DMEA Form 9

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

DMEA NO. 4417

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(Withdrawn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

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X Rescinded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

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

Left Side

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

Right Side

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

Final Field Team Report (Tab)
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

9775

Governmen[illegible]s copy

"Appd. Sol. Off."

Khuzachet
Johnson
Chambers
Selfridge
Johnson

RESCISSION OF EXPLORATION PROJECT CONTRACT

It is agreed this 30th day of August, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Highland-Surprise Consolidated Mining Company, an Idaho corporation, of Wallace, Idaho, parties to that certain Exploration Project Contract No. Idm-E1070 (Docket No. DMEA-4417), dated March 20, 1957, that said Contract is hereby rescinded, revoked, and cancelled as of March 20, 1957, before any work has been performed or any costs have been incurred thereunder, without any obligations whatever one party to the other, the same as if the Contract had never been entered into.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Mitkendorf
Administrator, Defense Minerals
Exploration Administration

HIGHLAND-SURPRISE CONSOLIDATED
MINING COMPANY

By H. Q. Calloway

Title Secretary-Treasurer

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 23 1957

DATE	[illegible]	CODE

Government's copy

OFFICIAL FILE COPY
DMEA
RECEIVED APR 29 1957

DATE	INITIALS	CODE

MF-200
(Revised June 1954)

Docket No. DMEA 4417

Commodity Copper

Contract No. Idm-E 1070

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 20 MAR 1957 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 two maps (Plate No. 1 and Plate No. 2)

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 Valley, 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] See Annex I 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: interests of lessors in leased claims listed in Annex I

(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: Consent to Lien and Subordination Agreement of lessors referred to in Annex I

(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 Copper The work to be performed is described in Exhibit "A." The Operator on or before JUN 15 1957 shall commence the work, and on or before December 31, 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."~~ (See Article 13)

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 $16,005.00

The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $8,002.50: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work 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; ~~Not except for any such necessary excesses in categories, subcategories, or items, the Operator is not obligated to incur more than his agreed percentage of the estimated total allowable cost of the work~~ See Article 13

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. See Article 13

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 ~~x~~ 8. 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.*—

(a) That part of the last sentence of Article 3 beginning with the word "either" is deleted and replaced by the words "have completed the work."

(b) That part of the last sentence in the first paragraph of Article 6(a) commencing after the semicolon is deleted.

(c) Categories (2) through (7) of Article 6(a) are deleted.

(d) In addition to the costs of work estimated in Exhibit "A" by categories of actual costs, the costs of work requirements specified in Exhibit "A" as "Fixed Unit Costs" are allowable costs of the project. The Government will contribute to the fixed unit costs as work units are performed. A "Fixed Unit Cost" is an agreed price for each unit of work to be performed regardless of costs incurred by the Operator. Costs set forth in Exhibit "A" include all allowable costs of the work to be performed under the contract.

(e) In the last sentence of Article 6(c), the reference to Article 9 is changed to Article 8.

(f) Notwithstanding any other provision of the contract, the allowable unit cost per foot of a drilling item is the average unit cost per foot computed on the basis of all the actual unit costs of said drilling item incurred by the Operator: Provided, That the Government will not contribute to any portion of an average unit cost of a drilling item that exceeds the estimated unit cost of said item set forth in the contract.

Author: Kluger
"Appd. Sol. Off."
Klugescheid
Wisnud
Chambers
Selfridge
Sol

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mitchenor
Administrator, Defense Minerals
Exploration Administration

HIGHLAND-SURPRISE CONSOLIDATED
MINING COMPANY (Operator)

By Frank J. Luedke
President

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

W. A. Callaway

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

MF-205
(Combines and supercedes MF-2[illegible] and MF-203)
June 1956

For Government's Use Only
EXPLO[illegible]ION PROJECT CONTRACT
Operator Highland-Surprise Cons.Mng. Co.
Docket No. DMEA- 4417
Contract No. Idm-E 1070
Contract Date March 20, 1957

RECEIVED MAR 2[illegible] 1957 D.M.E.A.

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Valley State of Idaho, described as follows: 2/

Claims No. 1 to No. 13, Inc., Book 13, Pages 345 to 357, Inc.
No. 1 Fraction, Book 13, Page 358 - Helen Fraction, Book 13, Page 526
No. 2 Fraction, Book 13, Page 359 - Ruth, Book 13, Page 527
Brownlee No. 6, Book 13, Page 522
Iris Fraction, Book 13, Page 523
Elizabeth Fraction, Book 13, Page 524
Nadine Fraction, Book 13, Page 525
Nadine, Book 13, Page 524

All being unpatented mining claims recorded in the office of the County Recorder of Valley County, Idaho, at the book and page numbers shown.

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

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

2/ 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.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None (State "None" or "See Annex No.____")

Dated this 18th day of March, 1957.

Clarence A Ray [Seal] 2317 N 31st Boise Idaho [Address]

Asuncion Ray [Seal] 2317 N 31st Boise Idaho [Address]

Walter R Ray [Seal] 2317 N 31st Boise Idaho [Address]

Delbert H Peterson [Seal] 3907 Alpine St Boise Idaho [Address]

Ethel J. Peterson [Seal] 3907 Alpine St. Boise Idaho [Address]

Paul Brownlee [Seal] Shoshone Idaho [Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

Marie Brownlee (Seal) Shoshone, Idaho (Address)

Napier Edwards (Seal) Big Creek, Idaho, (Address)

James H Hawley (Seal) P.O. Box 1896, Boise, Idaho (Address)

EXPLORATION PROJECT CONTRACT
HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
DOCKET NO. DMEA-4417

ANNEX I

The land referred to in Article 2 consists of all or part of nineteen unpatented mining claims located in Valley County, Idaho, as shown on the attached map entitled "Plate 1-Claim Map of Highland-Surprise Cons. Mng. Co., Copper Camp Project, Big Creek, Idaho." The land that is the subject of the Contract is the area on the map within the heavy black line and blue shading. Seven of these claims are owned by the Operator, and 12 claims are held pursuant to an agreement dated September 13, 1956, with Delbert H. and Ethel Peterson, Clarence and Ansuncion Ray, Walter E. Ray, Napier Edwards, Paul Brownlee, Marie Brownlee, and James H. Hawley, as indicated below. Location notices for these claims are recorded at the Office of the County Recorder of Valley County at Cascade, Idaho. The claims, book and page numbers of recordings and ownership are as follows:

Claims leased by Operator	Book	Page
No. 1	13	345
No. 2 (in part)	13	346
No. 2 Fraction	13	530 Amended
No. 3 (in part)	13	347
No. 4	13	531 Amended
No. 5	13	349
No. 6	13	532 Amended
No. 7	13	351
No. 8	13	534 Amended
No. 10	13	354
No. 11	13	535 Amended
No. 12	13	356

Claims owned by Operator	Book	Page
Brownlee No. 6	13	522
Iris Fraction	13	523
Elizabeth Fraction	13	524
Nadine (in part)	13	524
Nadine Fraction	13	525
Helen Fraction	13	526
Ruth	13	527

EXPLORATION PROJECT CONTRACT
HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
DOCKET NO. DMEA-4417

EXHIBIT "A"

The purpose of the project is to explore for ores of copper by bulldozing and diamond drilling. The diamond drilling shall test a series of lenslike parallel veins composed mostly of magnetite and quartz and containing lesser amounts of pyrite and chalcopyrite.

It is estimated that nine holes will be required, having depths ranging from approximately 100 feet to approximately 275 feet, with a total combined length not to exceed 1,600 feet. Tentative hole locations are shown on the attached map entitled "Plate No. 2-Surface Map of Copper Camp Mine, Highland Surprise Cons. Mining Co., Valley County, Idaho; Rameyridge Mining District." However, the actual locations, directions, inclinations, and extents of all holes are subject to prior Government approval.

All diamond drilling shall be done with AX size minimum coring bits. All drill holes shall be logged and all drill core shall be made available to the Government for examination. All significantly mineralized core, in lengths not to exceed five feet, shall be split, and one half thereof shall be properly sampled and the samples assayed for copper.

Sludges corresponding to the cores shall be retained if possible when drilling in significantly mineralized sections. In the event that core recovery does not exceed 70 per cent, both core and sludge samples shall be taken, with intervals not to exceed five feet. Both core and sludge shall be properly split and sampled, and the samples assayed for copper.

The remaining half of all significantly mineralized core samples, and sludge samples taken shall be furnished to the Government upon request.

All assays shall be reported to the Government, together with drill logs and proper plan and section maps showing the progress of the work and the sample locations.

Diamond drill holes shall be reamed and cased or cemented and redrilled as necessary.

All work of diamond drilling and sample preparation shall be properly supervised by competent engineers and geologists.

The bulldozing (D-6 or equivalent unit) consists of excavating two or more trenches on the Tibor vein, one trench as indicated on Plate 2; and excavating access roads to drill sites, and preparing drill sites.

Estimated Costs of the Project

Actual Costs		
Category (1) Independent Contracts		
Bulldozing 80 hours @ $12.00/hr.	$ 960.00	
Diamond drilling.		
Driving pipe 50 feet @ $10.00/ft.	500.00	
Diamond drilling to 250-foot depth, 1,500 feet @ $7.50/ft.	11,250.00	
Diamond drilling 250-foot depth and beyond, 100 feet @ $9.00/ft.	900.00	
Reaming and casing or cementing and redrilling 40 feet @ $3.50/ft.	140.00	
Stand-by time for diamond drilling 20 hours @ $4.75/hr.	95.00	
Categories (2) through (7) None	------	$13,845.00
Fixed Unit Costs (See Article 13)		
Incidental allowance 1/ for each foot of drilling completed, 1,600 feet @ $1.20/ft.	$ 1,920.00	
Core boxes (wooden) 40 @ $5.00/each	200.00	
20 samples assayed for copper @ $2.00/each sample	40.00	$ 2,160.00
Estimated Total Cost of the Project		$16,005.00
Government Participation @ 50%		$ 8,002.50

1/ Includes supervision, labor, compressed air, materials and supplies, equipment, water, casing left in hole, and all other items of cost that might otherwise have been allowable costs under Categories (1) through (7) of Article 6, except as otherwise scheduled in Exhibit "A".

RECEIVED
SEP 27 1956

A G R E E M E N T

This agreement made and entered into on this 13th day of September 1956 by and between, Delbert H. Peterson and Ethel Peterson, husband and wife of Boise, Idaho; Clarence Ray and Ansuncion Ray, husband and wife, of Boise, Idaho; Walter E. Ray of Boise, Idaho, Napier Edwards of Valley County, Idaho, Paul Brownlee and Marie Brownlee of Shoshone, Idaho and James H. Hawley of Boise, Idaho as First Parties and Highland-Surprise Consolidated Mining Company, a corporation organized under the laws of the State of Idaho, as Second Party.

Whereas, Second Party and the first six above mentioned of First parties have previously entered into an agreement and, also, Second Party has previously entered into an agreement, to which reference will, hereinafter be made, and whereas it is desired to consolidate said agreements into one and also make some modifications and changes in the terms and conditions of said agreements; Now, therefore it is hereby agreed by and between the parties hereto, as follows:

I

The agreement of the 17th day of March, 1956 between said Delbert H. Peterson and Ethel Peterson; Clarence Ray and Ansuncion Ray; Walter E. Ray and Napier Edwards as first parties and said Highland-Surprise Consolidated Mining Company as second party and also that agreement of the 19th day of March, 1956 between said Paul Brownlee and Marie Brownlee, as first parties and said Highland-Surprise Consolidated Mining Company as second party, are, and each of them is, hereby declared to be of no further force or effect and this agreement is substitued for them, and each of them.

II

The mining property herein concerned is situated in Valley County, State of Idaho, and is more particularly described in the notices of location thereof on file and of record in the Office of the Recorder of Valley County, State of Idaho, in the book and page herein respectively set forth, to which record reference is hereby specifically made for a more particular description thereof.

5 Quartz Claims designated as Brownlee Nos. 1 to 5, inclusive; 4 of them recorded in Book 14 of Quartz Claims in said office respectively on pages 41, 46, 47 and 48 and 1 said claim recorded in said office in Book 13 of Quartz Claims at page 341.

5 Placer Claims designated Nos. 1 to 5 inclusive; all recorded in Book 6 of Placer Claims in said office respectively on Pages 140, 141, 142, 143 and 144. 15 Quartz Claims numbered 1 to 13 inclusive and Claim No. 1 Fraction and Claim No. 2 Fraction; Notices of location recorded in said office in Book 13 of Quartz Mining Claims respectively at pages 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358 and 359.

III

It is agreed that this agreement is a preliminary one and shall be binding until a formal agreement can be made and executed by the parties hereto. The parties agree to formulate and execute such formal agreement at a later date.

IV

First Parties hereby give to Second Party the possession of said property and lease the same under the terms herein set forth to continue as long as the terms hereof are being complied with.

V

Second Party agrees to go upon said mining property and prospect and explore the same with the objective of getting ready for mining and milling operations thereon. Second Party agrees to continue its prospecting and exploration work and agrees to do and perform all of the assessment work for the year July 1, 1956 to July 1, 1957, and each year thereafter, as long as this agreement exists; so that all annual assessment work shall be performed according to law.

VI

The parties hereto agree to the following provisions and further agree that the formal agreement hereinbefore mentioned shall, among other things, contain provision for the following:

A. That prospecting, mining and milling shall be carried on at the expense and risk of the Second Party and that at least 500 shifts of labor shall be performed each and every year.

B. First Parties shall have the right to inspect, at reasonable times, and shall have access to reports and results of prospecting.

C. Second Party shall conduct its operations and comply with all of the laws of the State of Idaho and the United States.

D. Second Party shall not be held for any violation of the contract caused by strikes, acts of God, weather conditions or other conditions beyond its control.

E. Second Party may terminate the Agreement at any time by giving 60 days' written notice to First Parties of its intention so to do.

F. In the event of termination, Second Party may remove all machinery and equipment placed upon the property except that which shall have become affixed to the realty.

G. Said Agreement shall contain an arbitration clause.

H. First parties shall consent to the procuring by second party of a D. M. E. A. loan and will cooperate fully and execute such documents as may be required in connection therewith.

I. Second party will pay a royalty of 6% of the net smelter returns from any and all ore or minerals shipped from said property. Such royalty payment to continue until the sum of $100,000.00 has been paid; thereafter said royalty shall be reduced to 2½%, the same to continue for the remaining life of the lease.

J. A Trustee or Agent shall be appointed by First Parties, who will be the sole contact between the parties hereto and to whom smelter returns shall be paid and notices hereunder given and who will be exclusively empowered to act for andon behalf of First Parties

in all matters herein concerned.

VII

This Agreement shall not be changed except by a writing and its provisions shall be binding upon Executors, Administrators, Successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the Parties hereto have executed this agreement the day and year first above written.

Nellie H Peterson (SEAL)

Ethel Peterson (SEAL)

Walter E Ray (SEAL)

Nafier Edwards (SEAL)

Clarence Ray (SEAL)

Asuncion Ray (SEAL)

Paul Brownlee (SEAL)

Marie Brownlee (SEAL)

James H Hawley (SEAL)

First Parties

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

By Frank J Lucke
President

Second Party

STATE OF IDAHO)
) ss.
County of Ada)

On this 21 day of July, 1956, before me, the undersigned, a Notary Public in and for said state, personally appeared DELBERT H. PETERSON and ETHEL PETERSON, husband and wife, WALTER E. RAY and JAMES H. HAWLEY, known to me to be persons who executed the above instrument and they acknowledged to me that they executed the same.

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

Eldon V. Dean
Notary Public for Idaho
Residence: Boise, Idaho
My Commission expires March 30, 1957.

STATE OF IDAHO)
) ss.
County of ADA)

On this 21 day of July, 1956, before me, the undersigned, a Notary Public in and for said state, personally appeared MAPIER EDWARDS, known to me to be a person who executed the above instrument and he acknowledged to me that he executed the same.

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

Eldon V. Dean
Notary Public for Idaho
Residence: Boise, Idaho
My Commission expires March 30, 1957.

STATE OF IDAHO)
) ss.
County of Cassia)

On this 23rd day of July, 1956, before me, the undersigned, a Notary Public for said State, personally appeared CLARENCE RAY and ANSUNCION RAY, husband and wife, and WALTER E. RAY, known to me to be persons who executed the above instrument and they acknowledged to me that they executed the same.

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

B. J. Hutchin
~~Notary Public for Idaho~~
~~Residence: Probate Judge of Lincoln County, Idaho~~
Notary Public, Residing at Burley, Idaho
My Commission Expires Nov. 10, 1959

STATE OF IDAHO)
) ss.
County of)

On this 31st day of July, 1956, before me, the undersigned, a Notary Public in and for said state, personally appeared PAUL BROWNLEE and MARIE BROWNLEE, husband and wife, known to me to be persons who executed the above instrument and they acknowledged to me that they executed the same.

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

P. E. Powell
~~Notary Public for Idaho~~
Residence: Probate Judge of
Lincoln County, Idaho

STATE OF IDAHO)
) ss.
County of)

On this day of , 1956, before me, the undersigned, a Notary Public in and for said state, personally appeared FRANK J. LUEDKE, known to me to be the President of the corporation that executed the above instrument and he acknowledged to me that said corporation executed the same.

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

Notary Public for Idaho
Residence:

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

RECEIVED
AUG 10 1956

So. 157 Howard Street
Spokane 4, Washington

August 6, 1956

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

Re: New application (Copper)
Highland-Surprise Consolidated
Mining Company
Copper Camp Mine
Valley County, Idaho

Dear Mr. Selfridge:

Enclosed are three copies of an application from the Highland-Surprise Consolidated Mining Company for assistance to explore for copper in the Edwardsburg Mining District, Valley County, Idaho. The property to be explored is known as the Copper Camp mine and is on the north side of Big Creek, about 12 miles from Edwardsburg, Idaho.

The property is described in Idaho Bureau of Mines and Geology Bulletin No. 13, by Umpleby and Livingston, and Pamphlet No. 44, by Shenon and Ross. Information from each of these papers is included in the application under the heading, "Geologic features of the property."

Although the grade of surface samples is marginal, the length and thickness of the veins indicated in the application suggest that the tonnage potential may be considerable and, in view of the present price of copper, this may be an attractive project for exploration. However, a field examination should be made to check the data supplied in the application.

By Field Team, Region I, NW Dist.

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

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

Enclosure as above
cc: USBM (2) w/1 cy apl.
Alvord

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
AUG 10 1956

RECEIVED
AUG 1 1956
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. 4417
Metal or Mineral Copper
Date Received 8-10-56
Estimated Cost $215,454.33
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
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.

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 centers.

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

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

(*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 August 1, 1955

Highland-Surprise Consolidated Mining Company
(Applicant)

By Frank J. Fudke

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

Form
MF-103

UNITED STATES DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
AUG 1 0 1956

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, Spokane, Washington
Secretary-Treasurer:	William A. Callaway, Box 889, Wallace, Idaho
Director:	A. Keener, Almira, Washington
Director:	John W. Barmettler, 1425 N. University, Opportunity, Washington
Director:	Allen E. Herdrick, Almira, Washington

3. Applicant's property rights:

The applicant holds a lease on the following unpatented lode mining claims situated in Valley County, Idaho (a copy of the lease agreement is attached to this application). The claims are recorded at the office of the County Recorder of Valley County at Cascade, Idaho at the book and page numbers shown:

No. 1	Book 13 of quartz locations, page	345
No. 2	13	346
No. 3	13	347
No. 4	13	348
No. 5	13	349
No. 6	13	350
No. 7	13	351
No. 8	13	352
No. 9	13	353
No. 10	13	354
No. 11	13	355
No. 12	13	356
No. 13	13	357
No. 1 Fraction	13	358
No. 2 Fraction	13	359

The applicant holds another lease on the following unpatented lode mining claims situated in Valley County, Idaho and adjacent to the claims listed above (a copy of the lease agreement is attached):

Brownlee No. 1	Book 14 of quartz locations, page	41
Brownlee No. 2	14	46
Brownlee No. 3	14	47
Brownlee No. 4	14	48
Brownlee No. 5	13	341

All of the claims listed are located in the Edwardsburg Mining District, on the north side of Big Creek, about 12 miles below Edwardsburg and is known as the Copper Camp Mine.

4. Physical description:

4(a). There are no mining operations presently carried on at the property.

Several magnetite-chalcopyrite veins outcrop on the property or can be seen in short tunnels. The outcrops are scattered over an east-west strike length of about 5,000 feet between survey stations No. 116 on the west end of the property and No. 23 on the east end of the property as shown on the enclosed map, Plate No. 1.

In the north-south direction, which is approximately normal to the strike of the veins, outcrops are observed to be scattered over an area about 2,400 feet wide, between survey stations No. 43 on the north and No. 82 on the south.

There has been a limited amount of exploration work done on the property to date. In most of the cases a few rounds were blasted into the outcropping formation and the ore piled on the dump. Amounts of ore on the dumps varies from one ton to 40 or 50 tons and the total stockpile is estimated at approximately 400 tons. In addition to this work, the following tunnel work has been done on the property:

There is a tunnel about 50 to 60 feet long on the structure next to survey station No. 116 at the west end of the property. It is mostly caved.

On both sides of Spring Creek next to stations No. 54 and 55 are two short tunnels. The one on the west side of the creek is completely caved but the one on the east side of the creek next to station No. 55 is accessible and is about 80 feet long. There is 20 to 30 tons of ore on each of the two dumps.

The "Old Lady's" tunnel next to station No. 60 is caved at the portal and the length is unknown. There is 40 to 50 tons of ore on the dump.

Next to station No. 31 there is a completely caved tunnel. Judging from the size of the dump, the tunnel was probably 30 to 40 feet long. There is ore on the dump.

On the east side of the property the "Black Bear" tunnel is the longest open tunnel, next to survey station No. 1. This tunnel is approximately

120 feet long with its full length on a vein which is about 5 feet wide at the tunnel portal and about 16 feet wide in the middle of the tunnel. The face of the tunnel is in ore which seems to be wider than the face. In this tunnel, two crosscuts have been driven in the hanging wall; one at 90 feet from the portal and the other at 105 feet. The first of these shows 16 feet of vein material, the second shows 14 feet.

On the east side of Camp Creek there is the short "Green Tunnel" next to station No. 2. This tunnel is about 30 feet long, crosscutting a 6 feet wide vein with the face of the tunnel out of ore. This vein is the only one so far observed on the property with a northwest-southeast strike and a dip of about 23° east. The rest of the veins seem to strike in a northeasterly-southwesterly direction and dip at 60°-70° to the north.

The "Black Bear" vein and adjacent structures were the target of a crosscut next to survey station No. 6 on the west side of Camp Creek. This crosscut is caved at the portal and its strike and length as shown on the enclosed map (Plate No. 1) are taken from the Idaho Bureau of Mines Geological Bulletin No. 13, page 13, where the authors, Umpleby and Livingston, state that the crosscut has been driven on a course of N 47° W for a distance of 545 feet toward intersection with the Black Bear Ledge which should be cut about 400 feet further in. According to the report, this crosscut passes through blocky, quartzitic slate for the whole distance.

A 20 feet deep shaft has been sunk on a 3½ feet wide vein structure next to station No. 116 on the west end of the property.

The property has been examined recently by representatives of Sunshine Mining Company and Highland-Surprise Consolidated Mining Company. Tunnels and outcrops were surveyed in and the enclosed maps were prepared jointly.

4(c). Geologic features of the property.

STRUCTURE: We refer here to the Idaho Bureau of Mines Geological bulletin No. 13 by Umpleby and Livingston, pages 12-13 and to Pamphlet No. 44 of the Idaho Bureau of Mines and Geology by Shenon and Ross, pages 33 to 35.

According to Pamphlet No. 44, page 34, the ore deposits at Copper Camp are in dark colored quartzite and argillite of the Yellowjacket formation close to its contact with the overlying Hoodoo formation. The quartzite and argillite vary considerably in strike and dip, but in the vicinity of the veins the prevailing strike is east of north and the prevailing dip is to the east. Many Tertiary dikes cut the Yellowjacket beds near Copper Camp. Quartz latite porphyry forms the hanging wall of a vein on the west side of Spring Creek.

