OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E1134, Docket DMEA-4712 (lead-zinc), dated September 18, 1957, with

American Smelting and Refining Company
120 Broadway
New York 5, New York
and
P. O. Box 1440
Wallace, Idaho

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the East Page Project, Page Mine located in Shoshone County, Idaho, during the period September 18, 1957, through December 6, 1961.

In accordance with the Termination Agreement, Article 8, and Annex II of the contract, royalty is payable on all minerals produced from the land described in Annex I of the contract, as amended, or transported through any workings to the cost of which the Government contributed, for a period of 20 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. A Report of Review dated June 19, 1961, indicated accepted costs under the exploration contract amounting to $308,112.50 with the Government's contribution on a 50 percent basis being $154,056.25.

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

This review established no sales subject to the Government's royalty for the period. Accordingly, as of December 6, 1961, the royalty account of this project was found to be:

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

E. D. Talbert
E. D. Talbert, OME Auditor

June 4, 1962

Idm-B1134 American Smelting and Refining Company DMEA-4712

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

A May 19, 1961, Termination Agreement on this contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on (1) all minerals produced from the land under the contract, (2) any of its production, regardless of where produced, transported through workings to the cost of which the Government contributed, and (3) charges received by the Operator for transportation through such workings of production in which neither it nor any subsidiary or affiliate has any interest. The land under the contract consists of the whole of 35 and a part of 2 patented claims, all in T. 48 N., R. 2 E., Boise Meridian, Coeur d'Alene Mining District (Yreka subdistrict), but specifically excluding the Tony Vein west of mine coordinate line 11,000 E and the Curlew Vein over elevation 1370 feet above sea level (Page 1800 level).

At the time the contract was executed the Operator was in possession by virtue of ownership of 10 of the claims and lease of 11 from Blackhawk Mining & Development Co., Ltd., 11 from Wyoming Mining & Milling Company, Ltd., and 5 from Government Gulch Mining Company. As the Operator owned 99%, 96%, and 73%, respectively, of the stock of these lessors, the usual requirement of Consents to Lien and Subordination Agreements was waived.

Exploration work under the contract was terminated effective March 1, 1961. No ores were produced during the exploration work.

In letters dated November 20 and December 6, 1961, the Operator advised that it had canceled the leases with the Wyoming Mining & Milling Company, Ltd., and the Government Gulch Mining Company, and was terminating its agreement with the Blackhawk Mining & Development Co., Ltd. Advice also was furnished that the Government Gulch Mining Company was negotiating with The Bunker Hill Company for exploration of its property from the Bunker Hill Mine.

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

(1) The files indicate that, during the period covered by this review, no minerals were produced from the property under the contract or transported through workings to the cost of which the Government contributed; and

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

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

American Smelting and Refining Company
120 Broadway, New York 5, N. Y.
and
Box 440, Wallace, Idaho

pertaining to Exploration Project Contract Idm-61134, OMEA No. 4712, including Amendments Nos. 1, 2, 3, 4, and 5, for October 1957 to February 1961, inclusive, covering a lead-zinc project at the Page Mine, Shoshone County, Idaho.

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

This review was made in lieu of a final audit of the Operator's accounts and records for the reasons given in the attached schedule.

The findings of this review are stated in the following summary and the attached schedule:

Total costs claimed by Operator		$307,849.85
Exceptions:		
Prior to this review	$ -0-	
Herewith	-0-	-0-
Acceptable costs claimed by Operator		$307,849.85
Acceptable costs not claimed		262.65
Total acceptable costs, if claimed		$308,112.50

The contract calls for a 50 percent contribution of the allowable costs by the Government. Therefore, if the project is otherwise accepted as having met the terms of the contract, payments as follows are valid and proper:

Payable on audited claim	$153,924.92
Paid to date	153,924.92
Balance due Operator on cost claimed	$ -0-
Additional payable, if claimed	$ 131.33

Ad. to apr 8/2/61

June 19, 1961

E. D. Talbert, OME Auditor

Contract Idm-E1134 American Smelting & Refining Co. DMEA-4712

Reasons for Report of Review in lieu of a final audit:

(a) a major portion ($257,071.40) of the acceptable costs was under a contract provision for contribution by the Government on the basis of fixed unit costs for work performed;
(b) the Monthly Reports were supported by documentary evidence of the balance ($51,041.10) of the acceptable costs which covered work performed at unit rates under independent contract;
(c) acceptable costs of $165,810.46 were covered by an Interim Audit Report and Certificate dated July 10, 1959; and
(d) the administrative cost to the Government of an additional audit would be excessive in relation to the estimated amount of possible exceptions.

Acceptable costs, not claimed:

The Operator claimed $50,778.45, or an average of $6.566/ft., for 7,733.5 feet of AX or larger drilling, whereas the actual costs were $55,362.94, or an average of $6.90/ft., and the allowable costs at the contractual maximum average unit cost of $6.60/ft. amount to $51,041.10; difference, acceptable if claimed ..... $ 262.65

Total acceptable cost, if claimed:

Category (1) Independent Contracts -

Hole 1 (823N)	755 ft.	
" 2 (800S)	927	
" 3 (767N)	1,145	
" 4 (751S)	1,086	
" 5 (650S)	1,000	
" 6 (662N)	1,057	
" 7 (607N)	1,010	
" 8 (600S)	755.5	
	7,733.5 ft. @ $6.60/ft.	$ 51,041.10*

Fixed Unit Costs -

Incidental allowance, 7,733.5 ft. @ $.40	3,093.40
Core boxes, 290 ea. @ $3.40	986.00
Assay determinations, 1,400 ea. @ $1.00	1,400.00

Total acceptable cost, if claimed: (Continued)

Fixed Unit Costs - (Continued)

Drifting and crosscutting,

East Page drift	4,545.9 ft.	
714 XCN	234.7	
706 XCS	31.5	
	4,810.1 @ $40.00	$192,404.00
Drill stations (8), 200 ft. @ $35.00		7,000.00
Timbering, 3,950 ft. @ $10.50		41,475.00
Rock bolting, 1,158 bolts @ $3.50		4,053.00
Car sidings, 14,800 cu. ft. @ $.45		6,660.00
		$308,112.50

* Actual costs invoiced by drilling contractors:

Boyles Bros. Drilling Company -

Drilling, NX	299 ft.	@ $5.20		$ 1,554.80
"	251	" 5.60		1,405.60
BX	250	" 4.90		1,225.00
"	250	" 5.30		1,325.00
"	121	" 5.40		653.40
"	378	" 5.70		2,154.60
"	81	" 6.20		502.20
AX	101	" 5.80		585.80
	1,731	"		9,406.40
Reaming, 338 ft. @ $2.60				878.80
Casing, 2 lengths @ $20.70				41.40
Adapter, 1 each				10.25
Cement time, 76 hrs. @ $9.60				729.60
Survey time, 14 hrs. @ $8.60				120.40
Delay time, 2 hrs. @ $7.30				14.60
Drill mud, 3 bags @ $4.60				13.80
Cement, 2 bags @ $6.60				13.20
				$ 11,228.45

Nichols & Thompson Core Drilling Co., Inc. -

Drilling, NC/NX	2,491 ft.	@ $5.74	$ 14,298.34
NX	314	" @ 6.50	2,041.00
"	591	" @ 7.25	4,284.75
"	216	" @ 8.00	1,728.00
BX	460	" @ 5.74	2,640.40
"	1,635	" @ 6.50	10,614.50
"	498	" @ 8.00	3,984.00**
	6,205	"	39,590.99

* Actual costs invoiced by drilling contractors: (Continued)

Nichols & Thompson Core Drilling Co., Inc. - (Continued)

Reaming, 490 ft. @ $2.65	$ 1,298.50
Casing, 3,570 ft. @ $.50	1,785.00
Cement time, 13 hrs. @ $8.00	104.00
Survey time, 39 hrs. @ $8.00	312.00
Delay time, 5½ hrs. @ $8.00	44.00
Moving	600.00
	$ 43,734.49

Total invoiced costs	$ 54,062.94

** Includes $1,600.00 for 200 feet (1,000' - 1,200' depth in hole 5) drilled beyond subordinated property line and, therefore, not acceptable under or applicable to the exploration project contract.

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O. M. E.
RECEIVED AUG 14 1959

DATE	INITIALS	
8-14	gad	VVO
8/14		800
8/17		800

No. 157 Howard Street
Spokane 4, Washington
August 11, 1959

Mr. S. Norman Keaten, Manager
Northwestern Mining Department
American Smelting and Refining Co.
P. O. Box 440
Wallace, Idaho

Re: Docket No. DMEA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract No. Idm-2113A

Dear Mr. Keaten:

Enclosed for your information and files is a copy of an Audit Certificate and Audit Report covering a project for the exploration of lead and zinc at the East Page mine during the period September 18, 1957, through May 31, 1959.

The audit discloses that there was a balance of $5,553.08 due your company as of May 31, 1959. This amount was paid July 17, 1959.

Sincerely yours,

Donald R. MacLaren
For: A. E. Weissenborn
Executive Officer, OME
Field Team Region I

Enclosure

cc: MC(2)
CASA
UWM(2)
BM(AM)

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

INTERIM AUDIT CERTIFICATE

I have examined the records and transactions of the:

American Smelting and Refining Company
120 Broadway, New York 5, N. Y.
and
Box 440, Wallace, Idaho

pertaining to Exploration Project Contract No. Idm-2113h, Docket No. DMEA-4712, dated September 18, 1957, including Amendment No. 1, covering a project for the exploration of lead and zinc on property known as Page Mine in Yreka Mining District, Shoshone County, Idaho, for the period September 18, 1957 through May 31, 1959.

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

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

Total cost claimed by Operator			$264,h11.09
Exceptions (see Audit Report for details)			
Prior to this audit		$2,832.72	
During this audit:			
Adjustments (prior exceptions)	$ 596.20		
Current	5,549.72		
Additional allowance	- 378.09	5,767.92	98,600.64
Total Accepted Costs			$165,830.45

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Eighty-two thousand nine hundred five and 23/100 Dollars is valid and proper.

Amount payable to Operator	$82,905.23
Amount reimbursed	77,352.15
Balance due Operator	$ 5,553.08

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

C. E. Fisher

C. E. Fisher, Auditor

July 10, 1959

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

INTERIM AUDIT REPORT

I. INTRODUCTION

On June 23, 1959, an interim audit (covering operations for the period September 18, 1957 through May 31, 1959) was made of the records and transactions pertaining to Exploration Project Contract No. Min-4134, Docket No. DMEA-4712, dated September 18, 1957, including Amendment No. 1, with:

American Smelting and Refining Company
120 Broadway, New York 5, N. Y.
and
Box 449, Wallace, Idaho

covering a project for the exploration of lead and zinc on property known as Page Mine in the Yreka Mining District, Shoshone County, Idaho.

The original records pertaining to this contract are in the custody of J. C. Kleffer, manager of the Operator's Northwestern Mining Department. They are maintained by and under the direction of W. J. Murphy, chief accountant, in the Wallace, Idaho office. The records were made available to this auditor by Max C. Wood, assistant chief accountant, whose cooperation greatly assisted in the audit work.

II. GENERAL INFORMATION ON RECORDS

The general books of the company are maintained in their New York office; however, all of the records and documents needed for this interim audit of this exploration contract were available in the Wallace, Idaho office.

The originals of the Operator's Monthly Report and Voucher Forms MF-104 submitted for reimbursement of the Government's contribution to exploration costs are extensively supported by copies of cost documentation. Such documentation includes photocopies of weekly time sheets of each employee engaged on the exploration work. These time sheets include information concerning occupation, pay rates, hours employed, shift differentials, overtime, holiday and vacation pay, together with allocation of total pay to the various items of work on which the employee was engaged. The various deductions for tax withholdings, fringe benefits, etc., are also included on the time sheets. Also submitted are copies of requisitions indicating kinds, quantities, unit costs, total value and place where materials and supplies were used. A depreciation schedule is furnished. In addition, statements

are furnished showing in detail the summarization of the costs and the various bases used in allocating such costs between the various items of work.

Because of the supporting detail available in the OME office, Region I, Spokane, Washington, a considerable amount of the audit work was accomplished in that office and the on-site audit was limited to obtaining some additional information and to making test checks deemed necessary to establish the general propriety and validity of the costs claimed and substantiated by the documentation filed in support of the original Forms MF-104.

III. SCOPE OF AUDIT AND FINDINGS

This contract provides for Government participation in costs of:

(1) underground diamond drilling by independent contractors on basis of actual costs not to exceed specified maximums per foot of drilling,

(2) drifting and crosscutting, including diamond drill stations, timbering, rockbolting and car siding excavations, on basis of actual costs not to exceed specified maximum unit costs for which schedules of costs by categories have been waived, and

(3) incidental allowance for each foot of drilling, core boxes, and assaying based on fixed unit costs for number of units used or completed.

This audit was limited to ascertaining the accuracy, propriety and validity of the costs shown in the "Totals to Date" column of the Form MF-104, Operator's Monthly Report and Voucher, and in the "Costs to Date" and the "Units to Date" columns of the Form MF-104A, Operator's Unit Cost and Progress Report, for the month of May 1959.

The bases used by the Operator in determining and distributing costs applicable to the exploration project are explained under each category in this section of this report and have been accepted as fair and equitable. The audit has resulted in some adjustments in allocations to work items, corrections in prior allowances and disallowances by the Regional office, and additional disallowances. These changes are summarized in Exhibit "A" attached to this report, and are more fully explained in the remainder of this report.

The amounts reported in the "Totals to Date" column of the May 1959 Form MF-104, previous disallowances, transfers between categories of costs, and adjustments and disallowances by this audit are discussed below:

Fixed Unit Costs

Item	Costs Claimed	Transfers	Excess	Accepted
Sampling and Analysis	-0-	$ 103.50	$22.50	$ 181.00
Core Boxes	-0-	282.72	71.91	210.80
Incidentals	-0-	636.02	15.62	620.40

Costs applicable to the above-listed "Fixed Unit Cost" items were claimed by the Operator under categories (2), (3) and (7). Accepted costs are determined as follows:

Sampling and Analysis - 131 determinations @ $1.00 each
Core Boxes - 62 core boxes @ $3.40 per box
Incidentals - 1551 feet of drilling @ $0.40 per foot

This auditor explained to the Operator's representative during the on-site audit that paragraph (f), Article 13 (Annex II), of the contract provided that the rates for "Fixed Unit Cost" items set forth in Exhibit "A" of the contract were predetermined unit rates allowable for work performed and that such rates were properly includable in costs irrespective of what the Operator's cost accounting might develop as the actual costs. It was agreed that future charges for unit cost items would be claimed on Form MF-104 at the above unit rates.

(1) Independent Contracts

Boyles Bros. Drilling Company, Salt Lake City, Utah, is the drilling contractor on this project. A total of 1,551 feet of acceptable AX core drilling had been completed through May 1959 at a cost of $10,057.20. This averaged $6.48 per foot of drilling and is less than the $6.60 per foot maximum rate specified in Exhibit "A" of the contract. Averaging of drilling costs is authorized in Annex II of the contract.

The claimed costs are found to be acceptable and the amount of $276.20 disallowed by the Field Team in approving the February 1959 voucher is now allowed for inclusion in acceptable costs.

(2) Labor and Supervision

Labor

Work Item	Costs Claimed	Transfers	Accepted
Drifting/Crosscutting	$51,060.39	$ 359.00	$51,419.39
Timbering	17,342.25		17,342.25
Rock bolting	2,531.45		2,531.45
Car sidings	3,427.38	(359.00)	3,068.38
Diamond Drill Stations	1,662.78		1,662.78
Incidentals	149.34	*(149.34)	
Totals	$76,223.59	$(149.34)	$76,074.25

*Transferred to Fixed Unit Costs

The above labor costs cover face labor only, which has been allocated on the basis of the time records of the employees involved. Labor costs of haulage, hoisting, drainage and ventilation are included and explained under Category (7) Miscellaneous.

Wages paid to employees other than executive, supervisory, technical, professional and clerical employees, are governed by agreement between the Operator and Local No. 18, International Union Mine, Mill and Smelter Workers. Drift miners employed on the project are contract miners and are compensated at contract rates or at rates established by the union agreement, whichever is greater. Wages are paid each week based on measurements of work accomplished.

Supervision

Work Item	Costs Claimed	Transfers	Accepted
Drifting/Crosscutting	$2,966.71	$ 21.32	$2,988.03
Timbering	977.95		977.95
Rock bolting	100.44		100.44
Car sidings	169.72	(21.32)	148.40
Diamond Drill Stations	83.57		83.57
Incidentals	6.40	*(6.40)	
Totals	$4,304.79	$ (6.40)	$4,298.39

*Transferred to Fixed Unit Costs

Claimed costs included in this sub-category represent portions of total salaries of superintendents and shift bosses assigned to exploration costs on basis of ratio of number of shifts used in the exploration work to total general labor shifts during the month. Allocation between work items is made on basis of face labor costs during the month.

Technical Services

Work Item	Costs Claimed	Transfers	Accepted
Drifting/Crosscutting	$3,071.17	$ 5.93	$3,077.10
Car Sidings	106.44	(5.93)	100.51
Diamond Drill Stations	34.39		34.39
Totals	$3,262.00	-0-	$3,262.00

Claimed costs under this sub-category represent direct charges for services of engineers and geologists for the time actually devoted to work on the project. Allocation between work items is made on basis of relative number of cubic feet of work accomplished during the month.

(3) Operating Materials and Supplies

Timber

Claimed costs applicable to this sub-category aggregating $21,024.48 represent the value of stulls, lagging, and other materials used in timbering drifts and crosscuts. The costs are charged to work item Timbering.

An additional allowance of $374.00 is made under this sub-category to adjust for improper deductions made by the Operator on Forms MW-104 for January and April 1958 relating to costs of 108 rock bolts replaced by timbering.

Explosives

Work Items	Costs Claimed	Transfers	Accepted
Drifting/Crosscutting	$17,439.17	$ 121.16	$17,560.33
Car Sidings	1,257.61	(121.16)	1,136.45
Diamond Drill Stations	570.24		570.24
Totals	$19,267.02	-0-	$19,267.02

Claimed costs included in this sub-category represent the value of powder, caps, fuses, etc., used in the exploration work. The allocation between the work items is made on basis of relative number of cubic feet of work accomplished during the month.

Pipe

Work Items	Costs Claimed	Transfers	Accepted
Drifting/Crosscutting	$18,904.91	$ 395.89	$19,300.80
Car Sidings	1,532.54	(395.89)	1,136.65
Diamond Drill Stations	502.24		502.24
Totals	$20,939.69	-0-	$20,939.69

Claimed costs included in this sub-category represent the value of air and water pipe and necessary fittings. Allocation of costs between the work items is also made on the basis of relative number of cubic feet of work accomplished during the month.

Track

Work Items	Costs Claimed	Transfers	Accepted
Drifting/Crosscutting	$ 8,574.60	$ 50.65	$ 8,625.25
Car Sidings	567.06	(50.65)	516.41
Diamond Drill Stations	238.24		238.24
Totals	$ 9,379.90	-0-	$ 9,379.90

Claimed costs for this sub-category represent the value of rail, fittings, switches, ties, etc., used in installing tracks in the exploration project. The allocation between work items is based on relative number of cubic feet of work accomplished during the month.

Other

Work Items	Costs Claimed	Transfers	Accepted
Drifting/Crosscutting	$ 7,377.63	$ 77.64	$ 7,955.27
Timbering	26.54		26.54
Rock bolting	2,835.92		2,835.92
Car Sidings	471.51	(77.64)	393.87
Diamond Drill Stations	230.22		230.22
Core Boxes	282.71	*(282.71)	
Incidentals	423.70	*(423.70)	
Totals	$12,148.23	$ (706.41)	$11,441.82

*Transferred to Fixed Unit Costs

The claimed costs applicable to this sub-category are further subdivided by items as follows:

Item		Amount
Drill rods, bits, etc.		$ 5,635.09
Rock Bolts		2,835.92
Cap Lamps		188.75
Hand Tools		115.97
Miscellaneous		*322.22
Power:		
Lighting	$ 37.51	
Auxiliary Ventilation	114.00	
Compressed Air	2,395.77	2,547.28
Totals		$12,148.23

*Includes $706.41 transferred to Fixed Unit Costs

The cost of rock bolts are allocated directly to work item Rock Bolting. Cost of nails used in connection with timbering are allocated to work item Timbering. All of the other claimed costs included in this sub-category are allocated to work items Drifting/Crosscutting, Car Sidings and Diamond Drill Stations each month on basis of relative number of cubic feet of work accomplished during the month.

Power. The monthly bill for electric power is first distributed between work items Lighting, Auxiliary Ventilation, Compressed Air, Underground Haulage, Main Hoisting, Surface Haulage, Drainage, Main Ventilation and Dry Room. The portion distributed to Lighting is allocated on basis of relative number of lamps used in the exploration to total number of lamps serviced. The portion distributed to Auxiliary Ventilation is allocated

on basis of relative number of shifts worked. The portion distributed to Compressed Air is allocated on basis of relative number of tons of ore and waste and supplies hauled. Included in the Compressed Air cost under this sub-category is a portion of cost of labor and supplies expended in operating the air compressor determined on the same basis.

(4) Operating Equipment

Rental
Purchase

These sub-categories are not applicable to this contract.

