercury Fault and lying below the 1300-level west of the Mercury Fault, within the following patented lode mining claims:

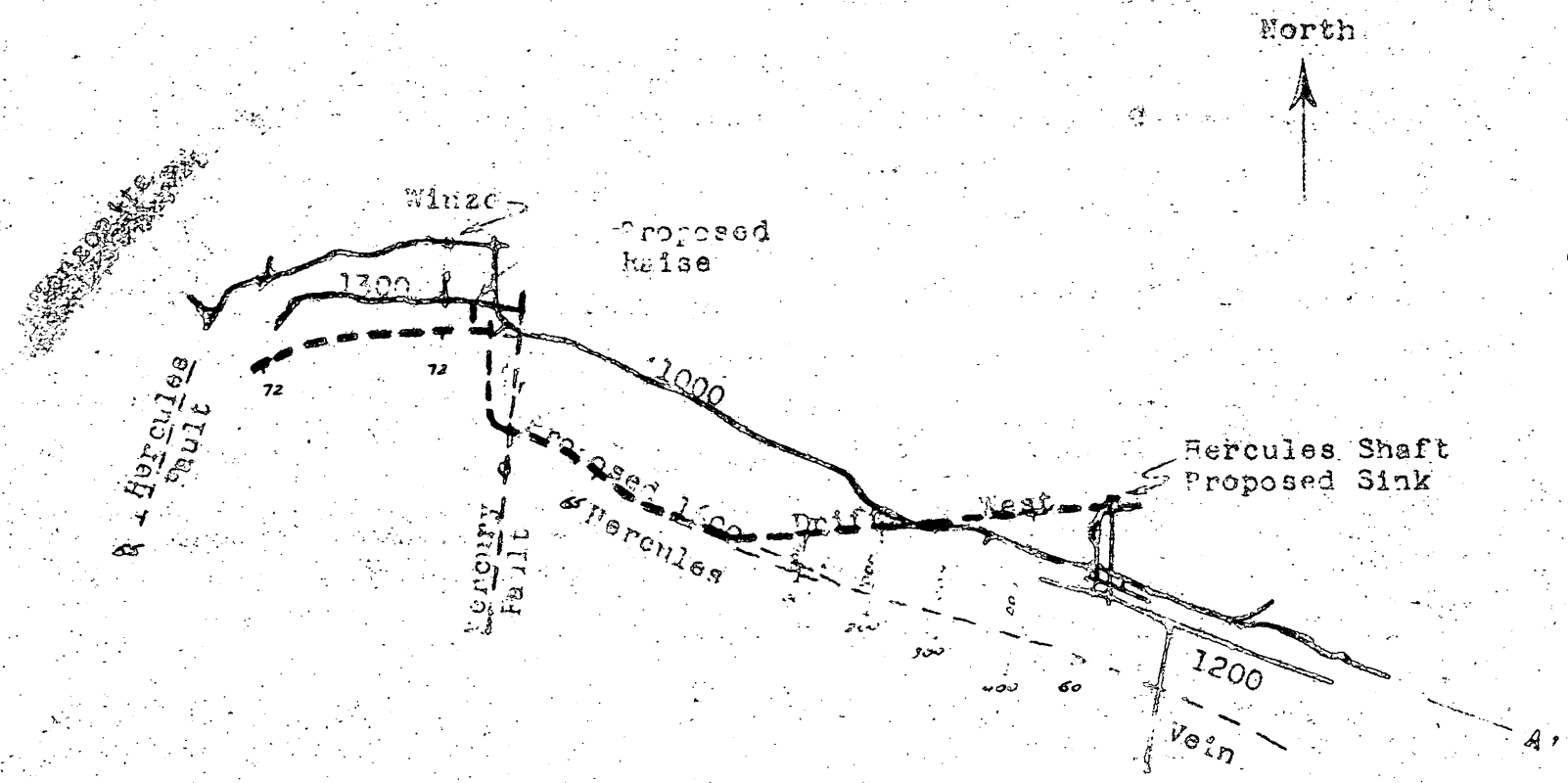
Name	U. S. Survey No.
Protection lode	1654
Selkirk lode	2069
Mercury lode	1782
Tacoma lode	2101

all in the Summit and Leland Mining Districts, Shoshone County, Idaho.

In addition to the land described above, any minerals lying above the 1300-level west of the Mercury Fault which are passed through or transported through any shaft, drift, crosscut or raise which is the subject of any work described in Exhibit "A" of this contract, shall be subject to the Government's percentage royalty.

The Government's right to percentage royalty is not limited by any markings on maps attached to the contract.

Docket No. DMEA-279



PLAN PROJECTION OF HERCULES PROJECT

Scale 1" = 500'

Hercules

Hercules Project

DATE 7/52 BY O.M.G.

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

RECEIVED
APR 16 1956

April 12, 1956

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

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Selfridge:

Enclosed are the original and five copies of an amended contract for this project, which are unsigned by the Operator.

The Operator is to contact this office in a few days with a new proposal.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW District

Enclosures

cc: USBM(2)
USBM(AD)
Fryklund

Docket Copy

MF-200A
(Revised June 1954)

Docket No. DMEA 2719

Commodity Lead-Zinc

Contract No. Idm-E [illegible]

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed ~~this~~ as of the [illegible] day of February, 195[illegible], between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Day Mines, Inc., an Idaho Corporation,

whose mailing address is Day Building
Wallace, Idaho,

hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Exhibit "A," Annex I, and Annex II, and map.

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Idaho, County of Shoshone, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] Owner of [5] entire interest in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] ....., [7] ..... recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: .....

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title of the land (lessor, seller, optionor, etc.), are attached, as follows: .....

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Coal-line. The work to be performed is described in Exhibit "A." The Operator on or before ..... shall [redacted] the work, and on or before October 1, 1957 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $415,250.00 The Government will contribute 50 percent of the fixed unit costs as work is performed, in a total sum not in excess of $207,625.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

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

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

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 8. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 8 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 9. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 10. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 11. *Changes and added provisions.*—

(a) In Article 7 (b) (1), "date of the contract" means date of "Prior Contract" (February 5, 1953).

(b) In Article 7 (b) (2), the period "15 years from February 5, 1953", is substituted for the period "ten years from the date of the contract".

(c) A "special agreement concerning royalty", is added to Article 7.

performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records or accounts.

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

Executed in sextuplicate [redacted] 195[redacted].

THE UNITED STATES OF AMERICA

[redacted] (Operator)

By O. Meitzendorf

[redacted]

By

Chambers Ruton

"Appd. Sol. Off. J. Leo Quinn Talbot

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]

Selfridge H. Johnson

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

AMENDED EXPLORATION PROJECT CONTRACT
DAY MINES, INC.
DOCKET NO. DEPA-2719

ANNEX I

The land referred to in Article 2 of Contract consists of the following patented lode mining claims in the Summit and Leland Mining Districts, Shoshone County, Idaho:

Name	U. S. Survey No.
Protection	1654
Selkirk	2069
Mercury	1782
Tacoma	2101
Rambler	1904
Montana	2101
Granite Contact	1654
Mars	2101
Irene	2101

excepting therefrom the area on the Hercules vein which lies east of the Hercules fault and above the 1000 level.

The locations of the claims are shown on the map attached to Amendment No. 2 of the original contract, entitled "Hercules Mine, Shoshone County, Idaho, Composite Map Showing Western Mine". However, the Government's right to percentage royalty is not limited by any markings on any map attached to the "Prior Contract", or any amendment thereof.

SPECIAL AGREEMENT CONCERNING ROYALTY

Notwithstanding the certification provisions of Article 7, and with no further action required on the part of the Government, the Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer, shall pay to the Government a royalty on any production, regardless of where it comes from, that is transported through such portion of any shaft, winze, raise, crosscut, drift, or other working to the cost of which the Government has contributed, for the same period as is described in Article 7 (b)(2) of the Contract and pursuant to the terms of Article 7 (c) et seq. However, in no event shall more than one royalty be due or paid on the same production.

AMENDED EXPLORATION PROJECT CONTRACT
DAY MINES, INC.
DOCKET NO. DMEA-2719

ANNEX II

WHEREAS:

The parties to this Amended Contract are parties to a contract dated February 5, 1953, executed on Form NF-200 (Revised February, 1952), having the same contract and docket numbers as this Amended Contract and hereinafter called the "Prior Contract".

The work set forth under the Prior Contract has been or soon will be completed, and the parties desire to add work to the project and to restate their agreement in this Amended Contract.

NOW, THEREFORE, It is agreed that:

1. Effective as of February 5, 1953, the Prior Contract is superseded by this Amended Contract which shall govern all rights and obligations of the parties, except that any incompleted work under the Prior Contract shall be completed under said contract, and vouchers for work performed under the Prior Contract shall be submitted pursuant to and paid under the Prior Contract.

2. The total net amount contributed by the Government under the Prior Contract is repayable under the royalty provisions of this Amended Contract.

3. The Operator hereby releases and agrees to save the Government harmless from all claims and demands under or arising out of the Prior Contract, except as otherwise provided in this Annex II.

AMENDED EXPLORATION PROJECT CONTRACT
DAY MINES, INC.
DOCKET NO. DMSA-8719

EXHIBIT "A"

Description of the Work

The work is divided into two stages. Stage I consists of the work performed under the Prior Contract. Stage II consists of additional work to be performed under this Amended Contract.

STAGE II

The work under this stage is indicated on the attached map entitled "Hercules Mine, Composite Plan of West Mine."

Work Items:

1. (a) Drive a Pilot drift not more than 70 feet on the 1600 level, for hoist-room and winze. The size of this drift shall be not less than 8 feet by 8 feet in cross section in the clear of timber.

(b) Excavate for 1600 level station, not to exceed 1600 cubic feet of excavation.

(c) Install rock bolts as necessary for the above work(steel)

(d) Install a hoist on the 1600 level, and install a ventilation system for the performance of work under this Contract.

2. Drive a 2-compartment raise, above the location of the winze (item 4), not to exceed 75 feet above the 1600 level. This raise shall be not less than 11½ feet by 7½ feet in rock cross section.

3. Drive a raise for a head pocket, not to exceed 50 feet above the 1600 level. This raise shall be not less than 7 feet by 6 feet in rock cross section.

4. Sink a 2-compartment, vertical winze, not to exceed 350 feet below the 1600 level. The winze shall be not less than 11½ feet by 7½ feet in rock cross section.

5. Cut a 1900 level pocket. The pocket shall not exceed 35 feet in length, and shall be not less than 7 feet by 6 feet in rock cross section.

6. (a) Cut a 1900 level station, not to exceed 2,600 cubic feet of excavation.

(b) Install a substation and a power cable.

(c) Install a pump, signal system, and a loading gate.

7. Drift and/or crosscut not to exceed 1000 feet on the 1900 level. The direction, location and extent of the drifts and/or crosscuts shall have prior approval of the Government. The size of the drifts and/or crosscuts shall be not less than 8 feet by 8 feet in cross section in the clear of timber.

8. On the 1900 level, timber will be used where necessary or steel rock bolts will be placed. However, timbering may not exceed 200 linear feet nor may steel rock bolts, if used instead of timber, exceed 250 in number.

The location, direction, and extent of all work are subject to the approval of the Government.

Estimated Cost of Project

Stage I

Estimated total cost of work completed under the Prior Contract.	$288,710.00

Stage II

Fixed Unit Costs

Work Items:

1.	(a)	70 feet of drifting @ $48.00/ft.	$ 3,360.00
	(b)	1600 cubic ft. of excavation @ $0.75/cu. ft.	1,200.00
	(c)	50 rock bolts @ $4.00/bolt	200.00
	(d)	Install hoist and ventilation system 1/	1,000.00
2.		Raising 75 feet @ $74.00/ft.	5,550.00
3.		Raising head pocket, 50 feet @ $42.00/ft.	2,100.00

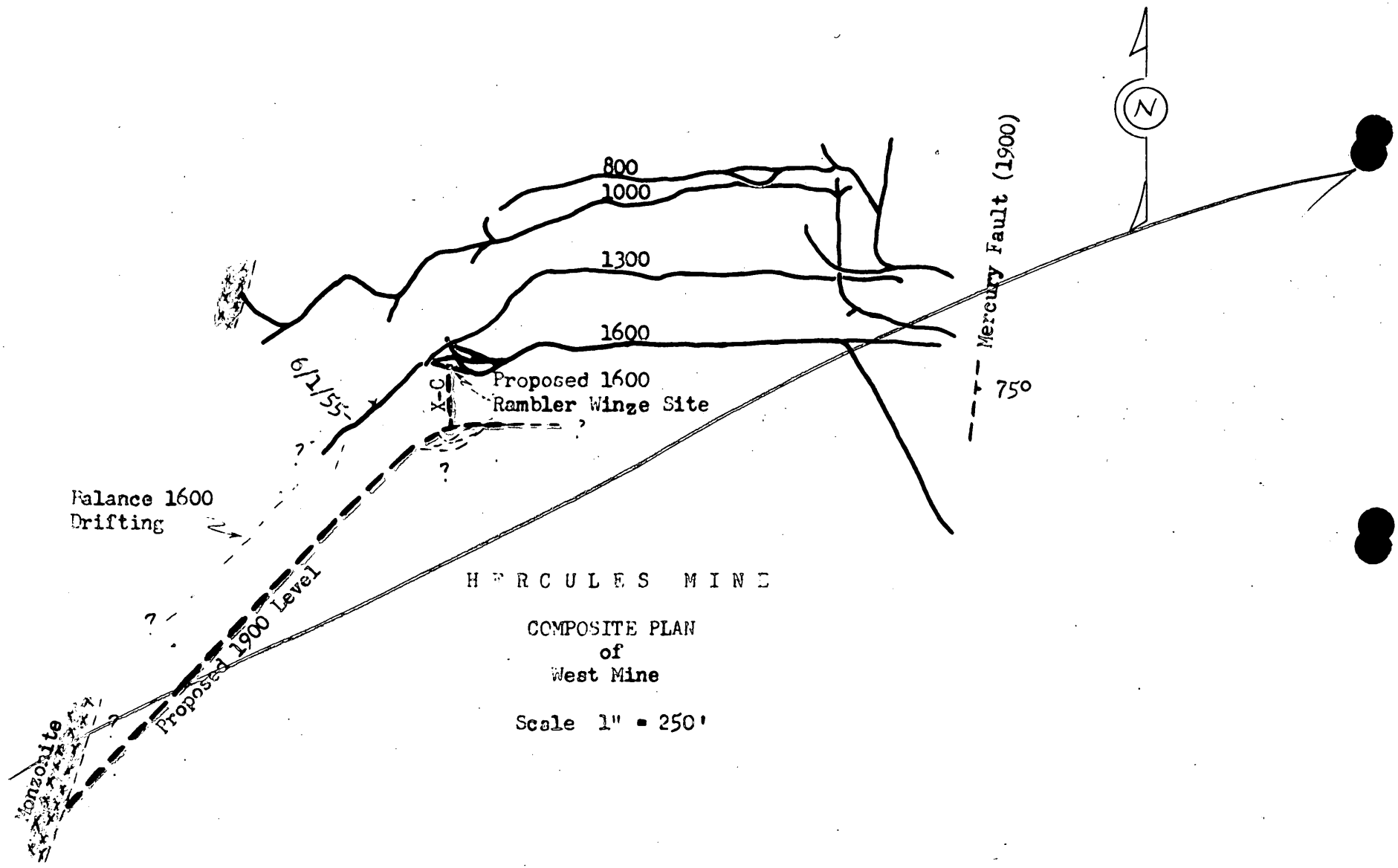
1/ The completed installation constitutes the unit

4.		Sinking 2-compartment winze, 350 feet @ $157.50/ft.	$ 55,125.00
5.		Cutting 1900 level pocket, 35 feet @ $47.00/ft.	1,645.00
6.	(a)	Cutting 1900 level station, 2600 cu. ft. @ $0.90/cu. ft.	2,340.00
	(b)	Install a substation and power cable 1/	4,020.00
	(c)	Install pump, signal system, and loading gate 1/	1,000.00
7.		Drifting and crosscutting 1000 feet @ $48.00/ft.	48,000.00
8.		200 linear feet of timbering @ $5.00/ft. or alternately 250 rock bolts @ $4.00/ea.	1,000.00
		Estimated total fixed unit costs of Stage II	126,540.00

SUMMARY

Estimated total cost of Stage I	288,710.00	
Estimated total cost of Stage II	126,540.00	
Estimated total cost of Project		$415,250.00
Government participation @ 50%		207,625.00

1/ The completed installation constitutes the unit.



H E R C U L E S M I N E

COMPOSITE PLAN
of
West Mine

Scale 1" = 250'

Docket No. DMEB-2719

MF-200
(June 1951)
(Revised Feb. 1952)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 23 1952

DOCKET NO. DMEA 2719

COMMODITY lead-zinc

Field Team
proposed contract

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

EXPLORATION PROJECT CONTRACT [1]

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

hereinafter called the "Operator," as follows:

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Idaho, County of Shoshone, described as follows: [3]

ANNEX I attached.

the Operator represents and undertakes: [4]

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

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

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

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

in or upon the described land; and shall bring the project to completion within a period of 2 years from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided.

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

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

(*c*) *Government may inspect.*—The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 7. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operators shall provide the Government with monthly reports of work performed and costs (including contract unit prices) incurred under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of costs incurred on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

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

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

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

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 50 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $121,870, which is 50 percent of $243,740, the agreed, estimated total cost of the project in which the Government will participate; *Provided,* that until the Operator's final report and final accounting have been rendered to the Government, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

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

ARTICLE 9. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

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

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

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

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

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

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

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

ARTICLE 11. *Title to and disposition of property.*—All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

ARTICLE 12. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, facilities, buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its pro rata share of any money remaining.

ARTICLE 13. *Changes and added provisions.* _____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

_____
(Operator)

By _____

By _____

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

_____

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

[CORPORATE SEAL]

DAY MINES, INC. (HERCULES PROJECT)
EXPLORATION PROJECT CONTRACT

ANNEX I

The property is that ground lying below the 1000-level east of the Mercury Fault and below the 1300 level west of the Mercury Fault within the following patented lode mining claims:

Protection lode	U. S. Survey No. 1654
Selkirk lode	U. S. Survey No. 2069
Mercury lode	U. S. Survey No. 1782
Tacoma lode	U. S. Survey No. 2101

all in the Summit and Lelande Mining District, Shoshone County, Idaho.

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0378

DAY MINES, INC.

HERCULES EXPLORATION PROJECT (DMEA).

MF-103 (Application)

Item 4: (a) The Hercules mine began its original operation in 1902 and produced continuously thereafter until April 1925, when the known ore had been extracted. The mine was then closed and allowed to fill with water to the collar of the main shaft, at the No. 5 adit level. In 1947, the mine was unwatered, and a new investigation of the bottom levels was started. Exploration has proceeded continuously since that time, primarily on the levels below 800'. The Hercules is integrated with the Sherman mine operation, and access to both is through the Hercules No. 5 adit. The Sherman mill, located in Burke at the portal of the No. 5 adit, concentrates the ores from both operations, which also have a common supervisory, technical, and maintenance staff and facilities. The lowest level in the Hercules mine at present is 1300', which is reached through a small winze from the west end of the 1000' level approximately 1,900 feet from the main shaft. The lowest level from the main shaft is 1200', but the workings there are not extensive. Complete operating access is available, west of the main shaft, to all levels from 800' downward; and limited access, for examination purposes, is available to portions of other levels above 800'.

The Sherman Mine and Mill are owned by Day Mines, Inc.

(b) Although the original period of operation extended from 1902 to 1925, production records of the earliest years are lacking; and the figures available cover the period from 1912 to 1925. During that time 2,572,993 tons of ore were produced containing 9.4% lead and 7.7 oz. silver per ton, with an estimated 2% zinc. During the past four years of recent exploration, production has amounted to a total of 71,012 tons of ore containing 4.5% lead, 1.1% zinc, and 2.3 oz. silver per ton. Ore reserves were estimated, as of December 31, 1951, at 58,800 tons averaging 6.5% lead, 2.3% zinc, and 3.3 oz. silver per ton.

(c) The ore bodies in the mine are found in the strong, persistent Hercules fissure vein, which strikes N 70-80° W and dips southerly at an average of 75°. The mineralization shows variable amounts of galena and sphalerite, with accessory chalcopyrite, in a gangue of pyrrhotite, magnetite, siderite, grunerite, and quartz. The vein is interrupted and displaced by a pronounced westerly-dipping transverse fault, which has been traced over the entire vertical range of the mine workings, and has been called the

Hercules Fault. Although the original oreshoot was mined out prior to 1925, the vein itself was known to continue with strong iron mineralization below the main ore body, though essentially barren of lead, zinc, or silver values. It was decided to unwater the mine in the hope of finding a recurrence of ore in the Hercules vein. Exploration since that time has been concentrated on the lower levels in the western section of the mine, in the vicinity of the Hercules Fault. It has been found that the Hercules Fault is joined by another transverse fault, of similar strike but nearly vertical dip, a short distance above the 800' level; and the major post-ore displacement below their junction appears to be along this steep structure, now called the Mercury Fault. The new ore found to date has been located west of the Mercury Fault and, while somewhat erratic in occurrence, has been sufficiently encouraging to warrant continued exploration. There is more than a suggestion of progressive strengthening of the vein in this area with increased depth, and this has led to formulation of the exploration project now proposed. A plan of the lowest levels and a vertical longitudinal projection of the mine, on a scale of 500 feet to the inch, are attached hereto by way of illustration.

DAY MINES, INC.

HERCULES EXPLORATION PROJECT (DMEA).

MF-103 (Application)

(d) The portal of Hercules No. 5 adit is located in Burke with full facilities for handling supplies and shipping concentrates.

(e) As an operating mining plant, the Hercules has available all necessary manpower, materials, equipment, etc.

DAY MINES, INC.

HERCULES EXPLORATION PROJECT (DMEA).

MF-103 (Application)

Item 5: (a) The minerals to be explored for include galena, sphalerite, and chalcopyrite, as the normal ore minerals to be expected in the Hercules vein.

(b) The proposed work for this project would begin by unwatering and reclaiming the bottom of the main shaft in preparation for deepening it by an estimated 330 feet. From the 1600' level station, a heading would be driven westerly on line for an estimated 1,000 feet to intersect the Hercules vein; and short crosscuts would be excavated during the course of the drive, to provide diamond drill stations at 200-foot intervals from which to prospect the vein in that area. From the point of intersection, 1,000 feet west of the shaft, drifting would be done westerly along the vein for an estimated distance of 1600 feet. This would include a northerly crosscut of 300 feet, estimated necessary to regain the displaced portion of the Hercules vein. A raise on the vein to the 1300' level would be driven from a point to be determined by the results of the foregoing exploration. The project is shown on the plan and longitudinal projection referred to in paragraph "4 (c)".

(c) The work will start within 30 to 60 days and be completed 24 months from the date of an exploration project contract. A timetable is attached.

(d) The operating experience of the Day Mines, Inc. organization for shaft sinking and exploration of deeper levels is ample: During the last six years, Day Mines, Inc. has completed eight similar shaft sinking programs and has unwatered and rehabilitated six additional shafts without further deepening.

DAY MINES, INC.

HERCULES EXPLORATION PROJECT (DMEA).

MF-103 (Application)

Item 5: (c) Time Schedule

Months Chronology			
I	I	Recapture shaft bottom: Unwater and clear debris from presently opened 1280 ft. depth to old shaft bottom (estimated at 1350 ft. depth, but unverified) 70 ft. @ $100.00	$ 7,000.00
2 - 5	II	Sink estimated 330 ft. to new shaft bottom at 1680 ft. depth. 330 ft. @ $200.00	$ 66,000.00
6	III	Cut shaft pocket, 1600 level station, tail drift, sump pump station, battery charging station. wks. 2 Pocket $ 4,000.00; 2 (Station 4,000.00; (Tail Drift 1,600.00; Sump, etc. 1,200.00 (Hercules Mine Operation Resumes)	$ 10,800.00
7	IV	Set pumps, gates, blowers, electr. equip.	$ 1,000.00
8 - 11	V	Drive 1000 ft. crosscut to vein. 1000 ft. @ $50.00 2 - shift basis	$ 50,000.00
12 - 20	VI	Drift 1600 ft. along vein system. 1600 ft. @ $50.00	$ 80,000.00
18 - 23	VII	Raise 320 ft. on vein to 1300 level. 320 ft. @ $70.00	$ 22,400.00
11 - 24	VIII	Diamond Drilling 1000 ft. @ $5,000.00	$ 5,000.00
		TOTAL	$ 242,200.00

DAY MINES, INC.