MINERALIZATION: The principal mineral is magnetite with finely disseminated chalcopyrite. The magnetite does not show the common alteration to hematite. Malachite has formed from chalcopyrite, staining much of the vein material a green color

Surface ore showings were observed and sampled over an elevation range of 1,047 feet. The lowest showing was near station No. 82 at 5,191 feet and the highest showing was near station No. 43 at 6,238 feet. The elevation of Big Creek where it is flowing along the south side of the property is 4,866 feet.

Umpleby and Livingston state that the Black Bear Vein can be traced for at least 2,500 feet along its strike and that five other narrower veins on the property are paralell to each other, but converge somewhat eastward. The Black Bear vein seems to be the best developed so far as size is concerned, but a group of veins in the northwest corner of the property show the highest values in copper, according to the sampling results shown on page of this report.

4(d) The Copper Camp Mine is situated in the Edwardsburg Mining District of Idaho, on the north side of Big Creek, 12 miles below Edwardsburg, between Copper Creek and Camp Creek, T 21 N, R 10E and 11E, Boise meridian, in the Payette National Forest. See index map.

4(e) The camp has a one story, four room log cabin. Water for the camp and for mining purposes is abundantly available the year around.

5. The exploration project.

5(a). The project is designed to explore for copper.

5(b) Description of the proposed work.

The company wishes to explore this area of approximately 5,000 feet length and 2,500 feet width by dividing it into three target areas.

TARGET AREA NO. 1 - See map (Plate No. 1) and Section B-B, Plate 3.

This area includes three or four magnetite structures with attractive grade of copper mineralization on the northwest part of the property. This area has apparently not been given much attention in the past; the vicinity of the Black Bear tunnel (which is included in our "Target Area No. 2") was the scene of some mining activity in the past, apparently due to the presence of larger vein structures - 5 to 16 feet in width - which are however lower in copper content, so far as it can be observed in surface exposures and shallow tunnels.

In the present stage of exploration, the company is placing emphasis on the quality of the ore rather than its quantity. For this reason we are suggesting a certain amount of exploration in Target Area No. 1 before work is started on the rest of the property. The exploration proposal has been worked out on the basis of a limited and rather careful first stage. If this stage is successful, then larger scale second stages in various areas would be justified.

In Target Area No. 1 three or four parallel vein structures can be identified on the basis of the surface exposures. The structure farthest to the south, exposed next to survey station No. 49, is 5 to 6 feet wide and can be traced on the surface for about 200 feet. A few rounds have been blasted out of this vein next to station No. 49 and the ore piled on the dump. This vein has been sampled with the following results:

West end of the vein:

Sample No.	834	3.9% cu across 5.3 feet
	1609	2.0% cu across 5.3 feet

East end of the visible part of the vein, 200 feet east from the place where the above samples were taken:

Sample No.	1508	4.3% cu across 5.0 feet

Parallel structures north of the vein mentioned above have been sampled with the following results:

Sample No.	1607	0.3% cu - Grab from dump next to station No. 47
	1608	5.1% cu - 2 ft. vein next to station No. 48
	1605	2.2% cu - 4 ft. vein next to station No. 40

The vein structures seem to follow a course slightly north of east and are dipping 60 to 65 degrees to the north with some exceptions which can be probably considered as local phenomena.

We are suggesting that this area be explored in two stages:

STAGE I - Bulldozing and 2,000 feet of surface diamond drilling.

The bulldozing would, by contouring the hill in the vicinity of survey station No. 50, check the westward extension of the mineralization of this area, and prepare drilling and tunnel sites.

The drilling can be done from the south or, with some roadwork, from the north. Drill holes from the north could be more easily directed normal to the dip of the veins. Four holes of 500 feet each drilled from the north at -33° could intersect all the structures involved and gain a vertical depth of about 200 feet on the most southerly structure.

STAGE II - 1,000 feet of drifting and crosscutting
900 feet of underground diamond drilling

Contingent upon the results of the first stage we are suggesting a drift on the most attractive structure drilled. The portal of this drift could be located between the present exposures and Spring Creek and the drift would follow the vein, if it is justified, to a maximum length of approximately 1,000 feet.

The structures parallel to the one drifted on can be tested by underground diamond drilling from the drift. A zone about 450 feet long on these structures can be considered as tested by surface drilling but, in case the drift is extended the full 1,000 feet proposed length, additional subsurface drilling will be required east and west of the zone tested by surface drilling, provided of course that drilling from the surface indicates more than one attractive vein. Three holes, each 300 feet long, are proposed for this purpose.

TARGET AREA NO. 2 - See map (Plate No. 1) and Section A-A, Plate No. 2.

The vicinity of the Black Bear and Green Tunnels, as well as the Black Bear crosscut in the northwest part of the property are included in this area. The exploration work proposed for this area should, in our opinion, be started simultaneously with Stage II in Target Area No. 1 and divided into two stages which would fit into Stages II and III of the entire project.

This target area includes primarily the magnetite-chalcopyrite vein structures partially explored by the Black Bear and Green tunnels. Umpleby and Livingston report about the Black Bear structures as follows:

> "This ledge is persistent for at least 2,500 feet along its strike as exposed by open cuts, the most westerly of which shows the vein to be 8 feet wide and of the same general appearance as in the tunnel. Another open cut situated about 1,000 feet west of the tunnel and several hundred feet higher shows the vein to be 21 feet wide with precisely similar ore.
>
> "In addition of this main vein there are five others lying within a strip about 1,000 feet wide and appearing to converge to the east. These are narrower than the Black Bear vein, varying in width from 30 inches to 6 feet."

Three samples taken in the Black Bear tunnel indicate the following values in copper:

Sample No.	827	in face of tunnel	1.18% cu across 5 ft. of width
	828	first crosscut	1.10% cu across 12 ft. of width
	829	second crosscut	1.20% cu across 10 ft. of width

Samples taken in the Green tunnel, situated on the east side of Camp Creek next to survey station No. 2 show the following values:

Sample No.	830	Upper half of 8 ft. vein	7.2% cu
	831	Lower half	5.6% cu

We propose the following exploration work to be done in this area during Stage II and Stage III of the project:

STAGE II--Rehabilitation work in Black Bear crosscut
2,100 feet of diamond drilling from face of Black Bear crosscut
Sinking of winze in the Green tunnel, 200 feet

Rehabilitation: According to the Idaho Bureau of Mines and Geology, Bulletin No. 13, on page 13, Umpleby and Livingston have the following record about the Black Bear crosscut:

> "A crosscut tunnel about 200 feet lower than the Black Bear tunnel has been driven from Camp Creek on a course of N 47° W a distance of 545 feet to intersect the Black Bear ledge which should be cut about 400 feet further in. This crosscut passes through blocky quartzitic slate for the whole distance."

The crosscut portal is now caved but the course and length of tunnel have been platted on the map, Plate No. 1, according to the information obtained from the bulletin quoted above. We assume this tunnel is narrow, with no track or pipeline, and possibly caved in several places. It must be rehabilitated in order to build a diamond drill station at the tunnel face.

Diamond drilling: We propose to drill three diamond drill holes from the face of the Black Bear crosscut, holes No. 5, No. 6 and No. 7 as shown on Map No. 1. Bearings of the holes are proposed as follows: No. 5, N 25° W; No. 6, N 45° W; No. 7, N 65° W. These holes, drilled horizontally, would intersect the Black Bear ledge about 150 feet distant from each other and about 220 feet below the Black Bear tunnel level. From this drilling we should obtain enough information to determine whether the low copper assays in the Black Bear tunnel are the result of leaching and oxidation.

If the other structures visible on the surface are persistent both in strike and in depth, 700 feet long holes would cut at least three other known veins, two to the south and one to the north of the Black Bear ledge, as indicated in the by the projections shown on Section A-A.

Winze on the "Green Tunnel" structure: This tunnel seems to have the highest grade ore on the property, with assays running from 4% to 7% copper across 6 to 8 feet of vein material. Both the strike and the dip of the structure seem to be different from the rest of the veins; this vein strikes slightly west of north and has a flat dip of 20-25° to the east.

Diamond drilling of this structure would hardly be possible because there are steep cliffs above the tunnel which would make it quite difficult to cut a drill station. The idea of drifting on the structure had to be discarded as well, because a drift in either direction would either contour the hill at shallow depth or daylight in a short distance.

In our opinion, the one feasible possibility for exploring this structure is a winze, driven at minus 20-25 degrees, on the footwall of the structure. We propose a winze 200 feet long for this purpose.

STAGE III - Crosscutting and drifting, 1,700 feet
Underground diamond drilling, 3,000 feet

If justified by results of diamond drill holes No. 5, No. 6 and No. 7, we propose to extend the Black Bear crosscut up to 700 feet in a course normal to the vein structures. We then propose to drift on the

best structure exposed by the crosscut (possibly the Black Bear vein) in both easterly and westerly directions as far as is justified, to a maximum length of 1,000 feet.

From this drift, parallel structures should be checked by underground diamond drilling to the north and south of the drift. Part of the parallel structures would be explored by drill holes 5, 6 and 7 from the present face of the Black Bear crosscut as these holes would cover about 300 feet on the strike of the Black Bear vein. Since the proposed drift would be 1,000 feet long, we are proposing 10 holes, 300 feet each, or a total of 3,000 feet of drilling to explore the rest of the territory made accessible by the drift.

TARGET AREA NO. 3 - See Map No. 1 and Section B-B on Plate No. 3.

This area is situated southeast of Area No. 1 and southwest of Area No. 2 and it includes several parallel vein structures in the vicinity of survey stations No. 60 and No. 62. The most marked representatives of this group of veins are the "Old Lady's" and the "Salt Lick" veins. The proposed exploration work in this area will be performed in Stage III of the entire project.

STAGE III - 1,100 feet of diamond drilling

The "Old Lady's" and the "Salt Lick" veins seem to be persistent structures varying from 3 to 6 feet in width. There is a tunnel on the Old Lady's vein; survey station No. 60 is on the dump of this tunnel. The portal is caved and there is no information available on the length and geology of the tunnel but the size of the dump indicates a length of 80 to 100 feet. Broken ore, consisting of black-brown magnetite with malachite stain in cracks, is piled up on both sides of the tunnel portal. The tunnel has been collared in 3.2 feet wide ore assaying 0.8% copper.

There is a 3 feet wide outcrop 150 feet east of the tunnel portal, apparently on the strike of the Old Lady's vein. This outcrop assayed 3.9% copper.

The Salt Lick vein is located about 300 feet north of the Old Lady's structure and is parallel to it. This vein is exposed for 80 feet on its strike and it is 5 feet wide. The vein is located next to survey station No. 64 and Sideshots G and F indicate the exposed ends of the outcrop. A 5 feet wide cut across the vein at station No. 64 assayed 0.7% copper.

Both structures can be diamond drilled from the surface; holes collared north of the structures will provide favorable drilling angles for the veins dipping 60-70° to the north. Vertical holes as indicated on cross section B-B would cut the structures about 200 feet below the surface. This distance can be cut in two by holes angled at -65° to cut the structure at about 100 feet below the surface.

Total diamond drilling proposed for this area is as follows:

Two vertical holes about 300 feet each	600 feet
Two holes at - 65° about 250 feet each	500 feet
Total	1,100 feet

If the whole project can be carried out with favorable results concerning both volume and quality of the copper ore in all three target areas, then a larger scale development program would probably be considered. For this reason no tunneling work has been proposed in Target Area No. 3.

SUMMARY OF THE PROPOSED EXPLORATION PROGRAM:

STAGE I:

1. Preparatory work in Target Area No. 1.
   (a) Access road, up to 1,500 feet.
   (b) Bulldozing four drill sites.
2. 2,000 feet of diamond drilling in Target Area No. 1.

STAGE II:

1. 1,000 feet of drifting and crosscutting in Target Area No. 1.
2. 900 feet of diamond drilling from the above drifts.
3. Rehabilitation work in Black Bear crosscut, Target Area No. 2.
4. 2,100 feet of diamond drilling from face of Black Bear crosscut.
5. 200 feet of winze on Green tunnel structure in Target Area No. 2.

STAGE III:

1. 700 feet of crosscutting from present face of Black Bear crosscut in Target Area No. 2.
2. 1,000 feet of drifting from extended Black Bear crosscut.
3. 3,000 feet of underground diamond drilling from the above drifts.
4. 1,100 feet of diamond drilling in Target Area No. 3.

At the time of examination of the Copper Camp property by representatives of this Company, a quantity of ore was gathered for a mill test. Sample No. 1632, the mill test composite, showed the following values:

Trace of Au, 0.58 Oz. Ag, 3.1% Cu, 40.4% Fe, 0.25% As, 0.35% Mn, .00% P, 24.8% SiO_2, 0.6% S.

5(c). Estimated time schedule:

	Work days (2 shifts per day) Per Job	Accumulated Total
STAGE I:		
Target Area No. 1:		
1. Preparatory work (1 shift per day)		
(a) Access road, 1,500 feet with some blasting	2	2
(b) Bulldozing four drill sites	4	6
2. Diamond drilling:		
(a) Setting up on four holes	6	12
(b) 2,000 feet of drilling at 40 feet per day	50	62
STAGE II:		
Target Area No. 1:		
1. Preparatory work:		
(a) Construction of compressor shed, installation of compressor, receiver tank, water tank, fuel tank, air and water lines	8	70
(b) Leveling tunnel site and building 100 feet of trestle	4	74
2. Drifting and crosscutting - 1,000 feet at 10 feet per day	100	174
3. Underground diamond drilling		
(a) Preparation of three drill sites, 6'x7'x15'	6	180
(b) Drilling 900 feet at 40 feet per day	23	188*
Target Area No. 2:		
4. Rehabilitation work in Black Bear crosscut		
(a) Cleaning caved tunnel portal		
(b) Cleaning and timbering caves		
(c) Installation of track, air lines and water lines		
(d) Preparation of drill site in tunnel face		
Estimated total	15	*
5. Diamond drilling 2,100 feet at 40 feet per day	53	*
6. Sinking winze in Green tunnel		
(a) Preparatory work	3	**
(b) Sinking 200 feet, 6 feet per day	34	**
STAGE III:		
Target Area No. 2:		
1. Extending Black Bear crosscut 700 feet at 10 feet per day	70	208*

	Per Job	Accumulated Total
2. Drifting on the most promising structure from the Black Bear crosscut with two headings, east and west, 1,000 feet at 20 feet per day	50	258
3. 3,000 feet of diamond drilling from drifts		
(a) Cutting 10 drill stations	20	278
(b) Drilling, at 40 feet per day	75	303***
Target Area No. 3:		
4. 1,100 feet of diamond drilling		
(a) Access road, 1,500 feet)	3	***
(b) Preparation of drill stations)		
(c) Drilling 1,100 feet, 40 feet per day	28	***
Add 10% of time schedule for unavoidable delays	30	333

Notes to time schedule:

* Part of this work will be performed during drifting operations in Area No. 1

** This work will be done while drilling in the Black Bear crosscut.

*** This work will be done while drifting from the Black Bear crosscut.

Because of the remote location and heavy winter snows it is difficult to set a starting date within a certain number days from the time an exploration contract is executed. However, it should be possible to start work in May or June, 1957 and complete the project by December 31, 1959.

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6. Estimate of costs (see following pages for detail):

	TOTAL	STAGE I Area No. 1	STAGE II Area No. 1	STAGE II Area No. 2	STAGE III Area No. 2	STAGE III Area No. 3
6(a) Independent contracts:						
Bulldozing - 112 hours @ $12.00 for access roads, drill sites and tunnel sites	$ 1,344.00	$ 576.00	$ 192.00	$ -	$ -	$ 576.00
Diamond drilling:						
Surface drilling - 3,100 feet	20,900.00	13,200.00	-	-	-	7,700.00
Underground drilling - 6,000 feet	36,533.75	-	5,651.25	12,045.00	18,837.50	-
Mining contractor (crosscuts and drifts)	67,072.50	-	24,147.50	-	42,925.00	-
Mining contractor (winze)	9,200.00	-	-	9,200.00	-	-
Mining contractor (timbering drifts - it is estimated that one-third will require timber)	1,665.00	-	832.50	-	832.50	-
6(b) Labor and supervision:						
Engineer-superintendent, salary for 13 months	10,400.00	1,163.90	2,646.93	1,971.12	4,036.10	581.95
1 mechanic-compressorman for 13 months	5,858.00	655.59	1,490.93	1,110.27	2,273.41	327.80
1 surface worker for 13 months	5,858.00	655.59	1,490.93	1,110.27	2,273.41	327.80
Preparatory work in Stage II (4 men, 12 days)	829.50	-	829.50	-	-	-
Rehabilitation of Black Bear crosscut (40 man shifts)	691.20	-	-	691.20	-	-
Preparatory work for winze (6 man shifts)	103.50	-	-	103.50	-	-
6(c) Operating materials and supplies:						
Rehabilitation of Black Bear crosscut	3,422.60	-	-	3,422.60	-	-
Crosscuts and drifts	16,173.00	-	5,990.00	-	10,183.00	-
Green tunnel winze	1,242.00	-	-	-	1,242.00	-
Trestle and preparatory work	1,233.85	-	1,000.35	233.50	-	-
Power plant, compressor and shop supplies	5,634.00	560.04	1,377.70	974.47	2,408.17	313.62
6(d) Equipment use allowance	13,436.11	-	3,993.68	2,786.29	6,656.14	-
6(f) New buildings	1,000.00	-	1,000.00	-	-	-
6(g) Miscellaneous:						
Payroll taxes	605.38	63.12	164.69	127.15	218.87	31.55
Workmen's compensation insurance	929.94	96.95	252.98	195.32	336.21	48.48
Cookhouse expense	2,622.00	273.36	713.29	550.72	947.95	136.68
Equipment transportation	2,500.00	-	743.09	518.43	1,238.48	-
Equipment repairs	5,000.00	-	1,486.18	1,036.86	2,476.96	-
Assaying	1,200.00	150.00	375.00	150.00	375.00	150.00
TOTALS	$215,454.33	$17,394.55	$54,378.50	$36,226.70	$97,260.70	$10,193.88

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Data to support Item 6 - Estimate of costs:

6(a) Independent contracts:

Bulldozing - rate per hour with Caterpillar D6 $12.00

Diamond drilling:

Contract costs are based on the following price schedule:

Surface drilling -	0' to 250'	$5.75 per foot
	250' to 500'	6.25 per foot
	500' to 750'	6.75 per foot
Underground drilling -	0' to 250'	$4.75 per foot
	250' to 500'	5.25 per foot
	500' to 750'	5.75 per foot

Add an estimated 10% for reaming, casing, cementing, etc.

Mining contract - Contractor to furnish all labor, drill steel, bits and explosives to drive drifts and crosscuts and sink winze at the following prices:

Drifts and crosscuts	$23.00 per lineal foot
Crosscuts for drill stations	$25.50 per lineal foot
Timbering in drifts and crosscuts where necessary	$2.50 per lineal foot
Winze	$46.00 per lineal foot

6(b) Labor and supervision:

Engineer-superintendent -- Salary of $800.00 per month for 13 months.

Mechanic-compressorman -- $16.00 per day

General surface worker and maintenance man -- $16.00 per day

Some of preparatory work and construction will be done by the mining contractor's crew on company payroll at $16.00 per day.

Multiply rates by 1.08 to include overtime.

6(c) Operating materials and supplies:

	Per Foot of Drift
For drifts and crosscuts:	
Timber - Estimated 26,500 board feet @ $60.00 per M	$ .59
Ties - " 10,000 " " " "	.22
Air lines - 4" Victaulic pipe @ $1.023 per foot	1.02
Water lines - 2" " " @ .328 " "	.33
Pipe line accessories	.24
Ventilation pipe - 12" Ventube @ $1.054 per foot	1.05
30 lb. rail - 5,400 feet @ $180.00 per ton	1.80
Switches and track accessories	.54
Small tools	.20
	$ 5.99
For rehabilitation of Black Bear crosscut:	
Timber for 200 feet - 8,000 board feet	$ .88
Ties	.22
Air lines	1.02
Water lines	.33
Pipe line accessories	.24
Ventilation pipe	1.05

Switches and track accessories	.54
30 lb. rail	1.80
Small tools	.20
	$ 6.28
For winze:	
Timber - 2,700 board feet	$ .81
Ties	.22
Air lines	1.02
Water lines	.33
Pipe line accessories	.24
Ventilation pipe	1.05
30 lb. rail	1.80
Switches and track accessories	.54
Small tools	.20
	$ 6.21
For trestle and preparatory work:	
Timber - 13,620 board feet	$ 817.20
Nails	50.00
Air lines - 150 feet	153.45
Water lines	213.20
Power plant, compressor and shop supplies:	
13,300 gallons diesel fuel @ 18¢	2,394.00
7,400 gallons gasoline @ 30¢	2,200.00
Lubricants and miscellaneous	1,040.00

6(d) Operating equipment use allowance:

	Value	Per Mo.	Total
1 - 600 ft. portable compressor for 10 months	$15,100.00	$251.67	$ 2,516.70
1 - 315 ft. portable compressor for 1½ months	10,180.00	169.67	254.51
1 - 315 ft. portable compressor for 10 months (this machine will be a spare for about 7 of the 10 months)	10,180.00	169.67	1,696.70
2 blowers with gas engines, 10 months	1,640.00	27.33	273.30
1 motorpump " " " "	1,150.00	19.17	191.70
2 battery chargers with gas engines, for 10 months	1,974.00	32.90	329.00
2 battery locomotives, 10 months	12,000.00	200.00	2,000.00
1 spare locomotive	6,000.00	100.00	1,000.00
6 - 2 ton mine cars	3,000.00	50.00	500.00
2 air receivers	834.00	13.90	139.00
2 Model 12B Eimco loaders	6,194.00	103.23	1,032.30
1 " " " " (spare)	3,097.00	51.62	516.20
4 Gardner-Denver drifters	5,720.00	95.33	953.30
1 drill jumbo	7,000.00	116.67	1,166.70
4 Atlas rock drills with pneumatic pusher legs	2,400.00	40.00	400.00
1 - 3/4 ton pickup truck	2,400.00	40.00	400.00
1 bit grinding machine	400.00	6.67	66.70
			$13,436.11

6(f) New buildings and equipment:

Compressor shed (estimate)	$ 1,000.00

6(g) Miscellaneous:

Payroll taxes	605.38
Workmen's compensation insurance	929.94
Cookhouse expense (cookhouse will be operated by mining contractor but Company will pay for meals for men on company payroll)	2,622.00
Equipment transportation	2,500.00
Equipment repairs	5,000.00
Assaying 400 samples @ $3.00	1,200.00

7(a) The applicant is prepared to furnish its share of the cost of the project. The applicant's share of the costs will be furnished in money and equipment.

AGREEMENT

THIS AGREEMENT Made and entered into on this 17th day of March 1956, by and between Delbert H. Peterson and Ethel Peterson, husband and wife of Boise, Idaho; Clarence Ray and Ansuncion Ray, husband and wife, of Boise, Idaho; Walter E. Ray of Boise, Idaho and Napier Edwards of Valley County, Idaho as first parties and Highland-Surprise Consolidated Mining Company, a corporation organized under the laws of the State of Idaho, as second party.

Whereas, first parties are the owners of the hereinafter described unpatented mining claims and are in position to enter into this agreement and the second party is willing to enter into such an agreement, now therefore, it is agreed by and between said parties as follows:

I. The mining property herein concerned is situated in Valley County, State of Idaho, and are more particularly described in the notices of location thereof on file and of record in the Office of the Recorder of Valley County, State of Idaho, in the book and page herein respectively set forth and to which record reference is hereby specifically made for a more particular description thereof. 5 placerclaims designated Nos. 1 to 5 inclusive, all recorded in Book 6 of Placer Claims in said office respectively on Pages 140, 141, 142, 143 and 144. The Quartz Claims are numbered 4 to 13 inclusive and Claim No. 1 Fraction and Claim No. 2 Fraction; Notices of location recorded in said office in Book of Quartz Mining Claims 13 respectively at pages 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358 and 359.