Depreciation

Work Items	Costs Claimed	Costs Transfers	Costs Accepted
Drifting/Crosscutting	$ 3,488.18	$ 31.33	$ 3,519.51
Car Sidings	189.77	(31.33)	158.44
Diamond Drill Stations	91.03		91.03
Totals	$ 3,768.98	-0-	$ 3,768.98

The claimed costs applicable to this sub-category represent accruals for depreciation, on a 60-month basis, applicable to the following items of equipment used in the exploration:

Equipment	Acquired	Cost	Months Used	Depreciation
Gould Battery	10-57	$2,615	14	$ 610.12
Beide Battery	12-58	4,625	6	462.48
GIB Simco Mucker	8-56	4,525	20	1,508.38
CD-93 Drifter	10-57	1,744	20	581.40
IR-DB-35 Drifter	10-57	1,820	20	606.60
Total				$ 3,768.98

The allocation of charges between work items is based on the relative number of cubic feet of work accomplished during the month.

In addition to the above listed equipment, the Operator has reported that other equipment, as follows, has been used on the exploration work without a depreciation charge being included in costs:

Baldwin-Westinghouse Locomotive
1 - Jumbo
2 - American Car Transfers
1 - CD-104 Stoper
1 - Impact Wrench
1 - Aluminum Jim Crow
1 - TM 615 Ventilation Fan
16 - Cranby Ore Cars

(5) Initial Rehabilitation and Repairs

These categories are not applicable to this contract.

(6) New Buildings, Improvements, Etc.

These categories are not applicable to this contract.

(7) Miscellaneous

Repairs to Equipment

Work Items	Costs Claimed	Costs Transfers	Costs Approved
Drifting/Crosscutting	$ 2,908.59	$ 5.57	$ 2,914.16
Rock Bolting	174.48		174.48
Car Sidings	45.33	(5.57)	40.26
Diamond Drill Stations	84.71		84.71
Totals	$ 3,213.61	-0-	$ 3,213.61

Claimed costs under this sub-category represent the cost of labor and materials used in repairs to equipment used on the exploration project.

The charge to work item Rock Bolting represents the cost of material used in repairs to the impact wrench and the stoper. The remaining claimed costs for repair materials were allocated to the various work items on basis of relative number of cubic feet of work accomplished during the month.

Payroll Taxes

Work Items	Costs Claimed	Costs Transfers	Costs Approved
Drifting/Crosscutting	$ 2,323.95	$ 16.10	$ 2,340.05
Timbering	757.04		757.04
Rock Bolting	64.17		64.17
Car Sidings	124.80	(16.10)	108.70
Diamond Drill Stations	65.63		65.63
Incidentals	7.07	*(7.07)	
Totals	$ 3,343.66	$ (7.07)	$ 3,336.59

*Transferred to Fixed Unit Costs

The amount of Federal and State of Idaho social security tax accruals during a month are first divided between those applicable to the exploration and those applicable to other company operations on basis of the ratio of costs of direct labor during the month on the project to total costs of distributed labor during that month, that is, exclusive of vacation and holiday pay, dry room, first aid, timekeeping, and warehouse labor costs. Amounts determined as related to costs of the exploration are then allocated to the various work items on the basis of labor costs during the month.

Liability Insurance

Work Items	Costs Claimed	Costs Transfers	Costs Accepted
Drifting/Crosscutting	$ 1,381.18	$ 10.60	$ 1,391.78
Timbering	415.54		415.54
Rock Bolting	67.94		67.94
Car Sidings	87.68	(10.60)	77.08
Diamond Drill Stations	37.07		37.07
Incidentals	2.77	*(2.77)	
Totals	$ 1,992.18	$ (2.77)	$ 1,989.41

*Transferred to Fixed Unit Costs

The Operator is self-insured with respect to liability under the Workmen's Compensation Act. Monthly accruals to establish a reserve for the fund are based on labor costs during the month. Amounts determined to be applicable to exploration costs are allocated between the various work items on the basis of direct labor costs during the month.

Other

Work Items	Costs Claimed	Costs Transfers	Costs Accepted
Drifting/Crosscutting	$62,799.96	$ 498.04	$63,298.00
Timbering	6,278.28		6,278.28
Rock Bolting	658.66		658.66
Car Sidings	3,710.01	(498.04)	3,211.97
Diamond Drill Stations	1,786.61		1,786.61
Incidentals	46.74	(46.74)	
Totals	$75,280.86	$ (46.74)	$75,233.52

*Transferred to Fixed Unit Costs

The above-claimed costs are comprised of various items as detailed below:

	Items	Claimed Costs
1.	Underground Haulage	$20,591.29
2.	Interior Hoisting	1,215.00
3.	Main Hoisting	17,957.25
4.	Surface Haulage	2,306.17
5.	Drainage	3,499.55
6.	Main Ventilation	1,613.50
7.	Life Insurance	1,040.54
8.	Health and Accident Insurance	3,834.41
9.	Vacation Allowances	3,900.13
10.	Holidays	2,963.43
11.	Pension Accruals	12,076.71
12.	Dry Room	1,162.28
13.	First Aid	248.85
14.	Medical-Surgical	1,216.34
15.	Timekeeping and Warehouse	1,654.81
	Total	$75,280.86

The Operator determines the total cost of labor, materials, electric power and other expenses each month applicable to each of items 1 to 6 above. Such costs are then divided between those applicable to the exploration and those applicable to other mining operations. The allocation for items 1 to 4 is made on basis of relative number of tons of ore and waste and supplies transported. For item 5 it is based on gallons of water pumped and for item 6 it is based on number of underground shifts worked. The distribution to work items is based on number of cubic feet of work accomplished.

The Operator's total monthly cost for items 7 to 15 are allocated to exploration costs on basis of face labor costs. Apportionment to work items is made on the same basis.

Life Insurance is carried with Metropolitan Life Insurance Company. The entire cost is assumed by the Operator. Each employee is insured for $500.00 after three months service. The policy increases $100.00 for each year of service to a maximum of $1,500.00.

Health and Accident Insurance is carried with Lincoln National Insurance Company. It is non-occupational, includes employees and members of their families, the employees contribute to the cost and the plan is administered jointly by the company and the union.

Vacation Allowance. The agreement with the union provides for paid vacations for employees based on length of service.

Holidays. The agreement with the union provides for 7 paid holidays per year.

Pension Accruals. All employees participate in the Operator's pension plan which is maintained through the Metropolitan Life Insurance Company and provides for normal retirement at age 65.

Additional Adjustment

When settlement was made with the Operator covering claimed costs for April 1958, an amount of $300.00 was withheld from the amount otherwise determined as due to the Operator. This withholding was made pending agreement upon the value of rock bolts properly includable in costs for Government participation. The amount thus withheld from payment was subsequently allowed in the settlements for February and March 1959.

The matter of cost of rock bolts acceptable for Government participation was settled and attempt was made to adjust the account in settlement of the November 1958 voucher. Certain proper deductions from claimed costs on that voucher were determined as outlined in the authorized Certifying Officer's letter dated January 8, 1959 to the Operator; however, the amount properly deductable was reduced by an amount of $300.00 representing the April 1958 withholding. Thus, acceptable costs were erroneously increased in the latter amount.

The amount of $300.00 improperly included in accepted costs in settlement of the November 1958 voucher is disallowed by this audit.

Other Observations

The following tabulation shows the units and costs claimed by the Operator on Form MF-104A for May 1959 (except for diamond drilling and items of fixed unit costs), together with such units and costs as are by this audit found to be acceptable for Government participation:

Work Item	Claimed Units	Claimed Costs	Acceptable Units	Acceptable Costs
Drifting and/or cross-cutting @ $40.00/ft.	2,928	$132,796.44	2,928	$117,120.00
Diamond drill stations @ $35.00/ft.	116.9	5,439.73	100	3,500.00
Timbering drifts and crosscuts @ $10.50/ft.	2,396.8	43,415.31	2,396.8	25,166.40
Rock bolting @ $3.50/bolt	1,270	6,483.06	872	3,052.00
Car sidings @ $0.45/cu.ft.	13,116	10,097.12	13,117	5,902.65

Drifting and Crosscutting: An amount of $1,593.23 representing cost of enlarging drifts to accommodate necessary timbering was improperly charged to Timbering in February 1958, by lump sum transfer from work item Car Sidings. The amount is now transferred to drifting and crosscutting, increasing the costs applicable to such work item to $134,339.67.

Diamond Drill Stations. Two stations have been completed. The OMA Field Team, Region I, has disallowed 16.9 feet of the work as excessive.

Timbering. As mentioned above, the costs applicable to this work item have been reduced in the amount of $1,593.23 by lump sum transfer to Drifting and Crosscutting. In addition, the costs of this work item have been increased $378.00 to adjust for improper deductions made on the January and April 1958 vouchers for acceptable costs of 108 rock bolts which were replaced by timbering. These adjustments have reduced the costs applicable to this work item to $47,200.08.

Rock Bolting. Amendment No. 1 to the contract provides that the number of rock bolts used to support ground in lieu of timbering shall not exceed an average of 7 bolts per 5 linear foot section averaged over "fully bolted" sections. It has been the practice for a representative of the Field Team to make periodic reports showing allowable number of rock bolts in place at the time of his inspection. The latest inspection was made on April 10, 1959, when it was determined that 872 rock bolts were allowable at that date.

Car Sidings. One additional cubic foot has been allowed applicable to this work item to adjust an error made by the Operator in carrying forward the "Units to Date" from the January to the February 1958, Form MF-104A.

IV. CONCLUSIONS

The audit disclosed that all costs claimed, after adjustment for $378.00 improperly deducted from costs of timbering, and the deduction of disallowances relating to costs in excess of acceptable costs under terms of the contract aggregating 898,978.64 as itemized in the preceding section of this report, are reasonable and proper under the terms of the contract.

The adjustments between "Items of Cost" as shown on the May 1959 Form MF-104, and between "Costs to Date" as shown on the May 1959 Form MF-104A, the disallowances, and the accepted costs as disclosed by this audit are summarized in Exhibit "A" attached hereto.

This contract contains numerous items and costs designated as maximums. The status of these maximums, after deductions of the disallowances discussed in Section III of this report, is summarized as follows:

Item	Maximums	Accepted
Diamond Drilling	11,855 ft.	1,551 ft.
AX size or larger	$ 6.60/ft.	$ 6.48/ft.
EX size	$ 6.40/ft.	none to date
Drifting/Crosscutting	12,485 ft.	2,923 ft.
Unit cost	$ 40.00/ft.	$ 40.00/ft.
Diamond Drill Stations	300 ft.	100 ft.
Unit cost	$ 35.00/ft.	$ 35.00/ft.
Timbering	3,950 ft.	2,396.8 ft.
Unit cost	10.50/ft.	$ 10.50/ft.
Rock Bolting*	4,000 bolts	872 bolts
Unit cost	$ 3.50/bolt	$ 3.50 bolt
Car Sidings	14,300 cu. ft.	13,117 cu. ft.
Unit cost	$ 0.45/cu. ft.	$ 0.45 cu. ft.

*Amendment No. 1 limits the number of rock bolts to support ground to 7 bolts per 5 linear foot section averaged over "fully bolted" sections. This limitation has not been exceeded.

C. E. Fisher

C. E. Fisher, Auditor

July 10, 1959

January 18, 1960

Docket No. DMEA-4712 (Lead-Zinc)
American Smelting & Refining Company
East Page Mine
Shoshone County, Idaho
Contract No. Idm-E1134

JUSTIFICATION FOR AMENDMENT NO. 3

The Operator, in a letter dated December 18, 1959, requested that the authorized length of drill hole 30-6505 (hole No. 5 in the contract) be increased from 820 feet to 1,000 feet so that it could penetrate the Spring Fault.

The original length was set because it would reach the property line at a depth of 820 feet. Drilling the hole deeper will penetrate a favorable area near the fault. To keep the longer hole within subordinated ground, the Exile Fraction is added to the contract.

The total drilling footage authorized in Amendment No. 2 will remain the same.

F M Murphy

F. M. Murphy

FMMurphy/gla
cc to: Chron

Government's copy

EXPLORATION PROJECT CONTRACT
AMERICAN SMELTING AND REFINING COMPANY
DOCKET NO. DMEA-4712

AMENDMENT NO. 2

WHEREAS, Contract No. Idm-E1134, Docket No. DMEA-4712, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration (heretofore Defense Minerals Exploration Administration), hereinafter called the "Government," and the American Smelting and Refining Company, hereinafter called the "Operator," dated September 18, 1957, as amended, provides for contribution by the Government largely on the basis of actual costs; and

WHEREAS, it has been found by experience to date that the actual costs for all items far exceed the maximums allowed by the Contract, and there is small likelihood that the actual costs in the future could become significantly less than heretofore; and

WHEREAS, auditing and accounting costs would be greatly diminished by placing the Government's contributions to all items on a fixed, unit-cost basis;

NOW, THEREFORE, it is agreed this 1st day of June, 1959, that said Contract is further amended as of the date hereof as follows:

In Exhibit "A", under the title, "Estimated Costs of the Project", everything is deleted and the following is substituted:

Estimated Costs of the Project

Actual Costs

Category (1) Independent Contracts

11,855 feet of diamond drilling		
AX size or larger	@ $6.60/ft.	
EX size	@ $6.40/ft.	$ 78,243.00

The above rates include charges for reaming and casing, cementing and redrilling, changing locations, and all other charges whatsoever that may be incurred by the diamond drill contractor.

SEP 14 1959
O.M.E

Neither the cost nor the value of casing left in drill holes at option of Operator will be accepted as a charge to the contract.

Fixed Unit Costs (See paragraph (f), Article 13 (Annex II))

Incidental allowance 1/for each foot of drilling completed 11,855 feet @ $0.40/ft.	$ 4,742.00	
Core boxes, 290 @ $3.40/each (wooden)	986.00	
Assaying, 4,200 determinations @ $1.00/each	4,200.00	
Drifting and/or crosscutting 12,485 feet @ $40.00/ft.	499,400.00	
Diamond drill stations, 300 feet @ $35.00/ft.	10,500.00	
Timbering drifts and crosscuts 2/ 3,950 feet @ $10.50/ft.	41,475.00	
Rock bolting 2/, 4,000 bolts @ $3.50/bolt	14,000.00	
Car sidings excavation (side-swiping), 14,800 cubic feet @ $0.45/cu. ft.	6,660.00	$581,963.00
Estimated Total Cost of the Project		$660,206.00
Government Participation @ 50%		$330,103.00

1/ Includes all costs of diamond drilling that might be allowed costs of the project under Categories (1) through (7) of Article 6(a), except as otherwise scheduled in Exhibit "A".

2/ If it is necessary to replace a rock bolted section with timbering, the maximum unit cost of such timbering shall be computed by deducting the allowable cost per foot of rock bolting from the allowable cost per foot of timbering.

SEP 11 1959
O.M.E.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, the amount of any item designated as "maximum", or the fixed unit cost of any item of work.

App'd. Sol. Off.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Acting Director, Office of
Minerals Exploration

AMERICAN SMELTING AND
REFINING COMPANY

By _____

Title Vice President

FROM SOLICITOR

JUL 27 1959

FOR SIGNATURE

SEP 14 1959
O.M.E.

Government's copy

RECEIVED
NOV 7 1958
O.M.E.

Long
Meyer
App'd. Sol. Off.
Klugscheid
Talbutt
Martin
Johnson
Winwood

EXPLORATION PROJECT CONTRACT
AMERICAN SMELTING AND REFINING COMPANY
DOCKET NO. DMEA-4712

AMENDMENT NO. 1

It is agreed this 26th day of September, 1958, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, and American Smelting and Refining Company, that Exploration Project Contract No. Idm-E1134 (Docket No. DMEA-4712), dated September 18, 1957, is amended as follows:

In Exhibit "A" under the heading "Description of the Work", item No. 6 is revised to read as follows:

> "Rock bolt (steel bolts) and timber (standard drift sets), drifts and crosscuts as necessary. Whenever rock bolting is used to support ground in lieu of timbering, the allowable number of rock bolts will be the average over the entire distance that is supported with rock bolts, not to exceed an average of seven bolts per five linear foot section. Only fully-bolted sections may be used in establishing an average. A "fully-bolted" section is understood to mean a section which contains two or more bolts. It is estimated that the total number of rock bolts required will not exceed 4,000 and the total amount of timbering of drifts and/or crosscuts required will not exceed 3,950 feet."

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, the amount of any item designated as "maximum", or the fixed unit cost of any item of work.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By [signature]
ACTING Director, Office of Minerals Exploration

AMERICAN SMELTING AND REFINING COMPANY

By [signature]

Title Vice President

Government's copy

MF-200
(Revised June 1954)

Docket No. DMEA - 4712

Commodity Lead-Zinc

Contract No. Idm-E 1134

RECEIVED SEP 30 1957 D.M.E.A.

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 18 SEP 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] American Smelting and Refining Company, a New Jersey corporation

whose mailing address is American Smelting and Refining Company, Mining Department 120 Broadway, New York 5, N. Y.,
hereinafter called the "Operator," as follows:

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

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Idaho, County of Shoshone, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] See Annex I of [5] _____ in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] _____, [7] _____ recorded in Book _____, page _____, official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: interests of lessors described 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: **Consents to Lien and Subordination Agreements of lessors are waived.**

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of **lead and zinc.** The work to be performed is described in Exhibit "A." The Operator on or before **September 1, 1957,** shall commence the work, and on or before **September 1, 1962** (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall have completed the work **See Annex II.**

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 $**660,206.00**
The Government shall contribute **50** percent of the allowable costs as they are incurred in a total sum not in excess of $**330,103.00**: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; ~~but except for any such necessary excesses in categories, subcategories, or items thereunder, the Operator is not obligated to incur any such excess beyond [illegible] percentage of the estimated total allowable cost of the work~~ **See Annex II.**

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 Annex II.**

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 Annex II.**

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. **See Annex II**

(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~~ 20 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. **See Annex II.**

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing. **See Annex II.**

(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.*—

See Annex II.

Bartin
Alvarez

"Appd. Sol. Off."
Klingenschmid
Christulus
Martin

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Administrator, Defense Minerals
Exploration Administration

AMERICAN SMELTING AND REFINING COMPANY
(Operator)

By Adin A. Brown

Title Vice President

Approved as to form
LEGAL DEPARTMENT
By R.A. Koch 9/20/57

I, Harold Howe, certify that I am the secretary of the corporation named as Operator herein; that Adin A. Brown who signed this contract on behalf of the Operator, was then Vice 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.

Harold Howe
Secretary

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
AMERICAN SMELTING AND REFINING COMPANY
DOCKET NO. DMEA-4712

ANNEX I

The land referred to in Article 2 of the contract consists of patented lode mining claims, all in T. 48 N., R. 2 E., Boise Meridian, in the Yreka Mining District, Shoshone County, Idaho. The Operator's interest in the claims and its right to possession thereof is described below:

(a) American Smelting and Refining Company holds a 100% undivided interest in the following patented claims:

Claim	Survey No.
St. Paul	2110
Chicago	2110
Maine	2110
Anna (Annie)	2911
Lyda Leary	2911
Robin	2961
Con Bederman	2912
Exile	2912
Dodo (that part of the claim shown on the attached Property Map, Plate I, shown as belonging to Operator)	2960

(b) Blackhawk Mining and Developing Co., Ltd., owns a 100% undivided interest in the following patented claims:

Claim	Survey No.
Snow Cap No. 1	1808
Page No. 2	1808
Sarah	1808
Bi-metallic	1808
Summit	1808
Apex	1808
Gateway	1808
Page No. 1	1808
Blackhawk	1808
Homestake	1808
Fanny	1808

American Smelting and Refining Company owns approximately 99 per cent of the stock of the Blackhawk Mining and Developing Co., Ltd., and also holds a lease on the claims.

(c) Wyoming Mining and Milling Company, Ltd., owns a 100% undivided interest in the following patented claims:

Claim	Survey No.
Silver Queen Ext.	1822
Walker	1852
Contact	2548
Ranger	1688
Contention	1688
St. John	1688
Arctic	1688
Hope	1688
Wyoming	1688
Eldorado	1688
Tunnel Fr.	1688

American Smelting and Refining Company owns approximately 96 per cent of the stock of the Wyoming Mining and Milling Company, and also holds a lease on the claims.

(d) Government Gulch Mining Company owns a 100% undivided interest in the following patented claims:

Claim	Survey No.
Chief	2862
Chief No. 2	2862
Porto Rico	2862
Laura	2862
Sugar (that part of the claim shown on the attached Property Map, Plate I, as owned by Government Gulch Mining Company)	2862

American Smelting and Refining Company owns approximately 73 per cent of the stock of the Government Gulch Mining Company, and also holds a lease on the claims.

All of the above-mentioned claims are shown on the attached map entitled "American Smelting and Refining Co. Unit: Page, East Page DMEA Project, Property Map Showing Proposed Work and Contract Area, Plate I." (The outer surface boundary of the land included in the contract is outlined in black.)

Excluded Land

Specifically excepted from the land described in the contract is any and all ore mined from the Tony Vein west of mine coordinate line 11,000E (shown on the attached Property Map, Plate I) and any and all ore mined from the Curlew Vein above elevation 1370 feet above Sea Level (Page 1800 Level).

EXPLORATION PROJECT CONTRACT
AMERICAN SMELTING AND REFINING COMPANY
DOCKET NO. DMEA-4712

ANNEX II

ARTICLE 13. Changes and added provisions.--

(a) In Article 3, the words following the reference to Article 10 are deleted, and the following words are substituted: "shall have completed the work."

(b) In Article 6(a), that part of the last sentence in the first paragraph beginning after the semicolon is deleted.

(c) In Article 6(c), the words "Article 9" are changed to "Article 8."

(d) In Article 8(b), the words "ten years" are changed to "twenty years."

