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## CONTROLLED DOCUMENT

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 29 1954

November 24, 1954

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

Re: Docket No. DMEA-3341 (lead-zinc)
Highland-Surprise Consolidated
Mining Company
Nevada-Stewart Claims
Shoshone County, Idaho

Dear Mr. Selfridge:

At your request we have contacted Mr. Frank J. Luedke, president of the Highland-Surprise Consolidated Mining Company, relative to obtaining a new and more properly made out Operation Agreement in connection with the contract which the Highland-Surprise Consolidated Mining Company has applied for on the Nevada-Stewart property. A copy of the operating agreement is enclosed.

Mr. Luedke has delayed in reporting to us because as the attached letter shows the company has another property in central Idaho which looks so much better than the Nevada-Stewart that they may wish to withdraw the Nevada-Stewart application in favor of another one which they intend to put in on the new property. The Highland-Surprise company obviously is unable to finance both projects concurrently. The delay has been occasioned by the fact that they did not want to take any action which might jeopardize the Nevada-Stewart application until they were sure that they wanted to go ahead with the new one. We have since been informed verbally that they definitely wish to withdraw the Nevada-Stewart application.

Some of our fieldmen have seen the new property which is near the Enderlin property (Contract Idm-E294) and agree that it is a very promising one. They are much impressed with a drill core which shows a somewhat startling length and grade of ore.

Sincerely yours,

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

Enclosures
cc: USBM(2)
Fryklund

COPY COPY

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
203 GYDE-TAYLOR BUILDING
WALLACE, IDAHO

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 29 1954

MINE OFFICE:
BOX 690, KELLOGG, IDAHO

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

Dear Mr. Weissenborn:

We are enclosing the revised documents which you requested in connection with our exploration loan application, Docket No. DMEA-3341.

In connection with this application, we wish to advise you that we are investigating another property which appears to have better possibilities than the Nevada Stewart. If the diamond drilling which we are now doing shows good results, it is possible that we will give up our plan for exploring the Nevada Stewart and apply for a loan on the new property.

Yours very truly,

/s/ FRANK J. LUEDKE

President

IN REPLY REFER TO:

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

August 27, 1954

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: Thor H. Kiilsgaard, U. S. Geological Survey

Subject: Docket No. DMEA-3341, Lead-Zinc, Highland-Surprise Consolidated Mining Company, review of application and of Field Team report.

The Highland-Surprise Mining Company submitted an application, dated May 3, 1954, for a DMEA contract to do the following exploration work:

1. Drift and/or crosscut to the east on the 700 level from the Surprise shaft for a distance of 3000 feet. From these workings they proposed 3,000 feet of long-hole drilling and 3,000 feet of diamond drilling.

2. Drift and/or crosscut in a westerly direction 4,500 feet on the 1450 level off the Surprise shaft. From these workings they proposed 4,500 feet of long-hole drilling and 3,000 feet of diamond drilling.

3. Bulldoze a total of 500 hours on eastern claims of the Highland-Surprise property.

A field examination report by Verne C. Fryklund, dated July 19, 1954, notes that the applicant withdrew their proposal to do the eastern exploration work referred to above under items 1 and 3, and instead were interested in doing only the western work on the 1450 level. Fryklund states in his report that the western work on the 1450 level is warranted and should be considered as good exploration. He notes, however, that in addition to the 1450 level work western exploration should also include work on the 700 level. On the 700 level he proposes minor rehabilitation of the 700 level, 450 feet of runaround or new drifting to bypass a caved area, 2,000 feet of drifting and crosscutting, 1,500 feet of diamond drilling and 1000 feet of long-hole drilling. According to the Field Team, the operator has agreed to do this proposed 700 level work but only after doing work on the 1450 level.

The proposed exploration on the Highland-Surprise and Nevada-Stewart property appears to be well founded and certainly warranted. This work will explore the broad Yreka shear zone which is known to contain the productive mines in the Pine Creek area. The zone has strongly mineralized outcrops on the Nevada-Stewart property and contained small but commercial ore bodies on the Nevada-Stewart adit level at an elevation about 1250 feet above the 1450 level. There is every geologic reason to believe these ore bodies, or similar ore bodies, will extend downward into the area to be explored.

The project the Nevada-Stewart structures 1250 feet from the lowermost level of the Nevada-Stewart to the 1450 level of the Highland-Surprise is a major projection; therefore, it is believed that Fryklund's proposal to do work on the intervening 700 level is justified. Added justification is the fact that the Yreka shear zone is known to be several hundred feet wide in the Highland area and therefore this 700-level work is needed to more fully test the total width of this zone and to test any veins which might be encountered.

I concur with the Field Team's recommendations expressed in their letter of August 9, 1954. I recommend that a contract be granted the applicant for western work on the 1450 and 700 levels, the work to be at unit costs proposed by E. G. Erickson. The contract should include the claims listed in the application together with the added claims referred to in the Field Team letter of August 9, 1954, as these claims will benefit the proposed work.

T. H. Kiilsgaard

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T. H. Kiilsgaard

THKiilsgaard:hlm
G-8/27/54

Copy to: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
O. M. Bishop, 3617

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UNITED STATES
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THKiilsgaard:hlm
G-8/27/54

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

August 23, 1954

Memorandum

To: W. R. Griswold, DMEA

From: O. M. Bishop, USBM

Subject: Docket No. DMEA-3341, Highland-Surprise Consolidated Mining Company exploration of Highland-Surprise and Nevada Stewart Mines, Pine Creek area, Shoshone County, Idaho - $295,455

I have reviewed the application and the field team review of August 9, 1954 with amendments as accepted by the applicant company. I concur with the field team recommendation approving the work outlined to the west on the 700 and 1,450-foot levels. The exploration program is soundly conceived and will serve to thoroughly explore the Yreka shear zone and its several veins at two widely separated horizons in an area which lies between the productive segments of the shear on the Sidney and Highland-Surprise properties. To the east in the Highland-Surprise mine two parallel structures, the Highland and Surprise, were both productive yielding over 500,000 tons of 7 percent zinc and 2.4 percent lead with additional values in gold, silver and copper. To the west the Sidney mine has yielded more than 800,000 tons of ore with 13 percent combined lead and zinc and almost $2,000,000 dollars worth of gold, silver and copper.

With relation to costs, I agree with Mr. Erickson's analysis. I would note, however, that labor costs may well increase during the life of the contract as at present Kennecott, Anaconda and Bunker Hill and Sullivan employees are negotiating for higher wages.

O. M. Bishop

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Copy to: Minerals Division
Edward L. Newcomb
O. M. Bishop
Files

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UNITED STATES
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DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

August 9, 1954

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

Re: Docket No. DMEA-3341 (lead-zinc)
Highland Surprise Consolidated
Mining Company
Shoshone County, Idaho

Dear Mr. Selfridge:

Enclosed are four copies of a cost analysis of the cited application by E. G. Erickson of the Bureau of Mines, four copies of an analysis and recommendations by V. C. Fryklund of the Geological Survey, and two copies of a map submitted by the company showing claims and underground workings on the Highland-Surprise and Nevada-Stewart properties. A geologic map of the area to the east of the Highland shaft where the company originally proposed to explore on the 700-foot level has been received. Inasmuch as the company has withdrawn this part of the application, however, we are not forwarding this map to you but are merely filing it in case it is needed in the future.

We believe that most of the points raised in your letter of May 20, 1954, are taken care of by the enclosed material and our letter of June 28, 1954, which transmitted an agreement between the Nevada-Stewart Company and the Highland-Surprise Consolidated Mining Company. According to Mr. Erickson the size of the proposed drifts is $6\frac{1}{2}$ by $7\frac{1}{2}$ feet, as a mucking machine is used, although, of course, they frequently break out somewhat larger.

The Field Team agrees that the work proposed by Fryklund on the 700-foot level should be made a part of the contract for reasons discussed in detail in his memorandum. This proposal has been discussed with the applicant who is quite willing to undertake it after doing the work on the 1450-foot level, as carrying on the exploration concurrently on both levels would be too much of a financial drain on the company.

An estimate of the cost of the 700-foot level work is as follows:

| | | |
|---|---|---|
| 1. | Rehabilitation - 1,200 feet @ $4.85/ft. | $ 5,820.00 |
| 2. | Drifting and crosscutting (including 450 feet of ~~rim~~ raise around where present drift is badly caved) - | |
| | 1,500 feet, untimbered @ $39/ft. | 58,500.00 |
| | 500 feet, timbered @ $44/ft. | 22,000.00 |
| 3. | Long hole drilling - 1,000 feet @ $1/ft. | 1,000.00 |
| 4. | Diamond drilling - 1,500 feet @ $4.25/ft. | 6,375.00 |
| | Total Cost | $93,695.00 |

This amount, added to the $201,750 estimated by Erickson for the work on the 1450-foot level, gives a total proposed cost for this project of $295,445.

We feel that the following claims should also be included in the project: Nevada-Stewart, East Pine, Fresno, Red Cloud, California, Canary, and Blue Jay. There is the distinct possibility that these claims will be benefited by the work.

The Field Team recommends that a contract be given with the changes proposed by Fryklund and at the costs given by Erickson and in this letter.

By Field Team, Region II

Wing G. Agnew

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

John S. Vhay

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

Enclosures
cc: USBM(2)
Fryklund

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

1201 N. Division St.
Spokane 2, Washington
June 18, 1954

MEMORANDUM

To: DMEA Field Team, Region II

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

Subject: Docket No. DMEA 3341 (lead-zinc)
Highland-Surprise Consolidated Mining Company
Highland-Surprise and Nevada Stewart Mines
Shoshone County, Idaho

The applicant's cost estimate has been carefully analyzed and compared with other costs in the immediate area, and the following unit costs are recommended for the proposed work:

| Item | Estimated | No. of units | | Recommended unit cost | Total cost |
|---|---|---|---|---|---|
| 1. Drifting and crosscutting | (untimbered) | 3000' | @ | $39/ft. | $117,000. |
| 2. " " " | (timbered) | 1000' | @ | 44/ft. | 44,000. |
| 3. " " " | (double timber) | 500' | @ | 47/ft. | 23,500. |
| 4. Long hole drilling | | 4500' | @ | 1/ft. | 4,500. |
| 5. Diamond drilling | | 3000' | @ | 4.25/ft. | 12,~~000~~.750 |
| Total | | | | | $201,~~000~~.750 |

JSV

## Discussion of Costs

Applicant's estimated unit costs for performing work items Nos. 1 - 5 above were $52, $57, $60, $1, and $4.75 per foot, and his total estimated cost of the project was $261,750.00.

The cost of untimbered drift and crosscut was reduced $13/ft., from $52/ft. to $39/ft. The applicant's additional costs for timber support ($5/ft.) and for double timbering ($3/ft.) were considered in line.

Although only one heading is recommended, the Operator's cost estimate for a one heading operation cannot be considered and he was informed of the fact. Therefore, his cost estimate of $52.17/ft. for untimbered drift or crosscut (refer to page 8 of the application) was discussed with him, and the following tabulation shows the reductions made to arrive at the recommended unit cost:

| Item | Applicant's estimate | Recommended cost | Reduction |
|---|---|---|---|
| 1. Direct costs | $26.20 | $22.85 | $3.35 |
| 2. Indirect costs | 11.74 | 10.54 | 1.20 |
| 3. Supplies and expenses (other) | 10.98 | 5.79 | 5.19 |
| 4. Office | 1.25 | --- | 1.25 |
| 5. Corporate expense | 2.00 | --- | 2.00 |
| Total | $52.17 | $39.18 1/ | $12.99 |

1/ Rounded to $39.00

The reduction of $3.35 made in Item #1 was arrived at by allowing only 50% of the cost of ventilation (pipe and equipment), track and pipe (see detail of direct costs, bottom page 8 of the application).

Indirect costs or prorated costs were reduced $1.20 by eliminating the cost of a foreman, which brought the total of this item more in line.

Supply and expense item was reduced $5.19/ft. by reducing maintenance supplies and miscellaneous mine expense ~~of~~ $5/ft. and eliminating $0.19/ft. labor negotiations.

Office expense was considered part of corporate expense and not applicable.

Following is a tabulation of recommended unit costs for drifting and crosscutting at the Sidney, Spokane-Idaho, and Highland-Surprise mines:

| | Sidney | Spokane-Idaho | Highland |
|---|---|---|---|
| Drifting and crosscutting | | | |
| (a) No timber | $38.00 1/ | | $39.00 |
| (b) Reg. " | | $42.00 2/ | 44.00 |
| (c) Double " | | | 47.00 3/ |

1/ No timber is anticipated; price includes any necessary support and diamond drill stations. Unit cost drops to $29/ft. over 300 ft. in one month, i.e., if 400 ft. is made during one month, the average unit cost would be $35.75/ft.

2/ Anticipated that all openings will need support, either conventional timber or rock bolts.

3/ Price for double timber is included because double timbered section was noted in No. 7 level.

The $1/ft. estimate for long hole drilling is considered in line but the estimated cost for diamond drilling was reduced from $4.75 to $4.25/ft. The applicant based his estimate on AX drilling, but it is believed about 65% of the drilling can be EX size which would make the average cost about $4.25/ft. based on $4/ft. for EX and $4.75/ft. for AX size hole.

The Sidney mine because of modern plant and current operation is considered the cheaper operating property, and this is evidenced by the applicant's estimates (see Docket No. DMEA 3324). The Spokane-Idaho and Highland-Surprise mines are considered about the same except that the Spokane-Idaho (Docket No. DMEA 3333) has more headings included in their recommended program as well as known ore reserves. The Highland-Surprise has only an insignificant ore reserve; therefore, prorated or indirect costs are higher.

A letter to Mr. Weissenborn from Mr. Selfridge, dated May 20, 1954, mentions present drifting costs through March as being $28.40/ft. The drifting referred to was performed during an early part of the contract and the cost of $28.40/ft. was commented on previously (see memorandum to Field Team from Erickson and Fryklund dated March 26, 1953). A description of the drifting cycle was included in my memorandum to the Field Team dated December 26, 1952. It is not always possible nor feasible to run a one-man drift.

E. G. Erickson

E. G. Erickson

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

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

July 14, 1954

Memorandum

To: DMEA Field Team, Region II

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

Subject: Docket No. DMEA-3341 (lead-zinc), Examination report, Highland-Surprise Consolidated Mining Company, Shoshone County, Idaho

## INTRODUCTION

The Highland-Surprise Consolidated Mining Company, Wallace, Idaho, is completing an exploration project that has explored the downward extensions of ore shoots on the Highland vein and the Surprise vein. This contract is Idm-E63. Exploration to date has resulted in the discovery of only minor amounts of ore.

This new application is for underground exploration of an entirely different target in the Nevada-Stewart property, west of the Highland-Surprise mine workings.

## SUMMARY AND RECOMMENDATIONS

The original company request on this application was to explore to the east on their 700-foot level, and to the west, under Nevada-Stewart ground, on their 1450-foot level. On advice of this office, the company withdrew the proposal to explore to the east and now desires to explore only Nevada-Stewart ground from the 1450 level of the Highland-Surprise mine; this work to consist of 4,500 feet of drifting and crosscutting, 4,500 feet of long-hole drilling, and 3,000 feet of diamond drilling.

Approximately 2,500 feet of drift will follow the Surprise vein westward, 1,100 feet to be in Highland-Surprise ground, the remainder of the drifting and crosscutting to be in Nevada-Stewart ground. The crosscutting will be northward from the west end of the drift to intersect structures that have been explored up above on the Nevada-Stewart adit level. Additional drifting will follow favorable structures disclosed by crosscutting and diamond drilling.

My recommendations are:

1. Exploration west of the Highland-Surprise mine is warranted. Evidence available indicates that the existence of ore shoots in the area is structurally permissive; in addition, one structure on the Nevada-Stewart adit level, explored by the Bureau of Mines and the company, contains ore.

2. The western exploration should be conducted from both the 700 and 1450 levels, the work to be done successively, the 1450 level work first. The completion of work on the 700 level should not be contingent upon results on the 1450 level.

3. Additional funds for about 450 feet of runaround, minor rehabilitation of 700 level, 2,000 feet of drifting and crosscutting, 1,500 feet of diamond drilling, and 1,000 feet of longholing on the 700 level should be made available.

## LOCATION

The Highland-Surprise property is in the Pine Creek area of the Coeur d'Alene district in sec. 35, T. 48 N., R. 2 E. The East Fork road from Pinehurst is blacktopped; the road from the East Fork of Pine Creek to the mine is a fair graveled road which is also used by the Sidney mine.

## DESCRIPTION OF PROPERTY

The Nevada-Stewart mine consists of one level shown on the applicant's map. During previous work, air and equipment were provided by the Highland-Surprise mine. The applicant's map shows the location of pertinent claims. The Highland-Surprise mine, from which the work will be done, has been described in the application for Contract No. Idm-E63.

## GENERAL GEOLOGY

The country rock of the Pine Creek area is principally Prichard formation, although east of the Highland-Surprise mine the Burke formation is present. The Prichard formation has been divided into lower and upper members. The lower Prichard is "thin to thick bedded, light to dark gray argillite, laminated in part," interbedded with "white to light gray, subvitreous to vitreous quartzite" (Explanation on USGS map "Smelterville and Vicinity Quadrangle"). The upper Prichard is described as "thin- to thick-bedded, light gray to white, pure to argillaceous quartzite interbedded with thinly laminated, dark gray argillite." Argillite in this case is a district term and much of the argillite is actually

very fine-grained, dark quartzite; in other districts much of the thickly bedded material would be called graywacke. Other portions might well be classified as shales and slates.

Bedding attitudes in the vicinity of the Highland-Surprise mine are diverse, but in general show a northwesterly strike and a southerly dip.

Economically, the most significant structural feature of the Pine Creek area is the Yreka shear zone. The productive mines in the Pine Creek area, except for the Douglas and Constitution mines, are on this shear zone. (See map 1). The productive veins are: the Sunset, the Denver, the New vein in Nabob mine, the Sidney, those in the Nevada-Stewart mine, the Surprise, and the Highland vein.

Productive veins of the Pine Creek area, except for the stibnite-bearing veins, are composed mainly of pyrite, carbonates, dark glassy quartz, pyrrhotite, sphalerite and galena. Pyrrhotite is abundant and it is the characteristic gangue mineral.

## GEOLOGY OF THE NEVADA-STEWART AREA

The surface geology of the Nevada-Stewart area is shown on the "Smelterville and Vicinity Quadrangle," placed on open file by the U. S. Geological Survey in 1953. The area was trenched in 1948 but the trenches are now caved and cannot be remapped. I have seen detailed maps in the files of other operating companies that show the existence of several west trending structures in the area.

The Nevada-Stewart area was drilled by the Bureau of Mines in 1944. No Report of Investigations was published but the surface geology was mapped by F. C. Armstrong of the Geological Survey--who also logged the core--and a Strategic Minerals Investigations map was put on open file (Portion of Nevada-Stewart Property, Yreka Mining District, Shoshone County, Idaho).

Included with this memorandum is a longitudinal section through the Nevada-Stewart area prepared by the applicant showing the Bureau of Mines drill hole intersections and places where minor amounts of ore were stoped in 1952 and 1953. Mining was stopped when the price of zinc dropped in 1953.

## ORE RESERVES IN THE NEVADA-STEWART AREA

Reserves in the Nevada-Stewart mine are minor and there is no justification for figuring any inferred tonnage below the adit level with present meager information. (See applicant's longitudinal section submitted with this memorandum).

Of some interest, however, are the production figures from the Sidney mine, immediately to the west and the Highland-Surprise mine, immediately to the east. The Highland-Surprise mine (figures to end of 1953) has produced 512,778 tons of ore from which 66,072,593 pounds of zinc and 21,478,828 pounds of lead have been recovered. The Sidney mine from 1921 to the end of 1953 produced 812,806 tons of ore from which 152,864,000 pounds of zinc and 77,992,000 pounds of lead were recovered.

These figures have considerable significance in view of the fact that the two properties lie in the Yreka shear zone, and are on each side of the target area.

## EXPLORATION IN THE PINE CREEK AREA

Inasmuch as the preponderance of productive mines are on the Yreka shear zone (see map 1), it would appear that the most suitable targets for exploration in the Pine Creek area are the unexplored portions of the shear zone. As shown on Nelson and Smith's map of the area (Surface Geology of the Pine Creek area, Shoshone County, Idaho, Strategic Minerals Investigation Preliminary Map), several unexplored gaps occur along the Yreka zone. One such is the deep zone between the Nevada-Stewart west end line and the Highland-Surprise mine workings.

A cross section of the Yreka shear zone at any point may show only one known vein or several known parallel veins. For example, the Denver vein is about 1,000 feet in the footwall of the Sidney vein. The Highland vein is about 150 feet in the footwall of the Surprise vein.

The area to be explored contains several known veins, which include: 3 veins in the Nevada-Stewart tunnel, the Surprise vein that has been traced across Nevada-Stewart ground from Highland-Surprise ground, and the Canary veins that were exposed in the 1948 trenching on the Nevada-Stewart ground. Good possibilities of others exist, which, together with the known veins at higher levels, make up the target of this exploration project.