II. It is understood that second party enters into this agreement subject to the future confirmation and ratification by its Board of Directors.

III. It is agreed that this agreement is a preliminary one and shall be binding until a formal agreement can be made and executed by the parties hereto. The parties agree to formulate and execute such formal agreement at a later date.

IV. First parties hereby give to second party the possession of said property and lease the same under the terms herein set forth.

V. ~~First~~ Second parties agree to go upon said mining property as soon as practical and to prospect and explore the same with the objective of getting ready for the installation of mining and milling equipment and conducting mining and milling operations thereon. Second party agrees to continue its prospecting and exploration work and agrees to do and perform all of the assessment work for the year July 1, 1956 to July 1, 1957, and further agrees to have the same started prior to July 1, 1956 and to continuously procede with the same until all of the said assessment work is performed according to law.

VI. The parties hereto further agree that the formal agreement hereinbefore mentioned shall, among other things, contain provision for the following: --

A. That prospecting, mining and milling shall be carried on at the expense and risk of the second party and that at least 500 shifts of labor shall be performed each and every year.

B. First parties shall have the right to inspect, at reasonable times, and shall have access to reports and results of prospecting.

C. Second party shall conduct its operations and comply with all of the laws of the State of Idaho and the United States.

D. Second party shall not be held for any violation of the contract caused by strikes, acts of God, weather conditions or other conditions beyond its control.

E. Second party may terminate the agreement at any time by giving 60 days' written notice to first party of its intention so to do.

F. In the event of termination, second party may remove all machinery and equipment placed upon the property except that which shall have become affixed to the realty.

G. Said agreement shall contain an arbitration clause.

H. First parties shall consent to the procuring by second party of a D. M. E. A. loan and will cooperate fully and execute such documents as may by required in connection therewith.

I. Second party will pay a royalty of 6% of the net smelter returns from any and all ore or minerals shipped from said property. Such royalty payment to continue until the sum of $100,000 has been paid; thereafter said royalty shall be reduced to 3%, the same to continue for the remaining life of the lease.

J. A Trustee or Agent to be appointed by First Parties who will be the sole contact between the parties hereto and to whom smelter returns shall be paid and notices hereunder given and who will be exclusively empowered to act for and on behalf of First Parties in all matters herein concerned.

VII. This Agreement shall not be changed except by a writing and its provisions shall be binding upon Executors, Administrators, Successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the Parties hereto have executed this agreement the day and year first above written.

Elizabeth Pitterson (SEAL)

Ethel Pitterson (SEAL)

Florence Ray (SEAL)

American Ray Jr. (SEAL)

Walter E. Ray (SEAL)

[illegible] (SEAL)

FIRST PARTIES

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

By [illegible] President

Second Party

STATE OF IDAHO)
) ss.
County of Ada)

On this 16th day of March, 1956, before me, the undersigned, a Notary Public in and for said state, personally appeared DELBERT H. PETERSON and ETHEL PETERSON, husband and wife, WALTER E. RAY, CLARENCE RAY and ANSUNCION RAY, husband and wife, known to me to be parties who executed the above instrument and they acknowledged to me that they executed the same.

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

Notary Public for Idaho
Residence: Boise, Idaho

STATE OF IDAHO)
) ss.
County of ~~Ada~~)

On this 17 day of March, 1956, before me, the undersigned, a Notary Public in and for said state, personally appeared NAPIER EDWARDS, known to me to be the party who executed the above instrument and he acknowledged to me that he executed the same.

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

Notary Public for Idaho
Residence:

STATE OF IDAHO)
) ss.
County of Ada)

On this _____ day of March, 1956, before me, the undersigned, a Notary Public in and for said state, personally appeared FRANK J. LUEDKE, known to me to be the President of the corporation that executed the above instrument and he acknowledged to me that said corporation executed the same.

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

Notary Public for Idaho
Residence: Boise, Idaho

AGREEMENT

THIS AGREEMENT Made and entered into on this 17th day of March, 1956, by and between PAUL BROWNLEE and MARIE BROWNLEE, husband and wife, of Idaho, as first parties, and HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY, a corporation organized under the laws of the State of Idaho, as second party.

WHEREAS, First Parties are the owners of the hereinafter described unpatented mining claims and are in position to enter into this Agreement and the Second Party is willing to enter into such an Agreement, now therefore, it is agreed by and between said parties as follows:

I.

The mining property herein concerned is situated in Valley County, State of Idaho, and is more particularly described in the notices of location thereof on file and of record in the Office of the Recorder of Valley County, State of Idaho, in the book and page herein respectively set forth, to which record reference is hereby specifically made for a more particular description thereof.

5 Quartz Claims designated as Brownlee Nos. 1 to 5, inclusive; 4 of them recorded in Book 14 of Quartz Claims in said office respectively on pages 41, 46, 47 and 48 and 1 said claim recorded in said office in Book 13 of Quartz Claims at page 341.

II.

It is understood that second party enters into this Agreement subject to the future confirmation and ratification by its Board of Directors.

III.

It is agreed that this Agreement is a preliminary and shall be binding until a formal agreement can be made between the parties hereto. The parties agree to formulate and execute such formal agreement at a later date.

IV.

First Parties hereby give to Second Party the possession of said property and lease the same under the terms herein set forth.

V.

~~First~~ Second Parties agree to go upon said mining property as soon as practical and to prospect and explore the same with the objective of getting ready for mining and milling operations thereon. Second Party agrees to continue its prospecting and exploration work and agrees to do and perform all of the assessment work for the year July 1, 1956 to July 1, 1957, and further agrees to have the same started prior to July 1, 1956 and to continuously procede with the same until all of the said assessment work is performed according to law.

VI.

The parties hereto further agree that the formal agreement hereinbefore mentioned shall, among other things, contain provision for the following:--

A. That prospecting, mining and milling shall be carried on at the expense and risk of the Second Party and that at least 100 shifts of labor shall be performed each and every year.

B. First Parties shall have the right to inspect, at reasonable times, and shall have access to reports and results of prospecting.

C. Second Party shall conduct its operations and comply with all of the laws of the State of Idaho and the United States.

[illegible] shall not be held for any violation of the contract caused by strikes, acts of God, weather conditions or other conditions beyond its [illegible]

E. Second Party may terminate the Agreement at any time by giving 30 days written notice to First Parties of its intention so to do.

F. In the event of termination, Second Party may remove all machinery and equipment placed upon the property except that which shall have become affixed to the realty.

G. Said Agreement shall contain an arbitration clause.

H. First Parties shall consent to the procuring by Second Party of a D.M. Abas and will cooperate fully and execute such documents as may be required in connection therewith.

I. Second Party will pay a royalty of 10% of the net smelter returns from any and all ore or minerals shipped from said property. Such royalty payment to continue until the sum of $20,000 has been paid; thereafter said royalty shall be reduced to 5%, the same to continue for the remaining life of the lease.

J. A Trustee or Agent to be appointed by First Parties who will be the sole contact between the parties hereto and to whom smelter returns shall be paid and notices hereunder given and who will be exclusively empowered to act for and on behalf of First Parties in all matters herein concerned.

VII.

This Agreement shall not be changed except by a writing and its provisions shall be binding upon Executors, Administrators, successors and assigns of the parties hereto.

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

_____ (SEAL)

_____ (SEAL)
First Parties

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

By _____
President
Second Party

RECEIVED
AUG 10 1956

STATE OF IDAHO)
) ss.
County of _____)

On this _____ day of March, 1956, before me, the undersigned, a Notary Public in and for said state, personally appeared PAUL BROWNLEE and MARIE BROWNLEE, husband and wife, known to me to be parties who executed the above instrument and they acknowledged to me that they executed the same.

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

_____
Notary Public for Idaho
Residence:

STATE OF IDAHO)
) ss.
County of Ada)

On this 14 day of March, 1956, before me, the undersigned, a Notary Public in and for said state, personally appeared FRANK J. LUEDKE, known to me to be the President of the corporation that executed the above instrument and he acknowledged to me that said corporation executed the same.

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

_____
Notary Public for Idaho
Residence: Boise, Idaho

A Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMA Docket No. 4417

DO NOT DETACH THIS SLIP

Action on this document is recorded and controlled in Reports and Records Branch. Any movement of this document between divisions or offices of DMA or movement outside DMA must be reported to the Reports and Records Branch. Actions taken that affect status of the case must also be reported.

This document has been recorded as

Exploration Project

Any action taken to change the type of request for assistance must be promptly reported to the Reports and Records Branch. Use DMA Form 2 for submitting these reports.

Routing Slip

To:	500	Date	8/10/56
To:	Op. Committee	Date	8/16/56
To:	J.E. Johnson	Date	8-17-56
To:	Basil Mitchell	Date	8-20-56
To:	130	Date	3/5/57
To:	106	Date	3-5-57
To:	225	Date	3-5-57
To:	Legal	Date	3/7/57
To:	130	Date	3-18-57
To:	110	Date	3-20-57
To:	100	Date	3-20-57
To:	225	Date	3-20-57
To:	130	Date	3-29-57
To:	110	Date	3-29-57
To:	130	Date	8-30-57
	110		8-30-57

DO NOT DETACH

CONTROLLED DOCUMENT

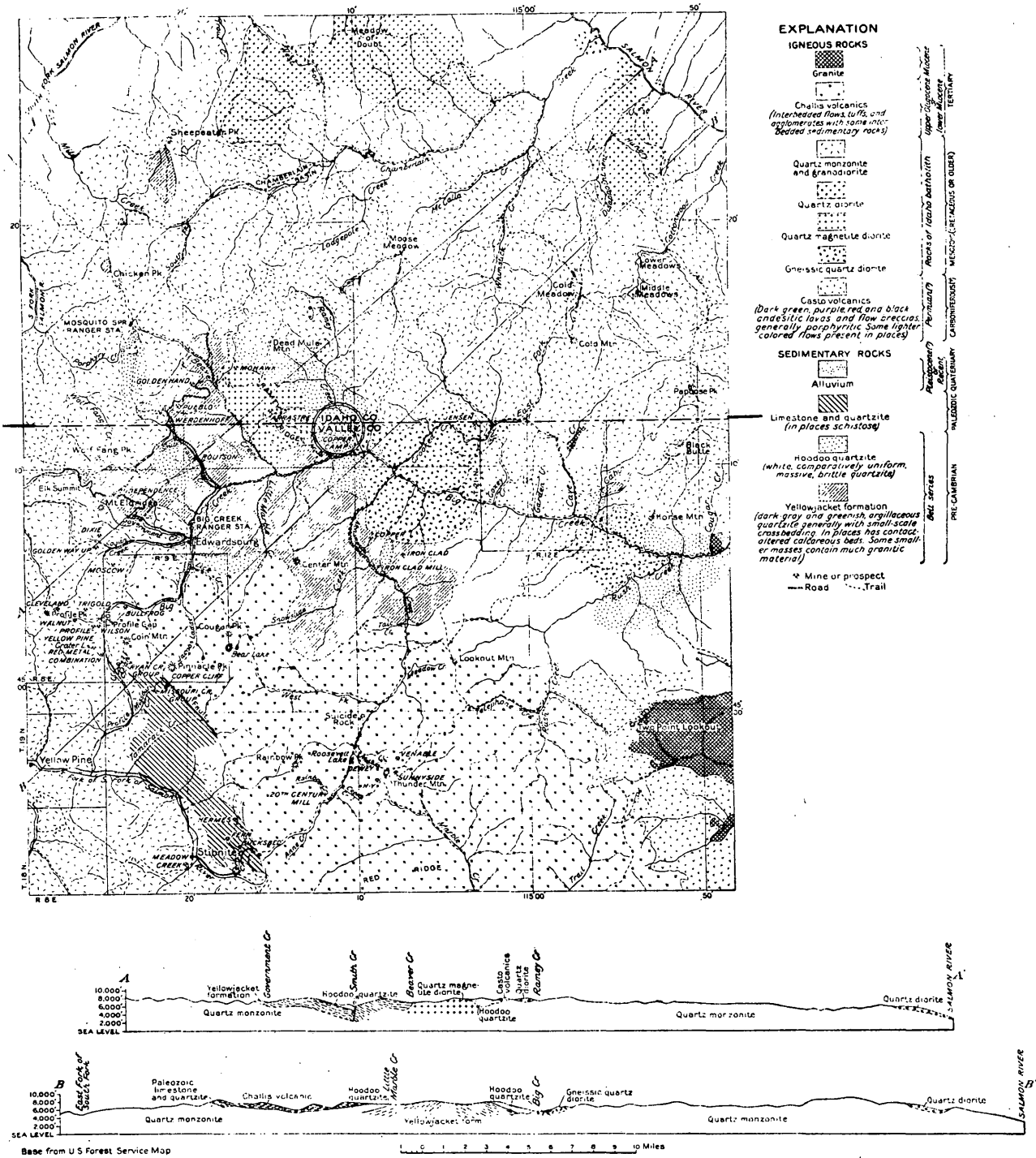
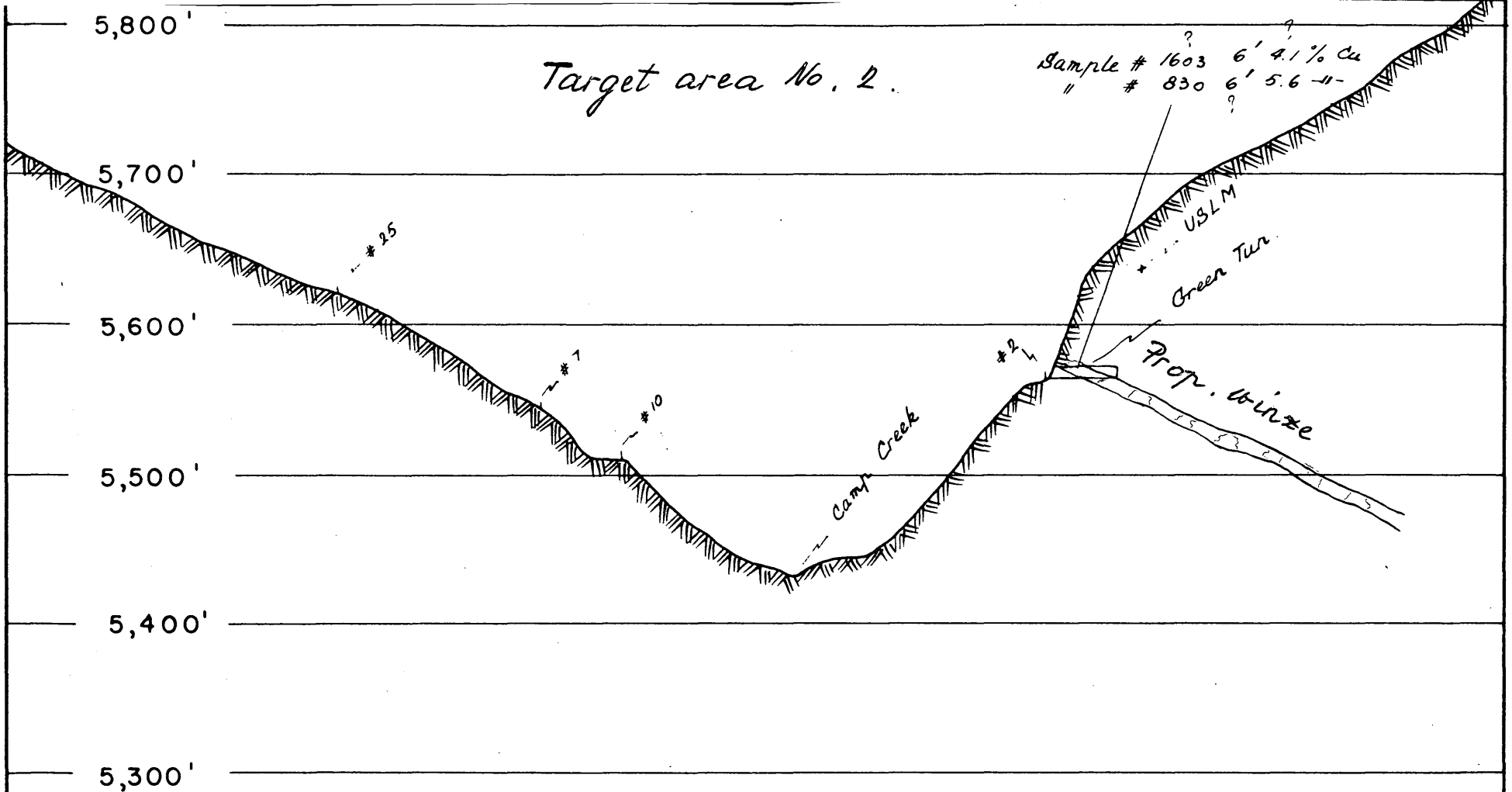


Figure 2. Reconnaissance geologic map of part of the eastern division of the Idaho National Forest.



HIGHLAND-SURPRISE CONS. MIN. CO.

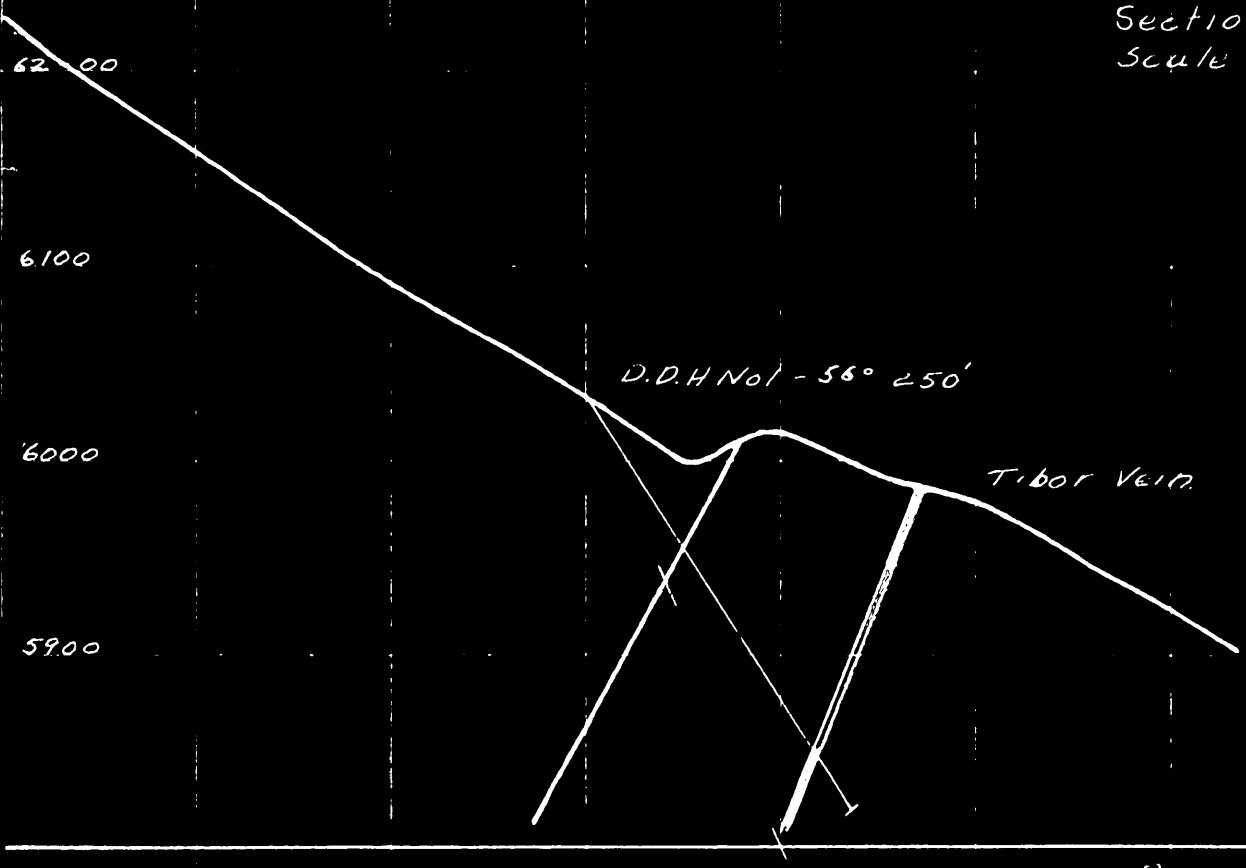
COPPER CAMP MINE

CROSS SECTION C-C SCALE 1"=100'

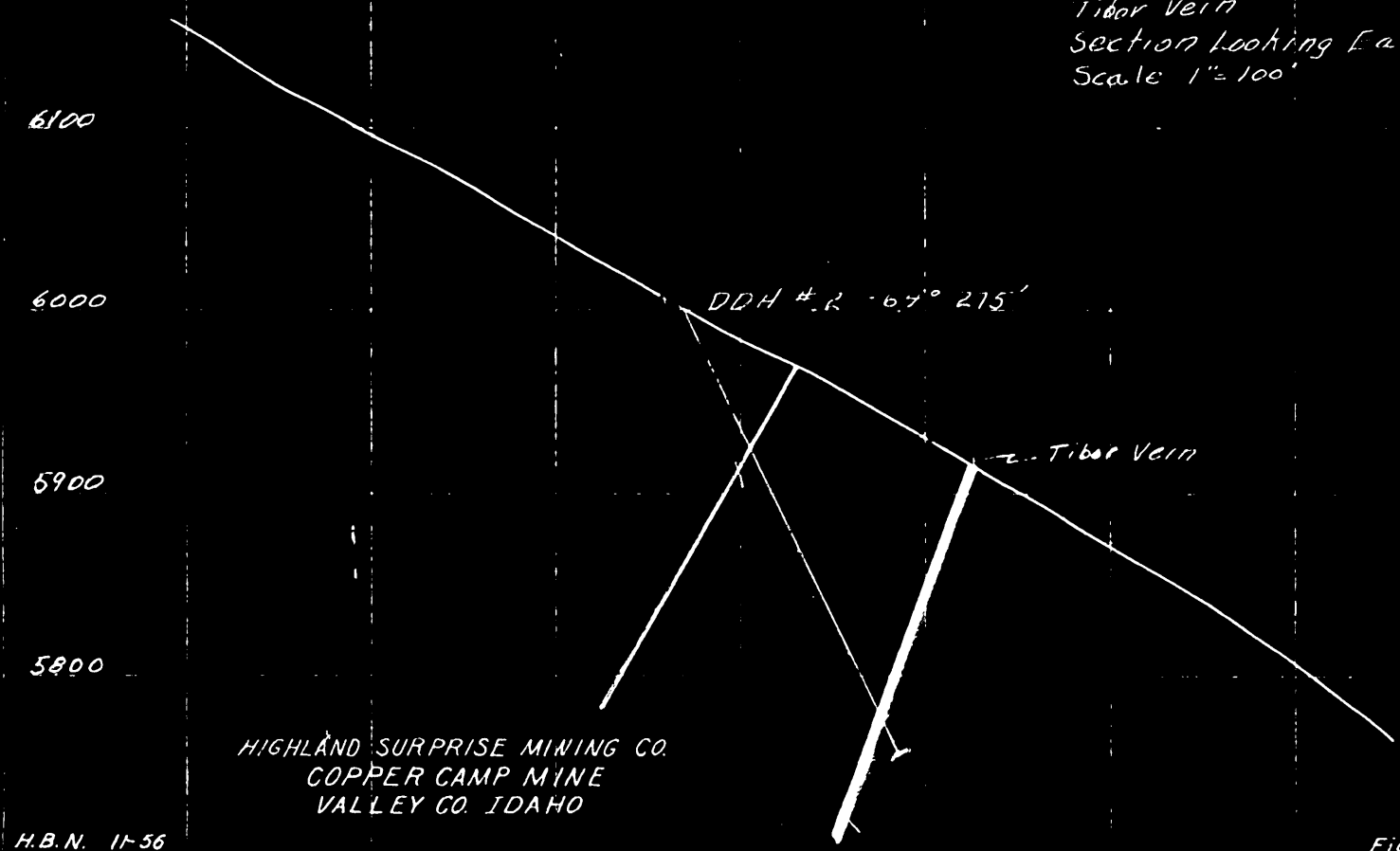
Plate # 4

Docket No DMEA 4417

Proposed DDH #1
Tibor Vein
Section Looking East
Scale 1" = 100'