(e) The following clause is added to Article 8(c):

"Provided, however, That so long as the Operator operates smelting facilities as an integrated part of its business, the settlement made by the Operator's smelter to its mine or mill on the ore or concentrates subject to the Government's royalty shall be, for the purpose of calculating the royalty payable to the Government under the contract, on the same settlement basis that the said smelter makes to its independent suppliers under the schedule most favorable to any independent supplier or should gross income from mining operations for percentage depletion purposes in Federal income tax determination show a greater value for ore or concentrate sales than the value which would result from applying the smelter schedule most favorable to an independent supplier, the greater value will be used as the basis for calculating royalty payable to the Government."

(f) 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.

(g) Notwithstanding any other provision of the contract, the allowable unit cost of a work item (drilling and the asterisked items in Exhibit "A") is the average unit cost per work item computed on the basis of all the actual allowable costs of said work item incurred by the Operator: Provided, That the Government will not contribute to any portion of the average unit cost of a work item that exceeds the estimated (maximum) unit cost of said item set forth in Exhibit "A"; And provided further, That the Government, during the performance of work, may contribute to actual costs of a work item to the extent that in its opinion the maximum unit cost will not be exceeded upon the completion or termination of that work item.

(h) A special "Agreement Concerning Royalty" is added as follows:

"Notwithstanding the certification provisions of Article 6, and with no further action required on the part of the Government, the Operator, as principal if the Operator is the producer or as a surety if the Operator is not the producer, shall pay to the Government a royalty on any of its production, regardless of where it comes from (including production from the "excluded land" described in Annex I) that is transported through any shaft, winze, raise, crosscut, drift, or any other working to the cost of which the Government has contributed, or any portion of said workings, for the same period as is described in Article 6(b)(2) of the contract and pursuant to the terms of Article 6(c) et seq. However, in no event shall more than one royalty be due on or paid on the same production.

"In the event that production from outside the boundaries of the land described in Article 2 is transported through the workings described above, and neither the Operator nor any subsidiary or affiliate thereof has any interest in said production, the Government shall be paid by the Operator the fixed rate of 5 per cent of the total transportation charges received by the Operator."

EXPLORATION PROJECT CONTRACT
AMERICAN SMELTING AND REFINING COMPANY
DOCKET NO. DMEA-4712

EXHIBIT "A"

Description of the Work

The purpose of the work is to explore at depth on the 3070 level, by crosscutting, drifting, and diamond drilling, a geologically favorable block of ground which lies between the Page mine producing area and the Bunker Hill mine.

The locations, directions, attitudes, and extents of all work performed under the contract are subject to the prior approval of the Government. The exploration work is indicated, in part, on the attached map entitled "American Smelting and Refining Company - Page Unit-3070 Level Showing Proposed Work."

Item Nos.

1. From the face of the present east drift near the Page shaft station on the 3070 level, drive the "Main Line Drive East" on an approximate bearing of North 83° 15' East for a distance of approximately 5,720 feet.

2. Drive crosscuts from Main Line Drive as follows:

Crosscut	Location in feet from start of Main Line Drive	Bearing	Objective	Approximate Length in feet
No. 1 South	2,940	South	Property Line	1,070
No. 1 North	2,940	North	Osburn Fault	1,150
No. 2 South	4,430	South	Property Line	780
No. 2 North	4,430	North	Osburn Fault	960
No. 3 South	5,720	South	Property Line	940
No. 3 North	5,720	North	Osburn Fault	690
			Total	5,590 feet

Item Nos.

3. Drive diamond drill stations from Main Line Drive as follows:

For Hole Nos.	Location in feet from start of Main Line Drive	Bearing	Distance in feet	Total feet
1 & 2	1,920	North & South	25	50
3 & 4	2,425	North & South	25	50
5 & 6	3,435	North & South	25	50
7 & 8	3,930	North & South	25	50
9 & 10	4,860	North & South	25	50
11 & 12	5,290	North & South	25	50
		Total Footage		300

4. Diamond drill, approximately horizontal holes, from the stations described in item 3, as follows:

Hole Nos.	Bearing	Objective	Approximate length in feet
1	South	Spring Fault	1,350
2	North	Osburn Fault	1,060
3	South	Property Line	1,270
4	North	Osburn Fault	1,100
5	South	Property Line	820
6	North	Osburn Fault	1,020
7	South	Property Line	740
8	North	Osburn Fault	1,030
9	South	Property Line	875
10	North	Osburn Fault	875
11	South	Property Line	925
12	North	Osburn Fault	790
		Total Diamond Drilling	11,855 feet

Item Nos.

5. Drift and/or crosscut an aggregate of not more than 1,175 feet on all mineralized structures that may be encountered as a result of work done in items 1 through 4.

6. Rock bolting (steel bolts, not to exceed 7 bolts per section of 5 linear feet), and timbering (standard drift sets), as necessary, shall be performed along crosscuts and drifts. It is estimated that the total number of rock bolts required will not exceed 4,000, and the total amount of timbering of drifts and/or crosscuts required will not exceed 3,950 feet.

7. Not more than 14,800 cubic feet of excavation shall be allowed for car sidings (sideswiping).

All drifts and crosscuts shall be approximately 7 feet by 9 feet in cross section in the clear of the timber. Timber sets shall consist of not less than 8 inch by 8 inch timber or the equivalent in round timber. The total amount of drifting and/or crosscutting (exclusive of driving diamond drill stations) shall not exceed 12,485 feet. The total amount of crosscutting or drifting for diamond drill stations shall not exceed 300 feet.

The total of all underground diamond drilling shall not exceed 11,855 feet.

All diamond drilling shall be done with AX size, or larger, coring bits, except when it is necessary to use an EX size bit in order to complete a hole.

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

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 assayed for lead, zinc, and silver.

Sludges corresponding to the cores shall be retained (if possible) when drilling is being done in significantly mineralized sections and, in the event that core recovery does not exceed seventy per cent, both core and sludge samples shall be taken, at intervals not to exceed five feet. Both the core and sludge shall be split and one half thereof properly sampled and assayed.

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

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

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

All samples taken in the drifts and crosscuts shall be assayed for lead, zinc, and silver.

The total number of assay determinations shall not exceed 4,200 for all classes of work.

Estimated Costs of the Project
(In addition to the maximums fixed in the contract form, an asterisk indicates maximum.)

Actual Costs

Category (1) Independent Contracts

11,855 feet of diamond drilling		
AX size or larger	@ $6.60/ft.	
EX size	@ $6.40/ft.	$ 78,243.00

The above rates include charges for reaming and casing, cementing and redrilling, changing locations, and all other charges whatsoever that may be incurred by the diamond drill contractor.

Neither the cost nor the value of casing left in drill holes at option of Operator will be accepted as a charge to the contract.

Note: Amendment No. 2 places all but drill footages on unit costs. fmyn

Categories (4)(a) and (b), (5), and (6)

None

Categories (2) Personal Services, (3) Operating Materials and Supplies, (4)(c) Operating Equipment--Depreciation, and (7) Miscellaneous

The schedules for Categories (2), (3), and (7), and Subcategory (4)(c) are hereby waived, and the costs of the completed work items are estimated below in terms of maximum unit costs. The Government will contribute to the actual costs under these categories and subcategory that do not exceed the maximum unit costs computed as set forth in paragraph (g) of Article 13 (Annex II).

Drifting and/or crosscutting 12,485 feet @ $40.00/ft.*	$499,400.00	
Diamond drill stations, 300 feet @ $35.00/ft.*	10,500.00	
Timbering drifts and crosscuts 2/ 3,950 feet @ $10.50/ft.*	41,475.00	
Rock bolting, 2/ 4,000 bolts @ $3.50/bolt*	14,000.00	
Car sidings Excavation (side-swiping), 14,800 cubic feet @ $0.45/cu. ft.*	6,660.00	$650,278.00

Fixed Unit Costs (See paragraph (f), Article 13 (Annex II))

Incidental allowance 1/ for each foot of drilling completed 11,855 feet @ $0.40/ft.	4,742.00	
Core boxes, 290 @ $3.40/ea. (wooden)	986.00	
Assaying, 4,200 determinations @ $1.00/ea.	4,200.00	9,928.00
Estimated Total Cost of the Project		$660,206.00
Government Participation @ 50%		$330,103.00

1/ Includes all costs that might be allowable costs of the project under Categories (1) through (7) of Article 6(a), except as otherwise scheduled in Exhibit "A".

2/ If it is necessary to replace a rock bolted section with timbering, the maximum unit cost of such timbering shall be computed by deducting the allowable cost per foot of rock bolting from the allowable cost per foot of timbering.

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

OFFICIAL FILE COPY
DMEA
RECEIVED APR 1 1957

DATE	INITIALS	CODE

March 29, 1957

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

Re: New Application (Lead-Zinc)
American Smelting and Refining Co.
East Page Mine
Shoshone County, Idaho

Dear Mr. Selfridge:

Enclosed are three copies of an application for DMEA assistance to explore for lead-zinc ore in the East Page Mine, Yreka mining district, Shoshone County, Idaho.

The applicant, the American Smelting and Refining Company, proposes to explore to the east of the present face of the 3070 level in two stages by drifting 5,720 feet, crosscutting 5,590 feet, and diamond drilling 11,855 feet of holes, at an estimated total cost of $990,344 (Government's share $495,172).

The Survey personnel working on the Couer d'Alene project have considerable information pertinent to the area to be explored. This information will be made available to the DMEA examiners when a field referral is made.

Sincerely yours,

A. E. Weissenborn

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

Enclosures

cc: USBM (2)
Geologist

AMERICAN SMELTING AND REFINING COMPANY
NORTHWESTERN MINING DEPARTMENT
WALLACE, IDAHO

March 28, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED APR 1 1957

DATE	INITIALS	CODE

Mr. A. E. Weissenborn
S. 157 Howard,
Spokane, Washington

EAST PAGE DMEA PROJECT

Dear Mr. Weissenborn:

I hand you herewith five copies of our application dated March 25, 1957 for DMEA participation in a proposed project starting on the 3070 Level of the Page Mine, west of Kellogg, Idaho. This project would explore groundeast of the Page Shaft which we believe to be geologically favorable for ore deposits.

Any questions you may have concerning the application as submitted should be directed to our Mr. S. N. Kesten.

Yours very truly,

/s/ J. C. Kieffer

JCK:EH
Enclosure

cc: DJPope
SNKesten

by hand

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
MAR 28 1957
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. 4712
Metal or Mineral Lead-Zinc
Date Received 4-1-57
Estimated Cost $990,344
Participation (Government %)

RECEIVED
APR 1 1957
D.M.E.A.

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: American Smelting and Refining Company
Address: Mining Department, 120 Broadway, New York 5, New York; and
Northwestern Mining Department, Box 440, 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. See attached sheet

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

(*d*) If a partnership, add to the above statement the names and addresses of all partners. Not applicable

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

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

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

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

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property. ~~Copies of "Consent to Lien and Subordination Agreement" are attached.~~

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

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice. Not applicable

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

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

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

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

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

All readily available

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

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

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

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

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)? Yes

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

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

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated March 25, 1957

American Smelting & Refining Company
(Applicant)

By A. A. Brown, Vice President
120 Broadway

New York 5, New York

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.

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1. (a) --

(b) American Smelting and Refining Company is a corporation organized and existing under and by virtue of the laws of the State of New Jersey.

(c) A. A. Brown, Vice President, Mining Department, American Smelting and Refining Company, 120 Broadway, New York 5, New York.

2. --

3. (a) The following patented claims, all in T48N, R2E, Boise Meridian, in the Yreka Mining District, Shoshone County, Idaho:

Claim	Survey No.	Claim	Survey No.
St. Paul	2110	Gateway	1808
Snow Cap No. 1	1808	Page No. 1	1808
Page No. 2	1808	Black Hawk	1808
Sarah	1808	Homestake	1808
~~Metallic~~	~~1808~~	Fanny	1808
Bi-metallic	1808	Anna	2911
Summit	1808	Lyda Leary	2911
Apex	1808	Robin	2961
Chicago	2110	Silver Queen Ext.	1822
Maine	2110	Walker	1852
Contact	2548	Ranger	1688
Con Bederman	2912	Contention	1688
St. John	1688	Arctic	1688
Hope	1688	Wyoming	1688
Eldorado	1688	Exile	2912
Tunnel Fr.	1688	Chief No. 2	2862
Chief	2862	Porto Rico	2862
Laura	2862		

Non-existent. (See Weissenborn Letter June 24, 1957.)

and that portion of Dodo, Survey No. 2960, shown on the accompanying property map (Plate I) as belonging to American Smelting and Refining Company; and that portion of Sugar, Survey No. 2862, shown on the accompanying map as belonging to Government Gulch Mining Company.

Excluded.

Specifically excepted from the contract, however, is any and all ore mined from the Tony Vein west of coordinate line 11,000E and any and all ore mined from the Curlew Vein above elevation 1370 feet above Sea Level (Page 1800 Level).

3. (b) --

(c) i. American Smelting and Refining Company holds a 100% undivided interest in the following patented claims:

Claim	Survey No.
St. Paul	2110
Chicago	2110
Maine	2110
Annie	2911
Lyda Leary	2911
Robin	2961
Con Bederman	2912
Exile	2912

OK

and a portion of Dodo, Survey No. 2960, as shown on the property map.

ii. Blackhawk Mining and Developing Co., Ltd., owns a 100% undivided interest in the following patented claims:

A.S.+R. owns 99.68% of Blackhawk Mining Co.

Claim	Survey No.	Claim	Survey No.
Snow Cap No. 1	1808	Gateway	1808
Page No. 2	1808	Page No. 1	1808
Sarah	1808	Blackhawk	1808
Bi-metallic	1808	Homestake	1808
Summit	1808	Fanny	1808
Apex	1808		

American Smelting and Refining Company holds a majority stock interest in this company and also holds a lease on the claims, a copy of which will be submitted upon demand.

iii. Wyoming Mining and Milling Company, Ltd., owns a 100% undivided interest in the following patent claims:

A.S.&R. owns 95.97% of Wyoming Mining Co.

Claim	Survey No.	Claim	Survey No.
Silver Queen Ext.	1822	Arctic	1688
Walker	1852	Hope	1688
Contact	2548	Wyoming	1688
Ranger	1688	Eldorado	1688
Contention	1688	Tunnel Fr.	1688
St. John	1688		

American Smelting and Refining Company holds a majority stock interest in this company and also holds a lease on the claims, a copy of which will be submitted upon demand.

iv. Government Gulch Mining Company owns a 100% undivided interest in the following patented claims:

A.S.&R. owns 72.75% of Government Gulch Mining Co. Lease will be forwarded.

Claim	Survey No.	Claim	Survey No.
Chief	2862	Porto Rico	2862
Chief No. 2	2862	Laura	2862
~~Florence~~	~~2862~~		

should not be included.

and a portion of Sugar, Survey No. 2862, as shown on the accompanying property map.

American Smelting and Refining Company holds a majority stock interest in this company and also holds a lease on the claims, a copy of which will be submitted upon demand.

(d) --

(e) --

(f) --

4. (a) It is proposed that the project be carried out from the 3070 level of the Page Mine, a producing mine owned and operated by American Smelting and Refining Company. This mine has been developed from surface, at an elevation of about 2800 feet, to the 3070 level, at an elevation of 390 feet. Mining is currently in progress in the lower 500 foot vertical interval on the Tony Vein. The area to be explored extends from 2000 feet east of the shaft station on the 3070 level to 6000 feet east of the shaft station. Some near-surface development within this area took place in the past, as shown on Plates X and XI. Development of the Curlew Vein, which is south of the Tony Vein, within the area, was carried out from the Page Shaft on the following levels (See Plates XII, XIII and XIV):

600	Elevation	2296
900	"	2064
1200	"	1832

Ore was found and mined (See Plate XVI) but valuable mineralization on this vein rakes westerly out of the area in which exploration is proposed. Neither the near-surface workings nor the Curlew Vein levels from the Page Shaft are now accessible. Two veins north of and parallel to the Tony Vein, the "85" and the Omega, have been partially developed and some ore has been mined.

(b) Production records from the near-surface workings within the exploration area are no longer in existence. Production from the Curlew Vein stopes within the area cannot be segregated readily from records of extraction throughout the mine, but it would appear

that of the Page Mine total production of 3,100,000 tons of silver-lead-zinc ore to January 1, 1957, about 400,000 tons came from the Curlew Vein, a very small tonnage came from the Omega and "85" Veins, and the remainder came from the Tony Vein.

(c) Reference is invited to Plates II to IX. The area to be explored is bounded on the north by the Osburn Fault and on the south by the south boundary of the groups of claims owned by American Smelting and Refining Company and associated companies. At surface, this area is underlain by rocks of the Precambrian Belt Series, principally the St. Regis formation made up of argillites and argillaceous quartzites, the Burke-Revett formations made up of quartzites and argillaceous quartzites, and the Prichard argillites, in order of increasing age. These rocks are overturned at surface, with the Burke-Revett overlying the St. Regis. At the west end of the area the formations are believed to roll over and assume a normal sequence at elevation 1500, approximately. At the east end of the area, the same condition is apparent but the roll-over is believed to be 500 to 1000 feet higher in elevation. At the north boundary of the area, on surface, these rocks are cut by the Osburn Fault, a major strike slip, and at the south boundary by the Spring Fault, another strike slip, for which the magnitude of movement has not been determined. Both faults are thought to dip to the south at 55° to 75°, but there are few observations in the imediate area by which this might be confirmed. Also near surface these rocks

are cut by the Curlew and the Wyoming structures which are vein-filled faults. The vertical component of movement on these structures is in the reverse direction, while the horizontal component appears to be north side to the west. The structures, which are on the north side of the area near surface, strike easterly and dip to the south at between 30° and 60°. Between the Wyoming structure and the Spring Fault, evidence is found in trenches of three similar structures, that is, vein-filled faults, with similar strikes, attitudes and direction of vertical components of movement, but apparently the opposite direction of horizontal components of movement. These structures are designated "A", "B", "C" Faults on Plates II to IX. In the east portion of the area only, a fourth similar structure, the "96" Fault, is also seen.

Of the reverse vein-filled structures, only the Curlew can be projected downward with any confidence. At its east end the strike of the vein swings from easterly to southeasterly and the structure weakens and frays. (Curlew ?) WSH 8/5/59 The curl rakes down to the southwest so that on the 3070 level, or 390 feet above Sea Level, it lies less than 1000 feet east of the shaft.

The other structures are not known below an elevation of about 2500 feet above Sea Level and projection to the 3070 level is risky. However, it would appear that at the west end of the area they are cut off against the more steeply dipping Spring Fault above an elevation of about 1800 feet above Sea Level and at the east end they cross the south boundary, thus leaving the area, at about 1500 feet above Sea Level. However, with depth

the structures are moving away from the more steeply dipping Osburn Fault, leaving room for other possible structures, which would not come to surface because they would be cut off beforehand by the Osburn Fault.

// Briefly, it is proposed to explore, at an elevation of about 390 feet above Sea Level, a block of ground 4000 feet long and approximately 2000 feet wide, in which the rocks are predicted to be at least in part the favorable argillaceous quartzites of the Burke and Revett formations and in which the rocks are predicted to be cut by vein-bearing structures similar, in attitude, relative movement and mineralization, to structures which have been developed and mined near surface immediately above, and to structures which have been mined through a considerable vertical range in the Page Mine immediately to the west. //

(d) The Page Mine, from which it is proposed that the project will be carried out, is 2 miles by blacktop road from pavement. At present, concentrates are trucked to a loading ramp on the Northern Pacific Railroad immediately west of the City of Wallace, a distance of 17 miles. The mine is 18 miles from Wallace, the county seat, 6 miles from Kellogg, a business, residential and supply center, and about 3 miles each from the villages of Smelterville and Pinehurst. There is also a small population resident on the townsite at the mine.

(e) All readily available.

5. (a) --

(b) i: (See Plate XV) Phase I

It is proposed to drive from the face of the present east drift near the Page shaft station on the 3070 level on a bearing of N83°15'E for a distance of 2,940 feet, and to crosscut from that point due south to the south property line, a distance of 1070 feet, and due north to the Osburn Fault, a distance of 1150 feet.

It is proposed to put out flat diamond drill holes as follows:

Hole No.	Location in Feet from start of Line Drive	Bearing	Objective	Length in Feet
1	1920	South	Spring Fault	1350
2	1920	North	Osburn Fault	1060
3	2425	South	Property Line	1270
4	2425	North	Osburn Fault	1100
		Total		4780

In order that drilling may be carried out while the line drive and crosscuts are progressing, it is proposed that a diamond drill station, in the form of a crosscut 25 feet long, be made for each hole.

Summary of Phase I	Feet
Line Drive	2940
Crosscuts	2220
Diamond Drill Stations	100
Total Drifting and Crosscutting	5260 feet
Diamond Drilling	4780 feet

ii: Phase II

It is proposed to continue the line drive on a bearing of N83°15'E for an additional distance of 2780 feet to a point 5720 feet from the start, and to drive crosscuts as follows:

Crosscut	Location in Feet from start of Line Drive	Bearing	Objective	Length in Feet
No.2 South	4430	South	Property Line	780
No. 2North	4430	North	Osburn Fault	960
No.3 South	5720	South	Property Line	940
No.3 North	5720	North	Osburn Fault	690
		Total		3370 Feet

It is proposed to put out flat diamond drill holes as follows:

Hole No.	Location in Feet from start of Line Drive	Bearing	Objective	Length in Feet
5	3435	South	Property Line	820
6	3435	North	Osburn Fault	1020
7	3930	South	Property Line	740
8	3930	North	Osburn Fault	1030
9	4860	South	Property Line	675
10	4860	North	Osburn Fault	875
11	5290	South	Property Line	925
12	5290	North	Osburn Fault	790
			Total	7075

To expedite the project it is proposed that a diamond drill station, in the form of a crosscut 25 feet long, be made for each hole.