## PROPOSED EXPLORATION OF NEVADA-STEWART AREA

The applicant proposes to do 4,500 feet of drifting and crosscutting, 4,500 feet of long hole drilling, and 3,000 feet of diamond drilling in the Nevada-Stewart area, this work to be done from the Highland-Surprise 1450 level.

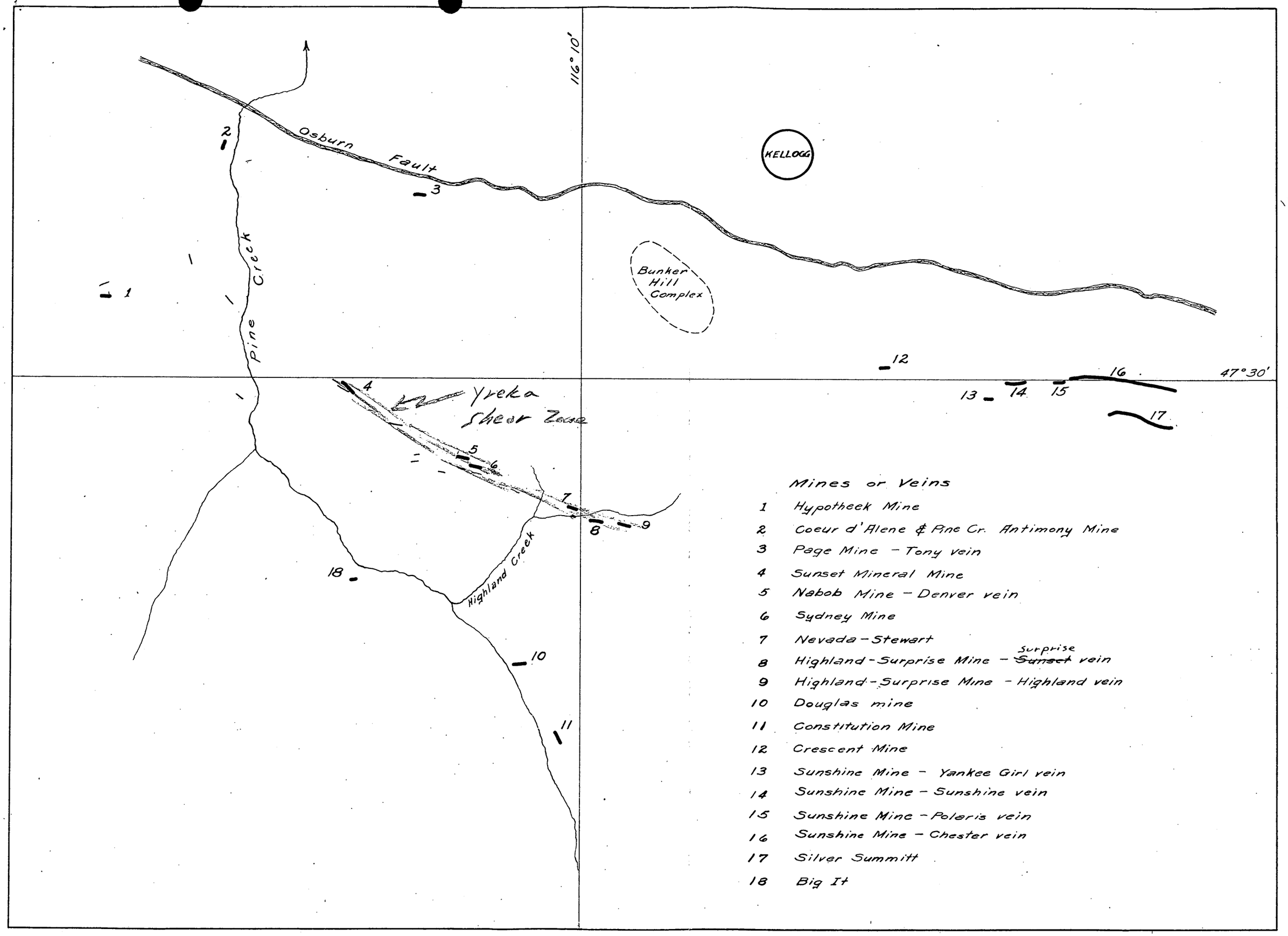
Approximately 2,500 feet of drift will explore the Surprise vein, 1,100 feet of this footage to be in Highland-Surprise ground. Crosscutting to the north will explore the veins exposed in the Nevada-Stewart adit level. Diamond drilling will explore veins south of the Surprise vein.

This exploration has considerable merit in that it will explore the full width of the Yreka shear zone, at this point on the order of 2,500 feet wide, at depth in an area where previous Government exploration has demonstrated the existence of ore. I do question whether all the exploration should be confined to the 1450 level. If the veins in the Nevada-Stewart area should prove to be barren on the 1450 level, there will be no proof that ore is not present at higher elevations (Nabob exploration for example). I believe that funds should be made available so that additional drifting, crosscutting, and drilling can be done on the 700 level; otherwise, the exploration of this block of ground will be inadequate. Unit costs as determined by Erickson for 1450 level work should be applicable to the 700 level work.

An abortive attempt at such exploration has been made by drifting westward from the Highland-Surprise 700 level (the location of the drift is shown on the applicant's map). The drift was not carried far enough west nor were crosscuts northward to the vein zone made. I was out to the end of the 700 level in 1952 and found that all track and pipe had been pulled. If this level is to be rehabilitated, track and pipe would have to be replaced, some of the curves slabbed, and a runaround driven near the shaft as the present drift is caving at the No. 1 ore shoot.

I feel that if a contract is awarded it should specify that the zone be explored on 2 levels.

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




Productive Veins of the Western portion of the Coeur d'Alene District, Idaho
(After Fryklund)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
[illegible] Howard Street
[illegible], Washington

[illegible]

[illegible]
[illegible]
Department of the Interior
Washington 25, D. C.

[illegible]
[illegible] Consolidated
[illegible]
[illegible]

Dear [illegible]:

Enclosed are four copies of a cost analysis of the above application by [illegible], two copies of an analysis and recommendations by [illegible] of the Geological Survey, and two copies of a map submitted by the company showing claims and underground workings on the [illegible] and [illegible] properties. A geologic map of the area to the east of the [illegible] shaft where the company originally proposed to explore on the [illegible]-foot level has been received. Inasmuch as the company has withdrawn this part of the application, however, we are not forwarding this map [illegible] but are merely filing it in case it is needed in the future.

[illegible] letter of [illegible], 1954, [illegible] which transmitted an agreement between the [illegible] Company and the [illegible] Consolidated Mining Company. According to [illegible] is [illegible] by 7 feet, and a mucking machine is used, [illegible].

[illegible] agrees that the [illegible] on the 7[illegible]-foot level [illegible] for reasons discussed in detail in [illegible]. This proposal has been discussed with the applicant who is quite willing to undertake it after doing the work on the [illegible]-foot level, [illegible] would be too much of a financial strain on the company.

Reviewed by
DMEA OPERATING COMMITTEE
8-18-54
(date)

An estimate of the cost of the [illegible]-foot level work is as follows:

| | |
|---|---|
| 1. Rehabilitation - 1,200 feet @ $[illegible].05/ft. | $[illegible],[illegible]0.0[illegible] |
| 2. Drifting and crosscutting (including 50 feet of rim-around. Wood, insert drift is badly caved) - | |
| 1,500 feet, untimbered @ $[illegible]3/ft. | $[illegible],500.0[illegible] |
| 500 feet, timbered @ $[illegible]/ft. | 22,[illegible]0.0[illegible] |
| 3. Long hole drilling - 1,000 feet @ $[illegible]1/ft. | [illegible],000.0 |
| 4. Diamond drilling - 1,500 feet @ $[illegible].25/ft. | [illegible],375.0[illegible] |
| Total Cost | $[illegible],[illegible]0.0[illegible] |

num. accounts

See 7 Trees
M 5/13
24
5/16

This amount, added to the $20,[illegible] estimated by Erickson for the work on the 1[illegible]-foot level, gives a total proposed cost for this project of $[illegible],[illegible].

We feel that the following claims should also be included in the project: Nevada-Stewart, Last Chance, Fresno, Red Cloud, California, Kearsarge, and Lucky Boy. There is the distinct possibility that these claims will be benefited by the work.

We feel that we can recommend that a contract be given with the changes proposed by Maryland and at the costs given by Erickson and in this letter.

[illegible] Foley, [illegible]

[illegible] Agnew, Acting Asst. Director
U. S. Bureau of Mines

J. [illegible] Hay, Acting Director
U. S. Geological Survey

Enclosures
cc: [illegible]
Maryland

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

1201 E. Division St.
Spokane 2, Washington
June 18, 1954

MEMORANDUM

To: DMEA Field Team, Region II

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

Subject: Docket No. DMEA 3341 (lead-zinc)
Highland-Surprise Consolidated Mining Company
Highland-Surprise and Nevada Stewart Mines
Shoshone County, Idaho

The applicant's cost estimate has been carefully analyzed and compared with other costs in the immediate area, and the following unit costs are recommended for the proposed work:

| Item | Estimated No. of units | | Recommended unit cost | Total cost |
|---|---|---|---|---|
| 1. Drifting and crosscutting (untimbered) | 3000' | @ | $39/ft. | $117,000. |
| 2. " " " (timbered) | 1000' | @ | 44/ft. | 44,000. |
| 3. " " " (double timber) | 500' | @ | 47/ft. | 23,500. |
| 4. Long hole drilling | 4500' | @ | 1/ft. | 4,500. |
| 5. Diamond drilling | 3000' | @ | 4.25/ft. | ~~12,000.~~ 750 |
| Total | | | | ~~$201,000.~~ 750 |

## Discussion of Costs

Applicant's estimated unit costs for performing work items Nos. 1 - 5 above were $52, $57, $60, $1, and $4.75 per foot, and his total estimated cost of the project was $261,750.00.

The cost of untimbered drift and crosscut was reduced $13/ft., from $52/ft. to $39/ft. The applicant's additional costs for timber support ($5/ft.) and for double timbering ($3/ft.) were considered in line.

Although only one heading is recommended, the Operator's cost estimate for a one heading operation cannot be considered and he was informed of the fact. Therefore, his cost estimate of $52.17/ft. for untimbered drift or crosscut (refer to page 8 of the application) was discussed with him, and the following tabulation shows the reductions made to arrive at the recommended unit cost:

Reviewed by
DMEA OPERATING COMMITTEE
8-18-54
(date)

| Item | Applicant's estimate | Recommended cost | Reduction |
|---|---|---|---|
| 1. Direct costs | $26.20 | $22.85 | $3.35 |
| 2. Indirect costs | 11.74 | 10.54 | 1.20 |
| 3. Supplies and expenses (other) | 10.98 | 5.79 | 5.19 |
| 4. Office | 1.25 | — | 1.25 |
| 5. Corporate expense | 2.00 | — | 2.00 |
| Total | $52.17 | $39.18 1/ | $12.99 |

1/ Rounded to $39.00

The reduction of $3.35 made in Item #1 was arrived at by allowing only 50% of the cost of ventilation (pipe and equipment), track and pipe (see detail of direct costs, bottom page 6 of the application).

Indirect costs or general costs were reduced $1.20 by eliminating the cost of a foreman, which brought the total of this item more in line.

Supply and expense item was reduced $5.19/ft. by reducing maintenance supplies and miscellaneous mine expense of $5/ft. and eliminating $0.19/ft. labor amplifications.

Office expense was considered part of corporate expense and not applicable.

Following is a tabulation of recommended unit costs for drifting and crosscutting at the Sidney, Spokane-Idaho, and Highland-Surprise mines:

| | Sidney | Spokane-Idaho | Highland |
|---|---|---|---|
| Drifting and crosscutting | | | |
| (a) No timber | $38.00 1/ | | $39.00 |
| (b) Reg. " | | $42.00 2/ | 44.00 |
| (c) Double " | | | 47.00 3/ |

1/ No timber is anticipated; price includes any necessary support and diamond drill stations. Unit cost drops to $20/ft. over 300 ft. in one month, i.e., if 400 ft. is made during one month, the average unit cost would be $35.75/ft.

2/ Anticipated that all openings will need support, either conventional timber or rock bolts.

3/ Price for double timber is included because double timbered section was noted in No. 7 level.

The $1/ft. estimate for long hole drilling is considered in line but the estimated cost for diamond drilling was reduced from $4.75 to $4.25/ft. The applicant based his estimate on AX drilling, but it is believed about 65% of the drilling can be BX size which would make the average cost about $4.25/ft. based on $4/ft. for BX and $4.75/ft. for AX size hole.

The Sidney mine because of modern plant and current operation is considered the cheaper operating property, and this is evidenced by the applicant's estimates (see Docket No. DMMA 3324). The Spokane-Idaho and Highland-Surprise mines are considered about the same except that the Spokane-Idaho (Docket No. DMMA 3333) has more headings included in their recommended program as well as known ore reserves. The Highland-Surprise has only an insignificant ore reserve; therefore, prorated or indirect costs are higher.

A letter to Mr. Weissenborn from Mr. Selfridge, dated May 20, 1954, mentions present drifting costs through March as being $28.40/ft. The drifting referred to was performed during an early part of the contract and the cost of $28.40/ft. was commented on previously (see memorandum to Field Team from Erickson and Fryklund dated March 26, 1953). A description of the drifting cycle was included in my memorandum to the Field Team dated December 26, 1952. It is not always possible nor feasible to run a one-man drift.

Orig. & 3 cys - Wash.
DMMA (2)
DMMA
M/D
EGE/he

E. G. Erickson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D.C.
No. 157 Howard Street
Spokane 4, Washington

July 14, 1954

Memorandum

To: DMEA Field Team, Region II

From: Warren C. Brykland, Jr., Geologist, U. S. Geological Survey

Subject: Docket No. DMEA-3341 (lead-zinc), Examination report, Highland-Surprise Consolidated Mining Company, Shoshone County, Idaho

## INTRODUCTION

The Highland-Surprise Consolidated Mining Company, Wallace, Idaho, is completing an exploration project that has explored the downward extensions of ore shoots on the Highland vein and the Surprise vein. This contract is Idm-263. Exploration to date has resulted in the discovery of only minor amounts of ore.

This new application is for underground exploration of an entirely different target in the Nevada-Stewart property, west of the Highland-Surprise mine workings.

## SUMMARY AND RECOMMENDATIONS

The original company request on this application was to explore to the east on their 700-foot level, and to the west, under Nevada-Stewart ground, on their 1450-foot level. On advice of this office, the company withdrew the proposal to explore to the east and now desires to explore only Nevada-Stewart ground from the 1450 level of the Highland-Surprise mine; this work to consist of 4,500 feet of drifting and crosscutting, 4,500 feet of long-hole drilling, and 3,000 feet of diamond drilling.

Approximately 2,500 feet of drift will follow the Surprise vein westward, 1,100 feet to be in Highland-Surprise ground, the remainder of the drifting and crosscutting to be in Nevada-Stewart ground. The crosscutting will be northward from the west end of the drift to intersect structures that have been explored up above on the Nevada-Stewart adit level. Additional drifting will follow favorable structures disclosed by crosscutting and diamond drilling.

Reviewed by
DMEA OPERATING COMMITTEE
8-18-54
(date)

My recommendations are:

1. Exploration west of the Highland-Surprise mine is warranted. Evidence available indicates that the existence of ore shoots in the area is structurally permissive; in addition, one structure on the Neville-Stewart adit level, explored by the Bureau of Mines and the company, contains ore.

2. The western exploration should be conducted from both the 750 and 1450 levels, the work to be done successively, the 1450 level work first. The completion of work on the 750 level should not be contingent upon results on the 1450 level.

3. Additional funds for about 450 feet of rehabilitation, minor rehabilitation of 750 level, 2,000 feet of drifting and crosscutting, 1,250 feet of diamond drilling, and 1,000 feet of breakoffs on the 750 level should be made available.

## [illegible]

The Highland-Surprise property is in the Pine Creek area of the Coeur d'Alene District in sec. 30, T. 48 N., R. 2 E. [illegible] Park road from Pinehurst to Stockton; the road from the east fork of Pine Creek to the mine is a hair graveled road which is also used by the Sidney mine.

## [illegible] OF PROPERTY

The Neville-Stewart mine consists of one level adits on the applicant's map. During previous work, air and equipment were provided by the Highland-Surprise mine. The applicant's map shows the location of pertinent claims. The Highland-Surprise mine, from which the work will be done, has been described in the application for Contract No. [illegible].

## [illegible] GEOLOGY

The country rock of the Pine Creek area is principally Prichard formation, although east of the Highland-Surprise mine the Burke formation is present. The Prichard formation has been divided into lower and upper members. The lower Prichard is "thin to thick bedded, light to dark gray argillite, laminated in part, interbedded with white to light gray, subvitreous to glassy quartzite" (Explanation of USGS map "Wallrite and Wallace quadrangle"). The upper Prichard is described as "thin to thick bedded, light gray to white, more or argillaceous quartzite interbedded with thinly laminated, dark gray argillite." Argillite in this area is a dominant rock and much of the argillite is normally

very fine-grained, dark quartzite; in other districts much of the thickly bedded material would be called graywacke. Other portions might well be classified as shales and slates.

Bedding attitudes in the vicinity of the Highland-Surprise mine are diverse, but in general show a northwesterly strike and a southerly dip.

Economically, the most significant structural feature of the Pine Creek area is the Yreka shear zone. The productive mines in the Pine Creek area, except for the Douglas and Constitution mines, are on this shear zone. (See map 1). The productive veins are: the Sunset, the Denver, the New vein in Nabob mine, the Sidney, those in the Nevada-Stewart mine, the Surprise, and the Highland vein.

Productive veins of the Pine Creek area, except for the stibnite-bearing veins, are composed mainly of pyrite, carbonates, dark glassy quartz, pyrrhotite, sphalerite and galena. Pyrrhotite is abundant and it is the characteristic gangue mineral.

## GEOLOGY OF THE NEVADA-STEWART AREA

The surface geology of the Nevada-Stewart area is shown on the "Hualterville and Vicinity Quadrangle," placed on open file by the U. S. Geological Survey in 1955. The area was trenched in 1948 but the trenches are now caved and cannot be remapped. I have seen detailed maps in the files of other operating companies that show the existence of several west trending structures in the area.

The Nevada-Stewart area was drilled by the Bureau of Mines in 1944. No Report of Investigations was published but the surface geology was mapped by F. C. Armstrong of the Geological Survey--who also logged the core--and a Strategic Minerals Investigations map was put on open file (Portion of Nevada-Stewart Property, Yreka Mining District, Shoshone County, Idaho).

Included with this memorandum is a longitudinal section through the Nevada-Stewart area prepared by the applicant showing the Bureau of Mines drill hole intersections and places where minor amounts of ore were stoped in 1952 and 1955. Mining was stopped when the price of zinc dropped in 1955.

## ORE RESERVES IN THE NEVADA-STEWART AREA

Reserves in the Nevada-Stewart mine are minor and there is no justification for figuring any inferred tonnage below the adit level with present meager information. (See applicant's longitudinal section submitted with this memorandum).

Of some interest, however, are the production figures from the Sidney mine, immediately to the west and the Highland-Surprise mine, immediately to the east. The Highland-Surprise mine (figures to end of 1953) has produced 512,778 tons of ore from which 66,072,395 pounds of zinc and 21,478,828 pounds of lead have been recovered. The Sidney mine from 1921 to the end of 1953 produced 812,806 tons of ore from which 152,864,000 pounds of zinc and 77,992,000 pounds of lead were recovered.

These figures have considerable significance in view of the fact that the two properties lie in the Ireka shear zone, and are on each side of the target area.

## EXPLORATION IN THE PINE CREEK AREA

Inasmuch as the preponderance of productive mines are on the Ireka shear zone (see map 1), it would appear that the most suitable targets for exploration in the Pine Creek area are the unexplored portions of the shear zone. As shown on Nelson and Smith's map of the area (Surface Geology of the Pine Creek area, Shoshone County, Idaho, Strategic Minerals Investigation Preliminary Map), several unexplored gaps occur along the Ireka zone. One such is the deep zone between the Nevada-Stewart west end line and the Highland-Surprise mine workings.

A cross section of the Ireka shear zone at any point may show only one known vein or several known parallel veins. For example, the Denver vein is about 1,000 feet in the footwall of the Sidney vein. The Highland vein is about 150 feet in the footwall of the Surprise vein.

The area to be explored contains several known veins, which include: 3 veins in the Nevada-Stewart tunnel, the Surprise vein that has been traced across Nevada-Stewart ground from Highland-Surprise ground, and the Cammy veins that were exposed in the 1948 trenching on the Nevada-Stewart ground. Good possibilities of others exist, which, together with the known veins at higher levels, make up the target of this exploration project.

## PROPOSED EXPLORATION OF NEVADA-STEWART AREA

The applicant proposes to do 4,500 feet of drifting and crosscutting, 4,500 feet of long hole drilling, and 3,000 feet of diamond drilling in the Nevada-Stewart area, this work to be done from the Highland-Surprise 1450 level.

