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-2819, Docket DMEA-3664 (lead-zinc), dated June 17, 1955, with

Highland-Surprise Consolidated Mining Company
Box 889
Wallace, Idaho

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Deer Trail Mine located in Custer County, Idaho, during the period August 1, 1959, through April 7, 1963.

A certification of discovery or development was issued on May 20, 1957, and, in accordance with Article 8 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. An Audit Certificate dated April 19, 1957, indicated accepted costs under the exploration contract amounting to $60,300.73 with the Government's contribution on a 50 percent basis being $30,150.36.

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

This review found no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which found the sales subject to the Government's royalty through July 31, 1959, to be $147.96. The royalty account as of July 31, 1959, was:

Total Royalty Payable	$2.22
Total Royalty Paid	7.40
Overpayment of Royalty	$5.18

As of April 7, 1963, the royalty account of this project was found to be:

Total Royalty Payable	$2.22
Total Royalty Paid	7.40
Overpayment of Royalty	$5.18

E. D. Talbert

E. D. Talbert, OME Auditor

April 16, 1963

Idm-2819 Highland-Surprise Consolidated Mining Co. DMEA-3664

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract 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 thereunder. The land consists of the H. S. Nos. 1 through 7, FDR and FDR Nos. 1 through 4, Confidence and Confidence Nos. 1 through 3, Deer Trail and Deer Trail Fraction unpatented claims located in secs. 1 and 2, T. 8 N., R. 15 E., and secs. 35 and 36, T. 9 N., R. 15 E., B.M., East Fork Mining District. At the time the contract was executed the H. S. group of claims were owned by the Operator through location; the FDR claims were held under an October 26, 1954, purchase agreement with Rupert L. Niece and Dr. E. W. Fox, both of Stanley, Idaho; the Confidence claims were possessed under a November 23, 1954, purchase agreement with Elmer Enderlin of Stanley, Idaho; and the Deer Trail and Deer Trail Fraction claims were under lease and option granted by F. L. Parsons, A. C. Milholland, Chester Sater, and Paul Rayburn, all of Kellogg, Idaho, who in turn held the Deer Trail claim by lease and option from Fred A. Gossl of Boise, Idaho, et al.

In consideration of the contract, the numerous parties of interest executed Owner's Consents to Lien, all dated in December 1954, to cover all claims except the Deer Trail. As the owners refused to execute an Owner's Consent to Lien on that claim, such requirement was waived by Article 2(c) of the contract.

Exploration work under the contract, all of which was on the Deer Trail and Deer Trail Fraction claims, was discontinued in October 1956 and formally terminated effective December 15, 1956, by an agreement dated March 20, 1957. There was no production during the exploration period and by letter dated December 21, 1956, the Operator advised that "we have relinquished all our rights to the mining claims". The only reported shipments from property under the contract were two carloads produced from the Confidence claims and shipped in September 1957 by Elmer Enderlin to the United States Smelting and Refining Company, Salt Lake City, Utah. These shipments are covered by a Report of Royalty Review dated August 25, 1959.

Inspections of the property and inquiries by DMEA and OME regional representatives found no further activity on the property through September 8, 1959. The H. S. group and Deer Trail Fraction claim, however, were leased to Robert A. Rice of Osburn, Idaho, for ten

years under a January 31, 1959, agreement which specifically provides for payment by the lessee of the DMEA royalty. By October 5, 1960, and April 7, 1963, replies to MME Form 63 inquiries, F. L. Persons, Box 214, Challis, Idaho, stated that there has been no activity, other than assessment work, since March 20, 1957.

While it may be assumed that no minerals, other than the reported two carloads of ore, have been produced from the property under the contract, undoubtedly Mr. Person's replies apply only to the H. S. group and the Deer Trail Fraction claims. Accordingly, it is recommended that appropriate inquiries be made as to ownership of and production from the other claims under the contract.

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 the property has been inactive during the period covered by this review;

(2) Prior production has been reported and royalty thereon paid; and

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

So. 157 Howard Street
Spokane 4, Washington
April 29, 1963

EXTRA COPY
O. M. E.
RECEIVED MAY 2 1963
DATE
800

Memorandum

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

From: Acting Field Officer, Region I

Subject: IDSA-3664 (Lead-Zinc)
Highland-Surprise Consolidated Mining Company
Deer Trail Mine
Custer County, Idaho
Contract Ida-2819

There is enclosed a Report of Royalty Review dated April 16, 1963, covering the subject contract for the period August 1, 1959, through April 7, 1963.

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

D. R. Maclaren

Enclosure

DRMaclaren:my

cc: OMS(2)
CAAA
CFF

Sending copies to:
Nolan
McKelvey

April 16, 1963

Memorandum

To: Acting Field Officer, Region I

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

Subject: DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated Mining Company
Deer Trail Mine
Custer County, Idaho
Contract Idm-8819

The original and one copy of a Report of Royalty Review covering the subject contract are enclosed. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, U. S. Department of the Interior, Washington 25, D. C.; and

(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

As evidence of your concurrence, a copy of your memorandum transmitting the original report to the Fiscal Section should be furnished this Division. If for any reason you do not concur, both copies of the report should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 4-16-63

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

EXTRA COPY
O. M. E.
RECEIVED AUG 28 1961

DATE	INITIALS	CODE
		800

So. 157 Howard Street
Spokane 4, Washington
August 24, 1961

Mr. A. C. Milholland
302 Washington
P. O. Box 726
Smelterville, Idaho

Re: DMRA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Co.
Deer Trail Mine
Custer County, Idaho
Contract Ida-2819

Dear Mr. Milholland:

This is in further reference to my letters of January 18 and April 10, and your card of April 17, 1961. We have been hoping you would be in Spokane and bring your copy of the Deer Trail lease. We can make a Thermofax copy in the office in a matter of minutes.

Although you and your partners are under no obligation to furnish us with a copy of the lease, you are liable for payment of royalty on production by virtue of the Owner's Consent to Lien which you signed. Only if we have a copy of the lease can we establish our right to request the lessee to make payment of any royalty that may be due. Therefore, it is to the interest of yourself and your partners that we have a copy of the lease in our files although this will not remove your responsibility for payment of royalty should the lessee refuse to do so.

Sincerely yours,

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

DRMacLaren:mls
cc: OME(2)
CFP

Reading copies to: Nelson,
Hobbs, Guild

August 2, 1961

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: Royalty inspections

Docket No. DMEA-3664 (Lead-Zinc), Highland-Surprise Consolidated Mining Company, Deer Trail Mine, Custer County, Idaho, Contract No. Idm-E819 (Settle has no positive information on activity at the Deer Trail mine but believes something is being done there.

See E1108 for full memo.

C O P Y

EXTRA COPY
O. M. E
RECEIVED 1961
DATE
800

April 17, 1961

Dear Sir:

I have your letter of April 10. I only have one copy of the lease you mention and do not like to mail it in. At my earliest convenience, I will bring the copy of the lease in. I should be in Spokane within the next ten days and will drop in. My address now is Box 726, Smelterville, Idaho. The street address is 302 Wash., in case you happen out this way.

Very Truly,

ALBERT C. MILHOLLAND

The above was sent in by Mr. Milholland in reply to our letter of April 10, 1961, re:

DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Co.
Deer Trail Mine
Custer County, Idaho
Contract Idm-E819

EXTRA COPY
O. M. E
RECEIVED APR 13 1961
DATE | INITIALS | CODE
800

No. 157 Howard Street
Spokane 4, Washington
April 10, 1961

Mr. A. C. Mikkelsen

Coeur d'Alene, Idaho

Re: IMBA-364A (Lead-Zinc)
Highland-Surprise Consolidated
Mining Co.
Bear Trail Mine
Custer County, Idaho
Contract Ida-8819

Dear Mr. Mikkelsen:

In reference to our letter of January 18, 1961, I tried to call on you in Catalpo during a recent trip into Idaho but was advised that you have moved to Coeur d'Alene. I was unable to obtain your address.

In connection with the above-referenced IMBA contract, you, F. L. Ferguson, Chester Bater, and Paul Bayhers signed an Owner's Consent to Lien in behalf of the Government. By this document you are all be liable for payment of royalty on any production from the property until June 17, 1963, unless the Government's participation should be repaid before that date. Therefore, it is to the interest of yourself and the others that we have a copy of the lease in our files.

Sincerely yours,

B. E. Maclaren
Acting Field Officer, OME
Region I

cc: OME(3)
CFF
Director
Econ. Geol.
MAFM

EXTRA COPY
O. M. E
RECEIVED JAN 23 1961

DATE	IN	CODE
		800

No. 157 Howard Street
Spokane 4, Washington
January 18, 1961

Mr. A. C. Milholland

Cataldo, Idaho

Re: DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Co.
Deer Trail Mine
Custer County, Idaho
Contract Idm-8819

Dear Mr. Milholland:

In our letter of October 11 and November 30, 1960, as well as in a form "Request for Information" dated September 21, 1960, we requested F. L. Parsons to furnish us with a copy of the lease on the referenced property which we have been advised was executed about a year ago.

Mr. Parsons advised us on December 5, 1960, that he was sending our request to you as you have the only copy of the lease, so far as he knows and that we should hear from you soon.

I assure you that it is to your interest that we receive a copy of the lease, because of the Subordination Agreement and Consent to Lien which you as well as Mr. Parsons, Chester Sater, and Paul Rayburn signed in connection with the above-cited DMEA contract.

Your early attention to this matter will be greatly appreciated.

Sincerely yours,

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

cc: OME(3)
CPP
Director
Econ. Geol.
BAPM

Re: DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Co.
Deer Trail Mine
Custer County, Idaho
Contract Idm-E819

The following notation was made by Elmer Enderlin on the bottom of our letter dated November 30, 1960, sent to him:

Dec. 14, 1960

Clayton, Idaho

Gentlemen:

The only part of this property that I have any interest in that was included in the DMEA contract was the Confidence and Silver Dollar Claims which I gave lease and option to Highland-Surprise and which this questionaire would cover as I don't have any interest in Deer Trail Claims.

/s/ E. ENDERLIN

EXTRA COPY
RECEIVED O. M. E
DATE DEC 1960
800

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
November 30, 1960

EXTRA COPY
O. M. E
RECEIVED DEC 13 1960

DATE		CODE
		800

Mr. F. L. Persons
2300 W. Hy. 66
Grants, New Mexico

Re: DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Co.
Deer Trail Mine
Custer County, Idaho
Contract Idm-2819

Dear Mr. Persons:

In our letter of October 11, 1960, we requested a copy of the lease on the referenced property which you told us had been executed about a year ago.

Because of the Subordination Agreement and Consent to Lien which you signed in connection with the above-cited project, it is to your interest that we receive a copy of the requested lease.

Sincerely yours,

D. R. MacLaren

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

December 5, 1960

I am sending Mr. A. C. Milholland, Cataldo, Idaho your letter [illegible] for a copy of the signed lease. We were in New Mexico [illegible] the time the lease was made, and Mr. Milholland has the only copy as far as I know.
You should be hearing from Mr. Milholland regarding this matter.

Sincerely,

F. L. Persons

DEC 1960

EXTRA COPY O. M. E RECEIVED DEC 5 1960		
DATE	[illegible]	CODE
		800

So. 157 Howard Street
Spokane 4, Washington
November 30, 1960

Mr. Elmer Enderlin

Stanley, Idaho

Re: DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Co.
Deer Trail Mine
Custer County, Idaho
Contract Ida-5819

Dear Mr. Enderlin:

On September 21, 1960, we sent you two copies of a Request for Information from Operator on Certified Project and Project Under Royalty Agreement, requesting that you complete the form and return one copy to this office. We have not received a reply.

We have been advised that the property has been leased for about a year. As a signer of a Subordination Agreement and Consent to Lien in connection with the above DMEA project, it is to your interest that we receive the information requested, including a copy of the lease.

In case you might have misplaced the request we sent you, we are enclosing two more copies of the form.

Sincerely yours,

D. N. MacLaren
Acting Field Officer, DMEA
Region I

Enclosures

cc: OME(3)
CPP
Director
Econ. Geol.
B&PM

EXTRA COPY O. M. E		
RECEIVED DEC 5 1960		
DATE		CODE
		800

No. 157 Howard Street
Spokane 4, Washington
November 30, 1960

Mr. Rupert L. Nieco

Stanley, Idaho

Re: DMEA-364A (Lead-Zinc)
Highland-Surprise Consolidated
Mining Co.
Deer Trail
Custer County, Idaho
Contract Ida-E519

Dear Mr. Nieco:

On September 21, 1960, we sent you two copies of a Request for Information from Operator on Certified Project and Project Under Royalty Agreement, requesting that you complete the forms and return one copy to this office. We have not received a reply.

We have been advised that the property has been leased for about a year. As a signer of a Subordination Agreement and Consent to Lien in connection with the above DMEA project, it is to your interest that we receive the information requested, including a copy of the lease.

In case you might have misplaced the request we sent you, we are enclosing two more copies of the form.

Sincerely yours,

D. E. Maclaren
Acting Field Officer, OME
Region I

Enclosures

cc: OME(3)
CPP
Director
Econ. Geol.
BAFM

No. 157 Howard Street
Spokane 4, Washington
November 30, 1960

EXTRA COPY O. M. E RECEIVED DEC 5 1960		
DATE	INITIALS	CODE
		800

Mr. F. L. Parsons
2300 W. Hy. 66
Grants, New Mexico

Re: OMEA-364 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Co.
Dear Trail Mine
Custer County, Idaho
Contract Idm-8819

Dear Mr. Parsons:

In our letter of October 11, 1960, we requested a copy of the lease on the referenced property which you told us had been executed about a year ago.

Because of the Subordination Agreement and Consent to Lien which you signed in connection with the above-cited project, it is to your interest that we receive a copy of the requested lease.

Sincerely yours,

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

cc: OME(3)
CPF
Director
BLM
Econ. Geol.

800

So. 157 Howard Street
Spokane 4, Washington
October 11, 1960

Mr. F. L. Persons
2300 W. Hy. 66
Grants, New Mexico

Re: DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Co.
Deer Trail Mine
Custer County, Idaho
Contract Ida-2819

Dear Mr. Persons:

Thank you for returning our Request for Information regarding the Deer Trail mine. We would greatly appreciate it if you would send us a true or signed copy of the lease you executed about a year ago.

We do not survey in any claim corners and therefore cannot give you much information regarding the true corners of the Fraction claim. According to the application for DMEA assistance, the location of the Deer Trail claim is recorded in Book B, page 488, and that of the Deer Trail fraction in Book 14, page 299, at the Custer County Recorder's Office at Challis.

Sincerely yours,

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

cc: OME(3) w/cys incoming
DMF
CFP

REQUEST FOR INFORMATION
FROM OPERATOR ON CERTIFIED PROJECT*
AND PROJECT UNDER ROYALTY AGREEMENT

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

From: Field Officer, OME, Region I
[illegible] 157 Howard Street
Spokane 4, Washington

Concerning:
Docket No. OMEA-3064 (Lease-Sale)
Property Deer Trail Mine
Location Custer County, Idaho

Date: September 21, 1960

Mr. W. L. Persons
P. O. Box 343
Challis, Idaho

See below

With the certification of the exploration project identified above, you were asked to inform our office about changes in the status of the property and production from it.

To assist you to furnish this information and to assure the accuracy of our records, we ask that you answer the questions below and return one copy to this office with copies of any pertinent documents.

Acting Field Officer, OME, Region I

1. Since March 20, 1957, has there been a change in ownership, lease, or sublease about which the OME has not been notified? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents. Yes [✓] No [ ]

We signed a straight lease in [illegible] 2 years ago. Nothing

2. Since March 20, 1957 has there been any production from the property?* Yes [ ] No [✓]

[illegible] done [illegible] work

A. If so and it was shipped, give 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		

Submitted by:

Name W. L. Persons Title Partner

Address 200 W. Hy 66 Grants, New Mex. Date 10/5/60

OME Form 63 8-60 * Property means land subject to the contract. 79340-60

When the Highland Chapter
of Sunshine made the deal with the
property, they defaulted in the payments
on the Clear Trail Claim and lost
it for us but we still have the
fraction & seven claims. I wonder
if you can give me any information
on the three corners on the fraction.

Yours

RECEIVED
OCT 10 1960
U.S.G.S.
TACOMA, WASH.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Division of Minerals, Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Ldn-2819, Docket No. DMEA-3664 (Lead-Zinc), dated June 17, 1955, as amended, with

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

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Deer Trail Mine located in Custer County, Idaho, during the period June 17, 1955, through July 31, 1959.

A certification of discovery or development was issued on May 20, 1957, and, in accordance with Article 8 of the contract, royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. An Audit Report and Certificate dated April 19, 1957, indicated accepted costs under the exploration contract amounting to $60,300.73 with the Government's contribution, on a 50 percent basis, being $30,150.36. The scope of review and the reasons therefor are stated on page 2.

The review established the total sales of crude ore to be $147.96. Royalty due the Government at the contract rate of 1½ percent is $2.22. The royalty paid and the amount of overpayment are as follows:

Total Royalty Due	$2.22
Total Royalty Paid	7.40
Overpayment of Royalty	$5.18

C. E. Fisher
C. E. FISHER, OME Auditor

August 25, 1959

Idm-E319 Highland-Surprise Consolidated Mining Company DMEA-3664

STATE OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

My review included a recomputation of copies of settlement sheets furnished by United States Smelting, Refining and Mining Company in support of royalty payments made to the Region I office, Spokane, Washington, applicable to two sales of crude ore by Elmer Enderlin. The following tabulation shows the manner of computing the royalty paid together with computation of the correct amount of royalty due under the terms of the contract:

	Lot No. 1	Lot No. 2	Totals
Date of settlement	9/12/57	10/2/57	
SDT crude ore	40.531	42.651	83.182
Metal value	$783.46	$621.42	$1,404.88
Less: Treatment	162.12	170.60	332.72
Gross value	$621.34	$450.82	$1,072.16
Deductions:			
Freight and tax	186.92	207.70	394.62
Trucking and tax	232.05	242.55	474.60
Sampling	54.98	-0-	54.98
Net subject to royalty	$147.39	$ .57	$ 147.96
Net value per SDT	$ 3.64	$ .01	$ 1.78
Royalty paid - 5%	7.37	.03	7.40
Royalty due - 1½%	2.21	.01	2.22
Overpayment	$ 5.16	$ .02	$ 5.18

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

(1) The Operator did not produce and sell any minerals from the project during the exploration period and gave up his lease of the land immediately upon completion of the exploration;
(2) Reports by representatives of the Field Team, Region I, indicate that the production listed above is the only production from the property since termination of the exploration; and
(3) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name **Highland-Surprise Cons. Mining Company**

Address **Wallace, Idaho**

Exploration Contract No. **Idm-E819** Docket No. **DMEA-3664**

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

Property inactive.

September 8, 1959
Date

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

53362

Rm. 137 Howard Street
Spokane 4, Washington

October 1, 1959

800

Highland-Surprise Consolidated Mining Co.
P. O. Box 809
Wallace, Idaho

Re: Docket No. DMEA-1664 (Lead-Zinc)
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-3019

Gentlemen:

Enclosed for your information and files is a copy of "Report of Royalty Review" dated August 25, 1959. The audit review discloses that you have made an overpayment of royalty amounting to $5.18. If you wish this refunded, we would appreciate receiving a written request within 30 days.

Sincerely yours,

A. E. Weissenborn
Executive Officer, OME
Field Team, Region I

Enclosure

cc: OME (2)
CA & A Div., D.C.
USBM
USBM(AD)

E-819

For Certificate of Deposit No. 421, dated October 11, 1957, giving royalty payment of $.03, see E-152.

E-819

For Certificate of Deposit No. 420, dated October 2, 1957, giving royalty payment of $7.37, see E-9.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

AUDIT CERTIFICATE

I have examined the records and transactions of the:

Highland Surprise Consolidated Mining Company
Wallace, Idaho

pertaining to Exploration Project Contract No. Idm E 819, Docket No. DMEA 3664, dated June 17, 1955 including amendments Nos. 1 to 3 inclusive and termination agreement with an effective date of December 15, 1956, covering a project for the exploration of lead and zinc on property known as the Deer Trail Mine, located in the East Fork Mining District, Custer County, State of Idaho, for the period of June 17, 1955 to December 15, 1956.

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

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

Total cost as billed by Contractor		$59,975.53
Less proceeds from salvage		1,062.01
Net Claimed Cost		$58,913.52
Exceptions (See Audit Report for details)		
Prior to audit	None	
During this audit	$(1,387.21)	$(1,387.21)
Total Accepted Cost		$60,300.73

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 Thirty thousand, one hundred fifty and 36/100 Dollars

--- $ 30,150.36 ---

is valid and proper.

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

EXTRA COPY
DMEA
RECEIVED APR 26 1957

DATE	INITIALS	CODE

C. A. Turner
C. A. TURNER, Auditor

April 19, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED APR 26 1957

DATE	INITIALS	CODE

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

AUDIT REPORT

I. INTRODUCTION

On April 8 and 9, 1957, a final audit (covering operations for the period of June 17, 1955 to December 15, ~~1956) was made of~~ the records and transactions pertaining to Exploration Project Contract No. Idm E 819, Docket No. DMEA 3664, dated June 17, 1955, including Amendments Nos. 1 to 3 inclusive, and a termination agreement with an effective date of December 15, 1956, with the:

Highland Surprise Consolidated Mining Company
Wallace, Idaho

covering a project for the exploration of lead and zinc, on property known as the Deer Trail Mine, located in the East Fork Mining District, Custer County, State of Idaho.

The original records under this contract were maintained by and were in the custody of W. A. Callaway, Secretary-Treasurer of the Highland Surprise Consolidated Mining Company, and were located at the mine office in Wallace, Idaho.

Mr. J. A. Bardill, Metallurgist, U. S. Bureau of Mines, Region 1, N.W., was available for consultation as necessary.

Mr. W. A. Callaway rendered considerable assistance as required during the on-site audit.

II. GENERAL INFORMATION ON RECORDS

The company maintained a complete and comprehensive set of records consisting of general ledger, journal, cash receipts and disbursements record, which were all supported by the records of original entry, such as payrolls, vendors' invoices, and the various State and Federal Reports.

The Operator's Monthly Report and Voucher Form MF-104 was prepared and signed by W. A. Callaway, Secretary-Treasurer of the company. The Forms MF-104 were supported by a comprehensive work sheet which gave the details and the distributions of all charges made to the exploration project as well as the credits for unused supplies and salvage items applicable to the project.

III. SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs shown in the "Totals to Date" column of the final Form MF-104, Operator's Monthly Report and Voucher, for the month of October 1956, which gave consideration to the salvage of all unused supplies and salvage of operating materials and supplies and the salvage of the compressor building.

The audit disclosed some improper distribution and since the Operator had reduced the charges made on the Forms MF-104 for unused supply items and all salvage items, a complete and detailed audit and analysis of all costs was made. Therefore, the audit findings presented below are those resulting after the corrections of the cost distributions.

(1) Independent Contracts

Costs determined by the audit to be properly allowable under the terms of the contract, performed by independent contractors are as follows:

Drifting and Crosscutting	1200' @ $20.94	$25,128.00
Diamond Drill Stations	87' @ $20.94	1,821.78
Accepted Costs Stage I		$26,949.78

Footages and work accomplished were verified by the examining engineer, Mr. J. A. Bardill, U. S. Bureau of Mines.

An agreement dated July 30, 1955, between the Highland Surprise Consolidated Mining Company and Leon W. Zittel of Kellogg, Idaho, and Philip J. Salois of Wallace, Idaho, stated the prices to be paid independent contractors as follows:

Tunneling and drifting	$23.00 per foot
Diamond Drill Stations	25.50 per foot
Timbering when necessary	2.50 per foot

Examination of the Operator's records indicated that the contractors were paid at the above rates.

Fixed Unit Costs

Costs determined by the audit to be properly allowable under the terms of the contract which provided for contribution by the Government on the basis of Fixed Unit Costs of units of work performed are as follows:

				Stage I	Stage II
Bulldozing	56½	Hrs.	@ $10.00	$ 565.00	$ ----
Bulldozing	10	"	@ 12.00	----	120.00
Diamond Drilling	2100	Ft.	@ 4.75	9,975.00	----
Diamond Drilling	131	"	@ 7.20	----	943.20
Diamond Drilling	150	"	@ 7.70	----	1,155.00
Diamond Drilling	369	"	@ 7.45	----	2,749.05
Accepted Costs				$10,540.00	$4,967.25

Footages and work accomplished were verified by the examining engineer, Mr. J. A. Bardill, U. S. Bureau of Mines.

A disallowance of $0.01 was made from diamond drilling, being in excess of the maximum of 2100 feet @ $4.75, $9,975.00.

(2) Labor and Supervision

The basic records for the labor costs consisted of semi-monthly payrolls prepared by W. A. Callaway, Secretary-Treasurer of the company, from individual employee time sheets. The time sheets are prepared by the mill or mine superintendent who records the hours worked, rate of pay and classification of labor.

During the audit, the time sheets applicable to the exploration project were recomputed and checked against the semi-monthly payrolls. Employees were paid twice monthly by payroll checks. The rates of pay conformed to those paid in the mining district.

The amended contract contained no provision for labor to be used on exploration work on the project. However, the contract does make the provision for a compressor and shop building and for equipment transportation, which required a small amount of labor. The labor applicable to those items as follows:

Category 6	Compressor and Shop Building	$165.90
Category 7	Equipment Transportation	680.81
	Total (See schedules Categories 6 & 7)	$846.71

Supervision properly allowable under the terms of the contract was determined by the audit to be as follows:

Stage I 8 Months @ $650.00 per month $5,200.00

The maximums of one supervisor, 8 months, $650.00 per month and total cost were not exceeded.

(3) Operating Materials and Supplies

The costs chargeable to this category were determined by a detailed audit and analysis of the vendors' invoices, freight bills and transfers from the stores account. The accepted costs allowable

under the terms of the contract were determined by the audit to be as follows:

Stage I		Total	Salvage	Net Cost
Timber		$ 409.86	$ --	$ 409.86
Ties		198.12	--	198.12
Track and Accessories				
Rail & Accessories (Used)	$656.44			
Rail (New)	217.62			
		874.06	437.03	437.03
Pipe and Accessories		636.29	247.92	388.37
Vent Pipe and Accessories		333.56	166.78	166.78
Fuel Oil and Lube		3,205.84	--	3,205.84
Prestone		104.86	--	104.86
Small Tools		220.57	110.28	110.29
Miscellaneous		32.70	--	32.70
Total		$6,015.86	$962.01	$5,053.85

Supplies withdrawn from stores were priced to the exploration project at the Operator's cost without any markup with the exception of the items of salvage from the prior exploration project contract No. Idm E 63, Docket No. DMA 390.

The salvage items were priced on the basis of the salvage value used in final settlement of the prior contract as follows:

1"	Air or water line	$ .047	per foot
2"	Air or water line	.079	" "
4"	Victaulic pipe	.410	" "
	Ventilation pipe	.210	" "
20#	Rail	.220	" "
3	Conductor rubber covered power cable	.060	" "

and the above unit values include all accessories like pipe couplings, valves, fishplates, etc. unless new ones are used and can be supported by vendor's invoices. These prices were approved by letter dated January 3, 1956, from the Chairman of the Operating Committee to the Executive Officer, DMEA Field Team, Region 1 N.W. The Operator's claim was in conformity with the above prices.

The examining engineer, Mr. J. A. Bardill, Metallurgist, U.S. Bureau of Mines and Mr. Tibor Klobusicky, representative for the Operator, made a final inspection of all remaining unused operating materials and supplies. The Operator on his February 1956, Form MF-104 reduced the charges made for unused materials and supplies on hand at the time work closed on the exploration project, at the same price that they were charged to the project. The project was given credit by the Operator for supplies as follows:

Pipe	$ 9.78
Diesel Oil	239.48
Gasoline	48.33
Motor Oil and Grease	160.11
	$457.70

The Operator and the Certifying Officer made the following deductions on the Forms MF-104 for the salvage entries:

Forms MF-104	Track	Water Pipe	Vent Pipe	Small Tools
Feb. 1956 by Operator	$475.31	$358.73	$268.14	$ 110.28
Aug. 1956 by Operator	(38.28)	(40.58)	(101.36)	-0-
September 1956 by Certifying Officer	360.47	86.76	(35.94)	(272.61)
Total	$797.50	$404.91	$130.84	$ (162.33)

All of the above entries were cancelled in the audit summary Schedule "A" attached to this report for the purpose of determining the exploration costs prior to the salvage deduction and to make provision for the proper salvage deduction.

Salvage was computed on the basis of 50% of the remaining supplies inventoried by the examining engineer. The salvage of pipe and accessories does not equal 50% of the pipe and accessories charged on the Forms MF-104, since the examining engineer did not include in his inventory of salvageable items the new pipe couplings, and accessories purchased. These items are not included in the salvage.

(4) Operating Equipment

Rental

This item of cost not applicable to this contract.

Purchases

This item of cost not applicable to this contract.

Depreciation

The acceptable and allowable costs under this category were determined by the audit to be as follows:

1 Portable Compressor	7	Mo. @	$157.73	$1,104.11
1 Motor Pump and Engine	5	Mo. @	16.92	84.60
1 Blower and engine	6	Mo. @	15.10	90.60
1 Battery Charger and Motor	6	Mo. @	17.50	105.00
1 Extra set Batteries	6	Mo. @	25.00	150.00
1 Mine Car transfer	5½	Mo. @	6.67	36.68
1 Battery locomotive	6	Mo. @	70.00	420.00
5 Two ton mine cars	6	Mo. @	17.63	105.77
2 Air Receivers	7	Mo. @	4.87	34.09
1 Eimco loader	6	Mo. @	22.58	135.48
2 Drills complete	6	Mo. @	28.88	173.28
1 3/4 ton Pickup	7½	Mo. @	42.54	319.08
1 Bit Grinding Machine	6	Mo. @	4.81	28.87
Accepted Costs Stage I				$2,787.56

Depreciation charges were for the actual time the equipment was in use. Equipment logs were not available. However, the months for which depreciation was charged compared with the months exploration work was in progress and appeared to be reasonable and proper to this auditor.

The maximums; items, rates, time and total amounts were not exceeded.

(5) Initial Rehabilitation and Repairs

This item of cost not applicable to this contract.

(6) New Buildings, Improvements, Etc.

An audit of vendors' invoices, freight bills, payrolls and other documents disclosed the following costs to be allowable under the terms of the contract:

Stage I

Compressor and Shop Building

Building 30 x 50		$ 500.00
Moving Building to Mine		275.00
Rehabilitation of Building		
Labor	$165.90	
Lumber	105.80	
Roofing	171.28	
Miscellaneous	23.15	
		466.13
Total		$ 1,241.13
Cost not claimed by Operator		841.13
Accepted Cost		$ 400.00
Less salvage 25%		100.00
Net Cost to Project		$ 300.00

The compressor and shop building was one of a group of semi-portable buildings located near the Galena Store between Stanley, Idaho and Ketchum, Idaho, which was purchased for use at the mine. The buildings were purchased and moved as a group without the actual cost of each building being determined. The cost of the compressor and shop building and moving expense shown in the statement are estimates made by the Operator. However, the balance of the costs in the statement were determined by the audit to be actual costs which were in excess of the maximum. The Operator claimed only $400.00 on his Form MF-104, which was the maximum.

(7) Miscellaneous

The allowable costs in this category were determined by audit and analysis of the invoices, freight bills and canceled checks, or in the case of payroll taxes and insurance, by examination of the company's tax returns and insurance policies. The costs allowable under the terms of the contract are as follows:

Stage I	Costs Claimed	Disallowed By Audit	Accepted Costs
Repairs to Equipment	$2,747.56	$ .88	$2,746.68
Sampling and Analysis	249.00	---	249.00
Payroll Taxes	64.29	---	64.29
Liability Insurance	282.45	---	282.45
Equipment Transportation	1,159.87	---	1,159.87
Total	$4,503.17	$ .88	$4,502.29

Repairs to Equipment

Compressor	$ 533.86
Drill Machine	1,252.82
Charger	80.53
Mine Cars	29.97
Mine Lamp	18.35
Battery	13.95
Eimco Loader	122.82
Pickup Truck	580.63
Miscellaneous Shop Supplies	113.75
Total Stage I	$2,746.68

A disallowance was made by the audit for cash discounts which the Operator failed to take on invoices covering repair parts in the amount of $ .88.

Sampling and Analysis

Consisted of 83 determinations @ $3.00 each, $249.00 made by the Sunshine Mining Company, Kellogg, Idaho. The determinations were certified by James C. Durham, Chief Engineer.

Payroll Taxes were determined by an analysis of the Operator's payrolls and the various State and Federal Tax Returns, as follows:

	1955	1956
Employers Quarterly Federal Tax Return		
Account No. 82-0126996		
F.I.C.A. Tax Rate	2%	2%
Employers Contribution Report		
State of Idaho No. 24-1031-00160		
Unemployment Insurance Rates	.9%	.3%
Federal Excise Tax Return		
Unemployment Insurance Rates	.3%	.3%

Payroll taxes were computed on the balances of salaries subject to taxes. Certain employees having worked for the Operator during 1955 prior to working on the exploration project, had paid taxes on their salaries. In the following computations, the amount taxable was the difference between the annual maximum salary taxable and the earnings prior to the exploration project which had been taxed. The following taxes were determined by the audit to be proper and allowable:

Stage I	Superintendant	Compressor House	Moving Equipment	Total
Year of 1955	$ ---	$ 5.31	$ 16.72	$ 22.03
Year of 1956	42.26	---	---	42.26
Accepted Costs	$ 42.26	$ 5.31	$ 16.72	$ 64.29

Liability Insurance was found by the audit to be premiums paid or to be paid to the

The Tri-State Insurance Company
Policy No. WC-27628
Dated January 1, 1955

whose rates without hospital at Stanley, Idaho, were:

Mining Surface	Code 1165	3.5%
Mining Underground	Code 1164	7.5%

on the first $100.00 per week earned. Wages in excess of $100.00 per week not insured.

Liability Insurance premiums were computed at the above rates and the following premiums are by the terms of the contract allowable costs to the exploration project:

Stage I	Superintendent	Compressor House	Moving Equipment	Total
Year of 1955	$ 171.92	$ 5.80	$ 23.83	$201.55
Year of 1956	80.90	--	---	80.90
Accepted Costs	$ 252.82	$ 5.80	$ 23.83	$282.45

The accepted costs were found to be $282.45 while the Operator claimed only $229.56 or a difference of $52.89. The difference of $52.89 is by the terms of the contract a proper and allowable charge to the exploration project. The Operator's claim is increased $52.89.

Equipment Transportation Costs were by the audit determined to be as follows:

Hauling Contract Albert C. Milholland	$ 325.00
Labor	680.81
Gas, Oil and truck expense	154.06
Accepted Costs Stage I	$1,159.87

(8) Contingencies

This item of cost not applicable to this contract.

IV. CONCLUSIONS

The audit disclosed that all costs charged to this project on the final Form MF-104 dated October 1956 with the exception of disallowances aggregating $ .89 as itemized in the preceeding section of this report, but including; reinstatement of salvage deductions made by the Operator aggregating $1,132.24 and the reinstatement of salvage deletion made by the Certifying Officer of $138.68 and including the addition to the Operator's claim under Item (3) payroll taxes, $64.29 and liability insurance, $52.89, are reasonable and proper under the terms of the contract.

The adjustments between "Items of Cost" as shown on the October 1956 Form MF-104, the disallowances, the reinstatement of the Operator's deduction for salvage, the reinstatement of the Certifying Officer's deletion for salvage, the additions to the Operator's claim, the salvage deductions and the accepted costs as disclosed by this audit are summarized in Exhibit "A" attached hereto.

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

Supervision - One superintendent, 8 months @ $650.00 per month
$5200.00

Depreciation, items rates and total amount.

Compressor and Shop Building.

Maximums are summarized as follows:

Independent Contracts, Stage I			Maximum	Accepted Cost	Balance
Drifting and Crosscutting	1200' @	$20.94	$25,128.00	$25,128.00	$ ---
Diamond Drill Stations	110' @	20.94	2,303.40		
	87' @	20.94		1,821.78	
	23' @	20.94			481.62
Fixed Unit Costs, Stage I					
Bulldozing	56½ Hr. @	10.00	565.00	565.00	--
Diamond Drill.	2100' @	4.75	9,975.00	9,975.00	--
Fixed Unit Costs Stage II					
Bulldozing	10 Hr. @	12.00	120.00	120.00	--
Diamond Drill.	400' @	5.15	2,060.00	--	2,060.00
Diamond Drill.	100' @	5.65	565.00	--	565.00
Diamond Drill.	369' @	7.45	2,749.05	2,749.05	--
Diamond Drill.	131' @	7.20	943.20	943.20	--
Diamond Drill.	200' @	7.70	1,540.00		
	150' @	7.70		1,155.00	
	50' @	7.70			385.00
Assays	60 @	3.50	210.00	--	210.00
Supervision			5,200.00	5,200.00	--
Depreciation			3,233.67	2,787.56	446.11
New Building, Improvements, Etc.			400.00	400.00	--
Total			$54,992.32	$50,844.59	$4,147.73

At the conclusion of the audit the findings were discussed with Mr. W. A. Callaway, Secretary-Treasurer of the Company. The findings were also discussed with Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest.

C. A. Turner

C. A. TURNER, Auditor

April 19, 1957

Schedule "A"

AUDIT SUMMARY

	Totals Oct. 1956 Form MF-104	Cancel Salvage Entries Made on Forms MF-104 by the Operator Feb. 1956	Operator Aug. 1956	Certifying Officer Sept. 1956	Total Before Salvage Deductions	Corrected Distribution	Disallowed By Audit	Salvage	Accepted Costs	Stage I	Stage II
	$	$	$	$	$	$	$	$	$	$	$
1. Independent Contracts											
Drifting and Crosscutting	26,949.78	—	—	—	26,949.78	25,128.00	—	—	25,128.00	25,128.00	
Drill Stations	—	—	—	—	—	1,821.78	—	—	1,821.78	1,821.78	
Fixed Unit Costs											
Bulldozing	685.00	—	—	—	685.00	685.00	—	—	685.00	565.00	120.00
Drilling	14,822.26	—	—	—	14,822.26	14,822.26	.01	—	14,822.25	9,975.00	4,847.25
2. Labor and Supervision											
Labor											
Supervision	5,200.00	—	—	—	5,200.00	5,200.00	—	—	5,200.00	5,200.00	
Technical											
3. Operating Materials and Supplies											
Timber	409.86	—	—	—	409.86	409.86	—	—	409.86	409.86	
Ties	198.12	—	—	—	198.12	198.12	—	—	198.12	198.12	
Track and Accessories	76.56	475.31	(38.28)	360.47	874.06	874.06	—	437.03	437.03	437.03	
Pipe and Accessories	231.38	358.73	(40.58)	86.76	636.29	636.29	—	247.92	388.37	388.37	
Vent Pipe and Accessories	202.72	268.14	(101.36)	(35.94)	333.56	333.56	—	166.78	166.78	166.78	
Fuel Oil and Lube	—	—	—	—	—	3,205.84	—	—	3,205.84	3,205.84	
Prestone	—	—	—	—	—	104.86	—	—	104.86	104.86	
Small Tools	—	—	—	—	—	220.57	—	110.28	110.29	110.29	
Miscellaneous	3,726.30	110.28	—	(272.61)	3,563.97	32.70	—	—	32.70	32.70	
4. Operating Equipment											
Rental											
Purchase											
Depreciation	2,787.56	—	—	—	2,787.56	2,787.56	—	—	2,787.56	2,787.56	
5. Initial Repairs & Rehabilitation											
6. New Buildings, Improvements, Etc.	300.00	100.00	—	—	400.00	400.00	—	100.00	300.00	300.00	
7. Miscellaneous											
Repairs to Equipment	2,747.56	—	—	—	2,747.56	2,747.56	.88	—	2,746.68	2,746.68	
Sampling and Analysis	249.00	—	—	—	249.00	249.00	—	—	249.00	249.00	
Payroll Taxes	—	—	—	—	—	—	(64.29)	—	64.29	64.29	
Liability Insurance	187.50	—	—	—	187.50	229.56	(52.89)	—	282.45	282.45	
Equipment Transportation	1,201.93	—	—	—	1,201.93	1,159.87	—	—	1,159.87	1,159.87	
8. Contingencies											
Total	$59,975.53	$1,312.46	$(160.22)	$138.68	$61,246.45	$61,246.45	$(116.29)	$1,062.01	$60,300.73	$55,333.48	$4,967.25

So. 157 Howard Street
Spokane 4, Washington

May 9, 1957

EXTRA COPY DMEA RECEIVED MAY 16 1957		
DATE	INITIALS	CODE
		800

Mr. Frank J. Luedke, President
Highland-Surprise Consolidated
Mining Company
Post Office Box 889
Wallace, Idaho

Re: Docket No. DMEA-3664 (Lead-Zinc)
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-8819

Dear Mr. Luedke:

Enclosed for your information and files is one copy each of an Audit Certificate and Audit Report for the period of June 17, 1955 to December 15, 1956.

Sincerely yours,

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

Enclosures

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

APR 26 1957

Mr. Charles A. Turner
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Audit Report
Highland-Surprise Consolidated
Mining Company
Idm-2819, DMEA-3644

Dear Mr. Turner:

Receipt is acknowledged of the Washington copies of the Audit Report and Certificate covering the above-cite project.

The report is acceptable and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
April 26, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

EXTRA COPY DMEA RECEIVED APR 22 1957		
DATE	INITIALS	CODE
		800

1201 N. Division St.
Spokane 2, Washington

April 10, 1957

Mr. Charles A. Turner
DMEA Auditor, Region I
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMEA-3644 (lead-zinc)
Highland-Surprise Cons. Mining Co.
Dear Trail Mine
Custer County, Idaho
Contract No. Ida-[redacted]

Dear Mr. Turner:

The project work under the referenced contract was completed by October 31, 1956, to the satisfaction of the Government.

The contract was terminated by mutual agreement, effective December 15, 1956, before completion of the work.

A final inspection report was submitted by John D. Bardill on October 12, 1956, together with a supplemental report on March 26, 1957.

The Operator's final engineering and geological report was received in this office on April 25, 1956. This report summarizes the results of the underground work with the exception of some core drilling completed during September and October 1956, which is adequately covered by the Operator's narrative reports for September and October 1956. These reports are considered as having met the requirements of Article 7(e) of the contract. The Field Team, by letter dated April 5, 1957, recommended that Washington waive a supplement to the Operator's final report.

Materials and supplies purchased with Government participation and their salvage value under the contract are itemized in Mr. Bardill's final inspection report of October 12, 1956.

In a letter dated February 5, 1957, the Field Team recommended to Washington that a Certification of Discovery and/or Development be issued as a result of the work completed under the contract.

Work units completed within the terms of the contract are as follows:

	Authorized	Completed	Cost
Stage I			
Drifting & crosscutting @ $20.94/ft.	1200 ft.	1203 ft.	$25,128.00
D.D. station @ $20.94/ft.	110 ft.	87 ft.	1,821.78
Bulldozing @ $10.00/hr.	56½ hrs.	56½ hrs.	565.00
Diamond drilling @ $4.75/ft.	2100 ft.	2308 ft.	9,975.00
Analyses for lead-zinc-silver @ $3.00/ea.	250	83	249.00
Stage II			
Bulldozing @ $12.00/hr.	10 hrs.	10 hrs.	$ 120.00
D.D. - AX size @ $7.45/ft.	500 ft.)	369 ft.)	2,749.05
D.D. - EX size @ $7.20/ft.	)	131 ft.)	943.20
D.D. - AX size @ $7.95/ft.	200 ft.	150 ft.	1,155.00 1/

1/ Reduced in size to EX @ $7.70/ft.

It is now in order for you to issue your Report of Review.

By Field Team, Region I, MM District

A. E. Weissenborn, Exec. Officer

Wing G. Agnew, Member

cc: DMEA (3)
USGS (2)
USBM (AD)
Docket

EXTRA COPY
DMEA
RECEIVED APR 26
DATE | INITIALS | CODE
800

1202 N. Division St.
Spokane 2, Washington

March 26, 1957

MEMORANDUM

To: Dorothy F. Long, Certifying Officer, Region 1, NW Dist.

From: John D. Bardill, Bureau of Mines

Subject: Final inspection of work completed under Contract No. Idm-2619 and Amendments Nos. 2 and 3, Docket No. DMEA-3664 (lead-zinc), Highland-Surprise Consolidated Mining Company, Deer Trail Mine, Custer County, Idaho

In addition to the work completed under the subject contract and amendments and reported in my final inspection report dated October 12, 1956, the following work was also done for which the Operator should be reimbursed.