Summary of Phase II	Feet	
Line Drive	2780	
Crosscuts	3370	
Diamond Drill Stations	200	
Total Drifting and Crosscutting		6350 feet
Diamond Drilling		7075 feet.

iii: Summary of Project

	Feet	
Line Drive, Phase I	2940	
" " Phase II	2780	
Sub-total	5720 feet	
Crosscuts, Phase I	2220	
" Phase II	3370	
Sub-total	5590 feet	
Diamond drill stations, Phase I	100	
" " " Phase II	200	
Sub-total	300 feet	
Total Drifting and Crosscutting		11,610 feet
Diamond Drilling, Phase I	4780 feet	
Diamond Drilling, Phase II	7075 feet	
Total Diamond Drilling		11,855 feet

It has been noted previously in this application that the Spring and Osburn Faults have been projected to the 3070 Level on the basis of scanty information. Should the projection prove to be greatly in error, revisions in the form of changes in the bearing of the line drive and in the lengths of the crosscuts and drill holes will then be necessary.

(c) The line drive can be started immediately upon the signing of the exploration contract. However, hoisting capacity will allow only 100 feet per month prior to September 1, 1957. After that time, hoisting capacity will allow 200 feet of advance per month. Thus, on a five-day week schedule, Phase I will take no less than 27 months, provided there is no delay caused by diamond drilling, or by unforeseen conditions. Phase II will take no less than 32 months with the same provision, for a total of no less than 59 months.

(d) The project will be carried out by supervisory staff and miners in the employ of the American Smelting and Refining Company. The Company, either in its own name or as Federal Mining and Smelting Company, has a history of continuous and successful operation in the Coeur d'Alene mining camp.

6. (a) Independent Contracts.

The work will not be left to independent contractors, except the diamond drilling. However, our employees will be paid a stipulated amount per foot of advance. This amount, the average of running a raw drift and/or crosscut and a timbered drift and/or crosscut is about $13.82 per foot.

(b) Labor, Supervision, Consultants.

Class	Number of Employees	Wage rate (Present Base)
Drift Miners **	2½	
Trackman	1	$ 15.96
Service & Pipeman	*	15.96
Level Motorman	*	15.96
Level Motorman - Helper	*	15.42
Surface Motorman	*	15.96
Timber Framer	*	16.38
Engineer & Geologist	*	485.00
Timekeeper	*	480.00
Supervision	*	563.00

* These are part of a crew serving all mining operations. This proposed project would bear its proportionate share of these services. See exhibits, A, B, C, D, E, F, G, (pages 16, 17, 18, 19, 20, 21 and 21A) attached.

** See arrangement described in (a) above.

(c) Operating Material and Supplies.

For detail of estimated items of Cost, see exhibits A, B, C, D, E, F, G, (pages 16, 17, 18, 19, 20, 21 and 21A) supporting Schedule 1, (page 15) Summary of costs.

(d) --

(e) There will be no initial rehabilitation or repairs of existing buildings, installations, fixtures and movable operating equipment.

(f) New buildings, improvements. None

(g) Miscellaneous

Included in estimated costs per Schedule I. See exhibit A, (page 16).

(h) Contingencies. See Schedule I.

Plate	List of Illustrations	Page No.
I	Property Map, 1 inch to 500 feet	22
II	Surface Plan, 1 inch to 2000 feet	23
III	1800 Level, 1 inch to 2000 feet	24
IV	3070 Level, 1 inch to 2000 feet	25
V	Vertical Longitudinal Projection, 1 inch to 2000 feet	26
VI	Vertical Section through 10,570E, 1 inch to 2000 feet	27
VII	Vertical Section through 13,000E, 1 inch to 2000 feet	28
VIII	Vertical Section through 16,000E, 1 inch to 2000 feet	29
IX	Surface Plan, 1 inch to 200 feet	30
X	Composite Plan, 1 inch to 200 feet	31
XI	300 Level East, 1 inch to 200 feet	32
XII	600 Level East, 1 inch to 200 feet	33
XIII	900 Level East, 1 inch to 200 feet	34
XIV	1200 Level East, 1 inch to 200 feet	35
XV	3070 Level, 1 inch to 200 feet	36
XVI	Vertical Projection of Curlew Vein, 1 inch to 200 feet	37

SCHEDULE I
SUMMARY OF ESTIMATED COSTS

	1957	1958	1959	1960	1961	1962	Total
Costs per Foot							
Drifting and Crosscutting							
Labor - Direct	$13.65	$13.74	$13.66	$13.78	$13.74	$15.10	$13.82
Supplies - Direct	22.58	22.18	22.41	22.35	22.18	22.48	22.33
Other Costs	22.62	23.51	25.83	29.80	31.18	27.73	27.07
Total							
See Exhibits A,B,C,D,E,F	$58.85	$59.43	$61.90	$65.93	$67.09	$65.31	$63.22
Feet Advanced							
Drifts and Crosscuts	1,210'	2,439'	2,412'	2,416'	2,412'	870'	11,759'
Diamond Drilling	-	2,500'	2,500'	2,500'	2,500'	1,835'	
Total Expenditures							
Drifting and Crosscutting	$71,205	$144,947	$149,307	$159,276	$161,836	$56,815	$743,386
Diamond Drilling		$ 23,125	$ 23,125	$ 23,125	$ 23,125	$16,974	$109,474
	$71,205	$168,072	$172,432	$182,401	$184,961	$73,789	$852,860
*Contingencies 10%	7,120	16,807	17,243	18,240	18,496	7,378	85,284
	$78,325	$184,879	$189,675	$200,641	$203,457	$81,167	938,144
Equipment - See Exhibit G							52,200
							$990,344

* To allow for unforseen delays and accidents.

EXHIBIT A
ANALYSIS OF ESTIMATED COST
YEAR 1957

1210'

	Yearly Cost		Cost per Foot	
Direct Labor:				
Contract	$16,516	$16,516	$	$13.65
Direct Supplies:				
B its and Steel	3,751		3.10	
Drill Oil and Parts	653		.54	
Explosives	8,107		6.70	
Ventilation Duct	5,760		4.76	
Track	3,703		3.06	
Pipe	3,013		2.49	
Rock Bolts	702		.58	
Timbers	1,476		1.22	
Miscellaneous Tools	157		.13	
Total Direct Supplies		27,322		22.58
Total Direct Labor and Supplies		$43,838		$36.23
Other Operating Costs:				
Hoisting	$ 5,578	4.61		
Drainage	375			
Mine Dry	629			
Heating Plant	448			
Compressor	629			
Tramming Supplies	895			
Power for Vent. Fan	121			
Supervision	1,513	1.25		
Engineer and Geologist	1,307	1.08		
Timekeeper	968	0.80		
Timber Framer	750			
Track Man	2,904	2.40		
Service Man	1,089	0.90		
Surface Haulage	1,089			
Vacation Allowance	1,176			
Holiday Pay Allowance	1,008			
Social Security	1,050			
Life Insurance	336			
Health Insurance	924			
Pensions	2,814	2.325		
Employer's Liability	1,344			
Medical and Surgical	420			
Total Other Operating Costs		27,367		22.62
TOTAL		$71,205		$58.85

EXHIBIT B
ANALYSIS OF ESTIMATED COST
YEAR 1958

2439'

	Yearly Cost		Cost per Foot	
Direct Labor:				
Contract	$33,516	$33,516	$13.74	$13.74
Direct Supplies:				
Bits and Steel	7,560		3.10	
Drill Oil and Parts	1,317		.54	
Explosives	16,341		6.70	
Ventilation Duct	11,067		4.54	
Track	7,463		3.06	
Pipe	5,789		2.37	
Rock Bolts	1,407		.58	
Timbers	2,837		1.16	
Miscellaneous Tools	317		.13	
Total Direct Supplies		54,098		22.18
Total Direct Labor and Supplies		$87,614		$35.92
Other Operating Costs:				
Hoisting	11,244	4.61		
Drainage	721			
Mine Dry	1,268			
Heating Plant	902			
Compressor	1,268	0.52		
Trenching Supplies	1,805			
Power for Vent. Fan	244			
Supervision	3,638	1.49		
Engineer and Geologist	2,886	1.18		
Timekeeper	1,561	0.64		
Timber Framer	1,465			
Track Man	4,610	1.89		
Service Man	1,732	0.71		
Underground Haulage	3,489			
Surface Haulage	2,317			
Vacation Allowance	2,364			
Holiday Pay Allowance	2,026			
Social Security	2,110			
Life Insurance	675			
Health Insurance	1,857			
Pensions	5,656	2.32		
Employer's Liability	2,701			
Medical and Surgical	844			
Total Other Operating Costs		57,333		23.51
TOTAL		144,947		$59.43
Diamond Drilling 2500' @ $9.25		23,125		
		$168,072		

EXHIBIT C
ANALYSIS OF ESTIMATED COST
YEAR 1959
2412'

	Yearly Cost		Cost per Foot	
Direct Labor:				
Contract	$32,954	$32,954	$13.66	$13.66
Direct Supplies:				
Bits and Steel	7,477		3.10	
Drill Oil and Parts	1,302		.54	
Explosives	16,160		6.70	
Ventilation Duct	11,186		4.64	
Track	7,381		3.06	
Pipe	5,976		2.48	
Rock Bolts	1,392		.58	
Timbers	2,867		1.19	
Miscellaneous Tools	314		.13	
Total Direct Supplies		54,055		22.41
Total Direct Labor and Supplies		$87,009		$36.07
Other Operating Costs:				
Hoisting	11,119	4.61		
Drainage	744			
Mine Dry	1,254			
Heating Plant	892			
Compressor	1,254	0.52		
Tramming Supplies	1,785			
Power for Vent. Fan	241			
Supervision	4,800	1.99		
Engineer and Geologist	4,109	1.70		
Timekeeper	1,524	0.63		
Timber Framer	1,504			
Track Man	4,464	1.85		
Service Man	2,976	1.23		
Underground Haulage	4,044			
Surface Haulage	2,232			
Vacation Allowance	2,254			
Holiday Pay Allowance	2,183			
Social Security	2,274			
Life Insurance	728			
Health Insurance	2,001			
Pensions	6,095	2.53		
Employer's Liability	2,911			
Medical and Surgical	910			
Total Other Operating Costs		62,298		25.83
TOTAL		149,307		$61.90
Diamond Drilling 2500' @ $9.25		23,125		
		$172,432		

EXHIBIT D
ANALYSIS OF ESTIMATED COST
YEAR 1960

2416'

	Yearly Cost		Cost Per Foot	
Direct Labor:				
Contract	$33,292	$33,292	$13.78	$13.78
Direct Supplies:				
Bits and Steel	7,490		3.10	
Drill Oil and Parts	1,305		.54	
Explosives	16,187		6.70	
Ventilation Duct	11,186		4.63	
Track	7,393		3.06	
Pipe	5,852		2.42	
Rock Bolts	1,392		.58	
Timbers	2,867		1.19	
Miscellaneous Tools	314		.13	
Total Direct Supplies		53,986		22.35
Total Direct Labor and Supplies		$87,278		$36.13
Other Operating Costs:				
Hoisting	11,138	4.61		
Drainage	744			
Mine Dry	1,256			
Heating Plant	894			
Compressor	1,256	0.52		
Trimming Supplies	1,788			
Power for Vent. Fan	240			
Supervision	7,200	2.98		
Engineer and Geologist	6,180	2.56		
Timekeeper	1,524	0.63		
Timber Framer	1,504			
Track Man	4,464	1.85		
Service Man	4,464	1.85		
Underground Haulage	5,862			
Surface Haulage	2,232			
Vacation Allowance	2,755			
Holiday Pay Allowance	2,361			
Social Security	2,460			
Life Insurance	787			
Health Insurance	2,165			
Pensions	6,592	2.73		
Employer's Liability	3,148			
Medical and Surgical	984			
Total Other Operating Costs		71,998		29.80
TOTAL		159,276		$65.93
Diamond Drilling 2500' @ $9.25		23,125		
		$182,401		

EXHIBIT E
ANALYSIS OF ESTIMATED COST
YEAR 1961

2412'

	Yearly Cost		Cost per Foot	
Direct Labor:				
Contract	$33,131	$33,131	$13.74	$13.74
Direct Supplies:				
Bits and Steel	7,477		3.10	
Drill Oil and Parts	1,302		.54	
Explosives	16,160		6.70	
Ventilation Duct	10,948		4.54	
Track	7,381		3.06	
Pipe	5,727		2.37	
Rock Bolts	1,392		.58	
Timbers	2,806		1.16	
Miscellaneous Tools	314		.13	
Total Direct Supplies		53,507		22.18
Total Direct Labor and Supplies		$86,638		$35.92
Other Operating Costs:				
Hoisting	$11,119	4.61		
Drainage	744			
Mine Dry	1,254			
Heating Plant	892			
Compressor	1,254	0.52		
Tramming Supplies	1,785			
Power for Vent. Fan	241			
Supervision	7,200	2.99		
Engineer and Geologist	6,180	2.56		
Timekeeper	1,524	0.63		
Timber Framer	1,472			
Track Man	4,464	1.85		
Service Man	4,464	1.85		
Underground Haulage	8,784			
Surface Haulage	2,232			
Vacation Allowance	2,799			
Holiday Pay Allowance	2,399			
Social Security	2,499			
Life Insurance	800			
Health Insurance	2,199			
Pensions	6,696	2.77		
Employer's Liability	3,198			
Medical and Surgical	999			
Total Other Operating Costs		75,198		31.18
TOTAL		161,836		$67.09
Diamond Drilling 2500' @ $9.25		23,125		
		$184,961		

EXHIBIT F
ANALYSIS OF ESTIMATED COST
YEAR 1962

870'

	Yearly Cost		Cost per Foot	
Direct Labor:				
Contract	$13,138	$13,138	$15.10	$15.10
Direct Supplies:				
Bits and Steel	2,697		3.10	
Drill Oil and Parts	470		.54	
Explosives	5,829		6.70	
Ventilation Duct	4,094		4.76	
Track	2,662		3.06	
Pipe	2,141		2.49	
Rock Bolts	499		.58	
Timbers	1,049		1.22	
Miscellaneous Tools	113		.13	
Total Direct Supplies		19,554		$2.48
Total Direct Labor and Supplies		$32,692		$37.58
Other Operating Costs:				
Hoisting	4,011	4.61		
Drainage	267			
Mine Dry	452			
Heating Plant	322			
Compressor	452	0.52		
Tramming Supplies	644			
Power for Vent. Fan	86			
Supervision	3,000	3.45		
Engineer and Geologist	2,575	2.96		
Timekeeper	635	0.73		
Timber Framer	608			
Track Man	1,860	2.14		
Service Man	1,860	2.14		
Underground Haulage	3,660			
Surface Haulage	930			
Vacation Allowance	1,165			
Holiday Pay Allowance	1,000			
Social Security	1,040			
Life Insurance	335			
Health Insurance	915			
Pensions	2,790	3.21		
Employer's Liability	1,330			
Medical and Surgical	480			
Total Other Operating Costs		24,123		27.73
TOTAL		56,813		$65.31
Diamond Drilling 1835' @ $9.25		16,974		
		$73,787		

EAST PAGE DM[illegible] PROJECT

EXHIBIT G
ANALYSIS OF ESTIMATED C[illegible]T

Equipment:		
3-car transfers @ $500	$ 1,500	
5-3.5" Machines @ $1,500	7,500	
1-B-21 Mucker @ $5,000	5,000	
1-Ventilation fan and installation	10,000	
1-Drill jumbo	2,200	
20-Mine Cars @ $800	16,000	
1-Locomotive (50% of Cost)	10,000	
Total Equipment		$52,200

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0398

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

September 20, 1977

Memorandum

To: Branch of Financial Management

From: Chief, Office of Minerals Exploration

Subject: Recording of realized loss under DMEA contract

Write-off of realized loss on the following contract is hereby authorized:

Contract	Docket	Operator	Write-off
Idm-E1134	DMEA-4712	American Smelting and Refining Co.	$154,056.25

Harold Kirkemo

Harold Kirkemo

Copy to:
Region I

Docket copy

PROJECT SUMMARY REPORT

By: F. M. Murphy March 7, 1962

1. DMEA-4712 (Lead-Zinc)
Contract Idm-E1134

Property: Page Mine
Shoshone County, Idaho

Operator: American Smelting and Refining Company
120 Broadway
New York 5, New York

Operator's Property Rights:

The 37 patented mining claims listed in the contract are owned by the following companies:

American Smelting and Refining Company
Blackhawk Mining and Developing Co., Ltd.
Wyoming Mining and Milling Company, Ltd.
Government Gulch Mining Company

The Operator has a majority stock ownership in the last three companies named. In each case the minority interests are different.

2. Contract - dated September 18, 1957

Work Authorized - (See Amendment No. 2)

12,485 Ft. of drifting and crosscutting	$554,875.00
14,800 cu. ft. of car sidings	6,660.00
300 ft. drill stations	10,500.00
11,855 ft. AX or EX core drilling	82,985.00
4,200 assay determinations	4,200.00
290 core boxes	986.00
Estimated Total Cost of the Project	$660,206.00
Government Participation @ 50%	$330,103.00

Amendments -

No. 1 - September 26, 1958, establishes an average for rock bolting over a section.

No. 2, June 1, 1959, changes all costs of original contract.

No. 3 - January 19, 1960, adds Exile Fraction claim to contract list.

No. 4 - June 14, 1960, allows recess period from April 20, 1960, to October 20, 1960 (workers on strike).

Amendments (continued) -

No. 5 - October 20, 1960, continues recess to April 20, 1961.

Work Completed -

4810.1 ft. drifts and crosscuts	$237,932.00
14,800 cu. ft. car sidings	6,660.00
200 cu. ft. drill stations	7,000.00
7733.5 ft. core drilling	53,872.00
290 core boxes	986.00
1400 assay determinations	1,400.00
Total Accepted Costs	$307,850.00
Government Participation @ 50%	$153,925.00

The work was started in October 1957 and continued until the end of February 1961, excepting for a 7-month strike shutdown.

Termination Agreement, May 19, 1961, effective March 1, 1961.

3. Audit Report of Review, June 19, 1961 (No exceptions to above accepted costs).

4. Certification - The contract (Annex II) and the Termination Agreement contain royalty provisions effective until 20 years from the contract date.

5. Comments -

The purpose of the project was to explore a block of ground lying between the Page mine producing area and the Bunker Hill mine.

On the 3070 station level of the Page shaft, the existing 300-foot east drift was extended 4,543.9 feet (about 4,850 feet east of the Page shaft). Three crosscuts were driven and eight holes were core drilled. No significant mineralization was found.

The main drift started in the Revett formation and about 1,000 feet east of the Page shaft entered the St. Regis formation where it remained to the end of the drive.

The four holes drilled north from the drift explored the Osborn, Exile, and Dodo faults. The four holes to the south, the Spring or "96" fault. The hole near the end of the drive also cut the Exile fault which crossed the main drift about 750 feet from its end.

Although the exploration work did not result in a discovery, there is a possibility that ore bodies may exist along the faults mentioned above at higher levels. However, additional Government assistance to explore such areas is not recommended.

The Operator conducted the project work in a satisfactory manner.

Operator's final report received in Washington June 15, 1961. The report is complete and acceptable by the Government.

The final Field OME report has not been received to date.

F. M. Murphy, Mining Engineer
Division of Minerals

FMMurphy/gla
3-7-62
cc: Director's Reading File
Mr. Johnson
Docket
Mr. Murphy

MME Form 17
Mar. 59

OFFICE OF MINERALS EXPLORATION

WORK COMPLETED ANALYSIS

X Certified (pseudo)

After final audit or review report is received, prepare in duplicate. File original in official docket. Send copy to Code 210.

Operator: American Smelting & Refining Co.

Actual Cost: X

State: Idaho - Shoshone County

Agreed Unit Cost:

Final Report of Audit: Commodity: Lead-Zinc

Docket No.: DMEA-4712

Final Report of Review: June 19, 1961

Contract No.: Idm-E1134

Type of Work (Use these categories only)	Authorized by Contract and Amendments		Completed and Paid for		Net cost after sale of Gov't. Property
	Units	Cost 1/	Units	Cost 1/	
Drifting & Crosscutting	12,485 ft	554,875	4810.1 ft	237,932	237,932
~~Raising~~ Car sidings	14,800 ft³	6,660	14800 ft³	6,660	6,660
Shafts					
~~Winzes~~ Drill stations	300 ft	10,500	200 ft	7,000	7,000
Drilling (Specify) Core AX-EX	11855 ft	82,985	7733.5 ft	53,872	53,872
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New ~~Building, Improvements, etc.~~ Core boxes		986		986	986
Other (Specify) Assaying		4200		1400	1400
Totals		660,206		307,850	2/ 307,850

1/ Round off to dollars.
2/ Net cost total must agree with final report of audit or review.

