IMEA Form 9

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

IMEA NO. 3664

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(Withdrawn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

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

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

Left Side

Interim Royalty Audits
Reports of Royalty Review
✓ Certification of Discovery 5/20/57
✓ Certificate of Audit (Final)
Interim Audit(s)
Report of Review
✓ Termination ~~Notice or~~ Agreement 3/20/57
Recision Notice
Assignment of Contract
✓ Contract Amendments (latest on top)
✓ Contract with all exhibits and annexes
✓ Owner's Consent to Lien Subordination Agreement
✓ Leases and assignments of leases
✓ Application and attachments
(3) Envelope for maps

Right Side

✓ Project summary 10-16-57
✓ Work completed analysis
All other material is filed in chronological order with correspondence including the following reports as checked:

✓ Final Field Team Report (Tab) 9-57
✓ Operator's Final Report
✓ (2R) Interim Reports
✓ (2R) Operator's monthly reports and all attachments (latest on top)
✓ On-site Exam Report(s) (Tab)
(4) ✓ Settlement Sheets

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

Left Side

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

Right Side

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

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

Folder No. 4: Settlement Sheets

Folder No. 5: Drill Logs

Reported Inactive 12/28/59

R.C.A.

9775

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-E819, 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-5819 Highland-Surprise Consolidated Mining Co. DMRA-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. Milhoiland, Chester Sater, and Paul Rayburn, all of Kellogg, Idaho, who in turn held the Deer Trail claim by lease and option from Fred A. Gossi 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 DMRA and GME 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.

AGREEMENT

PARTIES

THIS INDENTURE, made this 31st day of January, 1959, between F. L. PERDONS of Challis, Idaho, and A. C. MILNOLLAND and CHESTER SATER, both of Kellogg, and PAUL RAYBURN of Silverton, Shoshone County, Idaho, parties of the first part, and hereinafter referred to as the Lessors, and ROBERT A. RICE of Osburn, Shoshone County, Idaho, party of the second part, and hereinafter called the Lessee.

WITNESSETH:

PROPERTY

1. Lessors for and in consideration of the royalties hereinafter reserved and covenants and agreements herein expressed and by the Lessee to be kept and performed have granted, demised and let, and by these presents do grant, demise and let unto the Lessee the following unpatented mining claims all situated in the East Fork Mining District, Custer County, Idaho, the location notices of which have been recorded in the book and page numbers hereinafter shown in the records of Custer County, State of Idaho, to-wit:

Deer Trail Fraction, Sept. 1, 1954
Book 14, Page 299

M.S. No. 1 Book 14, page 304	M.S. No. 6 Book 14, page 308
M.S. No. 2 Book 14, page 304	M.S. No. 7 Book 14, page 309
M.S. No. 3 Book 14, page 305	M.S. Fraction Book 14, page 619
M.S. No. 4 Book 14, page 306	M.S. #4 Fraction Book 14, page 619
M.S. No. 5 Book 14, page 307	

together with the tenements and appurtenances thereunto incident or belonging, together with all the extralateral rights appurtenant or belonging thereto.

TERM

2. TO HAVE AND TO HOLD unto the Lessee for a term of ten (10) years beginning with the 31st day of January, 1959, and expiring at noon on the 31st day of January, 1969, unless sooner terminated or forfeited as hereinafter provided.

LESSEE'S OBLIGATION

3. In consideration of said demise the Lessee specifically covenants and agrees with the Lessors as follows:

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION 8/29/61

TO: Chief, Div. of Field Operations	DATE	INITIALS
1.		
Re: DMEA-3664 (Lead-Zinc)		
2. Highland-Surprise Consol'd. Mining Co.		
Deer Trail Mine		
3. Custer County, Idaho		
Contract Idm-E819		
4. ~~Mr. Greenwald~~		
220		
5. D. R. MacLaren		
FROM: Acting Field Officer, Region I		

FOR: Check items for action desired

___ Action	___ Reply for signature of		
___ Approval	___ Investigation		Surname
___ Comment	___ Recommendations		Signature
___ Conference	___ Remarks		CODE
___ Instructions	X Your information		File

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 31 1961

DATE	INITIALS	CODE
		√00
		√00

REMARKS:

Transmittal of Thermofax copy of lease on Deer Trail property submitted by A. C. Milholland to this office.

INT.-DUP. SEC., WASH., D.C. M50943

(a) To enter upon said mining property and premises and diligently to prospect, develop and work the same in miner-like manner with the end in view of recovering therefrom the maximum amount of ore and values consistent with the development and preservation of the property as a workable mine.

Beginning after December, 1959, Lessee further agrees as a condition of this lease to have completed 25 feet of shaft by January, 1961, and each year thereafter to complete an additional 25 feet of shaft - which work can be considered as applicable to the annual assessment work.

COMMENCEMENT OF WORK

(b) To commence work in or upon said leased premises as expeditiously as possible with due regard to weather and climate conditions.

TIMBER

(c) To well and sufficiently timber said mine wherever necessary in accordance with good mining practice and to repair the old timber in any place where mining operations are carried on by the Lessee, if necessary, in accordance with good mining practice. The Lessee may cut and use for timbering in said mine, or in any contiguous property developed in conjunction therewith, any suitable timber standing or growing upon the demised premises. In cutting such timber all brush and slashing shall be piled and burned in accordance with the laws of the State of Idaho and requirements of the United States Forestry Service.

INSPECTION

(d) To permit the Lessors and their agents, from time to time, to enter upon and into all parts of said mine and mining property and any mill or concentrator used by the Lessee in connection with his operations under this lease for the purpose of inspection and for the purpose of measuring and determining the amount of work performed and ore removed. Such inspection shall be made so as not to unnecessarily interrupt or interfere with the Lessee's operations and shall be made at the expense of the Lessors.

DRIFTS CLEAN & DRAINED

(e) To keep the drifts, shafts, tunnels and other workings in which the Lessee operates, or which are used or occupied by him, thoroughly drained and clear of loose rock, debris and rubbish at all times unless prevented by extraordinary mine casualty. Nothing herein contained shall be construed to prevent the Lessee from back-filling stoped out ground with waste in accordance with customary mining practice.

ROYALTY

(f) To pay to the Defense Minerals Administration a royalty of 5% of the net smelter returns or custom mill returns on all ores and concentrates recovered from said property.

To pay in addition, to the Lessors a royalty of 7½% on all net smelter returns or custom mill returns on all ores and concentrates recovered from said property. At such time as the Defense Minerals Administration loan has been paid in full,

the royalty payments previously paid to said administration will be paid to the Lessors, making a total royalty payment of 12½%.

NET SMELTER RETURNS

(g) The term "net smelter returns", as used herein, shall be construed to be the net amount paid by the smelter after deducting treatment and smelter charges, penalties, weighing, sampling, switching and other deductions, including shipping charges, customarily made by smelters.

No cost of mining and milling the ores removed from the leased premises shall be deducted before the royalty provided in 3 (f) shall be computed.

CUSTOM MILL RETURNS

(h) The term "custom mill returns", as herein used, shall be construed to be the full amount paid by the custom mill for ore sold outright on any assay basis to a custom mill.

PAYMENT OF ROYALTY

(i) All ore shall be shipped in the name of the Lessee with appropriate instructions to the smelter or custom mill, as the case may be, and to any premium paying agency, to pay to the Defense Minerals Administration 5% of the smelter returns or custom mill returns until they have been advised by said agency that the DMEA loan has been paid in full; to the Lessors 7½% of the smelter returns or custom mill returns until such time as the loan is paid in full as provided in paragraph (f) and 87½% to the Lessee. With each payment of royalty or premium the Lessee and the Lessors shall be furnished a duplicate copy of the smelter return sheet or custom mill settlement upon which such payment is computed. All payments except those paid directly to DMEA shall be paid to the First National Bank of Wallace for the account of the Lessors.

PAYMENT OF LABORERS AND MATERIAL-MEN

(j) To pay promptly for all labor performed and materials and supplies used in the prosecution of the Lessee's mining operations and to not suffer or permit any liens, encumbrances and attachments of any kind to accrue against said mining property.

NOTICE TO LABORERS AND MATERIAL-MEN

To notify all persons employed by the Lessee and all persons furnishing materials and supplies for use in the Lessee's operation, that the Lessee is solely liable therefor, and that neither the Lessors, nor the demised premises, are in any manner liable therefor, and to post and keep posted at all times during the existence of this lease, in some conspicuous place or places upon said premises, notice to the above effect. Before commencing work hereunder to make, record and publish the statement, under oath, required by Chapter 5, Title 44, of the Idaho Code.

ANNUAL ASSESSMENT WORK

(k) The Lessee agrees that during the life of this Lease he shall do the annual assessment work on said claim and that he shall complete the work before the 1st day of June of each year in which this lease is in force and effect.

That in the event he intends to terminate said Lease, he shall give notice not later than the 1st day of May of each year to the Lessors of his intention to terminate, and the giving of this notice shall relieve the Lessee of the obligation to do the assessment work on said claim.

However, in the event that the work was done prior to the 1st day of May of any year, notwithstanding the Lessee's intention to terminate this lease, he shall file the necessary Proofs of Labor or Intentions to Hold.

However, notwithstanding the last two paragraphs above written, if snow conditions prevent the Lessee from doing the necessary work before June 1, 1959, then in that event the period for doing said work shall be extended until such time as the Lessee can enter upon the demised premises and do the necessary work.

EW DMEA LOANS

4. It is understood that the Lessee may apply to the DMEA or its successor agency for a loan or financial aid such as may be authorized by said agency or agencies. The Lessors specifically covenant and agree that they will execute whatever documents or instruments, including subordination of title agreements, might be necessary or required to complete said loan application and/or agreements.

TAXES

5. The Lessors shall be liable for and shall promptly pay when due the State, County and School District Taxes levied upon the leased claims during the currency of this lease and based or computed upon net profits. The Lessee shall be liable for and shall pay promptly when due the State, County and School District Taxes levied upon the improvements and personal property which he shall place upon said mining claim during the currency of this lease.

ET PROFITS TAX

With respect to the Mines License Tax, provided by Chapter 28, Title 63, Idaho Code, and any amendments thereto, the Lessors shall be liable for and shall pay promptly when due the portion thereof attributable to and computed upon the royalties they may have received during the previous calendar year, and the Lessee shall be liable for and shall pay promptly when due the portion thereof attributable to and computed upon his net profits, if any, for the previous calendar year after deducting royalties paid to the Lessors

during such year as operating expense, it being understood that any permissible allowance for depletion shall be divided twelve and one-half percent (12½%) to the Lessors and Eighty-seven and one-half percent (87½%) to the Lessee.

MINES LICENSE TAX

With respect to the Mines License Tax, provided by Chapter 12, Title 47, Idaho Code, and any amendments thereto, the Lessors shall be liable for and shall pay promptly when due the portion thereof attributable to and computed upon the royalties they may have received during the previous calendar year, and the Lessee shall be liable for and shall pay promptly when due the portion thereof attributable to and computed upon his net profits, if any, for the previous calendar year after deducting royalties paid to the Lessors during such year as operating expense, it being understood that any permissible allowance for depletion shall be divided twelve and one-half percent (12½%) to the Lessors and Eighty-Seven and one-half percent (87½%) to the Lessee.

SOCIAL SECURITY TAXES

6. The Lessee shall be liable for and shall pay all old age benefits and unemployment compensation charges attributable to his operations hereunder, together with any and all other Social Security taxes, charges, or impositions, which may now or hereafter be imposed upon or be attributable to his operations hereunder.

WORKMEN'S COMPENSATION

7. The Lessee shall provide adequate workmen's compensation insurance for the protection of all persons employed by him in the prosecution of his operations under this lease and shall at all times and in all respects fully comply with the Workmen's Compensation Laws of the State of Idaho.

REMOVAL OF MACHINERY

8. Upon the expiration of the term of this lease, or the sooner forfeiture or termination thereof for any reason, the Lessee may remove from said demised premises all mining and milling machinery and equipment, ~~including~~ EX pipe and rail installed in mine, ~~but~~ excluding buildings, ore bins and other structures of permanent nature, which he may have placed therein or thereon providing he shall not then be indebted to the Lessors in any sums whatsoever,

ACM RAL PMR 65 F.L.P.

and shall not then be indebted for labor performed or materials furnished in the prosecution of his work, and shall not then be in default in the payment of any taxes which he is obligated to pay under the terms of this agreement.

USE OF UNDERGROUND WORKINGS

9. Lessors agree to permit Lessee or his assigns to use any and all underground workings to transport ore from any adjoining property in which lessee or assigns may be operating. Lessee agrees to pay $.25 per wet ton on all ore so transported.

DEFAULT

10. If the Lessee shall default in the performance of any of the terms of this lease, the Lessors may give notice to the Lessee in writing specifying the particulars of such default and requiring the Lessee to correct the same or forfeit this contract.

The Lessee shall within fifteen (15) days from receipt of such notice, either:

(a) Advise the Lessors of his intention to forthwith correct such default, in which event the Lessee shall commence the correction thereof within twenty days from the service of said notice of default, and shall prosecute the work of correcting such default continuously and diligently to completion, or

(b) Notify the Lessors that he does not intend to correct such default, in which event this agreement shall immediately terminate and the Lessee shall surrender possession of said demised premises to the Lessors.

The Lessee shall then remove from said demised premises any machinery and equipment that may be removable under the terms of paragraph 8 of this agreement, and shall complete such removal at Lessee's convenience, but in no event more than one year after receipt of notice of default. Otherwise said machinery and equipment shall become the property of the Lessors, or

(c) Notify the Lessors that they dispute the alleged default and demand the right to arbitrate the question as hereinafter provided.

(d) IT IS SPECIFICALLY UNDERSTOOD AND AGREED that in the event the Lessee is in default under the terms of this lease for failure to do the annual assessment work or for the payment of the minimum royalty as hereinbefore provided, then the provisions of 10 (c) shall not apply.

DETERMINATION OF DEFAULT BY ARBITRATION

11. If the Lessors shall serve notice of default upon the Lessee, as provided in the preceding paragraph, and the Lessee shall contend he is not in default, then the parties agree to arbitrate the question of the Lessee's default, as alleged in said notice.

At the time the Lessee notifies the Lessors of his desire to arbitrate, as provided in the preceding paragraph, he shall designate an arbitrator to represent him. Within five (5) days thereafter the Lessors shall designate an arbitrator and notify the Lessee thereof. The two arbitrators shall forthwith appoint a third arbitrator and proceed immediately to arbitrate the controversy so as to render their decision within twenty-five (25) days from the date of the notice of default was served upon the Lessee. If the arbitrators shall decide the Lessee is in default, he shall commence the correction of such default within ten (10) days from the date of the decision and prosecute the same continuously and diligently to completion.

COST OF ARBITRATION

Neither party shall resort to court action with respect to such default, or the effect thereof, until the same first has been submitted to the arbitrators as herein provided. Each party shall pay the cost and expenses of the arbitrator selected by them, and the cost and expense of the third arbitrator shall be borne equally by the parties hereto.

TERMINATION BY LESSEE

The Lessee reserves the right, expressly granted by the Lessors, to terminate this lease upon giving thirty (30) days' written notice of said termination, upon payment of all debts incurred by the Lessee.

FORFEITURE

12. If the Lessee shall default in the performance of any of the terms of this agreement and shall fail to correct the same after notice as herein provided, the Lessors may, at their option, terminate this contract, and the Lessee shall thereupon forthwith surrender said demised premises to the Lessors.

MILL

13. The Lessee agrees to provide and make available necessary

milling facilities at a site of his choice for any and all ore mined from the leased claims, said milling facilities to be available for operation by the beginning of the third year of this lease if still in force and effect.

GS RMR RAR RCM FLR

SUCCESSORS AND ASSIGNS

14. Each and every clause and covenant of this agreement shall extend to and be binding upon, and shall inure to the benefit of, the successors, heirs, executor, administrator and assigns of the Lessors and the Lessee. Provided, however, that the Lessee shall not assign this lease without furnishing proof to the Lessors of the financial and managerial responsibility of his proposed assignee.

FORCE MAJURE

15. It is agreed that the Lessee shall not be held responsible for any default occurring in the performance of this contract due to fires, strikes, acts of God, mine accidents, inability to obtain equipment or supplies because of war conditions or other delays beyond the control of the parties hereto.

RELATIONSHIP LESSORS LESSEE

16. It is expressly understood and agreed that the Lessors do not by this lease, or any provision hereunder, retain any control or direction over the operations of the Lessee other than to require that the same be performed in a good and miner-like manner and with due regard to the development and preservation of said demised premises as a workable mine. It is the intention of the parties hereto to create the relationship of Lessors and Lessee, and that the Lessee is not and shall not be construed to be the agent of the Lessors and shall have no power, right or authority to act for, bind, or represent the Lessors, in any particular whatsoever.

NOTICES

17. For the purpose of this agreement, any notice required shall be deemed to be given if deposited in the regular course of mail, first-class postage prepaid,

TO LESSORS:	Chester Sater,		Kellogg, Idaho
	A. C. Milholland	Box 724	Smelterville, Idaho
	Paul Rayburn	Box 101	Silverton, Idaho
	F. L. Persons	Box 343	Challis, Idaho

TO LESSEE: Robert A. Rice Box 373 Osburn, Idaho

OPTION TO RENEW LEASE

16. The Lessee shall have the first option and right to renew this lease on the same terms and conditions as herein provided by the giving of written notice not less than sixty (60) days prior to the expiration of this lease.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first above written.

/s/ F. L. Parsons

/s/ Paul Rayburn

/s/ Chester Sater

/s/ A. C. Milholland

LESSORS

/s/ Robert A. Rice

LESSEE

STATE OF IDAHO)
) ss.
County of Shoshone)

On this 21st day of January, 1959, before me, the undersigned, a Notary Public for the State of Idaho, personally appeared CHESTER SATER, A. C. MILHOLLAND and PAUL RAYBURN, known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same.

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

Wendell D. Schutt /s/ Wendell D. Schutt

SEAL

NOTARY PUBLIC

STATE OF IDAHO

Notary Public in and for the State of Idaho, Residing at Smelterville

STATE OF ~~IDAHO~~ New Mexico)
) ss.
County of ~~Custer~~ VALENCIA)

On this 2nd day of ~~January~~ February, 1959, before me, the undersigned, a Notary Public for the State of Idaho, personally appeared F. L. PERSONS, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same.

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

/S/ Mary Fidel
Notary Public in and for the State ~~Idaho, Residing at Challis, Idaho~~ New Mexico, residing at Grants, N. Mex.

STATE OF IDAHO)
) ss.
County of Shoshone)

On this 10th day of ~~January~~ February, 1959, before me, the undersigned, a Notary Public for the State of Idaho, personally appeared ROBERT A. RICE, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same.

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

/S/ Bernice Grant
Notary Public in and for the State of Idaho, Residing at Osburn Idaho

BERNICE GRANT
SEAL
Notary Public

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. Idm-E819, 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-E819 Highland-Surprise Consolidated Mining Company DMEA-3664

STATUS 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	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

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/13	Griswold	500
5/15	Long	140
	Sawyer	140
"	Chamberlin	800
5/16	Selledge	130
	Lunt	
	Killegaard	130
5/17	Johnson	140
20	Mittendorf	100
		225
		500.

MAY 20 1957

Mr. Frank J. Luedke, President
Highland-Surprise Consolidated
Mining Company
Post Office Box 589
Wallace, Idaho

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

Dear Mr. Luedke:

Transmitted herewith is a certification of discovery or development related to the Exploration Project Contract No. Idm-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

Enclosure

WRGriswold/er 5/13/57
Copy to: Docket
Mr. C.A. Fredell, DR.TDS,MMS
Mr. Lamb, USBM
Mr. Killegaard, USGS
Op. Committee

Admr R File
Cont. Adm & Audit Div.
Finance Office
Region I NW Dist. (2)
Mr. Johnson
Mr. Griswold

Elmer Enderlin
Dr. E. W. Fox
A. C. Milholland
Paul Rayburn
Louis & Ada Gossi
Arnold & Marie Fuller

Rupert L. Niece
E. L. Persons
Chester Sater
Chron.

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/13	Griswold	500
5/15	Long	140
"Appd. Sol. Off."	[illegible]	140
5-15	Chamberlin	800
5/17	Selbridge	130
	Lamb	
	Kilsgaard	
5/17	[illegible]	110
5/21	[illegible]	100
		225 500.

MAY 20 1957

CERTIFICATION BY THE UNITED STATES OF AMERICA OF A DISCOVERY OR DEVELOPMENT UNDER AN EXPLORATION PROJECT CONTRACT

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

Pursuant to the provisions of Exploration Project Contract No. Idm-E819, dated June 17, 1955, Docket No. DMEA-3664, 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.TDS,DMS
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Cont. Adm & Audit Div.
Finance Office
Region I, NW Dist. (2)
Mr. F.E. Johnson
Mr. W.R. Griswold
Elmer Enderlin
Dr. E. W. Fox
A. C. Milholland
Paul Rayburn

Louis & Ada Gossi
Arnold & Maire Fuller
Rupert L. Niece
Chester Sater
F. L. Persons
Chron.

8623

Approved
[illegible]

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 Dear 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.

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DMEA
RECEIVED APR 26 1957

DATE	INITIALS	CODE
4-26	[illegible]	800
29	[illegible]	100
4/29	[illegible]	110
	[illegible]	120
		500

C. A. Turner

C. A. TURNER, Auditor

April 19, 1957

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RECEIVED
DATE | CODE

EXTRA COPY
DMEA
RECEIVED APR 28 1957

DATE	INITIALS	CODE
x-9		

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. Poor sentence structure
Salvaged items priced at salvage value. JJC

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 Kimco 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	Superintendent	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. Calloway, 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

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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 C O Mathews
Administrator, Defense Minerals
Exploration Administration

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

Inform 3/8/57
Chenoweth
Chambers
Selfridge
Johnson

By Frank J Lyedke

Title Pres

Docket copy

Porter
Sawyer
"Appr. Sol. Off."
Turnwold
Chambers
Selfridge

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. Kuroda

Title Pres

Secret Copy

B

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.

Burton Sawyer
Appd. Gen. Counsel
Maxwell
Chambers
Martin
Johnson

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

SUMMARY

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 Lundke

Title Pres

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

Docket 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 item:

(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 O. Mitchell
Administrator, Defense Minerals
Exploration Administration

HIGHLAND-SURPRISE CONSOLIDATED
MINING COMPANY

By H. A. Calloway
Sec-Treas.

Approved
Talbut
Selfridge
F. Johnson

Docket copy

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MF-200
(Revised June 1954)

Docket No. DMEA -3664

Commodity Lead-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

"Appd. Sol. Off."

Knowed
Talbut
Selfridge

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. DMRA-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	4,329.33
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 - Kimco 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.

Bureau of Land Management
Lands and Minerals Administration
RECEIVED
FEB 7 1955

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: Bear Trail, Bear Trail Fraction, U. S. No. 1, U. S. No. 2, U. S. No. 3, U. S. No. 4, U. S. No. 5, U. S. No. 6, U. S. No. 7, all located in the Bear Park 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 [illegible] day of [illegible], 195[illegible].

F. L. Personius [Seal]

Charles Yates [Seal]

R C Milhulford [Seal]

Paul Rayburn [illegible]

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

RECEIVED
AUG - 1 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 Fillsico No. 1, Confidence Fillsico No. 2, Silver Dollar No. 1, Silver Dollar No. 2, Silver Dollar No. 3, Victorious No. 1, Victorious No. 2, Victorious No. 3, Victorious No. 4, Victorious No. 5, Victorious No. 6

see Bkr 12/29/60 Page [illegible]

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/ Nichols-Cursten 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 _____ day of _____, 195__.

Elmer Enderlin [Seal]

_____ [Seal]

_____ [Seal]

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
RECEIVED
FEB 7 1955

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 situated in Fort Pass Mining District, Custer County, Idaho

Name of claim	Book and Page at which recorded
[illegible]	Book 12, Page 630
[illegible] No. 2	Book 14, Page 319
[illegible] No. 3	Book 8, Page [illegible]
[illegible] No. 4	Book 8, Page [illegible]
[illegible] No. 5	Book 3, Page [illegible]

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 Mines 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 27 day of Dec, 1954.

E. W. [illegible] [Seal]

Rupert Sr. Niece [Seal]

_____ [Seal]

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 11 1955

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 _____, County of _____, described as follows:1/ _____

_____

_____

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/ _____

_____

_____

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.

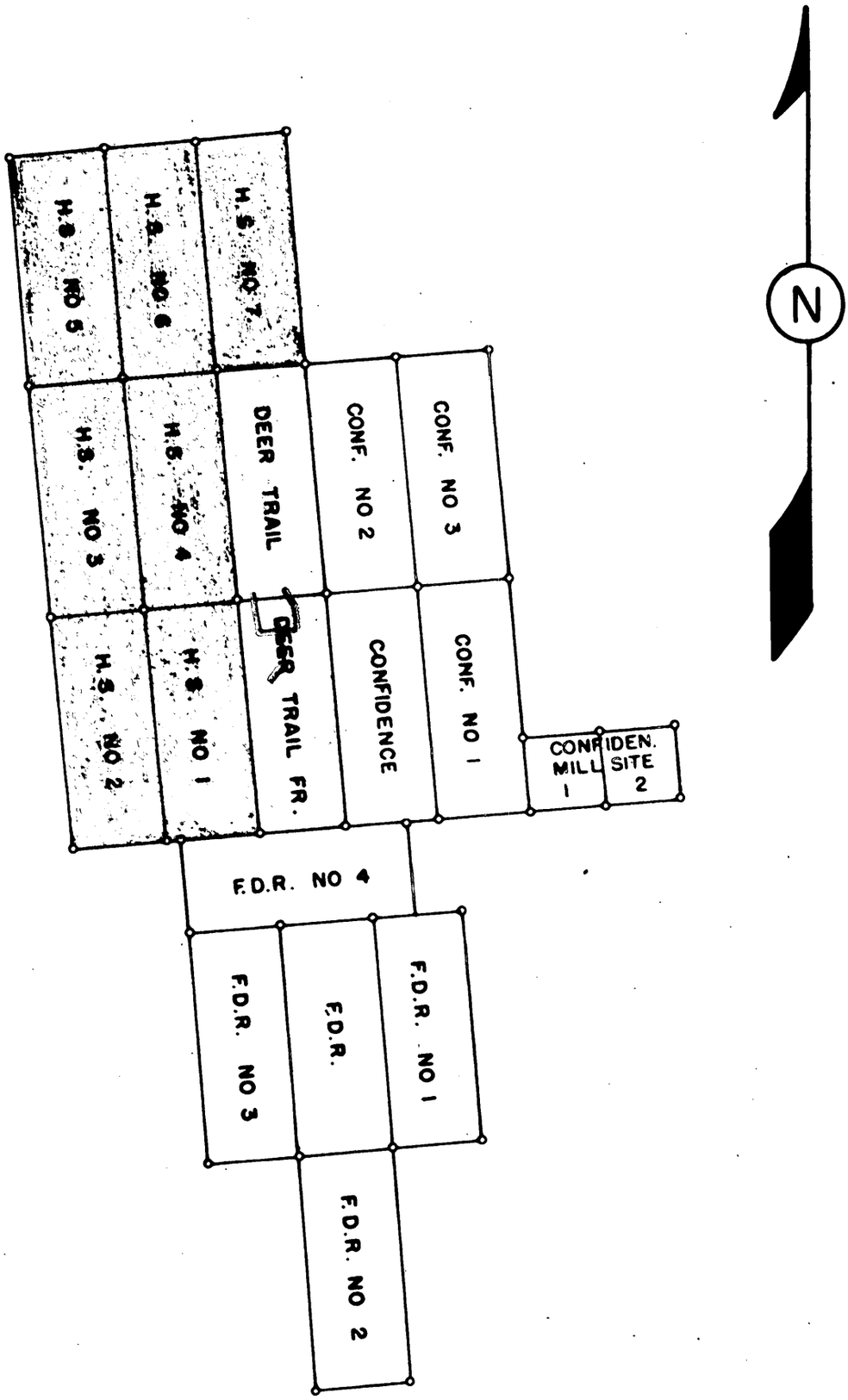
Elmer Gardeskie [Seal]

deceased 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 3644

[illegible]

[illegible]

1. [illegible]

2. [illegible] 1st [illegible] of December [illegible] 1935, and [illegible] 30th day of November [illegible] 1937, [illegible]

3. In consideration of such [illegible] the [illegible] [illegible] [illegible] [illegible]

(a) [illegible]

COMMENCEMENT OF WORK

(b) To commence work in or upon said leased premises as expeditiously as possible with due regard to weather and climate conditions.

TIMBER

(c) To well and sufficiently timber said mine wherever necessary in accordance with good mining practice and to repair the old timber in any place where mining operations are carried on by the Lessees, if necessary, in accordance with good mining practice. The Lessees may cut and use for timbering in said mine, or in any contiguous property developed in conjunction therewith, any suitable timber standing or growing upon the demised premises. In cutting such timber all brush and slashings shall be piled and burned in accordance with the laws of the State of Idaho and requirements of the United States Forestry Service.

INSPECTION

(d) To permit the Lessors and their agents, from time to time, to enter upon and into all parts of said mine and mining property and any mill or concentrator used by the Lessees in connection with their operations under this lease for the purpose of inspection and for the purpose of measuring and determining the amount of work performed and ore removed. Such inspection shall be made so as not to unnecessarily interrupt or interfere with the Lessees' operations and shall be made at the expense of the Lessors.

DRIFTS CLEAR & DRAINED

(e) To keep the drifts, shafts, tunnels and other workings in which the Lessees operate, or which are used or occupied by them, thoroughly drained and clear of loose rock, debris and rubbish at all time unless prevented by extraordinary mine casualty. Nothing herein contained shall be construed to prevent the Lessees from back-filling stoped out ground with waste in accordance with customary mining practice.

ROYALTY

(f) To pay to the Lessors a royalty of ten percent (10%) upon the net smelter returns or custom mill returns on all ores and concentrates recovered from said property.

The above royalty is in addition to any royalty that may become payable to the Defense Minerals Administration or to any other government agency on account of government financial assistance made or granted to this project.

NET SMELTER RETURNS

(g) The term "net smelter returns", as used herein, shall be construed to be the net amount paid by the smelter after deducting treatment and smelter charges, penalties, weighing, sampling, switching and other deductions, including shipping charges, customarily made by smelters.

The cost of mining and milling the ores removed from the leased premises shall be deducted before the royalty provided in ¶ (f) shall be computed.

[illegible]

[illegible]

[illegible]

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

ANNUAL ASSESSMENT WORK

(1) The Lessees agree that during the life of this Lease they shall do the annual assessment work on said claim and that they shall complete the work before the 1st day of June of each year in which this lease is in force and effect.

That in the event they intend to terminate said Lease, they shall give notice not later than the 1st day of May of each year to the Lessors of their intention to terminate and the giving of this notice shall relieve the Lessees of the obligation to do the assessment work on said claim.

However, in the event that the work was done prior to the 1st day of May of any year, notwithstanding the Lessees' intention to terminate this lease, they shall file the necessary Proofs of Labor or Intentions to Hold.

However, notwithstanding the last two paragraphs above written, if snow conditions prevent the Lessees from doing the necessary work before June 1, 1953, then in that event the period for doing said work shall be extended until such time as the Lessees can enter upon the demised premises and do the necessary work.

TAXES

4. The Lessors shall be liable for and shall promptly pay when due the State, County and School District Taxes levied upon the Deer Trail Lode Mining Claim during the currency of this lease and based or computed upon net profits. The Lessees shall be liable for and shall pay promptly when due the State, County and School District Taxes levied upon the improvements and personal property which they shall place upon said mining claim during the currency of this lease.

NET PROFITS TAX

With respect to the Mines License Tax, provided by Chapter 28, Title 63, Idaho Code, and any amendments thereto, the Lessors shall be liable for and shall pay promptly when due the portion thereof attributable to and computed upon the royalties they may have received during the previous calendar year and the Lessees shall be liable for and shall pay promptly when due the portion thereof attributable to and computed upon their net profits, if any, for the previous calendar year after deducting royalties paid to the

Lessors during such year as operating expense, it being understood that any permissible allowance for depletion shall be divided ten percent (10%) to the Lessors and Ninety percent (90%) to the Lessees.

MINES LICENSE TAX

With respect to the Mines License Tax, provided by Chapter 12, Title 47, Idaho Code, and any amendments thereto, the Lessors shall be liable for and shall pay promptly when due the portion thereof attributable to and computed upon the royalties it may have received during the previous calendar year and the Lessees shall be liable for and shall pay promptly when due the portion thereof attributable to and computed upon their net profits, if any, for the previous calendar year after deducting royalties paid to the Lessors during such year as operating expense, it being understood that any permissible allowance for depletion shall be divided ten percent (10%) to the Lessors and Ninety percent (90%) to the Lessees.

SOCIAL SECURITY TAXES

5. The Lessees shall be liable for and shall pay all old age benefits and unemployment compensation charges attributable to their operations hereunder, together with any and all other Social Security taxes, charges, or impositions, which may now or hereafter be imposed upon or be attributable to their operations hereunder.

WORKMEN'S COMPENSATION

6. The Lessees shall provide adequate workmen's compensation insurance for the protection of all persons employed by them in the prosecution of their operations under this lease and shall at all times and in all respects fully comply with the Workmen's Compensation Laws of the State of Idaho.

REMOVAL OF MACHINERY

7. Upon the expiration of the term of this lease, or the sooner forfeiture or termination thereof for any reason, the Lessees may remove from said demised premises all mining and milling machinery and equipment which they may have placed therein or thereon providing they shall not then be indebted to the Lessors in any sums whatsoever, and shall not then be indebted for labor

performed or materials furnished in the prosecution of their work, and shall not then be in default in the payment of any taxes which they are obligated to pay under the terms of this agreement.

DEFAULT

8. If the Lessees shall default in the performance of any of the terms of this lease, the Lessors may give notice to the Lessees in writing specifying the particulars of such default and requiring the Lessees to correct the same or forfeit this contract.

The Lessees shall within fifteen (15) days from receipt of such notice, either:

(a) Advise the Lessors of their intention to forthwith correct such default, in which event the Lessees shall commence the correction thereof within twenty days from the service of said notice of default, and shall prosecute the work of correcting such default continuously and diligently to completion, or

(b) Notify the Lessors that they do not intend to correct such default, in which event this agreement shall immediately terminate and the Lessees shall surrender possession of said demised premises to the Lessors.

The Lessees shall then remove from said demised premises any machinery and equipment that may be removable under the terms of paragraph 7 of this agreement, and shall complete such removal within one hundred and twenty (120) days from the receipt of such notice of default. Otherwise said machinery and equipment shall become the property of the Lessors, or

(c) Notify the Lessors that they dispute the alleged default and demand the right to arbitrate the question as hereinafter provided.

(d) IT IS SPECIFICALLY UNDERSTOOD AND AGREED that in the event the Lessees are in default under the terms of this lease for failure to do the annual assessment work or for the payment of the minimum royalty as hereinbefore provided, then the provisions of 8 (c) shall not apply.

DETERMINATION OF DEFAULT BY ARBITRATION

9. If the Lessors shall serve notice of default upon the Lessees, as provided in the preceding paragraph, and the Lessees shall contend they are not in default, then the parties agree to arbitrate the question of the Lessees' default, as alleged in said notice.

At the time the Lessees notify the Lessors of their desire to arbitrate, as provided in the preceding paragraph, they shall designate an arbitrator to represent them. Within five (5) days thereafter the Lessors shall designate an arbitrator and notify the Lessees thereof. The two arbitrators shall forthwith appoint a third arbitrator and proceed immediately to arbitrate the controversy so as to render their decision within twenty-five (25) days from the date of the notice of default was served upon the Lessees. If the arbitrators shall decide the Lessees are in default, they shall commence the correction of such default within ten (10) days from the date of the decision and prosecute the same continuously and diligently to completion.

COST OF ARBITRATION

Neither party shall resort to court action with respect to such default, or the effect thereof, until the same first has been submitted to the arbitrators as herein provided. Each party shall pay the cost and expenses of the arbitrator selected by them, and the cost and expenses of the third arbitrator shall be borne equally by the parties hereto.

TERMINATION BY LESSORS

The Lessees reserve the right, expressly granted by the Lessors, to terminate this lease upon giving thirty (30) days written notice of said termination, upon payment of all debts incurred by the Lessees.

FORFEITURE

10. If the Lessees shall default in the performance of any of the terms of this agreement and shall fail to correct the same after notice as herein provided, the Lessors may, at their option, terminate this contract and the Lessees shall thereupon forthwith surrender said demised premises to the Lessors.

BENEFIT OF SUCCESSORS

11. Each and every clause and covenant of this agreement shall extend to and be binding upon, and shall inure to the benefit of, the successors, heirs, executor, administrator and assigns of

the Lessors and the Lessees. Provided, however, that the Lessees shall not assign this lease without furnishing proof to the Lessors of the financial and managerial responsibility of their proposed assignee.

FORCE MAJURE

12. It is agreed that the Lessees shall not be held responsible for any default occurring in the performance of this contract due to fires, strikes, acts of God, mine accidents, inability to obtain equipment or supplies because of war conditions or other delays beyond the control of the parties hereto.

RELATIONSHIP LESSORS LESSEES

13. It is expressly understood and agreed that the Lessors do not by this lease, or any provision hereunder, retain any control or direction over the operations of the Lessees other than to require that the same be performed in a good and miner-like manner and with due regard to the development and preservation of said demised premises as a workable mine. It is the intention of the parties hereto to create the relationship of Lessors and Lessees and that the Lessees are not and shall not be construed to be the agents of the Lessors and shall have no power, right or authority to act for, bind, or represent the Lessors in any particular whatsoever.

NOTICES

14. For the purpose of this agreement any notice required shall be deemed to be given if deposited in the regular course of mail, first-class postage prepaid,

TO LESSORS:

TO LESSEES:

OPTION TO PURCHASE

In consideration of the second parties entering into the foregoing Lease, the first parties do hereby give and grant unto

the said second parties an exclusive option to purchase the said DEER TRAIL Lode Mining Claim for a period of five (5) years; that is to say, for a period co-terminus with the foregoing Lease. The purchase price for said claim shall be TWENTY THOUSAND and no/100 ($20,000.00) DOLLARS, and any and all royalty payments of any kind or character made under the provisions of the foregoing Lease shall be applied towards this purchase price.

If the foregoing Lease shall be terminated or forfeited for any reason prior to the expriation of the term hereof, such termination or forfeiture shall automatically terminate or forfeit this option and in that event all sums theretofore made on said purchase price shall be retained by the Lessors as liquidated damages and as rental for the use and occupancy of said premises.

IN WITNESS WHEREOF, The parties hereto have hereunto set their hands the day and year first above written.

Frances Comer
Administratrix of the Estate of
James A. Comer, Deceased

George R. Allerson

Fred Gossi

Rosa A. Gossi

LESSORS

P C Mitchell

F. L. Pierson

Charles Suter

LESSEES

State of Washington
County of Okanogan } ss

On this 29 day of May, 1912 before me, the undersigned, a Notary Public for the State of Idaho, personally appeared [illegible], [illegible] of the State of Idaho, to me known, or proved, to be to be one of the persons whose name is subscribed to the within instrument and acknowledged to me that she executed the same.

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

Notary Public in and for the State of Idaho, residing at Nampa, Idaho.
My Commission expires: [illegible]

State of Idaho
County of Canyon } ss

On this 2nd day of December, 1912, before me, the undersigned, a Notary Public for the State aforesaid, personally appeared [illegible], [illegible], [illegible], 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 Notarial Seal the day and year in this certificate first above written.

Notary Public in and for the State of Idaho, residing at Caldwell, Idaho.
My Commission expires: [illegible]

STATE OF Wyoming }
County of Lincoln } ss

On this 10 day of Aug, 1933, before me, the undersigned, a Notary Public for the State aforesaid, personally appeared [illegible], a single man, known to me to be the [illegible] and acknowledged to the [illegible] and acknowledged to me that he executed the same.

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

Martha Massey
Notary Public in and for the State of Wyoming residing at Kemmerer Wyoming.
My Commission Expires June 5, 1935

STATE OF IDAHO }
County of Bonneville } ss

On this 22 day of September, 1933, before me, the undersigned, a Notary Public for the State of Idaho, personally appeared F. E. [illegible], A. C. [illegible] and [illegible] 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 Notarial Seal the day and year in this certificate first above written.

[illegible]
Notary Public in and for the State of Idaho, residing at [illegible], Idaho.
My Commission Expires [illegible]

[illegible]

THIS AGREEMENT, made this ____ day of September, 1952, between [illegible], Administratrix of the Estate of [illegible], deceased, [illegible] and [illegible], his wife, and [illegible], parties of the first part and hereinafter referred to as the "Lessors", and [illegible], [illegible] and [illegible], all of [illegible], Shoshone County, Idaho, parties of the second part and hereinafter referred to as the "Lessees";

WITNESSETH:

1. The Lessors, for and in consideration of the royalties hereinafter reserved and the covenants and agreements herein engaged and by the Lessees to be kept and performed, have granted, demised and let, and by these presents do grant, demise and let, unto the Lessees the ~~[illegible]~~, situated in the [illegible] Mining District, Custer County, Idaho, the location notice of the same being recorded in Book "F" of [illegible] Claims, page [illegible], office of the County Recorder, Custer County, Idaho, together with the tenements and appurtenances thereunto incident or belonging, and together with all extralateral rights, [illegible], appurtenant or belonging thereto.

2. TO HAVE AND TO HOLD unto the Lessees for a term of five (5) years, beginning the 1st day of December, 1952, and expiring at noon on the 30th day of November, 1957, unless sooner terminated or forfeited, as hereinafter provided.

3. In consideration of said lease the Lessees specifically covenant and agree with the Lessors as follows:

(a) To enter upon said mining property and premises and diligently to prospect, develop and work the same in miner-like manner with the end in view of recovering therefrom the maximum amount of ore and values consistent with the development and preservation of the [illegible] mine.

COMMENCEMENT OF WORK

(b) To commence work in or upon said leased premises as expeditiously as possible with due regard to weather and climate conditions.

TIMBER

(c) To well and sufficiently timber said mine wherever necessary in accordance with good mining practice and to repair the old timber in any place where mining operations are carried on by the Lessees, if necessary, in accordance with good mining practice. The Lessees may cut and use for timbering in said mine, or in any contiguous property developed in conjunction therewith, any suitable timber standing or growing upon the demised premises. In cutting such timber all brush and slashings shall be piled and burned in accordance with the laws of the State of Idaho and requirements of the United States Forestry Service.

INSPECTION

(d) To permit the Lessors and their agents, from time to time, to enter upon and into all parts of said mine and mining property and any mill or concentrator used by the Lessees in connection with their operations under this lease for the purpose of inspection and for the purpose of measuring and determining the amount of work performed and ore removed. Such inspection shall be made so as not to unnecessarily interrupt or interfere with the Lessees' operations and shall be made at the expense of the Lessors.

DRIFTS CLEAR & DRAINED

(e) To keep the drifts, shafts, tunnels and other workings in which the Lessees operate, or which are used or occupied by them, thoroughly drained and clear of loose rock, debris and rubbish at all time unless prevented by extraordinary mine casualty. Nothing herein contained shall be construed to prevent the Lessees from back-filling stoped out ground with waste in accordance with customary mining practice.

ROYALTY

(f) To pay to the Lessors a royalty of ten percent (10%) upon the net smelter returns or custom mill returns on all ores and concentrates recovered from said property.

The above royalty is in addition to any royalty that may become payable to the Defense Minerals Administration or to any other government agency on account of government financial assistance made or granted to this project.

NET SMELTER RETURNS

(g) The term "net smelter returns", as used herein, shall be construed to be the net amount paid by the smelter after deducting treatment and smelter charges, penalties, weighing, sampling, switching and other deductions, including shipping charges, customarily made by smelters.

No cost of mining and milling the ores removed from the leased premises shall be deducted before the royalty provided in 3 (f) shall be computed.

[illegible] MILL [illegible]

(h) The term "custom mill returns", as herein used, shall be construed to be the full amount paid by the custom mill for ore sold outright on any asser basis to a custom mill.

[illegible] OF [illegible]

(i) All ore shall be shipped in the name of the Lessees with appropriate instructions to the smelter or custom mill, as the case may be, and to pay premium payment agency, to pay ten percent (10%) of the smelter returns or custom mill returns and premium on ships directly to the Lessors, or their duly designated agent, and ninety percent (90%) thereof to the Lessees. With each payment of royalty or premium the Lessees and the Lessors shall be furnished a duplicate copy of the smelter settlement sheet or custom mill settlement and premium settlement upon which said payment is computed.

[illegible] [illegible]

(j) Notwithstanding the last above sections, if this lease has not been terminated, the Lessees agree to pay, as a minimum royalty to the Lessors, on or before the 1st day of October, 1953, the sum of $700.00 and on or before the 1st day of October each year thereafter, if this agreement is still in force and effect, as a minimum royalty, an additional $1,400.00 per year. All royalty payments, including the above-mentioned minimum royalty payments, are to apply on the option price hereinafter specifically set forth.

It is agreed that any payments made to the Lessees under the provisions of Section 3(g) above shall apply on the minimum royalty requirements set forth in this section.

It is further agreed that in the event any royalty payments paid under Section 3(g) exceed the minimum due for that year ending October 1st, such excess royalties shall apply on the minimum due the following October.

[illegible] OF [illegible]

(k) To pay promptly for all labor performed and materials and supplies used in the prosecution of the Lessees' mining operations and to not suffer or permit any liens, encumbrances and attachments of any kind to accrue against said mining property.

[illegible] [illegible]

To notify all persons employed by the Lessees and all persons furnishing materials and supplies for use in the Lessees' operation, that the Lessees are solely liable therefor, and that neither the Lessors, nor the leased premises, are in any manner liable therefor, and to post and keep posted at all times during the existence of this lease, in some conspicuous place or places upon said premises, notice to the above effect.

Before commencing work hereunder to make, record and publish the statement, under oath, required by Chapter 5, Title 47, of the Idaho Code.

ANNUAL ASSESSMENT WORK

(1) The Lessees agree that during the life of this Lease they shall do the annual assessment work on said claim and that they shall complete the work before the 1st day of June of each year in which this lease is in force and effect.

That in the event they intend to terminate said Lease, they shall give notice not later than the 1st day of May of each year to the Lessors of their intention to terminate and the giving of this notice shall relieve the Lessees of the obligation to do the assessment work on said claim.

However, in the event that the work was done prior to the 1st day of May of any year, notwithstanding the Lessees' intention to terminate this lease, they shall file the necessary Proofs of Labor or Intentions to Hold.

However, notwithstanding the last two paragraphs above written, if snow conditions prevent the Lessees from doing the necessary work before June 1, 1953, then in that event the period for doing said work shall be extended until such time as the Lessees can enter upon the demised premises and do the necessary work.

TAXES

4. The Lessors shall be liable for and shall promptly pay when due the State, County and School District Taxes levied upon the Deer Trail Lode Mining Claim during the currency of this lease and based or computed upon net profits. The Lessees shall be liable for and shall pay promptly when due the State, County and School District Taxes levied upon the improvements and personal property which they shall place upon said mining claim during the currency of this lease.

NET PROFITS TAX

With respect to the Mines License Tax, provided by Chapter 28, Title 63, Idaho Code, and any amendments thereto, the Lessors shall be liable for and shall pay promptly when due the portion thereof attributable to and computed upon the royalties they may have received during the previous calendar year and the Lessees shall be liable for and shall pay promptly when due the portion thereof attributable to and computed upon their net profits, if any, for the previous calendar year after deducting royalties paid to the

Lessors during such year as operating expense, it being understood that any permissible allowance for depletion shall be divided ten percent (10%) to the Lessors and Ninety percent (90%) to the Lessees.

MINES LICENSE TAX

With respect to the Mines License Tax, provided by Chapter 12, Title 47, Idaho Code, and any amendments thereto, the Lessors shall be liable for and shall pay promptly when due the portion thereof attributable to and computed upon the royalties it may have received during the previous calendar year and the Lessees shall be liable for and shall pay promptly when due the portion thereof attributable to and computed upon their net profits, if any, for the previous calendar year after deducting royalties paid to the Lessors during such year as operating expense, it being understood that any permissible allowance for depletion shall be divided ten percent (10%) to the Lessors and Ninety percent (90%) to the Lessees.

SOCIAL SECURITY TAXES

5. The Lessees shall be liable for and shall pay all old age benefits and unemployment compensation charges attributable to their operations hereunder, together with any and all other Social Security taxes, charges, or impositions, which may now or hereafter be imposed upon or be attributable to their operations hereunder.

WORKMEN'S COMPENSATION

6. The Lessees shall provide adequate workmen's compensation insurance for the protection of all persons employed by them in the prosecution of their operations under this lease and shall at all times and in all respects fully comply with the Workmen's Compensation Laws of the State of Idaho.

REMOVAL OF MACHINERY

7. Upon the expiration of the term of this lease, or the sooner forfeiture or termination thereof for any reason, the Lessees may remove from said demised premises all mining and milling machinery and equipment which they may have placed therein or thereon providing they shall not then be indebted to the Lessors in any sums whatsoever, and shall not then be indebted for labor

performed or materials furnished in the prosecution of their work, and shall not then be in default in the payment of any taxes which they are obligated to pay under the terms of this agreement.

DEFAULT

8. If the Lessees shall default in the performance of any of the terms of this lease, the Lessors may give notice to the Lessees in writing specifying the particulars of such default and requiring the Lessees to correct the same or forfeit this contract.

The Lessees shall within fifteen (15) days from receipt of such notice, either:

(a) Advise the Lessors of their intention to forthwith correct such default, in which event the Lessees shall commence the correction thereof within twenty days from the service of said notice of default, and shall prosecute the work of correcting such default continuously and diligently to completion, or

(b) Notify the Lessors that they do not intend to correct such default, in which event this agreement shall immediately terminate and the Lessees shall surrender possession of said demised premises to the Lessors.

The Lessees shall then remove from said demised premises any machinery and equipment that may be removable under the terms of paragraph 7 of this agreement, and shall complete such removal within one hundred and twenty (120) days from the receipt of such notice of default. Otherwise said machinery and equipment shall become the property of the Lessors, or

(c) Notify the Lessors that they dispute the alleged default and demand the right to arbitrate the question as hereinafter provided.

(d) IT IS SPECIFICALLY UNDERSTOOD AND AGREED that in the event the Lessees are in default under the terms of this lease for failure to do the annual assessment work or for the payment of the minimum royalty as hereinbefore provided, then the provisions of 8 (c) shall not apply.

DETERMINATION OF DEFAULT BY ARBITRATION

9. If the Lessors shall serve notice of default upon the Lessees, as provided in the preceding paragraph, and the Lessees shall contend they are not in default, then the parties agree to arbitrate the question of the Lessees' default, as alleged in said notice.

At the time the Lessees notify the Lessors of their desire to arbitrate, as provided in the preceding paragraph, they shall designate an arbitrator to represent them. Within five (5) days thereafter the Lessors shall designate an arbitrator and notify the Lessees thereof. The two arbitrators shall forthwith appoint a third arbitrator and proceed immediately to arbitrate the controversy so as to render their decision within twenty-five (25) days from the date of the notice of default was served upon the Lessees. If the arbitrators shall decide the Lessees are in default, they shall commence the correction of such default within ten (10) days from the date of the decision and prosecute the same continuously and diligently to completion.

COST OF ARBITRATION

Neither party shall resort to court action with respect to such default, or the effect thereof, until the same first has been submitted to the arbitrators as herein provided. Each party shall pay the cost and expenses of the arbitrator selected by them, and the cost and expenses of the third arbitrator shall be borne equally by the parties hereto.

TERMINATION BY LESSEES

The Lessees reserve the right, expressly granted by the Lessors, to terminate this lease upon giving thirty (30) days written notice of said termination, upon payment of all debts incurred by the Lessees.

FORFEITURE

10. If the Lessees shall default in the performance of any of the terms of this agreement and shall fail to correct the same after notice as herein provided, the Lessors may, at their option, terminate this contract and the Lessees shall thereupon forthwith surrender said demised premises to the Lessors.

SUCCESSORS AND ASSIGNS

11. Each and every clause and covenant of this agreement shall extend to and be binding upon, and shall inure to the benefit of, the successors, heirs, executor, administrator and assigns of

the Lessors and the Lessees. Provided, however, that the Lessees shall not assign this lease without furnishing proof to the Lessors of the financial and managerial responsibility of their proposed assignee.

FORCE MAJEURE

12. It is agreed that the Lessees shall not be held responsible for any default occurring in the performance of this contract due to fires, strikes, acts of God, mine accidents, inability to obtain equipment or supplies because of war conditions or other delays beyond the control of the parties hereto.

RELATIONSHIP LESSORS LESSEES

13. It is expressly understood and agreed that the Lessors do not by this lease, or any provision hereunder, retain any control or direction over the operations of the Lessees other than to require that the same be performed in a good and miner-like manner and with due regard to the development and preservation of said demised premises as a workable mine. It is the intention of the parties hereto to create the relationship of Lessors and Lessees and that the Lessees are not and shall not be construed to be the agents of the Lessors and shall have no power, right or authority to act for, bind, or represent the Lessors in any particular whatsoever.

NOTICES

14. For the purpose of this agreement any notice required shall be deemed to be given if deposited in the regular course of mail, first-class postage prepaid,

TO LESSORS:

TO LESSEES:

[illegible]

In witness whereof the second parties entering into the [illegible] agree, the first parties do hereby give and grant unto

the said second parties an exclusive option to purchase the said DEER TRAIL Lode Mining Claim for a period of five (5) years; that is to say, for a period co-terminus with the foregoing Lease. The purchase price for said claim shall be TWENTY THOUSAND and no/100 ($20,000.00) DOLLARS, and any and all royalty payments of any kind or character made under the provisions of the foregoing Lease shall be applied towards this purchase price.

If the foregoing Lease shall be terminated or forfeited for any reason prior to the expiration of the term hereof, such termination or forfeiture shall automatically terminate or forfeit this option and in that event all sums theretofore made on said purchase price shall be retained by the Lessors as liquidated damages and as rental for the use and occupancy of said premises.

IN WITNESS WHEREOF, The parties hereto have hereunto set their hands the day and year first above written.

Administratrix of the Estate of
James A. Comer, Deceased

LESSORS

LESSEES

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

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

Not to be filled in by applicant

Docket No. 3664
Metal or Mineral Lead-Zinc
Date Received 2-7-55
Estimated Cost $139,552.40
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address:

Highland-Surprise Consolidated Mining Company (An Idaho Corporation)
Box 889
Wallace, Idaho

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

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

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

See attached papers for all information relating to this application.

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

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

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

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

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

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

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

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

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

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

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

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

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

.....

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

☐ Money ☐ Use of equipment owned by you ☐ Other

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated December 30, 1954

Highland-Surprise Consolidated Mining Co.
(Applicant)

By Frank J. Kuecks
President

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

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

Highland-Surprise Consolidated Mining Company
Box 889
Wallace, Idaho

DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Adm
FEB - 7 1955

Form
MF-103

UNITED STATES DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

1. Name of applicant:

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

(b) A corporation organized in the State of Idaho.

(c) Titles, names and addresses of officers and directors:

President and Director:	Frank J. Luedke, 920 E. 26th Avenue, Spokane, Washington
Vice-President and Director:	Henry C. Smith, 112 E. Bridgeport Ave., Spokane, Washington
Secretary-Treasurer:	William A. Callaway, Wallace, Idaho
Director:	A. Keener, Almira, Washington
Director:	Adam J. Reinhart, Almira, Washington
Director:	John W. Barmettler, 1425 N. University, Opportunity, Washington

3. Applicant's property rights:

The applicant holds by location the following unpatented lode mining claims located in Custer County, Idaho. Location notices are recorded at the office of the County Recorder at Challis, Idaho:

H.S. No. 1	Book 14 of quartz locations,	Page 304
H.S. No. 2	Book 14 " " "	Page 304
H.S. No. 3	Book 14 " " "	Page 305
H.S. No. 4	Book 14 " " "	Page 306
H.S.No. 5	Book 14 " " "	Page 307
H.S. No. 6	Book 14 " " "	Page 308
H.S. No. 7	Book 14 " " "	Page 309

The applicant holds a lease and option to purchase on the following unpatented lode mining claims located in Custer County, Idaho. Copy of agreement is attached:

Deer Trail Fraction	Book 14, Page 299
Deer Trail	Book B, Page 488

The applicant holds an option to purchase the following unpatented lode mining claims located in Custer County, Idaho. Copy of agreement is attached:

F.D.R.	Book 11, Page 638
F.D.R. No. 1	Book 14, Page 313
F.D.R. No. 2	Book B, Page 251
F.D.R. No. 3	Book B, Page 252
F.D.R. No. 4	Book B, Page 253

The applicant holds an option to purchase the following unpatented lode mining claims located in Custer County, Idaho. Copy of agreement is attached:

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

All of the mining claims listed are situated in the Fourth of July Canyon, East Fork Mining District, Custer County, Idaho, and will be known as the Deer Trail Mine.

4. Physical description:

No mining operations are being carried on at the property at the present time but there has been a small amount of production by other operators in the past. There is a tunnel about 250 feet long on the Deer Trail Fraction (see map). Its face is on a 4-foot wide, low grade zinc-lead vein. This vein has a strike of N 06° W and dips 85° to the west.

Northwest of this tunnel there are several discovery pits and holes showing solid mineralization of zinc-lead ore and two caved, short tunnels, probably originally not more than 20 to 30 feet long, showing oxidized zinc-lead ore as well as pyrite and pyrrhotite on the dumps. A sample taken in one of the discovery pits across 16 feet assayed 11.2% zinc and 2.1% lead as shown on the map.

In a northwesterly direction from the discovery pits mentioned there is a solid outcrop of a zinc ore body 40 feet wide. A sample taken here assayed as follows: Trace of gold, 0.4 oz. silver per ton, 0.2% lead, 6.9% zinc across the full 40 feet of width.

This zinc orebody has a strike of approximately N 10° W and it can be traced on the surface for approximately 100 feet. If the wide sphalerite zone indicated by the discovery pits mentioned above can be considered as the direct extension of this vein, then the strike length of this orebody can be considered to be at least 200 feet with an average width of 40 to 50 feet.

Approximately 180 feet east of the sphalerite orebody described there is a parallel structure showing higher values in lead and silver. This vein can be traced on the surface for several hundred feet and an

attempt was made to mine it from the surface during the summer of 1954. A 60 ton shipment to the U. S. Smelting & Refining Company in Salt Lake City assayed 9.8% lead and 9.1% zinc. This was crude ore as no milling facilities were available. The vein was mined over a width of six feet for about 90 feet in length.

Approximately 150 feet in northwesterly direction from this outcrop which was mined from the surface there is another outcrop of lead-zinc ore 16 feet wide, which can probably be considered as the extension of the lead vein described above since the ratio of lead to zinc is about the same, i. e. one to one. This outcrop was sampled with the following results: Trace of gold, 1.2 oz. silver per ton, 2.9% lead and 3.6% zinc across the full width of 16 feet.

Exploration work by the applicant in the fall of 1954 was concentrated in this promising territory and a limited amount of diamond drilling was done. Holes No. 1, No. 2 and No. 3 were drilled as shown on the accompanying map. Core logs, location sketches and sections through the drill holes are enclosed with this application. Cores were saved and are available for inspection at the applicant's mine office at Kellogg, Idaho.

The material enclosed concerning the diamond drilling is self explanatory so the following is only a short summary of its results. All three holes penetrated rock specimens typical of the Milligen formation, carbonaceous argillite on both sides of the mineralized zone, quartzites and base conglomerate of the Milligen formation. The ore seems to occur as a replacement of dolomite, with several unabsorbed dolomite ribs enclosed in solid orebodies.

Mineralized zones cut by the holes were as follows:

Hole No. 1:

At 55 feet	3 feet of pyrite and pyrrhotite.
At 128 feet	5 feet of iron sulphides with traces of zinc and lead.
At 216 feet	1 foot of low grade zinc-lead ore.
At 238 feet	6 feet of zinc ore, sludge assay results over 10 feet were 12.1% zinc, 0.16% lead, 0.3 ounces of silver, 0.07% copper.
At 285 feet to 370 feet	A zone of 85 feet of commercial mineralization with the following average assays for the full width: 7.8% zinc, 1.9% lead, 0.9 ounces of silver.

For detailed assay results, please refer to the enclosed core logs.

Hole No. 2:

This hole was drilled to check the formation explored for cross structures and possible vein encroachment in fissures crossing the bedding plane. The hole was directed at N 50° W, i. e., at right angle to holes No. 1 and No. 3. The full length of the hole was in a conglomerate zone which is probably the base conglomerate of the Milligen formation. Some traces of zinc were cut at 33 feet.

Hole No. 3:

This hole was directed approximately parallel to Hole No. 1 with its collar approximately 220 feet northwest of the collar of Hole No. 1. Mineralized zones were as follows:

At 125 feet	12 feet of ore assaying 9.0% zinc, 1.8 oz. silver
From 202 to 258 feet	A wide mineralized zone with sections having the following values: 3.2% zinc, 0.15% lead for 10 feet 2.9% zinc, 0.40% lead for 5.5 feet 5.4% zinc, 0.40% lead for 5 feet

This mineralized zone seems to be embedded in quartzites or occurring on the contact between quartzite and argillite.

At 258 feet a heavily faulted zone was encountered where drilling became very difficult. Drilling water was lost several times but the hole was reamed and cased to 350 feet. Results beyond 258 feet can hardly be considered conclusive.

We believe that the commercial grade of the lead-zinc ore, the deep-seated controlling structures, and the persistence of favorable wall rocks warrant further exploration in this area.

The F.D.R. group of claims:

This group of claims, adjoining the Deer Trail claims to the south, is another favorable target area for exploration. Two short tunnels, approximately 150 feet and 250 feet respectively, have penetrated the ore zone in this group of claims. A high grade lead-silver vein of a width varying from 6 inches to 3 feet was followed for a short strike distance of 30 to 40 feet. During the past few years, R. L. Niece of Stanley, Idaho has made the following shipments of crude ore from this property to U. S. Smelting & Refining Company at Salt Lake City, Utah:

September 20, 1940:
5,346 dry lbs of ore assaying .02 Au, 32.0 Oz. Ag, 65.8% Pb

August 8, 1940:
2,148 dry lbs. of ore assaying .01 Au, 33.0 Oz. Ag, 50.6% Pb

September 5, 1941:
2,608 dry lbs. of ore assaying .02 Au, 22.95 Oz. Ag, 58.0% Pb

November 26, 1948:
9,050 dry lbs. of ore assaying .01 Au, 19.10 Oz. Ag, 41.25% Pb

July 28, 1954:
7,070 dry lbs. of ore assaying .045 Au, 20.5 Oz. Ag, 44.4% Pb, and .10% Cu.

These shipments were all hand sorted crude ore.

The ore zone can be traced for several hundred feet and it is indicated on the surface by several outcrops of iron capping up to 25 feet wide.

Wall conditions are favorable and no timber has been used in any of the tunnels on the properties described. We believe that exploration is warranted by the conditions described and by the fact that comparatively short drifting and crosscutting operations can easily explore the promising structures; if commercial ore is found by this work, there will be a stoping height of approximately 230 feet above the adit tunnel level.

The property is located in the Fourth of July Canyon about 11 mileas east of U. S. Highway No. 93. The access road joins this highway about 17 miles south of Stanley, Idaho (see index map). The nearest shipping point is Ketchum, Idaho, 62 miles southeast of the mine. The mine is at an elevation of about 8,500 feet.

Manpower is available, as are supplies and materials. There is sufficient water available from Fourth of July Creek for a year around operation.

5. The exploration project:

(a) The project is designed to explore for lead and zinc.

(b) Description of the proposed work:

The applicant wishes to explore the two groups of veins described, the Deer Trail group and the F. D. R. group, by two comparatively independent exploration operations.

<u>The Deer Trail Group</u>:

The applicant plans to start drifting operations on this group in the vicinity of the present "Deer Trail tunnel" at an elevation as low as permissible from the standpoint of securing enough dumping room and adjusting adit tunnel level to the elevation requirements of a future concentration plant. The tunnel should reach the zinc vein structure within approximately 150 feet and will follow this structure on the footwall as far as is warranted by the results obtained, to a maximal length of about 600 feet from the tunnel portal.

A crosscut about 250 feet long in an easterly direction from this "zinc vein" should be sufficient to reach the "lead vein". It is planned to determine the most favorable place for this crosscut on the basis of drifting results. About 350 feet of drift will be required to follow out the "lead vein" on its strike.

The area on both sides of the drifts, as well as between them, will be explored by diamond drilling on about 100 foot centers. About 2,050 feet of diamond drilling will be required for this purpose.

A brief outline is as follows:

1. Preparatory work:

   (a) Snow removal, so operations can be started as soon as possible in the spring.
   (b) Access road repair.
   (c) Preparation of tunnel site.
   (d) Construction of compressor shed.
   (e) Installation of compressor and air and water lines.
   (f) Construction of cabin for crew and repair shop.

2. Drive 2,100 feet of driftsand crosscuts as discussed above.

3. About 2,100 feet of diamond drilling from the drifts to explore zones on both sides.

The F.D.R. Group:

The exploration program for this group has been set up in two stages, mainly to enable DMEA representatives to check on this part of the property in respect to its geology.

The applicant wishes to explore the F.D.R. group of claims and system of veins by a drift about 1,000 feet long which will be started from the access road on an oxidized outcrop about 25 feet wide. This outcrop can be traced on different elevations. About 1,000 feet of drifting on the vein structure will bring the back of the drift underneath the high grade, coarse-grained galena ore in the upper tunnel (see map). Approximately 200 feet vertical elevation will be gained between the planned adit tunnel and the upper tunnel.

The zones on both sides of the proposed tunnel will be explored by diamond drilling. Eight holes on about 200 foot centers , about 150 feet each, i. e. a total of about 1,200 feet of drilling, will cover the territory.

Stage I:

1. Preparatory work:
   (a) Snow removal.
   (b) Access road repair.
   (c) Bulldozing and trenching.

Stage II:

1. Drive 1,000 feet of drift.

2. 1,200 feet of diamond drilling from the planned drift.

5. (c) The work will start within 30 days and be completed within 10 months from the date of the exploration project contract.

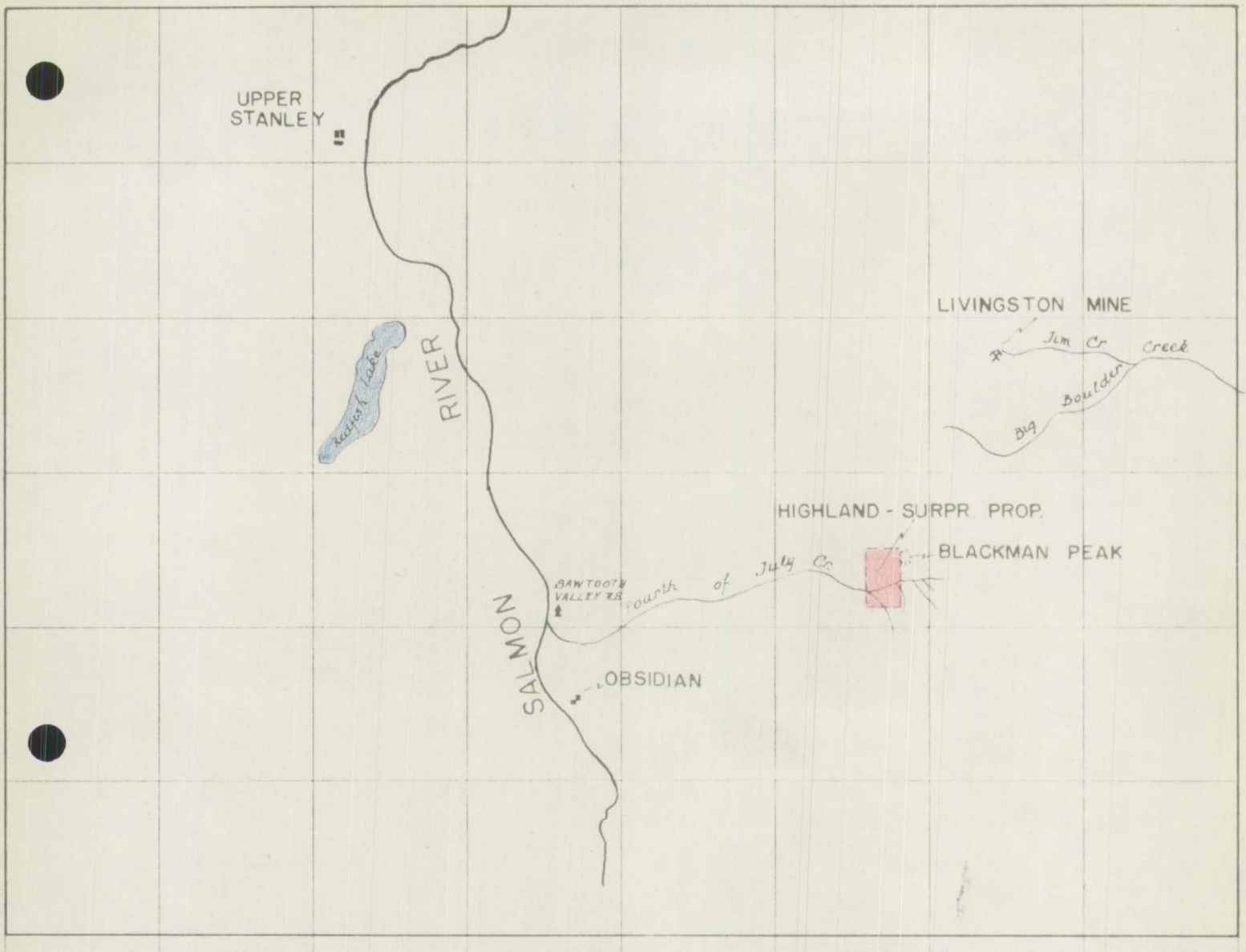
(d) Operating experience and background of the applicant:

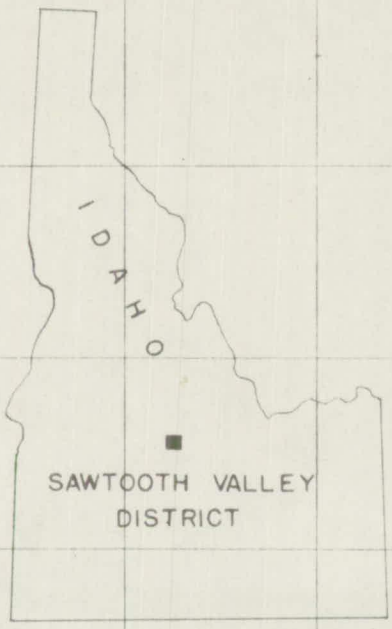
The applicant operates a zinc-lead mining plant in the Coeur d'Alene district, near Kellogg, Idaho, with a 300 ton per day flotation mill. The members of the Board of Directors have a broad and varied background of mining experience and the graduate mining engineer who will supervise the operations has had extensive experience in underground mining, both in Europe and in the United States.

6. Estimate of costs. (See Appendix)

7. (a) The applicant will be prepared to furnish its share of the cost of the proposed project in accordance with the regulations on Government participation.

(b) The applicant's share of the costs will be furnished in money and by use of equipment owned by the applicant.





INDEX MAP

HIGHLAND - SURPRISE CONS. MIN. CO.

