OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E738, Docket DMEA-3409 (lead-zinc), dated November 22, 1954, with

Sunset Mines, Inc.
414 Farmwell Building
Spokane 1, Washington

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Liberal King (Sunset) Mine located in Shoshone County, Idaho, during the period July 15, 1959, through August 1, 1962.

In accordance with a June 23, 1958, Termination Agreement, Article 7, Annex II, and Amendment No. 4 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 11 years from the date of the contract or until the total net amount contributed by the Government under both this contract and a prior contract (Idm-E102, DMEA-1489, Sunset Minerals, Inc.) without interest is fully repaid, whichever occurs first. A Report of Review dated November 17, 1958, indicated accepted costs under this exploration contract amounting to $15,585.00 with the Government's contribution on a 50 percent basis being $7,792.50. The Government's contribution under the prior contract amounted to $42,739.75 and, therefore, the total repayable under this contract is $50,532.25.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which found the sales subject to the Government's royalty through July 14, 1959, to be $16,953.94. The royalty account as of July 14, 1959, was:

Total Royalty Payable	$847.70
Total Royalty Paid	847.70
Balance of Royalty Due	$ -0-

As of August 1, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$847.70
Total Royalty Paid	847.70
Balance of Royalty Due	$ -0-

August 8, 1962

E. D. Tolbert, OME Auditor

Idm-8758 Sunset Mines, Inc. IMEA-3409

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

The Termination Agreement provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land under this contract. The land consists of nine unpatented claims in secs. 16, 17, 20, and 21, T. 48 N., R. 2 E., Boise Meridian, Treka Mining District, excepting a certain block of ground below the 600 level. These nine claims also were included in the land under the prior contract. At the time this contract was executed, the Operator was the owner through acquisition of the interests of Sunset Minerals, Inc., the Operator under the prior contract.

Exploration work under the contract was discontinued during June 1957. Because of lack of funds, exhaustion of known ore reserves, and low metal prices all operations on the property were discontinued in November 1957. A Termination Agreement effective July 1, 1957, was executed on June 25, 1958.

During the period of June 23, 1955, to August 20, 1956, part of the property under the contract was operated by lessees. Four sales each of lead and zinc concentrates were made to the Bunker Hill Company. These sales of an aggregate of 177.429 tons of zinc concentrates and 27.85 tons of lead concentrates covered the only known production during the exploration period from the land subject to the contract. The $16,955.94 proceeds and the $847.70 royalty thereon are covered by the prior Report of Royalty Review.

Examinations of the property and inquiries by regional representatives have disclosed no further production subject to royalty under the contract. In an August 1, 1962, reply to a MME Form 63 inquiry, the Operator advised that there has been no production during the period covered by this review, the mine has been allowed to fill with water, and the property and mill have been owned since December 5, 1959, by Spokane National Mines, Inc., a wholly-owned subsidiary of the Operator.

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

(1) The files indicate that all production subject to royalty has been reported and proper royalty thereon paid; and
(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

Docket copy

RECEIVED
JUL 11 1955

EXPLORATION PROJECT CONTRACT
SUNSET MINES, INC.
DOCKET NO. DMEA-3409

AMENDMENT NO. 1

It is agreed this 16th day of May, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Sunset Mines, Inc., that Contract Idm-E738 (Docket No. DMEA-3409), dated November 22, 1954, is amended effective November 22, 1954, as follows:

Annex I attached to the Contract is deleted and a new Annex I is substituted reading as follows:

The land consists of the following unpatented mining claims located in the Yreka Mining District, Shoshone County, Idaho, in Sections 16, 17, 20, and 21, Township 48 North, Range 2 East:

Claim	Quartz Location Book	Page
Robert Burns	4	442
Tam O'Shanter	4	443
Baldy	22	516
Bee	22	517
Arkansas	22	15
Kansas	22	52
Liberal King	Q	288
Monarch	Z	257
Liberal King Fraction	18	271
Liberal King Fraction Amended	23	271

as shown on the attached map entitled "Sunset Mines, Inc., Proposed D.M.E.A. Project": Provided, That, the line on said map labelled "line projected on 600 level" shows the vertical and horizontal boundaries of a block of ground within which all ore bodies are excluded from the land described above.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

SUNSET MINES, INC.

By E B Merritt

Pres

By C Mattendorf
Administrator, Defense Minerals
Exploration Administration

Robert Hoffland
Alf Burns
Chapman
Edmund Selfridge

RECEIVED
JUL 11 1955

JUSTIFICATION FOR AMENDMENT NO. 1

The contract dated November 22, 1954, and signed for the Government and by the President of the Operator has not been approved by the Board of Directors of the Operator, and this fact has always been known to the Government. No work has been done as yet under the contract. The Operator's Board of Directors objects to two points in the contract:

1. The provision that the ore bodies below the 600 level are included in the description of the land; and

2. The requirement that the Operator assume the obligation to repay the amount of money contributed by the Government to another operator in connection with a project conducted on the same land.

The Government does not attach much importance to the land lying below the 600 level as described in the contract and is willing to delete it if the Operator will add an additional claim (the Liberal King Fraction). The Government will not concede the second point concerning repayment and it is understood that the Operator will not insist upon it if its first point is conceded.

For administrative reasons--because of the many copies of the contract which have been distributed, and there being no disadvantage to the Government, the Government has considered the contract as duly executed, and is making the changes desired by both parties in the form of the Amendment No. 1 to which this is attached.

Docket Copy

EXPLORATION PROJECT CONTRACT
SUNSET MINES, INC.
DOCKET NO. DMEA-3409

RECEIVED
JUL 5-1956

Amendment No. 3

It is agreed this 15th day of June, 1956, that Contract IDm-E738 (Docket No. DMEA-3409) dated November 22, 1954, as amended, is hereby further amended, effective as of November 22, 1954, as follows:

1. All of Exhibit "A" of the Contract, and Amendment No. 2 of May 27, 1955, except as provided in Article 2 of this Amendment No. 3, is deleted and in lieu thereof the following Exhibit "A" is substituted:

Exhibit "A"

The work shall be done in two stages. The Operator shall perform all the work in Stage I and so much of the work in Stage II as may be approved by the Government.

Stage I

1. Rehabilitate 310 feet of the No. 3 crosscut on the main tunnel level. This work shall include the installation of air, water, and ventilation lines, and track.

2. Cut one diamond drill station on the main tunnel level.

3. Subject to the prior approval of the Government as to location, direction, and depth, drill from a northerly crosscut on the main tunnel level three diamond drill holes of AX size with an aggregate drilling footage of not more than 4,500 feet.

Stage II

1. Crosscut from the No. 3 crosscut on the main tunnel level to the Sunset vein, and drift on the Sunset vein. The size of the drifts and crosscuts shall not be less than 6 feet by 8 feet in the clear of the timber, and the aggregate footage of crosscutting and drifting shall not be more than 1,633 feet.

2. Drifts and crosscuts shall be timbered as necessary, but not to exceed 1,000 feet of such timbering shall be an allowable cost for contribution by the Government.

3. Raise not more than 400 feet on the Sunset vein from the main tunnel level. The raise shall be 12 feet by 5 feet in rock section, and shall be timbered as necessary.

The location, direction, and extent of the crosscutting, drifting, and raising are subject to the prior approval of the Government. The Operator shall provide suitable core boxes, engineering and supervision.

The proposed work is shown on the map entitled "Sunset Mines, Inc., Proposed DMMA Project," referred to in Article 2 of this Amendment No. 3.

Estimated Cost of the Project

Fixed Unit Costs

Stage I

Rehabilitate 310 feet of crosscut @ $3.50/ft.	$ 1,085.00
Excavating diamond drill station	375.00
Diamond drilling not in excess of 4500 feet at following rates per foot at indicated depths:	
0' - 250' depth @ $3.50/ft.	
250' - 500' depth @ $4.00/ft.	
500' - 750' depth @ $4.50/ft.	
750' - 1000' depth @ $5.00/ft.	
1000' - 1250' depth @ $5.50/ft.	
1250' - 1500' depth @ $6.00/ft.	
Total Cost of diamond drilling 4500 feet	$1,375.00
Allowance for compressed air, engineering, supervision, service, and core boxes, 4500 feet @ $0.50/ft.	2,250.00
30 Samples assayed for lead, zinc, silver, and gold @ $3.50/sample	105.00
Surveying drill holes - 3 holes @ $80.00/hole	240.00
Stage I - Total Unit Cost	$5,430.00

Stage II

Crosscutting and drifting 1633 feet @ $33.00/ft. (rounded to)	$53,875.00	
Timbering drifts and crosscuts - 1000 feet @ $5.00/ft.	5,000.00	
Raising 400 feet, including timbering, @ $41.00/ft.	16,400.00	
120 Samples assayed for lead, zinc, silver, and gold @ $3.50/sample	420.00	
Stage II - Total Unit Cost	$75,695.00	
Total Cost of the Project		$101,185.00
Government Participation under this Contract Idm-E738, @ 50%		$ 50,562.50
Contribution by Government under Contract Idm-E102		42,739.75
Total Royalty subject to repayment to Government		$93,302.25

2. The map entitled "Sunset Mines, Inc., Proposed D.M.E.A. Project" attached to Exhibit "A" of the Contract shall remain as part of the Contract and be deemed attached to the new Exhibit "A" set forth above.

This amendment shall not be construed to increase the estimated total cost of the project or the aggregate total amount which the Government may be required to contribute.

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

THE UNITED STATES OF AMERICA

By C O Mitchenor
Administrator, Defense Minerals
Exploration Administration

SUNSET MINES, INC.

BY E M Mercer

Title Sec

OFFICIAL FILE COPY
~~DMEA~~ copy
RECEIVED MAR 4 1957

DATE	INITIALS	CODE
3/4	C	220
		225

EXPLORATION PROJECT CONTRACT
SUNSET MINES, INC.
DOCKET NO. DMEA-3409

AMENDMENT NO. 4

It is agreed this 6th day of February, 1957, between the United States of America, acting ~~through the Department~~ of the Interior, Defense Minerals Exploration Administration, and Sunset Mines, Inc., that Contract Idm-E738 (Docket No. DMEA-3409), dated November 22, 1954, as amended, is hereby further amended, as follows:

1. In Article 3 of the Contract, the time for completion of the work is extended to 3 years from the date of the Contract.

2. The maximum period for royalty payments and liens for the payment thereof is increased from 10 to 11 years.

3. Exhibit "A," as amended by Amendment No. 3, is revised to read as follows:

Exhibit "A"

The work is divided into three stages. Stage I has been completed and consists of the work performed under Stage I of Exhibit "A" as amended by Amendment No. 3. Stages II and III are set forth below. The Operator shall perform all the work in Stage II, and shall perform as much of the work in Stage III as is approved in advance by the Government.

Stage II

1. Rehabilitate approximately 500 feet of the main tunnel level east of the main shaft to drill site at the eastern end of the tunnel level. The work shall include the installation of air, water, and ventilation lines, and track, as necessary.

2. Cut one diamond drill station at the eastern end of the main tunnel level. The total amount of excavation for the diamond drill station shall not exceed 600 cubic feet.

3. From the eastern end of the main tunnel level drill three or more diamond drill holes to explore the Sunset Vein. The holes shall be not less than AX size and the aggregate drilling footage of all holes shall be not more than 3,000 feet. The location, direction, inclination, depth, and number of the diamond drill holes shall have prior approval of the Government.

The proposed work of this Stage II is shown on the attached map entitled "Sunset Mines, Inc., Proposed DMEA Project."

Stage III

1. Crosscut from the main tunnel level to the Sunset vein, and drift on the Sunset vein. The size of the drifts and crosscuts shall not be less than 6 feet by 8 feet in cross section in the clear of the timber, and the aggregate footage of crosscutting and drifting shall not be more than 1600 feet.

2. Drifts and crosscuts shall be timbered as necessary, but the Government will not contribute to more than 300 feet of such timbering.

3. Raise not more than 400 feet on the Sunset vein from the main tunnel level. The raise shall be 12 feet by 5 feet in rock cross section, and shall be timbered as necessary.

The location, direction, and extent of the crosscutting, drifting, and raising are subject to the prior approval of the Government. The Operator shall provide suitable core boxes, engineering and supervision. One half of the significantly mineralized core shall be made available to the Government for the purpose of check assaying.

Estimated Cost of the Project

Fixed Unit Costs

Stage I

Total cost of work performed under Amendment No. 3 (Subject to Audit on basis of costs set forth in Amendment No. 3)	$14,971.50

Stage II

Rehabilitate approximately 500 feet of the main tunnel level	$ 313.50 1/
Cut one diamond drill station 600 cu. ft. @ $.50/cu. ft.	300.00
Diamond drilling not in excess of 3,000 feet at following rates per foot at indicated depths:	

0' - 250' depth @ $3.50/ft. 250' - 500' depth @ 4.00/ft. 500' - 750' depth @ 4.50/ft. 750' -1000' depth @ 5.00/ft.		
Total cost of diamond drilling 3,000 feet	$12,750.00	
Allowance for compressed air, engineering, supervision, service, and core boxes 3,000 feet @ $0.50/ft.	1,500.00	
20 samples assayed for lead, zinc, silver and gold @ $3.50/sample	70.00	
Surveying drill holes - 3 holes @ $80.00/hole	240.00	
Estimated total cost of Stage II		$15,173.50

Stage III

Drifting and crosscutting 1600 feet @ $33.00/ft.	$52,800.00	
Timbering drifts and crosscuts 300 feet @ $5.00/ft.	1,500.00	
Raising 400 feet, including timbering @ $41.00/ft.	16,400.00	
80 samples assayed for lead, zinc, silver and gold @ $3.50/sample	280.00	
Estimated total cost of Stage III		70,980.00
Estimated Total Cost - Stages I, II, and III		$101,125.00
Government Participation under this Contract Idm-E738, @ 50%		$50,562.50
Contribution by Government under Contract Idm-E102		42,739.75
Total Royalty subject to repayment to Government		$93,302.25

1/ Completed job constitutes the unit.

This amendment shall not be construed to increase the estimated total cost of the project or the aggregate total amount which the Government may be required to contribute.

Executed in sextuplicate the day and year first above written.

UNITED STATES OF AMERICA

By C P Mitteedorf
Administrator, Defense Minerals
Exploration Administration

SUNSET MINES, INC.

By O. Bardahl

Title Pres.

Judritz 2/1/57
Lawyer

Appd. Sol. Off.

J. All
Lindsmed
Selfridge
Johnson
C Hamilton

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

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. 3409
Metal or Mineral Lead-Zinc
Date Received
Estimated Cost $124,000
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: Sunset Mines, Inc., P. O. Box 869, Kellogg, Idaho, An Idaho Corporation
Ole Bardahl, President; 1400 West 52nd Street, Seattle, Washington
David Harvey, Vice-Pres., 13202 4th N. W., Seattle 77, Washington.
C. B. Merritt, Sec'y -Treas. 1400 West 52nd Street, Seattle, Washington

(*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. An Idaho Corporation

(*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 accompanying papers.

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

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

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

(*e*) If you own the land, describe any liens or encumbrances on it none

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

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

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

(*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 accompanying papers

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

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

16—66551-1

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

(*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 accompanying papers

(*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 accompanying papers

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. See accompanying papers

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

(*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. See accompanying papers

(*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. See accompanying papers

(*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. none

(*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. See accompanying papers.

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

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

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

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

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

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated June 30, 1954

Sunset Mines, Inc. P.O.Box 869, Kellogg, Ida.
(Applicant)

By P. E. Lomas Manager

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

SUNSET MINES, INC.
Box 869
KELLOGG, IDAHO

MINES,

SUNSET MINERALS, INC.

P. O. BOX 869
KELLOGG, IDAHO

Accompanying papers with Form M F 103 Application for Aid in an Exploration Project, pursuant to DMEA Order 1 Under the Defense Production Act of 1950, as Amended.

3 Applicant's property rights.

A. The land to be explored and land that may be benefitted by the exploration consists of six (6) unpatented claims which are a part of Sunset Mines, Inc. holdings known as the Liberal King Group located in the Yreka Mining District Southwest of Kellogg, Idaho and east of Pine Creek in Shoshone County, Idaho. The major part of the exploration project will be carried on on two claims known as the Robert Burns and Tam O' Shanter. Other claims that may be benefitted by the exploration project consist of the Kansas, Arkansas, Bee and Baldy. (see reference maps)

Name of Claim	Date Located	Quartz Location Book	Page
Robert Burns	Sept. 22, 1906	4	442
Tam O'Shanter	Sept.22,1906	4	443
Baldy	June 7, 1931	22	516
Bee	June 9, 1931	22	517
Arkansas	June 3, 1931	22	15
Kansas	June 5, 1931	22	520

Liberal King (?) Monacch

4 Physical Description.

A The land described in Article 3 A, is unexplored. All workings of the Liberal King Mine are located in claims adjoining the south side lines of the claims described in Article 3 A. (See reference maps)
The Liberal King Mine is an underground operation fully equipped and has been in production for the past ten years.
The mine has been developed from three tunnels. The No. 3 Tunnel is the principal haulage tunnel. A two compartment vertical shaft was sunk 1260 feet below the No. 3 tunnel, 4000 ft. from the portal. Levels were cut at 200 ft. intervals. A 420 ft. winze was sunk on the Sunset Vein from the 1000 ft level to the 1300 ft. level.
Two veins have been developed from the main shaft - The Liberal King Vein and the Sunset Vein. Extensive exploration of the Liberal King Vein has failed to disclose ore of commercial value.
The Sunset Vein was discovered on the 1000 ft. shaft level and is the only known productive vein in the Liberal King group of claims.
Approximate total development 22,000 ft. consisting of 16,020 ft of tunnels, drifts and crosscuts; 1680 ft. of shafts and 4300 ft. of Raises.
All underground workings are accessable and in good condition, except areas that have been mined out and abandoned.
Surface facilities include a complete set of mine buildings, ore bins, crushing plant and a 125 ton capacity ore concentrating mill all fully equipped.

B The mine has been in production since 1944 and has produced 206,054 ton of commercial lead, zinc ore prior to January 1st. 1954. All production was extracted from the Sunset Vein. Metals recovered were 11,438,959 lbs. Lead; 24,461,546 lbs. Zinc; 151881 Oz Silver and 765 Oz Gold. Net smelter returns after deducting smelter charges were $3,136,312.38.

SUNSET MINES, INC.
Box 869
KELLOGG, IDAHO

MINES,
MINES,
SUNSET MINERALS, INC.
P. O. BOX 869
KELLOGG, IDAHO

Page 3. Physical Description continued.

B. Estimated current monthly production 500 ton. Estimated ore reserves 2000 to 3000 ton. (undeveloped)
Estimated average grade 3.3 Pb; 6.7 Zn.

C. The Sunset Vein is a fissure vein with a general strike of N. 45 degrees west and dips 40 degrees to 60 degrees southwest. Rock formations are Pritchard quartzite and argillites. The main Sunset oreshoot was first discovered on the 1000 ft. level and mined from the 1200 level up to approximately 100 feet above the 800 level. At that point the vein steepened to 60 degrees and became too narrow to mine profitably. A raise was extended to the elevation of the 600 ft. level and 200 ft. of drift driven on the vein from the top of the raise. The vein structure did not weaken and showed mineralization, but no ore of commerical value in that area. The top of the present Sunset ore shoot apparently terminates below the 600 level. The present Sunset oreshoot has been mined for approximately 800 ft. on the strike of the vein on the 1200, 1000 and 800 levels.
Sunset Mines, Inc. ore reserves are practically depleted and recent exploration projects on the Liberal King vein and Sunset Vein have failed to increase our ore reserves. However, recent exploration to the northwest on the Sunset Vein on 800 level has prooved a strike distance of over 1800 ft.The vein structure is strong on both ends and mineralization occurs through the entire length, but commercial ore is confined to an area approximately 800 ft. in length.
We have carefully considered several possibilities for future exploration and decided that the most favorable project would be to explore the upward projection of the Sunset Vein for the possibility of discovering another commercial ore shoot.This project would be carried on from the main tunnel level and would explore the Sunset vein approximately 700 ft. above the last known commercial ore, and approximately 1600 ft. vertically below the surface. The Sunset Vein is unexplored above the 600 level. This project would involve extending a crosscut approximately 800 ft. northeast from the main No. 3 tunnel to intersect the upward projection of the Sunset Vein, above the present Sunset oreshoot, then drift both ways on the vein from the point of intersection - a total distance of 1700 ft. The 400 ft. of raises to be driven from the proposed drift at favorable locations, to be approved by the Government. 2000 ft. of diamond drill holes to be drilled to explore the area below the proposed drift and above the 600 level.

D. Sunset Mines, Inc. mill and property may be reached by traveling five miles west of Kellogg, Idaho on U. S. 10 highway, thence four miles south on the Pine Creek road, a paved highway. Thence 3/4 mile northeast on the Company's graded graveled road to the surface buildings and mine portal.
The Company provides free bus service between Kellogg and the mine for employees.
Lead and zinc concentrates are shipped by truck to Bunker Hill and Sullivan Zinc Plants at Kellogg, Idaho

SUNSET MINES, INC.
Box 869
KELLOGG, IDAHO

MINES,
SUNSET MINERALS, INC.
P. O. B[illegible]
MINES,
KELLOGG, IDAHO

Page 4. Physical Description continued.

E. Adequate man power is available. Hiring is done at the mine or thru the U. S. Employment office in Kellogg, Idaho.
Materials, supplies, equipment, water and electric power is available and delivered to the mine.

5 The Exploration Project.

(A) (1) Rehabilitate 310 ft. of crosscut from main tunnel to starting point of project, includes installation of track, pipe and switch and moving air receiver. (see reference maps)

(B) (2) Drive a 6' x 8' crosscut from the face of the present 310 ft. north east crosscut approximately 800 ft. to intersect the upward projection of the Sunset Vein. (see reference maps)

(3) Drive a 6' x 8' drift approximately 1700 ft. on the Sunset Vein from point of intersection. (see reference maps)

(4) Drive 400 ft. of raises at favorable locations from the proposed drift at points approved by the Government to explore vein above drift.

(5) Drill a total of 2000 ft. of diamond drill holes down from proposed crosscut to locations approved by the Government to intersect the Sunset vein between 600 level and the main level to explore that area for ore. (see reference maps)

D Sunset Minerals, Inc. a Washington Corporation operated the Liberal King mine from 1944 to November 1953. At that time the Company was re-organized and incorporated in the State of Idaho as an assessable corporation and the name changed to Sunset Mines, Inc. Sunset Mines, Inc. has assumed all assets and liabilities of Sunset Minerals, Inc.

6 Estimate of Cost:

(b)(c)(d) Estimated cost per foot to drive 800 ft. of crosscut to vein, and 1700 ft. of drift on vein.

Labor	$12.00
Engineering & supervision	2.50
Haulage and waste disposal	2.50
Car pass stations	1.00
Powder and fuse	6.00 - ?
Track and ties	1.50
Pipe and couplings	.50
Air and water	3.00
Bits and steel	3.00
Ventilation	2.00
Equipment maintenance and repair	2.50
Depreciation on equipment	2.50
Total cost per foot	$39.00

Estimated cost per foot of raising 400 ft. on Sunset Vein.

Labor	$12.00
Engineering and supervision	2.50
Haulage and waste disposal	2.50
Powder and fuse	6.00 - ?
Pipe and couplings	.50
Air and water	3.00
Bits and steel	3.00

SUNSET MINES, INC
Box 869
KELLOGG, IDAHO

SUNSET MINERALS, INC.
P. O. BOX 869
KELLOGG, IDAHO

6 Estimate of cost continued:

Ventilation	2.00
Timber and chutes	4.75
Equipment maintenance & repairs	2.50
Depreciation of equipment	2.25
Total cost per foot	$41.00
Estimated cost of Diamond Drilling	$4.50 per foot

(e) Rehabilitation of 310 ft. of crosscut from main tunnel to starting point of proposed project:

Labor $100 per foot 310 ft.	$310.00
Track 310 ft. @ $1.50 per ft.	465.00
Air and water 310 ft. @ 50¢ per ft.	155.00
Estimated cost of moving air receiver and installing switch Material and labor	170.00
Total	$1,100.00

Total estimated cost of proposed exploration project:

800 ft. of crosscut @ $39.00 per foot	$31,200.00
1700 ft. of drift on Sunset Vein @ $39.00 ft.	66,300.00
400 ft. of raises @ $41.00 per ft.	16,400.00
Diamond drilling 2000 ft. @ $4.50 per ft.	9,000.00
Rehabilitation of 310 ft. of crosscut	1,100.00
Total extimated cost of project	$124,000.00

We would prefer the unit cost form of DMEA contract in which the Government would contribute 50% of the agreed unit cost for work performed each month.

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. USGSPO 0000410

PROJECT SUMMARY REPORT

By: J. W. Alt January 28, 1959

1. Docket No. DMEA-3409 (Lead-Zinc)
Contract No. Idm-E738
Property: Liberal King (Sunset) Mine
Shoshone County, Idaho

Operator: Sunset Mines, Inc.
Post Office Box 869
Kellogg, Idaho

Operator's Property Rights: Owner.

2. Contract dated November 22, 1954. To complete - 2 years

Work Authorized (Short Form Contract)

Stage I

1. Drill three diamond drill holesof AX size from a northerly crosscut on the Main tunnel level. Total amount of drilling not to exceed 2,500 feet of holes.

2. Cut one diamond drill station on the Main tunnel level.

Stage II

1. Rehabilitate 310 feet of the No. 3 crosscut on the Main tunnel level.

2. From the No. 3 crosscut on the Main tunnel level crosscut to the Sunset vein and drift on the Sunset vein in an aggregate total not in excess of 2,000 feet.

3. Timber drifts and crosscuts as required but not to exceed 1,000 feet of timbering.

4. Raise 400 feet on the Sunset vein from the Main tunnel level.

Estimated Cost of the Project

Fixed Unit Costs

Stage I

Total diamond drilling, 2,500 feet, @ $3.50 to $5.00/ft., depending on depth of hole	$ 10,250.00
Allowance for compressed air, engineering, supervision, etc., 2,500 feet, @ $0.50/ft.	1,250.00
Assaying 30 samples @ $3.50/assay	105.00
Surveying drill holes - 3 holes @ $80.00/hole	240.00
Excavating diamond drill station	375.00
Total Unit Cost of Stage I	$ 12,220.00

Stage II

Rehabilitate 310 feet of crosscut, @ $3.50/ft.	$ 1,085.00
Drifting and crosscutting, 2,000 feet @ $33.00/ft.	66,000.00
Timbering, drifts and crosscuts, 1,000 feet @ $5.00/ft.	5,000.00
Raising 400 feet, including timbering, @ $41.00/ft.	16,400.00
Assaying 120 samples @ $3.50/assay	420.00
Total Unit Cost of Stage II	$ 88,905.00
Total Cost of Stage I	$ 12,220.00
Total Cost of Stage II	$ 88,905.00
Total Cost of the Project	$101,125.00
Government's participation, 50%	$ 50,562.50
Contributed by the Government under Contract Idm-E102	$ 42,739.75
Total for repayment to Government	$ 93,302.25

Amendments

No. 1 Agreed May 16, 1955, effective November 22, 1954.

Annex I deleted and a new Annex I is substituted, Change in the land description.

No. 2 Agreed May 27, 1955, effective November 22, 1954.

Change in the Description of the Work.

No. 3 Agreed June 15, 1956, effective November 22, 1956.

Change in the Description of the Work.

No. 4 Agreed February 6, 1957.

Completion time extended from 2 years to 3 years.

Royalty payment period increased from 10 years to 11 years.

Change in the Description of the Work.

Work Completed

Stage I

Rehabilitation, 265 feet @ $3.50/ft.	$ 927.50	$
Drill station, 1 @ $375.00/each	375.00	
Drill hole surveys, 2 @ $80.00/each	160.00	
Assays, 4 @ $3.50/sample	14.00	
Core drilling, 2,792 feet @ $3.50 to $5.00/ft.	12,099.00	
Allewance for compressed air, etc. 2,792 feet @ $0.50/ft.	1,396.00	14,971.50

Stage II

Rehabilitate approximately 500 feet of crosscut	$ 313.50	
Excavate diamond drill station	300.00	613.50

Total amount expended	$15,585.00
Government's participation, 50%	$ 7,792.50

Work on the project was stated in July 1955.

The contract was terminated by mutual agreement effective as of July 1, 1957.

3. Audit - Report of Review dated November 17, 1958.

Total cost as billed by the Contractor	$15,585.00
No exceptions	--
Total accepted cost	$15,585.00
Government's participation, 50%	$ 7,792.50

Operator's final report dated November 5, 1958.
Field Team's final report dated December 1958.

4. Certification of Discovery or Development - Pseudo-Certification

No certification was made, but a pseudo-certification is contained in the Termination Agreement dated June 25, 1958, effective July 1, 1957.

5. Comments:

That portion of the work which was completed was performed in a workmanlike manner and the standard of work was good. Project work was hampered by a labor strike, which lasted five months, and idle periods caused by lack of finances. Finally, in November 1957, because of lack of funds, exhaustion of known ore reserves, and low metal prices the mine was shut down and the contract was terminated by mutual consent.

Under the previous contract (Contract No. Idm-E102, Docket No. DMEA-1489) the Liberal King vein had been explored by trenching and diamond drilling from the surface and by underground exploration from the Liberal King No. 2 adit level. Before the project was completed it became obvious that further exploration of the Liberal King vein would be fruitless and the remaining footage was transferred to the Sunset vein in the same mine. This exploration, which was done from the 800 level ofthe Sunset mine found small lenses of ore grade rock but failed to discover a minable ore body.

The exploration under this Contract (No. Idm-E738) was designed to explore the upper extension of the Sunset vein. The exploration was done from the No. 3 tunnel or main (100) Liberal King level about 500 feet vertically above the upper most workings on the Sunset vein.

Only 265 feet of rehabilitation and 2,792 feet of diamond drilling were completed under Stage I. The Sunset vein was never encountered or, if encountered, was not recognized. Rehabilitation of 500 feet of the main tunnel and excavation of a diamond drill station were completed under Stage II. Stage II drilling was never started as the mine was shut down for reasons as stated.

The purpose of Stage II drilling was to test the last target area on this property, wherein new ore might be found. Should the mine ever be reopened and the completed drill station be made accesible, serious consideration should be given to drilling these holes. Other exploration possibilities exist at the Sunset mine but testing of these possibilites should be dependent on the finding of specific targets by geochemical or other surface work.

J. W. Alt

J. W. Alt

JWA/er
CC: Docket
Dir Read File
Mr. Johnson
Chron.

DMEA Form 17
Feb. 58

DEFENSE MINERALS EXPLORATION ADMINISTRATION

WORK COMPLETED ANALYSIS

After final audit or review report is received, prepare original only and file in official docket

Operator: SUNSET MINES, INC.		Actual Cost	
State: IDAHO		Agreed Unit Cost	X
Final Report of Audit		Commodity: LEAD-ZINC	Docket No. DMEA-3409
Final Report of Review	X		Contract No. Idm-E738

Operation	Authorized by Contract and Amendments		Completed		Net cost after sale of Government Property
	Units	Cost	Units	Cost	
(6' x 8') Drifting & Crosscutting Stage III	1,600' @ $33/ft.	$ 52,800.0			
Raising -Stage III(5'x12'	400' @ $41/ft.	16,400.00			
Timbering Drifts and Crosscuts Stage III	300' @ $5.0/ft.	1,500.0			
Diamond Drilling (AX)	2,792' @ $?	12,099.0	2,792'	$12,099.0	$ 12,099.00
Drilling (Specify) Diamond (AX) Stage II	3,000' @ $?	12,750.0			
Stage I-Compressed Air for Drills 2,792' @ $0.50		1,396.0		1,396.0	1,396.00
Stage II-Ditto-3,000' @ $0.50/ft.		1,500.0			
Stage I-Surveying D.D.Holes-2		160.00		160.0	160.00
Stage II-3 @ $80		240.0			
Stage I-1 D.D. Sta. @ $375.00		375.0		375.0	375.00
Stage II-1 D.D.Sta. 600c.f.@ $0.5		300.0		300.0	300.00
Stage I-Rehabilitate 265' xcut @ $3.5		927.50		927.5	927.50
Stage II-Rehabilitate 500' Tunnel		313.5		313.5	313.50
Stage I-4 samples assayed @ $3.5		14.0	4	14.0	14.00
Other (Specify) Stages II & III-100 samples @ $3.50 each.		350.00			
Totals Total all Stages		$101,125.00		$15,585.0	* $15,585.00

* Net cost total must agree with final report of audit or review.

Prepared by W. P. Klugescheid Date 1/30/59.

31398

Amendment No. 4.

Stage I.

D.D. (AX)

0-250' @ $3.50/ft.	750'	✓ $2,625.00
250'-500' @ 4.00	700'	✓ 2,800.00
500'-750' @ 4.50	500'	✓ 2,250.00
750'-1000' @ 5.00	503' ?	✓ 2,515.00
1000'-1250' @ 5.50	250'	✓ 1,375.00
1250'-1500' @ 6.00	89'	✓ 534.00
Compressed Air etc.	2,792' drilling @ $.50	✓ 1,396.00
D.D. Station		✓ 375.00
Surveying 2 drill holes @ $80.00 ea		✓ 160.00
Rehabilitation 265' @ $3.50/ft		✓ 927.50
D.D. Sample assays	4 @ $3.50 ea	✓ 14.00

Total Subject to Audit, $14,971.50

Amendment No. 4.

Stage II.

Rehabilitate approx. 500' of Main Tunnel Level	✓	$ 313.50
Cut one D.D. Sta. 600 Cu. Ft. @ $0.50/Cu. Ft.	✓	300.00
3,000' D.D.		
0'-250' @ 3.50/ft.		
250'-500' @ 4.00/ft.	✓	12,750.00
500'-750' @ 4.50/ft.		
750'-1,000' @ 5.00/ft.		
Allowance for Compressed Air etc 3,000' @ $0.50/ft.	✓	1,500.00
20 Samples assayed @ $3.50	✓	70.00
Surveying drill holes - 3 @ $80.00	✓	240.00
Total Cost of Stage II.		$15,173.50

Amendment No. 4.

Stage III.

Drift XCS – 1600' @ $33.00/ft.	✓	$52,800.00
Timbering Drift XCS – 300' @ $5.00/ft.	✓	1,500.00
Raising – 400' @ $41.00/ft with timber	✓	16,400.00
80 samples assayed @ $3.50 each		280.00
Total Cost Stage III		$70,980.00
Total Cost of Project.		$101,125.00

☐ Audited

☐ Certified

WORK ANALYSIS SHEET - DMEA PROJECT

Analysis as of
Incl. Voucher for September 1956.

☐ Actual Cost

☒ Agreed Unit Costs

Name SUNSET MINES, INC.

Docket No. 3,409

State IDAHO

Commodity LEAD-ZINC

Idm-E No. 738

CONTRACT AMENDED BY AMENDMENT NO 3.

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Stage II (6'x8') Drifting & Crosscutting	1633' @ 33.00	$53,875.00			
Raising Stage II (5'x12')	400' @ 41.00	16,400.00			
~~Shafts~~ (AX) Stage I ~~Winzes~~	0-250' @ 3.50 250'-500' @ 4.00	4,500'	750' 700'	2,625.00 2,800.00	—
	500'-750' @ 4.50 750'-1000' @ 5.00	21,375.00	500 503'	2,250.00 2,515.00	— —
Drilling (Specify)	1,000'-1250' @ 5.50 1250'-1500' @ 6.00		250' 89'	1,375.00 534.00	
~~Surface Excavation~~ compressed air etc. 4500' drilling @ 0.50 Stage I		2,250.00	2,792'	1,396.00	—
~~Underground Excavation~~ DD. station loaders		375.00	1	375.00	—
Stage II ~~Roads and Trails~~ Timbering 1000' Drs & XCs @ 5.00 Stage I		5,000.00			
Surveying 3 drill holes @ $80 ea ~~Operating Equipment Purchased~~ Stage I		240.00		160.00	—
Surface Rehabilitation & Repairs					
Underground Rehabilitation 310' XC @ 3.50		1,085.00	265'	927.50	—
New Building, Improvements, etc.					
Other (Specify) DD.- ~~Stage I~~ - 30 assays @ 3.50 Drs + XCs - ~~Stage II~~ - 120 assays @ 3.50		105.00 420.00	4	14.00	—
Date of Contract Nov. 22, 1959 Totals		$101,125.00		14,991.50	Geo. F.T.

Amendment No. 3. Incorporated

Amendment No. 4.- Completion date Nov. 22, 1959.

Royalty Payment Period - Eleven years.

Prepared by W. K. Klugescheid

71626

☐ Audited

☐ Certified

WORK ANALYSIS SHEET - DMEA PROJECT

Analysis as of _____
Incl. Voucher for April 1956

☐ Actual Cost

☒ Agreed Unit Costs

Name SUNSET MINES, INC.

Docket No. 3,409

State IDAHO

Commodity LEAD-ZINC

Idm-E No. 738

ORIGINAL CONTRACT

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting 3'x8'	3,000' @ 33.00	$66,000.00			
Raising ~~Timbering~~ 5'x12'	400' @ 41.00	16,400.00			
Shafts ~~Sq. and XC. Timbering~~	1,000' @ 5.00	5,000.00			
Winzes	750' @ 3.50	2,625.00	✓500'	1,750.00	
	750' @ 4.00	3,000.00	✓500'	2,000.00	
Drilling (Specify) ~~Dry. & X.~~	750' @ 4.50	3,375.00	✓357'	1,606.50	Wrong?
	250' @ 5.00	1,250.00	✓253'	1,265.00	
Surface Excavation ~~D.D. downward air etc~~ 1500' @ 0.50		1,250.00	1610'	✓805.00	
Underground Excavation ~~D.D. Stations~~		375.00		✓375.00	–
Roads and Trails ~~D.D. 300 ... 3.00~~		115.00	4	✓14.00	
Operating Equipment Purchased ~~Sump pump 3 drill ...~~		240.00	1	✓40.00	
Surface Rehabilitation & Repairs					
Underground Rehabilitation 310' @ 3.50		1,085.00	265'	927.50	
New Building, Improvements, etc.					
Other (Specify) 120' ~~Sq. & XC. timbering~~ @ 3.00		420.00			
Totals		$101,125.00		$8,753.00	?

Amends #1 + 2 noted and incorporated.

Superceded by Amendment #3.

Prepared by A. P. Klyachkin.

71626

Fixed Unit Costs - Stage I.

Diamond Drilling.

750' AX	@	3.50	$2,625.00
750' AX	@	4.00	3,000.00
750' AX	@	4.50	3,375.00
250' AX	@	5.00	1,250.00
			$10,250.00

Allowance for compressed air, engineering supervision, surveys & cost logs

2500'	@	$0.50	1,250.00

Surveying 8 AX Holes @ 80.00 — 240.00

Assaying 30 samples @ 3.50 — 105.00

Excavation of B.P. Station — 375.00

Stage I. Total, $12,220.00

Amend #2. - Rehabilitate 310' of Crosscut @ 3.50 — 1,085.00

$13,305.00

Stage II

~~Rehabilitate 310' of adits @ 3.50~~		~~$ 1,085.00~~
2000' Iro + XCS @	33.00 (6'x8')	66,000.00
1000' Timber - Iro + XCS @	5.00	5,000.00
400' Raising + Timbering @	41.00 (5'x12')	16,400.00
Assaying 120 samples @	3.50	420.00
~~Total Stage II~~		~~$88,905.00~~
		~~1,085.00~~
		~~$87,820.00~~
Grand Total:		101,125.00

Spent

~~July 1955~~ ~~Feb~~ 1956 ~~March~~, April.

1 Diamond Drill Station $ + 375.00

Underground Rehab. 265' @ 3.50 = + 927.50

Surveying D.D. Holes @ $80.00 Incomplete + 40.00

~~$4 Assays @ 3.50~~ 14.00 ~~+ 70.50~~

D.D. ~~250'~~ 500' @ 3.50 1,750.00 ~~875.00~~

D.D. 253' @ 5.00 + 1,265.00

D.D. ~~250'~~ 500' @ 4.00 2,000.00 ~~1,000.00~~

Supplies @ 0.50 ~~100'~~ 1610' + 805.00 ~~501.50~~ 364.50

D.D. ~~249'~~ 357' @ 4.50 ~~250'~~ ? + 1,606.50 ~~1,125.00~~ ~~1,030.50~~

~~1,302.50~~

~~4,583.00~~

~~6,119.50~~

8,753.00

Amendment #3

Stage I.

310' Rehabilitation of XC @ 3.50 — $1,085.00

D.D. Station 1 — $375.00

4500' D.D. (AX) — $21,375.00

0'-250' @ 3.50, 250'-500' @ 4.00, 500'-750' @ 4.50,
750'-1000' @ 5.00, 1,000'-1250' @ 5.50, 1250'-1500' @ 6.00

Compressed Air, Engineering, supervision, service & core boxes 4500' @ 0.50 — $2,250.00

30 assays for Pb, Zn, Ag, Au @ 3.50 — $105.00

Surveying Drill Holes @ 80.00 for 3 holes — 240.00

Stage I - Total. — $25,430.00

~~Stage II~~

Drs. & XCs. - 1633' @ 33.00 (6'x8')	$53,875.00
Timbering - Drs. & XCs. - 1000 @ 5.00	5,000.00
Raising 400' including timber @ 41.00 (5'x12')	16,400.00
120 Assays for Pb, Zn, Au, Ag. @ 3.50	420.00
~~Total Stage II~~	~~$75,695.00~~
~~Total Cost of Project~~	~~$101,125.00~~

Spent, 1956 ~~May~~ July ~~August~~ Sept.

~~Stage I~~

Surveying drill Holes @ 80.00 2 sets	160.00
D.D. Site @ 375.00	375.00
assays @ 3.50 4	14.00
Rehab + Repairs @ 3.50 265'	927.50
Services and Supplies D.D. @ 0.50 ~~2,792'~~ ~~2,767'~~ ~~2,678'~~ ~~1783.5'~~	✓ ~~1383.50~~ ~~1,139.00~~ 1,396.00 ~~991.75~~
D.D. ~~500'~~ 750' @ 3.50	✓ 2,625.00 ~~1,750.00~~
~~463.5~~ 503' @ 5.00	✓ 2,515.00 ~~2,317.50~~
~~500'~~ ~~645'~~ 700' @ 4.00	✓ 2,800.00 ~~2,000.00~~ ~~2,580.00~~
500' @ 4.50	✓ 2,250.00
250' @ 5.50	✓ 1,375.00
89' ~~25'~~ @ 6.00	✓ 534.00 ~~150.00~~

Complete

~~10,885.75~~
~~12,655.50~~
~~14,857.00~~
14,971.50

Spent Stages II + III.

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 6 1959

DATE	INITIALS	CODE
2-6	C	220
2-7	alt	500

February 5, 1959

Re: DMEA 3409; Idm E-738
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Yreka Dist., Shoshone County
Idaho

Memorandum

To: W. R. Griswold, Office of Mineral Exploration

From: Commodity Specialist, Branch of Base Metals

Subject: Review of field team memorandum and Field Team final report, dated December 31, 1958.

As a result of exploration under DMEA 1489 (contract E-102) the Liberal King vein was concluded to be unworthy of further exploration and remaining funds were allocated to exploration of the Sunset vein. This work did not discover ore but did demonstrate a strong vein structure with metallization.

The second DMEA exploration project, that under review, was designed to explore the Sunset vein about 500 feet above existing stopes on the Sunset vein. Work done consisted of rehabilitating 265 feet of No. 3 crosscut on the Main tunnel level, excavation of a diamond drill station and drilling of 3 holes totaling 2,792 feet to explore the Sunset vein. No structure was encountered that was identified as the Sunset vein and mineralization noted was considered to have no significance. A minor amount of additional rehabilitation and the cutting of a second diamond drill station was completed. The project was terminated by mutual consent before further scheduled drilling was done.

The final report is well presented and forms an adequate record of the exploration.

O. M. Bishop

O. M. Bishop

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
December 31, 1958

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RECEIVED JAN 7 1959

DATE	INITIALS	CODE
1-7	C	220
1/7	[illegible]	130
1/13	[illegible]	110
1/13	[illegible]	130
1/13	C	220
1/19	[illegible]	500

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Sunset Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

Enclosed are three copies of a Field Team final report on this project.

Completed work comprised 765 feet of rehabilitation and 2,792 feet of diamond drilling at a total cost of $15,585, of which the Government's share was 50 percent or $7,792.50. A pseudo-certification is included in the Termination Agreement.