HERCULES EXPLORATION PROJECT (DMEA).

MF-103 (Application)

Item 6: Estimate of Costs

(a)	Independent Contracts	(attached detail)	$	5,000.00
(b)	Labor, Supervision, Consultants	"	"	109,752.00
(c)	Operating Materials & Supplies	"	"	56,437.60
(d)	Operating Equipment	"	"	50,948.80
(e)	Rehabilitation and Repairs	"	"	none
(f)	New buildings, improvements, installations	"	"	none
(g)	Miscellaneous	"	"	18,684.79
(h)	Contingencies	"	"	1,376.81
	Total Estimated Cost		$	242,200.00

DAY MINES, INC.

HERCULES EXPLORATION PROJECT (DMEA).

MF-103 (Application)

6: (a) Independent contracts. The work of the project will be performed by company crews, except for the diamond drilling. The diamond drilling will be contracted at approximately $5 per linear foot.

1,000 linear ft. @ $5.00= $5,000.00

(b) Work will be performed by existing groups of employees, for whom wage and job classifications are appended. (See attached list.) Work suitable for footage bonus (incentive pay) will be so handled, following Day Mines, Inc. and district practice. Maintenance and mechanical-electrical work will be performed by general Day Mines, Inc. crews whose time is charged against each operation as actually expended. Engineering, geological and supervisory coverage will be furnished by Day Mines, Inc. staff members and will be charged against the project at a proposed flat rate of 20% on operating labor. In this group will be part of the time of the General Mines Supt., the Asst. Supt., the General Mine Foreman, Master Mechanic, Chief Electrician, Timekeeper, Accountant, Geologist, Engineer, and the Shift Bosses.

Total Estimated Labor Costs:

Direct Labor	$ 91,460.00
Supervisory & Technical	18,292.00
Total	$ 109,752.00

DAY MINES, INC.

HERCULES EXPLORATION PROJECT (DMEA)

MF-103 (APPLICATION)

6. (c) Operating Materials & Supplies:

Timbers				
400 ft. of shaft	@	$ 20.00	$ 8,000.00	
320 ft. of Raise	@	13.20	4,224.00	$ 12,224.00
Explosives				
330 ft. of shaft	@	8.00	2,640.00	
2600 ft. of lateral	@	5.20	1,352.00	
320 ft. of Raise	@	6.00	1,920.00	
Pockets & Station 1500 Tons	@	.50	750.00	6,662.00
Pipe				
330 ft. of shaft	@	5.62	1,854.60	
2600 ft. of lateral	@	3.35	8,710.00	
320 ft. of Raise	@	1.55	496.00	11,060.60
Track				
2600 ft. 30# Rail	@	1.74		4,524.00
Power				
24 months	@	400.00		9,600.00
Drill Steel & Bits				
330 ft. Shaft	@	6.00	1,980.00	
2600 ft. lateral	@	2.70	7,020.00	
320 ft. Raise	@	3.10	992.00	
Pockets & Station 1500 Tons	@	.65	975.00	10,967.00
Small Tools & Supplies				
330 ft. Shaft	@	1.00	330.00	
2600 ft. Lateral	@	.35	910.00	
320 ft. Raise	@	.50	160.00	1,400.00
TOTAL MATERIALS & SUPPLIES				$ 56,437.60

tdc

DAY MINES, INC.

HERCULES EXPLORATION PROJECT (DMEA).

MF-103 (Application)

(d) Operating Equipment.

The present Hercules mine plant will be used, wholly or in part. Included are: One 3,000 cu. ft. Compressor, (450 hp, I-R PRE 2 type); an electrical sub-station and power plant; a change house, heating plant, battery lamp plant, shops, sawmill, explosives magazine, office, concentrator, Two trolley generators, 4 locomotives, 24 cars, trucks (appraisement surface plant June 1951 = $571,092.88 insurable value and $1,228,088.23 new replacement value), 9,000 ft. of Main Adit with facilities for trolley haulage, an 8" compressed air line, electric power cables, drainage. Hercules Main Shaft facilities include a 750-hp Nordberg double-drum hoist, 600 Volt DC Ward-Leonard controlled; plus a 750 KW direct-current generator with a 22-ton Ilgner flywheel, plus controls. The hoist uses flat rope to reel two 5-ton skips at 2,000 ft. per min. and has a cage, change-over device and two water bailers. At the shaft head are two head sheaves and dumping facilities for a 664 ton ore pocket and a 240 ton waste pocket. At the top station are transformers, a tool room with bit grinders, saw-sharpening, mechanical maintenance facilities, a compressed-air chippy hoist and various

6 (d) cont'd. electrical signal, lighting and telephone installations. The Main Shaft is vertical, with four 56" x 62" compartments of 12" x 12" timber. In the fourth compartment are 2", 4", and 6" pipe lines, a main electrical power cable of 2/0, 133,100 cir. mil steel-armored submarine type, plus various signal and lighting and telephone wires. Two compartments are for main hoisting, the third is for the chippy hoist which travels only to 1,000 level. All four compartments extend to the bottom, which is somewhat deeper than the 1,280 feet now in service. The pumping plant for the shaft comprises: one 15 hp Layne-Bowler deepwell pump at the shaft bottom, and at the 1,000 level shaft station one 7½ hp, I-R vertical turbine pump, feeding either of two 200 hp, I-R 3CNT6 pumps of 575 gpm capacity at 1040 ft. head. These are accompanied by various automatic controls and an electrical sub-station. Schedule of proposed monthly use allowance is attached.

DAY MINES, INC.

HERCULES EXPLORATION PROJECT

MF-103 (Application)

Item 6: (d) Schedule of Operating Equipment and Proposed Use Allowance

		Approx. New Price	Total	Depre-ciation Years	Maximum Monthly Rental	Months Needed	Total Proposed Rents
3000 cu. ft. Compressor) Surface Plant and tunnel) facilities)	over	$150,000.00	$150,000.00	30	$400.00	24	$ 9,600.00
Trolley Locomotive & 16 cars		30,000.00	30,000.00	20	125.00	24	3,000.00
750 Hp Nordberg Hoist and Shaft facilities to 1000 level	over	150,000.00	150,000.00	20	600.00	24	14,400.00
4 Sponge Pumps		600.00	2,400.00	1	200.00	7	1,400.00
2 Electric Relay Pumps		750.00	1,500.00	5	25.00	7	175.00
2 Sinking Buckets & dumping devices	over	500.00	1,000.00	1	83.34	7	583.38
1 Porter air hoist		1,800.00	1,800.00	5	30.00	1	30.00
3 Drifter Rock drills		1,150.00	3,600.00	2	150.00	17	2,550.00
2 Pneumatic Columns & Clamps		100.00	200.00	2	8.33	5	41.65
1 Jackhammer drill		365.00	365.00	2	15.20	23	349.60

= [illegible] 315 [illegible]

DAY MINES, INC.

HERCULES EXPLORATION PROJECT

MF-103 (Application)

	Approx. New Price	Total	Depre-ciation Years	Maximum Monthly Rental	Months Needed	Total Proposed Rents
1 Elect. Blasting Sub & Galvanometer	250.00	250.00	5	4.16	22	91.52
1 Mucking Pan & Tugger Hoist	900.00	900.00	5	15.00	6	90.00
1 15 HP Electric Blower	700.00	700.00	5	11.66	19	221.54
" " "	700.00	700.00	5	11.66	13	151.58
" " "	700.00	700.00	5	11.66	3	34.98
3 Stoper Rock Drills	670.00	1,340.00	2	55.83	9	502.47
1 Slusher & Scraper	1,500.00	1,500.00	3	41.67	2	83.34
Deep Well pumps, & Motor, 1600 to 1000 level	2,000.00	2,000.00	5	33.33	19	633.27
2 air gates for pocket loading	100.00	200.00	5	3.33	18	59.94
2 4 ton Bat. Locomotives & Charges	7,200.00	14,400.00	8	150.00	16	2,400.00
2 Sets Batteries for Loco.	2,400.00	4,800.00	4	100.00	16	1,600.00
16 45 cu. ft. cars	500.00	8,000.00	5	133.33	16	2,133.28
1 drill Jumbo	600.00	600.00	3	16.67	13	216.71
1 Eimco 21B Loader	4,525.00	4,525.00	5	75.40	13	980.20
1 Canton Car Transfer	500.00	500.00	5	8.33	13	108.29
1 rail bender	90.00	90.00	10	[illegible].75	13	[illegible]9.75
1 Air Receiver, 3' x 10'	300.00	300.00	5	5.00	17	85.00
Anaconda Hoist and skip	600.00	600.00	5	10.00	3	30.00
1 Air Saw	340.00	340.00	2	14.17	3	42.51
1 Water pump, boiler feed	225.00	225.00	5	3.75	3	11.25

DAY MINES, INC.

HERCULES EXPLORATION PROJECT

MT-103 (Application)

	Approx. New Price	Total	Depre-ciation Years	Maximum Monthly Rental	Months Needed	Total Proposed Rents
Electrical Substation at Shaft bottom	1,500.00	1,500.00	10	12.50	19	237.50
700' #2 5000 V. Lead covered cable	1.80	1,260.00	5	21.00	19	399.00
2600' #6 600 V. Rubber covered cable	.85	2,210.00	2	92.08	13	1,197.04
		$388,505.00				$43,448.80

Truck, 8 yd. capacity, operated and maintained by owner, must be rented for Waste disposal 1000 hrs. @ $7.50 — 7,500.00

$50,948.80

DAY MINES, INC.

HERCULES EXPLORATION PROJECT (DMEA).

MF-103 (Application)

(e) None

(f) None

(g) Miscellaneous:

Repairs to Equipment: 30% of use allowance	$13,060.00
Payroll Taxes: $91,460 @ 3.3%	3,018.18
Liability Insurance: $91,460.00 @ 2.85	2,606.61
	$18,684.79

(h) Contingencies 1,376.81

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0378

DAY MINES, INC. (HERCULES PROJECT)
EXPLORATION PROJECT CONTRACT

EXHIBIT "A"

Exploration Project (Refer to map)

The exploration project shall consist of:

(1) Unwatering and clearing debris from the bottom of the Hercules shaft.

(2) Deepening (3 compartments) of the Hercules shaft approximately 330 ft. to the 1600 level.

(3) Excavating station and pocket; and installing pumps, gates, blowers, and electrical equipment at the 1600 level.

(4) 2600 lin. ft. of crosscutting and drifting on the Hercules vein structure as shown on the attached map.

(5) 1000 lin. ft. of diamond drilling (AX size) from 4 positions to probe the Hercules vein.

(6) 320 lin. ft. of raise in the Hercules vein from the 1600 to the 1300 level at a point located from the above named drifting and approved by the Government.

Estimated Costs of Project

Summary:

1.	Unwater and clear debris from shaft	$ 8,123
2.	Sink 330 lin. ft. shaft at $200/ft.	66,000
3.	Excavate station	4,030
4.	Excavate pocket and sump	5,187
5.	Install equipment	1,000
6.	Drift and/or crosscut 2640 lin. ft. at $50/ft. which shall include the excavation of all diamond drill, car transfer and switching stations	132,000
7.	1000 lin. ft. of AX size diamond drilling at $5.00/ft.	5,000
8.	320 lin. ft. of raise at $70/ft.	22,400
	Total	$243,740

Allowable Costs of Project

Independent Contracts:

The diamond drillings shall be contracted to the lowest responsible bidder:

1000 ft. AX size diamond drill hole at $5/ft.1/	$ 5,000

Unit Costs:

1. 330 lin. ft. 3-compartment shaft at $200/ft.	$ 66,000
2. 6200 cu. ft. of excavation for station at $0.65/cu.ft.	4,030
3. 3900 cu. ft. of excavation for pocket & sump at $1.33/cu. ft.	5,187
4. Drift and/or crosscut 2640 lin. ft. at $50/ft.	132,000
5. Raise 320 lin. ft. (2-compartment) at $70/ft.	22,400

The Government will contribute to the cost of the above items on the basis of these agreed estimated unit costs in lieu of actual costs. The cost of the rest of the described work will be contributed to by the Government on the basis of the actual costs specified in Article 6(a) of the contract form, schedules of which are set forth below:

Labor, supervision, consultants:

Schedule waived. Included in the unit costs.

Operating materials and supplies:

Schedule waived. Included in the unit costs.

Operating equipment:

Schedule waived. Included in the unit costs.

Rehabilitation and repairs:

Unwater, rehabilitate and repair the Hercules shaft below the 1200 level.

Labor, power, and material2/	$ 6,500
Supervision (including shift bosses & engineering2/	1,000

1/ Includes all costs: supervision, reaming, cementing, and casing.

2/ Labor shall be paid at shift rate not exceeding the rate paid for like work in the Coeur d'Alene mining district; cost of supervision shall not exceed 20% of the direct labor cost.

Depreciation on equipment:

750 hp Hoist - one month	$313	
2 Sump pumps - one month	78	
Compressor - one month	170	
Level locomotive & 16 cars - one month	62	
	$623	
Total		$ 8,123.00*

New Buildings, improvements, installation:

Install pumps, gates, blowers, and electrical equipment.
Labor and material 1,000.00*

Miscellaneous:
Schedule waived. Included in the unit costs.

Contingencies:
Schedule waived. Included in the unit costs.

*Indicates Allowable Maximum

DAY MINES, INC. (HERCULES PROJECT)
EXPLORATION PROJECT CONTRACT

COST ESTIMATE

Hercules Drift and Crosscut Estimate

Size - 8 x 8 -- Length - 2600 ft.
Work: 2 shifts/day. Advance: 5'/shift, 10'/day, 200'/month.

Note: Contract miners are paid $8-$10/ft.

Labor

4	Miners at	14.82	$ 59.28	
2	Trammers at	14.02	28.04	
1/2 - 2	Cagers at	14.42	14.42	
1/2 - 2	Hoistmen at	15.67	15.67	
1/2 - 2	Top trammers at	14.82	14.82	
1/2 - 2	Compressormen at	13.62	13.62	
		Total	$145.85	
	+8-1/3 overtime		12.15	
			$158.00	
	+7% OAB, Comp. Ins.,etc.		11.06	
			$169.06	$ 16.91

Supervision Engr., etc. - 20% of above 3.38

Explosives

20#/ft. at 18.75	$ 3.75	
35 caps at 20 cents ea. - 7.00		
$\frac{7.00}{5}$	1.40	
Wire	5.15	5.15
Bits - T.C. at $12.00 ea. (or 12 bits/round 120 lin. ft. hole/bit sharpen 9 times)		
$\frac{150}{120}$ x 5 x 12	3.00	
Steel 1 set/75 ft. at $36 each		
$\frac{36}{75}$	.48	3.48
Pipe		
4" air line at	1.16	
2" water line at	.45	
Fittings - 15% of pipe cost	.24	1.85
Rail		
30# at $175/ton		
$\frac{20 \times 175}{2000}$		1.75

Hercules Drift and Crosscut Estimate (Cont.)

	Carried Forward	$32.52
Spikes		$ .06
Angle Bars - $1.25 each incl. bolts		.13
Ties 2'oc at 40 cents each		.20
Vent Tube - 18" at 1.53	1.53	
Fittings 10% pipe cost .15	.15	1.68
Power -- $400/month		2.00
Repairs - 1/3 mechanic at $400/mo. 1/3 electrician at $400/mo. Plus parts --- say		3.00
Waste disposal - 6 tons per foot at 40 cents/ton		2.40
Timber - Say 1/3 timbered at $5/ft. -- 1.67/ft.		1.67
Transportation - Men & Supplies -- $400/mo		2.00
Small Tools & Misc.		1.00
Car Transfer Stations at 150' o.c. 6' of drift at $40/ft. -- $240		1.60
1 - 70' siding at $40 -- 2800 $\frac{2800}{2600}$ --		1.08
Depreciation		2.17
		$51.51

Operating Equipment Depreciation

		Fair Value	Deprec. Yrs.	Rate/Month
	Compressor	$20,000	10	$170
	Main level locomotive)	15,000	10	125
	16 cars)			
	Hoist	75,000	20	313
1	Jack hammer (new)	365		15
3	Drifters (new) $1,150 each	3,450	2	144
2	15 hp Blowers (new) $600 ea.	1,200	5	20
2	Deep well pumps (new)	2,000	5	33
2	Level locomotives (used) $5,000 ea.	10,000	5	167
16	Cars - 45 cu. ft.	4,000	5	67
1	Jumbo (new)	600	3	17
	Eimco 21B (new)	4,525	5	75
1	Canton car transfer (new)	500	5	8
2	Set Batteries (new)	4,800	4	100
	Elec. sub-station (new)	1,500	10	12
				$1,266

Pro-rate equipment 50-50

$\frac{633}{200}$ -- $2.17/ft.

Hercules Raise Estimate

Raise -- 320 lin. ft. --- 2 compartment - joker chute raise.
Work - 2 shifts per day Advance 2-1/2 ft./shift -- 100 ft./month
5 ft./day

Note: Contract miners are paid $20 - $25/ft.

Labor

	4 raise miners	14.82	$ 59.28	
	1 level hoistman	14.82	14.82	
	1 level trammer	14.02	14.02	
1/2	2 cagers	14.42	14.42	
1/2	2 main hoistmen	15.67	15.67	
1/2	2 top trammers	14.82	14.82	
1/2	2 compressor men	13.62	13.62	
	1 timber framer	14.82	14.82	
		Total	$161.47	
	+ 8-1/3 overtime		13.45	
			$174.92	
	+ 7% OAB & Comp. Ins.		12.24	
			$187.16	$ 37.43

Supervision
20% of above 7.49

Timber

2 Wall plates 8 x 8 - 104 - 2 pcs. 8 x 8 - 12	128 fbm	
2 End plates 8 x 8 x 5 - 4 - 1 pc. 8 x 8 - 12	64	
1 Divider 8 x 8 x 5 - 4 1 pcs.8 x 8 - 6	32	
6 posts 8 x 8 - 4 - 4 3 pcs. 8 x 8 - 10	160	
End lagging 12 -- 3 x 12 - 5	180	
Timber slide 2 -- 2 x 12 -5	20	
Side lagging - 20 pcs. 2 x 12 - 5	300	
12 2 x 12 head boards	24	
	908 fbm	
908 x $65/M	$11.80	
24 wedges at 2-1/2 cents each	.12	
Landings - 20' o.c.		
Ladders at $6.00 each		
3 - 2 x 12 - 5		
30 fbm at .65 1.95		
7.95		
7.95 / 20	.40	
Misc. - 3 x 12 -8		
	$12.32	12.32

Explosives

25#/ft. at $18.75/100	4.69	
30 Elec. caps at 20¢ each/5' round	1.20	5.89

Hercules Raise Estimate (Cont.)

Carried Forward		$ 63.13
Bits - TC at $12.00 each 120' hole $\frac{180}{120}$ x 5 x 12	$ 3.60	
Steel - 1 set/50 ft. at $36.00	.72	4.32
Pipe -- 2" air line at	.45	
1" water line at	.18	
12" vent tube at 0.85	.85	
Fittings - 15% of above	.22	1.70
Power -- $400/month		4.00
Repairs -- Say		3.00
Waste Disposal -- 9 tons per foot at 40¢/ton		3.60
Transportation - Men and Supplies -- $400/mo.		4.00
Small Tools and Misc.		1.00
Depreciation		4.31
Total		$ 89.06

Operating Equipment Depreciation

	Fair Value	Deprec. Yrs.	Rate/Mo.
Compressor - used	$20,000	10	$170
Main level Locomotive) used 16 cars)	15,000	10	125
Hoist - used	75,000	20	313
3 15 HP Blowers - new	2,100	5	35
3 Stopers - $670 ea. - new	2,010	2	56
2 Deep well pumps - new	2,000	5	33
1 Level locomotives - used	5,000	5	83
8 45 cu. ft. cars - used	2,000	5	33
1 Air Receiver - new	300	5	5
1 Anaconda Hoist - used	300	5	5
1 Water pump - new	225	5	4
			$862

Pro-rate equipment - 50-50

$\frac{431}{100}$ -- $ 4.31

Hercules Shaft Estimate

Vertical - 330' 3 compartment - each 56" x 62" in clear
Advance - .431 ft. per man shift in bottom
Operate 3 men per shift - 3 shifts per day -- 3.88 ft. per day -- 100 ft. per month
Note: Contract miners are paid $60 - $90/ft.

Labor

9 miners at $15.62	$140.58		
3 hoistment at $15.67	47.01		
3 cagers at 14.42	43.26		
3 motormen at 14.02	42.06		
1 truck driver at 14.02	14.02		
3 compressor & outside men at $13.46	40.38		
1 timber framer at 14.82	14.82		
	342.13		
+8-1/3 overtime	28.51		
	370.64		
+ 2% O.A.B. - comp. ins., etc.	25.94		
	396.58		
			$102.21
Supervision - Engineer - geologist 20% of above -- 20.44/ft.		$20.44	
Or:			
3 shift bosses at 16.42	49.26		
+ 8-1/3% overtime	4.10		
	53.36		
+ 7% O.A.B., comp. ins., etc.	3.73		
	57.09		
57.09 / 388		14.71	
1/6 - Chief elec. at $500/mo.	83		
1/6 - Master mechanic at $500/mo	83		
1/3 - Mine foreman at $600/mo	200		
(6 men) 1/6 - engr. at $500/mo.	83		
1/6 - safety engr. at $500/mo	83		
1/6 - Asst. Supt. at $800/mo	133		
(About 6 men) 1/8 - Accountant at $500/mo	63		
1/8 - warehouseman at $400/mo.	50		
(6 men) 1/6 - geologist at $500/mo	83		
1/8 - purch. agent at $500/mo.	63		
	$924		
924 / 100 --		9.24	
		23.95/ft.	
Use low figure			20.44

Hercules Shaft Estimate (Cont.)

	Carried forward		$122.65
Timber Sets 5' o.c.			
2 wallplates - 2 pcs. 10 x 10 - 20	334 fbm		
2 endplates - 1 pc. 10 x 10 - 14	117		
8 posts - 4 pcs. 10 x 10 - 10	334		
2 dividers - 1 pc. 10 x 10 - 10	84		
lagging - 40 pcs. 3 x 12 - 5	600		
	1469 fbm		
1469 fbm at $65/M		$ 95.49	
10 lin. ft. 6 x 8 Douglas fir guides			
40 fbm at $130/M		5.20	
48 wedges at 2-1/2 cents each		1.20	
12 headboards - 3 x 12 -1			
36 fbm at $65/M		2.34	
6 hangers - 1" - 6' long			
6 - MI washers			
12 - 1" nuts		6.00	
		$110.23	
$\frac{110.23}{5}$ --	$22.05/ft.		
Landings - 20' o.c.			
ladders $6 each -- 6.00			
3 - 2 x 12 -5			
30 fbm at $65 -- 1.95			
7.95	.40/ft.		
Total	22.45		22.45
Explosives -- 40 holes/round - 6' deep			
rock line - 9" x 21'			
35#/ft. at $18.75/100		$ 6.56	
40 elec. caps delay at 20¢ each -- 8.00			
$\frac{8.00}{5}$ --		1.60	
		8.16	8.16
Bits -- TC at $12.00 each			
120 lin. ft. hole/bit -- 2 bits/round --			
$\frac{24}{5}$ --		4.80	
Steel - 3 sets/100 ft. at #36.00 ea. -- $\frac{108}{100}$ --		1.08	
		5.88	5.88

Hercules Shaft Estimate (Cont.)

		Carried forward	$159.14
Pipe -- 4" air line --	1.16	$ 1.16	
2" water line --	.45	.45	
6" water line	1.92	1.92	3.53
Fittings --			.45
800 ft. - 6 x 13 flat rope at $4/ft.			9.70
Power cable			.32
Power -- $400/mo.		4.00	4.00
Repairs ---- $2500		7.57	7.57
Sinking pumps			
Drill repairs			
Small tools & Misc. -- $500		1.51	1.51
15" vent pipe			1.68
Waste disposal - haul 80 tons/5ft. advance at 40¢/ton -- $\frac{320}{5}$ --			6.40
Transportation - Men & Supplies at $400/mo.			4.00
Depreciation			9.89
			$ 208.19

Operating Equipment Depreciation

	Fair Value	Years Use	Rate/Mo.
3 Drifters (new) $1,150 ea.	$3,450	2	$144
1 Jackhammer (new)	365	2	15
4 Sump pumps (new $460 ea.	1,840	1	153
2 Elec. pumps (new) $750	1,500	5	25
2 Sinking buckets & dump (new)	1,000	5	17
Compressor (used)	20,000	10	170
Locomotive (used)) 16 cars (used))	15,000	10	125
750 HP hoist (used)	75,000	20	313
Muck pan & hoist (new)	900	5	15
1 15HP Blower (new)	700	5	12
			$989

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 29 1952

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

RECEIVED
SEP 22 1952

Not to be filled in by applicant

Docket No. Dmea-2719
Metal or Mineral
Date Received 9-29-52
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: DAY MINES, INC.
Day Building
Wallace, Idaho

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[X] Money [X] 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 September 18, 1952, 195...