Proposed DDH #2
Tibor Vein
Section Looking East
Scale 1" = 100'



HIGHLAND SURPRISE MINING CO.
COPPER CAMP MINE
VALLEY CO. IDAHO

H.B.N. 11-56

Fig. 1

HALBAN INC. NO. 195M

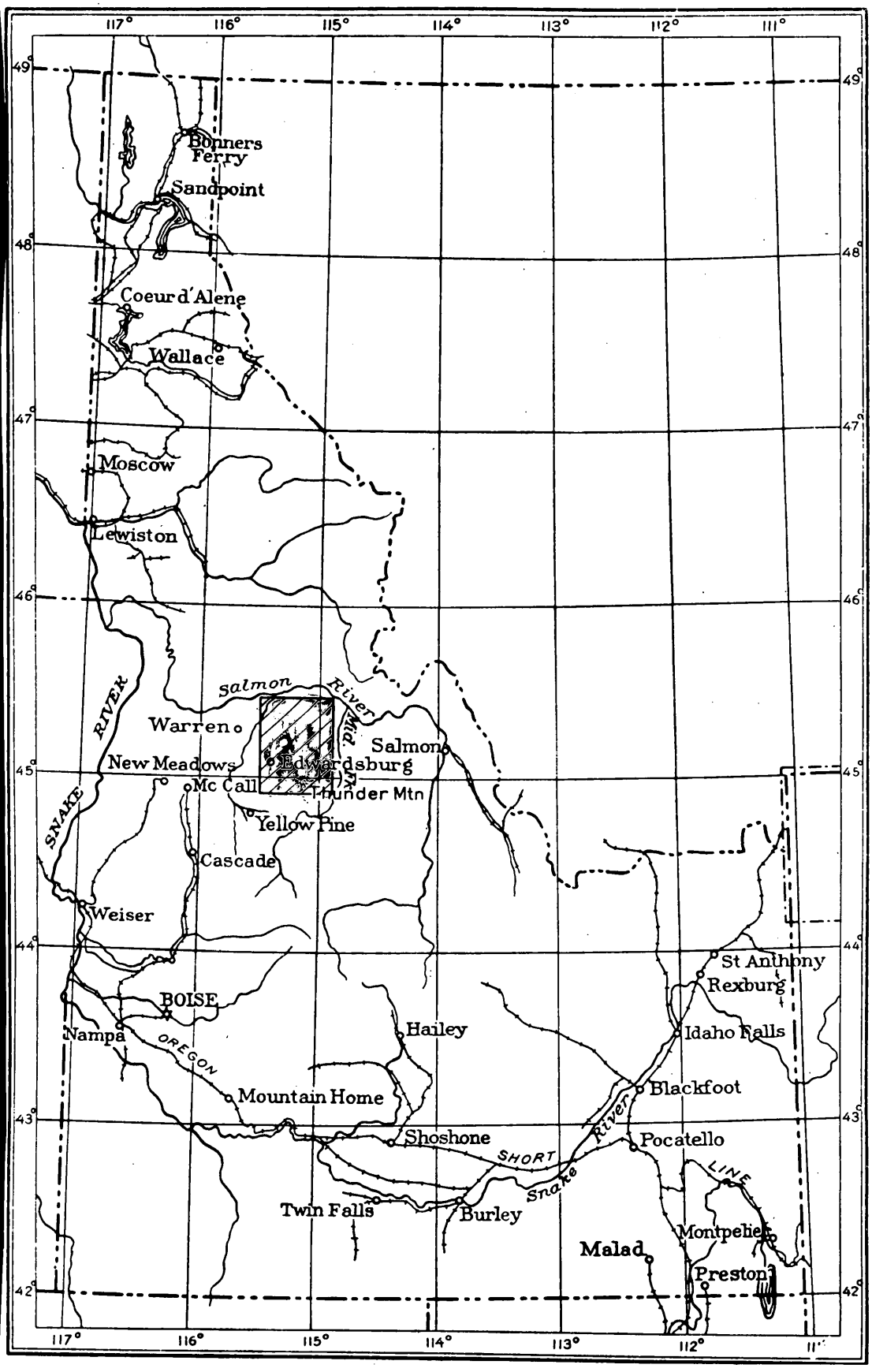


Figure 1. Index map of Idaho showing area covered in Figure 2.

Audit copy

RESCISSION OF EXPLORATION PROJECT CONTRACT

It is agreed this 30th day of August, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Highland-Surprise Consolidated Mining Company, an Idaho corporation, of Wallace, Idaho, parties to that certain Exploration Project Contract No. Ida-21070 (Docket No. DMEA-4417), dated March 20, 1957, that said Contract is hereby rescinded, revoked, and cancelled as of March 20, 1957, before any work has been performed or any costs have been incurred thereunder, without any obligations whatever one party to the other, the same as if the Contract had never been entered into.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. J. Mittendorf
Administrator, Defense Minerals
Exploration Administration

HIGHLAND-SURPRISE CONSOLIDATED
MINING COMPANY

By N. A. Callaway

Title Secretary-Treasurer

CENTRAL FILE COPY
DMEA
RECEIVED AUG 23 1957
DATE

DMEA Form 14

Contract No. Idm-E 1070

Docket No. 4417

DEPARTMENT OF THE INTERIOR

Cancelled contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
March 20, 1957	I	Idaho	Copper

Name and Address of Operator: Highland-Surprise Cons Mining Co.
Box 889
Wallace, Idaho

	Reserve	Obligation
Prior Amount	0	$8,002.00
Increase	0	0
Decrease	0	$8,002.00
Revised Amount	0	0

Remarks:

(Name)
Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date delivered to Bureau of Mines, Washington 9/24/57

22845

Contra[illegible] No. Idm-E 1070

Docket No. 4417

DEPARTMENT OF THE INTERIOR **Executed contract**

DEFENSE MINERALS EXPLORATION ADMINISTRATION

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
March 20, 1957	I NW	Idaho	Copper

Name and Address of Operator: Highland-Surprise Cons. Mining Co.
Box 889
Wallace, Idaho

	Reserve	Obligation
Prior Amount	$8,002.50	0
Increase	0	$8,002.50
Decrease	8,002.50	0
Revised Amount	0	$8,002.50

Remarks:

ALLEN S. DAKAN
(Name)
Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington 4/29/57

989[illegible]

Audit Copy

OFFICIAL FILE COPY
DMEA
RECEIVED APR 29 1957

DATE	INITIALS	CODE
		800

MF-200
(Revised June 1954)

Docket No. DMEA 4417

Commodity Copper

Contract No. Idm-E 1070

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 20 MAR 1957 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 two maps (Plate No. 1 and Plate No. 2)

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 Valley, 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] See Annex I 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: interests of lessors in leased claims listed in Annex I

(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: Consent to Lien and Subordination Agreement of lessors referred to in Annex I

(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 Copper. The work to be performed is described in Exhibit "A." The Operator on or before JUN 15 1957 shall commence the work, and on or before December 31, 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 8) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."~~ (See Article 13)

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 $16,005.00. The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $8,002.50: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work 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 the Operator is not obligated to incur more than his agreed percentage of the estimated, total allowable cost of the work~~ See Article 13

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. See Article 13

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 ~~8~~ 8. 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

4 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.*—

(a) That part of the last sentence of Article 3 beginning with the word "either" is deleted and replaced by the words "have completed the work."

(b) That part of the last sentence in the first paragraph of Article 6(a) commencing after the semicolon is deleted.

(c) Categories (2) through (7) of Article 6(a) are deleted.

(d) In addition to the costs of work estimated in Exhibit "A" by categories of actual costs, the costs of work requirements specified in Exhibit "A" as "Fixed Unit Costs" are allowable costs of the project. The Government will contribute to the fixed unit costs as work units are performed. A "Fixed Unit Cost" is an agreed price for each unit of work to be performed regardless of costs incurred by the Operator. Costs set forth in Exhibit "A" include all allowable costs of the work to be performed under the contract.

(e) In the last sentence of Article 6(c), the reference to Article 9 is changed to Article 8.

(f) Notwithstanding any other provision of the contract, the allowable unit cost per foot of a drilling item is the average unit cost per foot computed on the basis of all the actual unit costs of said drilling item incurred by the Operator: Provided, That the Government will not contribute to any portion of an average unit cost of a drilling item that exceeds the estimated unit cost of said item set forth in the contract.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mitteudorf
Administrator, Defense Minerals
Exploration Administration

HIGHLAND-SURPRISE CONSOLIDATED
MINING COMPANY (Operator)

By Frank J. Luedke

President

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

W. A. Callaway

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

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DMEA
INFORMATION ONLY 1957
DATE

EXPLORATION PROJECT CONTRACT
HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
DOCKET NO. DMEA-4417

ANNEX I

The land referred to in Article 2 consists of all or part of nineteen unpatented mining claims located in Valley County, Idaho, as shown on the attached map entitled "Plate 1-Claim Map of Highland-Surprise Cons. Mng. Co., Copper Camp Project, Big Creek, Idaho." The land that is the subject of the Contract is the area on the map within the heavy black line and blue shading. Seven of these claims are owned by the Operator, and 12 claims are held pursuant to an agreement dated September 13, 1956, with Delbert H. and Ethel Peterson, Clarence and Ansuncion Ray, Walter E. Ray, Napier Edwards, Paul Brownlee, Marie Brownlee, and James H. Hawley, as indicated below. Location notices for these claims are recorded at the Office of the County Recorder of Valley County at Cascade, Idaho. The claims, book and page numbers of recordings and ownership are as follows:

Claims leased by Operator	Book	Page	
No. 1	13	345	
No. 2 (in part)	13	346	
No. 2 Fraction	13	530	Amended
No. 3 (in part)	13	347	
No. 4	13	531	Amended
No. 5	13	349	
No. 6	13	532	Amended
No. 7	13	351	
No. 8	13	534	Amended
No. 10	13	354	
No. 11	13	535	Amended
No. 12	13	356	

Claims owned by Operator	Book	Page
Brownlee No. 6	13	522
Iris Fraction	13	523
Elizabeth Fraction	13	524
Nadine (in part)	13	524
Nadine Fraction	13	525
Helen Fraction	13	526
Ruth	13	527

EXPLORATION PROJECT CONTRACT
HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY
DOCKET NO. DMEA-4417

EXHIBIT "A"

The purpose of the project is to explore for ores of copper by bulldozing and diamond drilling. The diamond drilling shall test a series of lenslike parallel veins composed mostly of magnetite and quartz and containing lesser amounts of pyrite and chalcopyrite.

It is estimated that nine holes will be required, having depths ranging from approximately 100 feet to approximately 275 feet, with a total combined length not to exceed 1,600 feet. Tentative hole locations are shown on the attached map entitled "Plate No. 2-Surface Map of Copper Camp Mine, Highland Surprise Cons. Mining Co., Valley County, Idaho; Rameyridge Mining District." However, the actual locations, directions, inclinations, and extents of all holes are subject to prior Government approval.

All diamond drilling shall be done with AX size minimum coring bits. All drill holes shall be logged and all drill core shall be made available to the Government for examination. All significantly mineralized core, in lengths not to exceed five feet, shall be split, and one half thereof shall be properly sampled and the samples assayed for copper.

Sludges corresponding to the cores shall be retained if possible when drilling in significantly mineralized sections. In the event that core recovery does not exceed 70 per cent, both core and sludge samples shall be taken, with intervals not to exceed five feet. Both core and sludge shall be properly split and sampled, and the samples assayed for copper.

The remaining half of all significantly mineralized core samples, and sludge samples taken shall be furnished to the Government upon request.

All assays shall be reported to the Government, together with drill logs and proper plan and section maps showing the progress of the work and the sample locations.

Diamond drill holes shall be reamed and cased or cemented and redrilled as necessary.

All work of diamond drilling and sample preparation shall be properly supervised by competent engineers and geologists.

The bulldozing (D-6 or equivalent unit) consists of excavating two or more trenches on the Tibor vein, one trench as indicated on Plate 2; and excavating access roads to drill sites, and preparing drill sites.

Estimated Costs of the Project

Actual Costs

Category (1) Independent Contracts

Bulldozing 80 hours @ $12.00/hr.	$ 960.00	
Diamond drilling.		
Driving pipe 50 feet @ $10.00/ft.	500.00	
Diamond drilling to 250-foot depth, 1,500 feet @ $7.50/ft.	11,250.00	
Diamond drilling 250-foot depth and beyond, 100 feet @ $9.00/ft.	900.00	
Reaming and casing or cementing and redrilling 40 feet @ $3.50/ft.	140.00	
Stand-by time for diamond drilling 20 hours @ $4.75/hr.	95.00	
Categories (2) through (7) None	------	$13,845.00

Fixed Unit Costs (See Article 13)

Incidental allowance 1/ for each foot of drilling completed, 1,600 feet @ $1.20/ft.	$ 1,920.00	
Core boxes (wooden) 40 @ $5.00/each	200.00	
20 samples assayed for copper @ $2.00/each sample	40.00	$ 2,160.00
Estimated Total Cost of the Project		$16,005.00
Government Participation @ 50%		$ 8,002.50

1/ Includes supervision, labor, compressed air, materials and supplies, equipment, water, casing left in hole, and all other items of cost that might otherwise have been allowable costs under Categories (1) through (7) of Article 6, except as otherwise scheduled in Exhibit "A".

MF-205
(Combines and supercedes MF-20[illegible]nd MF-203)
June 1956

For Government's Use Only
EXPLOR[illegible]ON PROJECT CONTRACT
Operator Highland-Surprise Cons.Mng. Co.
Docket No. DMEA- 4417
Contract No. Idm-E 1070
Contract Date 3/20/57

RECEIVED MAR 25 1957 D.M.E.A.

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Valley State of Idaho, described as follows: 2/

Claims No. 1 to No. 13, Inc., Book 13, Pages 345 to 357, Inc.
No. 1 Fraction, Book 13, Page 358 - Helen Fraction, Book 13, Page 526
No. 2 Fraction, Book 13, Page 359 - Ruth, Book 13, Page 527
Brownlee No. 6, Book 13, Page 522
Iris Fraction, Book 13, Page 523
Elizabeth Fraction, Book 13, Page 524
Nadine Fraction, Book 13, Page 525
Nadine, Book 13, Page 524

All being unpatented mining claims recorded in the office of the County Recorder of Valley County, Idaho, at the book and page numbers shown.

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

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

2/ 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.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None (State "None" or "See Annex No.____")

Dated this 18th day of March, 1957.

Clarence A Ray [Seal] 2317 N 31st St Boise Idaho [Address]

Asuncion Ray [Seal] 2317 N 31st St Boise Idaho [Address]

Walter E Ray [Seal] 2317 N 31st St Boise Idaho [Address]

Delbert H Peterson [Seal] 3907 Alpine St Boise Idaho [Address]

Ethel J. Peterson [Seal] 3907 Alpine St Boise, Ida [Address]

Paul Brownlee [Seal] Shoshone Idaho [Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

Marie Brownlee (Seal) Shoshone Idaho (Address)

Nofier Edwards (Seal) Big Creek, Idaho (Address)

James H. Hawley (Seal) P.O. Box 1896, Boise Idaho (Address)

Contract No. Idm-E 1070

Docket No. 4417

DEPARTMENT OF THE INTERIOR

Approved contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
March 20, 1957	I MW	Idaho	Copper

Name and Address of Operator: Highland-Surprise Consolidated Mining Company
Box 889
Wallace, Idaho

	Reserve	Obligation
Prior Amount	0	0
Increase	$8,002.50	0
Decrease	0	0
Revised Amount	$8,002.50	0

Remarks:

ALLEN S. DAKAN
(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington 3/20/57

989

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
10/8	Klugescheid	500
		225

October 8, 1957

Memorandum

To: Director, Division of Operations Control and Statistics.

From: Director, Division of Base Metals

Subject: Rescission of Docket No. DMEA-4417,
Highland-Surprise Consolidated Mining Company,
Copper Camp Mine,
Valley County, Idaho
Contract No. Idm-E1070 (Copper)

Please be advised that the cited contract has been rescinded at the request of the Operator before any work had been done.

WPKlugescheid
for W. R. Griswold

WPKlugescheid/er
Copy to:
Docket
Admr R File
Chron.

8623

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

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 23 1957

DATE	INITIALS	CODE
9/23	C	220
9/24	B	215
9/24	~~WRY~~	500

X

September 13, 1957

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

Re: Docket No. DMEA-4417 (Copper)
Copper Camp Mine
Valley County, Idaho
Highland-Surprise Consolidated
Mining Company
Contract No. Idm-E1070 (Rescinded)

Dear Mr. Selfridge:

Enclosed are the Government and Audit copies of an agreement mutually rescinding Exploration Project Contract No. Idm-E1070.

Other copies of the rescission have already been distributed.

Sincerely yours,

D R MacLaren

D. R. MacLaren
Alternate Acting Exec. Officer
DMEA Field Team, Region I

Enclosures

cc: USBM (2)
USBM (AD)
Alvord

Rescission Agreement

OFFICIAL FILE COPY DMEA RECEIVED SEP 9 1957		
DATE	INITIALS	CODE
9/9	O	220
9/9	[illegible]	800
9/10	Klfg.	500

So. 157 Howard Street
Spokane 4, Washington

September 4, 1957

Mr. Henry C. Smith, Acting President
Highland-Surprise Consolidated Mining Co.
112 W. Bridgeport Street
Spokane, Washington

Re: Docket No. DMEA-4417 (Copper)
Copper Camp Mine
Valley County, Idaho
Contract No. Idm-E1070

Dear Mr. Smith:

Enclosed are the original and four copies of an agreement mutually rescinding Exploration Project Contract No. Idm-E1070.

If the terms and conditions of this agreement meet with your approval, please sign all copies, retain that copy marked for the Operator and return the remaining copies to this office.

If you do not agree to this rescission, please return all copies of the agreement, together with your comments.

Sincerely yours,

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

Enclosures

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

ORIGINAL FILE COPY
BMEA
RECEIVED SEP 0 1993
DATE | INITIALS | CODE

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
8/28	Klugescheid	500
	Swaine	500
8-27	Chamberlin	800
8/30	GCS	130
"	Jones	110
"	Whitesides	100
8/30	C	225
		500

500

AUG 30 1957

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

Re: Docket No. DMEA-4417 (Copper)
Highland-Surprise Consolidated
Mining Company
Copper Camp Mine
Valley County, Idaho
Contract No. Idm-E1070

Dear Mr. Weissenborn:

We are enclosing the original and four copies of "Rescission of Exploration Project Contract" to the cited contract which have been signed by the Administrator for the Government. This is in accordance with the letter of the Operator, dated July 9, 1957, and your letter, dated July 11, 1957. We are also enclosing two extra copies of the rescission for the use of the Field Team.

Please present the rescission agreement to the Operator for approval and signature and, when completed, distribute the copies in the usual manner.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Enclosure

APPROVED:

O. M. Bishop (GCS)
Member, Bureau of Mines

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

WPKlugescheid/er 8/28/57
Copy to: Docket
Admr R File
Op. Committee
Mr. McMahon, USBM
Mr. Kiilsgaard, USGS
Chron.

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
	Klugescheid	

500

August 22, 1957

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Director, Division of Base Metals

Subject: Preparation of Recission of Contract for Highland-Surprise Consolidated Mining Company, Copper Camp Mine, Docket No. DMEA-447, Valley County, Idaho, Contract No. Idm-E1070 (Copper)

Will you please prepare a recission of cited contract according to the Operator's request, dated July 9, 1957. No work has been done and no money has been spent.

W. R. Griswold

W. R. Griswold

WPKlugescheid/er

Copy to: Docket
Chron.

8623

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

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 15 1957

DATE	INITIALS	CODE
7-15	C	220
~~7-15~~	~~Klug~~	~~500~~

July 11, 1957

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

Re: Docket No. ~~DMEA-4417 (Copper)~~
Highland-Surprise Consolidated
Mining Company
Copper Camp Mine
Valley County, Idaho
Contract No. Idm-E1070

Dear Mr. Selfridge:

Enclosed are three copies of a self-explanatory letter from Mr. W. A. Callaway, Secretary-Treasurer of the Highland-Surprise Consolidated Mining Company.

As no work has been done and no Government funds have been paid, we recommend that Contract Idm-E1070 be rescinded as requested.

By Field Team, Region I

A. E. Weissenborn

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

Wing G. Agnew

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

Enclosures

cc: USBM (2)
USBM (AD)
Alvord

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

203 GYDE-TAYLOR BUILDING

WALLACE, IDAHO

MINE OFFICE
BOX 890, KELLOGG, IDAHO

OFFICIAL FILE COPY
DMEA
RECEIVED 1957
DATE CODE

July 9, 1957

Mr. A. E. Weissenborn
Executive Officer, DMEA
[illegible], Region I, NW District
[illegible] Edward Street
[illegible], Washington

Re: Docket No. DMEA-4417 (Copper)
Copper Camp Mine
Valley County, Idaho
Contract No. Im-E1070

Dear Mr. Weissenborn:

Since the declines in the price of [illegible] longer consider Copper Camp Property an attractive [illegible] we have abandoned plans for exploration. We therefore are requesting that exploration [illegible] contract be [illegible] cancelled.

Yours very truly,

/s/ W. A. Calloway
Secretary-Treasurer

OFFICIAL FILE COPY
DMEA
RECEIVED APR 29 1957

DATE	INITIALS	CODE
4/29	C	220
4/30	[illegible]	800
5/3	Klg	500

So. 157 Howard Street
Spokane 4, Washington

April 25, 1957

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

Re: Docket No. DMEA-4417 (Copper)
Copper Camp Mine
Valley County, Idaho
Contract No. Idm-E1070

Dear Mr. Luedke:

Enclosed is your copy of Consent to Lien and Subordination Agreement that should be attached to your copy of the contract. As you suggested, we have inserted the date of June 15, 1957 under Article 3, the date work will commence. This will not preclude your starting work before June 15 if you are able to get in to the property before that time.

Sincerely yours,

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

Enclosure

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

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

OFFICIAL FILE COPY
DMEA
RECEIVED APR 29 1957

DATE	INITIALS	CODE
4/29	C	220
4/29	B	215
		500

April 25, 1957

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

Re: Docket No. DMEA-4417 (Copper)
Highland-Surprise Consolidated
Mining Company
Copper Camp Mine
Valley County, Idaho
Contract No. Idm-E1070

Dear Mr. Selfridge:

Enclosed are the Government, Division, and Audit copies of the above-referenced contract.

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

Sincerely yours,

A E Weissenborn

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

Enclosures

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

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

500

Date	Surname	Code
3/29	Klugescheid	500
3/29	[illegible]	500
3/29	Selfridge	120
"	Johnson	110
"	Mulhendon	180
4/1	C	225

500

APR 1 - 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-4417 (Copper)
Highland-Surprise Consolidated
Mining Company
Copper Camp Mine
Valley County, Idaho

Dear Mr. Weissenborn:

We have received your letter of March 22, 1957, transmitting the six copies of the Consents to Lien and Subordination Agreements requested in our teletype of March 5.

As we have already forwarded the proposed contract, we are returning three of them to you. The other three will be kept for attachment to the signed copies of the contract when they are returned to us.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

WPKlugescheid/er 3/29/57

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

Enclosures

APPROVED:

O. M. Bishop

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

8623

OFFICIAL FILE COPY
DMEA
RECEIVED APR 1 1957

DATE	INITIALS	CODE
4/1	C	220
4/1	WPK	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-4417 (Copper)
Highland-Surprise Consolidated
Mining Company
Copper Camp Mine
Valley County, Idaho

Dear Mr. Luedke:

Enclosed are the original and five copies of a proposed contract between the Government and Highland-Surprise Consolidated Mining Company, Valley County, Idaho. If the contract meets with your approval, please sign all copies, retain the one marked for the Operator, and return the others to this office. If it does not meet with your approval, please return all copies of the contract, unsigned, with your comments.