Item			Allowed Cost
10 hours bulldozing	@	$12.00/hr.	$ 120.00
83 samples	@	3.00/sample	249.00
369 ft. d. d.	@	7.45/ft.	2,749.05
131 ft. d. d.	@	7.20/ft.	943.20
150 ft. d. d.	@	7.70/ft.	1,155.00

John D. Bardill

Distribution:
DMEA (4)
USGS (2)
Docket
Turner
Bardill

RECEIVED
OCT 25 1956

xxxxxxxxxxxxxxxx
1201 N. Division St.
Spokane 2, Washington
October 12, 1956

MEMORANDUM

To: Mrs. Myrtle Purdy, Certifying Officer, Region 1, NW Dist.

From: John D. Marvill, Bureau of Mines

Subject: Final inspection of work completed under Contract No. Ida-1219 and Amendment No. 1, Docket No. DMSA-3564, Highland-Surprise Consolidated Mining Company, Deer Trail Mine, Custer County, Idaho.

I made an inspection on August 24, 1956 of the work completed under the subject contract and Amendment No. 1 to the contract.

The following measurements of drifting, crosscutting and diamond drilling were made:

Item	Authorized	Completed	Allowed cost
Drifting and crosscutting @ $20.94/ft.	1,200 feet	1,203 feet	$25,128.00
Crosscutting for diamond drill stations @ $20.94/ft.	110 feet	87 feet	1,821.78
20 diamond drill holes @ $4.75/ft.	2,100 feet	2,308 feet	9,975.00
56½ hours bulldozing @ $10.00/hr.	56½ hrs.	56½ hrs.	565.00

The following materials and supplies are salvageable:

440 feet of used 10" galvanized vent pipe @ $0.21/ft.	$ 92.40
150 feet of new 12" rubber ventube	156.52
Fittings	84.66
	$333.56
Less 50% salvage	$166.78

2,144 feet of used 20 lb. rail @ $0.22/ft.	$471.68
348 feet of new 20 lb. rail @ $0.7126/ft.	247.98
3 switches, fishplates, etc.	154.40
	$874.06
Less 50% salvage	$437.03
1,014 feet of used 2" water pipe and fittings @ $0.079/ft.	$ 80.11
1,014 feet of used 4" air water pipe and fittings @ $0.4104/ft.	415.74
	$495.85
Less 50% salvage	$247.92
Miscellaneous small tools, cost	$220.57
Less 50% salvage	$110.28
Compressor house and shop 15 ft. by 40 ft. - allowed	$400.00
Less 25% salvage	$100.00

John D. Lardill

The Field Team concurs with the above allowable footages. The salvage values shown are those called for in the contract. You are hereby authorized to make settlement accordingly.

By Field Team, Region I, NW District

A. Z. Weissenborn, Executive Officer

Wing G. Agnew, Member

Distribution:
- UMWA (4)
- UMCO (2)
- Decker
- Turner
- Lardill

Form MF-1a (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October 1956 Docket No. DMEA 3664 Contract No. Idm-E819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho
Contract Amount, $ 67,840.00 Government Participation: 50 % Amount, $ 33,920.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	3,267.85	11,554.41	14,822.26	5089.62	11554.41	16644.03
Bulldozing		685.00	685.00		685.00	685.00
Crosscutting } Salois & Drifting } Zittel		26,949.78	26,949.78	[illegible]	26949.78	25128.00
(2) Labor and Supervision:						
Labor						
Supervision		5,200.00	5,200.00		5200.00	5200.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		409.86	409.86		409.86	409.86
~~Explosives~~ Ties		198.12	198.12		198.12	198.12
Pipe		231.38	231.38	156.99	231.38	388.37
Track		76.56	76.56	360.47	76.56	437.03
Ventilation pipe		202.72	202.72	[illegible]	202.72	166.98
Other		3,726.30	3,726.30	272.61	3726.30	3453.69
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation		2,787.56	2,787.56		2787.56	2787.56
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.		300.00	300.00		300.00	300.00
(7) Miscellaneous:						
Repairs to Equipment		2,747.56	2,747.56	.88	2747.56	2746.68
Sampling and Analysis		249.00	249.00		249.00	249.00
Payroll Taxes				64.29	-0-	64.29
Liability Insurance		187.50	187.50	94.95	187.50	282.45
Equipment transportation		1,201.93	1,201.93	42.06	1201.93	1159.87
(8) Contingencies (specify):						
TOTALS	3,267.85	56,707.68	59,975.53	3593.05	56707.68	60300.73

RECEIVED MAY 10 1957 D.M.E.A.

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 11-21-56 *Payee Highland-Surprise Consolidated Mining Company
Per N. A. Calloway Title Secretary-Treasurer

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 1796.51

Signature Dorothy F. Long
(Authorized Certifying Officer)

Date 5/6/57 Vou. No. 1913

(See other side)

Adjusted to final audit report by C. A. Turner dated 4/19/57

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 819 in accordance with the terms of the contract.

Signature /s/ John D. Dardill Title Metallurgist Date 5/3/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ A. E. Weissenborn Title Exec. Officer Date 5/3/57

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October 1956 Docket No. DMEA 3664 Contract No. Idm-E819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting / Crosscutting	Ft.			44,168.27	1,287	34.32	1,200	
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.			9,975.01	2,100	4.75	2,100	4.75
~~Churn~~ Core	Ft.	2,224.25	300	4,847.25	650	7.303	700	
Auger								
~~Stripping~~ Bulldozing	Hr.			565.00	56.5	10.00	56.5	10.00
~~Trenching~~ Bulldozing	Hr.			120.00	10	12.00	10	12.00
Test Pits								
Roads and Trails								
D. D. Stations - Units and costs included in drifting and crosscutting							110	
TOTAL DISTRIBUTED COSTS		2,224.25		59,675.53				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				300.00				
TOTAL COSTS		2,224.25		59,975.53				

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date Nov. 21, 1956 Operator Highland-Surprise Consolidated Mining Company

Per W. A. Calloway Title Secretary-Treasurer

REMARKS:

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

(Instructions on reverse)

(For Government use only)

/s/ John A. Gardell

RECEIVED MAY 10 1957 D.M.E.A.

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
Deer Trail Mine, Custer County, Idaho
Docket No. DMEA-3664 (Lead-Zinc)
Contract No. Idm-E819

PROGRESS REPORT
October, 1956

Diamond Drill Hole No. 28:

As shown on the enclosed location sketch the collar of this hole was located about 200 feet northeast of the originally planned location in order to avoid penetrating again the barren zone cut in the corresponding area by Hole No. 27. This area contained several pockets of quick sand and posed a real drilling problem. Another reason for the new location of this hole was to try to reach out farther to the east and explore for parallel mineralization.

The hole was collared in altered limestone formation with brecciated fragments of argillite in the first 20 feet and occasional traces of zinc, with substantial ipidot and some garnet. This limestone formation appeared in the hole from 0' to 136'.

Traces of mineralization, namely zinc, pyrite and occasional specks of lead occurred from 52' to 60', at 66', 68', 75', 79', 95', 100' to 110' and 115' to 136'.

136' to 143'	rhyolite porphyry dike
143' to 146'	sand
146' to 231'	rhyolite porphyry dike with occasional fragments of argillite from 203' to 231'.

After the appearance of a sand zone in this hole as well, the caving hole had to be cased and the core size was reduced from AX to EX at 157 feet.

231' to 301'	heavily broken, carbonaceous argillite, with occasional pyrite seams. Quartz bands from 284' to 295'.

Core recovery:

0' to 120'	100%
120' to 231'	55%
231' to 301'	25%
Average	66%

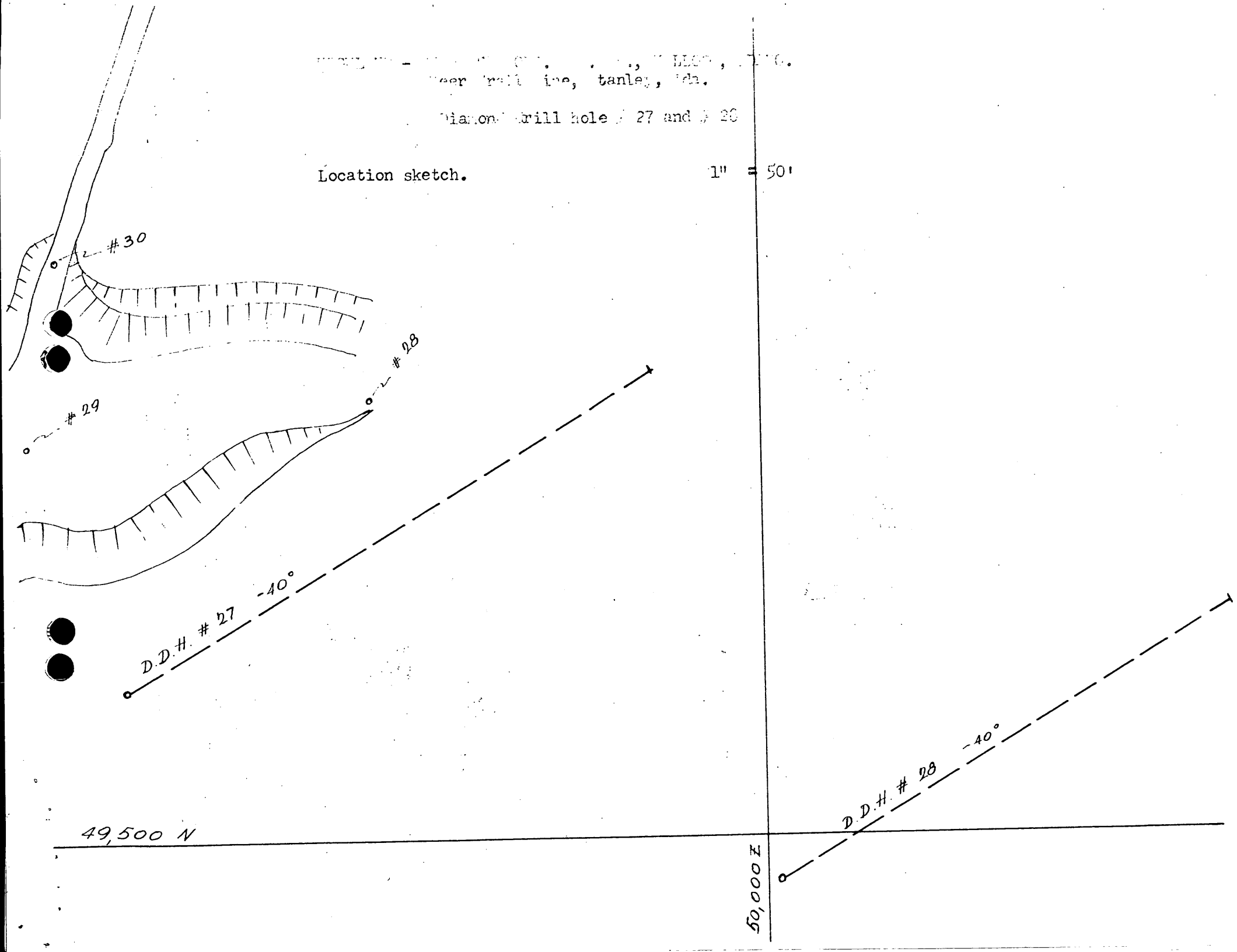
OFFICIAL FILE COPY
DMEA
RECEIVED MAY 10 1957

DATE	INITIALS	CODE

[illegible] LLC[illegible], [illegible]ng.
[illegible]eer [illegible]rill [illegible]ine, [illegible]tanley, [illegible]ch.

[illegible]iamon[illegible] [illegible]rill hole [illegible] 27 and [illegible] 28

Location sketch. 1" = 50'



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D M E A
RECEIVED MAY 10 1957

DATE	INITIALS	CODE

LEVEL Surface MINE Highland-Surprise DATE 10-6-56 BY T.K.

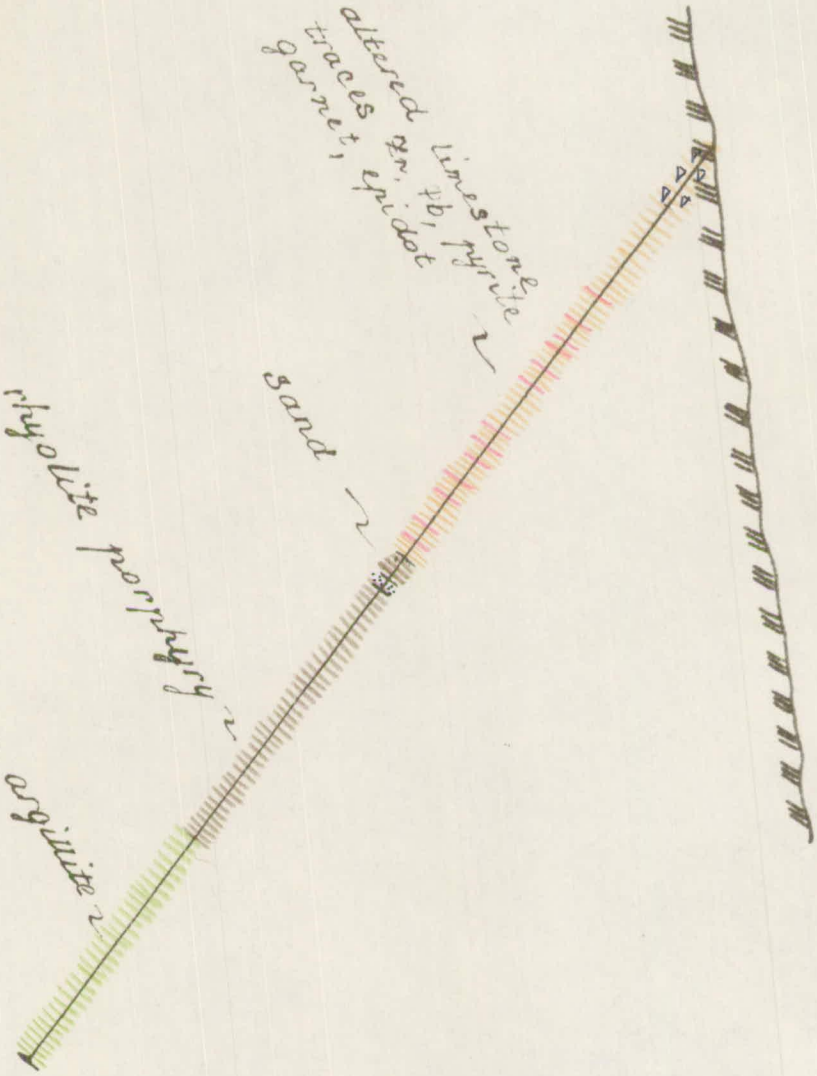
SCALE 1" = 50 OPERATION Deer Trail Mine, Stanley, Ida.

Diam. drill. hole # 28 Length 301-ft

Bearing N 60° E Ave. core rec. 66 %

Dip -40° Core size 0 - 157' AX

157 - 301 EX



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D M E A
RECEIVED MAY 10 1957

DATE	INITIALS	CODE

1201 N. Division Street
Spokane 2, Washington

May 3, 1957

Mrs. Dorothy Long, Certifying Officer
DMEA Field Team, Region I, NW
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Cons. Mining Co.
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-2819

Dear Mrs. Long:

The work completed under the contract was done to the satisfaction of the Government.

The Government deducted its proportionate share of salvageable materials and supplies from funds owed the operator.

Certification of Discovery and/or Development has been recommended.

A final Audit Report dated April 19, 1957 by DMEA Auditor C. A. Turner has been received.

As all contract requirements have been met, it is requested that final settlement of our account with the operator be made.

Sincerely yours,

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

cc: DMEA (2)
USGS (2)
Contract Admin. & Audit Div. (2)
Docket

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of September, 1956 Docket No. DMEA 3664 Contract No. Idm-E819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho
Contract Amount, $67,840.00 Government Participation: 50 % Amount, $33,920.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	2,657.50	9,975.01	12,632.51	1579.40	9975.01	11554.41
Bulldozing	120.00	565.00	685.00	120.00	565.00	685.00
Crosscutting) Salois &						
Drifting) Zittel		26,949.78	26,949.78		26949.78	26949.78
(2) Labor and Supervision:						
Labor						
Supervision		5,200.00	5,200.00		5200.00	5200.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		409.86	409.86		409.86	409.86
Explosives Ties		198.12	198.12		198.12	198.12
Pipe		318.14	318.14	86.96	318.14	231.38
Track		437.03	437.03	360.47	437.03	76.56
Ventilation pipe		166.78	166.78	35.94	166.78	202.72
Other		3,453.69	3,453.69	272.61	3453.69	3726.30
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation		2,787.56	2,787.56		2787.56	2787.56
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.		300.00	300.00		300.00	300.00
(7) Miscellaneous:						
Repairs to Equipment		2,747.56	2,747.56		2747.56	2747.56
Sampling and Analysis		249.00	249.00		249.00	249.00
Payroll Taxes						
Liability Insurance		187.50	187.50		187.50	187.50
Equipment transportation		1,201.93	1,201.93		1201.93	1201.93
(8) Contingencies (specify):						
TOTALS	2,777.50	55,146.96	57,924.46	1569.72	55146.96	56707.68

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 10-18-56 *Payee Highland-Surprise Consolidated Mining Company
Per W. A. Callaway Title Secretary-Treasurer

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 780 36

Signature M. P.
(Authorized Certifying Officer)

Date 10/31/56 Vou. No. 1895
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E819 in accordance with the terms of the contract.

Signature /s/ John R Burdell Title Metallurgist Date Oct 22-56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ A. E. Weissenborn Title Executive Officer Date Oct 26-1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-101A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED NOV 5 1956 D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of September 1956 Docket No. DMEA 3664 Contract No. Idm-1019
Operator's Name Highland-Surprise Consolidated Mining Company Minerals Lead-Zinc
Address Box 859, Wallace, Idaho

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting / Crosscutting	Ft.			44,306.95	1,287	34.43	1,200	
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.			9,975.01	2,100	4.75	2,100	4.75
~~Chum~~ Core	Ft.	2,657.50	350	2,657.50	350	7.5929	700	7.5929
Auger								
~~Stripping~~ Bulldozing	Hr.			565.00	56.5	10.00	56.5	10.00
~~Trenching~~ Bulldozing	Hr.	120.00	10	120.00	10	12.00	10	12.00
Test Pits								
Roads and Trails								
D. D. Stations	Units and costs included in drifting and crosscutting						110	
Total Distributed Costs		2,777.50		57,624.46				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				300.00				
Total Costs		2,777.50		57,924.46				

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date 10-18-56 Operator Highland-Surprise Consolidated Mining Company

Per N. A. Calloway Title Secretary-Treasurer

Remarks:

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

(Instructions on reverse)

(For Government use only)

151 John D Burdill

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

DMEA Field Team, Region I, NW District October 30, 1956

DMEA Certifying Officer, Region I

Docket No. DMEA 3664, Contract No. Idm-2819, Highland-Surprise Consolidated Mining Co.

The subject monthly operating report has been received and processed for payment. Costs claimed by the Operator were $2,777.50. Costs approved were $1,560.72. The difference is explained below:

$1,078.10 was suspended from costs claimed for drilling. Hole No. 27 was drilled to a depth of 350 ft; 212 ft. of this being AX size and the balance BX size. Payment was made for the 212 ft. of AX drilling. An amendment has been requested to permit BX size drilling. If this amendment is executed, the Operator may reclaim the amount suspended.

A further check of the salvage values claimed by the Operator on the MF-104s and those approved by the Field Team has been made and reveals that the salvage allowance should be increased by a net amount of $138.68. This has been done. Details of the adjustment are given below:

	Pipe & Accessories	Track & Accessories	Vent Pipe	Other	Building	Totals
Field Team	$495.85	$874.06	$333.56	$220.57	$100.00	$2,024.04
Operator	409.09	513.59	369.50	493.18	100.00	1,885.36
	$ 86.76 +	$360.47+	$ 35.94-	272.61-	-0-	$ 138.68

Myrtle Purdy

cc: Operator
DMEA (2)
USGS (2)
Wash.-2
AD
JDB

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
Deer Trail Mine, Custer County, Idaho
Docket No. DMEA-3664 (Lead-Zinc)
Contract No. Idm-E819

RECEIVED 5 1956 D.M.E.A.

PROGRESS REPORT
September, 1956

Diamond Drill Hole No. 27:

This surface drill hole was collared southeast of the main tunnel as proposed and as shown on the enclosed diagram. Log of the hole is as follows:

0 - 11'	Badly fractured, black, carbonaceous argillite.
11 - 94'	Rhyolite porphyry dike.
94 - 102'	Sand.
102 - 108'	Dacite dike.
108 - 111'	Sand.
111 - 112'	Dacite dike.
112 - 125'	Sand.
125 - 130'	Dacite dike.
130 - 134'	Sand.
134 - 164'	Dacite dike.
164 - 166'	Sand.
166 - 179'	Sand and broken rhyolite porphyry dike.
179 - 182'	Sand.
182 - 202'	Granitic breccia.
202 - 226'	Rhyolite porphyry dike.
226 - 232'	Dacite dike.
232 - 280'	Heavily broken argillite with disseminated pyrite, quartz seams (238 - 240' mud, fault).
280 - 305'	Altered limestone, disseminated pyrite, brecciated argillite, traces of zinc and lead, with epidot and garnet.
305 - 350'	Black, laminated argillite.

This hole was started with an AX size bit and the core size was reduced to EX from 212' to 350'.

The quicksand pockets encountered in the dike formation caused loss of water circulation and caving of the hole. Cementing deviated the hole, part of which had to be re-drilled, and thus did not solve the problem. It was expedient therefore to case the hole from) to 212 feet and reduce the core size for the remainder of the hole to EX. Otherwise it would have been necessary to ream 212 feet of hole to BX size in order to complete the hole with an AX bit.