Approximately 2,500 feet of drift will explore the Surprise vein, 1,100 feet of this footage to be in Highland-Surprise ground. Crosscutting to the north will explore the veins exposed in the Nevada-Stewart adit level. Diamond drilling will explore veins south of the Surprise vein.

This exploration has considerable merit in that it will explore the full width of the Yreka group zone, at this point on the order of 2,500 feet wide, at depth in an area where previous Government exploration has demonstrated the existence of ore. The question whether all the exploration should be confined to the 1400 level. If the veins in the Yreka Tenant area should prove to be barren on the 1400 level, there will be no proof that ore is not present at higher elevations (through exploration for example). I believe that funds should be made available so that additional drifting, crosscutting, and drilling can be done on the 700 level; otherwise, the exploration of this block of ground will be inadequate. Drift costs as determined by Drinkwater for 1400 level work should be applicable to the 700 level work.

An abortive attempt at deep exploration has been made by drifting westward from the Michigan Surprise 700 level (the location of the drift is shown on the applicant's map). The drift was not carried far enough west nor were crosscuts northward to the main zone made. I went out to the end of the 700 level in 1972 and found that all track and pipe had been pulled. If this level is to be rehabilitated, track and pipe would have to be replaced, some of the timbers stabbed, and a compressor driven near the shaft. As the present drift is caved at the 75, I saw shoot.

I feel that if exploration is resumed it should especially that the zone be explored on 2 levels.

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# NEVADA-STEWART MINING CO.

AN IDAHO CORPORATION

409
~~604~~ EMPIRE STATE BUILDING
SPOKANE 8, WASHINGTON

Minutes of Meeting Board of Directors
Nevada-Stewart Mining Company
May 24, 1954 at 10 A.M. 409 Empire State Bldg., Spokane, Washington

Present: Frank J. Luedke, President
Adam J. Reinhart, Vice President
Henry Smith, Secretary-Treasurer
Cliff Erickson
Henry Connelly

Meeting called to order by Frank J. Luedke.
Minutes of previous meeting read and accepted as read.

Purpose of this meeting is to work out a working arrangement between Highland Surprise and Nevada-Stewart.

Mr. Erickson moved that the Highland receive 90% of net Smelter returns and Nevada receive 10% of net Smelter returns and that 35/65 division after all costs have been recovered then 65/35 percent (65% to Highland and 35% to Nevada) be in effect. Seconded by Connelly, carried.

Paragraph # 3 of proposal was discussed regarding 10% interest in any or which might be developed and/or mined by the use of such openings.

Paragraph # 2- Nevada Equipment on the project with out rental charge discussed.

Moved by Smith that the statement of Highland of May 18, 1953 regarding Nevada equipment. Nevada-Stewart submit their proposal based on Statement of Highland Board. Seconded by Reinhart, carried.

The Board authorized their president to have contract prepared and submitted to each Director for approval.

Adjourned 12:20 P. M.
Approved & Signed

Frank J Luedke Pres

Henry S. Smith

Clifford H. Erickson

Adam J Reinhart

Henry Connelly

# NEVADA-STEWART MINING CO.

AN IDAHO CORPORATION

604 EMPIRE STATE BUILDING
SPOKANE 8, WASHINGTON

Minutes of Meeting Board of Directors
Nevada-Stewart Mining Company
May 24, 1954 at 10 A.M. 600 Empire State Bldg. Spokane Washington

Present: Frank J. Luedke, President
Adam J. Reinhart, Vice President
Henry Smith, Secretary-Treasurer
Cliff Erickson
Henry Connolly

Meeting called to order by Frank J. Luedke.
Minutes of previous meeting read and accepted as read.

Purpose of this meeting is to work out a working arrangement between Highland Surprise and Nevada-Stewart.

Mr. Erickson moved that the Highland receive 90% of net smelter returns and Nevada receive 10% of net Smelter returns and that 35/65 division after all costs have been recovered then 65/35 percent (65% to Highland and 35% to Nevada) be in effect. Seconded by Connolly, carried.

Paragraph #3 of proposal was discussed regarding 10% interest in any or which might be developed and/or mined by the use of such openings.

Paragraph #2 - Nevada Equipment on the project with out rental charge discussed.

Moved by Smith that the statement of Highland of May 18, 1953 regarding Nevada equipment. Nevada-Stewart submit their proposal based on Statement of Highland Board. Seconded by Reinhart, carried.

The Board authorized their president to have contract prepared and submitted to each Director for approval.

Adjourned 12:20 P. M.
Approved & Signed

Frank J. Luedke Pres

Henry L. Smith

Clifford H. Erickson

Adam J. Reinhart

Henry Connolly

# NEVADA-STEWART MINING CO.

AN IDAHO CORPORATION

~~604~~ 409 EMPIRE STATE BUILDING

SPOKANE 8, WASHINGTON

Minutes of Meeting Board of Directors
Nevada-Stewart Mining Company
May 24, 1954 at 10 A.M. (409) Empire State Bldg., Spokane, Washington

Present: Frank J. Luedke, President
Glen J. Lathert, Vice President
Harry Smith, Secretary-Treasurer
Cliff Erickson
Harry Connelly

Meeting called to order by Frank J. Luedke.
Minutes of previous meeting read and accepted as read.

Purpose of this meeting is to work out a working arrangement between Highland Surplus and Nevada-Stewart.

Mr. Erickson moved that the Highland receive 90% of net smelter returns and Nevada receive 10% of net smelter returns and that 35/65 division after all costs have been recovered than 65/35 percent (65% to Highland and 35% to Nevada) be in effect. Seconded by Connelly, carried.

Paragraph # 3 of proposal was discussed regarding 20% interest in any or all right to developed and/or mined by the use of such openings.

Paragraph # 2- Nevada Equipment on the project with no rental charge discussed.

Moved by Smith that the statement of Highland of May 12, 1953 regarding Nevada equipment. Nevada-Stewart submit their proposal based on statement of Highland Board. Seconded by Lathert, carried.

The Board authorized their president to have contract prepared and submitted to each director for approval.

Adjourned 12:20 P. M.
Approved & Signed

Frank J. Luedke Pres

Henry C. Smith

Clifford H. Erickson

Glen J. Lathert

Henry Connelly

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
JUN 14 1954

June 10, 1954

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

Re: New DMEA application (lead-zinc)
Highland-Surprise Cons. Mining Co.
Shoshone County, Idaho

Dear Mr. Selfridge:

Enclosed are two copies of a letter from the applicant, in which they state that they wish to withdraw that part of their recent application entitled "Proposal No. 1." This proposal was for easterly work from the 700 level to explore the Highland-Surprise property east of the Government Gulch fault.

This request is being submitted following a conference with the Field Team, in which it was pointed out that doing exploration work in both the Highland-Surprise property and the Nevada-Stewart property on the same contract could involve certain legal complications. In accordance with this conference, the operator has agreed to our suggestions and has withdrawn his proposal for the easterly work. It might also be pointed out that from present evidence there appears to be little geologic justification for doing the work under Proposal No. 1.

By Field Team, Region II

A. E. Weissenborn

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

Ving G. Agnew

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

Enclosure 1 (in dup.)
cc: USBM (2)
Fryklund

# HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

203 GYDE-TAYLOR BUILDING
WALLACE, IDAHO

MINE OFFICE:
BOX 650, KELLOGG, IDAHO

June 3, 1954

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

Re: Exploration Assistance Application
Docket No. DMEA-3341

Dear Sir:

Our "Proposal No. 1" in the above captioned application was for easterly work from the 700 level to explore Highland-Surprise property east of the Government Gulch fault; our "Proposal No. 2" was for westerly on the 1450 level with exploration of Nevada Stewart Mining Company property as its principal objective. In order to avoid possible legal complications which might result from the commutation of the two applications, we wish to withdraw that part of the above captioned application which relates to our "Proposal No. 1".

At a later date we will submit another application covering exploration work in Highland-Surprise ground.

Yours very truly,

H. A. Callaway
Secretary-Treasurer

RECEIVED
JUN 4 1954
U. S. G. S.
SPOKANE, WASH.

# HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

203 GYDE-TAYLOR BUILDING
WALLACE, IDAHO

MINE OFFICE:
BOX 690, KELLOGG, IDAHO

Feed
Urge
cx

June 3, 1954

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

Re: Exploration Assistance Application
DOCKET NO. DMEA-3341

Dear Sir:

Our "Proposal No. 1" in the above captioned application was for easterly work from the 700 level to explore Highland-Surprise property east of the Government Gulch fault; our "Proposal No. 2" was for westerly on the 1450 level with exploration of Nevada Stewart Mining Company property as its principal objective. In order to avoid possible legal complications which might result from the combination of the two applications, we wish to withdraw that part of the above-captioned application which relates to our "Proposal No. 1".

At a later date we will submit another application covering exploration work in Highland-Surprise ground.

Yours very truly,

H. A. Galloway
Secretary-Treasurer

RECEIVED
JUN 4 1954
U.S.G.S.
SPOKANE, WASH.

File Copy
Surname

Griswold
Selfridge
K Johnson
McKendry

500

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

MAY 20 1954

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

Re: Docket No. DMEA-3341 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Highland-Surprise and Nevada
Stewart Mines
Shoshone County, Idaho

Dear Mr. Weissenborn:

We have the letter dated May 6 from your office regarding the cited application. There are various points which we should like to bring up at this time.

First, since the Highland-Surprise Consolidated Mining Company already has a contract in effect, we presume that such contract, with its lands and costs, would be enfolded into any new contract. Of course, care should be taken to exempt any ore reserves which should properly be exempted. However, since the Nevada Stewart Company seems to be a party to this new project, would such a company be willing to enter into a contract of this type? We can hardly believe that it would be to their own best interest to do so.

Second, a proper property map should be submitted showing the claims to be included in the contract. We question that the claims listed by the Applicant are fully adequate.

Third, what are the sizes of the proposed drifts.

Fourth, the proposed costs of $52.00 per foot are badly out of line. In all projects, of any sort, we should deal only with "stripped" or direct costs to the extent as may appear logical and reasonable. We note that on the current project average drifting costs through March have been $28.40 per foot.

With reference to the Applicant's existing contract (Docket No. DMEA-390), we note that in Mr. E. G. Erickson's memorandum of April 6, it is stated:

R.C.S.

"The Operator's exploration costs have increased considerably because mining operations have been curtailed, and the mine operates 5 one-shift days per week. Exploration headings are charged with almost 100 percent of all the costs. The Operator did not have firm figures worked up at the time of my inspection but estimated over-all cost for drifting is now about $50/ft."

Obviously, the exploration project is presently carrying the entire load of what had been an operating organization, a condition much different than had been contemplated when the contract was entered into by the Government.

We are fully aware of the difficulties being encountered by many lead-zinc companies at this time and we wish to deal with the applicants and operators in a completely fair and equitable manner, but we nevertheless cannot approve of costs which are obviously beyond the actual needs of a project.

We have been provided with no maps showing the surface trenches to which the Applicant refers, saying "bulldozer trenches have cut the vein zone in several places as indicated on the enclosed map."

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2/6)

APPROVED:

J. H. Hedges

Member, Bureau of Mines (2/6)

T. P. Thayer

Member, Geological Survey (2/6)

WRGriswold/bjl (5/17/54)

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

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

May 6, 1954

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

Re: New DMEA application (lead-zinc)
Highland-Surprise Cons. Mining Co.
Shoshone County, Idaho

Dear Mr. Selfridge:

Enclosed are the original and two copies of an application submitted by the Highland-Surprise Consolidated Mining Company. One copy of the application has been retained at this office.

The Highland-Surprise Consolidated Mining Company has presented a detailed and complete application, which has a two-fold objective. Proposal No. 1 would be to extend the 700 level of the Highland-Surprise mine east to beyond the Government Gulch fault to test a mineralized structure encountered by previous diamond drilling. In Proposal No. 2, the applicant would extend the 1450 level of the Highland-Surprise mine in a westerly direction, through the Nevada-Stewart property, to its west line, following the Surprise vein structure. At a suitable place on this drift, the applicant proposes to crosscut in the Nevada-Stewart ground to the north, across the Nevada-Sidney-Nabob vein zone.

All work will be done by the Highland-Surprise Consolidated Mining Company, but part of the work will be on Nevada-Stewart ground. We have, therefore, informed the applicant that he will have to obtain an Owner's Consent to Lien agreement from the Nevada-Stewart holders. The applicant has promised to do this and has stated that it will be forthcoming within two weeks.

Our field men are working on a report on the applicant's proposal which will be submitted at the earliest possible date.

Sincerely yours,

Thor H. Kiilsgaard

Thor H. Kiilsgaard
Acting Member, DMEA
Field Team, Region II

Enclosure
cc: USBM (2)
Fryklund

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

So. 157 Howard Street
Spokane 4, Washington

May 6, 1954

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

Re: New DMEA application (lead-zinc)
Highland-Surprise Cons. Mining Co.
Shoshone County, Idaho

Dear Mr. Selfridge:

Enclosed are the original and two copies of an application submitted by the Highland-Surprise Consolidated Mining Company. One copy of the application has been retained at this office.

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Our field men are working on a report on the applicant's proposal which will be submitted at the earliest possible date.

Sincerely yours,

Thor H. Kiilsgaard
Acting Member, DMEA
Field Team, Region II

Enclosure
cc: USBM (2)
Fryklund

# HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

203 GYDE-TAYLOR BUILDING
WALLACE, IDAHO

MINE OFFICE:
BOX 690, KELLOGG, IDAHO

April 29, 1954

RECEIVED
APR 30 1954
U. S. G. S.
SPOKANE, WASH.

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

Dear Mr. Weissenborn:

The Highland-Surprise Consolidated Mining Company and the Nevada Stewart Mining Company wish to submit to you a joint application for assistance under the provisions of the Defense Production Act of 1950. The application consists of the following proposals:

Proposal No. 1:

a. Drift and crosscut on the 700 level of the Surprise main shaft. Approximately 3,000 feet of drifts and crosscuts in an easterly direction:

| | |
|---|---|
| Approximately 2,000 feet @ $52.00 per foot | $104,000.00 |
| Approximately 700 feet timbered @ $57.00 | 39,900.00 |
| Approximately 300 feet double timbered @ $60.00 per foot | 18,000.00 |

b. Preparatory work on 700 level — 6,800.00

c. Approximately 3,000 feet of long hole drilling @ $1.00 per foot — 3,000.00

d. Approximately 3,000 feet of AX diamond drilling @ $4.75 per foot — 14,250.00

Proposal No. 2:

a. Drift and crosscut on the 1450 level of the Surprise main shaft. Approximately 4,500 feet of drifts and crosscuts in a westerly direction:

| | |
|---|---|
| Approximately 3,000 feet @ $52.00 per foot | $156,000.00 |
| Approximately 1,000 feet timbered @ $57.00 | 57,000.00 |
| Approximately 500 feet double timbered @ $60.00 per foot | 30,000.00 |

b. Approximately 4,500 feet of long hole drilling @ $1.00 per foot — 4,500.00

c. Approximately 3,000 feet of AX diamond drilling @ $4.75 per foot — 14,250.00

Proposal No. 3:

| | |
|---|---|
| Surface exploration by bulldozing on the eastern claims of Highland-Surprise property, 500 hours @ $12.00 per hour | $ 6,000.00 |
| Total cost of three proposals | $447,700.00 |

Our present exploration contract, No. Idm-E63, is nearly completed and while the results of this project have been largely negative so far as development of commercial ore is concerned, we do not believe that they can be considered as entirely discouraging. The vein structures on which we worked showed considerable strength and persistence on all the levels explored in either direction, east or west, promising encouraging results from a lateral exploration program.

Our Surprise shaft is down to the 1850 level, elevation 1,464 feet, and the Highland shaft is at the 700 level, elevation 2,568 feet. This shows that considerable vertical development has been accomplished in the past but comparatively limited lateral development has been done. We believe that this fact, together with the favorable geological conditions, offer good chances for an extensive lateral exploration program. Following are geological summaries and cost analyses covering the three proposals:

Proposal No. 1:

Target and general outlay:

The proposal aims generally to explore the country lying east of the Government Gulch Fault and defined by the Placer Creek Fault to the south. We would like to cross the Government Gulch Fault in the shortest possible direction on the 700 level of the Surprise main shaft by starting a diagonal crosscut about 50 feet west of the Highland shaft, as shown on the enclosed map. After crossing the Government Gulch Fault, the crosscut would be driven toward the downward extension of the several veins which can be identified and followed on the surface as shown on the same map. After reaching the vein zone, the strongest vein would be followed and the rest of the structures tested by long hole and diamond drilling.

Geological conditions:

The Government Gulch Fault is the dividing factor between the Prichard argillite and the Upper Prichard and Burke formations in this area. The fracturing responsible for the deposition strikes northwest and dips southwest.

Outcrops of four veins have been followed in this area east of the fault, two of them for several thousand feet toward the east. The general strike of the outcropping veins is northeast with apparently a 65° southeasterly dip. Bulldozer trenches have cut the vein zone in several places as indicated on the enclosed map. Some of the trenches followed the veins for several hundred feet on the strike and exposed structures several feet wide with heavy iron and minor lead, zinc and quartz content.

There was an attempt in 1948 to explore the downward extension of these promising veins by three diamond drill holes collared on the surface.

Hole No. 1 was a combined NX, AX and EX hole, 498 feet long, shown on the enclosed map. This hole penetrated the farthest northern ore zone only and stopped on a dike vein north of the Placer Creek Fault. In this hole 34 feet of oxidized outcrop material was cut. The sector from 34 feet to 61 feet contains quartzite with considerable iron oxide staining and a substantial amount of pyrite casts.

One other vein zone was cut by this hole between 303 and 336 feet where broken slates are reported with considerable amount of siderite-calcite stringers and quartz.

This hole penetrated only a part of the width of the zone to be explored and is inconclusive because of the fact that it is located very close to the junction of the Government and Placer Creek Faults.

Hole No. 2 was located and collared in a dozer trench and penetrated the formation at an angle of -30°. This hole was 382 feet long and it was collared right in one of the vein outcrops. The first 65 feet cut oxidized outcrop slates showing superficial bleaching with considerable amounts of limonite throughout with complete sections.

The second ore zone was entered by this hole at 315 feet where a 35 feet wide zone of quartz, low grade sphalerite and pyrrhotite was cut.

Hole No. 3 was located in the same bulldozer trench as hole No. 2 and it was collared in the same outcrop. This hole is 377 feet long and drilled at an angle of -30°. A 50 foot zone of oxidized, superficially bleached slates was cut with considerable scattered limonite. The last limonite occurs in this zone at 101 feet.

The second vein zone has been logged between 331 and 373 feet where thin-laminated slates were recorded but by stringers of carbonates, pyrite and minor quartz.

Core logs of the all holes referred to are available. Sectors of the holes were drilled by plug bit. Sections through holes 1, 2 and 3 are enclosed.

No drifting operations have penetrated the area east of the Government Gulch Fault on our property. The 100 level, elevation 3,071 feet, was extended approximately 600 feet east of the Highland shaft. This level, at present completely caved, is the closest approach to the fault. A 650 feet long diamond drill hole, No. 11, was drilled from the face of this drift. No core log of the hole is available, except some geological information plotted on a map. We are showing this drift as well as the diamond drill hole on our enclosed map. We believe that drilling results could hardly be considered conclusive, even if more information about the hole were available, because this hole was located in the most fractured ground of the property at the junction of the Government Gulch and Placer Creek Faults.

Our target is east of the area explored by the drift on the 100 level and diamond drill hole No. 11 and our aim is to cross this fractured zone the shortest way, away from the mentioned junction of the two major faults.

At this point we would like to call attention to the fact that the nearest major producer in this area is the Page Mine and that there is an amazing similarity in the gological conditions of the Page zone and the area we propose to explore. Both zones are east of the Government Gulch Fault in Upper Prichard and Burke formations with similar strike and dip of the bedding as well as of the vein structures. We believe that this similarity should not be overlooked.

Finally we would like to point out that, according to the experiences of the rest of the district, higher lead and silver values can be expected in the Upper Prichard and Burke formations. We firmly believe that the geological conditions justify this proposal and that positive results can be reasonably expected.

Choice of level:

The diamond drill hole cut the ore horizons at approximately 3,300 feet elevation; our main adit level, No. 4 tunnel, is driven at an elevation of 3,151 feet. Therefore the idea to explore the area in question from this level was not feasible because it does not offer sufficient ground above the tunnel level.

The next level to be considered was the 700. We believe this to be the most favorable level for our purposes even though some rehabilitation work must be done here. We expect to be able to cross the faulted zone from this level in the shortes possible distance and, further, we will have good ventilation conditions because the proposed crosscut will be started practically from the Highland shaft.

Cost analysis:

In calculating the unit costs in all of our proposals it was necessary for us to assume that by the time this application is approved and operations started there will be no substantial stoping ore left in the properties involved. As a result of this fact, all the indirect costs must necessarily be charged against this project only. This raises the unit cost above the level of our old contract where the indirect costs were partly absorbed by some stoping operations.