STANLEY PROJECT

SCALE 1 INCH = 4 MILES

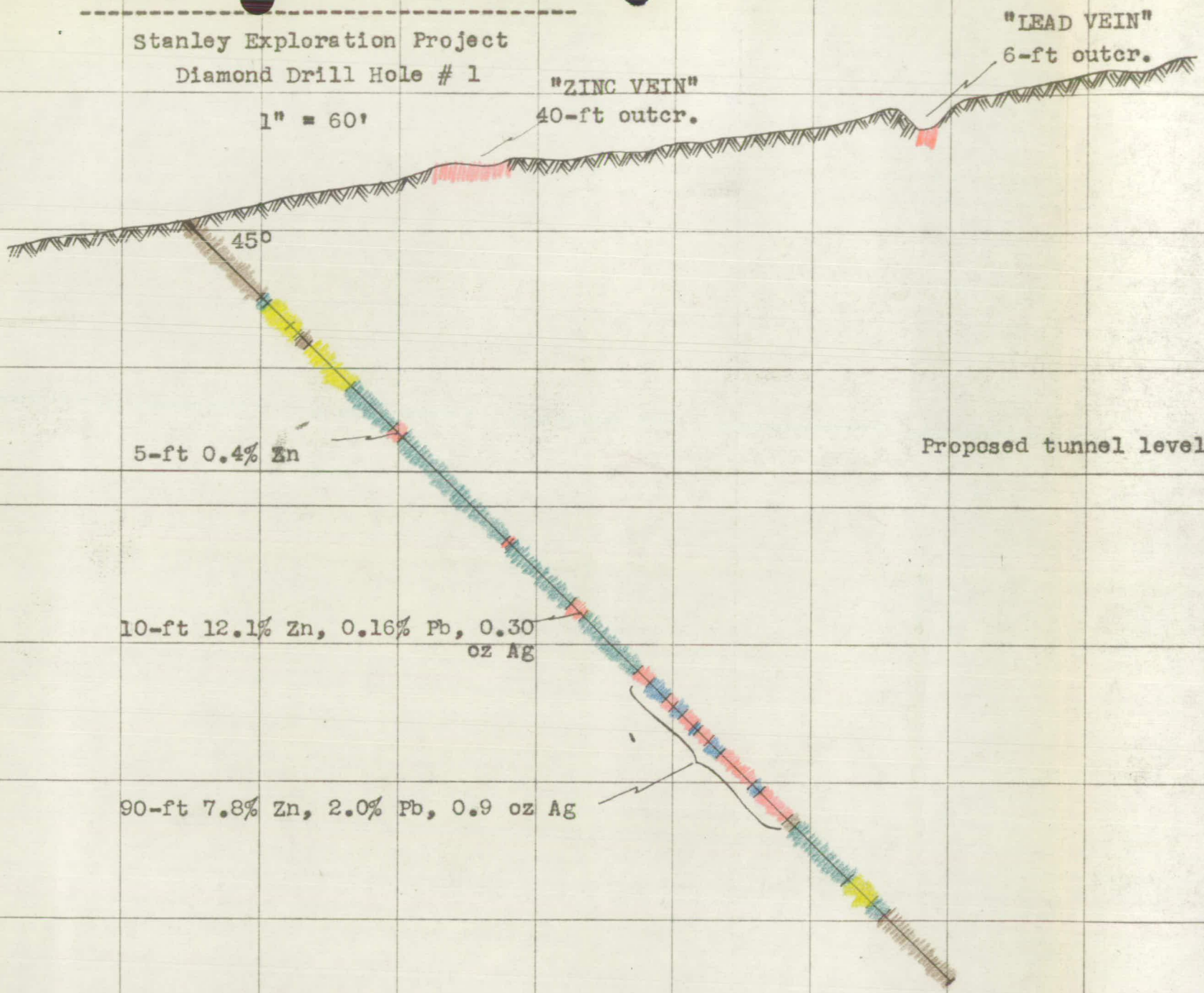
"ALBANENE" No. 105M K&E CO., N.Y.
REG. U.S. PAT. OFF.

HIGHLAND - ENTERPRISE CONS. MIN. CO.

Stanley Exploration Project

Diamond Drill Hole # 1

1" = 60'

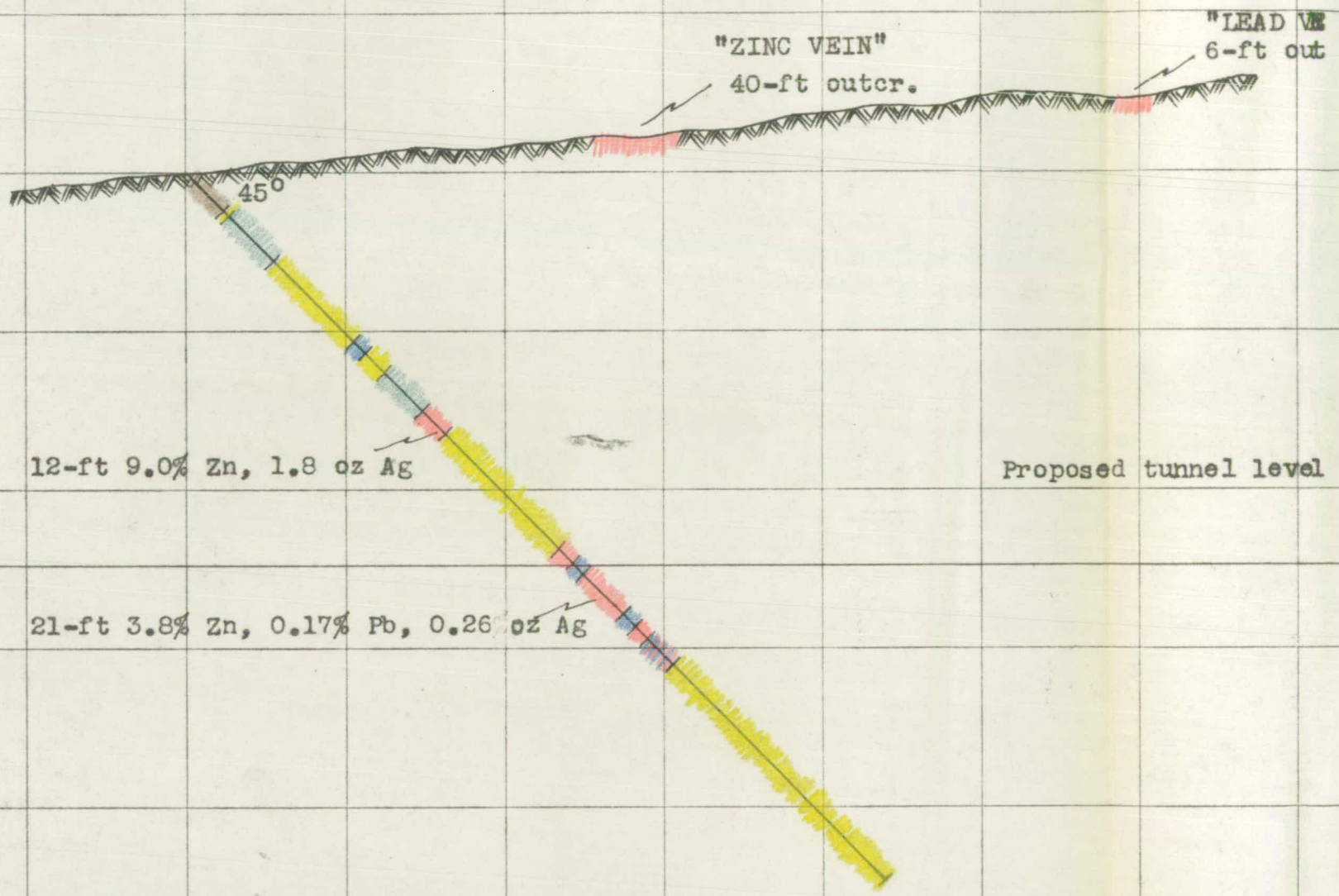


HIGHLAND - SURPRISE CONS. MIN. CO.

Stanley Exploration Project

Diamond drill hole # 3

1" = 60'



"ALBANENE" NO. 196M K&E CO., N.Y. REG. U.S. PAT. OFF.

HIGHLAND - SURPRISE CONS. MIN. CO.

STANLEY PROJECT

DIAMOND DRILL HOLE NO : 2.

Collar coord. :

Bearing .....: N 50° W

Length .....: 210-ft

Dip .....: - 45°

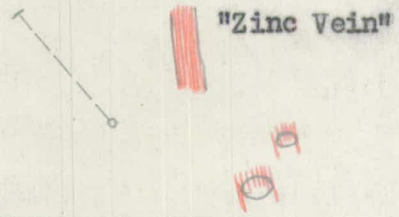
Level .....: Surface

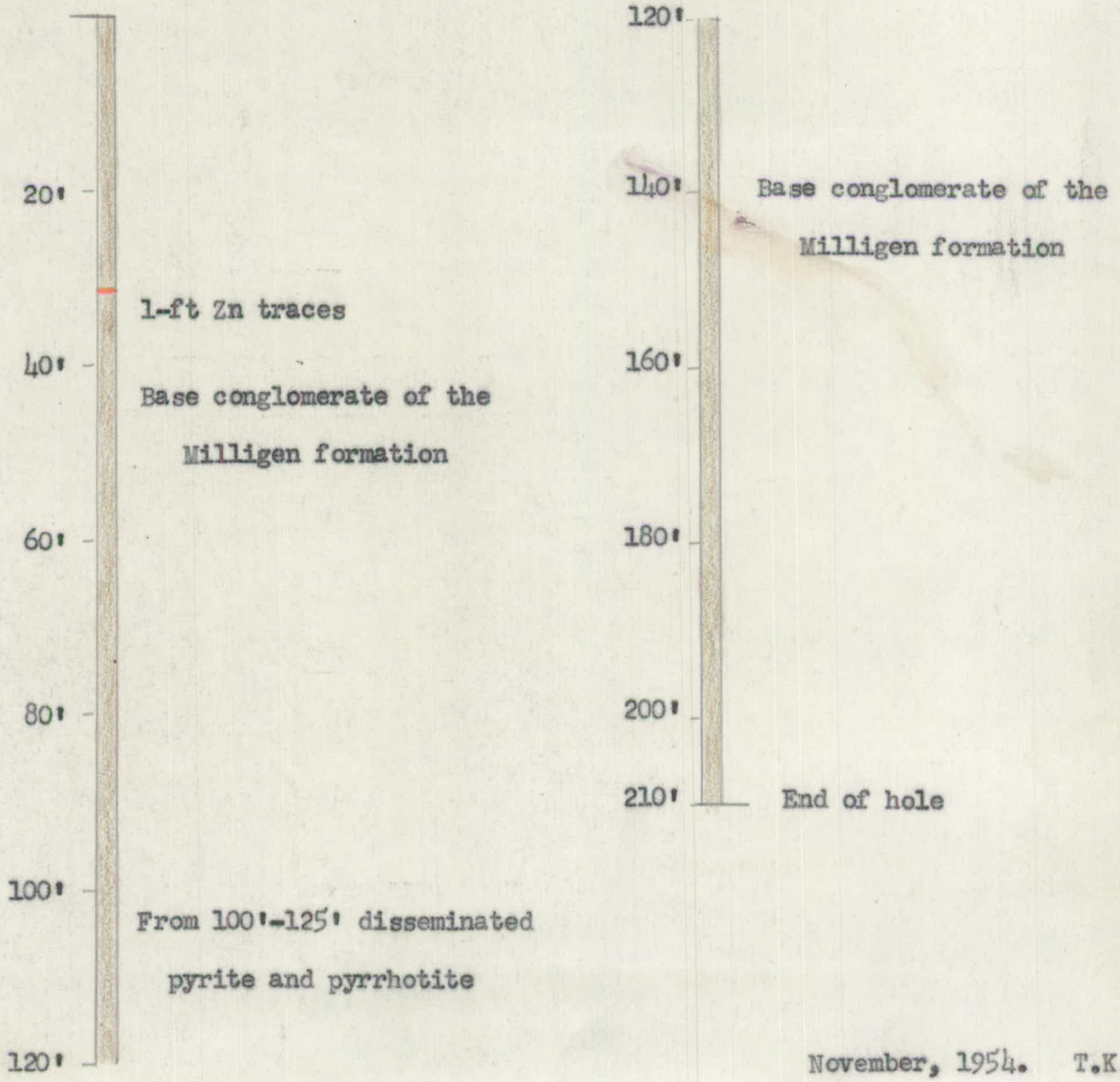
Core size.....: AX

Ave. recovery : 95 %

Location sketch

1" = 200'





November, 1954. T.K.

Highland-Surprise Consolidated Mining Company
Box 889
Wallace, Idaho

PROPERTY OF THE UTAH
Lucius Walker Pardee
Mem.
FEB 16 1966

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APPENDIX

Item 1.

Estimated Time Schedule
DEER TRAIL GROUP

	Work Days (2 shifts/day) Per Job	Accumulated Total
1. Preparatory work (2 men/shift; 1 shift/day):		
(a) Snow removal from U.S. Highway 93 to mine - 11 miles ...	18	7*
(b) Access road repair - 100 hours bulldozing	13	20
(c) Preparing tunnel site	6	**
(1) Leveling tunnel site		
(2) Building trestle - 100 feet		
(d) Building compressor shed .....)	7	**
(e) Installation of compressor .....)		**
(1) Installation of receiver tank		
(2) Installation of water tank for drilling water		
(3) Installation of 4" air line and 2" water line		
(4) Moving compressor from Kellogg, Idaho and installing		
(f) Building cabin and repair shop	24	***
2. Drift and crosscut 1,200 feet. Estimated advance at 4 feet per shift, 2 shifts per day	150	170
3. Diamond drilling - 2,100 feet		
(a) Cut 11 drill stations	22	192
(b) Drill 11 holes - 2,100 feet	150	217****

* Note: 7 days of snow removal expected in April included in accumulated total. Estimated 11 days of snow removal expected in November and December will be done while underground exploration is being carried on and will not add to total time of project.

** Note: This work to be done during access road repair.

*** Note: This work to be done during drifting and crosscutting operation.

**** Note: Last two diamond drill holes will be drilled after drifting is finished. Therefore 25 days of drilling work are added to accumulative total; balance of drilling will be done during drifting and crosscutting operations.

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Item 1.

Estimated Time Schedule
(Continued)

F. D. R. GROUP

	Work Days (2 shifts/day) Per Job	Accumulated Total
Stage I - Bulldozing and surface trenching	8	*
1. Preparatory work - 2 men per shift, 1 shift per day:		
(a) Snow removal, about 1,000 feet		
(b) Bulldozing, cutting structures on surface		
(c) Trenching		
Stage II - Drifting, crosscutting and diamond drilling:		
1. Preparatory work - 2 men per shift, 1 shift per day:		
(a) Preparing tunnel site	6	*
(1) Leveling tunnel site		
(2) Building 100 feet of trestle		
(b) Installation of compressor	7	*
(1) Installation of receiver tank		
(2) Installation of water tank		
(3) Installation of 4" air line and 2" water line		
(4) Moving compressor from Kellogg, Idaho and installing.		
2. Drifting and crosscutting 1,000 feet. Estimated advance at 4 feet per shift, 2 shifts per day	55	*
3. Diamond drilling:		
(a) Cut 8 drill stations	16	*
(b) Drill 8 holes, 150 feet each or 1,200 feet total	85	*

* Note: This work will be done simultaneously with exploration work on the Deer Trail Group. Therefore it will not add to the total time required for the project.

Recapitulation of Time Schedule:	Footage	Days
DEER TRAIL GROUP:		
Preparatory work	-	20
Drifting and crosscutting	1,200	150
Cutting drill stations	-	22
Diamond drilling	2,100	25
F.D.R. GROUP:		
Preparatory work - Stage I	-	-
Preparatory work - Stage II	-	-
Drifting and crosscutting	1,000	-
Diamond drilling	1,200	
Continuous days		217

Total program to be completed in about 10 months.
Drifting and crosscutting to be accomplished in about 8 months.

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Item 2 - Labor and supervision data:

Salaried personnel:

Superintendent - Salary $800.00 per month. This man will manage and be responsible for all operations of the mine and camp. He will also necessarily be trouble-shooter, purchasing agent and experienced in mining operations and engineering.

Geologist, Engineer, Bookkeeper - Salary assumed at $600.00 per month. His services have been allotted half to geology and engineering and half to bookkeeping.

Night boss - Salary $600.00 per month. This man will be responsible for progress on the night shift and will also take care of mechanical and electrical work on that shift. Whenever one of the crew is off, he will be expected to fill in.

Cook - Salary $250.00 per month and board. Because of the isolated location it will be necessary to provide meals for the crew.

Workmen:

8 miners in two drifts, two shifts per day
1 mechanic-compressorman - day shift

Wage rates:

Drift miner	$15.77 per 8 hour shift
Mechanic	$16.19 per 8 hour shift
Helper	$14.51 per 8 hour shift

Overtime factor - multiply 1.083

Bonus: In order to get and hold competent and steady men at the mine, 70 miles from the nearest town, it is customary and necessary to put work on an incentive basis. This has been done in calculating the estimated labor cost per foot.

Payroll taxes and compensation insurance:

Federal social security	2%	of wages and salaries
Idaho industrial accident insurance	7.50%	" " "
Federal unemployment compensation	.3%	" " "
Idaho unemployment compensation	2.7%	" " "

All calculations are based on two shifts per day, six days per week.

Item 3 - Drift data:

Drifts and crosscuts will be 6 ft. x 7 ft. with water ditch and 30# rails, untimbered if possible.

Advance is estimated at 4 feet per shift.

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Item 4 - Miscellaneous data:

Supply costs:

Timber	$63.00 per M board feet
30# rails	$8.10 per cwt
4" spiral weld pipe	$1.24 per foot
2" black pipe	36¢ per foot
Powder	$22.00 per cwt.
Lubricants	Estimated at 43¢ per foot of drift
Steel and bits	" " $4.25 " " " "
Diesel fuel for compressors	16¢ per gallon
Fuel for pump and battery chargers	28¢ per gallon

Snow removal:
Caterpillar D-6 bulldozer with operator, $14.00 per hour
(Need for snow removal expected 6 days per month during April, November and December)

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Box 889
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Item 5 - Operating equipment and use allowance:	Use Allowance Per Month	Use Allowance Total
(a) For use in drifting, crosscutting and diamond drilling operations: (7 months)		
Machinery to be purchased before start of contract:		
(1) One Joy portable compressor WK-80, 630 cfm, 2 stage, air cooled with internal diesel engine. Cost new, $13,750 plus $569 freight	$ 238.65	$1,670.55
(2) One Joy portable compressor WK-80, 315 cfm, Cost new $9,119 plus $ 345 freight	157.73	1,104.11
(3) Two Joy blowers, type I-21 with gas engines. Cost new $725 plus $19.69 freight	24.82	173.74
(4) 1 Joy motorpump, #420CD, with gas engine. Cost new $1,015 plus $36.00 freight	17.52	122.64
(5) Two battery charges, estimated cost $750.00 each	25.00	175.00
(6) Two Hercules 5 HP motors for battery chargers, estimated cost $300.00 each	10.00	70.00
Machinery already owned by company (used):		
(1) Two Greensburg battery locomotives @ $6,000	140.00	980.00
(2) One Greensburg battery locomotive for spare @ $6,000	70.00	490.00
(3) Ten 2-ton Ajax side dump mine cars @ $465.00	54.25	379.75
(4) Three air receivers, 36" x 84", @ $417	14.60	102.20
(5) One Chevrolet, 1953 model, 3/4 ton pickup truck @ $2,209.68	25.77	180.39
Total of (a)	$ 778.34	$5,447.63
(b) For use in drifting and crosscutting only (6 months):		
Machinery alread owned by the company (used):		
(1) Two Model 12-B Eimco loaders @ $3,097	$ 72.26	$ 433.56
(2) One Model 12-B Eimco loader (spare) @ $3,097	36.13	216.78
(3) Four Atlas rock drills with pneumatic pusher legs @ $543	25.34	152.04
(4) Two Atlas rock drills with pneumatic pusher legs (spares) @ $543	12.67	76.02
(5) One automatic carbide bit grinding machine @ $390.00	4.55	27.30
Total of (b)	$ 150.95	$ 905.70
Cost of transporting used equipment from Kellogg to mine (500 miles) estimated 48 tons @ 7¢ per ton mile		1,680.00
Grand total	$ 929.29	$8,033.33

Note: Monthly use allowance is value divided by 60. Values shown for used equipment are new prices; these are reduced to 70% for calculating use allowance. Spare equipment is necessary because of the remote location where delays from breakdowns would be more costly than the expense of spare equipment.

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Item 6 - Calculation of pro-rated use allowance at $37.02 per day:

	Days	Use Allowance
A. Preparatory work	20	$ 740.40
B. Drifting and crosscutting	150	5,553.00
C. Diamond drilling:		
Cutting stations	22	814.43
Drilling	25	925.50
	217	$8,033.33

Item 7 - Cost calculation:

A. Preparatory work (see description under "Estimated Time Schedule"):

(1) Snow removal with D-6 Caterpillar dozer, 7 days or 56 hours @ $14.00 per hour, operator included	$ 784.00
(2) Access road repair, 100 hours bulldozing @ $14.00 per hour	1,400.00

DEER TRAIL GROUP

Labor and supervision:	
Two men, 13 days each (preparing tunnel site 6 days, installing compressor 7 days) 26 days @ $14.51 plus OT*	408.56
Superintendent, 1 month charged against preparatory work @ $800.00	800.00
Sub-total	$3,392.56
Operating materials and supplies:	
Leveling tunnel site, 8 hours bulldozing @ $14.00	$ 112.00
Building trestle, estimated 10,000 board feet of timber @ $63.00 per M	630.00
500 feet of 4" air line from compressor to tunnel @ $1.24 per foot (compressor located centrally between two proposed workings)	620.00
800 feet of 2" water line from sump to tunnel @ 36¢ per foot	288.00
Sub-total	1,650.00
TOTAL DEER TRAIL GROUP PREPARATORY WORK	$5,042.56

F. D. R. GROUP

Preparatory work - Stage I:	
Snow removal, 8 hours @ $14.00	$ 112.00
Bulldozing, uncovering structures as part of exploration work, 48 hours @ $14.00	672.00
Trenching:	
Labor, 2 men for 3 days @ $14.51 plus OT*	94.28
Sub-total	878.28
Materials and supplies:	
150 lbs. powder @ $22.00 per cwt	33.00
Steel and bits, estimated	15.00
Sub-total	48.00

*Note: To add overtime, wages are multiplied by 1.083.

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Preparatory work - Stage II:	
Labor, 2 men, 13 days (preparing tunnel site 6 days, air receiver tanks and air and water lines 7 days) 26 days @ $14.51 plus OT*	$ 408.56
Operating materials and supplies:	
(1) Leveling tunnel site, 8 hours bulldozing @ $14.00	$ 122.00
(2) Building trestle, estimated 10,000 board feet of timber @ $63.00 per M	630.00
(3) 600 feet of 4" air line from centrally located compressor to tunnel @ $1.24 per foot	744.00
(4) 700 feet of 2" water line from creek to tunnel @ $.36 per foot	252.00
Sub-total	1,748.00
TOTAL F.D.R. GROUP PREPARATORY WORK	3,082.84
Pro-rated equipment use allowance (see Item 6, Page A-6)	740.40
Miscellaneous:	
Geologist-bookkeeper	600.00
Cookhouse expense (Cook $250, board $100)	350.00
Payroll taxes and insurance, $1,711.40 x 11%	188.25
Sub-total	1,138.25
TOTAL COST OF PREPARATORY WORK	$10,004.05

B. Drifting and crosscutting:
Deer Trail Group 1,200 ft., F.D.R. Group 1,000 ft., to be driven simultaneously, 2 men per shift, 2 shifts per day, total 2,200 feet. Total time required 150 working days or six months.

	Per Foot	Total
Labor and supervision:		
Superintendent-manager @ $800 per month	$ 2.18	$ 4,800.00
Geologist-bookkeeper @ $600 per month	1.64	3,600.00
Night boss-mechanic @ $600.00 per month	1.64	3,600.00
Mechanic-electrician-compressorman @ $16.19 per day plus OT*	1.20	2,629.95
Surface helper @ $14.51 plus OT*	1.06	2,356.50
8 drift miners @ $22.00 plus OT*	13.00	28,591.20
Sub-total	$20.72	$45,577.65

*Note: To add overtime wages are multiplied by 1.083.

Note: Costs and time schedule for drifting and crosscutting are based an expected advance of 4 feet per shift in each face. This rate of advance anticipates certain delays due to illness of the crew, breakdowns of equipment, etc.

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	Per Foot	Total
Operating material and supplies:		
Explosives	$ 3.81	
Timber and lagging *	-	
Bits and drill steel	4.25	
Pipe - 4" air line	1.24	
2" water line	.36	
16" ventilation line	1.20	
Fittings and valves	.30	
Lubricants	.43	
Hoses and fittings	.30	
Rail - 30# @ $8.10 per cwt	.81	
Switches, frogs, fish plates, spikes and ties	.42	
Power:		
Compressor, 8 gals diesel fuel per hour @ 16¢	2.56	
Pump, 1½ gals gas per 8 hours	.13	
Miscellaneous	.50	
Sub-total	16.31	$ 35,882.00
Operating equipment use allowance	2.52	5,553.00
New buildings and improvements:		
Cabin and repair shop, estimate **	1.14	2,500.00
Compressor shed, estimate **	.45	1,000.00
Sub-total	1.59	3,500.00
Miscellaneous costs:		
Repair and maintenance - estimated at 10% of equipment used	.36	803.33
Analytical work, sample each 10-foot section, 200 samples @ $3.00	.27	600.00
Cookhouse expense - Cook $250.00 per month plus $100.00 board	.95	2,100.00
Payroll taxes and insurance @ 11% of labor	2.38	5,244.54
Sub-total	3.96	8,747.87
Contingencies:		
Snow removal, 11 days charged against drifting, 88 hours @ $14.00	.56	1,232.00
TOTAL DRIFTING AND CROSSCUTTING COST	$45.67	$100,492.52

Notes: * No provision has been made for cost of timbering as it is not expected that it will be necessary. If timbering is needed, an allowance of $5.00 per foot is suggested to cover the cost of timber and labor.

** Cabin, repair shop and compressor shed construction costs are estimated at $7,000.00; one-half is charged against this project.

Highland-Surprise Consolidated Mining Company
Box 889
Wallace, Idaho

Form
MF-103

C. Diamond drilling - 3,300 feet (Deer Trail Group 2,100 feet, F.D.R. Group 1,200 feet):

	Per Foot	Total
Independent contracts:		
The applicant is submitting copies of statements from Vivian Brothers, diamond core drilling contractors of Kellogg, Idaho. These statements of November 1st and 22nd, 1954 were paid by the applicant for drilling Holes Nos. 1, 2 and 3 on the Deer Trail Fraction claim (see core logs and location sketches enclosed).		

	Length	Cost
Hole No. 1	469.0 Ft.	$2,781.91
2	210.5 Ft.	1,222.27
3	374.0 Ft.	2,857.00
Total	1,053.5 Ft.	$6,861.18
Cost per foot of surface drilling		$6.51

	Per Foot	Total
Expected cost of underground drilling	$ 5.51	$18,183.00
Labor and supervision:		
Cutting drill stations:		
11 stations on Deer Trail Group, 8 on F.D.R. group, each station approximately 10 feet of crosscut, total 190 feet @ $20.73 per foot (see drifting and crosscutting cost)	1.19	3,938.70
1 month of superintendent's salary charged against drilling @ $800.00	.24	800.00
Geologist-bookkeeper, 1 month charged to drilling	.18	600.00
Sub-total	$ 1.61	$ 5,338.70
Operating materials and supplies:		
190 feet of crosscutting for drill stations @ $11.68 per foot (cost of explosives, steel, lubricants, power and miscellaneous as shown under drifting and crosscutting costs)	.67	2,219.20
Compressed air estimated at $5.00 per shift for 235 shifts	.28	940.00
Sub-total	$ .95	$ 3,159.20
Equipment use allowance:		
Cutting stations	.25	814.43
Drilling	.28	925.50
Sub-total	$ .53	$ 1,739.93
Miscellaneous costs:		
Analytical work - estimated at 5 samples per hole or 95 samples @ $3.00	.09	285.00
Cookhouse expense - 1 month of cook's salary and board	.10	350.00
Sub-total	$ .19	$ 635.00
TOTAL DRILLING COST	$ 8.80	$29,055.83

Highland-Surprise Consolidated Mining Company
Box 889
Wallace, Idaho

Form
MF-103

COST CALCULATION SUMMARY

	A PREPARATORY WORK Stage I	A PREPARATORY WORK Stage II	B DRIFTING & CROSSCUTTING Stage I	B DRIFTING & CROSSCUTTING Stage II	C DIAMOND DRILLING Stage I	C DIAMOND DRILLING Stage II
Independent contracts	$ -	$ -	$ -	$ -	$11,571.00	$ 6,612.00
Labor, supervision and consultants:						
Deer Trail Group	3,392.56	-	24,860.65	-	3,397.17	-
F.D.R. Group	878.28	408.56	-	20,717.00		1,941.53
Operating material and supplies:						
Deer Trail Group	1,650.00	-	19,572.00	-	2,010.40	-
F.D.R. Group	48.00	1,748.00	-	16,310.00	-	1,148.80
Equipment use allowance	740.40					
Deer Trail Group	-	-	3,028.91	-	1,107.23	-
F.D.R. Group	-	-	-	2,524.09	-	632.70
New buildings and improvements:						
Deer Trail Group	-	-	1,910.00	-	-	-
F.D.R. Group	-	-	-	1,590.00	-	-
Miscellaneous	1,138.25					
Deer Trail Group	-	-	4,771.57	-	407.00	-
F.D.R. Group	-	-	-	3,976.30	-	228.00
Contingencies:						
Deer Trail Group	-	-	672.00	-	-	-
F.D.R. Group	-	-	-	560.00	-	-
TOTALS	$ 7,847.49	$2,156.56	$54,815.13	$45,677.39	$18,492.80	$10,563.03
Cost per foot	-	-	45.67	45.67	8.79	8.79

RECAPITULATION

	Cost Stage I	Cost Stage II	Cost Total	Footage Stage I	Footage Stage II
Preparatory work	$ 7,847.49	$ 2,156.56	$ 10,004.05	-	-
Drifting and crosscutting	54,815.13	45,677.39	100,492.52	1,200	1,000
Diamond drilling	18,492.80	10,563.03	29,055.83	2,100	1,200
TOTAL	$81,155.42	$58,396.98	$139,552.40		
50% Company participation	$40,577.71	$29,198.49	$ 69,776.20		
50% Government participation	$40,577.71	$29,198.49	$ 69,776.20		

STATEMENT

Vivian Bros.

PHONE 6401

DIAMOND CORE DRILLING CONTRACTORS

OFFICE AND SHOP
209 WEST CAMERON
KELLOGG, IDAHO

MAILING ADDRESS
P. O. BOX 780
KELLOGG, IDAHO

Date Nov 1, 1954

To: Highland Surprise Mng. and Con. Co.
Box 889
Wallace, Idaho

Date Started Oct. 1, 1954
Date Completed Oct., 31, 1954

From: Vivian Bros., Inc.
For: Diamond Drill Hole 1 and 2 on Deer Trail Claims

Footage	Size	Price	Total
	Hole 1		
0 to 469	AX and Ex Size core	$5.00 per ft.	2345.00
Handling casing	21½ hrs.	$7.00 per hr.	148.75
Reaming	82 ft. 4 in.	$3.50 per ft.	288.16
			$2781.91
	Hole No. 2		
0 to 210'6"	AX size core	$5.00 per ft.	1052.50
Reaming	14 ft.	$3.50 per ft.	49.00
Cementing	5½ hrs.	$7.00 per hr.	38.50
1 sack special dummite cement $5.50 plus $1.00 frt. chg			6.50
Oct. 22 Driller and helper 8 hr. excavating to bedrock for hole 3			60.00
Oct. 25 helper 8 hr	"	" " " " "	15.77
			$1222.27
		Total	$4004.18

STATEMENT

Vivian Bros. DIAMOND CORE DRILLING CONTRACTORS

PHONE 6401

OFFICE AND SHOP
209 WEST CAMERON
KELLOGG, IDAHO

MAILING ADDRESS
P. O. BOX 780
KELLOGG, IDAHO

Date Nov 22, 1954

To: Highland-Surprise Mng. and Cons. Co.
Box 889
Wallace, Idaho

Date Started Oct. 1, 1954
Date Completed Nov 15, 1954

From: Vivian Bros. Inc.
For: Diamond Drill Holes 1, 2, 3, and 4

Footage	Size	Price	Total
	Hole No 3		
0 to 374'	AX and EX size core	$5.00 per ft.	$1870.00
Reaming	104 feet	$3.50 per ft.	364.00
Cementing	40 hours	$7.00 per hour	280.00
Handling casing	49 hours	$7.00 per hour	343.00
			$2857.00
	Hole No 4		
2 shift driller and helper excavating to drock for set up. One reg. one time & half shift		Actual labor cost	$6.71
Cement shipped to job			
8 sacks fo special lumnite cement Freight from Yochane		$5.50 each	44.00 20.68
3 sacks reg. cement		$4.50 for 3 sacks	4.50
Bal. due from Oct.			3404.10
		Total Amt. due	$7017.06

OK.

T.d

A G R E E M E N T

THIS AGREEMENT, made and entered into this 26th day of October, 1954, by and between RUPERT L. NIECE of the City of Stanley, State of Idaho and DR. E. W. FOX, of the City of Stanley, State of Idaho, and hereinafter referred to as the parties of the first part, and THE HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY, a Corporation, and hereinafter referred to as the party of the second part.

WITNESSETH:

That the said parties of the first part are desirous of selling and the party of the second part is desirous of purchasing the following described unpatented mining claims and under the following terms and conditions;

Said Mining Claims are located in the Fourth of July Creek Canyon in Custer County, State of Idaho and more particularly identified as follows, to wit:

NAMES		BOOK	PAGE
F.D.R.	recorded in	11	638
FDR #1	recorded in	14	313
FDR. #2	recorded in	B	251
FDR. #3	recorded in	B	252
FDR. #4	recorded in	B	253

All of the aforementioned are recorded in the Courthouse of the County of Custer, State of Idaho and in the Town of Challis, Idaho.

It is agreed that the total purchase price for the above described mining claims is in the amount of $60,000.00, of which the sum of $1.00 earnest money has this day been paid the parties of the first part, receipt of which is hereby acknowledged.

It is understood and agreed by and between the parties to this agreement that said purchase price in the amount of $60,000.00 is to be paid in the following manner:

$2,000.00 is to be paid on or before December 1, 1954

$6,000.00 is to be paid on or before August 1, 1955

$5,000.00 is to be paid on or before August 1, 1956

$5,000.00 is to be paid on or before August 1, 1957

$5,000.00 is to be paid on or before August 1, 1958

$5,000.00 is to be paid on or before August 1, 1959
$5,000.00 is to be paid on or before August 1, 1960
$5,000.00 is to be paid on or before August 1, 1961
$5,000.00 is to be paid on or before August 1, 1962
$5,000.00 is to be paid on or before August 1, 1963
$5,000.00 is to be paid on or before August 1, 1964
$7,000.00 is to be paid on or before August 1, 1965

It is understood and agreed by and between the parties to this agreement that in the event that any payments are not paid when due that the parties of the First Part shall give to the party of the second part sixty (60) days written notice of their intention to declare a forfeiture of this agreement: in the event of a forfeiture all monies paid by the party of the second part shall be forfeited as liquidated damages and upon this happening this contract shall become null and void.

The parties of the First Part agree that at the time of the party of the Second Part making the final payment that they shall execute and deliver to the party of the Second Part a good and suffieient Quitclaim Deed, duly signed and acknowledged, and transferring to the party of the second part a good title to said mining Claims.

From and after the date of this agreement and during its continuance the Highland-Surprise Consolidated Mining Company, the party of the Second Part herein, shall have:

a. The sole and exclusive possession of the Mine Property, and,

b. The sole and exclusive right to explore, develop, mine and work the Mine Property in the discretion of its management,

c. All work done by the party of the second part shall be done in a good miner like fashion, and under the sole control of, and in accordance with the exercise of the discretion and judgement of the party of the second part.

The Party of the Second part agrees to pay all taxes from the date of this agreement, and the parties of the first part agree to pay all, if any, delinquent taxes upon said property and within twenty days of the date of this agreement.

The Highland-Surprise Consolidated Mining Company, at its expense, shall have the right to erect, install or build upon the Mine Property such structures, machinery, equipment and other property as, in their opinion may be necessary, desirable or appropriate in connection with its occupancy of the Mine Property. The Party of the Second Part shall have the right to remove from the Mine Property at anytime or within ninety days after the expiration or default of this contract, any and all structures, machinery, equipment and other property that it may have installed, erected, or placed theron.

It is further agreed by and between the parties that this instrument contains the entire agreement between the parties and that no statement, promises, or inducements made by any party hereto, or employee, agent or salesman of either party hereto, which is not contained in this written contract, shall be binding of valid: and this contract may not be enlarged, modified or altered except in writing signed by the parties and indorsed hereon.

This agreement shall inure to the benefit of and be binding upon the heirs, executors, administrators and successors of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year in this agreement first above written.

_____
Rupert L. Niece

_____
SELLERS: E. W. Fox

HIGHLAND-SURPRISE CONSOLIDATED MINING CO.

By _____
Frank J. Luedke - Pres. Purchaser

By _____
W. A. Callaway - Secretary

STATE OF IDAHO)
) ss.
County of Custer)

On this 13th day of November, 1954, before me a Notary Public in and for the State of Idaho, personally appeared, Rupert L. Niece and E. W. Fox, known to me to be the individuals whose names are subscribed to the within and foregoing instrument and acknowledged to me that they signed the same.

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

C. A. Gregory
Notary Public in and for the State of Idaho, Residing at Stanley, Idaho.
My Commission expires July 27, 1958.

STATE OF IDAHO)
) ss.
County of Shoshone)

On this 23rd day of November, 1954, before me Tom B. Payne a Notary Public in and for the State of Idaho, personally appeared Frank J. Luedke and William A. Callaway, known to me to be the President and Secretary respectively of the within named Corporation and that the executed said instrument for and on behalf of said Corporation and acknowledged to me that said corporation executed the same.

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

Tom B. Payne
Notary Public in and for the State of Idaho, Residing at Wallace.

DEPARTMENT OF THE INTERIOR
Lands Minerals Administration
RECEIVED
FEB 7 1955

A G R E E M E N T

THIS AGREEMENT, Made and entered into this 17th day of September, 1954, between F. L. FERSONS, A. C. MILHOLLAND, CHESTER SATER and PAUL RAYBURN, all of Kellogg, Shoshone County, Idaho, parties of the first part, and sometimes hereinafter referred to as the "LESSORS", and the HIGHLAND SURPRISE CONSOLIDATED MINING COMPANY, an Idaho corporation, party of the second part, and sometimes hereinafter referred to as the "LESSEE";

W I T N E S S E T H:

WHEREAS, The Lessors, in September 1952, entered into a five (5) year lease and option to purchase the DEER TRAIL Lode Unpatented Mining Claim, situated in the East Fork Mining District, Custer County, Idaho, which agreement is by reference incorporated herein as though fully set forth in haec verba; and

WHEREAS, The Lessors desire to assign their interest in said Lease and Option to Purchase to the Lessee, and the Lessee desires to take and sublet said Lease and Option to Purchase on said Deer Trail claim; and

WHEREAS, On August 2, 1954, the said A. C. Milholland entered into a contract to sell his one-half interest in said lease to said Deer Trail claim to Paul Rayburn, subject to all the provisions and covenants of said lease, and the said Paul Rayburn desires to lease and option his equity in said lease as hereinafter provided; and

WHEREAS, The Lessors have located additional claims adjacent and contiguous to the Deer Trail claim, and they desire to include said additional claims within the terms and provisions of this agreement, and the Lessee desires to take and lease said additional claims; and

NOW, THEREFORE, For and in consideration of the covenants and agreements hereinafter to be kept and performed by the parties hereto, IT IS MUTUALLY AGREED:

ASSIGN LEASE DEER TRAIL LODE

1. That the Lessors concurrently with the execution of this Lease and Option shall, and they do hereby, sell, assign and set over all their right, title and interest in and to that certain Lease and Option dated the _____ day of September, 1952, wherein FRED GOSSI and ROSA A. GOSSI, his wife, GEORGE ALLEMAN, a single man, and FRANCES COMER, Administratrix of the Estate of James A. Comer, deceased, were the parties of the first part, and the Lessors herein the parties of the second part, covering the Deer Trail unpatented lode.

The Lessee herein specifically agrees to abide by all the terms of said original lease and to faithfully perform the covenants of said lease.

PROPERTY

2. The Lessors, for and in consideration of the royalties hereinafter reserved and the covenants and agreements herein expressed and by the Lessee to be kept and performed, have granted, demised and let, and by these presents do grant, demise and let, unto the Lessee the following unpatented lode mining claims situated in the EAST FORK MINING DISTRICT, Custer County, Idaho, to-wit:

DEER TRAIL UNPATENTED LODE

DEER TRAIL FRACTION UNPATENTED LODE

Lessee agrees to locate such portion of adjacent ground as it shall deem advisable, including a millsite, and agrees to pay Lessors a royalty on production therefrom as provided in section 4(f). Upon the termination Lessee agrees to quitclaim said newly located claims to Lessors.

TERM

3. TO HAVE AND TO HOLD Unto the Lessee, for a term of ten (10) years, beginning the 1st day of October, 1954, and expiring at noon on the 30th day of September, 1964, unless sooner terminated or forfeited, as hereinafter provided.

LESSEE'S OBLIGATIONS

4. In consideration of said demise the Lessee specifically covenants and agrees with the Lessors as follows:

(a) To enter upon said mining property and premises and diligently to prospect, develop and work the same in miner-like manner with the end in view of recovering therefrom the maximum amount of ore and values consistent with the development and preservation of the property as a workable mine.

COMMENCEMENT OF WORK

(b) To commence work in or upon said leased premises as expeditiously as possible with due regard to weather and climate conditions.

TIMBER

(c) To well and sufficiently timber said mine wherever necessary in accordance with good mining practice and to repair the old timber in any place where mining operations are carried on by the Lessees, if necessary, in accordance with good mining practice. The Lessee may cut and use for timbering in said mine, or in any contiguous property developed in conjunction therewith, any suitable timber standing or growing upon the demised premises. In cutting such timber all brush and slashings shall be piled and burned in accordance with the laws of the State of Idaho and requirements of the United States Forestry Service.

INSPECTION

(d) To permit the Lessors and their agents, from time to time, to enter upon and into all parts of said mine and mining property and any mill or concentrator used by the Lessee in connection with their operations under this lease for the purpose of inspection and for the purpose of measuring and determining the amount of work performed and ore removed. Such inspection shall be made as not to unnecessarily interrupt or interfere with the Lessee's operations and shall be made at the expense of the Lessors.

DRIFTS CLEAR & DRAINED

(e) To keep the drifts, shafts, tunnels and other workings in which the Lessee operates, or which are used or occupied by it, thoroughly drained and clear of loose rock, debris and rubbish at all times unless prevented by extraordinary mine casualty. Nothing herein contained shall be construed to prevent the Lessee from back-filling stoped out ground with waste in accordance with customary mining practice.

INITIAL PAYMENT

(f) As additional consideration for the signing of this agreement, the Lessee agrees to pay to the Lessors TEN THOUSAND ($10,000.00) DOLLARS, payable as follows, to-wit: Five Thousand ($5,000.00) Dollars on or before the 1st day of July, 1955, and Five Thousand ($5,000.00) Dollars on or before the 1st day of October, 1955.

ROYALTIES

(g) To pay to the Lessors a royalty of five (5%) per cent upon the net smelter returns on all ores and concentrates recovered from the demised premises, including the Deer Trail claim; however, on or before the 1st day of October, 1956, and on or before the 1st day of October each year thereafter, the Lessee agrees to pay to the Lessors a minimum royalty of Five Thousand ($5,000.00) Dollars.

Any royalty payments from net smelter returns shall apply on this minimum royalty requirement; however, it is specifically understood that, should the royalty payments exceed the minimum for any year ending October 1st, such excess shall not be carried forward and be permitted to apply on the minimum royalty due the next succeeding October 1st.

NET SMELTER RETURNS

(h) The term "net smelter returns", as used herein, shall be construed to be the net amount paid by the smelter after deducting treatment and smelter charges, penalties, weighing, sampling, switching and other deductions, including shipping charges customarily made by smelters. No charge for hauling from the mine to the railhead shall be deducted in computing net smelter returns.

PAYMENT OF LABORERS & MATERIALMEN

(i) To pay promptly for all labor performed and materials and supplies used in the prosecution of the Lessee's mining operations and to not suffer or permit any liens, encumbrances and attachments of any kind to accrue against said mining property.

To notify all persons employed by the Lessee and all persons furnishing materials and supplies for use in the Lessee's operation, that the Lessee is solely liable therefor, and that neither the Lessors, nor the demised premises, are in any manner liable therefor, and to post and keep posted at all times during the existence of this lease, in some conspicuous place or places upon said premises, notice to the above effect.

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

ANNUAL ASSESSMENT WORK

(j) The Lessee agrees that during the life of this lease it shall do the annual assessment work on said claims and that it shall complete the work before the 1st day of June of each year in which this lease is in force and effect.

That in the event it intends to terminate said lease, it shall give notice not later than the 1st day of May of each year to the Lessors of its intention to terminate and the giving of this notice shall relieve the Lessee of the obligation to do the assessment work on said claim.

However, in the event that the work was done prior to the 1st day of May of any year, notwithstanding the Lessee's intention to terminate this lease, it shall file the necessary Proofs of Labor or Intentions to Hold.

TAXES

5. With respect to any State, County and School District tax, which shall be based upon net profits as provided by Chapter 28, Title 63, Idaho Code, and amendments thereto, the Lessors shall be liable for and shall pay the portion thereof attributable to or computed upon any royalties they may have received during the previous calendar year, and the Lessee shall be liable for and shall pay for that portion thereof attributable to or computed upon its net profits, as defined in said Chapter and Title aforesaid, after deducting, as an operating cost, any royalties paid to the Lessors.

With respect to the Mines License Tax, provided for by Chapter 12, Title 44, Idaho Code, the Lessors shall be liable for and shall pay the portion thereof attributable to and computed upon any royalties it may have received during the preceding calendar years, and the Lessee shall be liable for and shall pay the portion thereof attributable to and computed upon its net profits, if any, for the previous calendar year after deducting as an operating cost the royalties paid to the Lessors.

SOCIAL SECURITY TAXES

6. The Lessee shall be liable for and shall pay all old age benefits and unemployment compensation charges attributable to its operations hereunder, together with any and all other Social Security taxes, charges or impositions, which may now or hereafter be imposed upon or be attributable to its operations hereunder.

WORKMEN'S COMPENSATION

7. The Lessee shall provide adequate workmen's compensation insurance for the protection of all persons employed by it in the prosecution of its operations under this lease and shall at all times and in all respects fully comply with the Workmen's Compensation Laws of the State of Idaho.

REMOVAL OF MACHINERY

8. Upon the expiration of the term of this lease, or the sooner termination or forfeiture thereof for any reason, the Lessee may remove from said demised premises all mining and milling machinery and equipment which it may have placed therein or thereon provided it shall not then be indebted to the Lessors in any sums whatsoever, and shall not then be indebted for labor performed or materials furnished in the prosecution of its work, and shall not then be in default in the payment of any taxes which it is obligated to pay under the terms of this agreement.

REMOVAL OF BUILDINGS

9. Upon the expiration of this lease or earlier termination thereof for any reasons, it is agreed that all buildings, ore bins, or other structures upon the surface of said demised premises shall be left intact upon the property and title shall revert to the Lessors.

DEFAULT

10. If the Lessee shall default in the performance of any of the terms of this lease, the Lessors may give notice to the Lessee in writing specifying the particulars of such default and requiring the Lessee to correct the same or forfeit this contract.

The Lessee shall within fifteen (15) days from receipt of such notice, either:

(a) Advise the Lessors of its intention to forthwith correct such default, in which event the Lessee shall commence the correction thereof within twenty days from the service of said notice of default, and shall prosecute the work of correcting such default continuously and diligently to completion, or

(b) Notify the Lessors that they do not intend to correct such default, in which event this agreement shall immediately terminate and the Lessees shall surrender possession of said demised premises to the Lessors.

The Lessee shall then remove from said demised premises any machinery and equipment that may be removable under the terms of paragraph 8 of this agreement, and shall complete such removal within one hundred and twenty (120) days from the receipt of such notice of default. Otherwise said machinery and equipment shall become the property of the Lessors, or

(c) Notify the Lessors that it disputes the alleged default and demand the right to arbitrate the question as hereinafter provided.

DETERMINATION OF DEFAULT BY ARBITRATION

11. If the Lessors shall serve notice of default upon the Lessee, as provided in the preceding paragraph, and the Lessee shall content it is not in default, then the parties agree to arbitrate the question of the Lessee's default, as alleged in said notice.

At the time the Lessee notifies the Lessors of its desire to arbitrate, as provided in the preceding paragraph, it shall designate an arbitrator to represent it. Within five days thereafter the Lessors shall designate an arbitrator and notify the Lessee thereof. The two arbitrators shall forthwith appoint a third arbitrator and proceed immediately to arbitrate the controversy so as to render their decision within twenty five (25) days from the date of the notice of default was served upon the Lessee. If the arbitrators shall decide the Lessee is in default, it shall commence the correction of such default within ten days from the date of the decision and prosecute the same continuously and diligently to completion. Parties agree to bear cost of arbitration equally.

TERMINATION BY LESSEE

12. The Lessee reserves the right expressly granted by the Lessors to terminate this lease upon giving thirty (30) days written notice of said termination upon payment of all debts incurred by the Lessee.

NEW DISCOVERIES

13. If, in the conduct of the Lessee's operations hereunder, any cross or parallel lodes, spurs or mineral deposits shall be discovered by the Lessee, or by any person or persons employed by the Lessee, in vacant and unappropriated domain, the Lessee agrees to forthwith notify the Lessors thereof to the end that the Lessors may properly locate or appropriate the same, and when so located or appropriated the same shall be considered as part and parcel of the demised premises and the Lessee shall have the right to mine the same under the terms of this lease. If the Lessors shall fail to locate or appropriate any such cross-or parallel lodes, spurs or mineral deposit within thirty (30) days after receipt of such notice the Lessee shall be at liberty to locate or appropriate the same for its own account.

SUCCESSORS AND ASSIGNS

14. Each and every clause and covenant of this agreement shall extend to and be binding upon and shall inure to the benefit of the successors, heirs, executor, administrator and assigns of the Lessors and the Lessee. Provided, however, that the Lessee shall not assign this lease without furnishing proof to the Lessors of the financial and managerial responsibility of its proposed assignee.

FORCE MAJEURE

15. It is agreed that the Lessee shall not be held responsible for any default occurring in the performance of this contract due to fires, strikes, acts of God, mine accidents, inability to obtain equipment or supplies because of war conditions or other delays beyond the control of the parties hereto.

RELATIONSHIP OF LESSORS AND LESSEE

16. It is expressly understood and agreed that the Lessors do not by this lease, or any provision hereunder, retain any control or direction over the operations of the Lessee other than to require that the same be performed in a good and miner-like manner

and with due regard to the development and preservation of said demised premises as a workable mine. It is theintention of the parties hereto to create the relationship of Lessors and Lessee and that the Lessee is not and shall not be construed to be the agent of the Lessors and shall have no power, right or authority to act for, bind or represent the Lessors in any particular whatsoever.

RENEWAL

17. The Lessee shall have the privilege of renewing this agreement upon the same terms and conditions for five (5) additional years, on giving written notice of its desire to so renew at least thirty (30) days before the expiration of this agreement.

OPTION TO PURCHASE

In consideration of the second party entering into the foregoing Lease, the first parties do hereby give and grant unto the second party an exclusive option to purchase the said mining claims, including the first parties' right to purchase the Deer Trail Lode claim, for a period of ten (10) years; that is to say, for a period co-terminous with the foregoing Lease, except that as to the Deer Trail claim the option to purchase must be exercised within the time allowed in the agreement heretofore referred to and assigned to the Lessee, and the purchase price of said Deer Trail claim, if paid, shall not apply on the purchase price of the remaining claims hereinafter provided. The purchase price for said claims shall be TWO HUNDRED THOUSAND ($200,000.00) DOLLARS, and the initial payment of $10,000.00, plus any and all royalty payments of any kind or character made under the provisions of the foregoing Lease shall be applied towards this purchase price.

If the foregoing Lease shall be termined or forfeited for any reason prior to the expiration of the term hereof, such

termination or forfeiture shall automatically terminate or forfeit this option and in that event all sums theretofore made on said purchase price shall be retained by the Lessors as liquidated damages and as rental for the use and occupancy of said premises.

In the event said lease is renewed as heretofore provided, then the time for exercising this option to purchase is extended for the same period as the renewal.

IN WITNESS WHEREOF, The parties of the first part have hereunto set their hands this 23rd day of September, 1954, and the party of the second part has caused these presents to be executed by its duly authorized officers and its corporate seal to be hereunto affixed this 15th day of September, 1954.

R C Mellbland

T. L. Perrin

E Peter Lots

Paul Kaylum

Lessors

HIGHLAND SURPRISE CONSOLIDATED MINING COMPANY

By Frank J. Kuske
President.

Lessee

ATTEST:

W. Calloway
Secretary.

STATE OF IDAHO)
) ss
County of Shoshone)

On this 13th day of September, 1954, before me, the undersigned, a Notary Public for the State of Idaho, personally appeared F. L. PERSONS, A. C. MILHOLLAND, CHESTER SATER and PAUL RAYBURN, known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same.

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

Eleanor G. Cantt
Notary Public in and for the State of Idaho, residing at Wallace, Idaho.

STATE OF IDAHO)
) ss
County of Shoshone)

On this 13th day of September, 1954, before me, the undersigned, a Notary Public for the State of Idaho, personally appeared Frank J. Luedke and H. A. Galloway, known to me to be the President and Secretary, respectively, of HIGHLAND SURPRISE CONSOLIDATED MINING COMPANY, the corporation whose name is subscribed to the foregoing instrument and acknowledged to me that said corporation executed the same.

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

Eleanor G. Cantt
Notary Public in and for the State of Idaho, residing at Wallace, Idaho.

DEPARTMENT OF THE INTERIOR
Bureau of Land Management
RECEIVED
DEC 7 1955

A G R E E M E N T

THIS AGREEMENT, made and entered into this [illegible] day of November, 1954, between ELMER ANDERLIN of Stanley, State of Idaho, and hereafter referred to as the Seller, and the HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY, a corporation and hereafter referred to as the purchaser:

WITNESSETH:

That the said Seller is desirous of selling and the Purchasers are desirous of purchasing the following described unpatented mining claims located in the County of Custer and State of Idaho, and more particularily described as follows, to wit:

		BOOK	PAGE
Confidence	recorded in	11	378
Confidence #1	recorded in	10	537
Confidence #2	recorded in	10	537
Confidence #3	recorded in	10	539
Confidence M.S. #1	recorded in		
Confidence M.S. #2	recorded in		
Silver Dollar #1		11	418
Silver Dollar #2	recorded in	12	69
Silver Dollars #3	recorded in	12	70
Timberline #1			
Timberline #2			
Timberline #3			
Timberline #4			
Timberline #5			
Timberline #6			

It is understood and agreed that the aforementioned Timberline Claims numbered 1 to 6 have not been recorded, but it is further agreed that the Seller shall at the time of recording said Timberline claims record them in the name of the Purchaser. Said claims are located between the fourth of July Canyon and the Strawberry Basin in Custer County, State of Idaho.

It is agreed by and between the parties to this agreement that the total purchase price for the above captioned mining claims is in the amount of $30,000.00, of which the sum of $3,000.00 has this day been paid the Seller, receipt of which is hereby acknowledged. The balance in the amount of $27,000.00 is to be paid in the following manner:

$5,000.00 to be paid on or before November 1, 1955

$5,000.00 to be paid on or before November 1, 1956

$5,000.00 to be paid on or before November 1, 1957

$5,000.00 to be paid on or before November 1, 1958

$5,000.00 tobe paid on or before November 1, 1959

It is agreed that the balance in the amount of $2,000.00 is to be paid on or before November 1, 1960.

It is understood and agreed by and between the parties that in the event that any payments are not paid when due that the Seller shall give to the purchaser sixty days written notice of his intention to declare a forfeiture of said contract; in the event of a forfeiture all monies paid by the Purchasers shall be forfeited as liquidated damages.

It is further understood and agreed by the parties to this contract that the said Seller did on the 15th day of November, 1954, enter into a contract with Louis Gossi and Ada Gossi, his wife, and Marie Fuller and Arnold Fuller, wife and husband, of Grass Vally, California, covering Confidence Nos. 1-2-3-4
Confidence M.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.

Said contract is attached and made a part of this agreement and all rights of the Grantee under said contract are hereby transferred to the Highland Surprise Consolidated Mining Co. upon full performance of this contract.

It is hereby agreed that the Seller in this contract shall secure from the owners of said claims a quitclaim deed to said claims and naming the Highland-Surprise Consolidated Mining Company as the grantee in said deed.

Said deed is to be placed in escrow as is hereinafter set forth. It being further understood that the Seller in this contract shall execute a quitclaim deed, which shall be placed in escrow naming the Highland-Surprise Consolidated Mining Company as grantee and transferring all of his right, title and interest in and to all claims set forth in this agreement.

It being understood and agreed that all contracts and instruments shall be placed in escrow at the Custer County Bank at Challis, Idaho, with instructions to the said escrow holder that all monies shall be paid according to the escrow instructions which are attached and made a part of this agreement.

From and after the date of this agreement and during its continuance the Highland-Surprise Consolidated Mining Company, the purchaser herein, shall have:

a. The sole and exclusive possession of the Mine Property, and,

b. The sole and exclusive right to explore, develop, mine and work the mine property in the discretion of its management.

c. All work done by the Purchaser shall be done in a good miner like fashion, and under the sole control of, and in accordance with the exercise of the discretion and judgment of the purchaser.

The purchasers agree to pay all taxes from the date of this agreement, and the Seller agrees to pay all delinquent taxes upon said property within thirty days of the date of this agreement.

The Highland Surprise Consolidated Mining Company, at it expense shall have the right to erect or install upon the Mine property such structures, machinery, equipment, and other property, as in their opinion may be necessary, desirable or appropriate in connection with its occupancy of the mine property. The purchaser shall have the right to remove from the mine property at anytime or within ninety days after the expiration or default of this contract, any and all sftructures, machinery, equipment and other property that it may have installed, erected or placed thereon.

It is agreed that this instrument contains the entire agreement between the parties and that no statement, promises, or inducements made by any party hereto, or employee, agent or salesman of either party hereto, which is not contained in this written contract, shall be binding or valid, and this contract may not be enlarged, modified or altered except in writing and signed by the parties and endorsed hereon.

This agreement shall inure to the benefit of and be binding upon the heirs, executors, administrators and successors of the respective parties to this agreement.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and affixed their official seals the day and year first above written.

SELLER _____

THE HIGHLAND-SURPRISE CONSOLIDATED MINING CO

BY _____
PRESIDENT

BY _____
SECRETARY

STATE OF IDAHO)
) ss
County of Shoshone)

On this 23 dayof November, 1954, before me a Notary Public in and for the State of Idaho, personally appeared ELMER ENDERLIN, known to me to be the individual whose name is subscribed to the within and foregoing instrument and acknowledged to me that he executed the same.

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

Notary Public for the State of Idaho
Residing at Wallace.

STATE OF IDAHO)
) ss.
County of Shoshone)

On this __ day of November, 1954, before me Tom N. Payne, a Notary Public in and for the State of Idaho, personally appeared, Frank J. Luedke and William A. Callaway, known to me to be the President and Secretary respectively of the within named corporation and that they executed said instrument for and on behalf of said corporation and acknowledged to me that said corporation executed the same.

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

Notary Public for the State of Idaho
Residing at Wallace.

A G R E E M E N T

THIS AGREEMENT Made and entered into this 15th day of November, 1954, by and between LOUIS GOSSI and ADA GOSSI, husband and wife, of Boise, Ada County, Idaho, and MARIE FULLER and ARNOLD FULLER, wife and husband, of Grass Valley, Nevada County, California, hereinafter called Grantors, and ELMER ENDERLIN, a single man, of Stanley, Custer county, Idaho, hereinafter called Grantee,

W I T N E S S E T H:

THAT, WHEREAS, the parties hereto on the 8th day of September, 1949, leased the following mining claims to Grantee, to-wit:

Confidence Nos. 1-2-3-4

Confidence M.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,

for a period of ten years, and as part of said lease granted to Grantee an option to purchase said mining claims for the sum of $30,000.00; and

WHEREAS, it is the desire of the parties to modify said lease agreement only to the extent of voiding the option granted in said lease and granting a new option to Grantee on different terms;

NOW, THEREFORE, in consideration of Ten Dollars ($10.00) paid by Grantee to Grantors and the mutual convenants and agreements herein contained, the parties hereto agree as follows, to wit:

1. That the option contained the heretofore mentioned lease shall be and the same hereby is voided, and shall be of no further force or effect whatsoever.

2. Grantors hereby grant to Grantee an option to purchase

the aforesaid mining claims for the following price and upon the following terms and conditions, to-wit;

(a) The purchase price of said mining claims shall be $15,000.00 payable as follows:

$1,000.00 upon exercise of this option by Grantee, which may be any time prior to November 1, 1955.

$2,750.00 on or before November 1, 1955;

$3,750.00 on or before November 1, 1956;

$3,750,00 on or before November 1, 1957;

$3,750.00 on or before November 1, 1958.

PROVIDED, FURTHER that the unpaid balance after the exercise of the option shall carry interest at the rate of 5% per annum, the interest to be payable in addition to the principal payments on the due date of the principal payments. PROVIDED FURTHER that the aforesaid terms of payment are intended to be minimum payments, and Grantee may, at his option, pay all or any part of the unpaid balance of said purchase price at any time.

3. In addition to the aforesaid option and in the event the same is not exercised by Grantee, Grantors hereby grant to Grantee at any time prior to the 8th day of September, 1959, the option to purchase said mining claims for the sum of $15,000.00 cash payable at the time of the exercise of said option.

4. The manner of the exercise of the options herein granted by Grantee shall be as follows:

Grantee shall notify Louis Gossi, in writing, of his election to exercise the option and shall tender him the initial payment called for in either of the aforesaid options at the time of said notification, and the parties shall then enter into a formal sales agreement and execute all documents necessary to complete said sale.

Louis Gossi

Ada Gossi

Marie Fuller

Arnold Fuller

By
Attorney-in-fact for Marie Fuller
and Arnold Fuller

GRANTORS

Elmer Enderlin

GRANTEE

STATE OF IDAHO)
; ss.
COUNTY OF ADA)

On this _____ day of November, 1954, 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, a single man, 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.

(Seal)

Notary Public for Idaho
Residing at Boise, Idaho

STATE OF IDAHO)
; ss.
COUNTY OF IDA)

On this _____ day of November, 1954, before me, a Notary Public in and for said State, personally appeared LOUIS GOSSI, known to me to be the person whose name is subscribed to the within instrument as the attorney in fact for Marie Fuller and Arnold Fuller and acknowledged to me that he subscribed the names of Marie Fuller and Arnold Fuller thereto as principals and

his own name as attorney in fact.

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

Notary Public for Idaho
Residing at Boise, Idaho

(Seal)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 7 1955

APPENDIX II

G U A R A N T Y

In consideration of the waiver by the United States of America of the requirement of a landlord's subordination agreement as set forth in paragraph 2(b) of the attached Exploration Project Contract between the undersigned and the United States of America, the undersigned hereby guarantees the payment to the Unites States of America of royalties, as specified in paragraph 15 of said Contract, upon any and all ore discovered or developed as a result of said Contract, which is mined within 10 years from the date of said Contract, whether or not the undersigned has any interest in the property covered by the said Contract or any part in the mining operations at the time said ore is mined. If for any reason the net smelter returns from operations that would be subject under said contract to such payments to the United States of America are not available as a means of measuring the amount of such payment, then the undersigned agrees and undertakes to make such payment according to the best estimates of the amount that can reasonably be made, and in the event of dispute as to such estimate, the undersigned agrees that the determination thereof by either the Administrator of Defense Minerals Administration or by the Director of the United States Bureau of Mines shall be final and binding upon the undersigned; provided, however, that should undersigned, prior to the accrual of any obligation to pay under this guarantee, furnish to the United States the subordination agreement required by paragraph 2(b) of said contract this covenant shall thereupon become fully satisfied and of no further force or effect.

Dated this 30th day of December 1954

HIGHLAND-SURPRISE CONSOLIDATED MINING CO.

Frank J. Lucke
President

(27)

APPENDIX II

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 7 1955

G U A R A N T Y

In consideration of the waiver by the United States of America of the requirement of a landlord's subordination agreement as set forth in paragraph 2(b) of the attached Exploration Project Contract between the undersigned and the United States of America, the undersigned hereby guarantees the payment to the Unites States of America of royalties, as specified in paragraph 15 of said Contract, upon any and all ore discovered or developed as a result of said Contract, which is mined within 10 years from the date of said Contract, whether or not the undersigned has any interest in the property covered by the said Contract or any part in the mining operations at the time said ore is mined. If for any reason the net smelter returns from operations that would be subject under said contract to such payments to the United States of America are not available as a means of measuring the amount of such payment, then the undersigned agrees and undertakes to make such payment according to the best estimates of the amount that can reasonably be made, and in the event of dispute as to such estimate, the undersigned agrees that the determination thereof by either the Administrator of Defense Minerals Administration or by the Director of the United States Bureau of Mines shall be final and binding upon the undersigned; provided, however, that should undersigned, prior to the accrual of any obligation to pay under this guarantee, furnish to the United States the subordination agreement required by paragraph 2(b) of said contract this covenant shall thereupon become fully satisfied and of no further force or effect.

Dated this 30th day of December 1954.

HIGHLAND-SURPRISE CONSOLIDATED MINING CO.

Frank J. Lucchesi
President

APPENDIX II

G U A R A N T Y

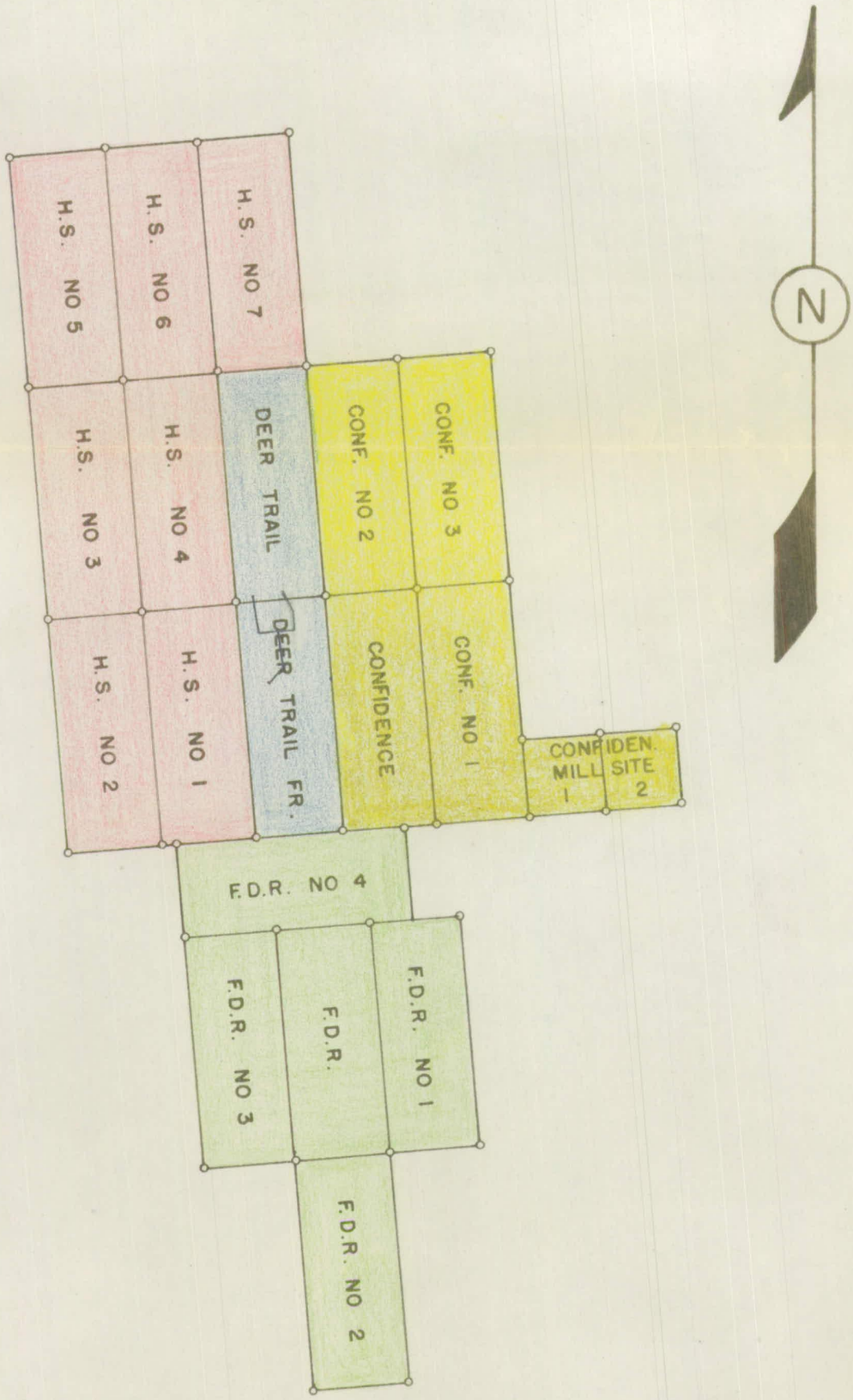
In consideration of the waiver by the United States of America of the requirement of a landlord's subordination agreement as set forth in paragraph 2(b) of the attached Exploration Project Contract between the undersigned and the United States of America, the undersigned hereby guarantees the payment to the Unites States of America of royalties, as specified in paragraph 15 of said Contract, upon any and all ore discovered or developed as a result of said Contract, which is mined within 10 years from the date of said Contract, whether or not the undersigned has any interest in the property covered by the said Contract or any part in the mining operations at the time said ore is mined. If for any reason the net smelter returns from operations that would be subject under said contract to such payments to the United States of America are not available as a means of measuring the amount of such payment, then the undersigned agrees and undertakes to make such payment according to the best estimates of the amount that can reasonably be made, and in the event of dispute as to such estimate, the undersigned agrees that the determination thereof by either the Administrator of Defense Minerals Administration or by the Director of the United States Bureau of Mines shall be final and binding upon the undersigned; provided, however, that should undersigned, prior to the accrual of any obligation to pay under this guarantee, furnish to the United States the subordination agreement required by paragraph 2(b) of said contract this covenant shall thereupon become fully satisfied and of no further force or effect.

Dated this 30th day of December 1954.

HIGHLAND-SURPRISE CONSOLIDATED MINING CO.

Frank J. Lucke

President



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

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/12	Selfridge	120
1/14	Johnson	110
		220

JAN 14 1966

Highland-Surprise Consolidated Mining Company
Box 889
Wallace, Idaho

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

Gentlemen:

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated May 20, 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. 5408
OME File
OME Region I
OME Reading File
C. Curtin
120M
Mr. Selfridge

GCSelfridge/gla (1-12-66)

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/12	Selfridge	120
1/14	[illegible]	110
		220

JAN 14 1966

Mr. Elmer Enderlin

Stanley, Idaho

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

Dear Mr. Enderlin:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the subject contract.

This correspondence relates to the Owner's Consents to Lien signed by you on December 13 and 30, 1954.

Sincerely yours,

(Signed) FRANK E. JOHNSON (gla)

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

cc to: Director's Reading File
Division File
Economic Geology File
OME File
OME Region I
OME Reading File
120M

GAult/a (1-12-66)

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/12	Selfridge	120
1/14	Johnson	110
		220

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

Re: IMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Bear Trail Mine
Custer County, Idaho
Contract Idm-X819

Dear Mr. Persons:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the subject contract.

This correspondence relates to the Owner's Consent to Lien signed by you on December 15, 1954.

Sincerely yours,

(Signed) FRANK E. JOHNSON (gla)

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

cc to: Director's Reading File
Division File
Economic Geology File
OME File
OME Region I
OME Reading File
120M

Identical letters to Chester Sater, Kellogg, Idaho, and
Paul Rayburn, Silverton, Idaho

GAult/a (1-12-66)

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
/12	Selfridge	120 ✓
1/14	Johnson	110
		220

JAN 14 1966

Mr. Rupert L. Niece

Stanley, Idaho

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

Dear Mr. Niece:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the subject contract.

This correspondence relates to the Owner's Consent to Lien signed by you on December 27, 1954.