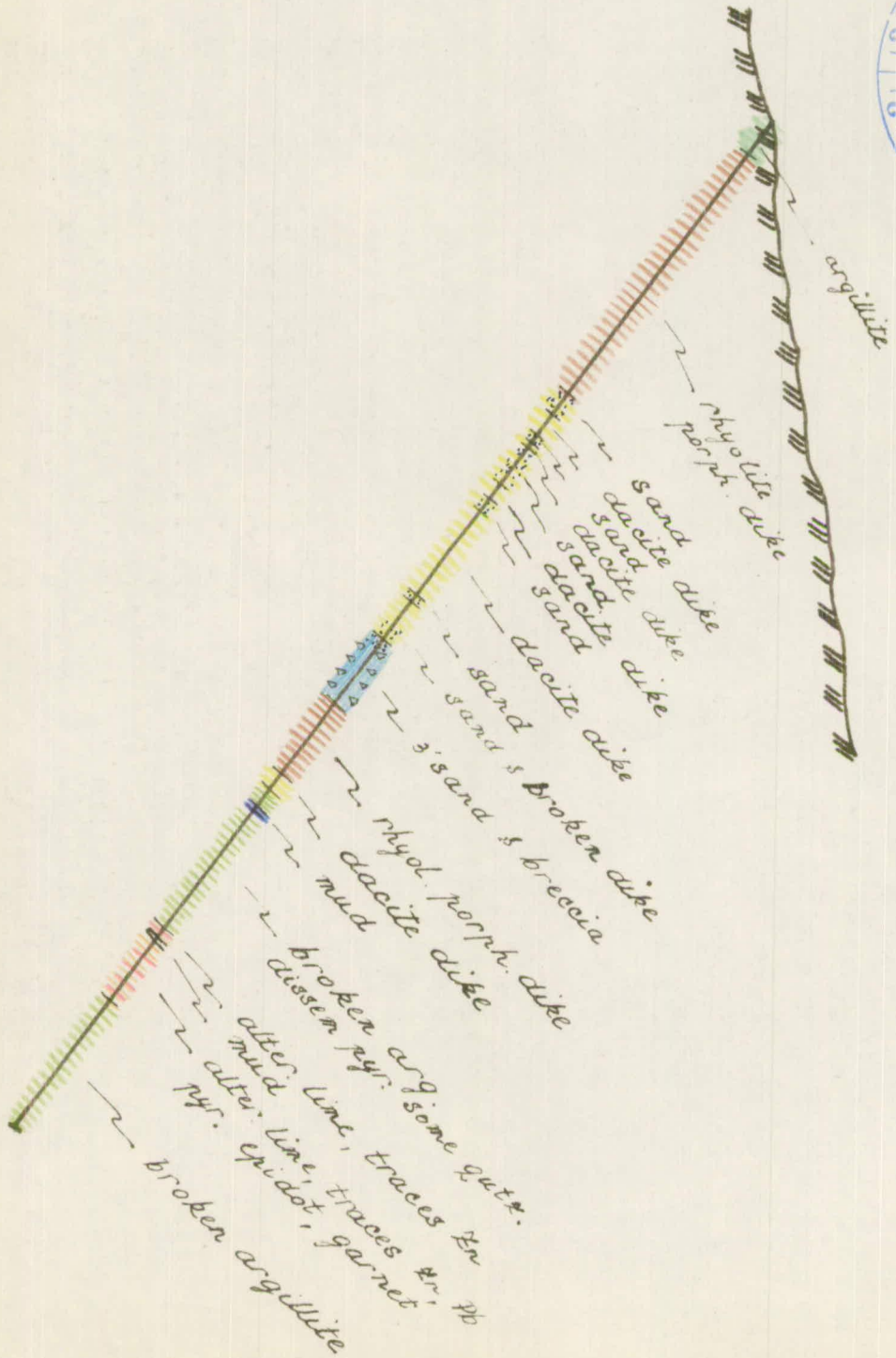
LEVEL Suface MINE Highland-Surprise DATE 10-6-56 BY T.K.

SCALE 1" = 50[redacted] OPERATION Deer Trail Mine[redacted], Stanley, Ida.

Diam. drill hole # 27
Bearing N 60° E
Dip -40°

Length 350'
Ave. core rec. 80%
Core size 0-212 AX
212-350 EX

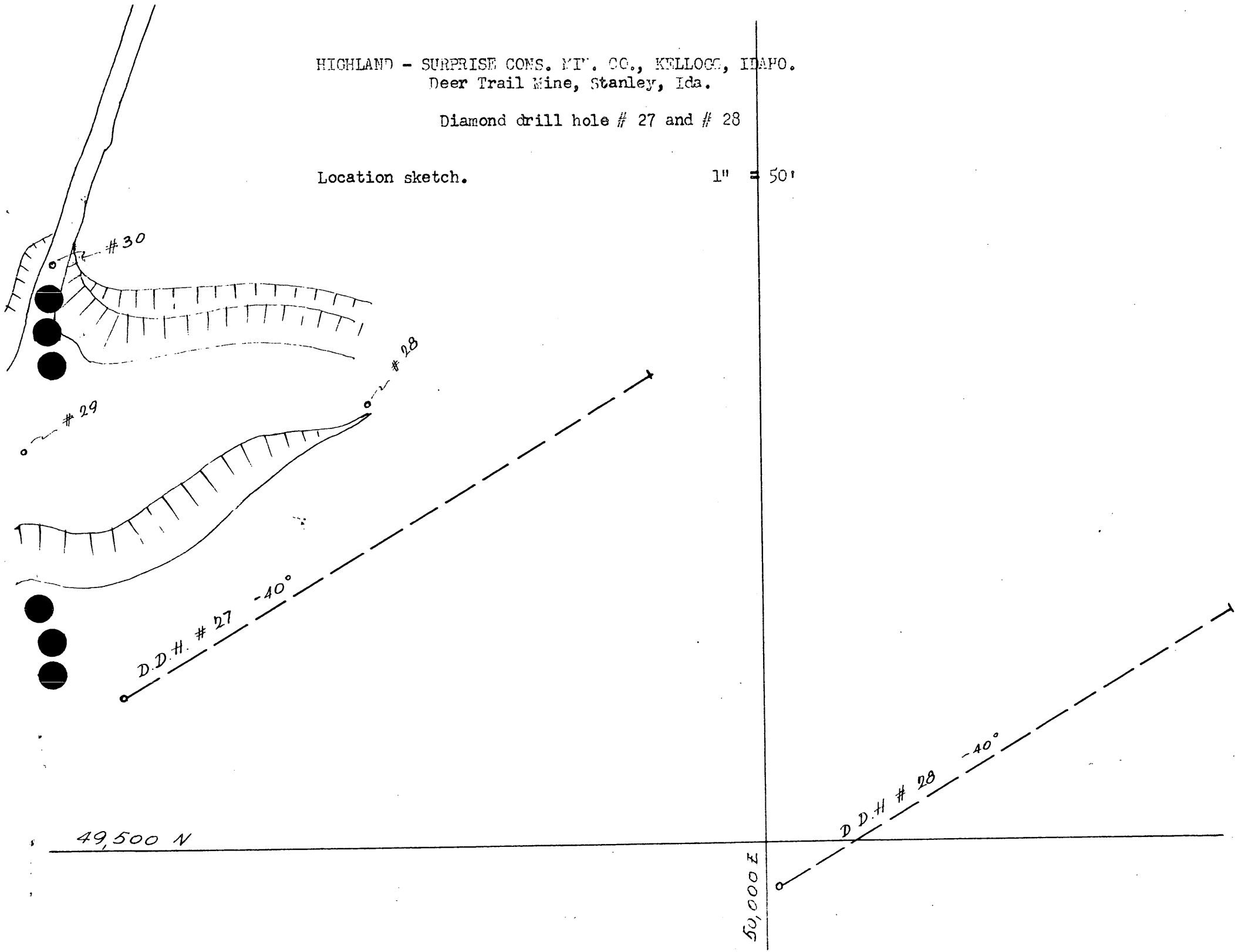
RECEIVED NOV 5 1956 D.M.E.A.



HIGHLAND - SURPRISE CONS. MIN. CO., KELLOGG, IDAHO.
Deer Trail Mine, Stanley, Ida.

Diamond drill hole # 27 and # 28

Location sketch. 1" = 50'



Form MF-121 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

RECEIVED
OCT 22 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August, 1956 Docket No. DMEA 3664 Contract No. Idm-E819
Operator's Name Highland-Surprise Consolidated Mining Company Minerals Lead-Zinc
Address Box 889, Wallace, Idaho
Contract Amount, $67,840.00 Government Participation: 50 % Amount, $33,920.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling		9,975.01	9,975.01		9975.01	9975.01
Bulldozing		565.00	565.00		565.00	565.00
Crosscutting) Salois &						
Drifting) Zittel		26,949.78	26,949.78		26949.78	26949.78
(2) Labor and Supervision:						
Labor						
Supervision		5,200.00	5,200.00		5200.00	5200.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		409.86	409.86		409.86	409.86
~~Explosives~~ Ties		198.12	198.12		198.12	198.12
Pipe and accessories	-40.58	358.72	318.14	40.58	358.72	318.14
Track and accessories	-38.28	475.31	437.03	38.28	475.31	437.03
Ventilation pipe	-101.36	268.14	166.78	101.36	268.14	166.78
Other		3,453.69	3,453.69		3453.69	3453.69
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation		2,787.56	2,787.56		2787.56	2787.56
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.		300.00	300.00		300.00	300.00
(7) Miscellaneous:						
Repairs to Equipment		2,747.56	2,747.56		2747.56	2747.56
Sampling and Analysis		249.00	249.00		249.00	249.00
Payroll Taxes						
Liability Insurance		187.50	187.50		187.50	187.50
Equipment transp.		1,201.93	1,201.93		1201.93	1201.93
(8) Contingencies (specify):						
TOTALS	-140.22	55,327.18	55,146.96	140.22	55327.18	55146.96

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Sept. 12, 1956 Payee Highland-Surprise Consolidated Mining Company
Per N. A. Galloway Title Secretary-Treasurer

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ —o—

Signature M. E. P.
(Authorized Certifying Officer)

Date 10/15/56 Vou. No. 1887
(See other side)

Deducted on voucher # 1887

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E819 in accordance with the terms of the contract.

Signature /S/ John D. Barkell Title Metallurgist Date 9-17-56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ A. E. Weissenborn Title Exec Officer Date 9-21-56

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED
OCT 22 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 1956 Docket No. DMEA 3664 Contract No. Idm-E319
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting }	Ft.	-180.22	-	44,306.95	1,287	34.43	1,200	
Crosscutting }								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.		-	9,975.01	2,100	4.75	2,100	4.75
Churn								
Auger								
~~Stripping~~ Bulldozing	Hr.		-	565.00	56.5	10.00	56.5	10.00
Trenching								
Test Pits								
Roads and Trails								
D. D. Stations	Units and costs included in drifting and crosscutting						110	
TOTAL DISTRIBUTED COSTS		-180.22		54,846.96				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				300.00				
TOTAL COSTS		-180.22		55,146.96				

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date Sept. 12, 1956 Operator Highland-Surprise Consolidated Mining Company

Per N. A. Calloway Title Secretary-Treasurer

REMARKS:

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

(Instructions on reverse)

(For Government use only)

/s/ John D Bardill

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

RECEIVED
OCT 22 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of March, 1956 Docket No. DMEA 3664 Contract No. Idm-B819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho
Contract Amount, $ 59,570.00 Government Participation: 50 % Amount, $ 29,785.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling		9,975.01	9,975.01		9975.01	9975.01
Bulldozing		565.00	565.00		565.00	565.00
Crosscutting) Salois &						
Drifting) Zittel			26,949.78		26949.78	26949.78
(2) Labor and Supervision:						
Labor						
Supervision	625.00	4,575.00	5,200.00	625.00	4575.00	5200.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		409.86	409.86		409.86	409.86
~~Explosives~~ Ties		198.12	198.12		198.12	198.12
Pipe & accessories		358.72	358.72		358.72	358.72
Track & accessories		475.31	475.31		475.31	475.31
Ventilation pipe		268.14	268.14		268.14	268.14
Other	29.15	3,424.54	3,453.69	29.15	3424.54	3453.69
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation		2,787.56	2,787.56		2787.56	2786.56
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.		300.00	300.00		300.00	300.00
(7) Miscellaneous:						
Repairs to Equipment	24.00	2,723.56	2,747.56	24.00	2723.56	2747.56
Sampling and Analysis		249.00	249.00		249.00	249.00
Payroll Taxes						
Liability Insurance		187.50	187.50		187.50	187.50
Equip. transportation	216.93	985.00	1,201.93	216.93	985.00	1201.93
(8) Contingencies (specify):						
TOTALS	895.08	54,432.10	55,327.18	895.08	54432.10	55327.18

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 4-23-56 *Payee Highland-Surprise Consolidated Mining Company
Per H. A. Calloway Title Secretary-Treasurer

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 447 54

Signature M. A. P.
(Authorized Certifying Officer)

Date 10/15/56 Vou. No. 1887
(See other side)

1 Cy 104a to Washington 5/3/56

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 819 in accordance with the terms of the contract.

Signature /S/ John D. Bardill Title Metallurgist Date 9-17-56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ A. E. Weissenborn Title Executive Officer Date 9-21-56

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED
OCT 22 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March 1956 Docket No. DMEA 3664 Contract No. Idm-E819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting)	Ft.	895.08	-	44,487.17	1,287	34.57	1,200	
Crosscutting)								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	-	-	9,975.01	2,100	4.75	2,100	4.75
Churn								
Auger								
~~Stripping~~ Bulldozing	Hr.	-	-	565.00	56.5	10.00	56.5	10.00
Trenching								
Test Pits								
Roads and Trails								
D. D. Stations	Units and costs		included	in drifting	and crosscutting		110	
TOTAL DISTRIBUTED COSTS		895.08		55,027.18				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				300.00				
TOTAL COSTS		895.08		55,327.18				

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date 4-23-56 Operator Highland-Surprise Consolidated Mining Company

Per N. A. Calloway Title Secretary-Treasurer

REMARKS:

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

(Instructions on reverse)

(For Government use only)

151 John D Bardill

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

RECEIVED OCT 23 1956

Month of February, 1956 Docket No. DMEA 3664 Contract No. Idm-2819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho
Contract Amount, $ 59,570.00 Government Participation: 50 % Amount, $ 29,785.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	2,669.50	7,305.51	9,975.01	2669.50	7305.51	9975.01
Bulldozing		565.00	565.00		565.00	565.00
Crosscutting Salois &						
Drifting Zittel	397.86	26,551.92	26,949.78	397.86	26551.92	26949.78
(2) Labor and Supervision:						
Labor						
Supervision	600.00	3,975.00	4,575.00	600.00	3975.00	4575.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber	-	409.86	409.86		409.86	409.86
~~Explosives~~ Ties	-	198.12	198.12		198.12	198.12
Pipe and accessories	-368.51	727.23	358.72	[illegible]	727.23	358.72
Track " "	-475.31	950.62	475.31	475.31	950.62	475.31
Ventilation pipe	-268.14	536.28	268.14	[illegible]	536.28	268.14
Other	-493.18	3,918.57	3,425.39	493.18	3917.72	3424.54
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation	333.69	2,453.87	2,787.56	333.69	2453.87	2787.56
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.	-100.00	400.00	300.00	100.00	400.00	300.00
(7) Miscellaneous:						
Repairs to Equipment	180.99	2,542.57	2,723.56	180.99	2542.57	2723.56
Sampling and Analysis	102.00	147.00	249.00	102.00	147.00	249.00
Payroll Taxes						
Liability Insurance	-	187.50	187.50		187.50	187.50
Equip. transportation	-	985.00	985.00		985.00	985.00
(8) Contingencies (specify):						
TOTALS	2,578.90	51,854.05	54,432.95	2578.90	51853.20	54432.10

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 3-21-56 *Payee Highland-Surprise Consolidated Mining Company
Per H. A. Calloway Title Secretary-Treasurer

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
$ 1289 45

Signature M. A. P.
(Authorized Certifying Officer)
Date 10/15/56 Vou. No. 1887
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 6819 in accordance with the terms of the contract.

Signature (S) John D. Bardill Title Metallurgist Date Sept 17-1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature (S) A. E. Weissenborn Title Executive Officer Date 9-21-56

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED
OCT 22 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of February 1956 Docket No. DMEA 3664 Contract No. Idm-E819
Operator's Name Highland-Surprise Consolidated Mining co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting)	Ft.	-9.40	19	43,592.94	1,287	33.87	1,200	
Crosscutting)								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	2,669.50	562	9,975.01	2,100	4.75	2,100	4.75
Churn								
Auger								
~~Stripping~~ Bulldozing	Hr.			565.00	56.5	10.00	56.5	10.00
Trenching								
Test Pits								
Roads and Trails								
D. D. Stations	Units	and costs	included	in drifting	& crosscutting		110	
TOTAL DISTRIBUTED COSTS		2,678.90		54,132.95				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		-100.00		300.00				
TOTAL COSTS		2,578.90		54,432.95				

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date 3-21-56 Operator Highland-Surprise Consolidated Mining Company

Per N. A. Callaway Title Secretary-Treasurer

REMARKS:

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

(Instructions on reverse)

(For Government use only)

151 John D Bardill

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
Deer Trail Mine, Custer County, Idaho
Docket No. DMEA-3664, (Lead-Zinc)
Contract No. Idm-E319

RECEIVED
OCT 22 1956

PROGRESS REPORT
February, 1956

Drifting and crosscutting (excluding drill stations) during February. .	None
Previously reported	1,219 feet
Total to February 29, 1956	1,219 feet
Crosscutting for diamond drill stations during February	19 feet
Previously reported	68 feet
Total to February 29, 1956	87 feet
Diamond drilling during February	770.6 feet
Previously reported	1,538.0 feet
Total to February 29, 1956	2,308.6 feet

Crosscutting for drill stations during February consisted of the following:

Station for hole No. 20	9 feet
" " " No. 21	6 feet
" " " No. 22	4 feet
Total	19 feet

Diamond drilling during February consisted of the following:

Hole No. 19	92.0 feet
Hole No. 20	100.2 feet
Hole No. 21	100.0 feet
Hole No. 22	250.0 feet
Hole No. 23	71.4 feet
Hole No. 24	130.0 feet
Hole No. 25	27.0 feet
Total	770.6 feet

The diamond drilling was directed toward two separate targets; the exploration of the area between the lead and zinc veins and exploration of the possibility of southward extension of the mineralization.

Hole No. 19:

An attractive mineralized zone was cut from 78.5 feet to 98.5 feet. Five feet on the footwall section of the structure assayed 4.2% lead and 7.8% zinc.

Hole No. 20:

Several altered limestone zones were penetrated by this hole. The zone from 58.8 feet to 64 feet assayed 0.3% lead and 12.5% zinc.

Hole No. 21:

This hole cut a structure similar to that penetrated by Hole No. 20. Commercial mineralization was encountered from 23 feet to 30 feet, assaying 7.3% lead and 5.0% zinc.

Hole No. 22:

This hole was directed to explore the southward extension of the mineralized zone. No appreciable ore was cut by the hole. There are two altered limestone zones, one from 101 feet to 106 feet and the other from 235 feet to 244 feet, assaying traces of lead and zinc. A dacite dike zone appeared from 196 feet to 220 feet in the vicinity where the lead vein had been projected. The hole was drilled at -22° in order to avoid the fractured zone close to the surface.

Hole No. 23:

This hole was drilled from the face of our drift on the "Lead vein" to explore the extension of the quartz monzonite zone. After penetrating 63 feet of quartz monzonite, a dacite dike was reached. The contact yielded a heavy flow of water and drilling had to be suspended. The end of the hole is in dike.

Hole No. 24:

We drilled this hole from the old drift east of our main tunnel. Fractured argillites were cut and a slightly mineralized zone encountered from 113 feet to 115 feet.

Hole No. 25:

This hole was aimed toward the southward extension of the lead vein. Closeness of the surface greatly handicapped the drilling which was in fractured argillite formation. Drilling had to be suspended after 27 feet because of caving of the hole.

According to the instructions from representatives of the DMEA Field Team, all diamond drill core sections containing traces of ore, the tactitic zones included, were split and assayed. We are enclosing copies of the assay results.

This concludes the exploration project and a final report will be submitted as soon as the results of the operation have been evaluated.

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of January, 1956 Docket No. DMEA 3664 Contract No. Idm-E819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho
Contract Amount, $ 59,570.00 Government Participation: 50 % Amount, $ 29,785.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	3,180.13	4,125.38	7,305.51	3180.13	4125.38	7305.51
Bulldozing		565.00	565.00		565.00	565.00
Crosscutting) Salois &						
Drifting) Zittel	5,025.60	21,526.32	26,551.92	5025.60	21526.32	26551.92
(2) Labor and Supervision:						
Labor						
Supervision	600.00	3,375.00	3,975.00	600.00	3375.00	3975.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		409.86	409.86		409.86	409.86
~~Explosives~~ Ties		198.12	198.12		198.12	198.12
Pipe and accessories	588.00	139.23	727.23	588.00	139.23	727.23
Track and accessories	802.92	147.70	950.62	802.92	147.70	950.62
Ventilation pipe	248.34	287.94	536.28	248.34	287.94	536.28
Other	908.82	3,009.75	3,918.57	908.97	3009.75	3917.72
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation	430.23	2,023.64	2,453.87	430.23	2023.64	2453.87
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.		400.00	400.00		400.00	400.00
(7) Miscellaneous:						
Repairs to Equipment	394.42	2,148.15	2,542.57	394.42	2148.15	2542.57
Sampling and Analysis		147.00	147.00		147.00	147.00
Payroll Taxes						
Liability Insurance	15.59	171.91	187.50	15.59	171.91	187.50
Equip. transportation		985.00	985.00		985.00	985.00
(8) Contingencies (specify):						
TOTALS	12,194.05	39,660.00	51,854.05	12193.20	39660.00	51853.20

I certify that the above bill is correct and just and that payment therefor has not been received.

Date 2-20-56 *Payee Highland-Surprise Consolidated Mining Company

Per H. A. Galloway Title Secretary-Treasurer

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 6096.60

Signature M. A. P.
(Authorized Certifying Officer)

Date 3/30/56 Vou. No. 1744
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 819 in accordance with the terms of the contract.