Sincerely yours,

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

Enclosures

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

[illegible]

[illegible]

[illegible]

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

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 25 1957

DATE	INITIALS	CODE
3/25	C	220
3/26	WPK	500

March 22, 1957

Air Mail

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

Re: Docket No. DMEA-4417 (Copper)
Highland-Surprise Consolidated
Mining Company
Copper Camp Mine
Valley County, Idaho

Dear Mr. Selfridge:

Enclosed are two copies of a self-explanatory letter dated March 21, 1957 from Mr. W. A. Callaway, Secretary-Treasurer of the Highland-Surprise Consolidated Mining Company.

Also enclosed are six copies of the Consent to Lien as requested in your teletype of March 5, 1957.

Sincerely yours,

A. E. Weissenborn

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

Enclosures

cc: USBM (2)
Nickelson

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

203 GYDE-TAYLOR BUILDING

WALLACE, IDAHO

MINE OFFICE
BOX 690 KELLOGG IDAHO

EXTRA COPY DMEA		
RECEIVED [illegible] 57		
DATE	INITIALS	CODE

March 21, 1957

[illegible] States Department of the Interior
[illegible] Minerals Exploration Administration
[illegible] Howard Street
[illegible]a 4, Washington

Re: Locker No. [illegible]-2217 (Copper)
[illegible] Mine
Valley County, Idaho

Gentlemen:

Enclosed are six executed copies of the consent to lien requested in your letter of January 30, 1957. We are very sorry for the delay in returning these to you but it was difficult to obtain the signature of Mr. Kepler Edwards. He lives at Big Creek, Idaho where the only communication with the outside world at this time of year is by air, and for several weeks weather conditions made flying impossible.

Sincerely yours,

/s/ W. A. Callaway

Secretary-Treasurer

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3/18	Klugerchaid	500
	Financial	500
3-18	Chamberlin	800
3/20	Selfridge	130
"	Johnson	110
"	Stettendorf	100
3/21	C	225
		500

500

MAR 20 1957

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

Re: Docket No. DMEA-4417 (Copper)
Highland-Surprise Consolidated
Mining Company
Copper Camp Mine
Valley County, Idaho

Dear Mr. Weissenborn:

Enclosed are the original and five copies of a proposed long-form contract for the cited project, signed by the Administrator for the Government. It consists of the form, Annex I (1 page), Exhibit "A" (2 pages), and two maps. Also, enclosed are two extra copies of Annex I, Exhibit "A", and the maps for Field Team use.

It will be necessary to insert in the contract, in the space provided therefor under Article 3, the date when the Operator shall begin work on the contract.

It will also be necessary to obtain Owner's Consent to Lien and Subordination Agreement before submitting the contract to the Operator for approval and signature.

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

8623

We have prepared this contract with some reluctance, rather than to further delay processing of the application. Actually the program seems inadequate to attempt to explore the possibilities of three separate veins with a total of only 1,600 feet of drilling at shallow depths.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JB)

Enclosures

APPROVED:

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

Thor H. Kiilsgaard (JB)
Member, Geological Survey

WPKlugescheid/er 3/18/57
Copy to: Docket
Admr R File
Op. Committee
Mr. McMahon, USBM
MR. Kiilsgaard, USGS
Chron.

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

MAR 14 1957

Memorandum

To: Administrator, DMEA
Attention: Chief, Base Metals Division

From: Associate Solicitor, Division of Mineral Resources

Subject: Docket No. DMEA-4417 - Copper
Highland-Surprise Consolidated Mining Company

Pursuant to Mr. Griswold's memorandum dated March 7, 1957, we have prepared the attached Contract in satisfactory legal form for execution, subject to the attachment of the Consents to Lien and Subordination Agreement of lessors referred to in Annex I.

Robert P. Dwyer

XDXXXXXX-167K

YWA176 WAF SP 39 I-GS-G

SPOKANE WASH 3-11-57 1650U

GEORGE C SELFRIDGE, CHAIRMAN OPERATING COMMITTEE

DMEA, DEPT OF THE INTERIOR, WA

REURTT MARCH 5 1957, DOCKET DMEA-4417, HIGHLAND SURPRISE CONSOLIDATED MINING COMPANY, COPPER CAMP MINE. SPOKANE REPRESENTATIVE OF COMPANY MAKING EVERY EFFORT TO SPEED UP PROCUREMENT OF OWNERS CONSENT TO LIEN. SHOULD BE AVAILABLE WITHIN TWO WEEKS

A E WEIS ENDORN, EMEC OFFICER

REGION I, NORTHWEST DISTRICT

EKC 1701U

RECEIVED
MAR 12 10 07 AM '57
GENERAL SERV ADMIN
PUBLIC BLDGS SERVICE
BMD - COMMUNICATIONS

OFFICIAL FILE COPY
D M E A
RECEIVED MAR 12 1957

DATE	INITIALS	CODE
3/12	C	220
3/12	~~PK~~	500

Klugescheid

March 7, 1957

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of Contract for Docket No. DMEA-4417, Highland-Surprise Consolidated Mining Company, Copper Camp Mine, Valley County, Idaho, Copper.

Will you please prepare a contract for the cited application along the lines of the contract, Exhibit "A", and Annex I attached hereto. Two sets of maps and Consents to Lien and Subordination Agreements are also attached.

WRG.

W. R. Griswold

WPKlugescheid

Docket Copy

DMEA Form 7
(12-56)

500

OFFICIAL FILE COPY

Date	Surname	Code
3/5	Hugenschmidt	500
3/5	Griswold	500
3/5	Selfridge	130
"	Johnson	110
"	Hutchinson	100
3-5	C	225

500

MAR - 5 1957

wnGriswold/bjl, RM. 4442, Ext. 3669

T E L E T Y P E

DMEA - Base Metals Division

XXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXX

44X4401(01) Revolving Fund, Defense Production Act, Interior (Allocated Working Fund to Office of Secy.)

Date:

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

Re Docket DMEA-4417, Highland-Surprise Consolidated Mining Company, Copper Camp Mine. Processing of cited application being delayed for lack of Owner's Consent to Lien. When may we expect to receive it.

George C. Selfridge

Chairman, Operating Committee

(written 3/5/57)
Copy to: ~~Docket~~
Admr. R. File
Op. Committee
Base Metals
Mr. Pennington
Mr. Kiilsgaard
Confirmation
Chron.

8623

IN REPLY REFER TO:

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

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 8 1957

DATE	INITIALS	CODE
2-8	C	220
2-8	WPK	500

February 7, 1957

Re: DMEA 4417
Highland-Surprise Cons. Mng Co.
Copper Camp Mine
Valley County, Idaho
App. Est. $215,454.33
Rec'd Est. 16,337.50
Copper

Memorandum

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

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

Subject: Review of Field Team Report.

The applicant requested assistance in exploring by bulldozing, diamond drilling and underground work several copper-bearing quartz-magnetite veins. The veins are found in a large roof pendant of sedimentary rocks in the Idaho quartz monzonite batholith. No estimate is made as to the probable distance to the quartz monzonite. A number of the veins have been prospected by drifting, some of the workings are now caved.

As determined by the examiners the several veins have the following known lengths and widths:

Vein	Length Feet	Width Feet	Reserves Tons/vert.foot	Reserves Grade % Cu
Black Bear	200	8	145	1.4
Green Vein	20	8	15	5-7
Salt Lick	500	4-5	200	0.04 - 0.7
Old Lady	200	3½-4	72	0.8-3.9
Tibor	220	6-7	91	3.4
Totals	1140	5.3 (Average)	523	1.83

The examiners and the Field Team recommend an alternate work program consisting of:

Bulldozing	$960.00
Diamond drilling 1600 feet	12,885.00
Supervision	1,800.00
Miscellaneous	692.50
Total	$16,337.50
Government participation	8,168.75

A number of outcrops not known to be parts of the veins listed also occur.

I concur with the recommendation of the examiners and the Field Team.

N. E. Nelson

N. E. Nelson

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 31 1957

DATE	INITIALS	CODE
1-31	CW	220
1-31	WPK	500

January 30, 1957

Memorandum

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

From: Commodity Specialist, Branch of Base Metals

Subject: Review of Field Examination Report, Docket No. DMEA 4417 (copper), Highland-Surprise Consolidated Mining Company, Copper Camp Mine, Valley County, Idaho

The examiners propose a limited surface drilling program consisting of nine diamond drill holes totaling 1,600 feet to test the grade and lateral continuity of three veins below exposed outcrops; 80 hours of bulldozing are provided for excavating two trenches cutting the Tibor vein and building access roads to the drill sites. This modified program, costing an estimated $16,337.50 is submitted as a substitute for the extensive project proposed by the applicant costing $215,454.33 to determine if significant mineralization exists to warrant underground work and additional exploration drilling.

It is recommended that the examiners' alternate exploration program be approved.

A. D. McMahon

A. D. McMahon

Enclosure

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Kiilsgaard, U. S. G. S.
F. D. Lamb
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

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 4 1957

DATE	INITIALS	CODE
2/4	C	220
2-4	WPK	500

~~January 30, 1957~~

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

Docket

Re: Docket No. DMEA-4417 (Copper)
Highland-Surprise Consolidated
Mining Company
Copper Camp Mine
Valley County, Idaho

Dear Mr. Selfridge:

In our letter of January 16, 1957, transmitting our evaluation of the application, we neglected to answer a couple of points mentioned in your referral letter of August 17, 1956.

Copies of a property map were submitted with Nickelson's report, and we have written the applicant requesting a Consent to Lien from the property owners who signed a revised agreement dated September 13, 1956. Copies of the revised agreement were mailed to you September 24, 1956.

Sincerely yours,

A. E. Weissenborn

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

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

OFFICIAL FILE COPY DMEA RECEIVED JAN 22 1957		
DATE	INITIALS	CODE
1-22	cw	220
		130
1-25	cw	220
		500
1/28		

ON-SITE Report

January 16, 1957

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

Re: Docket No. DMEA-4417 (Copper)
Highland-Surprise Cons. Mng. Co.
Copper Camp Mine
Valley County, Idaho

Dear Mr. Selfridge:

Enclosed are four copies of an examination report by Howard B. Nickelson and Donald R. MacLaren, Geologists, U. S. Geological Survey, and E. W. Parsons, Mining Engineer, U. S. Bureau of Mines, in which they recommend that the application submitted by the above-referenced company be approved to allow a modified program of diamond drilling and bulldozing.

The field men conclude that the Copper Camp property appears to be a "long-shot" prospect but because of the number and uniformity of the veins, the visible mineralization, and because little is known of the district, they recommend a drilling program; if this drilling encounters significant mineralization, additional work may be justified.

The Field Team concurs with the recommendations and conclusions of the examining team.

By Field Team Region I, NW. Dist.

Reviewed by
DMEA OPERATING COMMITTEE
1-25-57
(date)

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

Enclosures

cc: USBM (2)
Nickelson

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

P. S. Also enclosed are three copies of the only bid received by Highland-Surprise.

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 22 1957

DATE	INITIALS	CODE
		130
		220

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

October 18, 1956

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

From: Howard B. Nickelson and Donald R. MacLaren, Geologists, U. S. Geological Survey, and E. W. Parsons, Mining Engineer, U. S. Bureau of Mines.

Subject: Field Examination Report, Docket No. DMEA-4417 (Copper), Highland-Surprise Consolidated Mining Company, Copper Camp Mine, Valley County, Idaho.

INTRODUCTION

On August 1, 1956, an application was received from the Highland-Surprise Consolidated Mining Company, Box 889, Wallace, Idaho, to explore for copper at the Copper Camp property, Valley County, Idaho.

On September 15-18, 1956, the writers, accompanied by Mr. Tibor Klobusicky, company engineer, examined the property. The company proposed an exploration program consisting of three stages to explore three target areas as shown on the company map (pl. 1 accompanying the application). Stage I of the program consists of bulldozing 1,500 feet of access road and 2,000 feet of surface diamond drilling in the Target I area. Stage II consists of 1,000 feet of drifting and crosscutting, 900 feet of diamond drilling, rehabilitation of the Black Bear adit, 2,100 feet of diamond drilling from the face of the Black Bear adit, and 200 feet of winze on the Green Tunnel structure, all in Target II area. Stage III consists of 700 feet of crosscut from the present face of the Black Bear crosscut, 1,000 feet of drifting from the above crosscut, and 3,000 feet of drilling from the above drifts, all in the Target II area, and 1,100 feet of diamond drilling in the Target III area. The company estimates the work will cost $215,454.33, and the time required to complete the project will be from May 1957 to January 1960.

Reviewed by
DMEA OPERATING COMMITTEE
1-25-57
(date)

SUMMARY

The deposit occurs as nearly parallel gash veins in the Yellowjacket formation (Precambrian) within an area about 1,600 feet wide and 6,000 feet long. Nine or more known veins exist in this area. The minerals making up the veins are essentially magnetite and quartz with lesser amounts of pyrite and chalcopyrite. Four of these veins--the Black Bear, Old Lady, Salt Lick, and Tibor veins--are accessible by recent bulldozer roads and are the targets for the proposed exploration.

The Black Bear vein can be traced on the surface for approximately 200 feet, and it was explored by a drift 115 feet long. This vein is about 8 feet wide. The assays from 10 samples by three different parties averaged 1.4 percent copper. These samples were cut across the vein in the drift, and it is believed they represent the grade of the material that may be found at depth (pls. 2 and 3).

The Old Lady vein, about 3½ feet wide, can be traced on the surface for approximately 225 feet. Three samples were cut from the oxidized material of the outcrop. At Station 60 (pl. 2), a company sample cut across 3.2 feet assayed 0.8 percent copper; USGS sample 434C cut across 3.5 feet assayed 1.74 percent copper; and about 150 feet east of Station 60 a company sample cut across 3 feet assayed 3.9 percent copper. The variation in the assays suggests the copper content may be spotty.

The Salt Lick vein (pl. 2), which averages about 4½ feet in width, can be traced on the surface for about 500 feet. Two samples, cut at Station 64, across 5 feet, assayed 0.7 and 0.44 percent copper. Another sample cut from the vein at the road across 4 feet assayed 0.65 percent copper. The sample returns suggest that the Salt Lick vein is lower grade in comparison with the surface sample assay returns from the other veins.

An unnamed vein, hereafter known as the Tibor vein, having an average width of 6 feet, can be traced on the surface for about 325 feet. Within this distance, the vein has been assimilated by two dacite dikes, one about 60 feet wide and the other about 15 feet wide (pl. 2). Assays from five samples cut from two exposures average 3.4 percent copper. This vein has the highest copper content of the four veins examined.

Of the four veins considered for exploration, only the Tibor vein and possibly the Old Lady vein are worthy of consideration as exploration targets. The Black Bear vein, in the writers' opinion, has been explored and the grade of the ore has been

reasonably determined. The Salt Lick vein should be tested in conjunction with the Old Lady and Tibor veins as the surface information may not be representative of what exists underground. This stage of exploration should determine the grade of the veins below the outcrops and should explore the possibility that the veins extend beyond the limits of their exposed outcrops. This exploration can be accomplished by surface diamond drilling and bulldozing.

RECOMMENDATION

It is recommended that the application be approved to allow a modified program of diamond drilling and bulldozing.

LOCATION AND ACCESSIBILITY

The property is in T. 21 N., R. 10 E. B. M., Valley County, Idaho, Ramey Ridge mining district and is about 12 miles down Big Creek from the hamlet of Big Creek, also known as Edwardsburg. It is between Copper Creek and Ramey Creek on the mountain slope north of Big Creek. The altitude at the property ranges from 5,000 to 6,000 feet above sea level. By road the property is inaccessible from November to June, but small planes can land at Big Creek and from there vehicles can reach the property for an additional two months or during May and November. During good weather, the property can be reached by an improved dirt road from McCall, Idaho, to Yellow Pine or by a dirt road from Cascade via Landmark to Yellow Pine. The road from Yellow Pine to Big Creek is a narrow dirt Forest Service road. From the hamlet of Big Creek to the Copper Camp cabins, a distance of about 9 miles, the road is an unimproved one-way rough Forest Service road. The company has constructed adequate access roads to most of the important vein outcrops.

THE APPLICANT

The company and operating personnel are competent to perform and finance the proposed exploration. The Highland-Surprise Cons. Mining Company has had two DMEA contracts--Contract No. Idm-E819 (Deer Trail Mine) and Contract No. Idm-E63 (Highland-Surprise Mine).

PROPERTY RIGHTS

Two lease agreements covering the claims listed in the application were submitted; then on September 13, 1956, the applicant executed a revised lease agreement combining the previous agreements. Article III of the revised agreement states that this agreement is a preliminary agreement and a formal agreement will be executed at a later date.

The claims listed in the application documents are listed below with their respective owners. It might be noted that the revised lease agreement gives the impression that all the persons as owners have equal rights in all the ground; according to the original lease agreements, this is not the case.

The following claims recorded at Valley County Courthouse, Grangeville, Idaho, are owned by Delbert H. and Ethel Peterson, Clarence and Ansuncion Ray, and Walter Ray, all of Boise, Idaho, and Napier Edwards, Big Creek, Idaho.

Name	Book	Page
No. 1	13	345
No. 2	13	346
No. 3	13	347
No. 4*	(13	(348
	(13	(531
No. 5	13	349
No. 6*	(13	(350
	(13	(532
No. 7	13	351
No. 8*	(13	(352
	(13	(534
No. 9	13	353
No. 10	13	354
No. 11*	(13	(355
	(13	(535
No. 12	13	356
No. 13	13	357
No. 1 Fraction	13	358
No. 2 Fraction*	(13	(359
	(13	(530

*Amended claims showing original recording and amended recording.

The following claims recorded at the Valley County Courthouse, Grangeville, Idaho, were staked by the applicant.

Name	Book	Page
H. S. No. 1	13	520
H. S. No. 2	13	521
Brownlee No. 6	13	522
Iris Fraction	13	523
Elizabeth Fraction	13	524
Nadine	13	524
Nadine Fraction	13	525
Helen Fraction	13	526
Ruth	13	527

Plate 1 shows the location and ownership of these claims. This map also shows the recommended land to be included in the proposed contract.

The following claims recorded at Valley County Courthouse, Grangeville, Idaho, are owned by Paul and Marie Brownlee of Shoshone, Idaho, and James H. Hawley of Boise, Idaho.

Name	Book	Page
Brownlee No. 1*	(13 (14	(528 (41
Brownlee No. 2	14	46
Brownlee No. 3	14	47
Brownlee No. 4	14	48
Brownlee No. 5	13	341

*Amended claim showing original recording and amended recording.

These claims are to be omitted from the land included in the proposed contract.

DESCRIPTION OF THE PROPERTY

A large cabin capable of housing an exploration crew is located about half a mile from the property on Big Creek (pl. 2). Access roads were constructed this summer to the important vein exposures. No other surface facilities exist.

A crosscut adit reported to be 545 feet long, now caved, a drift adit 118 feet long, and a 30-foot adit, are the major underground workings at the property. Numerous pits, cuts, and short adits have prospected the veins as shown on plate 2.

GEOLOGY

The regional geology is discussed by P. J. Shenon and C. P. Ross in Idaho Bureau of Mines and Geology Pamphlet No. 44, December 1936, "Geology and ore deposits near Edwardsburg and Thunder Mountain, Idaho", and by J. B. Umpleby and D. C. Livingston in Idaho Bureau of Mines and Geology Bulletin No. 3, "A Reconnaissance in South Central Idaho." The deposit has been described by Ralph O. Godtland and S. H. Lorain in U. S. Bureau of Mines War Minerals Reports of May 1943 and December 1943, respectively. Additional information in the form of correspondence is available in the Spokane commodity files of the Geological Survey and the Bureau of Mines.

The Idaho batholith composed of quartz monzonite and related rocks underlies most of the region. In part, the quartz monzonite has intruded an earlier stage of dioritic rocks that have in many places formed gneissic borders along their contact with the Belt rocks.

Remnants of the sedimentary rocks consisting of Belt rock, Paleozoic sedimentary beds and Permian volcanic strata remain throughout the area. These old rocks were overlain by Challis volcanics (Oligocene or early Miocene) which have subsequently been eroded and dissected leaving only remnants. Masses of Tertiary granitic rocks and numerous related dikes are present. The property is situated near the northeast edge of the largest sedimentary remnant in the district. The veins are in the Yellowjacket formation (Precambrian), which is 9,000 feet thick, dark gray, in part greenish-colored, argillaceous quartzite. This formation in the mine generally strikes northwest to west and gently dips to the southwest, although in local areas it dips steeply suggesting local folding. Within 1½ miles northwest of the property is a body of quartz-magnetite-diorite, 5½ by 3 miles in size, which may be genetically related to the veins. The veins are a series of lenslike parallel veins composed mainly of magnetite and quartz and contain minor sulfides of iron and copper. (See Fig. 2 of Idaho Bureau of Mines and Geology Pamphlet 44.) The veins generally strike S. 70° W. to W. and dip 60°-70° NW.

Since the exploration project would consist of exploring individual veins, the description of each vein follows.

Black Bear vein

The Black Bear vein strikes N. 73° E. and dips about 70° NW. The vein has been drifted on for approximately 115 feet, and it can be traced on the surface west of the drift portal to a surface pit, a distance of approximately 200 feet. A limited amount of vein material at this pit suggests the vein narrows. The vein was not found along

the recently constructed road about 200 feet east of the Black Bear drift portal. Thus, it appears that the vein either is faulted or ends before reaching the road cut. The Black Bear drift was mapped as shown on plate 3. The following samples cut from the drift indicate the average grade of the ore. (Operator's 827, 828, 829 not shown on map.)

Number	%Cu	Remarks
Operator's 827	1.8	Across 5 feet at the face.
Operator's 828	1.1	Across 12 feet first crosscut.
Operator's 829	1.2	Across 10 feet second crosscut.
USGS 436C	1.36	Across 7 feet first crosscut.
USGS 437C	1.09	Across 13 feet second crosscut.
USGS 438C	1.07	Across 4.5 feet at the face.
USGS 435C	0.14	Across 6 feet 160 feet above portal of Black Bear drift on the outcrop.
McRae	2.11	7-foot vertical sample; includes 4 feet across the vein.
McRae	1.97	8 feet in first crosscut.
McRae	1.44	6 feet in second crosscut.
McRae	1.49	4.5 feet at the face.

The Green vein

The Green vein is a short irregular vein about 20 feet long that cuts the bedding, with the vein material replacing the bedding for a short distance. The resulting ore body is probably an irregular chimney-shaped body following the bedding. The Operator's two samples, which assayed 7.2 percent copper and 5.6 percent copper, indicate the material is good grade but the ore body appears to be too small to be of interest.

Salt Lick vein

The Salt Lick vein, averaging from 4 to 5 feet in width, was traced on the surface for about 500 feet, and it may continue westward to the vicinity of Survey Stations 54, 55, and 56. It strikes about S. 75°-80°W. and dips from 55° to 65° NW. The vein is apparently cut on the east end by a dacite dike, and no evidence of the vein was found east of the dike; however, the overburden is deep and the vein may be obscured. The vein where exposed by a road cut showed considerable pyrite. Samples cut across the vein are as follows (pl. 2):

Number	%Cu	Remarks
Operator's	0.7	Across 5 feet near Sta. 64.
USGS 432C	0.44	Across 5 feet.
USGS 433C	0.65	Across 4.0 feet at the road.

Old Lady vein

The Old Lady vein can be traced on the surface for about 200 feet and averages about 3½ - 4 feet in width across the exposures. The outcrop of the vein was not found east of a quartz vein and olivine-rich dike at Survey Station 68. The west end of the vein beyond Survey Station 60 is covered by overburden, but the vein exposed at Stations 62 and 101 may be the continuation of the Old Lady vein. Samples cut from the exposures are as follows (pl. 2):

Number	%Cu	Remarks
Operator's	0.8	Near Survey Sta. 60 of the broken ore.
Operator's	3.9	Across 3 feet, 150 feet east of Sta. 60.
USGS 434C	1.74	Across 3.5 feet at Old Lady adit.