DAY MINES, INC.
(Applicant)

By Henry L. Day
President

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

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

DAY MINES, INC.

HERCULES EXPLORATION PROJECT (DMEA).

MF-103 (Application)

Item 1: (a) Day Mines, Inc.
Day Building
Wallace, Idaho

(b) Corporation, incorporated in Idaho.

(c)

Henry L. Day	Wallace, Idaho	President & Manager
F. M. Rothrock	P.O. Box 2184, Spokane 5, Wn.	Vice-President
Paul B. Jessup	Wallace, Idaho	Vice-President & Comptroller
S. F. Heitfeld	Wallace, Idaho	Secretary & Treasurer
R. W. Anno	Wallace, Idaho	Asst. Secretary & Asst. Treasurer

Item 2: None.

DAY MINES, INC.

HERCULES EXPLORATION PROJECT (DMEA).

MF-103 (Application)

Item 3: Applicant's property rights.-

(a) Protection lode, Mineral Survey No. 1654, Selkirk lode, Mineral Survey No. 2069, Mercury lode, Mineral Survey No. 1782 and Tacoma lode, Mineral Survey No. 2101 all of the Summit and Lelande Mining Districts, Shoshone County, Idaho. The portion of this ground which will benefit from the proposed exploration project, and from which any ore discovered would be subject to royalty, is naturally restricted to the length of vein zone to be explored by the project below existing mine levels. This can be more specifically defined as the ground lying between the 1000 and 1600 levels, east of the Mercury Fault and west of the Main Shaft; and the ground lying between the 1300 and 1600 levels, west of the Mercury Fault. The block of ground so defined is shown on the accompanying longitudinal projection, cross-hatched in pink.

(b) Hercules Mine

(c) Owner

(d)

(e) No liens or encumbrances on the land

(f) All patented claims.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/6	Mattendorf	100
5/8	JWL	226
5/00	Jwa	500
		2-205

1 DMA-2719

MAY - 7 1957

Mr. Henry L. Day, President
Day Mines, Inc.
Day Building
Wallace, Idaho

Dear Mr. Day:

I have had an exchange of correspondence recently with Mr. George O. Argall, Jr., Editor of the Mining World, who desires to publish an article in the nature of a review of some significant achievements of the DMEA program. He expresses his thoughts as follows:

> "I am thinking that a series of five or six case histories might prove exceptionally interesting to the entire geological and mining world. The examples should be carefully selected, perhaps one from each of the major regions, to illustrate how good geologic mapping or careful company analysis of structures, or an interpretation of geology on a district basis and applied to one deposit, contributed to major ore discoveries.
>
> "The purpose of this article would be to indicate that the DMEA has been worthwhile, that properly directed exploration is warranted, and that opportunity for exploration continues."

Mr. Argall hoped that my staff, together with a key engineer and key geologist in each of the regions, would cooperate with him in writing the article.

I have explained to Mr. Argall that it would be contrary to our policy to disclose any information about individual participants in the DMEA program. We do, of course, disclose the identity of a contract recipient at the time the contract is executed. After a contract is executed we conceal the percentage of committed funds actually spent, the results of the work accomplished, and whether a certification of discovery or development was issued. Likewise, we do not reveal the identity of those who have been denied DMEA assistance or of the applicants generally. I know you will readily appreciate the wisdom of this policy.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code

I also told Mr. Argall that we of DMEA would like to see more articles of the type he has in mind, but that they must be initiated by the publishing medium and the individual operator working in cooperation with each other. He has expressed his willingness to proceed on that basis and appears anxious to get started as soon as possible.

One approach to the project would be to have Mr. Argall send out a fairly lengthy questionnaire to all of the 1013 operators who have received DMEA contracts, requesting certain specific information. The names, as you know, have already been made public through our regular press releases issued over the years. Such an approach would entail a long and tedious screening expedition with doubtful end results.

The general idea could be more effectively implemented if I furnished the Mining World with the names of several operators who have participated with DMEA in projects which I thought might provide interesting subject matter for case histories. In this connection it occurs to me that your project, DMEA-2719, Hercules Mine, might be of special interest to the mining industry, but, of course, I would not even suggest your name without your prior approval. If granted, then I would expect the editorial staff of Mining World to assume responsibility for working up the details of the story, in cooperation with you or your representatives. I should appreciate your early reactions to this idea, and if favorable I will do no more than mention your name to Mr. Argall as one whom he might contact. If you do not approve, your reply will be kept confidential in my personal files.

Incidentally, Mr. Argall indicates to me that he will keep the name of the operator and the identity of the property confidential, by referring to case "A" or case "B", if the operator so desires.

With kindest personal regards,

Sincerely yours,

C. O. Mittendorf (for)

Administrator

COMittendorf/fw/bih
5/3/57

cc to: Mails & Files
Admr. Reading File
Administrator
Field Team, Reg. I N.W. (2)

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

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 22 1957

DATE	INITIALS	CODE
		500

March 19, 1957

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

Dear Mr. Selfridge:

Enclosed are the following interim reports by mining engineers of the Bureau of Mines.

Docket No. DMEA		Date
2719	Day Mines, Inc., Shoshone County, Idaho	3/11/57
2499	Montana Coal and Iron Company, Lemhi County, Idaho	3/11/57
3626	Moore, Jennie M., Granite County, Montana	3/ 4/57
2868	Pierce, Roger V., Lemhi County, Idaho	3/11/57
4480	Pioneer Corporation of Idaho, Missoula County, Montana	3/ 4/57
3667	Salmon River Scheelite Corporation, Custer County, Idaho	3/11/57
42	Taylor-Knapp Company, Granite County, Montana	3/ 8/57
4100	Tip Top Mining Company, Deer Lodge County, Montana	3/ 4/57
2874	Umont Mining Inc., Silver Bow County, Montana	3/ 4/57

Sincerely yours,

A E Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW District

Enclosures 9 (in quad.)

cc: USBM (2)

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

RECEIVED DEC 21 1956 D.M.E.A.

December 17, 1956

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

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484, Amended

Dear Mr. Selfridge:

Enclosed are the Government, Docket, and Division copies of Amended Exploration Project Contract (Short Form) No. Idm-E484.

By copy of this letter other copies of the amended contract have been distributed.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW District

Enclosures

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

RECEIVED
DEC 17 1956
D.M.E.A.

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

December 12, 1956

Mr. Henry L. Day, President
Day Mines, Inc.
Day Building
Wallace, Idaho

Re: Docket No. DMEA-2719 (Lead-Zinc)
Hercules Mine
Shoshone County, Idaho
Amended Contract No. Idm-E484

Dear Mr. Day:

In accordance with your request of November 6, 1956, our Washington office has prepared the enclosed original and five copies of a proposed short-form amended contract signed by the Administrator for the Government.

If the amended contract meets with your approval, please sign all copies, retain the one marked for the Operator, and return the rest to this office. If it does not meet with your approval, please return all copies to this office with your comments.

Sincerely yours,

Donald R. MacLaren

for Wing G. Agnew
Acting Executive Officer, DMEA
Field Team, Region I, NW District

Enclosures

cc: DMEA (2)
USBM (2)
USBM (AD)
Sample

File Copy
Surname

500

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

DEC - 6 1956

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

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Ida-Ehbh

Dear Mr. Weissenborn:

Enclosed are the original and five copies of a proposed short-form amended contract signed by the Administrator for the Government. It consists of the form, Annexes I and II (2 pages), Exhibit A (3 pages), and one map. Also, enclosed are two extra copies of Annexes I and II, Exhibit A, and map for the Field Team use. This amendment has been prepared as you requested in your letter of November 9, 1956.

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

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JB)

Enclosures

JWAlt/er 11/30/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

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

Thor H. Kiilsgaard (JB)
Member, Geological Survey

R.G.L.

File Copy
Surname
J. W.

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

November 21, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of Amended Contract for Docket No. DMEA-2719, Contract No. Idm-E484, Day Mines, Inc., Hercules Mine, Shoshone County, Idaho, Lead-Zinc.

Will you please prepare an Amended Contract for the cited contract. An amended contract had been prepared and mailed to the Field Team for their approval and the approval and signature of the Operator on November 7, 1955. On April 12, 1956, the Field Team returned the unsigned amended contract. The reason for this action was that the company was going to submit a new proposal. A new proposal was submitted which was not viewed favorably by this Division and the Operator desires to withdraw this proposal and wishes to resubmit the original proposal.

Exhibit A of the previously prepared Amended Contract is attached to this memorandum. Some penciled corrections are made on this exhibit. Also attached are Annexes I and II. Corrections have also been made on the Amended Contract Form.

The necessary copies of the map will be forwarded to your office in a few days.

W. R. Griswold

W. R. Griswold

JWAlt/er
Copy to: Docket
Base Metals
Chron.

File Copy
Surname

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

OCT 30 1956

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

Re: Docket No. DMEA-2719 (Lead-Zinc)
Bay Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-2484

Dear Mr. Weissenborn:

Will you please advise us regarding the status of the cited contract. According to our records, there has been no work done under the terms of the contract on this project since April 1956. Amendment No. 4 stipulates that the work shall be completed in 44 months from the date of the contract. Therefore, the completion date would be October 8, 1956.

We would appreciate receiving your comments and suggestions regarding this contract at your earliest convenience.

Sincerely yours,

George C. Selfridge (by esf)
Chairman, Operating Committee
JWAlt/er 10/29/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron

APPROVED:

P. F. Yoder (by esf)
Member, Bureau of Mines

Thor H. Kiilsgaard (by esf)
Member, Geological Survey

AXXXXXXX-098K

AXXXXXXX-099K

XDXXXXXX-100K

YWB010

WAF SP 12 I- GS- G

SPOKANE WN 7-9-56 955A

GEO C SELFRIDGE CHAIRMAN OPERATING COMM DMEA

WA

REURTEL JULY 6 DOCKET DMEA 2719 DAY MINES INC. EVALUATION OF REVISED PROPOSAL WILL BE FORWARDEDC THIS WEEK.

A E WEISSENBORN

6 2719

MAH 957A

RECEIVED
JUL 9 - 1956

JUL 9 3 38 PM '56
BUREAU OF MINES
MAIL ROOM
WASHINGTON D C

File Copy
Surname
J. AB.
Signed
Selfridge
Mittendorf

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

JUL 5 1956

JWALT/ER Rm 4444, Ext. 3669

DMEA - Base Metals Division

14X4401(01) Revolving Fund, Defense Production Act, Interior (allocating Working Fund to Office of Secy.)

TELETYPE

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXX

Date:

To: A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest District, Spokane, Washington.

Reurlet May 31, 1956, Docket No. DMEA-2719, Contract Idm-2484, Day Mines, Inc. Please advise when we can expect to receive your evaluation of the revised proposal for the cited contract.

George C. Selfridge

Chairman, Operating Committee (GCS)

JWAlt/er (written 7/5/56)
Copy to: Docket
Admr. File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
JUN 18 1956

June 13, 1956

Mr. Henry L. Day, President
Day Mines, Inc.
Day Building
Wallace, Idaho

Re: Docket No. DMEA-2719 (Lead-Zinc)
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Day:

We are enclosing for your information and files one copy each of the Interim Audit Certificate and the Interim Audit Report for the period February 19, 1953 to August 31, 1955. Also enclosed are one copy each of the First Royalty Audit Certificate and the First Royalty Report for the period February 5, 1953 to April 12, 1956.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW District

Enclosures

cc: USBM (2)
USBM (AD)
DMEA (2)
Fisher

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

RECEIVED
JUN - 4 1956

May 31, 1956

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

Re: Docket No. DMEA-2719
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Selfridge:

Enclosed are the original and two copies of an application proposing additional work at the Hercules Mine, prepared by Mr. Rollin Farmin, Assistant Manager, Day Mines, Inc. A previous proposal had been submitted early in March but Mr. Day requests that all copies be returned to him. This we have done.

An evaluation of the revised proposal will be submitted to you in the very near future.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW District

Enclosures

cc: USBM (2)
USBM (AD)
Fryklund

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 6378

DAY MINES, INC.
WALLACE, IDAHO

RECEIVED
JUN - 4 1956

May 26, 1956

HENRY L. DAY
PRESIDENT

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

Docket No. DMEA - 2719
Hercules Mine
Shoshone County, Idaho
Contract Idm - E484

Dear Sir:

The Hercules DMEA project has accomplished a "mineral discovery or development" by the exposure of the Rambler orebody on Hercules 1600 level, about 2600 ft. west of the Main Shaft. The ore is 500 ft. long, averages $5\frac{1}{4}$ ft. wide, 1.9 oz. silver per ton, 4.4% lead and 9.2% zinc. The 200-ft. length west of the Hercules fault is better, averaging 6 ft. wide, 2.5 oz. silver per ton, 5.9% lead and 11.9% zinc. Current development raises are proving ore of similar grade above the 1600 level.

Four thousand feet southwest of the Rambler 1600 orebody is the Watson Shaft of Day Mines' Tamarack unit. This shaft is collared at the elevation of the Hercules 1600 level and extends nearly 1000 feet lower. The ground between the Rambler orebody and the Watson shaft is wholly unexplored, not having been looked upon as "favorable" until developments of very recent years. Potential projects to enter the area 30 years ago were precluded in the face of available facts in 1925 when the operations in the Hercules mine ceased. Since that time this mine has been reopened and the Rambler orebody found near the monzonite. The location and attitude of the vein with respect to the monzonite contact contrasts strongly with the previous conception of what might be found by such work. Recent diamond drilling from the face of the 1600 level drift has disclosed spotty galena and sphalerite and may lead to an extension of the vein. The monzonite stock is found 180 feet west of the drift vertically below the surface position, allowing ample room for downward extension of the Rambler ore shoot, and for possible offset segments, splits, or parallel veins. The entire four thousand foot block of ground is now viewed as having favorable location geologically, being marginal to the monzonite stock on one side and

RECEIVED
MAY 29 1956
U. S. G. S.
SPOKANE, WASH.

having several known transverse fractures projecting into it from the other side. These fractures, or related ones which have not been seen, could well be mineralized in the vicinity of the stock. New veins, such as the Rambler which is parallel to the contact of the stock, and the Success which is found in an embayment or pendant, may be encountered anywhere along the proposed drive.

Our present proposal is to expand DMEA 2719 to include a cross-cutting lateral drive from the Tamarack 3000 level (equivalent to the Hercules 2200 level) to traverse the ground between the two mines and to explore the Rambler vein at the 2200 level. The first 3700 feet of the drive will cross-cut projected structures such as the Watson, Puritan, Oreano, Phoenix and Hummingbird (see attached maps) and suspected unknown fractures near the monzonite contact. Transverse diamond drilling from the main crosscut will probe for east-west fractures such as the Selkirk and Fourth-of-July, and for northeasterly veins such as the Rambler. The second portion of the drive, from 3700 ft. to 4200 ft. is planned to be on the Rambler vein, 600 ft. below the currently known orebody. The drive from 4200 ft. to 5100 ft. is planned to follow the West Hercules vein to the Mercury fault below a zone on the 1600 level which was sub-commercial but which has interesting possibilities at depth.

Some of the reasons why we prefer the present exploration proposal to the earlier proposed alternative of a 300-ft. winze from the 1600 Rambler area, in addition to greater depth, are:

(1) The Hercules and other mines at Burke have exhausted all adjacent waste disposal areas. Disposal of waste from a project of this size would require expensive haulage to distant points and would be virtually impossible during the cold and snow-bound winter months. This handicap does not exist at the Tamarack portal.

(2) The ventilation of the Hercules mine is poor and difficult to control. Both fresh and stale air must traverse old stopes to reach inter-connected higher openings, through which random and reversing convection currents wend their paths. These workings, partially filled and caved, are now inaccessible for gaining pathway information or for controlling the air currents. To remedy this situation, the necessary ventilation shaft and crosscuts to install a positive ventilation system would be costly and would produce a large amount of additional waste for disposal. This situation was not completely understood when the proposal for winzing was formulated.

On the other hand, Tamarack ventilation is good and would not only permit the proposed work but would provide excellent ventilation for possible future Hercules exploration projects. If a connection were made between the two mines, safety ingress and egress would be improved as well as various operational facilities.

(3) The geological exploration to be accomplished by the Tamarack 3000 - Hercules 2200 drive is far broader than that offered by a Hercules winze and drift on the Rambler vein. The 4,000 ft. drive will crosscut the block containing the Selkirk, Fourth-of-July, Hummingbird, Phoenix, Mart, Oreano, Puritan, Monroe and Watson structures. Some of these may not extend to the path of the crosscut but new ones may develop in the large, unexplored block in question. The fourteen named veins of the Tamarack mine system comprise a staggered fracture pattern in which new members may be present east of the Puritan fault along the path of the proposed drive. Further possibilities are at embayments in the monzonite stock, such as contain the Success mine.

(4) The proposed Tamarack 3000-Hercules 2200 drive will be effectively exploring favorable ground in its entirety whereas much of the cost for the alternative Hercules winze project will be spent in sinking the winze, in which locality no new disclosures may be anticipated.

Cost of the presently proposed work necessarily is estimated at higher unit rates than have been used in the project to date. The past rates, set in 1952, are obsolete because labor cost has risen 20% and supply cost has risen 40% during the ensuing years. Our present labor contract calls for specific up-grading of miners and timbermen on July 1, 1956, and also is open for a general wage adjustment which has not yet been negotiated but which is expected to follow the pattern of the steel industry. The work units, cost and time schedule are estimated as follows:

WORK UNITS AND COST:

Crosscut and drift 4200 ft. @$60.00/ft.	$252,000
Drift east 900 ft. @$60.00/ft.	54,000
Diamond Drill stations (maximum)	6,000
Diamond drilling (maximum) 8,000 ft. @$5.00	40,000
Total	$354,000

TIME SCHEDULE:

Crosscut @ 220 ft. per month to position of projected Rambler vein	16 months
Diamond drill to locate vein and/or test walls	1
Drift on Rambler Vein @ 220 ft. per month	$3\frac{1}{2}$
Drift on West Hercules vein @ 220 ft./month	$3\frac{1}{2}$
Total time	24 months

Diamond Drilling from the main crosscut will proceed during the advance, about 800 ft. behind the face.

Enclosed herewith are the following maps bearing on the project:

(1) Claim Map, showing location of proposed Tamarack-Mars 30-22 Crosscut. Scale 1":1000'.

(2) Surface Geology, Tamarack-Hercules area. Scale 1":500'.

(3) Composite Plan, showing Tamarack & Hercules mines. Scale 1":500'.

(4) Composite vertical section along proposed crosscut. Scale 1":500'.

Additional information will be promptly furnished on request. It is anticipated that this request for additional DMEA participation would be in the nature of an amendment to the present, captioned project.

Yours very truly,

Rollin Farmin

Rollin Farmin,
Assistant Manager.

RF:KAE
Encls.
Submitted in quadruplicate.

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

Mr. Clarence E. Fisher
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

MAY 21 1956

Re: Interim Audit Report and
First Royalty Audit Report
Idm-E484, DMEA-2719
Day Mines, Inc.

Dear Mr. Fisher:

Receipt is acknowledged of your Interim Audit Report and First Royalty Audit Report covering the above-cited project.

The revised reports are acceptable and normal distribution may be made.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

WBorovies/wb
May 21, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.G.S.

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 5/2/56

REFERRED TO: Mr Selfridge
1. ~~Mr. Chambers~~
2. ~~Operating Committee~~
3. Mr. Johnson
4. Administrator
5. Mails & Files

DMEA-2719

FOR:

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

REMARKS: [illegible]

Check (X) before the items needing attention.

W. R. [illegible]
Initials of sender.

GPO 16—63815-1

bjl

File Copy
Surname
J. Al. Interviewed
Chambers

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

Mr. Henry L. Day, President
Day Mines, Inc.
Wallace, Idaho

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-Ek84

Dear Mr. Day:

This is with reference to the letter dated February 20, 1956, transmitting the certification of discovery or development for the cited contract.

In this letter, after the next to the last comma in the second paragraph, it should read " or until February 5, 1965, which ever occurs first".

It is necessary to make this change because of Amendment No. 4. Item 2 of this amendment increased the royalty payment period from eleven to twelve years.

Sincerely yours,

Administrator

JWAlt/er 5/1/56

Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Region I (2), NW Dist.
Chron

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

RECEIVED
MAR 22 1956

March 19, 1956

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

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Selfridge:

Enclosed are the Government, Docket, and Division copies of Amendment No. 4 to the above-cited contract.

By copy of this letter other copies of the amendment are being distributed.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

Enclosures

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
MAR 19 1956

March 14, 1956

Mr. Henry L. Day, President
Day Mines, Inc.
Day Building,
Wallace, Idaho

Re: Docket No. DMEA-2715 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Ida-[illegible]

Dear Mr. Day:

Enclosed are the original and six copies of Amendment No. 4 to your exploration project contract. This amendment extends the time for completion to October 1, 1956, as requested in your letter of February 12, 1956.

If the amendment meets with your approval will you sign all copies and return all but the Operator's copy to this office.

Very truly yours,

Verne C. Frykland, Jr.
for: Wing G. Agnew
Acting Executive Officer, DMEA
Field Team, Region I, NW Dist.

Enclosure

cc: DMEA (2)
[illegible] (2)
[illegible] (AD)
Frykland

File Copy
Surname
J. Alt.
Brownsed
Chambers
Selfridge
Peterson

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

MAR 8 1956

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

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Ida-2484

Dear Mr. Weissenborn:

We are enclosing the original and five copies of Amendment No. 4, to the cited contract, signed by the Administrator. Also enclosed are two extra copies of the amendment for the use of the Field Team.

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

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Enclosures

JWAlt/er 3/5/56
Copy to: Docket
Admr File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Base Metals
Chron.

APPROVED:

/s/ Robert W. Geehan (GCS)
Member, Bureau of Mines

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

R.C.L.

File Copy
Surname
J. A. Griswold

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

500

February 23, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of Amendment No. 4 for Contract No. Idm-E484, Docket No. DMEA-2719, Day Mines, Inc., Hercules Mine, Shoshone County, Idaho, Lead-Zinc

Will you please prepare Amendment No. 4 for the cited contract. This amendment to allow the Operator an extension of completion time to October 5, 1956 or 44 months from the date of the contract (February 5, 1953). Amendment No. 2 extended the completion time to 30 months.

Annex I of Amendment No. 2 increased the royalty payment period from "ten years" to "eleven years". Amendment No. 4 should increase the royalty payment period from eleven years to twelve years.

Please refer to the letter from the Executive Officer, Region I, Northwest District, dated February 15 and to the letter to Mr. A. E. Weissenborn from the Operator, dated February 12, 1956.

W. R. Griswold

W. R. Griswold

WRGX
JWAlt/er 2/23/56

Copy to: Docket
Base Metals
Chron.

File Copy
Surname
Griswold
Rubin
Sawyer
Chambers
Kiilsgaard
Stefano
Selfridge
Fl Johnson

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

FEB 20 1956

Mr. Henry L. Day, President
Day Mines, Inc.
Wallace, Idaho

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Day:

Transmitted herewith is a certification of discovery or development related to the Exploration Project Contract No. Idm-E484, dated February 5, 1953, on the lands described in the contract.

By the terms of the Exploration Project Contract and of the Certification, all production from the land described in the contract after February 5, 1953, the date of the contract, is subject to the Government's percentage royalty as set forth in the said contract until the sum which the Government has advanced as its participating interest is repaid, or until February 5, 1964, whichever occurs first.

You should continue to make royalty payments to Mr. Weissenborn, as you have in the past. You are requested to notify Mr. Weissenborn of any changes in ownership and production rights that might affect the Government's right to its percentage royalty. Also, if production ceases at any time for an extended period please notify Mr. Weissenborn at six-month intervals that such is the case.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

Enclosure

WRGriswold/er 2/15/56
Copy to: Docket
Mr. C.A. Fredell,Dr.,MD,EPS
Mr. Geehan,,USBM
Mr. Kiilsgaard, USGS
Admr R. File
Op. Committee
Cont.Adm.&Audit Div
Base Metals
Region I, NW Dist.(2)
F. E. Johnson
W. R. Griswold
Chron.
Finance Office

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

So. 157 Howard Street
Spokane 4, Washington

RECEIVED
FEB 20 1956

February 15, 1956

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

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Selfridge:

Enclosed is a self-explanatory letter from Mr. H. L. Day, President, Day Mines, Inc.