Signature /S/ John D Bardiel Title Metallurgist Date 3/30/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Wing G Agnew Title Acting Exec Officer Date 3/30/56

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of January 1956 Docket No. DMEA 3664 Contract No. Idm-E819

Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc

Address Box 889, Wallace, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting) Crosscutting)	Ft.	9,013.92	240	43,583.54	1,268	36.32 ~~XXXXX~~	1,200	
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	3,180.13	669.5	7,305.51	1,538.0	4.75	2,100	4.75
Churn								
Auger								
~~Stripping~~ Bulldozing	Hr.			565.00	56.5	10.00	56½	10.00
Trenching								
Test Pits								
Roads and Trails								
D. D. Stations	Units	and costs	included	in drifting	& crosscutting		110	
TOTAL DISTRIBUTED COSTS		12,194.05		51,454.05				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				400.00				400.00
TOTAL COSTS		12,194.05		51,854.05				59,570.00

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

REMARKS:

Date 2-20-56 Operator Highland-Surprise Consolidated Mining Company

Per H. A. Callaway Title Secretary-Treasurer

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

(Instructions on reverse)

(For Government use only)

/s/ John D Bardill

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
Deer Trail Mine, Custer County, Idaho
Docket No. DMEA-3664, (Lead-Zinc)
Contract No. Idm-E819

PROGRESS REPORT
January, 1956

Drifting and crosscutting (excluding drill stations) during January . .	234 feet
Previously reported	985 feet
Total to January 31, 1956	1,219 feet
Crosscutting for diamond drill stations during January	25 feet
Previously reported	43 feet
Total to January 31, 1956	68 feet
Diamond drilling during January	669.5 feet
Previously reported	868.5 feet
Total to January 31, 1956	1,538.0 feet

Drifting and crosscutting during January consisted of the following:

Extension of drift on "lead vein" (face at January 31st was 161.5 feet from survey station No. 38)	234 feet

Note: only 215 feet of drifting is reported on Form MF-104 as this makes the total of 1,200 feet which is authorized by the contract.

Crosscutting for drill stations consisted of the following:

Station for hole No. 16	5 feet
Station for hole No. 18	20 feet
Total	25 feet

Diamond drilling during January consisted of the following:

Hole No. 13	261.0 feet
Hole No. 14	30.8 "
Hole No. 15	81.0 "
Hole No. 16	82.0 "
Hole No. 17	53.8 "
Hole No. 18	160.9 "
Total	669.5 feet

Drift advance during January was in granitic breccia formation with argillite fragments except the last 40 feet which is in quartz monzonite, possibly belonging to the massive of the Challis volcanics. Several heavy shear zones were cut with the drift, mostly dipping to the north or standing up at 90°. Some of the gougy faults contain traces of crushed sphalerite and galena.

Diamond drill Hole No. 13: Except for a short section of granitic porphyry dike, this hole penetrated an altered formation which was hard to determine. Representatives of the U.S.G.S. took several specimens of the core in order to determine the formation by analysis and thin section.

Diamond drill Hole No. 14: The purpose of this hole was to check on the southward extension of the "zinc vein". Good sphalerite was cut in a zone from 15 to 25 feet; the core will be split and analyzed.

Diamond drill Hole No. 15: This hole was drilled for the same purpose as No. 14. It cut a five foot tactite zone embedded in black, hard argillites. This hole indicates that the zinc vein is probably interrupted and slightly

displaced between Hole No. 14 and Hole No. 15 as indicated on the attached maps.

Diamond drill Hole No. 16: The entire length of this hole was in granitic breccia formation.

Diamond drill Hole No. 17: The purpose of this hole was to check on the width of the "lead vein" toward the hangingwall. The first 15 feet of the hole cut a mineralized area with heavier zinc-lead values from 12 to 15 feet. The rest of the hole penetrated tactitic formation with traces of zinc and lead.

Diamond drill Hole No. 18: This hole is farthest to the north of any so far drilled on the project. Granite breccia formation was cut in the entire hole except for approximately 20 feet of dacite dike as shown on the attached core log. The breccia is composed predominantly of quartz monzonite and minor argillite fragments, with silicious cementing material.

RECEIVED
APR 2 - 1956

DMEA Field Team, Region I, NW District March 29, 1956

DMEA Certifying Officer, Region I

Contract Idm-E819, Highland-Surprise Consolidated Mining Co.
Operating report for January 1955.

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

A disallowance of $0.85 has been made due to an error in the distribution of a galoline ticket.

Myrtle Purdy

cc: Operator
DMEA (2)
USGS

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of December, 1955 Docket No. DMEA 3664 Contract No. Idm-E819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho
Contract Amount, $59,570.00 Government Participation: 50 % Amount, $29,785.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	1,358.50	2,766.88	4,125.38	1358.50	2766.88	4125.38
Bulldozing		565.00	565.00		565.00	565.00
Crosscutting Salois &						
Drifting Zittel	3,769.20	17,757.12	21,526.32	3769.20	17757.12	21526.32
(2) Labor and Supervision:						
Labor						
Supervision	600.00	2,775.00	3,375.00	600.00	2775.00	3375.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		409.86	409.86		409.86	409.86
~~Explosives~~ Ties		198.12	198.12		198.12	198.12
Pipe & accessories	25.23	114.00	139.23	25.23	114.00	139.23
Track & accessories	4.00	143.70	147.70	4.00	143.70	147.70
Ventilation pipe	198.19	89.75	287.94	198.19	89.75	287.94
Other	698.26	2,311.49	3,009.75	698.26	2311.49	3009.75
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation	430.23	1,593.41	2,023.64	430.23	1593.41	2023.64
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.		400.00	400.00		400.00	400.00
(7) Miscellaneous:						
Repairs to Equipment	1,359.03	789.12	2,148.15	1359.03	789.12	2148.15
Sampling and Analysis	147.00	-	147.00	147.00		147.00
Payroll Taxes						
Liability Insurance	33.21	138.70	171.91	33.21	138.70	171.91
Equip. transportation		985.00	985.00		985.00	985.00
(8) Contingencies (specify):						
TOTALS	8,622.85	31,037.15	39,660.00	8622.85	31037.15	39660.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 1-18-56 *Payee Highland-Surprise Consolidated Mining Company

Per N. A. Callaway Title Secretary-Treasurer

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$4311 43

Signature M. A. P.
(Authorized Certifying Officer)

Date 3/30/56 Vou. No. 1744
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 819 in accordance with the terms of the contract.

Signature 151 John D Bardill Title Metallurgist Date 3/30/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature 151 Wing G. Agnew Title acting Exec. Officer Date 3/30/56

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
APR 9 - 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of December 1955 Docket No. DMEA 3664 Contract No. Idm-1819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting) Crosscutting)	Ft.	7,264.35	180	34,569.62	1,028	33.63	1,200	
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	1,358.50	286	4,125.38	868.5	4.75	2,100	4.75
Churn								
Auger								
~~Stripping~~ Bulldozing	Hr.			565.00	56.5	10.00	56½	10.00
Trenching								
Test Pits								
Roads and Trails								
D. D. Stations	Costs included in drifting and crosscutting						110	
TOTAL DISTRIBUTED COSTS		8,622.85		39,260.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				400.00				
TOTAL COSTS		8,622.85		39,660.00				

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date 1-18-56 Operator Highland-Surprise Consolidated Mining Company

Per N. A. Callaway Title Secretary-Treasurer

REMARKS:

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

(Instructions on reverse)

(For Government use only)

/s/ John D Bardill

INSTRUCTIONS

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GPO 872894

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
Deer Trail Mine, Custer County, Idaho
Docket No. DMEA-3664, (Lead-Zinc)
Contract No. Idm-E 19

PROGRESS REPORT
December, 1955

Drifting and crosscutting during the month of December, 1955	180 feet
Drifting and crosscutting previously reported	848 "
Total drifting and crosscutting to December 31, 1955	1,028 feet
Diamond drilling during the month of December, 1955	286.0 Feet
Diamond drilling previously reported	582.5 "
Total diamond drilling to December 31, 1955	868.5 "

Drifting and crosscutting consisted of the following:

Crosscutting toward and drifting on "zinc vein" (face of drift at December 31st was 94 feet from station No. 36)	83 feet
Extension of drift on "lead vein" (face at December 31st was 103 feet from station No. 37)	90 feet
Diamond drill station for hole No. 13, close to the face of the "zinc vein" drift	7 feet
Total	180 feet

Diamond drilling consisted of the following:

Hole No. 10 extended	50.2 feet
Hole No. 12	235.8 feet
Total	286.0 feet

The diagonal crosscut toward the zinc structure reached the footwall of the vein at about 30 feet from station No. 36 and the tunnel followed the vein from this point. This vein structure is wider than the 8 feet wide tunnel, with higher grade sulfides on the footwall side. The lower grade hangingwall part consists of highly altered lime with substantial garnet and epidot as well as disseminated pyrite, sphalerite and minor galena, with traces of lead oxides. Samples taken indicate 5% to 9% zinc and up to 1% lead across the face of the drift.

A diamond drill station has been prepared for hole No. 13 in order to determine the width and values of this structure, as well as to investigate the formations west of the structure.

The drift on the "lead vein" followed a mineralized, altered limestone structure which has been cut off by a dike formation about 34 feet wide. This is a grayish, green spotted, silicified dike striking approximately N 37° E and dipping 85° N. The ore structure appeared again on the north side of the dike for a short strike distance of approximately 30 feet, where it was cut off again and apparently displaced by a breccia formation dipping about 82° north.

This breccia formation has a silicified base material with sharp edged, crushed, black argillite and minor greenish fragments of epidot. Two "long holes" were drilled into the side walls of the drift, 20 feet to the east and 75 feet to the west, as shown on the enclosed maps. We panned the sludge and found that both holes penetrated the same breccia formation for their entire length.

Projection of the two major ore structures cut in drill hole No. 3, drilled from the surface in the fall of 1954, indicates that the "lead vein" has been displaced about 100 to 120 feet to the west, or else it flattened very considerably. In either case it would take 100 to 120 feet of crosscut to reach the structure, if the mentioned projection and the conclusion drawn therefrom are correct. Since such a crosscut is relatively long in comparison with the drifting and crosscutting remaining to be performed on this project as of January 1, 1956, we are suggesting that this drift be extended in a given direction of N 30° to 35° W and that all the remaining footage be spent on this drift. Both structures, the "lead vein" and the "zinc vein" can then be checked by diamond drilling from this drift.

Diamond drill hole No. 10 has been extended 50.2 feet to a total length of 200.6 feet in order to determine the strike of the dike vein intersected in hole No. 11 and to investigate the vein structure cut at 156 feet in that hole. The dike structure was cut in hole No. 10 from 165 to 183 feet, indicating an approximate N 35° E trend of the dike vein which apparently replaces the ore structure encountered in hole No. 11.

Diamond drill hole No. 12 collared in the lead vein intersected approximately 25 feet of mineralized structure, then a dike vein was cut diagonally for about 50 feet and another mineralized structure from 192 feet to 223 feet. The footwalls of the two structures are approximately 195 feet apart from each other and we believe that they can be identified as the "lead vein" and the "zinc vein".

FEB - 6 1956

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

Re: Docket No. DMA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-2819

Dear Mr. Weissenborn:

We have your letter of January 27, with enclosure, regarding costs of used materials on the cited project.

In his January 23 letter, Mr. W. A. Callaway is completely in error in stating:

> "When we made our . . . bid in December, 1954, we purchased the material at the location where it was installed in the underground workings. The values for the various items as listed in your letter of January 16, 1956 do not make allowance for the cost of removing rail, pipe, etc. from the Highland-Surprise mine so that it would be available for transfer . . ."

Please refer him to his letter to you of December 10, 1954, submitting the bid for the Government equity. The following notations are copied from the bid submitted.

Estimated value of used ventilation pipe - 50%	$316.42	
Less estimated salvage cost	126.57	
Net salvage value		$189.85
Estimated value of used electric cord	94.13	
Less estimated salvage cost	32.95	
Net salvage value		61.18
Estimated market value of used rails - 50%	1,346.36	
*Less estimated salvage cost	673.18	
Net salvage value		673.18
Estimated market value of used pipe and fittings - 50%	1,410.92	
*Less estimated salvage cost	705.46	
Net salvage value		705.46

*NOTE Salvage cost is based on the fact that removal of most of the material will be contracted on a 50-50 basis; that is, the contractor will receive 50 per cent of the material removed as payment for his labor.

You will note that the bid for material was emphatically not made on an "in place" basis; quite to the contrary, a very generous allowance was made for salvage of the material. Whether the Operator saw fit to reimburse the salvage crew with cash or with materials is its own affair. Certainly we see no reason to alter our position in this matter.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

APPROVED:

/s/ Robert W. Geehan
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

WRGriswold/er 2/2/56
Copy to: Docket
Admr & File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Mr. Chambers, DMEA
Chron.

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

1201 N. Division St.
Spokane 2, Washington
January 27, 1956

RECEIVED
JAN 30 1956

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

Re: Docket No. DMEA-3664 (lead-zinc)
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-8819

Dear Mr. Selfridge:

Enclosed are three copies of a letter from the Operator, dated January 23, 1956, protesting our valuation on used materials and supplies transferred from the old Highland-Surprise mine to the Deer Trail project (see our letter of January 16 to the Operator).

We cannot agree with Mr. Calloway's contention that since Highland-Surprise gave the contractors 50 percent of the equipment as payment for removing it from the mine, their bid in effect was for the balance. Had the salvage contractor been paid in money for his efforts, then there would have been no question of the bid being for all the salvaged material. The fact that the contractor received 50 percent of the material as payment instead of money is immaterial.

Ordinarily we would handle this matter from this office; however, Mr. Calloway requested (by phone) that his protest be submitted to Washington and that the value of the transferred material be revised upward.

Following are the units used in calculating our valuation:

Item	Amount	Total		Per Foot
1" pipe & accessories	1680'	$ 79.15)		$0.047
2" " " "	3517'	280.63)	$705.46	0.079
4" " " "	845'	345.68)		0.410
20# rail & accessories	3058'	673.18		0.220
Vent pipe & "	892'	189.85		0.210
3-cond. cable	1015'	61.18		0.060

By Field Team, Region I, NW District

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

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

cc: USGS (2)
USBM (AD)

P.S. The fact is, Highland Surprise's bid was for rail on the dump, not rail in the mine.
A.E.W.

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

MINE OFFICE:
BOX 690, KELLOGG, IDAHO

BUREAU OF MINES
JAN 24 1956
SPOKANE, WASH.

January 23, 1956

RECEIVED
JAN 30 1956

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

Re: Docket No. DMEA-3664 (lead-zinc)
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E319

Dear Mr. Weissenborn:

We have your letter of January 16, 1956 setting forth values per foot to be placed on 1", 2" and 4" pipe, ventilation pipe and rails salvaged from the Highland-Surprise Mine and now being used at the Deer Trail Mine in Custer County, Idaho. We have studied this letter together with our letters of December 10th and 15th, 1954 in which we made a successful bid for salvageable materials upon the completion of Contract No. Idm-E63 and it seems to us that a factor has been overlooked in calculating the values for the salvaged materials.

When we made our successful bid in December, 1954, we purchased the material at the location where it was installed in the underground workings of the Highland-Surprise Mine. The values for the various items as listed in your letter of January 16, 1956 do not make any allowance for the cost of removing the rail, pipe, etc. from the Highland-Surprise Mine so that it would be available for transfer to the Deer Trail operation.

Removal of the material from the Highland-Surprise Mine was contracted on a 50-50 basis, that is, the contractors received one-half of the material for their labor. The result of this was that, for the amount of our bid, we received only one-half of the original footage of rails and pipe, and our cost per foot was consequently doubled.

It will be appreciated if the values for the material transferred to the Deer Trail Mine can be recalculated to more nearly reflect our actual cost.

Yours very truly,

W. A. Callaway
Secretary-Treasurer

cc: Steve Zoldok

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

JAN 3 1956

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Ida-619

Dear Mr. Weissenborn:

We have your letter of December 20, regarding reimbursement for second-hand materials used on the cited project.

We have discussed the question with the Contract Administration and Audit Division and they see no great difficulty. If you will refer to the final Field Team report on the Highland-Surprise project, Docket No. DMEA-390, by Erickson and Fryklund, dated May 1955, you will note on page 16 a salvage evaluation of $705.46 for pipe and $673.18 for rail.

Obviously, the Government now cannot allow a valuation for such material, whether from DMEA workings or other mine areas, in excess of what was formerly established as a fair and reasonable figure. We presume you can obtain the tonnage of rail and the footage of pipe represented by the above figures. Thereof, using such unit values, you will have a proper allowance for costs to the Deer Trail project. However, you should also allow the proper transportation charges as part of an accepted cost. Transport charges should be supported by vouchers.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

APPROVED:

/s/ Robert W. Geehan
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

WRGriswold/bjl (rewritten 12/30/55)
Copy to: Docket
Admr. R. File
Base Metals
Op. Committee
Mr. Chambers
Mr. Bishop
Mr. Kiilsgaard
Chron.

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

RECEIVED JAN 3

Month of November, 1955 Docket No. DMEA 3664 Contract No. Idm-3819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho
Contract Amount, $ 59,570.00 Government Participation: 50 % Amount, $ 29,785.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						~~Hingwood~~ Klugesheard
Drilling	1,564.65	1,202.23	2,766.88	1564.65	1202.23	2766.88
Bulldozing	-	565.00	565.00		565.00	565.00
Crosscutting) Salois &						
Drifting) Zittel	4,502.10	13,255.02	17,757.12	4502.10	13255.02	17757.12
(2) Labor and Supervision:						
Labor						
Supervision	600.00	2,175.00	2,775.00	600.00	2175.00	2775.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber	-	409.86	409.86		409.86	409.86
~~Explosives~~ Ties	-	198.12	198.12		198.12	198.12
Pipe & accessories	30.96	83.04	114.00	30.96	83.04	114.00
Track & accessories	86.00	57.70	143.70	86.00	57.70	143.70
Ventilation pipe	15.55	74.20	89.75	15.55	74.20	89.75
Other	1,078.14	1,238.45	2,316.59	1078.04	1238.45	2311.49
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation	447.15	1,146.26	1,593.41	447.15	1146.26	1593.41
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.	-	400.00	400.00		400.00	400.00
(7) Miscellaneous:						
Repairs to Equipment	148.58	640.54	789.12	148.58	640.54	789.12
Sampling and Analysis						
Payroll Taxes						
Liability Insurance	32.14	106.56	138.70	32.14	106.56	138.70
Equip. transportation	-	985.00	985.00		985.00	985.00
(8) Contingencies (specify):						
TOTALS	8,505.27	22,536.98	31,042.25	8500.17	22536.98	31037.15

I certify that the above bill is correct and just and that payment therefor has not been received.

Date Dec. 15, 1955 *Payee Highland-Surprise Consolidated Mining Company

Per W. A. Galloway Title Secretary-Treasurer

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 4250.09

Signature M. D. P.
(Authorized Certifying Officer)

Date 12-28-55 Vou. No. 1679
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 819 in accordance with the terms of the contract.

Signature (S) John D Bardill Title Metallurgist Date 12-27-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature (S) Stephen W Zoldok Title Mining Eng. Date 12-27-55

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED JAN 3 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November 1955 Docket No. DMEA 3664 Contract No. Idm-E819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting)								
Crosscutting)	Ft.	6,940.62	215	27,310.37	848	32.21	1,200	
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	1,564.65	329.4	2,766.88	582.5	4.75	2,100	4.75
Churn								
Auger								
~~Stripping~~ Bulldozing	Hr.			565.00	56.5	10.00	56½	10.00
Trenching								
Test Pits								
Roads and Trails								
D. D. Stations		Costs included in drifting & crosscutting					110	
TOTAL DISTRIBUTED COSTS		~~8,505.27~~ 8,500.17		30,642.25				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				400.00				
TOTAL COSTS		~~8,505.27~~ 8,500.17		~~31,042.25~~ 31,037.15				$59,570.00

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

REMARKS:

Date Dec. 15, 1955 Operator Highland-Surprise Consolidated Mining Company

Per N. A. Calloway Title Secretary-Treasurer

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

(Instructions on reverse)

(For Government use only)

ISI John D Bardill

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

XXXXXXXXXXXXXXXXX
1201 N. Division Street
Spokane 2, Washington
December 27, 1955

RECEIVED
JAN 9 1956

Highland-Surprise Cons. Mining Co.
Box 889
Wallace, Idaho

Re: Contract Idm-E819
Docket No. DMEA-3664
Monthly operating report
for November 1955

Gentlemen:

This is to inform you that payment of the subject voucher could not be made in the full amount claimed. The amount deleted is explained in the attached copy of a memorandum to the Field Team from the Certifying Officer.

By Field Team, Region I, NW District

A. E. Weissenborn, Executive 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 District

December 28, 1955

DMEA Certifying Officer, Region I

Highland-Surprise Cons. Mining Co., Contract Idm-2819
Monthly operating report for November 1955

The subject operating report has been received and processed for payment.

An amount of $5.10, which represents purchases of carside, has been disallowed. This item should be included in the $20.94 per foot Independent Contract price for drifting and crosscutting as it is not specifically set forth in the contract and no allowance is made for miscellaneous items under Category (3), Operating Materials and Supplies.

Myrtle Furdy

cc: Operator
DMEA (2)
USGS

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

RECEIVED
DEC - 5 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October, 1955 Docket No. DMEA 3664 Contract No. Idm-E819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho
Contract Amount, $59,570.00 Government Participation: 50 % Amount, $29,785.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling	1,202.23	-	1,202.23	1202.23	—o—	1202.23
Bulldozing	-	565.00	565.00		565.00	565.00
Crosscutting Salois +				4523.04	8731.98	13255.02
Drifting Zittel						
(2) Labor and Supervision:						
Labor Salois & Zittel	4,523.04	8,731.98	13,255.02	—o—	—o—	—o—
Supervision	600.00	1,575.00	2,175.00	600.00	1575.00	2175.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber	-	409.86	409.86	—o—	409.86	409.86
~~Explosives~~ Ties	41.86	198.12	239.98	—o—	198.12	198.12
Pipe & accessories	1,700.91	40.27	1,741.18	42.77	40.27	83.04
Track & accessories	1,205.60	57.70	1,263.30	—o—	57.70	57.70
Ventilation pipe	492.45	-	492.45	74.20	—o—	74.20
Other	381.65	1,111.62	1,493.27	126.83	1111.62	1238.45
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation	413.31	732.95	1,146.26	413.31	732.95	1146.26
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.	-	400.00	400.00		400.00	400.00
(7) Miscellaneous:						
Repairs to Equipment	286.08	354.71	640.79	285.83	354.71	640.54
Sampling and Analysis						
Payroll Taxes						
Liability Insurance	33.21	73.35	106.56	33.21	73.35	106.56
Equip. transportation	-	985.00	985.00		985.00	985.00
(8) Contingencies (specify):						
TOTALS	10,880.34	15,235.56	26,115.90	7301.42	15235.56	22536.98

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 11-16-55 *Payee Highland-Surprise Consolidated Mining Company
Per W. A. Calloway Title Secretary-Treasurer

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 3650 71

Signature MJP
(Authorized Certifying Officer)

Date 11-29-55 Vou. No. 1660
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E819 in accordance with the terms of the contract.