Practically all the production of the past year came from the fringe areas of the old ore shoots and stoping of those areas offers us production possibilities for a limited time only.

The 700 level is in very good shape but 1500 feet of rail and pipe has been removed and must be replaced. We are enclosing a detailed calculation of this rehabilitation work. In this connection, we would like to mention that the completion of this rehabilitation work will offer some limited new stoping possibilities on the 700 level, the income and royalty from which should support the idea of doing this work.

In our cost summary we show the costs for untimbered, timbered and double timbered drift according to the expected length of each section. We expect a short section of double timbered drift while crossing the fault zone. The expected length of the timbered and double timbered sections shown in our proposal should be considered as maximum; in case they are shorter than expected, the cost will be reduced accordingly.

Attached as Exhibit A to this application is a detail of our cost calculations based on the assumption that Proposals 1 and 2 will be carried on concurrently on a basis of six days per week, two shifts per day.

Proposal No. 2:

Target and general outlay:

This proposal aims to explore a virtually unexplored area of the Pine Creek ore belt between the Highland-Surprise and the Sidney ore bodies. The proposal involves approximately 4,500 feet of drifting and crosscutting.

We are proposing to extend the present drift on the 1450 level of the main Surprise shaft in a westerly direction through the Nevada Stewart property to its west end line, following the Surprise vein structure. This drift would be approximately 2,500 feet long, 1,100 feet in Highland-Surprise and about 1,400 feet in Nevada Stewart property.

On the basis of the results of this operation and at the most suitable place we would like to crosscut in Nevada Stewart ground from the Surprise vein zone to the Nevada-Sidney-Nabob vein zone. This northerly crosscut would be approximately 1,200 feet long. The most promising vein of this Nevada-Sidney-Nabob zone would be followed westerly and possibly easterly for a total distance of approximately 800 feet. The rest of the zone would be explored by long hole and diamond drilling.

All work in Nevada Stewart property would be done by Highland-Surprise under an agreement with the Nevada Stewart Company.

Geological conditions:

The main Surprise structure and several parallel vein structures can be and have been traced on the surface for several thousand feet west of the present west face of our 1450 level. This face now shows a 30 inches wide vein with 1.2% lead and 2.1% zinc content.

Diamond drill hole No. 1440, drilled from the present face to the north, cut two feet of solid pyrrhotite at a distance of 14 feet. The same pyrrhotite vein was cut in approximately the same position 70 feet east from hole No. 1440. Core logs and core of diamond drill hole No. 1440 are available and the holes and position of the drift face are shown on the enclosed map.

Samples from the last 50 feet of the 1450 level drift show the following values:

| | Pb % | Zn % |
|---|---|---|
| Sample dated 2-16-54 across 7 feet | 1.4 | 1.9 |
| " " 2-15-54 " 4.5 " | 2.7 | 2.2 |
| " " 2-9-54 " 7 " | 1.0 | 0.9 |
| " " 2-8-54 " 4.5 " | 3.6 | 3.1 |

We recently started a short stope in this section of the drift to determine whether the grade of the ore may improve above the drift.

The pyrrhotite vein which was diamond drilled in the footwall seems to be a split vein from the main structure.

These facts show that there ~~that~~ ~~there~~ is a definitely promising structure here which we would like to follow to the west. This country is a virtually unexplored sector lying between two producers, the Highland-Surprise and the Sidney mines.

Extensive surface diamond drilling done by the U. S. Government in 1948 exposed a wide zone of mineralization lying approximately 1,200 feet north of the Highland-Surprise vein zone in this area. This zone is the second target of our Proposal No. 2. The enclosed cross section A-A through this country indicates diagrammatically the position of the vein zones and the vertically projected property lines.

This zone has not been explored at depth so far; our proposal is the first attempt to penetrate this area at this elevation, 1,852 feet, which is approximately 800 feet below the lowest workings of adjoining properties.

As a result of the encouraging diamond drilling done by the Government, the lower Nevada tunnel followed this persistent vein structure at an elevation of 3,068 feet as shown on the enclosed map. Short commercial ore shoots were developed at this elevation. There was another attempt to develop this promising country from the 700 level of the main Surprise shaft, at an elevation of 2,568 feet, but the level was not extended far enough to enter the zone we are proposing to explore.

Besides these facts a theory has been developed by leading geologists of the district indicating that both the lower Nevada tunnel and the 700 level easterly extension are located in a barren zone between two productive ore horizons, projected horizontally from the Nabob, through the Sidney, to the east end of the Nevada Stewart property.

A logical conclusion, based on available geological information, is that the Nevada Stewart property, unexplored at depth, represents a missing link in the chain of ore bodies of the Pine Creek belt. We feel, therefore, that conditions justify the exploration of this area and that there are good chances of success. We feel further that our 1450 level offers a favorable location to start this project.

Choice of level:

As we mentioned above, the 700 level of the main Surprise shaft is the only one besides the 1450 level which is far enough in a westerly direction to be considered for this proposal. Besides the possibility that the barren zone mentioned above can be projected from the Nabob to the Nevada Stewart on or close to the 700 level, there are other reasons why the 700 level should not be chosen for this project. There is neither rail nor pipeline going east from the shaft on this level; the grade is not ideal; and the drift has several sharp curves which would hinder fast and economical transportation. The station is small and the pockets would be a bottleneck if we are also using them for muck from an easterly drift on the same level as outlined in Proposal No. 1.

There is no rehabilitation work involved on the 1450 level; it is,

for all practical purposes, as far west as the 700 level and operations can be started at any time.

Long hole drilling in both proposals No. 1 and No. 2:

We are suggesting that diamond drilling for exploration guidance purposes be replaced by long hole drilling for all holes up to 150 feet. According to the experience with up to date long hole drilling equipment which is available there is a chance for a considerable saving of time and money by using this method of exploration. In our conditions we believe that we can expect a daily advance of 100 feet of long hole drilling as compared with an average daily advance of 15 feet by diamond drilling. Cost would be approximately $1.00 per foot for long hole drilling against $4.75 per foot for diamond drilling.

Careful following of the drilling results should furnish us with at least as good geological information as is obtained from diamond drilling. We are suggesting the use of long hole drilling at 200 feet intervals in both hangingwalls and footwalls of the drifts which will be driven.

Diamond drilling:

Diamond drilling is proposed for holes longer than 150 feet, up to possibly 500 feet. The location of both the long holes and the diamond drill holes would be decided by agreement with the DMEA Field Team after study of the latest geological information.

We would suggest the same rule for the location of the crosscuts and for the decision as to which vein to follow with a drift if several parallel veins are available. We believe a flexible cooperation with the field teams is the best guarantee of efficiently carrying out the proposed operations.

Proposal No. 3.

As mentioned in our Proposal No. 1, several vein structures can be traced on the surface eastward from the outcrop of the Highland ore body. There are indications that those structures continue to the east but outcrops have not been observed because of lack of exposure in this rugged territory. We would like to carry on with the bulldozing work which was started in this area.

Yours very truly,

Frank J. Luedke

FRANK J. LUEDKE, President
Highland-Surprise Consolidated Mining Co.
and Nevada Stewart Mining Company

EXHIBIT A
Calculation of Unit Costs

| | ONE FACE 6 day week, 2 shifts 250 Feet Per Month | | TWO FACES 6 day week, 2 shifts 500 Feet Per Month | |
|---|---|---|---|---|
| | Amount | Per Foot | Amount | Per Foot |
| Direct costs: | | | | |
| Labor | $ 2,750.00 | $ 11.00 | $ 5,500.00 | $ 11.00 |
| Supplies | 3,050.00 | 12.20 | 6,100.00 | 12.20 |
| Ventilation | 750.00 | 3.00 | 1,500.00 | 3.00 |
| Indirect costs: | | | | |
| Labor: | | | | |
| Hoistmen | 854.28 | 3.42 | 854.28 | 1.71 |
| Cagers | 394.74 | 1.58 | 789.48 | 1.58 |
| Trammers | 394.74 | 1.58 | 789.48 | 1.58 |
| Surface and maintenance | 1,285.00 | 5.14 | 1,485.00 | 2.97 |
| Superintendent | 700.00 | 2.80 | 700.00 | 1.40 |
| Foreman | 600.00 | 2.40 | 600.00 | 1.20 |
| Shift boss | 450.00 | 1.80 | 450.00 | .90 |
| Engineering and geology | 200.00 | .80 | 200.00 | .40 |
| Supplies and expense: | | | | |
| Electric power | 1,300.00 | 5.20 | 1,300.00 | 2.60 |
| Maintenance supplies and miscellaneous mine expense | 3,000.00 | 12.00 | 3,200.00 | 6.40 |
| Social security taxes | 250.68 | 1.00 | 300.00 | .60 |
| Industrial insurance | 332.93 | 1.33 | 400.00 | .80 |
| Group insurance | 90.00 | .36 | 100.00 | .25 |
| Pension plan | 70.00 | .28 | 70.00 | .14 |
| Labor negotiations | 46.50 | .19 | 46.50 | .19 |
| Office: | | | | |
| Salaries | 500.00 | 2.00 | 500.00 | 1.00 |
| Supplies and expense | 125.00 | .50 | 125.00 | .25 |
| Corporate expenses: | | | | |
| President's salary | 250.00 | 1.00 | 250.00 | .50 |
| Directors' fees and expenses | 300.00 | 1.20 | 300.00 | .60 |
| Annual report | 17.00 | .07 | 17.00 | .04 |
| Traveling expense | 40.00 | .16 | 40.00 | .08 |
| Fire insurance | 310.00 | 1.24 | 310.00 | .62 |
| Cost of collecting assessments | 80.00 | .32 | 80.00 | .16 |
| Totals | $18,140.87 | $ 72.57 | $26,006.74 | $ 52.08 |

Detail of direct costs per foot:

| | |
|---|---|
| Labor | $ 11.00 |
| 30 lb. rails, splices, bolts and ties | 2.00 |
| 4 inch and 2 inch pipe @ $1.25 and $.45 per foot respectively | 1.70 |
| Powder | 3.00 |
| Primers | 1.50 |
| Steel and bits | 2.00 |
| Ventilation | 3.00 |
| Drill repairs and miscellaneous | 2.00 |
| Total | $ 26.20 |

EXHIBIT A
(Continued)

| | |
|---|---|
| Cost of timbering per foot of drift: | |
| Labor @ $15.00 per set | $ 3.00 |
| Posts, cap and lacing for 5 foot set, 200 board feet of timber @ $52.00 per M | 2.00 |
| Total cost per foot of drift timbered | $ 5.00 |
| Estimated additional cost for double timbering | 3.00 |
| Total cost per foot of drift double timbered | $ 8.00 |

| | |
|---|---|
| Rehabilitation work on 700 Level east: | |
| Labor - 1,500 feet of track and pipe @ $1.00 per foot | $ 1,500.00 |
| 15 tons of 30 lb. rail @ $190.00 per ton | 2,850.00 |
| 1,500 feet of 4" pipe and couplings @ $125.00 per 100 feet | 1,875.00 |
| 1,500 feet of 2" pipe and couplings @ $43.50 per 100 feet | 652.50 |
| Total cost | $ 6,877.50 |

Notes:

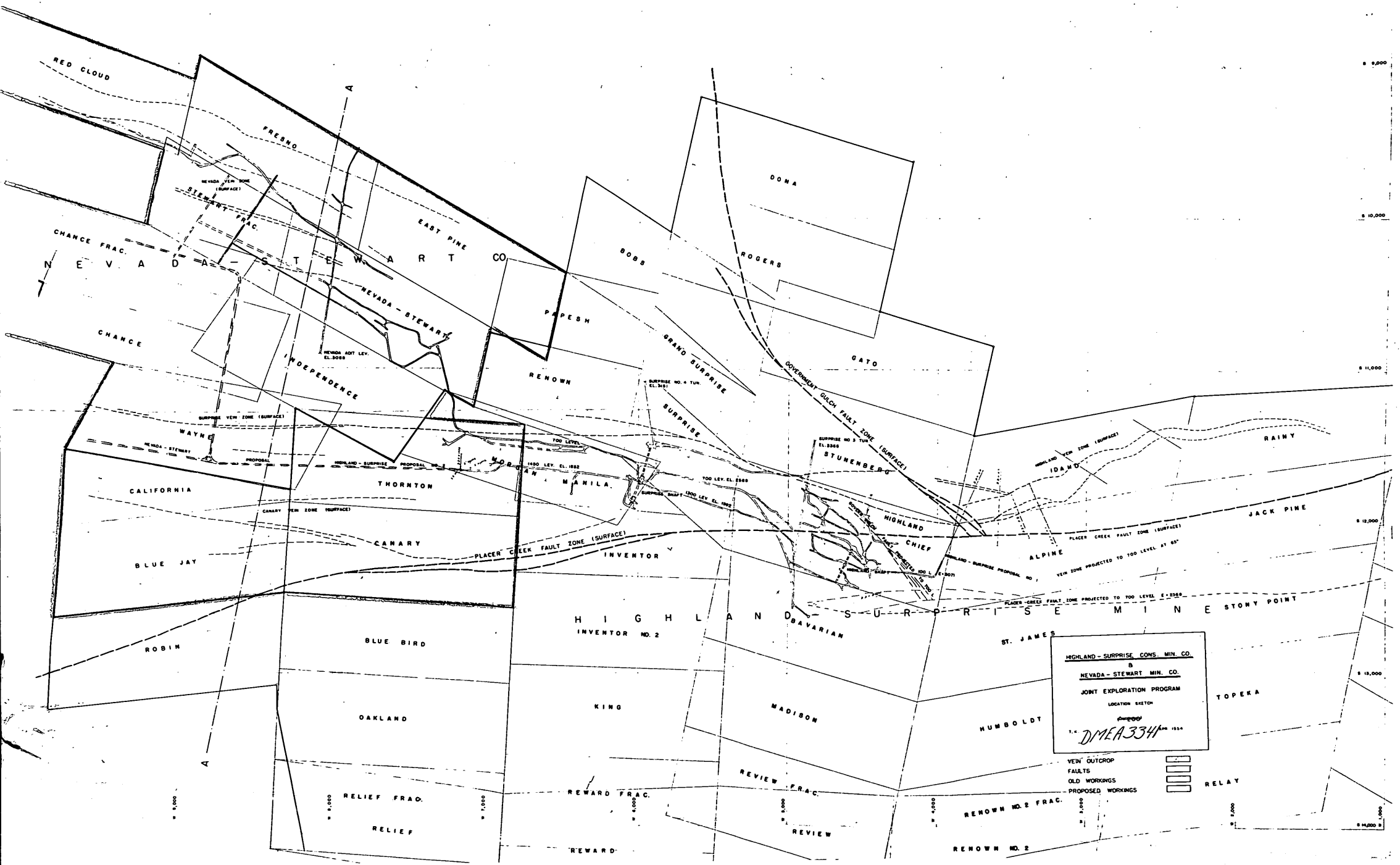
The calculation for one face, 250 feet per month, is enclosed for comparison only; it shows that the unit cost would raise to $72.57 per foot if only one of our proposals is carried out compared with $52.08 per foot if operations under Proposals No. 1 and No. 2 are carried on concurrently. We believe that the unit cost of a one drift operation would be prohibitive.

All the indirect costs, shown in the foregoing calculations, are our actual indirect costs at present, with insignificant changes expected in the future.