We feel that the drilling should be completed and recommend that the contract period be extended to October 1, 1956 as requested.

By Field Team, Region I, NW Dist.

A. E. Weissenborn

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

Wing G. Agnew

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

Enclosure 1 (in trip.)

cc: USBM (2)
USBM (AD)
Fryklund

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0378

DAY MINES, INC.

WALLACE, IDAHO

February 12, 1956

HENRY L. DAY
PRESIDENT

RECEIVED
FEB 20 1956

Mr. A. E. Weissenborn,
Executive Officer, DMEA
Field Team, Region 1, NW Dist.,
So. 157 Howard Street,
Spokane 4, Washington.

Re: Docket No. DMEA-2719
(Lead-Zinc)
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

DME

Dear Mr. Weissenborn:

This will acknowledge your letter of February 8th with regard to the DMEA contract as above which expired August 5, 1955, with the diamond drilling portion of the program left uncompleted. It could not be done last fall because of the 5½ months strike which took place then and has just recently been settled. Our operations will be at least another week in getting back to normal.

The contract provided for 2,000 linear feet Ax drilling. At the moment we are not in position to start on that large a program but contemplate that it will be required within the next seven or eight months' time.

Therefore, we would like to ask for an amendment to October 1, 1956, in which to complete the diamond drilling. If you wish more formal application, will you kindly furnish me with the necessary form or forms and the number of copies required.

Yours very truly,

Henry L. Day

RECEIVED
FEB 13 1956
U.S.G.S.
WASH.

HLD:KAE

P.S. Expect cost per linear foot will be up account of increased wages!

HLD

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

RECEIVED
FEB 13 1956

February 8, 1956

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

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

and

Docket No. DMEA-3071 (Lead-Zinc)
Silver Buckle Mining Company
Vindicator Mine
Shoshone County, Idaho
Contract No. Idm-E594

Dear Mr. Selfridge:

The Coeur d'Alene district strike has been ended and work should soon be resumed at most of the properties.

Except for the Day Mines, Inc. Hercules project and the Silver Buckle project no time extensions of contracts are needed at the moment. A request for a Silver Buckle extension has been submitted (letter of January 18, 1956), and we have just written Day Mines, copies of letter enclosed, as to their intentions about the present contract.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

Enclosure

cc: USBM (2)
USBM (AD)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

[redacted]
No. 157 Howard Street
Spokane 4, W shington

RECEIVED
FEB 13 1956

February 8, 1956

Mr. Henry L. Day, President
Day Mines, Inc.
Wallace, Idaho

Re: Docket No. DMEA-2719 (Lead-Zinc)
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-[redacted]

Dear Mr. Day:

Now that the strike has ended we must consider what is to be done about the Hercules contract.

The contract period expired August 5, 1955 with the diamond drilling uncompleted. If you wish to complete the diamond drilling we will request a suitable extension to the contract of our Washington office. We would need an estimated completion date for the drilling.

A decision on this is needed even though you may wish to submit a new proposal in the near future.

Sincerely yours,

A. K. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

cc: DMEA (2)
USBM (2)
USBM (AD)

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

RECEIVED
FEB - 6 1956

February 1, 1956

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

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Selfridge:

On the basis of the reserve figures submitted by the Operator, forwarded to Washington on October 12, 1955, we recommend that a Certification of Discovery or Development be issued.

By Field Team, Region I, NW Dist.

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

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

cc: USBM (2)
USBM (AD)
Fryklund
CPF

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

RECEIVED
FEB - 6 1956

February 1, 1956

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

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Selfridge:

Enclosed are 2 copies of a letter from Mr. H. L. Day, President, Day Mines, Inc. returning Amended Contract Idm-E484. In accordance with your instructions we are holding the amended contract here until we learn the Operator's plans.

As you will note from Mr. Day's letter, during the interval that the project has been recessed the Day Mines' staff has been considering an alternate plan of doing the work. Although we have discussed this informally with some of the staff, we as yet lack sufficient details on which to form an opinion.

By Field Team, Region I, NW Dist.

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

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

Enclosure

cc: USBM (2)
USBM (AD)
Fryklund

P.S. We see in the local paper this morning that the strike in the Coeur d'Alene district has been settled.

AEW

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0378

DMEA

R TO	ACTION	NOTED	DATE
Owner		L.L.S.	
GC			
ISBM DMEA			
ANSWERED			

DAY MINES, INC.

WALLACE, IDAHO

January 23, 1956

HENRY L. DAY
PRESIDENT

Mr. A. E. Weissenborn,
Executive Officer, DMEA,
Field Team, Region 1,
Northwest District,
So. 157 Howard Street,
Spokane 4, Washington.

RECEIVED
FEB - 6 1956

Re: Docket No. DMEA-2719
(lead-zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Weissenborn:

Following consideration at a meeting of the Board of Directors of Day Mines, Inc. held here in Wallace on January 20th, it was decided to return to you unsigned all six copies of the amended contract captioned above and transmitted to us by your office on November 15, 1955.

As you were informed a few days ago by Vice President Wray D. Farmin, our staff is preparing a proposed substitute for the amendment which we think has much merit. It will involve a crosscut of something like 4,000 feet from the Tamarack workings to make a connection with the far west portion of the Hercules' 1600 level. Right now we are considering in first order of preference, connection from the Tamarack's 2700 level on a new level which would be the Hercules 1900 with respect to the latter's designations. We also will make estimates of the connection from the Tamarack 2400 at about the elevation of the present Hercules 1600 level, with possible future exploratory crosscuts at the Hercules 2200, or Hercules 1200 elevations, etc.

We expect that a settlement of the five month strike in this district may be made this week. We then will have new weight scales and cost figures upon which to base estimates. Furthermore, our company will be able to appraise its current and future financial condition.

Lastly, exploration from the Tamarack will open up a new fertile area and probably at less cost than an offset winze on the Hercules 1600 level.

RECEIVED
JAN 25 1956
U.S.G.S.
SPOKANE, WASH.

May I suggest that you "lay on the table" the enclosures until you hear further from us, which will be absolutely as soon as circumstances allow.

Yours very truly,

Henry L. Day

HLD:KAE
Encls.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
JAN 23 1956

January 19, 1956

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

Re: Docket No. DMEA-2719 (lead-zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Selfridge:

With reference to your letter of January 10, 1956, I am enclosing a copy of a letter dated January 12 from Day Mines, Inc. on the same subject. Also enclosed are copies of my reply.

Sincerely yours,

A. E. Weissenborn

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

Enclosure (in dupl.)
cc: USBM(2)
USBM(AD)
Fryklund

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

RECEIVED
JAN 23 1956

January 19, 1956

Mr. Henry L. Day, President
Day Mines, Inc.
Wallace, Idaho

Re: Docket No. [illegible]-2717 (lead-zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. [illegible]-484

Dear Mr. Day:

There is no objection to your retaining the copies of the proposed Amended Contract until after the Directors' meeting mentioned in your letter of January 12. However, unless it is apparent that the strike will be settled and contract work resumed in the very near future, all copies of the Amended Contract should be returned to this office unsigned.

Should there be further delay in resuming work, undoubtedly, both DMEA and Day Mines will wish to re-examine the Amended Contract in the light of any possible changed conditions before entering into a firm agreement.

Sincerely yours,

A. [illegible] Weissenborn
Executive Officer, DMEA
Field Team, Region [illegible]
Northwest District

cc: [illegible](2) ✓
[illegible](2)
[illegible]
[illegible]

Western

DEFIANCE B

ICORAS CONTRA

File Copy
Surname
J. Alt.
Crawford
Selfridge
JEJohnson
McCaudry

500

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

JAN 1 0 1956

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

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-2484

Dear Mr. Weissenborn:

This is with reference to your letter, dated December 29, 1955, regarding the cited contract. We agree that you should retain the copies of the Amended Contract until the Operator is able to resume operations. When the Operator notifies you that he is ready to resume operations, please check with this office before sending the Amended Contract for the company's approval and signature.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JAS)

APPROVED:

/s/ Robert W. Geehan (JAS)
Member, Bureau of Mines

Thor H. Kiilsgaard (JAS)
Member, Geological Survey

JWAlt/bjl (1/6/56)

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

R.C.F.

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

So. 157 Howard Street
Spokane 4, Washington

RECEIVED
JAN 3 1956

December 29, 1955

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

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Selfridge:

Enclosed are copies of a letter dated December 19 from Mr. Rollin Farmin, Assistant Manager of Day Mines, Inc. He discusses the situation at the Hercules mine as it affects DMEA contract.

Inasmuch as the strike has lasted since August 24 and we have no knowledge of how long it may last, we deem it wise to follow Mr. Farmin's suggestion and hold this Amended Contract in abeyance until this situation has been clarified. Consequently we have requested Mr. Farmin to return the copies of the Amended Contract unsigned, and we will hold them here unless instructed to do otherwise.

By Field Team, Region I, NW District

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

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

cc: USBM (2)
USBM (AD)
Fryklund

COPY

DAY MINES, INC
Wallace, Idaho

COPY

December 19, 1955

Mr. A. E. Weissenborn, Executive Officer,
D. M. E. A.,
So. 157 Howard St.,
Spokane 4, Washington

Re: Docket No. DMEA 2719
Hercules Mine
Shoshone County, Idaho
Contract No. Idm.-E484

Dear Sir:

Receipt is acknowledged of six copies of the proposed Amended Contract submitted by your letter of November 15.

As you know, the Hercules mine and all other DMI operations have been idled by a labor strike which started August 24th. The strike drags on, with no early settlement in sight. Our employees are scattered and many may not return when the strike finally is settled. We may be forced to train new crews for the more skilled underground jobs. From these considerations, it seems unwise for DMI to contract to do additional exploration at Hercules until the strike is over and we are certain that we can perform the work promptly. Subject to your approval, I propose that we hold the tentative amended contract until the labor problem is resolved and give it further consideration at that time.

Yours very truly,

Rollin Farmin,
Asst. Mgr.

RF:KAE
cc: WDF

RECEIVED
DEC 20 1955
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

December 29, 1955

Mr. Rollin Farmin, Assistant Manager
Day Mines, Inc.
Wallace, Idaho

Re: Docket No. DMEA-2719 (Lead-Zinc)
Hercules Mine
Shoshone County, Idaho
Contract No. Ida-~~2~~484

Dear Mr. Farmin:

Thank you for your letter of December 19 giving us the statement of the situation at the strike-bound Hercules mine. We certainly do appreciate the problem.

Rather than you holding the unexecuted copies of the Amended Contract sent to you with our letter of November 15, it is suggested that you return it to us until such time as the strike situation is resolved. We certainly hope that an early settlement will be reached.

By Field Team, Region I, NW District

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

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

cc: DMEA (2)
USBM (2)
USBM (AD)
Fryklund

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

RECEIVED
NOV 21 1955

November 15, 1955

Mr. Henry L. Day, President
Day Mines, Inc.
Day Building
Wallace, Idaho

Re: Docket No. DMEA-2719 (lead-zinc)
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E404

Dear Mr. Day:

Enclosed are the original and five copies of an amended exploration project contract. If the contract meets with your approval will you please sign and return all but the Operator's copy.

Our Washington office could not increase costs beyond your estimate of June 23 as they had to make a cost breakdown as of the present moment and could not take into consideration a possible wage increase.

By Field Team, Region I, NW Dist.

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

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

Enclosures

cc: DMEA (2)
USGS (2)
USBM (AE)
Fr. Mauri

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

October 7, 1955

Memorandum for the Files

From: J. W. Alt, Base Metals Division

Subject: ~~Phone Conversation about~~ Docket No. DMEA-2719, Day Mines, Inc., Contract No. Idm-E484, Hercules Mine, Shoshone County, Idaho.

A draft of a proposed Amended Contract for the cited contract was sent to the Legal Department in September 19 to prepare an Amended Contract.

An Amended Contract was prepared by the Legal Department and received by this Division on October 3. With letter of transmittal to Field Team, it was sent out of this office to the Operating Committee on October 4.

On October 7, Frank Johnson asked me to come to his office to talk over this Amended Contract and suggested that I send a teletype to the Field Team for additional information. After suggesting the information that should be requested, he suggested that I see if George Selfridge would want any additional information, which I did. Mr. Selfridge approved of the information requested and had nothing to add.

The teletype was prepared and sent to the Operating Committee on this date.

J. W. Alt

JWAlt/er 10/10/55

Copy to: Docket
Base Metals
Chron.

File Copy
Surname

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

September 16, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Preparation of Amended Contract for Contract No. Idm-E484, Docket No. DMEA-2719 (Lead-Zinc), Day Mines, Inc., Hercules Mine, Shoshone County, Idaho

Will you please prepare an amended contract for the cited contract. A draft of the proposed amended contract is attached to this memorandum. The necessary copies of the map will be delivered to your office in a few days.

W. R. Griswold

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

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

RECEIVED SEP 12 1955

1201 N. Division St.
Spokane 2, Washington
September 9, 1955

VIA AIR MAIL

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

Re: Docket No. DMEA-2719 (lead-zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Selfridge:

Enclosed are four copies of a memorandum by E. G. Erickson, Bureau of Mines, which will supply the additional information requested by the Washington, D.C. office in connection with the Day Mines' application for further work under their DMEA contract.

Sincerely yours,

Thomas E Howard

Thomas E. Howard
for: Wing G. Agnew
Acting Executive Officer
DMEA Field Team, Region I, NW District

Enclosure

cc: USGS (2)

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0378

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

1201 N. Division St.
Spokane 2, Washington
September 9, 1955

RECEIVED
SEP 12 1955

MEMORANDUM

To: DMEA Field Team, Region I, NW District

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

Subject: Cost analysis supplemental data, Docket No. DMEA-2719 (lead-zinc), Day Mines, Inc., Hercules Mine, Shoshone County, Idaho

Following a telephone conversation with Mr. Alt, Base Metals Division, DMEA, Washington, D.C., Mr. Verne C. Fryklund, Jr., acting member of the Field Team, requested the following additional information regarding the cost analysis submitted in my memorandum to the Field Team dated July 29, 1955.

1. Page 4, Item I. Pilot drift and/or crosscut will be standard 8'x8' (see page 2, 1st para., my memo of 7/29/55) and enlarged to approximately 10'x13' west of the shaft for a distance of about 25 feet and will also be enlarged near the shaft on the east side. The 1600 cu. ft. of excavation for the station is believed to be a minimum figure and the Operator will undoubtedly excavate a larger station. The planned layout for the station may be changed but the amount of crosscutting and/or drifting and the cubic excavation are recommended as maximums.

2. Page 4, Item II. The winze will be continued 75 feet above the 1600 level by raising operation, and will be the same size, approximately 11½'x7½' (see 1st para., memo of 7/29/55).

3. Page 4, Item III. The 1600 level raise pocket will have the approximate dimension of 50 feet in length and 7'x6' in cross section and located as shown by the plan and section scale sketches that accompanied my cost analysis memorandum of 7/29/55.

4. Page 4, Item V. The 1900 level pocket is planned to be approximately 35 feet in length and have a cross-sectional area of 7'x6'. Raise pockets are "belled out" at the tops.

The cost is estimated at $55 per foot which is $13 per foot more than the raise pocket on the 1600 level because it is slower starting off the shaft and the first couple of short rounds will have to be mucked from the shaft bottom. Therefore, the average advance

will be lower, which will increase the cost. There will be little chance of making up the loss in average advance because the raise is only 35 feet in length. On the 1600 level at least the first few rounds will be blasted on the sill and shoveled with mechanical mucker. Raising off a shaft is more hazardous and slower than raising off a drift, which increases the cost, and this is especially true for short raises.

The cost of $55 per foot includes only the raise cost. The cost of loading gate and installation is figured in the cost of station installation, Item VI, which requires shop labor, i.e., mechanics, electricians, etc., and these costs are figured separately from regular mine operations employing only mine labor.

5. Page 4, Item VI. Included in this item is extending electric power cable and installing transformer substation. The Operator's estimated cost was $5,460 for 2600 feet of cable @ $210/ft.?; $1,040 installation cost ($0.40/ft. labor, hangers, etc.); $900 for transformer, panels, switches, and accessories, plus $300 installation cost. The Operator's total cost was $7,700. The cost of cable and substation equipment was reduced by 50% to $3,180 as an allowable cost, and the $1,340 labor cost was reduced to $840. Thus, the recommended cost became $4,020.

The $1,000 cost for installing pump, signal system, loading gates, charging panels, etc. is considered reasonable. Fabrication of the loading gate assembly was quoted at about $300. Therefore, when an electrician and helper, mechanic and helper, and other labor wages are taken into account, plus handling of equipment and materials, the lump sum of $1,000 is considered a conservative estimate. In all cases only a minimum cost has been recommended for station installations and other preparatory work, but experience to date on DMEA projects in the district shows that the actual costs for the minimum requirements of station installations have greatly exceeded the amounts allowed by DMEA contracts. It is expected that the same will be true with the Hercules 1900 and 1600 winze stations.

As regards the question of sampling and assaying being set forth as a separate item, the Day Mines Company, under the present contract, sample the drift face and each car from the round. The face sampling includes at least one sample and usually two or three, depending on the continuity of the values across the face. The car samples are mixed and cut to one composite sample. The samples are assayed for lead, zinc, silver, and usually iron, and the cost is $0.65 per determination or $1.95 per sample for three determinations. This would ~~may~~ make, say, three samples or $5.85 per round, or about $1 per foot. Intermediate or additional samples are taken as deemed necessary by the Operator. The sampling

is very thorough, probably more than would usually be considered adequate for an exploration project and this can be said of practically all the present DMEA projects in the district, especially those of the large companies. The cost of sampling was not included in the operators cost estimate; therefore, the need for setting up the sampling as a separate item is not believed necessary.

The Operator has also agreed to timber or rock bolt if necessary for the fixed unit cost for drifting and crosscutting. The drifting on the 1600 level above the contemplated 1900 level did not require timber. Although it is possible that some support might be required it is not believed necessary in this case to set forth a timber and/or rock bolt item. The timber possibility was discussed with the Operator and he believes that only a minor amount, if any, support will be necessary. Should a timber item be added, the 200 feet at $5/ft. mentioned by Mr. Alt would be satisfactory with the addition of "and/or rock bolts @ $4 per bolt, not to exceed $5 per foot averaged over any 5-foot section."

The time schedule of 24 months presented by the Operator in his Exhibit (a) is believed to be satisfactory for completion of the project under normal conditions.

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

E. G. Erickson

2719

[illegible]
S[illegible] 15[illegible] Howard Street
Spokane [illegible] Washington

September 7, 1955

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

Dear Mr. Selfridge:

For your information there is a strike in the Coeur d'Alene district, which began August 24, 1955. The only projects in the district not affected by the strike are: Bunker-Hill Crescent project (Docket No. DMEA-2764) and Polaris Silver Summit project (Docket No. DMEA-2879).

This will considerably affect the Day Mines Hercules project (Docket No. DMEA-2719).

Rumor is that the strike may continue for some time.

By Field Team, Region I, NW District

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

Verne C. Fryklund, Jr., Acting Member
U. S. Geological Survey

cc: USBM (2)

RECEIVED
SEP - 7 1955

RECEIVED
SEP 6 4 22 PM '55
SECRETARY OF THE INTERIOR
PRIVATE BUSINESS
BMD - COMMUNICATIONS

XDXXXXXX-136K

YWA125 WAF SP 24 I-G6-G (DUPE AND CCT CPY)

SPOKANE WASH 9-6-55 110P

GEORGE C SELFRIDGE, CHAIRMAN OPERATING COMMITTEE, DMEA,

DEPT OF THE INTERIOR

WA

RELET OF SEPTEMBER 2 RE DOCKET DMEA-2719 DAY MINES INC., IF AMENDED CONTRACT WILL BE APPROVED TIME EXTENSION SHOULD NOT BE NECESSARY. OTHERWISE WE RECOMMEND EXTENSION OF SIX MONTHS.

VERNE C. FRYKLUND, FOR

A E WEISSENBORN, EXEC OFFICER DMEA FIELD TEAM REGION I,

NORTHWEST DISTRICT, SP

2 DMEA-2719

EKC 1210P/114P

SEP 7 9 35 AM '55

BUREAU OF MINES
MAIL ROOM
WASHINGTON D. C.

File Copy
Surname
J. Lee
Dwonsel
Selfridge
Mattendorf

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

SEP -2 1955

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

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-2484

Dear Mr. Weissenborn:

By Amendment No. 2, the completion time of the cited contract was extended from 2 years to 30 months from the date of the contract. This made the completion time August 5, 1955. As the work under the terms of the contract has not been completed, an amendment will be necessary to allow the Operator an extension of time to complete this work.

Will you please advise us at your earliest convenience regarding your recommendations concerning such an amendment and how much additional time the Operator will need to complete this work. Upon receipt of your recommendations we will have the amendment prepared.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JHB)

JWAlt/er 8/31/55
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

P. F. Yopes (JHB)
Member, Bureau of Mines

/s/ M. E. Nelson (JHB)
Member, Geological Survey

R.G.S.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

August 12, 1955

Air Mail

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

Re: Docket No. DMEA-2719 (lead-zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Selfridge:

Reference is made to our letter of August 2, 1955, transmitting the Day Mines' request for additional work on the Hercules project.

Enclosed are four copies of a map (geology of the 1600 level) that should have accompanied the company's request of June 23.

Sincerely yours,

A. E. Weissenborn

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

Enclosures(4)
cc: USBM(2)
Fryklund

RECEIVED
AUG 15 1955

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
APR 2 0 1955

April 19, 1955

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

Re: Docket No. DMEA-2719 (lead-zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Selfridge:

Attached are the original and two signed copies of Amendment No. 3 to the above-cited contract.

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

Sincerely yours,

A. E. Weissenborn

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

Attachments as indicated

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

xxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

April 14, 1955

Mr. Henry L. Day, President
Day Mines, Inc.
Day Building
Wallace, Idaho

Re: Docket No. DMEA-2719 (lead-zinc)
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-2454

Dear Mr. Day:

Enclosed are the original and six copies of corrected Amendment No. 3 to the cited contract, signed by the Administrator. This corrected amendment has been prepared by our Washington office in accordance with the request contained in your letter of March 17, 1955.

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. If the amendment does not meet with your approval, please return all copies to this office along with your comments.

Sincerely yours,

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

Enclosures

cc: DMEA (2)
USBM (2)
USBM(AD)
Fryklund

File Copy
Surname

J.W. Alt
Lawrence
Selfridge
J.E. Johnson
Weissenborn

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

APR - 7 1955

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

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Weissenborn:

We are enclosing the original and five copies of Amendment No. 3 to the cited contract, signed by the Administrator. This amendment has been prepared according to the request contained in your letter of March 24, 1955.

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

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (SJB)

JWAlt/er 4/5/55

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

Enclosures

APPROVED:

J. H. Hedges (SJB)
Member, Bureau of Mines

Thor H. Kiilsgaard (SJB)
Member, Geological Survey

R.C.H.

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

MAR 18 1955

March 15, 1955

Mr. Henry L. Day, President
Day Mines, Inc.
Day Building
Wallace, Idaho

Re: Docket No. DMEA-2719 (lead-zinc)
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-2684

Dear Mr. Day:

Enclosed is Amendment No. 3 prepared by our Washington office. This amendment will regularize certain of our verbal agreements which we had made with respect to your contract. The second paragraph on page 1 of the amendment explains in detail the requirements for the amendment.

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 original and remaining copies to this office.

If the amendment does not meet with your approval, please return all copies to this office along with your comments.

Sincerely yours,

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

Enclosures

cc: DMEA (2)
USBM (2)
USBM(AD)
Fryklund

File Copy
Surname
J.W. Alt.

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

February 18, 1955

INTERIOR DEPT.
FEB 21 1955
SOLICITOR

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Preparation of Amendment No. 3 for Day Mines, Inc., Docket No. DMEA-2719, Contract No. Im-E484.

The preparation of Amendment No. 3 is necessary as explained by Jay L. Chambers of the Contract Administration and Audit Division. A copy of the recommended changes as proposed by Mr. Chambers are attached to this memorandum.

W. R. Griswold

W. R. Griswold

JWAlt/er

Copy to: Docket
Base Metals
Chron.