Diamond drilling from the east end of the main tunnel level was not started. It is recommended that, should the mine be reopened and the drill station at the east end of the main tunnel level be made accessible, serious consideration should be given to carrying out this drilling.

By Field Team, Region I

A. E. Weissenborn

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

Thomas E. Howard
for Wing G. Agnew, Member
U. S. Bureau of Mines

Enclosures
cc: USBM(2)
USGS(SRO)
Sample

Reviewed by
OME OPERATING COMMITTEE
1-13-59
(date)

OFFICIAL FILE COPY
O. M. E.
RECEIVED JAN 7 195

DATE	INITIALS	CODE
1/13	JB	130
		220

FLD TM FINAL REPORT

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD TEAM, REGION I

FINAL REPORT

Contract Idm-E738

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

A. E. Weissenborn
R. D. Sample
Geologists
U. S. Geological Survey

SUNSET MINES, INC.
P. O. Box 869
Kellogg, Idaho

Docket No.:	DMEA-3409
Commodity:	Lead-zinc
Contract date:	November 22, 1954
Termination date:	July 1, 1957

LIBERAL KING (SUNSET) MINE
Yreka Mining District
Shoshone County, Idaho

Spokane, Washington

December 1958

Reviewed by
OME OPERATING COMMITTEE
1-13-59
(date)

CONTENTS

	Page
INTRODUCTION	1
Summary	1
Recommendations	2
LOCATION AND ACCESSIBILITY	2
PROPERTY	3
GEOLOGY	6
Regional	6
Local Geology	7
THE PROJECT	9
Summary of Factual Data	14
Discussion of Conclusions	15
DIAMOND DRILL LOGS	In pocket

ILLUSTRATIONS

Plate			Map in pocket
1	-	Location Map	
2	-	Surface Geology of the Pine Creek Area	
3	-	Claim Map of the Sunset Mine Showing Levels, Drill Holes, Proposed Workings and Excluded Ground	
4	-	Composite Map of the Sunset Mine Showing Levels, Geology and Drill Holes	
5	-	Map of the Sunset Mine Showing Levels and Cross Section A-A'	
5A	-	Section B-B'	

FINAL REPORT

SUNSET MINES, INC.
Liberal King (Sunset) Mine
Yreka Mining District
Shoshone County, Idaho

Contract Idm-E738

* * * *

INTRODUCTION

This report describes an exploration project conducted jointly by the Sunset Mines, Inc., an Idaho corporation, and the Defense Minerals Exploration Administration in the Liberal King mine, Shoshone County, Idaho, from November 1954 to July 1957.

Exploration had been done unsuccessfully on the same property under Contract No. Idm-E102 (Docket No. DMEA-1489) by Sunset Minerals, Inc., a Washington corporation, from August 1951 to December 1953. The Sunset Mines, Inc. acquired all assets and assumed all liabilities of the Sunset Minerals, Inc. on November 1, 1953.

Summary

Under the previous DMEA contract (Idm-E102) the Liberal King vein had been explored by trenching and diamond drilling from the surface and by underground exploration from the Liberal King No. 2 adit level. Before the project was completed it became obvious that further exploration of the Liberal King vein would be fruitless and the remaining footage was transferred to the Sunset vein in the same mine. This exploration, which was done from the 800 level of the Sunset mine, found small lenses of ore grade rock but failed to discover a minable ore body. The results of this project are described in a final report by Erickson and Fryklund dated February 1955.

The exploration under the second DMEA contract (Idm-E738) was designed to explore the upper extension of the Sunset vein. The exploration was done from the No. 3 tunnel or main (100) Liberal King level about 500 feet vertically above the uppermost workings on the Sunset vein.

The contract was in two stages. Stage I provided for rehabilitating about 310 feet of the main tunnel, cutting a diamond drill station, and drilling three or more holes not to exceed an aggregate of 4,500 feet. Stage II provided for 500 feet of rehabilitation of the main tunnel east of the shaft, cutting another diamond drill station, and drilling an additional three or more holes totaling not more than 3,000 feet of drilling. Stage III provided for further exploration of the vein by crosscutting, raising and drifting.

Only 265 feet of rehabilitation and 2,792 feet of diamond drilling were completed under Stage I. The Sunset vein was never encountered or, if encountered, was not recognized. Rehabilitation of 500 feet of the main tunnel and excavation of a diamond drill station were completed under Stage II. Stage II drilling was never started because the mine closed, probably permanently, as a result of lack of funds, low metal prices, and exhaustion of known ore reserves.

A total of $15,585.00 was expended under the contract in which the Government's participation at 50 percent was $7,792.50.

No significant lead-zinc mineralization was discovered by the work.

Recommendations

A pseudo-certification of discovery or development is included in the Termination Agreement.

The purpose of the Stage II drilling was to test the last target area on this property wherein new ore might be found. Should the mine ever be reopened and the completed drill station be made accessible, serious consideration should be given to drilling these holes. Other exploration possibilities exist at the Sunset mine property but testing of these possibilities should be dependent on the finding of specific targets by geochemical or other surface work.

LOCATION AND ACCESSIBILITY

The Sunset mine is on the east bank of Pine Creek about 3 miles south of Pinehurst, Idaho, which in turn is about 5 miles distant by paved highway from Kellogg, Idaho, the nearest trading center and railhead (pl. 1). From Pinehurst the road to the mine is paved except for the last one-half mile which is graveled. The

altitude at the portal of the main adit is 2,520 feet above sea level or about 200 feet above Pine Creek. Amy Peak, with an altitude of 4,371 feet, lies immediately east of the mine area.

Snowfall is heavy during the winter months but the roads are kept open through the cooperation of county and mine officials.

PROPERTY

Amendment No. 1, dated May 16, 1955, effective November 22, 1954, deleted Annex I to the contract and substituted a new Annex I which defined the property to be explored under the contract as follows:

> "The land consists of the following unpatented mining claims located in the Yreka Mining District, Shoshone County, Idaho, in Sections 16, 17, 20, and 21, Township 48 North, Range 2 East:
>
> | Claim | Quartz Location Book | Page |
> |---|---|---|
> | Robert Burns | 4 | 442 |
> | Tam O'Shanter | 4 | 443 |
> | Baldy | 22 | 516 |
> | Bee | 22 | 517 |
> | Arkansas | 22 | 15 |
> | Kansas | 22 | 52 |
> | Liberal King | Q | 288 |
> | Monarch | Z | 257 |
> | Liberal King Fraction | 18 | 271 |
> | Liberal King Fraction Amended | 23 | 271 |
>
> as shown on the attached map entitled "Sunset Mines, Inc., Proposed D.M.E.A. Project": Provided, That, the line on said map labelled "line projected on 600 level" shows the vertical and horizontal boundaries of a block of ground within which all ore bodies are excluded from the land described above." (See pl. 3).

The principal mine workings consist of a 3,900-foot adit (the Main or No. 3 tunnel, also known as the 100 level), a shaft, and eight working levels. The working levels are 200, 400, 600, 800, 1000, 1100 intermediate, 1200 and 1300 levels. The shaft is vertical from the adit level to the 1200 level. The Main adit is connected by a raise to the Lookout Mountain No. 3 tunnel for ventilation. A winze collared on the 1000 level connects with the 1200 and 1300 levels. The altitude of the portal is 2,520 feet

and the 1300 level is at an altitude of 1,177 feet. The main working levels extend about 800 feet horizontally and about 1,300 feet vertically.

The No. 2 Liberal King tunnel is at an altitude of 3,530 feet and has been opened for about 900 feet on the Liberal King vein.

The country rock is Prichard slate with bands of quartzite, and the level openings for the most part need no support. A modified square-set method of stoping is used because of spotty occurrence of ore and tendency of backs to slab when left unsupported. Few stopes were filled during mining operations for lack of fill material which might have been made available if development had not been allowed to lag.

Ventilation is only fair and mechanical blowers are used to ventilate most working places. The mine water is handled by electric pumps and the amount of water pumped normally varies between 30 and 50 gpm.

The surface plant includes five buildings, a covered sawmill, and a 150-ton mill. The buildings are used for office, dry, machine shop, compressor house, and lamp and storage building. Electric power is furnished by the Washington Water Power Company.

Following is a tabulation of the reported production. (Figures supplied by the Mineral Industry Division, Bureau of Mines, Region I.)

Production of the Sunset (Liberal King) mine, Yreka district, Shoshone County, Idaho, from 1901 through 1957, in terms of gross metal content of concentrates produced and ore shipped directly to smelters.

Year	Ore (tons)	Gold (fine ounces)	Silver (fine ounces)	Copper (pounds)	Lead (pounds)	Zinc (pounds)
1901-36	No production reported					
1937	238	--	285	--	30,450	--
1938-39	No production reported					
1940	375	2	685	420	30,750	44,847
1941 1/	2,740	34	3,200	3,400	233,500	562,500
1942 1/	1,046	10	1,046	1,000	75,000	175,000
1943	No production reported					
1944 1/	7,671	20	2,800	40,000	220,000	60,000
1945 1/	15,404	100	10,100	20,000	825,000	1,719,000
1946 1/	20,793	110	17,000	30,000	1,212,000	2,370,000
1947 1/	28,630	110	20,350	37,000	1,527,125	3,220,000
1948 1/	24,586	160	20,000	38,000	1,629,160	2,939,800
1949 1/	24,596	140	23,650	40,000	1,783,000	3,242,000
1950 1/	31,938	220	37,425	61,100	2,641,400	4,985,080
1951 1/	45,700	156	24,366	20,000	1,658,000	3,582,000
1952 1/	18,631	100	13,000	16,000	1,000,000	2,000,000
1953	15,048	38	6,191	7,011	491,490	1,139,206
1954	3,981	12	2,013	?	157,602	370,837
1955	4,913	12	2,225	?	173,011	370,841
1956	6,436	34	5,619	6,767	415,605	999,619
1957	4,415	21	1,653	?	291,554	638,572
Totals	257,141	1,279	191,608	320,698	14,394,647	28,419,302

1/ Production figures represent mill heads.

GEOLOGY

Regional

The country rock of the Coeur d'Alene district consists of slightly metamorphosed sedimentary rocks of the Precambrian Belt series that have been folded, faulted and intruded by granitic stocks and dikes of various types. The general geology has been described and published by many writers. Among the important publications are the following:

1. Ransome, F. L., Calkins, F. C., Geology and ore deposits of the Coeur d'Alene district, Idaho: U. S. Geol. Survey Prof. Paper 62, 1908.

2. Calkins, F. C., A geological reconnaissance in northern Idaho and northwestern Montana: U. S. Geol. Survey Bull. 384, 1909.

3. Umpleby, J. B., Jones, E. L., Jr., Geology and ore deposits of Shoshone County, Idaho: U. S. Geol. Survey Bull. 732, 1923.

4. Shenon, P. J., Silver Belt of the Coeur d'Alene district: Idaho Bureau of Mines and Geology, Pamphlet 50, 1939.

The geology of the Coeur d'Alene district has been restudied in recent years by S. W. Hobbs and his associates of the U. S. Geological Survey, and the surface geology of the Sunset mine area is shown on Geologic Map of Smelterville and Vicinity Quadrangle, Shoshone County, Idaho: U. S. Geol. Survey Open File map, 1953.

V. C. Fryklund, Jr., in summarizing the regional geology of the district, states: "The Belt series in this area has been subdivided into six formations on the basis of lithology. No unconformities have been recognized. From the bottom of the series to top, the formations are as follows: Prichard, Burke, Revett, St. Regis, Wallace, and Striped Peak. The total section is at least 23,000 feet thick. The veins in the district generally strike between N. 45° W. and west and usually dip steeply to the southwest. Many of the veins and faults of the district are in zones of rock that are bleached to a color lighter than normal, presumably by hydrothermal solutions that precede the ore-forming solutions. The exact nature of the bleaching is currently being studied by the U. S. Geological Survey."

The Sunset mine is in the lower part of the Prichard formation, the oldest of the six. In the vicinity of the Sunset mine the Prichard formation is made up largely of dark gray to black argillites with thin, regular laminations ranging in color from almost white to dark gray. The thickness is believed to be over 12,000 feet. There are two well-defined quartzitic zones within the Prichard, one near the top of the formation and the other much lower in the section. The one near the top, which marks the transition zone between the Prichard and Burke formation, is about 800 feet thick. It consists of massive white quartzite beds, up to 50 feet thick, interbedded with dark gray, finely laminated argillite. The lower zone has been termed the Middle Prichard quartzite. According to Shenon, this zone lies approximately 10,000 feet below the top of the formation.

A very striking structural feature of the district is the west-northwesterly trending Osburn fault or fault zone (pl. 1) which has been traced intermittently through the district for over 30 miles. The Sunset mine lies about 2½ miles south of the western portion of this fault. Locally, the fault zone ranges in width from 100 to 200 feet and where exposed dips steeply south. The extent of its pre-ore movement is not known, but it may have a post-ore strike-slip component of movement of about 16 miles. Numerous mineralized faults and zones are subparallel to the Osburn fault. The Yreka shear zone north of the Sunset mine lies along one of these subparallel structures. Most of the mines in the Pine Creek area are located on this zone which strikes N. 65° W. and is about 2,000 to 2,500 feet wide (pl. 2).

Local Geology

The geology of the Sunset mine area and vicinity is best shown on a U. S. Geological Survey map prepared by V. E. Nelson, J. F. Smith, Jr., et al, titled "Surface geology of the Pine Creek Area, Shoshone County, Idaho" and placed on open file in 1953 (pl. 2). This map shows the various structures and formations striking generally north-northwest and the bedding in the area of the mine dipping to the northeast. In his final report on the Liberal King mine, which is part of the Sunset mine, Verne C. Fryklund, Jr. states the following:

> "The Lower Prichard quartzite beds indicate gentle cross folding, with axes plunging steeply northeast, at right angles to the general regional strike. Underground, strikes are more variable and many beds are overturned, dipping to the south. It is probable that the beds have been dragged by movement along the Sunset structure. Among the Lower Prichard beds are bands

of white, fine-grained quartzites that contrast strikingly with the dark-gray to black fine-grained quartzite and shale (argillite in Coeur d'Alene terminology) beds composing the remainder of the Prichard formation. These white quartzite beds are the only stratigraphic horizons in the entire Belt series in the Coeur d'Alene district that can be traced with any continuity on the surface or underground.

"The Liberal King and Sunset veins are the only major structures known in the mine; only the Liberal King vein crops out. (Pls. 4, 5, and 5-A) The Liberal King vein strikes N. 75° W. and dips about 75° S. The Sunset vein strikes approximately N. 45° W. and dips from 5°-50° S.

"The Sunset vein was accidentally discovered (probably in 1944) during the search for the Liberal King vein on the 1000 level. About 233,000 tons of ore have been removed from the single ore shoot, now exhausted, that probably averaged 15 percent combined lead and zinc.

"The dip of the Sunset vein (5°-50°) is the flattest of any of the major productive veins of the Coeur d'Alene district. The vein was formed by replacement along what is believed to be a reverse fault. Ore widths reached 12 feet in the ore shoot with at least 5 feet of shearing in the hanging wall.

"Vein minerals are pyrite, arsenopyrite, carbonate, quartz, sphalerite, tetrahedrite, chalcopyrite, and galena.

"The factors controlling the formation of the single ore shoot have been the subject of discussion among the geologists of the district. One school of thought believes that the white quartzite bands overlying the stope area are of considerable significance. As the white quartzite bands have the same physical properties, except for color, as much of the remainder of the country rock, Fryklund fails to see what its influence may have been. On the other hand, there is no question but that the greatest ore widths are on the flattest portion of the vein; in fact, Fryklund considers that the ore shoot is a textbook example of the formation of ore shoots along the flat portions of reverse faults."

The ore shoot has been stoped from a short distance above the 800 level to a short distance below the 1200 level. The maximum pitch length in the ore shoot was 700 feet, the maximum stope length about 500 feet. Except for pillars and drift sills which were being pulled, the ore shoot is mined out. Below the 1200 level the vein

continues nearly as rich as in the stoped areas but the vein narrows so much that mining became unprofitable. The vein also narrows above the 800 level.

That the Sunset vein continues northwestward from the stoped ore body and steepens in dip is demonstrated by the 600 feet of drift driven along the vein on the 800 level under Contract No. Idm-E102 (pl. 3). Although lenses of ore grade material were encountered in this extension, no commercial ore bodies were found.

THE PROJECT

Although the previous contract had been unsuccessful, the Operator believed that more work should be done on the Sunset vein. An analysis of the available facts showed the situation to be as follows: 800 feet of drifting northwesterly from the stoped area on the 800 level of the Sunset vein had failed to find ore. The vein structure, however, continued strong with lenses of ore grade material, and there was no indication that it would terminate. The ore shoot had apparently been bottomed below the 1200 level but there was an up dip interval of approximately 3,000 feet between the 800 level stopes and the surface which had never been tested except for a short drift on the 600 level. Exploration possibilities therefore existed both along strike and up dip from the 800 level, particularly at places where the dip of the vein might flatten. Of the two possibilities, exploration up dip from the 800 level seemed more attractive for the following reasons:

(1) There seemed to be a good possibility that the vein might flatten, and if so, the flattening might localize an ore shoot similar to the ore that had been mined.

(2) The exploration could be done on a multi-stage basis from the upper Liberal King workings and the early stages would be relatively inexpensive.

(3) The results would probably be more conclusive than those likely to be obtained by additional drifting along the vein on the 800 level.

On September 30, 1954, the Operator submitted an application to explore the Sunset vein from the Liberal King No. 3 or Mair adit level. The application proposed rehabilitating No. 3 crosscut on the Main adit level a distance of 310 feet, extending the crosscut approximately 800 feet to the Sunset vein, drifting approximately

1,700 feet on the vein, driving 400 feet of raises from the drifts, and drilling 2,000 feet of diamond drill holes downward to explore the vein between the 600 and Main adit levels (pl. 3). Total estimated cost of this proposed project was $124,000 with Government participation of 50 percent or $62,000.

A modified plan of exploration was recommended by the Field Team and Contract No. Idm-E738, dated November 22, 1954, authorized the following two-stage program on a unit cost basis.

Stage I

1. Excavate a diamond drill station on the main tunnel level.

2. Drill 3 diamond drill holes AX size from a northerly crosscut on the main tunnel, aggregating not in excess of 2,500 feet.

Stage II

1. Rehabilitate 310 feet of No. 3 crosscut on the main tunnel level.

2. Extend the No. 3 crosscut to the Sunset vein and drift on the vein for an aggregate total of not more than 2,000 feet.

3. Drifts and crosscuts should be timbered as required but not to exceed 1,000 feet.

4. Raise 400 feet on the Sunset vein from the drift.

The estimated total cost of the project was $101,125 to which the Government was to contribute $50,562.50. The Operator also agreed in Annex II of the contract that the contribution of the Government to the work done under Contract Idm-E102 be added to any money which the Government would contribute under the provisions of the new contract (Idm-E738) for repayment under the royalty provisions of Contract Idm-E738. The amount of the Government contribution to be added from Contract Idm-E102 was $42,739.75.

Rehabilitation of 265 feet of the No. 3 crosscut and excavation of the diamond drill station were completed early in July 1955.

Amendment No. 1, dated May 16, 1955, added the Liberal King Fraction and Liberal King Fraction Amended claims to the subordinated land. Certain restrictions excluded some of the ground subject to royalties (pl. 3).

Amendment No. 2, dated May 25, 1955, transferred rehabilitation of the No. 3 crosscut from Stage II to Stage I.

A district-wide labor strike halted work between late August 1955 and February 1, 1956.

Diamond drill hole No. 301, bearing roughly N. 49° E., was drilled horizontally to a depth of 1,003 feet. At 307.5 feet about 10 inches of high-grade ore was cut. Sludge samples between 305 and 310 feet averaged 1.8 ounces silver per ton, 5.3 percent lead and 5.5 percent zinc.

Diamond drill hole No. 302, started at a bearing of N. 80° E. and at an inclination of minus 25°, deviated to a bearing of N. 58° E. before it was stopped at 1,339 feet. Mineralized stringers were cut between 250 and 280 feet, 378 to 392 feet, 420 to 421 feet, 446 to 447 feet, and between 1100 and 1120 feet. Assays of the sludges showed negligible amounts of silver, lead and zinc.

Diamond drill hole No. 303, bearing N. 25° E., was drilled horizontally to a depth of 453 feet. No significant mineralization was encountered. Logs of these holes are included in the Appendix of this report.

Amendment No. 3, dated June 15, 1956, effective November 22, 1954, deleted all of Exhibit "A" of the contract and Amendment No. 2 and substituted the following:

Stage I

1. Rehabilitate 310 feet of No. 3 crosscut on the main tunnel level.

2. Cut one diamond drill station on the main tunnel level.

3. Subject to the prior approval of the Government as to location, direction and depth, drill from a northerly crosscut on the main tunnel level three diamond drill holes aggregating not more than 4,500 feet.

Stage II

1. Crosscut from the No. 3 crosscut on the main tunnel level to the Sunset vein and drift on the vein. Total footage of drifting and crosscutting was not to exceed 1,633 feet.

2. Install not to exceed 1,000 feet of timbering in drifts and crosscuts.

3. Raise not more than 400 feet on the Sunset vein from the main tunnel level.

The amended contract was on a fixed unit cost basis with the price of diamond drilling on a sliding scale. There was no change in the total estimated cost of the contract.

Amendment No. 4, dated February 6, 1957, effective November 22, 1954, extended the time for completion of the work to three years and divided the work into three stages, with the following major work items:

Stage I

This consisted of the work completed under Stage I as amended by Amendment No. 3, dated June 15, 1956.

Stage II

1. Rehabilitate approximately 500 feet of the main tunnel east of the main shaft to a drill site at the eastern end of the tunnel level.

2. Cut a diamond drill station not to exceed 600 cubic feet.

3. Drill 3 AX size holes to explore the Sunset vein not to exceed a total of 3,000 feet.

Stage III

1. Crosscut from the main tunnel level to the Sunset vein and drift on the vein. Total footage was not to exceed 1,600 feet.

2. Government contribution to timbering was not to exceed 300 feet.

3. Raise not to exceed 400 feet on the Sunset vein.

The total cost of the project was to remain unchanged.

Rehabilitation of the main tunnel level and cutting the diamond drill station were completed prior to July 1, 1957. Because of lack of finances, exhaustion of known ore reserves, and low metal prices all DMEA work was suspended at that time.

Finally, in November 1957, all mining operations were suspended.

The contract was terminated by mutual agreement effective as of July 1, 1957. The results of the exploration were unsuccessful; however, the Termination Agreement contains a pseudo-certification.

Summary of Factual Data

The following work was completed under the contract:

Stage I	Authorized	Completed	Unit Cost	Total Cost
Rehabilitation	310 ft.	265 ft.	$ 3.50/ft.	$ 927.50
Drill station	1	1	375.00/ea.	375.00
Drill hole surveys	3	2	80.00/ea.	160.00
Assays	30	4	3.50/sample	14.00
Core drilling	4,500 ft.	2,792 ft.	3.50 to 5.00/ft.	12,099.00
Allowance for compressed air, etc.	4,500 ft.	2,792 ft.	0.50/ft.	1,396.00
Total - Stage I				$14,971.50

Stage II				
Rehabilitate approx. 500 ft. crosscut	1 unit	1 unit	$313.50	$ 313.50
Excavate diamond drill station	600 cu.ft.	600 cu.ft.	0.50/cu.ft.	300.00
Diamond drilling	3,000 ft.	0	3.50 to 5.00/ft.	—
Drill hole surveys	3	0	80.00/ea.	—
Allowance for compressed air, etc.	3,000 ft.	0	0.50/ft.	—
Assays	20	0	3.50/sample	—
Total - Stage II				$ 613.50

Total amount of contract	$101,125.00
Government's participation at 50 percent	50,562.50
Total amount expended	15,585.00
Government's participation at 50 percent	7,792.50
Total amount unexpended	85,540.00
Government's share unexpended	42,770.00

Production of ore during the contract period and subject to DMEA royalty is given in the following table:

Zinc Production

Lot No.	Tons Conc.	Analysis of Concentrates Oz. Au	Oz. Ag	% Zn	% Pb	% Cu	Net Smelter Returns
LKL 1	37.7580	0.0125	2.40	52.05	6.40		$3,051.47
LKL 2	53.1920	0.0125	1.50	53.20	4.55		4,152.54
LKL 3	61.9005	—	1.00	55.10	2.35		4,788.33
LKL 4	24.5785	—	0.70	55.55	0.80		1,864.12
	177.4290						$13,856.46

Lead Production

1	5.705	0.03	11.65	24.9	38.45	7.30	$ 689.53
7	7.435	0.0226	1.75	19.4	39.4	7.35	898.46
13	9.309	0.04	7.8	17.65	32.35	10.2	1,069.59
18	4.601	0.0325	8.05	18.8	27.4	11.08	439.90
	27.050						$3,097.48

Total returns	$16,953.94
Royalty payments received	$ 847.70

The Government had no equity in any equipment or supplies used on the project.

Discussion of Conclusions

Project work was hampered by a labor strike, which lasted five months, and idle periods caused by lack of finances. Finally, in November 1957, because of lack of funds, exhaustion of known ore reserves, and low metal prices the mine was shut down and the contract was terminated by mutual consent. That portion of the work which was completed was performed in a workmanlike manner and the standard of work was good.

Both the Liberal King and the Sunset veins were explored with unfavorable results. No further work seems justified on the Liberal King vein. The failure to find any trace of the Sunset vein in the three holes drilled from the No. 3 adit crosscut is difficult to explain. Drilling the four diamond drill holes authorized under Stage II offers the only remaining hope of discovering ore immediately adjacent to the mine workings, and the area they were designed to explore remains untested. If the mine

should be reopened and the drill station at the east end of the Main level should be made accessible, consideration should be given to drilling these holes. The drilling might explain why the Sunset vein was not found in the three holes drilled.

Both the northwest and southeast extensions of the Sunset vein beyond the present mine workings are still unexplored and there still is a possibility that in the mine area the Sunset vein might yet be found in the 2000-foot interval between the Liberal King No. 3 adit level and the surface. Any exploration of either of these objectives should be dependent on the finding of specific targets by geochemical or other surface work.

Attachments

Distribution:
OME (3)
USEM (5)
USGS(SRO)
Docket
Sample

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O. M. E.
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DATE	INITIALS	CODE
11/17	[illegible]	220
		500

1201 N. Division St.
Spokane 2, Washington

November 10, 1958

Mr. George Mayer, OME Auditor
Room 420, Custom House
555 Battery Street
San Francisco 11, Calif.

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. 14-8738

Dear Mr. Mayer:

The referenced contract was terminated by mutual agreement on June 25, 1958, effective as of July 1, 1957.

The number of units of work satisfactorily completed by the Operator and accepted by the Field Team are:

Stage I	Authorized	Completed
Rehabilitation	310 ft.	265 ft.
Drill station	1	1
Drill hole surveys	3	2
Assays	30	4
Core drilling	4,500 ft.	2795 ft. *

Stage II		
Rehabilitation	$313.50	$313.50
Drill station	600 cu. ft.	600 cu. ft.
Core drilling	3,000 ft.	none
Drill hole surveys	3	none

* Although 2,795 feet of drilling was completed only 2,792 feet can be approved for payment because the maximum allowable depth of the last hole drilled was 450 feet; its total depth was 453 feet.

The Operator's final engineering and geological report was received on November 6, 1958. This report meets the requirements of Article 6(a) of the contract.

A pseudo-certification is incorporated in the Termination Agreement.

The total amount paid to date to the Operator is $7,[illegible].51.

A Report of Review in lieu of a final audit is in order and requested.

By Field Team, Region I

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

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

cc: Mr. Chambers
OSM (2)
USGS (2)
USBM (AB)

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
9/22	Talbert	800
	Brannon	500
9/23	GCS	130
"	Johnson	110
"	Bertenda	100
9/24	C	220
		560

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

SEP 23 1958

Re: Docket No. DMEA-3409
(Lead-Zinc)
Sunset Mines, Inc.
Contract No. Idm-E738

Dear Mr. Weissenborn:

Reference is made to your letter of September 17, 1958, inquiring as to whether or not costs of $613.50 claimed by the referenced Operator on the final MF-104 may be allowed.

Although the tunnel rehabilitation and drill station work involved was in preparation for diamond drilling which was not performed, it appears that the Government has no alternative to participation in the claim costs provided such preparatory work was satisfactorily completed prior to July 1, 1957, and is otherwise acceptable. The Termination Agreement of June 25, 1958, provides that the Government shall contribute to the fixed unit costs of work performed prior to July 1, 1957.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JB)

APPROVED:

Frank J. Cservenyak (JB)
Member, Bureau of Mines

N. E. Nelson (JB)
Member, Geological Survey

cc: Docket
Act. Director's Reading File
Operating Committee
T. H. Kiilsgaard
~~P. F. Yopes~~ Frank D. Lando
Mr. Chambers
Mr. Charles A. Turner

EDTalbert/GMcC
Sept. 23, 1958

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

1201 N. Division St.
Spokane 2, Washington

September 17, 1958

ORIGINAL FILE COPY
DMEA
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DATE	INITIALS	CODE
9-22	C	220
		500

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

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

The Operator under the cited contract has completed Stage I of the work and rehabilitation of 500 feet of tunnel and cut one diamond drill station (Items 1 and 2) under Stage II of Amendment No. 4. The Certifying Officer has withheld payment on these two items, totaling $613.50, because they were in preparation for diamond drilling which was not done.

We would like to know whether or not the $613.50 being withheld should be disallowed in the final audit.

By Field Team, Region I

Wing G. Agnew

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

D R MacLaren

D. R. MacLaren, Acting Member
U. S. Geological Survey

cc: USGS (2)
USBM (AD)
Turner

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

May 6, 1958

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

This is in further reference to your letter of April 17, 1958, and our reply of April 23, 1958, concerning the collection of royalty due the Government from the Sunset Mines, Inc.

During an interim inspection February 12, 1957, E. G. Erickson, Mining Engineer, U. S. Bureau of Mines, discovered that lessees had shipped ore mostly from the No. 2 adit level and partly from the No. 1 adit level on the Liberal King vein. Both levels are well above the 600 level of the mine. The shipments which were made in 1956 resulted in a net smelter return of $16,953.94. A royalty of 5 percent would amount to $847.70.

We first requested payment in a letter dated March 26, 1957, addressed to Mr. R. E. Lomas, manager. Mr. Lomas replied in a letter dated April 3, 1957, stating that the ore mined by the lessees had been known to exist for a good many years and that the purpose of Amendment No. 1 was to exclude developed and known ore bodies from any liens or royalty obligations. We forwarded Mr. Lomas' letter to you April 5, 1957, advising Mr. Lomas that we had done so.

Upon receiving your letter of May 20, 1957, in which you stated that in your view the demand for payment was proper, we wrote Mr. Lomas on May 28, 1957, again requesting that payment be made. On October 30, 1957, Mr. Lomas wrote to us requesting a recess but made no mention of our request for royalty payment. We again repeated our request for payment in letters dated October 16 and November 4, 1957 addressed to Mr. Lomas.

November 27, 1957, we wrote to Mr. Lomas advising him that the time for completion of the contract had passed and that no extension would be given until the royalty question was settled. In his reply dated December 2, 1957, Mr. Lomas acknowledged receipt of our letter of November 27, 1957, and advised us that all mining operations had been suspended, that he had forwarded our letters of May 28, 1957 and October 16, 1957 to the company's Seattle office which would handle all company business. Therefore, we wrote to the company secretary, Mr. C. B. Merritt on January 8, 1958, calling his attention to the matter and requesting that settlement be made and advising him that if we did not receive a reply by February 8, 1958, we would be forced to refer the matter to our Washington office for whatever action it might deem appropriate. To this letter we received a reply dated February 10, 1958, from Mr. Sam A. Wright of the law firm of Wright, Booth and Beresford. Mr. Wright stated that the file was voluminous, but that he would go over it again "within the next few days to see if our client's position is sound." He also said he would be pleased to have a conference with us about the matter and that he would write us again "within the next week." We replied to Mr. Wright February 13, 1958, and told him that we would be glad to discuss the matter with him. We have heard nothing further from Mr. Wright or from Mr. Merritt. On April 23, 1958, we again wrote to Mr. Wright and told him we could not delay much longer and that if we did not hear from him by May 1, 1958, we would have to refer the matter to our Washington office. We have received no reply.

We do not believe that further correspondence from this office will be any more successful in settling this problem and we therefore turn it over to you for whatever action you deem advisable.

By Field Team, Region I

A. E. Weissenborn

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

Wing G. Agnew

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

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

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1/10	[illegible]	500

So. 157 Howard Street
Spokane 4, Washington

Certified Mail
RRR

January 8, 1958

Mr. C. B. Merritt, Secretary
Sunset Mines, Inc.
P. O. Box 5157
1400 West 52nd Street
Seattle 7, Washington

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-8738

Dear Mr. Merritt:

On May 28, 1957, October 16, 1957 and November 27, 1957 we wrote to Mr. R. E. Lomas, Manager, Sunset Mines, Inc., Kellogg, Idaho regarding payment of back royalties due the Government. This royalty is due on ore mined from the Liberal King No. 1 and No. 2 adits well above the 600 level. According to our information this production resulted in a net smelter return of $16,953.94 on which, on the basis of 5 percent, royalty would amount to $847.70. If the smelter returns on these shipments establish that the net value of the ore was less than $11.50 per ton, of course the royalty due would be less.

To date we have not received a reply to any of the three letters mentioned above. In a letter dated December 2, 1957, Mr. Lomas advised us that all mining operations had been suspended, that he had referred our letters of May, October and November to the company's Seattle office, and that all future correspondence should be addressed to you.

We once more request that settlement be made. If we do not receive a reply by February 8, 1958, we shall be forced to refer the matter to our Washington, D. C. office for whatever action it deems appropriate.

By Field Team, Region I

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

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

cc: DMEA (3)
USBM (2)
USBM (AD)
Sample

OFFICIAL FILE COPY
DMEA
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10/21	GB	220
10/21	[illegible]	800
10/22	Jwa	500

So. 157 Howard Street
Spokane 4, Washington

October 16, 1957

Mr. R. E. Lomas, Manager
Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Lomas:

Since our letter of May 28, 1957 regarding royalty due on ore mined from the No. 1 and No. 2 adit levels and sold by lessees during the life of the DMEA contract Idm-E738, we have heard nothing further from you.

As we indicated in our letter of May 28, only the ground below the 600 level is excluded. Shipments were made in 1956, during the life of the contract, from the Liberal King No. 1 and No. 2 adits well above the 600 level. This production resulted in a net smelter return of $16,953.94 on which, on the basis of 5 percent, royalty would amount to $847.70.

We again ask that you please advise us if you believe our information is in error, and if not, that settlement be made at your earliest convenience. A check for the amount due should be made payable to the Defense Minerals Exploration Administration and mailed to A. E. Weissenborn, Executive Officer, South 157 Howard Street, Spokane 4, Washington, in accordance with the provisions of the contract.

A prompt reply will be appreciated.

By Field Team Region I

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

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

cc: DMEA (3)
USBM (2)
USBM(AD)
Turner
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Sample

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10/22	JWO	500

10/22

So. 157 Howard Street
Spokane 4, Washington

October 15, 1957

Mr. R. E. Lomas, Manager
Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA-3409 (Lead-Zinc)
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Lomas:

No work under the DMEA contract has been done since our field examiners visited your mine July 9, 1957.

As the termination date of the contract is November 22, 1957 it is not probable that the remaining 3,000 feet of core drilling can be completed within the time specified in the contract. You should therefore request a recess stating the date work was discontinued and ending about the date you expect work will be resumed. On receipt of this request we will ask our Washington office for an amendment permitting this recess and extending the contract.

An early reply will be appreciated.

By Field Team Region I

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

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

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

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
10/7	Fisher	800
10-8	Chambers	800
	Arnold	500
10/9	Selfridge	130
"	Johnson	110
9	Stettenbery	100
10/10	B C	220
		500

OCT 9 1957

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Weissenborn:

Reference is made to your letter dated May 28, 1957, to Sunset Mines, Inc., wherein request was made for payment of royalty due in the amount of $847.70 applicable to production from above the 600 level of the mine, and to Mr. Bardill's memorandum dated August 23, 1957, which stated, "Four miners are leasing at various points in the mine at the present time."

Will you please advise the present status of efforts to collect the amount of $847.70, plus any additional royalty that may be due on any production from the area subject to DMEA royalty subsequent to the period included in the computation in Mr. Erickson's memorandum dated February 12, 1957.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (26)

APPROVED:

Frank D. Lamb (26)
Member, Bureau of Mines

W. P. Williams (26)
Member, Geological Survey

CEFisher/wb
October 7, 1957

Copy to: Docket
Admr. Reading File
Operating Committee
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Mr. Chambers

8623

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DMEA
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6/3 | | 800
6/6 | alk | 500

So. 157 Howard Street
Spokane 4, Washington

May 28, 1957

Mr. R. E. Lomas, Manager
Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Lomas:

This is in further reference to your letter of April 3, 1957 and our reply of April 5, 1957, regarding royalty due on ore mined from the No. 1 and No. 2 adit levels and sold by lessees during the life of DMEA Contract Idm-E738.

We have been instructed by our Washington office to reiterate our request for payment of this due royalty first made in our letter of March 26, 1957.

The applicable provision of Amendment No. 1 is as follows: "Provided, That, the line on said map labelled 'line projected on 600 level' shows the vertical and horizontal boundaries of a block of ground within which all ore bodies are excluded from the land described above" (i.e. in Annex I). As defined by Amendment No. 1, the excluded area clearly has horizontal and vertical boundaries. When read in context with the entire contract, which concerns an exploration project above the 600 level, the area described can only refer to an area below the 600 level.

Furthermore, your company gave special consideration to the area of land to be excluded from the contract by refusing to accept the land description contained in the initial draft of the contract submitted to it and in your letter of March 2, 1955, to the Executive Officer you proposed that ". . . the area below the 600 level within the boundary outlined on the attached map be excluded."

As set forth in Article 7b of the contract, royalty is due on production during the life of the contract from lands included in the contract, regardless of whether or not a discovery has been certified.

According to our information the production referred to came from the Liberal King No. 1 and No. 2 adits, well above the 600 level. Shipments were made in 1956, during the life of the contract and resulted in a net smelter return of $16,953.94 on which, on the basis of 5 percent, royalty would amount to $847.70.

If our information is in error, please so advise us; if not, we request that settlement be made at your earliest convenience. A check for the amount due should be made payable to the Defense Minerals Exploration Administration and mailed to A. E. Weissenborn, Executive Officer, South 157 Howard Street, Spokane 4, Washington, in accordance with the provisions of the contract.

By Field Team, Region I, NW District

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

Donald R. MacLaren, Acting Member
U. S. Geological Survey

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

DMEA Form 7
(12-56)

Misc 5/15

OFFICIAL FILE COPY

Date	Surname	Code
	Rubin	
	Lemmer	
5-15	Clark	800
"	[illegible]	500
5/15	Zimmerman	500
5/17	Selbredge	130
5/17	Johnson	110
"	Pickerday	100
5/20	C	220

MAY 20 1957

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

Re: Docket No. DMEA-3409 (Lead-Zinc) 500
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Weissenborn:

Your letter dated April 5, 1957, to the Operating Committee, requested advice as to the area of land excluded from the royalty provisions of the subject contract by Amendment No. 1.

Your inquiry was motivated by a letter dated April 3, 1957, from the Operator to you, in reply to your letter to the Operator dated March 26, 1957, requesting payment of royalty on production from the No. 1 and No. 2 adit levels (above the 600 level). The Operator's letter stated that the purpose of Amendment NO. 1 "was to exclude our developed and known ore bodies from any liens or royalty obligations."

The applicable provision of Amendment No. 1 is as follows: "Provided, That, the line on said map labelled 'line projected on 600 level' shows the vertical and horizontal boundaries of a block of ground within which all ore bodies are excluded from the land described above [in Annex I]." As defined by Amendment No. 1, the excluded area clearly has horizontal and vertical boundaries. When read in context with the entire contract, which concerns an exploration project above the 600 level, the area described can only refer to an area below the 600 level. Therefore, we find no basis for the Operator's contention in the language of Amendment NO. 1.

8623

Neither can we find a basis for such a contention in the DMEA Docket. As your letter of April 5, 1957, pointed out, the Operator gave special consideration to the area of land to be excluded from the contract by refusing to accept the land description contained in the initial draft of contract submitted to it, and in a letter dated March 2, 1955, to the Executive Officer, the Operator proposed that "...the area below the 600 level within the boundary outlined on the attached map be excluded." The Government's intention to accept this proposal is clear from the justification for Amendment No. 1 recorded contemporaneously with the execution of that Amendment by the Government, and made a part of the official docket.

Accordingly, in our view, the demand for payment of royalty made upon the Operator by your letter of March 26, 1957, was proper, and, in view of the foregoing, should be reiterated.

Sincerely yours,

George C. Selfridge
Cy esy
Chairman, Operating Committee

Thor H. Kiilsgaard
Cy esy
Member, Geological Survey

Approved:

Frank D. Lamb
Cy esy
Member, Bureau of Mines

HCRubin:md
5/14/57

Copies to: DMEA Docket
Admin. Reading File
Operating Com.
T.H. Kiilsgaard USGS
(Commodity member for USBM)
Division
R.P. Dwyer
H.C. Rubin
Chron.
Pending
FDLamb
WRGriswold

ACTION ON INTERIM
OR FINAL FIELD TEAM REPORT
Date 4/1

Referred to:

1. ~~Mr. Mitchenderf~~
2. ~~Mr. Johnson~~
3. ~~Mr. Chambers~~
4. Docket Control Mails and Files
5. Division
6. Docket Control Mails and Files
7. 500

Note comments in report regarding:

1. Royalty question from F.T. is handling direct
2.
3.
4.

and take appropriate action.

- - - - - - - - - -

Action taken by Division:

Robert E. Adams

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

OFFICIAL FILE COPY
DMEA
RECEIVED APR 1 1957

DATE	INITIALS	CODE
4/2	Cow	100
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March 26, 1957 4/10

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

Enclosed are an original and three copies of a memorandum dated February 12, 1957 from Mr. E. G. Erickson, mining engineer of the Bureau of Mines, concerning royalties due on ore produced from the Sunset Mine. Since this ore was mined from contract ground above the elevation of the 600 level, none of it is excludable under the terms of Amendment No. 1 to the contract. Enclosed are copies of a letter to Sunset Mines, Inc., requesting payment of royalty.

Sincerely yours,

A E Weissenborn

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

Enclosures

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

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

1201 N. Division St.
Spokane 2, Washington

OFFICIAL FILE COPY
DMEA
RECEIVED APR 1 1957

DATE	INITIALS	CODE

February 12, 1957

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

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

Subject: Royalty payments, Docket No. DMEA-3409 (lead-zinc), Sunset Mines, Inc., Shoshone County, Idaho, Contract No. Idm-E738

During a visit to the Sunset mine on February 12, 1957, and in discussions with Mr. R. E. Lomas, manager, it was disclosed that there has been some production from lands included in the contract which is subject to Government royalty according to the terms of the contract. It appears that the only production not subject to royalty payment is that made from the Sunset vein below the 600 level (elev. 1980') and within the vertical planes as shown on the contract map.

Mr. Lomas stated the production in question, made by lessees, was for the most part from the No. 2 adit level (elev. 3530') and some from the No. 1 adit level (elev. 3625'), both on the Liberal King vein and above the excluded area. Mr. Lomas had not reported the production because the directors of the company did not think it was subject to royalty payments and did not need to be reported; however, Mr. Lomas stated he believes the contract could be interpreted to make this production subject to royalty payment.

Leases on lands included in DMEA contracts had been discussed with Mr. Lomas on prior occasions. He had been informed that during the life of a contract, regardless of a certification, any production from the lands included in the contract was subject to royalty payment and should be taken into account when entering into a lease on such lands because the Operator is liable for the payments.

The production made by the lessees, Schelino-Webb lease, from the No. 1 and No. 2 adit levels on the Liberal King, resulted in a total net smelter return of $16,953.94. A 5 percent royalty would amount to $847.70.

Should the Field Team agree that royalty is due on this production it is suggested that the Operator be officially notified that royalty is due on production during the life of the contract from lands included in the contract, regardless of certification, as set forth in Item (b), Article 7, of their exploration project contract.

Following is a tabulation of the shipments made by the Schelino-Webb lease to the Bunker-Hill Smelter and Zinc Plant:

Lead Smelter Shipments

Lot No.	Date settled	Net smelter return *
1	1/21/56	$ 689.53
7	5/4/56	898.46
13	6/29/56	1,069.59
18	9/18/56	439.90
		$3,097.48

Mine production records showed in-between lot Nos. 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 14, 15, 16, and 17 were produced from an area not included in the contract. The lead concentrates from the Liberal King were also a poorer grade than concentrates from the excluded area.