Sincerely yours,

(Signed) FRANK E. JOHNSON (gla)

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

Identical letter to E. W. Fox, Stanley, Idaho

cc to: Director's Reading File
Division File
Economic Geology File
OME File
OME Region I
OME Reading File
120M

GAult/a (1-12-66)

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/12	Selbridge	120
1/14	Johnson	110
		220

JAN 1 3 1966

Mr. and Mrs. Arnold Fuller

Grass Valley, California

Re: DMMA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Bear Trail Mine
Custer County, Idaho
Contract Idm-2819

Dear Mr. and Mrs. Fuller:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the subject contract.

This correspondence relates to the Owner's Consent to Lien signed by you on December 30, 1954.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

cc to: Director's Reading File
Division File
Economic Geology File
OME File ✓
OME Region I
OME Reading File
120M

GAult/a (1-12/66)

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
October 14, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 18 1965

INITIALS	CODE
10/20 M	120
	120
	220

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

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

In reference to your memorandum of September 16, 1965, we wrote to Robert A. Rice and Fred A. Gossi relative to production from the Deer Trail and Deer Trail Fraction claims.

Enclosed are two Thermo-Fax copies of a reply received from Rice. The letter to Gossi was returned by the Postmaster at Clayton, Idaho, with notation "Deceased--L.A.M.-P.M." on the envelope.

I believe the notation in the ultimate paragraph of your memorandum that "on November 12, 1964, etc." should be November 12, 1962.

D. R. MacLaren

D. R. MacLaren

Enclosures

[illegible] copies of the [illegible] Rice

Mac (r)

Box 373
Osburn, Idaho
Oct. 1, 1965

Mr. D. R. MacLaren
Field Officer, GSE
S. 157 Howard Street
Spokane, Washington

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

Dear Mr. MacLaren,

In reply to your query concerning production at the Deer Trail mine. Please be advised that there has been none.

Sincerely yours,

Robert A. Rice

Robert A. Rice

985

Dmc(2)

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 30 1965
INITIALS CO E
120
220

1 cy for 63 file

GEOLOGICAL SURVEY
Bo. 157 Howard Street
Spokane, Washington 99204
September 28, 1965

CERTIFIED MAIL - RRR

Mr. Fred A. Gossi

Clayton, Idaho

Re: DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract Idm-X619

Dear Mr. Gossi:

The U. S. Geological Survey, Office of Minerals Exploration, is successor to the Defense Minerals Exploration Administration, and is responsible for various functions formerly performed by that agency.

In connection with the above-cited contract, will you kindly advise us whether or not there has been any production from the Deer Trail claim since July 1959. In the event that there has been production, we would also like to know the quantity of any shipment, its value, and the name and address of the buyer.

As stated in your letter of July 1, 1955, to Highland-Surprise Consolidated Mining Company, you and your partners did not wish to give your consent to a Government lien on the mining claim to secure repayment of a DMEA loan. However, I am writing to you because, as an owner of the claim, you would be most apt to know of any production and shipments.

Your cooperation in this matter will be greatly appreciated.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

DRMacLaren/mla
cc: OME(2)
CPF

Director's Reading File

(Dere (2))

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 30 1965

INITIALS	CODE
	120
	220

1 cy for 63 file

No. 157 Howard Street
Spokane, Washington 99204
September 28, 1965

CERTIFIED MAIL - RRR
Mr. Robert A. Rice

Osburn, Idaho

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

Dear Mr. Rice:

The U. S. Geological Survey, Office of Minerals Exploration, is successor to the Defense Minerals Exploration Administration and is responsible for various functions formerly performed by that agency.

In connection with the above-cited contract will you kindly advise us whether or not there has been any production since July 1959 from the claims you now control or once controlled by virtue of an Agreement dated January 31, 1959. In the event there has been production we would also like to know the quantity of any shipment, its value, and the name and address of the purchaser.

Your cooperation in this matter will be greatly appreciated.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

DRMacLaren/mls

cc: OME(2)
CPF

Director's Reading File

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/15	Selfridge	130
"	Johnson	110
		220

SEP 16 1965

Memorandum

To: Acting Field Officer, Region I

From: Chief, Office of Minerals Exploration

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

The subject contract was to be closed June 17, 1965. When MME Form 63, dated March 15, 1963, addressed to Mr. F. L. Persons, was returned to us, it had a notation that the copy of the lease with Robert Rice was held by A. C. Millholland. On June 9, 1964, we sent the form to Mr. Millholland by registered mail, return receipt requested. Although he received the correspondence, he never answered.

Before closing this file, will you please check with the various individuals involved as to possible production in recent years. Our file contains a notation that on November 12, 1964, you secured certain information concerning several properties including the subject one. For background information as to whom should be contacted as there were several owners, you might refer to the last Report of Royalty Review, second page, dated April 16, 1963.

(signed) FRANK E. JOHNSON

Frank E. Johnson

GCSelfridge/gla (9-15-65)
cc to: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Selfridge (2)
120M

23263

#1-INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Deliver *ONLY* to addressee

☒ Show address where delivered

(Additional charges required for these services)

RETURN RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE *(must always be filled in)*

A. C. Milholland

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

A. S. Milholland

DATE DELIVERED	ADDRESS WHERE DELIVERED *(only if requested in Item #1)*
6/15/64	Delivered at Gen. Del. Winter Springs Fla.

16—71548-4 GPO

3664

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

POSTMARK OF DELIVERING OFFICE

SMELTERVILLE
5
04
IDAHO

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO.	NAME OF SENDER
598303	OFFICE OF MINERALS EXPLORATION
CERTIFIED NO.	STREET AND NO. OR P. O. BOX
	DEPT. OF THE INTERIOR
INSURED NO.	CITY, ZONE AND STATE
	WASHINGTON, D. C., 20240

PCD Form 3811 Jan. 1958

C55—16—71548-4

OMEA 3664

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

June 9, 1964

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

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Mr. A. C. Hillholland

Smelterville, Idaho

Dear Sir:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

W. R. Griswold, Chief
Division of Minerals

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since April 7, 1963, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☐

2. Since April 7, 1963, has there been any production from the land subject to the contract? Yes ☐ No ☐

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value
_____		
_____	_____	_____

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore	_____	Tons	_____	_____
Concentrates	_____	Tons	_____	_____
Other	_____	Tons	_____	_____

3. Since _____, has any production been transported through _____ workings (see _____ of contract)? Yes ☐ No ☐

   A. If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value
_____	_____	_____

Submitted by:

Name _____ Title _____

Address _____ Date _____

4511

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code

PROJECT SUMMARY REPORT

By: W. R. Griswold October 16, 1957

1. Docket No. DMEA-3664 (Lead-Zinc)
Contract No. Idm-E819
Location: Deer Trail Mine
Custer County, Idaho

Operator: Highland-Surprise Consolidated Mining Company
Post Office Box 889
Wallace, Idaho

Operator's Property Rights: Lease and Option, May 29, 1953
Lease and Option, December 1, 1952
Owner of unpatented claims.
Owners Consents to Lien, dated December 15, 1954, December 27, 1954 and December 30, 1954.

2. Contract dated June 17, 1955.

Work Authorized

56 hours bulldozing, @ $10.00/hr.	$ 560.00
2,100 feet diamond drilling, EX @ $4.75/ft.	9,975.00
Compressor house and shop, wood, 16x24 Ft.	400.00
250 samples, assay for Lead, Zinc, silver, @ $3.00/sample	750.00
1,200 feet drifting and crosscutting, @ about $39.90/ft.	47,885.00
Total estimated cost of project	$59,570.00
Government's participation, 50%	$29,785.00

8623

Amendments

No. 1 Dated September 29, 1955.

Provides drifting and crosscutting and diamond drill stations may be done under "Independent Contracts".

Places diamond drilling and bulldozing under fixed unit costs.

No increase in contract total.

No. 2 Dated August 10, 1956.

Contract total cost increased from $59,570.00 to $67,840.00. Government's participation increase to $33,920.00.

Two more diamond drill holes are added from underground sites and two more from surface locations.

Costs are added as follows:

10 hours bulldozing @ $12.00/hr.	$ 120.00
Underground drilling 0-250 ft. depth	
400 feet @ $5.15/ft.	2,060.00
plus 250 feet, 100 ft. @ $5.65/ft.	565.00
Surface diamond drilling 0-250 ft. depth	
500 feet @ $7.45/ft.	3,725.00
plus 250 feet, 200 ft. @ $7.95/ft.	1,590.00
60 samples @ $3.50/sample	210.00
Total cost of new work	$ 8,270.00

No. 3 Dated November 9, 1956.

Insignificant changes, permits EX drilling where necessary to complete an AX hole.

Mutual Termination Agreement dated March 20, 1957.

Work Completed

1,200 feet drifting and crosscutting @ $34.00/ft.	$40,800.00
110 feet diamond drill stations @ $34.00/ft.	3,740.00
2,100 feet underground diamond drilling @ $4.75/ft.	9,975.00
650 feet surface diamond drilling @ $7.45/ft.	4,842.00
66.5 hours bulldozing @ $10.00/hr.	665.00
Compressor - shop building	300.00
Total - By Final Audit	$60,300.73
Government's Share, 50%	$30,150.36

Work concluded by mutal termination agreement dated March 20, 1957.

3. Audit Certificate dated April 19, 1957.

Field Team Final Report dated September 1957
Operator's Final Report received May 7, 1956.

4. Certification of Discovery dated May 20, 1957.

Ore Estimates

40,850 tons of 0.75 ounces of silver, 2.8% lead, and 11.3% Zinc.

5. Comments:

Work under the project was done in an efficient manner. Results were most disappointing, the initial showings were impressive but work showed the ores to be in scattered, erratic bunches of little significant magnitude. Possibly a small tonnage may be extracted by lessess but there seems no expectancy of any serious operations. The ore deposits, such as they are, are replacements occurring within tactized zones of limy rocks.

W. R. Griswold

W. R. Griswold

WRG/er
Copy to: Docket
Mr. Johnson
Chron.

DMEA Form 17
Feb. 58

DEFENSE MINERALS EXPLORATION ADMINISTRATION

WORK COMPLETED ANALYSIS

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

Operator: Highland-Surprise Consolidated Mining Co.		Actual Cost	x ✗
State: Idaho		Agreed Unit Cost ⊕	x
Final Report of Audit	x	Commodity: Lead-Zinc	Docket No. DMEA-3664
Final Report of Review			Contract No. Idm-E819

Operation	Authorized by Contract and Amendments		Completed		Net cost after sale of Government Property
	Units	Cost	Units	Cost	
Drifting & Crosscutting	1,310'	$47,879.57	1,287'	$44,244.48	$44,244.48
Underground D.D.(AX) ~~XXXXXX~~ 0' - 250' ⊕	440'@ 5.15	2,060.00			
~~+~~ 250' ⊕	100'@ 5.65	565.00			
Shafts					
Surface D.D. (AX) 0' -250' ⊕	500'@ 7.45	3,725.00	650'	4,847.25	14,822.25
~~Winzes~~ ~~+~~ 250' ⊕	200'@ 7.95	1,590.00			
Drilling Diamond (EX) ⊕ (Specify)	2,100' @ $4.75	9,975.00	2,100'	9,975.00	
		Total	2,750'		
Surface Excavation Bulldozing 56½ hrs. @ $10.00/hr ⊕		565.00	56½ hr.	565.00	685.00
~~Underground~~ Excavation Bulldozing Surface 10 hrs. @ $12.00/hr. ⊕		120.00	10 hr.	120.00	
			66.5 hr.		
~~Roads and Trails~~ Assayed 60 samples @ $3.50 each sample (Stage I)		210.00			
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
Compressor House & Shop New Building, Improvements, etc.		400.00		300.00	300.00
Other (Specify) 250 Assays @ $3.00		750.00	83	249.00	249.00
Totals		$67,840.00		$60,300.73	* $60,300.73

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

Prepared by W. P. Klugescheid/er Date 4/2/58

31398

☒ Audited 4/19/57. WORK ANALYSIS SHEET - DMEA PROJECT ☒ Actual Cost

☒ Certified 5/29/57. Analysis as of Audit & Incl. Voucher for Oct. 1956. ⊕☒ Agreed Unit Costs

Name HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY Docket No. 3,664

State IDAHO Commodity LEAD-ZINC Idm-E No. 819

Summation Sheet.

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Stage I Drifting & Crosscutting	1,310'	47,87?.57	1287'	$44,244.48	$44,244.48
Raising					
~~Stage II~~ Underground ~~Shafts~~ D.D. (AX) 0'-250' ⊕	400' @ 5.15	2,060.00			
" " " " +250' ⊕	100' @ 5.65	565.00			
Stage II ~~Surface~~ ~~Winzes~~ D.D. (AX) 0'-250' ⊕	500' @ 7.45	3,725.00	650'	4,847.25	×
" " " +250' ⊕	200' @ 7.95	1,590.00	Total 2,750'		14,822.25
Stage I Drilling (Specify) ⊕ Diamond (EX)	2,100' @ $4.75	9,975.00	2,100'	9,975.00	×
Stage I Surface Excavation ⊕ 56½ hrs Bulldozing @ $10.00		565.00	56.5 hrs	565.00	× 685.00
Stage II ~~Underground Excavation~~ ⊕ 10 hrs Bulldozing @ $12.00/hr		120.00	Total 66.5 hrs	120.00	×
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Stage II 60 samples assayed @ $3.50 ea ~~Underground Rehabilitation~~		210.00			
Stage I Compressor House & Shop New Building, Improvements, etc.		400.00		300.00	× 300.00
Stage I Other (Specify) 250 Assays @ 3.00		750.00	83	249.00	× 249.00
Totals		$67,840.00		$60,300.73	$60,300.73

Amend Nos. 1, 2, & 3 posted

Operator's Final Report - 1st Stage received April 7, 1956. Checked Audit

Amend. No. 3. - The fixed unit costs shall be reduced by $0.25/ft. for each foot of hole drilled less than AX size, also some other clauses.

Termination agreement: dated March 20, 1957.

Field Team Final Report received Sept. 30, 1957.

Indicated Ore Reserves - 40,850 Tons @ 0.75 oz/ton Ag, 2.8% Pb, and 11.3% Zn.

Operator's Final Report received April 25, 1956.

Project Summary Report written.

Prepared by W. P. Klugescheid

71626

☐ Audited

☐ Certified

WORK ANALYSIS SHEET - DMEA PROJECT

Analysis as of _____
Incl. Voucher for August 1956

☒ Actual Cost

(+) ☒ Agreed Unit Costs

Name HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY.

Docket No. 3,664

State IDAHO

Commodity LEAD-ZINC

Idm-E No. 819

Stage I.

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting 5'x7' Independent Contract	1,200' @ 20.94*	$25,128.00	1,287'	26,949.78	✓
~~Raising~~ Diamond Drill Stations	110' @ 20.94*	2,303.40			
Shafts					
Winzes					
Drilling (Specify) (+) Diamond (EX)	2,100' @ 4.75	9,975.00	2,100'	9,975.01	✓
Surface Excavation (+) 56½ hrs. Bulldozing @ $10.00		565.00	56.5 hrs.	565.00	✓
Underground Excavation					
~~Roads and Trails~~ Supervision		5,200.00		5,200.00	✓
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
~~Underground Rehabilitation~~ Mat'ls & Supp. Etc.		15,248.17	See below	11,769.49	✓ Which is total allowance under 20% cost.
New Building, Improvements, etc. Compressor House & Shop		400.00		300.00	✓
Other (Specify) 250 assays @ 3.00		750.00	83	249.00	✓
Rounded Totals		$59,570.00		55,008.28	
		Actual (59,569.57)		Cost. Sept.	

* maximum

Materials and Supplies Etc.

Materials + Supplies	$8,442.00
Depreciation	3,233.67 ✓
Miscellaneous: Equip. Transp.	985.00
" Repairs	2,400.00
Ins.-Supt.	187.50
	$15,248.17

Amendment No. 1. Incorporated.

Prepared by A. P. Klugescheid

71626

Contract

Stage I

1,200' Drifting & Crosscutting (5'x7')
11 D.D. Stations. (5'x7'x10' long)
2,100' D.D. (EX or larger)

Actual Costs.

Category 1. Amendment No. 1. incorporated.

~~Bull dozing 56 hours @ $10.00 ✓ $ 560.00~~
1200' Drifting and Crosscutting @ $20.94/ft. * ✓ $25,128.00
110' Diamond Drill stations @ $20.94/ft. * ✓ 2,303.40
~~2,100' D.D. @ $4.75 ✓ 9,975.00~~

~~✓ $27,431.40 40,535.00~~

Category 2.

~~Supervision + Labor~~ ✓ Supervision 5,200.00
~~Labor 16,489.00 21,689.00~~

Category 3.

Operating Materials & Supplies Explosives 4,529.33
Bits & Steel 2,000.00
6,529.33 14,971.33
−6,529.33
✓ 8,442.00

Category 4.

Depreciation — Operating Equipment. ✓ 3,233.67

Category 6.

Compressor house & Shop (16'x24') ✓ 400.00

Category 7.

Miscellaneous

Payroll Taxes 2,606.00
Misc Hours Expense 2,000.00 7,991.00
4,606.00 -4,606.00

Liability Insurance - Supt. 3,385.00
187.50
3,572.50 Total.

250 Assays (Ag, Pb, Zn) @ 3.00 750.00 ~~8,771.00~~
~~4,322.50~~

~~Total.~~ ~~$59,570.00~~

Fixed Unit Costs.

56 1/2 hours - Bulldozing @ $10.00 ✓ 565.00

2,100' of D.D. @ 4.75 ✓ 9,975.00
10,540.00

Rounded to $59,570.00
reduced and added do not check by $0.43 = (59,569.57)

amend No. 2,

Stage II

Fixed Unit Costs,

10 hrs Bulldozing @ $12.00/hr,	$ 120.00
Underground D.D. (AX) 0-250' = 400' @ 5.15/ft.	2,060.00
Underground D.D. more than 250' depth 100' @ 5.65/ft.	565.00
Surface D.D. 0-250' 500' @ 7.45/ft.	3,725.00
Surface D.D. more than 250' depth 200 @ 7.95/ft.	1,590.00
60 Samples @ 3.50/ea	210.00
	8,270.00

Stage I	$59,570.00
Stage II	8,270.00
Total	67,840.00

Spent

July & Aug 1955 Sept, Oct, Nov, Dec 1956 Jan. Feb.

1287, 1028, 1268 | 848 633 417 133 | 43435.69 26,551.92 | 17,457.12 21,526.32 | 13,255.02 8,731.98 | 2,985.02

Independent Contract 20.94 *

Drilling 582.5 253.1 868.5 1,538.00 @ 4.75 | 7,305.51 | 4,125.48 | 2,766.88 | 1,207.23

Exploration | 3,975.00 | 3,345.00 | 2,775.00 | 2,175.00 1,575.00 975.00

Category 6. — New Building | 400.00

Category 3

Timber | 409.86

Pipe | 727.23 137.55 114.00 83.04 40.27 7.40

Tie | 178.12

Track Accessories | 950.62 447.20 143.70 57.70

Other. | 3,009.75 2,311.49 1,111.62 3,917.72 1,256.45 785.03

See Next Page

Equip. Repairs | 2542.57 2,148.15 789.12 610.59 351.74 119.24

Equip. Transport. | 985.00

Vent. Pipe | 287.41 89.75 74.20 536.28

Fixed Unit Costs — 56½ hrs. building @ $10.00 | 565.00

Category 7. Misc

Supp. & Svs. | 187.50 138.70 106.56 111.91 73.35 41.21

Category 4.

Equip. Rental | 2,023.87 593.91 2,463.87 1,146.26 180.15 319.64

Sampling | 147.00

Tests | 39,660.00 15,235.56 6,539.85 51,853.20 31,037.15 24,536.98

1956. ~~Feb~~, ~~March~~, August.

Dr+XCs Labor	Supervision	Timber	Ties	Pipe	Other	Dr+XC. Feet
2,785.02	975.00	409.86	198.12	1.70	705.03	133
5,946.96	600.00			38.57	406.59	284
4,523.04	600.00			42.74	126.83	216
4,502.10	600.00	0	0	30.96	1073.04	215
3,769.20	600.00			25.23	698.26	180
5,025.60	600.00			588.00	907.97	240
						Feb. 19
26,551.92	3,975.00			727.23	3,917.72	1,287
394.86	600.00			-368.51	-493.18	
26,949.78	4,575.00			358.72	3,424.54	
	625.00			-40.58	29.15	
0	5,200.00			318.14	3,453.69	
	0			0	0	

Equip. Dep	Equip. Repairs	Ins	Equip. Rent	Total
319.64	119.24	41.21	985.00	6,539.82
413.31	235.47	32.14	216.93	8,695.74
413.31	285.83	33.21	1,201.93	7,301.42
447.15	148.58	32.14	0	8,500.17
430.23	1,359.03	33.21		8,625.85
430.23	394.42	15.59		12,193.20
2,453.87	2,542.57	187.50		51,855.20
333.69	180.99	0		2,578.90
2,787.56	2,723.56			54,432.10
0	24.00			895.08
	2,747.56			55,327.18
	0			-180.22
				55,146.96

[illegible]

Bulldozing	Bldgs etc	Track	Dozing Hrs	Drilling	Drill Prod
565.00	400.00	57.70	56½	1202.23	253.1
	-100.00	86.00		1564.65	329.4
		4.00		1358.50	286.0
	300.00	802.92		3180.13	669.5
		950.62		7,305.51	562.0
		-475.31		2,669.50	2,100.00
		475.31		9,975.01	
		-38.28			
		437.03			

Vent. Pipe	Sampling etc
74.20	147.00
15.55	102.00
198.19	249.00
248.34	
536.28	
-268.14	
268.14	
-101.36	
166.78	

Stage II

Sept. 1956

Rotary drilling	212' @ 7.45	1,579.40
Bulldozing	10 hrs @ 12.00	120.00
		1,699.40

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

April 15, 1964

Mr. A. G. Millholland
Smeltervillo
Idaho

Re: MMA-3064 (Lead-Zinc)
Highland-Surprise Consol.
Mining Co.
Deer Trail Mine
Custer County, Idaho
Contract Idm-8819

Dear Sir:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since April 7, 1963, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☐

2. Since April 7, 1963, has there been any production from the land subject to the contract? Yes ☐ No ☐

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value
_____	_____	_____
_____	_____	_____

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity	Estimated Grade	Location
Ore	_____ Tons	_____	_____
Concentrates	_____ Tons	_____	_____
Other	_____ Tons	_____	_____

3. Since _____, has any production been transported through _____ workings (see _____ of contract)? Yes ☐ No ☐

   A. If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value
_____	_____	_____

Submitted by:

Name _____ Title _____

Address _____ Date _____

4511

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

Memorandum

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

From: Acting Field Officer, Region I

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

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: OSE(2)
CAAA
CPF

Bunding copies to:
Nolan
McKalvey

OFFICIAL FILE COPY
O. M. E
RECEIVED MAY 1 1963

DATE	INITIALS	CODE
5/1	[illegible]	800
	Ground	500
		200

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

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-E819

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

43683

One (2)

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 28 1961

DATE	INITIALS	CODE
8/28	[illegible]	800
		~~500~~
4	[illegible]	530
		220

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

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

Re: DMEA-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 lease 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 lessees refuse to do so.

Sincerely yours,

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

Reading copies to: Holm,
Hobbs, Guild

DRMacLaren:mls
cc: OME(2)
CFF

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 5 1959

DATE	INITIA	
10/7	RCW	2.25
10/5	Accounts	500
		225

So. 157 Howard Street
Spokane 4, Washington

October 1, 1959

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

Re: Docket No. DMEA-3664 (Lead-Zinc)
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-1819

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)

OFFICIAL FILE COPY
DMEA
RECEIVED 1957

IN REPLY REFER TO:

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

12/2 C 220
12/2 ~~[illegible]~~ 500

November 29, 1957
Re: DMEA 3664 Idm-E819
Highland-Surprise Cons. Mining Co.
Deer Trail Mine
Custer County, Idaho
Lead-Zinc

Memorandum

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

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

Subject: Review of Field Team Final Report

The contract, awarded June 17, 1955, with amendments approved the expenditure of $67,840 in exploring zinc and lead-bearing tactite zones in a roof pendant. The operator did not own the property.

Work costing $60,300.73 'discovered' several irregular blocks of material, only 2 of which are considered worthwhile by the examiners. As estimated by the examiners, they contain:

Block A	18,750 tons	(Approx.)
Block C (Footwall)	12,100 "	(")
Block C (Hanging Wall)	10,000 "	(")
Total	40,850 "	

	Ag Oz.Ton	Pb %	Zn%
Average grade	0.75	2.8	11.3

Such material is not immediately worth mining, but certification was recommended and was made May 20, 1957.

The contract was terminated by mutual agreement, effective December 15, 1958. The operator subsequently abandoned its lease and option. Participation by the Government in further work is not recommended.

I concur with the recommendation.

N. E. Nelson

N. E. Nelson

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

October 15, 1957

Re: DMEA 3664; Idm-E819
Highland-Surprise Consol. Min. Co.
Deer Trail Mine
Custer County, Idaho

Memorandum

To: W. R. Griswold, DMEA

From: O. M. Bishop, USBM

Subject: Review of Final Report by Alvord and Bardill on Deer Trail Mine

I have studied the final report from the viewpoint of whether the report forms an adequate record of the work and findings.

The report is well written, concise and meaningful statement of the work with economic interpretations that will be of considerable worth in any future evaluation of the property.

I commend the company and the DMEA organization on a job well done.

O. M. Bishop

O. M. Bishop

Copy to: Division of Minerals
Mr. Kiilsgaard
Mr. Lamb
Mr. Bishop
F I L E S

NATIONAL FILE COPY
DMEA
RECEIVED
DATE | TIME | OFFICE
10/15 | B | 220
10/16 | ~~WRG~~ | 500

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

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 30 1957

DATE	INITIALS	CODE
9/30	C	220
"	[illegible]	100
	[illegible]	130
10/2	CJ	220
10/2	[illegible]	500

September 26, 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 three copies of a Field Team final report on this property by John D. Bardill, Metallurgist, Bureau of Mines, and Donald C. Alvord, Geologist, Geological Survey.

Work under the contract started about July 15, 1955, and was terminated by mutual agreement December 15, 1956. Twelve hundred feet of drift and crosscut, 110 feet of diamond drill stations, 2,100 feet of underground diamond drill holes, 700 feet of surface diamond drill holes, and 66.5 hours of bulldozing were completed at a total cost of $60,300.73 (Government's share $30,150.36).

Indicated reserves resulting from this project are estimated to be 40,850 tons of ore containing 0.75 ounce silver per ton, 2.8 percent lead and 11.3 percent zinc. A discovery was certified May 20, 1957.

By Field Team, Region I

A. E. Weissenborn

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

Thomas E. Howard

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

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

Reviewed by
DMEA OPERATING COMMITTEE
10/2/57
(Date)

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD TEAM, REGION I

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 30 1957

DATE	INITIALS	CODE

FINAL REPORT

Contract Idm-E819

by

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

Donald C. Alvord
Geologist
U. S. Geological Survey

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
P. O. Box 889
Wallace, Idaho

Docket No.:	DMEA-3664
Commodity:	Lead-Zinc
Contract date:	June 17, 1955
Termination date:	December 15, 1956

Reviewed by
DMEA OPERATING COMMITTEE
10/2/57
(date)

DEER TRAIL MINE
East Fork Mining District
Custer County, Idaho

Spokane, Washington

September 1957

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Plate 2 - Geologic Map of Surface	In pocket
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Plate 4 - Geologic Cross-Section through Plane of Diamond Drill Hole No. 1	In pocket

FINAL REPORT

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
Deer Trail Mine
East Fork Mining District
Custer County, Idaho

Contract Idm-E819

* * * *

INTRODUCTION

This report describes an exploration project for lead and zinc conducted jointly by the Highland-Surprise Consolidated Mining Company and the Defense Minerals Exploration Administration at the Deer Trail mine, Custer County, Idaho.

Summary

A "zinc" zone and a "zinc-lead" zone were explored by 1,200 feet of adit drifts and crosscuts, 2,100 feet of underground diamond drilling, and 700 feet of surface diamond drilling, at a total cost of $60,300.73, of which the Government's participation was 50 percent.

An estimated 40,850 tons of indicated ore averaging 0.73 ounce silver per ton, 2.8 percent lead, and 11.3 percent zinc resulted from the work. Inferred ore tonnage was not calculated or considered of consequence.

The Operator considered the deposits to be too small to exploit economically and relinquished his leases.

Recommendations

Certification of Discovery or Development was recommended by the Field Team on February 5, 1957, and was made on May 20, 1957. Government participation in any further exploration at this property is not recommended.

LOCATION AND ACCESSIBILITY

The property is in unsurveyed 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, Custer County, Idaho. It is located upstream in Fourth of July Canyon about 11 miles east of U. S. Highway 93. The mine access road joins the highway 17 miles south of Stanley, Idaho (fig. 1). The access dirt road to the mine is passable to ordinary vehicles, but its upper portion is rough, rocky, and crooked.

The mine is at an altitude of about 8,900 feet in moderately wooded, mountainous terrain. Winters are severe with heavy snowfalls. Snow removal will be necessary about 6 months of the year to keep the mine accessible for year-round operation.

PROPERTY

The quartz lode claims are recorded in the Office of the Recorder of Custer County at Challis, Idaho, and are shown on figure 2 of this report.

The following claims were held by the right of location:

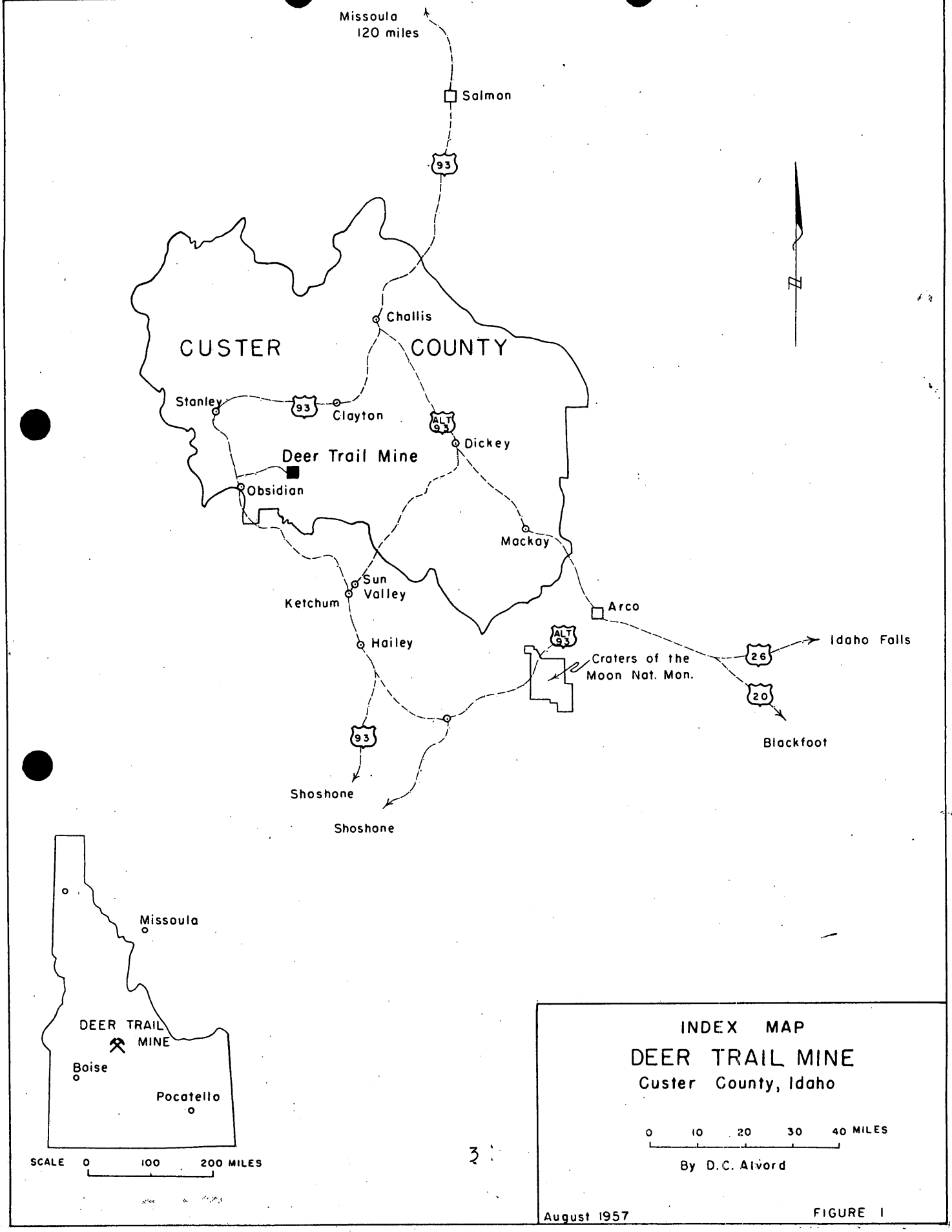
Name	Book	Page
H.S. No. 1	14	304
H.S. No. 2	14	304
H.S. No. 3	14	305
H.S. No. 4	14	306
H.S. No. 5	14	307
H.S. No. 6	14	308
H.S. No. 7	14	309

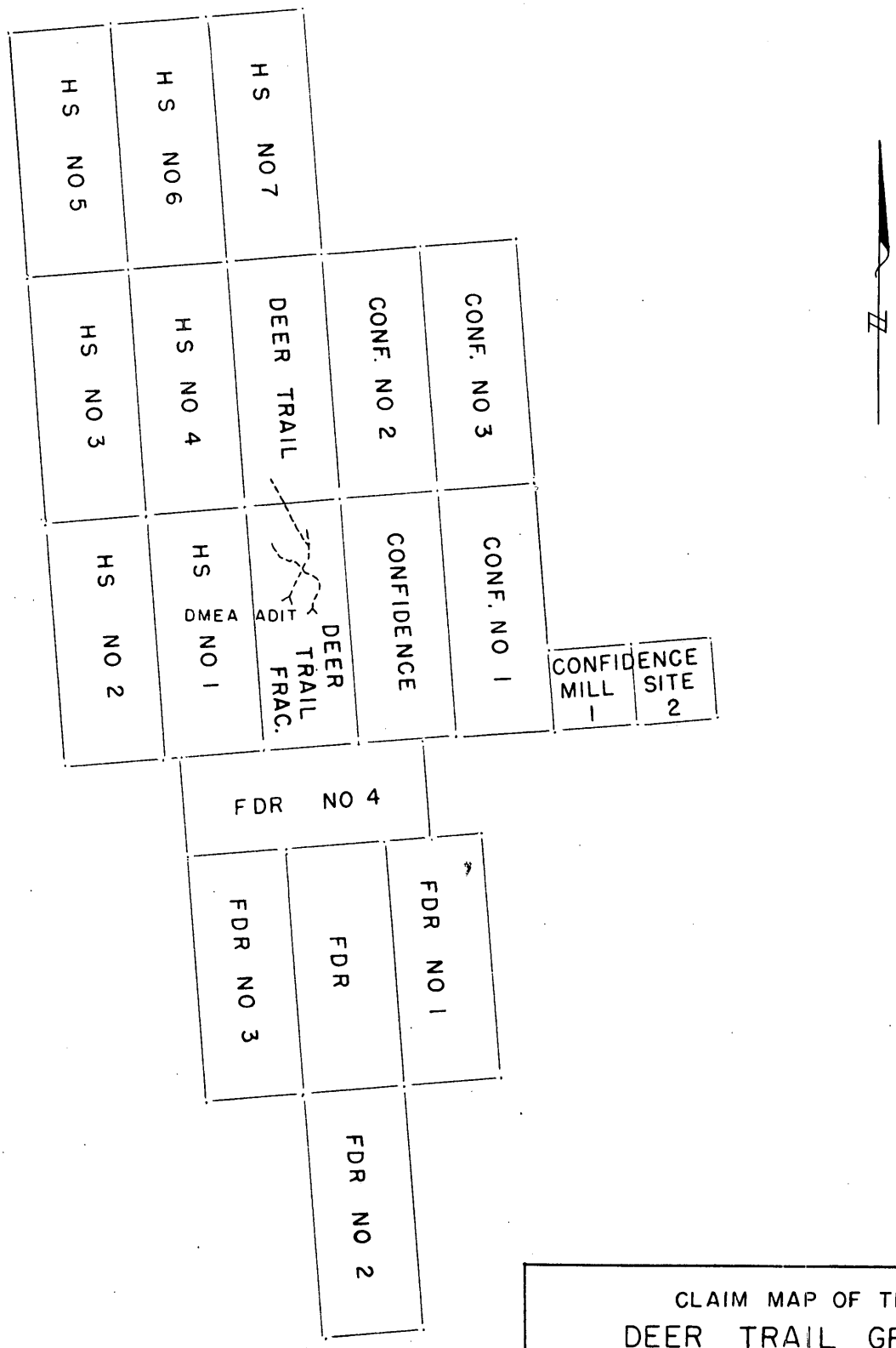
The following claims were reportedly held under lease and option to purchase from F. L. Persons and associates.

Name	Book	Page
Deer Trail Fraction	14	299
Deer Trail	B	488

The FDR group of claims is owned by Rupert L. Niece and Dr. E. W. Fox and is being purchased by the company.

Name	Book	Page
FDR	11	638
FDR No. 1	14	313
FDR No. 2	B	231
FDR No. 3	B	232
FDR No. 4	B	233


Missoula
120 miles
Salmon
93
CUSTER
COUNTY
Challis
Stanley
93
Clayton
ALT 93
Dickey
Deer Trail Mine
Obsidian
Mackay
Sun Valley
Ketchum
Arco
ALT 93
Hailey
Craters of the Moon Nat. Mon.
26
Idaho Falls
20
Blackfoot
93
Shoshone
Shoshone
Missoula
DEER TRAIL MINE
Boise
Pocatello
SCALE 0 100 200 MILES
INDEX MAP
DEER TRAIL MINE
Custer County, Idaho
0 10 20 30 40 MILES
By D.C. Alvord
August 1957
FIGURE 1



CLAIM MAP OF THE
DEER TRAIL GROUP
Custer County, Idaho

0 500 1000 2000 FEET

By D.C. Alvord

August 1957

FIGURE 2

The Confidence group of claims is owned by Louis and Ada Cossl and Marie and Arnold Fuller under option to purchase to Elmer Erderlin who, in turn, had leased them under option to purchase to the company.

Name	Book	Page
Confidence	11	378
Confidence No. 1	10	537
Confidence No. 2	10	537
Confidence No. 3	10	539

Records indicate that there has not been any production of consequence from this property.

When the DMEA contract became operative, the underground workings consisted of a partially caved 270-foot adit on the Deer Trail Fraction, a crosscut, and 2 drifts, totaling approximately 450 feet on the Confidence claim and 2 short adits on the FDR claims.

An old log cabin approximately 16 by 60 feet, having 5 rooms, was the only building on the property.

GEOLOGY

The general geology of the area in the vicinity of the Deer Trail deposit is described by C. P. Ross in U. S. Geological Survey Bulletin 877, Geology and Ore Deposits of the Bayhorse Region, Custer County, Idaho (1937). A brief but outdated description of the deposit appears on pages 153 and 156 of this bulletin under the headings of the Lucky Strike and Deer Trail properties. These two properties have been combined and form the heart of the property now known as the Deer Trail.

The Deer Trail deposit lies within a contact metamorphic zone along the western margin of a granitic pluton that lies about 4½ miles east of the main body of the Idaho batholith. The rocks of the pluton range in composition from granodiorite to quartz monzonite. The position, structural relation and composition of the pluton suggest that it is a part of the batholith and that granitic rocks of the batholith underly the area separating the batholith and the pluton at comparatively shallow depth (pl. 1 accompanying U. S. Geol. Survey Bull. 877).

Granitic rocks of the pluton crop out east and south of the mine area and are cut in the northern part of the DMEA adit.

Volcanic rocks of the Challis volcanic series (late Oligocene or early Miocene) crop out across the gully from 300 to

500 feet northwest of the mine area. The area between the mine and the gully is mostly covered by glacial moraine. Ross indicates that the contact between the volcanics and the Milligen formation is a fault. The fault as shown on Ross' map trends N. 30° E., dips northwest and the indicated movement is normal.

The greater part of the sedimentary rocks in the mine area are black carbonaceous argillites of the Milligen formation of Mississippian age. In places the argillite is somewhat calcareous and interbedded with several carbonaceous limestone beds. Although it is generally possible to trace the limy zones, individual limestone beds are lenslike. Even the thicker beds, as thick as 50-80 feet, thin appreciably within a few tens of feet (pl. 1). Where exposed, the bedding in the mine area strikes northwest and generally dips steeply toward the southwest. In places, however, the beds dip steeply northeast.

Cleavage is well-developed in the argillaceous rocks. It strikes northwest and dips steeply toward the southwest and, for the most part, cuts the bedding at a small angle. In areas where the cleavage is unusually well-developed it is often difficult to distinguish it from bedding.

Diamond drilling west of the principal mine area (underground Hole 13 and surface Holes 1 and 3) discloses some breccia and quartzite beds. Two types of breccia are recognized: one, in which the groundmass and fragments are essentially sedimentary rocks, the other in which the fragments are sedimentary rocks and the groundmass igneous. The latter type is similar to the large breccia zone exposed in the northern part of the DMEA adit at the contact of the igneous pluton and rocks of the Milligen formation (pl. 1). Both types of breccia are probably of similar origin and related to the intrusion of the pluton.

The possibility does exist, however, that the breccia in which the fragments and groundmass are sedimentary rocks is a depositional breccia. If this were the case the breccia might be a part of the basal member of the Wood River formation of Pennsylvanian age which overlies the Milligen formation in this area. On the basis of available information, however, it is more likely that the breccia is related to the intrusion of the pluton. In any event the occurrence of the breccia mass immediately west of the mine area makes exploration in this direction unattractive.

The sedimentary rocks in the mine area have been thermally metamorphosed and some of the limestones and calcareous argillites converted to tactite. The tactitization is somewhat irregular and appears more intense in areas cut by transverse fractures (pl. 1).

Although granitic dikes intrude the sedimentary rocks in the mine area, these in themselves will not account for the amount of metamorphism. It appears that most of the metamorphism has been caused by the intrusion of the pluton and that the main mass of the pluton probably underlies the mine area at shallow depth.

The ore bodies on the property occur within limy zones and are generally associated with tactite bodies. The DMEA project was planned to test two such limy zones. At the start of the project the western zone was referred to as the "zinc vein" and the eastern zone as the "lead vein." This distinction was made because the dominant ore mineral in the western zone is sphalerite, whereas the eastern zone contains, in places, fair amounts of galena in addition to the sphalerite.

The horizon containing the "zinc vein" can be traced in pits, trenches, and dumps of inaccessible workings along it for about 200 feet (pl. 2). At no point, however, is the zone well-exposed. The workings along it indicate that the zone is perhaps 50 feet wide. In some places the zone appears to be nothing more than an essentially barren tactite zone; in other places it contains a considerable amount of pyrite and, locally, fair amounts of sphalerite and minor amounts of galena. In still other places it is represented by gossan.

The "zinc vein" is exposed in the DMEA adit crosscut 93-183 feet from the portal and over a distance of 70 feet at the west end of the hanging-wall drift (pl. 1). Where exposed, the vein consists of a complex of tactitic and hornfelsic material which, in places, contains disseminated grains and lenses of sulfides. In places the dominant sulfide mineral is pyrite, whereas in other places it is a mixture of pyrite and sphalerite. The trend of the "zinc zone" is N. 25°-35° W., and it dips 70°-78° SW. The zinc-bearing tactite zone is cut by N. 20°-30° E.-striking, NW.-dipping faults, and it appears that the sulfides are localized along these cross structures at their intersections with limy zones.

It is of interest to note that the "old timers" followed structures that, for the most part, cross the bedding. In the A and B adits (pl. 1) work was directed along a structure that strikes N. 50° E. and dips steeply to the northwest. Most of the sphalerite and galena noted along this structure were in areas of limy rocks. In the B adit small amounts of disseminated sphalerite and galena were also noted on a weak structure which strikes north-northwest and dips steeply southwest.

The horizon containing the "lead vein" is exposed in 2 trenches about 100 feet apart (pl. 2). This horizon appears to be from 10 to 20 feet wide and because of its relatively narrow width

the zone appears to be much more tabular than the zinc zone. In the upper pit the ore zone, 15.5 feet wide, consists of alternating bands of gossan and gray granular limestone with disseminated pyrite, sphalerite, and galena. Much of the lower trench is now filled with muck. In 1954, 60 tons of ore were shipped from this trench; this ore averaged 9.8 percent lead and 9.1 percent zinc.

The "lead zone" was cut in the DMEA adit crosscut 280 feet from the portal and was followed with some discontinuities, for a distance of 185 feet. This zone is about 10 feet wide, strikes N. 30° W. and dips 70°-75° SW. It is a tactite zone with some disseminated grains and small pods of sulfide mineral. As in the "zinc zone" northeasterly trending cross faulting appears to have controlled the sulfide mineralization in the "lead zone" (pl. 1).

Minor amounts of chalcopyrite occur in the "zinc zone" near the face of the DMEA hanging-wall drift. Lamping with an ultraviolet lamp also discloses sparse amounts of scheelite in places along both the lead and zinc zones.

As is evident on the geologic map of the adits (pl. 1), the ore occurs as more or less erratic lenses within the limy horizons. There is usually evidence of cross fracturing within the area of the ore lenses and some of the lenses appear as if they might be controlled by crosscutting pre-mineral faults (pl. 1, ore lenses on western zone exposed along fault in DMEA adit crosscut). Because many of the cross fractures appear to be best developed in the ore zone and die out in the argillaceous rocks these fractures are not too useful a guide to ore.

Considering that the limestone horizons within which the ore lenses occur are themselves lenslike, it is extremely difficult to explore the deposit systematically and to block out reserves. As a matter of fact the deposit may be considered as an excellent example of the extremesurate type.

Although several ore lenses have been indicated by DMEA work, only one appears to be of sufficient size to be of any real interest at this time. This lens is exposed along the eastern zone in the vicinity of Survey Station No. 35 (pl. 3). In this area the eastern horizon is marked by a tactite zone about 50 feet wide. The DMEA drift was driven along the footwall of this zone and exposed a small ore lens for a distance of 100 feet along the immediate footwall of the tactite zone. The Operator's samples of this footwall lens indicate an average width of 5.0 feet and a grade of 1.5 ounces silver per ton, 6.0 percent lead, and 13.4 percent zinc. DDH 21 drilled to test the tactite zone in the hanging wall of the DMEA drift cut 7 feet of ore averaging 7.3 percent lead and 5.0 percent zinc from 23 to 30 feet from the collar, and

3 feet of material averaging 0.2 percent lead and 4.4 percent zinc on the hanging wall of the tactite zone from 38 to 41 feet from the collar. The remaining part of the tactite zone contained only sparse disseminated grains of ore minerals. On the DMEA adit level this lens is approximately 130 feet directly down the dip of the ore zone from the pit from which 60 tons of ore averaging 9.8 percent lead and 9.1 percent zinc was shipped in 1954. It is also approximately 160 feet directly up dip from the ore intersected in DDH 1 which was drilled prior to the project (pl. 4). This hole cut a large tactitic zone between 280 and 368 feet from the collar. Corrected for strike and inclination of the hole (pls. 1, 3) the true thickness of the zone represented is approximately 60 feet. The average grade of the core from this section of the hole was 1.36 ounces silver per ton, 2.09 percent lead, and 11.15 percent zinc. It appears reasonable to assume that the ore disclosed at these three locations may be a part of a large irregular lens.

Work to date indicates that other ore lenses, indicated in the surface pit along the western zone and the DMEA adit level workings along this zone, are erratic and small; however, some ore might be mined from several of these lenses.

THE PROJECT

At the time of the application examination the "lead vein" and "zinc vein" were explored on the surface by trenching and could be traced or inferred along strike 200 and 130 feet, respectively. Overburden and swamp concealed the north and south ends of these veins. The "lead vein" appeared to range in width from 6 to 14 feet and a 60-ton shipment mined from a surface pit in the vein assayed 9.8 percent lead and 9.1 percent zinc. In addition, sampling indicated that from 1 to 2 ounces silver per ton might be expected in the ore-grade portions of the "lead vein." The "zinc vein" appeared to range in width from 30 to 40 feet, and samples indicated that the structure contained a trace gold and 0.3 ounce silver per ton, 0.15 percent or less copper, 0.5 percent or less lead, and about 6 percent zinc.

Prior to the DMEA contract the company drilled five holes to explore this prospect.

Reportedly, DDH 1, drilled at -45°, intersected the main "zinc vein" from 285 feet to 370 feet and cored ore that averaged 0.9 ounce silver per ton, 7.8 percent zinc, and 1.9 percent lead. The true width of the vein is about 30 feet. The sludge from a section between 238 feet and 248 feet was said to assay 0.3 ounce silver per ton, 12.1 percent zinc, and 0.16 percent lead.

DDH 2, drilled from approximately the same location, was reported to have followed a conglomerate bed its entire length and cut no ore.

DDH 3, drilled at -45°, was said to have cut the "zinc vein" between 125 and 137 feet, assaying 1.8 ounces silver per ton and 9.0 percent zinc. Between 216 and 231½ feet, a 10-foot sample assayed 3.2 percent zinc and 0.15 percent lead; the next 3.5-foot sample assayed 2.9 percent zinc and 0.4 percent lead. At 244-249 feet, a 5-foot sample assayed 0.4 ounce silver per ton, 5.4 percent zinc, and 0.4 percent lead.

DDH 4 was not completed and the results of DDH 5 are not known.

Several small, hand-sorted, high-grade shipments of lead-silver ore were made to the smelter at Salt Lake City, Utah.

The results of the drilling correlated with the surface showings clearly indicated that additional exploration was warranted.

Applicant's Proposal

The applicant originally proposed the following exploration program for the Deer Trail group and FDR group.

Deer Trail group

1. Preparatory work consisting of snow removal, access road repair, preparation of tunnel site, construction of compressor shed, installation of compressor, and ventilation, air, and water lines, and construction of cabin for crew and repair shop.

2. Drive an adit about 150 feet to the vein structure, drift about 450 feet easterly along the footwall, crosscut about 250 feet from the "zinc vein" to the "lead vein" and drift about 350 feet on the "lead vein" or a total of not more than 1,200 feet.

3. Cut 11 diamond drill stations and drill 11 holes totaling approximately 2,100 feet.

FDR group

Stage I

1. Preparatory work consisting of snow removal, access road repair, bulldozing, and trenching.

Stage II

1. Approximately 1,000 feet of drifting along the vein structure.

2. About 1,200 feet of diamond drilling from the proposed drift to prospect possible ore zones on both sides of the drift.

The applicant estimated that the total cost of the project would be $139,552.40 and that 10 months would be required to complete the work.

Description of Project Work

An examination of the property was made by Bureau of Mines and Geological Survey representatives and from their recommendations together with those of the Washington office, a modified program was proposed to the Operator. The contract, dated June 17, 1935, was approved and signed by the Operator with the following major provisions:

Exploration was to be confined to two approximately parallel veins in the Deer Trail Fraction claims. No allowance was made for prospecting the FDR group.

Fifty-six hours of bulldozing surface trenches, access roads, and tunnel site and 2,100 feet of diamond drilling were to be done on an independent contract basis. Drifting and cross-cutting a total of 1,200 feet and construction of a compressor house and shop were to be done on a maximum allowable actual cost basis. Estimated total cost of the project was $59,570, of which the Government's share was 50 percent or $29,785.

Amendment No. 1, dated September 29, 1935, changed bulldozing and diamond drilling from an independent contract category to a fixed unit cost category and drifting, crosscutting, and diamond drill stations were transferred to an independent contract status with a maximum allowable unit cost.

Amendment No. 2, dated August 10, 1936, increased the contract to $67,840 and designated the work completed under Amendment No. 1 as Stage I of the project. Stage II added 2 underground diamond drill holes aggregating 500 feet and 2 surface diamond drill holes totaling 700 feet, with allowances for bulldozing drill sites and assaying, all at fixed unit costs.

Amendment No. 3, dated November 9, 1936, revised the contract to permit the reduction in size of the drill holes from AX to EX where feasible.

Operations were started about July 15, 1935, and by August 15 a tunnel site had been cleared and a 70-foot waste rock trestle was completed.

Drifting, crosscutting, bulldozing, cutting drill stations and diamond drilling progressed without any major interruptions until the project was completed late in February 1936.

No work was done from February to August 1936 while the Operator's request for more underground and surface diamond drilling was being studied and considered by the Field Team and Washington, D. C. Surface diamond drilling was started in August 1936 after Amendment No. 2 was approved by both parties. Two surface diamond drill holes were completed by the end of October 1936. The results of this drilling, destined to prove the southward extension of the "lead" and "zinc" veins, were discouraging, and the Operator gave up plans to do the underground drilling provided by Amendments No. 2 and 3. A substantial payment to the lessor was due, but the Operator did not think the payment was justified and stopped the work before completion of the contract.

A mutual termination agreement, effective December 15, 1936, was signed by the Operator on March 20, 1937.

The main crosscut adit was driven about N. 20° E. for approximately 303 feet from the portal, cutting the "zinc vein" to the "lead vein."

Approximately 183 feet from the portal a drift was driven about 60 feet, bearing roughly N. 30° W. on the "zinc vein," then turned to about N. 68° W. for about 125 feet. At this point the drift was turned to N. 40° W. and advanced 93 feet to the end.

At the end of the crosscut a drift was driven on the "lead vein," bearing roughly N. 8° W. for about 130 feet. Approximately 40 feet back from the face where the vein had been displaced the drift was turned in a general N. 35° W. direction and driven on the vein for a distance of about 450 feet, passing through a dacite dike and a narrow zone of tactite, into a wide zone of granitic breccia, and ending in granodiorite. Total drifting and crosscutting, including allowance for portal site and curves, was 1,219 feet.

Nine underground diamond drill stations were cut totaling 87 feet as listed on the next page.

Station for holes	Depth (feet)
6	13
8, 9 and 10	13
11, 12	10
13	7
16	5
18	20
20	9
21	6
22	4
Total	87

One hundred feet of crosscutting for stations was authorized.

Twenty-one hundred feet of diamond drilling was authorized under the original contract. The following holes were drilled (pl. 3):

Hole	Depth (feet)
6	101.0
7	83.0
8	20.9
9	46.2
10	200.8
11	178.8
12	235.8
13	261.0
14	30.8
15	81.0
16	82.0
17	53.8
18	160.9
19	92.0
20	100.2
21	100.0
22	250.0
23	71.4
24	130.0
25	27.0
Total	2,303.6

Two surface diamond drill holes not exceeding a total of 700 feet and 2 underground diamond drill holes not exceeding a total of 500 feet were authorized by Amendment No. 2. The following surface holes were drilled (pl. 1):

Hole	Depth (feet)
27	350
28	301
Total	651

Ore Reserves

In the Operator's final report reserves totaling 107,187 short tons of ore have been calculated in 4 blocks to a depth of 200 feet below the DMEA adit level. Approximately 45,000 tons of this reserve (blocks "B" and "D"), however, are considered by the Operator as too low grade (0.4 percent lead and 5.2 percent zinc) to be of interest at this time leaving 62,187 tons minable under present conditions. This, however, seems overly optimistic.

The deposits are extremely irregular in form and definitive reserve estimates cannot be made on the basis of the present exposures; however, block "A" of the "zinc vein" and block "C" of the "lead vein" shown on plate 4 are considered to contain indicated reserves of ore grade. We agree with the Operator that blocks "B" and "D" are too low grade to be considered.

The calculations of the indicated ore reserves are given on the next page. Note that a factor of 12 cubic feet per ton has been used. This seems more reliable than the 8 cubic feet per ton used by the Operator in his estimate.

Ore Block "A"

Grade: 0.6 ounce silver per ton, 0.5 percent lead, 11.5 percent zinc

Approximate dimensions of ore body:

Width (feet)	Length (feet)	Depth (feet)	
50	50	Above adit level	40
		Below do.	50
Total			90

$\frac{50 \times 50 \times 90}{12}$ = approx. 18,750 tons

Ore Block "C"

Hanging-wall vein ore grade: 3.4 percent lead, 7.5 percent zinc

Footwall vein ore grade: 1.6 ounces silver per ton, 6.0 percent lead, 13.4 percent zinc

Footwall vein

Width (feet)	Length (feet)	Depth (feet)	
5	100	Above adit level	90
		Below do.	200
Total			290

$\frac{5 \times 100 \times 290}{12}$ = approx. 12,100 tons

Hanging-wall vein

Width (feet)	Length (feet)	Depth (feet)	
5	100	Above adit level	90
		Below do.	150
Total			240

$\frac{5 \times 100 \times 240}{12}$ = approx. 10,000 tons

Total indicated tonnages of Blocks "A" and "C": 40,850 tons

Indicated average grade of Blocks "A" and "C":

Ag oz/T	Pb %	Zn %
0.75	2.8	11.3

No estimates of inferred ore have been made.

Because of the variations in thickness and the paucity of exposures and sample data the indicated reserves for any single reserve block might actually amount to as much as twice, or as little as one-half the tonnage calculated. Undoubtedly, some ore might also be recovered from small high-grade ore pockets located along the veins in the vicinity of blocks "B" and "D."

Exploitation Possibilities

The Operator's final report optimistically estimates a substantial profit would result from a mining operation at the Deer Trail mine.

Our estimated reserves are 40,850 tons of indicated ore averaging about 0.75 ounce silver per ton, 2.8 percent lead, and 11.3 percent zinc. Based on recoveries of 95 percent of the lead in the lead concentrates and 90 percent of the zinc in the zinc concentrates and the price of lead at 14.05 cents per pound and zinc at 13.5 cents per pound, net smelter returns before haulage cost to the railroad would be about $2.20 per unit lead, $1.05 per unit zinc, and $0.75 per ounce silver contained in the mill heads. Net value per ton would approximate $18.59 and $759,400 for the total reserves. After deducting about $1.55 per ton for haulage of concentrates to the railroad, $2.75 for milling, $7.25 for mining, $3 for mine development, overhead, Social Security, workmen's compensation, etc., $100,000 for 100 tpd mill plant, $50,000 for mine plant, royalties ranging from 5 to 20 percent and taxes and incidentals, the operation would result in a considerable loss.

Metal recoveries are based on the Operator's laboratory tests and the value of concentrates upon Montana smelter schedules.

The Operator's usage of Clayton-Silver Mines costs for calculating costs at the Deer Trail mine seems unwarranted because the Clayton mine development costs are distributed over several hundreds of thousands of tons of ore. Also, the Clayton mine and mill plants have probably been amortized years ago, whereas the

Deer Trail plants would have to be amortized by mining and processing less than a hundred thousand tons. Furthermore, Clayton's mining costs are relatively low because the ore bodies are several hundred feet long, relatively steep, and vary in width from about 15 to 45 feet, making shrinkage stoping a low cost mining method.

The Deer Trail mine is relatively isolated and winter weather conditions severe with heavy snowfalls and temperatures to -30° F., all of which increase costs.

Although the ore lenses discovered under the contract do not justify further development by mining companies such as the Highland-Surprise, it is probable that they will be mined by small-scale high-grading operations, but such operations may only be profitable during periods of high prices for lead and zinc. For this reason, in a letter of February 5, 1957, the Field Team recommended that a Certification of Discovery or Development be issued.

Summary of Factual Data

The contract, dated June 17, 1955, was in the amount of $59,570 in which the Government participation was 50 percent. Amendment No. 2, dated August 10, 1956, added Stage II, increasing the total amount of the contract to $67,840.

Under the original contract bulldozing and diamond drilling were on an independent estimated actual cost contract, and access roads, adit site, compressor-shop building, diamond drill stations, drifting, and crosscutting were on an estimated actual cost basis. Amendment No. 1, dated September 29, 1955, changed the status of bulldozing and diamond drilling to a fixed unit cost basis and drifting, crosscutting, and diamond drilling to an estimated maximum allowable cost per foot basis.

Twelve hundred feet of drifting and crosscutting, 110 feet of diamond drill stations, 2,100 feet of underground diamond drilling, 700 feet of surface diamond drilling, and 66.5 hours of bulldozing were completed under the contract. Two underground diamond drill holes provided under Amendment No. 2 were not drilled because the Government and Operator mutually agreed that these holes were not necessary.

The total cost of the work completed was $60,300.73, of which the Government participation at 50 percent was $30,150.36.

The following is a summary of the allowable costs of the project:

Items of cost	Total cost	Cost/ft.
Stage I		
Fixed unit costs:		
Diamond drilling, 2,100 feet at $4.75/ft.	$ 9,975.00	$ 4.75
Bulldozing, 56.5 hrs. at $10/hr. for drifting and crosscutting 1,200 feet	527.00	0.47
Bulldozing, 3.8 hrs. at $10/hr. for drill stations, 87 feet for 2,100 feet of drilling	38.00	0.02
(1) Independent Contracts		
Drifting and crosscutting 1,200 ft. at $20.94/foot	$25,128.00	$20.94
Diamond drill stations, 87 ft. at $20.94 for 2,100 ft. of drilling	1,821.78	0.87
(2) Labor and Supervision		
Supervision:		
Diamond drilling, 2,100 ft.	$ 1,150.00	$ 0.55
Drifting and crosscutting, 1,200 ft.	3,776.00	3.16
Drill stations, 87 ft. for 2,100 ft. of drilling	274.00	0.13
(3) Operating Mat'ls. and Supplies (for drifting and crosscutting)		
Timber and ties	607.93	0.51
1/ Pipe, air and water	388.37	0.32
1/ Track, spikes, fishplates, etc.	437.03	0.36
1/ Ventilation pipe	166.78	0.14
1/ Other	3,201.79	2.68
Other for diamond drill stations for 2,100 ft. of drilling	251.90	0.12

1/ Adjusted for salvage recovered.

Item of cost	Total cost	Cost/ft.
(4) Operating Equipment		
Depreciation, drifting and crosscutting	$ 2,599.12	$ 2.17
Depreciation, drill stations	188.44	0.09
(6) New Bldgs., Improvements, etc.		
1/ Compressor-shop building for drifting and crosscutting	$ 300.00	$ 0.25
(7) Miscellaneous		
Repairs to Equipment:		
Drifting and crosscutting	$ 2,560.94	$ 2.13
Drill stations	185.74	0.09
Sampling:		
Drifting and crosscutting	$ 111.00	$ 0.08
Diamond drilling	138.00	0.06
Payroll Taxes:		
Drifting and crosscutting	$ 50.50	$ 0.04
Diamond drilling	23.79	0.01
Liability insurance:		
Drifting and crosscutting	$ 282.45	$ 0.24
Equipment Transportation:		
Drifting and crosscutting	$ 1,078.62	$ 0.90
Drill stations	81.25	0.04
Total of Stage I	$55,333.48	

1/ Adjusted for salvage recovered.

Items of cost	Total cost	Cost/ft.
Stage II		
Fixed unit costs:		
Bulldozing drill sites, 10 hrs. at $12/hr.	$ 120.00	$ 0.18
Surface diamond drilling, 650 ft.	4,847.25	7.46
Total of Stage II	$ 4,967.25	$ 7.64

Total amount of contract	$67,840.00
Government's share at 50 percent	33,920.00
Total amount expended	$60,300.73
Government's participation	30,150.36
Total amount unexpended	$ 7,539.27
Government's share unexpended	3,769.63
Royalty payments received	none
Underground diamond drilling cost per foot	$ 6.73
Underground diamond drill stations	2,841.11
Underground diamond drill stations per foot (87 ft.)	32.66
Cost of drifting and crosscutting per foot	34.35
Cost of surface diamond drilling per foot	7.64

There was no production from the project.

The following materials and supplies were salvaged:

440 ft. of used 10" galvanized vent pipe at $0.21/ft.	$ 92.40
150 ft. of new 12" rubber ventube	156.52
Fittings	84.64
Total	$ 333.56
Less 50 percent salvage	$ 166.78
2,144 ft. of used 20# rail at $0.22/ft.	$ 471.68
348 ft. of new 20# rail at $0.7126/ft.	247.98
3 switches, fishplates, etc.	154.40
Total	$ 874.06
Less 50 percent salvage	$ 437.03
1,014 ft. of used 2" water pipe and fittings at $0.079/ft.	$ 80.11
1,014 ft. of used 4" air pipe and fittings at $0.4104/ft.	415.74
Total	$ 495.85
Less 50 percent salvage	$ 247.92
Miscellaneous small tools	$ 220.57
Less 50 percent salvage	$ 110.28
Compressor house and shop 15 ft. by 40 ft. allowed	$ 400.00
Less 25 percent salvage	100.00
Total salvage value of equipment, building and supplies	$1,062.01

Discussion of Conclusions

The work was performed competently and progress was good considering the adverse weather conditions during the early winter months.

The Deer Trail property contains small extremensurate replacement deposits occurring within tactitized zones of limy rocks. The pattern or control of the ore bodies within the tactitized zones is not known. There is some evidence to suggest that the ore may be controlled by crosscutting sets of mineral-bearing fractures, but this is inconclusive.

The irregular lenslike nature, size, and distribution of the ore bodies, the small reserve indicated by the amount of exploration done, and the isolated location of the deposit indicate that it is not of any great potential significance. The exploration has shown that the ore-bearing tactite zones are cut off to the north by granitic breccia and dacite; drilling to the south (DDH-27, DDH-28, pl. 1) has demonstrated that the ore does not extend southward. Drill hole information shows the area west of the mine is underlain by breccia and quartzite and that no worthwhile targets exist in this area. Rock exposures and adits east of the DMEA adit do not indicate the presence of promising zones near the surface in this area. The potential depth of the ore-bearing zones is unknown. DDH 1 showed that the "zinc vein" persists to at least 300 feet below the surface. This fact, however, is tempered by the inference that the deposit is confined to a roof pendant underlain by plutonic rocks at shallow depth. In short, targets warranting additional exploration on the subject property are lacking.

Further participation by DMEA in exploring the Deer Trail property is not recommended.

Enclosures
Distribution:
DMEA(3)
USBM(5)
USGS(SRO)
Docket
Alvord

maps for
Field Team
Report -
Sept. 1957 -

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 9 1957

9/9	Q	220
9/9	4507	800
9/10	4508	500

So. 157 Howard Street
Spokane 4, Washington

September 6, 1957

Mr. Elmer Enderlin
Stanley, Idaho

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Co.
Deer Trail Mine
Contract No. Idm-2619

Dear Mr. Enderlin:

Thank you for your letter of August 29, 1957, advising us of your shipment from the Confidence claims.

Sincerely yours,

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

cc: DMEA (2) w/3 cys incoming
USBM (2)

Stanley, Idaho
August 29,1957

Mr. A.E. Weissenborn,
Executive Officer,
Region 1,
South 157 Howard St.
Spokane, 4
Washington.

Dear Mr. Weissenborn:
We are shipping the first carload of lead, zinc and silver ore from the Confidence Claims S.E. of Stanley, Idaho to smelter at Salt Lake City with instructions to forward direct to you the 5% royalty as although the Highland -Surprise Co. did not do any developement work on our claims they were included in the Deer-Trail contract no. Idm-E819 Docket no.3664.

Sincerely Yours,
Elmer Enderlin
Elmer Enderlin

Sep 5 1957
U.S.G.S.
SPOKANE

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
6/28	[illegible]	300
6/28	[illegible]	130
"	[illegible]	110
"	[illegible]	100
7/1	[illegible]	225
		320

500

JUN 28 1957

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

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Weissenborn:

We have our copy of your June 12 letter to Mr. C. Walker Lyon covering the certification of the cited contract.

In this connection, our letter to Mr. F. L. Persons was returned to us by the Post Office. Perhaps you can make delivery via Mr. Lyon, hence, we are enclosing it for you to forward.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JLB)

WRGriswold/er 6/28/57
Copy to: Docket
Admr R File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

Enclosures

APPROVED:

P. F. Yopes (JLB)
Member, Bureau of Mines

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

8623

ORIGINAL FILE COPY
DMEA
RECEIVED JUN 17

DATE	INITIALS	AMT.
6/17	JDB	220
6/18	[illegible]	800
6/19	[illegible]	500

Re. 157 Howard Street
Spokane 4, Washington

June 12, 1957

Mr. C. Walker Lyon
Viel Building
Salmon, Idaho

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Ida-8819

Dear Mr. Lyon:

Reference is made to your inquiry of June 7, 1957, concerning a Certification of Discovery or Development at the Deer Trail mine.

Each of your clients received a copy of the certification and a copy of the letter dated May 20, 1957, which was directed to Mr. Frank J. Lundin, President of Highland-Surprise Consolidated Mining Company, informing him of the Government's claim on royalty from production. For your information, we quote below two pertinent paragraphs from the letter:

> "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."

> "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."

If you have any further questions, please feel free to write us again. We are enclosing for your information a thermofax copy of the certification.

Sincerely yours,

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

cc: DMEA (2) w/2 copies of incoming
USBM (2)
USBM (AD)
Alvord

LAW OFFICES
C. WALKER LYON
VIEL BUILDING
SALMON, IDAHO

CITY ATTORNEY

PHONE 2814

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 17 1957

DATE	INITIALS	CODE
✓		

June 7, 1957

Mr. A. E. Weissenborn, Exec. Officer
U. S. Geological Survey
Defense Minerals Exploration Administration
South 157 Howard Street
Spokane 4, Washington

Dear Mr. Weissenborn:

I am representing F. L. Persons, A. C. Milholland, Chester Sater and Paul Rayburn in the matter of lease agreement settlement with the Highland Surprise Consolidated Mining Company.

I am informed by Mr. Persons that a DMEA loan was procured for the Deer Trail claims, Custer County, Idaho, and that your department has certified a discovery and claim of lien upon the premises. As you know the mining company abandoned the property back to my clients and for them I am inquiring as to the amount of your claimed lien and the date of such lien so that I may allege it in the proceeding.

Sincerely,

/s/ C. Walker Lyon

CWL:li

DMEA

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 3 1957

DATE	INITIALS	CODE
6/3	C	220
6/3	[illegible]	800
6/6	WRB	500

So. 157 Howard Street
Spokane 4, Washington

May 29, 1957

Mr. F. L. Persons
Box 343
Challis, 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. Persons:

This will acknowledge receipt of your letter of May 22, 1957, asking whether or not the DMEA intended to certify discovery as a result of exploration at the Deer Trail mine.

You no doubt by this time have received a letter dated May 20, 1957, from C. O. Mittendorf, Administrator of DMEA, enclosing a copy of a certification.

If you have any other questions, please feel free to write us again.

Sincerely yours,

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

cc: DMEA (2) w/2 copies of incoming
USBM (2) " " " "
Alvord
USBM (AD)

Hailey Idaho

[illegible] 1951

[illegible] Mr. Parsons as [illegible] Daily [illegible] him [illegible] standing as copy.
Cmd.

OFFICIAL FILE COPY
E M E A
RECEIVED
DATE

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 8 1957

DATE	INITIALS	CODE
7-8	C	220
7/8	[illegible]	800
7/9	[illegible]	500

So. 157 Howard Street
Spokane 4, Washington

July 3, 1957

Registered
Return Receipt

Mr. F. L. Persons
Box 343
Challis, Idaho

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-5819

Dear Mr. Persons:

In view of our past correspondence concerning certification of the above project, it is with a bit of embarrassment that we forward to you the following correspondence: (1) letter from Mr. Mittendorf dated May 20, 1957, with which he enclosed, (2) a copy of a letter dated May 20 directed to Mr. Frank J. Luedke, President of the company and lessee of the Deer Trail at the time of exploration work, and (3) copy of the Certification of Discovery or Development.

As you will note, this correspondence was mailed to you at Hailey, Idaho, but was returned to our Washington, D. C. office marked "Unknown".

We are sorry for the mixup in addressing this correspondence and hope it did not inconvenience you too much.

Sincerely yours,

Donald R. MacLaren
Alternate Acting Executive Officer
DMEA Field Team, Region I, NW Dist.

Enclosures

cc: C. Walker Lyon
Viel Building
Salmon, Idaho

DMEA (2)
USBM (2)
USBM (AD)

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/13	Griswold	500
5-15	Chamberlin	800
	Selfridge	130
	Lamb	
	Kilsgaard	
5/17	Johnson	110
	Mittendorf	100
5/21		225
		500

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. DMEA3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Dear Trail Mine
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development related to Exploration Project Contract No. Idm-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, 3,300 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

WRGriswold 5/13/57
Copy to: Docket
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Admr R Files
Op. Committee
Con. Adm & Audit Div.
Region I, NW Dist (2)
Mr. F.E. Johnson
Mr. Griswold
Chron.