AMENDMENT NO. 3

Effective date of this Amendment February 3, 1953.

Prepared by J. L. Chambers, Contract Administration & Audit Division

It was to the best interest of the Government that certain changes in the program of the contract as amended be made while the project was being operated. These changes as listed below were given oral approval by the Field Team of Region II, now Region I, Northwest District, but were not confirmed in by an amendment because such action at the time was not deemed necessary. It now appears that this action should have been taken because the changes affected parts of the contract program occurring under "Agreed Unit Cost" and "Independent Contract" provisions. Therefore, this amendment is to confirm the following transactions which were made orally.

1. Increase excavation for pocket and sump from 3900 cu ft @ $1.33 per cu ft to 6456 cu. ft. @ $1.33 cu. ft. and add $3,400.00 originally allocated to shaft sinking to the $5,187.00 originally allocated to pocket and sump.

2. Amendment No.1 (Exhibit "F") extended crosscutting and drifting beyond the contract limitation of 2640 ft to hunt for a more suitable site for a raise. This resulted in 188 ft of additional drifting, and automatically reduced the footage for raising from approximately 320 feet to approximately 191 ft and the dollar allocation from $22,400.00 to $13,376.00.

Amendment No. 2 authorized an increase in raising by 95 ft @ $70.00 per ft for a total of $6,650.00, for a total approximately 286 feet of raising an a total amount of $20,026.00. On oral approval the raise was lifted a total

Withhold
rcs

330.5 ft. for the sum of $23,135.00. This item of Amendment No. 3 is to confirm the oral agreements described herein.

3. The contract provided for 1000 feet of AX size diamond drill hole @ $5.00 a ft. for a total of $5,000.00. The Independent contract was let at less than $5.00 per ft, and the Field Team approved 361.5 ft additional drilling for a total of 1361.5 ft and $4,727.00. This amendment also confirms this overage.

The total cost of the project shall not exceed the amount of the contract provided in Amendment No. 2, which is 28,710.00

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 8 1955

February 3, 1955

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

Dear Mr. Selfridge:

The questions of allowable maximums and the transfer of items within a category have been raised regarding "Agreed estimated costs of units of work actually performed" with reference to the contract forms MF-200, Feb. 1952 and June 1954, and contract form MF-200A, February 1952, as follows:

(1) Are the number of units, cost per unit, and total cost considered allowable maximums when not starred, and;

(2) in a category containing several items such as drilling, bulldozing, crosscutting, timbering, etc., can the crosscutting, for example, be increased and the drilling or timbering be decreased without an amendment?

The Certifying Officer, Region I, asked the Field Team for an opinion on the questions listed, especially in connection with the Day Mines, Inc., contract Idm-E484. The Field Team interpretation is cited in the attached copy of a letter dated December 28, 1954.

Mr. Turner wrote Mr. Chambers regarding these questions and has received a reply dated January 28, 1955, which differs somewhat from the Field Team opinions. We understand this matter may have been discussed with you, but we do not have a copy of Mr. Chambers' reply to attach. May we have your opinion as to whether or not we are right in our interpretation of the action necessary in connection with the Day Mines contract, and may we also have a ruling for our guidance when similar situations arise in the future?

By Field Team, Region I
Northwest District

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

Thomas E Howard
Thomas E. Howard
For: Wing G. Agnew, Member
U. S. Bureau of Mines

FEB - 8 1955

XXXXXXXXXXXXXXXXXX
1201 N. Division St.
Spokane 2, Washington

December 28, 1954

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

Re: Docket No. DMEA-2719 (lead-zinc)
Day Mines, Inc.
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mrs. Purdy:

It has come to our attention that you feel Amendment No. 2 to the subject contract is not entirely clear as to whether or not unused money remaining in the contract when Amendment No. 2 was requested may be used to complete the raising without first having authorization by a Field Team letter or an amendment, and that you would like our interpretation as to just what is necessary when it seems desirable to exceed one item of work at the expense of another.

It is the interpretation of the Field Team that in any "Agreed Unit Cost" contract (Form MF-200, Revised Feb. 1952, or Form MF-200A) that the total number of units specified for each type of work or the money allowed for it, is not an allowable maximum unless starred and may be exceeded by a reasonable amount if necessary to accomplish the objectives of the project, without an amendment to the contract or specific authorization from the Field Team. The engineer's signature and the approval of the Executive Officer, or his representative, on the MF-104, as indicated by his signature, will be sufficient authority for you to make payment; provided, however, that you call this to the attention of the Field Team.

By Field Team, Region II

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
NOV 22 1954

November 18, 1954

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

Re: Docket No. DMEA-2719 (lead-zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Selfridge:

Enclosed are the Government, Docket, and Division copies of Amendment No. 2 to the above-cited contract.

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

Sincerely yours,

A. E. Weissenborn

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

Enclosures

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

xxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

November 15, 1954

Mr. Henry L. Day, President
Day Mines, Inc.
Day Building
Wallace, Idaho

Re: Docket No. DMEA-2719 (lead-zinc)
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-5484

Dear Mr. Day:

Enclosed are the original and six copies of Amendment No. 2 to the above-cited contract. If the terms and conditions of this amendment meet with your approval, please sign all copies, retain that copy marked for the Operator and return the remaining copies to this office.

The delay in getting this amendment to you for signature was occasioned by the unclear language in the amendment relating to the exclusion of ore. Washington has now rewritten that portion (item 6) and it is hoped it will meet with your approval. If it does not meet with your approval, please return all copies to this office with your comments.

Sincerely yours,

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

Enclosure

cc: DMEA (2)
UKBM (2)
Fryklund

File Copy
Surname
J. W. Alt.
Chamberlin
Selfridge

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

NOV 1 0 1954

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

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-2484

Dear Mr. Weissenborn:

We are enclosing the original and five copies of Amendment No. 2 (3 pages) with Annex I and one map, to the cited contract, which have been signed by this office for the Government. The change has been made in paragraph 6 of the amendment according to your letter of November 1, 1954, and as per our telephone conversation of November 5, 1954.

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

Sincerely yours,

George C. Selfridge (GCS)
Chairman, Operating Committee

JWAlt/er 11/9/54
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, UGSG
Chron.

Enclosure

APPROVED:

J. H. Hedge (JHH)
Member, Bureau of Mines

E. L. Newcomb (ELN)
Member, Geological Survey

R.C.G.

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

November 5, 1954

Memorandum for the Files

From: J. W. Alt, Base Metals Division

Subject: Change in Item 6 of Amendment No. 2 to the Contract No. Idm-E484, Docket No. DMEA-2719, Day Mines, Inc., Hercules Mine, Shoshone County, Idaho (Lead-Zinc)

On this date, I phoned A. E. Weissenborn, Executive Officer, Region II, in regard to the change to be made in Item 6 of Amendment No. 2 of the cited contract. I referred to his letter of November 1, 1954, and told him that it was our opinion that in his proposed change that any wording as "known veins" should be referred to as the Hercules vein as we have no maps showing any other veins. He agreed to this and I told him that we would endeavor to get it through the Legal Division as soon as possible.

J. W. Alt

Copy to: Docket
Base Metals
Chron.

File Copy
Surname
J. M. all.

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

November 5, 1954

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Chief, Base Metals Division

Subject: To Change Item 6 of Amendment No. 2, Contract No. Idm-2484, Docket No. DMEA-2719, Day Mines, Inc., Shoshone County, Idaho

We are returning to you the original and 5 copies, also the extra copy to the cited contract. It will be necessary to change Item 6 of Amendment No. 2. Item 6 should read:

6. Appendix I of the contract is revised to read as follows:

"The property consists of the following patented lode mining claims:

Name	U. S. Survey No.
Protection	1654
Selkirk	2069
Mercury	1782
Tacoma	2101
Rambler	1904
Montana	2101
Granite Contact	1654
Mars	2101
Irene	2101

All in the Summit and Leland Mining Districts, Shoshone County, Idaho, except that all production from the Hercules Vein above the 1000 level east of the Mercury fault; all production from the Hercules Vein above the 1300 level between the Mercury fault and the 427 raise; and all production from the Hercules Vein above the 1000 level west of the 427 raise and east of the present face of the 1000 level is excluded from the Government's percentage royalty. Provided, however, that regardless of any exclusion listed above, any minerals which are passed through or transported through any shaft, drift, crosscut or raise or other workings to the cost of which the Government has contributed under this contract or any amendment thereto shall be subject to a percentage royalty.

The Government's right to percentage royalty is not limited by any markings on maps attached to the contract.

For location of claims refer to map attached to this amendment, entitled: "Hercules Mines Shoshone County, Idaho, Composite map showing Western Mine."

Will you please make this change in Amendment No. 2.

We refer you to the letter from A. E. Weissenborn dated November 1, 1954.

W. R. Griswold

WRG/er
Copy to: Docket
Base Metals
Chron.

500

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

November 1, 1954

Memorandum for the Files

From: Chief, Base Metals Division

Subject: Docket No. DMEA-2719, Day Mines, Inc., Hercules Mine, Contract No. Idm-E484

On October 29, I discussed with Mr. Weissenborn Amendment No. 2 which just had been sent to the field. Mr. Weissenborn was concerned that the land exempted from royalty had been described in an incorrect manner. I advised him, as had also Mr. Mittendorf the previous day, that the matter was somewhat involved to be covered over the phone, and that he should at once write us an air mail letter covering the situation.

W. R. Griswold

WRGriswold/bjl

Copy to: Docket
~~Base~~ Metals
Chron.

File Copy
Surname

J.W. Alt
Talbot
Selfridge
H. Johnson

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

OCT 21 1954

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

Re: Docket No. DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-R484

Dear Mr. Weissenborn:

We are enclosing the original and five copies of Amendment No. 2 (3 pages) with Annex I and one map, to the cited contract, which have been signed by this office for the Government.

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

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JHB)
JWAlt/er 10/18/54

Enclosure 1

APPROVED:

J. H. Hedges
Member, Bureau of Mines (JHB)

Thor H. Kiilsgaard
Member, Geological Survey (JHB)

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

DAY MINES, INC.

WALLACE, IDAHO

DUPLICATE

DMEA

2719

September 23, 1954

Mr. Kuno Doerr, Jr., Manager
Asarco Smelter
East Helena, Montana

Dear Kuno:

The last car load of Hercules lead concentrate consigned to your plant was another mixed lot. It is designated as HL-5 Northern Pacific 50706. By mixed I mean that part of the content came from our DMEA project and part from a routine mine operation excluded from the provisions of the DMEA contract.

When final return is received this office will just simply calculate the portion on which royalty is payable to the DMEA and make payment to that agency in Spokane direct.

It would appear that from this time forward every car of lead concentrate is going to be of the mixed nature. It occurs to me with Mr. Weissenborn's approval, and I am sending him a copy of this letter, that in order to save letter writing you can assume that each consignment is mixed in nature and remit the entire proceeds to us. Then we will calculate the portion on which royalty is payable to the DMEA.

Yours very truly,

HLD:mbr
cc A. E. Weissenborn

RECEIVED
SEP 24 1954
SPOKANE, WASH.

File Copy
Surname
J.W. Alt

500

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

September 13, 1954

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Amendment No. 2, Docket No. DMFA-2719, Contract No. Idm-F484, Day Mines, Inc., Shoshone County, Idaho (Lead-Zinc)

Will you please prepare Amendment No. 2 to the cited contract. A draft of this amendment is attached.

W. R. Griswold

W. R. Griswold

Attachment

JWAlt/bjl

Copy to: Docket
~~Admx~~
Base Metals
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

August 20, 1954

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

Re: Docket No. DMEA-2719 (lead-zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Selfridge:

Enclosed are four copies of an evaluation by J. J. Quinlan, Geological Survey, of the request by Day Mines, Inc., for additional work under the cited contract, and four copies of a cost analysis of same by E. G. Erickson, Bureau of Mines. It will be noticed that Quinlan and Erickson discuss different amounts of raising, but the net amount of raising is the same. Erickson figured that all the present funds in the contract would be used for raising, and Quinlan figured what is over and above the amount of raising specified in the contract after certain reductions that have been made, as he points out in his evaluation.

The Field Team concurs with the recommendations in Mr. Quinlan's evaluation and with the costs arrived at by Mr. Erickson.

By Field Team, Region II

A. E. Weissenborn

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

Wing G. Agnew

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

Enclosures
cc: USBM (2)
Quinlan

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0378

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

August 19, 1954

Memorandum

To: DMEA Field Team, Region II

From: J. J. Quinlan, Geologist, U. S. Geological Survey

Subject: Docket No. DMEA-2719 (lead-zinc), Day Mines, Inc., Hercules Mine, Shoshone County, Idaho, Contract No. Idm-E484, Evaluation of request for additional work under contract.

INTRODUCTION

Day Mines, Inc., Wallace, Idaho, in a letter dated July 6, 1954, and signed by Henry L. Day, requests that Contract No. Idm-E484 be amended to provide for the following additional work:

1.	144 feet of raising @ $70.00/foot	$10,080.00
2.	760 feet of drifting @ $48.00/foot	36,480.00
3.	2,000 feet of diamond drilling @ $3.50/ft.	7,000.00
	Total	$53,560.00

This proposed additional work is shown on plate 1, accompanying this memorandum.

In his letter requesting this amendment, Mr. Day reports that there remain in the contract the following unused funds which are not needed for presently scheduled work:

Unused shaft sinking funds	$3,398.48
Unused diamond drilling funds	273.00
Unused drift timbering funds	3,170.00
Total	$6,841.48

The $3,398.48 which Mr. Day listed as remaining from unused shaft sinking funds have been actually used. These funds were used to offset the cost of a sump on the 1600 level when the costs for

shaft sinking, 1600-level station, pocket, and sump were redistributed. Details of the redistribution of the costs for these phases of project work are discussed in Mr. E. G. Erickson's interim report of October 27, 1953, with reference to the captioned contract. After redistribution of the costs and payment to the operator for shaft sinking, 1600-level station, pocket, and sump there remains in the contract $1.52 of unexpended funds for these phases of contract work. Mr. Day's figures regarding unused diamond drilling and drift timbering funds are correct. Therefore, the total of unexpended contract funds not needed for presently scheduled work amounts to $3,444.52. These funds could be made available to pay a part of the cost of additional work.

At the request of this office Mr. Garth M. Crosby, senior geologist for Day Mines, Inc., has prepared a statement of geologic justification for the proposed additional work. Also, at our request, the company has submitted detailed geologic and assay plans of the 1000 and 1300 levels, below which the proposed work will be done. Copies of Mr. Crosby's report and maps submitted by the company have been sent to Washington.

BRIEF RESUME OF RESULTS OF PROJECT WORK TO DATE

Work to date on the Hercules project has shown the Hercules vein on the 1600 level west of the Mercury fault to be strong and persistent. Although it had been hoped that a large portion of the vein in this area would be of commercial interest, work to date has discovered only two small ore shoots.

The first indicated ore shoot is immediately east of the crosscut to that segment of the Hercules vein lying between the Mercury and Hercules faults (see plate 2). The indicated length of this shoot on the level is about 110 feet. A raise is now being driven from the 1600 to the 1300 level within this ore shoot, and it will hole into an ore section of the vein on the 1300 level (see assay plan of 1300 level which the company has submitted and plate 2 accompanying this memorandum). As of August 3, 1954, the raise had been advanced 106 feet above the 1600 level sill (see plate 3).

The company has taken 30 cut samples of the vein within this indicated ore shoot. (See plates 2 and 3.) The 30 samples indicate an average width of vein of 4.1 feet and an average grade of 2.20 ounces silver per ton, 5.8 percent lead, and 0.9 percent zinc.

Within the indicated ore shoot the principal ore minerals are galena and sphalerite. These minerals generally occur as high-grade lenses and stringers within the vein. The distribution of these ore lenses and stringers is somewhat erratic, giving rise to wide differences in grade of individual samples taken within the ore shoot. This condition is much more pronounced on the level than in the raise, as can be seen by the assays shown on plates 2 and 3. The

average grades of the samples from the level and from the raise, however, differ by only 0.2 ounce silver per ton, 0.1 percent lead, and 0.2 percent zinc.

Company experience has demonstrated that it is not possible to rely completely on sample data obtained in areas where one sample assays very high and the one next to it is nearly blank, as is the case with samples taken in the 1600-level drift within the first indicated ore shoot. In such areas it is necessary to mine a portion of the indicated ore block before it can be determined definitely if the block is commercial. Some encouragement that the block is commercial, however, is offered by the fact that raise samples have been more consistent than the drift samples and do not show a significant number of blanks.

The second indicated ore shoot on the 1600 level is in the vicinity of the sharp bend in the vein near the present face of the 1600-level west drift (see plate 2). The strike length of this indicated ore shoot appears to be about 90 feet, but for about 60 feet of this length the ore-bearing portion of the vein is in the north wall of the drift. Information on the vein in the wall of the drift has been obtained by test hole drilling. Present information on this body is considered insufficient, however, to attempt to assign a width and grade to the indicated ore shoot. Available sample data on it are shown on plate 2 accompanying this memorandum.

PROPOSED RAISING (144 FEET)

The proposed additional 144 feet of raising will allow the company to complete the raise now being driven in the first indicated ore shoot from the 1600 level to the 1300 level. The raise is now being advanced with DMEA funds as a part of contract work, but existing contract funds are insufficient to complete it. It will be recalled that when drifting allowed in the original contract was completed, it was considered advantageous to convert a part of the funds originally intended for raising to additional drifting in order to accomplish contract objectives more efficiently.

The original contract provided for 320 feet of raise between the 1600 and 1300 levels at a unit cost of $70.00 per foot. $9,024.00 of the funds originally intended for this raising were used for 188 feet of drifting, thus reducing the amount of raising in the contract by 129 feet. Present information indicates that the distance along the dip of the vein between the 1600- and 1300-level sills is 335 feet; therefore, the company has requested an additional 15 feet of raising over that provided for in the original contract, bringing the total request for additional raising to 144 feet.

The primary purpose of raising under the contract is to test the vertical continuity of ore found on the 1600 level. The present raise will test this continuity in the first indicated

ore shoot and is so located that it will hole into an ore section on the 1300 level. Considering the erratic nature of the distribution of ore minerals in the vein within the first indicated ore shoot on the 1600 level, it is believed that the raise is a valuable part of the contract.

If exploration is to be continued to the west on the 1600 level, it will be necessary to improve ventilation on the level. Completion of the raise will provide this needed ventilation.

PROPOSED DRIFTING

Drift west (650 feet) to monzonite contact

It is proposed to extend the 1600-level drift to the monzonite contact. This will bring the 1600-level drift beneath the highly contorted and relatively narrow vein exposed near the monzonite contact on the 1000 level. This vein is described in detail by Mr. Garth M. Crosby in his statement regarding justification of the proposed additional work. It is also shown on the 20-scale geologic and assay maps of the western area of the 1000 level.

Although the vein exposed on the 1000 level near the monzonite contact is relatively narrow, it contains ore of better than average grade. Company sample records of the vein in this area show that over a strike length of 200 feet the vein averages 2.2 feet in width and has an average grade of 3.6 ounces silver per ton, 9.5 percent lead, and 5.8 percent zinc. A 105-foot raise driven from the 1000 level on the vein in this same area shows the vein exposed in the raise to average 2.0 feet in width and to have an average grade of 3.1 ounces silver per ton, 7.7 percent lead, and 5.3 percent zinc.

It has not been definitely determined whether the vein exposed near the monzonite contact is the main Hercules vein structure, but it is certainly a member of the Hercules vein system (see detailed geologic maps of the 1000 level).

Extension of the 1600-level drift west to the monzonite contact is within the intent of the original contract. The operator's original application, however, did not provide for enough drifting to reach this contact. The field appraisal memorandum with reference to the original Hercules application, dated December 9, 1952, by S. W. Hobbs, Geological Survey, and H. T. Reno, Bureau of Mines, points out that the primary target of exploration is the extension to depth of the Hercules vein in the zone of metamorphosed sediments located between the Mercury fault and the monzonite contact. Under the geology section of the field appraisal memorandum, Hobbs points out the geologic similarity between the general environment of the proposed exploration area in the vicinity of the monzonite contact and

why didn't they sink on hole from 1300 level?

several important past producing properties on or near the monzonite contact, notably the Success, but also the Rex, Interstate, and several other properties. OK

Exploration of the Hercules vein system near the monzonite contact on the 1600 level appears warranted when the following factors are considered:

1. The occurrence of ore on the 1000 level west of the present 1600 level face.

2. Geologic similarity between the general environment of the contact area and several other important past producing properties.

3. Past production from the Hercules vein, mainly outside the contact area, has amounted to over 2,600,000 tons of ore averaging 7.5 ounces silver per ton, 9.4 percent lead, and 2.0 percent zinc (estimated). These figures do not include substantial production from 1902 to 1912, for which there is no record.

Also of interest is the noted improvement of the grade of the ore along the Hercules vein in the vicinity of the Hercules fault on the 800, 1000, 1100, and 1300 levels. Extension of the 1600-level west drift to the monzonite contact will also test the vein at its intersection with the Hercules fault.

Drift east (110 feet) to Mercury Fault

The present face of the 1600-level east drift on that segment of the vein lying between the Mercury and Hercules faults is approximately 110 feet west of the Mercury fault. The vein exposed in this face is strong and well defined but contains only minor amounts of ore minerals (see plate 2). On the 1300 level (see geologic and assay plans of 1300 level submitted by the company) the vein is also strong and well defined 110 feet west of the Mercury fault; as the vein approaches the fault on this level, however, it becomes weaker and splits into several small stringers. Moreover, there is little room on the 1600 level between the present east drift face and the Mercury fault for an ore body of significant size. Considering these factors, it is believed that extension of the drift to the Mercury fault will add little to contract accomplishment and, therefore, it is not recommended as part of the contract work.

PROPOSED DIAMOND DRILLING

The proposed 2,000 feet of diamond drilling is primarily designed to test the walls of the 1600 level for other possible ore-bearing structures. This drilling is shown diagrammatically on the map accompanying the company's request for additional funds and also

on plate 1 accompanying this memorandum. The location and length of individual holes will to some extent be determined by what is found as drilling progresses. It will be noted that one of the proposed diamond drill holes is to be drilled from the face of the applicant's proposed east drift extension to the Mercury fault (see plate 1). If the company extends this drift on their own account, it would be well to drill this hole from this face. The same area, however, could be tested by a longer drill hole collared immediately east of the Mercury fault where exposed in the crosscut to that segment of the Hercules vein lying between the Mercury and Hercules faults. The length of this longer drill hole would be about 675 feet. As the length of individual drill holes will be to some extent determined by what is found as drilling progresses and the 2,000 feet additional drilling is only an estimate, it is not deemed necessary to allow additional diamond drilling footage in the contract to compensate for this longer drill hole if needed.

One hole is to be drilled from the face of the drift to the indicated monzonite contact. The purpose of this hole is to make certain that the main body of the monzonite has been cut and not just an apophysis from the main mass. The length of this proposed hole as shown on plate 1 is 500 feet; however, the hole would be extended to this depth only if the first 100 to 150 feet of drilling indicates that the body of monzonite encountered in the drift is an apophysis of the main mass.

The proposed drilling is considered to be good exploration and a part of the program in which the Government should participate.

CHANGES IN DESCRIPTION OF PROPERTY

The property included in the present contract is all ground lying below the 1000 level east of the Mercury fault and lying below the 1300 level west of the Mercury fault, within the following patented lode mining claim: Protection lode (Sur. No. 1654), Selkirk lode (Sur. No. 2069), Mercury lode (Sur. No. 1782), and Tacoma lode (Sur. No. 2101), all in the Summit and Leland Mining Districts, Shoshone County, Idaho. In addition, provision is made for royalties on any ore lying above the 1300 level west of the Mercury fault which is passed through or transported through any DMEA working.

If the operator's request for additional work is favorably considered by the Government, it will be necessary to include additional claims in the contract and to provide for the definite inclusion of certain land above the 1300 level and west of the Mercury fault in the contract. The relation of the proposed work to the claims involved is shown on plate 1 accompanying this memorandum.

The proposed additional work involves the following patented lode mining claims which are not now a part of the contract: Rambler (Sur. No. 1904), Montana (Sur. No. 2101), Granite Contact (Sur. No. 1654), Mars (Sur. No. 2101), and Irene (Sur. No. 2101).