Zinc Plant Shipments

Lot No.	Date settled	Net smelter return *
LKL 1	1/16/56	$3,051.47
LKL 2	5/3/56	4,152.54
LKL 3	6/29/56	4,788.33
LKL 4	9/7/56	1,864.12
		$13,856.46

*Amount subject to royalty

E. G. Erickson

E. G. Erickson

Distribution:
DMEA (4)
USGS (2)
USBM (AD)
Turner
Docket
Erickson

EXTRA COPY DMEA RECEIVED APR. 1 1957		
DATE	INITIALS	CODE

No. 157 Howard Street
Spokane 4, Washington

March 26, 1957

Mr. R. Z. Lomas, Manager
Sunset Minerals, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Dethet No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Ida-5738

Dear Mr. Lomas:

We understand that ore from the No. 1 and No. 2 adit levels has been mined and sold by lessees in recent months. If this is correct, all or part of the ore mined has apparently come from the land described in Amendment No. 1. We call your attention to Article 7 (b) of the exploration contract which states, in effect, that whether or not a discovery has been certified, during the life of the contract royalty is due on all production from the ground specified.

Amendment No. 1 indicates an area lying below the 600 level which is excluded from the land described as subject to royalty, but this exclusion does not apply to any ore mined from the described land above the 600 level.

We would appreciate hearing from you regarding this matter. A check in settlement of the amount due should be made payable to the Defense Minerals Exploration Administration and mailed to A. E. Weissenborn, Executive Officer, South 157 Howard Street, Spokane 4, Washington, in accordance with the provisions of the contract.

By Field Team, Region I, NW Dist.

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

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

cc: DMEA (4)
UMEM (2)
UMEM (AD)
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So. 157 Howard Street
Spokane 4, Washington

February 12, 1957

Mr. R. Z. Lomas, Manager
Sunset Minerals, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMSA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal Ming (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-8738

Dear Mr. Lomas:

Enclosed are the original and five copies of proposed Amendment No. 4 to your contract signed by the Administrator for the Government. The request for this amendment was made in your letter dated November 29, 1956. If the proposed amendment meets with your approval, please sign the original and all copies and initial the added phrase "as necessary" that appears in Exhibit "A", Stage II, Item 1. Retain that copy marked "Operator's copy" and return the others to this office.

If the proposed amendment does not meet with your approval, please return all copies unsigned, with a statement of your objections and your proposed changes.

Please note that the direction, inclination, etc., of each drill hole requires the approval of the Field Team prior to drilling. Approval is hereby given to drill the hole shown as "first hole" on the sketch accompanying the amendment; however, this hole should be drilled at -60°, instead of -30° as shown on the map.

By Field Team, Region 1, MV Dist.

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

Donald H. MacLaren, Acting Member
U. S. Geological Survey

Enclosures
cc: DMSA(2)
[illegible](2)
[illegible](1)
Sample

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

January 28, 1957

Memorandum for the Files

From: J. W. Alt, Base Metals Division

Subject: Justification for Amendment No. 4 for Docket No. DMEA-3409, Contract No. Idm-E738, Sunset Mines, Inc., Sunset Mine, Shoshone County, Idaho, Lead-Zinc.

We concur with the recommendation of the Field Team and the commodity members that the cited contract be amended to allow the Operator to diamond drill from the eastern end of the tunnel level to explore for the Sunset vein. If this drilling is successful and should show a well mineralized vein, then the Operator shall be permitted to crosscut to this vein and drift and raise on it.

This new proposal for drilling affords one last chance for finding new ore bodies on this property. It is about the only area that has not been adequately explored. There is always the possibility that the Sunset vein will be found to the east with enough mineralization to warrant crosscutting to it.

The work done to date under the terms of the contract consisted of diamond drilling 3 holes to explore the western portion of the Sunset vein. Results of this drilling were discouraging as the drill holes did not cut anything that could be indentified as the Sunset vein, although they did cut a weakly mineralized structure about 300-feet north of the face of the No. 3 crosscut. These minor structures could be offshoots from the Sunset vein and open into ore bodies to the east. A modest amount of drilling, not to exceed 3,000 feet, to the east is warranted to test these structures.

The amount of work done to date consisted of diamond drilling 3 holes for a total of 2795 feet and 265 feet of rehabilitating the tunnel level. Total amount expended $14,971.50.

This amendment does not increase the estimated total cost of the project.

J. W. Alt

J. W. Alt

JWAlt/er
Copy to: Docket
Base Metals
Chron.

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 15 1957

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January 15, 1957

Re: DMEA 3409; Contract Idm-E738
Lead-Zinc;
Sunset Mines, Inc.,
Shoshone County, Idaho

Memorandum

To: ~~W. R. Griswold, DMEA~~

From: O. M. Bishop, Branch of Base Metals

Subject: Review of application for amendment, dated November 29, 1956; and Field Team review and recommendation of December 26, 1956. Received January 14, 1957.

Sunset Mines requests (1) an extension of time to carry out exploration work, (2) authorization to diamond drill the easterly projection of the Sunset vein from the No. 8 crosscut of the Tunnel level, (3) authorization, subject to drilling results, to crosscut to and drift on the Sunset vein for a maximum of 1,600 feet, and (4) authorization to raise 400 feet on the Sunset vein.

R. D. Sample (USGS) and E. G. Erickson (USBM) field examiners recommend the work proposed on the bases that the Sunset vein lies within a zone considered favorable for ore shoots, and because the vein has been an important source of production below the Tunnel level between the 800- and 1,300-foot levels, and because there is evidence from DDH-302 that fracturing extends to the eastward in the projected position of the Sunset vein.

I concur with Mr. Sample on the location of the drill holes, and with Mr. Erickson on his recommendation as to costs and therefore recommend a time extension and approval of the work outlined under Stage I.

I recommend provision for Stage II on the basis of the overall project merit at the completion of Stage I. If Stage I proves successful and ore is cut in one or more hole intersections, the Field Team will have the responsibility of then determining whether the Government should participate in Stage II at a cost of $70,980.00.

O. M. Bishop

O. M. Bishop

Copy to: Division of Minerals
Mr. Lamb
Mr. Kiilsgaard
Mr. Bishop
Files

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 11 1957
DATE | INITIALS | CODE
4A | CW | 225

IN REPLY REFER TO:

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

January 10, 1957

Re: DMEA 3409 Idm-E738
Sunset Mines, Inc.
Sunset Mines
Shoshone County, Idaho
$15,170.00 Lead-zinc

Memorandum

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

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

Subject: Review of Field Team Report recommending an amendment approving additional diamond drilling in a search for an up dip extension of the, as of now, blind Sunset vein.

The results of underground work and drilling lend little support to the new proposal. I infer from a section showing the Sunset vein, it was cut and drifted upon on the 600 level. At that level it is shown as having a dip of about 60°, but DDH 302 failed to intersect anything resembling a vein 150 to 300 feet higher. Either the vein has pinched out, as might well be inferred, or it has flattened out and at the Tunnel level, if present, is considerably northeast of the Target Area, in fact unless the vein changes strike abruptly from that shown for the 600 level or straightens up it might be 1600 to 2000 feet from the proposed drill site. On the information afforded by DDH 302, it appears probable the vein is missing at the Tunnel Level. Because it is low grade or missing in the southeasterly ends of the levels in the mine an ore-bearing vein probably is missing at the 600 level vertically below the drilling site, but a 'long-shot' 500-600-foot hole at -60°-90° instead of the -30° hole proposed may be warranted. Such a hole would intersect the vein, if there, about 1000 feet up dip from where last seen on the 1000 level, and on a line marking the shortest distance to the vein. Should an ore-bearing vein be cut, drilling somewhat as proposed would be warranted.

If, as I assume, the more or less straight part of the Tunnel level follows the Liberal King structure and it continues to the 8xc area, a vertical hole from the 8xc set-up would pass nearer the hypothetical junction of the Sunset and Liberal King veins than would a -60° hole. It may not be an important factor, but it does appear that most of the ore has come from the upper side of that junction, and as it involves little more work in cutting a drill station, advantage should be taken of the situation.

I recommend that the inclination of the first hole be changed from -30° to -60°-90°. Otherwise I concur with the recommendation of the examiners and the Field Team.

N. E. Nelson

N. E. Nelson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED DEC 31 1956 D.M.E.A.

December 26, 1956

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Sunset Mines
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

Enclosed are four copies of memoranda by E. G. Erickson, engineer, Bureau of Mines and R. D. Sample, geologist, Geological Survey, covering an application by the referenced Operator for additional work. Two copies of the Operator's request of November 29, 1956, are enclosed.

As pointed out by Sample, the proposed drilling will test the last target area wherein more ore may be found on this property. He, therefore, recommends a modest drilling program to test this area, and recommends a second stage, comprising crosscutting and drifting, only if the drilling is successful.

In spite of the unsuccessful results of the first DMEA drilling of the Sunset vein, the possibility of ore occurring in minable amounts somewhere along the structure has not been eliminated. As this is the only area on the property that remains unexplored, and as only about $15,170 will be obligated, of which the Government's share is some $7,580, the Field Team believes this additional work is desirable in order that the property be completely explored and all reasonable objectives tested.

By Field Team, Region I, NW Dist.

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

Stephen W. Zoldok
for Wing G. Agnew, Member
U. S. Bureau of Mines

Enclosures

cc: USBM (2)
USBM (AD)
Sample

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

1201 N. Division St.
Spokane 2, Washington
December 7, 1956

RECEIVED DEC 31 1956 DMEA

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

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

Subject: Interim report and cost analysis of proposed amendment, Docket No. DMEA-3409, Sunset Mines, Inc., Shoshone County, Idaho, Contract No. Idm-E738

Mr. R. E. Lomas, manager, was contacted at the mine office on December 4. I was accompanied by Mr. R. D. Sample, geologist, U. S. Geological Survey. The Operator's request for an amendment was discussed and the underground site of the proposed drilling was inspected.

The company maps show no evidence of any exploration on the Sunset vein east of the shaft. The exploration proposed by the Operator appears to be the logical method of exploring the eastern extension of the Sunset vein.

Stage I of the proposal outlines a drilling program aggregating 3,000 feet of AX size core drilling and includes a modest amount of rehabilitation and drill site preparation. An air line must be installed from the shaft station for a distance of about 500 feet, and the track extended about 375 feet. Drill water can be acquired by installing a small pump and sump near the drill site.

The Operator's estimate of $313.50 is believed to be conservative. He plans to salvage pipe and rail from other mine workings and therefore has included only labor in his estimate. It is recommended that the Operator's rehabilitation cost estimate of $313.50 be agreed upon as a fixed cost.

It may not be necessary to enlarge the drill site for the first hole and the inclination, depth, and direction of subsequent holes will determine the amount of station enlarging necessary; therefore, it is recommended that the cost of the drill station be set up on a cubic basis, 600 cu. ft. @ $0.50/cu. ft., total $300.00.

The core drilling prices requested are the same as agreed to in the present contract; they are believed to be adequate and acceptable. The Operator's records show that the cost for drilling recently completed averaged higher than the agreed price, but he believes he can reduce the excess cost. A large share of the excess cost was caused by absenteeism and other controllable factors.

The cost of the previous drill holes surveyed averaged $80/hole which included instrument use and instrument man, driller and helper, plus drill machine time. If the instrument and instrumentman were available at any other time than weekends, the cost might be reduced to about $65 by eliminating overtime for the driller and helper; however, the $80 cost is the least possible under the conditions.

Stage II work is contingent upon results of Stage I. The costs are the same as set forth under the present contract and are acceptable. Costs have increased since the estimate was made, but the Operator does not wish to make a revision in view of possible delay; also, the work under Stage II will not be undertaken unless a favorable ore disclosure is made, in which case the possible gain by an increase in unit costs would not be too significant. It is evident that the mine is losing money and cannot continue to do so much longer; therefore, they must prove or disprove promising target areas as soon as possible.

The amount of work outlined for Stage II is not excessive if findings warrant doing it; the amount, location and direction should be subject to Government approval.

It is recommended that the unit costs requested by the Operator be agreed to except that drill station excavation be on a cubic basis as mentioned above, i.e., 600 cu. ft. @ $0.50/cu. ft., total $300.

E. G. Erickson

Distribution:
DMEA (4)
USGS (2)
USBM (AD)
Docket
Erickson

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

RECEIVED DEC 31 1956

December 18, 1956

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

From: R. D. Sample, Geologist, U. S. Geological Survey

Subject: Proposed amendment for additional work, Docket No. DMEA-3409 (Lead-Zinc), Sunset Mine, Sunset Mines, Inc., Shoshone County, Idaho Contract No. Idm-E738

The Sunset Mine was visited on December 4, 1956, with E. G. Erickson, mining engineer, Bureau of Mines. Mr. Ray E. Lomas, manager of the mine, was contacted at the mine office. We discussed with Mr. Lomas the Operator's request of November 29, 1956, for an amendment to the present contract to allow for additional drilling. Later the underground sites of the proposed drilling were inspected.

The Operator proposes additional drilling from the easternmost end of the Tunnel level to explore the Sunset vein. This vein has been an important ore producer from the 1300 to the 800 level below the Tunnel level, and is present in the east portion of mine on the lower levels. The first stage of the proposed additional work involves drilling three or more diamond drill holes of AX size core not to exceed a total of 3,000 feet. In addition, part of the east drift is to be rehabilitated, and a drill site cut. If this drilling is encouraging a second stage consisting of crosscutting to and drifting on the vein similar to Stage II of the present contract is proposed.

This additional work is similar in scope and objective to the program recently completed by the company for drilling and exploring the western portion of the Sunset vein as Stage I of their contract. Results of this drilling were discouraging as the drill holes did not cut anything that could be identified as the Sunset vein, although they did cut a weakly mineralized structure about 300 feet north of the face of No. 3 crosscut (see accompanying sketch). Other minor structures were cut by the drill holes that indicate structural trends to the eastward. These minor structures could be offshoots from the Sunset vein and open up into ore bodies to the

east. A modest amount of drilling to the east is warranted to test these structures.

The geologic setting has been described thoroughly in examination reports by Arthur B. Campbell, dated May 25, 1954, and by Verne C. Fryklund, Jr., dated September 15, 1954.

The Sunset vein lies in the Coeur d'Alene mining district and within an east-west zone of the district considered favorable for mineralization and ore shoots. Many of the important ore structures and shoots in the district have no surface expression and were found by exploring favorable subsurface zones. In many mining districts, this type of exploring might be considered"long shots" but in the Coeur d'Alene mining district, it is this type of exploration that has resulted in the high production of minerals over a long period of time.

This new proposal for drilling affords the company one last chance for finding new ore bodies on their property. It is about the only area left that has not been adequately explored. There is always the possibility that the Sunset vein will be found to the east with enough mineralization to warrant crosscutting to it. Four diamond drill holes strategically placed should prove or disprove the presence of the Sunset vein on the Tunnel level. There is a possibility that the vein flattens in places as it approaches up-dip to the Tunnel level, as it is known to do at the lower levels. Horizontally drilled holes might miss the target zone if this were true. Therefore, the first hole should be drilled normal to the projected strike of the vein and inclined about 30° downward, the bearing and inclination of the other three holes to be determined from the results of the first hole. Not more than one hole should be horizontal. The other holes should be slightly upward and slightly downward to decrease the chances of missing the vein. Should the vein flatten appreciably, inclined holes would shorten the distance to the projected vein. Inasmuch as the old workings on the Liberal King vein already extend to the proposed drill site and will require only a modest amount of rehabilitation, the "B" crosscut as proposed and shown on the map appears to be the logical place to test the eastern extension of the Sunset vein. It is estimated that 3,000 feet of diamond drilling is ample footage to test the tenor of ore that may be found in the vein and to evaluate the program. After the drilling has been completed, a decision can be made as to whether or not crosscutting under the second stage should be initiated. It should be realized that this program, if adopted, is a relative "long shot" but that it is probably Sunset Mines' last chance for the continuation of mining.

In view of the above conclusions and considerations, it is recommended that the additional drilling and exploration program as presented by Sunset Mines, Inc. be accepted, and approved essentially as proposed.

Attachment 1

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

SUNSET MINERALS, INC.

[illegible]

[illegible], Idaho [illegible]

RECEIVED
DEC 31 1956
D.M.E.A.

Page [illegible] Sub. Submit the Interior
Bureau Minerals Exploration Administration

Stage II (1) Crosscut from the main tunnel level at a point approved by the Government to the Sunset Vein, and drift on the Sunset Vein. The size of the crosscut and drifts shall not be less than six feet by eight feet in the clear of the timber, and the total footage of crosscutting and drifting shall not be more than 1000 feet.

(2) Drifts and crosscuts shall be timbered as necessary, but not to exceed 300 feet of such timbering shall be an allowable cost for contribution by the Government.

(3) Raise not more than 100 feet on the Sunset Vein from the main tunnel level. The raise shall be 12 feet by 5 feet in such portion, and shall be timbered as necessary.

The proposed work is shown on the map attached to the original contract entitled "Sunset Mines, Inc., Proposed DMEA Project."

Estimated Cost of the Project

Fixed Unit Costs

Stage I

Rehabilitation and development work [illegible]	$313.50
Drill Steelset	300.00
Diamond drilling not to exceed 2000 feet at following rates per foot at indicated depths:	
0' - 500' @ $[illegible] / ft.	
500' - 1000' @ $[illegible] / ft.	
1000' - 1500' @ $[illegible] / ft.	
1500' - [illegible] @ $[illegible] / ft.	
Total Cost of diamond drilling 2000 feet	$12,790.00
Allowance for compressed air, [illegible], [illegible], storage and camp house 1000 feet @ $[illegible] / ft.	1,000.00
20 samples assayed for lead, zinc, silver and gold @ $3.50 / sample	70.00
Surveying drill holes - 3 holes @ $[illegible] / hole	210.00
Stage I - Total Unit Cost	$15,873.50

Stage II

Crosscutting and drifting 1000 feet @ $[illegible] / ft.	$[illegible]
Timbering drifts and crosscuts 300 feet @ $[illegible] / ft.	1,500.00
Raising 100 feet, timbering [illegible] @ $[illegible] / ft.	14,[illegible]
20 samples assayed for lead, zinc, silver and gold @ $3.50 / sample	210.00
Stage II - Total Unit Cost	$70,980.00

SUNSET MINERALS, INC.

KELLOGG, IDAHO

November 29th 1956.

United States Department of the Interior,
Defense Minerals Exploration Administration,
South 157 Howard Street,
Spokane 4, Washington

Re: Docket No.DMEA 3409 (Lead-Zinc)
Sunset Mines, Inc.,
Shoshone County, Idaho
Contract No. Idm - E 738.

Gentlemen:

We have recently completed the approved part of our DMEA contract.

We do not consider the results as conclusive and we believe that additional exploration should be done before we abandon the project.

There has been considerable time lost on the project due to amendments and a labor strike. There was no progress from the date of the original contract until amendment No. 1 was signed designating an area to be excluded. Work had just started when we became involved in a district wide labor strike that lasted over five months. Then it became necessary to further amend the contract to allow for additional depth of the authorized holes. The above delays absorbed a large part of the time allowed to complete the project. Therefore: we submit to you the following proposals for your consideration and approval.

1. We request that the expiration date of the contract be extended at least for one year.

2. We request you approval to further explore the Sunset Vein to the east on the tunnel level, by diamond drilling to the north east from No.8 crosscut as shown on the map attached to the original contract. The Sunset Vein structure is present thruout the east boundaries of all workings in the lower levels of the mine. However, the vein has not been explored to the east. The proposed drill site from No. 8 crosscut would intersect the Sunset Vein projection at about 800 to 1000 feet south east of the holes drilled from the No. 3 crosscut, and the holes would be much shorter. We propose the project be set up in two stages as follows:

Stage I

(1) Rehabilitate approximately 500 feet of tunnel from main shaft station to drill site at No. 8 crosscut. This work shall ~~an~~ include installation of air and water lines and other facilities required to service the diamond drill station.
(2) Cut a diamond drill station at No.8 crosscut.
(3) Subject to prior approval of the government as to location, direction and depth, drill from the main tunnel level at No.8 crosscut three or more diamond drill holes of AX size across the southeast projection of the Sunset Vein. Total diamond drill footage not to exceed 3000 feet.

SUNSET MINERALS, INC.

KELLOGG, IDAHO

RECEIVED
DEC 31 1956
D.M.E.A.

Page #3 U.S. Dept. of the Interior,
Defense Minerals Exploration Administration.

Total cost of the proposed project	$86,153.50
Amount spent on the original contract and amendments No. 1 and No. 2	$14,971.50
Total authorized on original contract	$101, 125.00
Government Participation under Contract Idm-E 738 @ 50%	$50,562.50

This proposal does not increase the amount allowed in the original contract. We believe it would more thoroughly explore the area included in the original contract.

Yours truly,

SUNSET MINES, INC.

By
R.E.Lemas
Manager

gcd

RECEIVED
OCT 26 1956

xxxxxxxxxxxxxxxxxx

No. 157 Howard Street
Spokane 4, Washington

October 22, 1956

Mr. R. E. Lomas, Manager
Sunset Mines, Inc.
P. O. Box 369
Kellogg, Idaho

Re: Docket No. DMEA 3409 (Lead-Zinc)
Sunset Mine
Shoshone County, Idaho
Contract No. Idm-573

Dear Mr. Lomas:

We have received your letter of October 10, 1956, in which you request approval of the Government to drive the No. 3 crosscut to intersect a mineralized structure cut by diamond drill hole No. 301, and to drift at least 500 feet on that structure.

After careful review of the results obtained in diamond drill holes No. 301, 302, and 303, we do not feel that the vein shown in the No. 301 hole justifies DMEA participation in your proposed crosscut. However, if your consultants, after making a reappraisal of your property, can offer some more favorable target area, we would be glad to consider your proposal to explore that area.

By Field Team Region I, NW Dist.

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

Donald R. MacLaren, Acting Member
U. S. Geological Survey

cc: DMEA (2) w/incoming
USBM (2)
USGS(AD)
LacLaren

SUNSET MINES, INC.
BOX 869
KELLOGG, IDAHO

SUNSET MINERALS, INC.

P. O. BOX 869
KELLOGG, IDAHO

RECEIVED
BUREAU OF MINES
OCT 16 1956
SPOKANE, WASH.

October 10th 1956.

Defense Minerals Exploration Administration,
1201 Division Street,
Spokane, 2, Washington.
Mr. A. E. Weissenborn,

Re: Docket DMEA 3409
Contract No. Idm E 738
Sunset Mines, Inc.,
Shoshone County, Idaho.

Dear Sir:

We have recently completed the diamond drilling authorized in our DMEA contract.

Hole No. 301 and Hole No. 302 were drilled across the upward projection of the Sunset Vein, and Hole No. 303 was drilled 450 feet to determine whether or not the well mineralized area intersected at 307 feet in Hole No. 301 extended to the West. Holes No. 301 and 302 intersected several fractured zones and several mineralized stringers. However, we are unable to determine the point of intersection of either hole with the Sunset Vein structure. We apparently passed thru it in a barren area in one of the fractured zones and are unable to recognize it. Hole No. 301 intersected a fractured area at 599 ft. and we lost practically all of our drilling water at that point. We were unable to get any sludge return from the balance of the hole. The above intersection is close to the upward projection of the Sunset Vein from 600 Level

Hole No. 301 intersected good Pb,- Zn mineralization at 307 ft. Sludge assays from 305 ft. to 310 ft. were Ag 1.8 Oz; Pb 5.3%; Zn 5.5 %. This mineralization is good enough to warrant additional exploration in that area.

There is a good possibility that drifting east on the mineraliged structure would develop an ore body of commercial value. The known ore bodies within the Sunset Vein structure are lenses varying in size and pattern. Therefore, it is quite possible to bracket an ore body with diamond drill holes and not know of its existance. For that reason I do not favor any more diamond drilling in that area.

The most practical method of exploring the structure would be to extend No. 3 Crosscut to the intersection and drift on the structure. I believe this could be done under Stage Two of our Exploration Project contract without further amending the contract. Therefore, I request your approval to drive No. 3 Crosscut 310 ft. to intersect the mineralized structure and drift at least 500 feet on the structure.

Yours truly,

SUNSET MINES, INC.,

By R. E. Lonas.
R.E.Lonas,
Manager

OCT 17

Copies to
Mr. C. [illegible]ritt, Seattle, Wn.
Mr. David Harvey, Seattle, Wn.

xxxxxxxxxxxxxxxx
So. 177 Howard Street
Spokane 4, Washington

August 14, 1956

Mr. R. E. Lomas
Sunset Mines, Inc.
Box 869
Kellogg, Idaho

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mine
Shoshone County, Idaho
Contract No. Idm-2738

Dear Mr. Lomas:

This letter is to confirm our telephone conversation of Friday afternoon, August 10, 1956, by which we authorized a third diamond drill hole from the same drill station that holes 301 and 302 were drilled. This hole is to be AX size, to be drilled horizontally and pointed as far to the west as it can be without enlarging the existing station, to a depth of 450 feet. As this drilling is part of the work defined in the contract, no amendment is necessary.

By Field Team, Region I, NW District

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

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

cc: DMEA (3)
USBM (2)
USBM (AD)
MacLaren

RECEIVED
AUG 27 1956

RECEIVED
JUL 30 1956

xxxxxxxxxxxxxxxxxx
1201 N. Division Street
Spokane 2, Washington

July 27, 1956

Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA 3409
Contract No. Idm-E738
Sunset Mines, Inc.
Monthly operating report
for May 1956.

Gentlemen:

The attached copy of a memorandum to the Field Team from the Certifying Officer, Region I, explains an increase in the amount approved for drilling costs.

By Field Team, Region I, NW Dist.

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

cc: DMEA (2)
USGS (2)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
JUN 25 1956

June 22, 1956

Mr. R. E. Lomas
Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Lomas:

Enclosed are the original and six copies of Amendment No. 3 to your contract. If the amendment meets with your approval will you please sign and return all but the Operator's copy. If you do not approve of the amendment will you please return all copies with your comments.

This amendment will permit you to deepen DDH 302 with Government participation. Inasmuch as the drill hole did not cut the Sunset vein we feel that the hole should be extended by 500 feet or until the vein is cut. The Government cannot participate in the costs of returning drilling equipment to the mine but the footage costs have been increased.

We must urge you to make every effort to have this additional footage completed as soon as possible.

By Field Team, Region I, NW District

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

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

Enclosure

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
1201 N. Division
Spokane 9, Wash.

RECEIVED
MAY 24 1956

May 21, 1956

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

Drilling to date at the Liberal King mine indicates that it may be desirable to drill more footage than the 2,500 feet originally estimated. The first drill hole was drilled to a depth of 1,003 feet and no structure recognized as the Sunset vein was cut. The hole was stopped because if the vein did flatten it could be reached more easily with an inclined hole.

The second hole has reached a depth of 800 feet and the Sunset vein was not cut. It is planned to continue the hole to a depth of approximately 1,500 feet or through the vein if it is reached before the 1,500-foot point is reached.

It is indicated that a third hole may be desirable; therefore, it is recommended that the contract be amended to allow 4,500 feet of core drilling.

The present contract has stipulated footages for different intervals of drilling and it may be interpreted to mean that these interval footages are maximums, which would limit the drilling to only one 1,000-foot hole and holes of lesser length. It would also limit the total length of any hole to 1,000 feet. It is recommended that only the unit prices for drilling different intervals, total footage, and total cost of the drilling be made maximums.

Following is an estimate of the cost of the amended drilling program:

Stage I

Core drilling

0' - 250' depth @ $3.50/ft.	
250' - 500' depth @ 4.00/ft.	
500' - 750' depth @ 4.50/ft.	
750' - 1000' depth @ 5.00/ft.	
1000' - 1250' depth @ 5.50/ft.	
1250' - 1500' depth @ 6.00/ft.	
Total core drilling - 4,500 feet	$21,375.00
Allowance for compressed air, engineering, supervision, service, and core boxes, 4,500 feet @ $0.50/ft.	2,250.00
Assaying 30 samples @ $3.50/sample	105.00
Surveying drill holes - 3 holes @ $80/hole	240.00
Excavating diamond drill station	375.00
Stage I - Total unit cost	$24,345.00

The increased cost of the drilling program, amounting to $12,125.00, may be taken from the drifting in Stage II.

Under the Description of the Work, Stage I, item 1, the wording should be changed to read as follows:

> Subject to the prior approval of the Government as to location, direction and depth, drill a maximum of 4,500 feet of AX size diamond drill hole.

By Field Team, Region I, NW Dist.

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

Verne C. Fryklund, Jr., Acting Member
U. S. Geological Survey

cc: USGS (2)
USBM (AD)

RECEIVED
JUL 30 1956

DMEA Field Team, Region I, NW Dist. July 26, 1956

DMEA Certifying Officer, Region I

Docket No. DMEA 3409, Contract Idm-N738, Sunset Mines, Inc.
Monthly operating report for May 1956.

The subject voucher has been processed and forwarded to the Disbursing Officer for payment.

Your attention is called to an increase in the amount approved for drilling over that claimed by the operator. This has been done to correct what appears to be either a typographical or mathematical error in the Operator's claim for April 1956, as follows:

The operator claimed a total of 607 feet of drilling at a total cost of $2,326.50. The correct charge for this footage would be

250 ft.	at $3.50	$ 875.00
250 ft.	at 4.00	1,000.00
107 ft.	at 4.50	481.50
Total		$2,356.50

Myrtle Purdy

cc: Operator
DMEA (2)
USGS (2)

File Copy
Surname
J.W.Alt

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

April 29, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Preparation of Amendment No. 1 for Sunsent Mines, Inc., Docket No. DMEA-3409, Contract No. Idm-E738, (Lead-Zinc), Shoshone County, Idaho

Will you please prepare Amendment No. 1 to the cited contract, this amendment to delete the last sentence of Annex I of the Contract. For this last sentence substitute:

> The line on said map labeled "line projected on 600 level" is intended to indicate the exception of any land or ore bodies that are below the 600 level which are not subject to royalty payments.

Please refer to the letter from A. E. Weissenborn, Executive Officer, Region I, Northwest District, dated April 21, 1955, and to the teletype from him, dated April 28, 1955.

W. R. Griswold

W. R. Griswold

JWAlt/er

Copy to: Docket
Base Metals
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

4/28/55 - Received by Comm.

April 21, 1955

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

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho

Dear Mr. Selfridge:

On March 16, 1955, we had a conference with Mr. Ray Lomas, manager of the Sunset Mines, Inc., relative to objections which the Sunset Mines, Inc., had to the contract which has been offered to them. After this meeting Mr. Lomas stated that he would go back and discuss the situation further with his Board of Directors. This he has now done and he has sent a letter dated April 12, 1955 (copies enclosed), reaffirming the company's objections to the contract and requesting certain alterations in it. The operator objects to the contract on two counts as follows: (1) Sunset Mines, Inc., maintains that the block of ground below the 600 level, bounded on the northwest by the start of the DMEA exploration on the 800 and on the southwest by the limits of known ore, should be excluded from the payment of royalty. Lomas points out that Sunset Mines, Inc., has been mining in this area and if the contract were signed the company would immediately become liable for royalties amounting to approximately $2,000. He claims that this production has actually been mined at a loss and that the imposition of an additional $2,000 before the start of the contract on ore which has not been benefited by DMEA work would be more than the company could afford.

(2) Sunset Mines, Inc., also objects to making the contract for new work an extension of the old contract; that is, they do not feel they should be liable for repayment of the approximately $42,000 which was expended by the Government in the first contract, as this contract did not result in the discovery of any ore. They point out that they have been operating at a loss in order to keep their staff and crew together in the hope of a better price for lead and zinc and the finding of more ore. They argue then that the obligation to pay $42,000 puts an additional obligation on the company which would

make it extremely difficult for them to persuade their stockholders to keep up their assessments. Since the Liberal King exploration was a complete failure and only a small portion of the work was on the Sunset, they do not feel they should be obligated to repay the entire amount but they would be willing to pay expenditures which were made on the exploration of the Sunset vein.

With regard to the first point, the Field Team has already recommended that the block of ground in question be excluded from the payment of royalty as the previous DMEA exploration did not benefit this ore. We think therefore that the company's objection might be given consideration.

With respect to the second objection, we have pointed out to the company that they become liable to repayment of royalties only if they find ore and it is to be hoped that they would find enough ore so that the obligation to repay the $42,000 would not be a great burden to them. We also pointed out that there is considerable precedent in the DMEA for this sort of agreement and that one of the arguments in favor of doing additional exploration on the Sunset vein is that in this way money already expended by the Government on the property could be repaid.

From the operator's viewpoint there is, of course, some ground for separating the expenditures made on the Liberal King and on the Sunset vein, but since this is contrary to established and current DMEA practice we do not feel that we should recommend it, although we would not object if it were decided to write off the cost of exploration on the Liberal King vein and require repayment only of the DMEA expenditure on the Sunset vein. However, we have told Mr. Lomas that we do not believe DMEA will agree to this.

If it were desired to compromise, we suggest that the company might be informed that we will exclude the ore below the 600 level from the payment of royalty but cannot change the provision of Annex II which obligates the Sunset Mines, Inc., to repay approximately $42,000 contributed by the Government on the former project. We are not sure, however, that the company would accept this. Beyond this we do not feel that we could make any definite recommendation; we can only present the facts to you for your decision.

By Field Team, Region I, NW District

A. E. Weissenborn

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

Wing G. Agnew

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

cc: USBM (2)
Fryklund

MAIN OFFICE
1516 W. 51 ST.
SEATTLE 7, WASH.

O. BARDAHL, PRESIDENT
DAVID HARVEY, SECY.-TREAS.

PAUL W. PETRICK
SAM A. WRIGHT
DIRECTORS

SUNSET MINERALS, INC.

PRODUCERS OF
ZINC, LEAD, SILVER, GOLD

MINE AND MILL OFFICE
P. O. BOX 869, PHONE 3F24
KELLOGG, IDAHO

R. E. LOMAS, MANAGER
G. E. DAHLSTROM, OFFICE MGR.

Kellogg, Idaho
April 12th 1955.

U. S. Department of the Interior,
D.M.E.A.,
South 157 Howard Street,
Spokane 4, Washington
Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team Region II

Re: Docket No. -3409 (lead-zinc)
Sunset Mines, Inc.,
Liberal King Mine
Shoshone County, Idaho.

RECEIVED
APR 26 1955

Dear Mr. Weissenborn:

Referring to our discussion on March 16th about the desired changes in the terms of our Exploration Contract, I have discussed the matter with our board of Directors and they have re-affirmed their position on the matter as stated in my letter to you dated March 2nd 1955.

The proposed exploration project is intended to explore a large unexplored and undeveloped area northeast and above our present mine workings. We have included in the project all the area to be explored and all the area that could reasonably be expected to be benefitted by the project. This consists of an area approximately 2200 feet vertically, from the surface to the 600 shaft level, and a strike distance of 3000 ft. It is our intention that all the area north of the northwest line on 600 level, shown on the plan view map attached to the contract, should be made subject to royalties to the Government on all ores produced therefrom in the event of a discovery of commercial ore as a result of the exploration, and the area south of the above described boundary should be excluded from all royalty liens or obligations.

The area we request to be excluded has been extensively explored and mined in the past and includes the area from which current production is being extracted. We do not want past, current and future production from this area to become involved in royalty liens or obligations.

Annex II would impose upon Sunset Mines, Inc. an obligation to repay the sum of $42,759.75 contributed by the Government on a former DMEA project. That project explored an entirely different area, has been completed for some time. No discovery was made and the results do not indicate that any further expenditures in that area would be justified. It was our interpretation of the former DMEA contract that the amount contributed by the Government could be recovered only from royalties on ores produced from a discovery or development made as a result of the exploration project.

Therefore we request that Annex II be omitted from the present contract.

The rehabilitation of the northerly crosscut will be necessary to excavate the diamond drill station and service the diamond drill operation. Therefore, I request that the rehabilitation program be included in the first step of the project.

Yours truly,

SUNSET MINES, INC.

R. E. Lomas, Manager

RECEIVED
APR 13 1955
U. S. G. S.
SPOKANE, WASH.

C

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Defense Minerals Administration
JAN 17 1955

January 6, 1955

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

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho

Dear Mr. Selfridge:

In connection with Sunset Mines, Inc., the question has been raised by the Operator as to whether or not the Government could claim royalties from ore produced from the Liberal King fraction.

The Liberal King fraction is not included in the contract land, but the Sunset vein dips into it between the 900 and 1000 levels. The reason that this question has been raised is because Sunset Mines, Inc., has considered exploration of the Sunset vein from the 1200 level and possibly below. This question was asked by the Executive Officer in a telephone conversation with Mr. Mittendorf, and the opinion was expressed that it was believed the Government would have any rights to the Sunset vein outside of the contract ground which the company itself has; in other words, if extralateral rights went with the land, then these extralateral rights would pertain also to the contract. The Operator was informed of the probability that the Government would claim any royalty from ore produced from the extension of the Sunset vein into the Liberal King fraction by Sunset Mines, Inc. However, there has never been a written opinion on this matter, and we would appreciate having this decision in writing.

Down to the 1200 level the whole matter is something of a "tempest in a teapot" because essentially all the known ore above the 1200 level in the Liberal King fraction has already been mined, and

exploration to the northwest would in a very short distance bring the workings into the Liberal King claim which is already in the contract. Deeper exploration, of course, would be affected.

By Field Team, Region II

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

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

cc: USBM(2)
Fryklund

xxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

December 2, 1954

Dec
Betty

Mr. Ray E. Lomas, Manager
Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Docket

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho

Dear Mr. Lomas:

Enclosed are the original and 5 copies of an exploration project contract. If you approve of the contract please sign all copies, retain that copy marked for the Operator, and return the rest to this office. In order that we can fill in Article 3 of the contract, would you please let us know the number of days from the date of the contract in which work will commence. Please insert the number of days in your copy of the contract.

You will note that the Liberal King Fraction claim is not included in the contract land. If extralateral rights on the Sunset vein are owned by Sunset Mines, Inc., in other words pertain to the land of the contract, it is possible that the Government would claim royalty from any ore produced from the Sunset vein by Sunset Mines, Inc., in the Liberal King Fraction. This is a possibility you should consider.

You will also note that Stage I diamond drilling is to be done at locations, and in directions, approved by the Government. It is suggested, therefore, that you consult with Mr. Fryklund and Mr. Erickson when you are ready to start the drilling.

Sincerely yours,

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

Enclosure

cc: USBM (2)
DMEA (2)
Fryklund

From Mr. Mittendorf's Diary, 11/30/54

Betty

Al Weissenborn phoned from Spokane. His first problem was in connection with DMEA-2123 - Pacific Northwest Mining Co. I recall that we had recently written Al advising that he could terminate the contract any time he saw fit, under the express language of Amendment 4, and instructing him to use his own good judgment as to whether or not he wished to exercise those rights at this time.

Al is reluctant to terminate the contract, and is very anxious for the company to complete a small amount of footage which will prove or disprove the target. He has a recent letter from the operator which lists considerably more hard luck but states their plan to resume operations very shortly. Al proposes to play along with the company, at least until Dec. 14.

He is holding back $833 to cover our equity in equipment. This sum represents our participation in 25 ft. of work which the operator performed since July. Al proposed to advise the company that if they do not resume work by Dec. 14 he will invoke our rights under Amendment 4 and will not pay the $833 for the 25 ft. of work done. I could not see where we could support such a position under the terms of the contract.

Al's next question was whether or not we would lose our rights to terminate under Amendment 4 if he played along with the company until some date later than Dec. 14. It was my off-hand opinion that we should have an amendment extending the deadline date of Dec. 14, provided we intend to play along with them for an additional period of time. I agreed to check on this point with Legal.

His next problem was general in character, but it might apply to the Sunset Minerals project, for which we have just executed an amended contract. He asked if DMEA can collect royalty on ores which dip into ground not included in the contract, but which ores were the property of the operator by virtue of his extralateral rights.

It seems that we have approved a project on the Sunset Minerals ground and that most of the work will be done on the 900 ft. level. If the work is successful and finds the vein structure anticipated, there is the likelihood that this vein will dip into the Liberal King claim, at a depth of about 1200 ft., which claim is not included in the ground listed in Article 2 of the contract. It appears that Sunset Minerals - the operator - plans to do some work in the Liberal King claim at its own expense, but is reluctant to do so if the Government will claim royalty on any ore mined.

It was my off-hand opinion that any extralateral rights which might accrue to any of our operators by virtue of the customs of the particular district would also accrue to DMEA. I could not recall any precedents for answering his question, but Martin, who was in the room and overheard my end of the conversation, thought otherwise. He recollects that Legal has ruled that all lands included in DMEA contracts are acknowledged to have vertical sidelines and, therefore, waive any extralateral rights. I agreed to review this matter with Legal.

Al said he was writing us a memo. on another possible extralateral problem. He hears rumors that a lawsuit is brewing which will involve the Bunker Hill project on the Crescent Mine. He says that the outcrop of the Syndicate fault, which we are exploring on the 3200, occurs on

State-owned ground which is not included in the contract. He says all State-owned ground has vertical sidelines by law and, therefore, is without apex rights. The problem is complicated, however, by the fact that certain mining locations were made on this ground before the ownership passed to the State.

He does not anticipate any bad problem because he feels that the lawsuit is necessary to quiet title, but that it will be decided to the benefit of Bunker Hill.

He reports the rumor that American Alloy (Eichelberger) has sold out completely to the Minerals Engineering Co.

IN REPLY REFER TO:

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

October 22, 1954

Memorandum

To: W. R. Griswold, Chief, Base Metals Division, DMEA

From: Thor Kiilsgaard, U. S. Geological Survey

Subject: Report of telephone conversation on DMEA Docket 3409, Sunset Mines, Inc., Shoshone Co., Idaho

On October 21, 1954, Messrs. Jake Alt, Ed Newcomb, and myself conferred on the cited application. Several weak points in the application were discussed as were some confusing proposals in the Field Team report. As a result of the conference, we decided to call Mr. A. E. Weissenborn, Executive Officer, DMEA, Region II, to discuss with him those items, listed below, which appeared to us to be questionable.

1. Mr. Weissenborn was advised to check with the applicant on the assignment of previous DMEA contract Idm-E102 (Docket 1489), from Sunset Minerals Inc., to Sunset Mines Inc. This change in title was made late in 1953 as a means of releasing more stock for public offering. Actually, no change in company officials or policy was brought on by the transfer. I informed Mr. Weissenborn that while the transfer should not affect the present application, it could have some bearing on the old inactive contract and should therefore be investigated.

2. I was informed by Mr. Weissenborn that diamond drilling from the 800 level of the Sunset mine had been recommended by the Field Team to test the downward continuation of some small pods of lead-zinc mineralization, which, on the 800 level were too small to be ore. Their belief was that if drilling was successful they could certify the ground covered in the inactive contract, thereby possibly getting Government repayment for that work. Mr. Weissenborn was informed that if the present application was approved, it would contain a clause obligating the new contract to repay Government funds expended in the old contract even though the new work was in a different part of the mine. Mr. Weissenborn agreed to this proposal and stated that if that obligation was to be in effect, the field would withdraw their proposal for 800 level drilling.

It should be noted that if a new contract is drawn obligating payment for the old contract in the event of a new discovery, the obligation should be so worded as to extract payment as of the date of the new contract, otherwise the obligation will foul the royalty agreement in the old contract.

3. It was agreed to drill a total of 2500 feet, in 3 holes, from the main tunnel level to explore for the Sunset vein. Subsequent drifting on the Sunset vein was to be contingent upon results of the drilling.

4. Mr. Weissenborn agreed to request the applicant to include the Liberal King and Monarch claims in the contract, together with book and page number, as these claims would be explored and/or benefited by project work.

Thor H. Kiilsgaard

Thor H. Kiilsgaard

IN REPLY REFER TO:

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

October 13, 1954

Re: DMEA-3409
Sunset Mines, Inc.
Shoshone Co., Idaho
Lead-Zinc
Proposed Amendment
$114,780

Memorandum

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

From: E. L. Newcomb, U. S. Geological Survey

Subject: Review of Sunset vein proposal

The applicant has submitted a project for the Sunset vein structure as a new application. This same company has completed a project on the Liberal King vein. Inasmuch as the new work would be on the same property it is possible the project could be incorporated as an amendment to contract Idm-E102. (1489X)

The Field Team has recommended a three stage project be approved. Stage I is planned as a drilling phase in order to determine the feasibility and merit of the extensive crosscutting and drifting proposed by the applicant. A total of 4,150 feet of diamond drilling (7 holes) will be drilled from a crosscut on the 800 level (#2086 + 30') and from No. 3 and No. 7 crosscuts on the Main Tunnel level. The proposed vertical and inclined holes will test at three locations along 1700 feet of strike length on the Sunset vein. This first stage of work is justified in light of the past production from a single ore shoot on the Sunset vein; however, it should be stipulated that further work, including crosscutting and drifting, is not to be done until a thorough review of results of Stage I has been presented by the Field Team. It seems quite possible that further drilling may be warranted after Stage I is completed before embarking on the present proposed Stage II.