Enclosures

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/13	Swanson	500
5/15	Long	140
	Sawyer	140
5-15	Chapman	800
5/17	Schmidt	130
	Lamb	
	Kiilsgaard	
5/17	Swan	110
	Mittendorf	150
		225 500

500

MAY 20 1957

Mr. Chester Sater
Kellogg, Idaho

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

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, WRGriswold/er 5/13/57

C. O. Mittendorf
(for)
Administrator

Copy to: Docket
Mr. C.A.Fredell,DR.TDS,DMS
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Cont.Adm & Audit Div.
Region I, NW DIST.(2)
Mr. Johnson
Mr. Griswold
Chron.

Enclosures

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/13	Griswold	500
5/15	Long	140
"	[illegible]	140
"	Chambers	800
	Selbedge	130
	Lamb	
	Kilsgaard	
5/17	Johnson	110
20	Mittendorf	100

225
500.

MAY 20 1957

Mr. F. L. Persons
Hailey, Idaho

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E519

Dear Mr. Persons:

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
(for)
Administrator

WRGriswold/er 5/13/57
Copy to: Docket
Mr. C.A. Fredell,DR,TDS,DMS
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Cont. Adm & Audit Div.
Region I, NW Dist. (2)
Mr. Johnson
Mr. Griswold
Chron.

Enclosures

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/13	Griswold	500
5/15	Long	140
	Sawyer	140
"	Chambers	800
	Selbridge	130
	Lamb	
Kiilsgaard		
5/17	Johnson	110
20	Mittendorf	100

225
500.

500

MAY 20 1957

Mr. Elmer Enderlin
Stanley, Idaho

Re: Docket No. DMEA-3661 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-8819

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 Owner's Consent 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
(for)

Administrator

WRGriswold/er 5/13/57
Copy to: Docket
Mr. C.A. Fredell, DR.TDS.DMS
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Cont. Adm & Audit Div.
Region I, NW Dist. (2)
Mr. Johnson
Mr. Griswold
Chron.

Enclosures

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/13	Griswold	500
5/15	Long	140
✓	Sluyter	140
"	Chandler	500
	Selbridge	130
	Lamb	
	Kiilsgaard	
5/17	Johnson	110
20	Mittendorf	100
		225
		500.

MAY 20 1957

500

Mr. Rupert L. Niece
Stanley, Idaho

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

Dear Mr. Niece:

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
(for)
Administrator

WRGriswold/er 5/13/57
Copy to: Docket
Mr. C.A. Fredell, DR, TDS, DMS
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Cont. Adm & Audit Div.
Region I, NW Dist. (2)
Mr. Johnson
Mr. Griswold
Chron.

Enclosures

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/13	Griswold	500
5/15	Long	140
	Sampson	140
5-15	Chafuks	800
	Selfridge	130
	Lamb	
	Kiilsgaard	
5/17	Johnson	110
20	Mittendorf	100
		225
		500.

500

MAY 20 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-E819

Dear Mr. Milholland:

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, WRGriswold/er 5/13/57
Copy to: Docket
Mr. C. A. Fredell, DR,TDS,DMS
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Contr. Adm & Audit Div.
Region I, NW Dist.(2)
Mr. Johnson
Mr. Griswold
Chron.

C. O. Mittendorf
(for)
Administrator

Enclosures

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/13	Griswold	500
5/15	Long	140
"	Sheegan	140
"	Chashlus	130
	Lamb	
	Kiilsgaard	
5/17	Johnson	110
76	Mittendorf	00
		225

500

MAY 20 1957

500.
Selfridge

Louis and Ada Gossi
1018 Pueblo Street
Boise, Idaho

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

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,

C. O. Mittendorf

Administrator

WRGriswold/er 5/13/57
Copy to: Docket
Mr. C.A. Fredell, DR.TDS, DMS
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Cont.Adm & Audit Div.
Region I, NW Dist. (2)
Mr. Johnson
Mr. Griswold
Chron.

Enclosures

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/13	Griswold	500
5/15	Long	140
—	Lanyon	140
"	Chrysthen	800
	Schwabe	130
	Lamb	
	Kiilsgaard	
5/17	Garson	110
	Mittendorf	100

500

225
500.

MAY 20 1957

Arnold and Marie Fuller
Grass Valley, California

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

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
(for)
Administrator

WRGriswold/er 5/13/57
Copy to: Docket
Mr. C. A. Fredell, DR,TDS,DMS
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Cont.Adm & Audit Div.
Region I, NW Dist (2)
Mr. Johnson
Mr. Griswold
Chron.

Enclosures

8623

OFFICIAL FILE COPY

Date	SURNAME	CODE
5/13/57	Sivanel	500
5/15	Long	140
	[illegible]	140
"	Chandler	800
	Selfridge	130 ✓
	Land	
	Kiilsgaard	
5/17	Jordan	110
20	Mittendorf	100
		225
		500

MAY 20 1957

Mr. Paul Rayburn
Osburn, Idaho

Re: Docket No. DEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

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, WRGriswold/er 5/13/57

C. O. Mittendorf

Administrator

Copy to: Docket
Mr. C.A.Freddell,DR,TDS,DMS
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Cont. Adm & Audit Div.
Region I, NW Dist. (2)
Chron.
Mr. Johnson
Mr. Griswold

Enclosures

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/13	Griswold	500
5/15	Long	140
✓	Sawyer	140
"	Chamberlin	800
	Selfridge	130
	Lamb	
	Kiilsgaard	
5/18	Johnson	110
20	Mittendorf	100
		225
		500.

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. Idm-E819

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
(for)
Administrator

WRG riswold/er 5/13/57
Copy to: Docket
Mr. C.A. Fredell, DR.TDS, DMS
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Cont. Adm & Audit Div.
Region I, NW Dist. (2)
Mr. Johnson
Mr. Griswold
Chron.

Enclosures

8623

So. 157 Howard Street
Spokane 4, Washington

May 9, 1957

DISTRICT, FILE COPY DMEA RECEIVED MAY 10 1957		
DATE	INIT.	VOUCHER
5/16	2409	220
5/17	2420	800
5/20	[illegible]	500

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

Re: Docket No. DMEA-3664 (Lead-Zinc)
Dear 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

ORIGINAL FILE COPY
DMEA
RECEIVED

DATE		CLAIM
5/7	C	220
5/10	[illegible]	800
5/10	[illegible]	500

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-8819

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

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

cc: DMEA (2)
USGS (2)

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4-26	Chambers	800
4/26	C	220
4/29	[illegible]	500

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-E819, DMEA-3664

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

8623

OFFICIAL FILE COPY
DMEA
RECEIVED 1957

DATE		CODE
4/30	C	220
4/30		800
5/3		500

So. 157 Howard Street
Spokane 4, Washington

April 23, 1957

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-E819

Dear Mr. Luedke:

Because of the small amount of drilling done on the above referenced property since you submitted a final report, and in view of the completenss of your logs and monthly narrative reports covering the additional drilling, the requirement of a supplemental final report is hereby 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

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

OFFICIAL FILE COPY
DMEA
RECEIVED APR 22 1957

DATE	INITIALS	CODE
4/22	C	220
4/22		800
4/22	MEY	500

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-3664 (lead-zinc)
Highland-Surprise Comb. Mining Co.
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-8819

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(a) 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 @ $10.00/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, NW District

A. H. Weissenborn, Exec. Officer

Wing G. Agnew, Member

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

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

500

Date	Surname	Code
4/16	Griswold	500
4/17	Selfridge	120
"	Johnson	110
"	Stattendorf	100
4/18	C	225
		500

APR 17 1957

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

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Weissenborn:

We have your letter of April 5 referring to the cited project. We agree, in view of the comprehensive "final report" submitted by the Operator in April 1956, that no good purpose would be served by demanding a supplement thereto.

Therefore, the requirement for such a supplement may be waived.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

WRGriswold/er 4/16/57
Copy to: Docket
Admr R File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

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

Thor H. Kiilsgaard (THK)
Member, Geological Survey

C

8623

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

OFFICIAL FILE COPY
DMEA
RECEIVED APR 8 1957

DATE	INITIALS	CODE
4/8	C	220
4/8	WRB	500
	Klug	

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

OFFICIAL FILE COPY
DMEA
RECEIVED APR 1

DATE	INITIALS	COD
4/6	C	220
4/2		800
4/3		500

So. 157 Howard Street
Spokane 4, Washington

March 26, 1957

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-E819

Dear Mr. Luedke:

Enclosed for your signature are the original and six copies of a Termination Agreement. If it meets with your approval, would you please sign all copies, retain the one marked for the Operator, and return the rest to this office.

Sincerely yours,

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

Enclosures

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

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3/19	Griswold	500
3-19	Chamberlin	800
3/20	Selfridge	130
"	Johnson	110
"	Whitehead	100
3/21	C	225
		500.

500

MAR 21 1957

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

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Weissenborn:

As recommended in your January 2 letter, we are enclosing the original and five copies of a proposed Termination Agreement covering the cited contract, which has been signed by the Administrator.

If the termination agreement meets with your approval, please present it to the Operator for approval and signature and, when completed, distribute all the copies in the usual manner. Otherwise, and if any proposed change should lie beyond your delegated authority, all copies should be returned to us with your recommendations.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (WB)

WRGriswold/er 3/19/57

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

Enclosures

APPROVED:

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

Thor H. Kiilsgaard (WB)
Member, Geological Survey

[Two extra copies sent F. D.]

8623

Docket Copy

TERMINATION AGREEMENT

It is agreed this _____ day of _____, 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, 1953, 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 operations 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. The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government the royalty on production provided for in the Contract, in the same manner and amount and for the full time and subject to the same conditions provided in the Contract, as if certification of discovery or development had been made, such certification being hereby waived by the Operator.

5. 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

6. 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 _____
Administrator, Defense Minerals
Exploration Administration

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

By _____

Title _____

Indirects 1/15/57
Richard Chambers

DMEA Form 7
(12-56)

500

OFFICIAL FILE COPY

Date	Surname	Code

March 5, 1957

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Termination Agreement, Docket No. DMEA-3664, Highland-Surprise Consolidated Mining Co., Deer Trail Mine, Custer County, Idaho, Contract No. Idm-E819 (Lead-Zinc)

It has been decided that the cited contract will be certified; hence, will you kindly rewrite the Termination Agreement, omitting Item 4 which has the effect of a "pseudo" certification.

3/5/57 WRGriswold/bjl

W. R. Griswold

Copy to: Docket
Chron.

8623

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

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 11 1957

DATE	INITIALS	CODE
2/12	C	220
		225

February 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 Co., Deer Trail Mine,
Custer County, Idaho
Contract No. Idm-819

Dear Mr. Selfridge:

This is in reply to your letter of January 28, 1957, regarding a possible certification of the cited contract.

As indicated in the June 20, 1956 memorandum of J. J. Quinlan, the ore deposits at the Deer Trail property are very irregular in shape and can be projected only very short distances with any degree of confidence. Quinlan's reserve estimates will not be altered significantly in the final report. Therefore, his estimate of 15,000 to 40,000 tons of ore averaging 6.1 percent lead and 13.4 percent zinc in the eastern zone and 5,000 tons of approximately 10 percent zinc ore in the western zone is still valid.

Although the ore lenses discovered under the contract do not justify further development by mining companies such as the Highland-Surprise, it is probable that they will be mined by small-scale high-grading operations, but such operations may only be profitable during periods of high prices for lead and zinc. For this reason, it is recommended that a certificate of discovery be issued.

The addresses of the various people who signed the Owners' Consents to Lien have been checked and corrected according to the most recent information available to this office and are as follows:

Louis Gossi and Ada Gossi
1018 Pueblo
Boise, Idaho

Arnold Fuller and Marie Fuller
Grass Valley, California

Elmer Enderlin
Stanley, Idaho

Rupert L. Niece
Stanley, Idaho

Dr. E. W. Fox
Stanley, Idaho

F. L. Persons
~~Challis~~, Idaho
Hailey

A. C. Milholland
Smelterville, Idaho

Chester Sater
Kellogg, Idaho

Paul Rayburn
Osburn, Idaho

By Field Team, Region I, NW Dist.

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

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

cc: USBM (2)
USBM (AD)
Alvord

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

500

Date	Surname	Code
	[illegible]	500
1/28	Seymour	130
1/28	Johnson	110
"	Whitesides	100
1-29	cw	220 225

JAN 28 1957

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

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Weissenborn:

We have your January 2 letter, with enclosure, regarding a termination for the cited contract.

We should first have your recommendation concerning a possible certification of discovery. In the June 20, 1956 memorandum of J. J. Quinlan we note the statement:

> " . . . this lens would probably contain somewhere between 15,000 and 40,000 tons of ore . . . 6.1 per cent lead and 13.4 per cent zinc."

In case you feel a certification is warranted, will you please kindly check the addresses of the various people who signed the Owners' Consents to Lien. The only addresses we have (taken from lease copies) are as follows:

Louis Gossi and Ada Gossi
Boise, Idaho

Arnold Fuller and Marie Fuller
Grass Valley, California

Elmer Enderlin
Stanley, Idaho

Rupert L. Niece
Stanley, Idaho

R.C.S.

8623

Dr. E. W. Fox
Stanley, Idaho

F. L. Persons
Kellogg, Idaho

A. C. Milholland
Kellogg, Idaho

Chester Sater
Kellogg, Idaho

Paul Rayburn
Kellogg, Idaho

We shall hold the matter of termination pending until we hear from you.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2/B)

APPROVED:

Frank D. Lamb (2/B)
Member, Bureau of Mines

N. E. Nelson (2/B)
Member, Geological Survey

WRGriswold/er 1/25/57
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code

500

January 11, 1957

Memorandum

To: The Administrator

From: Chief, Base Metals Division

Subject: Preparation of Mutual Termination Agreement for Docket No. DMEA-3664, Highland-Surprise Consolidated Mining Company, Deer Trail Mine, Custer County, Idaho, Contract No. Idm-E819, Lead-Zinc.

Will you kindly prepare a mutual termination for the cited project to be effective December 15, 1956. A "pseudo-certification" should be included.

W. R. Griswold

W. R. Griswold

WRG/er
Copy to: Docket
Base Metals
Chron.

8623

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 7 1957

DATE	INITIALS	CODE
1 7	C	220

January 2, 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 Co., Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Selfridge:

Enclosed are two copies of a self-explanatory letter dated December 21, 1956, from Mr. W. A. Callaway, Secretary-Treasurer of the above-referenced company.

From our monthly inspection reports, we have been aware of the fact that the results of the completed drilling have been increasingly discouraging and that the Operator did not wish to complete the contract. We agree with the Operator that completion of the remaining holes would be a waste of money and effort, and recommend that a mutual termination agreement, effective December 15, 1956, be prepared for the Operator's signature.

By Field Team, Region I, NW Dist.

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

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

Enclosure

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

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

203 GYDE-TAYLOR BUILDING

WALLACE, IDAHO

MINE OFFICE:
BOX 600, KELLOGG, IDAHO

FILE COPY
DMEA
7 1957
CODE

December 21, 1956

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

Re: Docket No. DMEA-3664 (lead-zinc)
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Weissenborn:

As you know, the surface core drilling provided for by Amendments No. 2 and No. 3 to the above contract was completed in October, 1956. The results of this effort to prove a southward extension of the mineralized zones were so discouraging that we gave up our plans to do further underground drilling as provided by the amended contract.

Since the ore bodies exposed and indicated by the work which has been done at the Deer Trail Mine do not, in our opinion, justify the cost of further development and the construction of a concentration mill, we decided to completely abandon the project. Sunshine Mining Company, who was associated with us in the joint venture to explore the property, concurred with us in this decision.

Removal of machinery and equipment from the property was completed about November 1st and we have relinquished all our rights to the mining claims.

Yours very truly,

Secretary-Treasurer

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

November 16, 1956

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 Amendment No. 3 to this contract signed by Mr. Frank J. Luedke, president of the Highland-Surprise Consolidated Mining Company.

Other copies of this amendment have already been distributed.

Sincerely yours,

A. E. Weissenborn

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

Enclosures
cc: Finance Office
USBM(2)
Alvord

RECEIVED
NOV 19 1956
D.M.E.A.

xxxxxxxxxxxxxxxx
No. 157 Howard Street
Spokane 4, Washington

November 14, 1956

Mr. Frank J. Luedke, President
Highland-Surprise Consol'd. Mining Co.
E. 920 - 26th Avenue
Spokane, Washington

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Dear Trail Mine
Custer County, Idaho
Contract No. Idm-2619

Dear Mr. Luedke:

Enclosed are the original and six copies of Amendment No. 3 to this contract signed by the Government which has been prepared in accordance with the request contained in Mr. Tibor Klabusicky's letter dated October 17, 1956, to allow surface drilling to be done at size EX or larger and to adjust the unit costs accordingly.

If the Amendment meets with your approval, please sign all copies, retain that copy marked "Operator's Copy" and return the others to this office.

Sincerely yours,

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

Enclosures

cc: DMEA(2)
DMEN(2)
DMEA(A)
Alvord

RECEIVED
NOV 19 1956
D.M.E.A.

File Copy
Surname:
Samuel
Chamberlin
Selfridge
Johnson

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

500

11-9-56

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

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

Dear Mr. Weissenborn:

Enclosed are the original and five copies of a proposed Amendment No. 3 to the cited contract, signed by the Government. We believe it follows the recommendations contained in your letter of October 25. Two extra copies are also enclosed for the use of the Field Team.

If the amendment meets with your approval, please present it to the Operator for approval and signature and, when completed, distribute all copies in the usual manner. Otherwise, and if any proposed change should lie beyond your delegated authority, all copies should be returned to us with your recommendations.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Enclosures

WRGriswold/er 11/8/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

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

Thor H. Kiilsgaard (THK)
Member, Geological Survey

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

November 8, 1956

Memorandum for the Files

From: Chief, Base Metals Division

Subject: Justification of Amendment No. 3 for Docket No. DMEA-3664, Highland-Surprise Consolidated Mining Company, Deer Trail Mine, Custer County, Idaho, Contract No. Idm-E819, Lead-Zinc.

The original contract provided for diamond drilling, of AX size or larger. However, it has been found that holes, started with AX, encountered crushed zones (sand pockets) which required casing, followed by use of EX size bits. The amendment permits use of such EX drilling, when necessary, allowing a cost per foot of twenty five cents less than that allotted to the AX drilling.

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

File Copy
Surname

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

October 31, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Prepare an Amendment No. 3 for Docket No. DMEA-3664, Highland-Surprise Consolidated Mining Company, Deer Trail Mine, Custer County, Idaho, Contract No. Idm-E819, Lead-Zinc.

Amendment No. 2 to the contract provides for two diamond drill holes to be drilled from the surface and two diamond drill holes to be drilled from underground locations. In both instances it is specified that the drill holes shall be of AX size, or larger.

We now desire an Amendment No. 3 which will permit of EX drilling at locations where AX is not feasible, but where EX drilling is done the fixed unit costs per foot of drilling provided in Amendment No. 2 will be decreased by $0.25 per foot.

W. R. Griswold

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

xxxxxxxxxxxxxxxxx

No. 157 Howard Street
Spokane 4, Washington

October 30, 1956

Mr. F. L. Parsons
Challis, Idaho

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Parsons:

Thank you for your letter of October 23, 1956, in which you state your interest in the Deer Trail mine at Stanley, Idaho, now being operated by the Highland-Surprise Consolidated Mining Company. As far as the Government is concerned, it is quite permissible for the company to pull out all track, pipe, and vent lines. The Government will retain no equity in the mentioned items as the contract provides that the Operator purchase the Government's equity upon completion of the contract.

I regret to advise you that we are not permitted to give out any information regarding assays and drilling done by any Operator under a Defense Minerals Exploration Administration contract. I suggest that you request this information from the company.

By Field Team, Region I, NW District

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

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

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

DMEA/V

COPY

COPY

Challis, Idaho
Oct. 23, 1956

RECEIVED
NOV 2 1956
D.M.E.A.

Mr. A. E. Weisenborn
Ex. Officer, U.S.G.S.
South 157 Howard St.
Spokane, Wn.

Dear Mr. Weisenborn,

I owned one-third of the Deer Trail properties at Stanley, Idaho, operated by the Highland Surprise. This company is dropping the option and are pulling out all track, pipe, and vent lines. Is this permissible according to the D.M.E.A. Contract? There appears to be quite a nice block of ore there which might be mined profitably and we will likely go back in.

By the way, it it possible to get any information on assays and drilling done there?

Thank you for any help you may give me on this.

Sincerely,

/s/ F. L. PERSONS, CHALLIS, IDAHO

35

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT 29 1956

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

October 25, 1956

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 two copies of a letter dated October 17, 1956, from Mr. Tibor Klobusicky requesting that Amendment No. 2 of Contract No. Idm-E819 be amended to allow the two diamond drill holes, specified in paragraph 2(b) as "AX size or larger," to be partly drilled EX size.

Considering the amount of hole that would have to have been redrilled in order to meet the specifications of the contract, the Field Team believes and recommends that the request should be approved. As the conditions encountered were unexpected and apparently unpredictable, and as EX core recovery has been satisfactory, it is further recommended that the specification for underground drilling also be changed to allow the holes to be drilled EX size or larger. All the costs allowed for AX size or larger should remain the same, but for the EX drilling, it is recommended that these costs be reduced by $0.25 per foot.

By Field Team, Region I, NW District

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

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

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

RECEIVED
OCT 29 1956

xxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

October 25, 1956

Mr. Tibor Klobusicky, Superintendent
Deer Trail Mine
Highland-Surprise Consolidated Mining Co.
Box 690
Kellogg, Idaho

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

Dear Mr. Klobusicky:

This will acknowledge receipt of your letter of October 17, 1956, in which you request an amendment to Contract No. Idm-8819 to allow surface drilling to be done at size EX or larger and ask that the unit costs be adjusted accordingly.

We have forwarded your request to our Washington office for its consideration.

By Field Team, Region 1, NW District

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

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

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

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

MINE OFFICE:
BOX 600, KELLOGG, IDAHO

RECEIVED
OCT 29 1956

October 17, 1956

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

Re: Docket No. DMEA-3664 (lead-zinc)
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Weissenborn:

According to the provisions of Amendment No. 2 to the above contract, paragraph (b), two diamond drill holes, AX size or larger, were to be drilled from drill sites southeast of the main tunnel. We are requesting that this part of the contract be amended changing the required hole size from AX to EX and adjusting the specified unit cost accordingly.

The first of the two holes, Hole No. 27, was started with an AX size bit. In the horizon between 94 feet and 182 feet at least seven sand pockets were encountered in a heavily broken zone of dacite and rhyolite porphyry dikes. The hole was cemented but the cement, being harder than the adjacent decomposed dike material, deviated the hole and a large section of the hole had to be virtually re-drilled.

After the hole penetrated good-coring, hard, granitic breccia formation, the hole kept caving above this formation. It became expedient to case the hole from the collar to the said formation and reduce the core size from AX to EX.

This development could not have been anticipated, since no sand pockets were encountered in either surface or underground drilling in the twenty-six holes previously drilled on this property.

The next hole, No. 28, was moved approximately 200 feet to the east in order to avoid repetition of penetrating a broken barren zone. However, similar sand pockets were also encountered in this hole east of the zone explored by Hole No. 27. This hole had to be cased to a depth of 157 feet and the core size reduced from AX to EX at this depth.

Yours very truly,

Tibor Klobusicky
Superintendent

TK:ms

DMEA 1

Docket

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

Mrs. Myrtle Purdy
Authorized Certifying Officer
Bureau of Mines
1201 North Division Street
Spokane 2, Washington

SEP 27 1956

Re: DMEA-3278, Idm-2686
Peter Antonioli

and

DMEA-3664, Idm-2819
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 Idm-2686, DMEA-3278, Peter Antonioli, and Idm-2819, DMEA-3664, Highland Surprise Consolidated Mining Company.

In the case of Idm-2686 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 Idm-2819 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.

N.C.P.

It is suggested that in any future case of this type involving an amendment executed in the field that the Executing 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

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

MINE OFFICE:
BOX 600, KELLOGG, IDAHO

August 30, 1956

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

Re: Docket No. DMEA-3664 (lead-zinc)
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Weissenborn:

This is to notify you that the diamond drilling provided for by Amendment No. 2 to the above contract will be started about September 1, 1956. Locations, depths and inclinations of the drill holes will be approximately as agreed by our Mr. Klobusicky with Mr. Quinlan and Mr. Fryklund, and as shown on the map which is attached to the approved amendment.

Yours very truly,

W. A. Callaway
Secretary-Treasurer

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

August 17, 1956

Mr. George C. Selfridge, Chairman
DMEA Operating Committee
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 Amendment No. 2 to the contract.

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

Sincerely yours,

D R MacLaren
D. R. MacLaren
for: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW District

Enclosures

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

RECEIVED
AUG 2 0 1956

File Copy
Surname.
Griswold
Chambers
Martin
Jefferson
Mittendorf

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

500

AUG 13 1956

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

Re: Docket No. DMEA-3661 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Bear Trail Mine
Custer County, Idaho
Contract No. Idm-2819

Dear Mr. Weissenborn:

With reference to your letter, with enclosures, dated June 21 (received in Washington July 23), covering the cited project, we are enclosing the original and five copies of Amendment No. 2 to the contract. We are also enclosing two extra copies of the amendment for the use of the Field Team.

If the amendment meets with your approval, will you please present it to the Operator for signature and distribute the copies in the usual manner.

In the event you should not approve of any of the terms of the amendment, and any proposed change should lie beyond your delegated authority, kindly return all copies to us with your recommendations.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

Enclosures

WRGriswold/er 8/9/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Hillsgaard, USGS
Chron.

APPROVED:

FRANK D. LAMB
Member, Bureau of Mines

N. E. Nelson
Member, Geological Survey

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

August 9, 1956

Memorandum for the Files

From: Chief, Base Metals Division

Subject: Docket No. DMEA-3664, Highland-Surprise Consolidated Mining Company, Deer Trail Mine, Custer County, Idaho Contract No. Idm-E819, Lead-Zinc.

Amendment No. 2 provides a small addition (4 diamond drill holes) to work already done under the contract. The original work found some lead-zinc ore but left us feeling uncertain as to whether or not real possibilities existed to make a mine. Certainly not enough ore has yet been shown to warrant a mill; hence, the four drill holes now proposed should clarify the situation somewhat.

It is the opinion of the undersigned that after the four proposed holes are drilled the situation still may be uncertain. The proposed work does not appear to be sufficiently comprehensive and we question the wisdom of the Field Team in not having proposed a broader program. However, at least, the four holes in question should add somewhat to our knowledge of the ore occurrence.

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

RECEIVED
AUG - 2 1956

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XDXXXXXX-075K

WV073-

YWB019 WAF SP 10 I-GS-G

SPOKANE WASH 8-2-56 9401A

MR. GEORGE C. SELFRIDGE

CHAIRMAN, OPERATING COMMITTEE

DMEA WASHN DC

REOURLET JUNE 21, 1956 DOCKET DMEA-3664, HIGHLAND SURPRISE CONSOLIDATED MINING COMPANY, DEER TRAIL MINE. PLEASE ADVISE STATUS APPLICATION TO AMEND CONTRACT.

A. E. WEISSENBORN, USGS, SP

21 1956 3664

VA 943A

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

500

August 2, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Prepare AM Amendment No. 2 for Docket No. DMEA-366h, Highland-Surprise Consolidated Mining Company, Deer Trail Mine, Custer County, Idaho, Contract No. Idm-M819, Lead-Zinc.

Will you kindly prepare an Amendment No. 2 to the cited contract along the lines of the attached rough draft.

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

IN REPLY REFER TO:

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

RECEIVED
JUL 31 1956

July 30, 1956

Memorandum

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

From: W. P. Williams, U. S. Geological Survey

Subject: Review of request for contract amendment, DMEA 3664, Idm-E819, (lead-zinc), Highland-Surprise Consolidated Mining Co., Deer Trail Mine, Custer County, Idaho.

The Operator has completed 1,219 feet of drifting and crosscutting and 2,308.6 feet of diamond drilling, of which 1,200 feet of underground work and 2,100 feet of diamond drilling were authorized by contract Idm-E819.

The examining team estimates that the completed work has discovered 20,000 to 45,000 tons of indicated ore in lens-like ore bodies.

Both, the Operator and the examining team, believe that a moderate amount of additional diamond drilling would be successful in finding down-dip and southerly extensions of a fair sized ore lens found by the previous work. As a result the examining team recommends approval of two more diamond drill holes to be drilled from underground, two more diamond drill holes from surface, and 10 hours of bulldozing to prepare drill sites for the surface holes. The examining team's proposal is somewhat reduced from the Operator's request.

The two proposed underground drill holes, nos. 27 and 29, do appear to have an excellent chance of finding extensions of the ore found in the adit and in hole no. 21. It might be argued, though, that proposed holes nos. 30 and 31, to be drilled from surface, are seeking to establish the presence of a target structure rather than looking for ore within a pre-established target area. The examiners admit (Report p.7) that the limy ore horizons might pinch out southward. In view of the situation the drilling of hole no. 31 should certainly be contingent upon results from hole no. 30.

I agree with the Operator's and Field Team's contention that additional exploration is warranted on the property. I readily concur

with the recommendation for approval of a contract amendment to provide for diamond drill holes nos. 27 and 29. It is possible that some question may be attached to the advisability of drilling holes nos. 30 and 31 if the odds on finding minable grade are considered.

W. P. Williams

W. P. Williams

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

July 26, 1956

Docket No. DMEA 3664
(Lead-Zinc)
Highland-Surprise Cons.
Mining Co.
Deer Trail property
Custer County, Idaho
Contract No. Idm-E819

Memorandum

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

From: Abbott Renick, Branch of Base Metals

Subject: Application for amendment to Contract Idm-E819

The operator has submitted an "Application for Amendment" requesting an amendment to the contract to provide additional funds for four diamond drill holes underground (Holes 26, 27, 28 and 29) and two diamond drill holes from the surface (Holes 30 and 31) to further prospect the Deer Trail property lead-zinc deposit.

However, the field examiners consider that only four holes, Nos. 27, 29, 30, and 31 are warrented, and recommend that they be drilled. This recommendation will involve an estimated 1,200 feet of diamond drilling at a total estimated cost of $8,265.00.

The writer concurs with Wing G. Agnew's Memorandum of June 21, stating "We, therefore, concur with the recommendations of the fieldmen."

Abbott Renick

Abbott Renick

RECEIVED
JUL 26 1956

Copy to Division of Minerals
R.W. Geehan
T.H. Kiilsgaard, Room 5224
O.M. Bishop
A. Renick
F.I.L.E.S

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

RECEIVED
JUL 23 1956

June 21, 1956

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 property
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Selfridge:

The Operator has requested additional work at the Deer Trail prospect. Three copies of his "Application for Amendment" are enclosed. The enclosed memoranda from J. J. Quinlan, Geological Survey, and J. D. Bardill, Bureau of Mines, recommend, and present costs for, some additional drilling.

The Operator requested more diamond drilling than is recommended but the locations, and extent, of the proposed drill holes are agreeable to him. We see no justification for the bulldozing requested other than site preparation.

The calculation of reasonably firm ore reserves at this property is not possible, although it seems that a substantial tonnage is present. The tonnage, however, does not seem great enough to warrant construction of a mill in that remote location.

The proposed drill holes will be able to indicate whether the strike length of the mineralized zone can be increased and in this way at least encourage the Operator to do more work at the property.

We, therefore, concur with the recommendations of the fieldmen.

By Field Team, Region I, NW District

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

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

Enclosures

cc: USBM (2)
USGS(SRO)
Quinlan

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON, D.C.~~

1201 N. Division St.
Spokane 2, Washington
June 21, 1956

RECEIVED
JUL 23 1956

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

From: John D. Bardill, Bureau of Mines

Subject: Estimated costs for additional exploration, Docket No. DMEA-3664 (lead-zinc), Highland-Surprise Consolidated Mining Company, Deer Trail Property, Custer County, Idaho, Contract No. Idm-E819

The Operator has submitted an "Application for Amendment" requesting an amendment to the contract to provide additional funds for four diamond drill holes underground (Holes 26, 27, 28 and 29) and two diamond drill holes from the surface (Holes 30 and 31) to further prospect the Deer Trail property lead-zinc deposit.

The field examiners feel that Holes 27, 29, 30 and 31 are warranted and recommend that they be drilled.

The following cost estimates are suggested for the proposed exploration program for these holes as outlined in the memorandum by J. J. Quinlan to the Field Team, dated June 20, 1956.

Recommended Exploration Program

The following two underground and two surface diamond drill holes are believed to be adequate to explore the target area based on present knowledge of the deposit. Drill bits are to be AX size.

Underground

Hole No. 27 - Located 75 feet north of survey station No. 36, bearing N. 60° E., dip -80°, length 350 feet.

Hole No. 29 - Located about 10 feet north of survey station No. 31, bearing N. 80° E., dip -60°, length 150 feet.

The collars of these proposed holes are believed to be at places where there is adequate headroom so that enlargement of the drifts will not be necessary to provide drill stations.

Air and water lines are probably in place from the prior drifting operations.

Surface

Hole No. 30 - located about 65 feet N. 78° E. from survey station No. 12, bearing N. 60° E., dip -40°, length 350 feet.

Hole No. 31 - located about 250 feet southeast of the collar of Hole No. 30, bearing N. 60° E., dip -40°, length 350 feet.

Bulldozing

Ten hours bulldozing should clear two surface drill sites for the proposed holes.

The overburden is estimated to be about 20 feet deep.

Vivian Bros., Inc., Kellogg, Idaho and R. S. McClintock Diamond Drill Co., Spokane, Washington quoted prices for drilling both underground and on surface. The lower price quotation of Vivian Bros., Inc. has been used in estimating the drilling cost.

The underground and surface drilling may be done concurrently or successively and each job is estimated at not more than one month each of 25 working days. Actual drilling on a fixed unit cost basis may be completed in less than 25 days but the whole month should be allowed for supervision and consultant to log cores and prepare the final project report.

Estimated Costs of Project

Maximum time estimated to be one month of 25 days for each, underground and surface drilling.

(1) Unit cost contract:

10 hours bulldozing drill sites @ $12/hr.	$ 120.00
Underground drilling: 2 holes, 350 feet and 150 "	
0' - 250' @ $4.75/ft.)	
250' - 500' @ 5.25/ft.)	2,425.00
Surface drilling: 2 holes, 350 feet each	
0' - 250' @ 5.75/ft.)	
250' - 500' @ 6.25/ft.)	4,125.00
Driving pipe on surface through overburden, 75 feet @ $10.50/ft.	787.50

	Placing casing in holes and removing casing from hole, 10 hours @ $7.50/hr.	75.00
	Cementing and drilling out cement, 10 hours @ $7.50/hr.	75.00
	Waiting time for cement to set, when during regular shift hours, 10 hours @ $4.75/hr.	47.50
(2)	Labor, supervision and consultants:	
	Labor	none
	Supervision and consultants	
	Underground drilling Part-time - 1 month @ $200.00/mo.	200.00
	Surface drilling Part-time - 1 month @ $200.00/mo.	200.00
(3)	Operating materials and supplies:	none
(4)	Operating equipment:	none
(5)	Rehabilitation and repairs:	none
(6)	New buildings, improvements, etc.:	none
(7)	Miscellaneous:	
	Assaying: 60 samples for Au, Ag, Pb, Zn @ $3.50/sample	210.00
(8)	Contingencies:	none
	Total estimated cost of project	$8,265.00

Recapitulation of Costs

Item	Total amount
(1) Unit contracts:	
Bulldozing, 10 hours	$ 120.00
Underground drilling, 500 feet	2,425.00
Surface drilling, 700 feet	5,110.00
(2) Labor, supervision and consultants:	
Labor	none
Supervision and consultants	
Underground drilling	200.00
Surface drilling	200.00
(3) Operating materials and supplies:	none
(4) Operating equipment:	none
(5) Rehabilitation and repairs:	none
(6) New buildings, etc.	none
(7) Miscellaneous:	
Assaying	210.00
Total estimated cost of project	$8,265.00

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

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

RECEIVED
JUL 23 1956

June 20, 1956

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

From: J. J. Quinlan, Geologist, U. S. Geological Survey

Subject: Evaluation of Operator's request for additional work, Docket No. DMEA-3664 (Lead-Zinc), Highland-Surprise Consolidated Mining Company, Deer Trail property, Custer County, Idaho, Contract No. Idm-E819

INTRODUCTION

The Operator, in his "Application for Amendment" received in this office May 15, 1956, has requested additional work under Contract Idm-E819. The company completed work previously authorized in February 1956. The Operator's final report on this work was received on April 25, 1956.

Upon completion of the work in February all operations were suspended for the winter. The property is now inaccessible and will be so until early July. The property was last inspected by Howard B. Nickelson of the Geological Survey, and the writer on February 1, 2, and 3, 1956. Since this inspection the Operator has completed six diamond drill holes (Nos. 20-25, incl.). We have not seen the cores from these last six holes but the Operator's logs are available.

SUMMARY AND RECOMMENDATION

The Deer Trail deposit is a small extramensurate-type deposit. Work to date has indicated somewhere between 20,000 and 45,000 tons of ore in lens-like ore bodies. Undoubtedly, more ore would have to be indicated before a prudent company or individual would consider a major development program and a mill to exploit a deposit in this remote location.

Although work to date has proved rather discouraging it is believed that a small amount of additional diamond drilling to test the deposit below the DMEA adit level and the area south of the adit is warranted. If it can be demonstrated that the deposit extends to the south and that the deposit continues to some depth below the main adit level a small company might attempt to develop and exploit the property.

It is recommended that the contract be amended to provide for the drilling of holes 27, 29, 30, and 31, as proposed by the Operator and shown on plate 2 accompanying this memorandum.

No.	Bearing	Inclination	Length
27	N. 60° E.	-80°	350 feet
29	N. 80° E.	-60°	150 "
30	N. 60° E.	-40°	350 "
31	N. 60° E.	-40°	350 "
		Total	1,200 feet

The Operator's proposed holes 26 and 28 are considered more in the nature of development than exploration and it is recommended that the Government not participate in the drilling of these holes. Further trenching at this time as requested by the Operator is not warranted.

WORK COMPLETED

The exploration project at the Deer Trail property was planned so as to test two limy horizons in which lead-zinc ore lenses occur. In essence, the contract provided for 1,200 feet of drifting and crosscutting and 2,100 feet of diamond drilling to test these two favorable ore horizons or zones. Project work was started in July 1955 and since that time the Operator reports that 1,219 feet of drifting and crosscutting, and 2,308.6 feet of diamond drilling in 20 drill holes has been completed, slightly more work than that provided for in the contract. This work is shown on plate 2 attached.

GEOLOGY

The general geology of the area is described by C. P. Ross in U. S. Geological Survey Bulletin 877, Geology and ore deposits in the Bayhorse region, Custer County, Idaho, 1937. A brief but

outdated description of the deposit appears on pages 155 and 156 of this bulletin under the headings of the Lucky Strike and Deer Trail properties. These two properties have been combined and actually form the heart of the property now known as the Deer Trail.

The Deer Trail deposit lies within the contact metamorphic zone along the western margin of a granitic pluton that lies about 4½ miles east of the main body of the Idaho batholith. The rocks of the pluton range in composition from granodiorite to quartz monzonite. The position, structural relation and composition of the pluton suggest that it is a part of the batholith and that granitic rocks of the batholith underly the area separating the batholith and the pluton at comparatively shallow depth (see plate 1 accompanying U. S. Geol. Survey Bull. 877).

Granitic rocks of the pluton crop out east and south of the mine area and are cut in the northern part of the DMEA adit.

The greater part of the sedimentary rocks in the mine area are black carbonaceous argillites of the Milligen formation (Mississippian age). In places the argillite is somewhat calcareous and interbedded with it are several carbonaceous limestone beds. Although it is generally possible to trace the limy zones, individual limestone beds are lens-like. Even the thicker limestone beds, as thick as 50-80 feet, thin appreciably within a few tens of feet (pl. 2). Where exposed, the bedding in the mine area strikes northwest and generally dips steeply toward the southwest. In places, however, the beds dip steeply northeast and these northeasterly dipping beds are believed to be overturned.

Cleavage is well developed in the argillaceous rocks. It strikes northwest and dips steeply toward the southwest, and for the most part cuts the bedding at a small angle. In areas where the cleavage is unusually well developed it is often difficult to distinguish it from bedding.

Diamond drilling west of the principal mine area (underground hole 13 and surface holes 1 and 3) disclosed some breccia and quartzite beds. Two types of breccia are recognized: one in which the ground mass and the larger fragments are essentially sedimentary rocks, and the other in which the fragments are sedimentary rocks and the ground mass igneous. The latter type is similar to the large breccia zone exposed in the northern part of the DMEA adit at the contact of the igneous pluton and rocks of the Milligen formation (pl. 2). Both types of breccia are probably of similar origin and related to the intrusion of the pluton.

The possibility does exist, however, that the breccia, in which the fragments and ground mass are sedimentary rocks, is a depositional breccia. If this were the case the breccia might be a part of the basal member of the Wood River formation (Pennsylvanian age) which overlies the Milligen formation in this area. On the basis of available information, however, the writer much prefers the interpretation that the breccia is related to the intrusion of the pluton. In any event, the occurrence of the breccia mass immediately west of the mine area limits exploration possibilities in this direction.

The sedimentary rocks in the mine area have been thermally metamorphosed and some of the limestones and calcareous argillites were converted to tactite. The tactitization is somewhat irregular and appears more intense in areas cut by transverse fractures (pl. 2). Although granitic dikes intrude the sedimentary rocks in the mine area these in themselves will not account for the amount of metamorphism. It appears that most of the metamorphism has been caused by the intrusion of the pluton and that the main mass of the pluton probably underlies the mine area at shallow depth.

The ore bodies on the property occur within the limy horizons and are generally associated with tactite bodies. The DMEA project was planned to test two limy horizons or zones. At the start of the project the western zone was referred to as the "zinc vein" and the eastern zone as the "lead vein." This distinction was made because the dominant ore mineral in the western zone is sphalerite whereas the eastern zone contains in places fair amounts of galena in addition to the sphalerite. Minor amounts of chalcopyrite occur in the western zone near the face of the DMEA north drift on this zone. Lamping with an ultraviolet lamp also discloses sparse amounts of scheelite in places along both the eastern and western zones.

As is evident on the geologic map of the adits (pl. 2), the ore occurs as more or less erratic lenses within the limy horizons. There is usually evidence of cross-fracturing within the area of the ore lenses and some of the lenses appear as if they might be controlled by crosscutting premineral faults (see plate 2, ore lens on western zone exposed along fault in DMEA adit crosscut). Because many of the cross-fractures appear to be best developed in the ore zone and die out in the argillaceous rocks these fractures in themselves are not too useful a guide to ore.

Considering that the limestone horizons within which the ore lenses occur are themselves lens-like it is extremely difficult to systematically explore the deposit and block out reserves. As a matter of fact the deposit may be considered as an excellent example of the extramensurate type.

Although several ore lenses have been indicated by DMEA work, only one appears to be of significant size and grade to be of any real interest at this time. This lens is exposed along the eastern zone in the vicinity of survey station No. 35 (see pls. 2 and 3). In this area the eastern horizon is marked by a tactite zone about 50 feet wide. The DMEA drift was driven along the footwall of this zone and exposed a small ore lens for a distance of 85 feet along the immediate footwall of the tactite zone. The Operator's samples of this footwall lens indicate an average width of 4.8 feet and a grade of 1.5 ounces of silver per ton, 6.1 percent lead, and 13.4 percent zinc. DDH No. 21 drilled to test the tactite zone in the hanging wall of the DMEA drift cut 7 feet of ore averaging 7.3 percent lead and 5.0 percent zinc at a distance 23 to 30 feet from the collar, and 3 feet of material averaging 0.2 percent lead and 4.4 percent zinc on the hanging wall of the tactite zone at a distance of 38 to 41 feet from the collar; the remaining part of the tactite zone is reported to contain only sparse disseminated grains of ore minerals. On the DMEA adit level this lens is approximately 130 feet directly down the dip of the ore zone from the pit from which 60 tons of ore averaging 9.8 percent zinc was shipped in 1954. It is also approximately 160 feet directly up dip from the ore intersected in DDH No. 1 which was drilled prior to the project. This hole cut a large tactitic zone between 280 and 368 feet from the collar. Corrected for strike and inclination of the hole (pls. 1 and 3) the true thickness of the zone represented is approximately 60 feet. The average grade of the core from this section of the hole is reported as 1.36 ounces of silver per ton, 2.09 percent lead and 11.15 percent zinc (pl. 4). It appears reasonable to assume that the ore disclosed at these three locations may be a part of a large irregular lens.

Work to date indicates that the other ore lenses are erratic and small, although some ore might be mined from several of these lenses.

ORE RESERVES

The Operator has calculated reserves totaling 107,187 tons of ore to a depth 200 feet below the DMEA adit level on the basis of information available at the conclusion of work in February (see Operator's Final Report). The Operator considers that approximately 45,000 tons of this reserve, blocks B and D, is too low grade (average 0.4 percent lead and 5.2 percent zinc) to be of interest at this time.

The Operator's reserve estimate is probably optimistic. In arriving at this reserve estimate undue liberty has been taken with

some of the basic data and certain blocks considered in which the sample data are insufficient. Also a weight factor of 8 cubic feet per ton is low.

Considering the deposit as of the extramensurate type it is not possible to arrive at an exact reserve estimate on the basis of available information. Assuming that the one significant ore lens indicated along the eastern zone is more or less continuous from the surface to a depth of 300 feet as indicated by work thus far, this lens would probably contain somewhere between 15,000 and 40,000 tons of ore. It appears reasonable to assign this ore a grade equal to that represented by the average of the samples taken within the footwall lens on the DMEA adit level, i.e., 6.1 percent lead and 13.4 percent zinc.

Undoubtedly, some ore might also be recovered from some of the small ore lenses indicated along the western zone. On the basis of present information 5,000 tons of +10 percent zinc ore appears to be a reasonable estimate.

OPERATOR'S PROPOSAL FOR ADDITIONAL WORK

The Operator has requested additional assistance for 6 additional diamond drill holes (total 2,000 feet of drilling) and 200 hours of bulldozing.

The Operator proposes to drill four holes, proposed holes Nos. 26, 27, 28, and 29, from underground stations in the DMEA adit. These four proposed holes have been laid out to test the eastern zone below the adit level (see plate 2 for location of the proposed holes). Proposed holes Nos. 26 and 28 are more in the nature of development drilling rather than exploration and are laid out to better delimit the largest indicated ore lens. Proposed hole No. 26 (bearing N. 60° E., inclination -50°, length 280 feet) would intersect the ore lens 30 to 50 feet north and at the same elevation as DDH No. 1. Proposed hole No. 28 (bearing No. 60° E., inclination -45°, length 220 feet) would intersect the ore lens about 80 feet below the adit level and at a point about midway between the ore indicated on the adit level and in diamond drill hole No. 1.

Proposed holes Nos. 27 and 29 are considered worth-while exploration holes. Proposed hole No. 27 (bearing N. 60° E., inclination -80°, length 350 feet) will provide valuable information on the deposit at depth and might even show at what depth granite underlies the principal mine area. Proposed hole No. 29 (bearing N.80° E., inclination -45°, length 150 feet) will test the zone under the ore showing encountered in DDH No. 19. Although the Operator justifies

this hole on the strength of the ore intersection in hole No. 19, this in itself is only a part of the justification; of as much importance is that this hole will also provide general information on the zone at depth in this area.

The Operator proposes to drill two holes, Nos. 30 and 31, from surface stations southeast of the DMEA adit portal. Proposed hole No. 30 is to be collared 180 feet southeast of the portal and proposed hole No. 31, 430 feet southeast of the portal. Each of these holes is to be drilled on bearing N. 60° E., inclination -40°, and to a depth of 350 feet.

The area southeast of the DMEA adit portal is mostly covered by glacial debris. The proposed holes are to test the possible southward extension of the western and eastern limy horizons. There is, however, some evidence that suggests that the limy horizons may lens out in this direction. Both the eastern and western zones appear weak where encountered in DDH No. 22; and the western zone is not apparent in the area where it should pass through the D adit (pl. 2). If it can be demonstrated however, that the ore zones continue southward it would enlarge the potential of the property. In any event, it is considered advisable to test for the southeastward extension of these two zones. Should hole No. 30 indicate that the horizon dies out in this direction hole No. 31 need not be drilled.

The Operator requests 200 hours of bulldozing to prepare surface drill stations and to test the areas east and west of the limy horizons tested in the DMEA adit. At this time only enough bulldozing to prepare the drill station, say 10 hours, is recommended. Present information suggests that bulldozer trenching to test the areas requested by the Operator is not warranted. Drill hole information shows the area west of the mine area which the Operator wishes to trench is underlain by breccia and quartzite and no worth-while targets exist in this area. No significant ore showings are indicated in outcrops or in the adit workings east of the DMEA adit (pls. 1 and 2) in the area the Operator proposed to trench. For that matter, the adit workings adequately test the area and it is believed that trenching would provide little additional information.

Enclosures

Distribution:
DMEA (4)
USBM (2)
USBM (AD)
Docket
Quinlan
USGS(SRO)

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

RECEIVED
MAY 15 1956

RECEIVED
JUL 23 1956
U. S. G. S.
SPOKANE, WASH.

APPLICATION FOR AMENDMENT

Exploration work under the above captioned contract was recently completed but the results are, in many respects, inconclusive. The ore reserves indicated (see our final report) would be considered as substantial in an established mining district with milling facilities, power, roads, etc. available. However we feel that in a primitive area, like the one where this property is located, a larger volume of ore should be indicated in order to justify a program of development and preparation for production.

In order to create a justified basis for such a program, we are applying for an amendment to Contract No. Idm-E819 to provide for a second stage exploration program consisting of the following diamond drilling and bulldozing:

Underground diamond drilling:

Diamond drill hole No. 26:

The target of this hole is the downward extension of the "lead vein" (which is the most attractive, commercial part of the previously explored zone) about 150 feet below the tunnel level. Location of the hole would be about 75 feet north of survey station No. 36, bearing N 60° E, dip -50°, length 280 feet.

Diamond drill hole No. 27:

Target: Downward extension of the "lead vein" about 300 feet below the tunnel level. Location and bearing same as hole No. 26, length 350 feet, dip -80°.

Diamond drill hole No. 28:

Target: Downward extension of the "lead vein" in the area where surface diamond drill hole No. 1 penetrated a zone about 85 feet wide with commercial zinc and lead mineralization at about 180 feet below the tunnel level. Hole No. 28 would be directed to intersect the same area between the tunnel level and hole No. 1. A drill station must be prepared for this hole.

Location of the hole would be about 25 feet north of survey station No. 36, bearing N 60° E, length 220 feet, dip -30°.

Diamond drill hole No. 29:

Target: Downward extension of the section of the "lead vein" intersected by hole No. 19. That hole intersected 10 feet of mineralized structure with a zone 5 feet wide on the footwall side assaying 4.2% lead and 7.8% zinc. Hole No. 29 would be directed

to intersect that structure approximately 120 feet below the tunnel level.

Location: About 10 feet north of survey station No. 31. Proposed bearing: N 80° E according to the room which is available for a drill station without further work. Length of the hole would be 150 feet, dip -60°.

Surface diamond drilling:

Diamond drill hole No. 30:

Target: Southward extension of the mineralized zone, including both the zinc and lead structures explored underground, and possibly some of the structures west of the mineralized zone mentioned.

The proposed location of this hole is shown on the enclosed diagram. Bearing would be N 60° E, dip -40°, length 350 feet.

Diamond drill hole No. 31:

This hole would be drilled parallel to hole No. 30, aiming for the same targets. It would be located about 250 feet southeast of hole No. 30 and have the same bearing, dip and length.

Diamond drill holes No. 32 and No. 33:

Location and direction of these holes would depend upon the results of the drilling proposed above and would be agreed upon by representatives of the Government and the Company. Proposed total length is 300 feet.

Total drilling:

Diamond drill hole	No. 26	280 feet
	No. 27	350 feet
	No. 28	220 feet
	No. 29	150 feet
	No. 30	350 feet
	No. 31	350 feet
Unassigned footage		300 feet
TOTAL		2,000 feet

Bulldozing:

We feel that possible repetition of the exposed mineralization should be checked by bulldozer trenches both east and west of the zone which has been explored. This work would be done on the H. S. and Confidence groups of claims. There are several ore bearing limestone zones in the mentioned area which could be easily exposed by a bulldozer.

Additional bulldozing will be needed to prepare drill sites for the surface drilling which we have proposed. We are suggesting for both purposes a total of 200 hours of bulldozing.

Cost calculation:

Accompanying this application you will find copies of price quotations from the following two diamond drilling contracting firms:

Vivian Brothers, Inc., Kellogg, Idaho
R. S. McClintock Diamond Drill Co., Spokane, Washington.

The lower price quotation of Vivian Brothers, Inc. has been used in making the following cost calculation.

Underground drilling:	
Approximately 870 feet @ $4.75	$ 4,132.50
Approximately 130 feet @ $5.25	682.50
Surface drilling:	
Driving casing through overburden - estimated 100 feet @ $10.50	1,050.00
Drilling approximately 650 feet @ $5.75	3,737.50
Drilling approximately 130 feet @ $6.25	1,562.50
	11,165.00
Casing, removing casing, cementing, drilling out cement and waiting time, estimated at 10% of drilling cost	1,116.50
Drill stations, compressed air, water, core boxes and supervision, estimated at 10% of drilling cost	1,116.50
Total drilling cost	$13,398.00
Bulldozing - estimated 200 hours @ $12.00	2,400.00
TOTAL ESTIMATED COST	$15,798.00

PHONE
C401

Vivian Bros., Inc.

DIAMOND CORE DRILLING CONTRACTORS

OFFICE AND SHOP
209 WEST CAMERON
KELLOGG, IDAHO

BRANCH OFFICE
MOAB, UTAH

MAILING ADDRESS
P. O. BOX 760
KELLOGG, IDAHO

May 9, 1956

RECEIVED
JUL 23 1956

Highland Surprise Mng. Co.
Box 889
Wallace, Idaho

QUOTATION FOR DRILLING AT THE DEER TRAIL PROPERTY IN THE FOURTH OF JULY CANYON NEAR STANLEY, IDAHO

SURFACE DRILLING

Approximately 2,000' in four or five holes.

Overburden	0' to 50'	$10.50 per foot
	50' to 100'	$12.50 per foot
Core Drilling AX or EX		
	0' to 250'	$ 5.75 per foot
	250' to 500'	$ 6.25 per foot
UNDERGROUND CORE DRILLING AX OR EX		
	0' to 250'	$ 4.75 per foot
	250' to 500'	$5.25 per foot

Underground drill stations, compressed air and water to drill stations, to be provided by Mining Company.

Placing casing in hole and removing casing from hole	$7.50 per hour
Cementing and drilling out cement	$7.50 per hour
Waiting time for cement to set, when during regular shift hours	$4.75 per hour

VIVIAN BROS. INC.

H. H. Vivian

H. H. Vivian President

R. S. McClintock DIAMOND DRILL COMPANY
CONTRACTING • DIAMOND DRILLS AND SUPPLIES • DIAMOND BITS

PHONE RI. 4197
W. 418 2ND AVE.
SPOKANE, WASH.

May 11, 1956

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

Gentlemen:

At the request of Mr. Tibor Klobusicky we are furnishing you our estimate of prices for diamond drilling, at your property in the Stanley Basin, approximately 1200 ft underground holes to vary in depth up to 350 ft and approximately 800 ft surface holes to vary in depth up to 300 ft, in which drilling rather heavy overburden is anticipated. It is our understanding that holes will be AX in size and that it will be permissible to reduce to EX in case of underground drilling. It is also understood that living facilities are available for crews and that adequate air and water will be furnished by your company to each drill site underground. Underground stations, we understand, will be large enough to permit 10 ft pulls.

We propose to furnish surface and underground drill, personnel, necessary pumps, rods, casing, corebarrels, and bits and shells, and all necessary accessories for the following prices per foot.

Underground	
0 - 350 ft	$ 5.90 per ft
Surface	
Overburden	13.00 per ft
0 - 300 ft	11.25 " "

The above prices include mobilization and demobilization, which on a program of this size at this distance from Spokane is quite substantial.

In the event loose and caving material, water courses, or any conditions are encountered which in the contractor's opinion tend to make drilling impractical without the use of casing or cement, an additional charge of $3.50 per foot will be made for reaming and landing the casing or placing cement and redrilling the cemented section of the hole.

In the event of delays not due to contractor's fault or equipment breakdown, contractor shall expect to be reimbursed at the rate of $6.50 per hour.

Our employees will be covered by Workman's Compensation to comply with the State Act and the job will be covered by Public Liability in the amounts of $100,000 and $300,000 and Property Damage in the amount of $100,000.

In the event you decide to proceed with this program we shall be happy to have one of our field superintendents visit the property and furnish you with a firm quotation. There is, of course, a possibility that by this time we may have equipment available at a location closer to your property which would enable us to make a reduction in the above estimated prices.

Yours very truly,

R. S. MC CLINTOCK CO.

By

PHILIP H. IRWIN

PHI/is

RECEIVED
JUN - 4 1956

XXXXXXXXXX-079K

XXXXXXXXXX-080K

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XXXXXX XJ XP 14 I-GC-C

SPOKANE WASH 6-4-56 955A

MR. W. C. MARTIN, ACTING CHAIRMAN OPERATING COMMITTEE DMEA

DEPARTMENT OF INTERIOR

WASHINGTON 25 DC

REPORT OF MAY 29 1956 DOCKET NO. DMEA 3664 HIGHLAND-SURPRISE

CONSOLIDATED MINING COMPANY, MEMORANDUM IN PREPARATION. WE WILL

PROBABLY RECOMMEND 3 OR 4 ADDITIONAL DRILL HOLES.

A. E. WEIDENBORN, EXECUTIVE OFFICER

DMEA FIELD TEAM REGION 1 NORTH WEST DISTRICT, SP

29 1956 3664 3 4

WA 957A

File Copy
Surname

Griswold
Martin
Johnson
Mitchell

500

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

MAY 29 1956

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

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 May 1 enclosing two copies of the Operator's final report covering the cited contract.

We note they stress the desirability of more exploratory work. Will you kindly advise us whether you are considering this matter, or whether we should consider the project as closed and proceed with a certification.

Sincerely yours,

W. S. Martin

ACTING Chairman, Operating Committee

WRGriswold/er 5/26/56

APPROVED:

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

Thor H. Kiilsgaard
Member, Geological Survey

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

R.G.S.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
MAY 5 - 1956

May 1, 1956

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 two mimeographed copies of the Operator's final report received April 25, 1956. This report is acceptable to the Field Team.

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

Enclosure

cc: USBM (2)
USBM (AD)
Quinlan

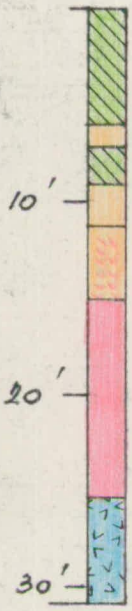
LEVEL Main adit MINE Highland-Surprise Cons. Min. Co. DATE Jan.-56 BY T.K.

SCALE 1" = 10" OPERATION Stanley, Idaho. - Diamond drill hole # 14

Collar coordinates : 50,036 N
49,601 E

Bearing : N 77° W

Length : 30.8-ft
Dip : horizontal
Ave. core recovery :95 %



Hard, black argillite

6-7-ft pyrite zone
argillite

9-11-ft sulfide zone, predominantly pyrite

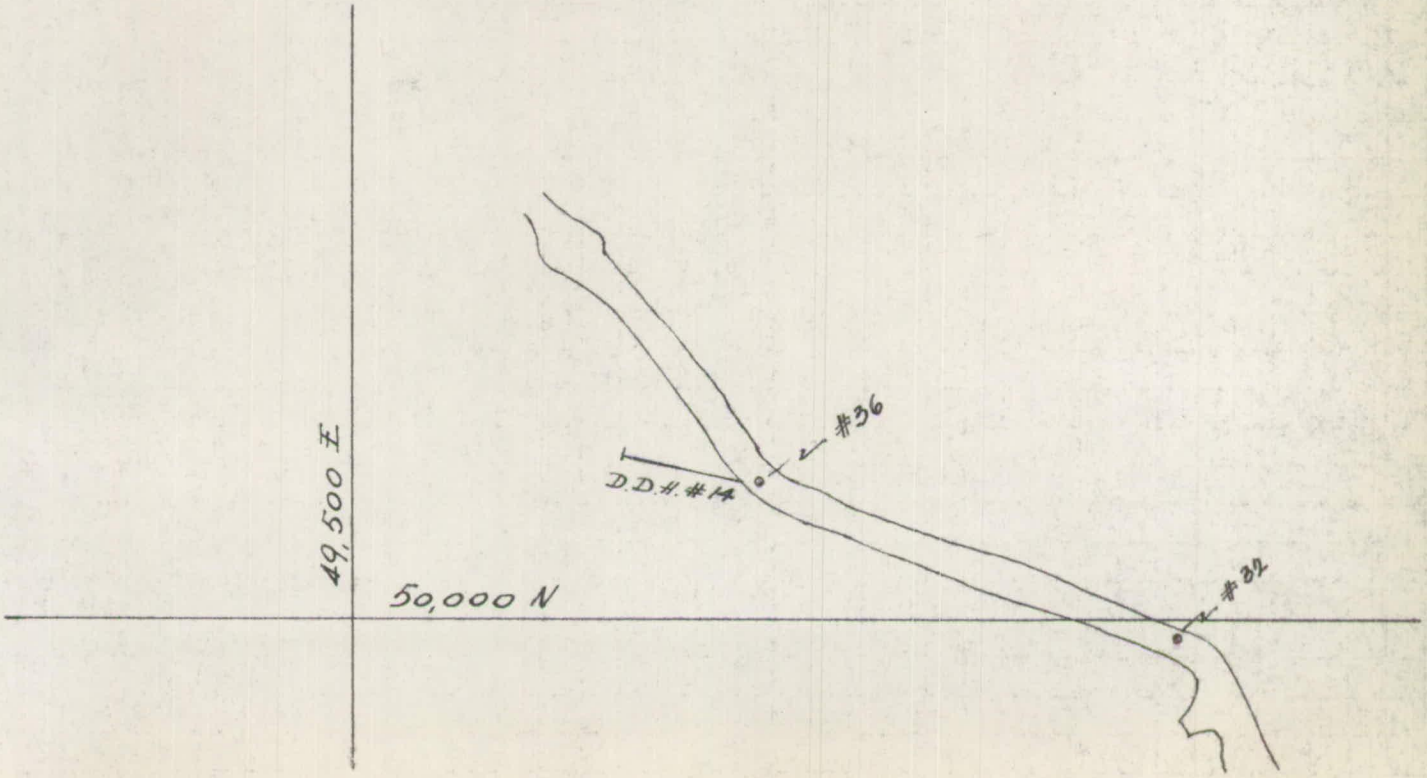
limestone with disseminated pyrite and traces Zn

15-25-ft zone of almost solid sulfides,
mainly sphalerite

silicified breccia

Location sketch.

Scale 1" = 50'



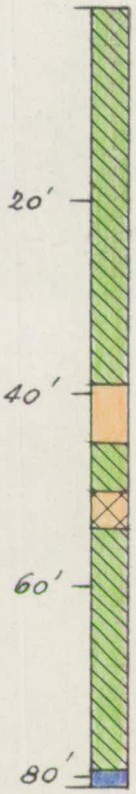
LEVEL Main adit MINE Highland-Surprise Cons.Min.Co. DATE Jan.-56 BY T.K.

SCALE 1" = 20' OPERATION Stanley, Idaho. - Diamond drill hole # 15

Collar coordinates : 50,008 N
49,667 E

Bearing : S 60° W

Length : 81-ft
Dip : horizontal
Ave. core recovery : 90 %



Black, hard carbonaceousaargillite

Zone of sulfides, predominantly pyrite

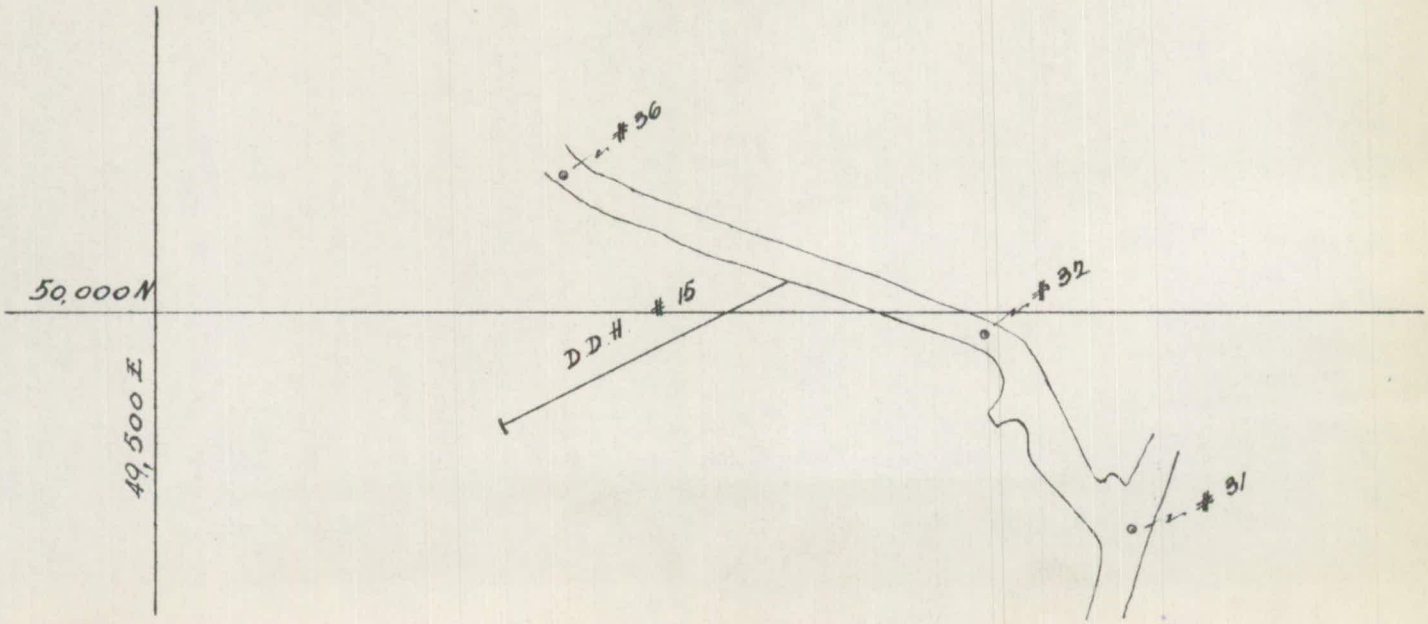
argillite
gray limestone formation

black argillite

last two feet gauge material

Location sketch.

Scale 1" = 50'



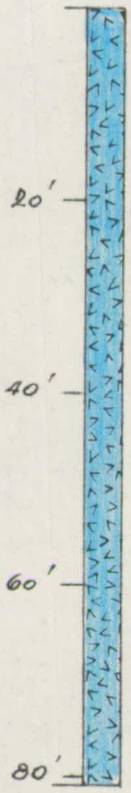
LEVEL M ain adit [redacted]E Highland-Surprise Cons. M[redacted] Co. DATE Jan.-56 BY T.K.

SCALE 1" = 20' OPERATION Stanley, Idaho. Diamond drill hole # 16

Collar coordinates : 50,385 N
49,611 E

Bearing : N 50° E

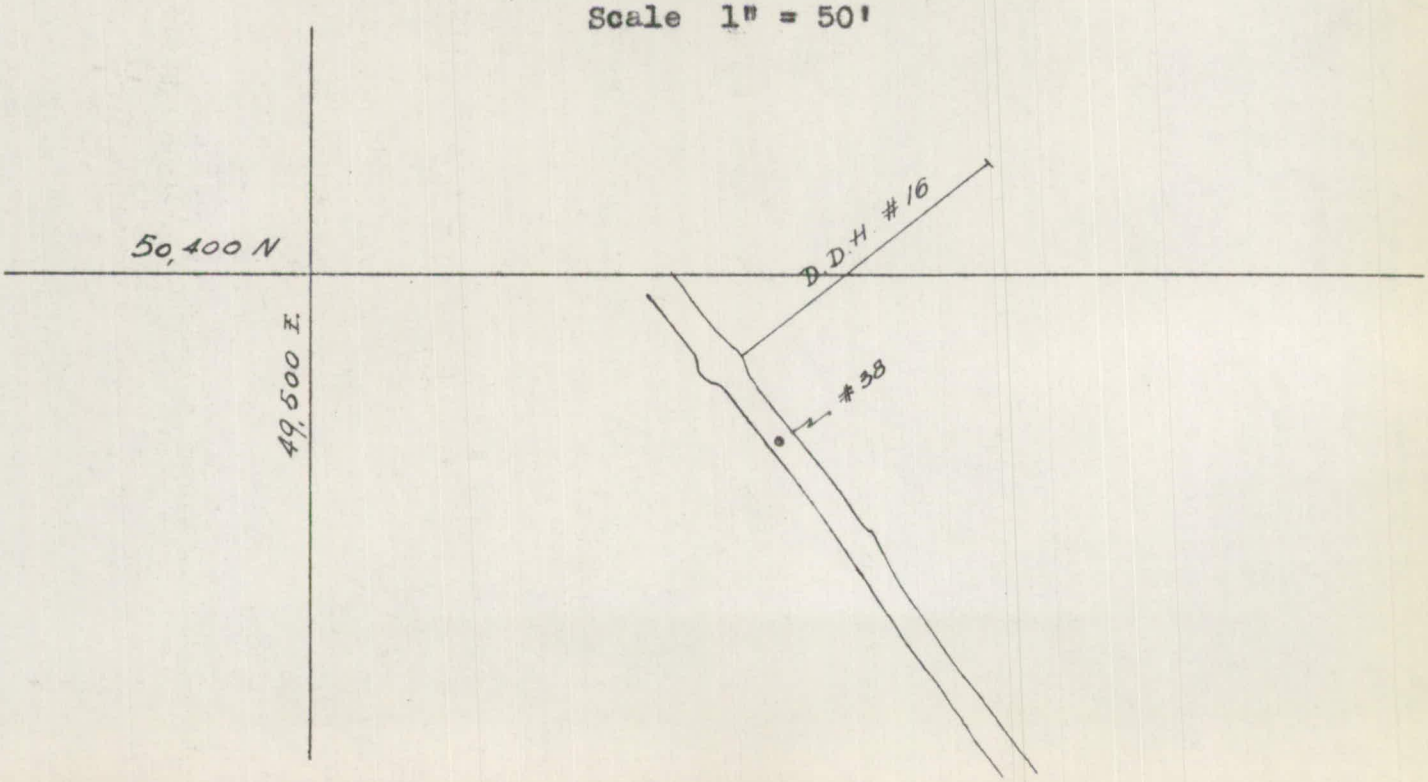
Length : 82-ft
Dip : horizontal
Ave. core recovery : 95 %



Whole hole in granit breccia formation, formed from sharpe sdged carbonaceous argillite and quartz monzonite fragments, recemneted by silicious granitic material.

Location sketch.

Scale 1" = 50'



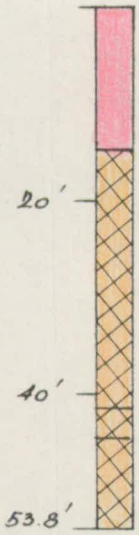
LEVEL Main adit MINE Highland-Surprise Cons. Min. Co. DATE Jan.-56 BY T.K.