It is evident that the proposed additional work will directly benefit the area lying between the 1000 and 1300 levels west of the present face of the 1300-level west drift (corr. 123,067 N., 124,847 E.). (See plate 1 accompanying this memorandum and map accompanying Mr. Day's letter of July 6, 1954, requesting additional contract work.) As this ground lies west of the Mercury faults and it is the intent of the present contract to include specifically in the contract only that land below the 1300 level west of the Mercury fault, some provision should be made to return the boundary of the contract area to the 1000 level west of the present face of the 1300-level drift. For ease in delimiting this area, it is suggested that all ground lying below the 1000 level and west of the 427 raise between the 1300 and 1000 levels (see plate 1) also be included in the contract.

It is also suggested that some provision be made in the contract to protect the Government interest above the 1000 and 1300 levels of the mine in any structures found or benefited by the proposed diamond drilling; the remote possibility exists that the proposed drilling could find an ore body some distance in the walls of the Hercules vein which would extend above these levels or it could suggest that work on the upper level past the monzonite contact indicated on the 1000 level would be warranted.

CONCLUSION

Work to date on the Hercules project has not been as successful as had been hoped. It has been successful, however, in indicating two small ore shoots and has proven that the vein contains ore in the western mine area at a depth 300 feet below any previously known ore.

The operator's request for additional work, with the exception of the proposed 110 feet of east drift on the Hercules vein to the Mercury fault, is considered reasonable and will allow the project to be brought to a logical conclusion; therefore it is recommended that the contract be amended to provide for the following work:

1. 144 feet of raising in order to complete raise now being driven from 1600 to 1300 level.

2. 650 feet of drifting in order to follow Hercules vein to monzonite contact on the 1600 level.

3. 2,000 feet of diamond drilling in order to test walls of the DMEA workings for other possible ore-bearing structures and to make certain that the main body of monzonite has been cut.

Encls.
Distribution:
DMEA(4)
USBM(2)
Docket
Quinlan

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

May 24, 1954

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

Re: Docket No. DMEA-2719 (lead-zinc)
Day Mines, Inc.
Hercules Mine
Shoshone County, Idaho
Contract No. Idm-E484

Dear Mr. Selfridge:

Enclosed are the original and two signed copies of Amendment No. 1 to the above-referenced contract, with attached justification.

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

Sincerely yours,

A. E. Weissenborn

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

Enclosure

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D.C.
No. 157 Howard Street
Spokane 1, Washington

May 4, 1954

Mr. Henry A. Ray
Ray Mines, Inc.
Ray Building
Wallace, Idaho

Re: Docket No. [illegible]-2152 (Small-Size)
Hercules Inc
Shoshone County, Idaho
Contract [illegible]

Dear Mr. Ray:

Enclosed are seven copies of Amendment 1 to the above-captioned contract, signed by Thos. A. Shaw, Acting Exec. Officer, Field Team, Spokane, for the Government. This amendment has been drawn up in accordance with the request in your letter dated April 23, 1954.

If the terms and conditions of this amendment meet with your approval, retain all copies, retain that copy marked for the operator and return the remaining copies to this office.

This amendment allows for the transfer of funds authorized for raising to drifting, the unit costs of this work to be those authorized for drifting and crosscutting in the contract.

Sincerely yours,

Thos. A. Shaw
for A. J. Eisenbown
Executive Officer,
Field Team, Region II

Enclosures

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

DEPARTMENT OF THE INTERIOR
Reference
MAY 25 1953

1201 N. Division St.
Spokane 2, Washington
May 22, 1953

MEMORANDUM

To: Chairman, Operating Committee, DMEA, Washington 25, D. C.

From: DMEA Field Team, Region II

Subject: Docket No. DMEA 2719 (lead-zinc); Contract Idm-E484
Day Mines (Hercules), Shoshone County, Idaho
Fatal accident in Hercules Shaft on May 1, 1953

The attached report by Mr. Edward W. Buel, Bureau of Mines, on his routine inspection of the subject DMEA project on May 12, 1953, gives information on a fatal accident that occurred in the Hercules Shaft on May 1. As stated by Mr. Buel, the Field Team did not learn of this accident prior to his inspection.

The attached letter from Mr. Vernon Pratt, Safety Engineer for the Day Mines, Inc., was received in reply to our inquiry of May 14, 1953, about this accident.

With respect to the hazards which brought about this accident, the Field Team wishes to emphasize that at the time of Mr. Buel's previous inspection on April 7, 1953, rehabilitation of the Hercules shaft as required under the DMEA contract had just been completed and sinking operations had not yet been started. The inspecting engineer, therefore, had no opportunity to observe and report the existence of hazards that may have prevailed during the initial sinking operations.

Working funds made available to the Bureau of Mines for sharing in the DMEA program in Region II do not permit enough mining engineer personnel to make contract inspections oftener than once a month, or in some cases once every two months. The subject contract is considered important enough to require inspections at monthly intervals.

By Field Team, Region II

M E Volin

M. E. Volin, Acting Exec. Officer
U. S. Bureau of Mines

Thor Kiilsgaard

Thor Kiilsgaard, Acting Member
U. S. Geological Survey

Enclosures

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0378

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

1201 N. Division St.
Spokane 2, Washington
May 22, 1953

MEMORANDUM

To: DMEA Field Team, Region II

From: E. W. Buel, Mining Engineer, Bureau of Mines

Subject: Routine inspection, Day Mines, Inc. (Hercules Mine), Shoshone County, Idaho, Contract Idm-E484, Docket No. DMEA 2719 (lead-zinc)

A routine inspection was made of the Hercules mine on May 12, 1953, in company with Mr. R. Thompson, mine foreman, who acted in the absence of Mr. J. Ringel, Mining Engineer for the Hercules.

Since the last inspection on April 7, sinking operations had been started in three compartments of the rehabilitated shaft. To the date of inspection, the shaft had been sunk to an average depth of 46 feet below the former bottom.

Timbering in the three compartments totalled seven 5-foot sets, of which four sets were completely lagged. The compartments are approximately 4.6x5.2 feet in the clear.

It was not possible to inspect the bottom of the shaft as the cage could not be lowered to less than 15 feet from the bottom and no ladder or other means to get down was available at the time of the inspection.

Other work completed under the contract consisted of the installation of another dump ramp, on the 1200 level, for slushing out the shaft.

Mr. Thompson stated that the work is being done with contract labor, and that the labor cost averages about $63 per foot. The sinking operations are on a 3-shift basis, 6 days a week. There are 12 men employed full time on the operation with a foreman and engineer part-time.

At the time of the inspection it was learned that a fatal accident, involving a Mr. R. Anno, occurred in the Hercules shaft on May 1, 1953. Prior to the inspection, no notification was sent by the Operator to either the Examining Team nor the DMEA Field Team. An attempt was made to obtain information relating to the accident from the Operator's Safety Engineer, Mr. V. Pratt, but he could not be reached at the time. A subsequent letter was sent to him May 14, 1953, requesting a detailed report of the fatal accident and its causes. The attached reply from Mr. V. Pratt briefly explains the nature and causes of the accident.

Prior inspections of rehabilitation operations in the Hercules shaft did not disclose any hazards or unsatisfactory working methods. The efficiency and workmanship appeared to be of the highest standard. The Examining Team did not have occasion to inspect the contract work more often than at approximately monthly intervals and therefore did not have a chance to observe the initial sinking operations following rehabilitation of the shaft, but it was assumed that the same standards would be observed in the sinking work as in the previous operations.

E. W. Buel

Orig. & 3 cys - Wash.
USGS (2)
DMEA
R/O
MacGuire
M/D
EWB/he

DAY MINES, INC.

WALLACE, IDAHO

May 15, 1953

RECEIVED
BUREAU OF MIN.
MAY 18 1953
SPOKANE WASH

Mr. M. E. Volin
Defense Minerals Exploration Administration
1201 N. Division St.
Spokane 2, Washington

Dear Mr. Volin:

I hope that the following information will assist you in making a report on the fatal accident of Mr. Robert Anno in the Hercules Shaft.

The accident occurred at about 12:30 P.M. on May 1, 1953. There were no eye witnesses to the accident, but I talked to the other members of the shaft crew and inspected the scene of the accident about two hours after it occurred.

I believe the circumstances of the accident were as follows:

A three compartment shaft is being sunk. The east and middle compartments are used for hoisting. The west compartment is used for hoses. The hose setup is as follows. A two inch by 50 foot wire reinforced hose is used between the air line and a manifold supported by a cable from a small hoist located on the first level above the bottom.

Several one inch air hoses and water hoses are attached to this manifold and the entire assemblage raised or lowered to give a convenient amount of hose on the bottom for drilling.

Immediately preceeding the accident Mr. Anno had used the deck in the middle compartment to turn on the air and water and supervise the lowering of the hoses. On completion of this work he decided to go to the level above, the 1200 level. Judging by marks on the shaft dividers and measurements that were taken, the two inch air hose had looped out into the shaft and became fouled on a bolt holding a guide shoe. As the cage was hoisted the hose was tightened causing the air valve and fittings to tear loose from the air line. This acted as a powerful slingshot. Mr. Anno's head was at just the right place to receive a blow from the valve. He fell to the deck and was rolled between the deck and wall plates, falling to the bottom of the shaft.

Sincerely yours,

Vernon Pratt

Vernon Pratt
Safety Engineer

VP:jab

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

1201 N. Division St.
Spokane 2, Washington
May 14, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
MAY 18 1953

Mr. Vern Pratt
Safety Engineer
Day Mines, Inc.
Wallace, Idaho

Subject: Accident report
Hercules Mine
Contract Idm-E484
Docket No. DMEA 2719 (lead-zinc)

Dear Mr. Pratt:

Mr. Buel, DMEA representative who inspects work progress under the subject contract, reports that a fatal accident involving Mr. Robert Anno occurred in the Hercules shaft in the past few days. As the work in this shaft is under the DMEA contract, it will be necessary for the Field Team to submit a statement to the U. S. Bureau of Mines describing the accident.

Kindly send to this office a detailed report of the fatal accident and its causes.

Sincerely yours,

M. E. Volin, Member
DMEA Field Team
Region II

cc: Director, USBM, Wash.
L. H. McGuire, Seattle, Wash.
R/O
DMEA, Wash. (2)
USGS (2)

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

April 21, 1953

Day Mines, Inc.
Day Building
Wallace, Idaho

APR 27 1953

Subject: Waiver of invoice documentation requirements - Contract Idm-E484 Docket No. DMEA 2719 (lead-zinc)

Gentlemen:

The Contract Administration and Audit Division, DMEA, has determined on authority from the General Accounting Office that the requirement for documentary support of monthly invoices, except for purchases of equipment, may be waived at the discretion of the Field Team Executive Officer.

In lieu of this documentation an auditor of the Contract Administration and Audit Division will periodically examine the accounts maintained by the Operator under his contract, render an audit report, and issue an audit certificate which becomes part of the fiscal file.

This will inform you that invoicing requirements for work within the terms of your exploration project contract will be waived, effective as of the date of the contract.

Sincerely yours,

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

cc: Contract Admin. & Audit Div. (2)
Certifying Officer
Robt. Hull, Auditor
USGS
DMEA

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

February 17, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 24 1953

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

Re: Docket DMEA-2719 (Lead-Zinc)
Day Mines, Inc.
Shoshone County, Idaho

Dear Mr. Selfridge:

Attached are the original and two signed copies of the subject contract. The Operator has retained a copy of the contract for his files, we are retaining a copy for the Field Team files, and by a carbon copy of this letter we are distributing the Finance Officer's copy.

Sincerely yours,

Thor H. Kiilsgaard

Thor H. Kiilsgaard
Acting Member
DMEA Field Team, Region II

Enclosure

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

cc
2-24

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

February 17, 1953

Memorandum

To: The Administrator

From: Chief Counsel

Subject: Day Mines, Inc., Docket No. DMEA-2719, Idm-E484

The Base Metals Division, in a memorandum to me dated February 13, 1953, has asked my advice relative to removing the stars from the individual items under Item (4) "Operating Equipment," of Schedule "A" of the subject contract signed February 5, 1953.

Inasmuch as the total sum to be spent for operating equipment remains the same, I have no legal objection to the removal of these stars on the individual items ~~provided you approve of this procedure~~.

J. L. Hoffmund
Chief Counsel

Attachments

2/19/53. Mr. Griswold said to file and no reply to the copy of Mr. Lawson's letter or to the telephone conversation with Mr. Keeley.
J.W.C.

FILE COPY
500
SURNAME:

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

Jim Alt
Keating
Chandler
Selfridge

FEB 5 1953

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

M S. ... R. R.

Re: Docket No. DMEA 2719 (Lead-Zinc)
Day Mines, Inc.
Shoshone County, Idaho

Dear Mr. Weissenborn:

We are enclosing the original and five copies of the above contract, signed in this office for the Government, together with Exhibit "A" (3 pages), two maps and Appendix I.

If the contract meets with your approval, kindly present it to the applicant for approval and signature, and when completed distribute in the usual manner. In event the contract is not satisfactory, return all copies with your recommendation concerning any modification.

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

Sincerely yours,

George C. Selfridge

(JHB)

Chairman, Operating Committee

J.H. 2-5-53

Enclosures-6

APPROVED:

J. H. Hedges (JHB)

Member, Bureau of Mines

A. R. Kinkel, Jr. (JHB)

Member, Geological Survey

JWAlt/hmj
1-27-53
CC to: Adm. Reading File
Docket File Copy
Operating Committee
Base Metals Division
Mr. Alt
Mr. Kinkel
Mr. Bishop

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0378

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
DEC 23 1952

December 19, 1952

Mr. Frank E. Johnson, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket DMEA-2719 (Lead-Zinc)
Day Mines, Inc., Hercules project
Shoshone County, Idaho

Dear Mr. Johnson:

Enclosed are the following:

1. Four copies of a report by S. W. Hobbs, Geologist, U. S. Geological Survey, and H. T. Reno, Mining Engineer, U. S. Bureau of Mines, dated December 9, 1952.

2. Two copies of proposed contract.

3. Four copies of Cost Estimate.

4. Six copies of a map which is to be attached to the contract if it is approved.

The Field Team concurs with the findings of the examiners and recommends the project very highly.

By DMEA Field Team, Region II

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

M. E. Volin
M. E. Volin, Member
(U. S. Bureau of Mines)

Reviewed by
DMEA OPERATING COMMITTEE
12-31-52
(date)

Enclosures as indicated
cc: USBM (2)
Hobbs

ON-SITE REPORTS

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
DEC 23 1952

December 9, 1952

Memorandum

To: DMEA Field Team, Region II

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

Subject: Field appraisal of Hercules project, Docket No. DMEA-2719 (lead-zinc), Day Mines, Inc., Wallace, Idaho

RECOMMENDATION

It is recommended that the DMEA enter into an exploration contract with the applicant in the amount of $243,740.

INTRODUCTION, SUMMARY AND CONCLUSIONS

The Hercules property was visited on October 15, 1952, by H. T. Reno of the Bureau of Mines, S. W. Hobbs of the Geological Survey and F. M. Galbraith, Chief geologist for the Day Mines Company. An inspection was made of the surface plant and the underground facilities and the work that has been done in the general area of the proposed exploration. Reno discussed the estimated costs of the project with Superintendent of Mines, Mr. Rollin Farmin, on October 17 and November 6, 1952. As stated in the application, the main objective of the exploration is explore the downward extension of the Hercules structure in the area west of the Mercury fault--the place where the structure appears strongest and best mineralized. A secondary objective is to explore the Hercules structure between the main shaft and the main objective in connection with the driving of a connecting drift. This secondary objective to be obtained by the most feasible combination of drifting and drilling--the details to be subject to change as the work progresses. The maps accompanying the application, on a scale of 500' to an inch, show the position, extent of the work to be done and its relation to the main part of the mine.

On the basis of the known geologic factors, principally those discovered by work done since 1947 by the Day Mines Company, and a revision of the idea that ore shoots bottoming in iron sulfides

Reviewed by
DMEA OPERATING COMMITTEE
12-31-52
(date)

represent the bottom of any commercial mineralization we feel justified in recommending the project as legitimate exploration that has a good chance of discovering new shoots of commercial ore.

GENERAL INFORMATION

All of the information on location, accessibility and general description of the property is covered quite adequately in the application. The property rights as to ownership are clearly defined and there is no question but that the area to be explored is far within the boundaries of ownership.

The limits of the area in which exploration is to be done and from which repayment should be made in case of a discovery should rightfully include that ground lying below the 1000-level east of the Mercury Fault and below the 1300-level west of the Mercury Fault within the following patented lode mining claims:

Protection lode	U. S. Survey No. 1654
Selkirk lode	U. S. Survey No. 2069
Mercury lode	U. S. Survey No. 1782
Tacoma lode	U. S. Survey No. 2101

all in the Summit and Lelande Mining Districts, Shoshone County, Idaho.

COMPETENCE OF THE APPLICANT

The operation of the National Project DMEA Contract No. Idm-E31 leaves no doubt that the applicant is competent.

GEOLOGY

The Hercules mine produced a very large amount of lead-zinc-silver ore in the period between 1902 and 1925. All of this ore came from stopes on the Hercules vein that are shown on the longitudinal section accompanying the application. In general pattern, the stoped area outlines a vertical, somewhat irregular ore shoot that played out at about the 1,000 foot level into iron sulfide minerals with little or no lead and zinc. Diamond drill holes were put down from the 1200 level in the vicinity of the shaft to test for a possible downward extension of the main ore shoot. The drill holes proved that the Hercules structure continues at least to a depth of 650 feet below the 1200 foot level. Although the vein at that depth contained only iron sulfide minerals, it was strong and persistent.

The Hercules vein is intersected to the west by a persistent cross fault called the Hercules fault. Mining and exploration work to the west of the Hercules fault on the upper levels of the mine has proved that shoots of lead-zinc ore occur on the offset portion of the Hercules structure. Work on the lower levels of the mine since 1947 has explored the Hercules vein structure west of the Hercules fault and another fault called the Mercury. This work has explored the

vein toward the monzonite contact on the 1000 and 1300 foot levels. The Mercury fault is a steeply dipping structure in the footwall of the Hercules fault along which the major part of the movement appears to have taken place. Two small ore shoots were found above the 1000 level and encouraging amounts of lead and zinc sulfides have been encountered elsewhere in the Hercules vein in this general vicinity. The primary target of the exploration is the extension to depth of the Hercules vein in this zone of metamorphosed sediments located between the Mercury fault and the monzonite contact. The setting of the area together with the discoveries already made lend encouragement to the project as one wherein a discovery may reasonably be expected. The principal geologic factors in favor of the exploration are as follows:

(1) The Hercules vein is a strong very persistent structure along which exceptionally rich ore shoots have been mined within 1500 feet of the project area. The continuity of the vein structure above the target has been proven and very significant lead-zinc mineralization occurs along the vein on the 1000 and 1300 foot levels. (2) The general environment of the exploration area (combination of the proximity of the portion of the vein to be explored to the monzonite and the mineralogy of the vein and country rock) is very similar to the combination of features at several very important past producing properties on or near the monzonite contact--notably the Success mine, but also the Rex, Interstate, Sunset and several other minor ones. The Success mine is located in a deep embayment of upper Prichard rocks on the west side of the stock. At one time the ore at this deposit was considered to have originated from contact metamorphic action of the igneous rock on the sediments. Subsequent study has revised this idea. The deposit is now considered to be hydrothermal controlled at least in part by shearing along and within the border of the monzonite. A part of the silicate gangue was derived from the original contact action, but some is definitely associated with the ore minerals which were apparently deposited at temperatures considerably above the temperature of formation of the bulk of Coeur d' Alene district deposits. In short, the environment of the project area is distinctly favorable. (3) The theory that lead-zinc mineralization gives way at depth to high-iron (pyrrhotite) minerals that represent the bottom of possible commercial ore has been fairly well disproved in several widely scattered areas in the Coeur d' Alene district. Because of this, the fact that the old Hercules ore shoots bottomed in pyrrhotite should have little if any consideration in determining the possibilities of finding ore at greater depth. No geologic evidence has been found that suggests a bottoming of conditions under which ore shoots might have been formed any place in the district.

Two examples of ore being discovered well below a pyrrhotite "plug" in an ore-bearing structure are in the Highland Surprise mine and the Tamarack mine, the former in Pine Creek, the latter in general area of the Hercules mine but on the west side of the monzonite stock.

EVALUATION OF APPLICANT'S PROPOSAL

The details of the project were omitted when the application was put in final form to submit to DMEA and unfortunately the application as submitted leaves the impression that it is proposed to sink all four compartments of the shaft and continue to use over-size timber.

Following is the applicant's proposal including the proposed size of opening:

(1) Deepen 3 compartments of the existing 4-compartment, 1270-foot-deep Hercules shaft 330 feet to the 1600 level.

(2) Drive an 8 x 8 ft. lateral on the 1600 level westerly to intersect the Hercules vein at about 1000 ft.; then drift 1600 ft. on the vein which will include 300 ft. of crosscut to recapture the vein beyond the Mercury Fault.

(3) 4 diamond drill holes from the lateral to probe the Hercules vein.

(4) Raise (2-compartment; 2-joker chute) 320 ft. in the vein at a point west of the Mercury Fault determined from the drifting.

A shaft of smaller section than the proposed 3-compartment size is not practical considering the depth and the amount of material that must be transported. Furthermore, the existing hoist is designed to hoist in balance and although one drum can be used without the other, such practice would soon ruin the hoist.

The course of the lateral is determined by economics based on the best geologic information available. A diamond drill hole from the 1200-level cut the vein 120 ft. east of the shaft at about the 1600-level. At this point the vein contained mostly pyrite and quartz and no lead and zinc minerals. The proposed diamond drill holes spaced at 200-ft. intervals starting 400 ft. west of the above hole will control the course of the lateral. If lead and zinc minerals are found, the course of the lateral will be immediately changed to intersect the vein. If the holes are barren the proposed course, as the shortest route to the objective, will be continued.

A 2-compartment, 2-joker chute raise as proposed by the applicant requires a larger rock section than a standard 2-compartment raise suitable for raising 320 feet in a vein. Although explosives, steel and bit costs are higher, other material costs and labor costs are about the same for the two sections.

The raise is to be located from the results of the drifting; hence, will be a one-heading operation.

The proposed pocket is a minimum size adequate to serve two shaft compartments and maintain a 20-foot pillar between the shaft and drift.

The proposed tail drift is to be 40 feet long; (sufficient to accommodate a locomotive and 6 cars), a shorter length is hazardous.

The station must be large enough to land 20-foot lengths of rail, pipe, and vent pipe. The back will slope from 3 sets high (15 feet) at the shaft to 8 feet high above the pocket.

Sump size will depend upon the amount of water encountered on the 1600 level. Water from above the 1200 level will be taken care of with existing facilities.

According to the applicant, the proposed estimated costs were worked backward by the accounting department from a final figure obtained by adjusting the actual cost of similar work in the company operating mines to allow for the depth and waste disposal difficulties of the proposed project. Furthermore, the over-all estimated raising cost used by the accounting department was in error in that no costs had been included beyond the raise proper--that is, no provision was made for the cost of servicing, tramming and hoisting. Detailed estimates confirm the presence of errors in the application.

DISCUSSION

Detailed cost estimates of sinking, drifting, and raising based on data obtained from current DMEA projects are attached. Direct comparison with actual costs on DMEA projects is impossible because no project in this region is operating at the proposed depth under similar conditions. The drifting cost, however, can be compared to $51/ft. drifting cost for a heading starting 7000 ft. from the adit portal on Contract Idm-E184, Nabob Silver-Lead Company or to the $42.47 drifting cost for a heading starting 4000 ft. from the adit portal on the applicant's current National project Contract Idm-E31.

The estimated costs of sinking and drifting compare with those proposed by the applicant; the estimated raising cost, however, is $19.06 above the proposed $70 per foot. The applicant has agreed to bear this excess cost rather than decrease the raise section.

The cost of unwatering, rehabilitating and clearing debris at the shaft bottom is hard to estimate. Government participation in this part of the project should be on the basis of actual cost.

The tail drift can be paid for at the same rate as the lateral and drift on the vein.

The pocket, station, and sump can be measured in cubic feet and paid for on that basis. The applicant's estimate converted

to cost per cubic foot is considered fair to the Government.

CONCLUSIONS

The proposed project has a better than average chance of success. It is well planned and the applicant's record of efficient operation leaves no doubt that it will be properly executed. If it is successful it will add appreciably to the metal reserves of the district, and encourage others to prospect below the apparent bottom of lead-zinc ore shoots.

A proposed contract is attached.