I recommend the Field Team 3 stage program be approved, but strongly recommend a review of results of Stage I be submitted by the Field Team before any work on Stage II is undertaken.

E. L. Newcomb
E. L. Newcomb

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

October 11, 1954

Memorandum

To: W. R. Griswold, DMEA

From: O. M. Bishop, USBM

Subject: Docket No. DMEA-3409, Application for $124,000 exploration project Sunset Mines, Inc., Shoshone County, Idaho

I have reviewed the subject application and the field team reports recommending the project with modifications approved by the applicant.

The Sunset Mine was the site of DMEA project 1489 which was set up to explore the Liberal King vein. This work being totally without success, contract Idm-E102 was amended to permit expenditure of the remaining funds on the Sunset vein. The Sunset vein, strike N 45° W, dip 40-60° SW, had been discovered on the 1,000-foot level of the mine, and the 800-foot long orebody developed from just above the 1,300-foot level to above the 800-foot level yielded about 240,000 tons, having a net smelter value in excess of $3,300,000. Known ore is now virtually mined out except for 2,000 to 3,000 tons remaining in pillars.

The applicant is now requesting another exploration project to continue work on the Sunset vein; he believes the best remaining exploration potential in the mine is the unprospected upper portion of the Sunset vein which lies in the more than 2,000-foot interval between the 800-foot level and the surface. To explore this area he proposes to rehabilitate the 310-foot No. 3 crosscut on the Tunnel level (760 feet above the 800-foot level) and to continue that crosscut approximately 800 feet to intersect the upper projection of the Sunset vein, followed by 1,700 feet of drifting and 400 feet of raising on the vein, with 2,000 feet of diamond drilling from the crosscut to intersect the Sunset vein between the 600-foot and the Tunnel levels.

The field team, however, persuaded the applicant to a 2-stage exploration program involving not only exploration of the upward extension of the vein on the Tunnel level, but also exploration

for a second oreshoot below the 800-foot level to the west of the presently exploited one. The logic of this latter exploration is particularly sound in that it explores on strike the flat portion of the vein.

The modified program consists of:

Stage I. (a) - Crosscutting 75 feet southerly from 800 west drift; cutting a diamond drill station; and diamond drilling 3 fanned holes downward totaling 550 feet. (b) Cutting a diamond drill station at the face of both the No. 3 and No. 7 crosscuts of the Tunnel level from which to drill 4 holes to intersect the upward projection of the Sunset vein.

Stage II. - If the results of Stage I, part b, are satisfactory Stage II will be undertaken. It consists of rehabilitating the 310-foot No. 3 crosscut on the Tunnel level, followed by crosscutting to and drifting on the Sunset vein a total of 2,000 feet, with 400 feet of raising on the vein.

The revised program appears particularly sound in that it explores laterally, as well as vertically, the previously productive Sunset vein.

The costs of $36.00 per foot for drifting and crosscutting where timber is not required seems satisfactory, as does the $41.00 per foot estimate for raising costs. The diamond drill costs seem reasonable although it is not clear why 3 holes drilled to 250 feet or less from one setup should cost $0.50 more per foot than the initial 250 feet of the holes drilled from the upper level.

I concur with the field team in recommending this exploration project, but would modify their recommendation for exclusion of royalty payments by addition of the phrase "unless discovered as a direct result of exploration to which the Government contributed part of the cost."

O. M. Bishop

O. M. Bishop

Copy to: Minerals Division
Mr. Kiilsgaard, Room 5227
O. M. Bishop
Files

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 27 1954

Non-Site Report

September 24, 1954

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

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Shoshone County, Idaho

Dear Mr. Selfridge:

Enclosed are memoranda by V. C. Fryklund, Jr., geologist, Geological Survey, and E. G. Erickson, mining engineer, Bureau of Mines, recommending an exploration project at the Sunset mine.

This mine was recently explored (Docket No. DMEA-1489, lead-zinc) with inconclusive results. Most of the exploration was on the Liberal King vein; the results indicated the vein was unproductive, and the remaining funds were expended on a westerly drift on the Sunset vein on the 800 level of the mine. Ore minerals were present on the 800 level west drift but two short raises on ore pods showed that the ore mineral concentrations did not persist above the level.

We believe the Sunset vein to be well worth exploring and feel that the failure of the Liberal King exploration should not be held against the whole property.

You will note that the exploration as recommended differs from that requested by the applicant in that some work is to be done from the 800 level DMEA drift and that work on the main level is to be preceded by diamond drilling. This was discussed with the applicant and agreed to by him. You will also note that the memorandum of Fryklund suggests that a more comprehensive exploration involving about 4,000 feet of drifting would be geologically sound. The proposed exploration must be considered as a compromise.

Reviewed by DMEA Operating Co. 10/1/54.

The crosscutting and diamond drilling from the 800 level is proposed in order to find out if possibly the small showings of ore found in the 800 level DMEA drift may represent the top of an ore shoot; the two short raises put up from the level showed that the ore does not continue above the level. The recommended work on this level will determine if the ore continues downward.

If the present contract is amended for the proposed new work, and the Field Team believes it should be handled in this way, it is recommended that all production from the Sunset vein below the 600 level between the westerly and easterly planes, as shown on the accompanying map titled "Sunset Mines, Inc., Proposed DMEA Project," be excluded from royalty lien. This would not exclude royalty on production from any parallel ore shoots that may be discovered by the exploration nor would it exclude royalty on any production that was directly benefited by the exploration project contract.

Since the start of the present contract a considerable tonnage of ore has been mined from the Sunset ore shoot, some from above the 800 level since January 1953; even some this spring in the form of sill and other pillars. It would hardly be fair to the company to be forced to pay back royalties on production from an ore shoot discovered some years before the start of the original exploration project.

Should diamond drilling from the main level be successful in finding a structure that justifies drifting on, before diamond drilling funds are exhausted, it is recommended that such funds be used for testing the walls of the new drift.

By DMEA Field Team, Region II

A. E. Weissenborn

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

Thomas E. Howard

Thomas E. Howard, Acting Member
For: Wing G. Agnew
U. S. Bureau of Mines

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
September 8, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 27 1954

MEMORANDUM

To: DMEA Field Team, Region II

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

Subject: Cost analysis, Sunset Mines, Inc., Shoshone County, Idaho, Docket No. DMEA 3409 (lead-zinc)

Mr. R. E. Lomas, manager of Sunset Mines, Inc., was contacted September 2, 1954 regarding proposed unit costs and a suggested exploration project in connection with Docket No. DMEA 3409.

The suggested exploration project and estimated cost are summarized below:

Stage I

1.	Crosscut (6'x8') 75 feet southerly from the 800 level west drift at about 30 feet west of survey station #2086 @ a unit cost of $36/ft.	$ 2,700.00
2.	Cut diamond drill station @ a unit cost of $300	300.00
3.	Diamond drill 3 holes: 1 - 100 ft. vertically downward 1 - N. 45° W. @ -40° to a depth of 200 feet 1 - S. 45° E. @ -40° to a depth of 250 feet Total drilling on 800 level, 550 feet @ a unit cost of $4/ft.	2,200.00
4.	Excavate two diamond drill stations on tunnel level in No. 3 crosscut and No. 7 crosscut and install air and water lines @ $375.00 per station	750.00

5. (a) Diamond drill holes No. 1 and 2 from No. 3 crosscut on main tunnel level and holes No. 3 and 4 from No. 7 crosscut easterly of the shaft.
Total of 3600 feet of AX diamond drilling
at the following estimated costs:

0 - 250'	@	$3.50/ft. -	1000 feet	$ 3,500.00
250 - 500'	@	4.00/ft. -	1000 feet	4,000.00
500 - 750'	@	4.50/ft. -	1000 feet	4,500.00
750 - 1000'	@	5.00/ft. -	400 feet	2,750.00
1000 - 1250'	@	5.50/ft. -	200 feet	1,100.00

(b) Operator's allowance at an agreed unit cost for air, engineering, service, core boxes, etc. @ $0.50/ft. - 3600 feet 1,800.00

(c) Assaying 25 samples @ $4/ea. 100.00

(d) Hole survey - 4 holes @ $80/hole 320.00

Stage II - Agreed unit costs

1. Rehabilitate 310 feet of crosscut in preparation for crosscutting and drifting - @ $3.50/ft. $ 1,085.00

2. Drifting and crosscutting (6'x8') - 2000 feet @ $36/ft. 72,000.00

3. Timber (if necessary) - 1000' @ $6/ft. 6,000.00

4. Raising 400' @ $41/ft. (size 12'x5') 16,400.00

5. Assaying 120 samples @ $4 each 480.00

Total cost of the project $114,780.00

Discussion of Costs

It is estimated the crosscutting on the 800 level will cost the same as on the tunnel level because the 800 level crosscut is ready to start without any delay, and because of the small footage (75 feet) the Operator is willing to agree to the same price of $36/ft. No timbering is anticipated.

All calculations rounded except those listed below

Following is a breakdown of unit cost for crosscutting and drifting:

Item	Per foot
Labor	$12.00 1/
Engineering and supervision	2.50
Haulage and waste disposal	2.50 2/
Car pass stations	1.00 3/
Powder, fuse and caps	5.25
Track, pipe	1.00 4/
Power	2.75
Bits and steel	3.00
Ventilation	1.00 4/
Equipment maintenance, repair and depreciation	5.00
Total cost untimbered	$36.00
Additional for timbered heading	6.00

1/ Includes overtime and payroll taxes. Most of the exploration is on a 6-day per week.

2/ Amounts to about $0.50 per ton.

3/ A cherry picker station about every 180 feet, or 10 stations @ $200/station; includes moving and installing equipment.

4/ 50% allowance for salvage deducted from Operator's estimate.

The diamond drill station on the 800 level crosscut will consist of 2 - 3 raise rounds out of the back and 2 slab rounds northwest and southeast. The total cubic feet will aggregate an estimated 1200 cu. ft. The price of $300 is considered reasonable for the job.

It will be necessary to install over 300 feet of air and water line to both main tunnel level crosscut faces to allow excavation of stations. It is planned to skid a slusher to the station sites to pull back broken rock. The agreed unit price of $375 per station is considered conservative in view of operating conditions. Cubic foot excavation is estimated to be 750 - 1000 cu. ft. per station. Track will not be installed unless drilling results are favorable.

It is recommended that the diamond drilling from the tunnel level be allowed at a unit price. The unit price will be estimated cost plus $0.50 per foot for Operator's allowance, as set forth above

under 5. (a) and (b). The assaying and surveying are to be performed on an actual cost basis. The estimated diamond drilling prices are in line with drill contractors' quotations.

Rehabilitation of 310 feet of crosscut under Stage II at a unit price of $3.50/ft. is considered reasonable. The Operator's estimate is $1,100.00. The air and water line will be installed for drilling but it will be necessary to install 350 - 450 feet of additional vent line to exhaust air to ventilate the crosscut raise.

The Operator's estimate of $41/ft. for raising is very conservative and is acceptable as a unit price. It is planned to drive raises about 12'x5' rock section with minimum of timber. If it is necessary to use regular timber, the cost will be higher. The Operator has been successful in driving short prospect raises and pocket raises at this figure when he has been able to employ good miners.

Eric G. Erickson

E. G. Erickson

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

D mea

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 27 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
So. 157 Howard Street
Spokane 4, Washington

GCS 11/17/54

September 15, 1954

MEMORANDUM

To: DMEA Field Team, Region II

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

Subject: Docket No. DMEA-3409 (lead-zinc), Field Examination, Sunset Mines, Inc., Shoshone County, Idaho

INTRODUCTION

The Sunset Mines, Inc., has existed since November 1953 when it acquired the assets of Sunset Minerals, Inc. Sunset Minerals, Inc., operated Contract Idm-E102, Docket No. DMEA-1489 (lead-zinc). Contract Idm-E102 was originally set up to explore the Liberal King vein at the Sunset mine; the contract was revised by amendment on December 26, 1952, and remaining contract funds were expended on a short drift on the Sunset vein, the only productive vein in the mine. Justification for this change in objective was presented in a memorandum by Verne C. Fryklund, Jr., Geological Survey, submitted November 12, 1952. The November 12, 1952, memorandum is pertinent to the present request.

SUMMARY AND RECOMMENDATIONS

Sunset Mines, Inc., desires to explore the up-dip portion of the Sunset vein. The Sunset vein was discovered on the 1000 level of the mine and a single ore body was mined from just above the 1300 level to above the 800 level. Vertical elevation to the surface from the 800 level is slightly more than 2,000 feet; along the vein, the distance may be almost 2,500 feet. The strike length of the Sunset vein is not known as it has not been traced on the surface. The project, as proposed by the operator, would explore the Sunset vein on a strike length of 1,700 feet on the Tunnel level by drifting and raising and below the Tunnel level by diamond drilling. The proposed work is to be as follows:

1. Rehabilitate 310 feet of crosscut.

2. Drive approximately 800 feet of crosscut to the Sunset vein (or whatever footage needed to reach the vein).

3. From the crosscut drive 1,700 feet of drift on two headings.

4. Four hundred feet of raising on the vein.

5. Two thousand feet of diamond drilling to explore the vein below the Tunnel level.

My recommendations are:

Stage I

A. On 800 level:

1. Crosscut 75 feet, from vertical raise 30 feet NW of Station 2086.

2. Drill one vertical and two angle EX diamond drill holes, totaling 550 feet, from the end of the crosscut.

B. On Main level:

1. From the westernmost crosscut drill two inclined holes to cut the Sunset vein. Holes to be AX size; attitudes to be determined by prior consultation with the Government. (Such drilling should stop when the first encouraging-looking mineralized rock is intersected and the remaining footage used in Stage II.)

Stage II - To be dependent upon encouraging results of diamond drilling from Main level, as determined by the Field Team.

A. Crosscut to, and drift on, the Sunset vein a total of 2,000 feet.

B. Raise 400 feet at locations to be determined by the Field Team.

C. If diamond drilling footage remains from Stage I, it will be used for exploration below Main level.

I further suggest a Stage III.

A. 2,000 feet of diamond drilling, AX size, northward from the Main level Sunset vein drift in search of possible parallel veins in the Yreka shear zone.

LOCATION AND ACCESSIBILITY

The portal of the mine of Sunset Mines, Inc., is on the east bank of Pine Creek about 3 miles south of Pinehurst, Idaho (Kellogg is about 8 miles distant by highway), in sec. 20, T. 48 N., R. 2 E. The road to the mine is black topped. The altitude of the portal is about 2,525 feet, about 200 feet above Pine Creek; the crest of Amy Peak, which lies almost directly over the mine area, has an altitude of 4,371 feet.

CLAIMS TO BE EXPLORED

The applicant desires to include the Robert Burns and Tam o'Shanter claims--drifting will be in these claims--and the Arkansas, Kansas, Bee, and Baldy claims that lie to the north. The main level crosscut and the 800 level crosscutting and diamond drilling will, however, be in the Liberal King claim.

GEOLOGY

Regional Geology

The country rock of the Coeur d'Alene district consists of slightly metamorphosed sediments of the pre-Cambrian Belt series that have been folded, faulted, and intruded by granitic stocks and dikes of various types. The Belt series in this area has been subdivided into six formations. The mine of Sunset Mines, Inc., is in the Prichard formation, oldest of the six.

In the general vicinity of this mine all the mines are in the Prichard formation. Except for the Douglas and Constitution mines, all operating properties in the area are on the Yreka shear zone which strikes N. 65° W. and is about 2,000 to 2,500 feet wide (it seems possible that the Douglas and Constitution mines may also be on an off-set segment of the Yreka shear zone).

Local Geology

The surface geology of the mine area is presented on the Smelterville and vicinity quadrangle, at a scale of 1:24,000, placed on open file in 1953. At the surface beds strike northwesterly and dip 35 to 65 degrees northeast. The Lower Prichard quartzite beds

indicate crossfolding, with axes steeply plunging northeast, at right angles to the general regional strike. Underground, strikes are more variable and many beds are overturned dipping to the south. It is probable that overturned beds have been dragged by movement along the Sunset structure.

The Liberal King and Sunset veins are the only major structures known in the mine. The Liberal King vein strikes N. 75° W. and dips about 75° S. It crops out. The Sunset vein strikes approximately N. 45° W. and dips from 5° to 50° S. The Liberal King vein is a replacement vein, along a zone of shearing, composed mainly of white quartz. At some exposures the vein is 10 feet wide. In addition to quartz, minor amounts of chalcopyrite, galena, and sphalerite are present. The mineralogy is distinctly different from productive veins in the Pine Creek area. These productive veins contain minor amounts of dark, glassy quartz and are characterized by sulfide gangue, either pyrite or pyrrhotite.

Sections (see operator's map) show that the Liberal King vein should have intersected the Sunset vein in the east end of the 1200 level stopes. This intersection was not recognized by the company (stopes are now inaccessible). There is, therefore, no way of determining the relative ages of the two veins.

As noted by Mr. Lomas, present general manager, to date there are 3,640 feet of drift and crosscuts and 800 feet of raises on the Liberal King structure. There has been no production from the Liberal King vein.

The Sunset vein was accidentally discovered (probably in 1944) during the search for the Liberal King vein on the 1000 level. Ore in the amount of 237,396 tons has been removed from the single ore shoot. From this ore 313,931 pounds of copper, 13,356,875 pounds of lead, and 26,039,433 pounds of zinc have been recovered to the end of 1953 (Bureau of Mines statistics).

The dip of the Sunset vein (5 to 50 degrees) is the flattest of any of the major productive veins of the Coeur d'Alene district. The vein was formed by replacement along what is considered to be a reverse fault. Ore widths reached 12 feet in the ore shoot with at least 5 feet of shearing in the hanging wall.

The vein minerals are pyrite, arsenopyrite, carbonate, pyrrhotite, sphalerite, quartz, tetrahedrite, chalcopyrite, and galena.

The factors controlling the formation of the single ore shoot have been the subject of casual discussion among the geologists of the district. One school of thought believes that the white

quartzite bands overlying the stope area are of considerable significance. As the white quartzite bands have the same physical properties, except for color, as much of the remainder of the country rock, I fail to see what its influence may have been. There is, however, no question but that the greatest ore widths are on the flattest portions of the vein; in fact, the ore shoot is a textbook example of the way ore shoots are formed along the flat portions of reverse faults. The maximum pitch length in the ore shoot was 700 feet; the maximum stope length about 500 feet. Except for pillars, the ore shoot is mined out.

The DMEA extension of the 800 level west drift (Contract Idm-E102) demonstrated the continuity of the vein and of ore mineralization to the end of the drift, but no ore body was discovered. The dip of the vein here is steepening, and this has been characteristic of the nonproductive parts of the vein.

Exploration Possibilities

For reasons already stated, knowledge of the Sunset vein is confined largely to the relatively small ore shoot area. The structure is strong and the strike length is undoubtedly great. This, coupled with the fact that there is probably an up-dip extension of 2,000 feet or more on the vein, makes the Sunset vein a very attractive target for future exploration.

While it is not at all certain that the upper end of the ore shoot has been reached, there is no question that the bottom of the ore shoot has been reached. Future exploration in the mine must, of course, look for the upper end of the known ore shoot; however, the primary targets for future exploration should be possible new ore shoots east and west on the Sunset vein.

From the point of view of operating ease, drifting on the Sunset vein could be done most conveniently from the adit level. Such a drift would explore the vein over the known ore shoot, at a point 600 feet higher than where the vein has been seen last, in the process of extending long drifts along the vein in search of new ore shoots. I would say that a total of 4,000 feet of drifting on the Sunset vein would be reasonable.

This work still would leave the surface portion of the vein (perhaps 2,000 feet above the adit level) unexplored. Geochemical prospecting followed by bulldozing and drilling would be natural steps in such an exploration. If successful, the next stage would require a new shaft, and for practical purposes, a new mine.

In addition, parallel veins have produced ore in the Pine Creek area and future exploration of the mine should test the Yreka shear zone north of the Sunset mine by means of long diamond drill holes at least.

The above paragraphs indicate my own personal opinion of the way the Sunset vein deserves to be explored; however, the operator does not seem to have the funds necessary for such exploration. It would appear that the primary target, at this time, is the upward extension of the ore shoot.

It has been decided, in conference with the Bureau of Mines, and agreed to by the operator, to precede crosscutting and drifting by drilling four diamond drill holes (totaling 3,600 feet) below the adit level. Crosscutting and drifting is to be dependent upon encouraging vein intersections. I suggest that no more than one encouraging vein intersection be required before crosscutting is started.

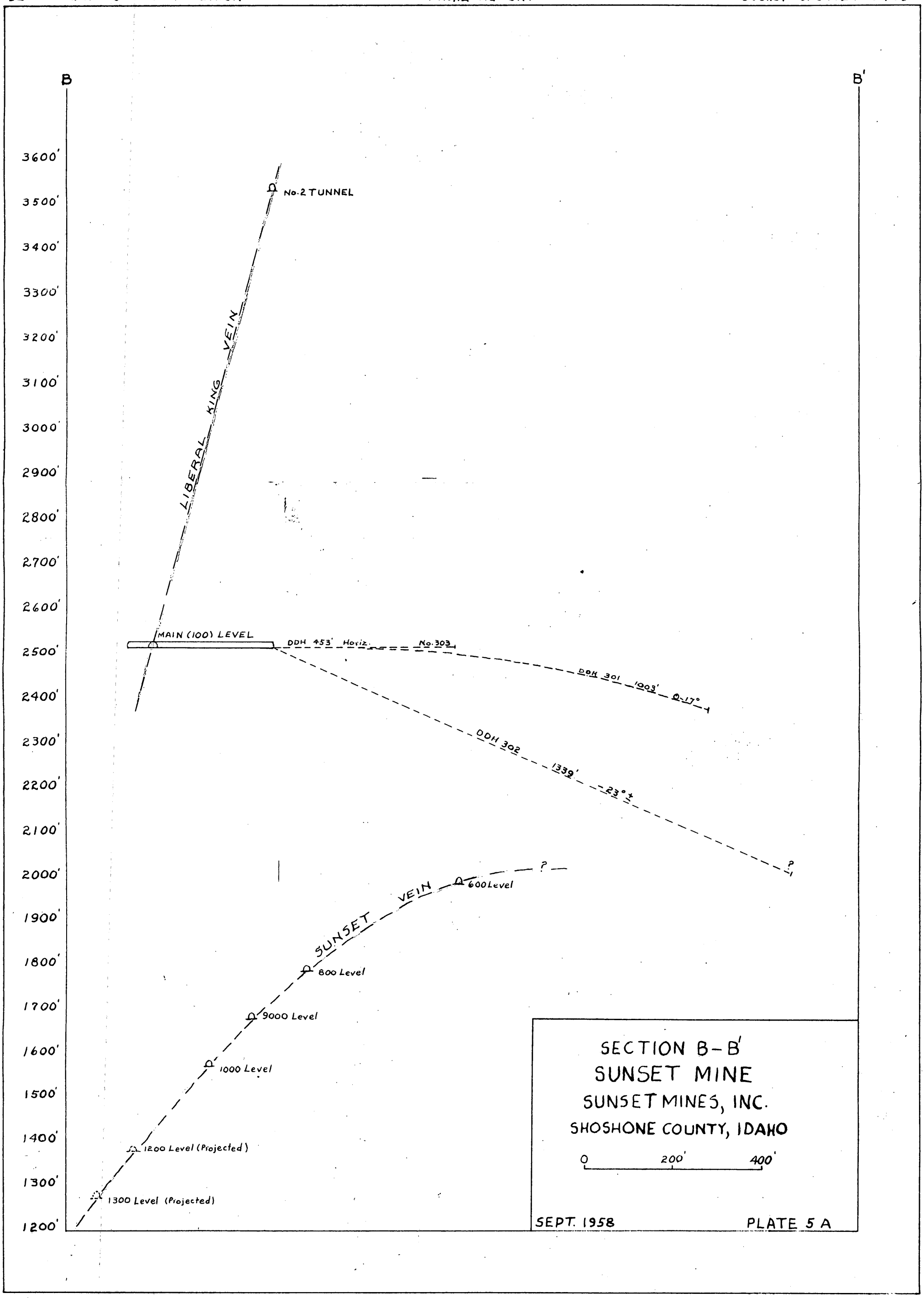
In addition, it has also been decided to test the Sunset vein below the 800 level by 550 feet of EX drill hole from a 75-foot long crosscut south of the 800 level drift.

Distribution:
DMEA(4)
USBM(2)
USGS(SRO)
Docket
Fryklund

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
FINAL REPORT

Docket No. DMEA 3409



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DIAMOND DRILL HOLE NO. 301

Horizontal - 1,003 feet

Logged by Verne O. Frykland

Footage	Recovery	Description	Remarks
3- 27'	Essent. all	Light gray to dark banded qtzite	
27- 51'	"	"	
51- 76'	"	"	At 56.2' - 1" pyrite vein; at 58.2' - 1" " "
76-101'	"	"	Small pyrite veinlets
101-126'	"	"	At 102' - 1" vein carb. pyrite
126-150.5'	95%	"	
150.5-174'	Essent. all	"	
174-199'	"	"	
199-225.5'	"	"	
225.5-250'	"	"	Pyrite veinlets
250-275'	"	"	" "
275-301'	94 + %	"	At 296.8' - 1/4" zinc-pyrite stringer
301-328'	Essent. all	3/8" Zn stringer at 305.9' 1/4" " " " 306.1'	Sludge assay - 1.8 oz. Ag/ton 5.3% lead, 5.5% Zn
328-354'	95%	Light to dark banded qtzite	Scattered pyrite grains
354-382'	86%	"	
382-408'	91 + %	"	Minor pyrite specks
408-433'	81 + %	"	
433-459'	96 + %	"	Minor pyrite veinlets
459-487'	87 + %	Med. gray quartzite	Little pyrite
487-511'	99 + %	Light & med. gray qtzite	Minor pyrite veinlets
511-535'	91 + %	"	Pyrite veinlets
535-560'	96 + %	"	
560-595'	16%	"	Broken pellets
595-624'	80%	Med. gray, banded qtzite	1/4" pyrite vein at 604'
624-654'	75%	"	Minor pyrite veinlets
654-682'	87%	"	"
682-708'	89%	"	"
708-734'	All	"	Minor carb. & pyrite veinlets
734-759'	93 + %	"	Minor pyrite veinlets
759-791'	62 + %	Dark gray quartzite	Minor calcite blebs
791-818'	75 + %	"	Little calcite
818-848'	72 + %	"	Some gouge
848-873'	89 + %	Gray quartzite	Minor pyrite veinlets
873-902'	74%	Med. gray quartzite	" "
902-928'	90%	Dark gray quartzite	Small fault at 903'
928-954'	92%	"	Disseminated pyrite in veinlets
954-979'	88%	"	"
979-1003'	85%	Light & dark gray qtzite	No evidence of fault; minor pyrite

DIAMOND DRILL HOLE NO. 302

Minus 25 degrees - 1,339 feet Logged by Verne C. Fryklund

Footage	Recovery	Description	Remarks
124-148'		Med. light gray qzt	Nothing of interest
148-173'		"	"
173-196'		"	"
196-220'		"	"
220-246'	All	"	"
246-272'	"	"	265-267 stringers of Zn S., pyrite and carb.
272-296'	"		Nothing
296-321'	"	"	"
321-346'	"	"	"
346-371'	"	"	"
371-395'	"	"	278.2' - 1" pyrite & galena 279.2' - 2" pyrite, PbS, Zn S streak
395-425'	"	"	408.7 - ½" pyrite stringers, Zn S 419.9 - 2" carb. pyrite, Zn stringers
425-450'	"	"	426.6-445. Spots of pyrite, Zn S, qtz, carb.
450-477'	"	"	467.8' - 3" white sandstone bed
477-501'	"	"	Pyrite streaks
501-526'	"	"	Nothing
526-550'	"	"	"
550-575'	"	"	"
575-608'	65%	"	Broken pyrite streaks
608-631'	All	"	Few pyrite streaks
631-657'	All	"	" " "
657-685'	86+ %	"	Nothing
685-708'	93+ %	Light to dark gray banded quartzite	Some argillite bands
708-734'	80%	"	Some quartz stringers
734-766'	65+ %	"	Gouge at 753'
766-791'	97+ %	"	Beds parallel to core
791-816'	All	"	Carb. stringers
816-842'	83%	"	" "
842-865'	All	"	" "
865-890'	Most all	"	Nothing
890-919'	74+ %	"	Carb. stringers
919-945'		"	Pyrite stringers
945-970'	Most all	"	" "
970-980'	75%	"	" "
980-1339'	(end of hole)	Scanned by Fryklund but not recorded as logs. Nothing of interest reported.	

DIAMOND DRILL HOLE NO. 303

453 feet - Scanned by Fryklund but not logged. Nothing of interest reported.

DMEA Form 9

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

DMEA NO. 3409

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

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

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

Left Side

Interim Royalty Audits
Reports of Royalty Review
Certification of Discovery
✓ Certificate of Audit (Final) 11-17-58
Interim Audit(s)
Report of Review
✓ Termination Notice or Agreement
Recision Notice
Assignment of Contract
✓ Contract Amendments (latest on top)
✓ Contract with all exhibits and annexes
Owner's Consent to Lien
Subordination Agreement
Leases and assignments of leases
✓ Application and attachments
(3) Envelope for maps

Right Side

X Project summary - 1-28-59
✓ Work completed analysis
All other material is filed in chronological order with correspondence including the following reports as checked:

✓ Final Field Team Report (Tab) 1/7/59
✓ Operator's Final Report - 11/6/59
(2R) Interim Reports
(2R) Operator's monthly reports and all attachments (latest on top)
✓ On-site Exam Report(s) (Tab)
(4) Settlement Sheets

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

Left Side

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

Right Side

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

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

Folder No. 4: Settlement Sheets

Folder No. 5: Drill Logs

Reported Inactive 12/28/59

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDITS DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region I, Spokane, Washington, pertaining to Contract Ida-2738, Docket No. DMEA-3409 (lead, zinc), dated November 22, 1954, with

Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

for the purpose of determining the amount of royalty due the U. S. Government on sales of lead and zinc concentrates from property referred to as Liberal King (Sunset) Mine, located in Shoshone County, Idaho, during the period November 22, 1954 through July 14, 1959.

Paragraph 4 of Termination Agreement dated June 25, 1958, provides that the Operator shall pay to the Government the royalty on production as provided for in the contract in the same manner and amount and for the same period as if certification of discovery or development had been made. To accord with provisions of Article 7 of the contract and Amendment No. 4 to the contract, the Government is entitled to royalty on all production from the land described in Article 2 for a maximum period of 11 years from the date of the contract. A Report of Review in lieu of final audit dated November 17, 1958, indicated accepted costs under the exploration contract amounting to $15,595.00, with the Government's contribution, on a 50 percent basis, being $7,798.50. Amend II to the contract provides that an amount of $42,739.75 contributed by the Government toward exploration costs under a prior contract applicable to the same land shall be added to any money which the Government may contribute under this contract. Thus, the amount subject to repayment royalty is $50,538.25. The scope of review and reasons therefor are stated on page two.

The review established the total sales of lead and zinc concentrates for this period to be $16,953.94. Royalty due the Government at the contract rate of 5 percent is $847.70. The royalty paid and balance due are as follows:

Total Royalty Due	$847.70
Total Royalty Paid	847.70
Balance of Royalty Due	-0-

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

July 15, 1959

DESCRIPTION OF THE REVIEW
AND STATEMENT OF JUSTIFICATION

Contract Idm-8738, Docket No. DMEA-3409

My review included a conference with S. W. Zoldok, mining engineer, OME Field Team, Region I, who is thoroughly familiar with this project. Mr. Zoldok advised that although representatives of the Regional office had reviewed the settlement sheets relating to sales of lead and zinc concentrates to The Bunker Hill Company, both at the smelter and at the mine, copies of such settlement sheets had never been obtained for OME files.

On February 12, 1957, E. G. Erickson, mining engineer, Region I, visited the mine and reviewed production and sales records. His report indicates 4 sales of lead concentrates and 4 sales of zinc concentrates made by a lessee during 1956 as applicable to production on which the Government was entitled to royalty. Mr. Erickson stated that the net smelter return on such shipments amounted to $16,953.94 and the Government's royalty due, on 5 percent basis, amounted to $847.70. The Operator paid the latter amount by check dated July 25, 1958. There has been no production from the mine subsequent to termination of the exploration contract, effective July 1, 1957.

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

(a) Periodic inspections by representatives of the Field Team, Region I, have indicated that all sales subject to Government royalty have been reported, and

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

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

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DATE	INITIALS	CODE
~~Docket~~	No.3~~409 (lead-zinc)~~	
	Check One	
	Yes	No.

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Sunset Mines, Inc.

Address P. O. Box 869

Kellogg, Idaho

Exploration Contract No. Idm-E738

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

There has been no production from the mine subsequent to termination of the exploration contract, effective July 1, 1957.

July 14, 1959
Date

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

53362

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

EXTRA COPY
O. M. E.
RECEIVED NOV 19, 1958
DATE 11/21 INITIALS alk COPY 5-00

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Sunset Mines, Inc.
1400 West 52nd Street
Seattle 7, Washington

pertaining to Exploration Project Contract No. Idm-X738, ~~Docket No. DMEA-~~ 3409, dated November 22, 1954, including Amendment Nos. 1 to 4, inclusive, and a Termination Agreement dated June 25, 1958, for the months of July 1955 to June 1957, inclusive, covering a project for the exploration of Lead-Zinc, on property known as the Liberal King (Sunset) Mine, located in Shoshone County, Idaho.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, verification of work performed by reference to Field Team Reports and correspondence, and a determination of the reasonableness and propriety of the costs.

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

All of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs of work actually performed.

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

Total cost as billed by the Contractor		$15,585.00
Exceptions:		
Prior to this review	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$15,585.00

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Seven Thousand Seven Hundred Ninety Two and 50/100 Dollars is valid and proper, provided that the Regional Executive Officer, The Director, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount payable to Operator	$ 7,792.50
Amount paid to date	7,229.51
Balance due Operator	$ 562.99

George Mavor
George Mavor, OME Auditor

November 17, 1958

DMEA
RECEIVED JUL 29 1958

Government's copy

Appd. Sol. Off.

Talbert
Gerard
Selfridge
Johnson

TERMINATION AGREEMENT

It is agreed this 25th day of June, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Sunset Mines, Inc., hereinafter called the "Operator," parties to Exploration Project Contract Idm-E738 (Docket No. DMEA-3409), dated November 22, 1954, as amended, hereinafter called the "Contract," that:

1. Effective July 1, 1957, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

4. 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 the royalty on production as provided for in the Contract, in the same manner and amount and for the same period as if certification of discovery or development had been made, such certification being hereby waived.

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

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

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

THE UNITED STATES OF AMERICA

By O. Mitchell
Administrator, Defense Minerals
Exploration Administration

SUNSET MINES, INC.

By G. B. Meredith

Title Sec

Rubri

DOCKET COPY 7/15/5

RECEIVED

JUN 20 1955

AMENDMENT NO. 2

It is agreed this 27th day of May 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and

Sunset Mines, Inc.

(Docket No. DMEA 3409 - lead-zinc)

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 738 of November 22 1954 between the parties hereto be modified and amended as described in Exhibit "F" attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be November 22 1954.

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

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

Executed in sextuplicate the day and year first above written.

SUNSET MINES, INC.
(Operator)

By O. Barkhl
President

THE UNITED STATES OF AMERICA

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

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. USGSP0000410

Exploration Project Contract
Sunset Mines, Inc.
Docket No. DMEA 3409

RECEIVED
JUN

AMENDMENT NO. 2

1. In Exhibit "A" under Description of the Work, Stage II delete item No. 1 and place said deleted item No. 1 under Stage I.

2. In Exhibit "A" under Estimated Cost of the Project, Fixed Unit Costs, Stage II, delete

Rehabilitate 310 feet of crosscut @ $3.50/ft.	$ 1,085.00

and place the said deleted item under Stage I.

Exploration Project Contract
Sunset Mines, Inc.
Docket No. DMEA 3409

RECEIVED
JUN 2 0 1955

Justification of Amendment No. 2

It is necessary to include the rehabilitation under Stage I instead of under Stage II in order to perform the work set forth in Stage I in an efficient and practical manner.

It was first planned to slush the rock back along the drift from the station excavation and skid the diamond drill equipment to the face, thus not requiring track. Because of the small size of the present crosscut and the necessity of excavating a station large enough to allow breaking rods in 20-ft. sections the excavated rock will have to be removed and all other work items included in the rehabilitation (namely, air, water and vent lines and moving the mine receiver presently situated in the crosscut to a new site) must be performed before diamond drilling can be accomplished.

E. G. Erickson

Docket copy

MF-200A
(Revised June 1954)

Docket No. DMEA -3409

Commodity Lead-Zinc

Contract No. Idm-E - 738

Defense Minerals Administration
RECEIVED
MAR 14 1955

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

It is agreed this 22nd day of November, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Sunset Mines, Inc., an Idaho Corporation,

whose mailing address is P. O. Box 369
Kellogg, Idaho,
hereinafter called the "Operator," as follows:

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

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

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

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

(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 6-20-55 shall commence the work, and on or before 2 years from date of contract (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 $101,125.00 The Government will contribute 50 percent of the fixed unit costs as work is performed, in a total sum not in excess of $50,562.50: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 11. *Changes and added provisions.*—

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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. **and see Annex II**

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

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

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

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

Executed in sextuplicate the day and year first above written.

SUNSET MINES, INC.
(Operator)

By O. Barlikl President

THE UNITED STATES OF AMERICA

By O. Mittendorf
Administrator, Defense Minerals Exploration Administration

Hoffmund
Alt
Grimsel
Champion
Selfridge
Johnson

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

MAR 1 4 1983

EXPLORATION PROJECT CONTRACT
SUNSET MINES, INC.
DOCKET NO. DMEA-3409

ANNEX I

The land consists of the following unpatented mining claims located in the Yreka Mining District, Shoshone County, Idaho, in Sections 16, 17, 20, and 21, Township 48 North, Range 2 East:

Claim	Quartz Location Book	Page
Robert Burns	4	442
Tam O'Shanter	4	443
Baldy	22	516
Bee	22	517
Arkansas	22	15
Kansas	22	52
Liberal King	Q	288
Monarch	Z	257

as shown on the attached map entitled "Sunset Mines, Inc., Proposed D.M.E.A. Project." The line on said map labelled "line projected on 600 level" is not intended to indicate the exception of any land or ore bodies.

MAR 14 1955

EXPLORATION PROJECT CONTRACT
SUNSET MINES, INC.
DOCKET NO. DMEA-3409

ANNEX II

WHEREAS, part of the land referred to in Article 2 was the subject of a prior Exploration Project Contract, Idm-E102, Docket No. DMEA-1489, dated August 7, 1951, between the Government and another Operator, Sunset Minerals, Inc., under the provisions of which the Government contributed to the costs of the work the sum of $42,739.75, with no certification of discovery or development being made; and

WHEREAS, this Operator has acquired all of the right, title, and interest of Sunset Minerals, Inc., in and to the land under said earlier contract; and the work under said earlier contract is beneficial to the work provided for under this contract;

NOW THEREFORE, it is agreed that the said contribution of the Government to the work under said earlier contract shall be and is hereby added to any money which the Government may contribute under the provisions of this contract for repayment to the Government under the royalty provisions of this contract.

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. USGSP0000040

EXPLORATION PROJECT CONTRACT
SUNSET MINES, INC.
DOCKET NO. DMEA-3409

EXHIBIT "A"

Description of the Work

The work shall be done in two stages. Upon the completion of Stage I, if in the opinion of the Government the results indicate the advisability of further exploration work, the work under Stage II shall be undertaken.

Stage I

1. Subject to the prior approval of the Government as to location and depth, drill three diamond drill holes of AX size from a northerly crosscut on the main tunnel level to an aggregate total not in excess of 2500 feet of holes.

2. Cut one diamond drill station on the main tunnel level.

Stage II

1. Rehabilitate 310 feet of the No. 3 crosscut on the main tunnel level. This work shall include the installation of air, water, and ventilation lines, and track.

2. From the No. 3 crosscut on the main tunnel level crosscut to the Sunset vein and drift on the Sunset vein in an aggregate total not in excess of 2000 feet. The size of the drifts and crosscuts shall not be less than 6 feet by 8 feet in the clear of the timber.

3. Drifts and crosscuts shall be timbered as required, but not to exceed 1000 feet of such timbering shall be an allowable cost for contribution by the Government.

4. Raise 400 feet on the Sunset vein from the main tunnel level. The raise shall be 12 feet by 5 feet in rock cross section, and shall be timbered as required.

The location, direction, and extent of the crosscutting, drifting, and raising is subject to the prior approval of the Government. The Operator shall provide suitable core boxes, engineering, and supervision.

The proposed work is shown on the attached map, entitled "Sunset Mines, Inc., Proposed D.M.E.A. Project."

Estimated Cost of the Project

Fixed Unit Costs

Stage I

Diamond drilling	
0' - 250' depth @ $3.50/ft. - 750 feet	$ 2,625.00
250' - 500' depth @ $4.00/ft. - 750 feet	3,000.00
500' - 750' depth @ $4.50/ft. - 750 feet	3,375.00
750' -1000' depth @ $5.00/ft. - 250 feet	1,250.00
Total diamond drilling 2500 feet	$10,250.00
Allowance for compressed air, engineering, supervision, service, and core boxes, 2500 feet @ $0.50/ft.	1,250.00
Assaying 30 samples @ $3.50/assay	105.00
Surveying drill holes - 3 holes @ $80/hole	240.00
Excavating diamond drill station	375.00
Stage I - Total Unit Cost	$12,220.00

Stage II

Rehabilitate 310 feet of crosscut @ $3.50/ft.	1,085.00
Drifting and crosscutting, 2000 feet @ $33/ft.	66,000.00
Timbering drifts and crosscuts - 1000 feet @ $5.00/ft.	5,000.00
Raising 400 feet, including timbering, @ $41.00/ft.	16,400.00
Assaying 120 samples @ $3.50/assay	420.00

Stage II - Total Unit Cost $88,905.00

Total Cost of the Project	$101,125.00
Government Participation @ 50%	$ 50,562.50
Contribution by the Government under Contract Idm-2102	42,739.75
Total for repayment to Government	$ 93,302.25

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

July 1, 1954

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

Re: DMEA Application (Lead-Zinc)
Sunset Min~~erals~~, Inc.
Liberal King Mine
Shoshone County, Idaho

Dear Mr. Selfridge:

Enclosed is an application for aid in an exploration project by Sunset Minerals, Inc., of Kellogg, Idaho.

The work proposed is to explore the Sunset Vein in the Liberal King Mine, above a worked out oreshoot. The proposal looks reasonable, and a field examination will be made and submitted with our final decision on the application.

One copy of the application has been retained for the files of this office.

Sincerely yours,

A. E. Weissenborn

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

Enclosures
cc: USBM(2)

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/17	Selfridge	120
		110
		220

Spokane National Mines, Inc.
414 Farmwell Building
Spokane, Washington 99201

Re: DMEA-1409 (Lead-Zinc)
Sunset Mines, Inc.
(Formerly Sunset Minerals, Inc.)
Sunset Mine
Shoshone County, Idaho
Amended Contract Idm-2102

Gentlemen:

Reference is made to our February 15, 1966, letter to you relating to the closing of Contract Idm-2738, DMEA-3409.

As the Government's participation in the subject contract was incorporated in Contract Idm-2738, our letter applies equally to the former.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc to: Director's Reading File
Division File
Economic Geology File
OME Docket 1489
OME Docket 3409
OME Reading File
OME Region I
Branch of Budget and Finance
CA&A
120M

GCSelfridge/gla 2-17-66

23263

OFFICIAL FILE COPY

Date	Surname	Code
	Selfridge	120
		110
		220

FEB 15 1966

Spokane National Mines, Inc.
414 Fernwell Building
Spokane 1, Washington

Re: DMMA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract Ida-2738

Gentlemen:

By the terms of the Termination Agreement of June 25, 1958, Article 7, Annex II, and Amendment No. 4 of the subject Exploration Project Contract, all minerals mined or produced from November 22, 1954, to November 22, 1965, were subject to the Government's royalty as set forth in said contract.