Signature (S) John D. Bardell Title Metallurgist Date 11-22-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature (S) Stephen W. Goldoft Title Mining Engr. Date 11-23-55

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
DEC - 5 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October 1955 Docket No. DMEA 3664 Contract No. Idm-E819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 809, Wallace, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT ~~Unit Costs~~
Drifting }		6099.19		20369.75			1200	
Crosscutting }	Feet	~~9,678.11~~	216	~~23,948.67~~	633	37.83	~~1,110~~	
Raising								
Shafts								
Winzes								
Drilling: Core	Feet	1,202.23	253.1	1,202.23	253.1	4.75	2,100	4.75
Churn								
Auger								
~~Stripping~~ Bulldozing	Hrs.	"	"	565.00	56½	10.00	56½	10.00
Trenching								
Test Pits								
Roads and Trails								
D D Stations							110	
TOTAL DISTRIBUTED COSTS		7301.42 ~~10,880.31~~		25,715.90				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				400.00				
TOTAL COSTS		7301.42		~~26,115.90~~ 22536.98				59,570.00

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date 11-16-55 Operator Highland-Surprise Consolidated Mining Company

Per N. A. Calloway Title Secretary-Treasurer

REMARKS:

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

(Instructions on reverse)

(For Government use only)

151 John D Bardill

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man-days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

RECEIVED
DEC - 5 1955

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
Deer Trail Mine, Custer County, Idaho
Docket No. DMEA-3664, (Lead-Zinc)
Contract No. Idm-E 819

PROGRESS REPORT
October, 1955

Drifting and crosscutting during the month of October, 1955	216 feet
Drifting and crosscutting previously reported	417 feet
Total drifting and crosscutting to October 31, 1955	633 feet
Diamond drilling during October (none previous)	253.1 feet

Drifting and crosscutting consisted of the following:

Extension of main adit crosscut (face at October 31st was 17 feet from station No. 33 or 115 feet from station No. 31)	11 feet
Drifting on zinc vein (face at October 31st was 59 feet from station No. 32).	49 feet
Drifting on lead vein (face at October 31st was 140 feet from station No. 33).	133 feet
Crosscut for diamond drill station, holes Nos. 8, 9 and 10	13 feet
Crosscut for diamond drill station, holes Nos. 11 and 12	10 feet
Total drifting and crosscutting	216 feet

Diamond drilling consisted of the following:

Hole No. 6	101 feet
Hole No. 7	85 feet
Hole No. 8	20.9 feet
Hole No. 9	46.2 feet
Total diamond drilling	253.1 feet

The crosscut penetrated an altered limestone zone with ample garnet and epidote and finely disseminated lead and zinc. After reaching the footwall of this zone, which is represented by silicified argillites, the mineralized limestone zone was followed by the "lead vein drift". This zone is 10 feet wide at the place where it was intersected by the crosscut and it assays 1.5% zinc, 0.6% lead and 0.2 ounces of silver. The vein has a N 07° W strike and it dips approximately 70° west.

The lead vein drift followed the above strike and the quality of the ore gradually improved to a comparatively high grade lead and zinc ore with fluctuating width, which at all times was wider than the drift. Ore was picked up in 7 to 8 feet long test holes in both the footwall and the hangingwall until the vein was sharply cut off by an intertongued argillite zone at about 70 feet from the crosscut. A fragment, or a displaced part of the vein, reappeared for a short distance at about 90 feet from the crosscut in the west wall of the drift. Drifting here was stopped until diamond drill holes could locate the displaced vein. Diamond drill hole No. 8 aiming at this goal had to be abandoned after drilling 20.9 feet because it started to cave badly at about 17 feet. A paralell hole has been driven

about 5 feet north of hole No. 8; this is hole No. 9 which reached an ore zone at 39 feet and penetrated 6 feet of mineralized limestone as shown on the core log. Drifting will be started approximately 85 feet from survey station No. 33 on the limestone-ore fragment in the west wall of the drift to determine if this fragment is part of the vein intersected in hole No. 9.

Drifting on the zinc vein had been halted until diamond drill hole No. 7, driven at N 72° W had explored the zone vertically below the zinc outcrop. This hole cut an ore zone at 80 to 85 feet and drifting has been resumed, following the drill hole. At the end of the month the drift face was about 60 feet from the ore zone.

Diamond drill hole No. 6 intersected a zone of mineralized limestone approximately 55 feet wide as shown on the enclosed maps.

RECEIVED
DEC - 5 1955

DMEA Field Team, Region I, NW District November 29, 1955

DMEA Certifying Officer, Region I

Contract Idm-1619, Highland-Surprise Cons. Mining Co.
Monthly operating report for October 1955.

The subject operating report has been received and processed for payment. Disallowances have been made from the costs claimed as follows:

Cash discounts not taken into account by the operator:		
Coeur d'Alene Hardware Co., Inv. No. 67907	$0.25	
Coeur d'Alene Hardware Co., Inv. No. 66258	.43	$ .68
Materials and Supply items transferred from Highland-Surprise Mine to Deer Trail operation-DMEA project- inadequately supported		3,578.24
Total disallowance		$3,578.92

The operator may reclaim the materials and supply items disallowed providing adequate evidence of costs incurred is furnished, such as original invoices or certified true copies of such invoices.

Myrtle Purdy

cc: DMEA (2)
USGS (2)
Operator
Wash. (2)
Bardill
AD

XXXXXXXXXXXXXXXXX
1201 N. Division Street
Spokane 2, Washington
November 29, 1955

RECEIVED
DEC - 5 1955

Highland-Surprise Cons. Mining Co.
Box 889
Wallace, Idaho

Re: Contract No. Idm-E819
Highland-Surprise Cons. Mng. Co.
Monthly operating report for
October 1955

Gentlemen:

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

This is to inform you that payment could not be made in the full amount claimed. Deletions are explained in the attached copy of a memorandum to the DMEA Field Team from the DMEA Certifying Officer.

By Field Team, Region I, NW Dist.

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

cc: DMEA (2) ✓
USGS (2)

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

DMEA Field Team, Region I, NW District November 29, 1955

DMEA Certifying Officer, Region I

Contract Idm-1619, Highland-Surprise Cons. Mining Co.
Monthly operating report for October 1955.

The subject operating report has been received and processed for payment. Disallowances have been made from the costs claimed as follows:

Cash discounts not taken into account by the operator:		
Coeur d'Alene Hardware Co., Inv. No. 67997	$0.29	
Coeur d'Alene Hardware Co., Inv. No. 66250	.43 @	.60
Materials and supply items transferred from Highland-Surprise Mine to Deer Trail operation-DMEA project- inadequately supported		3,578.24
Total disallowance		$3,578.92

The operator may reclaim the materials and supply items disallowed providing adequate evidence of costs incurred is furnished, such as original invoices or certified true copies of such invoices.

Myrtle Purdy

cc: DMEA (2)
USGS (2)
Operator

Form MF-104 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

RECEIVED
OCT 31 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of September, 1955 Docket No. DMEA 3664 Contract No. Idm-E 819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho
Contract Amount, $ 59,570.00 Government Participation: 50 % Amount, $ 29,785.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling						
Bulldozing	565.00		565.00	565.00	-0-	565.00
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor Salois & Zittel	5,946.96	2,785.02	8,731.98	5946.96	2785.02	8731.98
Supervision	600.00	975.00	1,575.00	600.00	975.00	1575.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber and ties	[illegible]	607.98	607.98		409.86	409.86
Explosives						
Pipe line accessories	[illegible]	1.70	1.70	38.57	1.70	40.27
Track accessories				57.70	-0-	57.70
Tiles					198.12	198.12
Other	502.86	705.03	1,207.89	406.59	705.03	1111.62
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation	413.31	319.64	732.95	413.31	319.64	732.95
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.	400.00		400.00	400.00	-0-	400.00
(7) Miscellaneous:						
Repairs to Equipment	235.47	119.24	354.71	235.47	119.24	354.71
Sampling and Analysis						
Payroll Taxes						
Liability Insurance	32.14	41.21	73.35	32.14	41.21	73.35
Equip. transportation		1,201.93	1,201.93		985.00	985.00
(8) Contingencies (specify):						
TOTALS	8,695.74	6,756.75	15,452.49	8695.74	6556.82	15252.56

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 10-17-55 *Payee Highland-Surprise Consolidated Mining Company
Per H. A. Calloway Title Secretary-Treasurer

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
$ 4347 87

Signature MQP
(Authorized Certifying Officer)

Date 10/24/55 Vou. No. 1630
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E819 in accordance with the terms of the contract.

Signature (S) John D Bardill Title Metallurgist Date 10-19-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature (S) Stephen W Zoldok Title Mining Engr Date 10-20-55

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(*a*) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(*b*) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(*c*) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT 31 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of September 1955 Docket No. DMEA 3664 Contract No. Idm-E 819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting } Crosscutting }	Feet	7,730.74	284	14,270.56 ~~14,487.49~~	417	34.22 ~~34.74~~	1200	20.94 ft
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
~~Stripping~~ Dozing	Hrs.	565.00	56½	565.00	56½	10.00	56½ hrs	@ 10/hr
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		8,295.74		14835.56 ~~15,052.49~~				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		400.00		400.00				
TOTAL COSTS		8,695.74		~~15,452.49~~ 15235.56				59574.00

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

REMARKS:

Date 10-17-55 Operator Highland-Surprise Consolidated Mining Company

Per W. A. Galloway Title Secretary-Treasurer

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

(Instructions on reverse)

(For Government use only)

151 John D Bardill

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
Deer Trail Mine, Custer County, Idaho
Docket No. DMEA-3664 (Lead-Zinc)
Contract No. Idm-E 819

RECEIVED
OCT 31 1955

PROGRESS REPORT
September, 1955

Progress during the month of September was as follows:

Crosscutting	195 feet
Drifting on the footwall of the zinc vein	76 feet
Station for Diamond Drill Hole No. 6	13 feet
Total crosscutting and drifting during the month . . .	284 feet

The crosscutting during the month consisted of extending the diagonal crosscut serving as a main adit tunnel; the face of the crosscut on October 1st was 104 feet north of Survey Station No. 31. The crosscut holed into an old tunnel as indicated on the enclosed sketch and three feet width of this tunnel has been deducted from the length of crosscut reported.

After penetrating a SW-NE trending fault zone at approximately 90 feet north of Survey Station No. 30, the crosscut entered a well mineralized zone which proved to be about 90 feet wide along the bearing of the crosscut. We left this ore zone at approximately 190 feet north of Station No. 30 where we encountered a zone of hard, carbonaceous argillites, occasionally cut by minor faulting and calcite veinlets and irregular calcite pockets.

The ore zone penetrated consists of limestone structures with disseminated pyrite, sphalerite and minor galena. Comparatively low grade zinc ore streaks, completely barren limestone zones and streaks of high grade ore occur within the zone in varying sequence. The zinc is dark colored, indicating marmatite. The chemical and physical properties of this ore zone seem to compare with the characteristics of the zinc outcrop which is about 200 feet to the northwest and at approximately 110 feet higher elevation. The replacement type of mineralization seems to be confined to the limestone zones. There are small streaks of argillites within the mineralized zone and zones of solid argillites to both the north and the south.

After leaving this zinc ore zone the crosscut was extended to the NE, keeping a bearing of approximately N 20° E. A second ore zone was penetrated at about 95 feet northeast of Survey Station No. 31 or about 100 feet northeast of the footwall of the zinc vein. This vein has higher lead values finely disseminated in a limestone based rock, with zinc values occuring in a disseminated form as well. By the end of the month this vein had been opened up to a width of 5 feet with the hangingwall not yet reached. This vein seems to have strike of N 15° W, dipping steeply to the west.

A drift has been started on the footwall of the zinc vein and a high grade streak of zinc ore was followed for approximately 50 feet. This was cut off by a barren limestone zone which, in turn, was replaced by black-gray argillites as shown on the enclosed map. At the end of the month we started to crosscut the argillites westerly in order to reach the downward extension of the outcropping zinc ore body.

In agreement with representatives of the DMEA Field Team, we cut a diamond drill station for Diamond Drill Hole No. 6 which is planned to be drilled on a S 50° W bearing. Drill stations are planned at intervals of 50 feet for the purpose of exploring the zone southwest of the drift.

A shop building 15 feet by 40 feet was erected close to the tunnel portal. The frame construction is covered with heavy tar paper and the roof is covered with galvanized, corrugated metal sheets.

Form MF (Rev.) April

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

RECEIVED
OCT 31 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July and August, 1955 Docket No. DMEA 3664 Contract No. Idm-E 819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-zinc
Address Box 889, Wallace, Idaho
Contract Amount, $59,570.00 Government Participation: 50 % Amount, $ 29,785.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor Salois & Zittel	2,785.02		2,785.02	2785.02	—o—	2785.02
Supervision	975.00		975.00	975.00	—o—	975.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber and ties	607.98		607.98	409.86	—o—	409.86
Explosives						
Pipe	1.70		1.70	1.70	—o—	1.70
Track						
Ties				198.12	—o—	198.12
Other	705.03		705.03	705.03	—o—	705.03
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation	319.64		319.64	319.64	—o—	319.64
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment	119.24		119.24	119.24	—o—	119.24
Sampling and Analysis						
Payroll Taxes						
Liability Insurance	41.21		41.21	41.21	—o—	41.21
Equip. transport.	1,201.93		1,201.93	985.00	—o—	985.00
(8) Contingencies (specify):						
TOTALS	6,756.75		6,756.75	6539.82	—o—	6539.82

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 9-20-55 *Payee Highland-Surprise Consolidated Mining Company
Per N. A. Calloway Title Secretary-Treasurer

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 3269 91

Signature M. O. P.
(Authorized Certifying Officer)

Date 10/24/55 Vou. No. 1630
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 819 in accordance with the terms of the contract.

Signature /S/ John D. Gardill Title Metallurgist Date 10-19-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen W. Zoldok Title Mining Engr Date 10-20-55

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form DMEA F-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT 31 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 1955 Docket No. DMEA 3664 Contract No. Idm-E 819
Operator's Name Highland-Surprise Consolidated Mining Co. Minerals Lead-Zinc
Address Box 889, Wallace, Idaho

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting	Feet	6,756.75	133	6,756.75	133	50.80		
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		6,756.75	133	6,756.75				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		6,756.75		6,756.75				

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date 9-20-55 Operator Highland-Surprise Consolidated Mining Company

Per W. A. Galloway Title Secretary-Treasurer

REMARKS:

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

(Instructions on reverse)

(For Government use only)

/S/ John D Bardill

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

HIGH[illegible]-SURPRISE CONSOLIDATED MINING [illegible]PANY
D[illegible]r Trail Mine, Custer County, Idaho
Docket No. DMEA-3664 (Lead-Zinc)
Contract No. Idm-E 819

PROGRESS REPORT
August, 1955

RECEIVED
OCT 31 1955

Operations under the above captioned contract were commenced on July 15, 1955 and the period from that date until August 15, 1955 was spent in moving equipment and supplies to the property, preparing a tunnel site and building about 70 feet of trestle to provide for the dump.

Tunneling was started August 15th at the point agreed upon with representatives of the DMEA. The diagonally crosscutting tunnel was started on a bearing of about N 20° E as agreed and was collared about 37 feet from the point where the contract was started, as shown on the attached map.

Total progress during the month of August from the point of the start of the contract to the tunnel face on August 31st was 133 feet of which 21 feet was timbered and 112 feet untimbered.

In the cut approaching the tunnel portal a dike formation was cut which appears to be composed chiefly of rhyolite porphyry. A heavy fault about 7 feet north of survey station No. 30 marked the sharp line between the dike and the following dark, carbonaceous argillites. The argillites contain ample disseminated crystals of pyrite and pyrrhotite.

A change in formation started to appear at about 76 feet north of survey station No. 30 where a NW dipping fault contains quartz and crushed sphalerite. The ore is of a similar type and character to that found in the "Zinc Vein" on the surface. It is a sphalerite-galena combination with ample pyrite and pyrrhotite and traces of chalcopyrite.

RECEIVED
OCT 31 1955

DMEA Field Team, Region I, NW District October 26, 1955

DMEA Certifying Officer, Region I

Contract No. I4m-8819, Highland-Surprise Cons. Mining Co.
Monthly operating report for July and August 1955

The amount claimed for transportation of equipment exceeds the estimated amount called for by the contract by $216.93. This excess has been deducted from the costs claimed by the operator pending a discussion with the operator by the project engineer as to the necessity for the increased cost. Depending upon the results of this discussion and the approval of the Field Team, the operator may reclaim the amount deleted on a subsequent MF-104, providing the total estimated cost of the category is not exceeded.

Please ask the operator to give us the rate used in computing the Workmen's Compensation insurance.

Myrtle Purdy

cc: Operator
DMEA (2)
USGS (2)
Wash. (2)
Bardill
AD

XXXXXXXXXXXXXXXXXX
1201 N. Division Street
Spokane 2, Washington
October 26, 1955

Mr. W. A. Callaway, Secretary
Highland-Surprise Consolidated Mining Co.
203 Gyde-Taylor Building
Wallace, Idaho

Re: Docket No. DMEA 3664
Contract No. Idm-E819
Monthly operating report
for July-August 1955

Dear Mr. Callaway:

The subject operating report has been received and processed for payment.

This is to inform you that payment could not be made in the full amount claimed. The amount deleted is explained in the attached copy of a memorandum to the Field Team from the DMEA Certifying Officer, Region I.

Please let us have the insurance rates requested in the attached memorandum.

By Field Team, Region I, NW District

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

cc: DMEA (2)
USGS (2)

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

DMEA Field Team, Region I, NW District October 26, 1955

DMEA Certifying Officer, Region I

Contract No. I&m-2819, Highland-Surprise Coms. Mining Co.
Monthly operating report for July and August 1955

The amount claimed for transportation of equipment exceeds the estimated amount called for by the contract by $216.93. This excess has been deducted from the costs claimed by the operator pending a discussion with the operator by the project engineer as to the necessity for the increased cost. Depending upon the results of this discussion and the approval of the Field Team, the operator may reclaim the amount deleted on a subsequent MF-104, providing the total estimated cost of the category is not exceeded.

Please ask the operator to give us the rate used in computing the Workmen's Compensation insurance.

Myrtle Purdy

cc: Operator
DMEA (2)
USGS (2)

JAN 14 1966

Highland-Surprise Consolidated Mining Company
Box 889
Wallace, Idaho

Re: DMRA-3664 (Lead-Zinc)
Highland-Surprise Consolidated Mining Company
Deer Trail Mine
Custer County, Idaho
Contract Ida-2819

Gentlemen:

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated May 23, 1957, all minerals mined or produced from June 17, 1955, to June 17, 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 to: Director's Reading File
Division File
Economic Geology File
Branch of Budget & Finance, Rm. 3408
OME File
OME Region I
OME Reading File
C. Curtin
120M
Mr. Selfridge

GCSelfridge/gie (1-12-66)

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

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

To: Mr. Frank J. Lundin, President
Highland-Surprise Consolidated
Mining Company
Post Office Box 869
Wallace, Idaho

Pursuant to the provisions of Exploration Project Contract No. Ida-[illegible], dated June 17, 1955, Docket No. DMA-[illegible], hereinafter called the "contract", between The Highland-Surprise Consolidated Mining Company, a corporation, and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows: Crosscutting, drifting and diamond drilling have proved the existence of zinc and lead ores occurring in lenses as replacements of parts of carbonaceous limestones.

Date: MAY 20 1957

THE UNITED STATES OF AMERICA

By [signature]
Administrator, Defense Minerals
Exploration Administration

WRGriswold/er 5/13/57
Copy to: Docket
Mr. C. A. Fredell, Dr.TRS,DMS
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Adm & File
Op. Committee
Cont. Adm & Audit Div. ✓
Finance Office
Region I, NW Dist. (R)
Mr. F.E. Johnson
Mr. W.R. Griswold
Elmer Enderlin
Dr. E. W. Fox
A. C. Mihelland
Paul Rayburn

Louis & Ada Cossi
Arnold & Maire Fuller
Rupert L. Hiese
Chester Sater
F. L. Parsons
Chron.

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

MAY 20 1957

Mr. Frank J. Luedke, President
Highland-Surprise Consolidated
Mining Company
Post Office Box 889
Wallace, Idaho

Re: Docket No. DMEA-3644 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Bear Trail Mine
Custer County, Idaho
Contract No. Ida-2819

Dear Mr. Luedke:

Transmitted herewith is a certification of discovery or development related to the Exploration Project Contract No. Ida-2819, dated June 17, 1955, on the lands described in the contract.

By the terms of the Exploration Project Contract and of the certification, all minerals mined or produced from June 17, 1955, to June 17, 1965, are subject to the Government's percentage royalty as set forth in the contract until the sum of $30,150.36 which the Government has advanced as its participating interest is repaid.

Payments should be made to Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest District, South 157 Howard Street, Spokane 4, Washington. Checks should be drawn in favor of the Defense Minerals Exploration Administration. The purchaser should be advised to deduct royalties from the amount due on each shipment and forward the checks to the Executive Officer.

Royalty payments to the Government should be accompanied by suitable evidence, such as copies of the settlement sheets, showing quantity and grade of the products sold, the name of the purchaser, and the price and charges, certified to be correct by the purchaser.

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

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures

Report L. Hise
F. L. Parsons
Chester Salar
Chron.

Elmer Haderlin
Dr. K. W. Fox
A. C. Mikelland
Paul Rayburn
Louis & Ma Gossi
Arnold & Marie Fuller

Admr 2 File
Cont. Adm & Audit Div.
Finance Office
Region I, NW/Dist. (2)
Mr. Johnson
Mr. Griswold

WMGriswold/er 5/13/57
Copy to: Docket
Mr. C.A. Fredell, Dr. TDS, DMS
Mr. Lamb, USBM
Mr. Killingsard, USGS
Oper Committee

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

MAY 20 1957

Arnold and Marie Fuller
Grass Valley, California

Re: Docket No. DMA-3661 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Ida-8819

Dear Mr. and Mrs. Fuller:

Enclosed is a copy of certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the Owner's Consent to Lien signed by you on December 30, 1954. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures

WRGriswold/er 5/13/57
Copy to: Docket
Mr. C. A. Fredell, DR,TDS,DM
Mr. Aumb, USBM
Mr. Kiilsgaard, USGS
Admr B File
Op. Committee
Cont.Adm & Audit Div.
Region I, NW Dist (2)
Mr. Johnson
Mr. Griswold
Chron.