SCALE 1" = 20' OPERATION Stanley, Idaho. Diamond drill hole # 17

Collar coordinates : 50,120 N
49,767 E

Bearing : S 75° W

Length : 53.8-ft
Dip : horizontal
Ave. core recovery : 90 %



0-15-ft ore zone, wiht heavier Zn and Pb mineralization from 12-15-ft

partly metamorfosed limestone

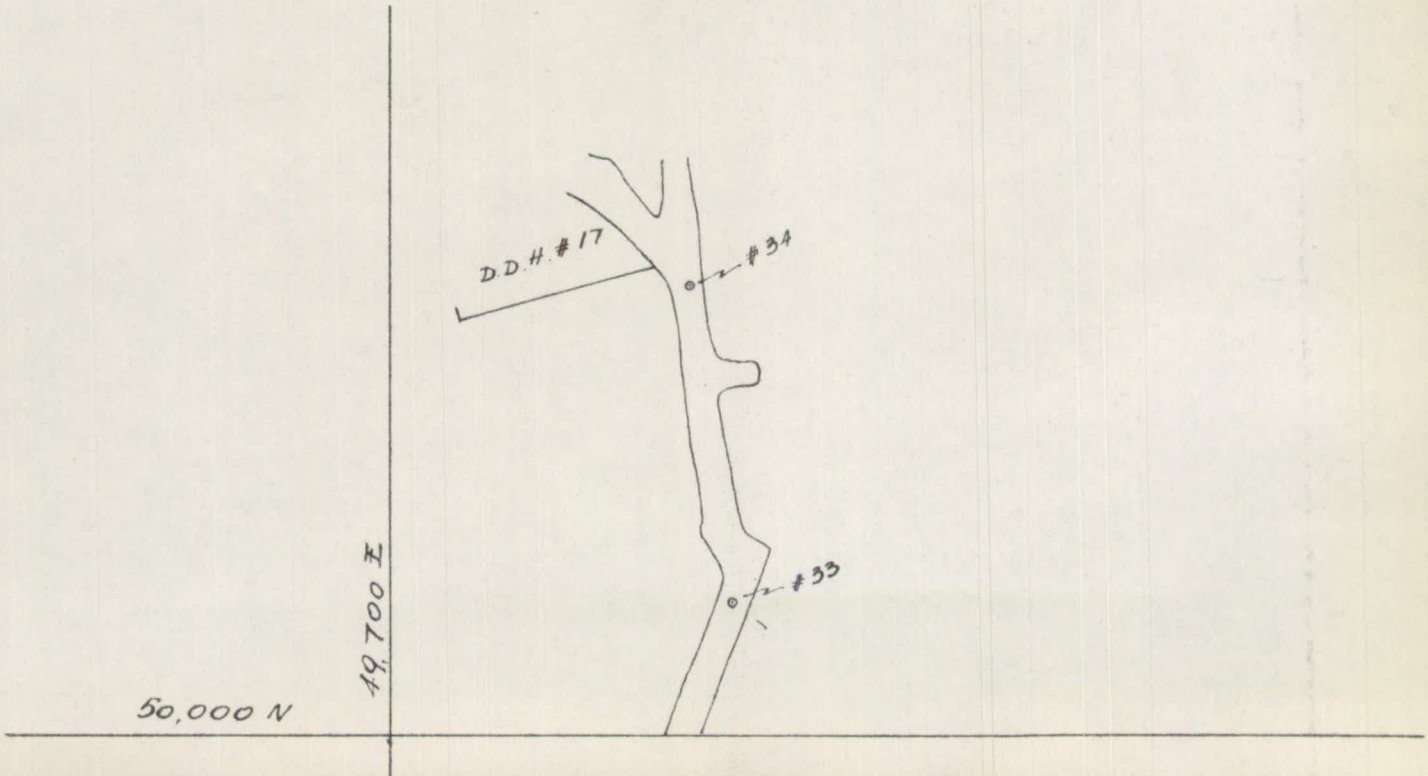
badly crushed zone with evidence of sphalerite and galena

barren limestone

Hole in sheare zone. Core in chips.

Location sketch.

Scale 1" = 50'



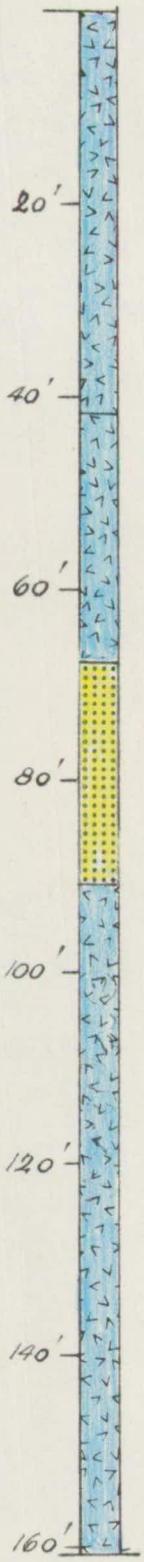
LEVEL Main adit [redacted] Highland-Surprise Cons. Min. [redacted] DATE Jan.-56 BY T.K.

SCALE 1" = 20' OPERATION Stanley, Idaho. Diamond drill hole # 18

Collar coordinates : 50,404 N
49,558 E

Bearing : S 50° W

Length : 161-ft
Dip : horizontal
Ave. core recovery : 95 %



0-42.5-ft granitic breccia with fragments of hard, black argillite. Silicious cementing material.

42.5-67-ft same as above with occasional breccia framnets

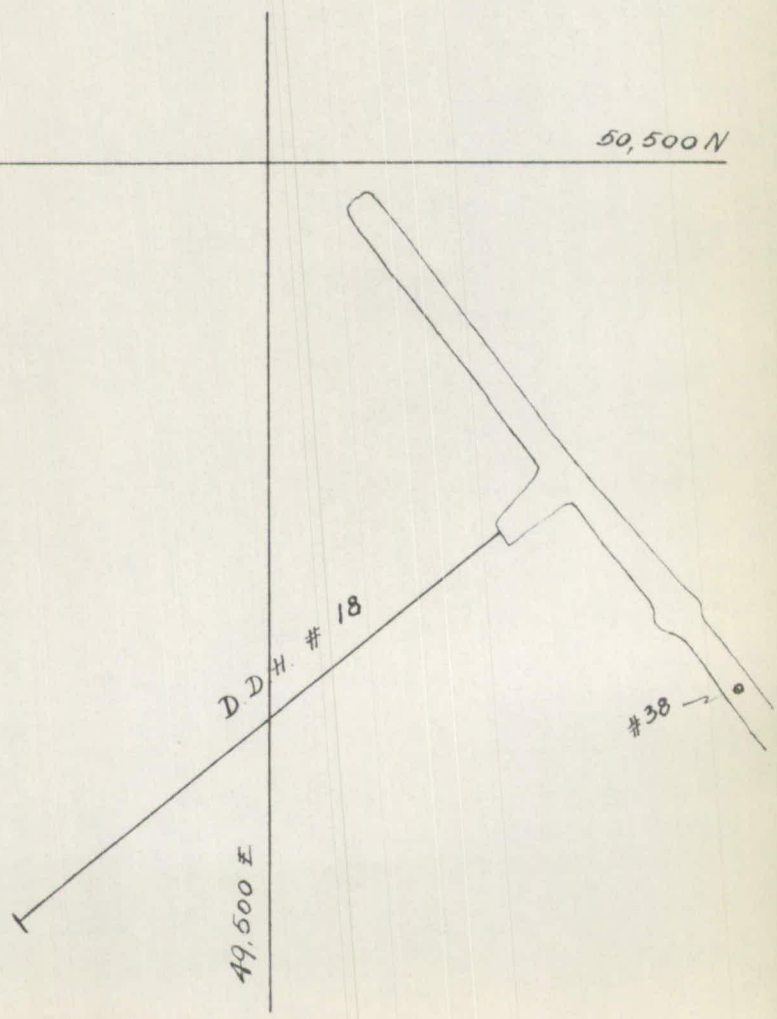
dacite dike

granitic breccia

heawily broken zone

Location sketch.

Scale 1" = 50'



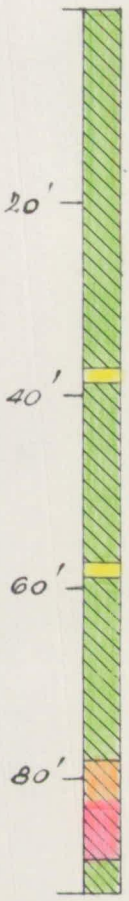
LEVEL Main adit MINE Highland-Surprise Cons. Min. Co. DATE Jan.-56 BY T.K.

SCALE 1" 20' OPERATION Stanley, Idaho. Diamond drill hole # 19

Collar coordintaes : 49,948 N
49,760 E

Bearing : N 81^{0} E

Length : 92-ft
Dip : horizontal
Ave. core recov. : 95 %



hard, black, carbonaceous argillite

possible quartz vein

black argillite

1.3-ft vein quartz

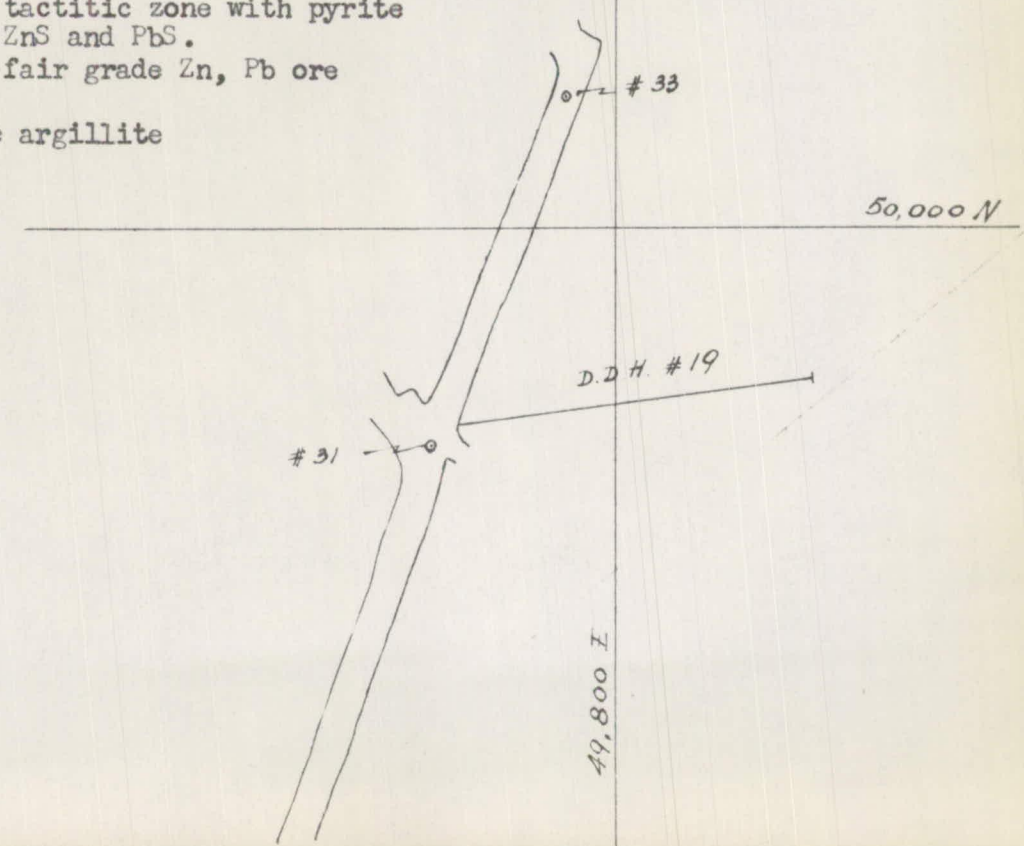
black argillite, sparse iron pyrite

78-88.5-ft tactitic zone with pyrite
ZnS and PbS.
83.5-88.5 fair grade Zn, Pb ore

End of hole argillite

Location sketch.

1" = 50'



LEVEL Main adit [redacted]E Highland-Surprise Cons. Min[redacted]p. DATE Feb.56 BY T.K.

SCALE 1" = 20' OPERATION Stanley, Idaho. Diamond drill hole # 20.

Collar coordinates : 50,279 N
49,171 E
Bearing : S 61° W

Length : 100.2-ft
Dip : horizontal
Ave. core recovery : 75%

0-19.4' altered limestone

19.4-24.4 0.2% Pb, 2.5% Zn

24.4-26.6 altered limestone, garnet, epidot

garnite breccia, with argillite fragments

hard, black argillite

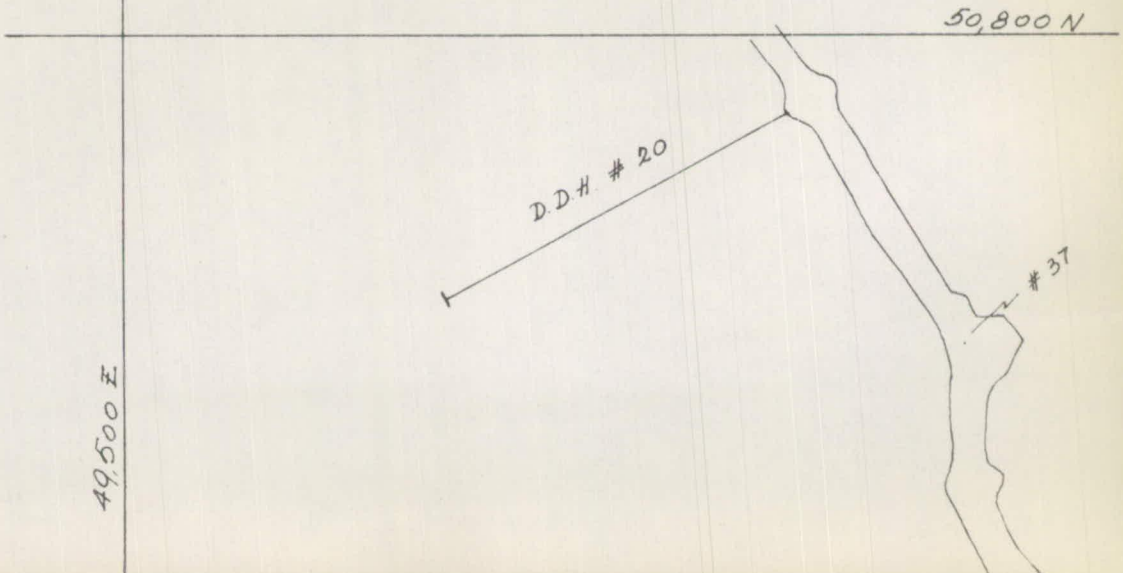
58.8 - 64 0.3% Pb, 12.5% Zn

64-66 altered limestone with interbedded argillite

hard, black, carboneceous argillite

Location sketch

Scale 1" = 50'



LEVEL Main adit MINE Highland-Surprise Cons. Min. Co. DATE Feb.56 BY T.K.

SCALE 1" = 20' OPERATION Stanley, Idaho. Diamond drill hole # 21

Collar coordinates : 50,179 N
49,713 E

Bearing : S 78° W

Length : 100.0-ft
Dip : horiz.
Ave. core recov. 55%

0-23-ft altered limestone a heavy sheare zone. Recov. from section 18-23-ft 10%

23-30-ft 7.3% Pb, 5.0% Zn

30-38-ft heawily broken, altered limestone

38-41-ft 0.2% Pb, 4.4% Zn. Core recov. from this zone 30%

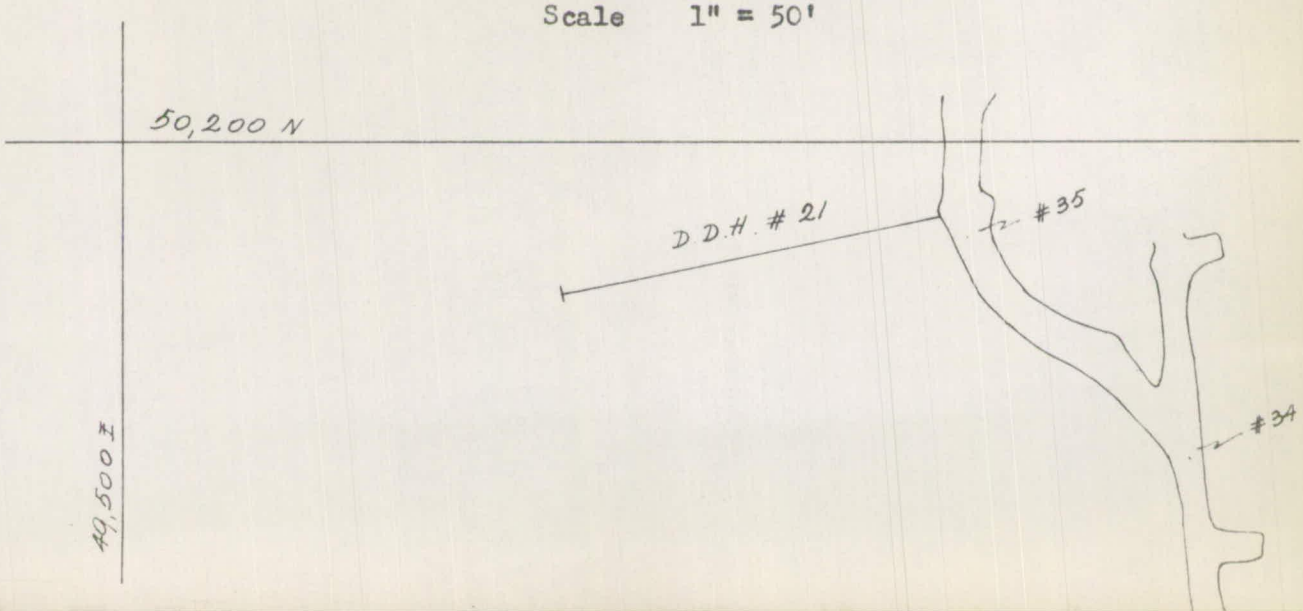
41-85-ft hard, black argillite

85-91.5-ft altered limestone with 0.2% Pb, 0.7% Zn

limy argillite

Location sketch.

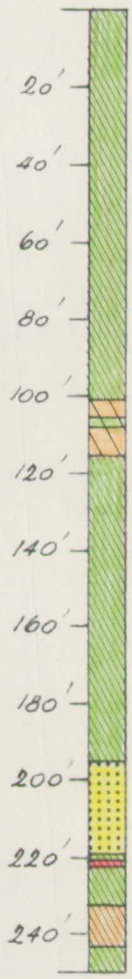
Scale 1" = 50'



LEVEL Main adit MINE Highland-Surprise Cons. Min. Co. DATE Feb.56 BY T.K.

SCALE 1" = 50' OPERATION Stanley, Idaho. Diamond drill hole # 22

Collar coordinates	: 49,813 N 49,715 E	Length	: 250.0-ft
		Dip	: - 22-deg.
		Ave. core recov.	85%
Bearing	: N 66° E		



0-101-ft hard, black argillite with 3" pyrite vein at 5-ft

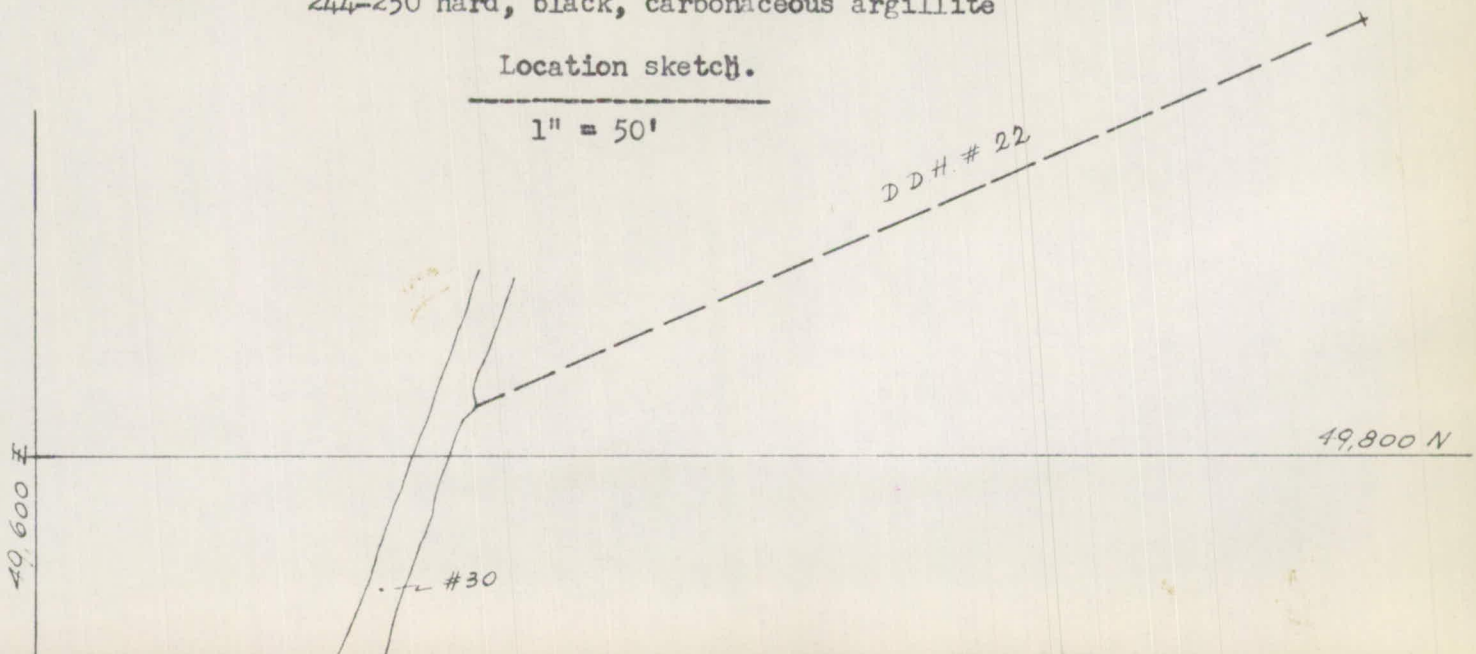
101-106 altered limestone with trace Pb,Zn
106-108 black argillite
108-116 altered, broken limestone. Recovery from this section 25%

116-196 black argillite

196-220 dacite dike
220-222 black argillite
222-223 iron pyrite with traces of Pb and Zn
223-233 argillite
233-244 altered limestone with traces of Zn, Pb
244-250 hard, black, carbonaceous argillite

Location sketch.

1" = 50'

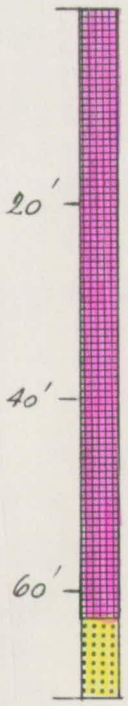


LEVEL Main adit — Highland-Surprise Cons. Min. Co. — DATE Feb.56 BY T.K.

SCALE 1" = 20' — OPERATION Stanley, Idaho, Diamond drill hole # 23

Collar coordinates : 49,490 N
49,522 E

Bearing : N 37° W
Length : 71.4-ft
Dip : horizontal
Ave. core recov.: 90%

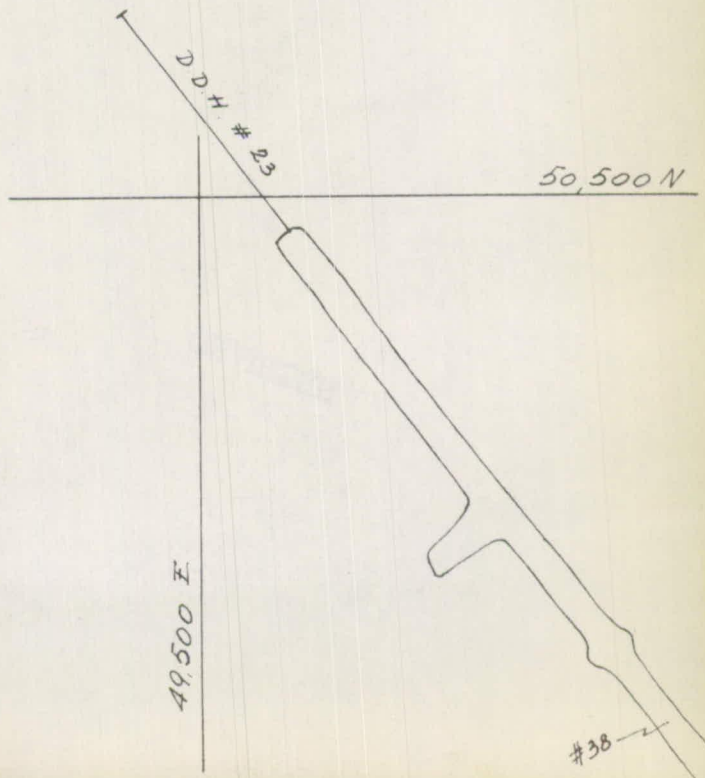


0-63-ft quartz monzonite of the Challis volcanic formation

63-end of hole dacite dike. Heavy water flow from contact.
further drilling had to be suspended.

Location sketch.

1" = 50'

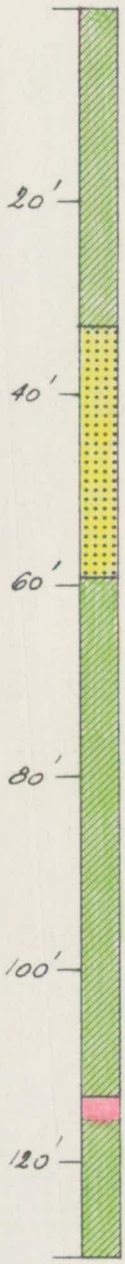


#38

LEVEL Main adit — Highland-Susprise Cons. Min. Co. — DATE Feb.56 — BY T.K.

SCALE 1" = 20' — OPERATION Stanley, Idaho. Diamond drill hole " 24

Collar coordinates	: 49,858 N 49,883 E	Length	: 130.0-ft
		Dip	: horizontal
		Ave. core recov.	: 85%
Bearing	: N 55° E		



0-33-ft heawily broken argillite (close to the surface)

33-59-ft dacite dike

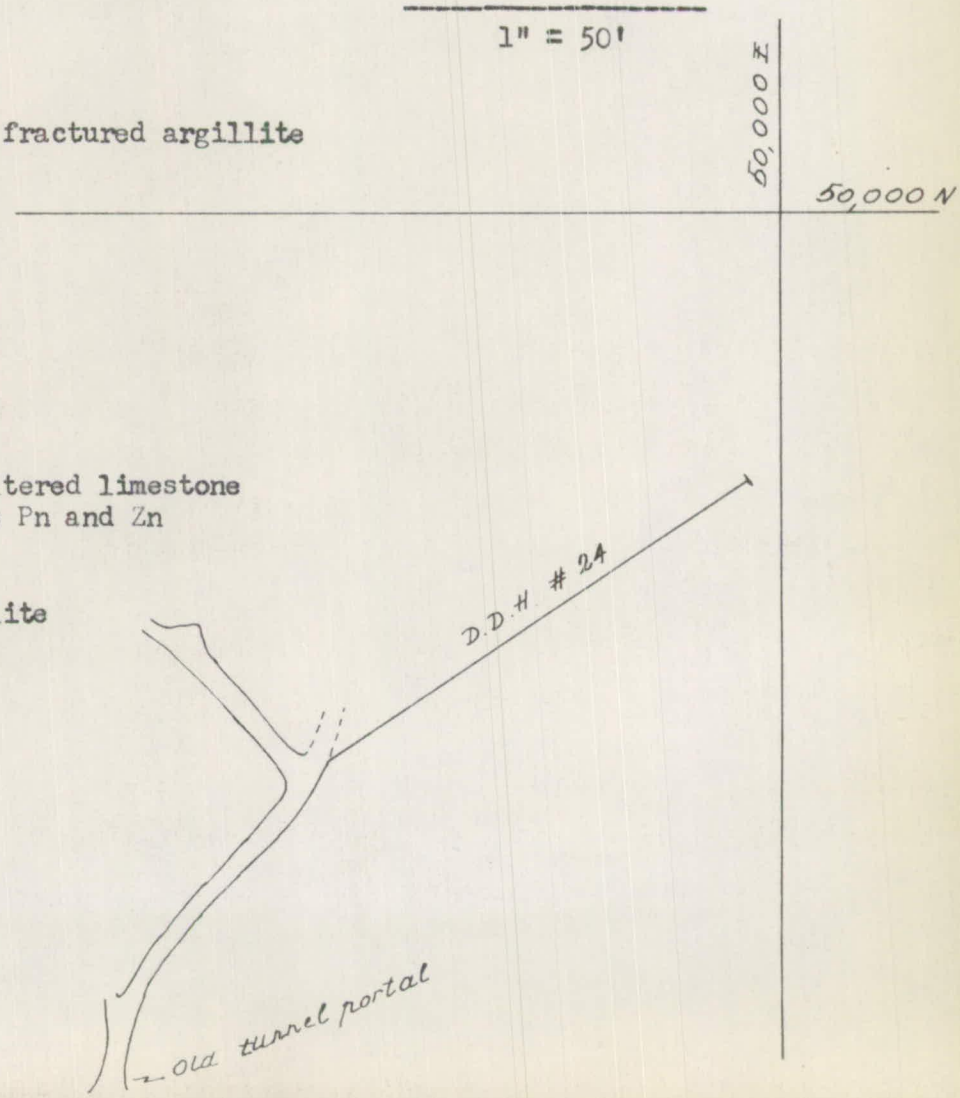
59-113 badly fractured argillite

113-115-ft altered limestone
with traces Pn and Zn

broken argillite

Location sketch.

1" = 50'

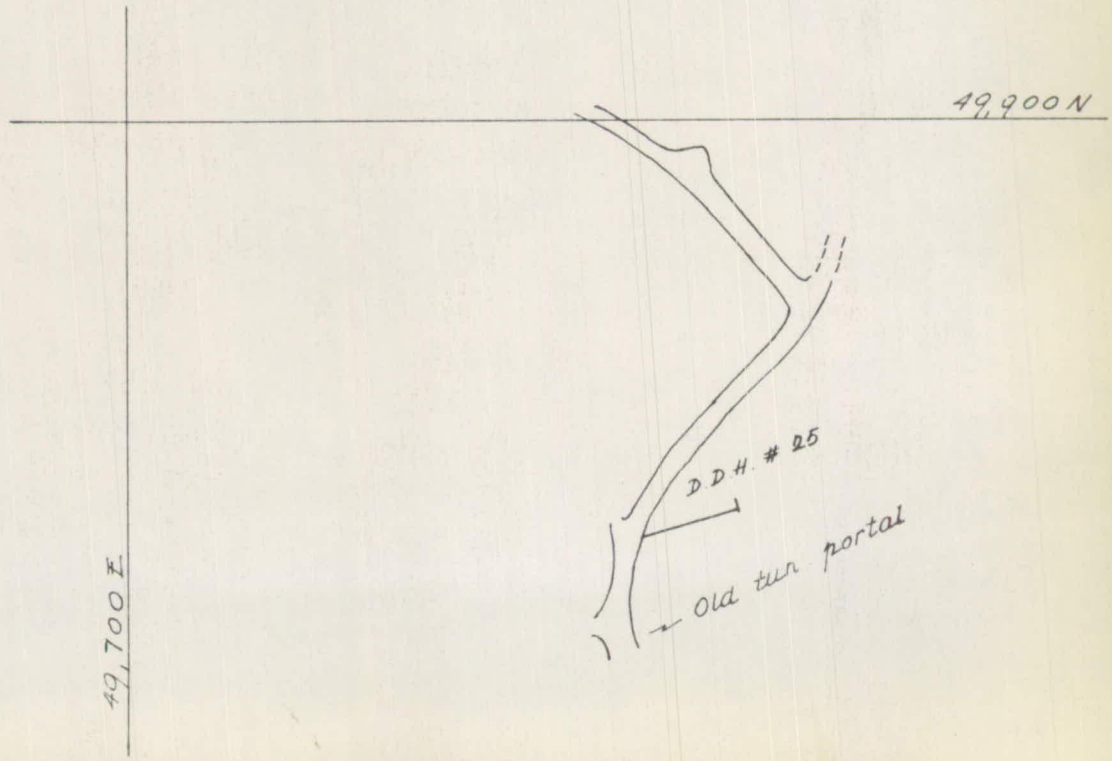


LEVEL Main adit MINE Highland-Surprise Cons. Min. Co. DATE Feb.56 BY T.K.

SCALE 1" = 20' OPERATION Stanley, Idaho, Diamond drill hole # 25

Collar coordinates :	49,792 N 49,835 E	Length	: 27-ft
		Dip	; horizontal
		Ave. core recov.	: 85%
Bearing	: N 74° E		

bkack, hard, carbonaceous argillite. Zone badly broken.
Close to surface. Hole caving.



RECEIVED
BUREAU OF MINES
APR 25 1956
SPOKANE, WASH.

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

RECEIVED
MAY 7 - 1956

FINAL REPORT

Location of the Property:

The property is located in Fourth of July Canyon, East Fork Mining District, Custer County, Idaho, Sections 1 and 2, T8N, R15E B.M. and Sections 35 and 36, T9N, R15E B.M. Claims are located on the east and south slopes of Blackman Peak.

Access to the Property:

Follow Highway 93 in a southerly direction from Stanley, Idaho for approximately 17 miles to the mouth of Fourth of July Creek just south of the Sawtooth Valley Ranger Station, then follow a rough mountain road along Fourth of July Creek for about 11 miles to the property.

Extent of the Exploration Project:

The project as approved consisted essentially of:

1,200 feet of drifting and crosscutting
110 feet of crosscutting for diamond drill stations
2,100 feet of EX or larger size diamond core drilling.

In addition to this the contract provided for a minor amount of bulldozing of surface trenches, access road and tunnel site and the construction of a compressor house and shop.

Results of the Exploration Program:

Preparatory work was started in July, 1955 and tunneling operations commenced on August 15th. By February 23, 1956, the following exploration work had been completed:

Drifting and crosscutting	1,219 feet
Diamond drill stations	87 feet
Diamond drilling	2,308.6 feet

Local Geology:

Sedimentary rocks:

The most abundant rock in the stratified formation of probably Devonian age is the black, hard, carbonaceous argillite and argillaceous quartzite, belonging to the Milligen formation. The argillite formation encloses beds of massive gray limestone which grades upward into blueish, greenish and white metamorphosed limestone with abundant evidence of effects of contact metamorphism, such as garnet and epidote.

This formation seems to be a roof pendant of the granite mass which was encountered underground in the drifting operations (see Plate No. 1) and outcrops within a few thousand feet from the center of the sedimentary corridor, on either side of it. The formation is not uniformly metamorphosed. The beds dip steeply in most places to the southwest.

Both the argillite and limestone formations outcrop at several places in the area explored. However, most of the territory is covered with recent alluvium and glacial deposits.

Igneous rocks:

No

The Idaho batholith, locally ~~the~~ Challis volcanics, is represented on the property by granite and quartz monzonite, megascopically resembling each other closely. The rock is bright gray and equigranular. Thin sections made by the Spokane office of the U.S.G.S. seem to indicate that the quartz monzonite is made up of larger crystals of orthoclase set in a groundmass of feldspar and quartz.

The contact zone between the sedimentary and quartz monzonite formations is lined with a granitic breccia zone, characterized by fragments of black argillite and grayish quartz monzonite in a silicified cementing material.

Two types of dikes were observed in the drifting and diamond drilling operations. A zone of granite porphyry was cut at the tunnel portal.

Several more or less parallel dike intrusions were penetrated by the tunneling as indicated on Plate No. 1, identified by the Spokane U.S.G.S. as dacite dike. The width of the dacite dike zones varies from 20 to 40 feet, dipping steeply to the northwest, traversing the mineralized zones. It is a light gray rock with phenocrysts of feldspar and quartz. Minor pyrite is also present.

Ore deposits:

The mineralization occurs as replacement of part of the limestone beds along shear zones. The ore shoots explored may be grouped according to to the leading metal contained as zinc-pyrite, and zinc-lead ore shoots.

The zinc is represented by a dark colored sphalerite. The zinc-pyrite ore bodies have lead and silver in traces only. Heavy pyrite is characteristic for this type of mineralization locally. The sphalerite is of a course-grained type. The grade of zinc varies from traces to 22% (see ore reserve and sample map, Plate No. 5). Ore blocks "A" and "B" are representative of this type of mineralization - see Plate No. 5.

The zinc-lead type of mineralization is represented by ore blocks "C" and "D". Block "C" consists of comparatively massive sulphides

with zinc values from 2.4% to 22.0% and lead values from 4.7% to 8.8%, with an average of 1.0 ounces of silver per ton.

The lead occurs in the form of galena which is either course-grained or finely disseminated throughout the rock. The amount of iron pyrite is markedly smaller in the zinc-lead deposits than in the zinc-pyrite deposits.

Ore blocks "E" and "F" represent tactitic zones, characterized by metamorphosed limestones with substantial amounts of iron pyrite and minor sphalerite and galena. The zinc content of these zones varies from traces to 5%, lead and silver occur only in traces.

Drifting and Crosscutting:

The plans for drifting operations were based on the topography of the terrain and the geological conditions found on the surface.

A diagonal crosscut was started at 8,669 feet elevation, i. e. the lowest permissible elevation above the canyon level, allowing an adequate dump room and space for mill construction. This crosscut was aimed to intersect two mineralized structures, a predominantly zinc vein and a lead vein. The two structures are more or less parallel and approximately 200 feet apart. Both structures were then followed by drifting as shown on the enclosed map, Plate No. 6 .

The lead-zinc structure was followed to the north until it was cut off by a granitic breccia formation which seems to be a member of a quartz monzonite mass. Part of the zinc structure has been checked by diamond drilling from the parallel lead-zinc structure.

Both the country rock and the ore zones proved to be highly resistant to caving. In the total distance of approximately 1,200 feet of drifting and crosscutting only three sets of timber were necessary besides the five sets required at the tunnel portal.

Crosscutting for diamond drill stations consisted of the following items:

Station for drill hole No. 6	13 feet
" " " holes No. 8, No. 9 and No. 10	13 "
" " " " No. 11 and No. 12	10 "
" " " hole No. 13	7 "
" " " " No. 16	5 "
" " " " No. 18	20 "
" " " " No. 20	9 "
" " " " No. 21	6 "
" " " " No. 22	4 "
Total	87 feet

Diamond Drilling:

The diamond drilling program which was completed consisted of the following drill holes:

Diamond drill hole No.	6	101.0 feet
	7	85.0 "
	8	20.9 "
	9	46.2 "
	10	200.8 "
	11	178.8 "
	12	235.8 "
	13	261.0 "
	14	30.8 "
	15	81.0 "
	16	82.0 "
	17	53.8 "
	18	160.9 "
	19	92.0 "
	20	100.2 "
	21	100.0 "
	22	250.0 "
	23	71.4 "
	24	130.0 "
	25	27.0 "
Total		2,308.6 feet

The enclosed core logs and location sketches are self-explanatory. Therefore we will limit our report on the drilling operations to only those results which seem to have some bearing on the evaluation of the property.

Hole No. 6 cut a tactite zone, 50 feet wide, with substantial iron pyrite and traces of zinc and lead.

Hole No. 7 helped to discover ore block "B".

Hole No. 8 penetrated from 39 feet a 7 ft. sulphide zone, later identified by a drift as part of ore block "C".

Holes No. 10 and No. 11 showed but minor limestone zones sparsely mineralized.

Hole No. 13 - Rock formation in this hole has been identified by thin section made by the Spokane U.S.G.S. as a sedimentary rock, probably quartzite, which is traversed by a granite porphyry dike zone from 148 to 182 feet.

Hole No. 14 - Massive sulphides were cut from 15 to 25 feet.

Hole No. 17 - Metamorphosed limestone with "in and out" mineralization throughout the hole. Hole in shear zone did not reach the hanging wall of the zone.

Hole No. 19 - Importance of this hole lies in the fact that it penetrated an ore zone from 78 to 88 feet. Five feet of this ore, on the footwall side, assayed 4.2% lead and 7.8% zinc. This ore zone may represent the southerly extension of ore block "D".

Hole No. 20 - Two ore zones were cut by this hole. The first, from 19.4 feet to 24.4 feet, assayed 0.2% lead and 2.5%zinc; the second, from 58.8 feet to 64 feet, assayed 0.3% lead and 12.5% zinc.

Hole No. 21 - Altered limestone from 0 to 41 feet, with 7.3% lead and 5.0% zinc from 23 to 30 feet.

Hole No. 22 - This was the only down hole drilled, at 22°. This hole seems to indicate that the comparatively heavy sulphide zone of blocks "A" and "E" does not extend to the south.

Ore Reserve Estimate (See Plate No. 5):

	Width	Length	Depth		Tons
Block "A"	(50'	x 45'	x 100')	÷ 8	28,125
Average assays: 12.77% zinc, 0.5% lead					
Block "B"	(10'	x 100'	x 250')	÷ 8	31,250
Average assays: 5.70% zinc, Trace of lead					
Block "C", footwall	(5'	x 90'	x 300')	÷ 8	16,875
Average assays: 11.48% zinc, 6.3% lead					
Block "C",hangingwall	(5'	x 90'	x 300')	÷ 8	16,875
Average assays: 7.3% zinc, 3.2% lead					
Block "D"	(5'	x 150'	x 150')	÷ 8	14,062
Average assays: 4.1% zinc, 1.29% lead					
TOTAL					107,187

The depths of the ore blocks calculated were considered up to a maximum of 50 feet to 200 feet below the main adit level, as indicated on cross sections "A-A" and "B-B" on Plate No. 1 and Plate No. 2.

The following portions of the above estimated ore blocks are located on or above the main adit level:

					Tons
Block "A"	(50'	x 45'	x 50')	÷ 8	14,062
Block "B"	(10'	x 100'	x 120')	÷ 8	15,000
Block "C", footwall	(5'	x 90'	x 120')	÷ 8	6,750

		Tons
Block "C", hangingwall	(5' x 90' x 120') ÷ 8	6,750
Block "D"	(5' x 150' x 75') ÷ 8	7,031
Total above tunnel level		49,593
Total below tunnel level to 200 feet depth		57,594
Total estimated reserves to 200 feet depth		107,187

The ore shoots are short, lacking in continuity, and vary widely ir metal content within short distances. These facts make ore reserve calculations somewhat complicated.

Conclusions:

Exploration:

We feel that the results of the first phase of the exploration, which has been completed, warrant a limited second phase of exploration.

(a) The possibility of a southward extension of the explored mineralized zone should, in our opinion, be the main target of further exploration. This zone extends across the bottom of the Fourth of July Canyon, between the adit tunnel and Fourth of July Creek. The area is covered by alluvium and glacial deposit and could be explored by diamond drilling from the surface.

The horizontal distance of approximately 800 feet between the tunnel portal and the southern property line could be explored by 4 or 5 diamond drill holes, each 300 to 400 feet deep, drilled on a bearing of N 60° W and angled downward at 35° to 40°. The holes should be collared in BX size and drilled in AX size.

1,500 feet of drilling at an estimated cost of $6.50 per foot — $ 9,750.00

(b) Underground diamond drill hole No. 23 was directed to check the thickness of the granite formation blocking the northward extension of the mineralization. Drilling of this hole had to be stopped at 71.4 feet because of heavy water pressure. We are planning to extend this hole to a total length of 200 to 300 feet.

Further underground drilling could be helpful in order to determine whether there are some short ore shoots parallel to the explored structures (note that Diamond Drill Hole No. 10 was in ore from 115 feet to 125 feet, assaying 4.4% lead and 0.25% zinc).

Suggested amount of underground drilling is 500 feet at an estimated cost of $3.00 per foot if drilled by the company — $ 1,500.00

(c) Bulldozing work is suggested in the following areas of the property:

There is a limestone bed on the Confidence claim, outcropping at several places, indicating a potentially mineralized structure east of the structure which has been explored. A few bulldozer cuts across this structure could be helpful in determining the value of the structure.

Cuts north of the explored structure could be directed to determine the location and size of the granite intrusion into the mineralized zone.

Bulldozing will be needed to prepare the drill sites for surface drilling suggested under (a).

An estimated total of 250 hours of bulldozing @ $12.00 per hour	$ 3,000.00

Summary of costs of suggested exploration work:

(a) Diamond drilling from surface	$ 9,750.00
(b) Diamond drilling underground	1,500.00
(c) Bulldozing	3,000.00
Total of suggested second phase exploration	$14,250.00

Development:

To prepare for stoping of the indicated ore blocks "A", "C" footwall, "C" hangingwall, and "D", the average length of raises to the surface will be approximately 100 feet.

400 feet of raises at an estimated cost of $40.00 per foot	$ 16,000.00

Drifts on ore blocks "C" hangingwall and "D" will disclose more information concerning the quality and volume of this ore and will prepare the blocks for stoping.

300 feet of drifting @ $40.00 per foot	$12,000.00
Total cost of suggested development	$28,000.00

An estimated 35,000 tons of ore can be gained from the development operation suggested.

Stoping:

Enclosed under separate cover are our calculations of the economy of mining on this property. Calculations were prepared for each of the ore blocks as shown on the ore reserve and assay map (Plate No. 5).

The calculations are based on direct and indirect operating costs of the Clayton Silver Mines for the year 1955 and on the Clayton Silver Mines' shipping contracts with the East Helena and Anaconda smelters. An alternative calculation was prepared, based on the Highland-Surprise shipping contracts with Bunker Hill, but it did not prove attractive because of higher freight rates.

Calculations by ore blocks indicated that blocks "B" and "D" will have to be eliminated from stoping unless lower production costs than those of Clayton Silver can be developed or higher values found in the ore blocks. Drill hole No. 19 in the block "D" with 4.2% lead and 7.8% zinc could indicate that there are higher values in this block than are indicated by present assays. For the time being, however, only ore block "A" and the footwall and hangingwall structures of block "C" were considered for stoping.

Mill test results prepared by the Sunshine Mining Company were used for the calculations.

As shown by the calculations, about 27,562 tons of ore from the "A" and "C" blocks can be stoped from the tunnel level to the surface at an estimated profit of	$159,545.00
The same blocks below the tunnel level to a maximum depth of 200 feet would yield an estimated profit of	263,969.00
Total estimated possible profit from ore presently blocked out or indicated	$423,514.00

Against this potential profit from stoping operations, it appears that the following investment will be required:

Exploration:	
First phase as completed, approximately	$130,000.00
Second phase as suggested	14,250.00
Development:	
First phase as suggested	28,000.00
Second phase - 250 feet of shaft, 600 feet of drifts and 600 feet of raises, an estimated total of	100,000.00
Hoist and pump installation, estimated	10,000.00
60 to 100 KW diesel light plant, estimated	15,000.00
Estimated total investment without mill	$297,250.00
Remaining amount available for mill construction and potential profit	$126,264.00

There seems to be a safety factor in this calculation of potential profit due to the following fact:

The costs of mining and milling are based on Clayton Silver costs for the year 1955, amounting to $9.12 per ton. We were informed that Clayton Silver's costs over the past three years include 170 feet of shaft sinking, 2,000 feet of drifting and 500 feet of raises besides substantial amounts for pump purchase and installation, as well as hoist installation costs. Approximately one-third of this development was charged against mining cost in 1955 and is included in the mining cost used in our calculation.

Disregarding this fact, we calculated the proposed development work separately. Part of our proposed development work of $24,000 for first phase development and $100,000 for second phase development, or a total of $124,000, is included in the assumed mining costs and thus, to a certain extent, has been calculated twice.

Milling:

Flotation mill:

According to an estimate by Mr. Wayne Gould, a flotation mill can be erected for an approximate cost of $1,500 to $2,000 per ton of capacity per 24 hours.

A 100 tons per day mill would cost approximately	$150,000 to $200,000
If available used equipment can be utilized, construction costs are estimated at 50%, or	$75,000 to $100,000

Heavy media mill:

A 200 tons per day plant would cost approximately	$40,000
Installation costs are estimated at	10,000

For our purposes, no reasonable comparison between the two milling methods can be made until heavy media testing results are available. In general, however, the following facts can be mentioned and should be considered:

Advantages of a flotation mill:

Products can be shipped to smelters without further treatment.
Milling cost would be lower than custom milling at the smelter.

Disadvantages:

High initial investment and slow installation.

Advantages of heavy media mill:

Low initial investment;
Fast, portable or semi-portable setup.

Disadvantages:

Higher tailing losses by gravity separation and subsequent flotation.
Losses of metal in -10 mesh material which cannot be treated by heavy media.

Heavy media milling may be the answer to our problem if the presently available ore reserves are not increased. This less economical milling system may be justified because of its low initial investment. As it looks today a flotation mill would be justified if the ore reserves could be substantially increased. Further testing of the ore and further exploration of the property may solve this problem.

We feel that installation of a mill of either type should not be started until the development of the property by raises and drifts - as suggested in this report - is well advanced, to guard against possible surprises concerning the estimated values and volume of the ore reserves estimated.

Summary:

Many assumptions had to be made in preparing the foregoing calculations so the result is only an estimate. However, if the ore reserves prove to be close to the estimated figure and the values not too far from the sampling results, there seems to be a possibility of recovering all of the present and planned investment from the ore reserves available. At the same time, chances are open for blocking out further ore reserves.

We suggest therefore that the second stage of the exploration program and the development of the property by raises and drifts be started as soon as weather conditions will permit and, that in the meantime, we prepare the material needed for a decision concerning the milling of the ore.

Summary of Costs:

Following is a summary of the total cost of work done under the exploration contract, Docket No. DMEA-3664, Contract No. Idm-E819, as compared with the costs allowable under the contract. The cost of depreciable equipment purchased for, or moved to, the project has not been included in this cost summary. The costs shown as being allowable under the contract are before deduction of the salvage value of track, air and water lines, ventilation pipe, small tools and compressor building as provided in "Annex II" of the contract. Cost of repairs to equipment is included in "Drifting and Crosscutting". The period covered is July 15, 1955 to March 31, 1956.

	Actual Cost	Allowable by Contract
Bulldozing (no record of actual hours):		
Actual cost without depreciation	$ 1,867.97	
56½ hours allowed by contract		$ 565.00
Diamond drilling:		
2,308.6 feet drilled	5,919.46	
2,100 feet allowed by contract		9,975.01
Drifting and crosscutting:		
Work completed:		
1,219 feet of drifts and crosscuts) 87 feet of drill stations)	50,181.94	
Allowed by contract:		
1,200 feet of drifts and crosscuts) 87 feet of drill stations)		36,073.64
Supervision and engineering	6,786.74	5,200.00
Construction of camp, shop and snowshed	6,144.16	400.00
Payroll taxes	283.85	-
Compensation and hospitalization insurance	588.97	187.50
Transportation of equipment	2,694.69	1,201.93
Assaying	249.00	249.00
Depreciation (estimated)	6,672.78	2,787.56
Telephone and telegraph	217.18	-
Traveling expense	920.55	-
Boardinghouse and camp expense	1,726.92	-
Totals	$84,254.21	$56,639.64
Amount of Government participation	$28,319.82	$28,319.82
% of Government participation	33.6%	50%

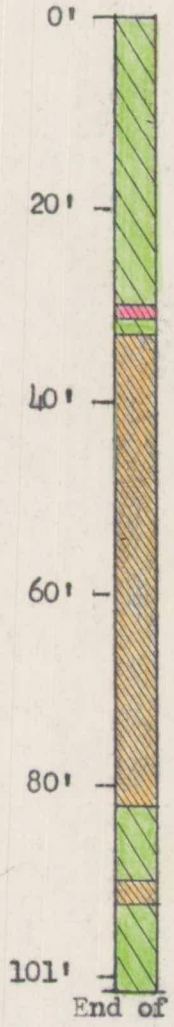
The above figures are not necessarily final as, at the time of making this summary, salvage credit had not been received on a number of used diamond drill bits and the amount was estimated. Also, cost reports for February and March had not been approved by the DMEA certifying officer and reports previously approved are subject to audit.

LEVEL Main adit MINE Stanley, Idaho. DATE 10-14-55 BY T.K.

SCALE 1" = 20' OPERATION Diamond drill hole # 6.

Bearing : S 50° W; Dip : flat; Length : 101-ft; Ave. core rec. : 95%

Ave. angel of bedding to core axis : 75°



black-gray, hard, carbonaceous argillites

core recivery : 95%

2-ft sulphides, FeS, ZnS, PbS.
3-ft band of carb. argillites

highly altered limestone, with substantial quantity of epidot and garnet and disseminated FeS, ZnS

broken, faulted zone. Crushed core

zone of barren, altered limestone
core recovery : 95%

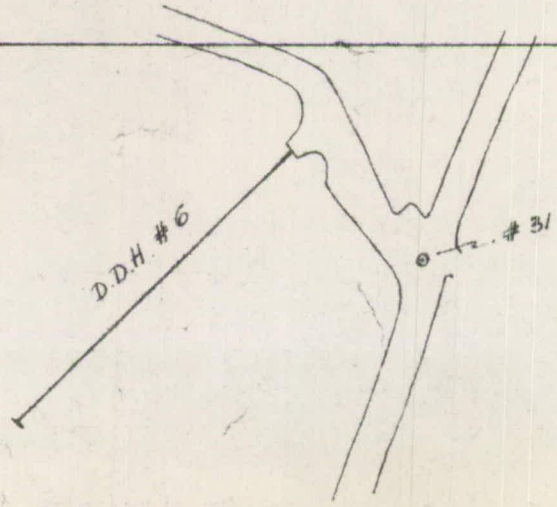
altered limestone with disseminated FeS, ZnS
core recovery : 95%

2-ft barren limestone
black-gray argillite

altered limestone in heavily faulted zone

crushed, black-gray, hard argillite

Location sketch
1" = 50'

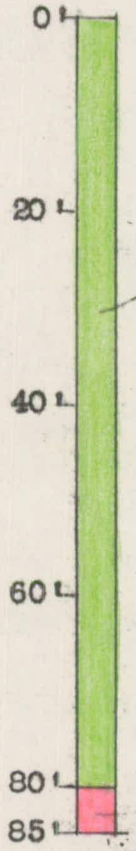


LEVEL Main adit MINE Stanley, Idaho DATE 11-3-55 BY T.K.

SCALE 1" = 20-ft OPERATION Diamond drill hole # 7

Collar coordinates :

Bearing : N 73° W
Dip : flat
Length : 85-ft
Ave. core recovery : 60%



finely laminated, broken, carbonaceous argillites

core in chips and chunks

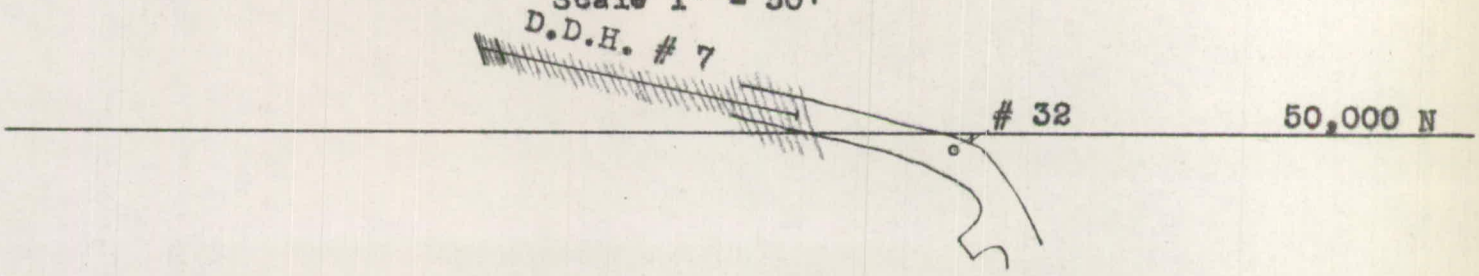
Bedding 30-deg to core axis

Core recovery in argillites : 55%

from 80-ft silicified vein material with disseminated Fe, Zn and Pb. Further drilling stopped because drifting is being directed toward ore zone cut by diamond drilling.

Location sketch.

Scale 1" = 50'

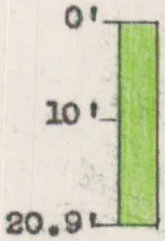


LEVEL Main adit MINE Stanle y, Idahe DATE 11-3-55 BY T.K.

SCALE 1" = 20-ft OPERATION Diamond drill hole # 8

Cellar coordinates :

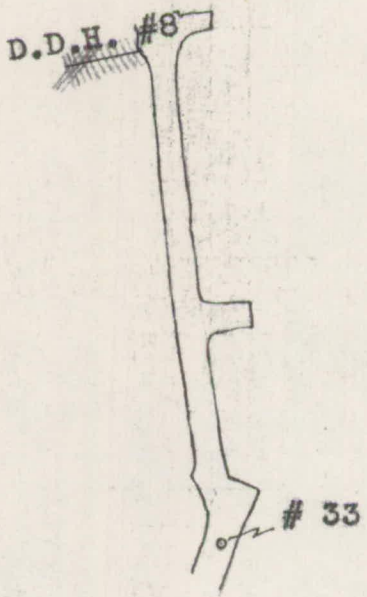
Bearing : S 70° W
Length : 20.9-ft
Dip : Flat
Ave. core recovery : 55%



crushed black argillites;
heavily faulted zone from 17-ft;
hole caving, blocking rods;
hole abandoned because of excessively slow progress and danger of losing rods.
hole # 9 started paralel to hole # 8 approx. 5-ft to the north to explore same area.

-L-o-c-a-t-i-o-n- s-k-e-t-c-h.

1" = 50'



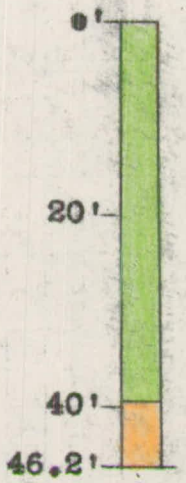
50,000 N

LEVEL Main adit MINE Stanley, Idaho DATE 11-3-55 BY T.K.

SCALE 1" = 20-ft OPERATION Diamond drill hole # 9

Collar coordinates : 50,170 N
49,770 E

Bearing : S 73° W
Length : 46.2-ft
Dip : falt
Ave. core recovery : 65%



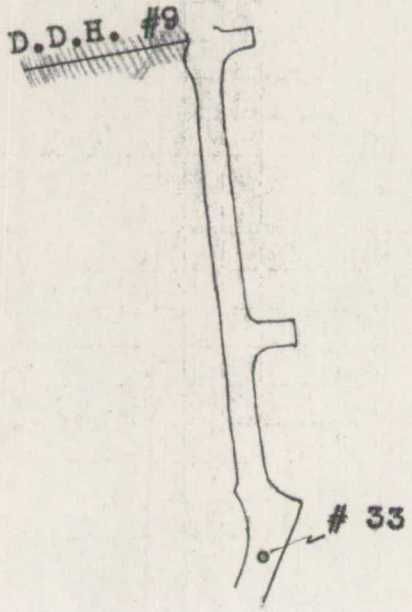
At 8' hawily broken zone blecking rods, hole caving and making an estim.25 gal/min of water

Hard, silicified, carbonaceous black argillites

From 39-ft to end of hole altered limestone with disseminated Pb, Zn, Fe
Further drilling stopped because drifting is being directed toward the ore zone disclosed by diamond drilling

L o c a t i o n s k e t c h.

1" = 50'



50,000 N

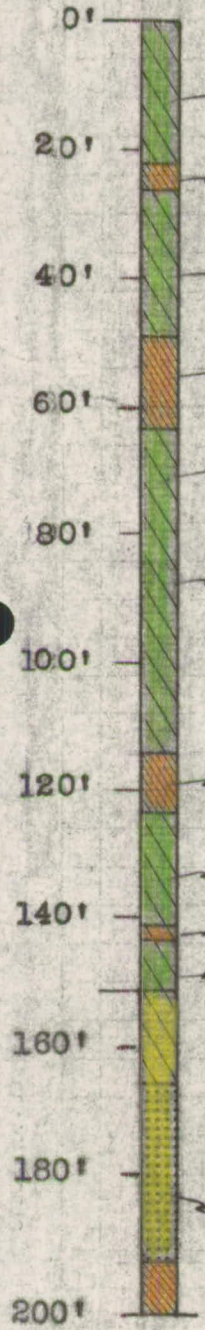
LEVEL Main adit MINE Stanley, Ida. DATE 12-12-55 BY T.K.

SCALE 1" = 30' OPERATION Diamond drill hole # 10

Collar coordinates : 50,172 N
49,787 E
Bearing : N 78° E

Dip : horizontal
Length : 150.4-ft
Ave. core recov. : 90 %

Length extended to 200.6-ft



Black, hard, carbonaceous argillite

altered limestone

altered argillite

limestone with epidot and garnet

black argillite

heavily sheared argillite; core recovery from this section 20%

altered limestone - grayish

hard argillite

limestone

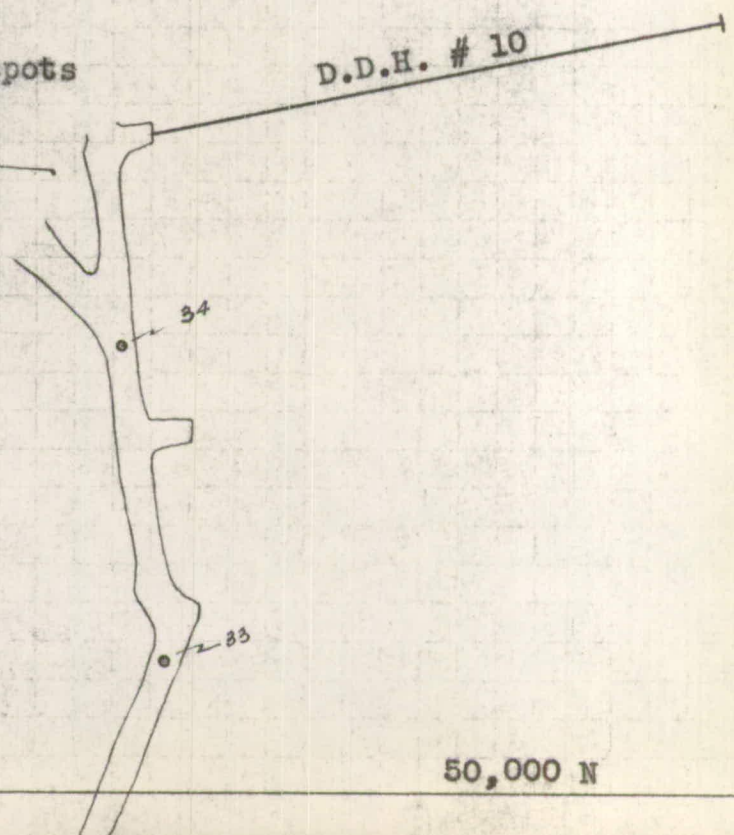
bla ck argillite

grayish dike with green spots

Location sketch.

Scale : 1" = 50'

165-193 silic.
grayish dike



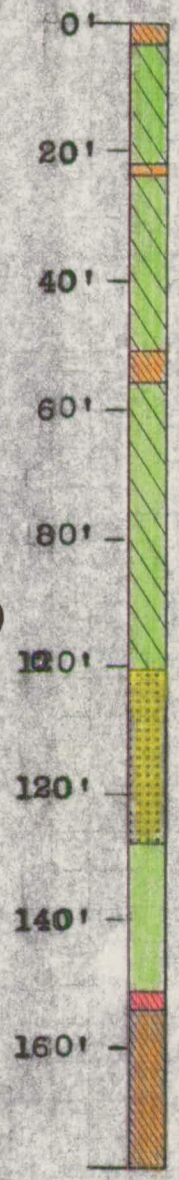
LEVEL Main adit MINE Stanley, Idaho DATE 12-12-55 BY T.K.

SCALE 1" = 30' OPERATION Diamond drill hole # 11

Collar coordinates : 50,096 N
49,796 E

Bearing : N 80° E

Dip : horizontal
Length : 178.8-ft
Ave. core recovery : 92%



white and brownish altered limestone (marble)

Black, hard, carbonaceous argillite

metamorphosed limestone

argillite

altered limestone with dissem. pyrite

heavily sheared argillite

hard, black argillite

28-ft of dike (rhyolite porp hyry ?)
greenish with white specks

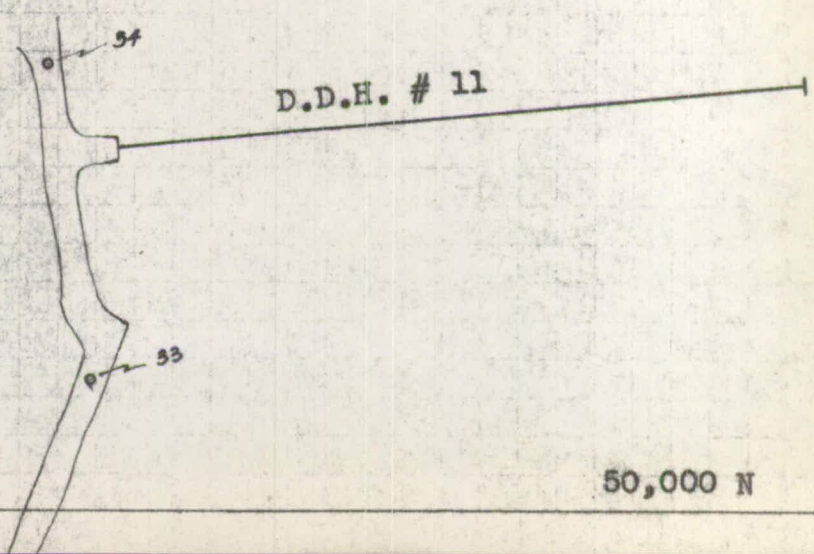
black argillite

2-ft of mineralized zone with minor Zn, Pb values

grayish altered limestone

Location sketch.

Scale : 1" = 50'



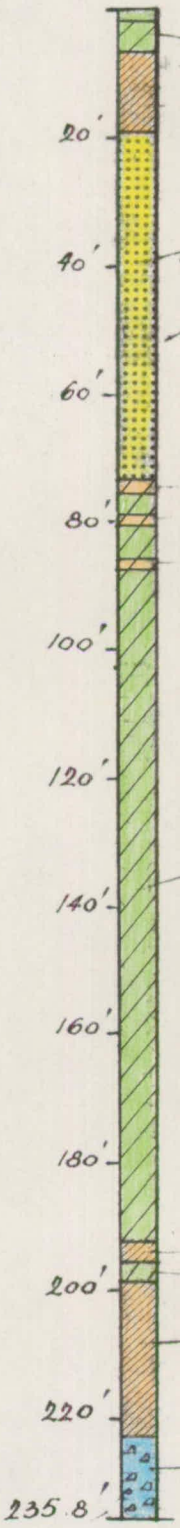
LEVEL Main adit MINE Stanley, I daho DATE Jan.56 BY T.K.

SCALE 1" = 30' OPERATION Diamond drill hole # 12

Collar coordinates : 50,222 N
49,712 E

Bearing : Due West

Dip : horizontal
Length : 235.8-ft
Ave. core recov. : 55 %



black, carbonaceous argillite

Altered limestone with dissem.Zn, Pb, Fe

grayish, silicious dike with green spots
48-55' heavily broken, gge.

2-ft of mineralized limestone
1-ft quartz
1-ft barren altered limestone

hard, black argillite

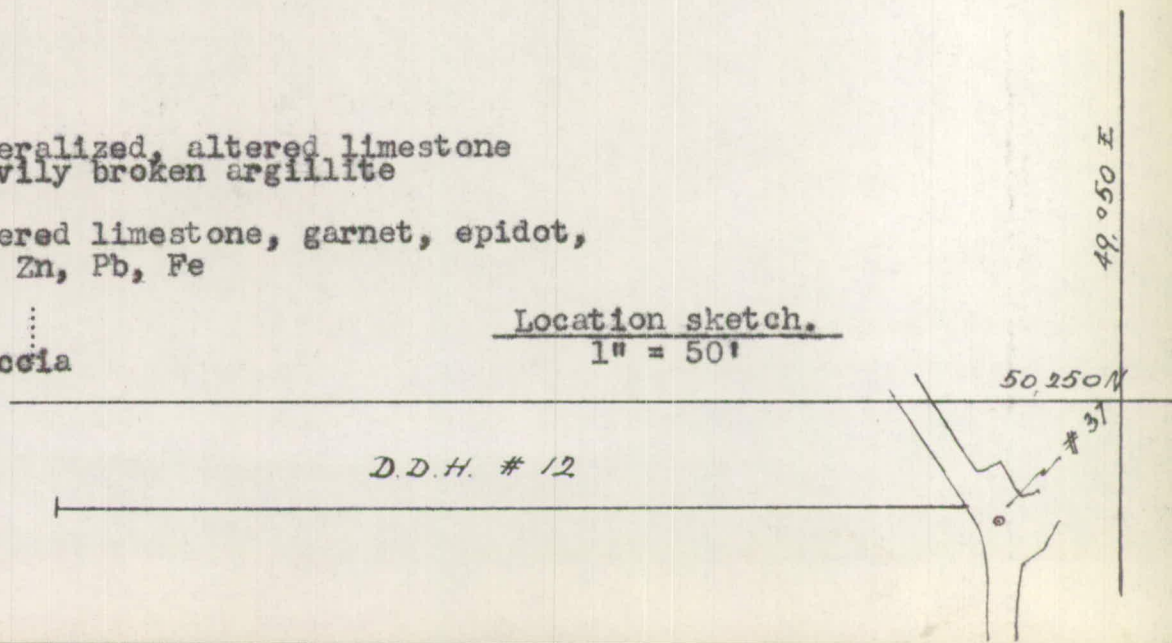
102-177-ft core crushed. Sheare zone. Recoevry from this zone 30%

mineralized, altered limestone
heavily broken argillite

altered limestone, garnet, epidot, Zn, Pb, Fe

breccia

Location sketch.
1" = 50'



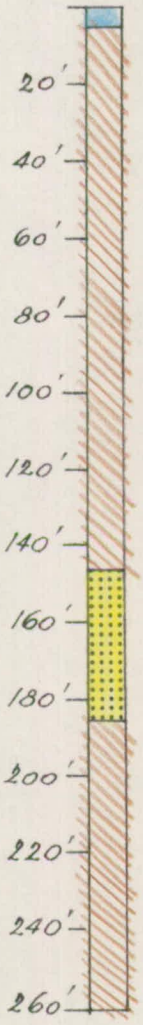
LEVEL Main adit MINE Highland-Surprise Cons.Min.Co. DATE jan.-56 BY T.K.