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

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Region I w/cy of incoming 63 dated 1/26/66
CA&A
Branch of Budget and Finance, 5408 Int.
120M

GCSelfridge/mm (2/14/66)

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/28	Selfridge	120
1/29	[illegible]	110
[illegible]	[illegible]	100
		220

Mr. John W. Currie
Vice President & General Manager
Spokane National Mines, Inc.
414 Fernwell Building
Spokane, Washington 99201

JAN 29 1965

Re: DMEA-3609 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract Idm-E738

Dear Mr. Currie:

In reply to your letter of January 21, 1965, to Mr. Selfridge, it has been DMEA-OMM policy to consider all docket information confidential and for Government use only. Reports by Government engineers or geologists concerning projects or the assessment thereof are never released. However, we do release any docket information that has been furnished by the operator under an exploration contract if authorized in writing to do so. There is a charge for this service, the total depending upon how much of the material has to be duplicated and the time spent in its selection.

Ordinarily, the final report of the operator is sufficient for most purposes. In this particular case the operator submitted a 5-page report outlining the work done, but did not submit any maps. Only part of the proposed work was done, without any success. It would appear that the files of Sunset Mines, Inc., should include copies of anything it submitted. If not and you have some particular items in mind and let us know, we can give you a more definite answer.

Sincerely yours,

George Fumich, Jr.

Acting Director

GCSelfridge/gla (1-28-65)
cc to: Director's Reading File
Docket
Region I w/cy incoming letter
Mr. Selfridge

23263

SPOKANE NATIONAL MINES, INC.
414 FERNWELL BUILDING
SPOKANE, WASHINGTON 99201

January 21, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 26 1965

INITIALS	CODE
	120
	120

Mr. George C. Selfridge, Chief
Division of Exploration Operations
Office of Mineral Exploration
United Stastes Department of the Interior
Washington 25, D. C.

Dear Mr. Selfridge:

Reference is made to DMEA-3409 (Lead-Zinc), Sunset Mines, Inc., Liberal King (Sunset Mine), Shoshone County, Idaho, Contract Idm-E738.

Spokane National Mines, Inc., of Spokane, Washington acquired the Sunset Mines, Inc., assets by merger on February 15, 1964.

I should like to have whatever information is available, consistent with U. S. government policy of your division, that pertains to the above mentioned DMEA contract.

Would you please advise me at your earliest convenience what data are available to us as the now owning company, and if there is any charge for such information, what that cost would be.

Very truly yours,

John W. Currie

John W. Currie,
Vice President &
General Manager

cc/ Mr.H. J. Tibbits, Sr.

AIR MAIL

to Nov '65

Sunset Minerals Inc → 11/1/53 Sunset Mines Inc → merger 12/5/59 Spokane National Mines, Inc
Contract 102 — Contract 738 in and since the land acquired — subsidiary of Sunset Minerals, Inc.

Pages 2 have to be changed of O- F- Fogg

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

AUG 8 1962

Memorandum

To: Acting Field Officer, Region I

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

Subject: DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract Idm-E738

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

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

(b) One copy for your files.

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

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

Enclosures

EDTalbert/ama 8-8-62

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

43683

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 9 1958

DATE	INITIALS	CODE
12/9	C	220
12/9	[illegible]	500

OFFICE OF MINERALS EXPLORATION
1201 N. Division St.
Spokane 2, Washington

December 1, 1958

Mrs. Dorothy Long, Certifying Officer
OME Field Team, Region I
1201 N. Division St.
Spokane 2, Washington

Re: Project No. MMA-5409 (lead-zinc)
Sunset Mines, Inc.
Contract No. Ign-2738

Dear Mrs. Long:

The work completed under the contract was done to the satisfaction of the Government. The contract was terminated by mutual agreement on June 23, 1958, effective as of July 1, 1957. A final report evaluating the results of the exploration program has been presented by the Operator and accepted by the Executive Officer.

The Government has no interest in supplies or equipment purchased for use on the project.

A pseudo-certification is incorporated in the Termination Agreement.

A final Report of Review dated November 17, 1958 by OME Auditor George Hover has been received.

As all contract requirements have been met, it is requested that final settlement of our account with the Operator be made.

Sincerely yours,

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

cc: OME (2)
MMAS (2)
Contract Admin. & Audit Div. (2)
Docket

OFFICIAL FILE COPY

Date	Surname	Code
11/19	G. McCarthy	800
11/19	Talbot	800
11/20	C	220
11/21	alh.	500

NOV 19 1958

Mr. George Mavor
OME Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Docket No. DMEA-3409
(Lead-Zinc)
Sunset Mines, Inc.
Contract No. Idm-E738

Dear Mr. Mavor:

Your Report of Review covering the referenced project is acceptable and normal distribution is authorized.

Sincerely yours,

Jay L. Chambers
Contract Administration
and Audit Division

GMcCarthy/GMcC
November 19, 1958

cc: Docket
Director's Reading File
Mr. Chambers

8623

Official

DATA COPY
O. M. E.
RECEIVED NOV 17 1958

DATE	INITIALS	CODE
11-17	C	220
11-17	all	500

1201 N. Division St.
Spokane 2, Washington

November 12, 1958

CERTIFIED MAIL

Mr. George Mavor, OME Auditor
Room 420, Custom House
555 Battery Street
San Francisco 11, California

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Contract No. Idm-8738

Dear Mr. Mavor:

Enclosed herewith is a memorandum from the Field Team, Region I, requesting final audit of the subject contract. In addition, we are transmitting the following material needed to complete your audit:

1. Contract and Correspondence File (Includes Annex I and II, Exhibit "A", Amendments Nos. 1 thru 4 & Termination Agreement).
2. Voucher File (MF-104's and 104A's, with attachments).
3. File of pre-audit work papers prepared by Mr. C. A. Turner.

The sum of $200 was withheld from the August 1956 voucher; the September 1956 and June 1957 vouchers were withheld pending final audit of the account.

Sincerely,

Dorothy F. Long
Authorized Certifying Officer

Enclosures

cc: Mr. Chambers
OME (2)
USGS (2)
USBM (AD)

UNITED STATES
DEPARTMENT OF THE INTERIOR
~~DEFENSE MINERALS EXPLORATION ADMINISTRATION~~
Office of Minerals Exploration
So. 157 Howard Street
Spokane 4, Washington

ORIGINAL FILE COPY
O. M. E.
RECEIVED NOV 17 1958

DATE	INITIALS	CODE
11-17	C	220
11/17	[illegible]	800
11/18	[illegible]	500

November 10, 1958

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

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Liberal King Mine (Sunset Mine)
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

Enclosed are the original and 1 copy of an Operator's final report on the referenced project. No maps accompanied the report but as the project work was limited to drift rehabilitation, excavation of two diamond drill stations, and diamond drilling three holes, and as we have in our files maps showing all work completed, their inclusion would add nothing of particular value to the report.

The Field Team considers this report acceptable, although we note an error in the stated amount due Sunset Mines, Inc. According to our records this amount, subject to audit, is $563.00.

A pseudo-certification is incorporated in the Termination Agreement.

By Field Team Region I

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

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

Enclosure (in dup.)

cc: USBM (2)
USBM(AD)
Sample

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. USGSPO00004110

MAIN OFFICE
1400 W. 52ND STREET
SEATTLE 7, WASH.
Sunset 3717

O. BARDAHL, *President*
C. B. MERRITT, *Secy.-Treas.*

Directors
PAUL W. PETRICK SAM A. WRIGHT
OSCAR M. PETERSON PIATT H. HULL

SUNSET MINES, *Inc.*

Producers of

ZINC • LEAD • SILVER • GOLD

MINE AND MILL OFFICE
P. O. BOX 869, KELLOGG, IDAHO
Phone 8-2542

DAVID HARVEY, *Vice-President*
R. E. LOMAS, *Superintendent*
G. E. DAHLSTROM, *Office Manager*

OPERATOR'S Final Report.

November 5, 1958

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 17 1958

DATE	INITIALS	CODE

Mr. Wing G. Agnew, Acting Executive Officer
United States Department of the Interior
Defense Minerals Exploration Adminstration
DMEA Region 1
So. 157 Howard Street
Spokane 4, Washington

Dear Mr. Agnew:

You will find stated below, the information which you requested in your letter of August 6th, 1958:

OPERATOR's FINAL REPORT

1. DMEA Docket No. 3409 (lead-zinc)
   Contract No. Idm-E738

   Operator: Sunset Mines, Inc.
   % C. B. Merritt, Secretary
   1400 West 52nd Street
   Seattle 7, Washington

   Name and location of property: Liberal King Mine
   Yreka Mining District
   Shoshone County, Idaho

2. Summary of Project:

Date of the contract was November 22, 1954 and termination date, June 25, 1958, effective July 1, 1957.

The contract work was started early in June 1955 and work was stopped in November 1957 before completion of the contract.

RECEIVED
NOV 6 1958
U. S. G. S.
SPOKANE, WASH

Operator's Final Report November 5, 1958

Stage 1	Cost
Rehabilitation of 265 ft. of tunnel	$ 927.50
Diamond drill station	375.00
2 diamond drill hole surveys	160.00
4 assays @ $3.50 each	14.00
2,792 feet of diamond drilling	12,099.00
Allowable for compressed air for 2,792 feet of diamond drilling	1,396.00
Total	$ 14,971.50

Stage 11	Cost
Rehabilitating approximately 500 Ft. crosscut	$ 313.50
Excavate diamond drill station	300.00
Total	613.50
Total - Stages 1 and 11	15,585.00
Government participation @ 50 percent	7,792.50
Payment acknowledged in the amount of	7,329.50 See letter of 12/8/58
Due Sunset Mines, Inc.	463.00
Operator repaid the Government in royalties on production	$ 847.50

3. Geology:

The geology of the Sunset mine is similar to the geology of other mines in the Pine Creek District. The rocks are mostly light to dark colored quartzites mixed with black shales and slates in the Pritchard formation.

The Sunset vein is a fissure vein in the quartzites and slates and does not outcrop on the surface. It was found on the 1000 level while working the Liberal King vein on that level. It strikes about N. 45° W. and dips about 40-60 degrees to the southwest. Commercial ore of lead and zinc was found in the Sunset vein on the 800 level for a distance of about 800 feet. Some of the ore widths were 12 feet thick but the ore body is now mined out.

Three diamond drill holes drilled to the eastward from the main level for a total depth of 2,795 feet failed to encounter the Sunset vein above the 600 level. Therefore it is believed the vein either died out or flattened greatly above the 600 level.

The Sunset vein has produced about 257,000 tons of ore since 1944 but the known ore reserves of the mine are now practically depleted.

4. Conclusions:

A district-wide labor strike interrupted work between July 1955 and February 1956.

Rehabilitation of the east end of the main adit and three diamond drill holes were completed by August 1956 under Stage 1.

Rehabilitation of approximately 500 feet of crosscut and excavation of a diamond drill station were completed under Stage 11.

The project work was recessed between August 1956 and April 1957 and again in July 1957.

Finally, in November 1957, because of lack of funds and low metal prices the mine was shut down.

Yours very truly,

SUNSET MINES, INC.

C. B. Merritt

C. B. Merritt
Secretary

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 22 1958

DATE	INITIALS	CODE
9-22	C	220
9/22	[illegible]	800
9/24	[illegible]	500

So. 157 Howard Street
Spokane 4, Washington

September 19, 1958

Mr. C. R. Merritt, Secretary
Sunset Mines, Inc.
1400 West 32nd Street
Seattle 7, Washington

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Ida-8738

Dear Mr. Merritt:

Your letter of July 25, 1958 to Mr. C. G. Mittendorf, Administrator, DMEA, Washington, D. C., stated that you had written to Mr. Ray Lemas, your former mine superintendent, to complete the final report for this project. So far we have not received the report, which is required before a final audit of your account can be made and before we may release any funds due your corporation.

The final report should be prepared in quintuplicate and include a geological and engineering evaluation of the results of the work completed with a resume of the costs, as described under Article 6(a) of your contract. The report should also give the production in tons of ore or concentrate produced, gross metal content, and net smelter returns on ores subject to DMEA royalty.

We would appreciate your prompt attention to this matter.

By Field Team Region I

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

Donald R. Mclaren, Acting Member
U. S. Geological Survey

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

Received & Rgd. M.A. 9/12/58.

MAIN OFFICE
1400 W. 52ND STREET
SEATTLE 7, WASH.
Sunset 3717

O. BARDAHL, *President*
C. B. MERRITT, *Secy.-Treas.*

Directors
PAUL W. PETRICK SAM A. WRIGHT
OSCAR M. PETERSON PIATT H. HULL

SUNSET MINES, *Inc.*

Producers of

ZINC • LEAD • SILVER • GOLD

MINE AND MILL OFFICE
P. O. BOX 869, KELLOGG, IDAHO
Phone 8-2542

DAVID HARVEY, *Vice-President*
R. E. LOMAS, *Superintendent*
G. E. DAHLSTROM, *Office Manager*

September 9, 1958

FINAL FILE COPY
DMEA
RECEIVED SEP 12 1958

DATE	INITIALS	CODE
9-12	C	220
		500

Mr. C. O. Mittendorf
United States Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Mittendorf:

Please mail to this office, the proper report forms so that they may be turned over to Mr. Lomas for completion.

They will be mailed on to you at the earliest possible moment so that this matter can be closed.

Yours very truly,

SUNSET MINES, Inc.

C. B. Merritt

C. B. Merritt
Secretary

CBM/tf

So. 157 Howard Street
Spokane 4, Washington

August 11, 1959

Mr. C. E. Merritt, Secretary
Sunset Mines, Inc.
1400 West 32d Street
Seattle 7, Washington

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Rm-E738

Dear Mr. Merritt:

Enclosed for your information and files is a copy of Report of Royalty Review dated July 15, 1959, for the period November 22, 1954, through July 14, 1959, covering an exploration project for lead and zinc at the Liberal King (Sunset) mine.

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

Sincerely yours,

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

cc: OMT(2)
CAAA
[illegible](P)
[illegible](AD)

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

DATE	INITIALS	CODE
8-17	gad	VVO
8/17	[illegible]	800
8/19	[illegible]	500
	[illegible]	225

OFFICIAL FILE COPY

RECEIVED DEC 11 195

DATE	INITIALS	CODE
12/11	C	220
12/11	[illegible]	800
12/16	[illegible]	500

So. 157 Howard Street
Spokane 4, Washington

December 9, 1958

Sunset Mines, Inc.
1400 West 52nd Street
Seattle 7, Washington

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Gentlemen:

Enclosed for your information and files is a copy of Report of Review dated November 17, 1958, for the period July 1955 to June 1957, inclusive, covering an exploration project for lead and zinc at the Liberal King mine.

The audit shows there is a balance due the operator of $562.99, which you no doubt have already received.

Sincerely yours,

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

cc: OME (2)✓
USBM (2)
USBM(AD)

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 11 1958

DATE	INITIALS	CODE
12/11	C	220
12/16	aw	500

December 8, 1958

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

Attached is the original and thermofax copy of page 2 of the operator's final report. In our letter of November 10, 1958, transmitting the operator's final report to you, we mentioned that there was an error on page 2. The company evidently discovered the error and has sent a correction.

Would you please substitute this page 2 in the copies of the report in your files.

Sincerely yours,

A. E. Weissenborn

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

Attachment 1 (in dupl.)

cc: USBM (2)
USBM(AD)

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. USGSP00000410

Operator's Final Report November 28, 1958

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 11 1958
DATE | INITIALS | CODE

Stage 1	Cost
Rehabilitation of 265 ft. of tunnel	$ 927.50
Diamond drill station	375.00
2 diamond drill hole surveys	160.00
4 assays @ $3.50 each	14.00
2,792 feet of diamond drilling	12,099.00
ALLOWABLE FOR COMPRESSED air for 2,792 feet of diamond drilling	1,396.00
Total	$ 14,971.50

Stage 11	Cost
Rehabilitating approximately 500 Ft. crosscut	$ 313.50
Excavate diamond drill station	300.00
Total	$ 613.50
Total - Stages 1 and 11	15,585.00
Government participation @ 50 percent	7,792.50
Payment acknowledged in the amount of	7,229.50
Due Sunset Mines, Inc.	563.00
Operator repaid the Government in royalties on production	$ 847.50

3. Geology:

The geology of the Sunset Mine is similar to the geology of other mines in the Pine Creek District. The rocks are mostly light to dark colored quartzites mixed with black shales and slates in the Pritchard formation.

RECEIVED
DEC 1 1958
U. S. G. S.
SPOKANE, WASH

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 11 1958

TO	INITIALS	CODE
12/4	C	220
12/12	[illegible]	800
12/16	[illegible]	500

OFFICE OF MINERALS EXPLORATION
1201 N. Division St.
Spokane 2, Washington

December 1, 1958

Mrs. Dorothy Long, Certifying Officer
OME Field Team, Region I
1201 N. Division St.
Spokane 2, Washington

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Contract No. Idn-8738

Dear Mrs. Long:

The work completed under the contract was done to the satisfaction of the Government. The contract was terminated by mutual agreement on June 25, 1958, effective as of July 1, 1957. A final report evaluating the results of the exploration program has been presented by the Operator and accepted by the Executive Officer.

The Government has no interest in supplies or equipment purchased for use on the project.

A pseudo-certification is incorporated in the Termination Agreement.

A final Report of Review dated November 17, 1958 by OME Auditor George Mayor has been received.

As all contract requirements have been met, it is requested that final settlement of our account with the Operator be made.

Sincerely yours,

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

cc: OME (2)
USGS (2)
Contract Admin. & Audit Div. (2)
Docket

So. 157 Howard Street
Spokane 4, Washington

August 6, 1958

8/11 8/11 N.G. 225 800 500

Mr. C. B. Merritt
Secretary
Sunset Mines, Inc.
1400 W. 52nd Street
Seattle 7, Washington

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. IdM-8738

Dear Mr. Merritt:

We are in receipt of a copy of your letter to Mr. Mittendorf of July 25, 1958 enclosing your check in the amount of $847.70, and a copy of Mr. Mittendorf's letter to you of August 1 acknowledging receipt of the check. As soon as we receive your final report your account can be audited and the balance determined to be due your company can be paid.

I would suggest that you mail the original and four copies of your report to this office so that an audit can get under way immediately upon its receipt, thereby expediting the settlement of your account. If you mailed the report directly to Mr. Mittendorf, there would be a necessary delay of a week or 10 days.

Sincerely yours,

Wing G. Agnew
Acting Executive Officer
DMEA Region I

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

FILE COPY
DMEA
RECEIVED AUG 11 1958

DATE	INITIALS	TIME
8/11	W. G.	225
8/11	[illegible]	800
		500

So. 157 Howard Street
Spokane 4, Washington

August 5, 1958

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mrs. Long:

Enclosed is Check No. 139, dated July 25, 1958, from Sunset Mines, Inc., in the amount of $847.70, covering royalty due the Government.

Also enclosed is a copy of a letter, dated July 29, 1958, from Jay L. Chembers, Director, Contract Administration and Audit Division, regarding the final settlement of this account together with a copy of his enclosure which is a copy of a letter, dated July 25, 1958, from Sunset Mines, Inc.

Sincerely yours,

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

Enclosures as indicated
cc: DMEA(3)
USBM(2)
Turner
Sample
CPF

ATTACHMENTS
REC'D 8-5-58
(DATE)
BY L. L.
ROYALTY FILES
TO CHK $847.70

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
7/29	Fisher	800
8/1	Johnson	100
/	Mittendorf	100
		220
7-29	Chambers	800
	Surwell	500
	Kilbourne	
	Yoder	
	Martin	

AUG 1 1958

Mr. C. B. Merritt
Secretary
Sunset Mines, Inc.
1400 West 52nd Street
Seattle 7, Washington

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Merritt:

This is to acknowledge receipt of your Check No. 139 in the amount of $847.70, in settlement of royalty due the Government and the agreement terminating the subject contract which accompanied your letter dated July 25, 1958.

When the final report is received from Mr. Lomas and a final audit of the account has been made, the balance determined to be due your company will be paid promptly.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

CEFisher/GMcC
July 29, 1958

cc: Docket
Administrator
Admr. Reading File
Mr. Chambers
Field Team, Region I (2)

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
7/29	Fisher	800
7-29	Chambers	800
	Hamel	500
	Martin	130
8/1	Johnson	110
1	Hartenday	100
8/1		220
		500

AUG 1 1958

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Weissenborn:

Enclosed herewith are Finance Office and Field Team copies of executed Termination Agreement dated June 25, 1958, with the subject company.

The Contract Administration and Audit Division has forwarded to you the Operator's check in the amount of $847.70 covering royalty due, together with copies of a letter dated July 25, 1958, wherein Sunset Mines, Inc. advised that their former superintendent has been requested to complete the final report for this project.

Sincerely yours,

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

APPROVED:

P. F. Yopes (esf)
Member, Bureau of Mines

Thor H. Kiilsgaard (esf)
Member, Geological Survey

cc: Docket
Admr. Reading File
Operating Committee
Mr. Chambers
THKiilsgaard
OMBishop

Enclosures
CEFisher/GMcC
July 29, 1958

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
7/29	[illegible]	800
7/29	C	220
	WRM	500

JUL 29 1958

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Weissenborn:

Enclosed herewith for deposit is Check No. 139, in the amount of $847.70, covering royalty due, together with a copy of a letter dated July 25, 1958, from Sunset Mines, Inc.

Mr. Turner is being furnished with a copy of this letter with a request that he prepare a Report of Review to be submitted to this Division for approval immediately upon receipt of an acceptable final report. My approval will be expedited so that final settlement of the account need not be delayed.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

Enclosures

CEFisher/GMcC
July 29, 1958

cc: Docket
Admr. Reading File
Mr. Chambers
Mr. Charles A. Turner

8623

MAIN OFFICE
1400 W. 52ND STREET
SEATTLE 7, WASH.
Sunset 3717

O. BARDAHL, *President*
C. B. MERRITT, *Secy.-Treas.*

Directors
PAUL W. PETRICK SAM A. WRIGHT
OSCAR M. PETERSON PIATT H. HULL

SUNSET MINES, *Inc.*

Producers of

ZINC • LEAD • SILVER • GOLD

MINE AND MILL OFFICE
P. O. BOX 869, KELLOGG, IDAHO
Phone 8-2542

DAVID HARVEY, *Vice-President*
R. E. LOMAS, *Superintendent*
G. E. DAHLSTROM, *Office Manager*

cy of letr + ch. to 800.

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 29 1958

DATE	INITIALS	CODE
7 29	C	220
		500

July 25, 1958

Att: C. O. Mittendorf
U. S. Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Gentlemen:

Re: Docket No. DMEA-3409(Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Enclosed herewith is our check in the amount of $847.70 to cover the royalties due the government as per your letter to Sam A. Wright of June 25th, 1958. Also enclosed are three copies of a termination agreement as requested in your letter.

In connection with this matter, I have written to Kellogg asking Mr. Ray Lomas, our former superintendent to complete the final report for this project. Just as soon as this report is received in our office, it will be forwarded to you so that this matter may be completely disposed of.

Yours very truly,

SUNSET MINES, INC.

C B Merritt

C. B. Merritt
Secretary

CBM/tf
Encs:

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
	Fisher	800
6/23	Talbert	800
	[illegible]	500
6/25	[illegible]	130
"	Johnson	110
"	Hutchinson	100
		220

JUN 25 1958

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-738

Dear Mr. Weissenborn:

Enclosed herewith is a copy of a letter dated June 6, 1958, from Wright, Booth & Berensford, attorneys for the referenced operator, Sunset Mines, Inc., together with a proposed Termination Agreement and transmittal letter signed by the Administrator.

If you are in agreement with the proposed action, will you please forward the letter and the Termination Agreement to the attorneys. If you do not favor such action, the letter and proposed agreement should be returned with your recommendations.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (24B)

Enclosures

APPROVED:

Frank D. Lamb (24B)
Member, Bureau of Mines

Thor H. Kiilsgaard (24B)
Member, Geological Survey

cc: Docket
Admr. Reading File
Operating Committee
THKiilsgaard
OMBishop
Mr. Chambers

P.S. Two extra copies of the agreement are enclosed for use of the Field Team.

CEFisher/GMcC
June 23, 1958

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
6/23	Fisher	800
6/23	Talbert	800
6/23	Irwin	500
6/25	Selfridge	120
"	Johnson	110
"	Brotherton	100
6/26	[illegible]	220
6/25	Lamb	130
6/25	Kilgore	130
		500

JUN 25 1958

Wright, Booth & Beresford
700 American Building
920 Second Avenue
Seattle 4, Washington

Attention: Mr. Sam A. Wright

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Ida-1738

Gentlemen:

Receipt is acknowledged of your letter dated June 6, 1958, wherein offer is made for settlement of royalty due to the Government in the amount of $847.70 provided the amount of $563.00 claimed to be owing to your client is paid by the Government or allowed as an offset against the royalty due.

An amount of $200.00 was withheld from payment when settlement was made for the drilling completed in August, 1956. Your client has also filed claims for reimbursement for work completed in September, 1956, and June, 1957, aggregating $363.00, being 50 percent of the rates specified in the contract. Settlements for these amounts were withheld under Article 5 of the contract which provides that the Government may withhold such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work pending final settlement of the contract, including the rendition of a final report by the Operator and a final audit of the account by the Government.

Your client is in default under the contract terms in that the exploration work was not completed prior to November 24, 1957, and an acceptable final report has not been received by this Administration. It may be to the mutual interest of the Company and the Government that the exploration project be terminated. A Termination Agreement for execution by Sunset Mines, Inc. is attached.

If your client will sign the agreement and return all copies except the one marked "Operator's Copy", pay the amount of $847.70, and

8623

render a satisfactory final report, this Administration will proceed with its final audit of the project and will promptly pay any balance found to be due for exploration work that was satisfactorily completed.

Your early attention is requested as we are anxious to make final disposition of this matter so that we may close our file.

Sincerely yours,

C. O. Mittendorf (fw)

Administrator

Attach.

CEFisher/GMcC
June 23, 1958

cc: Docket ——
Administrator
Admr. Reading File
Field Team, Region I (2)
Mr. Chambers

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
6/11	[illegible]	800
6/11	Chambers	800
	Travel	500
		190
		110
		100
		220

Wright, Booth & Beresford
700 American Building
920 Second Avenue
Seattle 4, Washington

Attention: Mr. Sam A. Wright

Re: Docket No. DMEA-3409 (~~Lead-Zinc~~)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Gentlemen:

Receipt is acknowledged of ~~Thanks for~~ your letter dated June 6, 1958, wherein offer is made for settlement of royalty due to the Government in the amount of $847.70 provided the amount of $563.00 claimed to be owing to your client is paid by the Government or allowed as an offset against the royalty due.

An amount of $200.00 was withheld from payment when settlement was made for the drilling completed in August, 1956. Your client has also filed claims for reimbursement for work completed in September, 1956, and June, 1957, aggregating $363.00, being 50 percent of the rates specified in the contract. Settlements for these amounts were withheld under ~~provisions of~~ Article 5 of the contract which provides that the Government may withhold such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work pending final settlement of the contract, including the rendition of a final report by the Operator and a final audit of the account by the Government.

Your client is in default under the contract terms in that the exploration work was not completed prior to November 24, 1957, and an acceptable final report has not been received by this Administration. ~~In view of the results obtained from the exploration work that has been accomplished and the fact that Sunset Mines suspended operations in December, 1957,~~ It may be to the mutual interest of ~~that~~ the Company and the Government that the exploration project be terminated. ~~in its present status.~~ Termination agreement for execution by Sunset Mines, Inc. is attached.

If your client will sign the agreement and allow claims except the [illegible] pay the amount of $847.70, and ~~will~~ render a satisfactory final report, this Administration will proceed with its final audit of the project and will promptly pay any balance found to be due for exploration work that was satisfactorily completed.

8623

Your early attention is requested as we are anxious to make final disposition of this matter so that we may close our file.

Sincerely yours,

Administrator

CEFisher/ama
June 11, 1958

Copy to: Docket
Administrator
Admr. Reading File
Field Team, Region I (2)
Mr. Chambers

LAW OFFICES
WRIGHT, BOOTH & BERESFORD

SAM A. WRIGHT
WAYNE C. BOOTH
ROBERT O. BERESFORD
PAUL M. ANDERSON

JOANN R. LOCKE

TELEPHONE
MUtual 2-4000

700 AMERICAN BUILDING
920 SECOND AVENUE
SEATTLE 4, WASHINGTON

IN REPLY REFER TO MR. Wright
FILE NO.

Airmail

June 6, 1958 cy to 800

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 9 1958

DATE		CODE
6/9	N.G.	225
6/10		500

Defense Minerals Exploration Administration
U. S. Department of the Interior
Washington, 25, D. C.

Attention C. O. Mittendorf, Administrator

Gentlemen: Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Mr. Mittendorf's letter of May 19, 1958, addressed to Mr. C. B. Merritt, Secretary of Sunset Mines, Inc., has been referred to us for answer.

Sunset Mines, Inc. is just as anxious to get rid of this matter as is your Department. In settling the matter it is it's desire to get all the matters incident to this controversy, if it be a controversy, concluded, and for the purpose of settlement as suggested herein, and for no other purpose, the client is willing to assume that the royalty due in connection with its operation under the contract is in the amount of $847.70. However, at the time that Sunset Mines was compelled to suspend its operations in December, 1957 there had been withheld from it $563.00 that was then due upon the exploration project covered by the contract. This amount has not been paid by your Department. If you will either pay that amount, or credit it upon the royalty, then our client, for the purpose of a full and complete settlement of the matter will pay the difference between the sum of $847.70 and $563.00 or the sum of $284.70. So far as our client knows there has never been any question raised by your Department regarding the fact that the $563.00 is due our client.

We will be pleased to hear from you in respect to the matter, and trust that we can get the same concluded at an early date.

Awaiting early further advice from you, we are

~~Very~~ truly yours,

Sam A. Wright

Sam A. Wright
For WRIGHT, BOOTH & BERESFORD

SAW:CH

cc: C. B. Merritt

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/14	Talbert	800
	Rufin	140
	Sawyer	500
5/16	Selfridge	120
"	Johnson	110
"	Mittendorf	100
5/19		220
		500

MAY 1958

Mr. C. B. Merritt, Secretary
Sunset Mines, Inc.
P. O. Box 5157
1400 West 52nd Street
Seattle 7, Washington

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

INTERIOR DEPT.
MAY 14 1958
SOLICITOR

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Merritt:

In a letter dated February 10, 1958, your attorney, Sam A. Wright of Wright, Booth & Beresford, advised our Field Team, Region I, Spokane, Washington, that the files pertaining to the Government's claim for royalty on ore mined from the No. 1 and No. 2 adits of Liberal King (Sunset) Mine which you had supplied to him were voluminous and the main contract and the amendments were technical and would require further study. Mr. Wright stated that he would write again within a week. No additional word has been received from him or from you and the Field Team has referred the matter to this office for attention.

Amendment No. 4 to the contract provided for completion of the exploration work by November 22, 1957, and this Administration has refused to consider a further extension of the completion date pending settlement of the royalty matter. We are charged with the responsibility of administering all matters pertaining to defense minerals exploration contracts, including the collection of any royalty due to the Government under terms of such contracts. If our efforts at collection prove unsuccessful, the matter is referred to the Attorney General of the United States for such action as he may deem to be necessary.

I trust that you will arrange to settle this past due royalty in the amount of $847.70 within the next 30 days so that referral to the Attorney General will not be required.

Sincerely yours,

C. O. Mittendorf

Administrator

CEFisher/ama
May 14, 1958
Copy to: Docket
Admr. Reading File
Administrator
Field Team, Reg. I (2)
Mr. Chambers

8623

Cy sent to 800

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

April 23, 1958

FILE COPY
DMEA
RECEIVED APR 28 1958

DATE	INITIALS	CODE
4/28	C	220
4/29	~~WDJ~~	500

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

This will acknowledge receipt of your letter of April 17, 1958, concerning the collection of royalty from Sunset Mines, Inc.

Enclosed are three copies of a letter dated April 23, 1958, which we wrote to Mr. Sam A. Wright. If we do not have an answer or the matter has not been settled by May 1, 1958, we will, of course, refer it to Washington.

Sincerely yours,

A.E. Weissenborn by [illegible]
A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I

Enclosures

cc: USBM (2)
USBM (AD)

OFFICIAL FILE COPY
DMEA
RECEIVED APR 28 1958

DATE	INITIALS	CODE

So. 157 Howard Street
Spokane 4, Washington

April 23, 1958

Mr. Sam A. Wright
700 American Building
Second and Madison
Seattle 4, Washington

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Wright:

This is in further reference to your letter of February 10, 1958 and our reply of February 13, 1958.

In your letter you suggest a conference to go over the contract with us and said you would write again "within the next week." In our reply we informed you that we would be glad to discuss the contract with you at any convenient time and explain the Government's position in the matter. We have since heard nothing further from you.

Since May 28, 1957, we have been requesting payment of royalty due the Government in the amount of $847.70. We received no reply to letters on this subject dated May 28, 1957, October 16, 1957, and November 27, 1957 and addressed to Mr. Lomas, Manager of Sunset Mines, Inc. In a letter dated December 2, 1957, Mr. Lomas advised us that he had referred all three letters to the company's Seattle office. We then wrote to Mr. Merritt on January 8, 1958, repeating our request and advising him that unless we received a reply by February 8, 1958, we should be forced to refer the matter to our Washington, D. C. office for whatever action it deems appropriate.

In view of your letter of February 10, 1958, we withheld the referral to Washington. However, we cannot delay much longer. If we do not hear from you by May 1, 1958, we will have to refer the matter to our Washington office.

By Field Team, Region I

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

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

cc: DMEA (3) USBM (AD)
USBM (2) Turner
CPF

Dictated 4/21/58

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4/16	[illegible]	800
4-16	Chambers	800
	[illegible]	500
4/16	[illegible]	130
"	Johnson	110
"	[illegible]	100
4/17	[illegible]	220

APR 17 1958

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Weissenborn:

Your letter dated February 13, 1958, to Mr. Sam A. Wright, attorney for Sunset Mines, Inc., indicated that a discussion of the matter of royalty due the Government under provisions of the subject exploration contract would be held.

Two months have now elapsed since your letter. It will be appreciated if you will advise whether such meeting has been held and the attitude of the company with respect to the payment of the royalty which relates to production prior to September, 1956. Consideration should be given to referring the matter of collection to the Washington office for appropriate action, including submission of the case to the Attorney General of the United States if that should be deemed necessary and desirable.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (HB)

APPROVED:

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

Thor H. Kiilsgaard (HB)
Member, Geological Survey

Copy to: Docket
Admr. Reading File
Operating Committee
Mr. Kiilsgaard, USGS
Mr. Bishop, USBM
Mr. Chambers

CEFisher/ama
April 16, 1958

8623

DMEA
RECEIVED FEB 19 1958

2/19	C	220
2/19		800
2/20		500

So. 157 Howard Street
Spokane 4, Washington

February 13, 1958

Mr. Sam A. Wright
Wright, Booth and Beresford
Attorneys at Law
700 American Building
Second and Madison
Seattle 4, Washington

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-5738

Dear Mr. Wright:

This will acknowledge your letter of February 10, 1958, regarding the claim of the Government for royalties due on production from the Liberal King (Sunset) mine.

As you point out, the contract and amendments are quite technical and complex. After you have reviewed the file thoroughly, we would be glad to discuss the contract with you at any convenient time and explain the Government's position in the matter.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region 1

cc: DMEA (3) w/3 copies of incoming
USBM (2)
USBM (AD)
CPF
Turner

LAW OFFICES
RIGHT, BOOTH & BERESFORD

SAM A. WRIGHT
WAYNE C. BOOTH
ROBERT O. BERESFORD
PAUL M. ANDERSON

JOANN R. LOCKE

TELEPHONE
MUTUAL 4000

700 AMERICAN BUILDING
SECOND AND MADISON
SEATTLE 4, WASHINGTON

RECEIVED
DATE CODE

IN REPLY REFER TO MR. Wright
FILE NO.

February 10, 1958

United States Department of the Interior
Defense Minerals Exploration Administration
South 157 Howard Street
Spokane 4, Washington

Attention A. E. Weissenberg, Executive Officer.

Gentlemen: In re: Docket No. DMEA -3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Mr. C. B. Merritt, Secretary of Sunset Mines, Inc., a corporation, supplied us with the correspondence passing between your office and him, in respect to the above matter. Our client, at the moment, does not feel that in the main your demand for the payment of royalty falls within the terms of the contract dated November 22, 1954, nor any of the amendments or additions thereto. It appears that practically all of the ore, upon which your office is demanding payment of the royalty, was not mined from the main portion of the mine in question but was extracted from the Liberal King claim which was an operation wholly independent from the main part of the mine in question. The extraction was made by a lessee, but this circumstance would be of no importance if the operation can fairly be said to be within the terms of the contract.

The file that Mr. Merritt supplied us is quite voluminous, and the main contract and the amendments are quite technical, and it could be that the writer has not fully grasped all the significant provisions therein upon which you base the claim in question. He will go over the file again within the next few days and endeavor to see if our client's position is sound. If he is convinced that the client is in error about the matter we will advise that the claim be paid, although at the moment there still seems to be an amount, either in excess of or practically equal to the claim of your department, due our client in connection with its operations prior to the suspension thereof some few months ago. We will be pleased to have a conference with you about the matter, if that seems practical, in an effort to get these matters all concluded. We will write you again within the next week.

Very truly yours,

SAW:CH

Sam A. Wright

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

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 12 1957

DATE	INITIALS	CODE
12/12	gb	220
12/13	adr	500

December 9, 1957

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

Enclosed are three copies of a letter received from R. E. Lomas, Manager of Sunset Mines, Inc. in Kellogg, Idaho, acknowledging ours of November 27. He informs us that our previous correspondence has been forwarded to the secretary of the company, Mr. C. B. Merritt, whose address is P. O. Box 5157, 1400 West 52nd Street, Seattle 7, Washington. He asks that all future correspondence be directed to Mr. Merritt.

If Mr. Merritt has not taken action by December 27, 1957, we shall follow-up once more, giving them 30 days to reply. If the matter has not been settled by January 27, 1958, we shall refer the matter to Washington for collection.

By Field Team, Region I

A. E. Weissenborn

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

Wing G. Agnew

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

Enclosures

cc: USBM (2)
USBM (AD)
Sample

DMEA (3)

SUNSET MINERALS, INC.

P. O. BOX 666
KELLOGG, IDAHO

December 2nd 1957

ANSWERED

United States
Department of the Interior,
Defense Minerals Exploration Administration,
North 157 Howard Street,
Spokane, 4, Washington.

Re: Docket No. DMEA-3409 (Lead-Zinc,
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-8738

Dear Mr. Weissenborn:

I acknowledge receipt of your letter dated November 27th 1957.

Since we have suspended all mining operations and are closing the property, all Company business will be handled thru our Seattle Office. Therefore: I have sent your letter on to Seattle. I have also referred your letters dated May 28th 1957 and October 10th 1957 to our Seattle Office.

All future correspondence regarding the DMEA contract should be addressed to

"Mr. C. B. Merritt, Secretary
Sunset Mines, Inc.,
P. O. Box 5157
1400 West 52nd Street,
Seattle 7, Washington."

ged

By R.E.Lomas,
Manager

Copy to
C.B.Merritt.

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 12 1957

DATE	INITIALS	CODE

RECEIVED
DEC 3 1957
U.S.G.S.
SPOKANE WASH

DMEA(3)

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 2 1957

DATE	INITIALS	CODE
12/2	C	220
12/4	[illegible]	800
12/2	[illegible]	500

No. 157 Howard Street
Spokane 4, Washington

November 27, 1957

Mr. H. R. Lomas, Manager
Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA-3409 (Lead-Zinc)
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E758

Dear Mr. Lomas:

This is in reference to your request for a recess and extension of this contract.

We have been advised by our Washington office that in view of the delinquency in royalty payments on the part of Sunset Mines, Inc., it is not inclined to accede to any requests for additional Government consideration as pertains to this contract; however, should the royalty matter be adjusted, it would then give consideration to any reasonable request.

Item 1 of Amendment No. 4 states: "In Article 3 of the Contract, the time for completion of the work is extended to 3 years from the date of the Contract"; therefore, the time for completion of the contract work expired November 22, 1957, and until the Government's claim for back royalty is settled, DMEA will not extend the contract.

By Field Team, Region 1

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

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

cc: DMEA(3)
U BM(2)
U BM(A[illegible])
Turner
PF
Sample

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
11/18	Friaw	500
11/20	GCS	130
"	Chambers	600
"	Johnson	110
"	Bertendorf	100
11/21	gb	220
		500

500

NOV 21 1957

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Weissenborn:

We have your letter of November 1 with reference to the cited contract. In view of the delinquency in royalty payments on the part of this Operator, we are not inclined to accede to any requests for additional Government consideration as pertains to this contract. However, should the royalty matter be adjusted, we would, of course, give consideration to any reasonable request thereafter.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

APPROVED:

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

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

WRGRiswold/er 11/18/57
Copy to: Docket
Admr R File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
11/14	all	500
	Grimwood	500
11-14	Chambers	800
11-15	Martin	130
		110
		100
		HB
		220
		500

500

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Weissenborn:

We are enclosing the original and four copies of a proposed Amendment No. 5 (three pages), to the cited contract, signed by the Administrator, Defense Minerals Exploration Administration. Also, enclosed are two extra copies of the amendment for the use of the Field Team. This amendment has been prepared as requested in your letter dated November 1, 1957.

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

Sincerely yours,

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

JWAlt/er 11/14/57
Copy to: Docket
Admr R File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron1

Enclosures
APPROVED:

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

W. P. Williams (SLB)
Member, Geological Survey

8623

Government's Copy

Patin
Sawyer
all
Truswell
Chambers
Martin

EXPLORATION PROJECT CONTRACT
SUNSET MINES, INC.
DOCKET NO. DMEA-3409

AMENDMENT NO. 5

It is agreed this ___ day of _____, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Sunset Mines, Inc., that Contract Idm-E738 (Docket No. DMEA-3409), dated November 22, 1954, as amended, is hereby further amended, as follows:

1. In Article 3 of the Contract, the time for completion of the work is further extended from three years to four years from the date of the Contract.

2. (a) The work under the Contract shall be suspended during the period beginning July 1, 1957, and ending not later than July 1, 1958.

(b) The Government will not contribute to any costs incurred by the Operator during the period of suspension or to any costs of rehabilitation or repair which in the Government's opinion would not have occurred had there been no suspension of work.

(c) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

3. The maximum period for royalty payments and liens to secure them is extended from eleven years to twelve years.

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

(a) The Contract and all obligations of the parties thereunder, except as hereinafter otherwise provided, shall be and are hereby terminated, as follows:

(i) Effective July 1, 1957, if the work has not been resumed on or before July 1, 1958.

(ii) Effective November 22, 1958, if the work is resumed on or before July 1, 1958, but is not completed by November 22, 1958.

(b) The Government will contribute only to the fixed unit costs of any work performed prior to the relevant effective date set forth under 4(a) above.

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

(d) All rights of the Government respecting reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayment, are hereby preserved.

(e) The Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer (for example, if the Operator transfers or fails to retain its interest in the land), shall pay to the Government the royalty on production provided for in the Contract in the same manner and amount and for the full period provided in the Contract (as amended by this Amendment No. 5), the same as if certification of discovery or development had been made, such certification being hereby waived.

(f) The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract, except as otherwise provided in this Amendment No. 5.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, or the fixed unit cost of any unit of work.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By_____
Administrator, Defense Minerals
Exploration Administration

SUNSET MINES, INC.

By_____

Title_____

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
11/6	WR	500

500

November 6, 1957

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Director, Division of Base Metals

Subject: Preparation of Amendment No. 5 for Docket No. DMEA-3409, Sunset Mines, Inc., Liberal King (Sunset) Mine, Shoshone County, Idaho, Contract No. Idm-E738, Lead-Zinc.

Will you please prepare an Amendment No. 5 for the cited contract. This amendment will allow the Operator to recess the work under the terms of the contract from July 1, 1957 to July 1, 1958 and to extend the completion time from November 22, 1957, to November 22, 1958 or to four years from the date of the contract. It should also include the clauses that if work is not started by July 1, 1958, the contract shall automatically be terminated and if work is started on or before July 1, 1958, but is not completed by November 22, 1958, the contract shall be automatically terminated.