S. W. Hobbs

S. W. Hobbs, Geologist

H. T. Reno, Mining Engineer

Dist:
Orig. & 3-DMEA
USBM (2)
USGS (SRO)
Docket
Hobbs

September 30, 1952

Mr. Henry L. Day, President
Day Mines, Inc.
Day Building
Wallace, Idaho

Subject: DMEA-2719
Re: Hercules Mine
Exploration Assistance

My dear Mr. Day:

The receipt of your application dated September 18, 1952 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-2719 and referred to the Base Metals Division.

Kindly refer to DMEA-2719 in any future correspondence relating to your application.

Sincerely yours,

R. E. ADAMS

Robert E. Adams
Chief, Operation's Control
and Statistics Division

25451

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

So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 29 1952

September 25, 1952

Mr. Henry L. Day, President
Day Mines, Inc.
Day Building
Wallace, Idaho

Dear Mr. Day:

This will acknowledge receipt of your application for a DMEA exploration project at the Hercules mine. This is being forwarded to Washington today and a field investigation will be scheduled. Mr. Hobbs of the Geological Survey and Mr. Erickson of the Bureau of Mines will contact you within a few days.

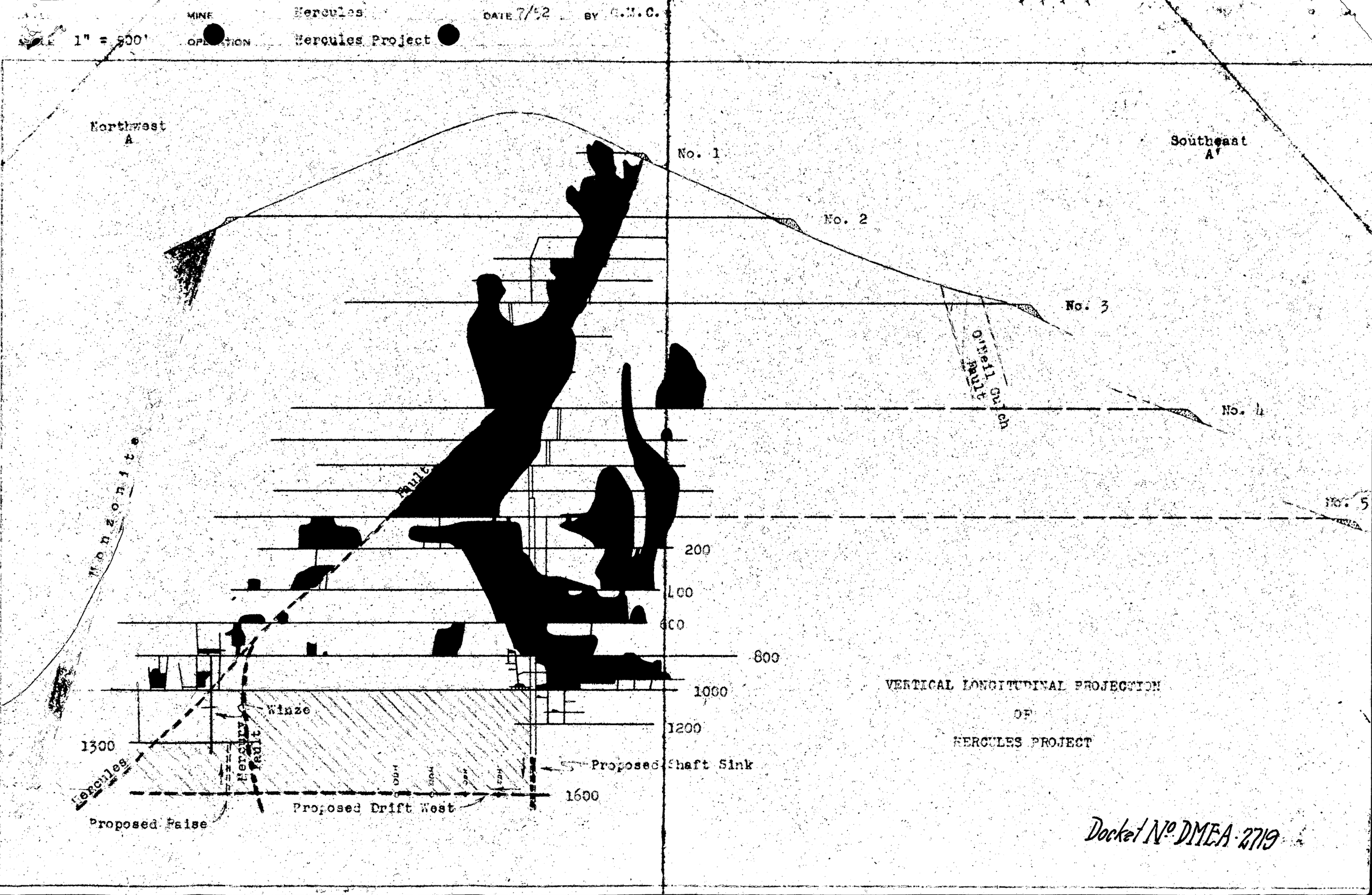
Sincerely yours,

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

cc: USBM(2)
DMEA(2)
S. W. Hobbs

MINE Hercules DATE 7/52 BY C.M.C.

SCALE 1" = 200' OPERATION Hercules Project

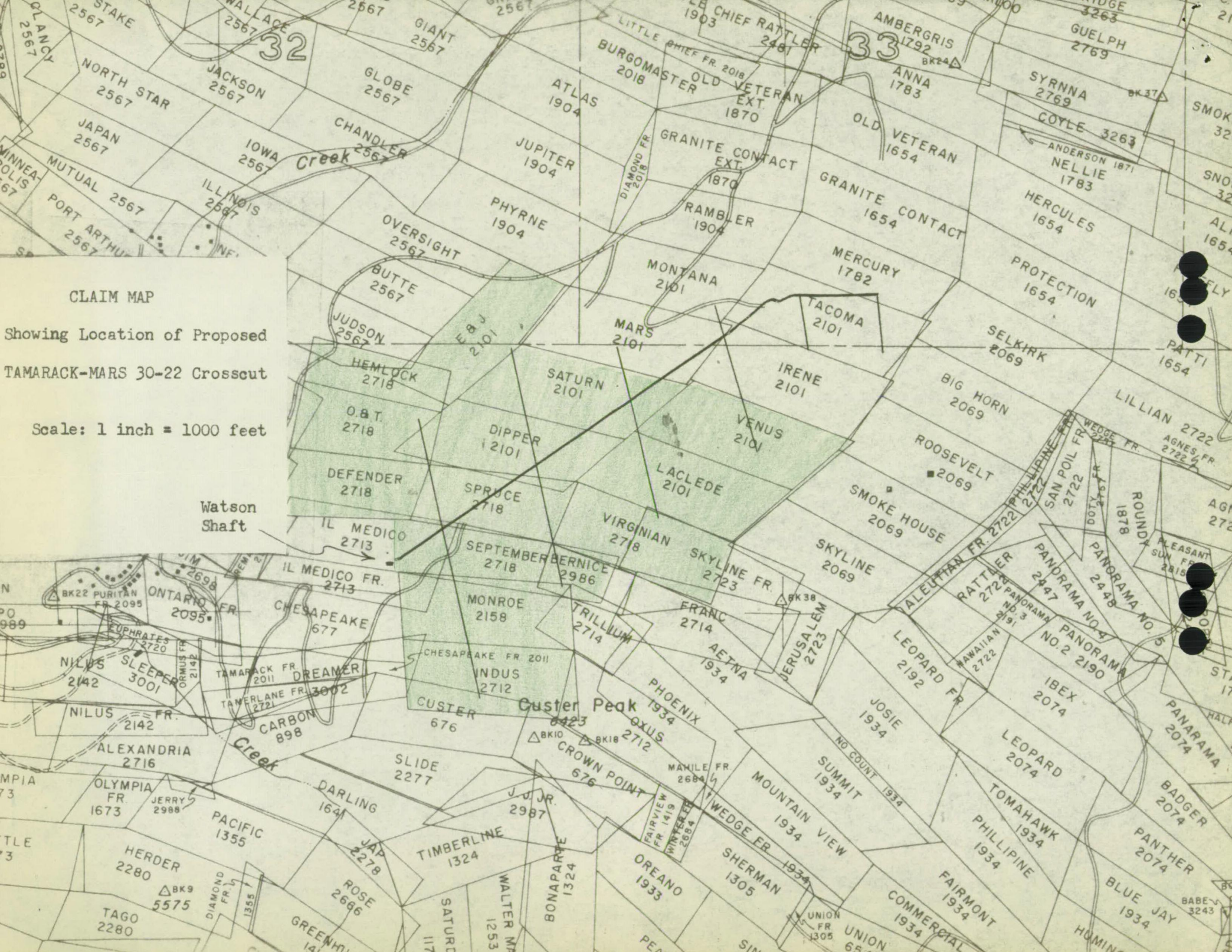


VERTICAL LONGITUDINAL PROJECTION

OF

HERCULES PROJECT

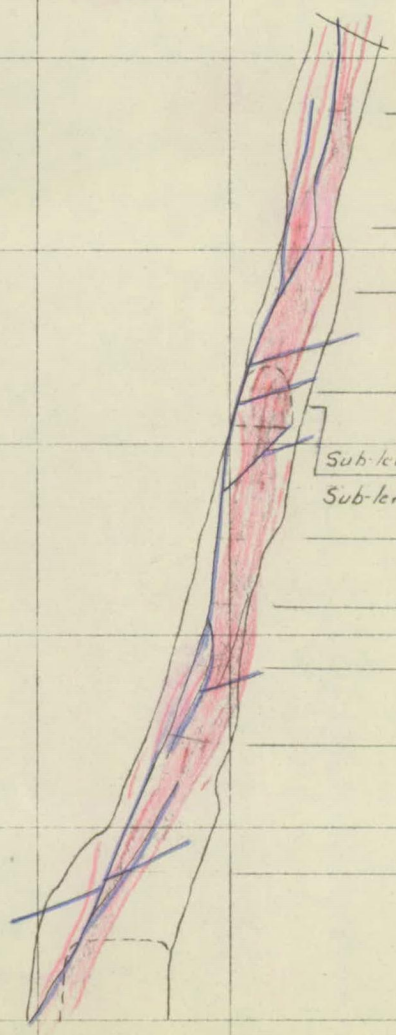
Docket No. DMEA-2719


CLAIM MAP
Showing Location of Proposed
TAMARACK-MARS 30-22 Crosscut
Scale: 1 inch = 1000 feet
Watson Shaft
32
33
Creek
Custer Peak
8423
STAKE 2567
WALLACE 2567
GIANT 2567
LITTLE CHIEF FR. 2018
LE CHIEF RATTLER 1903
AMBERGRIS 1792
GUELPH 2769
NORTH STAR 2567
JACKSON 2567
GLOBE 2567
ATLAS 1904
BURGOMASTER 2018
OLD VETERAN EXT. 1870
ANNA 1783
SYRNNA 2769
COYLE 3263
JAPAN 2567
IOWA 2567
CHANDLER 2567
JUPITER 1904
GRANITE CONTACT EXT. 1870
OLD VETERAN 1654
ANDERSON 1871
NELLIE 1783
MUTUAL 2567
ILLINOIS 2567
PHYRNE 1904
RAMBLER 1904
GRANITE CONTACT 1654
HERCULES 1654
OVERSIGHT 2567
MONTANA 2101
MERCURY 1782
PROTECTION 1654
BUTTE 2567
JUDSON 2567
MARS 2101
TACOMA 2101
SELKIRK 2069
PATTI 1654
HEMLOCK 2718
SATURN 2101
IRENE 2101
BIG HORN 2069
LILLIAN 2722
O.&T. 2718
DIPPER 2101
VENUS 2101
ROOSEVELT 2069
DEFENDER 2718
SPRUCE 2718
LACLEDE 2101
SMOKE HOUSE 2069
IL MEDICO 2713
VIRGINIAN 2718
SKYLINE FR. 2723
SKYLINE 2069
SEPTEMBER 2718
BERNICE 2986
IL MEDICO FR. 2713
ALEUTIAN FR. 2722
PHILLIPINE FR.
SAN POIL FR. 2722
PANORAMA NO. 5 2447
PANORAMA NO. 4 2448
PANORAMA NO. 2 2190
PANORAMA NO. 3 2191
RATTLER 2722
ROUNDY 1878
ONTARIO FR. 2095
CHESAPEAKE 677
MONROE 2158
TRILLIUM 2714
FRANC 2714
AETNA 1934
JERUSALEM 2723
LEOPARD FR.
IBEX 2074
NILUS 2142
SLEEPER 3001
DREAMER 3002
TAMARACK FR. 2011
TAMERLANE FR. 2721
CHESAPEAKE FR. 2011
INDUS 2712
PHOENIX 1934
OXUS 2712
JOSIE 1934
LEOPARD 2074
NILUS FR. 2142
CARBON 898
CUSTER 676
CROWN POINT 676
SUMMIT 1934
ALEXANDRIA 2716
SLIDE 2277
MAHILE FR. 2684
MOUNTAIN VIEW 1934
TOMAHAWK 1934
BADGER 2074
OLYMPIA FR. 1673
DARLING 1641
WEDGE FR. 1934
PHILLIPINE 1934
PACIFIC 1355
TIMBERLINE 1324
SHERMAN 1305
FAIRMONT 1934
PANTHER 2074
HERDER 2280
ROSE 2696
OREANO 1933
COMMERCIAL 1934
BLUE JAY 1934
TAGO 2280
GREENHORN
BONAPARTE 1324
WALTER MAY 1253
UNION 1305
UNION
FAIRVIEW FR. 1419
MINERAL 2684
DIAMOND FR. 2018
DIAMOND FR. 1355
BK22 PURITAN FR. 2095
BK24
BK37
BK38
BK10
BK18
BK9 5575
JERRY 2988
JAP 2278
EUPHRATES 2720
ORMUS FR. 2142
NO COUNT 1934
HAWAIIAN 2722
WEDGE FR. 2722
AGNES FR. 2722
PLEASANT SUN FR. 2815
DOTY 2457 FR.
BABE 3243

DOCKET No. DMEA 2719

HERCULES MINE
Shoshone County, Idaho
Geologic and Assay Section
1600 LEVEL DMEA RAISE
Raise Section looking west

Scale 1" = 20'

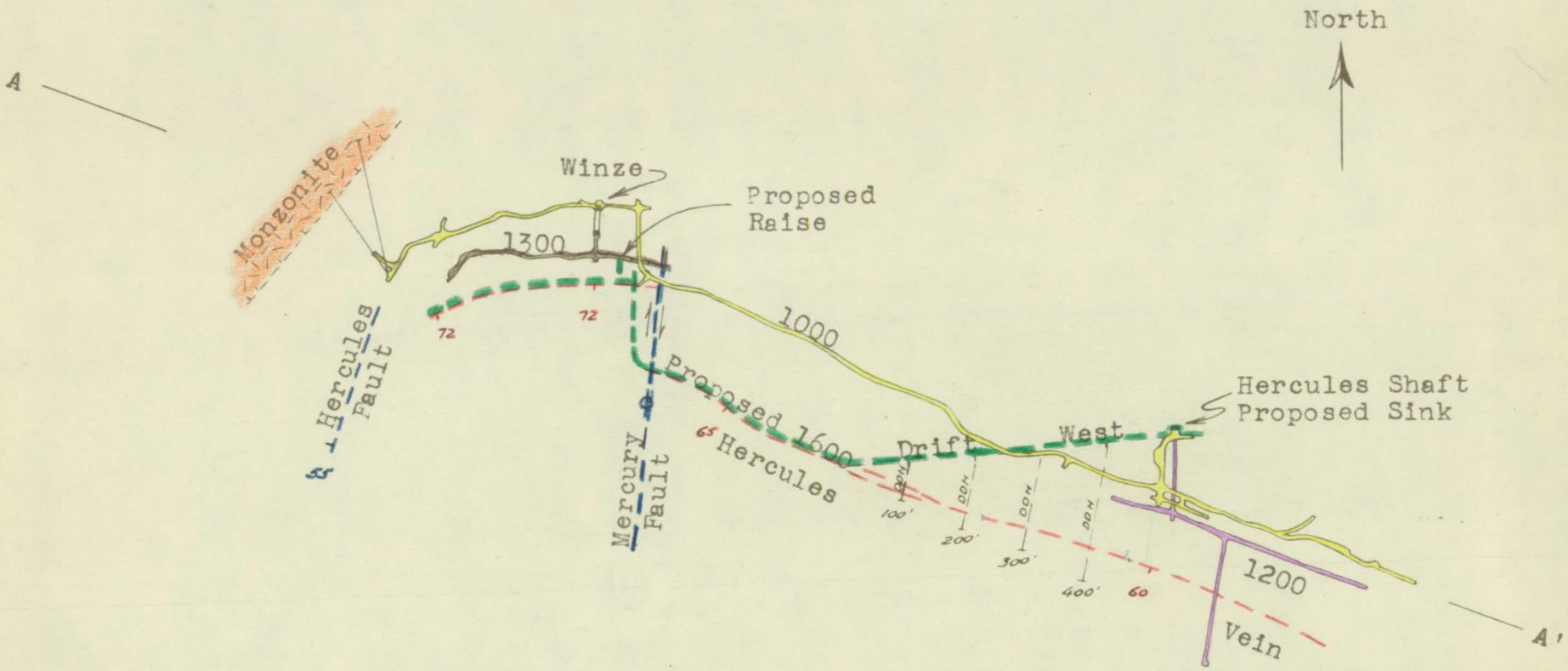


Sample No.	Side cut	Width feet	Ag ozs.	Pb %	Zn %
6685	West	2.0	0.6	1.3	—
6686	East	4.0	1.2	3.2	—
6679	West	4.0	1.8	6.5	2.8
6680	East	4.0	1.6	5.0	1.4
6676	West	5.0	2.8	8.1	4.0
6677	East	3.0	1.1	3.2	—
6653	West	4.5	2.3	5.6	2.5
6654	East	4.0	2.0	4.7	2.3
Sub-level 11' west of raise 6660		4.5	0.1	0.2	—
Sub-level 10' east of raise 6659		5.0	2.5	7.4	—
6597	West	3.5	0.6	1.0	0.9
6598	East	4.0	3.2	7.1	0.5
6588	West	4.5	1.2	1.8	1.0
6589	East	5.0	1.0	1.0	0.8
6580	West	5.0	1.0	2.3	—
6581	East	4.0	6.6	16.0	0.6
6569	West	4.5	3.8	11.4	1.4
6570	East	4.0	2.5	7.4	—
6557	West	5.5	1.7	5.6	0.3
6558	East	3.5	4.3	13.6	—

After Company Maps

Plate 3

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

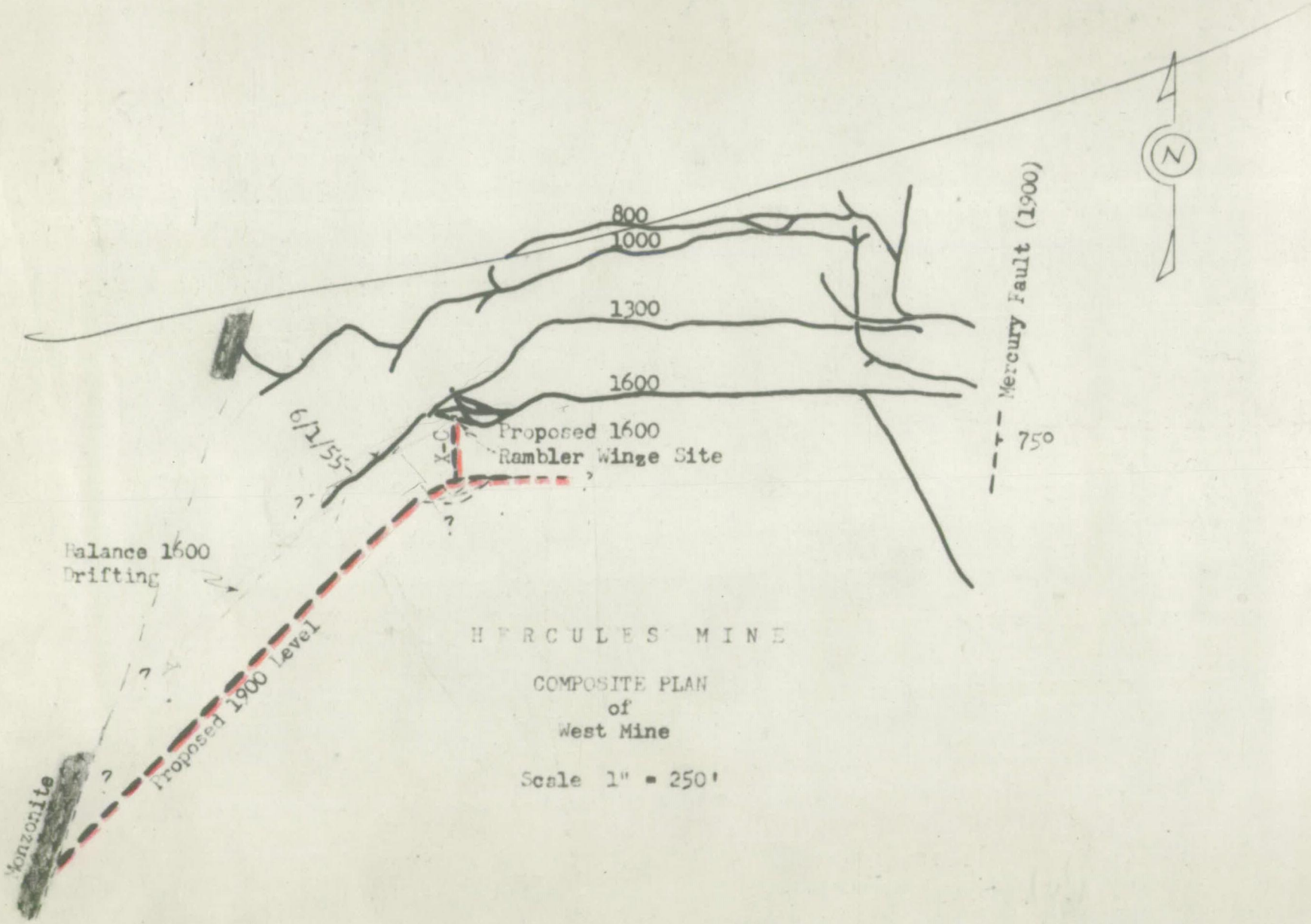


PLAN PROJECTION OF HERCULES PROJECT

LEVEL Proposed 1600 MIN Hercules

SCALE 1" = 500' OPERATION Hercules Project

DATE 7/52 BY G.M.C.



H E R C U L E S M I N E

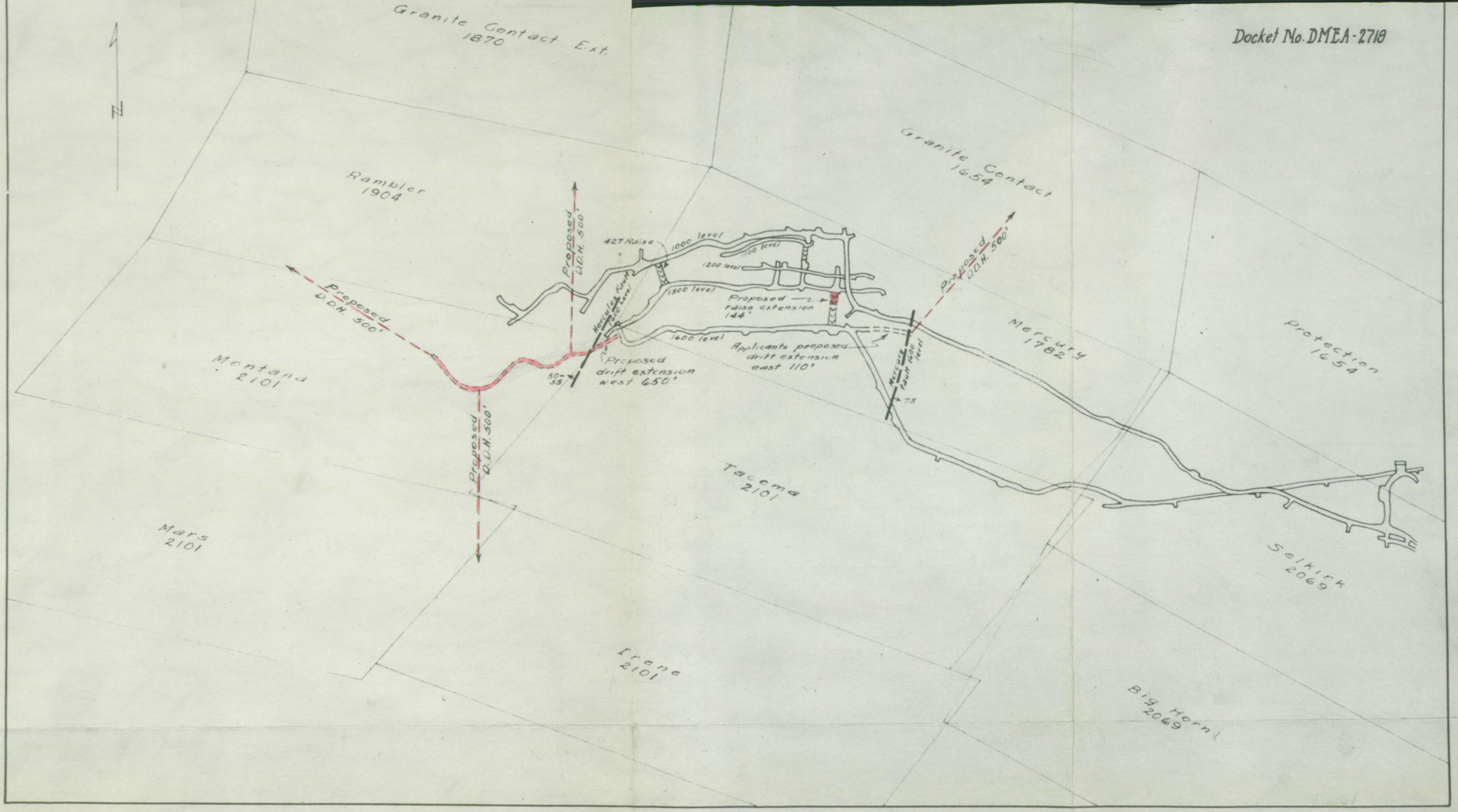
COMPOSITE PLAN
of
West Mine

Scale 1" = 250'

Docket No. DMEA-2719

RECEIVED
DEC 21 1956
D.M.E.A.