BUREAU OF MINES
224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

OFFICIAL BUSINESS

Mr. Jay L. Chambers, Chief
Contract Administration & Audit Division
Defense Minerals Exploration Administration
Interior Building
Washington 25, D. C.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CHIEF
ALPINE
JACK PINE
PLACER CREEK FAULT ZONE (SURFACE)
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VEIN ZONE PROJECTED TO 700 LEVEL AT 65°
PLACER CREEK FAULT ZONE PROJECTED TO 700 LEVEL
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ROBIN
BLUE BIRD
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&
NEVADA - STEWART MIN. CO.
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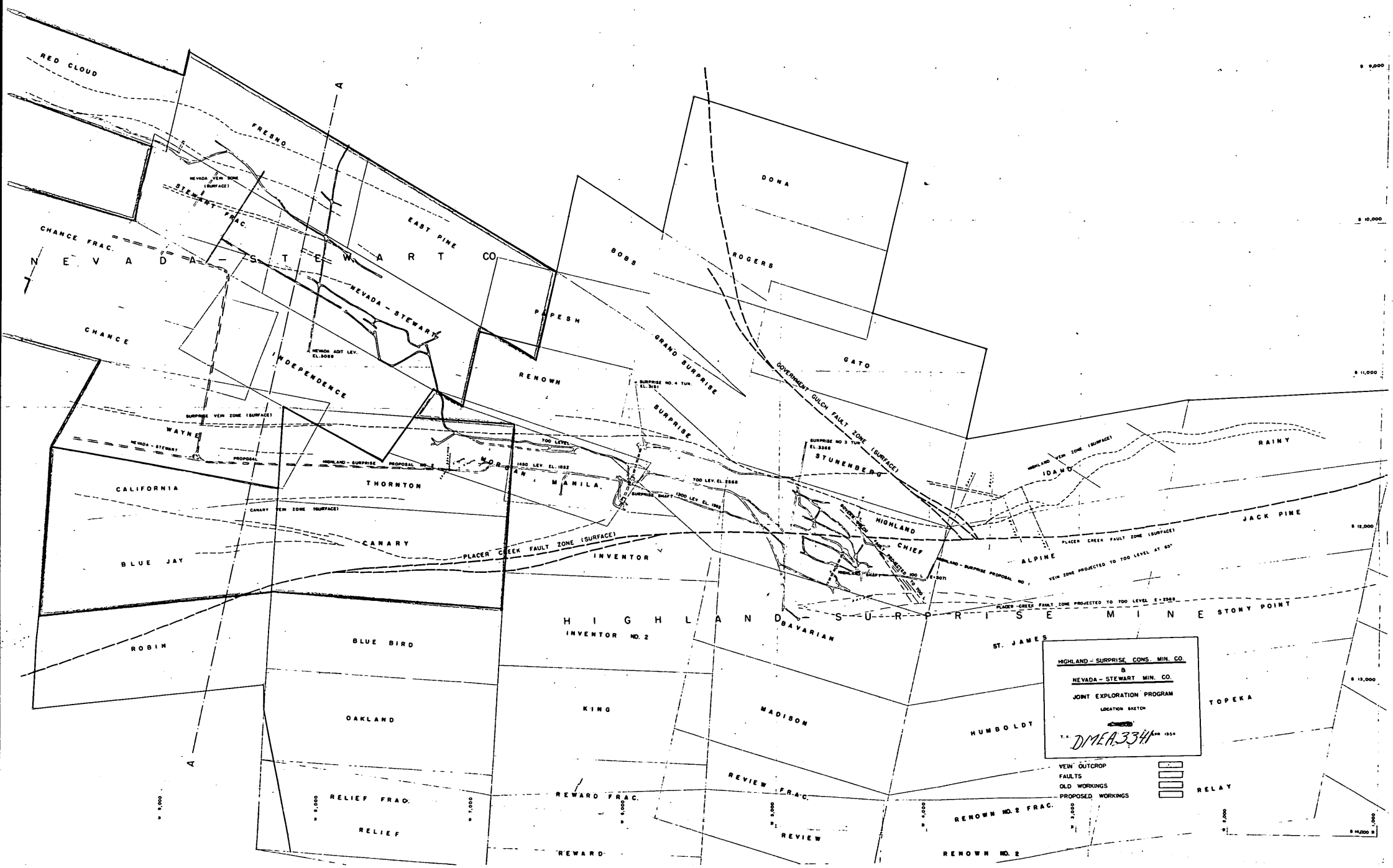
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MORGAN
MANILA
700 LEV. EL. 2368
SURPRISE SHAFT
1900 LEV. EL. 1192
STUNENBERG
HIGHLAND
CHIEF
IDAHO
HIGHLAND VEIN ZONE (SURFACE)
RAINY
JACK PINE
ALPINE
PLACER CREEK FAULT ZONE (SURFACE)
PLACER CREEK FAULT ZONE PROJECTED TO 700 LEVEL E = 2368
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PLACER CREEK FAULT ZONE (SURFACE)
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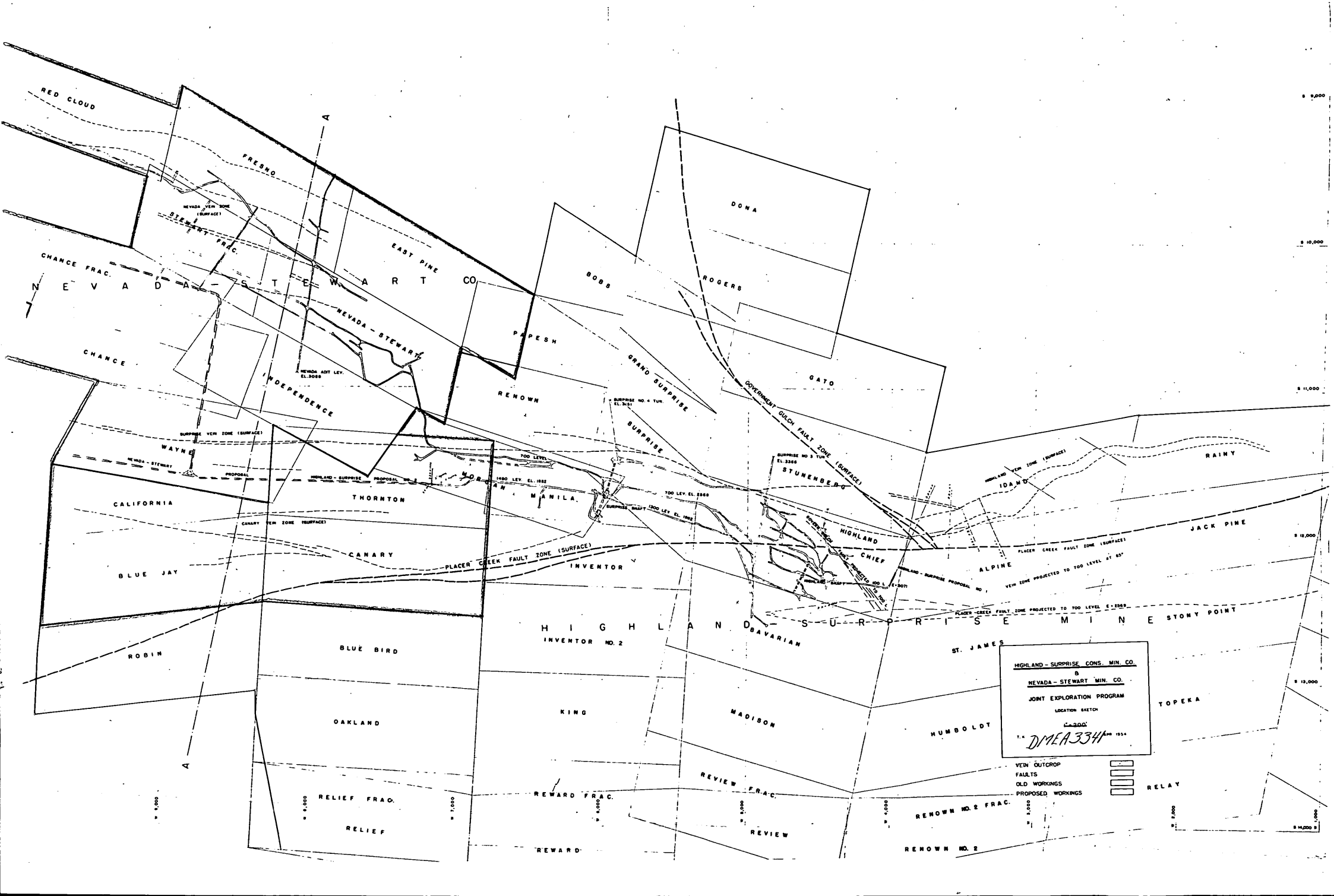
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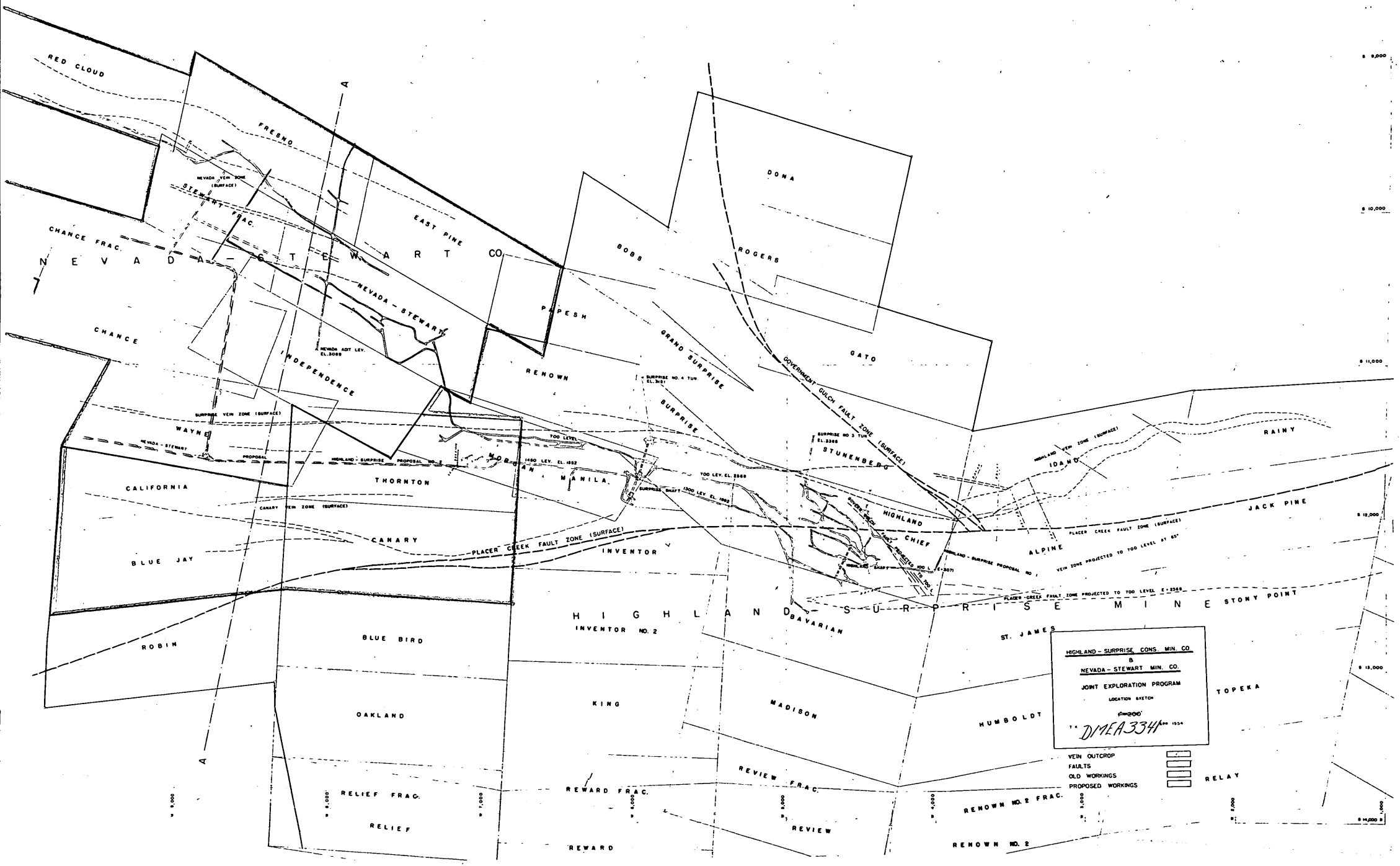
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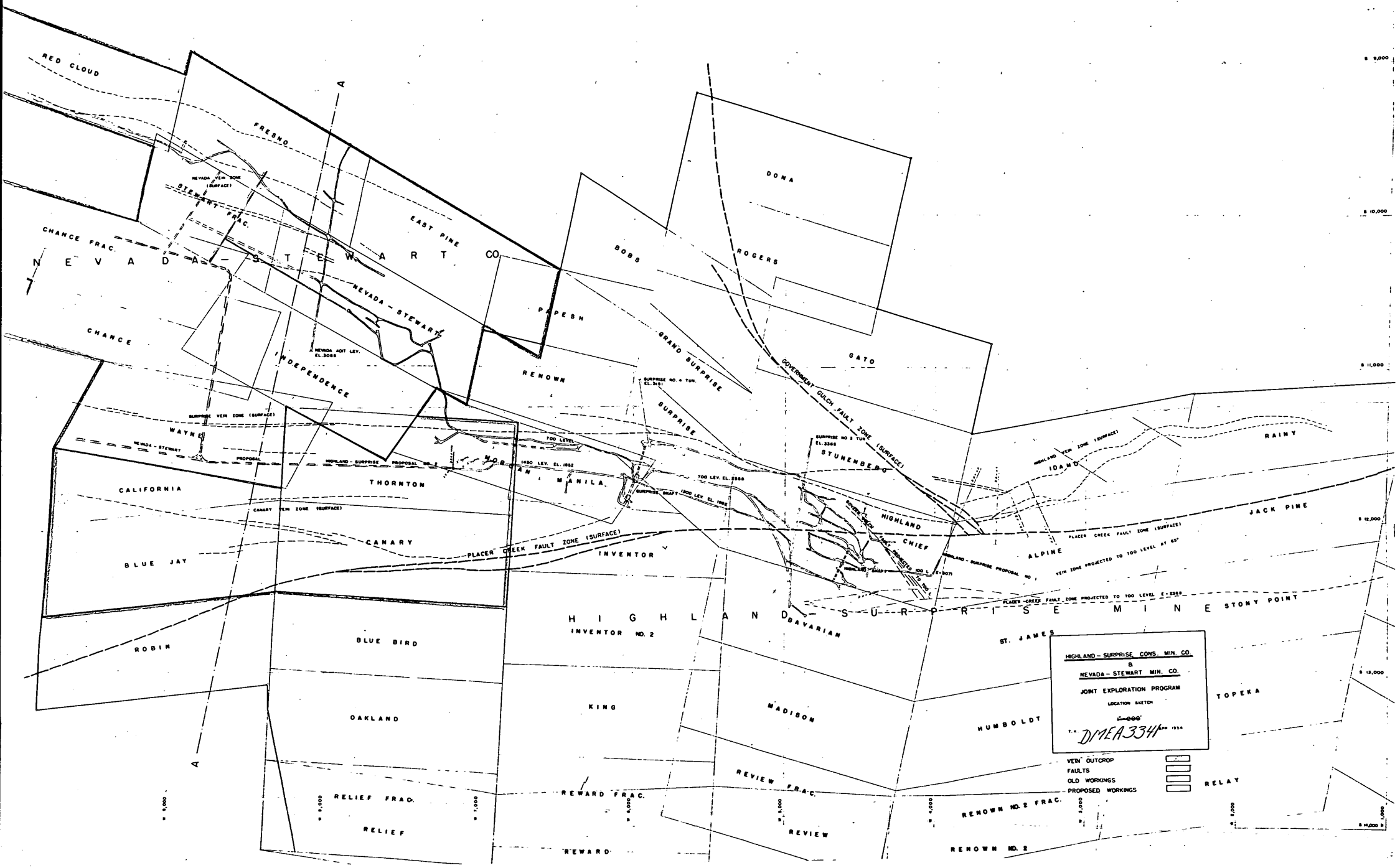
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NEVADA - STEWART MIN. CO.
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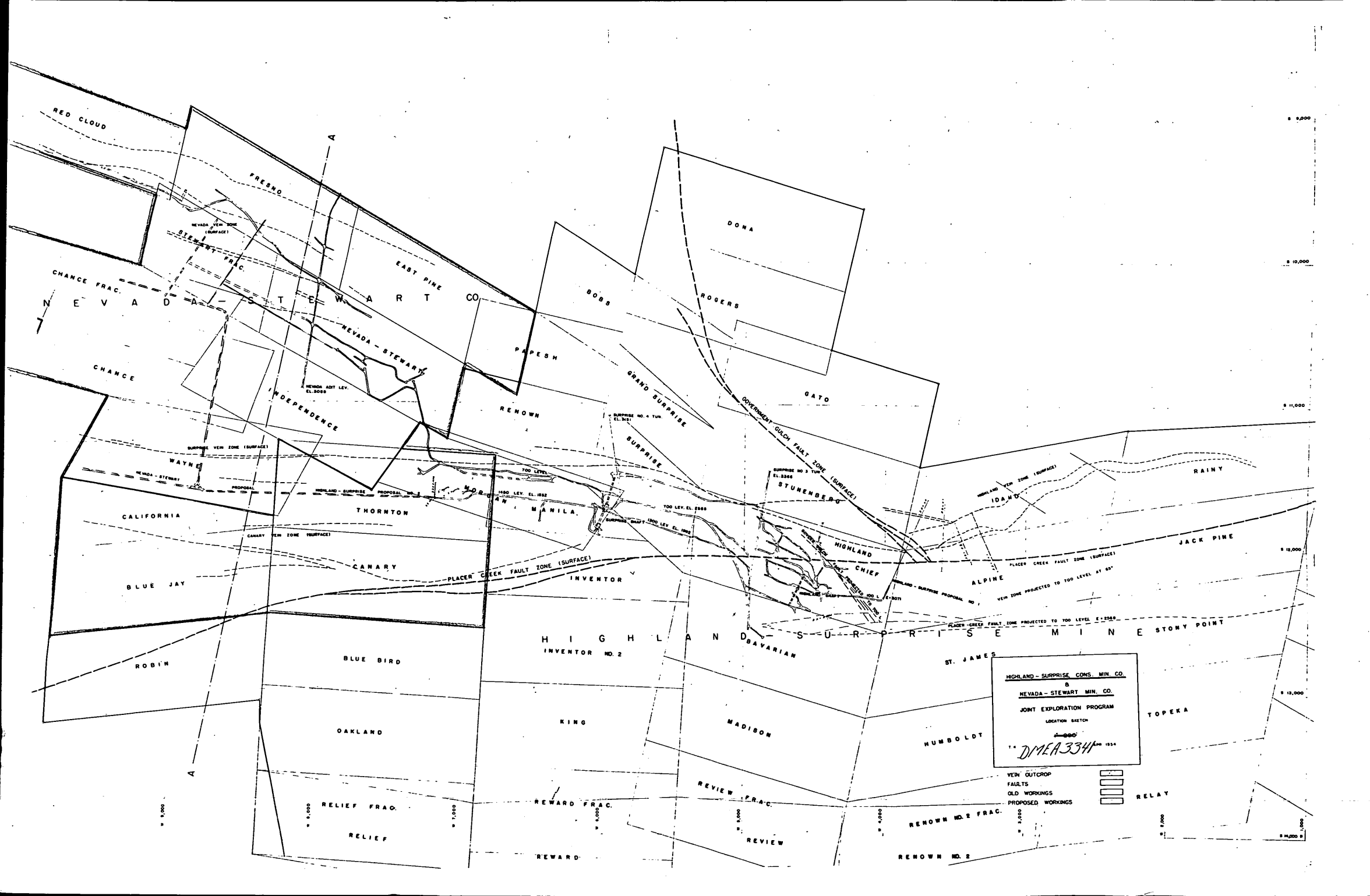
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PLACER CREEK FAULT ZONE (SURFACE)
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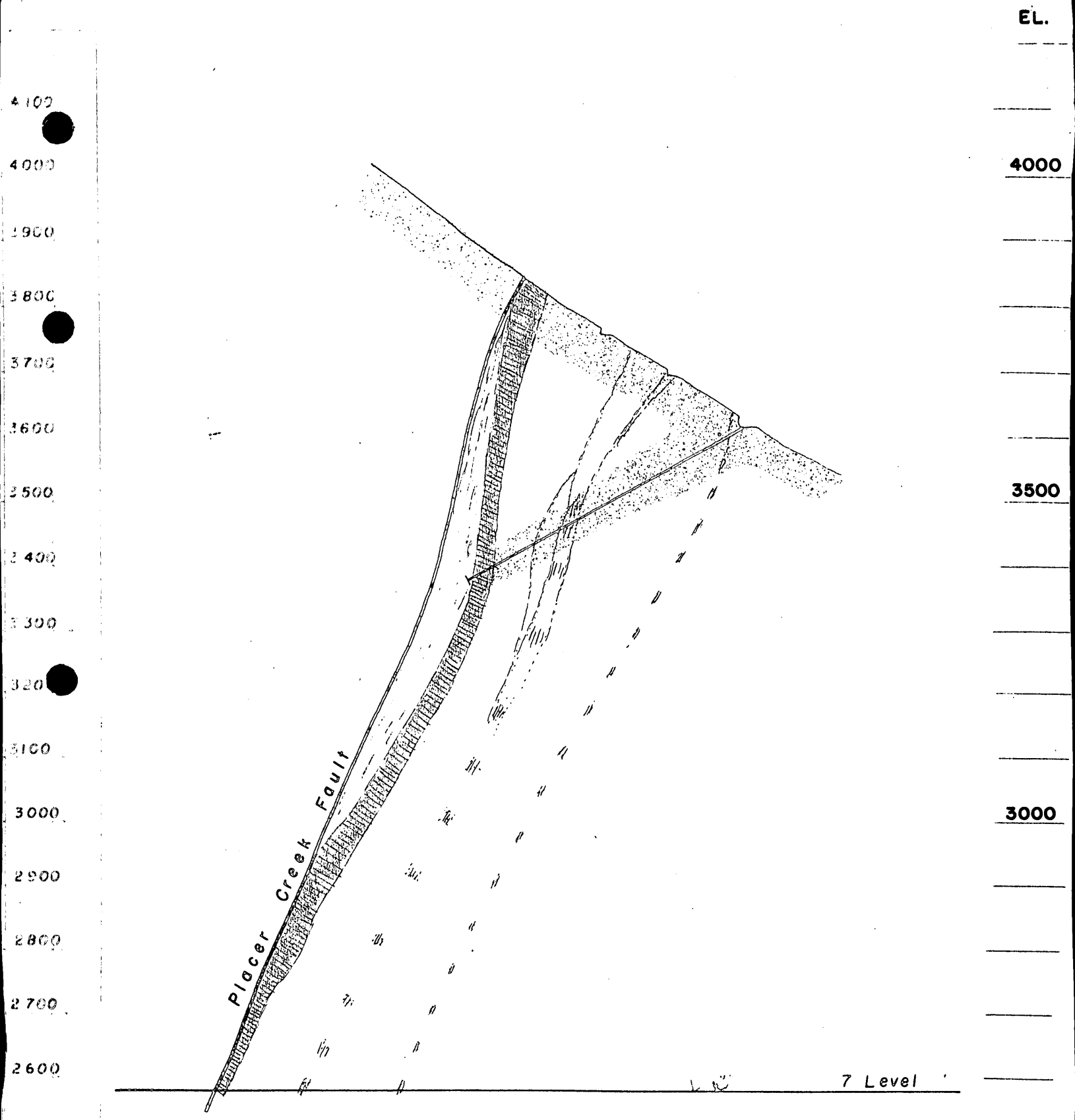


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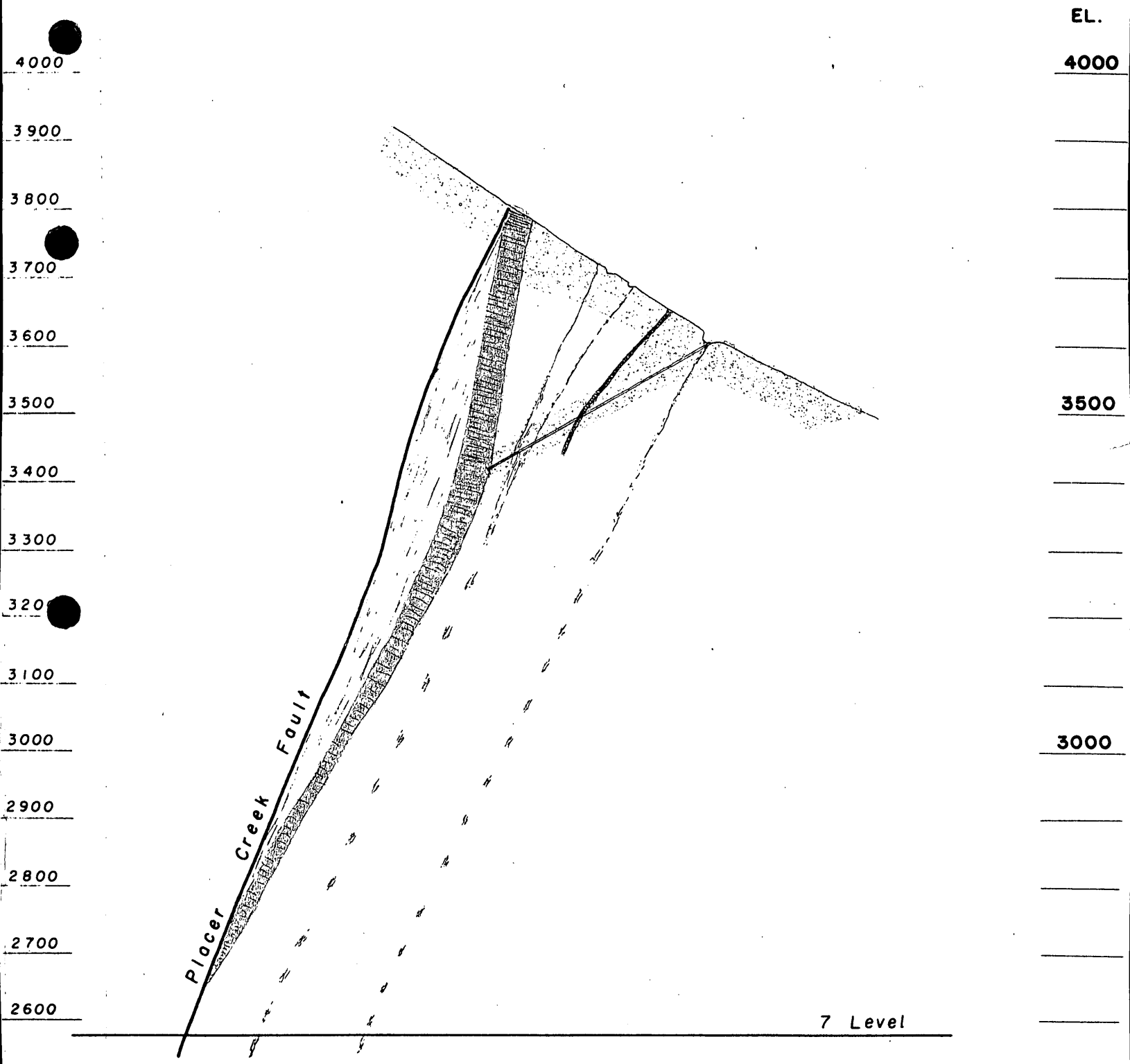