The royalty payment period should be increased to 12 years. Item 2 of Amendment No. 4 increased the royalty payment period from 10 to 11 years. There should also be included in this amendment a "pseudo certification" [redacted]

W. R. Griswold

JWAlt/er 11/6/57
Copy to: Docket
Chron.

8623

Dmea

So. 157 Howard Street
Spokane 4, Washington

November 4, 1957

RECEIVED NOV 12 1957		
DATE	TOTALS	CAPT.
11/7	gb	220
11/7	[illegible]	800
11/12	[illegible]	500

Mr. R. E. Lomas, Manager
Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA-3409 (Lead-Zinc)
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-2738

Dear Mr. Lomas:

This acknowledges receipt of your letter of October 30, 1957, in which you request a recess and postponement of the termination date of your DMEA contract, and which we have forwarded to our Washington office for its consideration.

Your letter did not mention the back royalties about which we wrote you on May 28 and October 16, 1957. Will you please advise us at your earliest convenience what you intend to do regarding payment of the back royalty due the Government.

By Field Team, Region I

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

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

cc: DMEA (3)
[illegible] (2)
[illegible] (A.G.)
Turner
[illegible]
[illegible]

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

OFFICIAL FILE COPY
DMEA
RECEIVED NOV 4 1957

DATE	INITIALS	CODE
11/4	gb	220
		130
11/5	all.	500

November 1, 1957

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

Enclosed are two copies of a letter dated October 30, 1957, from Mr. R. E. Lomas, Manager, Sunset Minerals, Inc., requesting a recess and extension of time for completion of the contract.

Whether or not the drilling will be done we do not know, but as this is the last possibility of finding another ore body in the Liberal King mine, we recommend that the request for a recess period from July 1, 1957, to July 1, 1958, and postponement of the termination date from November 22, 1957, to November 22, 1958, be approved.

By Field Team, Region I

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

Thomas E Howard
Wing G. Agnew, Member
U. S. Bureau of Mines

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

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. USGSPO0000410

SUNSET MINERALS, INC.
P. O. BOX 669
KELLOGG, IDAHO

October 30th 1957

United States, Department of the Interior,
Defense Minerals Exploration Administration,
South 157 Howard Street,
Spokane 4, Washington.

Dear Mr. Weissenborn:

Re: Docket No. DMEA-3409 (Lead-Zinc)
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-2730.

The termination date for our contract is November 22nd 1957. The rehabilitation work on the project was completed prior to July 1st 1957. No work has been done since that date, due to the fact that we have been unable to finance the diamond drilling program.

It has been extremely difficult to obtain sufficient capital to keep the mine in operation, due to abnormally low metal prices, lack of developed ore reserves, and present lack of interest in the mining industry.

We are now preparing to suspend all operations until at least next June. We therefore, request a recess be granted on the contract from July 1st 1957 to July 1st 1958 and extension of the termination date to November 22nd 1958.

We are still optimistic enough to believe that either the Tariff Commission or Congress will eventually do something to relieve the grave situation that the mining industry now faces.

Yours truly,

SUNSET MINES, INC.,

By
R.E. Lomas,
Manager

ged

Copy to our Seattle Office,
P.O.Box 5157
1430 West 52nd Street,
Seattle 7, Washington.

ORIGINAL FILE COPY
DMEA
RECEIVED NOV 4 1957
DATE | INITIALS | CODE

DMEA (2)

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
10/3	[illegible]	500
10/4	GCS	130
	[illegible]	110
"	Gottendorf	100
10/7	B O	225
		500

500

OCT 4 1957

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Weissenborn:

We have recently received a memorandum, dated August 23, 1957, from John D. Bardill, Bureau of Mines, to DMEA Field Team, Region I. In the memorandum, it is stated:

> "In the absence of Mr. R. E. Lomas, manager, Mr. George Dahlstrom, bookkeeper, advised that diamond drilling under the DMEA contract had not been started because of lack of funds. He stated that they had not had news from their Seattle headquarters when funds will be available for this work."

As no work is being done on the project under the terms of the contract, we would appreciate receiving your recommendation regarding a recess of operations and extension of completion time at your earliest convenience.

Sincerely yours,

George C. Selfridge
(esf)
Chairman, Operating Committee

APPROVED:

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

W. P. Williams
(esf)
Member, Geological Survey

JWAlt/er 10/3/57
Copy to: Docket
Admr R File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

First payment due on August, 1956, made 9/6/56 that which leaves $200.00 overdue without first informing regarding delinquent royalty was contained in Eichleay's [illegible]

8623

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 8 1957

DATE	INITIALS	CODE
7-8	C	220
7/8	[illegible]	800
7/9	alt	500

So. 157 Howard Street
Spokane 4, Washington

July 2, 1957

Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mine
Shoshone County, Idaho
Contract No. Idm-E738

Gentlemen:

This is to inform you that the Government has no further interest in core from DMEA holes drilled prior to 1956.

Sincerely yours,

Donald R. MacLaren
Alternate Acting Executive Officer
DMEA Field Team, Region I, NW Dist.

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

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
	[illegible]	
4-30	Chambers	800
	[illegible]	500
4/30	[illegible]	110
"	Mittendorf	100
		220

April 30, 1957

Memorandum

To: Mr. Robert P. Dwyer, Associate Solicitor
Division of Mineral Resources

From: Administrator

Subject: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

I am sending you a letter dated April 5, 1957, written to the Chairman of the Operating Committee from the Field Team, Region I, Northwest District, requesting an interpretation of what land was definitely excluded from royalty on the project cited above.

Will you please go over it and give us an interpretation of the exemptions especially referred to in Amendment No. 1.

C. O. Mittendorf (for)

Administrator

Attachment

JLChambers/wb
April 30, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

8623

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

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 4 1957

DATE	INITIALS	CODE

February 28, 1957

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

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

On page 1 of the amendment under item 1 of Stage II, the phrase "as necessary" has been added at the end of the fourth line, in accordance with permission granted to do so in your teletype of February 12, 1957. The addition has been initialed by Mr. Agnew and Mr. Lomas.

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

Sincerely yours,

A E Weissenborn

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

Enclosures

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

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. USGSPD0000410

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

OFFICIAL FILE COPY
DMEA
RECEIVED APR 8 1957

DATE	INITIALS	CODE
4/8	C	220
4/8	JWA	500

April 5, 1957

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

In reference to our letter of March 26, 1957, with which we enclosed copies of a memorandum from E. G. Erickson, mining engineer of the Bureau of Mines, and a letter to Sunset Mines, Inc., regarding royalties due, we have received a reply from Mr. Lomas, two copies of which are enclosed.

Mr. Lomas' statement that "The purpose of Amendment No. 1 was to exclude our developed and known ore bodies from any liens or royalty obligations." is somewhat different from his statement in the last sentence of the third paragraph in his letter of March 2, 1955. Here he says "Therefore, we ask that Annex 1 be revised to definitely state that the area below 600 level within the boundary outlined on the attached map be excluded from all royalty liens or obligations." That the intent was to exclude only ore below the 600 level is clearly stated in the justification for Amendment No. 1. Our interpretation is that only the ground below the 600 level is excluded, but our thinking may be influenced by the justification, which is, of course, not part of the amendment.

The production in question came from the Liberal King No. 1 and No. 2 adits within the area excluded but well above the 600 level. This production, according to Erickson's memorandum, resulted in a net smelter return of $16,953.94 on which, on the basis of 5 percent, royalty would amount to $847.70. The question is whether we are correct in our interpretation that the exclusion pertains only to ore produced from below the 600 level.

Will you please have the legal department make an interpretation of Amendment No. 1, considering Mr. Lomas' interpretation, and advise us what further action, if any, we should take.

By Field Team, Region I, NW Dist.

A. E. Weissenborn

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

Thomas E. Howard
for Wing G. Agnew, Member
U. S. Bureau of Mines

Enclosures

cc: USBM (2)
USBM (AD)
Sample

OFFICIAL FILE COPY DMEA RECEIVED APR 8 1957		
DATE	INITIALS	CODE
4/8	C	220
4/9	EEB	800
		500

So. 157 Howard Street
Spokane 4, Washington

April 5, 1957

Mr. R. E. Lomas, Manager
Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-5738

Dear Mr. Lomas:

This will acknowledge receipt of your letter of April 3, 1957, in which you state your interpretation of Amendment No. 1 to the above-referenced contract with respect to royalty payments.

As we are not in a position to make an interpretation in this office, we are forwarding your letter to Washington for their consideration.

By Field Team, Region I, NW Dist.

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

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

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

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. USGSP0000410

SUNSET MINERALS, INC.

P O BOX 369

KELLOGG IDAHO

April 3rd 1957

A. E. Weissenborn, Exec. Officer
U.S. Geological Survey,
Defense Minerals Exploration Administration,
South 157 Howard Street,
Spokane 4, Washington.

Re: Docket No.DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.,
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-2738

Dear Mr. Weissenborn:

In reply to your letter dated March 26th 1957. The No. 2 Tunnel on our Liberal King Vein was leased and operated from June 23rd 1955 to August 20th 1956 by two lessees. The ore mined by the lessees was not commercial ore. However, they sorted and upgraded and made a few shipments of ore. They could not possibly make wages and expenses so the operation was discontinued and they forfeited their lease in August 1956.

The ore mined by the lessees has been known to exist for a good many years and has no connection with the existing DMEA project.

The purpose of amendment No. 1 was to exclude our developed and known ore bodies from any liens or royalty obligations.

The No. 2 tunnel area lies within the excluded area as shown on the map attached to the original contract, and it is our interpretation of amendment No. 1 that within that area all ore bodies are excluded from royalty obligations. I cannot see where amendment No. 1 limits the excluded area to an area lying below 600 level, as you state in paragraph 2 of your letter, or any other level.

Yours truly,

SUNSET MINES, INC.,

R.E.Lomas,
Manager

ged

OFFICIAL FILE COPY
DMEA
RECEIVED APR 8 1957

DATE	INITIALS	CODE

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
1/12	Selfridge	120
2/12	[illegible]	500
2/12	Johnson	110
"	Rittenday	100
"	Chamberlin	900
2/13	[illegible]	225

FEB 12 1957

George C. Selfridge
Defense Minerals Exploration
Administration

TELETYPE

XXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXX

14X4401(01) Revolving Fund,
Defense Production Act, Interior (Allocated
Working Fund to the Office of the Sec'y)

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

REUR TELEPHONE CALL FEBRUARY 12, 1957, SUNSET MINES, INCORPORATED, DMEA-3409,

TO ITEM 1, STAGE II, AMENDMENT 4, ADD QUOTE AS NECESSARY UNQUOTE AFTER QUOTE

TRACK UNQUOTE.

George C. Selfridge
GEORGE C. SELFRIDGE
CHAIRMAN, OPERATING COMMITTEE

GCSelfridge/esf - 2/12/57
cc to: Docket
Admr. R. File
Operating Committee
THKiilsgaard, USGS
FDLamb, USBM
WRGriswold
GCSelfridge

8623

DMEA Form 7
(12-56)

120

OFFICIAL FILE COPY

Date	Surname	Code
1/12 2/1	Selfridge	120
		~~500~~
		110
		100
		225

February 12, 1957

Memorandum

To: Administrator

From: George C. Selfridge
Special Assistant

Subject: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Mr. MacLaren telephoned today concerning Item 1, Stage II, Amendment No. 4, in regard to water and ventilation lines and track. He was afraid that the Operator might report only the work set forth in Mr. E. G. Erickson's memorandum of December 7, 1956, which did not refer to water and ventilation lines, and only to 375 feet of track. Should the Operator do this, the Certifying Officer might not pay the item because of incompleteness. Therefore, the Executive Officer was wired to add the words "as necessary" at the end of the item.

George C. Selfridge
(esf)
George C. Selfridge

GCSelfridge/esf
cc to: Docket
Admr. R. File
Operating Committee
THKiilsgaard, USGS
FDLamb, USBM
WRGriswold
GCSelfridge

8623

MEA Form 7
12-56)

OFFICIAL FILE COPY

500

Date	Surname	Code
2/3/57	J. [illegible]	500
	[illegible]	500
2-5	Chapman	880
2/6	Selfridge	120
2/8	C	220
2-11	C	220
2/6	Johnson	110
"	Gottenberg	100 225

FEB 7 1957

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Weissenborn:

Enclosed are the original and five copies of a proposed Amendment No. 4 (4 pages and 1 map) for the cited contract, signed by the Administrator for the Government. There are also enclosed two extra copies of the proposed amendment with a map for Field Team use. This amendment has been prepared in conformance with your memorandum dated December 26, 1956.

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

Copies of memoranda dated January 10 and January 15, 1957, by N. E. Nelson, Geological Survey, and O. M. Bishop, Bureau of Mines, respectively, relating to the proposed amendment, are enclosed for your information. Please note the suggestion of Mr. Nelson regarding inclination of the first drill hole.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Enclosures

APPROVED:

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

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

JWAlt/er 2/5/57

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

R.C.S.

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
500 1/28/57	J. Alt	

January 25, 1957

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of Amendment No. 4 for Contract No. Idm-E738, Docket No. DMEA-3409, Sunset Mines, Inc., Sunset Mine, Shoshone County, Idaho, Lead-Zinc.

Will you please prepare Amendment No. 4 for the cited contract. A draft of this amendment is attached to this memorandum. Also, the necessary copies of the map are attached.

W. R. Griswold

W. R. Griswold

JWAlt/er

Copy to: Docket
Base Metals
Chron.

8623

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 22 1957

DATE	INITIALS	CODE
1-22	C	220
		225

AXXXXXXX-108K

AXXXXXXX-109K

AXXXXXXX-110K

AXXXXXXX-111K

XXHXXXXX-112K

AXXXXXXX-113K

AXXXXXXX-114K

XDXXXXXX-115K

YWA071 WAF SP 12 I-GSG

SPOKANE WASH 1-21-57 1025A

GEORGE C SELFRIDGE CHAIRMAN

OPERATING COMM DMEA DEPT OF INTERIOR WA

OUR TELETUPE OF JANUARY 18 1957 RE DOCKET DMEA 3409, CONTRACT IDM-E 738, SUNSET MINES INC. IS IN ERROR. TOTAL COST INCURRED SHOULD BE $14,971.50 WITH GOVERNMENT SHARE $7,485.75. $200.00 BEING WITH HELD FROM OPERATOR'S AUGUST VOUCHER PENDING SETTLEMENT OF CONTRACT. ALSO, OPERATOR SUBMITTED SEPT. VOUCHER AMOUNTING TO $112.50 WHICH HAS NOT BEEN PAID. GOVERNMENT SHARE IS $56.25

A E WEISSENBORN EXECUTIVE ORRICER REGION 1 N W DISTRICT

18 1957 3409 738 14,971.50 $7,485.75 200.00 112.50 56.25

EP 1030A

JAN 22 9 44 AM '57

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 22 1957

DATE	INITIALS	CODE
1-22	C	220
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XXHXXXXX-138K

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XDXXXXXX-141K

YWA139 WAF SP 8 /SUSDUPE/

WAF SP 6 I-BOM

SPOKANE WASH 1-18-57 1230P

GEORGE C SELFRIDGE CHAIRMAN

OPERATING COMM. DMEA DEPT. OF INTERIOR WA

REUR TELETYPE TODAY. DOCKET DMEA 3409, CONTRACT IDM-E 738 SUNSET MINES INC. GOVT. FUNDS EXPENDED TO DATE $7,229.51. OTHER FUNDS EXPENDED IN SAME MINE DOCKET DMA 1489X CONTRACT IDM-E 102 AMOUNT TO $42,739.75

WING G AGNEW ACTING EXECUTIVE OFCR. REGION ONE N W DISTRICT

3409 IDM-E 738 $7,229.51 1489X IDM-E102 $42,739.75

EP 1232P

JAN 22 9 44 AM '57

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
1/17/57	[illegible]	500
	[illegible]	500
1/17	[illegible]	130
	[illegible]	110
1/18	[illegible]	100
1/22	C	220 225

JAN 18 1957

JWAlt, Room 4444, Ext. 3669

DMEA - Base Metals Division

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

TELETYPE
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

Date:

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

Re: Docket No. DMEA-3409, Contract Idm-E738, Sunset Mines, Inc.

In order to process application for amendment, we will need to know the amount of cost incurred on this project to date.

George C. Selfridge

Chairman, Operating Committee

JWAlt/er 1/17/57

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

R.G.S.

8623

RECEIVED
SEP 24 1956

xxxxxxxxxxxxxxxxxx
1201 N. Division Street
Spokane 2, Washington

September 21, 1956

Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA 3409
Contract No. Idm-E738
Sunset Mines, Inc.

Gentlemen:

The attached copy of a memorandum from the Certifying Officer, Region I, gives our reason for withholding an amount of $200.00 from the payment approved on your August 1956 voucher.

By Field Team, Region I, NW Dist.

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

cc: DMEA (2)
USGS (2)
AD

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

DMEA Field Team, Region I, NW Dist. September 21, 1956

Certifying Officer, Region I

Contract No. Idm-E738, Sunset Mines, Inc. Monthly operating report for August 1956

RECEIVED
SEP 24 1956

The last authorized drill hole was completed early in September 1956, according to the examining engineer. As the amount to be claimed on the Sept. 1956 voucher will undoubtedly be small and it is possible this may be the last work authorized, we are withholding $200.00 pending developments. As you know, this is customary procedure when there is a possibility project work may be discontinued.

Myrtle Furdy

cc: Operator
DMEA (2) ✓
USGS (2)

Betty

xxxxxxxxxxxxxxxxxx
1201 N. Division Street
Spokane 2, Washington

August 21, 1956

Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA 3409
Contract No. Idm-E738
Sunset Mines, Inc.
Monthly operating report
for July 1956

Gentlemen:

This is to inform you that payment of the subject operating report could not be made in the full amount claimed. The small disallowance made is explained in the attached copy of a memorandum to the Field Team from the Certifying Officer, Region I.

By Field Team, Region I, NW Dist

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

cc: DMEA (2)
USGS (2)

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

DMEA Field Team, Region I, NW

August 21, 1956

DMEA Certifying Officer, Region I

Contract Idm-2738, Sunset Mines, Inc. Monthly operating report for July 1956

The subject MF-104 has been received and processed for payment.

A disallowance of $0.50 has been made from the costs claimed because of what appears to be a mathematical error in figuring the diamond drilling charges.

Myrtle Pardy

cc: DMEA (2)
USGS (2)
Operator

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

RECEIVED
JUL 5 - 1956

July 3, 1956

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Sunset Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

Enclosed are the Government, Docket, and Division copies of Amendment No. 3 to the contract.

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

Sincerely yours,

A. E. Weissenborn

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

Attachments

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

File Copy
Surname
Chambers
Martin
Johnson
Matthews

500

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

JUN 18 1956

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho
Contract No. Idm-2738

Dear Mr. Weissenborn:

We are enclosing the original and five copies of Amendment No. 3 to the cited contract, signed by the Administrator. Also enclosed are two extra copies of the amendment for the use of the Field Team. This amendment has been prepared in conformance with your letter dated May 21, 1956.

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

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

Enclosure

APPROVED:
/s/ Robert W. Geehan
Member, Bureau of Mines
Thor H. Kiilsgaard
Member, Geological Survey

WRKriswald/AK 6/15/56
JWAlt/er
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, ISBM
Mr. Kiilsgaard, USGS
Chron.

R.S.

File Copy
Surname J. Ell.

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

500

June 5, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of Amendment No. 3 for Contract No. Idm-K738, Docket No. DMEA-3409, Sunset Mines, Inc., Liberal King Mine, Shoshone County, Idaho, Lead-Zinc.

Will you please prepare Amendment No. 3 for the cited contract. A draft of this amendment is attached to this memorandum.

Please refer to the letter from the Acting Executive Officer, Region I, Northwest District to Mr. Selfridge, date May 21, 1956.

W. R. Griswold

Attachment

W. R. Griswold

JWAlter/er

Copy to: Docket
Base Metals
Chron.

XXXXXXXXXXXXXXXXXX
1201 N. Division St.
Spokane 2, Washington
April 11, 1956

RECEIVED
APR 16 1956

3409

Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Contract Idm-E738
Monthly operating report for
March 1956.

Gentlemen:

The subject operating report has been received and processed for payment.

A disallowance of $40.00 has been made from the amount claimed for the survey of diamond drill hole No. 301. This disallowance is explained in the attached copy of a memorandum to the Field Team, Region I, from the DMEA Certifying Officer.

By Field Team, Region I, NW District

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

cc: DMEA (2)
USGS (2)

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

RECEIVED
APR 16 1956

DMEA Field Team, Region I, NW District April 11, 1956

DMEA Certifying Officer, Region I

Contract Idm-E738, Sunset Mines, Inc., Docket No. DMEA 3409
Monthly operating report for March 1956.

The subject monthly operating report has been received and processed for payment.

An amount of $40.00 has been withheld from the amount claimed for the survey of diamond drill hole No. 301 as the survey is incomplete. No horizontal readings were recorded.

The operator may reclaim this cost when the survey data on Hole No. 301 is completed.

Myrtle Purdy

cc: Operator
DMEA (2)
USGS (2)

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

July 18, 1955

Memorandum

To: Miss Curtin, Statistics and Control Division

From: Hazel Berry, Operating Committee

Subject: Amendment to Contract

Attached is the following docket copy of an amendment to a contract which has been reviewed and approved by the Commodity Division, Contract Administration and Audit Division, and the Legal Division. The official docket is attached.

Sunset Mines, Inc., DMEA-3409, Idm-E738, Amendment No. 2.

Attachment-1

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

RECEIVED
JUL 11 1955

July 8, 1955

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

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

Enclosed are the Government, Docket, and Division copies of Amendment No. 1. We have inserted the book and page number of the Liberal King Fraction. Distribution of this amendment is being made in the usual manner.

Reference is made to your letters of May 17 and June 27, 1955, concerning the starting date of the new work. The Operator informs us that work was commenced on June 20, 1955, which date has been inserted in the contract.

Sincerely yours,

A. E. Weissenborn

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

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

File Copy
Surname

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

JUN 27 1955

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Weissenborn:

With reference to the cited contract, on June 20, we received the Government, Docket, and Division copies of Amendment No. 2. To date we have not received the executed copies of Amendment No. 1 or the information requested in our letter of May 17, to you.

Will you please advise us at your earliest convenience regarding Amendment No. 1 and to the requested information.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (2HB)

J. H. Hedges (2HB)
Member, Bureau of Mines

Thor H. Kiilsgaard (2HB)
Member, Geological Survey

APPROVED:
JWAlt/er 6/23/55

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

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

RECEIVED
JUN 20 1955

June 17, 1955

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

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

Attached are the Government, Docket, and Division copies of Amendment No. 2 to the above-cited contract with attached justification.

Distribution of this amendment is being made in the usual manner.

Sincerely,

A. E. Weissenborn

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

Attachment

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

RECEIVED
JUL 14 1955
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

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

RECEIVED
JUN 10 1955

June 7, 1955

Mr. R. E. Lomas, Manager
Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Shoshone County, Idaho
Contract No. Idm-E738

Dear Ray:

Enclosed are an original and six copies of Amendment No. 2 to your exploration contract. This amendment provides that the rehabilitation of the crosscut be done under Stage I rather than Stage II.

Would you please have these signed, retain the Operator's Copy, and return the others to us as soon as possible.

Sincerely yours,

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~XXXXXXXXXXXXXXXX~~
So. 157 Howard Street
Spokane 4, Washington

Department of the Interior
Defense Minerals Administration
RECEIVED
MAY 31 1955

May 26, 1955

Mr. R. E. Lomas, Manager
Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho
Contract No. Idm-2738

Dear Mr. Lomas:

Enclosed are the original and six copies of Amendment No. 1 to Contract Idm-2738 with Sunset Mines, Inc. This amendment was prepared in response to your company's objections, mentioned in your letters of March 2 and April 12, 1955, to some of the conditions of the contract as originally offered to you. Enclosed also is the Operator's Copy of the contract which should be signed by the company; all the other copies have been signed.

In order for the contract to be complete, we need to know (1) the book and page number of the Liberal King Fraction claim as recorded so that it can be added to the amendment, and (2) the date on which you expect to start work so that Article 3 of the contract can be completed. Please add this information to your copy of the amendment and contract.

We trust that with the proposed amendment you will now find the contract satisfactory.

Very truly yours,

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

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

Enclosures

File Copy
Surname
J. W. Alt
Griswold
Chamberlin
Selfridge
Ekelman

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

MAY 17 1955

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho
Contract No. Idm-2738

Dear Mr. Weissenborn:

We are enclosing the original and five copies of Amendment No. 1 to the cited contract, signed by the Administrator. This amendment was prepared in conformance with your teletype of April 28, 1955, and with our telephone conversation of April 27.

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

Enclosed is the Finance Office copy of the contract which you had returned to us. In the copies of the contract which you have and in this copy, will you please insert in the contract, in the space provided under Article 3, the date when the Operator shall commence work, and advise us of this date so that we can place this information in the Government, Docket and Division copies of the contract.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (SHB)

Enclosures

WR JWAlt/er 5/10/55
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

M. E. Volin for J. H. Hedges (SHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (SHB)
Member, Geological Survey

P.S. The book and page number for the Liberal King Fraction will have to be obtained from the Operator and inserted in the amendment.

P.S.

Docket

EXPLORATION PROJECT CONTRACT
SUNSET MINES, INC.
DOCKET NO. DMEA-3409

AMENDMENT NO. 1

It is agreed this _____ day of _____, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Sunset Mines, Inc., that Contract Idm-K738 (Docket No. DMEA-3409), dated November 22, 1954, is amended effective November 22, 1954, as follows:

Annex I attached to the Contract is deleted and a new Annex I is substituted reading as follows:

The land consists of the following unpatented mining claims located in the Yreka Mining District, Shoshone County, Idaho, in Sections 16, 17, 20, and 21, Township 48 North, Range 2 East:

Claim	Quartz Location Book	Page
Robert Burns	4	442
Tam O'Shanter	4	443
Baldy	22	516
Bee	22	517
Arkansas	22	15
Kansas	22	52
Liberal King	2	288
Monarch	2	257
Liberal King Fraction	-	---

as shown on the attached map entitled "Sunset Mines, Inc., Proposed D.M.E.A. Project." Provided, That, the line on said map labelled "line projected on 600 level" circumscribes a plane below which all ore bodies are excluded from the land described above.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

SUNSET MINES, INC.

By _____

By _____
Administrator, Defense Minerals Exploration Administration

Selfridge

Rubin
Legal Sol. Off.

Chandler
(See justification)

RECEIVED
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CENTRAL
PUBLIC
DMO - COMMUNICATIONS

Defense Minerals Administration
RECEIVED
APR 28 1955

Docket

AXXXXXXX-028K

AXXXXXXX-029K

AXXXXXXX-030K

AXXXXXXX-031K

Defense Minerals Administration
RECEIVED
APR 28 1955

XDXXXXXX-032K

YWA065 WAF SP 5 I-GS-G

SPOKANE WASH 4-28-55 920A

JACOB ALT,

LEAD-ZINC BRANCH, DEFENSE MINERALS EXPLORATION ADMIN, WA

RE DOCKET NUMBER DMEA-3409 SUNSET MINES INCORPORATED, SHOSHONE COUNTY, IDAHO. COMPANY WILL ACCEPT CONTRACT UNDER CONDITIONS DISCUSSED IN OUR TELEPHONE CONVERSATION OF APRIL 27.

A E WEISSENBORN, DMEA REGION I, NORTHWEST DISTRICT, SP

DMEA-3409 27

EKC 925A

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

April 27, 1955

Memorandum for the File

From: J. W. Alt, Base Metals Division

Subject: Sunset Mines, Inc., Liberal King Mine, Shoshone County, Idaho, Docket No. DMEA-3409

On this date, I phoned A. E. Weissenborn, Executive Officer, Region I, Northwest District, and referred to his letter of April 21, 1955, which was received by this office on April 26. I informed Mr. Weissenborn that we are in accord with his recommendation that the block of ground as shown on the map attached to the contract be excluded from the payment of royalty. This is listed in his letter as being objection (1) for the Applicant's refusal to sign the contract.

With reference to objection (2), which is stated in the second paragraph of his letter, I informed Mr. Weissenborn that we could not consent to the exclusion of the amount of repayment of $42,000.00 due the Government from the first contract, Docket No. DMEA-1409, Contract No. Idm-E102.

It has been the impression that the contract has never been signed which can be traced back to a letter of March 2, 1954 to A. E. Weissenborn from R. E. Lomas. From then on the contract has been considered unsigned until today when it was discovered that the four copies of the contract which we have in the Washington office were signed by O. Bardahl, President. This was taken up with H. Rubin of the legal division, who stated that this is definitely a signed contract. Mr. Weissenborn was surprised to learn this.

I informed him that we could prepare an amendment which would change the wording of Annex I, deleting the block of ground as shown on the map attached to the contract. It was Mr. Weissenborn's opinion that we hold up the preparation of this amendment until he contacts the Operator to see if he would be agreeable to this amendment and to including the amount of money due the Government from the first contract. Mr. Weissenborn will advise us how to proceed as soon as he contacts the Operator. He said he would immediately endeavor to contact the Operator.

J. W. Alt
J. W. Alt

JWA/er
Copy to: Docket
Base Metals
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

March 30, 1955

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

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho

Dear Mr. Selfridge:

In reply to your letter of March 21, 1955, this is to advise you that the Field Team had a conference with Mr. Ray Lomas, manager of Sunset Mines, Inc., on March 16. At this conference the whole question of the amendment to the contract and the objections of the operator to certain features of the amendment were discussed at considerable length. We believe that Mr. Lomas now has a clearer understanding of the situation. It was agreed that he would go back to his Directors, discuss the matter with them, and then report back to us. We have not heard from him since, but we hope that we may be able to reach an agreement with Mr. Lomas and the Directors on this matter.

We will keep you informed as to any further developments.

Sincerely yours,

A. E. Weissenborn
per J.S.V.

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

cc: USBM (2)
Fryklund

File Copy
Surname
J. W. Alt.
Samuel
Selfridge
K. Johnson
Mitchendy

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

MAR 21 1955

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho

This will acknowledge your letter of March 9, returning the unsigned Government, Finance Office, Docket and Division copies of a proposed contract for the cited application, together with a copy of a letter to you from R. E. Lomas, manager for the Applicant company, dated March 2.

We note that you are retaining the Operator and Field Team copies of the proposed contract to be used at a meeting with the company's manager to discuss further the objections outlined in the above letter.

Please advise us as to the results of this meeting at your earliest convenience. We will take no further action until we hear from you.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (SHB)

JWAlt/er 3/16/55

APPROVED:

J. H. Hedges (SHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (SHB)
Member, Geological Survey

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

R.C.S.

File Copy
Surname
J. W. Alt
Weissenborn
Selfridge
B. Johnson
Mitchell

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

FEB 7 1955

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho
Contract No. Idm-2738

Dear Mr. Weissenborn:

With reference to your letter of January 6, 1955, which was referred to the legal division for its opinion, we are enclosing copies of the memorandum from J. L. Hefflund, Acting Assistant Solicitor, Defense Minerals for your information.

In the event that the Operator is agreeable to include the Liberal King Fraction in the contract, you may do this by inserting it in Annex I of the contract.

We hope that the Operator will be agreeable to including this claim in the contract and that it will soon be executed.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JHB)

Enclosure

APPROVED:

J. H. Hedges
Member, Bureau of Mines (JHB)

Thor H. Kiilsgaard
Member, Geological Survey (JHB)

JWAlt/er 2/4/55
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

cal

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

3/15/55 - Received by J.W.G.

March 9, 1955

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

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho

Dear Mr. Selfridge:

Enclosed are the Government, Finance Office, Docket, and Division copies of the Liberal King exploration contract which we are returning herewith unsigned, together with copies of a letter dated March 2, 1955, from the operator listing his objections to the contract, and the changes which he thinks should be made in it.

We are keeping the Operator and Field Team copies here for discussion with the company's manager as he has requested a meeting with the Field Team to discuss further the objections to the contract.

Sincerely yours,

A. E. Weissenborn

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

Enclosure as above

cc: USBM (2)
Fryklund

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. USGSP0000041D

MAIN OFFICE
1516 W. 51 ST.
SEATTLE 7, WASH.

O. BARDAHL, PRESIDENT
DAVID HARVEY, SECY.-TREAS.

PAUL W. PETRICK
SAM A. WRIGHT
DIRECTORS

SUNSET MINERALS, INC.

PRODUCERS OF
ZINC, LEAD, SILVER, GOLD

MINE AND MILL OFFICE
P. O. BOX 869, PHONE 3F24
KELLOGG, IDAHO

R. E. LOMAS, Manager
G. E. DAHLSTROM, OFFICE MGR.

Kellogg, Idaho

March 2nd 1955.

U. S. Department of the Interior,
D.M.E.A.,
South 157 Howard Street,
Spokane 4, Washington
Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team Region II

Re: Docket No. DMEA -3409(lead-zinc)
Sunset Mines, Inc.,
Liberal King Mine,
Shoshone County, Idaho

Dear Mr. Weissenborn:

The five copies of our Exploration Project contract were returned to me today by the Board of Directors of Sunset Mines, Inc. unsigned, and with recommendations that some changes be made before the contract would be acceptable to this Company.

I would like to arrange an appointment with you in the near future so that we may discuss the desired changes.

Listed below are the points we object to, and desired changes:

Article 2 (2) The land described in Annex 1 does not exclude the area within the lines shown on the attached map and labelled (Line projected on 600 level). This line designates present known ore reserves and the area from which current production is being extracted. If this area is not excluded Sunset Mines, Inc. would be obliged to pay royalties on all production as of November 22, 1951.(See article 7 (B). The area shown on the attached map outlined and labelled (line projected on 600 level) was intended to be excluded because that area outlines known ore reserves that are now being mined and have been mined for several years. There is no possible way that the downward extension of the Sunset Vein could be benefitted by another discovery on the tunnel level, and there are no funds appropriated in the contract for any exploration project in the area we ask to be excluded. Therefore, we ask that Annex 1 be revised to definitely state that the area below 600 level within the boundary outlined on the attached map be excluded from all royalty liens or obligations.

Annex II Lists the obligation to repay the sum of $42,739.75 contributed by the Government on a former D,M.E.A. project contract from which no discovery was made. This appears to be imposing an unfair obligation on this Company to become eligible for another D.M.E.A. loan in an all together different area. It is our opinion that if there had been no previous D.M.E.A. project on this property, we would still be eligible for D.M.E.A. assistance on the merits of the present proposed project. Therefore we request that Annex II be deleted.

MAIN OFFICE
1516 W. 51 ST.
SEATTLE 7, WASH.

O. BARDAHL, PRESIDENT
DAVID HARVEY, SECY.-TREAS.

PAUL W. PETRICK
SAM A. WRIGHT
DIRECTORS

SUNSET MINERALS, INC.

PRODUCERS OF
ZINC, LEAD, SILVER, GOLD

MINE AND MILL OFFICE
P. O. BOX 869, PHONE 3F24
KELLOGG, IDAHO

[redacted]
R. E. LOMAS, [redacted] Manager
G. E. DAHLSTROM, OFFICE MGR.

Kellogg, Idaho

March 2nd 1955.

Referring to article 2 (b) (2):

There is an existing mortage at this time. If it is necessary to list the mortgage, I will obtain the required information from our Seattle office and submit to you.

Article 7 (c) and (e).

Our Board of Directors are of the opinion that the term "Gross Proceeds" should be made more clear, and that royalty payments should be computed on the basis of Net Smelter Returns. However, I have discussed this article with Mr. Eric Erickson and have been advised that net smelter returns is the basis of computation rather than "gross proceeds".

Enclosed are the five copies of the contract. I hope the desired changes can be made so the contracts may be executed and the project started in the very near future.

Yours truly,

SUNSET MINES, INC.

R. E. Lomas.

R. E. Lomas,
Manager

ged

No. 157 Howard Street
Spokane 4, Washington

March 9, 1955

Docket

Alb
Betty

Mr. R. E. Lemma, Manager
Sunset Mines, Inc.
P. O. Box 849
Kellogg, Idaho

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho

Dear Mr. Lemma:

This will acknowledge receipt of the ~~five~~ six copies of the DMEA contract which you have returned to me unsigned. I regret that your company has found the terms of the contract unsatisfactory.

We shall be glad to discuss this matter with you at any time. I will not be entirely free for the next two weeks, but I could see you before 10:00 in the morning or after 3:30 in the afternoon; however, should these hours not be convenient, Mr. Vhay, my assistant, will be very glad to talk with you. In any event, we should arrange for Mr. Howard from the Bureau of Mines, or some other representative from that office, to be present at the meeting also.

The provisions to which you object are not within the authority of the Field Team to change; however, we shall be very pleased to discuss the matter further with you and transmit your full comments to our Washington office.

Sincerely yours,

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

cc: DMEA (2)
USBM (2)
Fryklund

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

FEB 2 1955

Memorandum

To: The Administrator, DMEA

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3409, Sunset Mines, Inc.

Reference is made to memorandum dated January 28 from the Chief of the Base Metals Division to me asking me to prepare a reply to a letter from the Executive Officer, Region I, Northwest District, dated January 6, relating to possible claim by the Government for royalties on production based on extralateral rights in an ore body the apex of which is on ground covered by the exploration contract. It appears from this correspondence that under date of December 2 the Executive Officer wrote to the Operator:

> "You will note that the Liberal King Fraction claim is not included in the contract land. If extralateral rights on the Sunset vein are owned by Sunset Mines, Inc., in other words pertain to the land of the contract, it is possible that the Government would claim royalty from any ore produced from the Sunset vein by Sunset Mines, Inc., in the Liberal King Fraction. This is a possibility you should consider."

In his memorandum to me the Chief of the Base Metals Division indicates that this contract may not have been signed by the Operator and probably has not gone into effect. If this is the case, it seems to me that the contract should be recalled and the description of the land reformed to include the Liberal King Fraction claim. I can see no justification for placing the Government's right to royalty on extralateral extensions into adjoining ground which is owned by the Operator. In any case where it is likely that the operator may have extralateral rights in adjoining ground, and the Government expects its royalty rights to attach thereto, the sensible and certain way to achieve that result is to include the adjoining ground in the description of the land in the exploration contract.

Whether the Government's right to royalty from any mineral deposit under an exploration project contract follows any extralateral extension of that deposit will depend upon various facts in the particular case. I have before me your memorandum of January 27 on the subject "Extralateral rights," and my reply thereto will cover the subject in a broader way. The purpose of this memorandum is to point out that reliance should not be placed on extralateral rights if the Government's interest can be made secure by including the land in the exploration project contract.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

JLHofflund/emd

Copy to: DMEA Docket
Solicitor's Docket
W. R. Griswold (3)
J. L. Hofflund
chron.

File Copy
Surname
J. Vil. Ald.

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

January 28, 1955

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Chief, Base Metals Division

Subject: Reply to letter from A. E. Weissenborn regarding payment of royalties from ore produced from land not covered by Contract No. Idm-E738, Docket No. DMEA-3409, Sunset Mines, Inc.

Will you please prepare a reply to the letter from A. E. Weissenborn, Executive Officer, Region I, Northwest District, dated January 6, 1955. This contract was mailed by the Executive Officer to the Operator on December 2, 1954, and to date to our knowledge it has not been signed. Please refer to this letter from A. E. Weissenborn to the Operator.

W. R. Griswold

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

January 6, 1954

Mr. Ray E. Lomas, Manager
Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho

Dear Mr. Lomas:

On December 2, 1954, you were sent the original and 5 copies of an exploration project contract.

It would be appreciated if you would return the copies, either signed or unsigned according to your decision on the matter, to this office as soon as convenient.

Sincerely yours,

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

cc: DMEA(2)
USBM(2)
Fryklund

File Copy
Surname

J.W.C. alt.
Griswold
Chandler
Selfridge
Johnson

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

NOV 22 1954

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho

Dear Mr. Weissenborn:

We are enclosing the original and five copies of the cited contract, signed by this office for the Government together with Annexes I and II, Exhibit "A" (3 pages), and one map.

As royalty would apply only from the date of this contract, no land has been exempted from royalty payment.

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

It will be necessary to insert in the contract, in the space provided under Article 3, the number of days from the date of the contract in which work sahll commence.

Enclosed are copies of memorandums from the Commodity members, O. M. Bishop, USBM, dated October 11, 1954, and E. L. Newcomb, USGS, dated October 13, 1954.

Sincerely yours,

George C. Selfridge by ESF

Chairman, Operating Committee

Enclosures 3

JWAlt/er (11/15/54 & 11/17/54)

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

APPROVED:

J. H. Hedges by ESF
Member, Bureau of Mines

E. L. Newcomb by ESF
Member, Geological Survey

R.C.S.

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 4 - 1954

October 28, 1954

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

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Liberal King Mine
Shoshone County, Idaho

Dear Mr. Selfridge:

With reference to a telephone call from Mr. Thor H. Kiilsgaard, I am enclosing a letter dated October 25, 1954, from Mr. R. E. Lomas, manager of the Sunset Mines, Inc., authorizing the inclusion of the Monarch and Liberal King claims in the amended contract now under consideration. The book and page numbers are likewise given.

You will note that Mr. Lomas states that Sunset Mines, Inc., has acquired all assets and assumed all liabilities of Sunset Minerals, Inc., as of November 1, 1953.

Sincerely yours,

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

cc: USBM(2)
Fryklund

Nov. 4
Joke left that this in Jack to
JH

SUNSET MINES,
Box 869
KELLOGG, IDAHO

SUNSET MINERALS, IN
P. O. BOX 869
KELLOGG, IDAHO

Minerals Administration
RECEIVED
NOV 4 - 1954

Kellogg, Idaho

October 25th 1954.

United States Department of the Interior,
Defense Minerals Exploration Administration,
1221 N. Division Street
Spokane 2, Washington.

Gentlemen: -:Attention Mr. Verne Fryklund:-

Subject: Exploration Project Application
Re: Docket No. DMA - 3409
Liberal King Mine.

In reply to your request for additional information for our DMA project application ◆ The following claims are to be included as claims that may be benefitted by the project:

Monarch	Located February 18th 1905	Quartz	Location	Book A	Page	257
Liberal King	Located January 1st 1898	"	"	" Q	"	288

Sunset Mines, Inc. an Idaho Corporation, acquired all assets and assumed all liabilities of Sunset Minerals, Inc., a Washington Corporation, as of November 1st 1953.

Yours truly,

SUNSET MINES, INC.,

P.E. Lomas.

P.E. Lomas,
Manager

ged

§ extra copies of this letter attached hereto.

RECEIVED
OCT 27 1954
U. S. G. S.
SPOKANE, WASH.

File Copy
Surname

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

October 28, 1954

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Chief, Base Metals Division

Subject: Preparation of Contract for Docket No. DMEA-3409, Sunset Mines, Inc. Shoshone County, Idaho, (Lead-Zinc)

Will you please prepare a contract for the cited application. A draft of this contract is attached to this memorandum.

The Sunset Mines, Inc. apparently completed the work of the contract of the Sunset Minerals, Inc., Docket No. DMA-1489, Contract No. Idm-E102. There is no assignment of this contract to the Sunset Mines, Inc. There was no discovery made and no certification made.

The work under the new contract is to be done on the same property and in the same mine. We desire to incorporate in this new contract a royalty repayment clause for the money expended under the terms of the contract to the Sunset Minerals, Inc., (DMA-1489) if project work from this contract results in a discovery. Repayment should be effective as of the date of the contract to the Sunset Mines, Inc. (DMEA-3409).

W. R. Griswold

W. R. Griswold

WRG/er 10/27/54

Copy to: Docket
Base Metals
Chron.

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

JUL 9 - 1954

July 6, 1954

Dockets

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

Re: Transmittal of DMEA Application
(Lead-Zinc)
Sunset Mines, Inc.
Box 869, Kellogg, Idaho
Liberal King Mine
Shoshone County, Idaho

Dear Mr. Selfridge:

Reference is made to our letter of July 1, 1954, transmitting an application for aid in an exploration project referred to as the Sunset Minerals, Inc.

The name of the company applying for aid is the Sunset Mines, Inc., and not the Sunset Minerals, Inc. It would be appreciated if you will change your records accordingly.

Sincerely yours,

Mary L. Smelser

Mary L. Smelser
for: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

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

July 7, 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 - 3409 Sunset Mines, Inc.

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

Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

July 7, 1954
Subject: DMEA-3409
Re: Exploration Assistance
Liberal King Mine

Gentlemen:

The receipt of your application dated June 30, 1954 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3409 and referred to the Base Metals Division.