Prepared by F M Murphy Date 3/2/62

52616

1963 APR. O.M.E.

UNITED STATES

DEPARTMENT OF THE INTERIOR

OFFICE OF MINERALS EXPLORATION

REGION I

FINAL REPORT

Contract Idm-E1134

by

Donald R. MacLaren

Geologist
U. S. Geological Survey

AMERICAN SMELTING AND REFINING COMPANY
120 Broadway
New York 5, New York

Docket No.:	DMEA-4712
Commodity:	Lead-Zinc
Contract date:	September 18, 1957
Termination date:	March 1, 1961

East Page Project
PAGE MINE
Yreka Mining District
Shoshone County, Idaho

Spokane, Washington

March, 1963

CONTENTS

	Page
INTRODUCTION	1
Summary	1
Recommendations	2
LOCATION AND ACCESSIBILITY	2
PROPERTY	2
Mine Workings and Production	4
GEOLOGY	4
General Geology	4
Local Geology	5
THE PROJECT	5
Applicant's Proposal	6
Contract Provisions	7
Work and Results	8
Survey of Factual Data	9
Discussion of Conclusions	10

ILLUSTRATIONS

Plate 1. Location Map, Page Mine	In pocket
2. Geology of 3070 Level	In pocket

FINAL REPORT

AMERICAN SMELTING AND REFINING COMPANY
East Page Project
Page Mine
Yreka Mining District
Shoshone County, Idaho

Contract Idm-E1134

* * * * *

INTRODUCTION

This report describes a project conducted jointly by the Defense Minerals Exploration Administration and American Smelting and Refining Company to explore for lead and zinc at the Page Mine, Shoshone County, Idaho.

The purpose of the project was to explore a block of ground east of the 3070 level workings by driving a lateral easterly, from which crosscuts were to be driven, and diamond drill holes were to be drilled, northerly to the Osburn fault zone and southerly to the Spring fault zone.

Summary

The exploration work completed within the terms of the contract included the following:

Lateral drive easterly	4,543.9 feet
Crosscutting	266.2 "
Diamond drill stations	200.0 "
Diamond drilling	7,733.5 "
Timbering	3,950.0 "
Rock bolts emplaced	1,158
Side-swiping for car pass	14,800.0 cubic feet

The total cost of the completed work was $308,112.50, of which the Government's participation at 50 percent was $154,056.25.

The lateral drive east was started October 3, 1957, on a bearing of N. 83°15' E. This bearing was maintained until the project was terminated by mutual agreement effective March 1, 1961. Two crosscuts were driven to the north of the lateral; one at co-ordinate 11,800 E, 193.5 feet long, was used for car storage and later as a diamond drill station; the other at co-ordinate 12,885 E was 234.7 feet long. At co-ordinate 12,950 E a crosscut was driven 31.5 feet southerly. In addition, seven diamond drill stations were driven, three to the north and four to the south. Eight diamond drill holes were drilled, four to the north and four to the south. The only major work stoppage was from May to December, 1960, when the mine was shut down by a strike.

No significant vein or mineralized structure was found.

Recommendations

A pseudocertification is included in the Termination Agreement. The most promising area, based upon prior work in the upper levels and on the surface, was explored by the work completed. The 1,300 by 1,700 feet of contract ground farther to the east, which remains unexplored, is still a good target area for further exploration. Should a request ever be made to explore this area, from either the Page or the Bunker Hill side, it is recommended that it be given serious consideration.

LOCATION AND ACCESSIBILITY

The Page mine is near the upper end of Silver Creek and may be reached by following old U. S. Highway 10 about one mile west of Smelterville to Humboldt Gulch. Turn left and about 100 yards up Humboldt Gulch again turn left on the Page mine road (pl. 1). From Smelterville the mine is about three miles distant. Old U. S. Highway 10 and the Humboldt Gulch road are paved; the company road is surfaced to the mine. All roads can easily be kept open for year round operation.

PROPERTY

The property involved in the contract comprises 34 patented claims and parts of two others, and one unpatented claim, all in T. 48 N., R. 2 E., Boise Meridian, as follows:

Owned entirely by American Smelting and Refining Company:

Claim	Survey No.
St. Paul	2110
Chicago	2110
Maine	2110
Anna (Annie)	2911
Lyda Leary	2911
Robin	2961
Con Bederman	2912
Exile	2912
Dodo (part only)	2960

Unpatented:	Book	Page
Exile Fraction Quartz Lode	34	293

Owned entirely by Blackhawk Mining Company, in which Asarco owns approximately 99 percent of the stock, and leased by Asarco:

Claim	Survey No.
Snow Cap No. 1	1808
Page No. 2	1808
Sarah	1808
Bi-metallic	1808
Summit	1808
Apex	1808
Gateway	1808
Page No. 1	1808
Blackhawk	1808
Homestake	1808
Fanny	1808

Owned entirely by Government Gulch Mining Company, in which Asarco owns approximately 73 percent of the stock, and leased by Asarco:

Claim	Survey No.
Chief	2862
Chief No. 2	2862
Puerto Rico	2862
Laura	2862
Sugar (part only)	2862

Owned by Wyoming Mining and Milling Company, Ltd., in which Asarco owns approximately 96 percent of the stock, and leased by Asarco:

Claim	Survey No.
Silver Queen Ext.	1822
Walker	1852
Contact	2548
Ranger	1688
Contention	1688
St. John	1688
Arctic	1688
Hope	1688
Wyoming	1688
Eldorado	1688
Tunnel Fr.	1688

Because Asarco owned a controlling interest in each of the lessor companies, the requirement to submit Lien or Subordination Agreements was waived.

Mine Workings and Production

The Page mine has been developed, beginning in the late 1800's, from the surface at an altitude of about 2,800 feet to the 3070 level at an altitude of about 390 feet. Most of the development work has been done on the Tony vein and the Curlew vein to the south, with much less being done on two veins north of the Tony, which are the "85" and the Omega veins (pl. 2).

Production from the various veins cannot easily be segregated from the total production records. Out of a total production of 3,100,000 tons, about 400,000 tons came from the Curlew vein, a very small amount came from the "85" and Omega veins, and the balance came from the Tony vein.

GEOLOGY

General Geology

The geology of the Coeur d'Alene Mining District has been described in the following:

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

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

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

Kennedy, V. C.; Geochemical studies in the Coeur d'Alene district, Shoshone County, Idaho, with section on geology by S. W. Hobbs: U. S. Geol. Survey Bull. 1098a, 1960 [1961].

Various DMEA Field Team Final Reports. (Also see plates 1 and 2 accompanying the examination report, May 9, 1957.)

Because so much material is readily available, only a summary will be presented here.

Rocks of the area are slightly metamorphosed sediments of the Precambrian Belt Series that have been folded, faulted, and intruded by granitic stocks and dikes of various rock types. The series in this area has been subdivided into six formations totalling at least 23,000 feet thick. From oldest to youngest, the formations are: Pritchard, Burke, Revett, St. Regis, Wallace, and Striped Peak.

Veins in the area usually strike between N. 45° W. and west, and most of them dip steeply to the south. Many of the veins and faults are in bleached zones. The most impressive structural feature is the

Osburn Fault or fault zone, which strikes west-northwesterly and has been traced intermittently for a distance of more than 30 miles. Locally the fault zone is as much as 100 to 200 feet wide and where exposed dips steeply south. The extent of preore movement along the fault is not known, but it is thought to have a postore strike-slip displacement of about 16 miles.

Local Geology

The following is quoted directly or summarized from statements in the Field Examination Report dated May 9, 1957, by Verne C. Fryklund, Jr., Geologist, U. S. Geological Survey, and from the Operator's Final Report: Memorandum for Mr. J. C. Kieffer, dated June 6, 1961, by S. Norman Kesten, Company Geologist.

The area explored is on the east flank of the Pine Creek anticline; it is bounded on the north by the Osburn Fault and the south by the Spring Fault. There is no structural boundary to the east. Rocks in this area are the Revett to the west and St. Regis to the east. Although it was not considered to be a particularly important exploration target, it was recognized that the first portion of the lateral drive would explore the Curlew vein about 1,200 feet below its last exposure above the level and about 1,500 feet east of its exposure on the 3070 level. Other known veins in the area, such as the Tony, "85", and Omega veins, were too far north and northwest to be considered as targets. The expectation was that the project would discover unknown "blind" veins and ore shoots.

The first 460-470 feet of the lateral drive was in the Revett formation on the hanging wall side of the Curlew Fault. Two of the northerly drill holes and all of those to the south bottomed in the Revett. Thus in plan, the St. Regis formation formed a tonguelike body surrounded on three sides by the Revett (pl. 2). Where exposed in the lateral drive, the Revett formation is typically a thick-bedded to massive, light gray quartzite which strikes N. 40°-50° W. and dips 60°-70° NE. The St. Regis formation comprises thinly interbedded green and purple argillite, quartzite, and intermediate rocks which strike N. 70°-80° E. and generally dip steeply northerly. Argillaceous and sericitic begging-plane partings are common.

THE PROJECT

The purpose of the project was to explore a block of ground approximately 5,800 feet long and 1,800 feet wide, situated between the Bunker Hill mine to the east and the Page mine to the west. The target area is on the Page-Galena mineralized zone. Both the above mines are on this zone, and as of 1953 Bunker Hill was the third largest lead producer in the United States and the Page was the ninth. Within the district they ranked first and second, respectively.

Justification for the project is set forth in detail by Verne C. Fryklund, Jr., Geologist, U. S. Geological Survey, in a memorandum dated May 9, 1957: Field Examination Report, Docket No. DMEA-4712 (Lead-Zinc), American Smelting and Refining Company, East Page Mine, Shoshone County, Idaho, and is summarized as follows:

Although no veins are known to be in the target area, the Tony, Omega, and "85" veins of the Page mine and the Emory, Truman (also known as Ike) veins and the Shea ore body northwest of the Emory vein in the Bunker Hill mine have no surface expression. The size of the "blind" veins being mined in the Page and Bunker Hill mines at altitudes comparable to or less than that at which the exploration is to be done suggests that if veins exist in the target area they will be of considerable significance.

Applicant's Proposal

The project proposed in the application was set up in two phases as follows:

Phase I

From the face of the drift east near the 3070 level Page shaft station, drive a lateral bearing N. 83°15' E. for a distance of 2,940 feet. At the end of the lateral drive, crosscut 1,150 feet north to the Osburn Fault and 1,070 feet south to the south property line.

Drill flat diamond drill holes as follows:

Hole No.	Location in ft. from start of drive	Bearing	Objective	Length in feet
1	1,920	South	Spring Fault	1,350
2	1,920	North	Osburn Fault	1,060
3	2,425	South	Property Line	1,270
4	2,425	North	Osburn Fault	1,100
			Total	4,780

Drive four crosscuts 25 feet each for drill stations	100 feet
Total drifting and crosscutting	5,260 feet
Total diamond drilling	4,780 feet

Phase II

Continue the lateral drive on the same bearing an additional 2,780 feet.

Drive 3,370 feet of crosscut as follows:

Crosscut	Location in ft. from start of drive	Bearing	Objective	Length in feet
No. 2S	4,430	South	Property Line	780
No. 2N	4,430	North	Osburn Fault	960
No. 3S	5,720	South	Property Line	940
No. 3N	5,720	North	Osburn Fault	690

Drill the following flat diamond drill holes:

Hole No.	Location in ft. from start of drive	Bearing	Objective	Length in feet
5	3,435	South	Property Line	820
6	3,435	North	Osburn Fault	1,020
7	3,930	South	Property Line	740
8	3,930	North	Osburn Fault	1,030
9	4,860	South	Property Line	875
10	4,860	North	Osburn Fault	875
11	5,290	South	Property Line	925
12	5,290	North	Osburn Fault	790
			Total	7,075

Drive eight crosscuts 25 feet each for drill stations	200 feet
Total drifting and crosscutting	6,350 feet
Total diamond drilling	7,075 feet

The estimated total cost of the proposed work was $990,344,00, of which the Government's contribution at 50 percent would be $495,172.00.

Contract Provisions

The contract provided for essentially all of the proposed work and in addition provided for an aggregate of not more than 1,175 feet of drift and/or crosscut on all mineralized structures that might be encountered, as well as:

> Rock bolting (not to exceed 7 steel bolts per section of 5 linear feet), and timbering (standard drift sets), as necessary to be performed along crosscuts and drifts. It was

estimated that the total number of rock bolts that would be required would not exceed 4,000, and the total amount of timber would not exceed 3,950 feet. Not more than 14,800 cubic feet of excavation was allowed for car sidings (sideswiping).

The contract also provided that all work would be done under a single phase instead of under two phases as proposed, at an estimated total cost of $660,206.00, of which the Government's share at 50 percent would be $330,103.00.

Work and Results

Project work began October 3, 1957, and continued without interruption until early in June, 1960, when the mine was forced to close down by a strike which lasted until late in December, 1960. At the Operator's request, the contract was terminated by mutual agreement effective March 1, 1961.

By the termination date, the lateral drive had been driven N. 83°15' E. a total of 4,543.9 feet. Two crosscuts had been driven north, the first at co-ordinate 11,800 E for 193.5 feet, the other at co-ordinate 12,885 E for 234.7 feet; one crosscut had been driven south at co-ordinate 12,950 E for 31.5 feet. In addition to the north crosscut at 11,800 E which was used for car storage and a diamond drill station, seven additional short crosscuts were driven 30 feet or more for diamond drill stations. The seven drill station crosscuts totalled 211.4 feet, of which 175 feet met contract specifications, the balance being for the Operator's account. Eight diamond drill holes were drilled as follows:

Hole No.	Collar Location	Approximate Bearing	Length (feet)
30-823N	11,800 E	North	755.0
30-800S	12,000 E	South	927.0
30-767N	12,330 E	North	1,145.0
30-751S	12,490 E	South	1,086.0
30-662N	13,385 E	North	1,057.0
30-650S	13,510 E	South	1,200.0
30-607N	13,935 E	North	1,010.0
30-600S	14,010 E	South	753.5
		Total	7,933.5

Hole 30-650 south was drilled 200 feet beyond the south property line so only 1,000 feet met contract specifications and the remaining 200 feet was drilled at the Operator's expense (pl. 2).

Sludge samples were taken from each five feet of hole drilled. Where core recovery was less than 50 percent, the sludge samples were assayed for silver, lead, and zinc; where core recovery was between 50 and 70 percent, the sludge samples were assayed for the three metals if the recovered core or the cuttings suggested any possibility of mineralization.

All holes were drilled with NX size bits as far as possible and where necessary were completed with BX size bits. Where possible, holes were surveyed at 250-foot intervals with a Pajari instrument for bearing and inclination. Bearings generally did not change appreciably but the northerly holes turned downward and the southerly ones upward; all holes were collared horizontally.

Two strong faults, the Exile and Dodo, were crossed by the lateral, respectively about 3,050 and 3,750 feet east of the Curlew fault. Both the Exile and Dodo faults strike about N. 60° W. and dip 28°-32° SW., and both appear to be splits from the Osburn Fault.

No significant mineralization was found in either the drill holes or the faults and bedding slips cut by the lateral. The highest assays were 3.3 ounces silver per ton from 110-115 feet in hole 30-823N and 2.4 ounces silver per ton from 265-270 feet in hole 30-662N, but in neither case was there any evidence of veining or mineralization found in the corresponding cores.

Summary of Factual Data

Originally the contract provided for contribution by the Government largely on the basis of actual costs. Amendment No. 2 converted to a unit cost basis all items except diamond drilling, which was done by independent contracts on an actual cost, maximum allowable basis.

The allowable costs were:

Item	Authorized	Completed	Approved Unit Cost	Total Cost
Drifting and/or crosscutting	12,485 ft.	4,810.1 ft.	$40.00/ft.	$192,404.00
Diamond drill stations	300 ft.	200.0 ft.	35.00/ft.	7,000.00
Diamond drilling	11,855 ft.	7,733.5 ft.	6.60/ft.	51,041.10
Rock bolts	4,000 ea.	1,158 ea.	3.50 ea.	4,053.00
Sideswiping	14,800 ft.[3]	14,800.0 ft.[3]	0.45/ft.[3]	6,660.00
Timbering	3,950 ft.	3,950.0 ft.	10.50/ft.	41,475.00
Core boxes	290 ea.	290 ea.	3.40 ea.	986.00
Assay determinations	4,200 ea.	1,400 ea.	1.00 ea.	1,400.00
Incidental drilling allowance	11,855 ft.	7,733.5 ft.	0.40/ft.	3,093.40
	Total approved costs			$308,112.50
	Government's share at 50 percent			$154,056.25

Discussion of Conclusions

The work was performed in a competent and satisfactory manner, and, except for the period during which a strike forced a shutdown of all operations, the progress was excellent.

Three strong structures, the Curlew, Exile, and Dodo faults were crossed by the lateral drive. In addition, the two last-named faults were cut, each in two places, by diamond drill holes. The presence of pyrite and small amounts of galena, sphalerite, and tetrahedrite indicates that weak mineralizing solutions had entered the structures.

Based on the Page ore bodies, the unexplored area to the east would appear to be less favorable because of the apparent increasing distance of the area from the source of the solutions that made the Page ore bodies. However, equal consideration should be given the fact that the unexplored area is closer to the source of the Bunker Hill ore-forming solutions, and for this reason it is concluded that the unexplored area, about 1,300 feet long and 1,700 feet wide, is still a good target area for exploration.

D. R. MacLaren

Distribution:
OME(3)
USGS, SRO
Docket
MacLaren

AMERICAN SMELTING AND REFINING COMPANY
NORTHWESTERN MINING DEPARTMENT
WALLACE, IDAHO

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 8 1961

DATE	INITIALS	CODE
12/11	KEW	~~170~~
		800
		500
		500

December 6, 1961

J. C. KIEFFER
MANAGER

AIR MAIL

Mr. George Fumich, Jr., Director
U. S. Department of the Interior
Office of Minerals Exploration
Washington 25, D. C.

Re: DMEA-4712 (Lead-Zinc)
American Smelting and Refining Co.
Page Mine
Shoshone County, Idaho
Contract Idm-E1134

Dear Mr. Fumich:

We have your letter of November 28 with reference to this DMEA contract.

While the contract ran between the DMEA and the American Smelting and Refining Company, the property ownership involved the following four companies:

American Smelting and Refining Company
Blackhawk Mining and Development Company
Wyoming Mining and Milling Company
Government Gulch Mining Company.

American Smelting and Refining Company has a majority stock ownership in the last three companies named. In each case the minority interests are different.

Following the termination of the DMEA contract, American Smelting and Refining Company canceled the leases it had on the Wyoming Mining and Milling Company and Government Gulch Mining Company properties, and returned them to the owners.

The undersigned is President of Government Gulch Mining Company, and in that capacity has been conducting negotiations with The Bunker Hill Company intended to result in that company exploring the Government Gulch property from the Bunker Hill mine. If the OME insists on assessing the entire $154,056.25 which the government has spent on this project against the Government Gulch property, a serious obstacle will have been placed in the way of successfully concluding a lease agreement.

A much fairer way of determining the indebtedness against the Government Gulch property, and one that would not be unduly burdensome to the future of the property, would be to allocate against it the amount of money which the government actually spent for work in it.

The project only extended into the western edge of the property 96.1 feet. The OME allowed us one-half of the total estimated crosscutting cost (including timbering) of $50.50 per foot. The OME therefore advanced $2,426.52 for work in Government Gulch ground.

If Bunker Hill does do any work in the property, it will come in from the western end, and will derive no benefit at all from the work already done.

eastern?

Please advise if the solution I propose is acceptable, or if you have some fairer method in mind of handling this.

Yours very truly,

J. C. Kinnear

JCK:GM

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
11/27	Talbert	800
"	Murphy	500
	Bringold	500
11/27	Selbridge	120
"	Johnson	110
11-28	Tarsch	100
11-28	gad	220

NOV 28 1961

Northwestern Mining Department
American Smelting and Refining Company
P. O. Box 1440
Wallace, Idaho

Re: DMEA-4712 (Lead-Zinc)
American Smelting and Refining Co.
Page Mine
Shoshone County, Idaho
Contract Idm-E1134

Gentlemen:

Your November 20 letter addressed to our Region I office in regard to the royalty obligation under the referenced contract has been referred to this office for reply.

The May 19, 1961, Termination Agreement under this contract specifically provides that:

> "The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain its interest in the land), shall pay to the Government the royalty on production provided for in the Contract in the same manner and amount, for the same period, and subject to the same conditions provided for in the Contract, as amended, including the special 'Agreement Concerning Royalty" added as Article 13(h) by Annex II of the Contract, as if certification of discovery or development had been made, such certification being hereby waived by the Operator".

The Government accordingly must look to your company, as principal or surety, for the payment of the percentage royalty on all production from all property under the contract, as amended, and all production transported through the workings to which the Government contributed. The Government has no contractual arrangement of any kind with your lessors. In fact, the normally required Consents to Lien and Subordination Agreements of the lessors were waived by Article 2(c) of the contract in consideration of your controlling ownership of the stock of the three lessors involved.

43683

The royalty obligation remains equally on all ore, regardless of how discovered or mined, produced from the property until the Government's contribution of $154,056.25 is repaid or until twenty years from the date of the contract, whichever occurs first. This obligation is not divisible among the property owners. Furthermore, the royalty is payable currently upon each lot sold, held, or used in integrated operations.

Sincerely yours,

George Fumich, Jr.

Director

EDTalbert/ama 11-27-61

cc:
Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region I (2)

OME

OFFICIAL FILE COPY O. M. E RECEIVED JUL 14 1961		
DATE	INITIALS	CODE
7-14	gad	VVO
7/14	[illegible]	800
"	Grimbel	500
7/14	Murphy	500
		7

So. 157 Howard Street
Spokane 4, Washington
July 12, 1961

Mr. J. C. Kieffer, Manager
Northwestern Mining Department
American Smelting and Refining Co.
Wallace, Idaho

Re: DMEA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract Idm-X113A

Dear Mr. Kieffer:

There is enclosed for your information and files a Report of Review in lieu of a final audit of the referenced project.