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

800

MAY 20 1957

Lewis and Ada Gossi
1018 Pueblo Street
Boise, Idaho

Re: Docket No. DMEA-3664 (Lend-Lease)
Highland-Surprise Consolidated
Mining Company
Bear Trail Mine
Custer County, Idaho
Contract No. Ida-1819

Dear Mr. and Mrs. Gossi:

Enclosed is a copy of certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the Owner's Consent to Lien signed by you on December 30, 1954. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

WHGrimwold/er 5/13/57
Copy to: Docket
Mr. C.A. Fredell, DM.TIS, BMS
Mr. Lamb, USGM
Mr. Killingsard, USGS
Adm & Fils
Op. Committee
Cont. Adm & Audit Div.
Region I, Nw Dist. (2)
Mr. Johnson
Mr. Grimwold
Chron.

C. O. Mittendorf

Administrator

Enclosures

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

800

MAY 1957

Mr. A. C. Milholland
Smelterville, Idaho

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-8819

Dear Mr. Milholland:

Enclosed is a copy of certification of discovery or development, with copy of a covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the Owner's Consent to Lien signed by you on December 15, 1954. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

C. O. Mittendorf

Administrator

WRGriswold/or 5/13/57
Copy to: Docket
Mr. C. A. Fredell, DR.TDS.DMS
Mr. Lamb, USGS
Mr. Kiilsgaard, USGS
Andr R File
Op. Committee
Cont. Adm & Audit Div.
Region IV NW Dist.(2)
Mr. Johnson
Mr. Griswold
Chron.

Enclosures

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

MAY 13 1957

Mr. Paul Rayburn
Osburn, Idaho

Re: Docket No. DMA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-2819

Dear Mr. Rayburn:

Enclosed is a copy of certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the Owner's Consent to Lien signed by you on December 15, 1954. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours, MRGriswold/er 5/13/57

O. Attendorf

Administrator

Copy to: Docket
Mr. C.A.Fredell,DR,TDS,DMS
Mr. Lamb, USBM
Mr. Killsgaard, USGS
Admr R File
Op. Committee
Cont. Adm & Audit Div.
Region I, NW Dist. (2)
Chron.
Mr. Johnson
Mr. Griswold

Enclosures

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

MAY 20 1957

Mr. Clarence A. Fredell, Acting Director
Technical Services Division
Defense Materials Services
General Services Administration
7th and D Street, S. W.
Washington 25, D. C.

Re: Docket No. DMA3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Ida-E819

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development related to Exploration Project Contract No. Ida-E819.

The contract was dated June 17, 1955, with the Government participating to the extent of 50 per cent in an exploration project estimated to cost $67,840.00. Actual expenditures were $60,300.72, with the Government's share being half of such amount or $30,150.36.

The total amount of work provided for under the contract consisted of bulldozing, 3,390 feet of diamond drilling, and 1,310 feet of crosscutting and drifting. Work actually accomplished consisted of bulldozing, 2,958 feet of diamond drilling and 1,287 feet of crosscutting and drifting.

The discovery consists of zinc and lead ores occurring in lenses as replacements of carbonaceous limestones. The estimated ore reserves resulting from the work of exploration under the contract consist of 32,500 tons with an average grade of 5.2 per cent lead and 12.9 per cent zinc.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures

WRGriswold 5/13/57
Copy to: Docket
Mr. Lamb, USBM
Mr. Killegaard, USGS
Admr R Files
Op. Committee
Con. Adm & Audit Div.
Region I, Mn Dist (2)
Mr. F.E. Johnson
Mr. Griswold
Chron.

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

MAY 20 1957 500

Mr. Elmer Enderlin
Stanley, Idaho

Re: Docket No. DMEA-364 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Ida-[illegible]

Dear Mr. Enderlin:

Enclosed is a copy of certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the Owners' Consents to Lien signed by you on December 15 and 30, 1954. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures

WRGriswold/ar 5/13/57
Copy to: Docket
Mr. C.A. Fredell, DR.TDS.DMS
Mr. Lamb, USBM
Mr. Killingaard, USGS
Admr R File
Op. Committee
Cont. Adm & Audit Div.
Region I, NW Dist. (2)
Mr. Johnson
Mr. Griswold
Chron.

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

810

500

MAY 20 1957

Dr. E. W. Fox
Stanley, Idaho

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Ida-1819

Dear Dr. Fox:

Enclosed is a copy of certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the Owner's Consent to Lien signed by you on December 27, 1954. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

C. O. Mittendorf

Administrator

WRO riswold/ar 5/13/57
Copy to: Docket
Mr. C.A. Fredell, DR.TDS, DMS
Mr. Lamb, USBM
Mr. Killagaard, USGS
Admr & File
Op. Committee
Cont. Adm & Audit Div.
Region I, NW Dist. (2)
Mr. Johnson
Mr. Grimwold
Chron.

Enclosures:

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

MAY 20 1957

Mr. F. L. Parsons
Mailey, Idaho

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Ida-2819

Dear Mr. Parsons:

Enclosed is a copy of certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the Owner's Consent to Lien signed by you on December 15, 1954. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's right under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours, WRGrimmold/er 5/13/57

C. O. Mittendorf

Administrator

Copy to: Docket
Mr. C.A. Fredell, DR.TDS,DMB
Mr. Laub, USGS
Mr. Killsgaard, USGS
Admr & File
Op. Committee
Cont. Adm & Audit Div.
Region I, Ba Dist. (2)
Mr. Johnson
Mr. Grimmold
Chron.

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

500

MAY 1957

Mr. Chester Sater
Kellogg, Idaho

Re: Docket No. DMEA-364 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-6819

Dear Mr. Sater:

Enclosed is a copy of certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the Owner's Consent to Lien signed by you on December 15, 1954. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

C. O. Mittendorf

Administrator

MRGriswold/ar 5/13/57
Copy to: Docket
Mr. C.A.Fredell,DR.TDS,DMS
Mr. Lamb, USBM
Mr. Killegaard, USGS
Admr R File
Op. Committee
Cont.Adm & Audit Div.
Region I, Ns DIST.(2)
Mr. Johnson
Mr. Griswold
Chron.

Enclosures

OFFICIAL FILE COPY
Government's copy
DMEA
RECEIVED APR 8 1957

DATE	INITIALS	CODE
		800

TERMINATION AGREEMENT

It is agreed this 20th day of March, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Highland-Surprise Consolidated Mining Company, hereinafter called the "Operator," parties to that Exploration Project Contract Idm-E819, Docket No. DMEA-3664, dated June 17, 1955, hereinafter called the "Contract," that:

1. Effective December 15, 1956, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute to allowable costs incurred prior to said effective date. Any work or operation prosecuted or costs incurred by the Operator beginning with said effective date shall be for the sole account of the Operator without contribution by the Government.

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

4. All rights of the Government provided for in the Contract with respect to percentage royalty and liens for its payment, records, audits, and recovery of any overpayment, are preserved.

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

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

THE UNITED STATES OF AMERICA

By O. Mittendorf
Administrator, Defense Minerals
Exploration Administration

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

By Frank J. Lurdke

Title Pres

EXTRA COPY DMEA RECEIVED APR 8 1957		
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-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Selfridge:

Enclosed are the Government, Docket and Division copies of the Termination Agreement. By copy of this letter, other copies of the Termination Agreement are being distributed.

The Operator submitted an acceptable final report (received April 25, 1956) covering all but the two last holes which were drilled under a subsequent amendment. As progress reports describe the results of this drilling and include satisfactory logs, a supplemental final report will add nothing to the information now available. We, therefore, recommend that the requirement for a supplement to the final report by the Operator be waived.

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)
Finance Office w/encl.
Alvord
Turner

Government's copy

EXPLORATION PROJECT CONTRACT
HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
DOCKET NO. DMEA-3664

AMENDMENT NO. 3

It is agreed this 9th day of November, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Highland-Surprise Consolidated Mining Company, that Exploration Project Contract Idm-E819 (Docket No. DMEA-3664), dated June 17, 1955, as amended, is further amended, effective August 1, 1956, as follows:

1. In Amendment No. 2 (amending the work description in Exhibit "A"), paragraphs 2(a) and (b) are revised to read as follows:

"(a) Two diamond drill holes, AX size or larger where feasible, and EX size where a larger size is not feasible, shall be drilled from the underground workings driven under Stage I. It is estimated that one hole will be approximately 350 feet deep and the other approximately 150 feet deep.

"(b) Two drill sites shall be bulldozed, with D-6 tractor or equivalent, on the surface, and two diamond drill holes, AX size or larger where feasible, and EX size where a larger size is not feasible, shall be drilled therefrom. It is estimated that each hole will be approximately 350 feet deep."

2. In Amendment No. 2, under the heading "Fixed Unit Costs of New Work (Stage II)," a special provision is added as follows:

"The fixed unit costs of drilling stated herein shall be reduced by $0.25 per foot for each foot of hole drilled less than AX size."

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Administrator, Defense Minerals Exploration Administration

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

By Frank J. Kuralko ACTING

Title Secy.

RECEIVED NOV 19 1956 D.M.E.A.

Government's Copy

EXPLORATION PROJECT CONTRACT
HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
DOCKET NO. DMEA-3664

Amendment No. 2

It is agreed this 10th day of August, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Highland-Surprise Consolidated Mining Company, that Contract Idm-E819, Docket No. DMEA-3664, dated June 17, 1955, as amended, is further amended, effective August 1, 1956, as follows:

1. In Article 5 of the Contract, the figures "$67,840.00" and "$33,920.00" are substituted for the figures "$59,570.00" and "$29,785.00," respectively.

2. All work described in Exhibit "A" of the Contract, as amended by Amendment No. 1, is designated as Stage I of the project; and the following new work is designated as Stage II.

(a) Two diamond drill holes, AX size or larger, shall be drilled from the underground workings driven under Stage I. It is estimated that one hole will be approximately 350 feet deep and the other approximately 150 feet deep.

(b) Two drill sites shall be bulldozed, with D-6 tractor or equivalent, on the surface, and two diamond drill holes, AX size or larger, shall be drilled therefrom. It is estimated that each hole will be approximately 350 feet deep.

The approximate locations of Stage II drilling (both underground and on the surface), are shown on the map entitled "Deer Trail Property, Custer County, Idaho, Geologic Map of Adits," attached hereto and made a part hereof.

All diamond drilling locations, depths and inclinations are subject to prior Government approval.

All significantly mineralized drill core shall be sampled and assayed for gold, silver, lead and zinc.

The new work shall be supervised at all times by a competent engineer-geologist.

RECEIVED
AUG 20 1956

Fixed Unit Costs of New Work (Stage II)

10 hours bulldozing @ $12.00/hr.		$ 120.00
Underground drilling at depths from 0 to 250 feet Estimated 400 feet @ $5.15/ft.	$2,060.00	
Underground drilling at depths greater than 250 feet Estimated 100 feet @ $5.65/ft.	565.00	2,625.00
Surface drilling at depths from 0 to 250 feet Estimated 500 feet @ $7.45/ft.	$3,725.00	
Surface drilling at depths greater than 250 feet Estimated 200 feet @ $7.95/ft.	1,590.00	5,315.00
60 Samples assayed @ $3.50/sample		210.00
Estimated Total Cost of Stage II		$8,270.00

S U M M A R Y

Estimated Cost of Project

Estimated Costs Stage I	$59,570.00
Estimated Costs Stage II	8,270.00
Estimated Total Cost of Project	$67,840.00
Government Participation @ 50%	$33,920.00

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

By Frank J. Luedke

Title Pres.

By C. Mitteecdorz

Administrator, Defense Minerals Exploration Administration

SEP 27 1956

Mrs. Myrtle Purdy
Authorized Certifying Officer
Bureau of Mines
1201 North Division Street
Spokane 2, Washington

Re: DMEA-3278, Ida-2688
Peter Antonioli

and

DMEA-3664, Ida-7819
Highland-Surprise Consolidated
Mining Company

Dear Mrs. Purdy:

Reference is made to your letter of September 24, 1956, relative to the differences which occasionally occur as the result of items of work or cost, as specified in an Exhibit "A", being changed by an amendment without the amount of the contract being appropriately corrected. As examples, you cite contracts Ida-2688, DMEA-3278, Peter Antonioli, and Ida-7819, DMEA-3664, Highland Surprise Consolidated Mining Company.

In the case of Ida-2688 the units of shaft work to be performed were reduced by Amendment No. 1, prepared and executed by the Acting Executive Officer of the Field Team. The amendment, however, was not complete, inasmuch as a corresponding change in the applicable estimate of costs and the amount of the contract was not effected. Properly such correction should have been made by further amendment, but inasmuch as the contract has been terminated and an audit review is programmed (according to Mr. Turner's latest work load report) an amendment at this time is not considered necessary. Upon release of the Report of Review the allotment for this contract will be reduced to the amount of the accepted costs.

The difference of $.43 between the deletions and additions to the costs effected by Amendment No. 1 to Ida-7819 properly should have been added to the amount of $187.50 for liability insurance under Category (7), as this was the only item in the additions which was not a maximum. Although properly the amendment should be corrected, in view of the small amount of this difference it is not deemed necessary to take corrective action at this time.

It is suggested that in any future case of this type involving an amendment executed in the field that the Executive Officer's attention be called to the difference. In any case involving an original contract or an amendment executed in Washington, this Division would sincerely appreciate having the matter brought to our attention.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
September 26, 1956

Copy to: Docket (2)
Admr. Reading File
Mr. Chambers
Mr. Turner

Government's copy

EXPLORATION PROJECT CONTRACT
HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
DOCKET NO. DMEA-3664

AMENDMENT NO. 1

It is agreed this 29th day of September, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Highland-Surprise Consolidated Mining Company, that Contract Idm-E819 (Docket No. DMEA-3664), dated June 17, 1955, is amended, effective as of the contract date, as follows:

1. In Exhibit "A" of the contract, under Estimated Costs of Project:

(a) Under Category (1) Independent Contracts, delete the items:

Bulldozing - 56 hours @ $10.00/hr.	$ 560.00	
2,100 feet of diamond drilling @ $4.75/ft.	9,975.00	$10,535.00

(b) Under Category (2) Personal Services, delete the items:

(c) Labor	16,489.00

(c) Under Category (3) Operating Materials and Supplies, delete the items:

Explosives	4,529.33
Bits and steel	2,000.00

(d) Under Category (7) Miscellaneous, delete the items:

Payroll taxes, liability insurance, etc.	2,606.00
Mess house expense	2,000.00

2. In Exhibit "A" of the contract, under Estimated Costs of Project:

(a) Under Category (1) Independent Contracts, add the items:

Drifting and crosscutting 1200 feet @ $20.94/ft. x/	$25,128.00	
Diamond drill stations 110 feet @ $20.94/ft. x/	2,303.40	$27,431.40

(b) Under Category (7) Miscellaneous, add the item:

Liability insurance, covering superintendent	187.50

3. In Exhibit "A" of the contract, after the categories of costs, add:

Fixed Unit Costs

Bulldozing - 56½ hours @ $10.00/hr.	565.00	
2,100 feet of diamond drilling @ $4.75/ft.	9,975.00	10,540.00

These fixed unit costs are in lieu of actual costs that otherwise would be allowable under Article 6(a) of the contract form, and include all costs whatsoever necessary to complete the work except as otherwise specifically scheduled under a category of costs. The Government will contribute to the fixed unit costs, as they accrue, for units of work actually performed.

* * * * *

This amendment shall not be construed to increase the estimated total cost of the project, nor the aggregate

x/ The maximum unit cost of $20.94/ft. includes all necessary labor, explosives, bits and steel, payroll taxes, mess house expense, and all other costs not specifically set forth elsewhere in the contract.

total amount which the Government may be required to contribute.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. O. Mitteudorf
Administrator, Defense Minerals
Exploration Administration

HIGHLAND-SURPRISE CONSOLIDATED
MINING COMPANY

By H. A. Calloway
Sec-Treas.

August 10, 1955

RECEIVED
SEP - 6 1955

Highland-Surprise Consolidated Mining Company
Box 889
Wallace, Idaho

Gentlemen:

We are in accord with your request that an error in listing the Confidence group of mining claims in our agreements with Elmer Enderlin should be corrected. We hereby acknowledge that the said claims were incorrectly listed in our agreements with Mr. Enderlin dated September 8, 1949 and November 15, 1954 respectively, and we further acknowledge that the correct listing of property in those agreements should be as follows:

Confidence	Silver Dollar No. 1
Confidence No. 1	Silver Dollar No. 2
Confidence No. 2	Silver Dollar No. 3
Confidence No. 3	
Confidence M. S. No. 1	
Confidence M. S. No. 2	

We agree that this letter shall become a part of the aforesaid agreements for the purpose of correcting the listing of the property covered by the said agreements.

Signed: Louis Gossi
Ada Gossi
Arnold Fuller
Marie Fuller Deceased
By Louis Gossi
attorney in fact.

Subscribed and sworn to before me this 10 day of August, 1955.

Notary Public

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AUG 23 1955
U. S. G. S.
SPOKANE, WASH.

DMEA Form 14

Contract No. Idm-E 819

Docket No. 3664

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
June 17, 1955	I III	Idaho	Lead-Zinc

Name and Address of Operator: Highland-Surprise Cons. Mining Co.
Box 889
Wallace, Idaho

	Reserve	Obligation
Prior Amount	0	$33,920.00
Increase	0	0
Decrease	0	3,769.64
Revised Amount	0	$30,150.36

Remarks:

ALLEN S. DAKAN
(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington 5/28/57

16416

Contract No. Idm-E 819

Docket No. 3664

DEPARTMENT OF THE INTERIOR

Executed Amendment

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
June 17, 1955	I NW	Idaho	Lead-Zinc

Name and Address of Operator: Highland-Surprise Consolidated Mining Co.
Box 689
Wallace, Idaho

	Reserve	Obligation
Prior Amount	$4,135.00	$29,785.00
Increase	0	4,135.00
Decrease	4,135.00	0
Revised Amount	0	$33,920.00

Remarks:

(Name)
Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington

8/20/56

98963

Contract No. Idm-E 819

Docket No. 3664

DEPARTMENT OF THE INTERIOR

Approved amendment

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
June 17, 1955	I NW	Idaho	Lead-Zinc

Name and Address of Operator: Highland-Surprise Consolidated Mining Co.
Box 889
Wallace, Idaho

	Reserve	Obligation
Prior Amount	0	$29,785.00
Increase	$4,135.00	0
Decrease	0	0
Revised Amount	$4,135.00	$29,785.00

Remarks:

(Name)
Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington 8/13/56

98963

Docket No. DMEA - 3664

Commodity Lead - Zinc

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 819

Date of Contract ~~xxxxxxxxxx~~ June 17, 1955

Name and Address of Operator:
Highland - Surprise Consolidated Mining Co.,
an Idaho corporation
Box 889
Wallace, Idaho

Amount of Government participation ____ $ 29,785.00

Percent of Government participation 50 %

Regions: 1 State: Idaho

E. N. Talbert
(Name)
for J. L. Chambers
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington.

6/17/55

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Government's copy

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MF-200
(Revised June 1954)

Docket No. DMEA -3664
Lead-
Commodity Zinc

Contract No. Idm-E 819

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 17th day of June, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Highland-Surprise Consolidated Mining Company, an Idaho corporation,

whose mailing address is Box 889
Wallace, Idaho
hereinafter called the "Operator," as follows:

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

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 Custer, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] See Annex I of [5] in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [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

[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."

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consents to Lien from all lessors, except for the Deer Trail claim for which a Consent to Lien is waived.

(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 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of lead and zinc. The work to be performed is described in Exhibit "A." The Operator on or before July 15, 1955 shall commence the work, and on or before January 1, 1957 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

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) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *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.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $59,570.00 The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $29,785.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(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. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; but except for any such necessary excesses in categories, subcategories, or items thereunder the Operator is not obligated to incur more than his agreed percentage of the estimated, total allowable cost of the work.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 9.

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the 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. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. 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. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved 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 detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and 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 related costs incurred.

(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 8. *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 7) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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

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

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value therof 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 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.
and see Annex II.

ARTICLE 10. *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: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) 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.

(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: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) 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 10 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 11. *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 12. *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 13. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
(Operator)

By Frank J. Luedke
President

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

W. A. Callaway

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

EXPLORATION PROJECT CONTRACT
HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
DOCKET NO. DMEA-3664

ANNEX I

The land referred to in Article 2 of the contract consists of the following unpatented mining claims:

Owned by Operator

Claim	Book	Page
H. S. No. 1	14 of Quartz Locations	304
H. S. No. 2	14 " " "	304
H. S. No. 3	14 " " "	305
H. S. No. 4	14 " " "	306
H. S. No. 5	14 " " "	307
H. S. No. 6	14 " " "	308
H. S. No. 7	14 " " "	309

Held under Lease and Option to Purchase

Deer Trail Fraction	14	299
Deer Trail	B	488

Held under Option to Purchase

FDR	11	638
FDR No. 1	14	313
FDR No. 2	B	251
FDR No. 3	B	252
FDR No. 4	B	253
Confidence	11	378
Confidence No. 1	10	537
Confidence No. 2	10	537
Confidence No. 3	10	539

All of the above claims are recorded in the Office of the County Recorder of Custer County, at Challis, Idaho. The claims are shown on the map entitled "Fig. 1, Highland-Surprise Cons. Min. Co., Stanley Project," attached hereto and made a part hereof.

EXPLORATION PROJECT CONTRACT
HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
DOCKET NO. DMEA-3664

ANNEX II

In lieu of the provisions of Article 9 of the contract, the operating materials and supplies, and the installations, listed below (purchased under Categories (3) and (6) of Article 6 of the contract), shall have the salvage values designated therefor upon the completion or termination of the project, and the Government may deduct its proportionate share of said values from any money due the Operator.

Operating Materials and Supplies	Percentage of Purchase Price
Purchased but not installed or used	100 per cent
Installed and/or used	
Track and track accessories	50 per cent
Pipe and pipe accessories	50 per cent
Vent pipe	50 per cent
Small tools	50 per cent
Installations	
1 rough frame compressor house and shop	25 per cent

Any other items purchased under said categories shall, upon completion or termination of the project, be disposed of according to the provisions of Article 9 of the contract.

EXPLORATION PROJECT CONTRACT
HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
DOCKET NO. DMEA-3664

EXHIBIT "A"

Description of the Work

The purpose of the project is to explore for ores of lead and zinc by means of preparatory work, consisting of bulldozing (with a D-6 or equivalent) surface trenches, access roads and a tunnel site; constructing compressor house and shop, approximately 16 feet by 24 feet; and installing equipment; and exploration work consisting of crosscutting, drifting, and diamond drilling. The exploration work, except for some of the drill stations and drilling, is approximately shown on the map entitled "Fig. 2 Highland-Surprise Cons. Min. Co. Stanley Project," attached hereto and made a part hereof.