Kindly refer to in any future correspondence relating to your application.

Sincerely yours,

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E758, Docket DMEA-3409 (lead-zinc), dated November 22, 1954, with

Sunset Mines, Inc.
414 Farnwell Building
Spokane 1, Washington

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Liberal King (Sunset) Mine located in Shoshone County, Idaho, during the period July 15, 1959, through August 1, 1962.

In accordance with a June 25, 1958, Termination Agreement, Article 7, Annex II, and Amendment No. 4 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 11 years from the date of the contract or until the total net amount contributed by the Government under both this contract and a prior contract (Idm-E102, DMEA-1489, Sunset Minerals, Inc.) without interest is fully repaid, whichever occurs first. A Report of Review dated November 17, 1958, indicated accepted costs under this exploration contract amounting to $15,585.00 with the Government's contribution on a 50 percent basis being $7,792.50. The Government's contribution under the prior contract amounted to $42,739.75 and, therefore, the total repayable under this contract is $50,532.25.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which found the sales subject to the Government's royalty through July 14, 1959, to be $16,953.94. The royalty account as of July 14, 1959, was:

Total Royalty Payable	$847.70
Total Royalty Paid	847.70
Balance of Royalty Due	$ -0-

As of August 1, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$847.70
Total Royalty Paid	847.70
Balance of Royalty Due	$ -0-

August 8, 1962

E. D. Talbert, OME Auditor

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

The Termination Agreement provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land under this contract. The land consists of nine unpatented claims in secs. 16, 17, 20, and 21, T. 48 N., R. 2 E., Boise Meridian, Treka Mining District, excepting a certain block of ground below the 600 level. These nine claims also were included in the land under the prior contract. At the time this contract was executed, the Operator was the owner through acquisition of the interests of Sunset Minerals, Inc., the Operator under the prior contract.

Exploration work under the contract was discontinued during June 1957. Because of lack of funds, exhaustion of known ore reserves, and low metal prices all operations on the property were discontinued in November 1957. A Termination Agreement effective July 1, 1957, was executed on June 25, 1958.

During the period of June 23, 1955, to August 20, 1956, part of the property under the contract was operated by lessees. Four sales each of lead and zinc concentrates were made to the Bunker Hill Company. These sales of an aggregate of 177.429 tons of zinc concentrates and 27.08 tons of lead concentrates covered the only known production during the exploration period from the land subject to the contract. The $16,955.94 proceeds and the $847.70 royalty thereon are covered by the prior Report of Royalty Review.

Examinations of the property and inquiries by regional representatives have disclosed no further production subject to royalty under the contract. In an August 1, 1962, reply to a MME Form 65 inquiry, the Operator advised that there has been no production during the period covered by this review, the mine has been allowed to fill with water, and the property and mill have been owned since December 3, 1959, by Spokane National Mines, Inc., a wholly-owned subsidiary of the Operator.

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

(1) The files indicate that all production subject to royalty has been reported and proper royalty thereon paid; and
(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

No. 157 Howard Street
Spokane 4, Washington
August 27, 1962

Memorandum

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

From: Acting Field Officer, Region I

Subject: DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract Idm-8738

There is enclosed a Report of Royalty Review dated August 8, 1962, covering the subject contract during the period July 15, 1959, through August 1, 1962.

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

Margaret Yourt for
D. R. MacLaren

Enclosure

MYourtney
cc: CAAA Div., CME
CME, CFF
Reading copies to:
Nelsen
McKelvey

AUG 8 1962

Memorandum

To: Acting Field Officer, Region I

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

Subject: DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract Ida-8738

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

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

(b) One copy for your files.

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

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

Enclosures

EDTalbert/ama 8-8-62

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

JUL 20 1959
O.M.E.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDITS DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region I, Spokane, Washington, pertaining to Contract Idm-E738, Docket No. DMEA-3409 (lead, zinc), dated November 22, 1954, with

Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

for the purpose of determining the amount of royalty due the U. S. Government on sales of lead and zinc concentrates from property referred to as Liberal King (Sunset) Mine, located in Shoshone County, Idaho, during the period November 22, 1954 through July 14, 1959.

Paragraph 4 of Termination Agreement dated June 25, 1958, provides that the Operator shall pay to the Government the royalty on production as provided for in the contract in the same manner and amount and for the same period as if certification of discovery or development had been made. To accord with provisions of Article 7 of the contract and Amendment No. 4 to the contract, the Government is entitled to royalty on all production from the land described in Article 2 for a maximum period of 11 years from the date of the contract. A Report of Review in lieu of final audit dated November 17, 1958, indicated accepted costs under the exploration contract amounting to $15,585.00, with the Government's contribution, on a 50 percent basis, being $7,792.50. Annex II to the contract provides that an amount of $42,739.75 contributed by the Government toward exploration costs under a prior contract applicable to the same land shall be added to any money which the Government may contribute under this contract. Thus, the amount subject to repayment royalty is $50,532.25. The scope of review and reasons therefor are stated on page two.

The review established the total sales of lead and zinc concentrates for this period to be $16,953.94. Royalty due the Government at the contract rate of 5 percent is $847.70. The royalty paid and balance due are as follows:

Total Royalty Due	$847.70
Total Royalty Paid	847.70
Balance of Royalty Due	-0-

C. E. Fisher, Auditor

July 15, 1959

DESCRIPTION OF THE REVIEW AND STATEMENT OF JUSTIFICATION

Contract Idm-E738, Docket No. DMEA-3409

My review included a conference with G. W. Zoldok, mining engineer, OME Field Team, Region I, who is thoroughly familiar with this project. Mr. Zoldok advised that although representatives of the Regional office had reviewed the settlement sheets relating to sales of lead and zinc concentrates to The Bunker Hill Company, both at the smelter and at the mine, copies of such settlement sheets had never been obtained for OME files.

On February 12, 1957, E. G. Erickson, mining engineer, Region I, visited the mine and reviewed production and sales records. His report indicates 4 sales of lead concentrates and 4 sales of zinc concentrates made by a lessee during 1956 as applicable to production on which the Government was entitled to royalty. Mr. Erickson stated that the net smelter return on such shipments amounted to $16,953.94 and the Government's royalty due, on 5 percent basis, amounted to $847.70. The Operator paid the latter amount by check dated July 25, 1958. There has been no production from the mine subsequent to termination of the exploration contract, effective July 1, 1957.

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

(a) Periodic inspections by representatives of the Field Team, Region I, have indicated that all sales subject to Government royalty have been reported, and

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

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

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

DATE	INITIALS	CODE

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Sunset Mines, Inc.

Address P. O. Box 869

Kellogg, Idaho

Exploration Contract No. Idm-E738

Docket No. 3409 (lead-zinc)

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

There has been no production from the mine subsequent to termination of the exploration contract, effective July 1, 1957.

July 14, 1959
Date

Mining Engineer
S. W. Zoldok

53362

No. 157 Howard Street
Spokane 4, Washington

August 11, 1959

Mr. C. B. Merritt, Secretary
Sunset Mines, Inc.
1430 West 5th Street
Seattle 7, Washington

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Ida-8738

Dear Mr. Merritt:

Enclosed for your information and files is a copy of Report of Royalty Review dated July 13, 1959, for the period November 22, 1954, through July 14, 1959, covering an exploration project for lead and zinc at the Liberal King (Sunset) mine.

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

Sincerely yours,

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

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

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

DATE	INITIALS	CODE
		800

AUG 1 1958

Mr. C. R. Merritt
Secretary
Sunset Mines, Inc.
1400 West 52nd Street
Seattle 7, Washington

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Merritt:

This is to acknowledge receipt of your Check No. 139 in the amount of $847.79, in settlement of royalty due the Government and the agreement terminating the subject contract which accompanied your letter dated July 28, 1958.

When the final report is received from Mr. Lemas and a final audit of the account has been made, the balance determined to be due your company will be paid promptly.

Sincerely yours,

C. O. Mittendorf

Administrator

CEFisher/GMcC
July 29, 1958

cc: Docket
Administrator
Admr. Reading File
Mr. Chambers
Field Team, Region I (2)

JUL 29 1958

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Weissenborn:

Enclosed herewith for deposit is Check No. 139, in the amount of $847.79, covering royalty due, together with a copy of a letter dated July 24, 1958, from Sunset Mines, Inc.

Mr. Turner is being furnished with a copy of this letter with a request that he prepare a Report of Review to be submitted to this Division for approval immediately upon receipt of an acceptable final report. My approval will be expedited so that final settlement of the account need not be delayed.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

Enclosures

CEFisher/GMcC
July 29, 1958
cc: Docket
Admr. Reading File
Mr. Chambers
Mr. Charles A. Turner

C
O
P
Y

SUNSET MINES, INC.

Main Office
1400 W. 52nd Street
Seattle 7, Wash.

July 25, 1958

Att: C. O. Mittendorf
U.S. Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Gentlemen:

Enclosed herewith is our check in the amount of $847.70 to cover the royalties due the government as per your letter to Sam A. Wright of June 25th, 1958. Also enclosed are three copies of a termination agreement as requested in your letter.

In connection with this matter, I have written to Kellogg asking Mr. Ray Lemas, our former superintendent to complete the final report for this project. Just as soon as this report is received in our office, it will be forwarded to you so that this matter may be completely disposed of.

Yours very truly,

SUNSET MINES, INC.

(Signed) C. B. Merritt

C. B. Merritt
Secretary

Encs.

MAIN OFFICE
1400 W. 52ND STREET
SEATTLE 7, WASH.
Sunset 3717

O. BARDAHL, *President*
C. B. MERRITT, *Secy.-Treas.*

Directors
PAUL W. PETRICK SAM A. WRIGHT
OSCAR M. PETERSON PLATT H. HULL

SUNSET MINES, *Inc.*

Producers of

ZINC • LEAD • SILVER • GOLD

MINE AND MILL OFFICE
P. O. BOX 869, KELLOGG, IDAHO
Phone 8-2542

DAVID HARVEY, *Vice-President*
R. E. LOMAS, *Superintendent*
G. E. DAHLSTROM, *Office Manager*

July 25, 1958

EXTRA COPY
DMEA
RECEIVED JUL 29 1958

DATE	INITIALS	CODE
		800

arg to 500

Att: C. O. Mittendorf
U. S. Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Gentlemen:

Re: Docket No. DMEA-3409(Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Enclosed herewith is our check in the amount of $847.70 to cover the royalties due the government as per your letter to Sam A. Wright of June 25th, 1958. Also enclosed are three copies of a termination agreement as requested in your letter.

In connection with this matter, I have written to Kellogg asking Mr. Ray Lomas, our former superintendent to complete the final report for this project. Just as soon as this report is received in our office, it will be forwarded to you so that this matter may be completely disposed of.

Yours very truly,

SUNSET MINES, INC.

C. B. Merritt
Secretary

CBM/tf
Encs:

JUN 25 1958

JUL 1 1958

Wright, Booth & Berenford
700 American Building
920 Second Avenue
Seattle 4, Washington

Attention: Mr. Sam A. Wright

Re: Docket No. DMA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-1738

Gentlemen:

Receipt is acknowledged of your letter dated June 6, 1958, wherein offer is made for settlement of royalty due to the Government in the amount of $847.70 provided the amount of $563.00 claimed to be owing to your client is paid by the Government or allowed as an offset against the royalty due.

An amount of $200.00 was withheld from payment when settlement was made for the drilling completed in August, 1956. Your client has also filed claims for reimbursement for work completed in September, 1956, and June, 1957, aggregating $363.00, being 50 percent of the rates specified in the contract. Settlements for these amounts were withheld under Article 5 of the contract which provides that the Government may withhold such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work pending final settlement of the contract, including the rendition of a final report by the Operator and a final audit of the account by the Government.

Your client is in default under the contract terms in that the exploration work was not completed prior to November 24, 1957, and an acceptable final report has not been received by this Administration. It may be to the mutual interest of the Company and the Government that the exploration project be terminated. A Termination Agreement for execution by Sunset Mines, Inc. is attached.

If your client will sign the agreement and return all copies except the one marked "Operator's Copy", pay the amount of $847.70, and

render a satisfactory final report, this Administration will proceed with its final audit of the project and will promptly pay any balance found to be due for exploration work that was satisfactorily completed.

Your early attention is requested as we are anxious to make final disposition of this matter so that we may close our file.

Sincerely yours,

C. O. Mittendorf

Administrator

Attach.

CRFisher/GMcC
June 23, 1958

cc: Docket
Administrator
Admr. Reading File
Field Team, Region I (2)
Mr. Chambers

800

800

JUN 25 1958

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. [illegible]

Dear Mr. Weissenborn:

Enclosed herewith is a copy of a letter dated June 6, 1958, from Wright, Booth & Berresford, attorneys for the referenced operator, Sunset Mines, Inc., together with a proposed Termination Agreement and transmittal letter signed by the Administrator.

If you are in agreement with the proposed action, will you please forward the letter and the Termination Agreement to the attorneys. If you do not favor such action, the letter and proposed agreement should be returned with your recommendations.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures

APPROVED:

Frank D. Lamb

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

CEFisher/GMcC
June 23, 1958

cc: Docket
Admr. Reading File
Operating Committee
THKiilsgaard
OMBishop
Mr. Chambers

P.S. Two extra copies of the agreement are enclosed for use of the Field Team.

LAW OFFICES
WRIGHT, BOOTH & BERESFORD

SAM A. WRIGHT
WAYNE C. BOOTH
ROBERT O. BERESFORD
PAUL M. ANDERSON

JOANN R. LOCKE

TELEPHONE
MUTUAL 2-4000

700 AMERICAN BUILDING
820 SECOND AVENUE
SEATTLE 4, WASHINGTON

IN REPLY REFER TO MR. Wright
FILE NO.

Airmail

June 6, 1958

DME
RECEIVED JUN 9 1958

DATE		CODE
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cy to 500

Defense Minerals Exploration Administration
U. S. Department of the Interior
Washington, 25, D. C.

Attention C. O. Mittendorf, Administrator

Gentlemen: Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Mr. Mittendorf's letter of May 19, 1958, addressed to Mr. C. B. Merritt, Secretary of Sunset Mines, Inc., has been referred to us for answer.

Sunset Mines, Inc. is just as anxious to get rid of this matter as is your Department. In settling the matter it is it's desire to get all the matters incident to this controversy, if it be a controversy, concluded, and for the purpose of settlement as suggested herein, and for no other purpose, the client is willing to assume that the royalty due in connection with its operation under the contract is in the amount of $847.70. However, at the time that Sunset Mines was compelled to suspend its operations in December, 1957 there had been withheld from it $563.00 that was then due upon the exploration project covered by the contract. This amount has not been paid by your Department. If you will either pay that amount, or credit it upon the royalty, then our client, for the purpose of a full and complete settlement of the matter will pay the difference between the sum of $847.70 and $563.00 or the sum of $284.70. So far as our client knows there has never been any question raised by your Department regarding the fact that the $563.00 is due our client.

We will be pleased to hear from you in respect to the matter, and trust that we can get the same concluded at an early date.

Awaiting early further advice from you, we are

Very truly yours,

SAW:CH

Sam A. Wright
For WRIGHT, BOOTH & BERESFORD

cc: C. B. Merritt

Submitted to Solicitor's office for surnaming to see if they still took the position as evidenced by their letter of May 20, 1957, as this Division does not agree.

MAY 19 1958

Mr. C. B. Merritt, Secretary
Sunset Mines, Inc.
P. O. Box 5157
1400 West 52nd Street
Seattle 7, Washington

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Docket No. DMFA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Ida-2738

Dear Mr. Merritt:

In a letter dated February 10, 1958, your attorney, Sam A. Wright of Wright, Booth & Beresford, advised our Field Team, Region I, Spokane, Washington, that the files pertaining to the Government's claim for royalty on ore mined from the No. 1 and No. 2 adits of Liberal King (Sunset) Mine which you had supplied to him were voluminous and the main contract and the amendments were technical and would require further study. Mr. Wright stated that he would write again within a week. No additional word has been received from him or from you and the Field Team has referred the matter to this office for attention.

Amendment No. 4 to the contract provided for completion of the exploration work by November 22, 1957, and this Administration has refused to consider a further extension of the completion date pending settlement of the royalty matter. We are charged with the responsibility of administering all matters pertaining to defense minerals exploration contracts, including the collection of any royalty due to the Government under terms of such contracts. If our efforts at collection prove unsuccessful, the matter is referred to the Attorney General of the United States for such action as he may deem to be necessary.

I trust that you will arrange to settle this past due royalty in the amount of $847.70 within the next 30 days so that referral to the Attorney General will not be required.

Sincerely yours,

C. O. Mittendorf

Administrator

CEFisher/ama
May 14, 1958
Copy to: Docket
Admr. Reading File
Administrator
Field Team, Reg. I (2)
Mr. Chambers

EXTRA COPY
DMEA
RECEIVED APR 28 1958
DATE | CODE

So. 157 Howard Street
Spokane 4, Washington

April 23, 1958

Mr. Sam A. Wright
700 American Building
Second and Madison
Seattle 4, Washington

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-3738

Dear Mr. Wright:

This is in further reference to your letter of February 10, 1958 and our reply of February 13, 1958.

In your letter you suggest a conference to go over the contract with us and said you would write again "within the next week." In our reply we informed you that we would be glad to discuss the contract with you at any convenient time and explain the Government's position in the matter. We have since heard nothing further from you.

Since May 28, 1957, we have been requesting payment of royalty due the Government in the amount of $847.70. We received no reply to letters on this subject dated May 28, 1957, October 16, 1957, and November 27, 1957 and addressed to Mr. Lomas, Manager of Sunset Mines, Inc. In a letter dated December 2, 1957, Mr. Lomas advised us that he had referred all three letters to the company's Seattle office. We then wrote to Mr. Merritt on January 8, 1958, repeating our request and advising him that unless we received a reply by February 8, 1958, we should be forced to refer the matter to our Washington, D. C. office for whatever action it deems appropriate.

In view of your letter of February 10, 1958, we withheld the referral to Washington. However, we cannot delay much longer. If we do not hear from you by May 1, 1958, we will have to refer the matter to our Washington office.

By Field Team, Region I

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

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

cc: DMEA (3) USBM (AD)
USBM (2) Turner
CPF

Dictated 4/21/58

EXTRA COPY
DMEA
RECEIVED APR 28 1958

DATE	INITIALS	CODE
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arg to 500

So. 157 Howard Street
Spokane 4, Washington

April 23, 1958

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

This will acknowledge receipt of your letter of April 17, 1958, concerning the collection of royalty from Sunset Mines, Inc.

Enclosed are three copies of a letter dated April 23, 1958, which we wrote to Mr. Sam A. Wright. If we do not have an answer or the matter has not been settled by May 1, 1958, we will, of course, refer it to Washington.

Sincerely yours,

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

Enclosures

cc: USBM (2)
USBM (AD)

APR 17 1958

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-2736

Dear Mr. Weisenborn:

Your letter dated February 13, 1958, to Mr. Sam A. Wright, attorney for Sunset Mines, Inc., indicated that a discussion of the matter of royalty due the Government under provisions of the subject exploration contract would be held.

Two months have now elapsed since your letter. It will be appreciated if you will advise whether such meeting has been held and the attitude of the company with respect to the payment of the royalty which relates to production prior to September, 1956. Consideration should be given to referring the matter of collection to the Washington office for appropriate action, including submission of the case to the Attorney General of the United States if that should be deemed necessary and desirable.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

Frank D. Lamb

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

Copy to: Docket
Admr. Reading File
Operating Committee
Mr. Kiilsgaard, USGS
Mr. Bishop, USBM
Mr. Chambers

CEFisher/ama
April 16, 1958

So. 157 Howard Street
Spokane 4, Washington

February 13, 1958

EXTRA COPY
DMEA
RECEIVED FEB 19 1958

DATE	INITIALS	CODE
2/24	CEP	800

Mr. Sam A. Wright
Wright, Booth and Beresford
Attorneys at Law
700 American Building
Second and Madison
Seattle 4, Washington

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-5738

Dear Mr. Wright:

This will acknowledge your letter of February 10, 1958, regarding the claim of the Government for royalties due on production from the Liberal King (Sunset) mine.

As you point out, the contract and amendments are quite technical and complex. After you have reviewed the file thoroughly, we would be glad to discuss the contract with you at any convenient time and explain the Government's position in the matter.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region 1

cc: DMEA (3) w/3 copies of incoming
USBM (2)
USBM (AD)
CPF
Turner

LAW OFFICES
WRIGHT, BOOTH & BERESFORD

SAM A. WRIGHT
WAYNE C. BOOTH
ROBERT O. BERESFORD
PAUL M. ANDERSON

JOANN R. LOCKE

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 10 1958
DATE | INITIAL | CODE

TELEPHONE
MUTUAL 4000

700 AMERICAN BUILDING
SECOND AND MADISON
SEATTLE 4, WASHINGTON

IN REPLY REFER TO MR. Wright
FILE NO.

February 10, 1958

United States Department of ~~the Interior~~
Defense Minerals Exploration Administration
South 157 Howard Street
Spokane 4, Washington

Attention A. E. Weissenborn, Executive Officer.

Gentlemen: In re: Docket No. DMEA -3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E-38

Mr. C. B. Merritt, Secretary of Sunset Mines, Inc., a corporation, supplied us with the correspondence passing between your office and him, in respect to the above matter. Our client, at the moment, does not feel that in the main your demand for the payment of royalty falls within the terms of the contract dated November 22, 1954, nor any of the amendments or additions thereto. It appears that practically all of the ore, upon which your office is demanding payment of the royalty, was not mined from the main portion of the mine in question but was extracted from the Liberal King claim which was an operation wholly independent from the main part of the mine in question. The extraction was made by a lessee, but this circumstance would be of no importance if the operation can fairly be said to be within the terms of the contract.

The file that Mr. Merritt supplied us is quite voluminous, and the main contract and the amendments are quite technical, and it could be that the writer has not fully grasped all the significant provisions therein upon which you base the claim in question. He will go over the file again within the next few days and endeavor to see if our client's position is sound. If he is convinced that the client is in error about the matter we will advise that the claim be paid, although at the moment there still seems to be an amount, either in excess of or practically equal to the claim of your department, due our client in connection with its operations prior to the suspension thereof some few months ago. We will be pleased to have a conference with you about the matter, if that seems practical in an effort to get these matters all concluded. We will write you again within the next week.

Very truly yours,

SAW·CH

Sam A. Wright
For WRIGHT, BOOTH & BERESFORD

DMEA

Po. 157 Howard Street
Spokane 4, Washington

November 4, 1957

EXPLORATION
D.M.E.A.
RECEIVED NOV 7 1957
DATE | DETAILS | CODE
500

Mr. R. E. Lomas, Manager
Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA-3409 (Lead-Zinc)
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. IAm-2758

Dear Mr. Lomas:

This acknowledges receipt of your letter of October 30, 1957, in which you request a recess and postponement of the termination date of your DMEA contract, and which we have forwarded to our Washington office for its consideration.

Your letter did not mention the back royalties about which we wrote you on May 28 and October 16, 1957. Will you please advise us at your earliest convenience what you intend to do regarding payment of the back royalty due the Government.

By Field Team, Region I

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

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

cc: DMEA(3)
[illegible](2)
[illegible](4)
Turner
[illegible]
[illegible]

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Ida-1736

Dear Mr. Weissenborn:

Reference is made to your letter dated May 28, 1957, to Sunset Mines, Inc., wherein request was made for payment of royalty due in the amount of $847.70 applicable to production from above the 600 level of the mine, and to Mr. Bardill's memorandum dated August 23, 1957, which stated, "Four miners are leasing at various points in the mine at the present time."

Will you please advise the present status of efforts to collect the amount of $847.70, plus any additional royalty that may be due on any production from the area subject to DMEA royalty subsequent to the period included in the computation in Mr. Erickson's memorandum dated February 12, 1957.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

Frank D. Lamb

Member, Bureau of Mines

W. P. Williams

Member, Geological Survey

CEFisher/wb
October 7, 1957

Copy to: Docket
Admr. Reading File
Operating Committee
Mr. Lamb, USBM
Mr. Killeegaard, USGS
Mr. Chambers

April 30, 1957

Memorandum

To: Mr. Robert P. Dwyer, Associate Solicitor
Division of Mineral Resources

From: Administrator

Subject: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Ida-2738

I am sending you a letter dated April 5, 1957, written to the Chairman of the Operating Committee from the Field Team, Region I, Northwest District, requesting an interpretation of what land was definitely excluded from royalty on the project cited above.

Will you please go over it and give us an interpretation of the exemptions especially referred to in Amendment No. 1.

C. O. Mittendorf

Administrator

Attachment

JLChambers/wb
April 30, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

EXTRA COPY
D M E A
RECEIVED
DATE | INITIALS | CODE

So. 157 Howard Street
Spokane 4, Washington

April 5, 1957

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

In reference to our letter of March 26, 1957, with which we enclosed copies of a memorandum from E. G. Erickson, mining engineer of the Bureau of Mines, and a letter to Sunset Mines, Inc., regarding royalties due, we have received a reply from Mr. Lomas, two copies of which are enclosed.

Mr. Lomas' statement that "The purpose of Amendment No. 1 was to exclude our developed and known ore bodies from any liens or royalty obligations." is somewhat different from his statement in the last sentence of the third paragraph in his letter of March 2, 1955. Here he says "Therefore, we ask that Annex 1 be revised to definitely state that the area below 600 level within the boundary outlined on the attached map be excluded from all royalty liens or obligations." That the intent was to exclude only ore below the 600 level is clearly stated in the justification for Amendment No. 1. Our interpretation is that only the ground below the 600 level is excluded, but our thinking may be influenced by the justification, which is, of course, not part of the amendment.

The production in question came from the Liberal King No. 1 and No. 2 adits within the area excluded but well above the 600 level. This production, according to Erickson's memorandum, resulted in a net smelter return of $16,953.94 on which, on the basis of 5 percent, royalty would amount to $847.70. The question is whether we are correct in our interpretation that the exclusion pertains only to ore produced from below the 600 level.

Will you please have the legal department make an interpretation of Amendment No. 1, considering Mr. Lomas' interpretation, and advise us what further action, if any, we should take.

By Field Team, Region I, NW Dist.

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

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

Enclosures

cc: USBM (2)
USBM (AD)
Sample

EXTRA COPY DMEA RECEIVED 8 1957		
DATE	INITIALS	CODE

So. 157 Howard Street
Spokane 4, Washington

April 5, 1957

Mr. R. E. Lemma, Manager
Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-2738

Dear Mr. Lemma:

This will acknowledge receipt of your letter of April 5, 1957, in which you state your interpretation of Amendment No. 1 to the above-referenced contract with respect to royalty payments.

As we are not in a position to make an interpretation in this office, we are forwarding your letter to Washington for their consideration.

By Field Team, Region I, No Dist.

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

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

cc: DMEA (2)
UGSM (2)
UBMM (AD)
Sample

SUNSET MINERALS, INC.

P O BOX 849

KELLOGG, IDAHO

April 3rd 1957

A. E. Weissenborn, Exec. Officer
U.S. Geological Survey,
Defense Minerals Exploration Administration,
South 157 Howard Street,
Spokane 4, Washington.

Re: Docket No.DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.,
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-8738

Dear Mr. Weissenborn:

In reply to your letter dated March 26th 1957. The No. 2 Tunnel on our Liberal King Vein was leased and operated from June 23rd 1956 to August 20th 1956 by two lessees. The ore mined by the lessees was not commercial ore. However, they sorted and upgraded and made a few shipments of ore.They could not possibly make wages and expenses so the operation was discontinued and they forfeited their lease in August 1956.

The ore mined by the lessees has been known to exist for a good many years and has no connection with the existing DMEA project.

The purpose of amendment No. 1 was to exclude our developed and known ore bodies from any liens or royalty obligations.

The No. 2 tunnel area lies within the excluded area as shown on the map attached to the original contract, and it is our interpretation of amendment No. 1 that within that area all ore bodies are excluded from royalty obligations. I cannot see where amendment No. 1 limits the excluded area to an area lying below 600 level, as you state in paragraph 2 of your letter, or any other level.

Yours truly,

SUNSET MINES, INC.,

R.E.Lomas,
Manager

ged

EXTRA COPY
DMEA
RECEIVED 8 1957

DATE	INITIALS	CODE

QUADRUPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

8/6/58 (Date sent)

14-23-020-469 (Deposit No.)

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 9020

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Portland, Oregon

Deposited with Federal Reserve Bank of San Francisco, Portland Branch, Portland, Oregon
(Name and location of depositary)

(3) The Sum of $1,045.16

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$1,045.18		$

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
Dorothy F. Long, Authorized Collector
U. S. Bureau of Mines
1201 N. Division Street
Spokane 2, Washington

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor.

E781 Mrs. Jennie M. Moore $ 197.48
E738 Sunset Mines, Inc. 847.70

ORIGINAL FILE COPY
D M E A
RECEIVED AUG 8 1958

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OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 19 1958

DATE	INITIALS	CODE
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OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Sunset Mines, Inc.
1400 West 52nd Street
Seattle 7, Washington

pertaining to Exploration Project Contract No. Idm-N738, Docket No. DMEA-3409, dated November 22, 1954, including Amendment Nos. 1 to 4, inclusive, and a Termination Agreement dated June 25, 1958, for the months of July 1955 to June 1957, inclusive, covering a project for the exploration of Lead-Zinc, on property known as the Liberal King (Sunset) Mine, located in Shoshone County, Idaho.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, verification of work performed by reference to Field Team Reports and correspondence, and a determination of the reasonableness and propriety of the costs.

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

All of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs of work actually performed.

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

Total cost as billed by the Contractor		$15,585.00
Exceptions:		
Prior to this review	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$15,585.00

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Seven Thousand Seven Hundred Ninety Two and 50/100 Dollars is valid and proper, provided that the Regional Executive Officer, The Director, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount payable to Operator	$ 7,792.50
Amount paid to date	7,229.51
Balance due Operator	$ 562.99

George Mayer
George Mayer, OME Auditor

November 17, 1958

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

420 Custom House
555 Battery Street
San Francisco, California

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 1 1958
DATE | INITIALS | CODE
12/1 | C | 220 860

November 24, 1958

Certified Mail

Mrs. Dorothy F. Long
Authorized Certifying Officer
1201 N. Division Street
Spokane 2, Washington

RE: Docket No. DMEA-3409
(Lead Zinc)
Sunset Mines, Inc.
Contract No. Idm-K738

Dear Mrs. Long:

Reference is made to your letter dated November 12, 1958, in connection with audit of subject contract. Audit is now complete, and I am enclosing herewith one original and 3 copies of Report of Review for further distribution by your office. The report shows a balance due the Operator in amount of $562.99, and the report was approved by the Washington Office November 19, 1958.

I am also enclosing the following material previously submitted by you.

1. Contract and Correspondence File
(Includes Annex I and II, Exhibit "A", Amendment Nos. 1 thru 4 & Termination Agreement).

2. Voucher File
(MF-104's and 104A's, with attachments)

The file of pre-audit papers, prepared by Mr. C. A. Turner, I have retained for my audit file of subject contract.

Sincerely yours,

"(SIGNED) GEORGE MAVOR"

George Mavor, OME Auditor

Enclosures

Copy to: Jay L. Chambers ✓

NOV 19 1958

Mr. George Maver
OME Auditor
420 Customs House
595 Battery Street
San Francisco 11, California

Re: Docket No. DMEA-3409
(Lead-Zinc)
Sunset Mines, Inc.
Contract No. Idm-E738

Dear Mr. Maver:

Your Report of Review covering the referenced project is acceptable and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers
Contract Administration
and Audit Division

GMcCarthy/GMcC
November 19, 1958

cc: Docket
Director's Reading File
Mr. Chambers

OFFICIAL FILE COPY O. M. E. RECEIVED NOV 17 1958		
DATE	INITIALS	CODE
11-17	C	220
		800

1201 N. Division St.
Spokane 2, Washington

November 12, 1958

CERTIFIED MAIL

Mr. George Mavor, OME Auditor
Room 420, Custom House
555 Battery Street
San Francisco 11, California

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Contract No. Idm-E738

Dear Mr. Mavor:

Enclosed herewith is a memorandum from the Field Team, Region I, requesting final audit of the subject contract. In addition, we are transmitting the following material needed to complete your audit:

1. Contract and Correspondence File (Includes Annex I and II, Exhibit "A", Amendments Nos. 1 thru 4 & Termination Agreement).
2. Voucher File (MF-104's and 104A's, with attachments).
3. File of pre-audit work papers prepared by Mr. C. A. Turner.

The sum of $200 was withheld from the August 1956 voucher; the September 1956 and June 1957 vouchers were withheld pending final audit of the account.

Sincerely,

Dorothy F. Long
Authorized Certifying Officer

Enclosures
cc: Mr. Chambers ✓
OME (2)
USGS (2)
USBM (AD)

Offices
~~EXTRA~~ COPY

O. M. E.
RECEIVED NOV 17 1958

DATE	INITIALS	CODE

1201 N. Division St.
Spokane 2, Washington

November 10, 1958

Mr. George Maver, CMK Auditor
Room 420, Custom House
555 Battery Street
San Francisco 11, Calif.

Re: Docket No. DMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Ada-2738

Dear Mr. Maver:

The referenced contract was terminated by mutual agreement on June 25, 1958, effective as of July 1, 1957.

The number of units of work satisfactorily completed by the Operator and accepted by the Field Team are:

Stage I	Authorized	Completed
Rehabilitation	310 ft.	265 ft.
Drill station	1	1
Drill hole surveys	3	2
Assays	30	4
Core drilling	4500 ft.	2795 ft. *

Stage II		
Rehabilitation	$313.50	$313.50
Drill station	600 cu. ft.	600 cu. ft.
Core drilling	3,000 ft.	none
Drill hole surveys	3	none

* Although 2,795 feet of drilling was completed only 2,792 feet can be approved for payment because the maximum allowable depth of the last hole drilled was 450 feet; its total depth was 453 feet.

The Operator's final engineering and geological report was received on November 6, 1958. This report meets the requirements of Article 6(c) of the contract.

A pseudo-certification is incorporated in the Termination Agreement.

The total amount paid to date to the Operator is $7,229.51.

A Report of Review in lieu of a final audit is in order and requested.

By Field Team, Region I

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

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

cc: Mr. Chambers
GSE (2)
USGS (2)
USBM (AD)

SEP 23 1958

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

Re: Docket No. DMEA-3409
(Lead-Zinc)
Sunset Mines, Inc.
Contract No. Idm-E738

Dear Mr. Weissenborn:

Reference is made to your letter of September 17, 1958, inquiring as to whether or not costs of $613.50 claimed by the referenced Operator on the final MF-104 may be allowed.

Although the tunnel rehabilitation and drill station work involved was in preparation for diamond drilling which was not performed, it appears that the Government has no alternative to participation in the claim costs provided such preparatory work was satisfactorily completed prior to July 1, 1957, and is otherwise acceptable. The Termination Agreement of June 25, 1958, provides that the Government shall contribute to the fixed unit costs of work performed prior to July 1, 1957.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

Frank J. Cservenyak

Member, Bureau of Mines

N. E. Nelson

Member, Geological Survey

cc: Docket
Act. Director's Reading File
Operating Committee
T. H. Kiilsgaard
~~P. F. Yopes~~ Frank D. Lamb
Mr. Chambers
Mr. Charles A. Turner

EDTalbert/GMcC
Sept. 23, 1958

1221 N. Division St.
Spokane 2, Washington

September 17, 1958

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

Re: Docket No. DMEA-3469 (lead-zinc)
Sunset Mines, Inc.
Shoshone County, Idaho
Contract No. Idm-3738

Dear Mr. Selfridge:

The Operator under the cited contract has completed Stage I of the work and rehabilitation of 500 feet of tunnel and cut one diamond drill station (Items 1 and 2) under Stage II of Amendment No. 4. The Certifying Officer has withheld payment on these two items, totaling $613.50, because they were in preparation for diamond drilling which was not done.

We would like to know whether or not the $613.50 being withheld should be disallowed in the final audit.

By Field Team, Region I

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

N. R. MacLaren, Acting Member
U. S. Geological Survey

cc: USGS (2)
USBM (AD)
Turner

EXTRA COPY
O. M. E.
RECEIVED DEC 11 1958

DATE	INITIAL	CODE
		800

OFFICE OF MINERALS EXPLORATION
1201 N. Division St.
Spokane 2, Washington

December 1, 1958

Mrs. Dorothy Long, Certifying Officer
OME Field Team, Region I
1201 N. Division St.
Spokane 2, Washington

Re: Docket No. RMEA-3409 (lead-zinc)
Sunset Mines, Inc.
Contract No. Idm-M738

Dear Mrs. Long:

The work completed under the contract was done to the satisfaction of the Government. The contract was terminated by mutual agreement on June 25, 1958, effective as of July 1, 1957. A final report evaluating the results of the exploration program has been presented by the Operator and accepted by the Executive Officer.

The Government has no interest in supplies or equipment purchased for use on the project.

A pseudo-certification is incorporated in the Termination Agreement.

A final Report of Review dated November 17, 1958 by OME Auditor George Mayer has been received.

As all contract requirements have been met, it is requested that final settlement of our account with the Operator be made.

Sincerely yours,

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

cc: OME (2)
USGS (2)
Contract Admin. & Audit Div. (2)
Docket

So. 157 Howard Street
Spokane 4, Washington

August 6, 1958

RECEIVED AUG 1

8.00

Mr. C. B. Merritt
Secretary
Sunset Mines, Inc.
1400 W. 52nd Street
Seattle 7, Washington

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Merritt:

We are in receipt of a copy of your letter to Mr. Mittendorf of July 25, 1958 enclosing your check in the amount of $847.70, and a copy of Mr. Mittendorf's letter to you of August 1 acknowledging receipt of the check. As soon as we receive your final report your account can be audited and the balance determined to be due your company can be paid.

I would suggest that you mail the original and four copies of your report to this office so that an audit can get under way immediately upon its receipt, thereby expediting the settlement of your account. If you mailed the report directly to Mr. Mittendorf, there would be a necessary delay of a week or 10 days.

Sincerely yours,

Wing C. Agnew
Acting Executive Officer
DMEA Region I

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

OFFICE OF SPECIAL EXPLORATION
1201 E. Division St.
Spokane 2, Washington

RECEIVED 1958
DATE CODE
800

December 4, 1958

Mr. Dorothy Long, Certifying Officer
GSE Field Team, Region I
1201 E. Division St.
Spokane 2, Washington

Re: Docket No. [illegible]-3109 (lead-zinc)
Sunset Mines, Inc.
Contract No. [illegible]-3798

Dear Mrs. Long:

The work completed under the contract was done to the satisfaction of the Government. The contract was terminated by mutual agreement on June 30, 1958, effective as of July 1, 1957. A final report evaluating the results of the exploration program has been presented by the Operator and accepted by the Executive Officer.

The Government has no interest in supplies or equipment purchased for use on the project.

A pseudo-certification is incorporated in the Termination Agreement.

A final Report of Review dated November 17, 1958 by GSE Auditor George Moyer has been received.

As all contract requirements have been met, it is requested that final settlement of our account with the Operator be made.

Sincerely yours,

A. Y. Valentinsen, Exec. Officer
GSE Field Team, Region I

cc: GSE (2)
MMOB (3)
Contract Admin. & Audit Div. (2)
Docket

EXTRA COPY
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DATE	INITIALS	CODE
		800

So. 157 Howard Street
Spokane 4, Washington

November 27, 1957

Mr. R. E. Lomas, Manager
Sunset Mines, Inc.
P. O. Box 869
Kellogg, Idaho

Re: Docket No. DMEA-3409 (Lead-Zinc)
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Lomas:

This is in reference to your request for a recess and extension of this contract.

We have been advised by our Washington office that in view of the delinquency in royalty payments on the part of Sunset Mines, Inc., it is not inclined to accede to any requests for additional Government consideration as pertains to this contract; however, should the royalty matter be adjusted, it would then give consideration to any reasonable request.

Item 1 of Amendment No. 4 states: "In Article 3 of the Contract, the time for completion of the work is extended to 3 years from the date of the Contract"; therefore, the time for completion of the contract work expired November 22, 1957, and until the Government's claim for back royalty is settled, DMEA will not extend the contract.

By Field Team, Region I

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

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

cc: [illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]

FEB 15 1966

Spokane National Mines, Inc.
414 Farwell Building
Spokane 1, Washington

Re: DMRA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract Ldm-2738

Gentlemen:

By the terms of the Termination Agreement of June 25, 1958, Article 7, Annex II, and Amendment No. 4 of the subject Exploration Project Contract, all minerals mined or produced from November 22, 1954, to November 22, 1963, were subject to the Government's royalty as set forth in said contract.

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

Sincerely yours,

(Signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Region I w/cy of incoming 63 dated 1/26/66
CAAA
Branch of Budget and Finance, 3408 Int.
120M

CCSelfridge/mm (2/14/66)

DMEA
RECEIVED JUL 29 1958
DATE | INITIALS | CODE

Audit copy

TERMINATION AGREEMENT

It is agreed this 25th day of June, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Sunset Mines, Inc., hereinafter called the "Operator," parties to Exploration Project Contract Idm-E738 (Docket No. DMEA-3409), dated November 22, 1954, as amended, hereinafter called the "Contract," that:

1. Effective July 1, 1957, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

4. 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 the royalty on production as provided for in the Contract, in the same manner and amount and for the same period as if certification of discovery or development had been made, such certification being hereby waived.

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

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

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

THE UNITED STATES OF AMERICA

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

SUNSET MINES, INC.

By A. B. Merritt

Title Secy

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

AUG 1 1958

Re: Docket No. DMEA-3489 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-5738

Dear Mr. Weissenborn:

Enclosed herewith are Finance Office and Field Team copies of executed Termination Agreement dated June 26, 1958, with the subject company.

The Contract Administration and Audit Division has forwarded to you the Operator's check in the amount of $847.79 covering royalty due, together with copies of a letter dated July 28, 1958, wherein Sunset Mines, Inc. advised that their former superintendent has been requested to complete the final report for this project.

Sincerely yours,

W. S. Martin

ACTING Chairman, Operating Committee

APPROVED:

P. F. Yopes

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

cc: Docket
Admr. Reading File
Operating Committee
Mr. Chambers
THKiilsgaard
OMBishop

Enclosures

CEFisher/GMcC
July 29, 1958

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BATES NO. USGSP00000411

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EXPLORATION PROJECT CONTRACT
SUNSET MINES, INC.
DOCKET NO. DMEA-3409

AMENDMENT NO. 4

It is agreed this 6th day of February, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Sunset Mines, Inc., that Contract Idm-E738 (Docket No. DMEA-3409), dated November 22, 1954, as amended, is hereby further amended, as follows:

1. In Article 3 of the Contract, the time for completion of the work is extended to 3 years from the date of the Contract.

2. The maximum period for royalty payments and liens for the payment thereof is increased from 10 to 11 years.

3. Exhibit "A," as amended by Amendment No. 3, is revised to read as follows:

Exhibit "A"

The work is divided into three stages. Stage I has been completed and consists of the work performed under Stage I of Exhibit "A" as amended by Amendment No. 3. Stages II and III are set forth below. The Operator shall perform all the work in Stage II, and shall perform as much of the work in Stage III as is approved in advance by the Government.

Stage II

1. Rehabilitate approximately 500 feet of the main tunnel level east of the main shaft to drill site at the eastern end of the tunnel level. The work shall include the installation of air, water, and ventilation lines, and track, as necessary. wga R.E.B.

2. Cut one diamond drill station at the eastern end of the main tunnel level. The total amount of excavation for the diamond drill station shall not exceed 600 cubic feet.

3. From the eastern end of the main tunnel level drill three or more diamond drill holes to explore the Sunset Vein. The holes shall be not less than AX size and the aggregate drilling footage of all holes shall be not more than 3,000 feet. The location, direction, inclination, depth, and number of the diamond drill holes shall have prior approval of the Government.

The proposed work of this Stage II is shown on the attached map entitled "Sunset Mines, Inc., Proposed DMEA Project."

Stage III

1. Crosscut from the main tunnel level to the Sunset vein, and drift on the Sunset vein. The size of the drifts and crosscuts shall not be less than 6 feet by 8 feet in cross section in the clear of the timber, and the aggregate footage of crosscutting and drifting shall not be more than 1600 feet.

2. Drifts and crosscuts shall be timbered as necessary, but the Government will not contribute to more than 300 feet of such timbering.

3. Raise not more than 400 feet on the Sunset vein from the main tunnel level. The raise shall be 12 feet by 5 feet in rock cross section, and shall be timbered as necessary.