SCALE 1" = 50' OPERATION Stanley, Ida. - Diamond drill hole # 13

Collar coordinates : 50,092 N
49,550 E

Dip : horizont.
Ave. core recovery : 70%

Bearing : S 78° W
Length : 261-ft

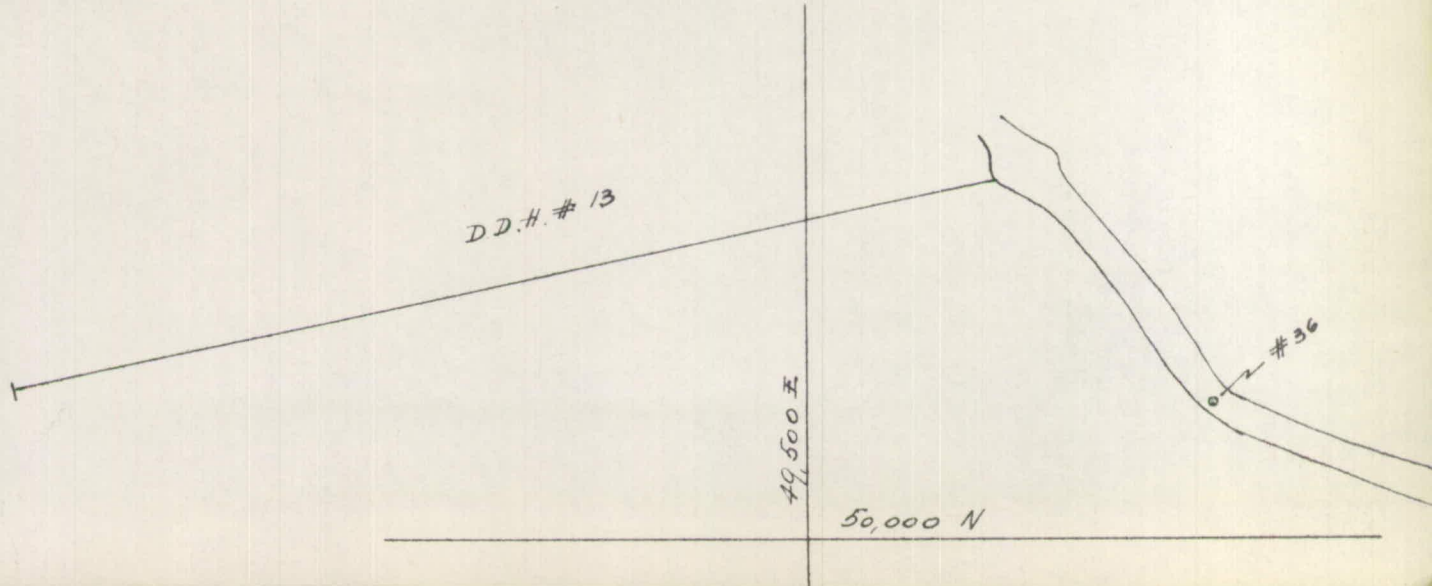


05-5-ft silicified, ~~granitic~~ breccia - sedimentary

altered quartzite

granitic porphyry dike

altered quartzite



Block "A"

		Value per ton of ore
1	Head assays 12.77% zinc .5% lead	
2	Assume the following:	
3	Recoveries:	
4	In Pb concentrates:	
5	95% of Pb	
6	In Zn Concentrates:	
7	90% of Zn.	
8	Concentrate assays:	
9	Pb Concentrates:	
10	50% Pb	
11	Zn Concentrates:	
12	50% Zn	
13		
14	Lead Concentrates:	
15	.5% Pb x 95% = .475% x 100 tons = 47.5 units	
16	47.5 units ÷ 50 = .95 tons Pb Concentrates	
17		
18	Value – East Helena $109.61 or	1.10
19		
20	Bunker Hill 104.39 or	1.04
21		
22		
23		
24		
25	Zinc Concentrates:	
26	12.77% Zn x 90% = 11.49% x 100 tons = 1,149 units	
27	1,149 units ÷ 50 = 22.98 tons zinc concentrates	
28		
29	Value – Anaconda $1339.04 or	13.39
30		
31	Sullivan 1279.99 or	12.80
32		
33		
34	Total Value – Montana smelters	14.49
35		
36	Kellogg "	13.84
37		
38		
39		
40		

5804 FORM ADVANCED

Block "B"

	Value per Ton of ore
Head assays 5.70% Zn Fr. Pt.	
Recovery in zinc concentrate:	
90% of Zn	
Concentrate assay:	
50% Zn	
Zinc Concentrates:	
5.70% Zn x 90% = 5.13% x 100 Tons = 513 units	
513 units ÷ 50 = 10.26 tons zinc concentrates	
Value - Anaconda $597.85 or	5.98
Sullivan 571.48 or	5.72

Block "C"

Footwall

		Value per ton of ore
Head assays	11.48% Zn 6.3% Pb	
Recoveries:		
In Pb Concentrates	95% of Pb	
In Zn "	90% of Zn	
Concentrate assays:		
Pb Concentrates	50% Pb	
Zn "	50% Zn	
Lead Concentrates:		
6.3% Pb × 95% = 5.985% × 100 tons = 598 units		
598 units ÷ 50 = 11.96 tons lead Concentrates		
Value - East Helena	$1379.94 or	13.80
Bunker Hill	1314.16 or	13.14
Zinc Concentrates:		
11.48% Zn × 90% = 10.33% × 100 tons = 1033 units		
1033 units ÷ 50 = 20.66 tons zinc concentrates		
Value - Anaconda	$1203.86 or	12.04
Sullivan	1150.76 or	11.51
Total Value - Montana Smelters		25.84
Kellogg "		24.65

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Block "C"
Hangingwall

		Value per ton of Ore
Head assays:	7.3% Zn 3.2% Pb	
Recoveries:		
In Pb concentrate	95% of Pb	
In Zn "	90% of Zn	
Concentrate assays:		
Pb concentrate	50% Pb	
Zn "	50% Zn	
Lead Concentrates:		
3.2% Pb × 95% = 3.04% × 100 tons = 304 units		
304 units ÷ 50% = 6.08 tons Pb concentrates		
Value – East Helena	$701.51 or	702
Bunker Hill	668.07 or	668
Zinc concentrates:		
7.3% × 90% = 6.57% × 100 tons = 657 units		
657 units ÷ 50 = 13.14 tons Zn concentrates		
Value – Anaconda	$765.67 or	766
Sullivan	731.90 or	732
Total Value – Montana smelters		1468
Kellogg	"	1400

5804 ROSS-MARTIN CO. TULSA 1, OKLAHOMA

Block "D"

		Value per Ton of Ore
Head assays	4.1% Zn 1.29% Pb	
Recoveries:		
In Pb concentrate	95% of Pb	
In Zn "	90% of Zn	
Concentrate assays:		
Pb Concentrate	50% Pb	
Zn "	50% Zn	
Lead concentrates:		
1.29% Pb x 95% = 1.225% x 100 tons = 123 units		
123 units ÷ 50 = 2.46 tons lead concentrates		
Value - East Helena	$283.83 or	284
Bunker Hill	270.30 or	270
Zinc concentrates:		
4.1% Zn x 90% = 3.69% x 100 tons = 369 units		
369 units ÷ 50 = 7.38 tons zinc concentrates		
Value - Anaconda	$430.03 or	430
Sullivan	411.07 or	411
Total value - Montana smelters		714
Kellogg	"	681

5804 DOBSHART, INC. TULSA 1, OKLAHOMA

Concentrate Values

Clayton. Smelter contracts.

Lead Concentrates — Clayton contract with East Helena Smelter:			
50% Pb − 1.4% = 48.6% X 90% = 43.74 or 875# @ 14.05¢			122 94
15 oz silver x 95% = 14.25 oz @ 90¢			12 83
Treatment:			135 77
Base for 20% dry lead	100		
Lead over 20%	−229		
Labor diff.	210	81	
Freight	1345		
Haulage	490		
Bullion freight 875# @ 3.1272 per ton	137	1958	
Total freight and treatment			20 39
Net value per ton			115 38
Zinc concentrates — Clayton contract with Anaconda Co.			
50% Zn x 80% = 40 units or 800# @ 13.5¢			108 00
5% Pb − 3% = 2% x 80% = 1.6 or 32# @ 14¢			4 48
1.5 oz Ag x 80% = 1.2 oz @ 90¢			1 08
			113 56
Treatment:			
Base	3000		
Zinc price increase	300		
Insol and iron @ 25¢ per unit	345		
Labor diff.	770		
		4415	
Freight	603		
Hauling	501		
		1114	
Total freight and treatment			55 29
Net value per ton			58 27

5804 ROSEBMARTIN CO. TULSA 1, OKLAHOMA

Concentrate Values

Kellogg Smelters

Lead Concentrates - Bunker Hill Smelter:			
50% Pb x 92% = 46.00 or 920# @ 14.467¢			133.10
15 oz silver x 95% = 14.25 oz @ 90¢			12.83
3% Zn x 50% = 1.5 or 30# @ 3.375¢			1.01
			146.94
Treatment:			
Base	750		
3% Fe under (3% Zn x 1.8) @ 40¢	96		
1.2% Silica under 3% Fe @ 8¢	14		
- % lime under 3% Fe @ 10¢	30		
15% sulphur (16% free)	—		
		8.90	
Bullion freight 920# @ 7.62 per ton	3.51		
Haulage	4.90		
Freight	19.75	28.16	37.06
Net value per ton			109.88
Zinc Concentrates - Sullivan Zinc Plant:			
50% Zn x 80% = 40 or 800# @ 13.5¢			108.00
5% Pb - 3% = 2% x 80% = 1.6 or 32# @ 14¢			4.48
1.5 oz Ag x 80% = 1.2 oz @ 90¢			1.08
			113.56
Treatment:			
Base	16.00		
Zinc price increase	19.25		
12% Fe @ 30¢	3.60		
		38.85	
Haulage	5.01		
Freight	14.00		
		19.01	
			57.86
			55.70

Note-

Freight rates obtained from U.P.R.R.Co. (Ketchum to Bradley):

Lead Concs valued at $115.00 P/T — $19.17 per ton + 3% tax

Zinc " " " 58.00 " — 13.65 " " " " "

Notes

Following assumptions made in calculation of ore values:

Recoveries:

95% of Pb in Pb concentrate

90% of Zn in Zn "

Concentrate assays:

Pb Concentrate:

50% Pb 3% Zn 3% Fe 1.2% Insol. 15% S 15 oz Ag

Zn Concentrate:

50% Zn 5% Pb 12% Fe 1.8% Insol. 29% S. 1.5 oz Ag

It appears that, for purposes of rough calculations, we can figure ore values on the basis of about $1.05 for each unit of zinc in mill feed and $2.20 for each unit of lead. This will give approximate net smelter returns after deduction of treatment, freight and haulage.

Until D.M.E.A. and Comer royalties are paid off, any ore with a value less than $7.70 per ton would not be profitable, even if mined together with higher grade ore — $6.90 thereafter.

5804 ROSS-MARTIN CO. TULSA 1, OKLAHOMA

RECEIVED
APR 9 - 1956

3664

C

1201 N. Division St.
Spokane 2, Washington
March 29, 1956

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

Re: Contract Idm-E819
Monthly operating report
for January 1956

Gentlemen:

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

A small deletion has been made from the amount claimed and is explained in the attached copy of a memorandum to the Field Team from the DMEA Certifying Officer, Region I.

By Field Team, Region I, NW Dist.

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

cc: DMEA (2)
USGS (2)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON, D.C.~~

No. 157 Howard Street
Spokane 4, Washington

RECEIVED
FEB 17 1956

February 14, 1956

Mr. W. A. Galloway, Secretary
Highland-Surprise Consolidated Mining Co.
203 Gyde-Taylor Building
Wallace, Idaho

Re: Docket No. DMEA-3664 (Lead-Zinc)
Deer Trail Mine
Custer County, Idaho
Contract No. Ida-2819

Dear Mr. Galloway:

We felt that the Field Team position was correct in the matter of the evaluation of the salvage material used at the Deer Trail mine but at your request we forwarded your letter of January 23 to the Washington office of the DMEA for their opinion. We have received a reply and I quote in part:

"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."

In view of the above we would have no basis for requesting an adjustment of the salvage price.

By Field Team, Region I, NW Dist.

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

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

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

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

MINE OFFICE:
BOX 680, KELLOGG, IDAHO

January 23, 1956

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

RECEIVED
FEB 17 1956

Re: Docket No. DMEA-3664 (lead-zinc)
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

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

W. A. Callaway
Secretary-Treasurer

cc: Steve Zoldok

RECEIVED
JAN 24 1956

File Copy
Surname - Swanwold
Talbot
Martin
H. Johnson

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

500

FEB - 6 1956

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

Re: Docket No. DMEA-1664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-8819

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.

R.C.K.

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 (SHB)

APPROVED:

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

Thor H. Kiilsgaard (SHB)
Member, Geological Survey

WRGriswold/er 2/2/56
Copy to: Docket
Admr R 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-E819

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

RECEIVED
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-5819

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-563 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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
January 16, 1956

RECEIVED
JAN 18 1956

Mr. W. A. Callaway, Secretary
Highland-Surprise Cons. Mining Company
203 Cyde-Taylor Building
Wallace, Idaho

Re: Docket No. DMEA-3664 (lead-zinc)
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Callaway:

Our Washington office has informed us that the salvage value placed on used pipe, rail, and vent pipe under the old Highland-Surprise Contract No. Idm-E63 will regulate the value for reimbursement of like items transferred from the old Highland-Surprise mine in the Pine Creek district to the Deer Trail mine in Custer County. Transportation charges on this used material from the Coeur d'Alenes to the Deer Trail mine are allowable if supported by certified copies of transportation bills.

Our records show (your letters of December 10 and 15, 1954, contract No. Idm-E63) that Highland-Surprise Consolidated Mining Co. successfully bid $673.18 for the used rail and accessories (less rail in shaft), $705.46 for the used pipe and accessories, $189.85 for the used vent pipe and accessories, and $61.18 for the used rubber-covered 3-conductor power cable.

On the basis of the above valuation and the linear footage of material we have computed the following values for the various items.

1" air or water line	$0.047	per	foot
2" air or water line	0.079	"	"
4" victaulic pipe	0.410	"	"
Ventilation pipe	0.210	"	"
20# rail	0.220	"	"
3-conductor rubber-covered power cable	0.06	"	"

The above unit values include all accessories like pipe couplings, valves, fish plates, etc., unless new ones are used and can be supported by suppliers invoices.

As you know, the bulk of pipe, vent pipe, and rail was deleted from the Operator's October 1955 voucher. These items can be reclaimed in the next monthly voucher on the basis of units installed.

By Field Team, Region I, NW District

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

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

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

File Copy
Surname
Griswold
Selfridge
Fisher
Kipman
Mittendorf

500

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

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

JAN 9 1956

Re: Docket No. DMEA-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 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 18 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. Thence, 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 (SHB)

APPROVED:

/s/ Robert W. Gecham (SHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (SHB)
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.

File Copy
Surname
Griswold
Fisher

500

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

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

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

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. They advise us that the companies concerned should provide you with proper statements covering the material involved, with the statement that it is in good serviceable condition. If you then feel that the price stipulated represents a fair valuation, plus a reasonable transport charge, you may approve the statements for payment.

Very truly yours,

Chairman, Operating Committee

WRGriswold/bjl (12/29/55)

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

Mr. Chambers

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

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

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

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

cc: DMEA (2)
USGS (2)
AD

DMEA Field Team, Region I, NW District

December 28, 1955

DMEA Certifying Officer, Region I

Highland-Surprise Cons. Mining Co., Contract Idm-E819
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 carbide, 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 Purdy

cc: Operator
DMEA (2)
USGS

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D. C.~~

1201 N. Division St.
Spokane 2, Washington
December 20, 1955

RECEIVED
DEC 27 1955

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

Re: Docket No. DMEA-3664 (lead-zinc)
Highland-Surprise Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Selfridge:

We have been unable to reimburse the Operator for certain items of Operating Materials like pipe, rail, etc. as these materials were salvaged from the old Highland-Surprise mine (same Operator) in Shoshone County, Idaho, and transported for use in the Deer Trail mine in Custer County, Idaho. As salvaged material the Operator has been unable to supply supporting invoices, and the Certifying Officer has deleted the unsupported charges. The Operator stated that he could supply old invoices to support the deleted charges but that these invoices would be for new material and would not necessarily cover the identical material that was transferred, and also that the invoices would antedate the effective date of the contract.

The Deer Trail mine is a joint venture (50-50) between Highland-Surprise and Sunshine Mining Company. As part payment in the costs of exploration Highland-Surprise is transferring some of its equipment, etc. from its old mine to the Deer Trail project. The purchasing agent of Sunshine Mining Company sets the value on this equipment, etc., which becomes a part of Highland-Surprise's contribution to the costs of the joint project. As an example, the biggest items are: rail, which was authorized in the contract at $155.00/ton, is charged at $114.70/ton; 4" pipe, authorized at $1.00/ft., is charged at $0.70/ft.; and 16" ventpipe, authorized at $1.065/ft., is charged at $0.75/ft. for 10" ventpipe.

In order that we may reimburse the Operator for the deleted items we would like to know if we can accept in lieu of invoices Sunshine Mining Company's valuation of the materials and supplies that become a part of Highland-Surprise's contribution to the joint project, or accept the Operator's old invoices.

One alternative would be to amend the contract to a unit cost basis of $35.82 per foot for drifting and crosscutting (A. L. Service's memo of April 14, 1955), which we do not recommend as we believe the rapid advance at the project will bring the costs below this figure due to savings in labor, supervision, and depreciation.

By Field Team, Region I, NW District

A. E. Weissenborn

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

Thomas E. Howard

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

cc: USGS (2)
USBM (AD)

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

October 13, 1955

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:

Attached are the Government, Docket, and Division copies of Amendment No. 1. This amendment was prepared in Washington in accordance with the Operator's request of August 31, 1955.

Distribution of this amendment is being made in the usual manner.

Sincerely yours,

Verne C. Fryklund Jr.

Verne C. Fryklund, Jr.
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I
Northwest District

Attachments as indicated

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

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

RECEIVED
OCT 10 1955

October 7, 1955

Mr. W. A. Callaway, Secretary
Highland-Surprise Consolidated Mining Co.
203 Hyde-Taylor Building
Wallace, Idaho

Re: Docket No. DMEA-3664 (lead-zinc)
Deer Trail Mine
Custer County, Idaho
Contract No. Ida-2819

Dear Mr. Callaway:

Enclosed are the original and six copies of Amendment No. 1 to your exploration contract on the Deer Trail mine. This Amendment was prepared in our Washington office and conforms with your request as stated in your letter of August 31, 1955, and in your conference with representatives of the Field Team.

If this meets with your approval please sign all copies and retain the one marked for the Operator's copy. Return the rest to this office. However, if for any reason the Amendment does not meet with your approval, all copies should be returned to us with your comments.

Sincerely yours,

Verne C. Fryklund, Jr.
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, BM Dist.

Enclosures

cc: DMEA (2)
BCMM (2)
BMM (AE)
Quinlan

File Copy
Surname
Sinnard
Talbert
Selfridge
Griswold

500

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

OCT 3 - 1955

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

Re: Docket No. DMEA-3664 (Lead-Zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-F819

Dear Mr. Weissenborn:

As recommended in your letter of September 7, we are enclosing the original and five copies of Amendment No. 1 to the cited contract.

Please present it to the Operator for signature and distribute the copies in the usual manner. However, if for any reason the amendment does not meet with your approval, all copies should be returned to us with your comments.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (WRG)

Enclosure

WRGriswold/bjl (9/27/55)

APPROVED:

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

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

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

R.C.B.

File Copy
Surname

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

September 13, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Preparation of An Amendment, Docket No. DMEA-3664, (Lead-Zinc) Highland-Surprise Cons. Mining Company, Deer Trail Mine, Custer County, Idaho, Contract No. Idm-E819.

Will you kindly prepare an Amendment No. 1 to the cited contract, as outlined on the attached sheets.

W. R. Griswold

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

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

1201 N. Division St.
Spokane 2, Washington
September 7, 1955

VIA AIR MAIL

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 Cons. Mining Co.
Deer Trail Mine
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Selfridge:

Enclosed are two copies of a letter dated August 31, 1955 from Highland-Surprise Consolidated Mining Company, requesting certain changes in the cited contract.

The Field Team favors the Operator's request and recommends that an amendment be written in Washington, changing the bulldozing and diamond drilling from Independent Contracts to Agreed Unit Costs, and allowing Independent Contracts for drifting, crosscutting, and drill stations. A sample amendment with justification is attached.

Immediate action is requested in order that the work can proceed according to schedule.

By Field Team, Region I, NW District

Wing G. Agnew

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

Verne C. Fryklund Jr.

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

Enclosures

cc: USGS (2)
USBM (AD)

Exploration Project Contract
Highland-Surprise Consolidated Mining Company
Docket No. DMEA-3664

AMENDMENT NO. 1

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

Category (1) Independent Contracts	$10,535.00
In Category (2) Personal Services, delete (c) Labor	16,489.00
In Category (3) Operating Materials and Supplies, delete	
Explosives	4,529.33
Bits and steel	2,000.00
In Category (7) Miscellaneous, delete	
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, add

Category (1) Independent Contracts
(*Denotes maximum allowable)

Drifting and crosscutting 1200 feet @ $20.94*/ft.	$25,128.00
Diamond drill stations 110 feet @ $20.94*/ft.	2,303.40
	$27,431.40

The 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.

Drifts, crosscuts and drill stations shall conform to the specifications set forth in Exhibit "A" under Description of the Work.

In Category (7) Miscellaneous, add

Liability insurance covering superintendent	$187.50

3. In Exhibit "A" of the contract, add

Agreed Unit Costs

Bulldozing - 56 hours @ $10.00/hr.	$ 560.00	
2,100 feet of diamond drilling @ $4.75/ft.	9,975.00	$10,535.00

Exploration Project Contract
Highland-Surprise Consolidated Mining Company
Docket No. DMEA-3664

Justification of Amendment No. 1

The total amount of the Independent Contracts ($27,431.40) allowed by this amendment includes the following items which were deleted from other categories in the contract, as follows:

Labor	$16,489.00	
Explosives	4,529.33	
Bits and steel	2,000.00	
Payroll taxes & insurance	2,418.50	(2,606.00 - 187.50)
Mess house expense	2,000.00	
	$27,436.83	(difference of + $5.43)

The Government will benefit under this amendment as the completion time will be shortened from 8 months to about 5 months, thus saving in supervisor's salary, payroll taxes, and equipment depreciation.

S. W. Zoldok

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

203 GYDE-TAYLOR BUILDING

WALLACE, IDAHO

MINE OFFICE:
BOX 690, KELLOGG, IDAHO

RECEIVED
BUREAU OF MINES
SEP 1 - 1955
SPOKANE, WASH.

August 31, 1955

RECEIVED
SEP - 9 1955

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

Re: Docket No. DMEA-3664 (lead-zinc)
Contract No. Idm-E 819
Deer Trail Mine, Custer County, Idaho

Dear Mr. Weissenborn:

As discussed yesterday with Mr. Zoldak we are writing to request that the above contract be amended in the following particulars:

1. Because of the remote location and the small amount of work involved we have been unable to get independent contractors to do the bulldozing and diamond drilling at the unit cost figures allowed under Category (1) in Exhibit "A". For this reason and because we deemed it expedient to have our own bulldozer at the property, we have moved our Caterpillar D6 dozer to the mine location and the bulldozing work has been done with this equipment. We request that the contract be amended to allow us the unit cost of $10.00 per hour.

Also the company owns EX size diamond core drilling equipment which is adequate for the purpose and we can arrange for the drilling to be done with this equipment at the unit cost of $4.75 per foot.

2. We have executed an agreement with Philip J. Salois and Leon Zittel as contractors (four copies of the agreement are enclosed with this letter) under which the contractors agree to furnish all labor, drill steel and bits, and explosives to do the drifting and crosscutting provided for in Exhibit "A". Since Salois and Zittel are classed as independent contractors, most of the payroll taxes and liability insurance under Category (7) will be eliminated. Also the mess house expense under Category (7) will be eliminated as the contractors will provide their own cook.

We have prepared and are attaching to this letter a calculation sheet showing that the items covered by our agreement with the contractors, i.e. labor, explosives, bits and steel, payroll taxes and liability insurance, and mess house expense, amount to a total of $27,436.83 or $20.94 per lineal foot. The sheet also shows that our estimated actual cost under our agreement with Salois and Zittel will be $23.59 per foot but we are willing to absorb the additional cost because there will be a time saving which is to our advantage and the openings driven will be 6 feet by 8 feet instead of the 5 feet by 7 feet specified in Exhibit "A".

In view of the foregoing we request that our contract be amended to provide for our agreement with Salois and Zittel and that the amount allowable be actual cost with a maximum of $20.94 per lineal foot. This arrangement should result in a saving to the Government in supervision and depreciation because, if the work is completed by January 1, 1956 as contemplated, the project will be charged with only five and one-half months of our superintendent's salary as compared with eight months estimated under Category (2) and only four and one-half months of depreciation as compared with seven months estimated under Category (4) in Exhibit "A".

Immediate action on these matters will be appreciated as preparatory work was commenced on July 15, 1955 and crosscutting started on August 15th.

Yours very truly,

W. A. Callaway
Secretary

Encs.
cc: Mr. Steve Zoldak

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
Docket No. DMEA-3664
Contract No. Idm-E819

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Items which will be covered by agreement with Zittel and Salois:

Category (2) (c) Labor		$16,489.00
Category (3) Operating materials and supplies:		
Explosives		4,529.33
Bits and steel		2,000.00
Category (7) Miscellaneous:		
Payroll taxes and liability insurance	$2,606.00	
Less liability insurance covering superintendent 1/	187.50	
		2,418.50
Mess house expense		2,000.00
Total		$27,436.83
Amount per foot for 1,310 feet of drifts and crosscuts, including diamond drill stations		$20.94

1/ Our superintendent's salary for this year has reached the point where it will not be subject to social security taxes for the remainder of the year and, since it is contemplated that work will be completed by January 1, 1956, there will be no social security taxes chargeable. Workmen's compensation insurance covering the superintendent from July 15, 1955 to December 31, 1955 will amount to approximately $187.50.

Actual costs under the agreement with Zittel and Salois will be as follows:

1,200 feet of drifts and crosscuts @ $23.00 per foot	$27,600.00
110 feet of drill stations @ $25.50 per foot (higher because hand mucked)	2,805.00
Timbering an estimated 200 feet @ $2.50	500.00
Total	$30,905.00
Cost per foot for 1,310 feet	$23.59

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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SEP - 6 1955

September 1, 1955

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

Re: Docket No. DMEA 3664 (lead-zinc)
Highland-Surprise Consolidated
Mining Company
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Selfridge:

Enclosed are copies of a letter to the Highland-Surprise Consolidated Mining Company signed by the owners of the Confidence group of claims. We requested this acknowledgment purely for the record.

Sincerely yours,

Verne C. Fryklund, Jr.

Verne C. Fryklund, Jr.
for: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

Enclosures

cc: USBM (2)
Quinlan

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

203 GYDE-TAYLOR BUILDING

WALLACE, IDAHO

MINE OFFICE:
BOX 690, KELLOGG, IDAHO

August 22, 1955

Defense Minerals Exploration Administration
So. 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-3664 (lead-zinc)
Contract No. Idm-E 819

Gentlemen:

As requested by a letter from your office dated July 27, 1955, we are enclosing five copies of a letter signed by the owners of the Confidence group of mining claims acknowledging an error in the listing of the claims in Mr. Enderlin's lease and agreeing to the correct listing.

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Yours very truly,

M. A. Galloway

Secretary-Treasurer

August 10, 1955

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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: [illegible]

[illegible]

[illegible]

[illegible] Fuller Dorenah

[illegible]

Attorney in Fact

Subscribed and sworn to before me this 10 day of August, 1955.

[illegible]

Notary Public

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AUG 23 1955

U. S. G.
SPOKANE, WASH.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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August 30, 1955

Mr. Tibor Klobusicky, Supt.
Highland-Surprise Consolidated Mining Co.
203 Gyde-Taylor Building
Wallace, Idaho

Re: Docket No. DMEA-3664 (lead-zinc)
Deer Trail Mine, Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Klobusicky:

Thank you for your letter of August 22, 1955.

We have given some thought to your request to extend the adit crosscut to a total length of 450 feet. After examining the available geologic maps, we are not entirely certain as to the necessity of extending the crosscut this distance.

We suggest that the crosscut be extended about 300 feet, or to such a point that it is clear that the entire "zinc" vein zone has been cut. In the meantime we can consider whether drifting should start on the "zinc" vein or whether there are additional targets to the northwest of the "zinc" vein that should be explored. If the "lead" vein dips west, there is a good chance that it will be cut nearer the 300-foot point in the adit than the 450-foot point.

We understand that the property has been resurveyed and mapped in recent weeks, and perhaps you have additional geologic information that would influence our decision as to extending the crosscut beyond the "zinc" vein zone.

By Field Team, Region I, NW District

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

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

cc: DMEA (2)
USBM (2)
Quinlan

Wash

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

203 GYDE-TAYLOR BUILDING
WALLACE, IDAHO

MINE OFFICE:
BOX 690, KELLOGG, IDAHO

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August 22, 1955

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

Re: Docket No. DMEA-3664 (lead-zinc)
Highland-Surprise Cons. Mining Co.
Deer Trail Mine, Custer County, Idaho

Dear Mr. Weissenborn:

Reference is made to our conversation with Mr. Fryklund on August 19th, 1955 regarding our proposed change in the crosscutting to be done under the above contract.

After we reached a full agreement with your field representatives concerning the elevation of the new tunnel level, bearing of the crosscut (which is about N 20° E) and location of the tunnel portal, we prepared the tunnel site according to this agreement.

According to the original ideas the diagonal crosscut was planned to be about 200 feet long, then the first attractive vein was to be followed and parallel structures explored by another crosscut normal to the vein structures - see our original application. We are proposing to extend the diagonal crosscut on the agreed bearing of N 20° E to a total length of about 450 feet. This would enable us to plan the drifting operations more economically as we would cut the whole mineralized zone before we would have to make a decision on which of the several veins the drift should follow.

While preparing the tunnel site we cut with the bulldozer another mineralized zone which indicates that there may be more veins present under the heavy overburden than are visible on the surface. Which of them is the most attractive and should be developed can be determined effectively only by crosscutting.

The proposed longer diagonal crosscut will eliminate the normal crosscut, which was planned to be about 200 feet long, and will make a more adequate transportation drift by eliminating the right angle turns.

We have prepared a claim map showing the proposed workings on the Deer Trail Fraction claim and four copies are enclosed.

Tunneling operations were started on August 15th and we are working two shifts per day.

Yours very truly,

TIBOR KLOBUSICKY, Supt.

By H. A. Callaway

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

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July 27, 1955

Mr. Frank J. Lundin, President
Highland-Surprise Mining Company
P. O. Box 889
Wallace, Idaho

Re: Docket No. DMEA-3664 (lead-zinc)
Highland-Surprise Consolidated
Mining Company
Dear Trail Mine (Stanley Project)
Custer County, Idaho

Dear Mr. Lundin:

We are still not in the clear as to the Confidence claims. As you know, the Mining Lease, dated November 15, 1953, between Mr. and Mrs. Fuller and Mr. and Mrs. Gossi, grantors, and Elmer Enderlin, grantee, contains an error that should either be corrected or acknowledged by the owners.

One group of claims is shown on the lease agreement as Confidence Nos. 1-2-3-4. The claims are actually Confidence, Confidence Nos. 1-2-3. There is no Confidence No. 4 claim and, according to Enderlin's lease, he does not control the Confidence claim.

Enderlin's Owner's Consent to Lien does list the claims properly, and the original error has been recognized by all concerned. It would be desirable, however, to either prepare a new lease agreement (the November 15, 1954, one) or to have on record a letter from the owners acknowledging the true situation. Copies of either a new lease or a letter should be furnished the Government.

By Field Team, Region I
Northwest District

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

cc: DMEA (2)
USBM (2)
Nicholson

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

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

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AUG - 1 1955

July 22, 1955

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

Re: Docket No. DMEA-3664 (lead-zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine (Stanley Project)
Custer County, Idaho
Contract No. Idm-E819

Dear Mr. Selfridge:

Enclosed are the Government, Division, and Docket copies of Contract No. Idm-E819. 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 Gossi 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 claims, attached are copies of a letter (which we do not consider adequate) from Elmer Enderlin 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 15, 1954, which however still lists the claims erroneously.

The claims are properly listed as Confidence, Confidence No. 1, Confidence No. 2, and Confidence No. 3 in the agreement of November 23, 1954, between Enderlin and Highland Surprise. We are requesting Highland Surprise to obtain a statement directly from the owners explaining the discrepancy. Copies of our letter to the company are enclosed.

Sincerely yours,

A. E. Weissenborn/o.d.

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

Enclosures as indicated

cc: USBM (2)
Finance office w/cy contract
Nickelson

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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 deposits Box at Challis Bank.

Sincerely Yours

/s/ Elmer Enderlin

COPY

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MINING LEASE — Between LOUIS GOSSI and ANA GOSSI, husband and wife

and ANNIE FULLER and ARNOLD FULLER 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 ANA GOSSI, husband and wife of Boise, Ada County, Idaho, and ANNIE FULLER and ARNOLD FULLER, 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 M. 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 and running 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:

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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 Gosse

Ada Gosse

Arnold Fuller (Duke)

Marie Fuller
LESSORS

Charles Gudelius
LESSEE

STATE OF IDAHO }
County of Ada } ss.

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 EMBERLIN, 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 8th day of September, 1949, before me, the undersigned, a Notary Public in and for said State personally appeared MARIE FULLERE and ARNOLD FULLERE, 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 Kenny Argall
Notary Public
Residing at Grass Valley, California

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

RECEIVED
JUL - 5 1955

June 28, 1955

Docket

Forwarded
Betty

Mr. Frank J. Luedke, President
Highland-Surprise Mining Company
P. O. Box 889
Wallace, Idaho

Re: Docket No. DMEA-3664 (lead-zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine (Stanley Project)
Custer County, Idaho

Dear Mr. Luedke:

This will confirm a discussion you had with A. E. Weissenborn at this office last Friday concerning certain requirements that must be met before we can give you for signature the proposed contract for work on the above-cited project which we have received from Washington.

We shall need the following: (1) a copy of the lease of September 8, 1949, given to Elmer Enderlin by Louis and Ada Gossi, and Marie and Arnold Fuller on the Confidence claims. This document is mentioned in an agreement dated November 15, 1954, between the same parties, and it lists the claims as being the Confidence Nos. 1-2-3-4", among others, (2) a clarification of the discrepancy as to the naming of the Confidence claims. The Owner's Consent to Lien and the claim map lists them as the "Confidence," and the "Confidence No. 1," Confidence No. 2," and "Confidence No. 3," whereas an agreement dated November 15, 1954, and made a part of the agreement dated November 23, 1954, between Enderlin and Highland-Surprise, lists the claims as being the "Confidence Nos. 1-2-3-4."

Our Washington office has waived the requirement for the securing of a performance bond. However, we need evidence in the form of a letter or written statement from the owner of the Deer Trail claim showing his refusal to grant the Owner's Consent to Lien.

As soon as these matters are attended to we can send the contract to you for signature.

Very truly yours,

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

cc: DMEA (2)
UBBM (2)
Nickelson

File Copy
Surname
Brownell
Talbutt
Selfridge

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

JUN 17 1955

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

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

Dear Mr. Weissenborn:

With reference to your letter of April 14, we are enclosing the original and five copies of a contract for the cited project. The contract has been prepared on an actual cost base, as was explained to you when you were in Washington on June 9.

In preparing the contract we have omitted the proposed work on the F.D.R. group of claims (Stage II). We are not at all opposed to work in this area. Quite possibly a much more comprehensive program is warranted than that proposed by Mr. Howard B. Nickelson, but it seems prudent to have more information first. We note that you recommend no work be done in this area unless favorable results were first obtained on the Deer Trail claims. Mr. Nickelson stressed the "poor exposures and general lack of information" with reference to the F.D.R. claim group. Hence, we suggest postponing any project set-up for this area until we have more data available.

We call your attention to the enclosed copies of a memorandum from the Acting Assistant Solicitor, Defense Minerals, dated May 24, in which he cites certain requirements to be met prior to execution of the contract. Obviously, this may involve a certain delay, but since the contract has already been dated it should create no actual hardship upon the Applicant. Since you explained to us in Washington that it is

R.C.S.

practically out of the question to secure a performance bond, we shall waive that requirement. However, we should have a statement from you, to that effect, for the docket. Likewise, the Applicant should provide you with a copy of a letter from the owner of the Deer Trail claim showing a refusal to grant the Owner's Consent to Lien. At least, we should have some form of evidence showing that such refusal was actually made, other than a mere statement by the Applicant.

If the contract meets with your approval, and if the stipulated requirements are met, kindly present it to the Applicant for signature and distribute the copies in the usual manner. Alternately, all copies should be returned to us with your recommendations.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Enclosures

APPROVED:

J. H. Hedges (GCS)

Member, Bureau of Mines

Thor H. Kiilsgaard (GCS)

Member, Geological Survey

WRGriswold/er (5/26 & 6/10/55)

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

P. S. Please note Annex II giving specific salvage values.

File Copy
Surname
Chamberlin
Grumel
Selfridge

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

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

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

Dear Mr. Weissenborn:

With reference to your letter of April 14, we are enclosing the original and five copies of a contract for the cited project.

The costs are in accord with those outlined by Mr. A. L. Service, except that we have deleted his allowance of ten percent for contingencies. We cannot allow this item in estimates for agreed unit cost work, though it is quite in order when forecasting costs for actual cost contracts. We realize that, when making estimates for agreed unit costs, no one can hope for an absolute degree of precision and that unexpectedly adverse conditions could easily increase forecasted costs by ten percent or perhaps more. Yet it is equally true that unexpectedly favorable conditions could decrease estimated amounts to a similar degree. Hence, if we were to allow the Applicant a cushion for unforeseen adverse conditions, we should logically also provide a recapture clause for the Government for unforeseen favorable conditions. In essence, we would wind up with an actual cost contract.

In preparing the contract we have omitted the proposed work on the F.D.R. group of claims (Stage II). We are not at all opposed to work in this area. Quite possibly a much more comprehensive program is warranted than that proposed by Mr. Howard B. Nickelsen, but it seems prudent to have more information first. We note that you recommend no work be done in this area unless favorable results were first obtained on the Deer Trail claims. Mr. Nickelson stressed the "poor exposures and general lack of information" with reference to the F.D.R. claim group. Hence, we suggest postponing any project set-up for this area until we have more data available.

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If the contract meets with your approval, and if the stipulated requirements are met, kindly present it to the Applicant for signature and distribute the copies in the usual manner. Alternately, all copies should be returned to us with your recommendations.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

Enclosures

APPROVED:

J. H. Hedges (JHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (JHB)
Member, Geological Survey

WRGriswold/er 5/26/55

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

Docket copy

MF-200
(Revised June 1954)

Docket No. DMEA - 3664

Commodity Lead-Zinc

Contract No. Idm-E

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this ..... day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] 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 .....

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 Performance Bond has been submitted to the Government.

(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 ..... 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 $57,800.96. The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $28,900.48: *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 and see Article 13.

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.

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.*—
To the extent that costs are set forth in Exhibit "A" as "Fixed Unit Costs" they are in lieu of the actual costs that would otherwise be allowable under Article 6 of the contract.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Administrator, Defense Minerals Exploration Administration

Rubin Hoffland "Appd. Sol. Off."

Chamberlain Samuel Selfridge

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
(Operator)

By .....

.....

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

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

Actual Costs of Preparatory Work

Category (1) Independent Contracts

Bulldozing - 56 hours @ $10.00/hr. $ 560.00

Category (2)	Personal Services		
	(a) & (b) Supervision and Technical Services		
	Supervision - 5 days @ $26.00/day	$ 130.00	
	(c) Labor		
	8 shifts @ $14.50 per shift, plus overtime	125.60	$ 255.60
Category (3)	Operating Materials and Supplies		
	200 ft. - 4-inch air line @ $1.00/ft.	200.00	
	400 ft. - 2-inch water line @ $0.34/ft.	136.00	336.00
Category (4)	Operating Equipment		
	(a) & (b) Rental and Purchases - None		
	(c) Depreciation		
	1 - portable compressor, 2 days @ $6.31/day	12.62	
	2 - side dump cars, 4 days @ $0.28/day	1.12	
	1 - 3/4 ton truck, 5 days @ $1.70/day	8.50	22.24
Category (5)	Initial Rehabilitation and Repairs - None		
Category (6)	New Buildings, Fixtures, and Installations		
	1 - compressor house and shop		400.00
Category (7)	Miscellaneous		
	Liability insurance and incidentals		23.12
	Total - allowable maximum		$ 1,601.96

The Government will contribute to the requirements set forth below on the basis of the "Fixed Unit Costs" specified therefor, as these costs accrue, in lieu of the allowable costs under Article 6 of the contract. These fixed unit costs include all costs whatsoever necessary to complete the project except these actual costs of preparatory work scheduled above.

Fixed Unit Costs

Drifting and Crosscutting	
1200 feet @ $32.10 per foot	$38,520.00
400 feet of standard drift timbering @ $5.00 per foot	2,000.00
Diamond Drill Stations	
11 stations @ $326.00 each	3,586.00
Diamond Drilling	
2100 feet @ $5.33 per foot	11,193.00
Assaying	
300 samples to be assayed for silver, lead and zinc @ $3.00 per sample	900.00
	$56,199.00

SUMMARY

Estimated Total Actual Costs of Preparatory Work	$ 1,601.96	
Estimated Total Fixed Unit Costs	$56,199.00	
Estimated Total Cost of Project		$57,800.96
Government's Participation @ 50%		$28,900.48

* Allowable maximum for preparatory work, in addition to the maximums under Article 6.

G[illegible]ernment's copy

MF-200
(Revised June 1954)

Docket No. DMEA - 3664

Commodity Lead-Zinc

Contract No. Idm-E

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this _____ day of _____, 195__, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] 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~~ Amendatory, and Rider.

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 Performance Bond has been submitted to the Government.~~ 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 ..... 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 $~~57,800.00~~ 59,570 The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $~~28,900.00~~ 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

PROJECT EXPLORATION CONTRACT
HIGHLAND-SURPRISE CONSOLIDATED MINING CO.
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 ~~hereafter~~ designated therefor upon the completion or termination of the ~~contract~~ 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	
rough frame Compressor house and Shop ~~Frame building~~	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.

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 ‖

Explosives	4,529.33

~~Net cost after salvage value deduction~~

In addition to the maximums set forth in the contract form, each item estimated below under this subheading and the estimated total for the category are maximums. In making these estimates the salvage values of the items after the project work has been completed have been deducted, and if the project is completed the Government shall have no interest in these items, notwithstanding the provisions of Article 9.

However, if the project is not completed Article 9 shall apply, except that the Government's interest in these items shall be the extent of its contribution to each item multiplied by the Government's estimate of the percentage of the work not completed. (For example, if the Government contributes $350 to the cost of a $700 item, and only 25 percent

‖ See annex II

of the work was completed, the Government's interest in the item will be 75 percent of $350, or $262.50.)

Air lines, 4" pipe, 1,400 feet @ $0.~~50/ft.~~ 1.00	$ ~~700.00~~	1400.
Water lines, 2" pipe, 1,600 feet @ $0.~~17/ft.~~ .34	~~272.00~~	544.
Pipe line accessories,		350.
Bits and steel	2,000.00	
Vent pipe, 16" - 1,200 feet @ ~~$0.80/ft.~~ 1.065	~~960.00~~	1278.
Rail, 20 lb., 3,000 feet @ 55. per ton	~~1,075.00~~	1550.
Switches and track accessories	480.00	
~~Pipe and vent pipe accessories~~	~~350.00~~	

~~Items with salvage value deducted (cont'd.)~~

Small tools	$ 550.00	
Ties, 800 @ $0.30/each	240.00	
Gas and fuel oil	1,050.00	
Mine timber	1,000.00	~~$13,206.33~~ 14971.33

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 [1]

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	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	89 41.00 ~~8,736.00~~
Estimated Total Cost of Project		59,570.00 ~~$57,800.00~~
Government Participation @ 50%		~~$28,900.00~~ 29,785.00

[1] See Annex II.

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

Docket

June 14, 1955

Memorandum

Drft 3684

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Preparation of Contract for Highland-Surprise Consolidated Mining Company, Deer Trail Mine, (Stanley Project) Custer County, Idaho, Lead-Zinc.

As I had discussed verbally with Mr. Rubin, we request a rewrite of cited contract, to conform to figures in pencil lead on the original of the last contract prepared.

Note contract total is changed.

W. R. Griswold

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

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

500

INTERIOR DEPT.
JUN 6 - 1955
SOLICITOR

June 3, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Preparation of Contract for Docket No. DMEA-3664, Highland-Surprise Consolidated Mining Company, (Lead-Zinc)

You recently prepared a contract for us on the cited application, under which most of the work was on an agreed unit cost base.

However, there are many questionable points in the cost outline submitted by the Field and it has therefore, been decided that a contract will be granted only on an estimated actual cost base. Would you therefore, be kind enough to redraft the contract along the lines of the attached outline. We regret putting you to this extra work but it appears to be the better policy, in this particular case.

W. R. Griswold

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

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

MAY 24 1955.

Memorandum

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

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3664, Highland-Surprise Consolidated Mining Company (lead-zinc)

Pursuant to Mr. Griswold's memoranda dated May 5 and May 11, we have prepared the attached draft of a contract for the subject project.

With respect to the land, the docket reveals:

1. In an agreement dated September 1952, Francis Comer, Administratrix, et al., leased the DEER TRAIL claim to F. L. Persons, et al. The latter, in an instrument dated September 17, 1954, assigned this lease and also leased the DEER TRAIL FRACTION claim to the Operator. There is no Consent to Lien for the DEER TRAIL claim, and one is required or a performance bond on the Government's Standard Form 25 in lieu thereof prior to executing the contract. It is our understanding from recent correspondence in the docket that the Performance Bond will be obtained and Article 2(c) of the contract so recites.

2. In an agreement dated November 15, 1954, Louis Gossi and wife Ada, and Arnold Fuller and wife Marie, voided the option-to-purchase provisions of a lease given by them to Elmer Enderlin dated September 8, 1949, covering the "Confidence Nos. 1-2-3-4," and granted a new option to purchase.

In an agreement dated November 23, 1954, Enderlin effected an assignment to the Operator of the said option-to-purchase and granted possession of the land to the Operator during the period of the agreement. This agreement refers to the November 15, 1954, agreement and incorporates it by reference, and provides that all rights of Enderlin under it will be transferred to Operator upon full performance thereof. (This agreement includes claims which are not part of this Exploration Project Contract.)

The landowners have signed an Owner's Consent to Lien naming Highland-Surprise as the operator and apparently accede to Operator's right to possession of the land. However, a copy of the lease of September 8, 1949, should be furnished for review prior to execution of the contract.

The Owner's Consent to Lien describes the land as the "Confidence," and the "Confidence No. 1 . . . No. 2 . . . and . . . No. 3." The map shows the claims as they are described in the Consent to Lien. The discrepancy between the latter two descriptions and the description in the assignment should be reconciled.

3. In an agreement dated October 26, 1954, Rupert L. Niece and Dr. E. W. Fox granted the Operator an option to purchase the FDR and FDR Nos. 1 through 4. The Owner's Consent to Lien of Niece and Fox is attached to the contract.

Therefore, the performance bond discussed in paragraph 1 above, and the lease described in paragraph 2 above, are required prior to execution of the contract, as well as the clarification of the description of the "Confidence" claims discussed in paragraph 2.

J. L. Hoffland

J. L. Hoffland
Acting Assistant Solicitor
Defense Minerals

Attachment

File Copy
Surname

Griswold
Selfridge
Hedges
McMendoz

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

MAY 19 1955

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

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

Dear Mr. Weissenborn:

Regarding your phone message of May 17, covering the question of a Performance Bond (in lieu of an Owner's Consent to Lien) for the Deer Trail claim, we are enclosing two copies of typical Performance Bond.

In this particular case, the amount of the contract was for $19,500.00. Hence, the bond covered only the Government's equity, or $9,750.00. The premium charged was ten dollars per thousand, or $97.50.

In the case of Highland-Surprise, the contract we are setting up calls for a total sum of $57,800.00, with the Government's participation being $28,900.00. Hence, it would appear that a Performance Bond should cost about $289.00, which would seem within reason.

We are not clear as to why a reputable concern should experience trouble in this respect. This is the only instance in which we have heard of any difficulty arising, or of large premiums being required. However, if for some reason a bond cannot be obtained at a reasonable premium, kindly advise us giving full details.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2/6)

Enclosures

WRGriswold/er 5/18/55

APPROVED:

J. H. Hedges (2/5)
Member, Bureau of Mines

Thor H. Kiilsgaard (2/6)
Member, Geological Survey

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

R.C.S.

STANDARD FORM 25
REVISED NOVEMBER 1950
PRESCRIBED BY GENERAL
SERVICES ADMINISTRATION
GENERAL REGULATION NO. 5

PERFORMANCE BOND

(See Instructions on Reverse)

DATE BOND EXECUTED: August 11, 1953

PRINCIPAL: GORDON R. FRENCH

SURETY: HARTFORD ACCIDENT AND INDEMNITY COMPANY

PENAL SUM OF BOND (express in words and figures)	CONTRACT NO.	DATE OF CONTRACT
NINE THOUSAND SEVEN HUNDRED FIFTY & no/100 ($9,750.00)	DAEA 2887	August 11, 1953

KNOW ALL MEN BY THESE PRESENTS, That we, the PRINCIPAL and SURETY above named, are held and firmly bound unto the United States of America, hereinafter called the Government, in the penal sum of the amount stated above, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the principal entered into a certain contract with the Government, numbered and dated as shown above and hereto attached;

NOW THEREFORE, if the principal shall well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term of said contract and any extensions thereof that may be granted by the Government, with or without notice to the surety, and during the life of any guaranty required under the contract, and shall also well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of said contract that may hereafter be made, notice of which modifications to the surety being hereby waived, then, this obligation to be void; otherwise to remain in full force and virtue.

IN WITNESS WHEREOF, the above-bounden parties have executed this instrument under their several seals on the date indicated above, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

In Presence of:

WITNESS		INDIVIDUAL PRINCIPAL
1. [illegible]	as to	Gordon R. French (SEAL)
2.	as to	(SEAL)
3.	as to	(SEAL)
4.	as to	(SEAL)

WITNESS		INDIVIDUAL SURETY
1.	as to	(SEAL)
2.	as to	(SEAL)

Attest:

CORPORATE PRINCIPAL

BUSINESS ADDRESS

BY

TITLE

AFFIX CORPORATE SEAL

Attest:

[illegible]

CORPORATE SURETY: Hartford Accident and Indemnity Company

BUSINESS ADDRESS: 47 W. Jefferson, Phoenix, Arizona

BY: [signature]

TITLE: Joe C. Haldiman
Attorney-in-Fact

AFFIX CORPORATE SEAL

STANDARD FORM 25
NOVEMBER 1950 EDITION

16 30641 2

The rate of premium on this bond is 10.00 per thousand.

Total amount of premium charged, $ 97.50

(The above must be filled in by corporate surety)

CERTIFICATE AS TO CORPORATE PRINCIPAL

I, ..., certify that I am the ..... secretary of the corporation named as principal in the within bond; that ..... who signed the said bond on behalf of the principal, was then ..... of said corporation; that I know his signature, and his signature thereto is genuine; and that said bond was duly signed, sealed, and attested for and in behalf of said corporation by authority of its governing body.

..... [CORPORATE SEAL]

INSTRUCTIONS

1. This form shall be used for construction work or the furnishing of supplies or services, whenever a performance bond is required. There shall be no deviation from this form except as authorized by the General Services Administration.

2. The surety on the bond may be any corporation authorized by the Secretary of the Treasury to act as surety, or two responsible individual sureties. Where individual sureties are used, this bond must be accompanied by a completed Affidavit of Individual Surety for each individual surety (Standard Form 281).

3. The name, including full Christian name, and business or residence address of each individual party to the bond shall be inserted in the space provided therefor, and each such party shall sign the bond with his usual signature on the line opposite the scroll seal, and if signed in Maine or New Hampshire, an adhesive seal shall be affixed opposite the signature.

4. If the principals are partners, their individual names shall appear in the space provided therefor, with the recital that they are partners composing a firm, naming it, and all the members of the firm shall execute the bond as individuals.

5. If the principal or surety is a corporation, the name of the State in which incorporated shall be inserted in the space provided therefor, and said instrument shall be executed and attested under the corporate seal as indicated in the form. If the corporation has no corporate seal the fact shall be stated, in which case a scroll or adhesive seal shall appear following the corporate name.

6. The official character and authority of the person or persons executing the bond for the principal, if a corporation, shall be certified by the secretary or assistant secretary, according to the form herein provided. In lieu of such certificate there may be attached to the bond copies of so much of the records of the corporation as will show the official character and authority of the officer signing, duly certified by the secretary or assistant secretary, under the corporate seal, to be true copies.

7. The date of this bond must not be prior to the date of the instrument in connection with which it is given.

U.S. GOVERNMENT PRINTING OFFICE: 1951 O 79566

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

Docket

May 11, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Docket No. DMEA-3664, Highland-Surprise Consolidated Mining Company, Deer Trail Mine (Stanley Project), Custer County, Idaho, (Lead-Zinc)

On May 5, we requested that a contract be prepared for the cited application. We are attaching the maps for such a contract.

Likewise, we should point out that a proper Owner's Consent to Lien was not secured for the Deer Trail claim. Since it has been stated that such a form cannot be secured, we have advised Mr. Weissenborn that the Applicant should secure a Performance Bond in lieu of such Owner's Consent to Lien. We could forward the contract to Mr. Weissenborn to be presented for signature after such bond has been submitted to him and attached to the contract.

W. R. Griswold

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

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

Transmitted
Docket Betty

May 10, 1955

Mr. W. A. Callaway, Secretary
Highland-Surprise Consolidated
Mining Company
203 Gyde-Taylor Building
Wallace, Idaho

Re: Docket No. DMEA-364 (lead-zinc)
Dear Trail Mine (Stanley Project)
Custer County, Idaho

Dear Mr. Callaway:

This will acknowledge your letter of May 9, 1955, regarding the performance bond for the proposed Dear Trail contract.

I am sending your letter immediately to Washington so that they will know that you will be able to get a performance bond. We are also asking if they can suggest a more simple procedure than the one which you have outlined for, although it has merit, it would be quite time consuming.

Sincerely yours,

A. S. Weissenborn
Executive Officer, DMEA
Field Team, Region 1, NW District

cc: DMEA(2)
DRM(2)
Nickelson

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

Defense Minerals Administration
RECEIVED
MAY 1 3 1955

May 10, 1955

Air Mail

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 (Stanley Project)
Custer County, Idaho

Dear Mr. Selfridge:

We have discussed the matter of a performance bond with the Highland-Surprise Consolidated Mining Company, this bond to be in lieu of an Owner's Consent to Lien on the Deer Trail claim. I am enclosing copies of a letter dated May 9, 1955, from W. A. Callaway, the secretary, stating that they believe that they can get a bond without difficulty.

Mr. Calloway points out that the bond cannot be written, naturally, until the exact amount of the Government's participation is known, as well as the date of the contract. In other words, the bond cannot be written until the bonding company can see a valid copy of the contract. Mr. Callaway suggests that unsigned copies of the contract be sent to the Highland-Surprise people, inspected by the bonding company, signed by Highland-Surprise, returned to us, and then returned to the Administrator for signature by the Government. This seems a somewhat involved and time-consuming procedure. Perhaps it would be possible to stipulate in the contract that the contract does not become valid, even though signed by Highland-Surprise, unless there is a performance bond accompanying it, in which case it might be possible to let the Highland-Surprise have the copies of the contract signed by the Government. Since this is the first performance bond which we have dealt with in this area, we do not know of the customary procedure to be followed in these cases and will be guided by your direction.

By Field Team, Region I, NW District

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

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

Enclosure
cc: USBM(2)
Nickelson

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

203 GYDE-TAYLOR BUILDING

WALLACE, IDAHO

MINE OFFICE:
BOX 690, KELLOGG, IDAHO

cc Jack Frank

May 9, 1955

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

Re: Docket No. DMEA-3664 (lead-zinc)
Deer Trail Mine (Stanley Project)
Custer County, Idaho

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 13 1955

Dear Mr. Weissenborn:

We have received your letter of May 6th addressed to Mr. Luedke and have discussed the matter of a performance bond with the local representative of the Aetna Casualty and Surety Company. He feels quite sure that we can obtain the necessary bond but, before he can take it up with his home office, he must know the exact amount for which the bond is to be written. It will be for the total amount of the Government's participation as stated in the exploration contract but at this time I do not know what that amount will be. Also, the bond cannot be written until the date of the contract is known as the term of the bond will necessarily be the ten year period following that date.

The bonding company representative has suggested the following procedure: First, as soon as we can obtain from you the exact amount of the contract he will send the bond application to his home office for approval and we will notify you as soon as the approval is received. Then, the contract could be sent to us undated and unsigned; it would be dated and signed by us and the bond would be prepared at the local office of the bonding company and dated to coincide with the date of the contract. The contract, together with the bond, would then be sent to you to be accepted and signed by the Government providing the bond is satisfactory.

Please let us know if the above procedure would be acceptable and, if possible, tell us the exact amount for which the bond should be written.

Yours very truly,

N. A. Callaway
Secretary

RECEIVED
MAY 10 1955
U.S.G.S.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D.C.
Co. 157 Howard Street
Spokane 1, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 12 1955

May 6, 1955

Docket

~~Spaulding~~
Betty

Mr. Frank J. Mueller, President
Highland-Surprise Consolidated
Mining Company
P. O. Box 310
Wallace, Idaho

Re: Docket No. DMEA-3664 (lead-zinc)
Bear Trail Mine (Stanley Project)
Custer County, Idaho

Dear Mr. Mueller:

This will confirm our conversation of a few days ago regarding a performance bond in connection with the proposed DMEA contract which you are requesting on the Bear Trail property in Stanley Basin, Custer County, Idaho.

As you know, Owner's Consent to Lien has been obtained for all of the property that will be involved in the contract with the exception of the Bear Trail claim on which a small amount of the contract work will be done. The DMEA is reluctant to enter into a contract unless Owner's Consent to Lien can be obtained for the Bear Trail claim, as well as the other claims which are involved in the contract. They suggest that if it is impossible to obtain an Owner's Consent to Lien, they would accept a performance bond from a bonding company for fulfillment of the provisions of the contract, including the payment of royalty. We have never had occasion to do this in this region, although I am informed by the DMEA that this practice has been fairly common in some of the other regions in connection with DMEA contracts. The performance bond is merely the ordinary bond that is obtained by a contractor entering into a construction contract, guaranteeing the performance of the work in accordance with provisions of the contract. I am enclosing a copy of the standard DMEA contract so that you can take this to a local bonding company and show it to them. Perhaps also you could show them the Highland-Surprise contract as an example of a typical one.

We would appreciate your letting us know the results of your discussion with the bonding company as soon as convenient. We would be glad to discuss the matter with you and a representative of the bonding company if further clarification seems desirable.

Sincerely yours,

A. L. Weissenborn, Exec. Officer
DMEA Field Team, Region 1
MT District

cc: [illegible]
[illegible]
Enclosures

File Copy
Surname

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

May 5, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Docket No. DMEA-3664, Highland-Surprise Consolidated Mining Company, Deer Trail Mine (Stanley Project), Custer County, Idaho, (Lead-Zinc).

Will you kindly prepare a contract for the cited project along the lines of the attached rough draft.

W. R. Griswold

W. R. Griswold

Attachment

WRG/er

Copy to: Docket
Base Metals
Chron.

IN REPLY REFER TO:

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 3 - 1955

April 29, 1955

Re: DMEA-3664
Highland-Surprise
Cons. Mining Co.
Deer Trail Mine
(Stanley Project)
Custer Co., Idaho
Lead-Zinc

Griswold
Betty

Memorandum

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

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

Subject: Review of Field Team report

The Field Team's strong recommendation of approval of this application is supported by the encouraging results of sampling of trenches and diamond drill cores of the applicants and the previous owners.

Of some 15 mines and prospects in the Milligen formation, mentioned by C. P. Ross (Bulletin 877, U.S.G.S.), not one appears to have had as impressive surface showings as those reported by the Field Team for the Deer Trail prospect. The vertical extent of the mineralization appears related to that of the Milligen formation, in this area pendant in quartz-monzonite.

I agree to the recommendations of the Field Team.

N. E. Nelson

N. E. Nelson

File Copy
Surname

Howard
Selfridge
Johnson
Weissenborn

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

APR 28 1955

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

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

Dear Mr. Weissenborn:

We have your letter of April 14, with enclosures, covering the cited application. Referring to the last paragraph of your letter, in which you request that we do not delay processing of the application, we shall of course proceed with the initial processing steps. However, we are sure you can understand that we could not present the project to the legal division for preparation of a contract until the various lease questions had been clarified. Hence, the Applicant should promptly provide you with such documents as may be necessary to be sent to us.

As the case appears to us at the moment, and subject to proper legal clearance, there seems little question regarding three of the four claim groups involved. It would appear that the F.D.R., the Confidence and the H.S. groups are in good order. However, the Deer Trail and Deer Trail Fraction claims are questionable, as you state.

You were quite right in questioning the Deer Trail lease and option agreement, signed only by one co-owner. It may be that such person holds power-of-attorney for the other co-owners but, if so, we would require a copy of such authority. Also the Applicant must satisfy you as to the true ownership of the Deer Trail Fraction claim, with whatever additional documents as may be necessary.

Your letter of April 12, to Mr. Frank J. Luedke, president of the Applicant company, was completely in order. The Guaranty submitted in lieu of a proper Owner's Consent to Lien would not be acceptable.

R.C.S.

However, if such consent cannot be obtained, or cannot be had without long delay, a proper Performance Bond by a recognized bonding company would be acceptable.

Sincerely yours,

George C. Selfridge
by ESY

Chairman, Operating Committee

APPROVED:
/s/ Robert W. Geehan
by ESY

Member, Bureau of Mines

Thor H. Kiilsgaard
by ESY

Member, Geological Survey

WRGriswold/er 4/22/55

Copy to: ✓Docket
BaseMetals
Admr. R. File
Oper. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

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

April 26, 1955
Air Mail

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 (Stanley Project)
Custer County, Idaho

Dear Mr. Selfridge:

In accordance with the third paragraph of our letter of April 14, 1955, enclosing memorandums by Service and Nickelson recommending the above-cited exploration project, enclosed is an ozalid copy of "Mining Lease and Option to Purchase" agreement covering the Deer Trail Lode Mining Claim. This copy of the agreement shows the signatures, whereas copies previously sent to you were blank in this respect, except for the signature of Frances Comer.

Also enclosed are copies of a letter dated April 18, 1955, from Mr. W. A. Calloway, Secretary of Highland-Surprise Consolidated Mining Company, wherein he states that they are attempting to get signatures on the Owner's Consent to Lien forms.

Sincerely yours,

A. E. Weissenborn

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

Enclosure

cc: USBM (2)
Nickelson

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

203 GYDE-TAYLOR BUILDING
WALLACE, IDAHO

MINE OFFICE:
BOX 690, KELLOGG, IDAHO

RECEIVED	ACTION	NOTED	DATE
al			
Jack			
Dick			

April 18, 1955

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

~~Re: Docket No. DMEA-3654 (lead-zinc)~~
Deer Trail Mine (Stanley Project)
Custer County, Idaho

THE INTERIOR
Minerals Administration
RECEIVED
APR 28 1955

Dear Mr. Weissenborn:

As requested by your letter to Mr. Luedke dated April 12, 1955 we have obtained from Mr. A. C. Milholland a signed copy of the lease agreement covering the Deer Trail and Deer Trail Fraction claims. Since Mr. Milholland did not wish to part with his copy of the agreement, we have prepared an ozalid copy which shows the signatures of all the parties; we hope that this will meet your requirements.

We will attempt to get the signatures on the Owner's Consent to Lien form but do not believe that we will be successful as we are quite sure that at least one of the owners will refuse to sign.

Yours very truly,

H. A. Calloway
Secretary

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

Division of Base Metals Administration
RECEIVED
APR 22 1955

April 21, 1955

Memorandum

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

From: J. H. Hedges, Bureau of Mines

Subject: DMEA-3664 (Lead-Zinc) Highland-Surprise Consolidated Mining Co., Deer Trail Group, Custer County, Idaho

The results of preliminary work by the owners on the Deer Trail property, as reported by the examiners, are very encouraging and doubtless justify further exploration of the area.

The slightly modified program proposed by the field team appears to be a logical approach to the problem and the estimated costs are reasonable. I suggest that the field team recommendations be approved.

J. H. Hedges

J. H. Hedges

Copy to: Division of Minerals
O. M. Bishop, Room 3617
J. H. Hedges

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

April 15, 1955

Air Mail
Goswood
Docket
Beam

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 (Stanley Project)
Custer County, Idaho

Dear Mr. Selfridge:

Enclosed are two ozalid copies of "Mining Lease and Option to Purchase" agreement covering the Deer Trail Lode mining claim. These copies were inadvertently omitted when we transmitted the examination report on the above-cited property on April 14, 1955.

Also enclosed are five copies of a consent to lien signed by Elmer Enderlin for the Confidence group of claims.

Sincerely yours,

Eva M. Raymond
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I
Northwest District

Enclosures as indicated

cc: USBM (2)
Nickelson

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

April 14, 1955

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

AIR MAIL

Re: Docket No. DMEA-3664 (lead-zinc)
Highland-Surprise Consolidated
Mining Company
Deer Trail Mine (Stanley Project)
Custer County, Idaho

Dear Mr. Selfridge:

Enclosed are memorandums by A. L. Service of the Bureau of Mines and H. B. Nickelson of the Geological Survey, recommending a DMEA exploration project with the Highland-Surprise Consolidated Mining Company at the Deer Trail property in Custer County, Idaho. Preliminary trenching and drilling on the property have given extremely encouraging results, and we are in agreement with the examiners that the property is worthy of exploration.

Service and Nickelson recommend a program on the Deer Trail claims which is essentially that proposed by the applicant, but they feel that the applicant's proposal for exploration of the FDR claims is, in respects, premature and Nickelson has recommended a more limited program of trenching and surface diamond drilling. The Field Team feels that the contract should be set up in two stages, with Stage I to consist of the work outlined on the Deer Trail claims and Stage II for the work on the FDR claims. Stage II would be undertaken only if the results of Stage I were favorable. Service's costs of $10.00 per hour for bulldozing and $5.38 per foot for diamond drilling would be applicable for Stage II work. This could be followed by drifting should circumstances warrant and could be included later as an amendment to the contract in the belief that with more data at hand a better program could be planned.

You will note from the copies of various legal instruments, which have been sent to you previously or are attached herewith, and from copies of correspondence with Highland-Surprise that the applicant's right to the Deer Trail claim is not clearly established to our satisfaction. In part, this is because the copy of the lease the applicant has supplied us is signed by only one of the owners and, in part, because we are not sure whether the lease should include both the Deer Trail claims

Reviewed by
DMEA OPERATING COMMITTEE
4-22-55
(date)

and the Deer Trail Fraction or just the Deer Trail claims. (See Nickelson's comments in this respect.) We have requested a valid copy of the lease in order to clear up this point, but suggest that processing of the application not be delayed on this account as we feel sure that these matters can be settled satisfactorily.

By Field Team, Region I, NW District

A. E. Weissenborn

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

Wing G. Agnew

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

Enclosures

cc: USBM (2)
Nickelson

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

1201 N. Division St.
Spokane 2, Washington
April 14, 1955

MEMORANDUM

To: DMEA Field Team, Region I, NW District

From: A. L. Service, Mining Engineer, Bureau of Mines

Subject: Cost analysis, Docket No. DMEA-3664 (lead-zinc), Highland-Surprise Consolidated Mining Company, Deer Trail Group, Custer County, Idaho

The applicant's estimate of $81,155.42 for 1200 feet of drift and crosscut and 2100 feet of diamond drilling on the Deer Trail Group is considered excessive. The original proposal was submitted in two stages covering 2200 feet of drift and crosscut and 3300 feet of diamond drilling on the Deer Trail Group and the FDR Group. The following cost analysis is based on the work proposed for the Deer Trail Group. If the Government should decide to participate in the proposed work of 1200 feet of drift and crosscut and 2100 feet of diamond drilling on the Deer Trail Group, the following unit costs are recommended for consideration. The estimate is based on costs that are prevailing in the area.

Operating Equipment

The applicant owns part of the equipment to be used on the project and the remainder will have to be purchased. All operating materials will have to be purchased.

The operating equipment to be rented, purchased, and furnished is listed below:

To be rented

1 - D-6 bulldozer at $10.00 per hour

To be purchased

	Value	Depreciation per month
1 - portable compressor, 315 cfm	$ 9,464.00	$157.73
1 - blower w/10 h.p. engine	725.00	15.10
1 - motor pump w/engine	1,015.00	16.92
1 - battery charger	750.00	12.50
1 - 5 h.p. motor for charger	300.00	5.00
1 - extra set batteries	1,500.00	25.00
1 - mine car transfer	400.00	66.67
	$14,154.00	$298.92

Reviewed by
DMEA OPERATING COMMITTEE

4-22-55
(date)

To be furnished

	Value	Depreciation per month*
1 - battery locomotive	$6,000.00	$ 70.00
5 - 2 ton Ajax side dump cars	465.00	17.63
2 - Air receivers 36"x84"	417.00	4.87
1 - 12-B Eimco loader	3,097.00	22.58
2 - drills w/pusher	750.00	28.88
1 - bit grinding machine	250.00	4.81
1 - 1953 Chev. 3/4 t. pick-up	2,209.68	42.54
	$13,188.68	$191.31

Transportation of equipment

35 tons at 7¢ per ton mile - 400 miles	$ 980.00	$ 9.80 per mo.

*Depreciation of used equipment was calculated on 70% of the new value.

Estimated Cost of Project

Preparatory Work - 12 days

1. Unit cost contracts		none
2. Labor and supervision		
Labor		
2 men - 32 hours or 4 shifts @ $14.50 x 1.083/shift	$125.60	
Supervision		
5 days @ $650 per mo.	130.00	
FICA, etc. - 11%	28.12	$283.72
3. Operating materials and supplies		
200 feet - 4" air line @ $1/ft.	200.00	
400 " - 2" water " @ 34¢/ft.	136.00	336.00
4. Operating equipment		
To be rented:		
1 - D-6 bulldozer, 56 hrs. @ $10/hr.		560.00
To be purchased:		

	Monthly deprec.	Use period	
1 - portable compressor 315 cfm	157.73	2 days	12.62

		Brought forward	$1,192.34

4. Operating equipment (continued)

To be furnished:

	Monthly deprec.	Use period	
2 - 2-ton Ajax side dump cars	7.06	4 days	1.13
1 - 1953 Chev. 3/4-ton pick-up	42.54	5 "	8.51
			$9.64

5. New buildings and improvements

Compressor house and shop 16'x24' rough frame	$400.00
Total	$1,601.98

Drifting and Crosscutting - 6 months

1. Independent contracts		none
2. Labor and supervision		
Labor		
Mechanic-compressorman @ $14.50 x 1.083 O.T.	2,355.00	
4 drift miners & 1 outside man @ $14.50 x 1.083 O.T.	11,775.00	
Supervision		
Superintendent @ $650/mo.	3,900.00	
FICA, etc. - 11%	1,983.30	$20,013.30
3. Operating materials and supplies		
Explosives - 15,000 # @ $21/100#	3,150.00	
Fuse - 30,000 ft. @ 2¢/ft.	600.00	
Caps - 6,000 @ 2¢/ea.	120.00	
Bits and steel	2,000.00	
Pipe		
1200' - 4" airline @ $1/ft. - 50%	600.00	
1200' - 2" waterline @ 34¢/ft. - 50%	204.00	
1200' -16" vent pipe @ $106.05/100' - 75%	954.45	
Accessories (20% of above)	351.69	
Rail - 20# @ 7.75/cwt. - 50%	1,550.00	
Accessories (20% of above)	310.00	
Switches, frogs, etc. - 75%	168.75	
Ties - 1800 @ 0.30	540.00	
Repairs to equipment	2,400.00	
Power		
250 gal. gas @ 0.20/gal.	50.00	
5000 gal. diesel @ 0.16/gal.	800.00	$13,798.89

Brought forward $33,812.19

Drifting and crosscutting - continued

4. Operating equipment

To be rented:

none

To be purchased:

	Monthly deprec.	Use Period	Total	
1 portable compressor - 315 cfm	157.73	6 mo.	$ 946.38	
1 blower w/10 h.p. engine	15.10	6 mo.	90.60	
1 motor pump w/engine	16.92	6 mo.	101.52	
1 battery charger	12.50	6 mo.	75.00	
1 5 h.p. motor for charger	5.00	6 mo.	30.00	
1 extra set batteries	25.00	6 mo.	150.00	
1 mine car transfer	66.67	6 mo.	400.02	$1,793.52

To be furnished:

1 battery locomotive	70.00	6 mo.	420.00	
5 - 2-ton Ajax side dump cars	17.63	6 mo.	105.78	
2 air receivers 36"x84"	4.87	6 mo.	29.22	
1 - 12-B Eimco loader	22.58	6 mo.	135.48	
2 drills w/pusher	28.88	6 mo.	173.28	
1 bit grinding machine	4.81	6 mo.	28.86	
1 1953 Chev. 3/4-ton pick-up	42.54	3 mo.	255.24	
Transportation of equipment	9.80	6 mo.	58.80	1,206.66

5. Rehabilitation and repairs - none

6. New buildings and improvements - none

7. Miscellaneous:

Assays - 200 @ $3.00	600.00	
Cook @ $250/mo + FICA, etc. - 11%	1,665.00	2,265.00

8. Contingencies - 10% 3,907.74

Total $42,985.11

Cost per foot $ 35.82

Timber shall be used where necessary (5'x7' in the clear)
400 feet @ $5/ft. $ 2,000.00

Diamond drill stations - 22 days; 11 stations, equivalent to 110 feet of drift or 10'/station

1.	Independent contracts		none
2.	Labor and supervision		
	Labor		
	Mechanic-compressorman @ $14.50 x 1.083 O.T.	$345.40	
	4 drift miners @ $14.50 x 1.083 O.T.	1,381.60	
	Supervision		
	Superintendent @ $650/mo.	572.00	
	FICA, etc. - 11%	252.89	$2,551.89
3.	Operating materials and supplies from drift and crosscut costs of $13.44/ft.? - 110 feet		1,478.40
4.	Operating equipment from drift and crosscut costs $2.50/ft. - 110 feet		275.00
5.	Rehabilitation and repairs		none
6.	New buildings and improvements		none
7.	Miscellaneous		
	Cook - 1 mo. @ $250 + FICA, etc. - 11%		277.50
8.	Contingencies		none
	Total		$4,582.79
	Cost per station		$ 416.62

Diamond drilling

1.	Independent contracts 2100 feet @ $4.75/ft.				$ 9,975.00
2.	Labor and supervision Superintendent $650/mo. + FICA, etc. - 11%				721.50
3.	Operating materials and supplies				none
4.	Operating equipment				
	To be rented:				
	none				
	To be purchased:	Mo. deprec.	Use period	Total	
	1 portable comp., 315 cfm	$157.73	1 mo.	$157.73	
	1 motor pump w/engine	16.92	1 mo.	16.92	174.65
	To be furnished:				
	1 air receiver	2.43	1 mo.	2.43	
	1 - 1953 Chev. 3/4 ton pick-up	42.54	1 mo.	42.54	44.97
5.	Rehabilitation and repairs				none
6.	New buildings and improvements				none
7.	Miscellaneous				
	Assaying - 55 @ $3.00			165.00	
	Cook - 1 mo. @ $250/mo. + FICA, etc. - 11%			277.50	442.50
	Total				$11,358.62
	Cost per foot				$ 5.41

RECOMMENDED UNIT COSTS

Preparatory work - job	$ 1,601.98
Drifting and crosscutting 1200 feet @ $35.82/ft.	42,985.11
Diamond drill stations 11 stations @ $416.62	4,582.79
Diamond drilling 2100 feet @ $5.41/ft.	11,358.62
	$60,528.50
Timber - 400 feet @ $5.00/ft. Shall be used where necessary	2,000.00
Total	$62,528.50
Government participation - 50%	$31,264.25

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

Dmea

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

So. 157 Howard Street
Spokane 4, Washington

April 7, 1955

MEMORANDUM

To: DMEA Field Team Region I, Northwest District

From: Howard B. Nickelson, Geologist, U. S. Geological Survey

Subject: Application examination report, Docket No. DMEA-3664 (lead-zinc) Highland-Surprise Consolidated Mining Company, Deer Trail Mine (Stanley Project), Custer County, Idaho.