Payment of the unclaimed balance of $131.33 is payable only upon receipt of an appropriate claim made in accordance with the enclosed Report of Review. This claim should be made within 120 days of the date of the report.

Sincerely yours,

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

Enclosure
MLSmelser:mls
cc: Fiscal Section, Div. of Admin. Services
Office of the Secretary

CA&A Div., OME
OME
Reading copies to: Nolan, Hobbs, Guild

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
June 16, 1961

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUN 19 1961

DATE	INITIALS	CODE
6/19	gad	VVO
6/19	[illegible]	800
"	~~[illegible]~~	500
"	~~Murphy~~	~~500~~

Air Mail

Memorandum

To: E. D. Talbert, Acting Chief
Contract Administration and Audit Division

From: Acting Field Officer, Region I

Subject: DMEA-4712 (Lead-Zinc)
American Smelting and Refining Co.
East Page Mine
Shoshone County, Idaho
Contract Idm-E1134

Work under the subject contract was terminated effective March 1, 1961, by an agreement dated May 19, 1961.

The number of units of work completed by the Operator and accepted by the Acting Field Officer as conforming to contract specifications were:

Main drive east	4,543.9	feet
Crosscutting	266.2	"
Diamond drill stations	200.0	"
Diamond drilling	7,733.5	"
Rock bolts	1,158	each
Side swiping	14,800.0	cubic feet
Timbering	3,950.0	feet
Core boxes	290	each
Assay determinations	1,400	each

An acceptable final engineering and geological report was received from the Operator on June 8, 1961.

A Report of Review, in lieu of a final audit, is in order and requested. The original and two copies of the final (Feb. 1961) MF-104 and MF-104A, together with the supporting documentation were forwarded to the Chief, Fiscal Section, Office of the Secretary, in March 1961.

D. R. MacLaren

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/24	gad	VVO
5/25	Murphy	500

MAY 2 4 1961

Mr. W. J. Murphy, Chief Accountant
Northwestern Mining Department
American Smelting and Refining Company
P. O. Box 440
Wallace, Idaho

Re: Docket DMEA-4712 (lead-zinc)
East Page Mine
Shoshone County, Idaho

Dear Mr. Murphy:

As a necessary adjunct to the termination of the referenced contract this Division is in the process of making an audit review of the operations and claims thereunder. With one exception the files appear to be adequate for our purpose.

The exception is the documentation to support the aggregate amount of $10,057.20 claimed during the months of January through May 1959 for 1,551 feet of diamond drilling in holes 1 and 2 (DDH30-823N and 800S). It is understood that this drilling was performed by Boyles Bros. Drilling Company. Copies of the pertinent invoices are missing from our files, possibly having been misplaced during or incident to the centralization of the DMEA accounting records last year.

Your submission of copies of such invoices to this Division will facilitate our audit review and will be sincerely appreciated.

Yours truly,

(Signed) E. D. Talbert

E. D. Talbert, Acting Chief
Contract Administration & Audit Division

EDTalbert/cac
May 24, 1961

CC to: Director's Reading File
CA & A Division
Acting Field Officer, Region I (2)

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
May 2, 1961

OFFICIAL FILE COPY O. M. E RECEIVED MAY 5 1961		
DATE	INITIALS	CODE
5-5	gad	VVO
		~~1VO~~
5/5	[illegible]	800
		500

Air Mail

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: DMEA-4712 (Lead-Zinc)
American Smelting & Refining Company
East Page Mine
Shoshone County, Idaho
Contract Idm-E1134

Jan 12. 1960
714 X cut N - 234.70'
706 X cuts 31.50'
No change in footage to April 14, 1961 report
[illegible]

Enclosed are three copies of a self-explanatory letter dated April 28, 1961, from J. C. Kieffer, Manager, Northwest Mining Department, American Smelting and Refining Company, with three copies of an attached letter dated April 24, 1961, to Mr. Kieffer from C. P. Pollock, AS&R's Manager of Exploration.

Mr. Kieffer brought the letter to the office and I told him that I did not believe there would be any objection to a termination by mutual agreement in view of the discouraging results of the work so far completed. I also advised him that if the Government accepted the proposal to terminate, the Termination Agreement would probably contain a pseudo-certification and explained its nature.

I recommend that the request for a termination by mutual agreement be approved.

D R MacLaren
D. R. MacLaren

[illegible]

Enclosures

Note
Mac. made inspection April 19, 1961. - Report dated April 14. - No work since then.
Work was discontinued about Feb. 25, 1961.
[illegible]

J. C. KIEFFER
MANAGER

COPY

American Smelting and Refining Company
Northwestern Mining Department
Wallace, Idaho

April 28, 1961

OFFICIAL FILE COPY
O. M. E
RECEIVED MAY 5 1961

DATE	INITIALS	CODE

Mr. D. R. MacLaren, Acting Field Officer
OME, Region I
South 157 Howard Street
Spokane 4, Washington

Re: Work Authorization
DMEA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract Idm-E1134

Dear Mr. MacLaren:

Late in February I received instructions from our New York office 1/ to suspend driving the East Page drift but to complete the diamond drill hole which was in progress. This suspension was decided on so that our officials could review the results of the work done so far and consider the advisability of requesting revision or cancellation of the rest of the exploration contract. The continued increase of stocks of lead and zinc metal with accompanying weakness in the prices of lead and zinc has been a source of worry to Company officials.

This review and study of the East Page Project have now been completed, as summarized by the report of Asarco's Manager of Exploration, Mr. C. P. Pollock, attached hereto. Mr. Pollock makes references to Mr. Weissenborn, who Mr. Pollock assumed is in charge of the Spokane OME Field Team. The time involved in studying this matter has been somewhat longer than was originally contemplated.

As a result of the study mentioned above, we believe it would be unwise to spend further money in this exploration work. Therefore, I am instructed to request that the Office of Minerals Exploration agree to consider the East Page Project as completed and that the exploration contract now be terminated by mutual consent.

Thanking you for your early consideration of this request.

Sincerely yours,

ORIGINAL SIGNED
J. C. KIEFFER

RECEIVED
MAY 1 1961
U.S.G.S.
SPOKANE, WASH.

JCK:GM

Attach.

1/ Work suspended about February 25, 1961
F. M. Murphy

OFFICIAL FILE COPY
O. M. E
RECEIVED MAY 5 1961

DATE	INITIALS	CODE

AIRMAIL

April 24, 1961

Mr. J. C. Kieffer, Manager
Northwestern Mining Dept.
Wallace, Idaho

EAST PAGE PROJECT

Dear Mr. Kieffer:

Pursuant to various discussions here in the past few weeks in connection with the East Page project, Mr. MacKenzie asked me today to review results of the program to date and summarize for you my reasons for recommending discontinuing the work. We have given considerable thought to this matter and have now concluded you should request early termination of our contract with OME and abandon the project at the earliest possible date.

Thought fault was worn out to east for extensions of B-H veins.

You will recall we undertook this program because the favorable belt of quartzites south of the Osburn fault between the Page and Bunker Hill mines was considered promising for deeper development, notwithstanding the fact that extensive work in the East Page area down to the 1800 level was unsuccessful. We nevertheless believed there was hope of improvement with greater depth, influenced perhaps by encouraging developments below the Bunker Hill eighteenth level.

In general, it was proposed to prospect for more than a mile east of the Page shaft at the deepest feasible level the favorable quartzite belt bounded on the north and south by the Osburn and Spring faults.

As you know, the program was laid out as a line drive near the center of the zone to explore this block 2,000 ft. wide north to south and 4,000 ft. long in an east/west direction beginning approximately 2,000 ft. east of the shaft. The contract with OME provides for prospecting the block at 500 ft. intervals from the line drive by a series of crosscuts, both north and south from the drift, totaling approximately 5900 ft. and by horizontal diamond drill holes amounting to about 12,000 ft. Work not completed in the Government Gulch group is of doubtful merit as there are no known mineralized targets in the western part of this property.

East Page -

Although the favorable block up to the west boundary of the Government Gulch property has been fully explored, no mineralization of any significance was encountered, and while the Curlew vein has only been exposed in two places at the 3070 level, I consider the absence of significant mineralization on this structure and in all probes below the Wyoming and down-dip from the Black Hawk including six barren penetrations of the Exile and Dodo faults most discouraging.

In view of this indicated impoverishment of mineralization at depth, on known ore-bearing structures and the failure to disclose blind veins below productive areas near surface, further work to complete the OME contract is not justified in my judgment to explore the western portion of the Government Gulch property. It is unnecessary to remind you that mining in the East country would be exceedingly expensive due to heavy ground conditions.

If a full explanation of this whole situation is given Mr. Weissenborn, I am confident he will feel, as I do, that the East Page area covered by the OME contract has been adequately explored, and that the contract should be terminated immediately to eliminate further wasteful expenditures by Asarco and the Government.

I am sending herewith one extra copy of this letter to enclose with your covering letter to Mr. Weissenborn requesting termination of the contract.

Yours very truly,

C. P. POLLOCK

att.

RECEIVED
MAY 1 1961
U. S. G. S.
SPOKANE, WASH.

One (3)

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 20 1961

DATE	INITIALS	CC
2-20	gad	NVO
2/21	[illegible]	800
2/21	Murphy	F00

No. 157 Howard Street
Spokane 4, Washington
February 17, 1961

Mr. J. C. Kieffer, Manager
Northwestern Mining Department
American Smelting and Refining Co.
Wallace, Idaho

Re: Work Authorization
[illegible]-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract [illegible]-41134

Dear Mr. Kieffer:

In order to attempt to alleviate the difficulties described in your letter of February 16, 1961, you are hereby authorized to change the bearing of the 3070 East Page Drive from the present N. 85°15' E. to about N. 70° E.

Sincerely yours,

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

cc: OME(3) w/cys incoming
McLaren w/cy incoming
Director
Econ. Geol.
BLM

One (3)

AMERIC[illegible] SMELTING AND REFINING CO[illegible]ANY
NORTHWESTERN MINING DEPARTMENT
WALLACE, IDAHO

OFFICIAL FILE COPY
O. M. E
RECEIVED FEB 20 1961

DATE	INITIALS	CODE

February 16, 1961

KIEFFER
MANAGER

Office of Minerals Exploration
c/o United States Geological Survey
South 147 Howard Street
Spokane, Washington

Re: Docket No. DMEA-4712
Contract No. Idm-E 1134

Dear Sirs:

Further to a telephone conversation between Mr. S. N. Kesten of this office, and Mr. A. E. Weissenborn, we now have reached the conclusion that it would be advantageous to change the bearing of the 3070 East Page Drive.

The present bearing of the drive is N. 83°15' E. For more than 2,500 feet the strike of the bedding has varied between N. 80° E. and east, and the dip has been vertical to very steeply north. In the last 800 feet the drive has passed through two major faults which strike N. 50° to 60° W. and dip 30° SW. The combination of the relatively flat faulting at an angle of about 45° to the bearing of the drive, with bedding almost parallel to the drive, has given rise to exceedingly heavy ground for considerable distances in the footwalls of the faults. Progress has been slow and the work has been expensive.

We feel that a change in the bearing of the line drive to N. 70° E. will alleviate our difficulties. We expect that the drive then will penetrate additional members of the set of faults at an angle of 60° and will move away from the heavy footwall more rapidly. Further, bedding is expected to cross the drive at an angle of 20° and complicate to a lesser degree the situation created by the faults.

We understand from Mr. Weissenborn than an amendment to the contract is not required, and that this letter will serve as sufficient notification of our change in plan.

Yours very truly,

cc: Messrs. T. M. Tower
S. N. Kesten

FEB 17 1961

Rec'd

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 17 1961

DATE	INITIALS	CODE
2/17	[illegible]	210
2/17	[illegible]	800
2/17	[illegible]	500

No. 157 Howard Street
Spokane 1, Washington
February 15, 1961

Memorandum

To: Files

From: D. R. Maclaren

Subject: DMRA-4712 (Lead-Zinc)
American Smelting & Refining Co.
East Page Mine
Shoshone County, Idaho
Contract Ida-X1134

Norman Kesten telephoned the office on February 9, 1961, advising that project work had been started late in December 1960 and to ask permission to turn the drift slightly to the north until the bad ground in the fault zone has been crossed. He was told a slight turn as requested would be approved.

cc: ONE(2)
Maclaren
Director
Econ. Geol.
BAFM

DATE	

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINE[illegible] EXP[illegible]TION

TO:	DATE	INITIALS
1. Charles Soller Rm. 6554		
2 ~~Dr~~ [illegible]		
3. Frank E. Johnson Rm. 4460		
3.		
4.		
5.		
FROM: FRANK E. JOHNSON		

FOR: Check items for action desired

____ Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS:

Attachment: Docket DMEA-4712)

Correct - Talk to Clyde as modified - [illegible]

INT.-DUP. SEC., WASH., D.C. M56300-59

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
	Soller	140
	App'd. Sol. Off.	
7/13	Selfridge	120
		110
7-13	gad	225

JUL 13 1960

Mr. G. S. Weigle
1907 West 3rd Street
Spokane, Washington

Dear Mr. Weigle:

This responds to your letter dated June 25, 1960, to Mr. Selfridge, Acting Director, Office of Minerals Exploration, concerning your unpatented tungsten mining claim.

Based on the information available to this office, the projected dip of the Truman-Ike vein would not carry it into the area being explored by the A. S. & R. under the DMEA project contract.

The Government has no program for the acquisition of interests in mineral lands.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

JMHernon/jfg:7/12/60

CC: Docket (DMEA-4712)
Director's Reading File
F. E. Johnson
G. C. Selfridge
Mr. Soller, Rm. 6554
Mr. Hernon

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/28	Selfridge	120
		110
		220

JUN 28 1960

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Acting Director, Office of Minerals Exploration

Subject: DMEA-4712 (Lead-Zinc)
American Smelting and Refining Company
East Page Mine
Shoshone County, Idaho
Contract No. Idm-E1134

Please refer to our letter of June 16, 1960, to Mr. G. S. Weigle, based in part on a conference between you and Mr. Selfridge, and prepare a suitable reply to Mr. Weigle's letter of June 25, 1960.

In answer to the second paragraph of his letter, he may be told that based upon the information available to OME the projected dip of the Truman-Ike vein would not carry it into the area being explored by the A. S. & R. under the DMEA contract. The reply should not carry the usual docket reference. The first correspondence the Department had with Mr. Weigle was dated April 8, 1960.

(signed) FRANK E. JOHNSON
Acting Director

Attachment (Docket DMEA-4712)

GCSelfridge/hb (6/28/60)
Copy to: Docket (DMEA-4712)
Director's Reading File
F. E. Johnson
G. C. Selfridge

43683

1907 - W - 3rd St
Spokane, Wash.
June 25, 1960.

OFFICIAL FILE COPY O. M. E. RECEIVED JUN 27 1960		
DATE	INITIALS	CODE
6-27	coe	220
		120

U. S. Dept. of the Interior
Office of Minerals Exploration
Washington, D.C.

Dear Mr. Selfridge:-
acting Director:-

In reply to yours of June 16th.

Can you tell me if the projected dip of the Truman - IKE vein may carry it into the area being explored by the AS+R under the DMEA contract?

In your par. 4 you stated that my ~~proposal~~ proposal to lease my TUNGSTEN claim to the United States could vest no right, title or interest in the Govt. which it does not already have.

I disagree with this assertion.

The U.S. does not have any title to the possessive rights of any validly located mining claim. If a claim is abandoned its possessive rights cease to exist. The ground covered by the claim would remain a part of the public domain, but not its possessive rights. It is these possessive rights which I propose to lease to the United States. Furthermore, I know of no Federal Statute that would prevent the U.S. from leasing prospectors

possessive rights to mining claims if it desires to do so.

Since 1926 there has been a 1000 per cent increase in the Federal Statutes and perhaps one more statute can be enacted which will provide the Administration with a specific Directive to lease the possessive rights of my TONGSTEN claim and the possessive rights of all other mineral prospectors in the United States who may desire to lease their claims to the United States. Such a statute could provide for a perpetual moratorium on assessment work for claims leased to the United States.

Each mining claim or area presents a different problem, but in the case of my TONGSTEN claim it appears to me that if the U.S. acquires a lease of the possessive rights of the TONGSTEN claim, this may place the United States in a stronger position to collect many millions of dollars of damages from the Bunker Hill and A. S. + R. Companies.

Sincerely yours,

G. S. Deiegle

R. L. Weingle. Spokane, Wash
1907 W - 3rd Apt.
43

RETURN RECEIPT, REQUESTED

SPOKANE, WASH. JUN 24 1960 STA. NO.

30¢ 30¢

AIR MAIL 7¢ 7¢ 1960 UNITED STATES OF AMERICA

U. S. Dept of the Interior
att. acting Director, Selfridge
Office of Minerals Exploration
Washington
D. C.

REGISTERED
NO. 15836

INTERIOR DEPT.
SECRETARY'S
MAIL CENTER
JUN 27 1960

RETURN RECEIPT REQUESTED

SPOKANE, WASH. JUN 24 1960 15

WASH. JUN 24 1960 15

SPOKANE WA JUN 24 1960

SPOKANE WASH JUN 24 1960 15 STA. N

SPOKANE WASH JUN 24 1960 STA.

SPOKANE WASH. JUN 24 1960 STA. NO. 15

WASHINGTON, D. C. JUN 25 1960 REG. DIV.

120

JUN 16 1960

Mr. G. S. Weigle
1907 West 3rd Street
Spokane, Washington

Dear Mr. Weigle:

This letter replies to your letter of May 31, 1960, to Assistant Secretary Hardy concerning the relationship between the Tony and Truman (Ike) veins.

We regret that the newspaper articles you have mentioned concerning the UMRA exploration contract with the A. S. & R. Company have led to an erroneous impression that the Tony and Truman veins are one and the same. There is little information that can be added to that already given you. The Tony vein was discovered more than twenty years ago by underground drilling at the Page Mine. It lies to the west of the area being explored under the UMRA contract. The Tony vein had no surface expression, and stoping on the vein did not reach the surface by several-hundred feet. Mining has shown that the vein dips relatively steeply to the southeast in contrast to the 30° westerly dip of the Truman vein mentioned on and shown by an accompanying sketch in your letter of April 8, 1960, to Secretary Seaton.

The sketch also indicates, and our information is, that the Truman vein lies east of the A. S. & R. ground which extends more than 1.5 miles east of the Page shaft, which in turn is east of the Tony vein. Thus, it is impossible that the Tony and Truman veins are one and the same with almost two miles of distance between them and with opposite dips.

Your proposal to "lease" your alleged claim to the United States in perpetuity could vest no right, title, or interest in the Government which it does not already have. The United States has no authority, by statute or otherwise, to accept such a conveyance. The execution of the proposed "lease" relating to an unpatented claim would probably be construed as an abandonment of the claim, freeing it for relocation by anyone wishing to do so.

Sincerely yours,

George C. Selfridge

Acting Director

GCSelfridge/fw/6/15/60
cc: Docket
Dir.Read.File
Reg. I (2)
MR (2)
Director's file
Mr. Johnson
Mr. Selfridge
Chron.

[illegible] with [illegible] [illegible] [illegible] [illegible]
[illegible] file

Your proposal to "lease"
OK your alleged claim to the United States in perpetuity could vest no right, title or interest in the Government which it does not already have. The United States has no authority, by statute or otherwise, to accept such a conveyance. ~~much less to [illegible] the claim~~ [redacted]
The execution of the proposed "lease"

[illegible] by [illegible] 6/15/60

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/16	GCS	120
		220

DM 81-4712

JUN 16 1960

Mr. G. S. Weigle
1907 West 3rd Street
Spokane, Washington

Dear Mr. Weigle:

This letter replies to your letter of May 31, 1960, to Assistant Secretary Hardy concerning the relationship between the Tony and Truman (Ike) veins.

We regret that the newspaper articles you have mentioned concerning the DMEA exploration contract with the A. S. & R. Company have led to an erroneous impression that the Tony and Truman veins are one and the same. There is little information that can be added to that already given you. The Tony vein was discovered more than twenty years ago by underground drilling at the Page Mine. It lies to the west of the area being explored under the DMEA contract. The Tony vein had no surface expression, and stoping on the vein did not reach the surface by several-hundred feet. Mining has shown that the vein dips relatively steeply to the southeast in contrast to the 30° westerly dip of the Truman vein mentioned on and shown by an accompanying sketch in your letter of April 8, 1960, to Secretary Seaton.

The sketch also indicates, and our information is, that the Truman vein lies east of the A. S. & R. ground which extends more than 1.5 miles east of the Page shaft, which in turn is east of the Tony vein. Thus, it is impossible that the Tony and Truman veins are one and the same with almost two miles of distance between them and with opposite dips.

Your proposal to "lease" your alleged claim to the United States in perpetuity could vest no right, title, or interest in the Government which it does not already have. The United States has no authority, by statute or otherwise, to accept such a conveyance. The execution of the proposed "lease" relating to an unpatented claim would probably be construed as an abandonment of the claim, freeing it for relocation by anyone wishing to do so.

Sincerely yours,

George C. Selfridge (for)

Acting Director

GCSelfridge/fw/6/15/60
cc: Docket
Dir.Read.File
Reg. I (2)
MR (2)
Director's file
Mr. Johnson
Mr. Selfridge
Chron.