The location, direction, and extent of the crosscutting, drifting, and raising are subject to the prior approval of the Government. The Operator shall provide suitable core boxes, engineering and supervision. One half of the significantly mineralized core shall be made available to the Government for the purpose of check assaying.

Estimated Cost of the Project

Fixed Unit Costs

Stage I

Total cost of work performed under Amendment No. 3 (Subject to Audit on basis of costs set forth in Amendment No. 3)	$14,971.50

Stage II

Rehabilitate approximately 500 feet of the main tunnel level	$ 313.50 1/
Cut one diamond drill station 600 cu. ft. @ $.50/cu. ft.	300.00
Diamond drilling not in excess of 3,000 feet at following rates per foot at indicated depths:	

0' - 250' depth @ $3.50/ft. 250' - 500' depth @ 4.00/ft. 500' - 750' depth @ 4.50/ft. 750' -1000' depth @ 5.00/ft.		
Total cost of diamond drilling 3,000 feet	$12,750.00	
Allowance for compressed air, engineering, supervision, service, and core boxes 3,000 feet @ $0.50/ft.	1,500.00	
20 samples assayed for lead, zinc, silver and gold @ $3.50/sample	70.00	
Surveying drill holes - 3 holes @ $80.00/hole	240.00	
Estimated total cost of Stage II		$15,173.50

Stage III

Drifting and crosscutting 1600 feet @ $33.00/ft.	$52,800.00	
Timbering drifts and crosscuts 300 feet @ $5.00/ft.	1,500.00	
Raising 400 feet, including timbering @ $41.00/ft.	16,400.00	
80 samples assayed for lead, zinc, silver and gold @ $3.50/sample	280.00	
Estimated total cost of Stage III		70,980.00
Estimated Total Cost - Stages I, II, and III		$101,125.00
Government Participation under this Contract Idm-E738, @ 50%		$50,562.50
Contribution by Government under Contract Idm-E102		42,739.75
Total Royalty subject to repayment to Government		$93,302.25

1/ Completed job constitutes the unit.

This amendment shall not be construed to increase the estimated total cost of the project or the aggregate total amount which the Government may be required to contribute.

Executed in sextuplicate the day and year first above written.

UNITED STATES OF AMERICA

By C Mitteedorf
Administrator, Defense Minerals
Exploration Administration

SUNSET MINES, INC.

Sydney 2/1/57
Sawyer
"Appd. Sol. Off."
Chambers

By O. E. Bardahl

Title Pres.

EXTRA COPY
DMEA
RECEIVED MAR 4 1957
DATE | INITIALS | CODE

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

February 28, 1957

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

Re: Docket No. DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract No. Idm-E738

Dear Mr. Selfridge:

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

On page 1 of the amendment under item 1 of Stage II, the phrase "as necessary" has been added at the end of the fourth line, in accordance with permission granted to do so in your teletype of February 12, 1957. The addition has been initialed by Mr. Agnew and Mr. Lomas.

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

Sincerely yours,

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

Enclosures

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

GOVERNMENT COPY

RECEIVED
JUN 20 1955

AMENDMENT NO. 2

It is agreed this 27th day of May 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and

Sunset Mines, Inc.

(Docket No. DMEA 3409 - lead-zinc)

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 738 of November 22 1954 between the parties hereto be modified and amended as described in Exhibit "F" attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be November 22 1954.

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

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

Executed in sextuplicate the day and year first above written.

SUNSET MINES, INC.
(Operator)

By O. Bardell
President

THE UNITED STATES OF AMERICA

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

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BATES NO. LESGSP00000411

Exploration Project Contract
Sunset Mines, Inc.
Docket No. DMEA 3409

RECEIVED
JUN 20 1955

Justification of Amendment No. 2

It is necessary to include the rehabilitation under Stage I instead of under Stage II in order to perform the work set forth in Stage I in an efficient and practical manner.

It was first planned to slush the rock back along the drift from the station excavation and skid the diamond drill equipment to the face, thus not requiring track. Because of the small size of the present crosscut and the necessity of excavating a station large enough to allow breaking rods in 20-ft. sections the excavated rock will have to be removed and all other work items included in the rehabilitation (namely, air, water and vent lines and moving the mine receiver presently situated in the crosscut to a new site) must be performed before diamond drilling can be accomplished.

E. G. Erickson

Exploration Project Contract
Sunset Mines, Inc.
Docket No. DMEA 3409

RECEIVED
JUN 20 1955

AMENDMENT NO. 2

1. In Exhibit "A" under Description of the Work, Stage II delete item No. 1 and place said deleted item No. 1 under Stage I.

2. In Exhibit "A" under Estimated Cost of the Project, Fixed Unit Costs, Stage II, delete

Rehabilitate 310 feet of crosscut @ $3.50/ft.	$ 1,085.00

and place the said deleted item under Stage I.

Government's copy

EXPLORATION PROJECT CONTRACT
SUNSET MINES, INC.
DOCKET NO. DMEA-3409

RECEIVED
JUL 11 1955

AMENDMENT NO. 1

It is agreed this 16th day of May, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Sunset Mines, Inc., that Contract Idm-E738 (Docket No. DMEA-3409), dated November 22, 1954, is amended effective November 22, 1954, as follows:

Annex I attached to the Contract is deleted and a new Annex I is substituted reading as follows:

The land consists of the following unpatented mining claims located in the Yreka Mining District, Shoshone County, Idaho, in Sections 16, 17, 20, and 21, Township 48 North, Range 2 East:

Claim	Quartz Location Book	Page
Robert Burns	4	442
Tam O'Shanter	4	443
Baldy	22	516
Bee	22	517
Arkansas	22	15
Kansas	22	52
Liberal King	Q	288
Monarch	Z	257
Liberal King Fraction	18	271
Liberal King Fraction Amended	23	271

as shown on the attached map entitled "Sunset Mines, Inc., Proposed D.M.E.A. Project": Provided, That, the line on said map labelled "line projected on 600 level" shows the vertical and horizontal boundaries of a block of ground within which all ore bodies are excluded from the land described above.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

SUNSET MINES, INC.

By E B Merritt

By C Mitchell Dorr
Administrator, Defense Minerals Exploration Administration

RECEIVED
JUL 11 1955

JUSTIFICATION FOR AMENDMENT NO. 1

The contract dated November 22, 1954, and signed for the Government and by the President of the Operator has not been approved by the Board of Directors of the Operator, and this fact has always been known to the Government. No work has been done as yet under the contract. The Operator's Board of Directors objects to two points in the contract:

1. The provision that the ore bodies below the 600 level are included in the description of the land; and

2. The requirement that the Operator assume the obligation to repay the amount of money contributed by the Government to another operator in connection with a project conducted on the same land.

The Government does not attach much importance to the land lying below the 600 level as described in the contract and is willing to delete it if the Operator will add an additional claim (the Liberal King Fraction). The Government will not concede the second point concerning repayment and it is understood that the Operator will not insist upon it if its first point is conceded.

For administrative reasons--because of the many copies of the contract which have been distributed, and there being no disadvantage to the Government, the Government has considered the contract as duly executed, and is making the changes desired by both parties in the form of the Amendment No. 1 to which this is attached.

Government's copy

MF-200A
(Revised June 1954)

Docket No. DMEA -3409

Commodity Lead-Zinc

Contract No. Idm-E - 738

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

It is agreed this 22nd day of November, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Sunset Mines, Inc., an Idaho Corporation,

whose mailing address is P. O. Box 869
Kellogg, Idaho,
hereinafter called the "Operator," as follows:

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

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

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

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

(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 6-20-55 shall commence the work, and on or before 2 years from date of the contract (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 $101,125.00. The Government will contribute 50 percent of the fixed unit costs as work is performed, in a total sum not in excess of $50,562.50: *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

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. **and see Annex II**

(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.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

SUNSET MINES, INC.
(Operator)

By C. Mittendorf
Administrator, Defense Minerals
Exploration Administration

By O. E. Bardahl President

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

EXPLORATION PROJECT CONTRACT
SUNSET MINES, INC.
DOCKET NO. DMEA-3409

ANNEX I

The land consists of the following unpatented mining claims located in the Yreka Mining District, Shoshone County, Idaho, in Sections 16, 17, 20, and 21, Township 48 North, Range 2 East:

Claim	Quartz Location Book	Page
Robert Burns	4	442
Tam O'Shanter	4	443
Baldy	22	516
Bee	22	517
Arkansas	22	15
Kansas	22	52
Liberal King	Q	288
Monarch	Z	257

as shown on the attached map entitled "Sunset Mines, Inc., Proposed D.M.E.A. Project." The line on said map labelled "line projected on 600 level" is not intended to indicate the exception of any land or ore bodies.

RECEIVED

EXPLORATION PROJECT CONTRACT
SUNSET MINES, INC.
DOCKET NO. DMEA-3409

ANNEX II

WHEREAS, all part of the land referred to in Article 2 was the subject of a prior Exploration Project Contract, Idm-E102, Docket No. DMEA-1489, dated August 7, 1951, between the Government and another Operator, Sunset Minerals, Inc., under the provisions of which the Government contributed to the costs of the work the sum of $42,739.75, with no certification of discovery or development being made; and

WHEREAS, this Operator has acquired all of the right, title, and interest of Sunset Minerals, Inc., in and to the land under said earlier contract; and the work under said earlier contract is beneficial to the work provided for under this contract;

NOW THEREFORE, it is agreed that the said contribution of the Government to the work under said earlier contract shall be and is hereby added to any money which the Government may contribute under the provisions of this contract for repayment to the Government under the royalty provisions of this contract.

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. USGSP00000411

EXPLORATION PROJECT CONTRACT
SUNSET MINES, INC.
DOCKET NO. DMEA-3409

EXHIBIT "A"

Description of the Work

The work shall be done in two stages. Upon the completion of Stage I, if in the opinion of the Government the results indicate the advisability of further exploration work, the work under Stage II shall be undertaken.

Stage I

1. Subject to the prior approval of the Government as to location and depth, drill three diamond drill holes of AX size from a northerly crosscut on the main tunnel level to an aggregate total not in excess of 2500 feet of holes.

2. Cut one diamond drill station on the main tunnel level.

Stage II

1. Rehabilitate 310 feet of the No. 3 crosscut on the main tunnel level. This work shall include the installation of air, water, and ventilation lines, and track.

2. From the No. 3 crosscut on the main tunnel level crosscut to the Sunset vein and drift on the Sunset vein in an aggregate total not in excess of 2000 feet. The size of the drifts and crosscuts shall not be less than 6 feet by 8 feet in the clear of the timber.

3. Drifts and crosscuts shall be timbered as required, but not to exceed 1000 feet of such timbering shall be an allowable cost for contribution by the Government.

4. Raise 400 feet on the Sunset vein from the main tunnel level. The raise shall be 12 feet by 5 feet in rock cross section, and shall be timbered as required.

The location, direction, and extent of the cross-cutting, drifting, and raising is subject to the prior approval of the Government. The Operator shall provide suitable core boxes, engineering, and supervision.

The proposed work is shown on the attached map, entitled "Sunset Mines, Inc., Proposed D.M.E.A. Project."

Estimated Cost of the Project

Fixed Unit Costs

Stage I

Diamond drilling	
0' - 250' depth @ $3.50/ft. - 750 feet	$ 2,625.00
250' - 500' depth @ $4.00/ft. - 750 feet	3,000.00
500' - 750' depth @ $4.50/ft. - 750 feet	3,375.00
750' -1000' depth @ $5.00/ft. - 250 feet	1,250.00
Total diamond drilling 2500 feet	$10,250.00
Allowance for compressed air, engineering, supervision, service, and core boxes, 2500 feet @ $0.50/ft.	1,250.00
Assaying 30 samples @ $3.50/assay	105.00
Surveying drill holes - 3 holes @ $80/hole	240.00
Excavating diamond drill station	375.00
Stage I - Total Unit Cost	$12,220.00

Stage II

Rehabilitate 310 feet of crosscut @ $3.50/ft.	1,085.00
Drifting and crosscutting, 2000 feet @ $33/ft.	66,000.00
Timbering drifts and crosscuts - 1000 feet @ $5.00/ft.	5,000.00
Raising 400 feet, including timbering, @ $41.00/ft.	16,400.00
Assaying 120 samples @ $3.50/assay	420.00

Stage II - Total Unit Cost $88,905.00

Total Cost of the Project	$101,125.00
Government Participation @ 50%	$ 50,562.50
Contribution by the Government under Contract Idm-E102	42,739.75
Total for repayment to Government	$ 93,302.25

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since August 1, 1962, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. Since August 1, 1962, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

	Quantity	Value

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name [illegible] Title President

Address 414 Fernwell Bldg Date 11-4-63

Spokane 1 Washington

4511

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

OCT 2 5 1963

Re: DMEA-3409 (Lead, Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract Idm-E 738

Sunset Mines, Inc.
414 Fernwell Building
Spokane 1, Washington

?

Gentlemen:

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

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

Sincerely yours,

F M Murphy

F. M. Murphy, Acting Chief
Division of Minerals

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only

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

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11/13		800
		106
11/13		110
11/13	Murphy	500
		220

IN REPLY REFER TO:

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

January 26, 1966

OFFICIAL COPY
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Spokane National Mines, Inc.
414 Fernwell Building
Spokane 1, Washington

Re: DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract Idm-E738

Gentlemen:

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

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

Sincerely yours,

Frank E. Johnson

Frank E. Johnson
Chief, Office of
Minerals Exploration

MME Form 63
Revised 7-65

DMEA-3409
Idm-E738

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

From December 1964 to November 22, 1965

1. ~~Since~~ , has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

From December 1964 to November 22, 1965

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

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

	Quantity	Value

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name [signature] Title Pres

Address Date 2-3-66

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

JUL 24 1962

Re: DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract Idm-E738

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DATE	INITIALS	CODE
8/6		800
		120
		100
		110
		500
		220

Sunset Mines, Inc.
~~P.O. Box 869~~ 414 Fernwell Building
Kellogg, Idaho Spokane 1, Washington

Gentlemen:

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

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

Sincerely yours,

W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since July 14, 1959, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☒ No ☐

   Property and mill owned by Spokane National Mines, Inc., 414 Fernwell Building, Spokane 1, Washington as of December 5, 1959 as a wholly owned subsidiary.

2. Since July 14, 1959, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

   There is no evidence apparant that any ore at all was discovered under DMEA 3409 nor have we been able to find any ore in the mine. It therefore is being allowed to fill with water which is now running out of the main tunnel.

Quantity	Value
0	0

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

Type	Quantity		Estimated Grade	Location
Ore	0	Tons		
Concentrates	0	Tons		
Other	0	Tons		

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

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

Disposition of Material	Quantity	Value
	0	0

Submitted by:

Name [signature] Title Secretary

Address 414 Fernwell Building, Spokane 1, Washington Date August 1, 1962

4511

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

November 12, 1964

Re: DMEA-3409 (Lead-Zinc)
Sunset Mines, Inc.
Liberal King (Sunset) Mine
Shoshone County, Idaho
Contract Idm-E738

Spokane National Mines, Inc.
414 Fernwell Building
Spokane 1, Washington

Gentlemen:

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

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

Sincerely yours,

George C. Selfridge

George C. Selfridge, Chief
Division of Exploration Operations

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C. M. E
DEC 21 1964

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7/5	mm	120
		~~120~~

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since November 1963, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes [X] No [ ]

   Sunset Mines, Inc. merged with Spokane National Mines, Inc. February, 1964.

2. Since November 1963, has there been any production from the land subject to the contract? Yes [ ] No [X]

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

	Quantity	Value

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

Type	Quantity	Estimated Grade	Location
Ore	Tons		
Concentrates	Tons		
Other	Tons		

3. Since November, 1963, has any production been transported through workings (see of contract)? Yes [ ] No [X]

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

Disposition of Material	Quantity	Value

Submitted by:

Name [signature] Title President

Address Spokane National Mines, Inc.
414 Fernwell Building
Spokane, Washington

Date December 14, 1964

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

1201 N. Division St.
Spokane 2, Washington

August 23, 1957

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MEMORANDUM

To: DMEA Field Team, Region I

From: John D. Bardill, Bureau of Mines

Subject: Interim report, Docket No. DMEA-3409 (lead-zinc), Sunset Mines, Inc., Shoshone County, Idaho, Contract No. Idm-E738

This project was visited August 21, 1957.

In the absence of Mr. R. E. Lomas, manager, Mr. George Dahlstrom, bookkeeper, advised that diamond drilling under the DMEA contract had not been started because of lack of funds. He stated that they had not had news from their Seattle headquarters when funds will be available for this work.

Four miners are leasing at various points in the mine at the present time.

John D. Bardill

John D. Bardill

Distribution:
DMEA (4)
USGS (2)
USBM (AD)
Docket
Bardill

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side
only docs

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

1201 N. Division St.
Spokane 2, Washington
November 9, 1956

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

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

Subject: Interim report, Docket No. DMEA-3409 (lead-zinc), Sunset Mines, Inc., Shoshone County, Idaho, Contract No. Idm-E738

Mr. R. E. Lomas, manager, was contacted at the mine office on November 5 to ascertain the company's intent regarding any new proposal for further exploration of the property.

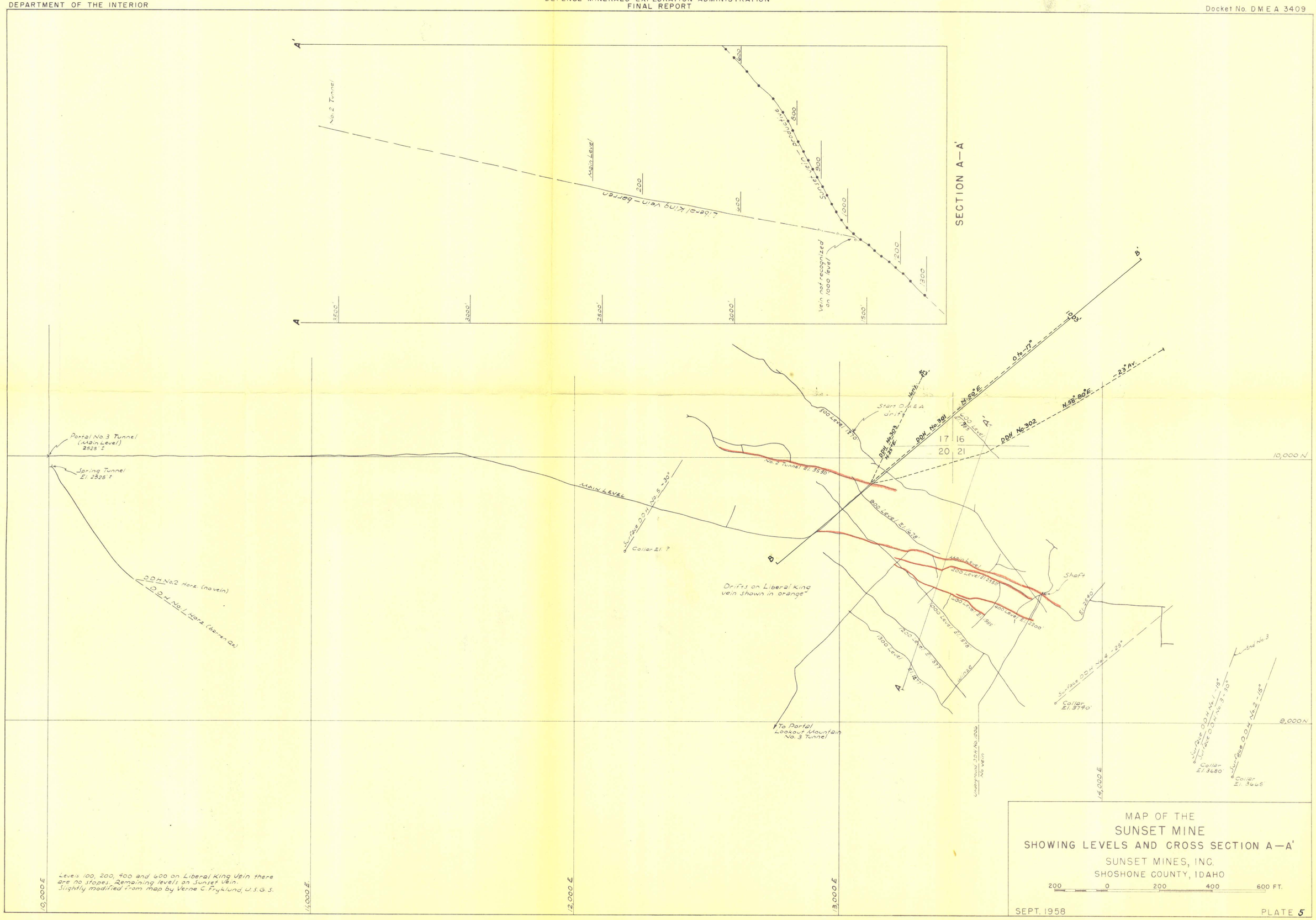
Mr. Lomas stated he was preparing a couple of proposals he will present to the company's board of directors. Their present plans are to have a meeting during the time of the Northwest Mining Convention in Spokane on November 30-December 1, at which time they will agree on a proposal and present it to the Field Team.

Mr. Lomas was requested to keep the Field Team currently informed of the company's intentions regarding their exploration project contract.

E. G. Erickson

Distribution:
DMEA (4)
USGS (2)
USBM (AD)
Docket
Erickson

DEC 6 REC'D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A'
No. 2 Tunnel
Main Level
Liberal King vein—barren
Sunset vein—productive
Vein not recognized on 1000 level
3500'
3000'
2500'
2000'
1500'
100
200
300
400
500
600
800
900
1000
1200
1300
Portal No. 3 Tunnel (Main Level) 2525' ±
Spring Tunnel El. 2525' ±
DDH No. 2 Horz. (no vein)
DDH No. 1 Horz. (barren Qz)
MAIN LEVEL
Surface DDH No. 5 -30°
Collar El. ?
B
B'
Drifts on Liberal King vein shown in orange
To Portal Lookout Mountain No. 3 Tunnel
No. 2 Tunnel El. 3530'
100 Level El. 3710
Start D.M.E.A. drift
Horiz. 43'
DDH No. 303 N.45°E.
DDH No. 301 N.50°E.
DDH No. 302 N.58°-80°E.
0 to -11°
-23° Av.
10,03'
17 16
20 21
A'
Sec. 20 Sec. 21
800 Level El. 3628'
Main Level
200 Level El. 2350'
400 Level El. 2200'
600 Level El. 2050'
1000 Level El. 1878'
300 Level El. 3177'
Winze
Shaft
El. 2560'
Surface DDH No. 4 -25°
Collar El. 3790'
Surface DDH No. 1 -18°
Surface DDH No. 3 -30°
Collar El. 3680'
Surface DDH No. 2 -16°
Collar El. 3665'
Adit No. 3
Underground DDH No. 1006 No vein
10,000 N
9,000 N
10,000 E
11,000 E
12,000 E
13,000 E
14,000 E
Levels 100, 200, 400 and 600 on Liberal King Vein there are no stopes. Remaining levels on Sunset Vein.
Slightly modified from map by Verne C. Fryklund, U.S.G.S.
MAP OF THE
SUNSET MINE
SHOWING LEVELS AND CROSS SECTION A—A'
SUNSET MINES, INC.
SHOSHONE COUNTY, IDAHO
200 0 200 400 600 FT.
SEPT. 1958
PLATE 5

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
FINAL REPORT

DOCKET NO. D M E A 3409

Geology from company maps and V.C. Fryklund, U.S.G.S.
Levels 100, 200, 400 and 600 in Liberal King Vein, there are no stopes. Remaining levels on Sunset Vein.

COMPOSITE MAP OF THE
SUNSET MINE
SHOWING LEVELS, GEOLOGY AND DRILL HOLES
SUNSET MINES, INC.
SHOSHONE COUNTY, IDAHO

50 0 50 100 150 FT.
R. D. SAMPLE

SEPT. 1958

PLATE 4

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
FINAL REPORT

Docket No. D M E A 3409

Levels 100, 200, 400 and 600 on Liberal King Vein, there are no stopes. Remaining levels on Sunset Vein. Slightly modified from applicants map.

CLAIM MAP OF THE
SUNSET MINE
SHOWING LEVELS, DRILL HOLES, PROPOSED WORKINGS AND EXCLUDED GROUND

SUNSET MINES, INC.
SHOSHONE COUNTY, IDAHO

200 0 200 400 600 FT.
R. D. SAMPLE

SEPT. 1958

PLATE 3

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
FINAL REPORT

DOCKET NO
DMEA 3409

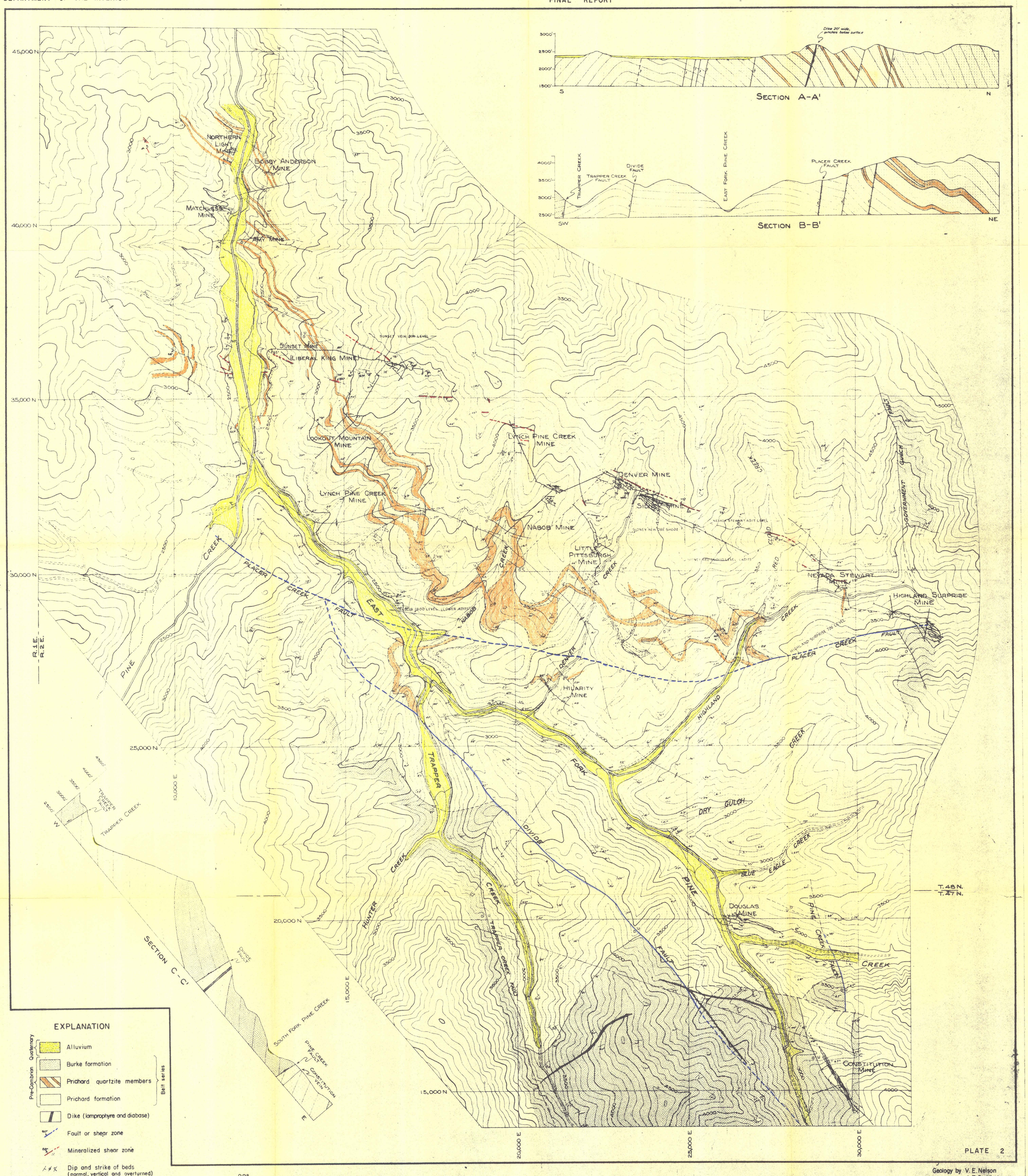


PLATE 2

Geology by V. E. Nelson
J. F. Smith, Jr.
assisted by G. A. Duell
R. M. Hutchison
surveyed in 1943

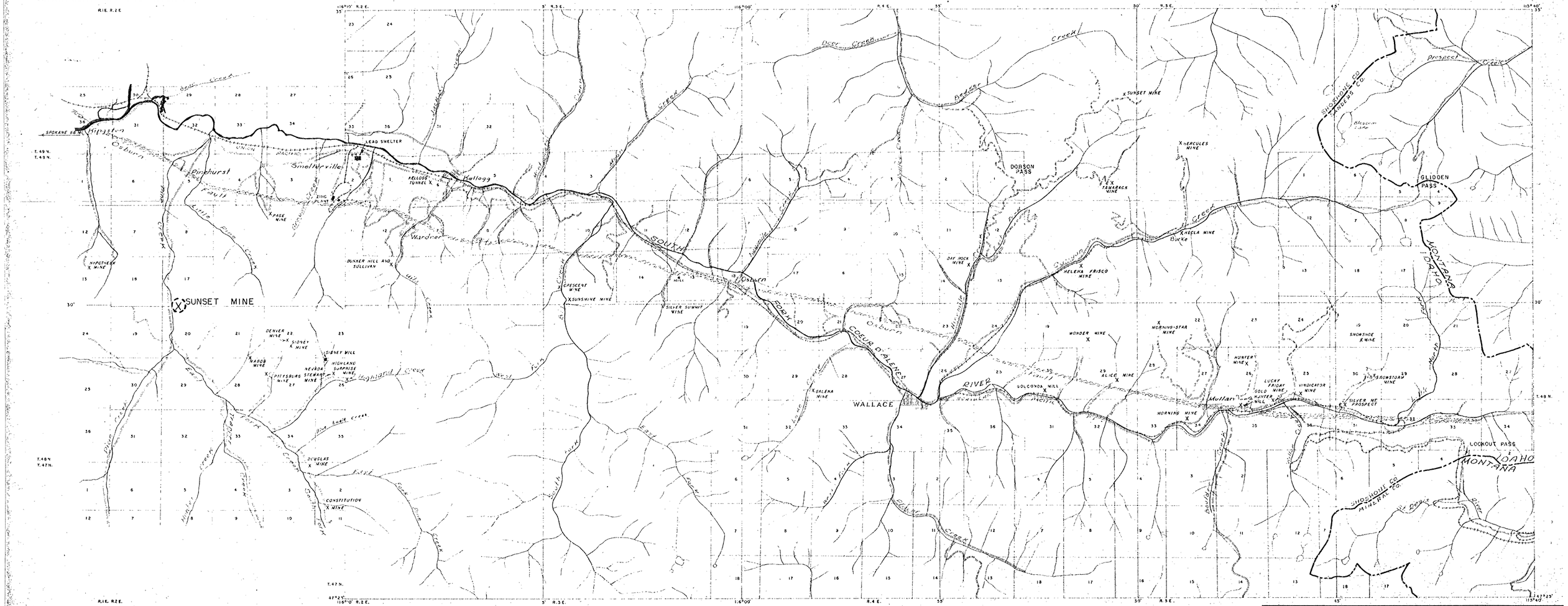
Base is from
U. S. Geological Survey
topographic map

SURFACE GEOLOGY OF THE PINE CREEK AREA, SHOSHONE COUNTY, IDAHO

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
FINAL REPORT

DOCKET NO. DMEA 3409

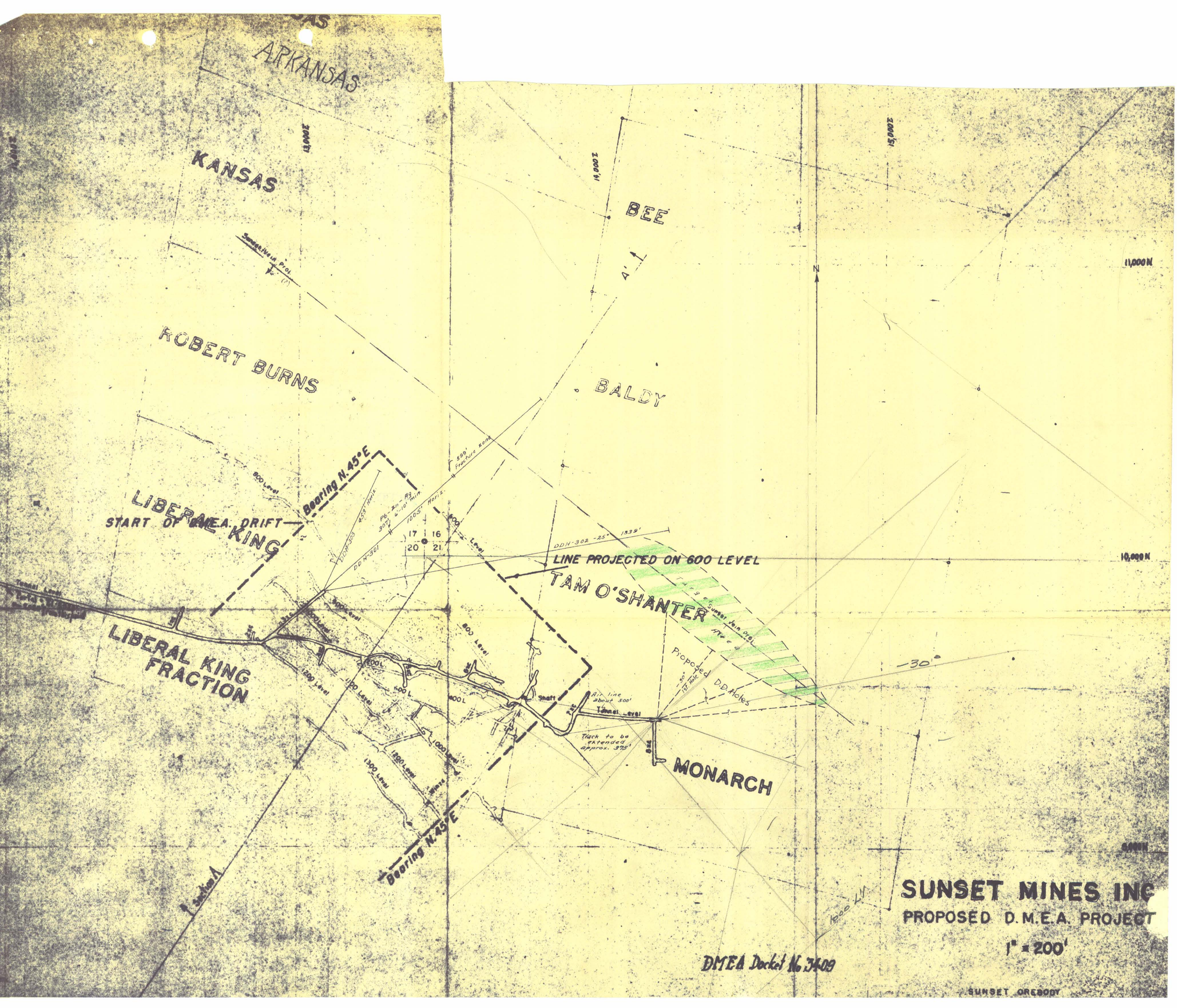


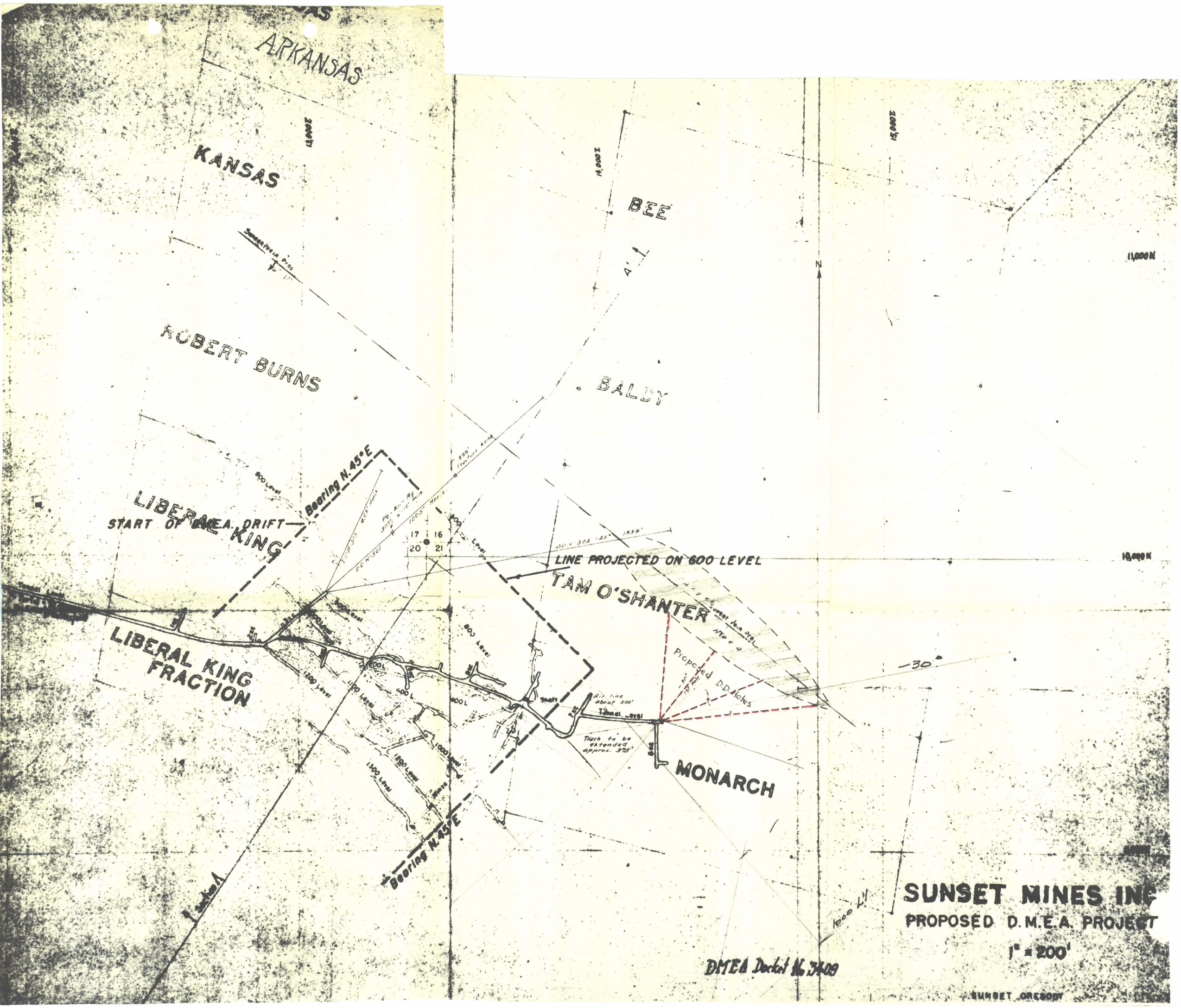
LOCATION MAP
SUNSET MINE
COEUR D'ALENE DISTRICT
SHOSHONE COUNTY, IDAHO

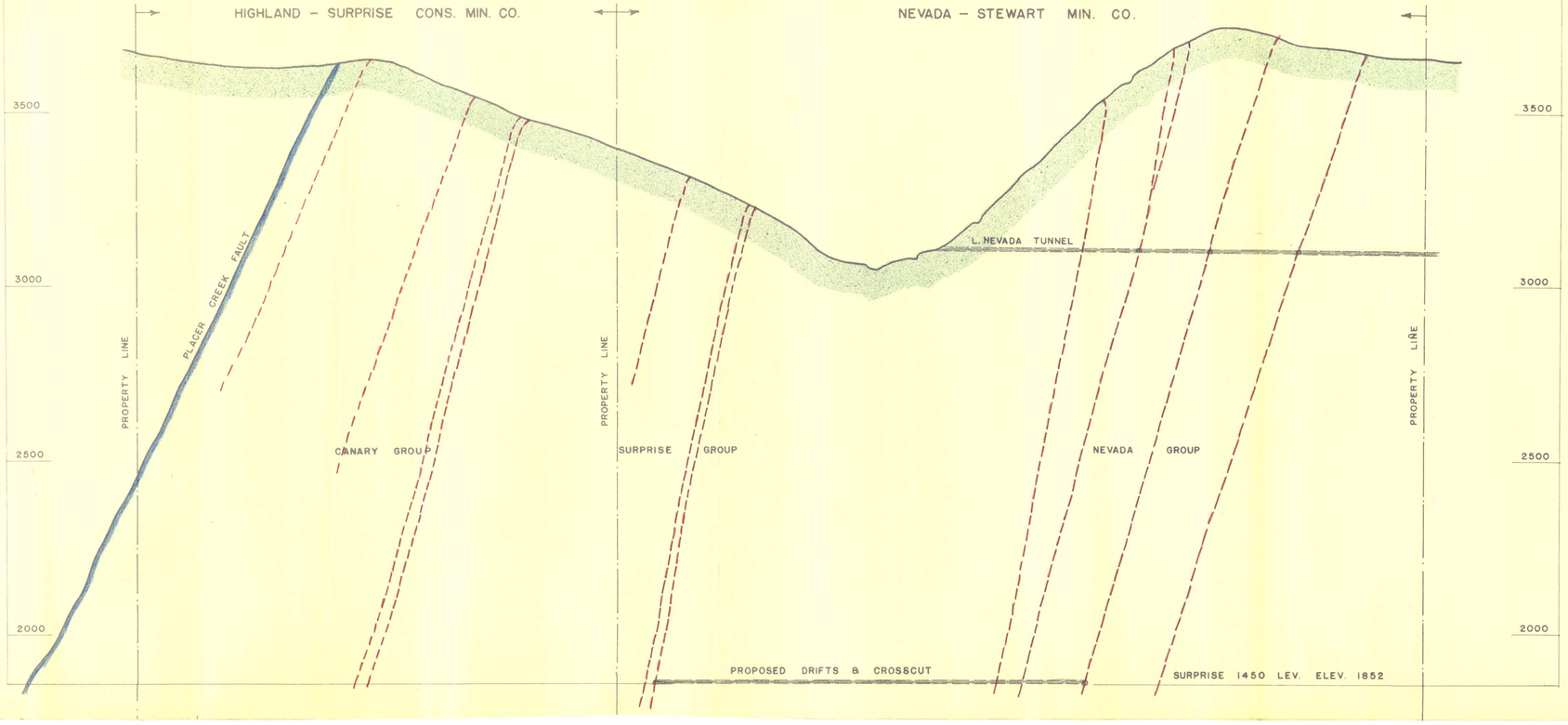
1 ½ 0 1 2 MILES
R. D. SAMPLE

Sept. 1958

Plate I


ARKANSAS
KANSAS
13,000E
14,000E
15,000E
BEE
A'
N
11,000N
10,000N
ROBERT BURNS
BALDY
Sensitive Prol.
500' Fracture zone
800 Level
Bearing N.45°E
LIBERAL KING
START OF D.M.E.A. DRIFT
DDH-303 453' Horiz.
Pb-Zn-Ag 30oz 6-10' Min
DDH-301 1003' Horiz.
17 16
20 21
600 Level
DDH-302 -25° 1339'
LINE PROJECTED ON 600 LEVEL
TAM O'SHANTER
Sunset Main Prol.
Proposed D.D. Holes
-30°
Tunnel Level
LIBERAL KING FRACTION
300 Level
400 Level
500 Level
1200 Level
1100 Level
1000 Level
1300 Level
Shaft
Air line about 500'
Track to be extended approx. 375'
MONARCH
Section A
1000 W
SUNSET MINES INC
PROPOSED D.M.E.A. PROJECT
1" = 200'
DMEA Docket No. 3409
SUNSET OREBODY


ARKANSAS
KANSAS
BEE
ROBERT BURNS
BALDY
LIBERAL KING
START OF D.M.E.A. DRIFT
Bearing N.45°E
LINE PROJECTED ON 600 LEVEL
TAM O'SHANTER
LIBERAL KING FRACTION
MONARCH
Proposed D.D. Holes
Track to be extended approx. 375'
Air line about 300'
Tunnel level
Shaft
Section A
Bearing N.45°E
13,000 E
14,000 E
15,000 E
11,000 N
10,000 N
9,000 N
-30°
SUNSET MINES INC
PROPOSED D.M.E.A. PROJECT
1" = 200'
DMEA Docket No 3409
SUNSET OREBODY



NEVADA - STEWART MIN. CO.

CROSS SECTION A - A

1" = 200'

VEINS

FAULTS

PRICHARD ARGILLITES