Introduction

During an inspection by the writer and Don Kellum, geologist, Geological Survey, of the DMEA contract at the Meadow View mine (Docket No. DMEA-2213, Contract No. Idm-E294) on August 1, 1954, Messrs. F. L. Persons, A. C. Milholland, Chester Sater, and Paul Rayburn, who were exploring the neighboring Deer Trail and Deer Trail Fraction claims, expressed interest in a DMEA application. A cursory inspection indicated that the property was so promising that a more careful examination would be justified at once in order to save another trip to this remote part of Idaho. The examination was made the following two days during which time the property was mapped and sampled.

The DMEA application was actually prepared by Persons and his associates but was never submitted because, on September 17, 1954, the property was leased with option to purchase to the Highland-Surprise Consolidated Mining Company. Highland-Surprise subsequently acquired some contiguous property.

Prospecting by the partners exposed a lead-zinc vein in two bulldozer trenches from which 60 tons of ore assaying 9.8 percent lead and 9.1 percent zinc were shipped. Some prospecting was also done on the partly oxidized outcrop of a sphalerite-pyrrhotite vein about 40 feet wide. Highland-Surprise drilled three diamond drill holes with very encouraging results. Two of the holes tested the sphalerite-pyrrhotite vein. On the basis of this work, Highland-Surprise has submitted an application for DMEA assistance.

Reviewed by
DMEA OPERATING COMMITTEE
4-22-55
(date)

No further field examination was made but action on the application has been delayed pending more information on the property ownership which, as will be seen, is somewhat complex.

Recommendations

Highland-Surprise proposes exploration of both the Deer Trail group of claims and the FDR claims immediately to the south. In the examiners' opinion, the proposed exploration of the Deer Trail group is soundly based and is enthusiastically recommended, with a few modifications suggested in another section of this report. Because of poor exposures and general lack of information, the underground exploration proposed by the applicant on the FDR claims seems premature and cannot be recommended at this time, even though it is probable that the Deer Trail veins extend into FDR ground. It is recommended that exploration of this part of the property be restricted to a limited program of bulldozing and surface diamond drilling, following which a more extensive program could be considered as an amendment to the contract.

Location

The property, located in unsurveyed sec. 6, T. 8 N., R. 16 E., Custer County, Idaho, is up Fourth of July canyon about 11 miles east of U. S. Highway No. 93. The mine access road joins this highway 17 miles south of Stanley, Idaho. Ketchum, Idaho, 62 miles from the mine, is the nearest railhead. The mine is approximately 8900 feet above sea level, as shown on the Geological Survey topographic map of the Custer quadrangle.

Accessibility

U. S. Highway 93 is at present a good graveled road, which is now in the process of being paved. The access dirt road to the mine is passable to ordinary vehicles, but its upper portion is rough, rocky, and crooked, and will require some repairs.

At the Meadow View mine one and a half miles south, Mr. Elmer Enderlin, who has not attempted to combat the snow conditions, normally starts work in June and leaves the property by November 15. If the applicant expects to continue work during the winter, snow removal will be necessary for about 6 months.

Applicant's Property Rights

The Highland-Surprise Consolidated Mining Company owns or has leased and optioned to purchase four groups of adjoining claims. Each of these groups will be discussed separately. For the purposes of the DMEA contract, the Deer Trail Fraction and the Deer Trail claim are the most significant.

Deer Trail group

The Deer Trail claim and Deer Trail Fraction are held by Highland-Surprise by lease with option to purchase from F. L. Persons and associates. The lease provides that should Highland-Surprise stake contiguous ground they will pay a royalty on any ore produced from these claims to the lessors of the Deer Trail group. The H.S. claims, to be discussed later, fall into this category.

According to the above lease, F. L. Persons and associates have in turn leased the Deer Trail claim from the owners (George Alleman, Fred and Rosa A. Gossi, and Frances Comer, Administratrix of the estate of James A. Comer, deceased). It is believed that the Deer Trail Fraction was included along with the Deer Trail claim in the original lease from Alleman, et al, to Persons and associates - at least Nickelson saw a copy of the lease which indicated this. However, Persons and associates have relocated the Deer Trail Fraction, the Highland-Surprise people stating that this was done because title to the Deer Trail Fraction had lapsed through failure of the owners to file their statement of assessment work on the claim. Whether the purpose in relocating the claim was merely for additional protection to Highland-Surprise in case title is not valid or whether there was some other motive, we do not know.

Copies of the lease from Persons and associates to Highland-Surprise have been sent to you previously, as have copies of consents to lien signed by Persons, et al. We have no copies of the lease from the owners to Persons, nor have the owners themselves signed consents to lien. According to Highland-Surprise, it may be difficult to obtain these consents due to the dispersion of the ownership, and in lieu thereof they have offered a guaranty signed by themselves. We believe that this guaranty will probably be valid as Highland-Surprise appears to be amply financed. However, we must point out that the company's Coeur d'Alene ore bodies are approaching exhaustion and consequently we have requested Highland-Surprise to make every effort to obtain consents to lien. Also, since the Deer Trail claims, and particularly the Deer Trail Fraction, are the critical claims on which most of the known ore occurs, we have requested a copy of the lease from the owners to Persons and associates.

H. S. Group

This is a group of claims held by Highland-Surprise by right of location. Book and page numbers are given in the application.

Confidence Group

The Confidence group of claims are owned by Louis and Ada Gossi and Marie and Arnold Fuller, who have issued an option to purchase to Elmer Enderlin; he in turn has entered into an option to purchase agreement with the Highland-Surprise Consolidated Mining Company. All of the above-mentioned persons have signed a consent to lien form, and Elmer Enderlin has signed a separate consent to lien form to protect the Government should the ownership of the claims revert to him.

Both of these forms include the Silver Dollar group, the Timberline group, and the Confidence group, but only the Confidence group should be included in any DMEA contract that may be made.

FDR Group

The FDR group of claims, owned by Rupert L. Niece and Dr. E. W. Fox, is being purchased by the applicant. The owners have signed a consent to lien form which has been forwarded to Washington.

The ground to be benefited by the proposed exploration will cover the claims which are shown on the applicant's claim map and listed, with their book and page numbers, on pages 1 and 2 of the application. All of the consent to lien agreements are on the old forms; it is hoped that it will not be necessary to secure signatures on the new ones as this will involve much delay.

Description of the Property

The only building at the property is an old log cabin approximately 16 feet by 60 feet which has about five individual rooms. This cabin is adequate to house the exploration crew for the requested exploration period.

The underground workings on the Deer Trail Fraction consist of a narrow, crooked 270-foot adit with low backs. This adit could be rehabilitated for part of the proposed work, but the expense of rehabilitation would almost equal the cost of driving the proposed crosscut to the same point, and the crooked drift would cause great operating inconvenience. ?

A crosscut and two drifts totaling approximately 450 feet are accessible on the Confidence claim, and several other shallow workings on the same claim were examined but not mapped.

Two short adits, 150 feet and 250 feet long, respectively, are reported to be on the FDR claims. These were not examined.

Geology

The regional geology has been mapped by Clyde P. Ross (USGS Bull. 877). According to Ross' map, the deposit occurs in steep westerly-dipping beds of the Milligan formation of Mississippian age, along the western edge of a large body of quartz monzonite. Conglomerate beds intersected by the recent diamond drilling may correlate with conglomerate reported from the base of the Wood River formation (Pennsylvanian), and suggest that the deposit is in the upper portion of the Milligan, or even, in part, in the basal portion of the Wood River. Most of the rock exposed in the area is quartzite, but argillite, dolomite, and conglomerate were reported in the company diamond drill holes.

Ross has mapped a normal fault, striking about N. 45° E. and dipping to the northwest, which crosses the property near the south end of the Deer Trail claim. This fault separates the carboniferous sediments from rock which he has mapped as a latite-andesite member of the Challis volcanics, but the examiners found granitic float at the north end of the Deer Trail Fraction claim, and granitic rock was also found in place in the adit on the Confidence claim, suggesting that the granitic rock underlies the Tertiary volcanics at this locality. It is believed that the Deer Trail veins will not continue beyond the fault into the granite or Tertiary volcanics.

Two systems of veins occur in the area. In the first system there are two large replacement-type veins which dip steeply and trend northwest. The heavy sulfide ore in these veins contains sphalerite, galena, and probably minor amounts of chalcopyrite, a small amount of silver in a gangue of pyrrhotite, pyrite, and quartz.

The second system of veins, as exposed in the underground work on the Confidence claim, strikes to the northeast and dips to the northwest. The ore in these veins occurs as small lenses filling openings along fault structures. The minerals observed are galena, sphalerite, and minor silver minerals.

The exploration will be directed toward two of the replacement veins of the northwest set, which lie about 160 feet apart and dip steeply. One of these will be called the "lead" vein and the other the "zinc" vein.

The lead vein is exposed by two bulldozer trenches. The lower trench opened the vein along its strike for about 150 feet; the width of the vein along this trench ranges from 6 to 8 feet. In the upper trench a 14-foot wide vein is exposed which includes two 3-foot bands of waste or low-grade ore. This is believed to be the same vein that is exposed in the lower trench.

A channel sample (No. 482) of sulfide ore in the lower trench across the 6-foot vein assayed 2.4 ounces of silver, 10.3 percent lead, and 8.8 percent zinc. A 60-ton shipment was mined from this trench by Persons and associates, and was shipped to the U. S. Smelting and Refining Company; this ore assayed 9.8 percent lead and 9.1 percent zinc. Two samples across the 14-foot vein assayed as follows: Sample No. 483 across 8 feet assayed 0.01 ounce of gold, 1.2 ounces of silver, 2.0 percent lead, and 2.0 percent zinc; Sample No. 484 across 6 feet assayed a trace of gold, 0.8 ounce of silver, 2.9 percent lead, and 3.2 percent zinc. Two bands of waste within the vein were included in the sample, and the material contained both oxidized and sulfide lead and zinc minerals.

The rusty-colored gossan capping the zinc vein can be traced for 130 feet on the surface, and it ranges in width from 30 to 40 feet. The area at the south end of the outcrop is covered by overburden, and the north end is covered by a swamp. F. L. Persons and partners blasted

a trench 24 feet long, 4 feet wide, and about 4 feet deep across part of the outcrop. The examiners cut three samples from the sulfide ore by chipping off portions of the blasted rock. These samples and their assays are as follows: Sample No. 485, trace of gold, 0.4 ounce of silver, 0.2 percent lead, 0.15 percent copper, and 5.9 percent zinc; Sample No. 486, a trace of gold, 0.3 ounce of silver, no lead, 0.15 percent copper, and 8.9 percent zinc; Sample No. 487, trace of gold, 0.3 ounce of silver, 0.5 percent lead, no copper, and 2.8 percent zinc.

The applicant's No. 1 diamond drill hole, bearing N. 40° E. and inclined -45°, intersected the zinc vein at 285 feet and cored ore to 370 feet; this ore was reported to average over the full width 7.8 percent zinc, 1.9 percent lead, and 0.9 ounce of silver (see section attached to application). The true width of the vein at the drill hole intersection is about 30 feet. In the interval from 238 feet to 248 feet the sludge assayed 12.1 percent zinc, 0.16 percent lead, and 0.3 ounce of silver, apparently indicating another vein.

Hole No. 3 drilled N. 55° E., and inclined -45°, 220 feet northwest of Hole No. 1, intersected a vein between 125 to 137 feet, which assayed 9.0 percent zinc and 1.8 ounces of silver. At 202 feet, 8 feet of pyrite and pyrrhotite was cut. At 216 feet to 231½ feet, a 10-foot sample assayed 3.2 percent zinc and 0.15 percent lead; the next 5.5-foot sample assayed 2.9 percent zinc and 0.4 ounce of silver. At 244 to 249 feet, a 5-foot sample assayed 5.4 percent zinc, 0.35 percent lead, and 0.4 ounce of silver.

Drill Hole No. 2, drilled from near the same point as Drill Hole No. 1 but at a bearing N. 50° W. and inclined -45°, followed a conglomerate bed its entire length and cut no ore, finding only pyrite and pyrrhotite, and traces of zinc.

There is some difficulty in explaining the presence of ore in Drill Hole No. 1 northeast of the outcrop of the zinc vein, whereas in Drill Hole No. 3 the ore was cut vertically under the projected position of the outcrop of the zinc vein (see geologic map of the Deer Trail mine attached to this report). The presence of a siliceous breccia 200 feet north of the portal of the Deer Trail adit is believed to provide the answer. Examination of drag along the breccia indicates horizontal movement, the north side having moved to the west. The log of Drill Hole No. 1 shows that a fault clay was intersected between 102 to 120 feet, and again at 180 feet. If the siliceous breccia is assumed to be the surface evidence of a fault striking approximately E-W and dipping about 45° to the north, this fault would correlate with the fault clay cut in the drill hole (see attached section through Drill Hole No. 1). According to this interpretation, the ore found near the face of the Deer Trail adit and that cut in Drill Hole No. 1 are on the footwall side of the fault, whereas the zinc vein gossan and the ore cut in Drill Hole No. 3 are on the hanging wall side.

The occurrence of another breccia zone 150 feet southeast of the portal of the Deer Trail adit suggests that there may be other similar faults on the property.

On the Confidence claim, some 240 feet east of the lead vein, a 5-foot vein with sphalerite is exposed in the face of a short adit. No samples were taken.

On the FDR 4 and FDR claims, change in color of the soil suggests gossan similar to that found on the Deer Trail fraction. These are so poorly exposed that they cannot be properly appraised. It is further reported that some high-grade lenses of galena are visible in two short adits on the FDR claim (see map attached to application). These are apparently a different type of mineralization than found in the zinc vein on the Deer Trail fraction, and it is possible that they are not directly related to the gossan found in the road cuts.

Ore Reserves

Information from the diamond drill holes and the surface exposures suggests that the zinc vein has a potential ore reserve of over a quarter of a million tons of ore down to the intersection of the vein with Diamond Drill Hole No. 1. The potential ore reserve of the lead vein may amount to 16,000 tons per hundred feet of depth. Not enough information is available concerning the FDR claims to permit even a guess as to the ore potential.

Availability of Labor, Material, Water, and Power

Supervisors will probably be transferred from the applicant's mine in the Coeur d'Alene district, and miners will be obtained locally and from the Coeur d'Alene district. Most of the mining supplies and equipment will be obtained from the Highland-Surprise mine in the Coeur d'Alene district. Plenty of water is available from Fourth of July Creek for the proposed mill and mine. Local electric power is unavailable and diesel generators will be required.

The Project

The applicant has applied for assistance in exploration on the FDR group of claims and the Deer Trail group. The results of bulldozing and diamond drilling on the Deer Trail claims are most encouraging and the examiners strongly recommend approval of a DMEA contract similar to that proposed by the applicant but with modifications discussed later in this memorandum.

A memorandum by A. L. Service of the Bureau of Mines will discuss the costs, which contain some questionable items.

The examiners do not believe that there is sufficient evidence at the present time to justify the drifting proposed by the applicant on the FDR group. We suggest a more limited program of 50 hours of bulldozing on the FDR claims, followed by 1000 feet of surface

diamond drilling in four to six holes at locations to be determined by the Field Team after the bulldozing has been done. If this is successful, a logical program of underground exploration could be worked out as an amendment to the contract.

A brief description of the work for each group as proposed by the applicant follows:

Deer Trail group

I. Preparatory work

a) Snow removal to facilitate early spring operation
b) Access road repair
c) Preparation of tunnel site
d) Construction of compressor shed
e) Installation of compressor and air and water lines
f) Construction of a cabin for crew and a repair shop

II. 1200 feet of drift and crosscuts

III. 2100 feet of diamond drilling to explore on both sides of the drifts and crosscuts.

FDR group

Stage I

1. Preparatory work

a) Snow removal to facilitate early spring operation
b) Access road repair
c) Bulldozing and trenching

Stage II

1. 1000 feet of drift
2. 1200 feet of diamond drilling from the planned drift

Suggested Program

Deer Trail group

I. Preparatory work

1. It is recommended that no snow removal costs be allowed this spring. The property should be accessible by the middle of May and any work before this would be unnecessarily expensive. Snow removal will be needed during the winter of 1955-56, and it is recommended that some bulldozing for snow removal be allowed.

2. The present road is rough, rocky and crooked. It is recommended that some money for bulldozing and labor be allowed to improve the road.

3. The portal site preparation, compressor shed site, and necessary access road have been discussed with A. L. Service, Bureau of Mines, and the costs recommended are included in his cost analysis.

4. It is recommended that a shed approximately 16 feet by 20 feet be built to serve as a compressor shed, tool house, and dry.

5. The installation of the air lines, compressor, and water lines was discussed with A. L. Service, and his report on cost analysis covers this item.

6. A log cabin with four or five rooms is now on the property and would be adequate to house the four to six men on the exploration crew; therefore, it is recommended that no funds be allowed for a cabin and repair shop.

II. Drifting and crosscutting

It is recommended that 1200 feet of drifting and crosscutting, as proposed by the applicant, be allowed. The portal site will be located to permit direct haulage from the mine to the proposed mill; the location shown on the map is only approximate. In order to insure the greatest possible backs over the proposed drifts and still maintain direct haulage, it is recommended that the Field Team's approval of the portal site be obtained before underground work is begun.

The proposed drifts and crosscuts are shown on the attached map. The beginning crosscut should be directed to a point within a few feet of the face of the present adit in order to cut the zinc vein. After the zinc vein has been crosscut, it is proposed to drift north on this vein through the fault which has offset it. Just beyond the fault, two crosscuts will be driven, one to the west to intersect the faulted portion of the zinc vein, and the other to the east to intersect the lead vein. It is estimated that approximately 300 feet of drift on each vein will intersect either the granite, which has been exposed on the surface, or the large fault mapped by Ross, or both.

The applicant stated in the application that the drifts and crosscuts would not need timber. The diamond drill holes intersected faults, however, which indicates that broken and faulted ground may be encountered. In view of this, it is recommended that 400 feet of timbering be allowed if required.

III. Diamond drilling

It is recommended that 2100 feet of underground diamond drilling, as proposed by the applicant, be approved to explore for the footwall portion of the lead vein, to determine the grade of the wide zinc vein,

and to test for other veins in the walls of the proposed underground work. Some of these veins are exposed on the surface and were intersected in the applicant's diamond drill holes. Approximately 1100 feet of the proposed diamond drilling has been outlined on the attached map. It is believed that two holes should be drilled from the drift just off the beginning crosscut to determine the location of the lead vein in the footwall of the fault. The wide zinc vein should be drilled at about 50-foot intervals along its drifts to determine its width and grade. The remaining drilling footage can be expended where needed as the project progresses. It is recommended that the location of the proposed diamond drill holes be approved by the Field Team.

IV. Sampling

It is estimated that there will be 800 feet of drifting, which will require 80 samples. If 400 feet of diamond drilling is required to test the wide zinc vein, another 80 sludge or core samples will be needed to determine the vein grade. It is estimated that 40 additional samples will be required to assay other veins intersected by the drilling and crosscutting. The total of 200 samples should be assayed for gold, silver, lead, zinc, and copper.

V. Supervision

Government participation in the salary for a part-time supervisor and a full-time geologist-engineer-bookkeeper is recommended. It is reported that the applicant plans to move part of the Highland-Surprise mill from the Coeur d'Alene district to the property, and other company activities in addition to the exploration, will be carried on. Time spent by these men on non-exploration activities should not, of course, be charged to the project.

FDR group

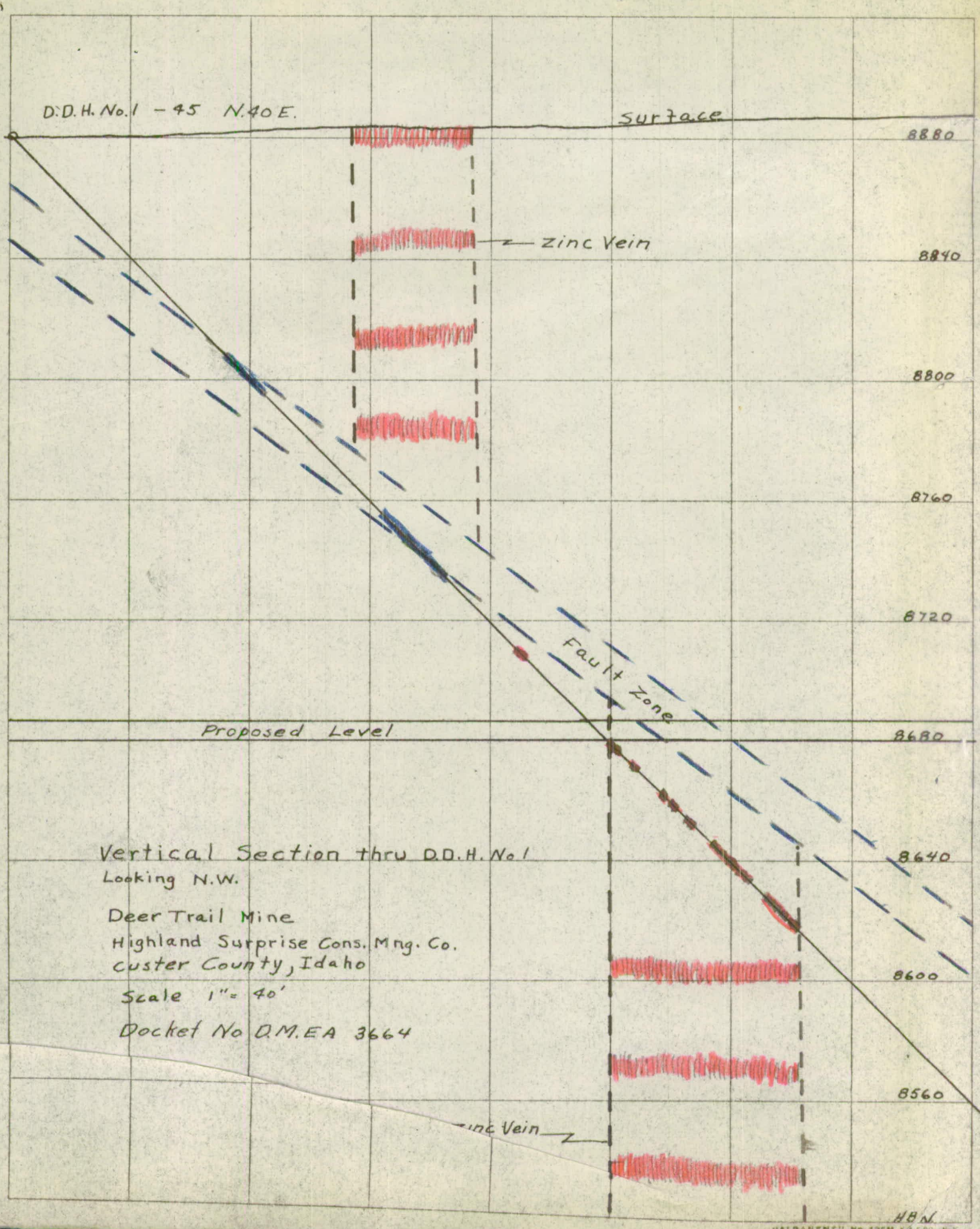
On the FDR claims, 50 hours of bulldozing and 1000 feet of diamond drilling from surface locations is recommended. Provision should be made for 25 assays for lead, zinc, copper, silver, and gold.

The applicant desires to start work within 30 days from the date of the contract, and to have the work completed within 10 months. The project may be completed in this period, but is suggested, if a contract is entered into, that the time for completion be set at 18 months.

Conclusions

The property has the potential to become a very large producer of zinc, lead, and some copper.

Attachments 2
Distribution: DMEA (4) USGS (SRO) Nickelson
USBM (2) DOCKET



"ALBANENE" No. 136M K&E CO., N.Y.
REG. U.S. PAT. OFF.

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So. 157 Howard Street
Spokane 4, Washington

April 12, 1955

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

Docket

Re: Docket No. DMEA-3664 (lead-zinc)
Deer Trail Mine (Stanley Project)
Custer County, Idaho

Dear Mr. Luedke:

We have received copies of the lease agreement between F. L. Persons, A. C. Milholland and Chester Sater, lessees; and Fred and Rosa Gossi, George Alleman, and Frances Comer, Administratrix of the estate of James A. Comer, deceased, the owners of the Deer Trail claim and Deer Trail Fraction. The ossalid copies of this agreement that we received do not show any other signature except that of Frances Comer, Administratrix. None of the other owners or lessees have signed the agreement. We will send copies on in to Washington for informational purposes, but we would like to get a signed copy to send in also.

Our Washington office has expressed reluctance in other cases to accept a Guaranty in lieu of an Owner's Consent to Lien. Therefore, we suggest that while this contract is being negotiated, you attempt to get the enclosed Owner's Consent to Lien forms signed if you possibly can. Please return six to this office.

Very truly yours,

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

Enclosure

cc: DMEA(2)
USBM(2)
Nickelson

File Copy
Surname
Signed Selfridge
Mr Johnson
Whitedog

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

500

FEB 10 1955

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

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

Dear Mr. Weissenborn:

We have your letter of February 2, enclosing the cited application. We note that you will soon forward us an appraisal of the project, hence, meanwhile, the application will be held pending.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

APPROVED:

J. H. Hedges
Member, Bureau of Mines (JHB)

Thor H. Kiilsgaard
Member, Geological Survey (JHB)

WRGriswold/bjl (2/8/55)

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

R.L.G.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 11 1955

February 8, 1955

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

DMEA-3664

Re: Application for exploration assistance
Highland-Surprise Consolidated Mining Co.
Deer Trail Mine (Stanley project)
Custer County, Idaho

Dear Mr. Selfridge:

Reference is made to our letter of February 2, 1955, in which several documents were enclosed in connection with the cited application. We stated that one MF-203 had been returned to the applicant because it was undated. This has since been returned and five copies are enclosed.

Sincerely yours,

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

Enclosure

cc: USBM (2)
Nickelson

February 7, 1955
Subject: DMEA 3664
Re: Exploration Assistance
Deer Trail Mine

Highland-Surprise Consolidated
Mining Company
Box 889
Wallace, Idaho

Gentlemen:

The receipt of your application dated December 30, 1954 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA 3664 and referred to the Base Metals Division.

Kindly identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

60932

February 7, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region I Northwest

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

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

DMEA - 3664 Highland-Surprise Consolidated Mining Company

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

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

So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB - 7 1955

February 2, 1955

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

Re: Application for exploration assistance
Highland-Surprise Consolidated Mining Co.
Deer Trail Mine (Stanley project)
Custer County, Idaho

Dear Mr. Selfridge:

Enclosed are the documents listed below which were submitted by the Highland-Surprise Consolidated Mining Company in connection with their application for aid in an exploration project contract. The applicant proposes to explore a property known as the Deer Trail mine (Stanley project), situated in Fourth of July Canyon, East Fork Mining District, Custer County, Idaho; the deposit contains sphalerite and galena.

(1) Original and 2 copies of Form MF-103;

(2) 3 copies of an agreement dated October 26, 1954, between Rupert L. Niece and E. W. Fox, and Highland-Surprise Consolidated Mining Co., together with

(3) 5 copies of Mf-203, Owner's Consent to Lien executed by the above, covering the FDR group of claims;

(4) 3 copies of an agreement dated September 17, 1954, between F. L. Persons, A. C. Milholland, Chester Sater and Paul Rayburn, and Highland-Surprise, together with

(5) 5 copies of MF-203 executed by the above, covering the Deer Trail and Deer Trail Fraction claims;

(6) 3 copies of an agreement dated November 15, 1954, between Louis Gossi and Ada Gossi, Marie Fuller and Arnold Fuller, and Elmer Enderlin covering the Confidence claims; attached to this agreement is another agreement dated November 23, 1954, between Elmer Enderlin and Highland-Surprise;

(7) 5 copies of a Guaranty dated December 30, 1954.

The MF-203 executed by Louis L. and Ada Gossi, Marie and Arnold Fuller, and Elmer Enderlin covering item (6) above must be returned to the applicant because it is undated.

One of the field examiners is acquainted with the property and an appraisal of the application will be written without making a field examination. The appraisal will be forthcoming soon.

Very truly yours,

John S. Vhay

John S. Vhay
For: A. E. Weissenborn
Executive Officer
Field Team, Region I
Northwest District

Enclosures as indicated

cc: USBM (2)
Nickelson

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
REC'D
FEB - 7 1955

February 2, 1955

Mr. Frank J. Luedke, President
Highland-Surprise Consolidated Mining Co.
P. O. Box 889
Wallace, Idaho

Re: Appl. for exploration assistance
Stanley project
Custer County, Idaho

Dear Mr. Luedke:

The Owner's Consent to Lien executed by Elmer Enderlin, Louis L. and Ada Gossi, and Marie and Arnold Fuller covering the Confidence claims is undated. Therefore, we are returning the 5 copies you submitted with the above-cited application and request that the date be inserted on all copies and return them to this office as soon as possible so they can be sent on to Washington.

Very truly yours,

John S. Way
For: A. E. Weissenborn
Executive Officer
Field Team, Region I
(Northeast District)

Enclosure as above

cc: DMEA (2)
USBM (2)
Nickelson

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

December 20, 1954

Mr. E. A. Callaway, Secretary
Highland-Surprise Consolidated Mining Company
203 Gyde-Taylor Building
Wallace, Idaho

Pending

Re: Pending DMEA Application
Stanley Project
Custer County, Idaho

DMEA-3664

Dear Mr. Callaway:

I wish to thank you for the explanation you have made in your letter of December 17, 1954, regarding the article in the WALLACE MINER concerning the proposed Custer County exploration.

In general our policy is to refrain from any public statement concerning a Defense Minerals Exploration Administration application except perhaps the mere fact that an application has been made, until an acceptable contract has actually been worked out and approved, as we have found that this may save the applicant some embarrassment in case, for any of a number of reasons, the contract is not approved. It is evident that although the statement in question was perhaps somewhat premature, it was caused, as you state, by an honest misunderstanding. A further statement to the WALLACE MINER may only tend to confuse matters further, and it appears as though the best plan would be to forget the incident.

Sincerely yours,

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

cc: DMEA 2,
[illegible] 2,
Nicholson

XXXXXXXXXXXXXXXXXX
No. 157 Howard Street
Spokane 4, Washington

December 7, 1954

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

Re: Pending DMEA application
Stanley Project
Custer County, Idaho

Dear Mr. Luedke:

In the December 2, 1954, issue of THE WALLACE MINER there is an interesting article on the front page headlined "Highland-Surprise exploration in Custer County reveals large zinc-lead deposits." The article contains a statement "Negotiations have already been started with the Spokane office of the Defense Minerals Exploration Administration for an exploration loan with which to continue the Stanley project, the Miner was advised. The Spokane office of the U. S. Geological Survey is familiar with the area, having mapped it previously, and company officials have been assured that the USGS will recommend approval of a loan on a project including about 2,500 feet of drifting and crosscutting and 3,000 feet of diamond drilling."

We are greatly surprised at the above statement, for although it is true that both Survey geologists and Bureau of Mines engineers have visited the property which borders on an active DMEA project, no formal examination has been made and there is no promise made or implied that a DMEA application would be approved per se. After an application for DMEA assistance is received, it is studied and an appropriate recommendation is made by the local Field Team. Whether a favorable recommendation is made depends not only on the property itself but also on the work planned which may or may not fall within the limitations of the DMEA program. The Washington office of the DMEA then acts as it sees fit; it usually follows the recommendation of the Field Team but does not always do so. In no case, however, have we given, or do we intend to give, blanket approval of an application before it is submitted. We regret therefore that such a statement was given to the paper.

In fairness to the Geological Survey and the DMEA we feel that it would be desirable for you to give a statement to the Wallace Miner and any other paper that carried the item that an application for DMEA assistance is in preparation and that you hope it will receive favorable consideration but that no approval has yet been given.

By Field Team, Region II

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

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

cc: DMEA (2)
USBM (2)

D. ETZGEN — NO. 352 3145

Calculation of Expected Return from Ore Reserves Below Adit Level at Deer Trail Mine

	Block "A" 14063 Tons	Block "B" 16,250 Tons	Block "C" Footwall 10125 Tons	Block "C" Hangingwall 10125 Tons	Block "D" 7031 Tons	Total 57,594 Tons Total Amt.	Total Per Ton	Total (Excluding "B" & "D") 34,313 Tons Total Amt.	Total Per Ton
Value of ore on basis of Clayton Silver settlements:									
Before haulage	1566	648	2744	1562	762	815085	14.15	656209	19.12
Haulage Cost	117	50	160	94	48	53671	93	42171	1.23
Net smelter returns	1449	598	2584	1468	714	761414	13.22	614038	17.89
Direct Costs:									
Mining, including development	390	390	390	390	390	224617	3.90	133821	3.90
Milling	260	260	260	260	260	149744	2.60	89214	2.60
Total direct Costs	650	650	650	650	650	374361	6.50	223035	6.50
	799	−52	1934	818	64	387053	6.72	391003	11.39
Indirect Costs:									
Maintenance, depreciation and amortization						51835	.90	30882	.90
Overhead						39740	.69	23676	.69
Taxes, including social security						60474	1.05	36029	1.05
Total indirect costs						152049	2.64	90587	2.64
Profit before royalties						235004	4.08	300416	8.75
Royalties:									
D.M.E.A.								3637	.11
Persons, et al						40754	.71	32810	.96
Total royalties						40754	.71	36447	1.07
						194250	3.37	263969	7.68

200' of shaft and equipment for same may cost $100,000
Clayton Silver cost figures used above should cover development other than shaft.

DIETZGEN — NO. 352-3148

Calculation of Expected Return from Ore above Adit Level at Deer Trail Mine

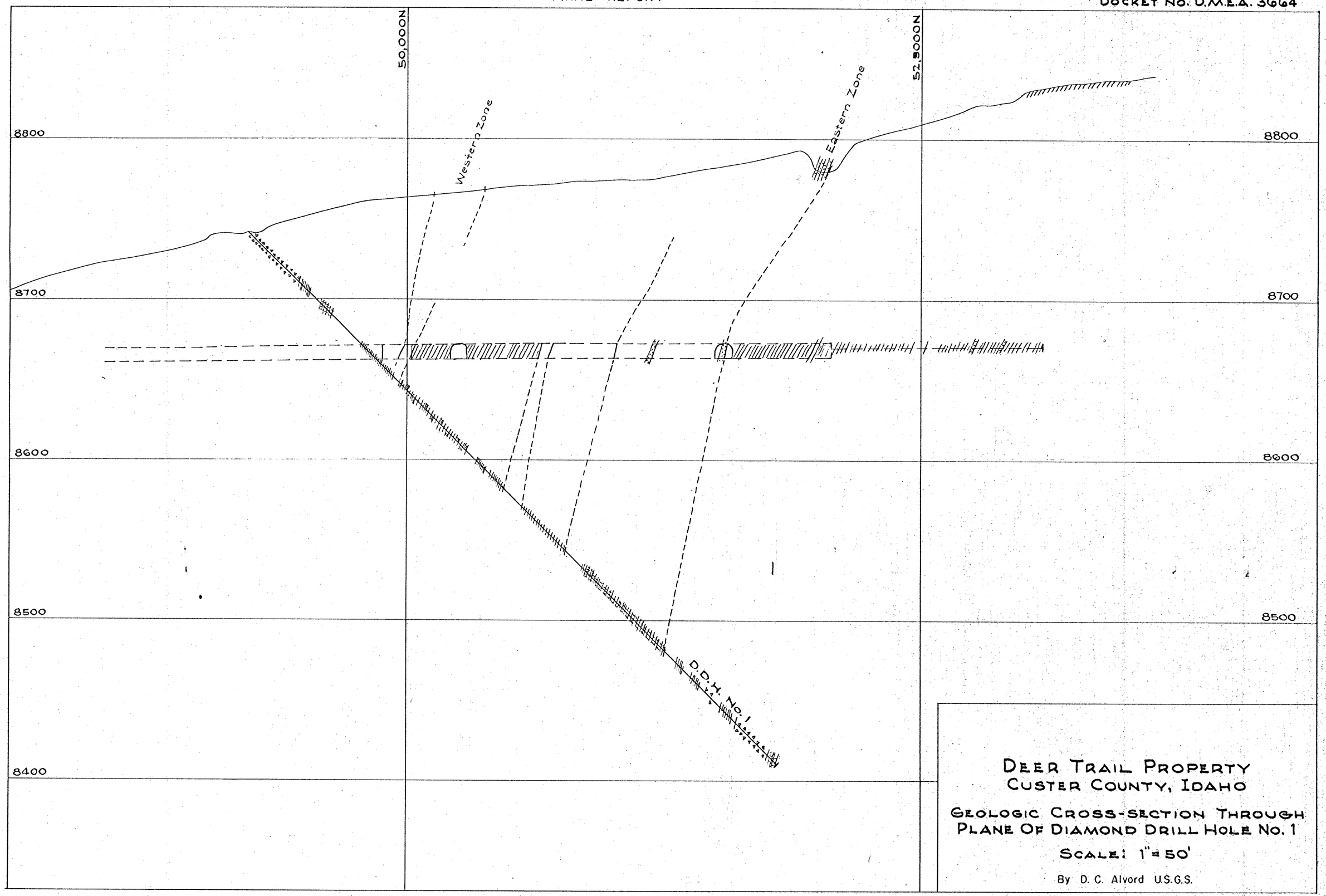
	Block "A"	Block "B"	Block "C" Footwall	Block "C" Hangingwall	Block "D"	Total (49,593 Tons) Total Amt	Total (49,593 Tons) Per Ton	Total (Excluding "B" and "D") (27,562 Tons) Total Amt	Total (Excluding "B" and "D") (27,562 Tons) Per Ton
Value of ore on basis of Clayton Silver settlements:									
Before haulage to rail head	1566	648	2744	1562	762	661641	1334	510866	1854
Haulage cost	117	50	160	94	48	44472	90	33598	122
Net smelter return	1449	598	2584	1468	714	617169	1244	477268	1732
Direct costs:									
Mining, including development	390	390	390	390	390	193413	390	107492	390
Milling	260	260	260	260	260	128942	260	71661	260
Total direct costs	650	650	650	650	650	322355	650	179153	650
	799	−52	1934	818	64	294814	594	298115	1082
Indirect costs:									
Maintenance, depreciation and amortization						44634	90	24806	90
Overheads						34219	69	19018	69
Taxes, including social security						52073	105	28940	105
Total indirect costs						130926	264	72764	264
Profit before royalties						163888	330	225351	818
Royalties:									
D.M.E.A. - 5% to maximum of $27,500						27500	55	23863	87
Comer, et al - 10% to maximum of $16,400						16400	33	16400	59
Perons, et al - 5% before deduction of haulage cost						33082	67	25543	93
Total royalties						76982	155	65806	239
						86906	175	159545	579

Direct and indirect costs are Clayton Silver costs for the year 1955.
Possible higher costs because of remote location should be offset by the fact that there will be no hoisting or pumping costs.

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
FINAL REPORT

DOCKET NO. D.M.E.A. 3664



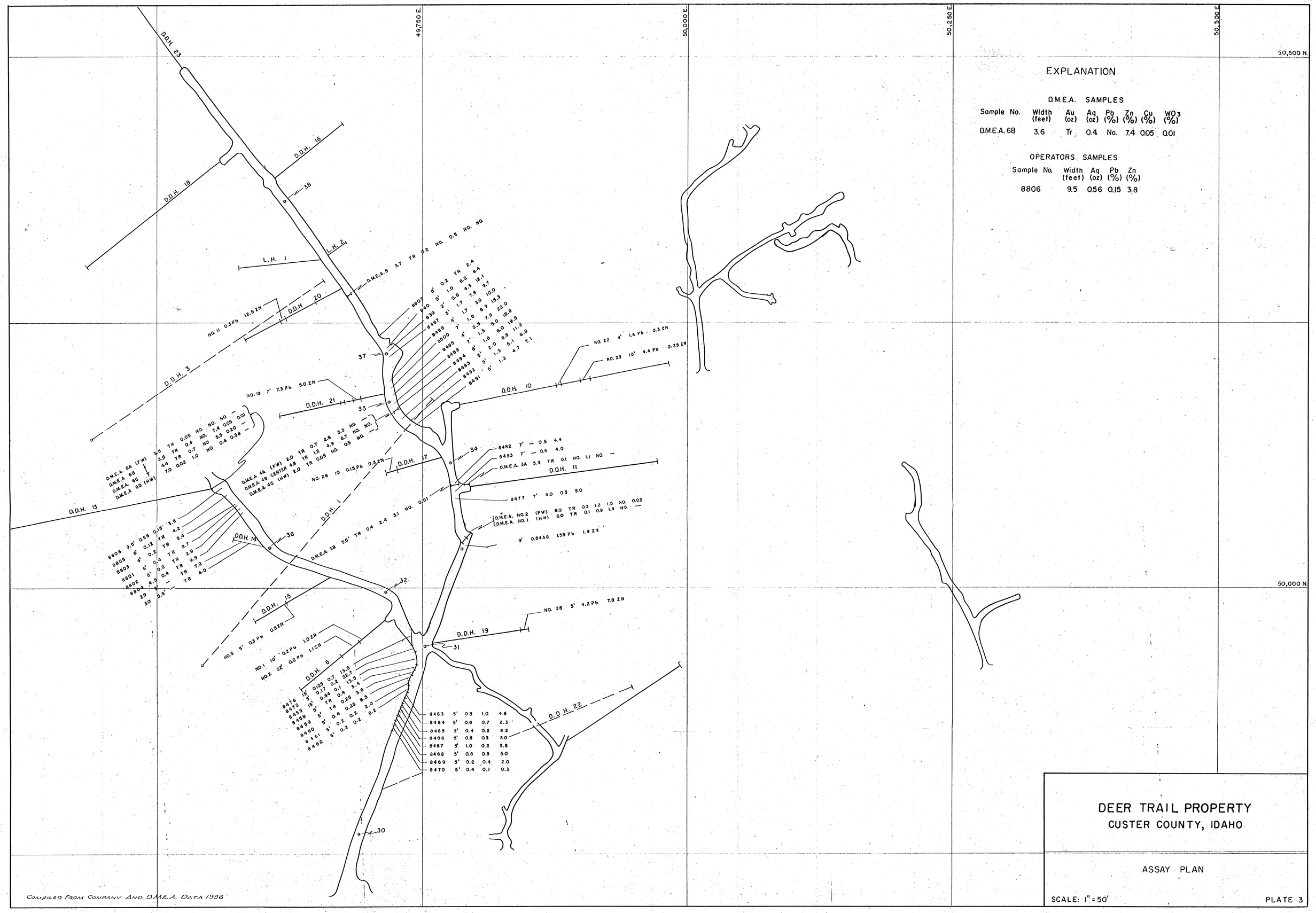
DEER TRAIL PROPERTY
CUSTER COUNTY, IDAHO

GEOLOGIC CROSS-SECTION THROUGH
PLANE OF DIAMOND DRILL HOLE NO. 1

SCALE: 1" = 50'

By D. C. Alvord U.S.G.S.

PLATE 4



EXPLANATION

D.M.E.A. SAMPLES

Sample No.	Width (feet)	Au (oz)	Ag (oz)	Pb (%)	Zn (%)	Cu (%)	WO_3 (%)
D.M.E.A. 6B	3.6	Tr	0.4	No.	7.4	0.05	0.01

OPERATORS SAMPLES

Sample No.	Width (feet)	Ag (oz)	Pb (%)	Zn (%)
8806	9.5	0.56	0.15	3.8

DEER TRAIL PROPERTY
CUSTER COUNTY, IDAHO

ASSAY PLAN

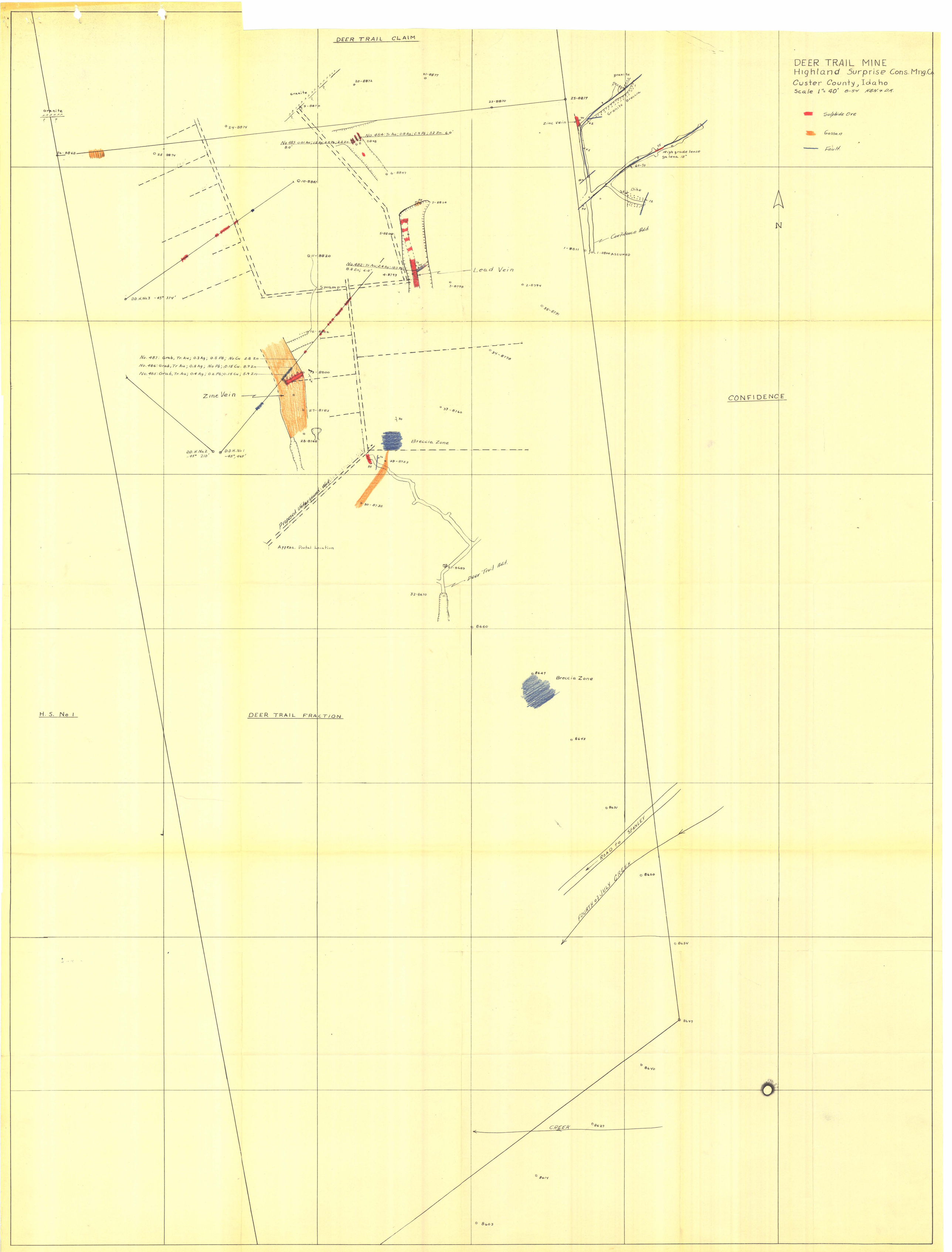
SCALE: 1" = 50'

PLATE 3

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

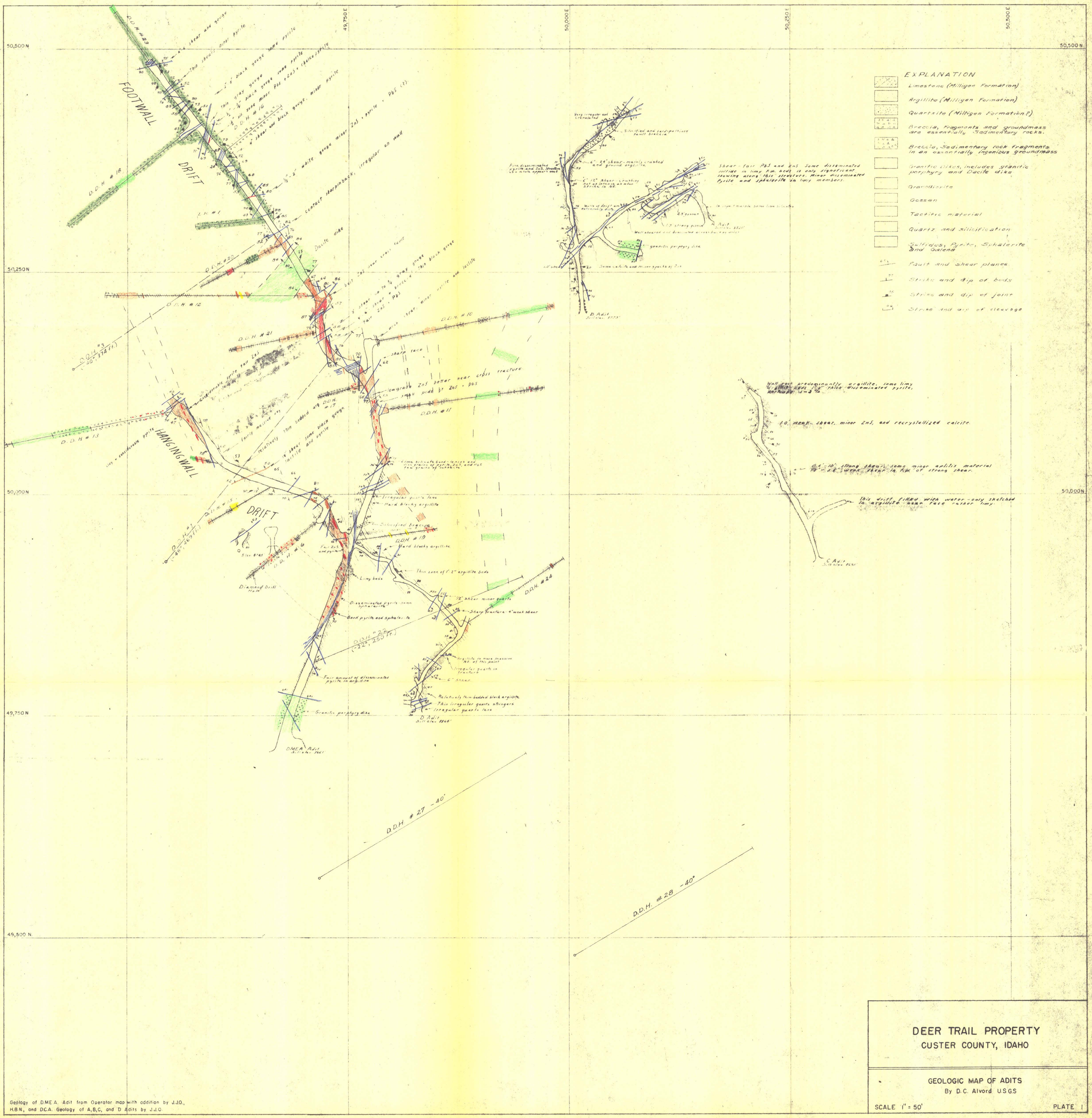
FILED AUG 1 A M 11 1961 CLERK OF THE BOARD


DEER TRAIL MINE
Highland Surprise Cons. Mng. Co.
Custer County, Idaho
Scale 1" = 40' 8-54 H.B.N. & D.K.
Sulphide Ore
Gossan
Fault
N
DEER TRAIL CLAIM
CONFIDENCE
H. S. No 1
DEER TRAIL FRACTION
Granite
Granite Breccia
Zinc Vein
High grade lense galena 18"
Dike
Confidence Adit
1-8811
1-8800 ASSUMED
No 484: Tr. Au; 0.8 Ag; 2.9 Pb; 3.2 Zn. 6.0'
No 483 0.01 Au; 1.2 Ag; 2.0 Pb; 2.0 Zn 8.0'
No. 482: Tr. Au; 2.4 Ag; 10.3 Pb; 8.8 Zn; 6.0'
Lead Vein
Swamp
DD.H. No 3 -45° 374'
No. 487: Grab, Tr. Au; 0.3 Ag; 0.5 Pb; No Cu 2.8 Zn
No. 486: Grab, Tr. Au; 0.3 Ag; No Pb; 0.18 Cu. 8.9 Zn
No. 485: Grab, Tr. Au; 0.4 Ag; 0.2 Pb; 0.15 Cu; 5.9 Zn
Zinc Vein
DD.H. No 2 -45° 210'
D.D.H. No 1 -45°, 468'
Breccia Zone
Proposed Underground Work
Approx. Portal location
Deer Trail Adit
Breccia Zone
ROAD TO STANLEY
FOURTH OF JULY CREEK
CREEK

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
FINAL REPORT

DOCKET NO. DMEA-3664



Geology of D.M.E.A. Adit from Operator map with addition by J.J.O., H.B.N., and D.C.A. Geology of A,B,C, and D Adits by J.J.O.

DEER TRAIL PROPERTY
CUSTER COUNTY, IDAHO

GEOLOGIC MAP OF ADITS
By D.C. Alvord U.S.G.S

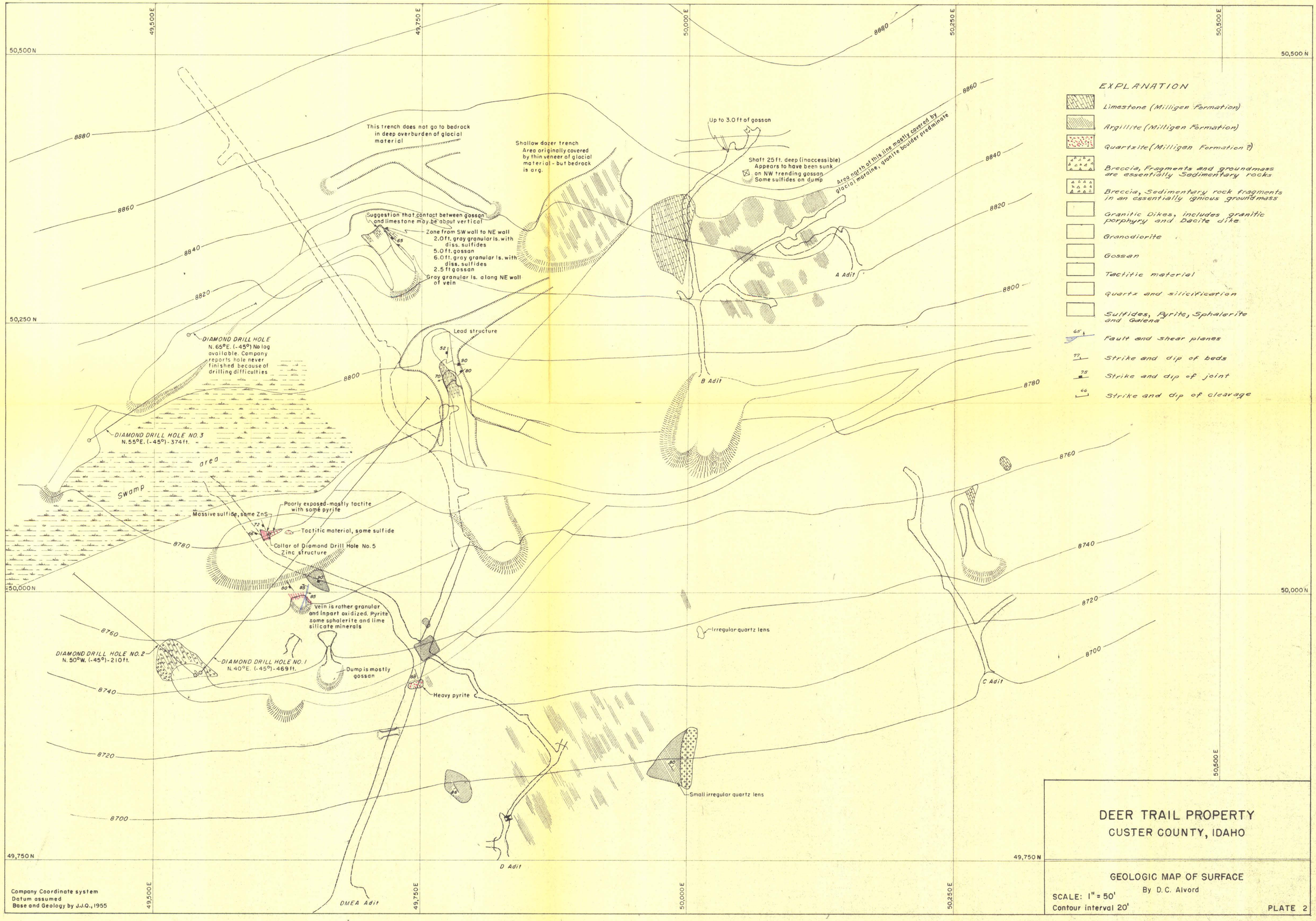
SCALE 1" = 50'

PLATE I

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFFNSE MINERALS EXPLORATION ADMINISTRATION
FINAL REPORT

DOCKET NO. DMEA-3664



DEER TRAIL PROPERTY
CUSTER COUNTY, IDAHO

GEOLOGIC MAP OF SURFACE
By D.C. Alvord

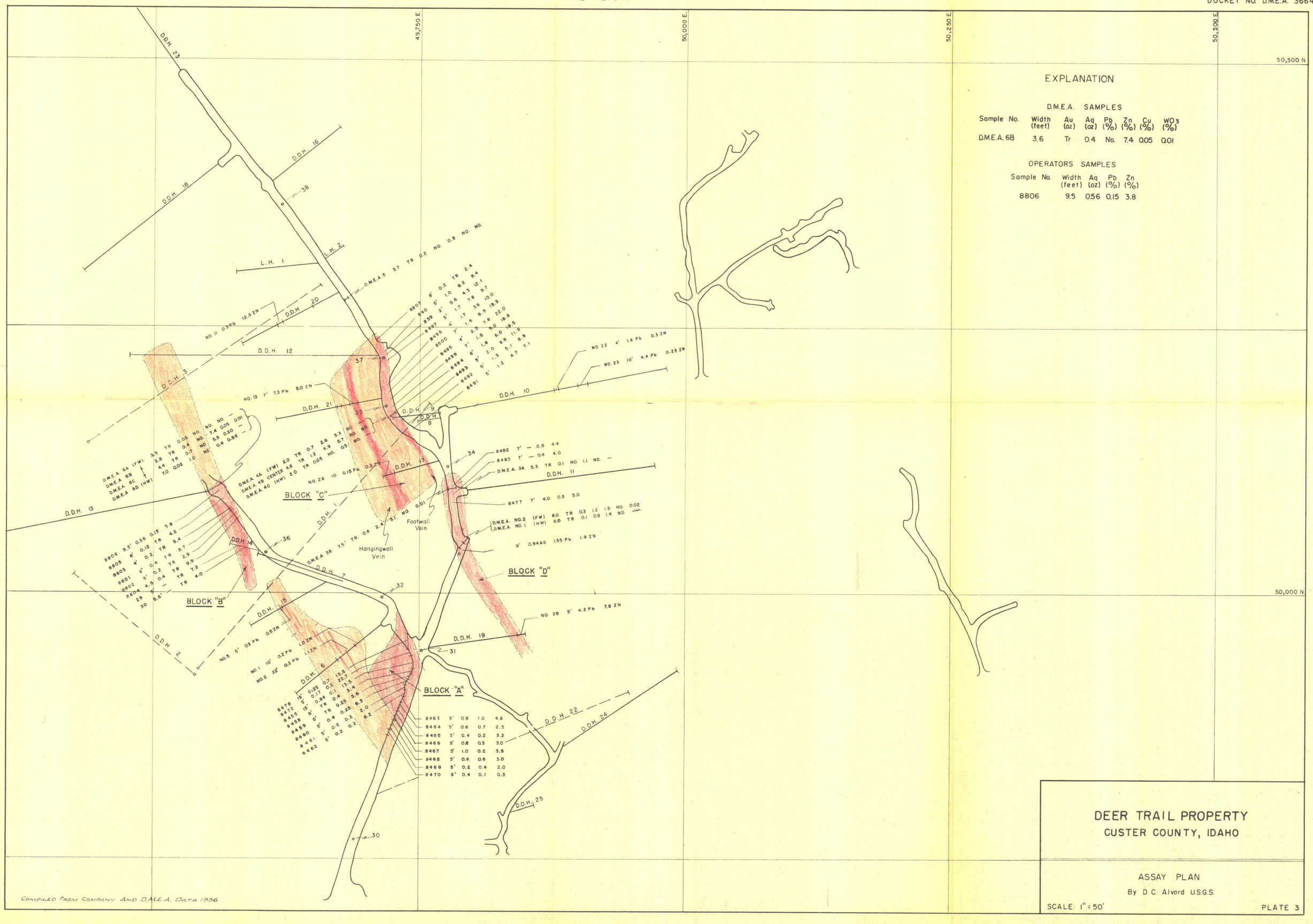
SCALE: 1" = 50'
Contour interval 20'

PLATE 2

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
FINAL REPORT

DOCKET NO. D.M.E.A. 3664

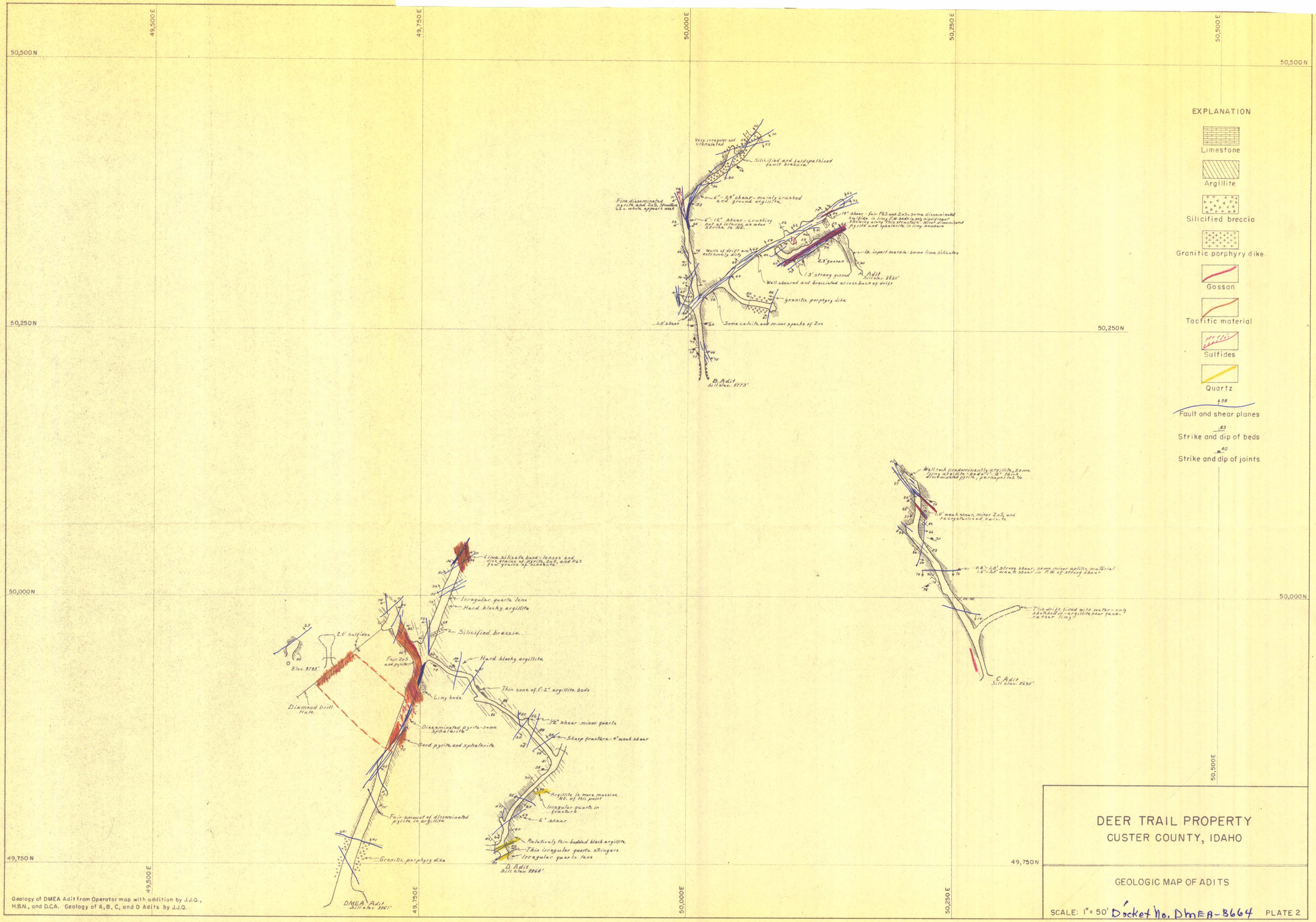


DEER TRAIL PROPERTY
CUSTER COUNTY, IDAHO

ASSAY PLAN
By D.C. Alvord U.S.G.S.

SCALE: 1" = 50'

PLATE 3



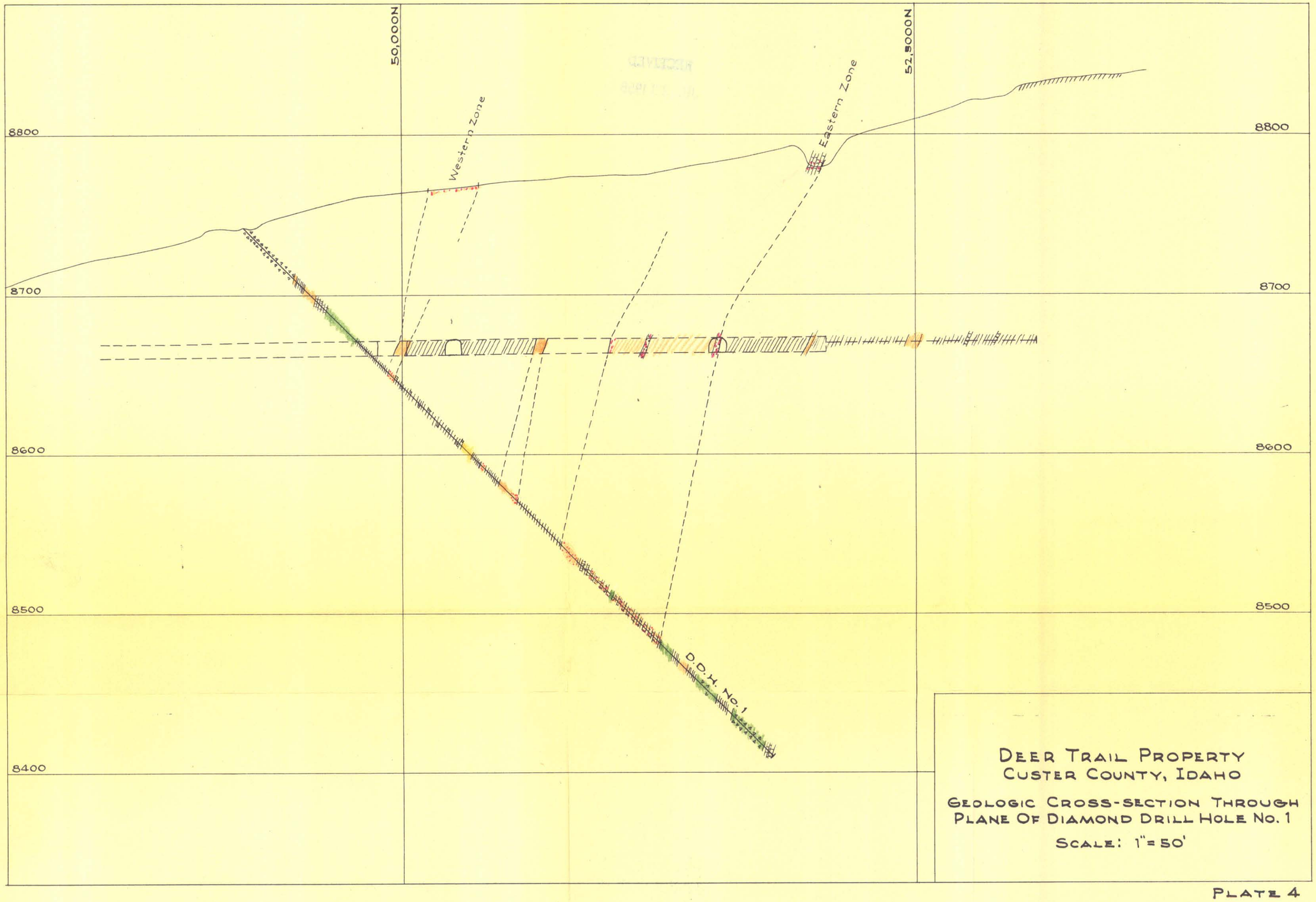
Geology of DMEA Adit from Operator map with addition by J.J.Q., H.B.N., and D.C.A. Geology of A, B, C, and D Adits by J.J.Q.