Docket No. DMEA-2719



HERCULES MINE - SHOSHONE CO., IDAHO

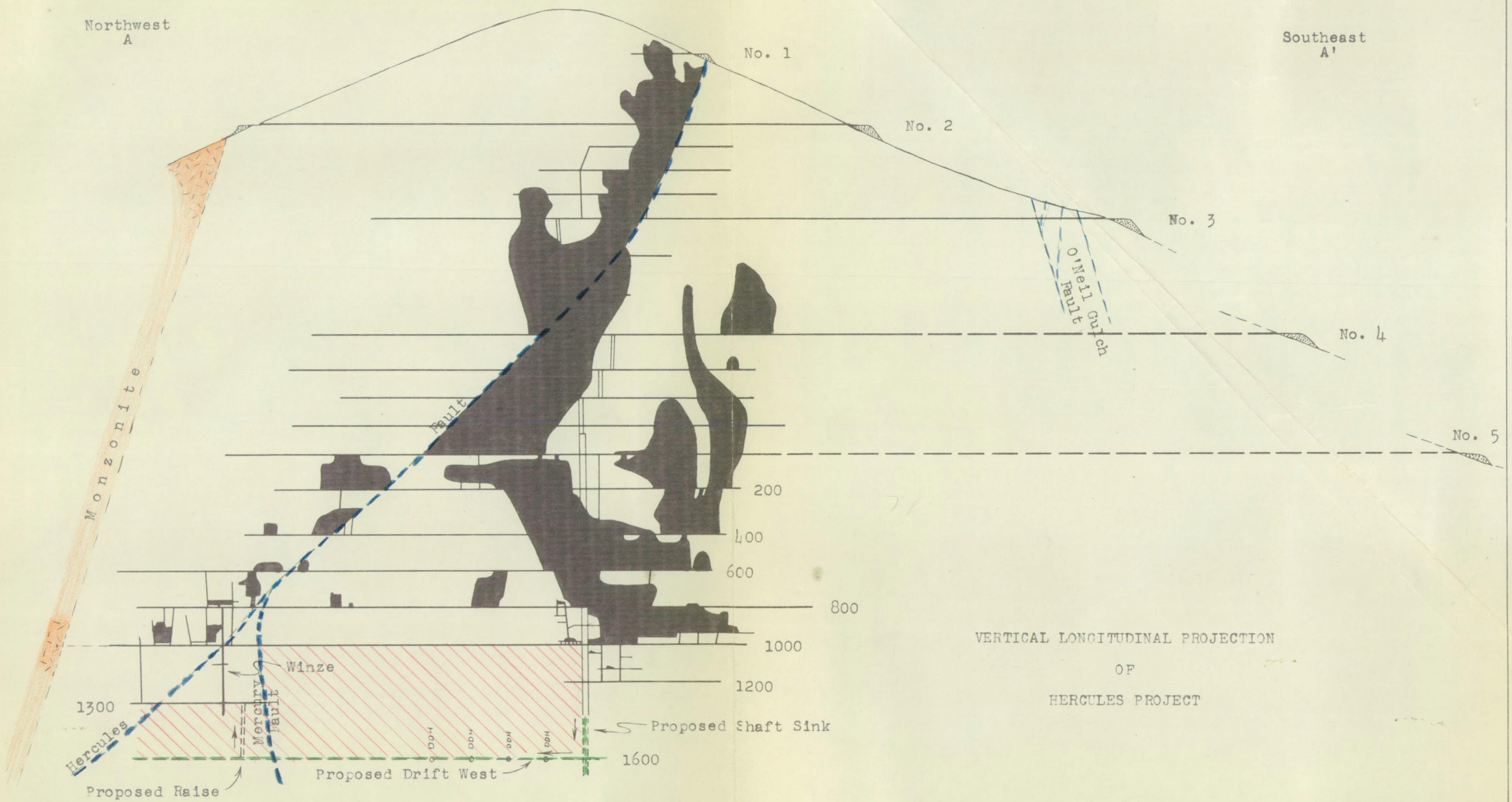
Composite Map showing Western Mine Area below 1000 ft level and Proposed Additional Work on 1600 ft. level

Scale. 1" = 250'

Plat

LEVEL ____ MINE Hercules DATE 7/52 BY G.M.C.

SCALE 1" = 500' OPERATION Hercules Project



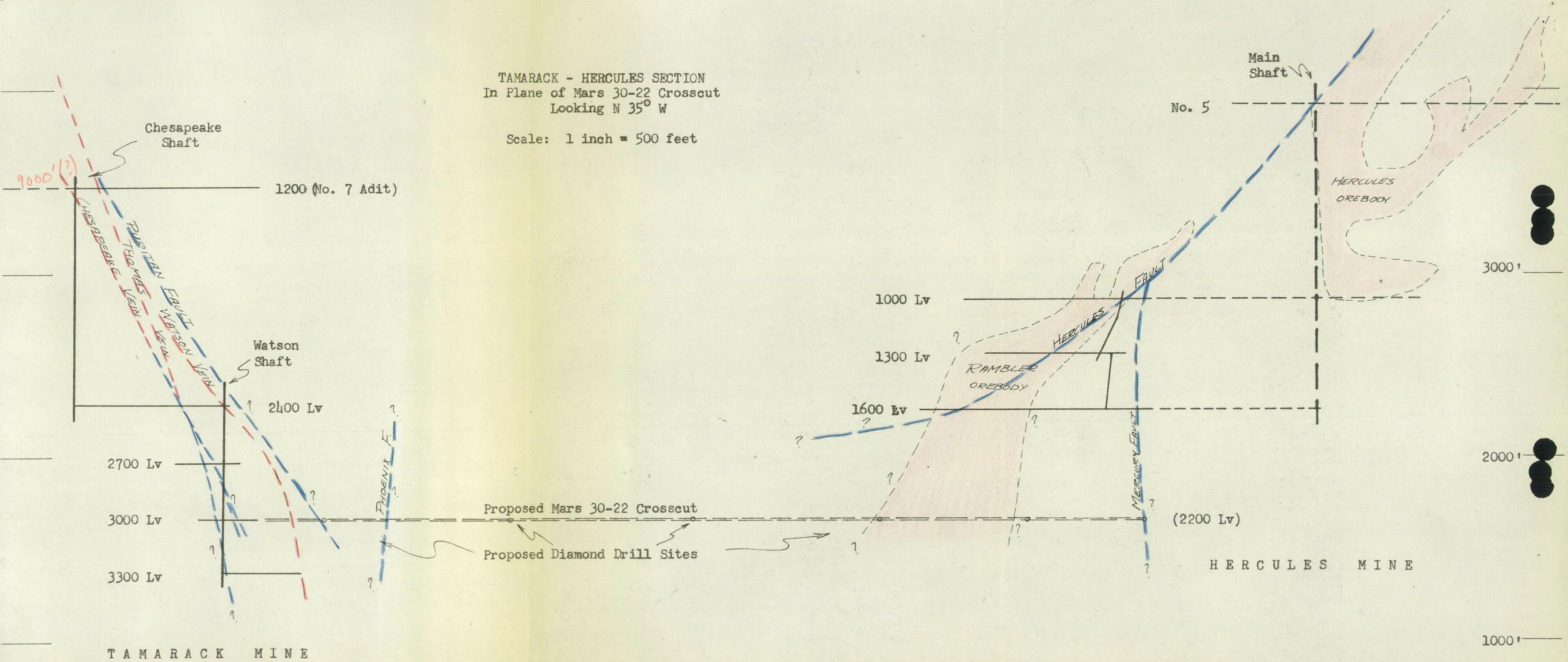
VERTICAL LONGITUDINAL PROJECTION

OF

HERCULES PROJECT

TAMARACK - HERCULES SECTION
In Plane of Mars 30-22 Crosscut
Looking N 35° W

Scale: 1 inch = 500 feet



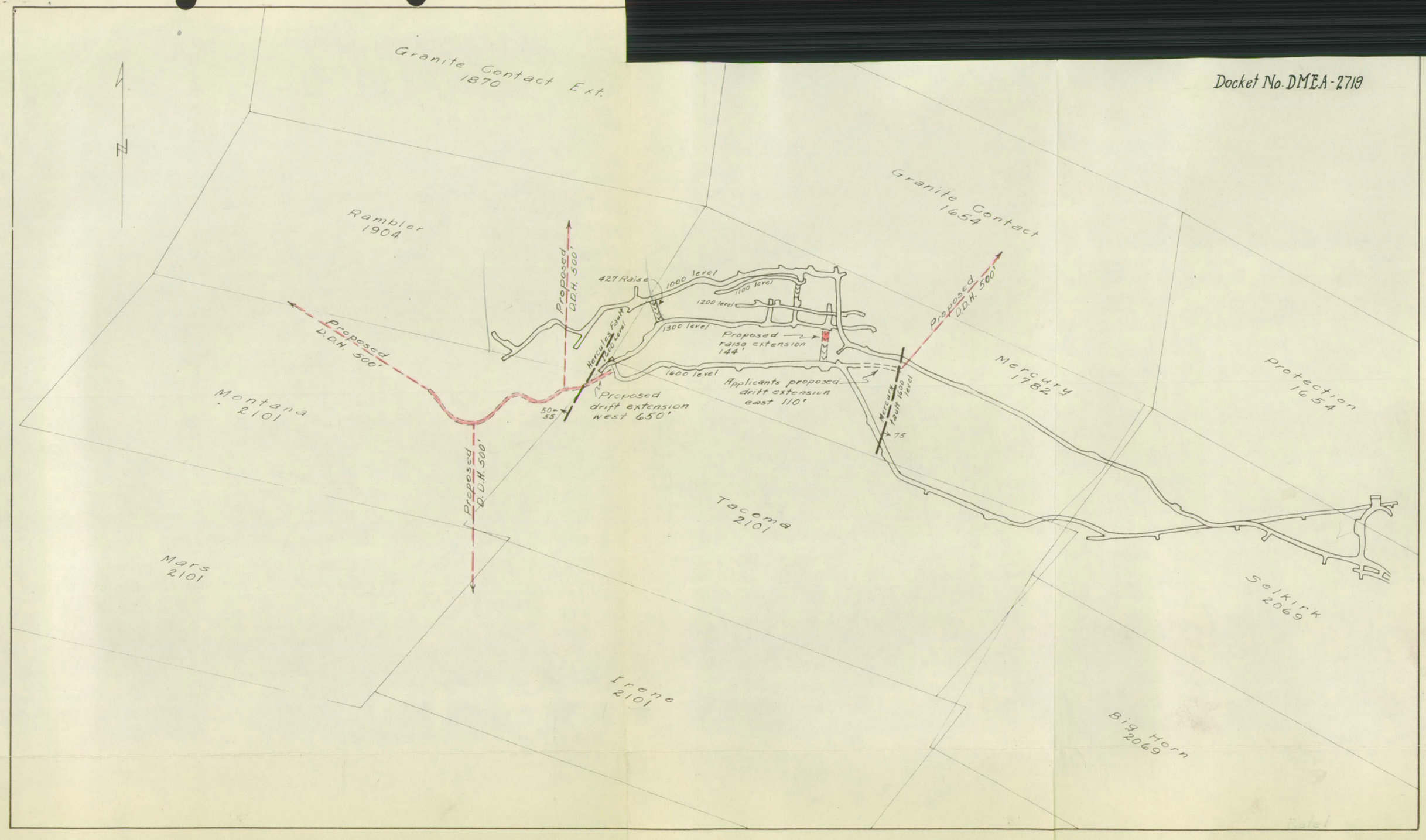
RECEIVED
JUN - 4 1956

COMPOSITE PLAN SHOWING TAMARACK AND HERCULES MINES
Layout of Proposed Tamarack-Mars 30-22 Crosscut
Scale: 1 inch = 500 feet
Rambler Orebody
Hercules shaft
LACLEDE NO. 3 TUNNEL
2200 LV.
1800 LV.
1000 LV.
800 LV.
Hercules Fault
Mercury
Hercules Vein 2200 LV.
Selkirk Drift
Proposed Tamarack - Mars 30-22 Crosscut
Elev. 1693'
Watson Shaft
3300 LV.
2400 LV.
2700 LV.
3000 Level
1800 LV.
IL MEDICO 5201
Chesapeake Shaft
MONROE 5508
NO. 7
5700
IRVINE
Puritan Fault
North-South Veins
NO. 5
CUSTER NO. 2 5532
Proposed Diamond Drill Sites
Fourth-of-July Drift
BK 38 6627
6626
Tiger Peak
Custer Peak
6423
BK 10 6407
BK 18 6407
Phoenix Fault
Humming Bird Vein
Creek
A Y
M I N E
1000'
500'
1500'
250'
32 33

SURFACE GEOLOGY
Tamarack - Hercules Area
Showing Location of Tamarack-Mars 30-22 Crosscut
Scale: 1 inch = 500 feet
Monzonite
m
32 33
Ab
p€b
Proposed Tamarack-Mars 30-22 Crosscut
Elev. 1693'
Watson Shaft
MONROE
5508
MONROE VEIN
IRVINE
5700
NORTH VEIN
SOUTH VEIN
CUSTER NO 1
5669
5532
CUSTER NO. 2
CUSTER VEIN
MURPHY FAULT
Custer Peak
6423
BK 10
6407
BK 18
6407
Tiger Peak
6626
BK 38
6627
LACLEDE NO 1
5675
OREANO
MART
PHOENIX
HUMMING
DISTRICT
5500
6000
6500

RECEIVED
JUN - 4 1956

Docket No. DMEA-2719



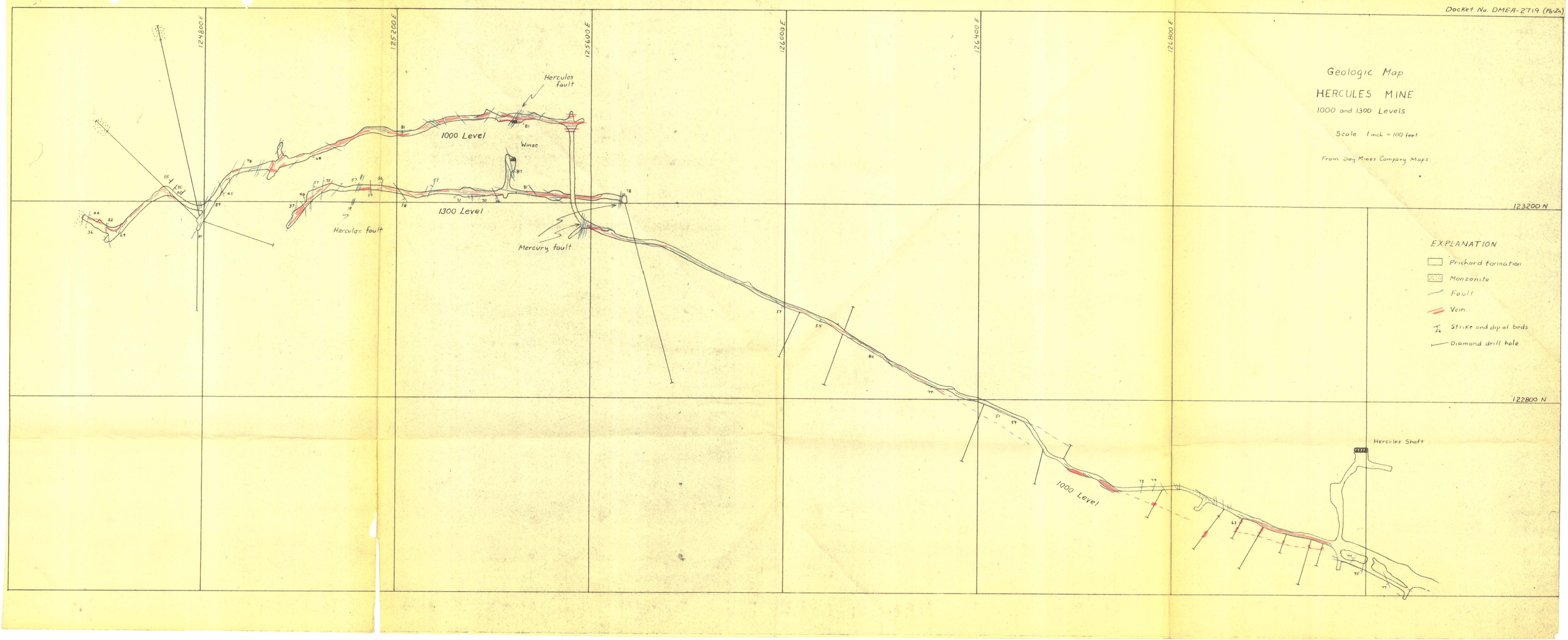
HERCULES MINE - SHOSHONE CO., IDAHO

Composite Map showing Western Mine Area below 1000 ft level and Proposed Additional Work on 1600 ft. level

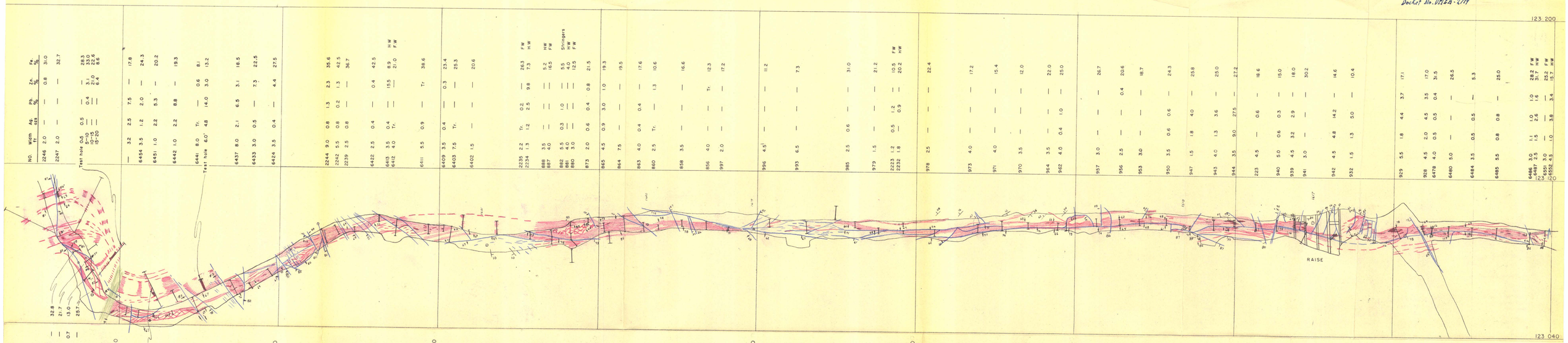
Scale: 1" = 250'

Plate 1

Docket No. DMEA-2719 (Pb-Zn)



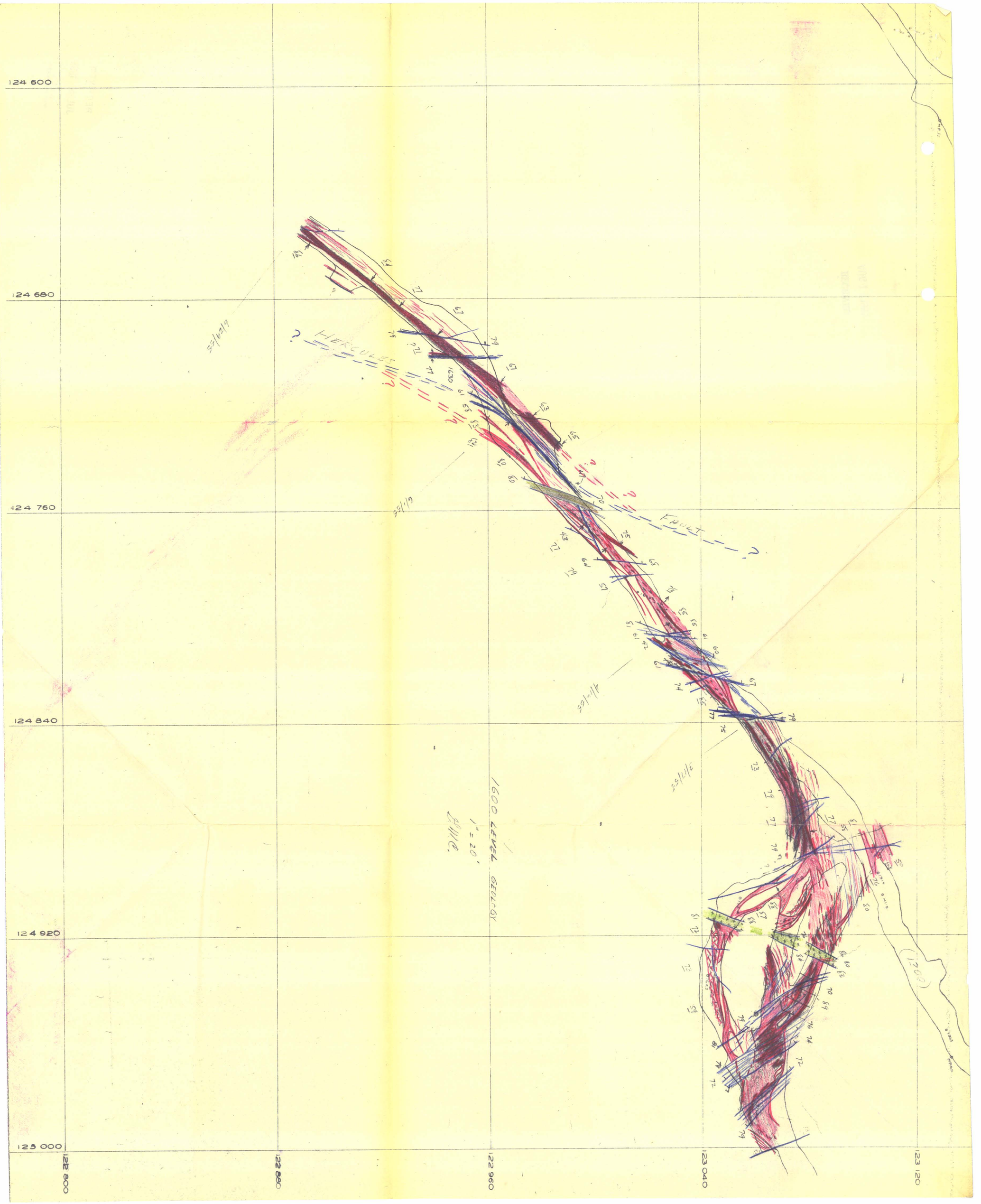
Docket No. DMEA-2714



GEOLOGIC & ASSAY PLAN HERCULES 1600 LEVEL WEST

0 20 40 60 80 100 feet

Plate 2


124 600
124 680
124 760
124 840
124 920
125 000
122 800
122 880
122 960
123 040
123 120
HERCULES
FAULT
1600 LEVEL GEOLOGY
1" = 20'
6/19/55