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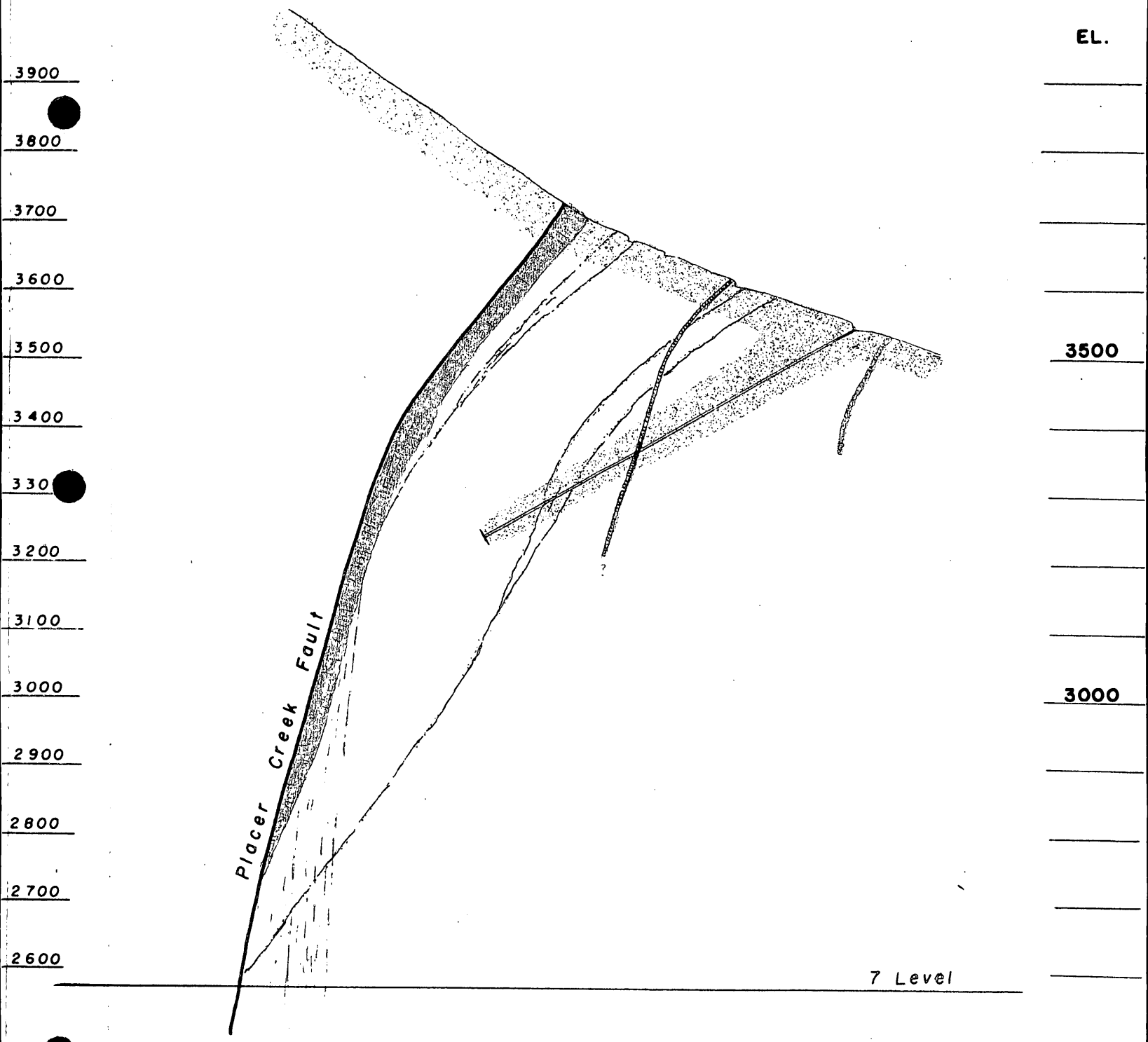


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U.S. v. ASARCO

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Document Title: MAP: "PRODUCTIVE ~~VEN~~ VEINS OF THE WESTERN PORTION OF THE COUER d'ALENE DISTRICT, IDAHO"

Document Author: –

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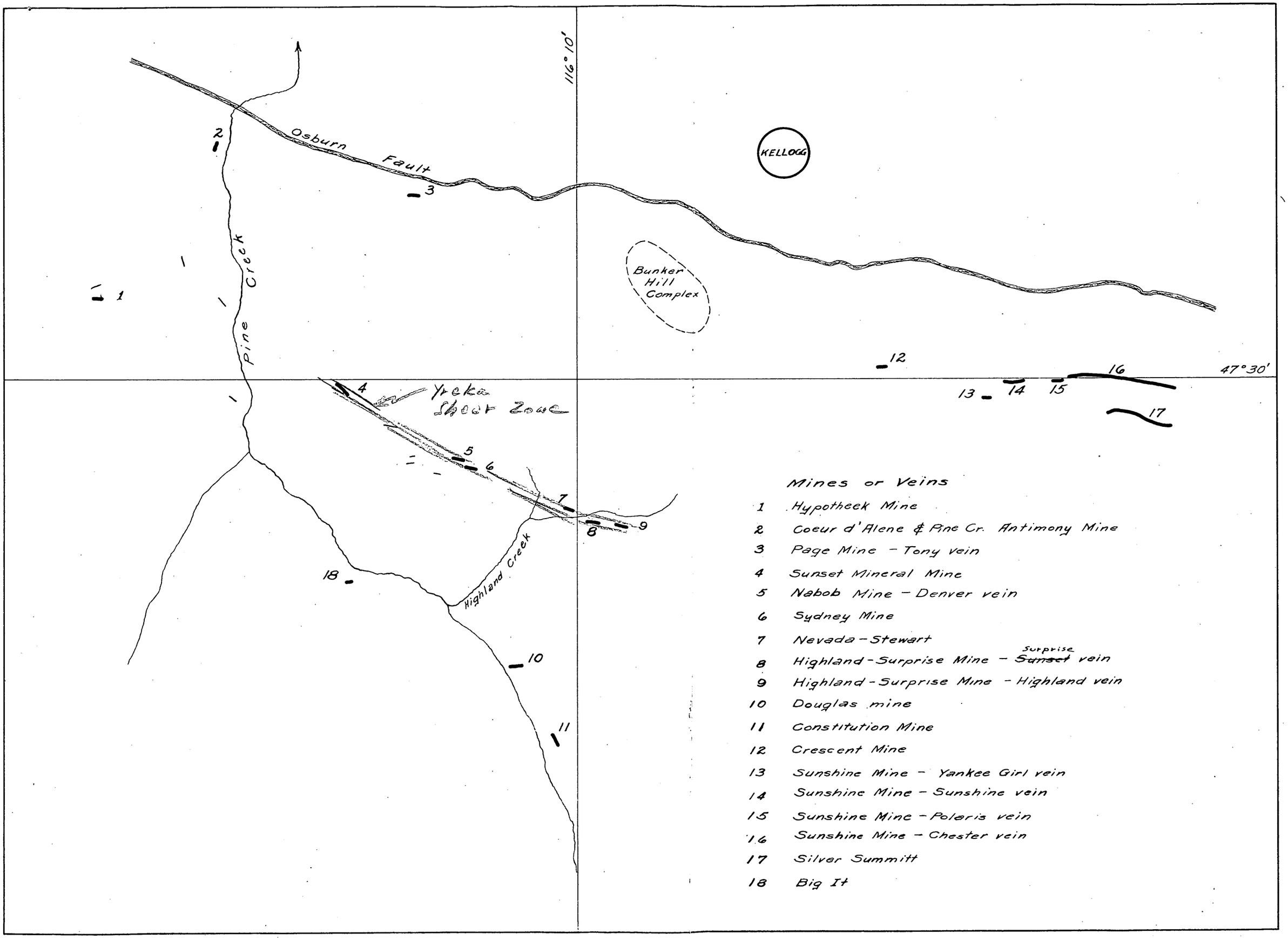


Productive Veins of the Western portion of the Coeur d'Alene District, Idaho
(After Fryklund)

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. USGSPO 0000408

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 11 1955

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

January 7, 1955

Mr. Frank J. Luedke, President
Highland-Surprise Consolidated Mining Co.
P. O. Box 690
Kellogg, Idaho

Re: Docket No. DMEA-3341 (lead-zinc)
Nevada Stewart Claims
Shoshone County, Idaho

Dear Mr. Luedke:

When you were in the office a couple weeks ago, you asked that all copies of Operating Agreements you submitted in connection with the above-cited application be returned to you. They are enclosed herewith.

Sincerely yours,

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

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

(Returned 5 copies of original agreement signed by Luedke as president for both Highland-Surprise and Nevada-Stewart which was not acceptable to Washington, and 3 copies of corrected agreement signed by Luedke as president for Highland-Surprise and by Adam J. Reinhart as vice-president of Nevada-Stewart.)

File Copy
Surname
Griswold
Martin
Johnson
McKendry

[redacted] 500

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

DEC 30 1954

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

Re: Docket No. DMEA-3381 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Nevada-Stewart Claims
Shoshone County, Idaho

Dear Mr. Weissenborn:

Reference is made to your letter of December 23, 1954, with which you enclosed a copy of the Applicant's letter, dated December 22, formally withdrawing his application.

As requested in your letter, we are returning all copies of the Operating Agreements submitted by this Applicant.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee (WS)

Enclosures 5

WRGriswold/bjl (12/29/54)

APPROVED:

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

E. L. Newcomb
Member, Geological Survey (WS)

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

P.C.B.

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

500

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 29 1954

December 29, 1954

Memorandum

To: Operations Control & Statistics Division

From: Chief, Base Metals Division

Subject: Withdrawal of Application Docket No. DMEA-3341 (lead-zinc), Highland-Surprise Consolidated Mining Company, Nevada-Stewart Claims, Shoshone County, Idaho

We desire to have the cited application withdrawn from the active files in conformance with the request contained in the Applicant's letter of December 22, 1954, to Mr. A.E. Weissenborn.

W R Griswold

W. R. Griswold

500

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

DEPARTMENT OF THE INTERIOR,
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RECEIVED
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W. R. Griswold

W. R. Griswold

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 27 1954

December 23, 1954

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

Re: Docket No. DMEA-3341 (lead-zinc)
Highland-Surprise Consolidated
Mining Company
Nevada-Stewart Claims
Shoshone County, Idaho

Dear Mr. Selfridge:

Reference is made to your letter of December 3, 1954, in which you request that we obtain a written statement from the applicant withdrawing the subject application. Enclosed is a copy of a letter dated December 22, 1954, in which the applicant states that he wishes to withdraw the application.

Mr. Frank J. Luedke, president of the cited company, has asked that we return all copies of Operating Agreements which were submitted in connection with the application. Four copies of an agreement were sent you on June 28, 1954, and one copy of another agreement on November 24, 1954. Will you please return the agreements to this office and we will transmit them to the applicant.

Sincerely yours,

A. E. Weissenborn

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

cc: USBM (2)
Fryklund

DMEA

# HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

203 GYDE-TAYLOR BUILDING

WALLACE, IDAHO

MINE OFFICE:
BOX 660, KELLOGG, IDAHO

December 22, 1954

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

Re: Docket No. DMEA-3341 (lead-zinc)
Highland-Surprise Consolidated
Mining Company
Nevada Stewart Claims
Shoshone County, Idaho

Dear Mr. Weissenborn:

In response to your request of December 10th, this letter is to inform you that we have cancelled our plans to explore the Nevada Stewart claims and, consequently, we wish to withdraw the above-cautioned application.

Yours very truly,

Frank J. Fuetke
President

RECEIVED
DEC 23 1954
U. S. D. S.
SPOKANE, WASH.

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

October 5, 1954

Memorandum

To: The Administrator, DMEA
Through: Mr. W. R. Griswold

From: Acting Assistant Solicitor, DMEA

Subject: Docket No. DMEA-3341, Highland-Surprise Consolidated Mining Company (lead-zinc)

Attached hereto is a contract the drafting of which is not quite completed, prepared pursuant to instructions from Mr. Griswold.

Reference is made to my memorandum to you of September 20 in which I pointed out some defects in the Operator's property interests, and to Mr. Griswold's memorandum to me of September 22, in which he suggests that the contract be prepared here and forwarded to the field with a copy of my memorandum of September 20.

The drafting of Annex I, setting forth the description of the property and stating the Operator's interest in the property has to be deferred until the description and the interests are more explicitly stated by the Operator. As indicated in my memorandum of September 20, the precise interests of the Operator in the property cannot be specified with certainty until the Operator and Nevada-Stewart Mining Company enter into a written agreement particularly describing the property which Highland-Surprise is to operate, and specifying the term of its possessory rights. At the same time, an Owner's Consent to Lien on the latest form should be executed by Nevada-Stewart Mining Company with respect to the property which is covered by the agreement above referred to.

When these matters have been accomplished and a suitable Annex I can be written, the contract will be in shape to be entered into. Until the contract is thus fully drafted, I do not think that you should sign it.

J. L. Hofflund
J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachments 8

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

October 5, 1954

Memorandum

To: The Administrator, DMEA
Through: Mr. W. R. Griswold

From: Acting Assistant Solicitor, DMEA

Subject: Docket No. DMEA-3341, Highland-Surprise Consolidated Mining Company (lead-zinc)

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J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

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

October 5, 1954

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To: The Administrator, DMEA
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From: Acting Assistant Solicitor, DMEA

Subject: Docket No. DMEA-3341, Highland-Surprise Consolidated Mining Company (lead-zinc)

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When these matters have been accomplished and a suitable Annex I can be written, the contract will be in shape to be entered into. Until the contract is thus fully drafted, I do not think that you should sign it.

JLHofflund/emd
Copy to: DMEA Docket
Solicitor's Docket
W. R. Griswold (2)
J. L. Hofflund chron.
Attachments 8

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Government's copy

MF-200A
(Revised June 1954)

Docket No. DMEA -3341

Commodity Lead-Zinc

Contract No. Idm-E

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

It is agreed this ..... day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Highland-Surprise Consolidated Mining Company, a corporation organized and existing under the laws of the State of Idaho, whose mailing address is P. O. Box 859, 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 .....

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] see Annex I of[5] ..... 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 lead-zinc. The work to be performed is described in Exhibit "A." The Operator on or before 90 days from date* shall commence the work, and on or before 2 years from date* (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 $295,440.00. The Government will contribute 50 percent of the fixed unit costs as work is performed, in a total sum not in excess of $147,720.00: *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

*The word "date" means the date of the contract

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.

(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.*—

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Executed in sextuplicate the day and year first above written.

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
(Operator)

By .....

.....

THE UNITED STATES OF AMERICA

By .....
Administrator, Defense Minerals Exploration Administration

---

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

.....

[ CORPORATE SEAL ]

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

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. USGSPD0000408

EXPLORATION PROJECT CONTRACT
HIGHLAND SURPRISE CONSOLIDATED MINING COMPANY
DOCKET NO. DMEA-3341

## EXHIBIT "A"

### Description of the Work

The work is for the purpose of exploring for lead-zinc ores by means of crosscutting, drifting, long-hole drilling, and diamond drilling. Such work is partly delineated on the attached map, referred to in Annex I and consists of the following:

Work to be done through the 1450-foot level of the Surprise Shaft:

1. From the present west heading of the 1450 level continue to drift westerly for an approximate distance of 2350 feet along the Surprise vein.

2. From such drift, at a point approximately 1600 feet westerly of the present heading, or at such other location as may be approved by the Government, crosscut northerly and drift upon such veins as may be encountered, for a total distance of 2150 feet.

3. From the above delineated drifts and crosscuts, items 1 and 2, do 4500 feet of long-hole drilling to explore for parallel veins.

4. From the above delineated drifts and crosscuts, items 1 and 2, do 3000 feet of diamond drilling of EX size to explore for ore bodies in known or unknown veins.

Work to be done through the 700-foot level of the Surprise shaft:

5. Rehabiitate 1200 feet of the present 700-level drift.

6. Drive approximately 450 feet of drifting around a caved area in the 700 level.

7. Drive a total of 1550 feet of drifts and cross-cuts from the present west heading of the 700 level.

8. Do 1000 feet of long-hole drilling EX size from the drifts and crosscuts described in item 7.

9. Do 1500 feet of diamond drilling from drifts and crosscuts described in item 7.

All drifts and crosscuts to be driven to a minimum size of $6\frac{1}{2}$ by $7\frac{1}{2}$ feet in the clear of timber.

Fixed Unit Costs

Work to be done through the 1450 level of the Surprise Shaft (items 1, 2, 3, and 4)

| | | |
|---|---|---|
| 4,500 feet of drifting and crosscutting @ $39.00/ft. | $175,500.00 | |
| To be timbered with standard drift sets, if necessary, 1,000 feet @ $5.00/ft. | 5,000.00 | |
| To be double timbered, with closely spaced standard drift sets, if necessary, 500 feet @ $8.00/ft. | 4,000.00 | |
| 4,500 feet of long-hole drilling @ $1.00/ft. | 4,500.00 | |
| 3,000 feet of diamond drilling @ $4.25/ft. | 12,750.00 | $201,750.00 |

Work to be done through the 700 level of the Surprise Shaft (items 5, 6, 7, 8, and 9)

| | |
|---|---|
| 700 level rehabilitation 1,200 feet @ $4.85/ft. | 5,820.00 |
| 2,000 feet of drifting and crosscutting @ $39.00/ft. | 78,000.00 |
| To be timbered with standard drift sets, if necessary, 500 feet @$5.00/ft. | 2,500.00 |

| | | |
|---|---|---|
| 1,000 feet of long-hole drilling @ $1.00/ft. | $ 1,000.00 | |
| 1,500 feet of diamond drilling @ $4.25/ft. | 6,375.00 | $ 93,695.00 |

S U M M A R Y

| | | |
|---|---|---|
| 1450-level work | $201,750.00 | |
| 700-level work | 93,695.00 | |
| Estimated total cost of the project | | $295,445.00 |
| Rounded to | | $295,440.00 |
| Government participation @ 50% | | $147,720.00 |

Granted

XXXXXXXXXXXXXXXXX
So. 157 Howard Street
Spokane 4, Washington

December 10, 1954

Mr. Frank J. Luedke
Highland-Surprise Consolidated Mining Co.
Wallace, Idaho

Docket

Re: Docket No. DMEA-3341 (lead-zinc)
Highland-Surprise Consolidated
Mining Company
Nevada-Stewart Claims
Shoshone County, Idaho

Dear Mr. Luedke:

In line with our conversation several days ago, we informed our Washington office that you had verbally withdrawn the above-cited application. They have written us that, in order to keep the records straight, we should have a written statement to that effect.

Therefore, we would appreciate receiving such a statement at your earliest convenience.

Yours sincerely,

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

cc: DMEA (2)
USBM (2)
Fryklund

(per Operating Committee's request of December 3, 1954)

File Copy
Surname

Griswold
Selfridge
Hedges
Kiilsgaard

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

DEC - 3 1954

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

Re: Docket No. DMEA-3341 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Nevada-Stewart Claims
Shoshone County, Idaho

Dear Mr. Weissenborn:

We have your letter of November 24, in which you advise that the Applicant has verbally withdrawn the cited application. For the purpose of the record, we feel that we should have a written statement to such effect, signed by the Applicant company.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

APPROVED:

J. H. Hedges

Member, Bureau of Mines (GCS)

Thor H. Kiilsgaard

Member, Geological Survey (GCS)

WRGriswdd/er 12/1/54

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

R.C.L.

xxxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

Defense Minerals Administration
RECEIVED
OCT 11 1954

October 7, 1954

Docket

Mr. Frank J. Luedke, President
Highland-Surprise Consolidated Mining Co.
Wallace, Idaho

Re: Docket No. DMEA-3341 (lead-zinc)
Nevada-Stewart Claims
Shoshone County, Idaho

Dear Mr. Luedke:

The Washington office of the Defense Minerals Exploration Administration has raised a couple of questions regarding the above-cited application. Apparently the previously submitted Consent to Lien form omitted the Nevada Stewart, East Pine, Fresno and Red Cloud claims, which they want to include in the contract. Therefore, please have filled out and signed by owners of these claims the enclosed forms which cover the Stewart Fraction, Independence, Nevada Stewart, East Pine, Fresno, Red Cloud, Chance, Chance Fraction, and Wayne claims.