Tibor vein

The Tibor vein, 6 - 7 feet wide, can be traced on the surface for approximately 220 feet. The vein has been cut by two dacite dikes, one about 55 feet wide and the other 10 feet wide, as shown on plate 2.

Number	%Cu	Remarks
USGS 430C	3.45	Chip sample cut along outcrop for 30 feet.
USGS 431C	3.25	Across 5 feet at Survey Sta. 49 (in 7-foot shear zone).

The vein at this point was 7 feet wide with 2 feet of clay in the middle, which was not included in the sample. The company cut two samples at Station 49 which assayed 3.9 percent copper and 2.0 percent copper, both across a 5.3-foot width.

About 60 feet north of the Tibor vein another vein about 2½ feet wide can be traced along the surface for about 110 feet. The company took two samples from this vein: a grab sample at Station 48 assayed 0.3 percent copper and a 2-foot cut sample, 130 feet east, assayed 5.1 percent copper.

The examiners inspected the vein in the vicinity of Station 31 to determine if it was a continuation of the Black Bear vein, but the appearance of the outcrop suggests that it is not. It is about 3 feet wide and can be traced on the surface for about 160 feet. Some copper staining was noted, but the vein material appears to be mainly magnetite and quartz, low in copper content. The company engineer stated that a sample from the outcrop assayed very little copper.

Ore reserves

The Black Bear vein, the grade of which has been fairly well determined by the samples from the drift, could produce 145 tons per foot down the dip, averaging 1.4 percent copper and less than 1.0 ounce of silver per ton, assuming a 200-foot strike length and an 8-foot vein width.

The Old Lady vein in the vicinity of Stations 60 to 68 may produce 72 tons per foot down the dip of material that ranges from 0.8 to 3.9 percent copper, based upon assays of three samples taken from the outcrop. This reserve would be increased if the vein continued to the vicinity of Station 62.

The Tibor vein is the most attractive exploration target, but the east end of this vein is cut and broken by several dikes. The ore reserve that can be expected is 91 tons of ore assaying 3.4 percent copper per foot down the dip, assuming the vein is 5 feet wide along a 200-foot strike length.

The Salt Lick vein appears to have the longest strike length; however, the samples indicate that it is low grade.

The expectation of increasing the copper grade at depth appears to be possible, but it is believed this increase would probably be less than 1.0 percent. This assumption was based on the difference between the underground and surface samples on the Black Bear vein.

AVAILABILITY OF MANPOWER, ETC.

Mining materials, supplies, and equipment must be secured in Boise, Idaho, a distance of 175 miles by road. McCall, the nearest rail connection, is about 80 miles from the property. Water for drilling is available on the property from Camp Creek in front of the Black Bear adit. Big Creek, which flows along the south side of the property, contains adequate water for any mining purpose. There is no electric power in the area. Manpower is available in McCall, Cascade, and to some extent from Yellow Pine and Stibnite. If mining work starts, miners from various mines in Idaho will apply for work.

PROPOSED EXPLORATION

The proposed exploration consists of 1,600 feet of AX diamond drilling, 80 hours of bulldozing, and 20 assays for copper, gold and silver. The proposed holes are located on plate 2 and holes 1 and 2 on the Tibor vein are shown on figure 1. The bulldozing will consist of excavating two trenches on the Tibor vein as shown on plate 2, excavating access roads to drill sites and preparing the drill sites. If any bulldozing time remains, it can be used for additional trenches across any of the three veins to be explored.

It is proposed the drilling will be used in the following manner:

Tibor vein.--Hole 1 is to be drilled as shown on plate 2 and figure 1, inclined down approximately 56° for a distance of about 250 feet. This hole will also cut the smaller parallel vein to the north.

Hole 2 is to be drilled as shown on plate 2 and figure 1, inclined down approximately 64° for a distance of about 275 feet. This hole will also cut the smaller vein.

Hole 3 should only be drilled if the proposed west dozer trench cuts a favorable intersection across the Tibor or the small vein to the north.

The ore intersections in the drill holes shall be sampled after the Field Team examines the core. Two channel samples should be cut across any vein intersection found in the two proposed trenches.

Salt Lick vein.--The surface samples from this vein are very low, but it is proposed to drill three shallow holes totaling 300 feet along this vein as shown on plate 2 to determine the width and grade of the vein material below the surface.

Old Lady vein.--Three holes are proposed along this vein as shown on plate 2. The total length of the three holes is not to exceed 500 feet. These holes are proposed to determine the grade of the vein material at depth.

It is believed this modified program will determine the feasibility of additional exploration and determine if sufficient copper reserves exist on the property to warrant a mining venture. If this exploration proves favorable, the company can apply for underground exploration funds to further explore the deposits.

OPERATOR'S PROPERTY RIGHTS

The land to be included in the proposed contract includes all or part of the claims within the hashed lines shown on plate 1. It seems advisable to omit the Brownlee claims (Brownlee Nos. 1 to 5, inclusive) owned by the Brownlee and Hawley people because these claims are a considerable distance from the proposed exploration and will not be benefited.

Claims to be included in the contract are as follows:

	Claim	Book	Page	Ownership
2	Part of No. 2	13	346	Edwards, et al.
18	Helen Fraction	13	526	Highland-Surprise
1	No. 1	13	345	Edwards, et al.
19	Ruth	13	527	Highland-Surprise
6	No. 5	13	349	Edwards, et al.
15	Elizabeth Fraction	13	524	Highland-Surprise
5	No. 4 Amended	13	531	Edwards, et al.
14	Iris Fraction	13	523	Highland-Surprise
4	Part of No. 3	13	347	Edwards, et al.
9	No. 8 Amended	13	534	do.
8	No. 7	13	351	do.
3	No. 2 Fraction Amended	13	530	do.
17	Nadine Fraction	13	525	Highland-Surprise
7	No. 6 Amended	13	532	Edwards, et al.
13	Brownlee No. 6	13	522	Highland-Surprise
16	Part of Nadine	13	524	do.
12	No. 12	13	356	Edwards, et al.
11	No. 11 Amended	13	535	do.
10	No. 10	13	354	do.

The proposed work will be on No. 6, Nadine Fraction, No. 2 Fraction, and No. 7 claims.

EXPLORATION PROJECT

The applicant expects to start the work in May or June 1957 but since the proposed work has been modified from the application work, they will probably begin work after the snow leaves Profile Pass in July. The work should be completed within 3 months of the starting date.

OPERATING EQUIPMENT

The proposed work will be done entirely on independent contract so the only equipment the applicant will furnish will be a 1/2-ton Jeep and core boxes.

At the time of the examination, the applicant was requested to submit bids for diamond drilling from three independent contractors. On December 26, 1956, we received a letter from the applicant enclosing the only bid he had been able to acquire. This quotes a price of $11.65 per foot for drilling from 0 to 300 feet. This price appears to the examiners to be high. The prices quoted in the application are the same as those submitted by Vivian Brothers of Kellogg, Idaho, for diamond drilling at the Deer Trail mine, Contract No. Idm-E819. The Copper Camp property is more isolated than the Deer Trail. Drilling may be less difficult, but water will have to be hauled. Therefore, the Deer Trail costs appear to be slightly low. The examiners believe that a cost between these limits is more realistic.

ESTIMATED COSTS OF PROJECT

1. Independent contracts

Diamond drilling, BX and AX size (EX used only with consent of Government and at lower cost per foot)

1500 ft. DD hole (less than 250 ft.) @ $7.50/ft.	$11,250.00
100 ft. DD hole (over 250 ft. deep) @ $9.00/ft.	900.00
Driving pipe - 50 ft. @ $10/ft.	500.00
Placing and removing casing, cementing and drilling out cement - 20 hrs. @ $7/hr.	140.00
Waiting time for cement to set during working hours - 20 hrs. @ $4.75/hr.	95.00

Bulldozing

80 hrs. bulldozer (D6) @ $12/hr.	960.00

2. Labor, Supervision, and Consultants

Supervision

Supervisor-sampler, 3 mos. @ $600/mo. $ 1,800.00

3. Operating materials and supplies

Core boxes - 40 @ $5/ea. 200.00

Gasoline - 50 gal./mo. for 3 mos. @ $0.35/gal. 52.50

4. Operating equipment

To be furnished

1 Jeep - 3 mos. @ $40/mo. depreciation 120.00

7. Miscellaneous

Assaying - 20 samples @ $3/ea. 60.00

Sacks and transportation (samples) 10.00

8. Contingencies

(Any drilling, blasting or hand labor necessary to bulldozing roads or cleaning trench bottoms)

250 ft. @ $1/ft. 250.00

Estimated cost of project	$16,337.50
Government participation - 50%	8,168.75

CONCLUSIONS

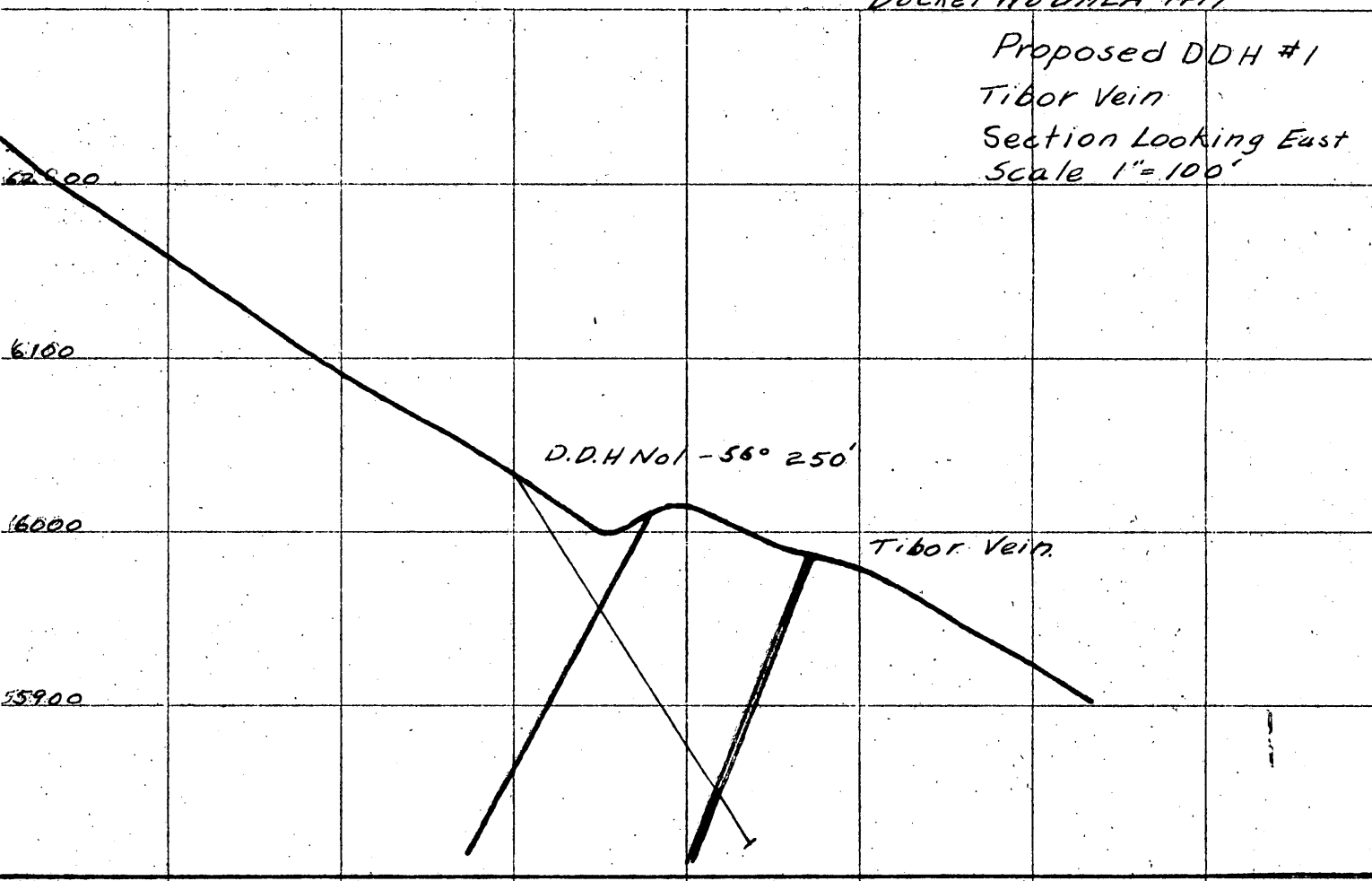
1500
52.50
250
120
1922

The Copper Camp property appears to be a "long-shot" prospect but because of the number and uniformity of the veins, the visible mineralization, and because little is known of the district, the examining team recommends that three of the veins be probed with a total of nine diamond drill holes aggregating 1600 feet of bore. If this drilling encounters significant mineralization, additional work may be justified.

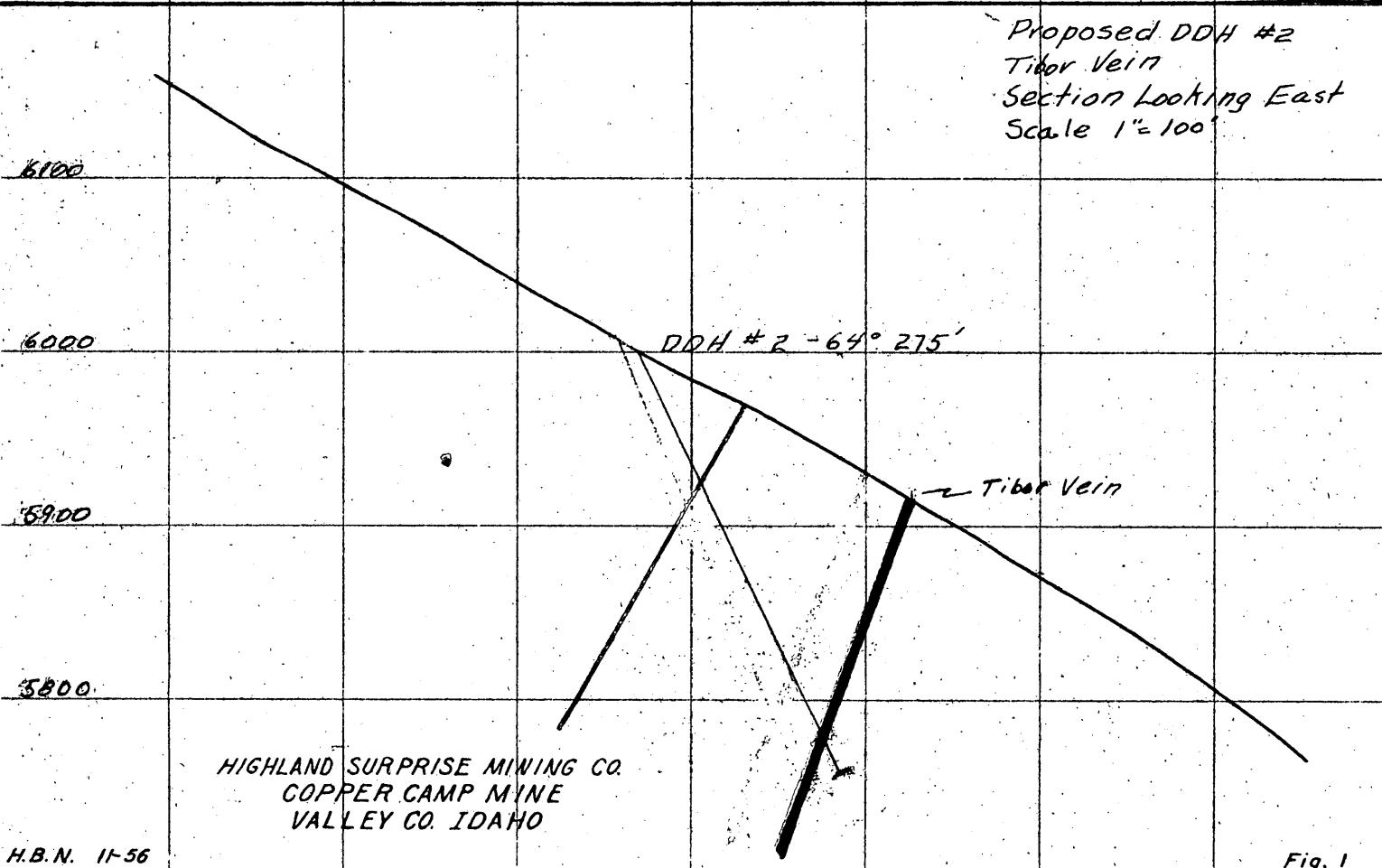
Attachments 4
Distribution:
DMEA (4) USGS(SRO)
USBM (5) Docket
Nickelson

Docket No DMEA 4417

Proposed DDH #1
Tibor Vein
Section Looking East
Scale 1" = 100'



Proposed DDH #2
Tibor Vein
Section Looking East
Scale 1" = 100'

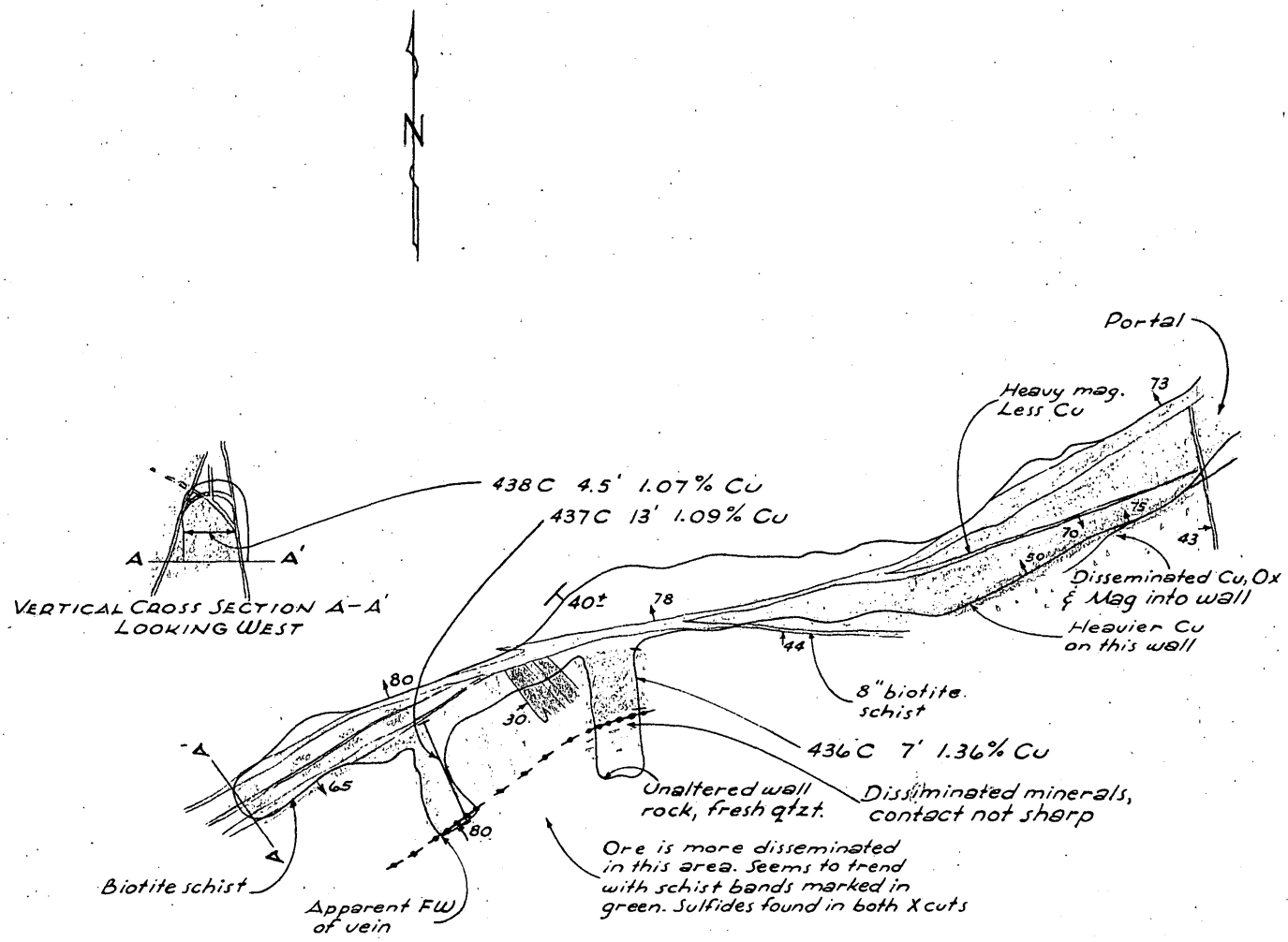


HIGHLAND SURPRISE MINING CO.
COPPER CAMP MINE
VALLEY CO. IDAHO

H.B.N. 11-56

Fig. 1

"ALBANENE" No. 190M K&E CO., N.Y.
REG. U.S. PAT. OFF.



H. B. NICKELSON U.S.G.S.
SEPT. 1956

BLACK BEAR ADIT OF THE COPPER CAMP PROPERTY
HIGHLAND SURPRISE CONS. MNG. CO., VALLEY COUNTY, IDAHO

20 0 20 Feet

PLATE NO. 3

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

MINE OFFICE:
BOX 690, KELLOGG, IDAHO

December 21, 1956

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

Re: Docket No. DMEA-4417 (Copper)
Copper Camp Mine
Valley County, Idaho

Dear Mr. Weissenborn:

After receipt of your letter requesting that we obtain bids on the diamond drilling at the Copper Camp Mine, we wrote to three core drilling contractors asking them to furnish us with their prices on the work. To date we have received a reply from only one of them; the others evidently are not interested because of the small amount of drilling and the remote location.

We are enclosing the one bid which we received and, if we can obtain others, they will be forwarded to you.

Yours very truly,

/s/ W. A. Calloway
Secretary-Treasurer

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 22 1957
DATE | INITIALS | CODE

R. S. McClintock DIAMOND DRILL COMPANY
CONTRACTING • DIAMOND DRILLS AND SUPPLIES • DIAMOND BITS

RECEIVED
DEC 26 1956
U. S. G. S.
SPOKANE, WASH.

PHONE RI. 4197
W. 418 2ND AVE.
SPOKANE, WASH.

November 27, 1956

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

Gentlemen:

At the request of Mr. Tibor Klobusicky we are furnishing you with our estimate of prices for diamond drilling at your property in Valley County, Idaho, known as the Copper Camp Mine near Big Creek, Idaho.

We understand that this drilling will consist of 1200 to 1500 feet of surface drilling and that the holes will be AX in size and that it will be permissible to reduce to EX, if necessary. It is also understood that living facilities are available for crews and that water will be located within a short distance of the drill sites. If the water should not be located close enough to handle by pumps and it becomes necessary to haul water, we shall expect to be rimbursed for our out-of-pocket costs, plus overhead of 12½%.

We propose to furnish surface drill, personnel, necessary pumps, rods, casing, corebarrels, and bits and shells, and all necessary accessories for the following prices per foot.

Overburden	$ 13.25 per ft
0 - 300 ft	11.65 " "

We shall expect to mobilize and demobilize this job at our cost plus 12½% general overhead.

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 $100,000.00 and $300,000.00 and Property Damage in the amount of $100,000.00.

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

Peter J Wanderer

PETER J. WANDERER

PJW/is

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 22 1957

DATE	INITIALS	CODE

Klooposchik
Betty

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
SEP 27 1956

September 24, 1956

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

Re: Docket No. DMEA-4417 (Copper)
Highland-Surprise Consolidated Mining Co.
Copper Camp Mine
Valley County, Idaho

Dear Mr. Selfridge:

Enclosed are three copies of a letter dated September 18 from the Operator, in which he forwarded the revised lease agreement, three copies of which are also enclosed. This revised lease agreement cancels and replaces the two previous agreements enclosed with the Operator's application, thus consolidating the two groups of claims into one group covered by one agreement.