43683

OFFICIAL FILE COPY
O. M. E. MME
RECEIVED JUN 6 1960

DATE	INITIALS	CODE
6/6	8	200
		120

DMEA-4712

E. E. WEIGLE
PROSPECTOR,
1907-W-3rd St
Spokane, Wash,
May 31, 1960,

Dear Mr. Hardy:-

Yours of May 16th received. Your lack of information concerning the apex of the TONY vein in the East Page mine of the A S+R Co at Kellogg confirms my reasons for believing that the TONY vein is the downward extension of the TRUMAN-IKE vein which was mined by the Bunker Hill for a number of years. The TONY vein was opened up on the 3300 foot level of the East Page mine by a tunnel driven by the A S+R with the financial assistance of the U.S. Dept of the Interior according to news items in the Spokane chronicle.

As far as hunting for unknown blind veins is concerned, this looks to me like too much of a wildcat proposition for a responsible government agency to be a party to with the tax payers money.

You trust that your information will assist me in the solution of my problem. This is not only my problem, it is a problem for the Dept of the Interior,

the administration, congress and the Dept of Justice. There are reasons for believing that the TONY vein appears on my TUNGSTEN claim at Kellogg. At the present time the U.S. owns this claim and I have the possessive rights to it. I am figuring on conveying a ~~perpet~~ perpetual lease of my possessive rights of the TUNGSTEN claim to the U.S. which will give the U.S. control of the possessive rights in addition to its ownership of the TUNGSTEN claim and damages from the B. Hill and A S & R may be collected in accordance with Federal law, as there is no time limit for the U.S. to collect damages.

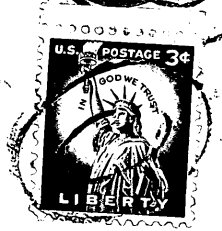
Sincerely Yours
Ly S Wingle
prospector.

~~Mr. Roger A. Hardy~~
Mr. Roger A. Hardy
asst. Secty of the Interior
Washington, D.C.

B. S. Weiple - Spokane, Wash.
1907 - 5 - 3rd St.

INTERIOR DEPT.
SECRETARY'S
MAIL CENTER
JUN 3 - 1960

RETURN RECEIPT REQUESTED



U. S. Dept of The Interior
att. asst. Secty. Royce A. Hardy
Washington
D. C.

REGISTERED
NO. 9689

AIR MAIL

SPOK. NE, WASH.
JUN 11 1960
REGISTRY SEC.

WASHINGTON, D.
2 JUN 1960
REG. DIV.

SPOK. ASH.
JUN 1960
REGISTRY SEC.

OME FILE COPY
Surname:

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

MAY 16 1960

Johnson 5/6

5-17 gad VVO
Myrtle 100
Recorded
225

Dear Mr. Weigle:

This will acknowledge receipt of your letter of April 30, 1960, in which you question the ownership by the American Smelting and Refining of the Tony vein in the East Page mine of that company.

We do not have any information with respect to the apex of the Tony vein. The exploration work being conducted on the East Page mine with financial assistance by the Government has no relation to the Tony vein. This work is being done at a considerable distance from any known veins in an unexplored area of the property seeking blind veins which do not outcrop at the surface.

I trust that the foregoing information will assist you in the solution of your problem.

Sincerely yours,

(sgd) Royce A. Hardy
Assistant Secretary of the Interior

Mr. G. S. Weigle
1907 West 3rd Street
Spokane, Washington

FEJohnson/bih
May 6, 1960
cc to: Secretary's file
Secretary's reading file
Mineral Resources (2)
OME Docket file OMEa-4712
" Dir. file
" Dir. reading file
" Field Officer, Region I
" Mr. Johnson

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 4 1960

DATE	INITIALS	CODE
5-4	gad	110
		110
		500

PRS

TO:	
REPLY TO BE PREPARED BY:	MR
FOR SIGNATURE OF:	S
COPY OF LETTER FURNISHED	
SEND REPLY COPY TO ABOVE	

9075 W - 3rd St
Spokane, Wash
april 30, 1960.

Mr. Seaton:

my april 22nd recid concerning to the A S + R for their East page mine in Shoshone co. Idaho on Sept, 8, 1957,

I do not doubt that this exploration was done strictly within the boundaries of the A S + R claims but I do question the A S + R's ownership of the TONY Vein which they opened up by this exploration partly financed with U.S. money,

Can you tell me Mr. Seaton when the TONY Vein opens?

If it opens on my TONGSTEN claim which the United States owns and to which I have the possession rights, it seems to me that this is an unlawful operation and should be promptly stopped by the U.S. Dept of the Interior.

Sincerely Yours
Ly S Weigle
prospector.

MMEA 4714

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
4/13	Johnson	110
4-13	gad	220
4/14	[illegible]	100

April 13, 1960

Memorandum

To: Mr. Jack L. Spore - Mineral Resources

From: Acting Director, Office of Minerals Exploration

Subject: Exploration Contract - American Smelting & Refining Co.
DMEA-4712 (Lead-Zinc)
Shoshone County, Idaho
Contract No. Idm-E1134

The following factual information may be included in a reply to a letter received from Mr. G. S. Weigle regarding the American Smelting & Refining Company and the Bunker Hill Company.

The Office of Minerals Exploration entered into a contract with the American Smelting & Refining Company in the amount of $660,206, of which the Government would participate to the extent of $330,103, in the cost of exploration by drifting, crosscutting, and diamond drilling at the East Page Mine, Shoshone County, Idaho.

All of the land involved in the contract comprises patented mining claims owned by the American Smelting & Refining Company or its subsidiaries. No work is to be performed under this contract on property owned or controlled by the Bunker Hill Company.

The Government's share of the cost of the exploration is repayable by royalties on production if ore is found by the exploration work and on any ore transported through workings to the cost of which the Government has contributed.

We have no information about the Tungsten Lode mentioned by Mr. Weigle.

(signed) FRANK E. JOHNSON

Acting Director

FEJohnson/bih

cc to: Docket
Dir. reading file
Mr. Johnson

43683

COPY

1907 W. 3rd St.
Spokane, Wash.

April 8, 1960

U. S. Dept. of the Interior
Washington, D. C.
Att. Secty Seaton

Dear Mr. Seaton:

I am inclosing copy of a clipping from "LABOR" dated April 2, 1960.

A mining situation at Kellogg, Idaho may also create scandalous repercussions.

As I view this situation the Bunker Hill and the A.S. & R. have ganged up on the United States and myself to unlawfully mine a large ore body at Kellogg whose total output may amount to 200 million dollars worth of minerals. It also seems to me that this presumed action has been aided and abetted (whether intentionally or not, is unknown to me) by a Big loan from the U. S. Dept. of the Interior to the A.S. & R. to drive a mile long tunnel from their page mine easterly toward the Bunker Hill mine.

If you desire a detailed report on this I will be glad to confer with any mining engineer at Spokane who you designate to represent the U. S. Dept. of the Interior.

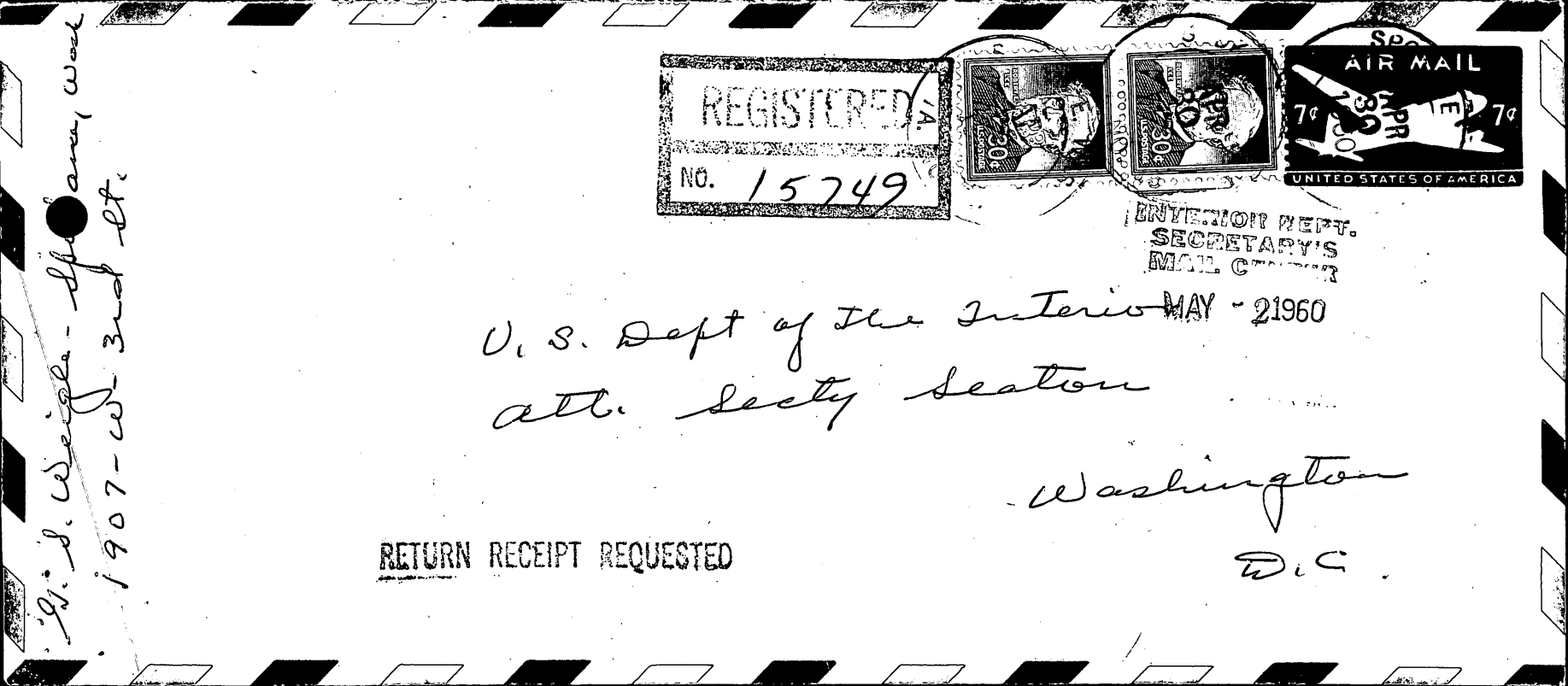
The inclosed sketch may give you some idea of what this is all about.

Yours very truly,

/s/ G. S. Weigle

owner of the possessive rights of the TUNGSTEN LODE claim at Kellogg. This claim is unpatented and is owned by the United States. While it was named TUNGSTEN, it's mineralization consists of gold, silver, copper, lead & zinc according to assays obtained by me.

G.S.W.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UNITED STATES OF AMERICA
INTERIOR DEPT.
SECRETARY'S
MAIL CENTER
MAY - 2 1960
U. S. Dept of the Interior
att. Secty Seaton
Washington
D.C.
RETURN RECEIPT REQUESTED
G. S. Weigle - Office Asst, Wash
1907 - W. 3rd St.

SPOKANE WASH.
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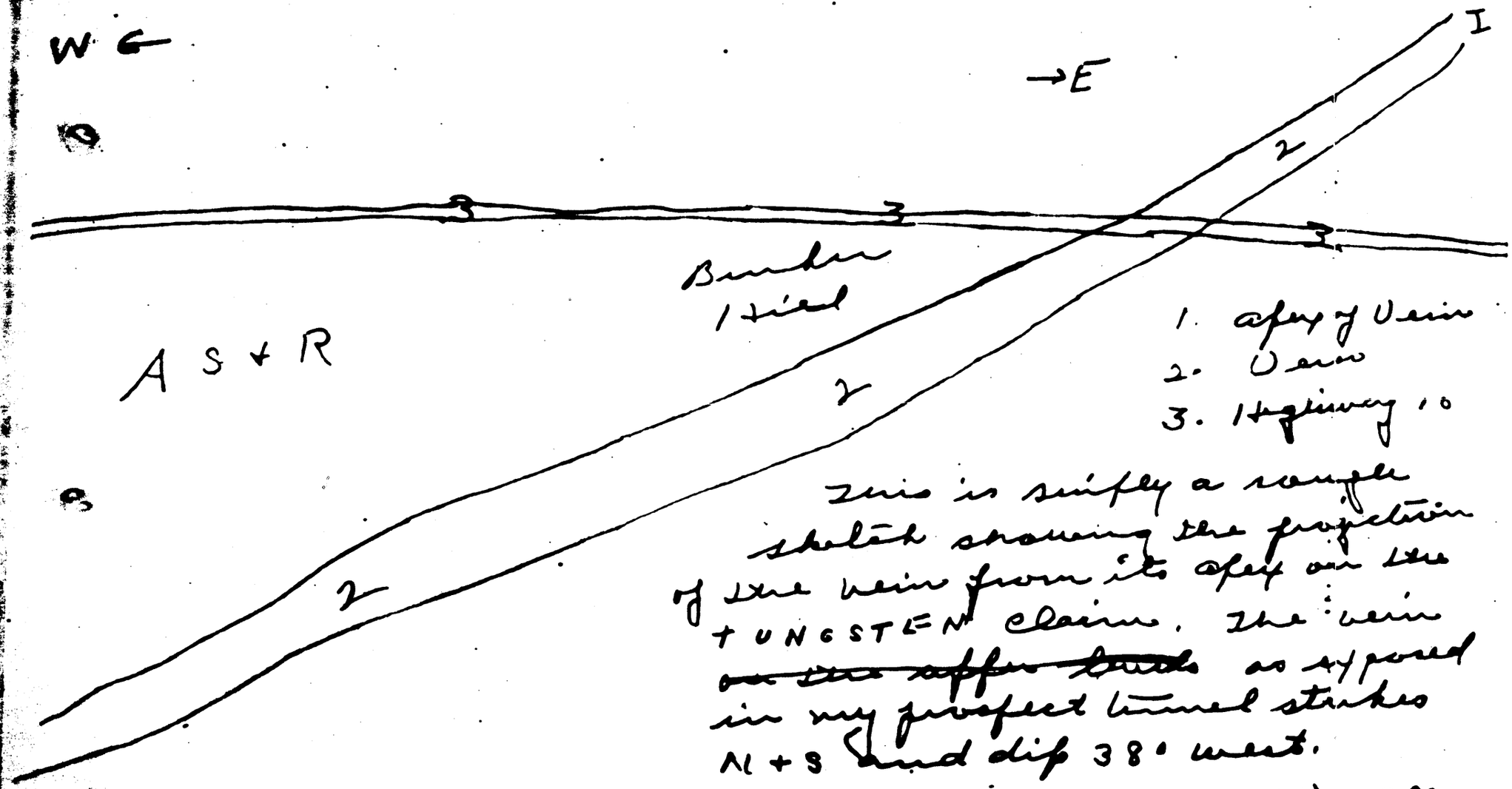

1. apex of Vein
2. Vein
3. Highway 10

This is simply a sample sketch showing the projection of the vein from its apex on the TUNGSTEN claim. The vein ~~on the upper bench~~ as supposed in my prospect tunnel strikes N + S and dip 38° west.

Wangle

Oil Ma
Pays a

Washing[illegible] eyebrows lifted at the news that Texas oil billionaire H. L. Hunt last week said a long call on Interior Secretary Fred Seaton accompanied by the GOP leaders of both House and Senate, Congressman Charles Halleck (Ind.) and Senator Everett Dirksen (Ill.).

The Interior Department recently rejected as too low, five bids by Hunt for oil and gas leases on Federal land off Louisiana. Hunt then announced he would appeal that decision directly to Seaton. This has never been done before, officials said.

Hunt described last week's call on Seaton as "routine." Dirksen and Halleck reportedly stayed 40 minutes during the call, then left Hunt and Seaton closeted together for another 15 minutes. Hunt has been a large campaign contributor to the GOP.

Congressman Charles O. Porter (Dem., Ore.) last [illegible] wrote Seaton a letter of [illegible]. He expressed [illegible] the Interior Secretary's [illegible] but revealed [illegible] charge [illegible] reports [illegible]

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
12/28	Fisher	800
12/28	Murphy	500
	Frame	500
12/30	[illegible]	130
"	Johnson	110
		[illegible]
12/31	RCW	220

500

DEC 30 1959

Memorandum

To: Executive Officer, OME Field Team, Region I

From: Chairman, Operating Committee

Subject: Docket No. DMEA-4712 (Lead-Zinc)
American Smelting & Refining Company
East Page Mine
Shoshone County, Idaho
Contract No. Idm-81134

On the assumption that the charges aggregating $7,854.59 listed in Mr. Kieffer's letter to you dated October 9, 1959, represent the actual amount paid or payable to the diamond drill contractor for hole No. 3, that entire amount constitutes costs in which the Government will participate. The Operator is entitled to claim such amount and need not limit his claim to $7,557.00 for 1,145 feet of AX drilling at $6.60 per foot as was done on the October 1959 MF-104.

Amendment No. 2 to the contract did not change the terms with respect to reimbursement for costs incurred under Category (1), Independent Contracts. Thus, the Government will participate in actual costs of diamond drilling subject only to the maximums of 11,855 feet of drilling, $6.60 per foot for AX size or larger, $6.40 per foot for EX size, and a total cost of $78,243.00. Annex II, paragraph (g), of the original contract provides that the allowable unit costs ($6.60 or $6.40 per foot of drilling) are <u>average</u> costs for the entire work item of diamond drilling.

The contemplated action by the Certifying Officer indicated in your letter to the Operator dated December 16, 1959, whereby the amount disallowed on the October 1959 MF-104 will be reinstated, is approved.

/s/ George C. Selfridge (GCS)

APPROVED:

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

Harold Kirkemo (HK)
Member, Geological Survey

CEFisher/ama
December 28, 1959

Copy to: Docket
Director's Reading File
CA & A Division
Operating Committee
Mr. Bishop, USBM
Mr. Kirkemo, USGS
Mrs. Dorothy F. Long

43683

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 28 1959

DATE	INITIALS	CODE
12-28	C	220
	EEE	800
1/4/59	Murphy	500
	J	

No. 157 Kennedy Street
Spokane 4, Washington
December 22, 1959

Mr. E. Everett Easton
American Smelting & Refining Co.
Northwestern Mining Department
P. O. Box 440
Wallace, Idaho

Re: Docket No. MMA-4712 (Dent-Kine)
Dent Page Mine
Shoshone County, Idaho
Contract No. 14-0113

Dear Mr. Easton:

Thank you for the revised print of drawing 3-109-2-104 which you enclosed with your letter of December 18, 1959.

Although we are sure that OME will not contribute to the cost of any work done outside of the limits of the ground described in the contract, we see no reason why they will not contribute to the cost of drilling DDH 59-096 (Hole No. 5 in Item 4, Exhibit A of the contract) up the north boundary providing that (1) the total authorized drilling footage and cost are not exceeded and (2) the ground included in the revised boundary be added to the ground described in Annex I of the contract.

We are not too concerned about the first provision, as there are some 300 feet provided for DDH 59-096 that will not be drilled, and there will probably be other holes that will not be as deep as the contract provides.

In order that we may request a contract amendment, will you please send us some copies of the descriptions of the claims or parts of claims to be added and seven additional prints of drawing 3-109-2-104, revised, indicating by different colored lines the positions of the old and the new boundaries that will be affected. We will also need the book and page number on which the location of the Hecla Fraction claim is recorded.

Sincerely yours,

Donald R. Mallaron
For: A. R. Weissenborn
Executive Officer, OME
Field Team Region 5

cc: OME(3) w/cys incoming w/o/drawing
USBM(2)
USBM(AB)
Sample Director's Reading File

AMERICAN SMELTING AND REFINING COMPANY
NORTHWESTERN MINING DEPARTMENT
J. J. KIEFFER, MANAGER

December 18, 1959

P. I. CONLEY
CHIEF GEOLOGIST

WALLACE, IDAHO
P. O. BOX 449

Mr. A. E. Weissenborn
U. S. Geologic Survey
South 157 Howard
Spokane, Washington

Re: East Page Project
Docket No.: DMEA-4712
Contract No.: Idm-E 1134

Dear Sir:

Your attention is drawn to the enclosed print of drawing N-109-P-104, a reduced photostat of which was attached to the above-referenced DMEA contract. The drawing has been revised to show the approximate status of the work at this date. It also shows a revision in our south boundary between coordinates 13,500 E and 14,500 E. The boundary revision arises from our having located an additional claim, Exile Fraction, and from further search of the records concerning Dade and McRooney claims.

The drawing also shows the position of the Spring Fault on the 3070 level, as found in DDH's 30-800S and 30-751S. Both holes angled upwards, so the position as shown is a projection from surface through the drill holes to the level.

The authorized length for DDH 30-650S, which will be collared early next week, is 820 feet. Because of the additional ground, we should now like to extend this to 1,000 feet. Furthermore, the favorable block of ground being explored extends south to the Spring Fault, and we feel that we should drill as far towards the fault as possible, even though we traverse ground which we do not control. We feel safe in doing this, since all the structures in the region dip to the south, and anything encountered in the extended hole is very likely to apex on ground which we do control.

In view of the above, we should like OMK sanction for drilling DDH 30-650S to the Spring Fault. The fault should be encountered at

about 1,350 feet, on the assumption that the hole will angle upwards as did the two previous south holes. In any event, the hole should go to 1,000 feet instead of 820 feet in view of the revision of our south boundary. In requesting agreement with this course, we are not asking for revision of the total footage allowed, at this time.