Our Legal Division has also objected to the fact that the agreement between the Highland Surprise Consolidated Mining Company and the Nevada-Stewart Mining Company was signed only by you, as president of both companies. Therefore, we are sorry but a new agreement should be drawn up and in addition to yourself should also be signed by some other appropriate officials of each company (a different individual in each case) either a vice-president, secretary, or managing director. Also this agreement should specify the particular claims rather than just "Nevada-Stewart properties."

When these matters are taken care of we believe that the Washington office will be ready to send out a contract.

Sincerely yours,

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

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

File Copy
Surname

Griswold
Selfridge
Weisenborn
Mettendorf

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

WMGriswold/er Rm 4058, Ext 3669

Base Metals Div. DMEA

14X4401(01) Revolving Fund, Defense Production Act, Interior (allocat Working Fund to Office of the Secretary)

T E L E T Y P E
XXXXXXXXXX XXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXX

Date:

To: A. E. Weissenborn, Executive Officer, DMEA Field Team, Region II, Spokane, Washington

Reurtt October 6, Docket DMEA-3341, Highland-Surprise Cons. Mining Co., the new consent to lien should include following claims, Stewart Fraction, Independence, Nevada Stewart, East Pine, Fresno, Red Cloud, Chance, Chance fraction, and Wayne. The old form consent to lien omitted Nevada Stewart, East Pine, Fresno and Red Cloud.

George C. Selfridge
Chairman, Operating Committee (245)

(Written 10/7/54)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Accounts
Confirmation
Chron.

R.C.H.

AXXXXXXX-051K

XDXXXXXX-052K

YWA095 WA SP 8 I-GB-G

SPOKANE WASH 10-6-54 1042A

MR. W. R. GRISWOLD

DMEA, DEPARTMENT OF INTERIOR WA

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 6 1954

REOUR TELEPHONE CONVERSATION YESTERDAY, DOCKET DMEA 3341, HIGHLAND SURPRISE- NEVADA STEWART, YOUR REQUEST FOR NEW CONSENT TO LIEN FORMS. PLEASE WIRE NAMES OF CLAIMS LISTED ON OLD FORM CONSENT TO LIEN. ALL COPIES WERE SENT TO WASHINGT

A. E. WEISSENBORN

EXECUTIVE OFFICER, SP

3341

VA 1042A

OCT 6 3 31 PM '54
BUREAU OF MINES
MAIL ROOM
WASHINGTON D C.

File Copy
Surname

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

September 22, 1954

Memorandum

To: Acting Assistant Solicitor

From: Chief, Base Metals Division

Subject: Docket No. DMEA-3341, Highland-Surprise Consolidated Mining Company, Shoshone County, Idaho (Lead-Zinc)

I have reviewed your memorandum dated September 20, 1954, referring to the cited application.

We feel that not only should the proper Owner's Consent to Lien be obtained, but also that we should insist on a stronger and more precisely written agreement between the Nevada-Stewart and Highland-Surprise Companies.

Subject to your approval, we suggest that the contract be prepared and forwarded to the field, with a copy of your September 20 memo, advising the field that such contract should not be presented for signature until the Applicant had presented proper documentation which fully conforms to the conditions you have outlined.

In view of the magnitude of this project we should take all precautions.

W. R. Griswold

W. R. Griswold

WRG:er 9/22/54

Copy to: Docket
Base Metals
Chron.

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

September 20, 1954

Memorandum

To: The Administrator, DMEA
Through: Mr. Griswold

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3341, Highland-Surprise Consolidated Mining Company, Shoshone County, Idaho (Lead-Zinc)

Under date of September 3, Mr. Griswold submitted to this office a rough draft of a contract for final drafting here, which was received here September 10. I cannot draft the contract without first clearing up some questions as to the property rights of the applicant.

It appears that the proposed exploration is to be carried out on certain property part of which is owned by Nevada-Stewart Mining Company and part owned by the applicant. In the description of land submitted by Mr. Griswold four claims listed as owned by Nevada-Stewart Mining Company: Nevada Stewart, East Pine, Fresno, and Red Cloud, are not included in the Owner's Consent to Lien executed by that Company. If these four claims are to be included in the project, it will be necessary either to revise the present Owner's Consent to Lien to include them or else to have Nevada-Stewart Mining Company execute a new Owner's Consent to Lien to cover them.

The interest of the applicant in that part of the property owned by Nevada-Stewart Mining Company seems to me to be on a very shaky basis, but if the applicant is willing to put up its 50 percent of the money involved, and if Nevada-Stewart Mining Company executes the necessary Owner's Consent to Lien referred to above, I do not think the interest of the Government will be jeopardized by any dispute which might arise between the two companies as to property rights. Although I will approve the contract without objection to these doubtful property interests, for the sake of the record and your information I will explain what the points are:

The applicant's interest in the property of Nevada-Stewart Mining Company depends upon an agreement dated June 21, 1954, which refers to one or more earlier agreements between the same parties dated May 24, 1954. Apparently this earlier "agreement" is nothing but minutes of the Board of Directors of Nevada-Stewart Mining Company dated May 24, 1954. Neither the agreement dated June 21, 1954, nor the minutes dated May 24, 1954, describe the property that is referred to, except as the "Nevada-Stewart property." The agreement dated June 21, 1954, recites that: "This contract shall be perpetual as long as the Highland-Surprise desires and is financially able to continue . . ." Such a contract concerning real property is of doubtful validity and probably could be voided at any time by either party.

In spite of the foregoing, the exploration contract accompanied by a suitable Owner's Consent to Lien will be sufficient in my opinion to protect the Government's royalty interest, and if Highland-Surprise is not concerned by it I think that the Government need not be. However, this is a large contract and you may wish to give the matter further administrative consideration.

Should you deem it desirable that the property interest as between the applicant and Nevada-Stewart should be clarified, this could be done by requiring these companies to enter into a written agreement replacing that of June 21, 1954, specifically describing the property with which it deals, giving Highland-Surprise the right of possession and to explore and mine for a fixed term of years, and otherwise setting the matter forth in more certain and explicit fashion.

Your attention is called to the fact that the agreement in question, dated June 21, 1954, is signed by only one person, Frank J. Luedke, as President both for Highland-Surprise and for Nevada-Stewart. Although the two companies are no doubt separate legal entities, yet the loose and uncertain character of the agreement between them may be explained by this circumstance. As previously indicated, I do not think that the circumstance can be harmful to the interest of the Government.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachment 1

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

September 20, 1954

Memorandum

To: The Administrator, DMEA
Through: Mr. Griswold

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3341, Highland-Surprise Consolidated Mining Company, Shoshone County, Idaho (Lead-Zinc)

Under date of September 3, Mr. Griswold submitted to this office a rough draft of a contract for final drafting here, which was received here September 10. I cannot draft the contract without first clearing up some questions as to the property rights of the applicant.

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The interest of the applicant in that part of the property owned by Nevada-Stewart Mining Company seems to me to be on a very shaky basis, but if the applicant is willing to put up its 50 percent of the money involved, and if Nevada-Stewart Mining Company executes the necessary Owner's Consent to Lien referred to above, I do not think the interest of the Government will be jeopardized by any dispute which might arise between the two companies as to property rights. Although I will approve the contract without objection to these doubtful property interests, for the sake of the record and your information I will explain what the points are:

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In spite of the foregoing, the exploration contract accompanied by a suitable Owner's Consent to Lien will be sufficient in my opinion to protect the Government's royalty interest, and if Highland-Surprise is not concerned by it I think that the Government need not be. However, this is a large contract and you may wish to give the matter further administrative consideration.

Should you deem it desirable that the property interest as between the applicant and Nevada-Stewart should be clarified, this could be done by requiring these companies to enter into a written agreement replacing that of June 21, 1954, specifically describing the property with which it deals, giving Highland-Surprise the right of possession and to explore and mine for a fixed term of years, and otherwise setting the matter forth in more certain and explicit fashion.

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J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachment 1

DMEA Docket
Surname Copy

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

September 20, 1954

Memorandum

To: The Administrator, DMEA
Through: Mr. Griswold

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3341, Highland-Surprise Consolidated Mining Company, Shoshone County, Idaho (Lead-Zinc)

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JLHofflund/emd
Copy to: DMEA Docket
Solicitor's Docket
W. R. Griswold (2)
J. L. Hofflund
chron.
Attachment 1

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

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

September 20, 1954

Memorandum

To: The Administrator, DMEA
Through: Mr. Griswold

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3341, Highland-Surprise Consolidated Mining Company, Shoshone County, Idaho (Lead-Zinc)

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J. L. Hofflund

JLHofflund/emd
Copy to: DMEA Docket
Solicitor's Docket
W. R. Griswold (2)
J. L. Hofflund
Attachment 1

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

File Copy
Surname

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

NS in RR

September 3, 1954

Docket

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Chief, Base Metals Division

Subject: Docket No. DMEA-3341, Highland Surprise Consolidated Mining Company, Shoshone County, Idaho, (Lead-Zinc)

Will you kindly prepare a short form contract along the lines outlined in the attached rough draft.

W. R. Griswold

W. R. Griswold

WRGRiswold/er 9/3/54

Copy to: Docket
Base Metals
Chron.

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

No. 157 Howard Street
Spokane 4, Washington

Docket

August 12, 1954

Air Mail

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

Dear Mr. Selfridge:

Our Field Team letter of August 10 submitting a report on a general discussion of the Pine Creek portion of the Coeur d'Alene mining area contained an inadvertent typing error. In paragraph 3, line 4, please change the word "structure" to "stature."

Also, in the Field Team letter of August 9 on the Highland-Surprise Mining Company (Docket DMEA-3341), on the second page under item 2. Drifting . . . etc., "rim-around" should read "run-around."

500

Sincerely yours,

John C. Vhay
Acting Member, DMEA
Field Team, Region II

cc: WEBM (2)
Kohler
Fryklund

Greenwold
Betty

C
O
P
Y

Docket

TELETYPE

WA SP 140 I-GS-G

SPOKANE WN 8-6-54 1230P

GEO C SELFRIDGE CHAIRMAN OPERATING COMMITTEE

DMEA DEPT OF INTERIOR

WA

DOCKET DMEA-3406 HECLA-SILVER MOUNTAIN PROJECT RECOMMENDATIONS, GEOLOGIC APPRAISAL AND COST ANALYSIS BEING MAILED TODAY. FIELD TEAM RECOMMENDATIONS ON DOCKET DMEA-3333, SPOKANE-IDAHO MINING CO, AND DOCKET DMEA-3341, HIGHLAND-SURPRISE, SHOULD BE MAILED AUG.9(. RE DOCKET DMEA -3324, SIDNEY MINING CO, INFORMATION REQUESTED IN YOUR LETTER MAY 10 SENT YOU IN OUR LETTER OF JUNE4.

A E WEISSENBORN EXEC OFCR DMEA

FIELD TEAM REGION 2 SP

DMEA-342 DMEA 3333 DMEA-3341 9 DNEA-3224 4

MD 1235P

File Copy
Surname

Yrazed
Selfridge
Mattendorf

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

AUG 5 1954

T E L E T Y P E

WRGriswold/bjl, Rm. 4058, Ext. 3669

Base Metals, DMEA, Interior

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

Date:

To: A. T. Weissenborn, Executive Officer, DMEA Field Team, Region II, ~~Seattle~~ Spokane, Wash.

Wearlet May 6, Docket DMEA-3341, Highland Surprise Consolidated Mining Mining Co. We have not yet received Field Team recommendations. Likewise on applications of Spokane-Idaho Mining Co., Old Constitution Mine, Docket DMEA-3333 and Sidney Mining Co., Sidney Mine, Docket DMEA-3324, we are awaiting additional information. Also, application of Hecla Mining Co., Docket DMEA-3406, Hecla-Silver Mountain project, is being held pending for field recommendations. Please Advise status at your earliest convenience.

George C. Selfridge
Chairman, Operating Committee (WB)

(written 8/5/54)

Copy to: Docket (4)
Admr. R. File
Op. Committee
Base Metals (4)
Mr. Gildersleeve
Mr. Bishop
Chron.

R.G.S.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Answered
Betty

June 28, 1954

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

Re: Docket No. DMEA-3341 (lead-zinc)
Highland-Surprise Consolidated Mng. Co.
Shoshone County, Idaho

Dear Mr. Selfridge:

Reference is made to a letter from this office dated May 6, 1954, with which were enclosed three copies of an application submitted by the Highland-Surprise Consolidated Mining Company. In that letter mention was made of an Owner's Consent to Lien agreement which would be obtained from the Nevada-Stewart holders and forwarded to Washington to be made part of the application.

With respect to this agreement we are enclosing six copies of an Owner's Consent to Lien agreement signed by the president of the Nevada-Stewart Mining Company, four copies of an agreement between the Highland-Surprise Consolidated Mining Company and the Nevada-Stewart Mining Company, and three copies of the minutes of a meeting between Nevada-Stewart holders and the Highland-Surprise Consolidated Mining Company during which the enclosed agreement was proposed. It is suggested that the enclosed copies of these documents be distributed to copies of the application now in your possession.

Sincerely yours,

Thor H. Kiilsgaard

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

Enclosures as indicated
cc: USBM (2)
Fryklund

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
No. 157 Howard Street
Spokane 4, Washington

June 26, 1956

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

Re: Docket No. DMEA-3341 (lead-zinc)
Highland-Surprise Consolidated Mng. Co.
Shoshone County, Idaho

Dear Mr. Selfridge:

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Sincerely yours,

Thor H. Kiilegaard
For: G. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures as indicated
cc: USBM (2)
Frykland

MF-203
(Revised July 1, 1953)

# OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Idaho, County of Shoshone, described as follows:1/

Nevada Stewart Mine, more specifically the following lode mining claims located in the Yreka Mining District:

Stewart Fraction ) Patented claims, Mineral Survey No. 3343
Independence )
Chance ) Unpatented claim Book 14, Page 533
Chance Fraction) Unpatented claim Book 16, Page 360
Wayne ) Unpatented claim Book 14, Page 368

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Highland-Surprise Consolidated Mining Company

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

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

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

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

4. Changes and added provisions

Dated this 21 day of May, 1954.

Nevada Stewart Mining Company [Seal]

By Frank J. Kuedke [Seal]
President

[Seal]

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

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

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

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

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

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

(b) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts, plus one-half ($\frac{1}{2}$) per cent 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) per cent of such net amounts.

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

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

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

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

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

MF-203
(Revised July 1, 1953)

# OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Idaho, County of Shoshone, described as follows:1/

Nevada Stewart Mine, more specifically the following lode mining claims located in the Yreka Mining District:

| | | |
|---|---|---|
| Stewart Fraction ) | Patented claims, Mineral Survey No. 3343 | |
| Independence ) | | |
| Chance ) | Unpatented claim | Book 14, Page 533 |
| Chance Fraction) | Unpatented claim | Book 16, Page 360 |
| Wayne ) | Unpatented claim | Book 14, Page 348 |

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Highland-Surprise Consolidated Mining Company

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

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

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

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

4. Changes and added provisions

Dated this 21st day of May, 1954.

Nevada Stewart Mining Company [Seal]

By Frank J. Luedke [Seal]
President

[Seal]

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

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

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

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

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

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

(b) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts, plus one-half ($\frac{1}{2}$) per cent 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) per cent of such net amounts.

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

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

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

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

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

MF-203
(Revised July 1, 1953)

# OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Idaho, County of Shoshone, described as follows:1/

Nevada Stewart Mine, more specifically the following lode mining claims located in the Yreka Mining District:

| | |
|---|---|
| Stewart Fraction<br>Independence | Patented claims, Mineral Survey No. 3343 |
| Chance | Unpatented claim, Book 14, Page 533 |
| Chance Fraction | Unpatented claim, Book 16, Page 360 |
| Wayne | Unpatented claim, Book 14, Page 348 |

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Highland-Surprise Consolidated Mining Company

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

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

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

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

4. Changes and added provisions _____

Dated this 21th day of May, 1954.

Nevada Stewart Mining Company [Seal]

By Frank J. Luedke [Seal]
President

[Seal]

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

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

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

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

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

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

(b) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent 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) per cent of such net amounts.

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

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

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

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

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

MF-203
(Revised July 1, 1953)

# OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Idaho, County of Shoshone, described as follows:1/

Nevada Stewart Mine, more specifically the following lode mining claims located in the Yreka Mining District:

| | | |
|---|---|---|
| Stewart Fraction ) | ~~Patented claims, Mineral Survey No. 3343~~ | |
| Independence ) | | |
| Chance ) | Unpatented claim | Book 14, Page 533 |
| Chance Fraction) | Unpatented claim | Book 16, Page 360 |
| Wayne ) | Unpatented claim | Book 14, Page 348 |

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Highland-Surprise Consolidated Mining Company

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

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

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

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

4. Changes and added provisions

Dated this 21th day of May, 1954.

Nevada Stewart Mining Company [Seal]

By Frank J. Lucke [Seal]
President

[Seal]

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

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

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

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

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

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

(b) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts, plus one-half ($\frac{1}{2}$) per cent 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) per cent of such net amounts.

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

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

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

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

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

MF-503
(Revised July 1, 1953)

# OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Idaho, County of Shoshone, described as follows:1/

Lucky Stewart Mine, more specifically the following lode mining claims located in the Delta Mining District:

| | | |
|---|---|---|
| Stewart Fraction | } Patented claims, Mineral Survey No. 3313 | |
| Independence | | |
| Clarco | } Unpatented claim | Book 16, Page 533 |
| Clarco Fraction | } Unpatented claim | Book 16, Page 530 |
| Cayne | } Unpatented claim | Book 16, Page 530 |

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Highland-Surprise Consolidated Mining Company

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

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

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

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

4. Changes and added provisions _____

Dated this 21th day of May, 1956.

Lucky Stewart Mining Company [Seal]

By Frank J. Luedke [Seal]
President

[Seal]

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

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

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

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

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

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

(b) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent 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) per cent of such net amounts.

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

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

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

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

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

MF-303
(Revised July 1, 1953)

# OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Idaho, County of Shoshone, described as follows:1/

Nevada Stewart Mine, more specifically the following lode mining claims located in the Yreka Mining District:

| | |
|---|---|
| Stewart Fraction ) | ~~Patented claims, Mineral Survey No. 3343~~ |
| Independence ) | |
| Chance | Unpatented claim, Book 14, Page 533 |
| Chance Fraction | Unpatented claim, Book 16, Page 360 |
| Wayne | Unpatented claim, Book 14, Page 348 |

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Highland-Surprise Consolidated Mining Company

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

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

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

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

4. Changes and added provisions _____

Dated this 21 day of May, 1954.

Nevada Stewart Mining Company [Seal]

By Frank J. Lucado [Seal]
President

_____ [Seal]

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

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

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

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

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

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

(b) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent 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) per cent of such net amounts.

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

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

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

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

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

Highland-Surprise Consolidated
Mining Company
P. O. Box 889
Wallace, Idaho

May 10, 1954
Subject: DMEA-3341
Re: Exploration Assistance

Gentlemen:

The receipt of your application dated May 3, 1954 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3341 and referred to the Base Metals Division.

Kindly refer to DMEA-3341 in any future correspondence relating to your application.

Sincerely yours,

Robert E. Adams
Chief, Operation's Control
and Statistics Division

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

May 10, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region II

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

There is listed below the assigned docket number to an application recently received from Region II.

DMEA-3341 Highland-Surprise Consolidated Mining Co.

Robert E. Adams,
Chief, Operation's Control
and Statistics Division

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

*Not to be filled in by applicant*

Docket No. 3341
Metal or Mineral Lead-Zinc
Date Received
Estimated Cost $447,700
Participation (Government %)

## INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: Highland-Surprise Consolidated Mining Company (An Idaho corporation)
P. O. Box 889, Wallace, Idaho

(See attached sheet for names and addresses of officers)

(*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 See attached sheet

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

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

(*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. See attached sheet

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

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

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. See attached sheet

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you. See letter of April 29, 1954 and attachments thereto

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

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

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore Zinc and lead with minor amounts of silver and gold

(*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. See letter of April 29, 1954 and attachments thereto

(*c*) The work will start within 30 days and be completed within 24 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. See attached sheet

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.). None

(*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. For estimate of costs, see letter of April 29, 1954.

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 [ ] 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 May 3, 1954

Highland-Surprise Consolidated Mining Co.
(Applicant)

By Frank J. Kuedke
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

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. USGSP00000408

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

Supporting Sheets for Form MF-103 dated May 3, 1954

1. (c) Names and addresses of officers:

President: Frank J. Luedke, 920 East 26th Ave., Spokane, Washington
Vice-President: Henry C. Smith, 112 East Bridgeport, Spokane, Washington
Secretary-Treasurer; William A. Callaway, Box 889, Wallace, Idaho

3. The applicant owns 12 patented and 60 unpatented lode mining claims in the Yreka Mining District, Shoshone County, Idaho, known as the Highland-Surprise Mine. The president of the applicant corporation, Frank J. Luedke, is also president of Nevada Stewart Mining Company and the two corporations are negotiating an agreement whereby Highland-Surprise will be given the right to explore and develop Nevada Stewart property.