An aggregate total of 1,200 feet of drifting and crosscutting, from locations to be approved in advance by the Government, shall be done to explore two approximately parallel veins on the Deer Trail Fraction claim. The drifts and crosscuts shall be timbered as necessary and shall be not less than 5 feet by 7 feet in the clear of timber.

Eleven diamond drill stations shall be excavated, timbered as necessary, and not less than ten feet long and 5 feet by 7 feet in cross section in the clear of timber. The approximate locations of 6 of these stations are shown on the map, and the Operator shall select five additional stations, all of which locations are subject to the approval of the Government. 2,100 feet of diamond drilling (EX size or larger) shall be done, from the locations approximately shown on the map and from the five additional sites to be selected, to explore both sides of the drifts and crosscuts.

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

Estimated Costs of Project

Category (1) Independent Contracts

Bulldozing - 56 hours @ $10.00/hr.	$ 560.00

2,100 feet of diamond drilling @ $4.75/ft.	$ 9,975.00	$10,535.00
Category (2) Personal Services		
(a) & (b) Supervision and Technical Services		
1 - Superintendent @ $650.00 monthly, 8 months	5,200.00	
(c) Labor		
1 - mechanic-compressorman, 4 miners, 1 outside man, @ $14.50 daily each, plus overtime, approximately 7 months	16,489.00	21,689.00
Category (3) Operating Materials and Supplies 1/		
Explosives	4,529.33	
Air lines, 4" pipe, 1,400 feet @ $1.00/ft.	1,400.00	
Water lines, 2" pipe, 1,600 feet @ $0.34/ft.	544.00	
Pipe line accessories	350.00	
Bits and steel	2,000.00	
Vent pipe, 16" - 1,200 feet @ $1.065/ft.	1,278.00	
Rail, 20 lb., 3,000 feet @ $155.00 per ton	1,550.00	
Switches and track accessories	480.00	
Small tools	550.00	
Ties, 800 @ $0.30/each	240.00	

1/ See Annex II.

Gas and fuel oil	$ 1,050.00	
Mine timber	1,000.00	$14,971.33

Category (4) Operating Equipment

(a) & (b) Rental and Purchases - None

(c) Depreciation

1 - portable compressor, $157.73 monthly for 8 months	1,261.84
1 - motor pump and engine, $16.92 monthly for 8 months	135.36
1 - blower and engine, $15.10 monthly for 7 months	105.70
1 - battery charger & motor, $17.50 monthly for 7 months	122.50
1 - extra set batteries, $25.00 monthly for 7 months	175.00
1 - mine car transfer, $6.67 monthly for 7 months	46.69
1 - battery locomotive, $70.00 monthly for 7 months	490.00
5 - 2-ton mine cars, $17.63 monthly for 7 months	123.41
2 - air receivers, $4.87 monthly for 8 months	38.96
1 - Eimco loader, $22.58 monthly for 7 months	158.06
2 - drills, complete, $28.88 monthly for 7 months	202.16

1 - 3/4-ton pickup truck, $42.54 monthly for 8 months	$ 340.32	
1 - bit grinding machine, $4.81 monthly for 7 months	33.67	$ 3,233.67
Category (5) Initial Rehabilitation and Repairs - None		
Category (6) New Buildings, Fixtures, and Installations - 2/		
1 - rough frame compressor house and shop, approximately 16 feet by 24 feet	400.00	400.00
Category (7) Miscellaneous		
Payroll taxes, liability insurance, etc.	2,606.00	
Mess house expense 3/	2,000.00	
Equipment transportation	985.00	
Equipment repairs	2,400.00	
250 samples to be assayed for silver, lead, zinc @ $3.00 per sample	750.00	8,741.00
Estimated Total Cost of Project		$59,570.00
Government Participation @ 50%		$29,785.00

2/ See Annex II.

3/ Cook's wages only.

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

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

OF THE INTERIOR
Administration
RECEIVED

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

The following unpatented lode mining claims: Deer Trail, Deer Trail Fraction, H. S. No. 1, H. S. No. 2, H. S. No. 3, H. S. No. 4, H. S. No. 5, H. S. No. 6, H. S. No. 7, all located in the East Fork Mining District, Custer County, Idaho.

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

2/ Highland-Surprise Consolidated Mining Company

hereinafter called the "Operator"; and

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

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

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

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

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

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

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

(OVER)

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

4. Changes and added provisions_____

Dated this 15th day of December, 1954.

F. L. Parsons [Seal]

Charles Lake [Seal]

P C Mellelford [Seal]

Paul Kaylerson (Seal)

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

APR 18 1955

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

The following unpatented lode mining claims situated in East Fork Mining District, Custer County, Idaho: Confidence, Confidence No. 1, Confidence No. 2, Confidence No. 3, Confidence Millsite No. 1, Confidence Millsite No. 2, Silver Dollar No. 1, Silver Dollar No. 2, Silver Dollar No. 3, Timberline No. 1, Timberline No. 2, Timberline No. 3 Timberline No. 4, Timberline No. 5, Timberline No. 6

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

2/ Highland-Surprise Consolidated Mining Company

hereinafter called the "Operator"; and

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

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

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

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

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

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

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

(OVER)

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

4. Changes and added provisions _____

_____

_____

_____

Dated this 15th day of December, 1954.

Elmer Enderlin [Seal]

_____ [Seal]

_____ [Seal]

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
RECEIVED
FEB 7 1955

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

The following unpatented lode mining claims situated in East Fork Mining District, Custer County, Idaho:

Names of claims	Book and Page at which recorded
FDR	Book 11, Page 638
FDR No. 1	Book 14, Page 313
FDR No. 2	Book B, Page 251
FDR No. 3	Book B, Page 252
~~FDR No. 4~~	~~Book B, Page 253~~

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

2/ Highland-Surprise Consolidated Mining Company

hereinafter called the "Operator"; and

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

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

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

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

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

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

(OVER)

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

4. Changes and added provisions _____

_____

_____

_____

Dated this 27 day of Dec, 1954.

E. W. [illegible] [Seal]

Rupert L. Niece [Seal]

_____ [Seal]

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

RECEIVED
FEB 1955
U. S. G. S.
SPOKANE, WASH

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Idaho, County of Custer, described as

follows:1/ The following unpatented lode mining claims located in East Fork Mining District, Custer County, Idaho: Confidence (Book 11, Page 378), Confidence No. 1 (Book 10, Page 537), Confidence No. 2 (Book 10, Page 537), Confidence No. 3 (Book 10, Page 539), Confidence Millsite No. 1, Confidence Millsite No. 2, Silver Dollar No. 1 (Book 11, Page 418), Silver Dollar No. 2 (Book 12, Page 69), Silver Dollar No. 3 (Book 12, Page 70)

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

2/ Highland-Surprise Consolidated Mining Company

hereinafter called the "Operator"; and

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

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

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

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

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

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

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

(OVER)

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

4. Changes and added provisions _____

_____

_____

_____

Dated this 30th day of December, 1954.

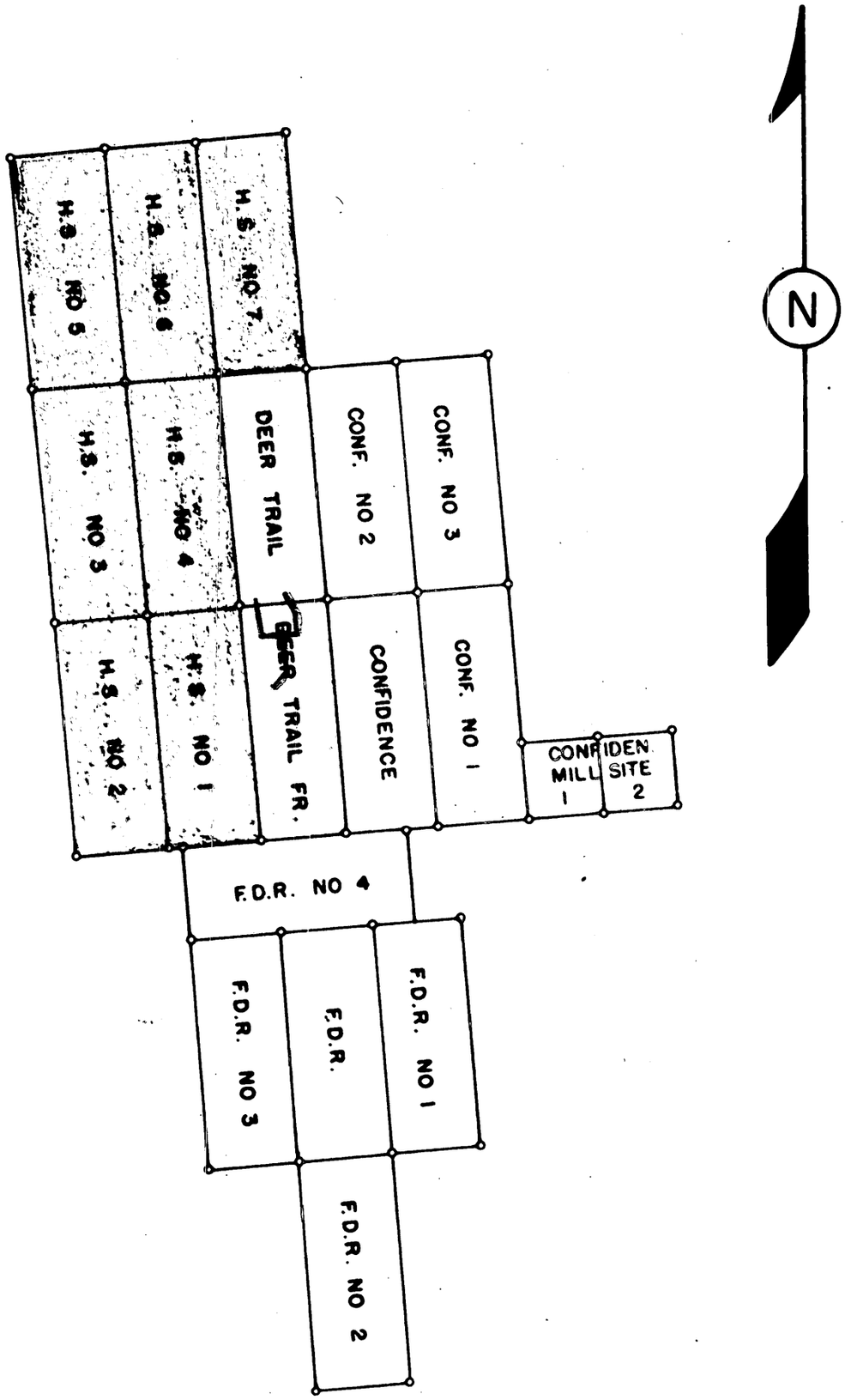
Ernest Enderlin [Seal]

Louis L. Gossi [Seal]

Ada Gossi [Seal]

Marie Fuller

Arnold Fuller



STAKED BY HIGHLAND - SURPRISE

PURCHASED FROM T. PERSONS & PART.

PURCHASED FROM E. ENDERLIN & PART.

PURCHASED FROM R. NIECE & PART.

Fig. 1

HIGHLAND - SURPRISE CONS. MIN. CO.

STANLEY PROJECT

1" = 1000'

DMEA 3664

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
No. 137 Howard Street
Spokane 8, Washington

RECEIVED

July 22, 1955

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

Re: Docket No. DMEA-360 (lead-zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine (Stanley Project)
Custer County, Idaho
Contract No. Idm-1819

Dear Mr. Selfridge:

Enclosed are the Government, Division, and Docket copies of Contract No. Idm-1819. Other copies have been distributed in the usual manner.

In your letter of June 17, 1955, transmitting the contract to the field for signature, you pointed out several items that needed clarification.

(1) Enclosed is a letter from Fred Gomi stating that he did not wish to sign an Owner's Consent to Lien on the Deer Trail claim. We note that the requirement for a Performance Bond was waived by the Administrator. We believe that this is justifiable because only a small part of the work will be done on the Deer Trail and because it is practically out of the question to secure a Performance Bond either locally or in Wallace, Idaho, where the company is headquartered. The Executive Officer talked with two bonding companies in Spokane, each of whom told him that their company could not provide bonds because of the 10-year royalty repayment period required by the Government. The president of the company was told the same thing in Wallace.

(2) Regarding the clarification of the Confidence claim, attached are copies of a letter (which we do not consider adequate) from Elmer Ruhwalin explaining that the parties to the Lease and Option of September 8, 1949, (copies of which are enclosed) improperly listed the claims. The 1949 lease has been replaced by one dated November 13, 1954, which however still lists the claims erroneously.

The claims are properly listed as Conditions, Conditions No. 1, Conditions No. 2, and Conditions No. 3 in the agreement of November 28, 1974, between Schmitz and Highland Surgical. We are requesting Highland Surgical to change a statement directly from the source explaining the discrepancy. Copies of our letter to the company are enclosed.

Sincerely yours,

A. E. Weinstein
Executive Officer, NMSA
Field Team, Region I
Northeast District

Enclosures as indicated

cc: NMSA (6)
Finance office w/cy contract
Highlands

DMEA

RECEIVED
AUG - 1 1955

Clayton, Idaho
July 1, 1955

Highland-Surprise Consolidated Mining Co.
Box 889
Wallace, Idaho

Gentlemen:

This is to confirm our verbal message to you to the effect that the owners of the Deer Trail Claim do not wish to give their consent to a Government lien on the mining claim to secure repayment of a DMEA loan.

Yours very truly,

Fred Gassi

COPY

Stanley, Idaho
July 6, 1955

Mr. Wm. Callaway,
Secretary Highland Surprise
Mining Co.

Dear Mr. Callaway:

Am sending you the original contract on my lease & option with Louis & Ada Gossi and Marrie and Arnold Fuller on Confidence claims.

This contract is void in so far as the terms and conditions are concerned but the description of the claims is the same as the contract now in force as it was copied from this one.

I see now that they gave me the names wrong on the claims as they do not agree with the names that are on record at Challis as there is no #4 claim but Confidence and Confidence 1-2-3 on record.

The Contract now in force is in a Safe deposite Box at Challis Bank.

Sincerely Yours

/s/ Elmer Enderlin

COPY

RECEIVED
AUG - 1 1955

Mining Lease between LOUIS GOSSI and ADA GOSSI, husband and wife

and MARIE FULLERE and ARNOLD FULLERE wife and husband

Lessors

and

ELMER ENDERLIN
a single man

THIS MINING LEASE made and entered into this 8th day of September, 1949 by and between LOUIS GOSSI and ADA GOSSI, husband and wife of Boise, Ada County, Idaho, and MARIE FULLERE and ARNOLD FULLERE, wife and husband of Grass Valley, Nevada County, California, hereinafter called Lessors, and ELMER ENDERLIN, a single man of Stanley, Custer County, Idaho, hereinafter called the Lessee,

W I T N E S S E T H:

That the said Lessors for and in consideration of the covenants and agreements hereinafter contained to be kept, met and performed by said Lessee do hereby and by these presents let, lease, and demise to the said Lessee the following described mining claims to-wit:

Confidence Nos. 1-2-3-4
Confidence U. S. Nos. 1-2
Silver Dollar Nos. 1-2-3, all of which claims are situate in the East Fork Mining District of the county of Custer, State of Idaho, according to the official records of said county of Custer.

TO HAVE AND TO HOLD unto the said Lessee for the term of ten (10) years commencing on and dating from the 1st day of August 1949 subject to the conditions hereinafter contained.

That the said Lessee, for and in consideration of the said ten year lease, hereby agrees with the said Lessors as follows:

RECEIVED
JUL 18 1955
U.S.G.S.
SPOKANE, WASH.

(1) That the said Lessee will pay unto the said Lessors a royalty of ten (10%) per cent of the net smelter returns from all ores extracted and derived from the said leased claims.

(2) That the said Lessee will work or cause to be worked on the said claims a total of at least 200 man shifts per year of each year of this lease.

It is further agreed and understood by and between the parties hereto that the said Lessors do hereby grant unto said Lessee an option to purchase the said mining claims for the sum of $30,000.00. That this option must be exercised during the term of this lease and all royalty theretofore paid shall apply on the purchase price of the said claims. Any balance due on the said purchase price at the time of the exercise of this option shall be paid in full in cash, lawful money of the United States of America. If, during the term of this lease, the said Lessee shall have paid to said Lessors the sum of $30,000.00 in royalties, then in such case, the said Lessors shall convey the said claims to said Lessee.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first above written.

Louis Gossi

Ada Gossi

Arnold L. Fuller (Fuller)

Marie Fuller

LESSORS

Edwin Endeslin

LESSEE

STATE OF IDAHO)
) ss.
County of Ada)

On this 8th day of September, 1949, before me, the undersigned, a Notary Public in and for said State personally

appeared LOUIS GOSSI and ADA GOSSI, husband and wife, and ELMER ENDERLIN, known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

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

David Doane
Notary Public
Residing at Boise, Idaho

STATE OF California
County of Nevada } ss.

On this 2 4 day of September, 1949, before me, the undersigned, a Notary Public in and for said State personally appeared MARIE FULLER and ARNOLD FULLER, wife and husband, known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

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

M Henry Argall
Notary Public
Residing at Grass Valley, California

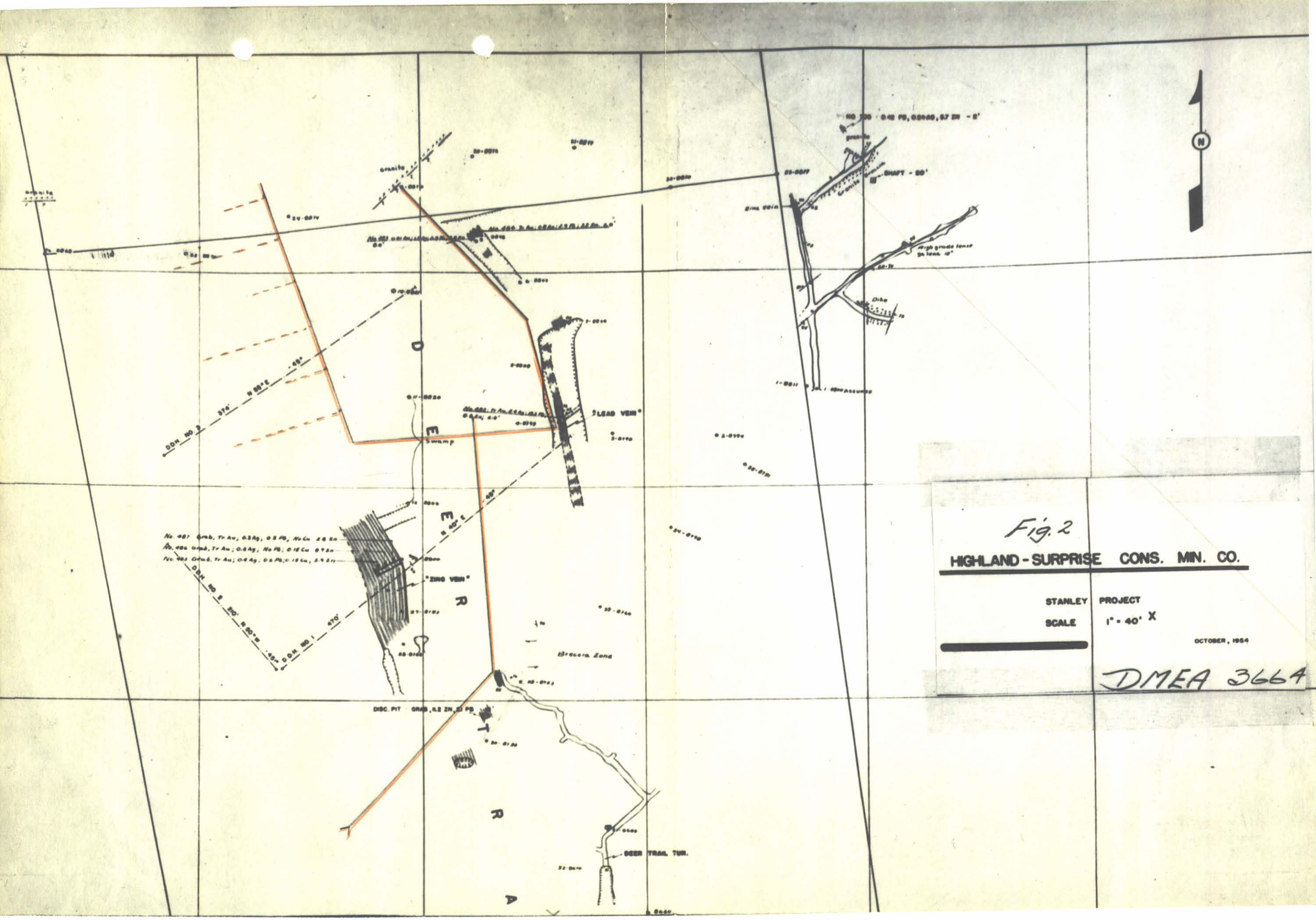


Fig. 2

HIGHLAND - SURPRISE CONS. MIN. CO.

STANLEY PROJECT

SCALE 1" = 40' X

OCTOBER, 1954

DMEA 3664

EXPLANATION
Limestone (Milligan formation)
Argillite (Milligan formation)
Quartzite (Milligan formation?)
Breccia, fragments and groundmass are essentially sedimentary rocks.
Breccia, sedimentary rock fragments in an essentially igneous groundmass
Granitic dikes, includes granite porphyry and Dacite dike
Granodiorite
Gossan
Tectonic material
Quartz vein silicification
Sulfides, Pyrite, Sphalerite and Galena
Fault and shear planes
Strike and dip of beds
Strike and dip of joint
Strike and dip of cleavage
50,500N
50,250N
50,000N
49,750N
49,500N
49,750E
50,000E
Proposed D.D.H. #27 (-80°, 350 ft.)
Proposed D.D.H. #29 (-60°, 150 ft.)
Proposed DDH #30 (-40°, 350 ft)
Proposed DDH #31 (-40°, 350 ft)
DMEA Adit
Diamond Drill
D.D.H. #26
Geology of DMEA Adit from Operator map with addition by J.J.G., H.B.N., and D.C.A. Geology of A,B,C, and D Adits by J.J.G.
DEER TRAIL PROPERTY
CUSTER COUNTY, IDAHO
GEOLOGIC MAP OF ADITS
SCALE 1" = 50'
DMEA-3664
PLATE 2