Sincerely yours,

A. E. Weissenborn

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

Enclosures 2 (in trip.)

cc: USBM (2)
Nickelson

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

MINE OFFICE:
BOX 000, KELLOGG, IDAHO

RECEIVED
SEP 27 1956

September 18, 1956

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

Re: Docket No. DMEA-4417 (copper)
Copper Camp Mine
Valley County, Idaho

Dear Mr. Weissenborn:

We recently executed a revised lease agreement covering the two groups of claims which make up the Copper Camp mining property. The effect of this revision is to cancel the two previous agreements (copies of which were included with our application for exploration assistance) and to replace them with one agreement, thus consolidating the two groups of claims into one group covered by one lease agreement.

Five copies of the revised agreement dated September 13, 1956, are enclosed.

In our letter to you dated September 4, 1956, we called your attention to the fact that it had been necessary to amend six location notices and to locate nine new claims. Names of the claims and the book and page numbers at which they are recorded in the office of the Valley County Recorder are as follows:

H.S. No. 1	Book 13, Page 520
H.S. No. 2	Book 13, Page 521
Bromlee No. 6	Book 13, Page 522
Iris Fraction	Book 13, Page 523
Elizabeth Fraction	Book 13, Page 524
Nadine	Book 13, Page 524
Nadine Fraction	Book 13, Page 525
Helen Fraction	Book 13, Page 526
Ruth	Book 13, Page 527
Bromlee No. 1 (Amended)	Book 13, Page 528
No. 2 Fraction (Amended)	Book 13, Page 530
No. 4 (Amended)	Book 13, Page 531
No. 6 (Amended)	Book 13, Page 532
No. 8 (Amended)	Book 13, Page 534
No. 11 (Amended)	Book 13, Page 535

Yours very truly,

Secretary-Treasurer

Incoming
File

RECEIVED
SEP 17 1956

XXXXXXXXXXXXXXXXXX
So. 157 Howard Street
Spokane 4, Washington

September 12, 1956

Docket

Mr. W. A. Callaway
Secretary-Treasurer
Highland-Surprise Consolidated Mining Co.
203 Gyde-Taylor Building
Wallace, Idaho

Re: Docket No. DMEA-4417 (Copper)
Copper Camp Mine
Valley County, Idaho

Dear Mr. Callaway:

Thank you for your letter of September 7, 1956, in which you suggest Mr. Napier Edwards as a guide for the field examiners when they visit the Copper Camp Mine. We have seen Mr. Klobusicky in Spokane, and he will meet the fieldmen for the examination on the 16th of September.

Very truly yours,

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

cc: DMEA (2) w/incoming
USBM (2)
Nickelson

HIGHLAND-SURPRISE CONSOLIDATED MINING COMPANY

203 GYDE-TAYLOR BUILDING

WALLACE, IDAHO

MINE OFFICE
KELLOGG, IDAHO

September 7, 1956

RECEIVED
SEP 17 1956

Mr. G. R. Weissenborn, Executive Officer
DMEA Field Team, Region I, NW District
[illegible] Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-4417 (Copper)
Copper Camp Mine
Valley County, Idaho

Dear Mr. Weissenborn:

We understand that our application for Government assistance to explore the Copper Camp property has been referred to your office by the Base Metals Division. If a Field Team engineer is to make an examination of the property, we believe that it would be to his advantage to have Mr. Napier Edwards of Big Creek, Idaho guide him over the property. Mr. Edwards is one of the original owners from whom we have leased the claims and I am sure that he will gladly cooperate with you. He is familiar with the ground and could possibly save an engineer considerable time in locating the various outcrops.

Sincerely yours,

Secretary-Treasurer

RECEIVED
SEP 10

File Copy
Surname
Klugescheid
Lamb
Selfridge
Johnson

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

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

AUG 17 1956

Re: Docket No. DMEA-4417 (Copper)
Highland-Surprise Consolidated
Mining Company
Copper Camp Mine
Valley County, Idaho

Dear Mr. Weissenborn:

The cited application for exploration assistance is being referred to your office for consideration, a field examination of the property if warranted, and recommendation.

If the project is favorably considered by the Field Team a property map will be necessary, as well as the Consents to Lien from the property owners.

The lease agreements seem to be indefinite as to duration and there is no indication in the application as to when the formal agreements will be made.

Copies of memoranda dated August 15 and 14, 1956, by J. W. Pennington, Bureau of Mines, and N. E. Nelson, Geological Survey, respectively, relating to the project, are enclosed for your information.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (WB)

Enclosures

APPROVED:

FRANK D. LAMB (WB)
Member, Bureau of Mines

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

WPKlugescheid/er 9/16/56.
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Pennington, USBM
Mr. Hillsgaard, USGS
Chron

RETAIN ORIGINAL
POSTEVENT TO PARMTRACKER
NOT ATTACHED TO CONTRACTING SOURCE
AS AN EVENT HISTORY

File Copy
Surname
Klugescheid
Hiscock
Nelson
Lamb
Selfridge
Hylemon

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

500

AUG 17 1956

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

Re: Docket No. DMEA-4417 (Copper)
Highland-Surprise Consolidated
Mining Company
Copper Camp Mine
Valley County, Idaho

Dear Mr. Luedke:

Your application for Government assistance to explore the cited property has been reviewed by the Base Metals Division of the Defense Minerals Exploration Administration and has been referred to:

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

If the Field Team requires additional information concerning your application, they will contact you at an early date.

Sincerely yours,

G. O. Mittendorf

Administrator

WPKlugescheid/er
~~XXXXXXXXXXXX~~ 9/16/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Pennington, USBM
Mr. Kiilsgaard, USGS
Region I, NW. Dist. (2)
Chron.

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

RECEIVED
AUG 15 1956

August 15, 1956

Memorandum

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

From: Commodity Specialist, Branch of Base Metals

Subject: Review of application, Docket No. DMEA - 4417 (copper), Highland-Surprise Consolidated Mining Co., Copper Camp Mine, Valley County, Idaho. $215,454.33

The applicant proposes to explore three areas in three stages by bulldozing, drifting, crosscutting, rehabilitation of existing workings, winzing, and diamond drilling at an estimated total cost of $215,454.33.

According to the data submitted with the application, the areas to be explored contain various quantities of copper minerals and the proposed exploration may be warranted.

Referral of the application to the Field Team for examination and evaluation is recommended.

The application is returned herewith.

J. W. Pennington

J. W. Pennington

Attachment

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Kiilsgaard, U.S.G.S.
R. W. Geehan
F i l e s

IN REPLY REFER TO:

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

August 14, 1956

Re: DMEA 4417
Highland-Surprise Cons. Min. Co.
Copper Camp Mine
Valley County, Idaho
$215,454.33 - Copper

Memorandum

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

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

Subject: Review of application.

The applicant requests assistance in exploring by bulldozing, diamond drilling, crosscutting, drifting and winzing several copper-bearing veins in quartzite and argillite.

Several short adits and one 545-foot crosscut have been driven and a 20-foot shaft sunk.

Numerous samples are listed, indicating the presence of copper ore.

Referral of the application to the Field Team for appropriate action is recommended.

N. E. Nelson

N. E. Nelson

RECEIVED
AUG 15 1956

August 10, 1956

Highland-Surprise Consolidated
Mining Company
Box 889,
Wallace, Idaho

Subject: DMEA-4417
Re: Exploration Assistance
Copper Camp Mine

Gentlemen

The receipt of your application dated August 1, 1956 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-4417 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

August 10, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region I,NW

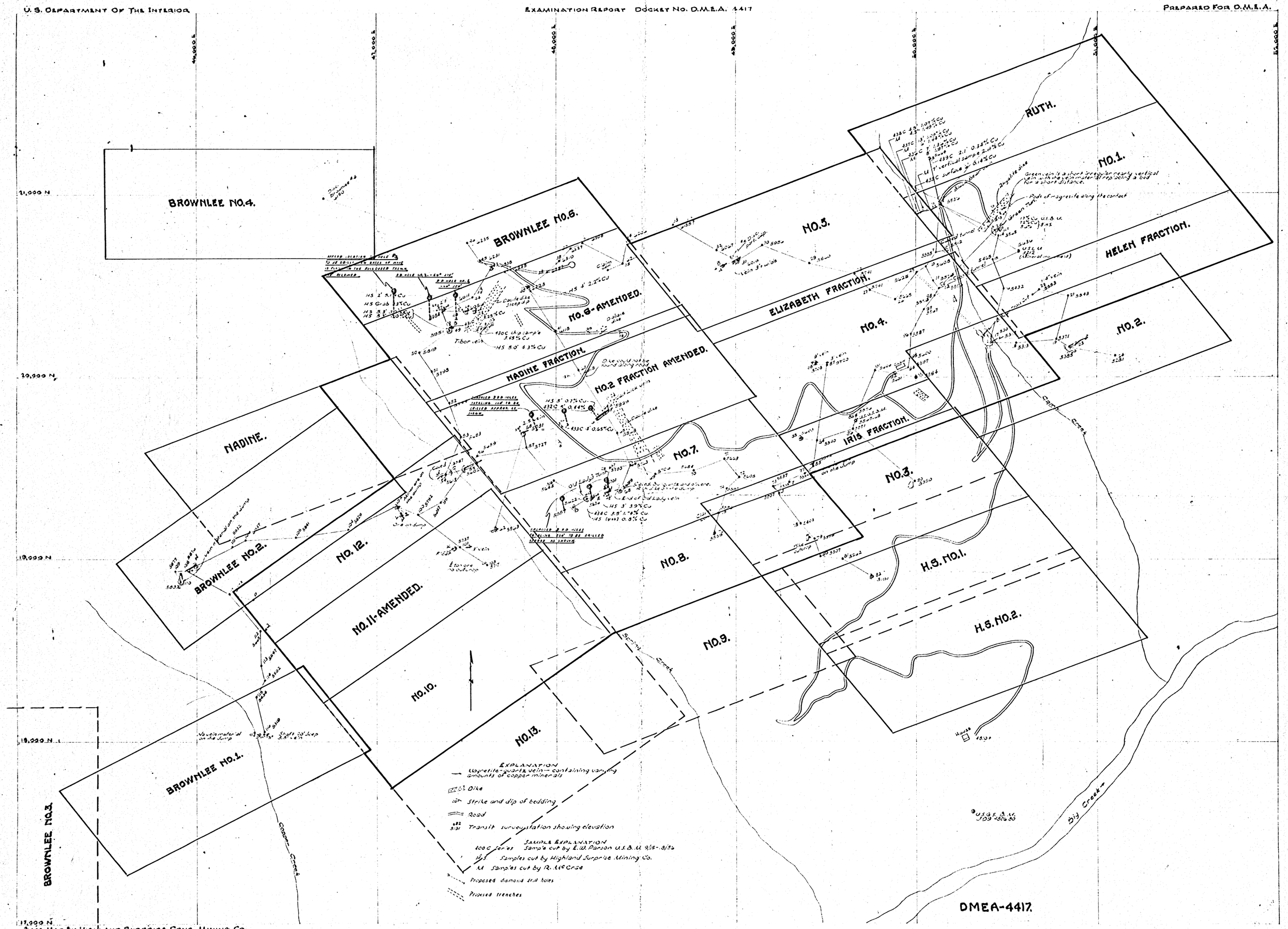
From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

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

DMEA
- 4417 Highland-Surprise Consolidated MiningCCo.
Copper Camp Mine

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



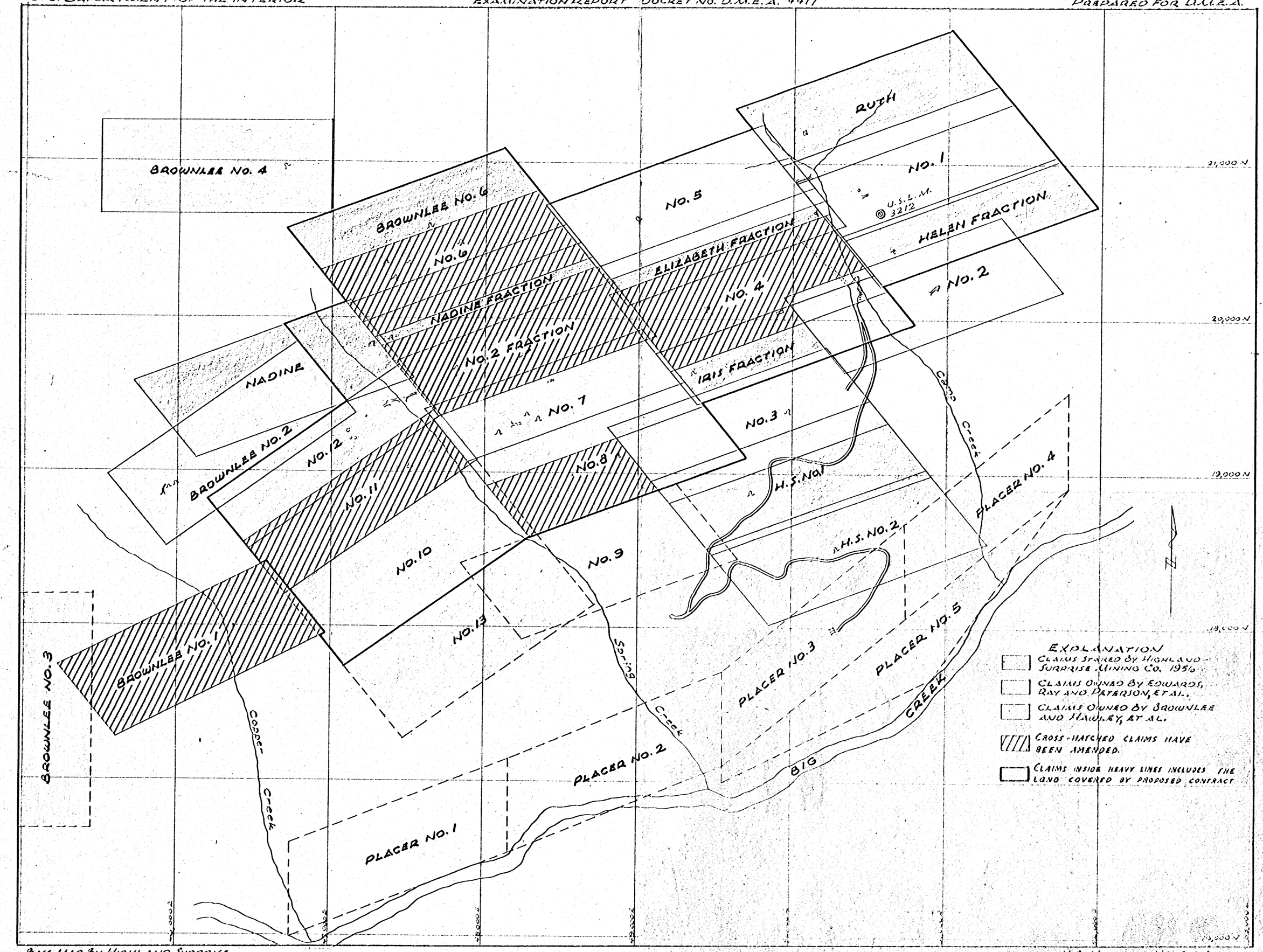
BASE MAP BY HIGHLAND SURPRISE CONS. MINING CO.
REVISIONS BY H. B. N. - D. R. M. Sept. 1956

SURFACE MAP OF COPPER CAMP MINE
HIGHLAND SURPRISE CONS. MINING CO.
VALLEY COUNTY, IDAHO; RAMEYRIDGE MINING DISTRICT

SCALE: 200 0 200 400 600 FEET

PLATE NO. 2

1/4 size



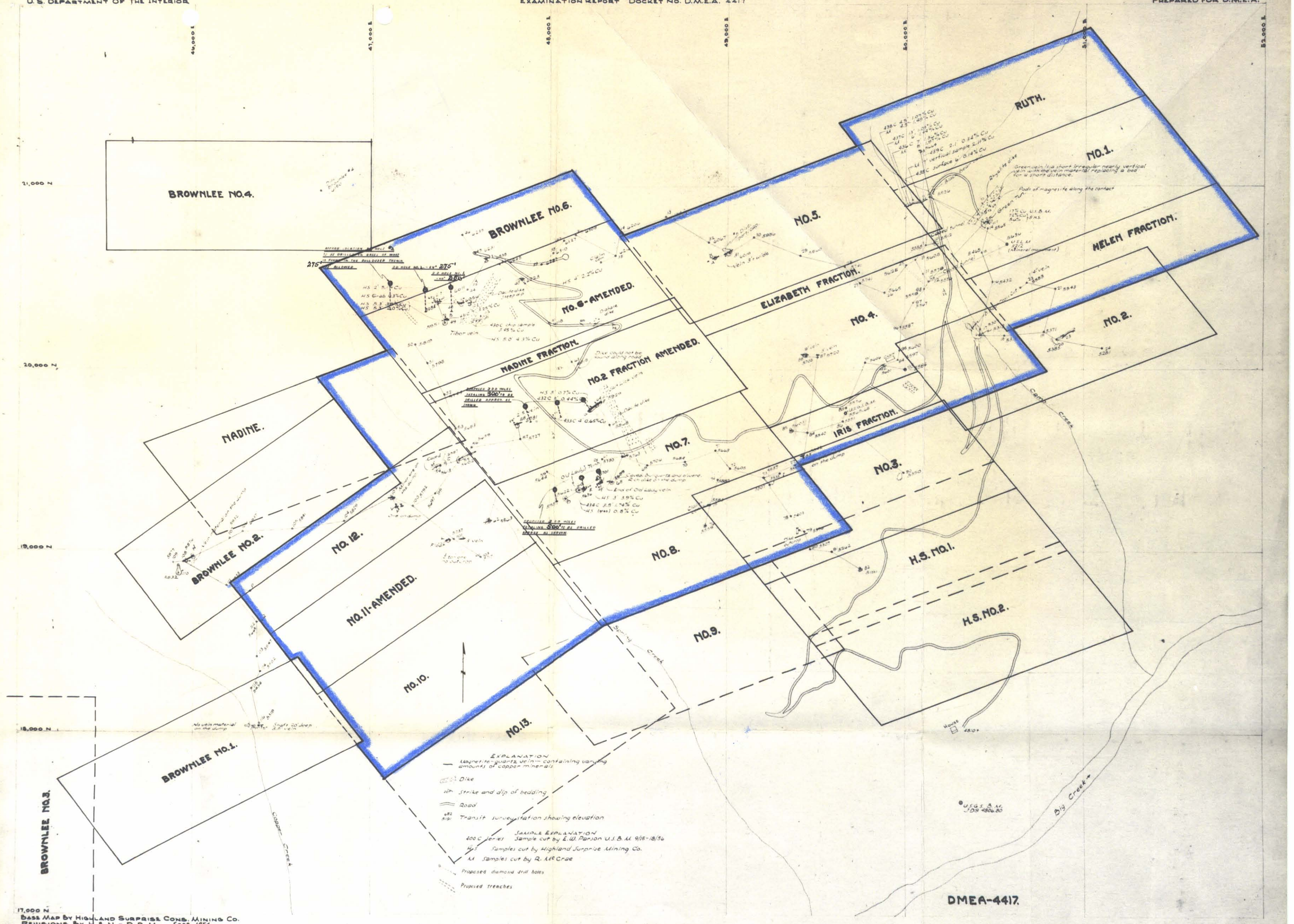
BASE MAP BY HIGHLAND SURPRISE CONS. MINING CO.

H.B. NICKELSON U.S.G.S. SEPT. 1956

PLATE 1 — CLAIM MAP OF HIGHLAND SURPRISE CONS. MNG. CO.
COPPER CAMP PROJECT, BIG CREEK, IDAHO

Full size

PLATE NO. 1



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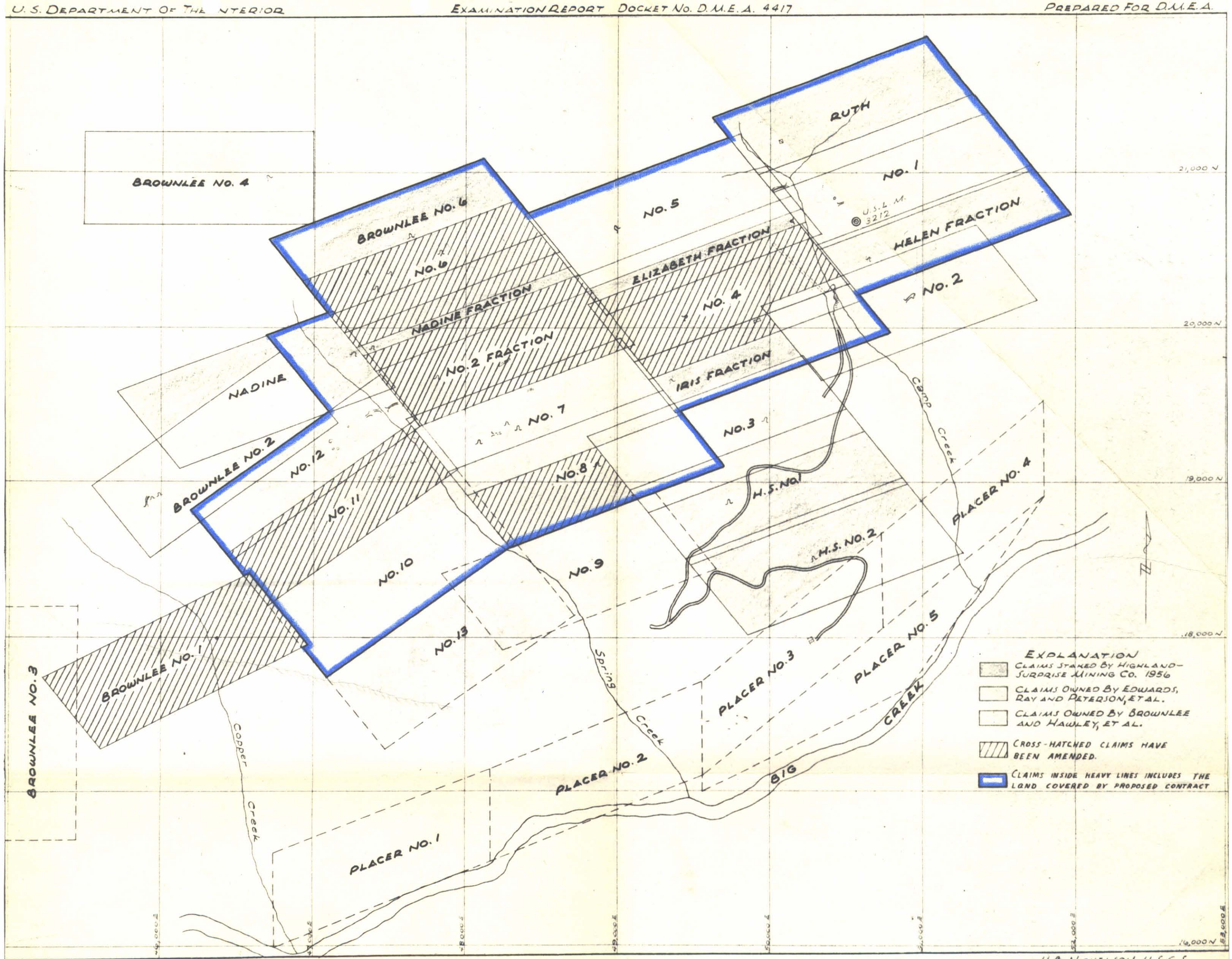
VALLEY COUNTY, IDAHO; RAMEYRIDGE MINING DISTRICT

SCALE: 200 0 200 400 600 FEET

PLATE NO. 2



BASE MAP BY HIGHLAND SURPRISE CONS. MINING CO.