The work under proposal No. 1 of our application will be done in the following mining claims owned by Highland-Surprise Consolidated Mining Company:

- Highland Chief )
- Alpine )
- Jack Pine ) Patented claims. Mineral Survey No. 1930
- St. James )
- Stony Point )

The work under proposal No. 2 of our application will be done in the following mining claims:

Highland-Surprise Consolidated Mining Co.
Thornton, (unpatented, location notice recorded at Page 680, Book 16)

Nevada Stewart Mining Company:

- ✓ Stewart Fraction ) Patented claims. Mineral Survey No. 3343
- ✓ Independence )
- ✓ Chance (Unpatented, Page 533, Book 14)
- ✓ Chance Fraction ( " , Page 360, Book 16)
- ✓ Wayne ( " , Page 348, Book 14)

There are no liens or encumbrances on the property except for the amount due the United States Government in the form of royalties under Exploration Contract No. Idm-E63, Docket No. DMEA 390.

4. ~~(a)~~
Exploration work under Contract No. Idm-E63 has been almost completed and the mine is currently producing on a very limited scale. Existing mine workings are in good condition and production facilities are available for handling 200 to 300 tons of ore per day.

Following is a record of production during past years:

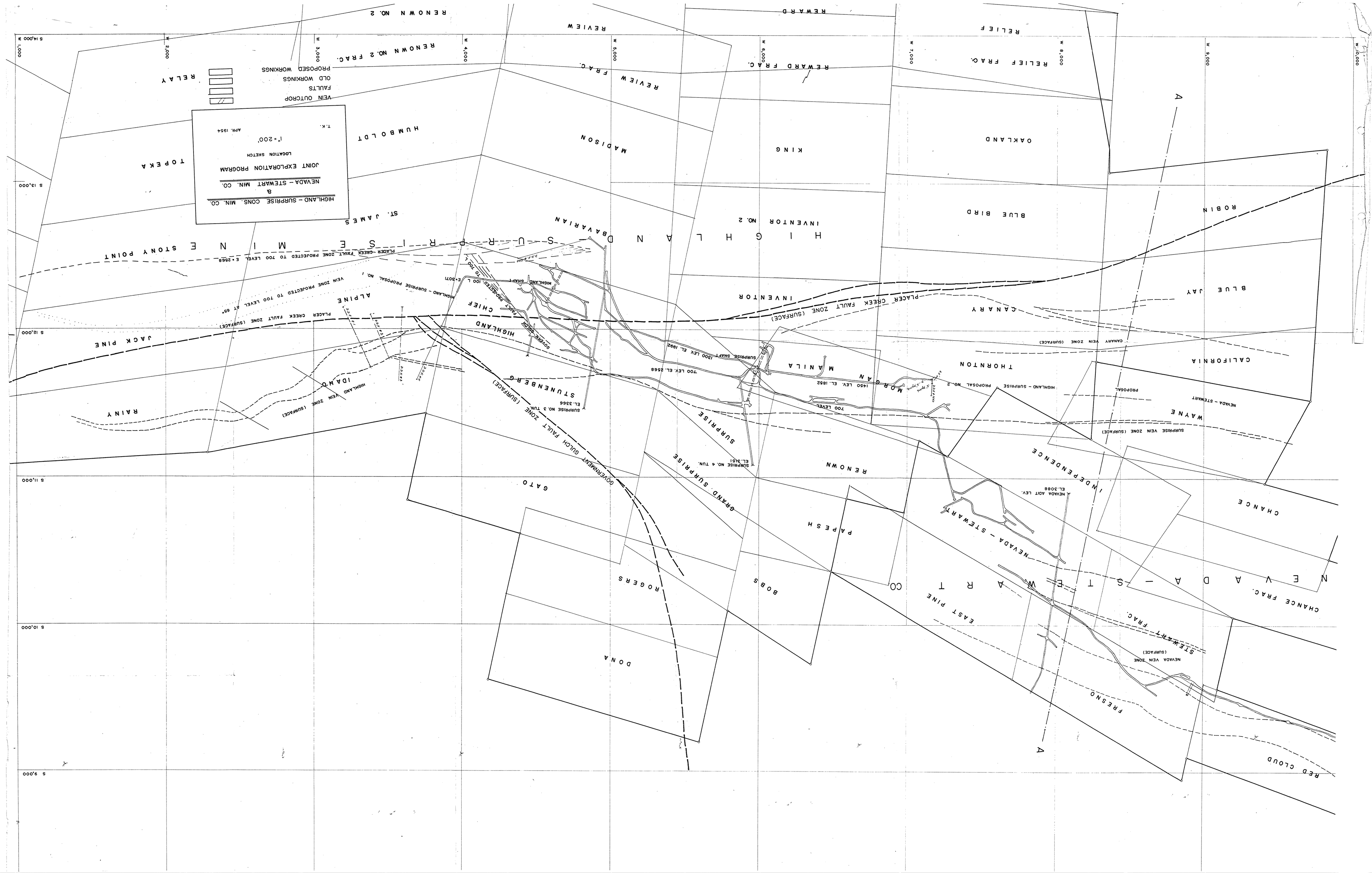
| | Tons of Ore | Pounds of Zinc | Pounds of Lead |
|---|---|---|---|
| 1910 to 1927 | 110,310 | 14,560,000 | 5,360,000 |
| 1941 | 11,816 | 2,612,053 | 332,883 |
| 1942 | 17,808 | 2,036,626 | 541,531 |
| 1943 | 15,813 | 3,393,447 | 604,729 |
| 1944 | 34,857 | 5,103,061 | 1,200,481 |
| 1945 | 30,528 | 3,748,312 | 1,336,402 |
| 1946 | 25,940 | 2,750,611 | 1,434,436 |
| 1947 | 40,888 | 5,265,838 | 1,776,846 |
| 1948 | 65,461 | 8,511,987 | 2,606,951 |
| 1949 | 62,786 | 7,390,778 | 2,164,196 |
| 1950 | 30,752 | 4,509,241 | 1,225,932 |
| 1951 | 26,730 | 2,250,145 | 1,084,858 |
| 1952 | 26,463 | 2,563,995 | 1,379,507 |
| 1953 | 12,706 | 1,376,499 | 754,076 |

Ore reserves are practically exhausted. Current production is coming from from the fringe areas of old ore shoots at the rate of about 1,000 tons per month but it can continue for a limited time only.

The mine is readily accessible by good road, about 15 miles, from Kellogg, Idaho, and manpower, supplies, equipment, etc. are readily available.

5. (d)

Highland-Surprise Consolidated Mining Company has been operating and producing steadily since 1941. Mr. Tibor Klobusicky, our superintendent at the present time, is a very capable supervisor with years of experience in underground mining. He was employed by the company as engineer from September, 1951 until February, 1953, and has been superintendent since February, 1953. Prior to his employment by this company, he had extensive experience in underground mining in Europe.


HIGHLAND – SURPRISE CONS. MIN. CO.
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NEVADA – STEWART MIN. CO.
JOINT EXPLORATION PROGRAM
LOCATION SKETCH
1" = 200'
T.K.
APR. 1954
VEIN OUTCROP
FAULTS
OLD WORKINGS
PROPOSED WORKINGS
RENOWN NO. 2
RENOWN NO. 2 FRAC.
REVIEW
REVIEW FRAC.
REWARD
REWARD FRAC.
RELIEF
RELIEF FRAC.
RELAY
TOPEKA
HUMBOLDT
MADISON
KING
OAKLAND
ST. JAMES
INVENTOR NO. 2
BLUE BIRD
ROBIN
HIGHLAND DAVARIAN
SURPRISE CONS.
PLACER CREEK FAULT ZONE PROJECTED TO 700 LEVEL E.2668
STONY POINT
MINE
INVENTOR
CANARY
BLUE JAY
CHIEF
ALPINE
HIGHLAND – SURPRISE PROPOSAL NO. 1
VEIN ZONE PROJECTED TO 700 LEVEL AT 65°
PLACER CREEK FAULT ZONE (SURFACE)
HIGHLAND
JACK PINE
CALIFORNIA
THORNTON
CANARY VEIN ZONE (SURFACE)
MANILA
MORGAN
700 LEV. EL. 2668
SURPRISE SHAFT 1300 LEV. EL. 1992
1450 LEV. EL. 1852
700 LEVEL
HIGHLAND – SURPRISE PROPOSAL NO. 2
PROPOSAL
NEVADA – STEWART
WAYNE
SURPRISE VEIN ZONE (SURFACE)
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SURPRISE
SURPRISE NO. 3 TUN. EL.3366
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IDAHO
RAINY
GOVERNMENT GULCH FAULT ZONE (SURFACE)
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CHANCE
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NEVADA – STEWART
CHANCE FRAC.
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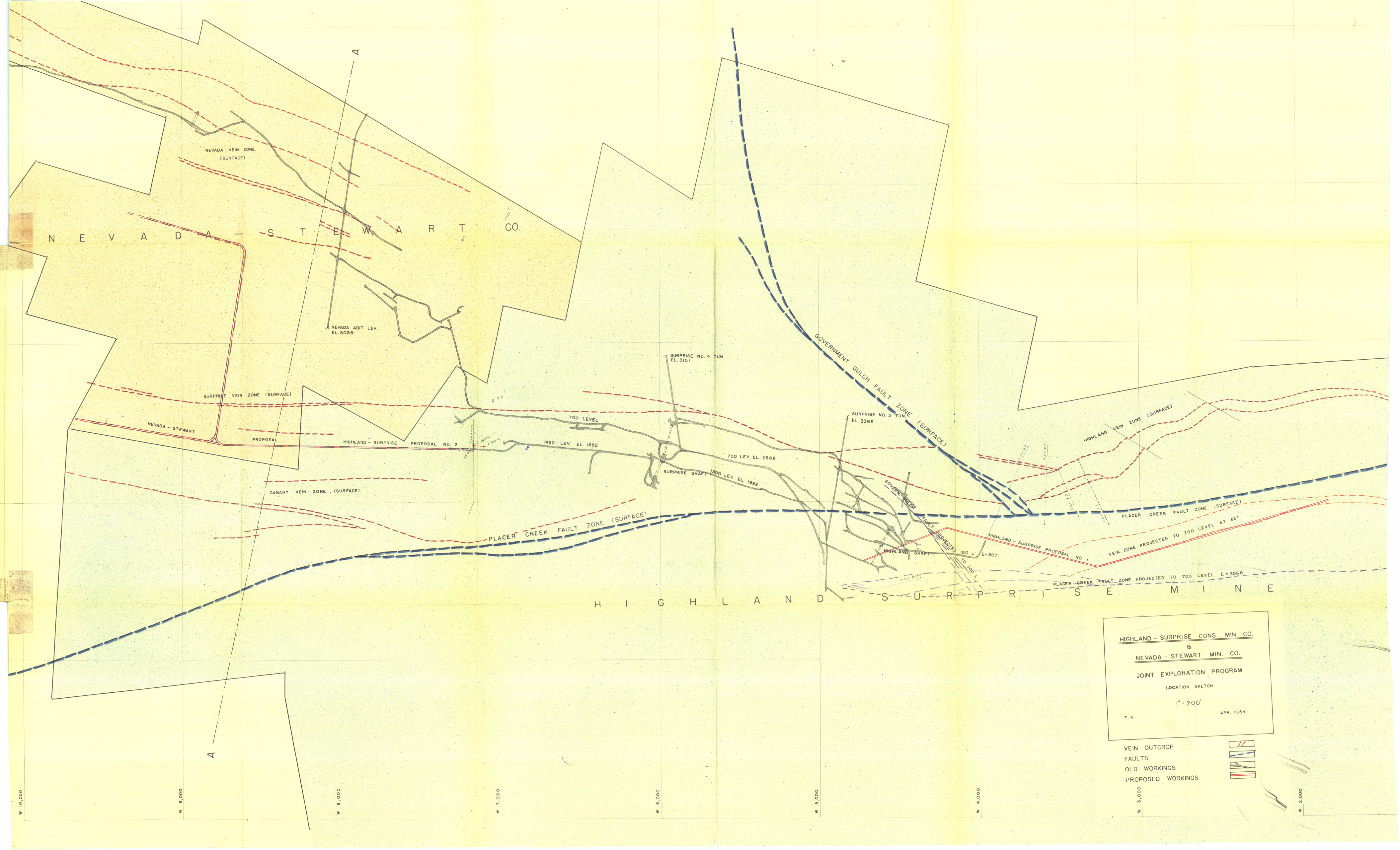
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NEVADA - STEWART PROPOSAL
HIGHLAND - SURPRISE PROPOSAL NO. 2
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VEIN ZONE PROJECTED TO 700 LEVEL AT 65°
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&
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LOCATION SKETCH
1" = 200'
T. K.
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W 10,000
W 9,000
W 8,000
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# NEVADA-STEWART MIN. CO.

LONGITUDINAL SECTION

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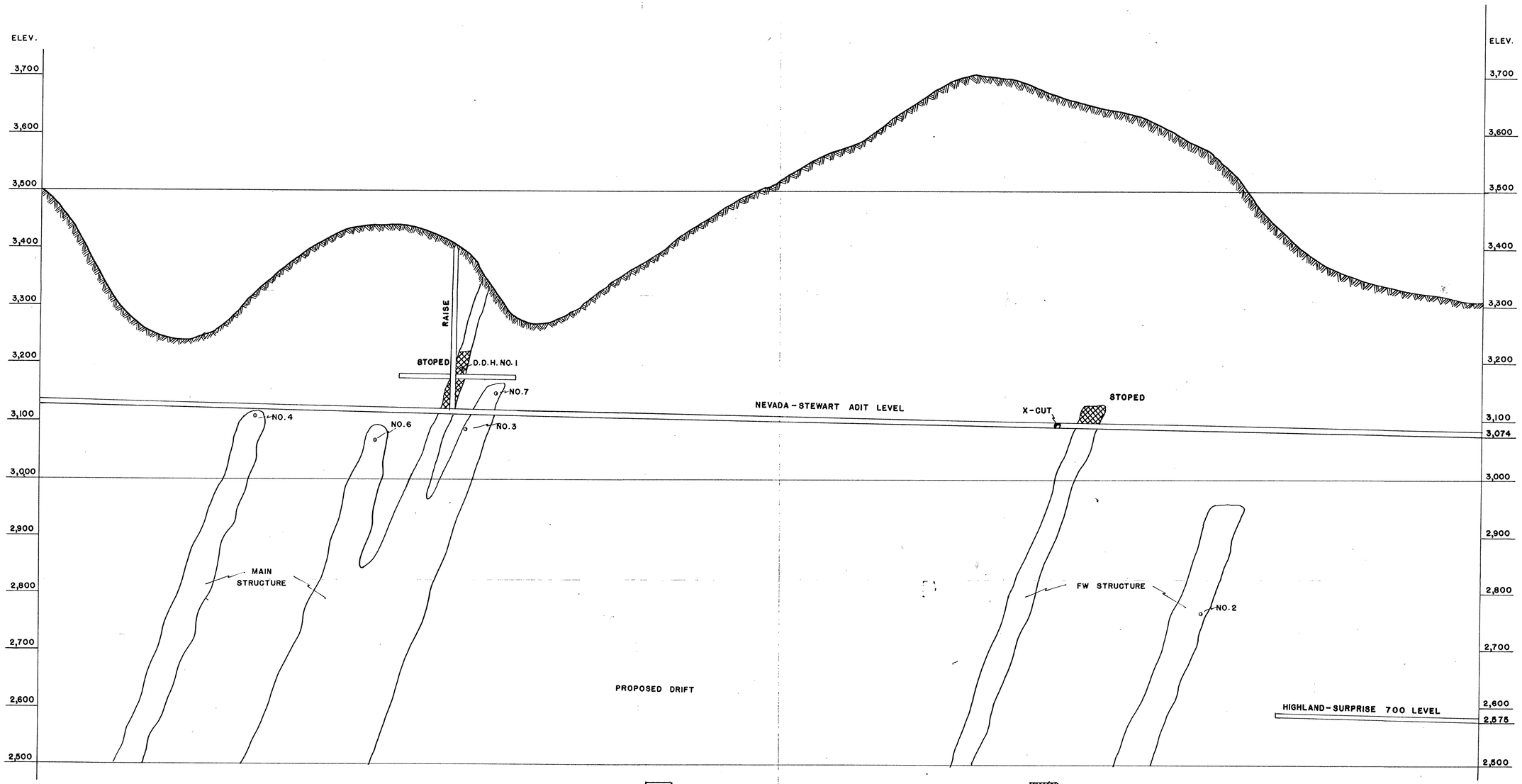
SCALE : 1" = 100'

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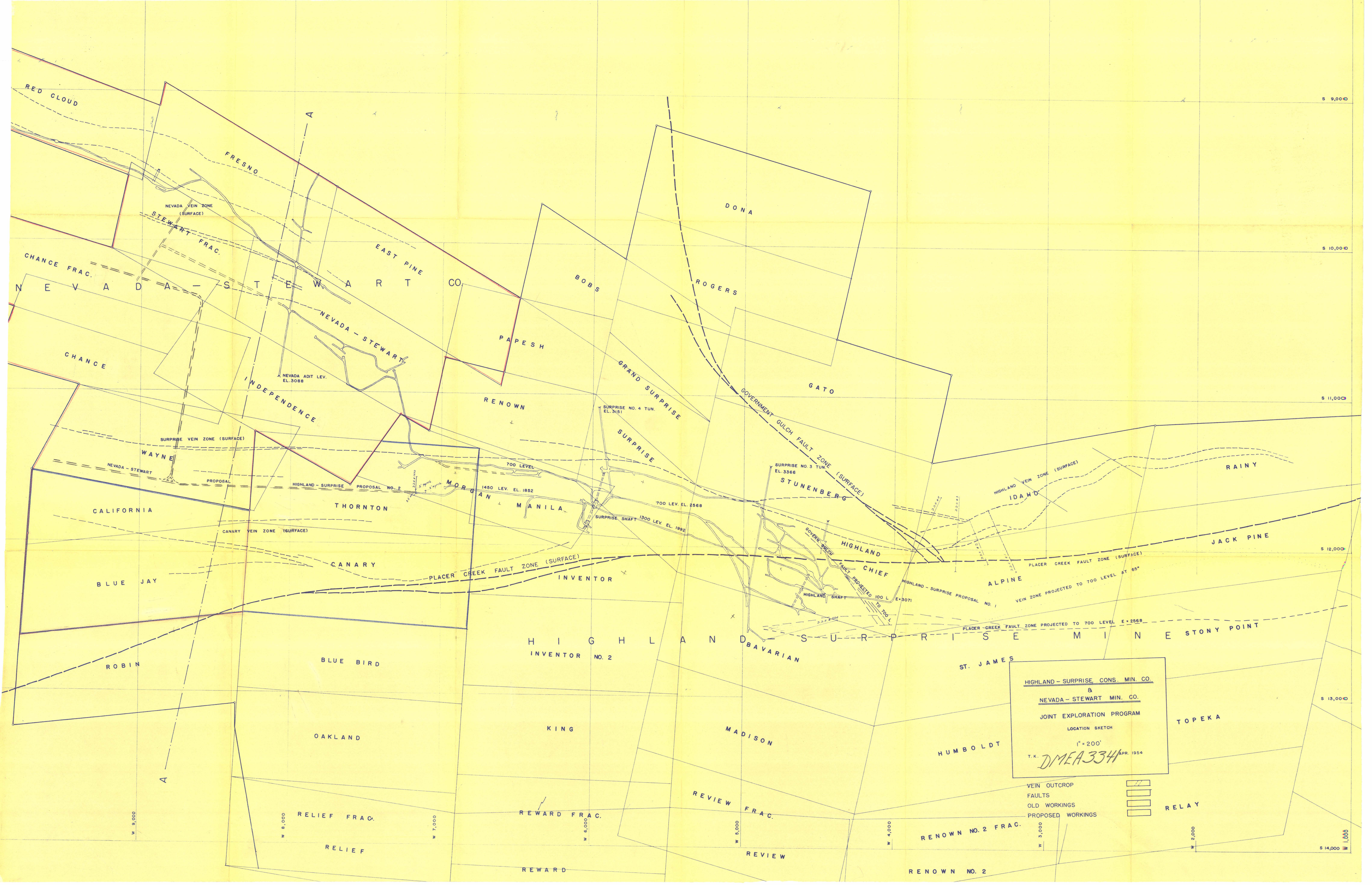
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ST. JAMES
ROBIN
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INVENTOR NO. 2
OAKLAND
KING
MADISON
HUMBOLDT
TOPEKA
RELIEF FRAC.
RELIEF
REWARD FRAC.
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RENOWN NO. 2 FRAC.
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