DEER TRAIL PROPERTY
CUSTER COUNTY, IDAHO

GEOLOGIC MAP OF ADITS

SCALE: 1" = 50' Docket No. DMEA-8664 PLATE 2

DOCKET NO. D.M.E.A. 3664

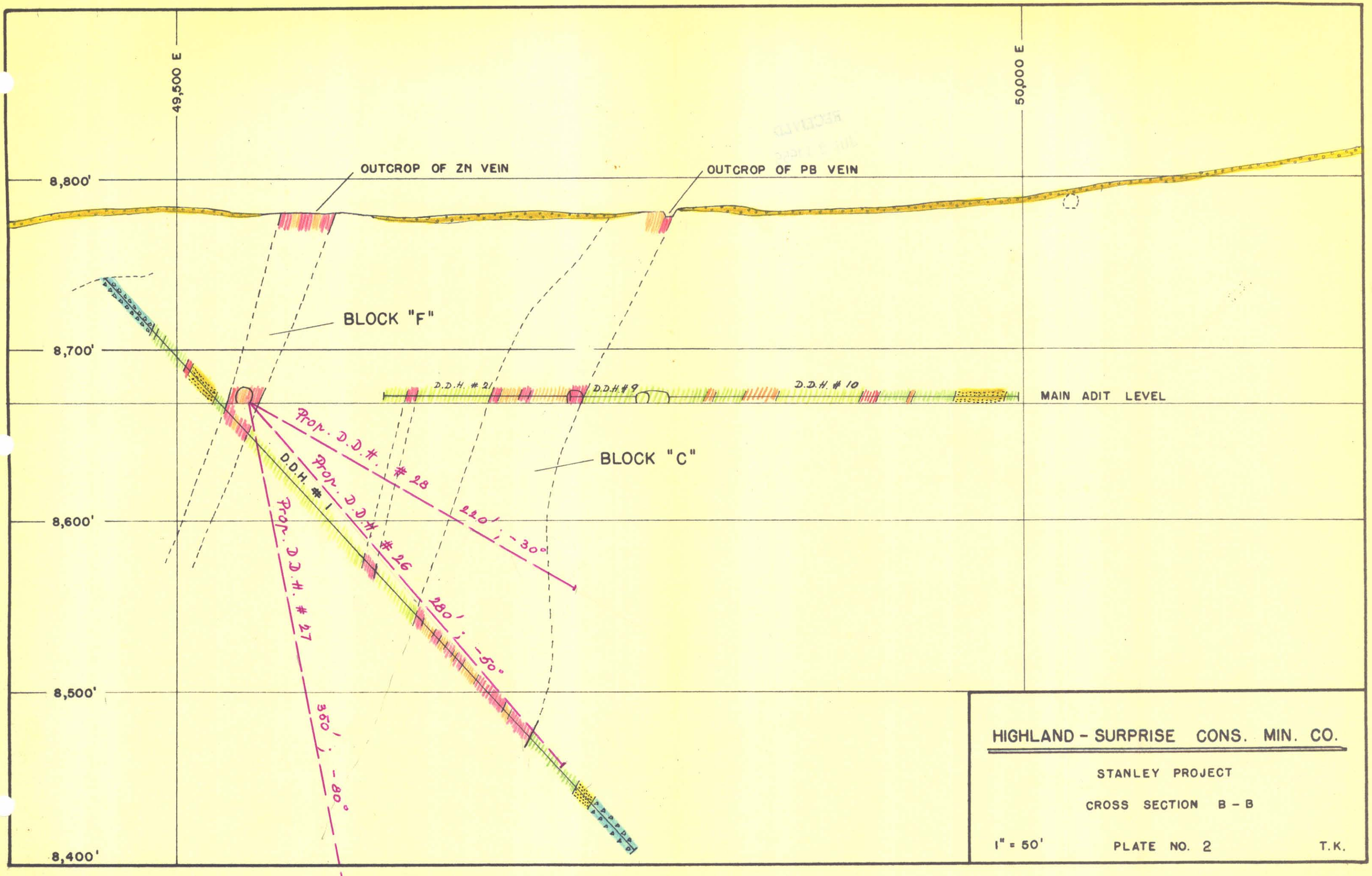


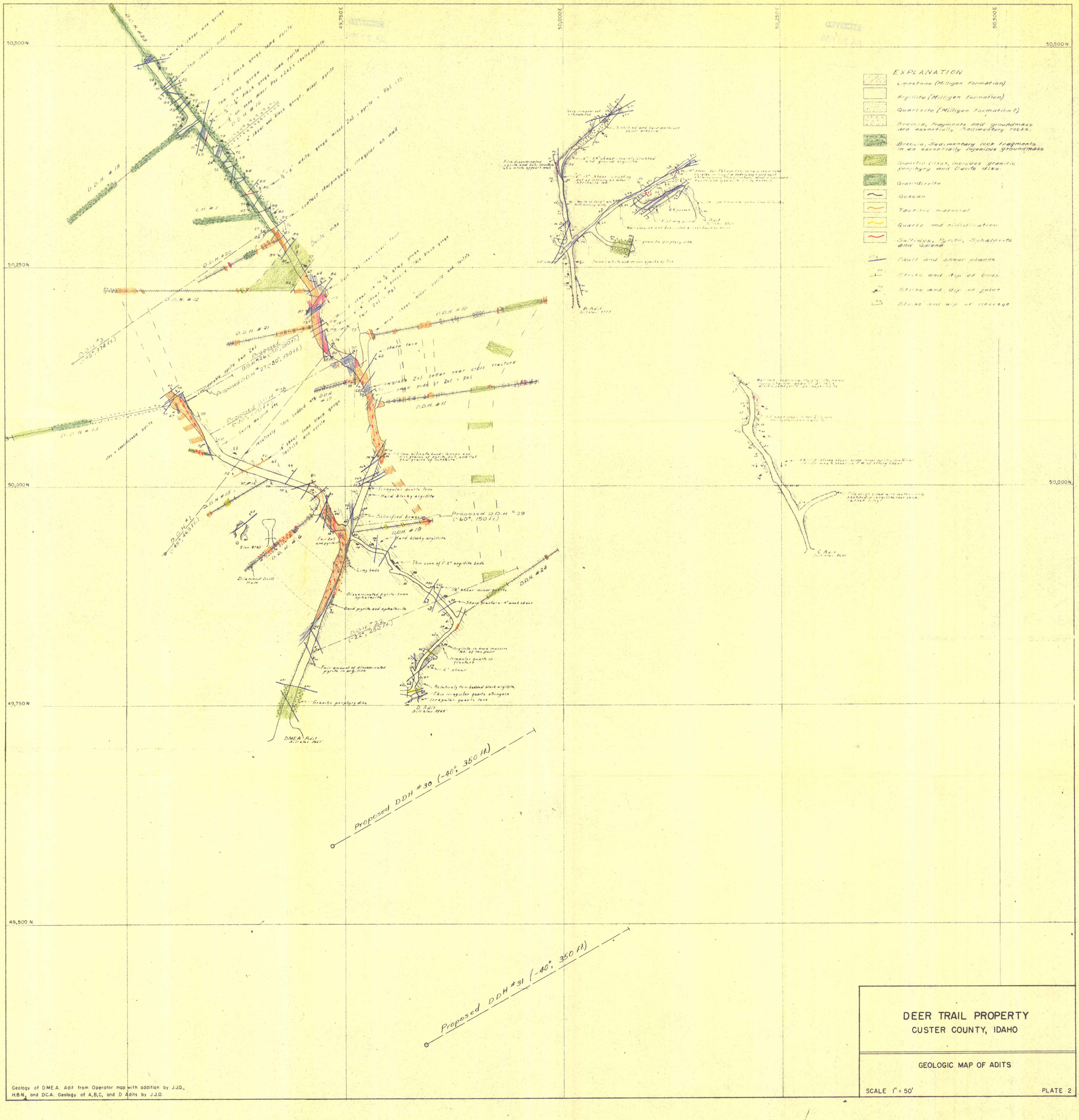
DEER TRAIL PROPERTY
CUSTER COUNTY, IDAHO

GEOLOGIC CROSS-SECTION THROUGH
PLANE OF DIAMOND DRILL HOLE NO. 1

SCALE: 1" = 50'

PLATE 4


49,500 E
50,000 E
8,800'
8,700'
8,600'
8,500'
8,400'
OUTCROP OF ZN VEIN
OUTCROP OF PB VEIN
BLOCK "F"
BLOCK "C"
D.D.H. # 21
D.D.H. # 9
D.D.H. # 10
MAIN ADIT LEVEL
D.D.H. # 1
Prop. D.D.H. # 28
220' ; -30°
Prop. D.D.H. # 26
280' ; -50°
Prop. D.D.H. # 27
350' ; -80°
HIGHLAND - SURPRISE CONS. MIN. CO.
STANLEY PROJECT
CROSS SECTION B - B
1" = 50'
PLATE NO. 2
T.K.



Geology of D.M.E.A. Adit from Operator map with addition by J.J.Q., H.B.N., and D.C.A. Geology of A,B,C, and D Adits by J.J.Q.

DEER TRAIL PROPERTY
CUSTER COUNTY, IDAHO

GEOLOGIC MAP OF ADITS

SCALE 1" = 50'

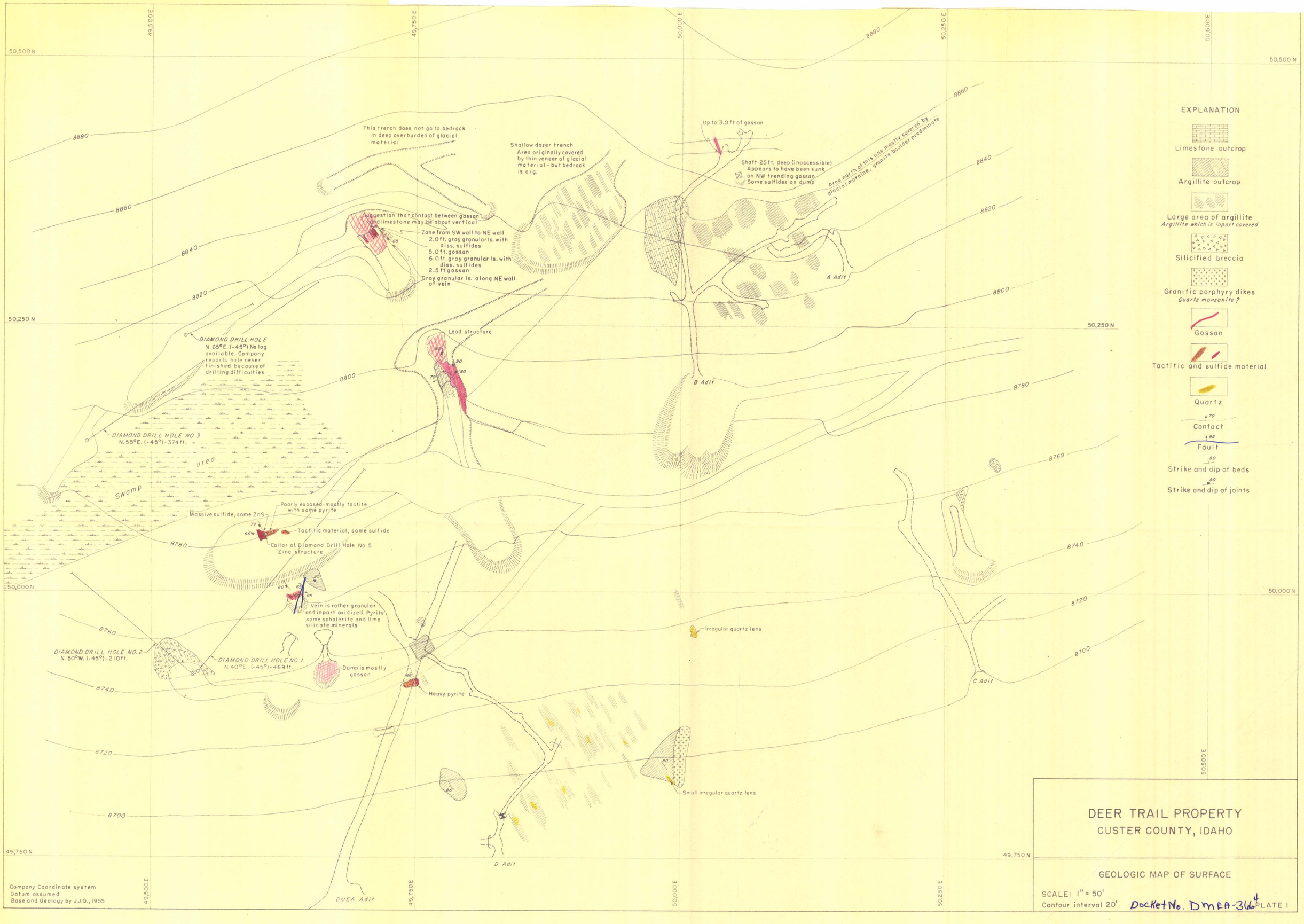
PLATE 2

HIGHLAND - SURPRISE CONS. MIN. CO.

STANLEY EXPLORATION PROJECT

1" = 200'

DEC. 1954 T. K.

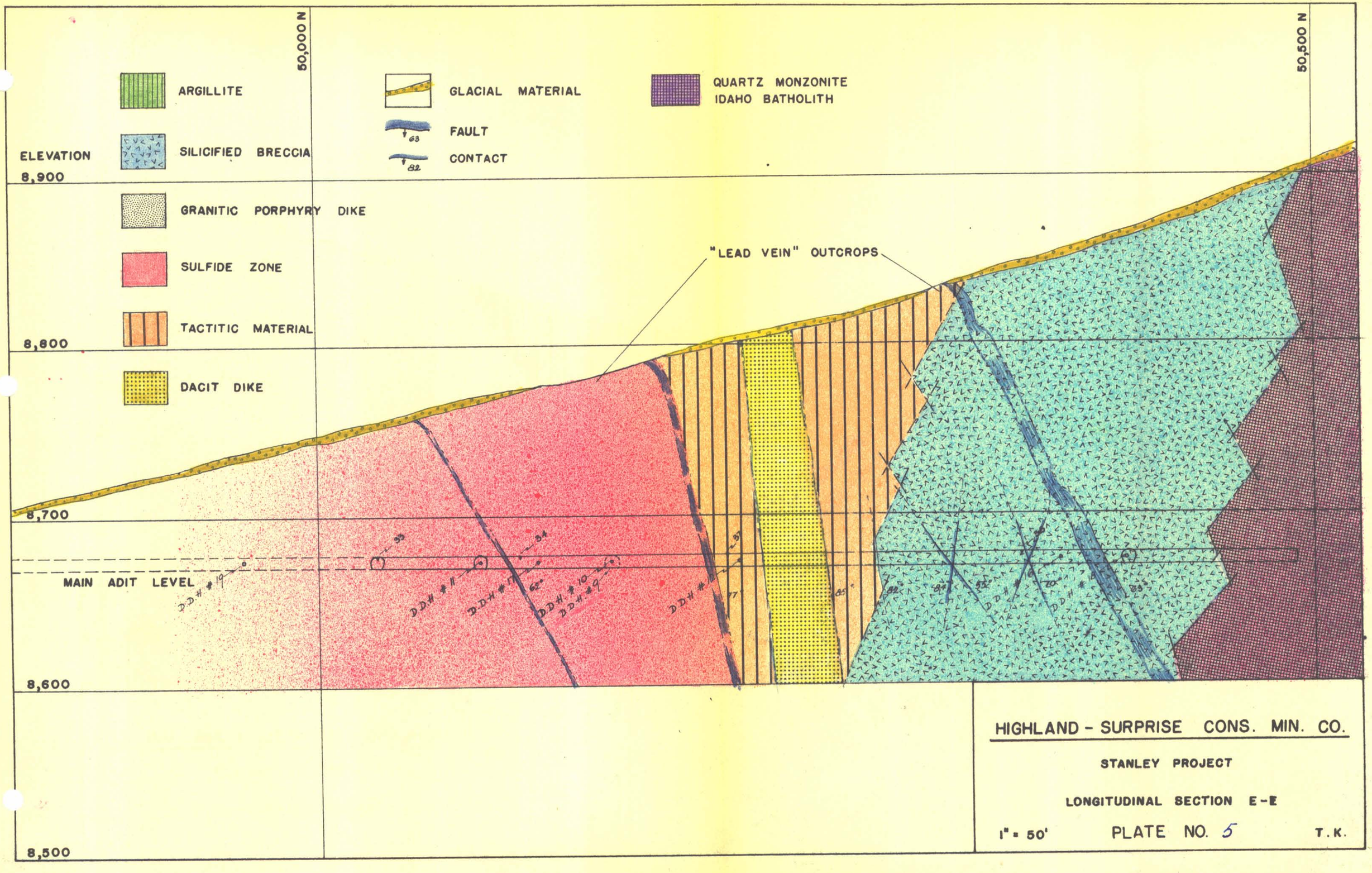


DEER TRAIL PROPERTY
CUSTER COUNTY, IDAHO

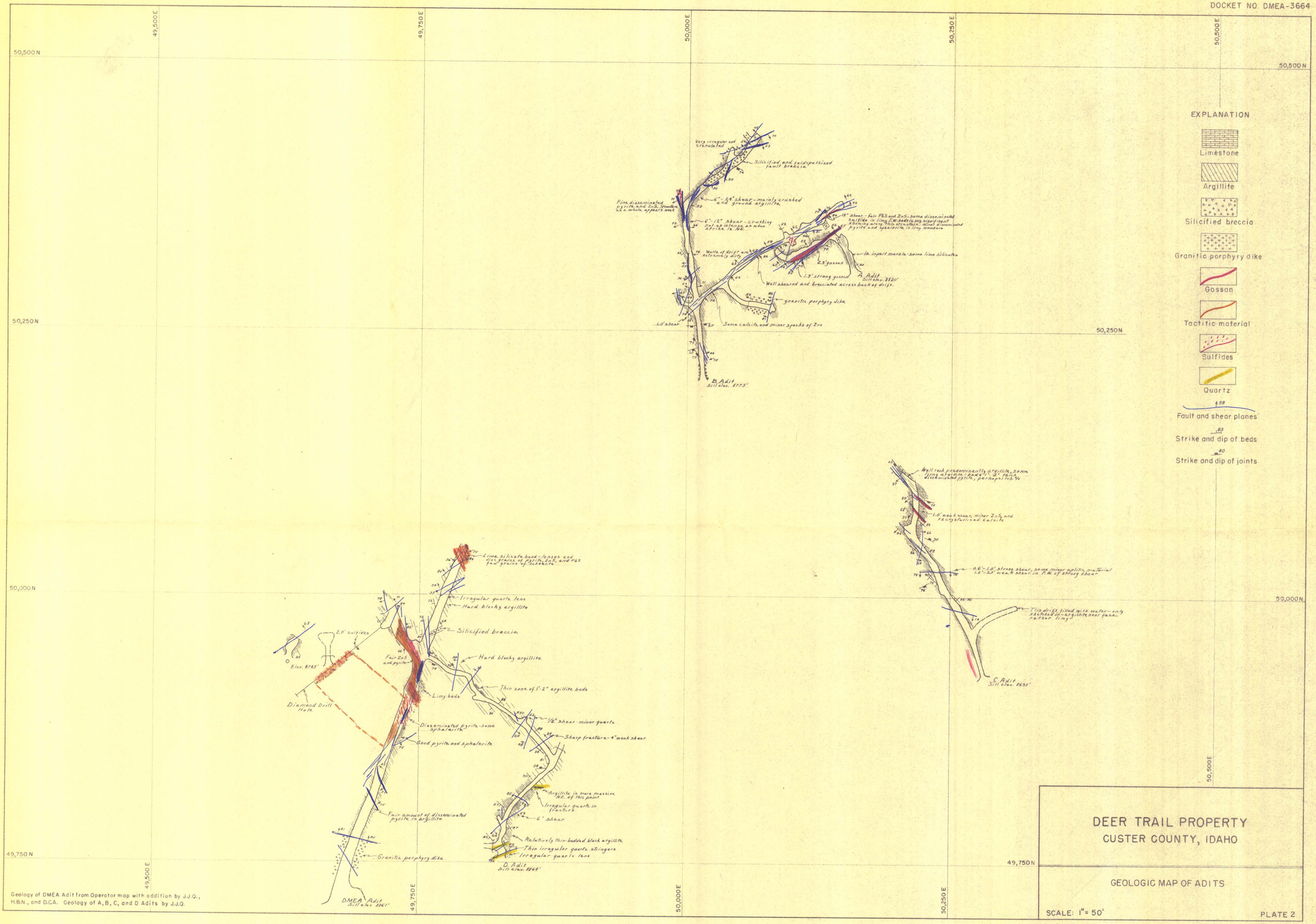
GEOLOGIC MAP OF SURFACE

SCALE: 1" = 50'
Contour interval 20'

Docket No. DMEA-366 PLATE I


50,000 N
50,500 N
ARGILLITE
SILICIFIED BRECCIA
GRANITIC PORPHYRY DIKE
SULFIDE ZONE
TACTITIC MATERIAL
DACIT DIKE
GLACIAL MATERIAL
FAULT
CONTACT
QUARTZ MONZONITE
IDAHO BATHOLITH
ELEVATION
8,900
8,800
8,700
8,600
8,500
"LEAD VEIN" OUTCROPS
MAIN ADIT LEVEL
DDH #19
DDH #11
DDH #17
DDH #10
DDH #9
HIGHLAND - SURPRISE CONS. MIN. CO.
STANLEY PROJECT
LONGITUDINAL SECTION E-E
1" = 50'
PLATE NO. 5
T.K.

DOCKET NO. DMEA-3664



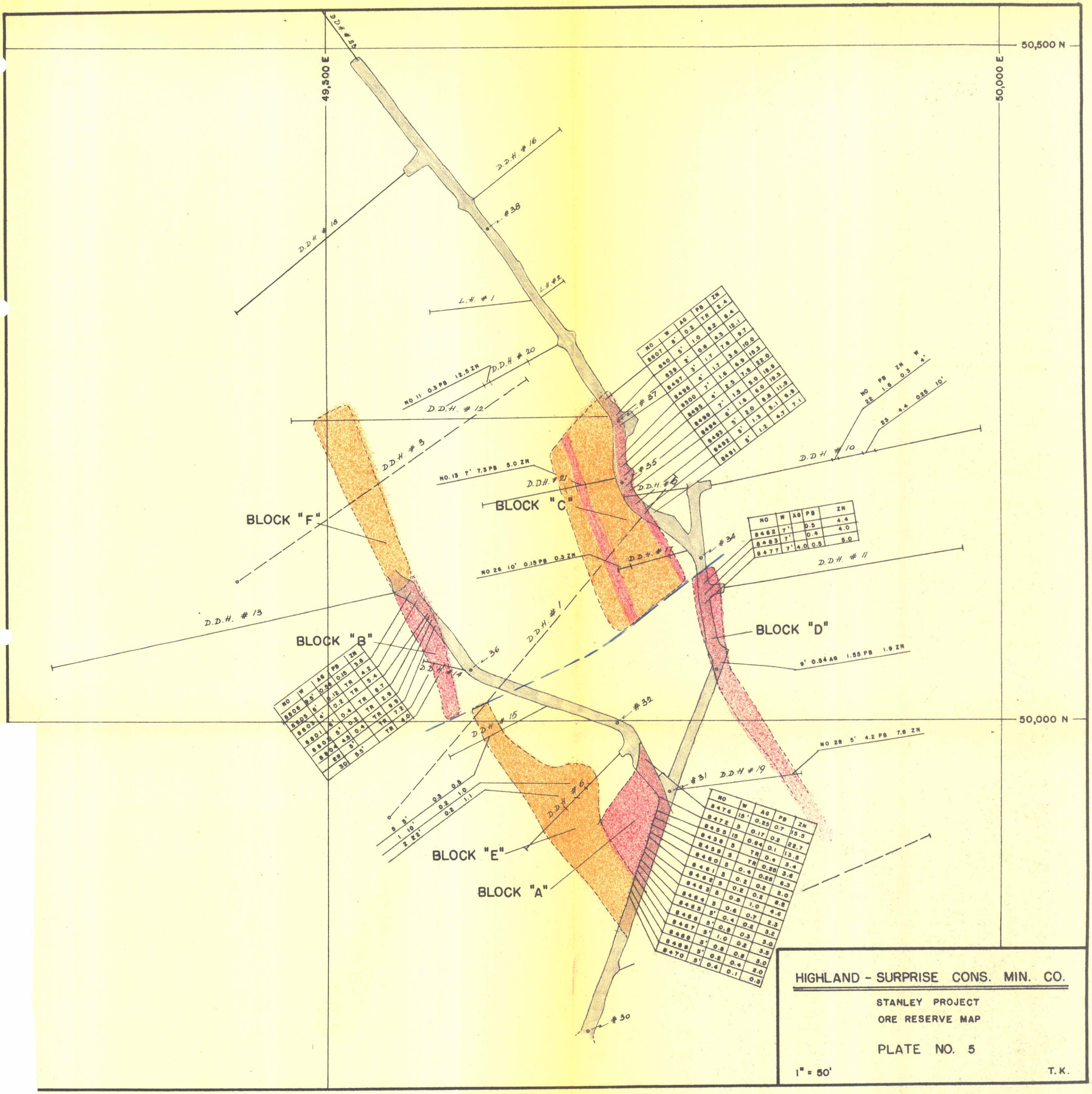
Geology of DMEA Adit from Operator map with addition by J.J.Q., H.B.N., and D.C.A. Geology of A, B, C, and D Adits by J.J.Q.

DEER TRAIL PROPERTY
CUSTER COUNTY, IDAHO

GEOLOGIC MAP OF ADITS

SCALE: 1" = 50'

PLATE 2



NO	W	AG	PB	ZN
8807	6'	0.2	TR	2.4
840	5'	1.0	0.2	8.4
839	2'	0.8	4.3	12.1
8497	3'	1.7	7.8	9.7
8496	4'	1.7	3.6	10.0
8500	7'	1.6	6.9	15.3
8495	4'	2.5	7.8	22.0
8499	7'	1.9	5.0	18.8
8494	6'	1.6	6.0	19.5
8493	5'	2.0	8.8	11.9
8492	5'	1.3	5.1	6.8
8491	6'	1.2	4.7	7.1

NO	W	AG	PB	ZN
8482	7'		0.5	4.4
8483	7'		0.4	4.0
8477	7'	4.0	0.5	5.0

NO	W	AG	PB	ZN
8808	8.5'	0.50	0.10	3.8
8803	6'	0.12	TR	4.2
8803	4'	0.2	TR	5.4
8801	5'	0.4	TR	8.7
8802	5'	0.2	TR	2.9
8804	4.5	0.4	TR	9.9
29	5'		TR	7.2
30	5.5'		TR	4.0

5	5'	0.3	0.5
1	10'	0.2	1.0
2	22'	0.2	1.1

NO	W	AG	PB	ZN
8476	15'	0.25	0.7	15.5
8472	5	0.17	0.2	22.7
8455	15	0.84	0.1	13.5
8458	5	TR	0.4	3.4
8459	5	TR	0.28	3.6
8460	5	0.4	0.26	6.3
8461	5	0.2	0.2	2.0
8462	5	0.2	0.2	8.2
8463	5	0.8	1.0	4.6
8464	5	0.6	0.7	2.3
8465	5'	0.4	0.2	3.2
8466	5'	0.8	0.3	3.0
8467	5'	1.0	0.2	3.5
8468	5'	0.8	0.8	3.0
8469	5'	0.2	0.4	2.0
8470	5'	0.4	0.1	0.8

HIGHLAND - SURPRISE CONS. MIN. CO.

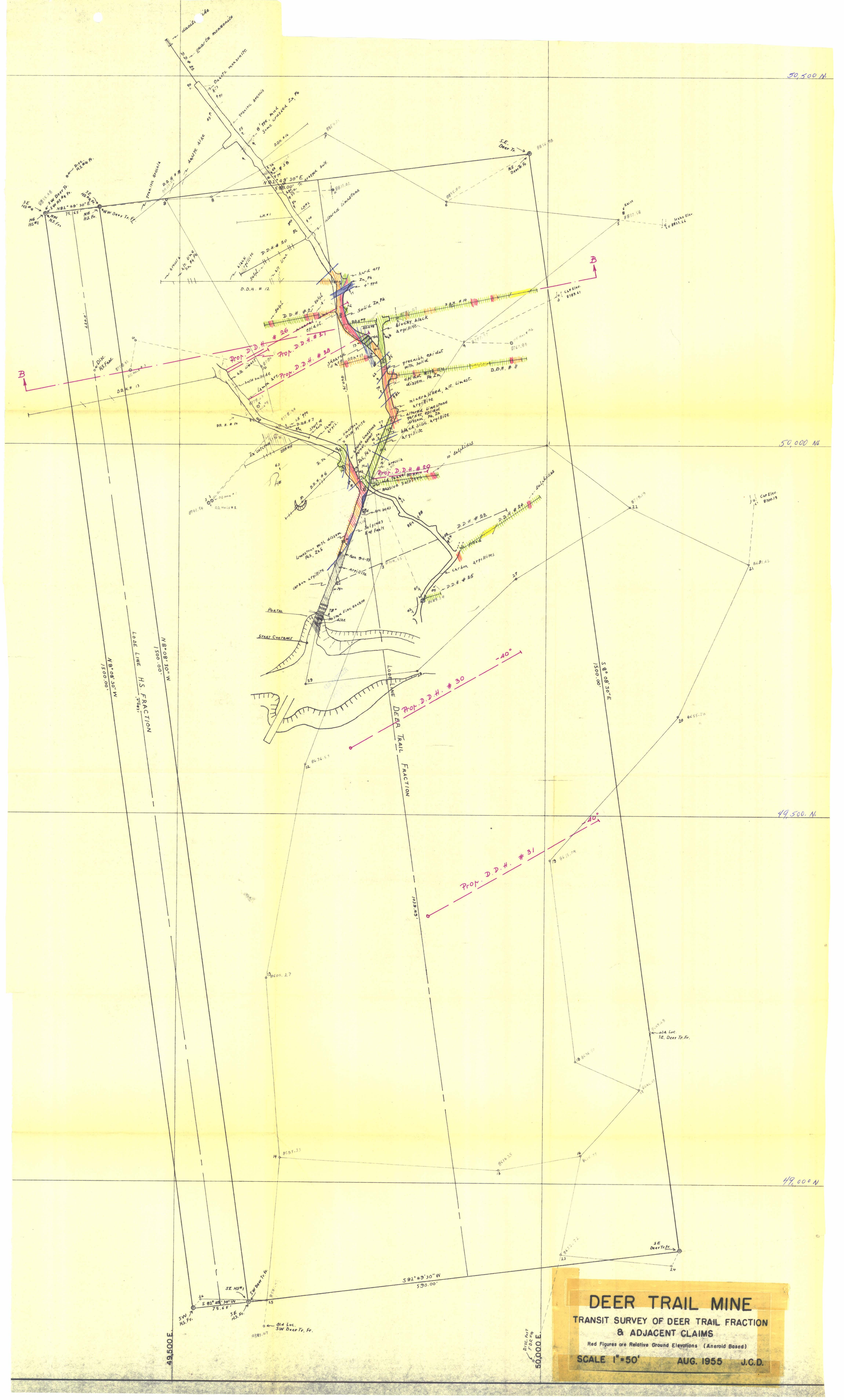
STANLEY PROJECT

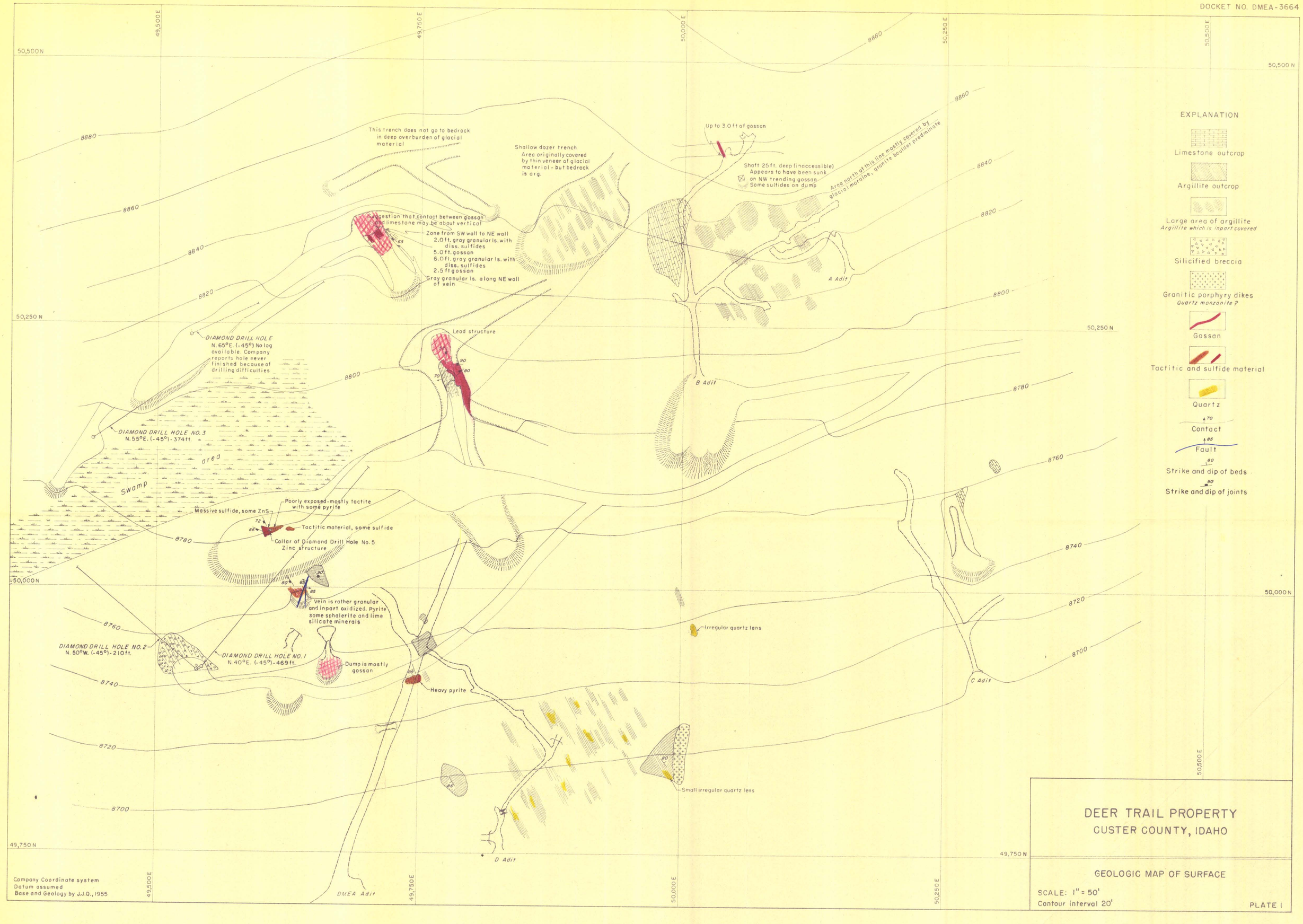
ORE RESERVE MAP

PLATE NO. 5

1" = 50'

T.K.


DEER TRAIL MINE
TRANSIT SURVEY OF DEER TRAIL FRACTION
& ADJACENT CLAIMS
Red Figures are Relative Ground Elevations (Aneroid Based)
SCALE 1" = 50'
AUG. 1955
J.C.D.
50,500 N.
50,000 N.
49,500. N.
49,000 N
49,500 E.
50,000 E.
S 82° 49' 30" W
590.00'
N 82° 49' 30" E
590.00'
S 82° 49' 30" W
75.65'
N 8° 08' 30" W
1500.00'
S 8° 08' 30" E
1500.00'
LODE LINE H.S. FRACTION
LODE LINE DEER TRAIL FRACTION
Prop. D.D.H. # 26
Prop. D.D.H. # 27
Prop. D.D.H. # 28
Prop. D.D.H. # 29
Prop. D.D.H. # 30
Prop. D.D.H. # 31
-40°
PORTAL
START CONTRACT
D.D.H. # 25
D.D.H. # 20
D.D.H. # 12
D.D.H. # 13
D.D.H. # 11
D.D.H. # 10
D.D.H. # 7
D.D.H. # 6
D.D.H. # 22
D.D.H. # 24
D.D.H. # 26
Old Loc. SW Deer Tr. Fr.
Old Loc. SE Deer Tr. Fr.
Stake Elev. 8823.66
Cap Elev. 8789.67
Cap Elev. 8700.19
Disc. H.S. Frac.
Disc. P.O.T. F.D.R. #4

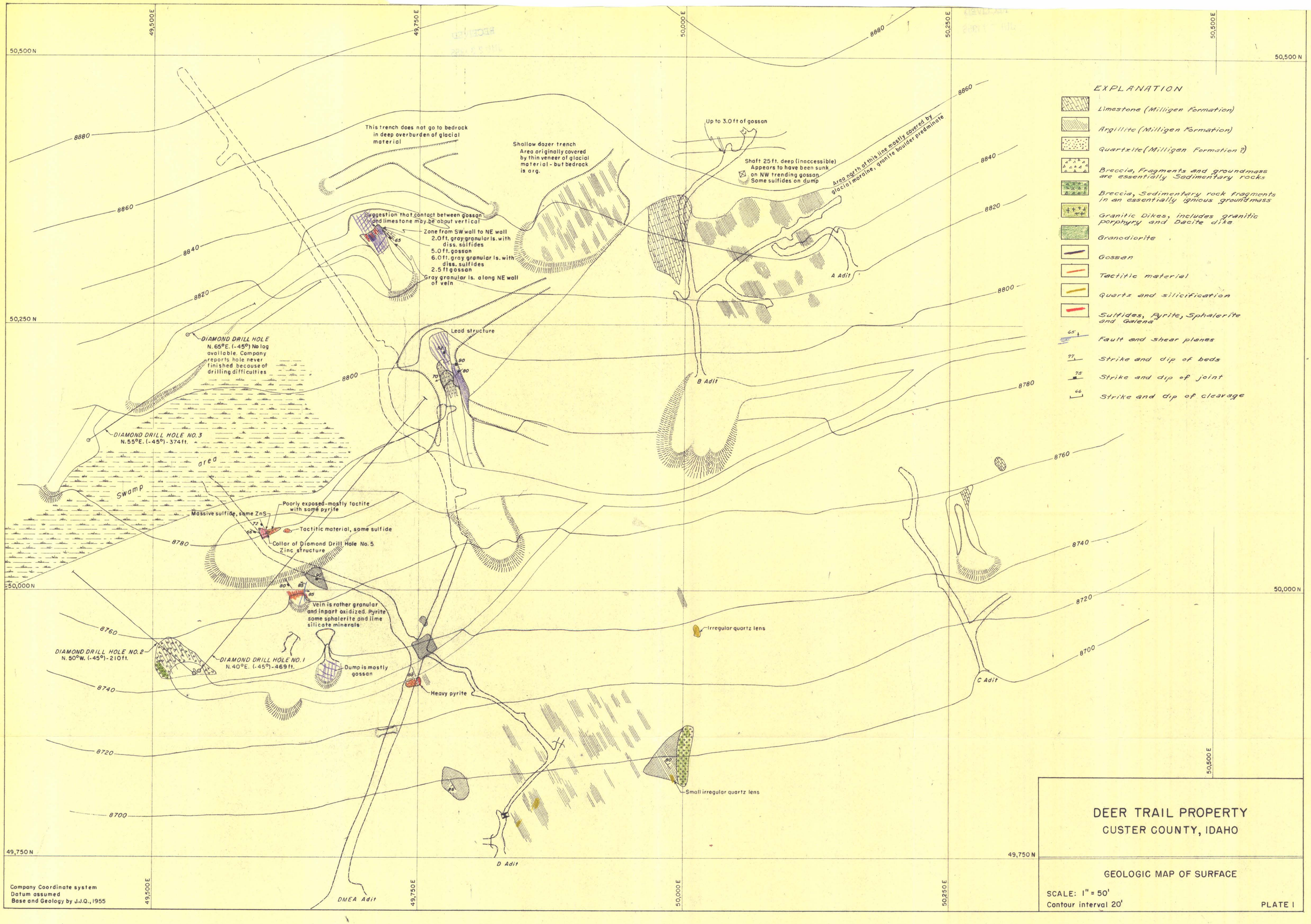


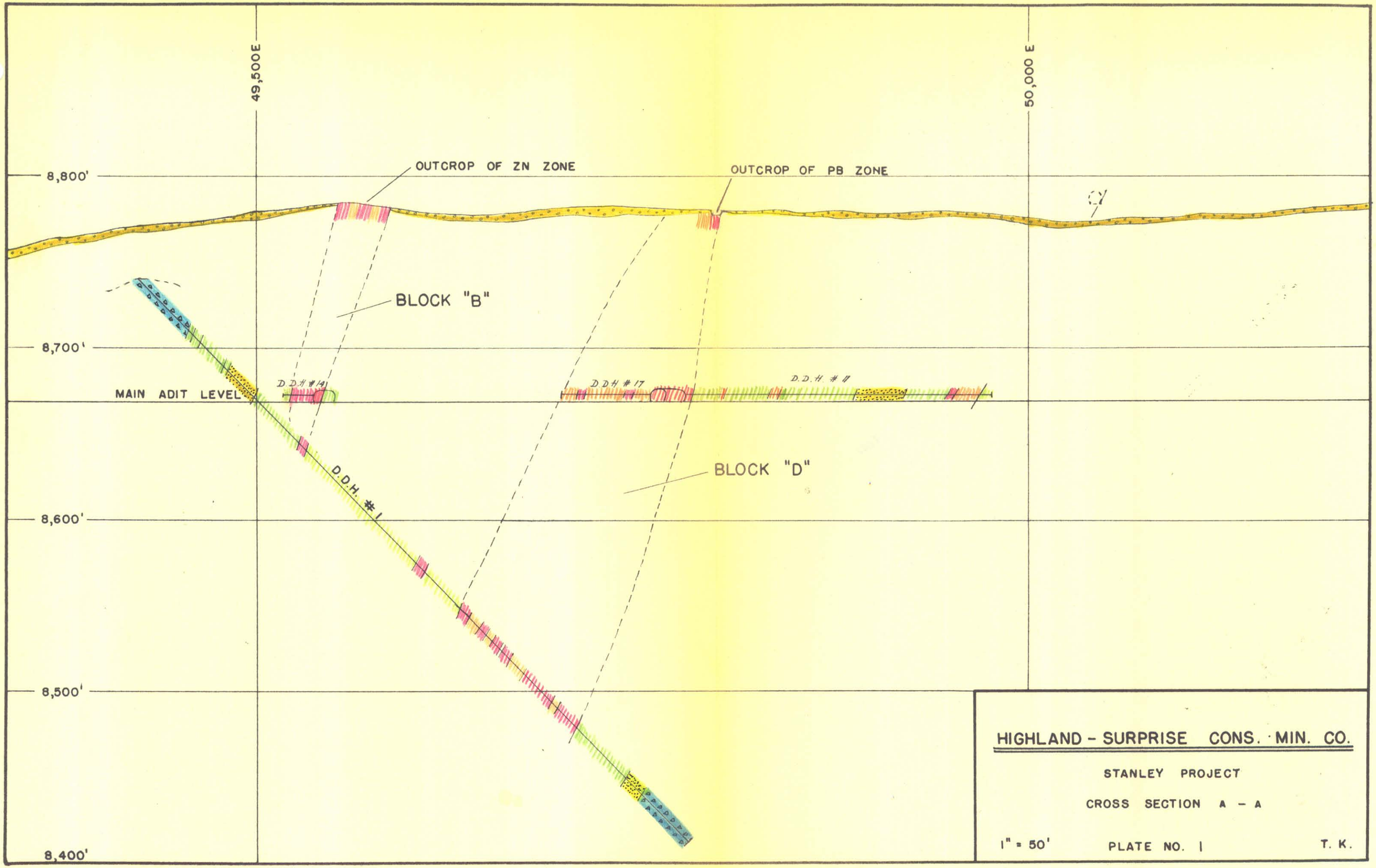
DEER TRAIL PROPERTY
CUSTER COUNTY, IDAHO

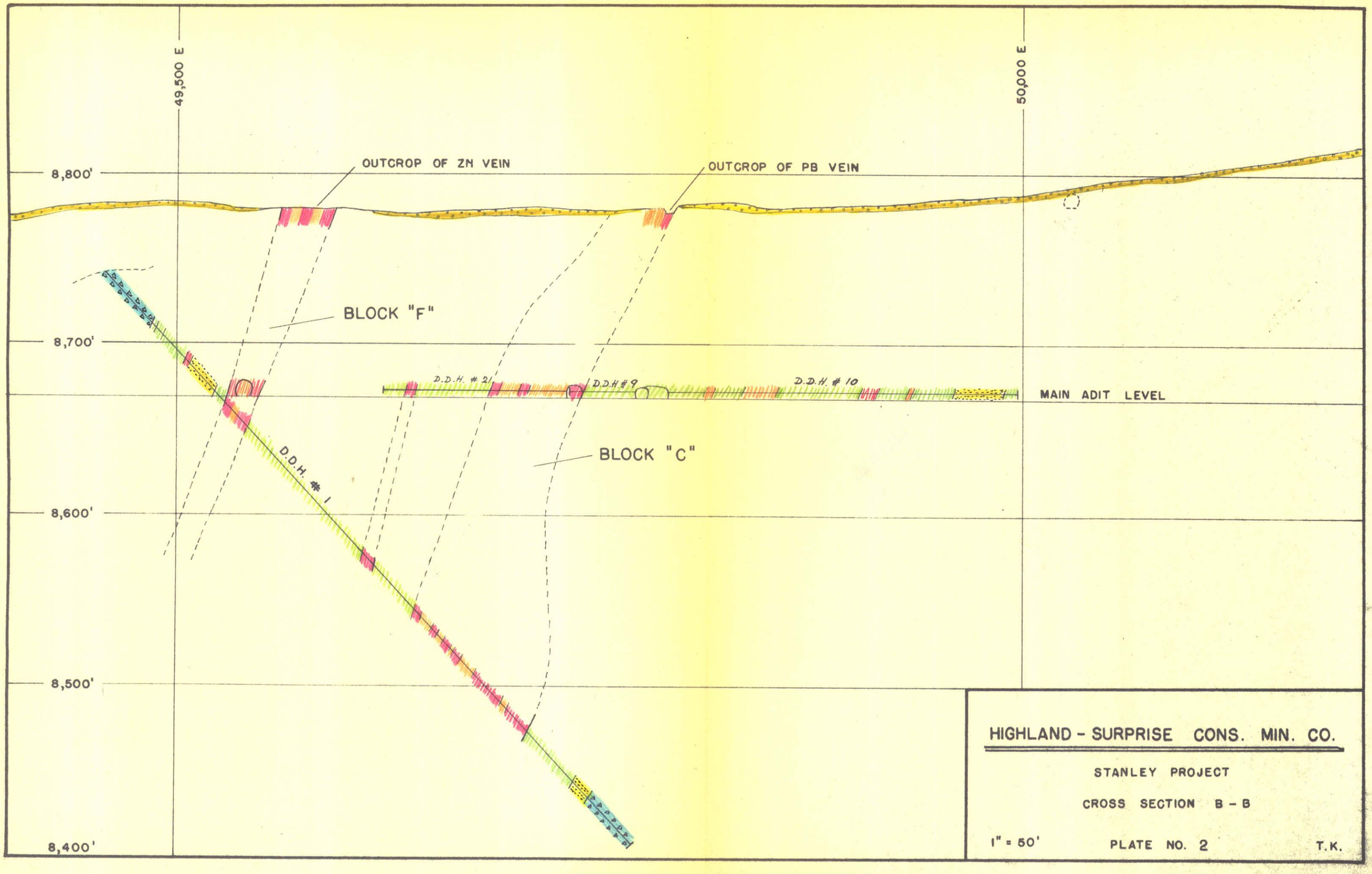
GEOLOGIC MAP OF SURFACE

SCALE: 1" = 50'
Contour interval 20'

PLATE I


EXPLANATION
Limestone (Milligen Formation)
Argillite (Milligen Formation)
Quartzite (Milligen Formation ?)
Breccia, Fragments and groundmass are essentially Sedimentary rocks
Breccia, Sedimentary rock fragments in an essentially ignious groundmass
Granitic Dikes, includes granitic porphyry and Dacite dike
Granodiorite
Gossan
Tactitic material
Quartz and silicification
Sulfides, Pyrite, Sphalerite and Galena
Fault and shear planes
Strike and dip of beds
Strike and dip of joint
Strike and dip of clearage
This trench does not go to bedrock in deep overburden of glacial material
Shallow dozer trench Area originally covered by thin veneer of glacial material - but bedrock is arg.
Up to 3.0 ft of gossan
Shaft 25 ft. deep (inaccessible) Appears to have been sunk on NW trending gossan Some sulfides on dump
Area north of this line mostly covered by glacial moraine, granite boulder predminate
Suggestion that contact between gossan and limestone may be about vertical
Zone from SW wall to NE wall
2.0 ft. gray granular ls. with diss. sulfides
5.0 ft. gossan
6.0 ft. gray granular ls. with diss. sulfides
2.5 ft gossan
Gray granular ls. along NE wall of vein
A Adit
B Adit
C Adit
D Adit
DMEA Adit
Lead structure
DIAMOND DRILL HOLE
N. 65°E. (-45°) No log available. Company reports hole never finished because of drilling difficulties
DIAMOND DRILL HOLE NO. 3
N. 55°E. (-45°) - 374 ft.
Swamp area
Massive sulfide, some ZnS
Poorly exposed-mostly tactite with some pyrite
Tactitic material, some sulfide
Collar of Diamond Drill Hole No. 5
Zinc structure
Vein is rather granular and inpart oxidized. Pyrite some sphalerite and lime silicate minerals
Irregular quartz lens
DIAMOND DRILL HOLE NO. 2
N. 50°W. (-45°) - 210 ft.
DIAMOND DRILL HOLE NO. 1
N. 40°E. (-45°) - 469 ft.
Dump is mostly gossan
Heavy pyrite
Small irregular quartz lens
8880
8860
8840
8820
8800
8780
8760
8740
8720
8700
49,500 E
49,750 E
50,000 E
50,250 E
50,500 E
50,500 N
50,250 N
50,000 N
49,750 N
Company Coordinate system
Datum assumed
Base and Geology by J.J.Q., 1955
DEER TRAIL PROPERTY
CUSTER COUNTY, IDAHO
GEOLOGIC MAP OF SURFACE
SCALE: 1" = 50'
Contour interval 20'
PLATE I


49,500E
50,000 E
8,800'
8,700'
8,600'
8,500'
8,400'
OUTCROP OF ZN ZONE
OUTCROP OF PB ZONE
BLOCK "B"
BLOCK "D"
MAIN ADIT LEVEL
D.D.H. #14
D.D.H. #17
D.D.H. #11
D.D.H. #1
HIGHLAND - SURPRISE CONS. MIN. CO.
STANLEY PROJECT
CROSS SECTION A - A
1" = 50'
PLATE NO. 1
T. K.


49,500 E
50,000 E
8,800'
8,700'
8,600'
8,500'
8,400'
OUTCROP OF ZN VEIN
OUTCROP OF PB VEIN
BLOCK "F"
BLOCK "C"
D.D.H. # 21
D.D.H # 9
D.D.H. # 10
D.D.H. # 1
MAIN ADIT LEVEL
HIGHLAND - SURPRISE CONS. MIN. CO.
STANLEY PROJECT
CROSS SECTION B - B
1" = 50'
PLATE NO. 2
T.K.

HIGHLAND - SURPRISE CONS. MIN. CO.

#1

STANLEY PROJECT

DIAMOND DRILL HOLE NO: 1.

Collar coord. :

Bearing .....: N 40° E

Length .....: 469-ft

Dip .....: - 45°

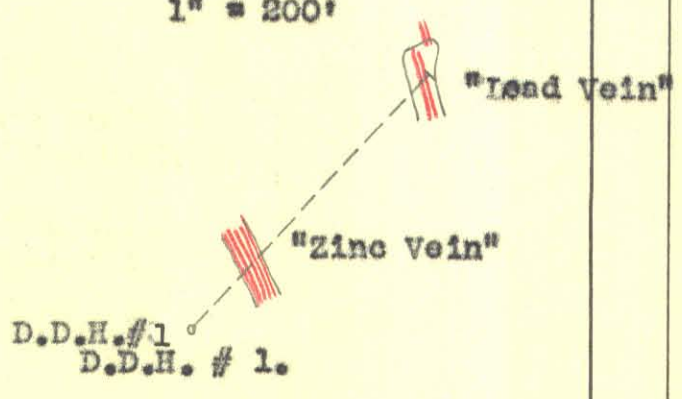
Level .....: Surface

Core size.....: 0' - 134' AX
134 -469' EX

Ave. recovery : 65 %

Location sketch

1" = 200'



20' — Base conglomerate of the Milligen formation

40'

3' carbonaceous argillite
quartzite
3' pyrite & pyrrhotite

60' — quartzite

2' calcite

80' — quartzite

100'

120' — argillite

3-ft low gr. ore mostly pyrite, minor Zn, Pb

140' — broken argillite

160'

180'

200'

1-ft low gr. Zn, Pb

220'

240' — 6-ft vein at 50° to core axis
sludge sample 235'-245' :
12.1% Zn, 0.16% Pb, 0.3 oz Ag
0.07 % Cu

260' — carbonaceous argillite

280'

6-ft ore. Sludge assay 285'-295' :
10.0 % Zn, 2.5 % Pb, 1.8 oz Ag
0.12 % Cu

3-ft ore. Sludge assay 295'-305' :
300' — 1.7 % Zn, 0.7 % Pb, 0.2 oz Ag
0.04 % Cu

300' — dolomite

sludge assay 305'-315' :
4.7 Zn, 3.25 Pb, 0.8 Ag.

320' — sludge assay 315'-325' :
4.8 Zn, 1.60 Pb, 0.8 Ag.

40-ft ore

340' — average
sludge assay 330'-370' :

9.5 % Zn, 2.1 % pb

360' — 1.0 oz Ag, 0.102 % Cu

conglomerate

380' — carbonaceous argillite

400'

quartzite

420' — argillite

conglomerate

440'

460'

469'

November, 1954. T.K.

HIGHLAND - SURPRISE CONS. MIN. CO.

STANLEY PROJECT

DIAMOND DRILL HOLE NO: 3

Collar coord. :

Bearing .....: N 55° E

Length .....: 374-ft

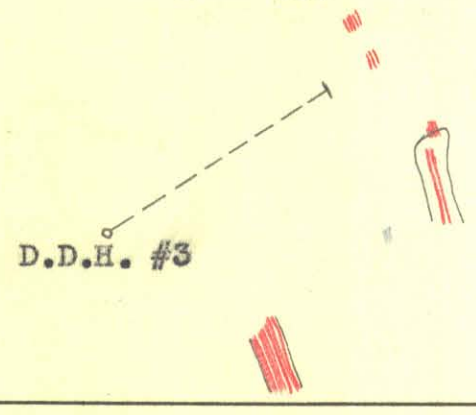
Dip .....: - 45°

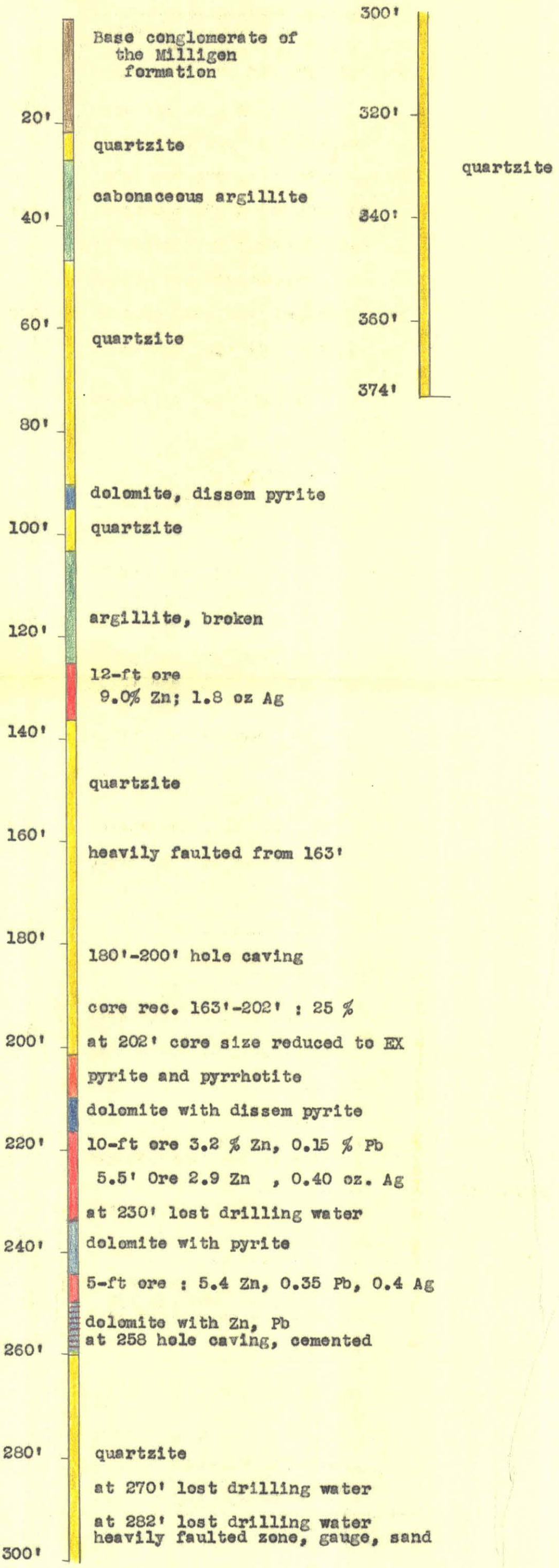
Level .....: Surface

Core size.....: 0'-202' AX
202'-374' EX

Ave. recovery : 65 %

Location sketch
1" = 200'





November, 1954. T.K.

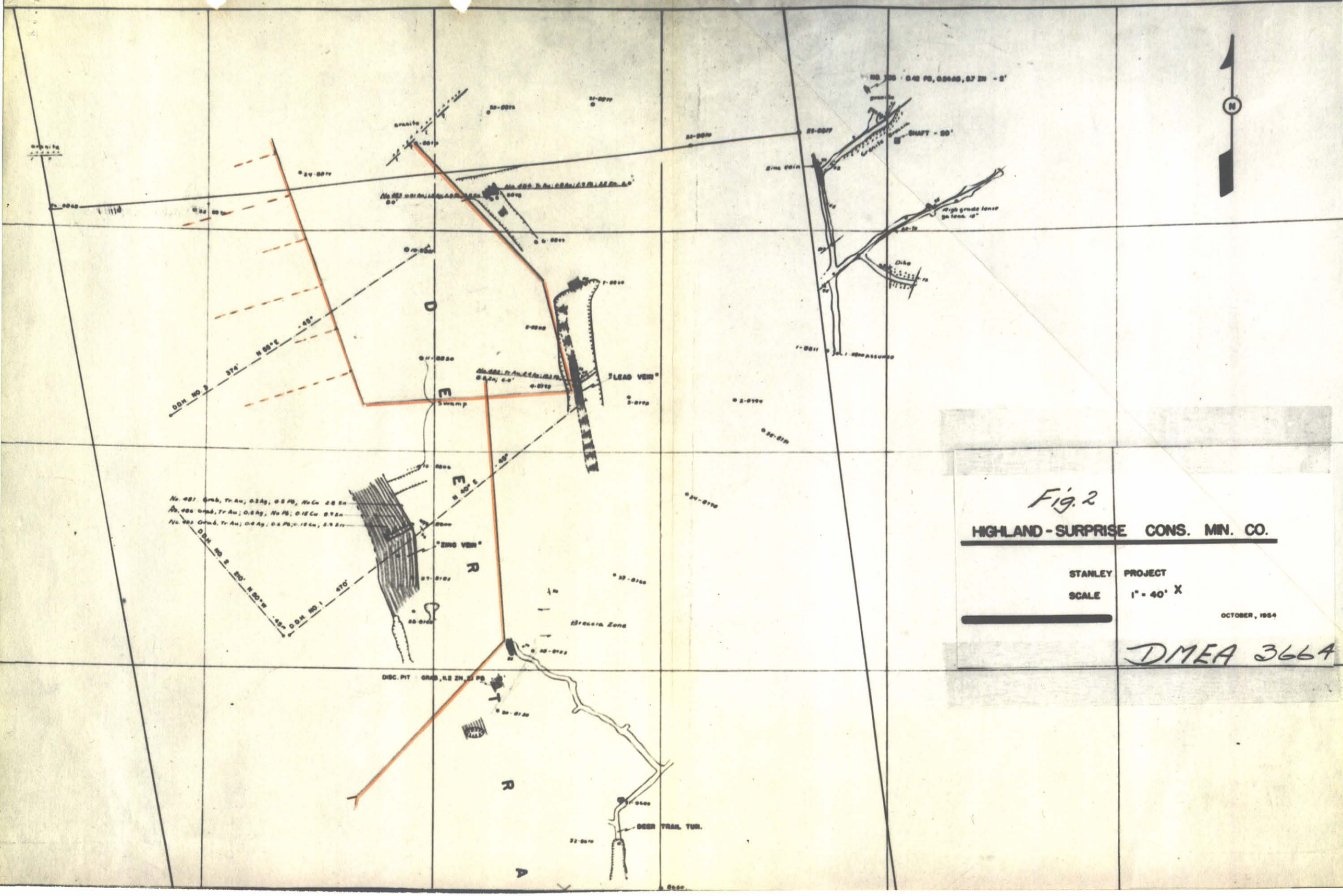


Fig. 2

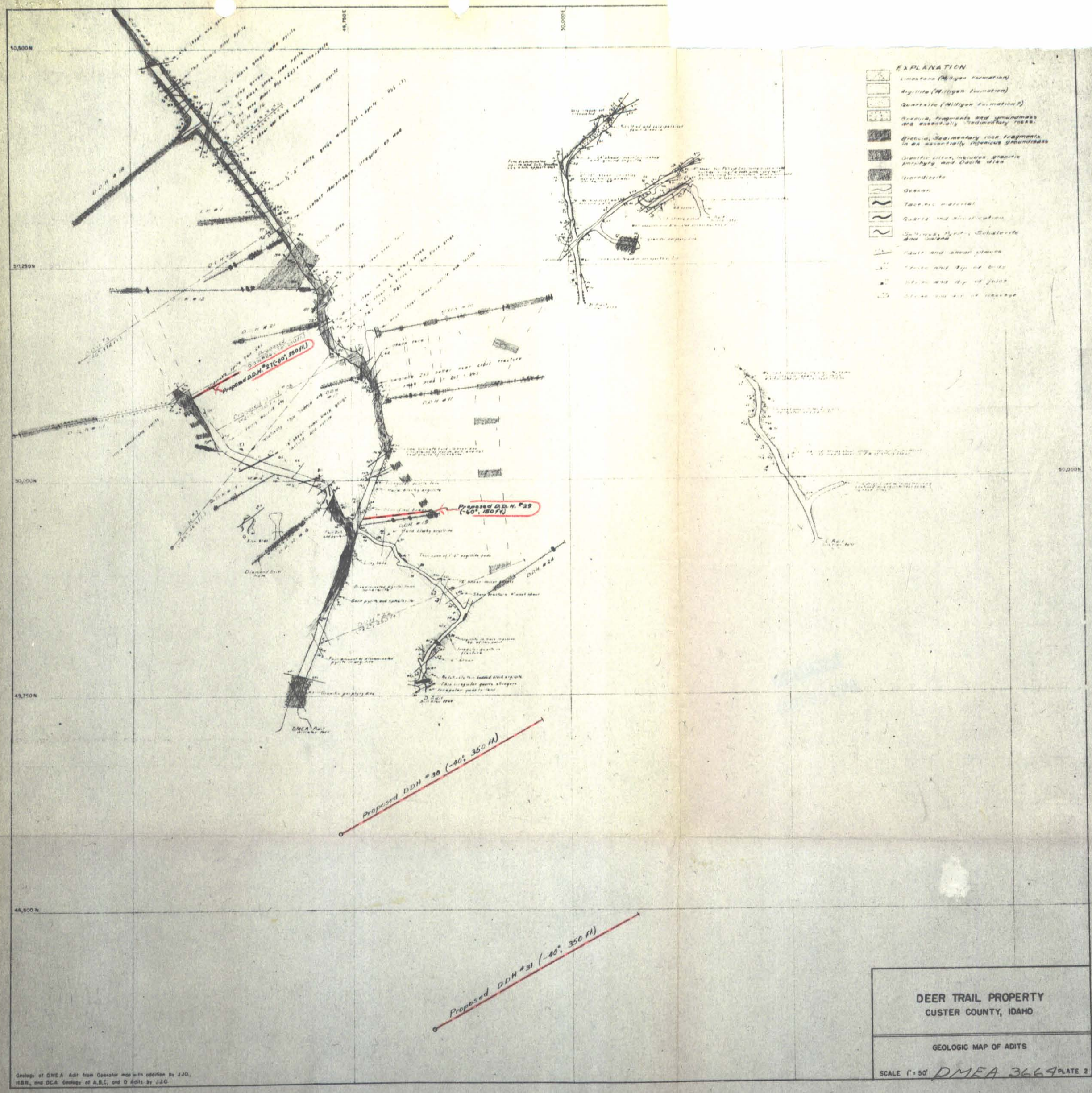
HIGHLAND - SURPRISE CONS. MIN. CO.

STANLEY PROJECT

SCALE 1" = 40' X

OCTOBER, 1954

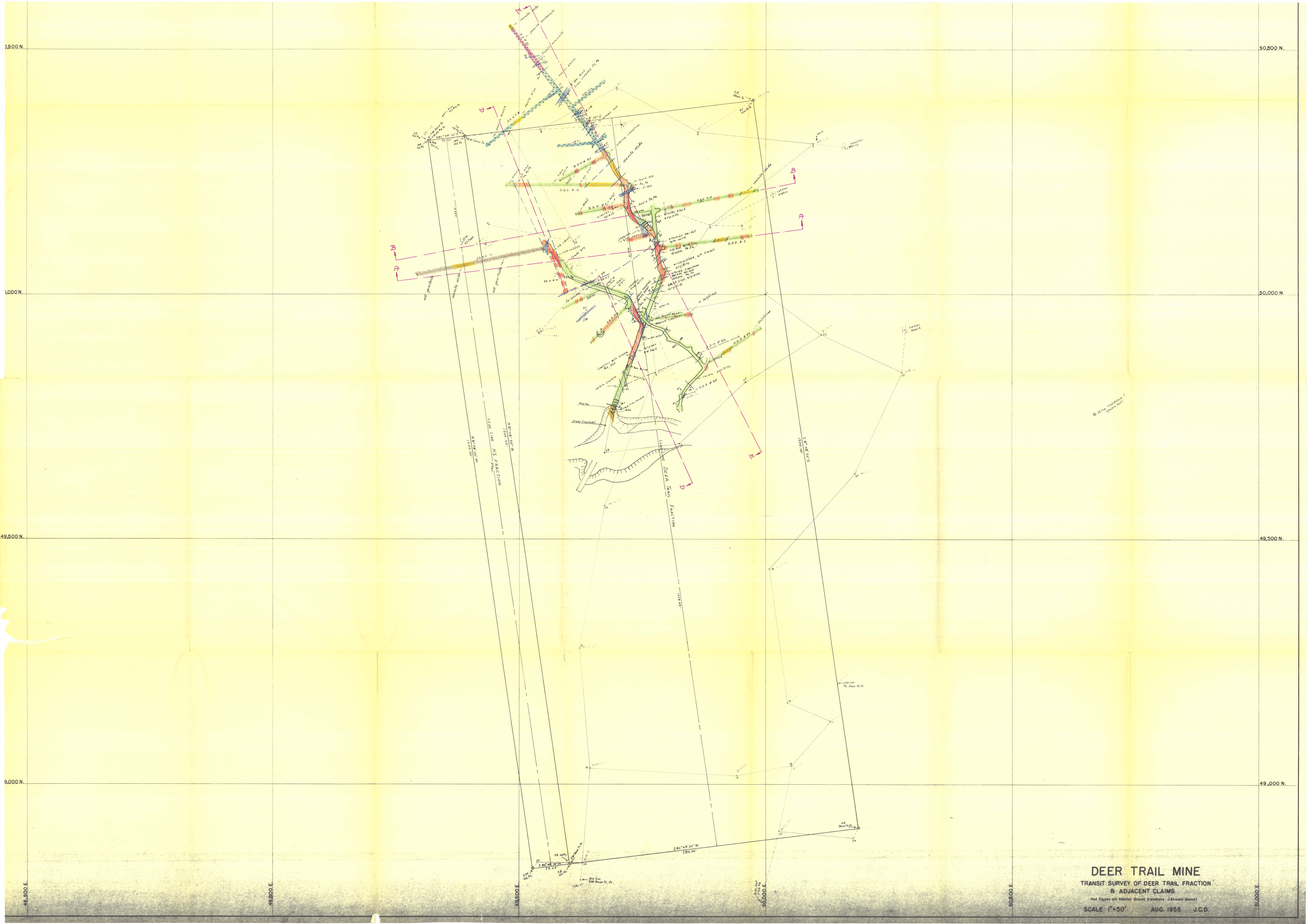
DMEA 3664



DEER TRAIL PROPERTY
CUSTER COUNTY, IDAHO

GEOLOGIC MAP OF ADITS

SCALE 1" = 50' DMEA 3664 PLATE 2


50,500 N.
50,000 N.
49,500 N.
49,000 N.
48,500 E.
49,000 E.
49,500 E.
50,000 E.
50,500 E.
51,000 E.
DEER TRAIL FRACTION
LODE LINE HS FRACTION
N 89°08' 30" W
1500.00'
S 89°08' 30" E
1500.00'
S 81°49' 30" W
394.00'
DEER TRAIL MINE
TRANSIT SURVEY OF DEER TRAIL FRACTION
& ADJACENT CLAIMS
Red Figures are Relative Ground Elevations - (Aneroid Based)
SCALE 1" = 50'
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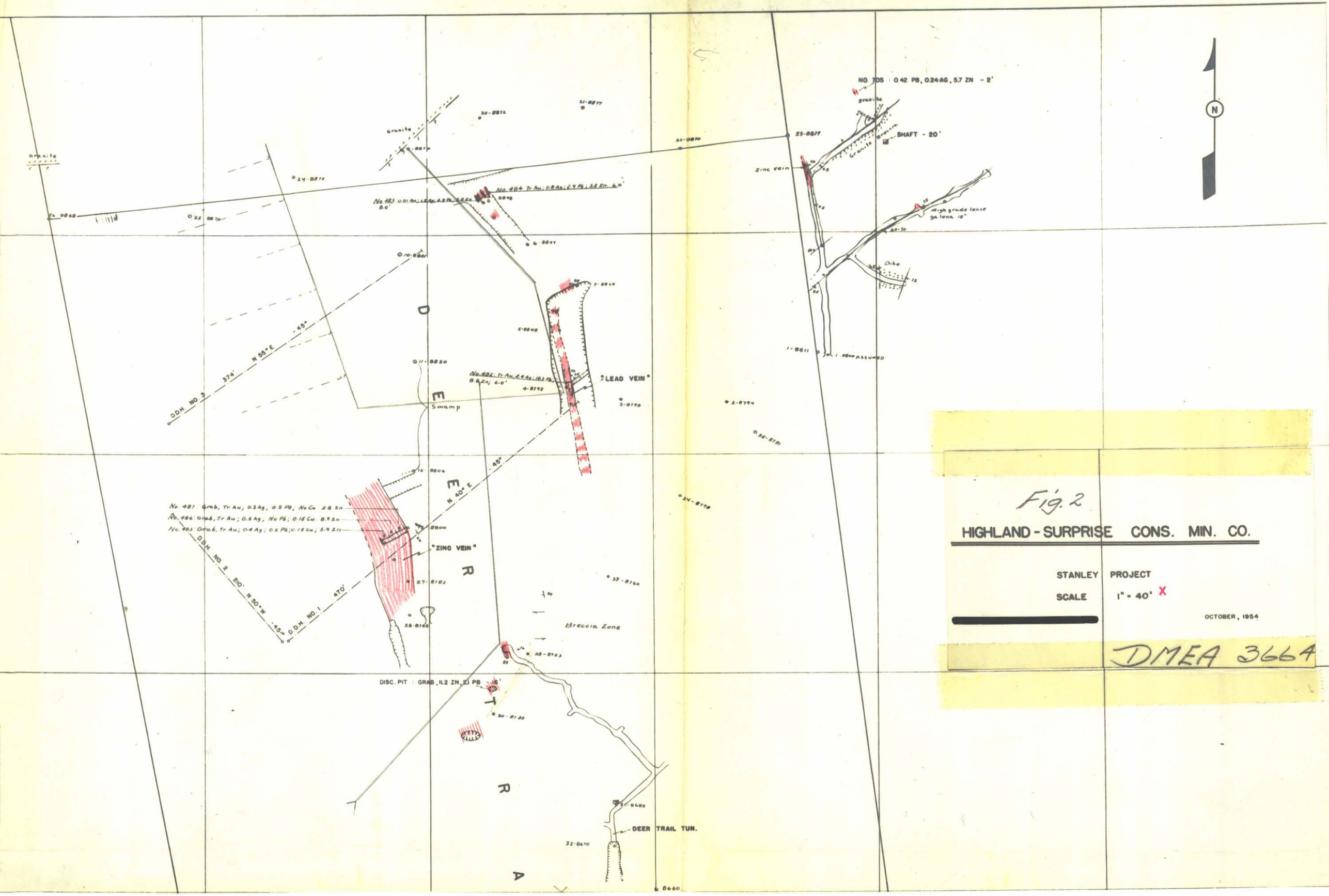

Fig. 2

HIGHLAND - SURPRISE CONS. MIN. CO.

STANLEY PROJECT

SCALE 1" = 40' X

[redacted]

OCTOBER, 1954

DMEA 3664