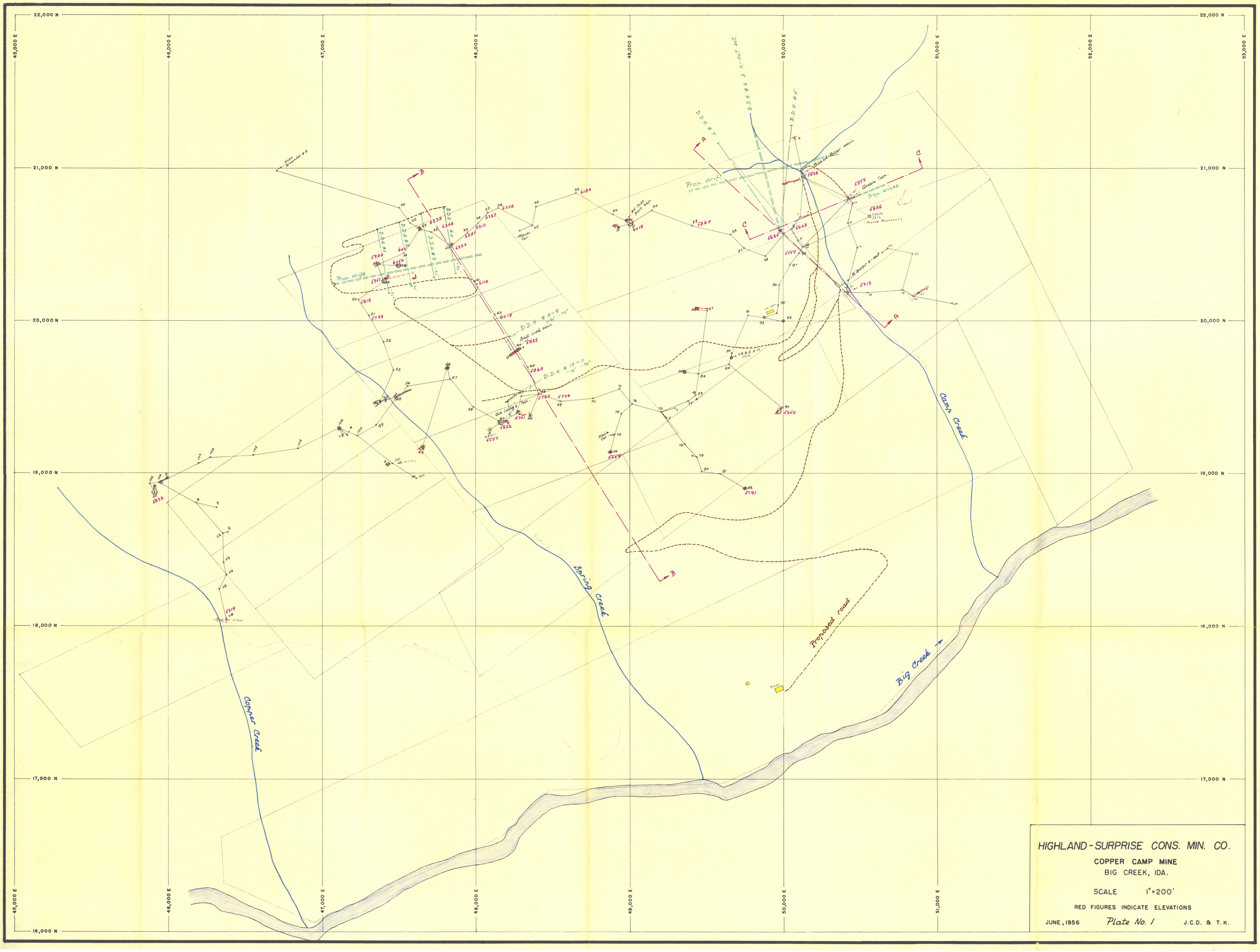
Full Size

PLATE 1 — CLAIM MAP OF HIGHLAND SURPRISE CONS. MNG. CO.
COPPER CAMP PROJECT, BIG CREEK, IDAHO

500 0 500 1000 2000 FEET

H.B. NICKELSON U.S.G.S.
SEPT. 1956

PLATE NO. 1


HIGHLAND-SURPRISE CONS. MIN. CO.
COPPER CAMP MINE
BIG CREEK, IDA.
SCALE 1" = 200'
RED FIGURES INDICATE ELEVATIONS
JUNE, 1956
Plate No. 1
J.C.D. & T.K.
Copper Creek
Spring Creek
Big Creek
Camp Creek
Proposed road
Prop. drift
Prop. winze
Green Tun.
Black Bear vein
B. Bear X-cut
Salt Lick vein
D.D.H. #8-9
D.D.H. #10-11
D.D.H. #7
D.D.H. #6
D.D.H. #5 X-cut est.
D.D.H. #4
D.D.H. #3
D.D.H. #2
D.D.H. #1
Old Lally Tun.
Clark Cr.
Alder Cr.
Disc. Brooklet #4
#6 Disc. hort. cut
U.S.G.S.B.M. 3026
(Mineral Monument)
22,000 N
21,000 N
20,000 N
19,000 N
18,000 N
17,000 N
16,000 N
45,000 E
46,000 E
47,000 E
48,000 E
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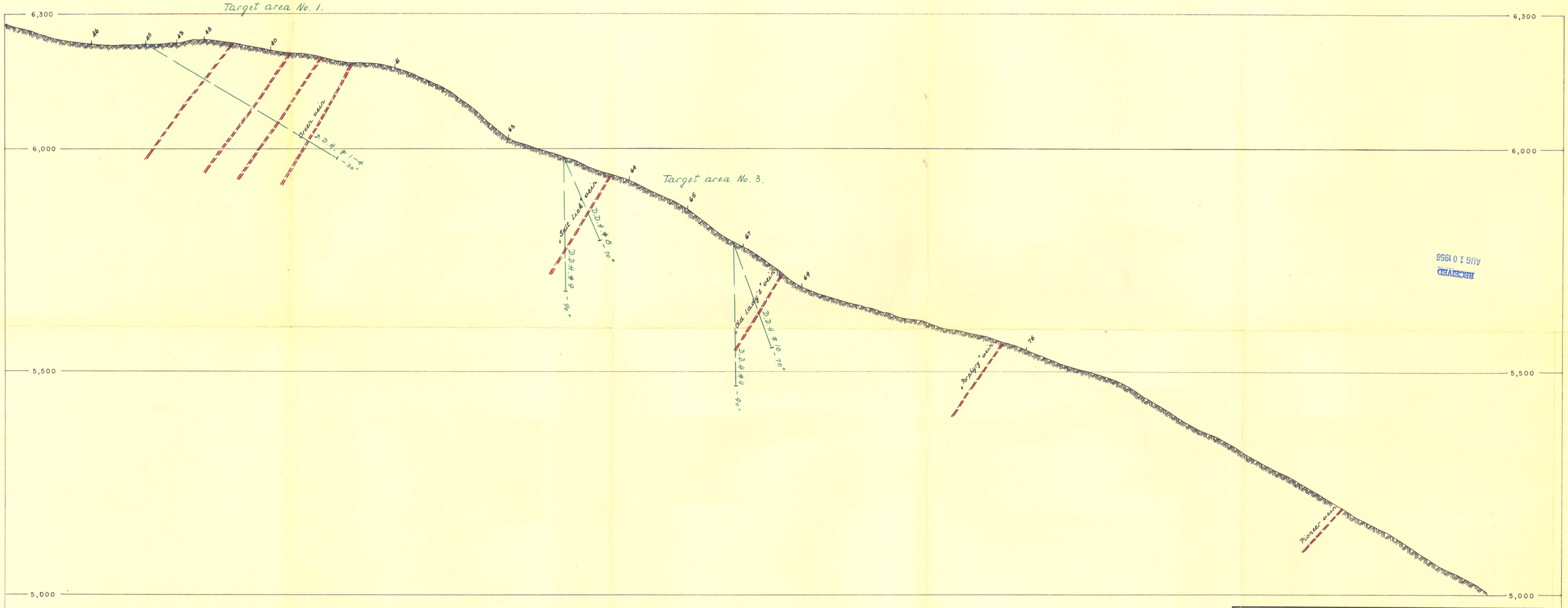
52,000 E
53,000 E



RECEIVED
AUG 1 0 1956

HIGHLAND - SURPRISE CONS. MIN. CO.

COPPER CAMP MINE

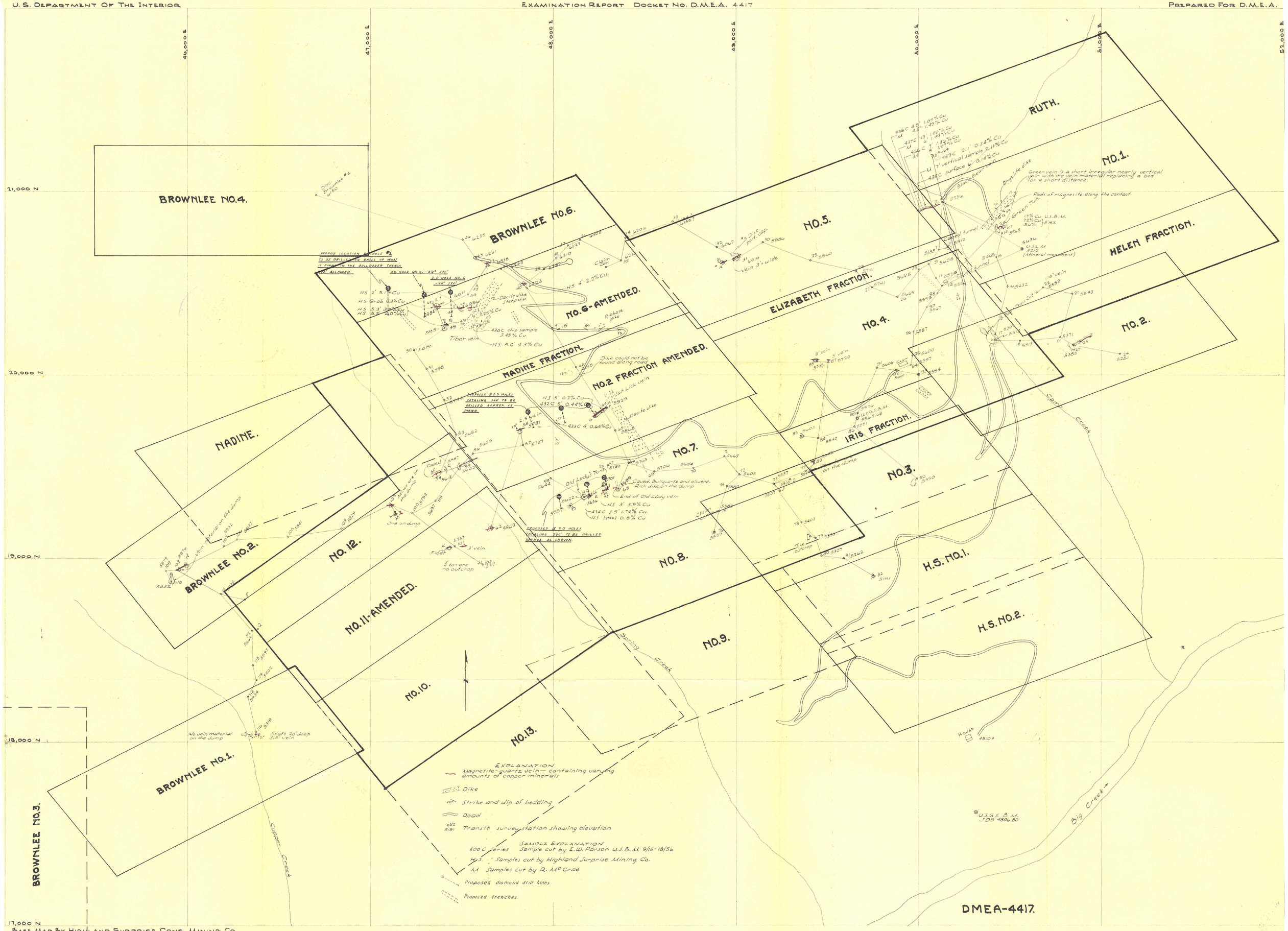
BIG CREEK, IDA.

CROSS SECTION B - B

SCALE 1" = 100' JUNE, 1956

J.C.D. & T.K.

Plate No. 3



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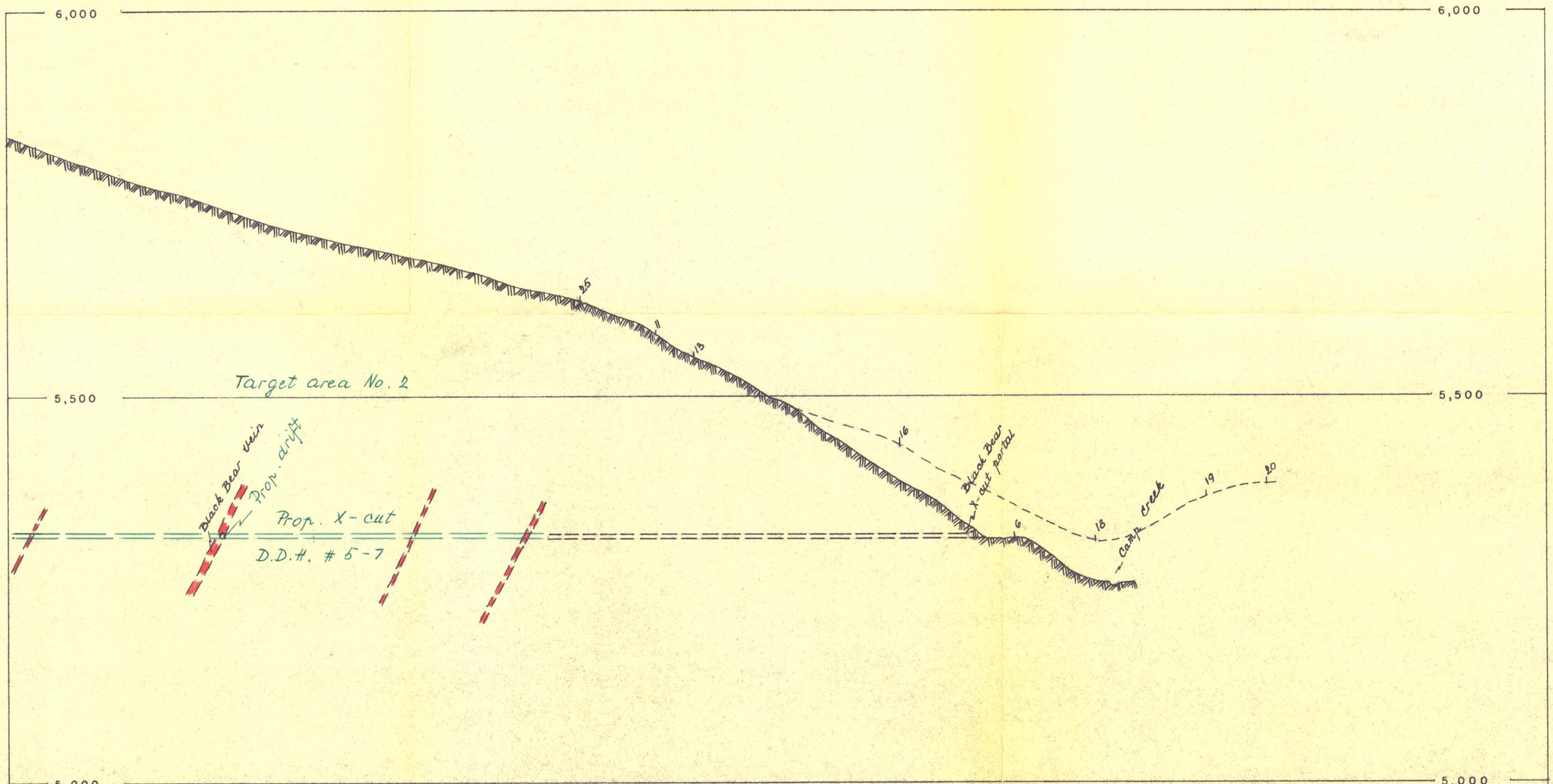
VALLEY COUNTY, IDAHO; RAMEYRIDGE MINING DISTRICT

SCALE: 200 0 200 400 600 FEET

PLATE NO. 2



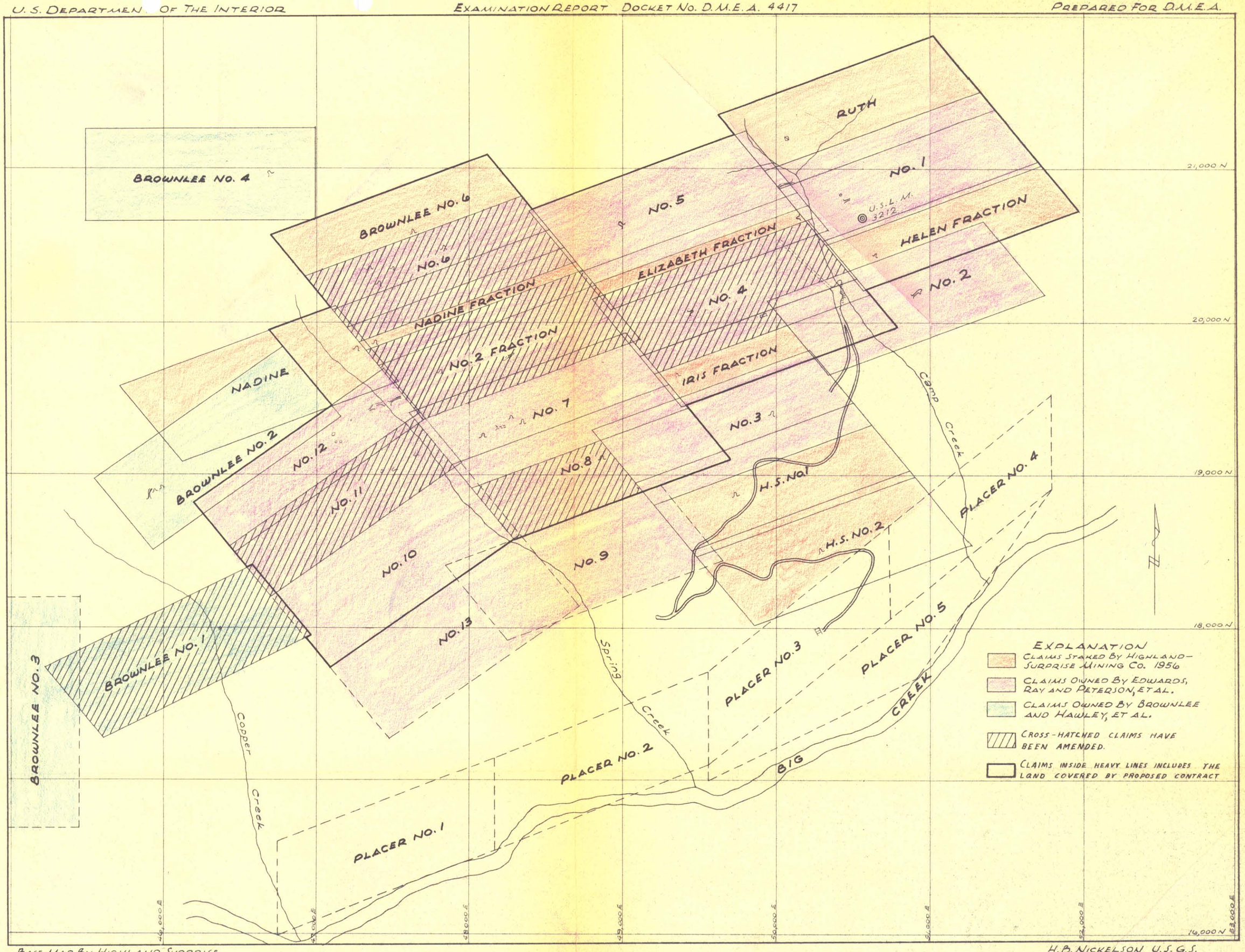
HIGHLAND - SURPRISE CONS. MIN. CO.

COPPER CAMP MINE

BIG CREEK, IDA.

CROSS SECTION A - A

SCALE 1" = 100'	JUNE, 1956	Plate No. 2
	J.C.D. & T.K.	



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H.B. NICKELSON U.S.G.S. SEPT. 1956

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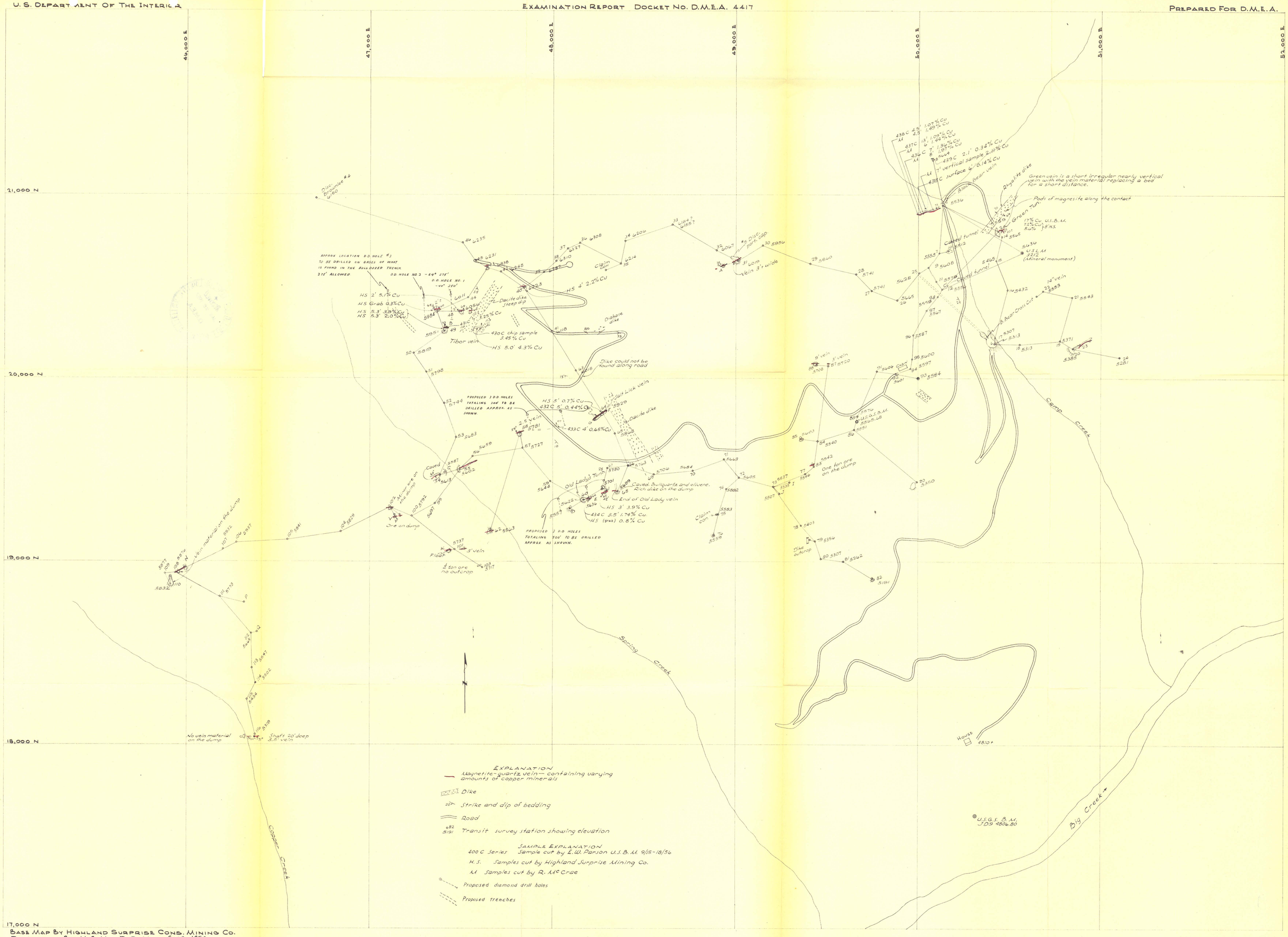
COPPER CAMP PROJECT, BIG CREEK, IDAHO

500 0 500 1000 2000 FEET



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SCALE: 200 0 200 400 600 FEET

PLATE NO. 2