Yours very truly,

S. NORMAN KESTEN

SNK:ajm
Encl.

cc: Mr. J. C. Kieffer
Mr. T. M. Tower

OFFICIAL FILE COPY O. M. E. RECEIVED DEC 22 1959		
DATE	INITIALS	CODE
12/22	RCW	225
"	CEG	800
~~12/23~~	~~Murphy~~	~~500~~

1201 N. Division St.
Spokane 2, Washington

December 16, 1959

Mr. J. C. Kieffer, Manager
American Smelting & Refining Co.
Northwestern Mining Department
P. O. Box 440
Wallace, Idaho

Re: Docket No. IMEA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract No. Idm-K1134
Monthly operating report for
October 1959

Dear Mr. Kieffer:

Thank you for your letter of December 9, 1959, concerning a disallowance of certain drill costs in your October 1959 voucher.

We have reviewed the matter and are inclined to agree with you that charges for reaming, casing, etc., are allowable within the maximum up to $6.60 per foot for AX size or larger.

There is a possibility that the OME Auditor will interpret the contract as had the Certifying Officer, in which case we will have to refer the matter to Washington for clarification.

The amount, up to the allowable maximum, which was deleted on your last voucher will be reinstated by the Certifying Officer and it will not be necessary for you to reclaim this amount.

Sincerely yours,

Stephen W. Zoldok
For: A. E. Weissenborn
Executive Officer
OME Field Team Region I

cc: OME (2) w/cy of incoming
USBM (2)
USBM (AD)

ASARCO

AMERICAN SMELTING AND REFINING COMPANY
NORTHWESTERN MINING DEPARTMENT
WALLACE, IDAHO

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 22 1959

DATE	INITIALS	CODE

J. C. KIEFFER
MANAGER

W. J. MURPHY
CHIEF ACCOUNTANT

December 9, 1959

Mr. A. E. Weissenborn
Executive Officer, O.M.E.
Field Team, Region 1
1201 W. Division Street
Spokane 2, Washington

Re: Docket No. D.M.E.A. - 4712
Contract No. Idm - E1134
Monthly Operating Report for
October, 1959

Dear Sir:

This refers to your letter of December 7 stating that our October voucher could not be paid in full. We believe the Certifying Officer has erred in disallowing certain direct diamond drilling costs. Amendment No. 2, Category (1) Independent Contracts, states "The above rates include charges for reaming and casing, cementing and redrilling, changing locations, and all other charges whatsoever that may be incurred by the diamond drill contractor."

We have made the following tabulation of our costs for hole No. 3 which is all AX or larger and for which we believe we should be reimbursed at the $6.60/ft. maximum allowable rate.

June:			
Drilling - 49' @ $5.20			$ 254.80
July:			
Drilling - 283' @ $5.74			1,624.42
August:			
Drilling - 168' @ $5.74		$ 964.32	
33' @ $6.50		214.50	
Reaming, Cementing, etc.		455.30	1,634.12
September:			
Drilling - 404' @ $6.50		$ 2,626.00	
Reaming		145.75	2,771.75
October:			
Drilling - 69' @ $6.50		$ 449.50	
145' @ $8.00		1,160.00	[illegible]
	Total - 1145'		[illegible]

$7,084.49 ÷ 1,145 - $6.26 per foot.

Yours very truly,

1201 N. Division St.
Spokane 2, Washington

December 7, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 11 1959

DATE	INITIALS	CODE
12-11	gad	220
12/11	[illegible]	800
"	Murphy	500

American Smelting and Refining Company
Box 440
Wallace, Idaho

Re: Docket No. DMEA-4712
Contract No. Idm-E1134
Monthly operating report for
October 1959

Gentlemen:

This is to inform you the subject voucher could not be paid in the full amount claimed.

The deletion is explained in the attached copy of a memorandum to the Field Team from the Certifying Officer, Region I.

Sincerely yours,

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

Attachment

cc: OME (2)
USGS (2)
USBM (AD)

OME Field Team, Region I

December 7, 1959

OME Certifying Officer, Region I

American Smelting and Refining Company, Contract No. Idm-E1134
Monthly operating report for October 1959

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

The difference in the drilling costs claimed by the Operator and those certified for payment is explained as follows:

The Operator claimed 1,145 feet of drilling at $6.60 per foot, or $7,557.00. However, invoices from the driller show an average actual cost of $6.33 per foot, or $7,253.54:

49'	AX	@ $5.20	-	$ 254.80
283'	"	@ 5.74	-	1,624.42
168'	"	@ 5.74	-	954.32
33'	"	@ 6.50	-	214.50
404'	"	@ 6.50	-	2,626.00
63'	"	@ 6.50	-	409.50
145'	"	@ 8.00	-	1,160.00
1145'				$7,253.54 = $6.33 per ft.

Dorothy F. Long

cc: OME (2)
USGS (2)
USBM (AD)
Contract Admin. (2)
Zoldok

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 11 1959

DATE	INITIALS	CODE
12/11	gad	1110
		800
		500

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
	Griswold	

August 4, 1959

Memorandum for the Files

From: W. P. Klugecheid, Mining Engineer
Division of Minerals, OME

Subject: Justification for Amendment No. 2 for Docket No. DMEA-4712, American Smelting and Refining Company, East Page Mine, Shoshne County, Idaho, Contract No. Idm-E1134, Lead-Zinc.

About 25 per cent of the contract work has been completed.

The actual cost to the Operator has been $264,411.00 of which $165,810.00 is the allowable maximum under the contract. The cost to the Operator is 60 per cent greater than the allowable maximum co[illegible] There is little likelihood that costs will ever be appreciably le[illegible] certainly not enough so to offset the excess already incurred.

If this contract is put on a fixed unit cost basis, the accounting and administrative work necessary, both on the part of the Operator and of the Government would be greatly reduced. The reduction in administration, accounting, and auditing costs of the Government would be most desirable especially at the present time when the budgetary situation calls for all possible economy. Audits of operations of this complex type are very expensive, as also are the month to month administrative examinations of the Operator's doucumented claims.

Inasmuch as the Operator's actual costs have so far greatly exceed the maximum allowable under the contract thus erasing the savings which might accrue from an actual cost contract, the cost and labor savings which can be gained by changing this contract to a fixed unit cost one would be very definitely of advantage to the Government.

WPKlugescheid
W. P. Klugescheid

WPK/er
CC: Docket
Dir ReadFile
~~[illegible]~~
Chron.

8623

DRAFT - WPKlugescheid:kb - 7/21/1959

EXPLORATION PROJECT CONTRACT
AMERICAN SMELTING AND REFINING COMPANY
DOCKET NO. DMEA-4712

AMENDMENT NO. 2

It is agreed this _____ day of _____, 1959, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government", and the American Smelting and Refining Company, hereinafter called the "Operator", that Contract No. Idm-E1134 (Docket No. DMEA-4712), dated September 18, 1957, as amended, is further amended as of the date of the contract as follows:

In Exhibit "A" delete "Estimated Costs of the Project" in its entirety and substitute:

Estimated Costs of the Project

Actual Costs

Category (1) Independent Contracts

11,855 feet of diamond drilling
AX size or larger @ $6.60/ft.
EX size @ $6.40/ft. $78,243.00

The above rates include charges for reaming and casing, cementing and redrilling, changing locations, and all other charges whatsoever that may be incurred by the diamond drill contractor.

Neither the cost nor the value of casing left in drill holes at option of Operator will be accepted as a charge to the contract.

Fixed Unit Costs (See paragraph (f), Article 13 (Annex II))

Incidental allowance 1/ for each foot of drilling completed 11,855 feet @ $0.40/ft.	$ 4,742.00	
Core boxes, 290 @ $3.40/each (wooden)	986.00	
Assaying, 4,200 determinations @ $1.00/each	4,200.00	
Drifting and/or crosscutting 12,485 feet @ $40.00/ft.	499,400.00	
Diamond drill stations, 300 feet @ $35.00/ft.	10,500.00	
Timbering drifts and crosscuts 2/ 3,950 feet @ $10.50/ft.	41,475.00	
Rock bolting 2/, 4,000 bolts @ $3.50/bolt	14,000.00	
Car sidings excavation (side-swiping), 14,800 cubic feet @ $0.45/cu. ft.	6,660.00	$581,963.00
Estimated Total Cost of the Project		$660,206.00
Government Participation @ 50%		$330,103.00

1/ Includes all costs of diamond drilling that might be allowable costs of the project under categories (1) through (7) of Article 6(a), except as otherwise scheduled in Exhibit "A".

2/ If it is necessary to replace a rock-bolted section with timbering, the maximum unit cost of such timbering shall be computed by deducting the allowable cost per foot of rock bolting from the allowable cost per foot of timbering.

OFFICIAL FILE COPY O. M. E. RECEIVED JUL 20 1959		
DATE	INITIALS	CODE
7-20	gad	200
7/20	[illegible]	800
~~7-20~~	~~[illegible]~~	~~800~~

1201 N. Division St.
Spokane 2, Washington

July 17, 1959

Mr. J. C. Kieffer, Manager
American Smelting & Refining Company
Northwestern Mining Department
Wallace, Idaho

Re: Docket No. DMRA-4712 (lead-zinc)
East Page Mine
Contract No. Idm-X1134
Monthly operating report for
May 1959

Dear Mr. Kieffer:

The attached copy of a memorandum to the Field Team from the Certifying Officer, Region I, will explain the adjustments on your Operator's Monthly Report and Voucher for May 1959.

By Field Team, Region I

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

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

cc: OME (2)
USGS (2)
AD

OME Field Team, Region I

July 16, 1959

OME Certifying Officer, Region I

American Smelting and Refining Co., Contract Idm-E1134
Monthly operating report for May 1959

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

The following adjustments have been made on Form MF-104:

		Adjustments	
		Prior	May 1959
Drifting/crosscutting			
Claimed - May	$10,217.95		
Allowable	6,320.00		$3,897.95
Timbering			
Claimed - May	3,098.92		
Allowable	1,563.45		1,535.47
Rock Bolting			
Claimed to date	6,483.06		
Previous Disallow.	2,846.56		
	3,636.50		
872 bolts allowed	3,052.00	584.50	
AX Core Drilling			
Claimed to date	10,057.20		
Previous Disallow.	276.20		
	9,781.00		
1551 ft. allowed	10,057.20	(276.20)	
Core Boxes			
Claimed - May	118.25		
Allowable	85.00		33.25
Incidentals			
Claimed -May	282.20		
Allowable	204.40		77.80
Claimed - Previous	353.82		
Allowable	416.00		
Paid	386.65	(29.35)	

Sampling			
Claimed - May	$ 12.25		
Allowable	7.00		5.25
Claimed - Previous	191.25		
Allowable	174.00	17.25	
Improper allowance on Nov. 1958 voucher		300.00	
		$596.20	$5,549.72
			596.20
Total Disallowance			$5,145.92

Timbering costs have been increased $378.00 to adjust for improper deductions made on the January and April 1958 vouchers for acceptable costs of 108 rock bolts which were replaced by timbering.

The above adjustments are in line with the audit recently completed.

Dorothy Long

cc: OME (2)
USGS (2)
Contract Admin. & Audit Div. (2)
AD

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
7-10	gad	220
7-15	Klugsedeit	500

Memorandum

JUL 10 1959

To: Acting Director

From: E. D. Talbert, Acting Chief
Contract Administration and Audit Division

(Signed) E. D. Talbert

Subject: Docket No. DMEA-4712 (Lead-Zinc)
American Smelting & Refining Company
Contract No. Idm-E1134

and

Docket No. DMEA-4981 (Lead-Zinc-Copper)
New Park Mining Company
Contract No. Idm-E1218

A July 6 communication from Clarence E. Fisher, who is in Region I for the purpose of performing required royalty and interim cost audits, contains the following comment on Contract Idm-E1134, Docket DMEA-4712, American Smelting and Refining Company:

"I am now deep in the A.S. & R. cost audit report and hope to have it ready by the end of the week. I believe consideration should be given to converting that contract to a unit cost basis. All costs, except contract diamond drilling, have proven to be greatly in excess of the rates allowable for Government participation. There does not seem to be any chance of the costs coming down during the remaining period of the contract. This would save a great amount of accounting effort for both the Operator and the Government."

Your consideration of Mr. Fisher's suggestion is solicited and recommended. Amendment of this contract to provide for contribution by the Government on the basis of fixed unit costs, rather than actual costs not in excess of maximum unit costs, appears amply justified by the budgetary situation. Funds for auditors' travel and per diem have been stringently curtailed; and cost audits of large companies such as A.S. & R. are time consuming and expensive. Furthermore, I understand that the budgetary situation may require the elimination of one of this Division's present staff of two auditors.

Consideration of a similar amendment for Contract Idm-E1218, Docket DMEA-4981, New Park Mining Company, also seems appropriate.

43683

The June 3, 1959, interim audit report of Donald T. Finch, discloses that the actual costs of drifting are far in excess of the maximum unit costs allowable for contribution by the Government. The total actual cost of 173.5 feet of drifting through March 31, 1959, was $12,121.46, whereas the allowable cost was only $7,807.50 at the maximum rate of $45.00 a foot provided by the contract.

The travel and per diem expenses of Mr. Fisher's trip to Region I will total approximately $870.00; however, the interim audit of A.S. & R. was only an incidental of the trip, which was primarily for urgent royalty audits of Taylor-Knapp, Bunker Hill, and others. On the other hand, Mr. Finch's trip from Denver to Salt Lake City cost $177.13 for travel and per diem and was solely for the interim audit of New Park. Either trip from Washington for a final audit will cost several hundred dollars more.

EDTalbert/ama
July 10, 1959

Copy to; Docket - DMEA-4712
Director's Reading File
CA & A Division

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 24 1959

DATE	INITIALS	CODE
4/24	G	220
4/24	TW	800
4/24	Eng	500

So. 157 Howard Street
Spokane 4, Washington

April 15, 1959

Mr. J. C. Kieffer, Manager
Northwestern Mining Department
American Smelting and Refining Co.
P. O. Box 448
Wallace, Idaho

Re: Docket No. IMKA-4712 (Lead-Zinc)
Hunt Page Mine
Shoshone County, Idaho
Contract No. Idm-K1194

Dear Mr. Kieffer:

At least for the present, we do not believe that there is sufficient justification to warrant drilling a second hole at the site of DDH 30-823M as suggested in your letter of April 13. If there was little evidence of sulfide mineralization in the fault and broken zone beyond, it seems doubtful to us, though not impossible, that the chance of finding a significant ore body in the remaining distance to the fault is not too good.

Should the results of the next hole indicate favorable ground closer to the Osburn fault, we would reconsider the advisability of a second hole from the site of DDH 30-823M.

By Field Team Region I

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

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

cc: OME (2) w/2 cys incoming
USBM (2)
USBM(AD)
Sample

AMERICAN SMELTING AND REFINING COMPANY
NORTHWESTERN MINING DEPARTMENT
WALLACE, IDAHO

RECEIVED
BUREAU OF MINES
APR 14 1959
SPOKANE, WASH.

April 13, 1959

J. C. KIEFFER
MANAGER

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 24 1959

DATE	INITIALS	CODE

Office of Minerals Exploration
United States Bureau of Mines
N. 120 Division Street
Spokane, Washington

Attention: Mr. Wing C. Agnew

Docket No. DMEA-4712
Contract No. Idm-E 1134

Dear Sirs:

Since our report for the month of February (my letter dated March 23, 1959), DDH 30-823N advanced from 398 feet to 755 feet. A very strong fault zone was penetrated between 401 and 413 feet, with less important broken zones thereafter. Eventually, it became necessary to case again, and 'A' casing was placed to 629 feet through 'B', which had been placed to 336 feet. 'AX' core was then recovered to 755 feet, but caving at 664 feet necessitated advancing the 'A' casing further. Preliminary to this operation, the casing had to be pulled back, and subsequently it was not possible to advance it into the hole again beyond the major fault at 401 to 413 feet. The contractor does not feel that he can continue the hole and that if the ultimate objective is to be reached, it must be in a new hole, using 'N', rather than 'B', equipment for as far as possible from the collar.

The end of the hole, at 755 feet, is approximately 150 feet from the projected position of the Osburn Fault. From local information, we projected the fault at a somewhat flatter dip than is generally assigned to it elsewhere in the district, but in any event it is not likely that the hanging wall of the fault zone is more than 300 feet beyond the end of the hole. We are willing to give up the hole at this point and accept the data we have at hand as being adequate for the area probed, since we plan to try to reach the fault again in a hole 500 feet to the east. Consequently, we are moving the drill to the station provided for the first hole to the south, at approximate coordinate 12,000 E.

RECEIVED
APR 15 1959
U. S. G. S.
SPOKANE, WASH

Office of Minerals Exploration
Docket No. DMEA-4712 Contract No. Idm-E 1134

April 13, 1959

We recommend that an additional hole at the site of DDH 30-823N not be drilled. However, if it is the desire of OME that another attempt be made to reach the Osburn Fault in this locality, we will have the drill moved back and a new hole started, upon completion of the second hole.

Yours very truly,

cc: SEZelenkov
TMTower
SNKesten

1201 N. Division St.
Spokane 2, Washington

April 15, 1959

EXTRA COPY
O. M. E.
RECEIVED APR 17 1959
DATE | INITIALS | CODE
4/20 | | 500

AIR MAIL

MEMORANDUM

To: E. D. Talbert,
Acting Chief, Contract Administration and Audit Division

From: Authorized Certifying Officer, OME

Subject: Docket No. DMEA-4712 (lead-zinc)
American Smelting and Refining Company
Contract No. Idm-21134

With reference to your letter of April 13, relative to the February MF-104 for the subject contract, it was the intent of the Field Team to release the $300.00 withheld from the April 1958 MF-104.

It is apparent now an error was made on the November MF-104 when I attempted to release the $300.00. This $300.00 was erroneously deducted from the "excess over allowable maximum". This should have been a separate transaction and the full amount released to ASAR.

On the February MF-104 I was in error in changing the Operator's "Monthly Total" and "Totals to Date" when I deleted the 16.9 feet for diamond drill stations. This, of course, resulted in a different figure for "excess of maximum" than the figure you show. I figured the excess on the Operator's cost of 26.1 feet or $1166.93 rather than the $1922.49 claimed by the Operator.

I concur with the computation set forth in your letter and have changed the approved totals on my copy of the February 1959 MF-104 accordingly. The $150.00 due the Operator will be released on the next voucher submitted.

Dorothy Long

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
4/14	C	220
~~4/24~~	~~KD~~	~~500~~

Via Air Mail

APR 13 1959

Memorandum:

To: Mrs. Dorothy Long, Authorized Certifying Officer, OST

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

Subject: Docket No. DMFA-4712 (Lead-Zinc)
American Smelting and Refining Company
Contract No. Ida-F1134

In reviewing the subject Operator's February 1959 MF-104, it is noted that the amount certified for payment is $5,177.46, whereas $5,027.48 is 50% of the $10,054.97 indicated as the "Approved Monthly Total".

Furthermore, the last two lines of the three columns of approved totals (monthly, previously reported, and to date, respectively) are shown as follows:

Less in excess of maximum	$ 6,965.75	$ 72,577.00	$ 79,542.75
Totals	10,054.97	123,404.55	133,459.52

On correcting the addition of the "Approved Monthly Total" column and inserting the correct "Approved Totals Previously Reported" (forwarded from the "Approved Totals to Date" shown on the January 1959 MF-104) this Division's copy of the February 1959 MF-104 has been changed to show the following approved totals:

Less in excess of maximum	$ 7,721.31	$ 72,277.00	$ 79,998.31
Totals	10,054.97	123,704.55	133,759.52

According to our records the status of this account is now:

Claimed "Totals to Date"	$213,757.83
Less in excess of maximums	79,998.31
Approved "Totals to Date"	133,759.52
Government Participation (50%)	66,879.76
Paid to Operator	66,729.76
Balance due Operator	$ 150.00

The above computation is on the premise that it was the intent of the Field Team to reinstate the $300.00 withheld (from the Government's

43683

50% participation) in the payment of the April 1958 MF-104. It appears that, in some manner, the withholding from payment on a 50% basis has been enforced as a disallowance on a 100% cost basis.

Your advice as to concurrence or exception to the foregoing would be appreciated.

EDTalbert/GMcC
April 13, 1959

cc: Docket
Director's Reading File
CA & A Division
Mr. A. E. Weissenborn, OME Field Team, Region I

1201 N. Division St.
Spokane 2, Washington

April 6, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 9 1959

DATE	INITIALS	CODE
4-9	C	220
4/9	[illegible]	800
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American Smelting and Refining Co.
Box 440
Wallace, Idaho

Re: Contract No. Idm-21134
Docket No. [illegible]-4712
Monthly operating report for
February 1959

Gentlemen:

This is to inform you the subject voucher could not be paid in the full amount claimed.

The deletion is explained in the attached copy of a memorandum to the Field Team from the Certifying Officer, Region I.

By Field Team, Region I

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

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

cc: OME (2)
USGS (2)
USBM (AD)

OME Field Team, Region I

April 6, 1959

OME Certifying Officer, Region I

American Smelting and Refining Company, Contract No. Idm-21134
Monthly operating report for February 1959

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

We have deleted 16.9 feet for diamond drill stations. Under the terms of the contract, the footage allowable to date is 100 feet or, 4 drill stations at 25-feet maximum each.

Dorothy F. Long

cc: OME (2)
USGS (2)

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 23 1959
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3 23 | C | 20
0

So. 157 Howard Street
Spokane 4, Washington

March 19, 1959

Mr. S. Norman Kasten
American Smelting and Refining Co.
P. O. Box 440
Wallace, Idaho

Re: Docket No. DMRA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract No. Idm-4113

Dear Mr. Kasten:

In further reference to your letter of February 16, 1959, and our reply of February 18, 1959, we have been informed by our Washington office that your request for an amendment to your DMRA contract increasing the presently authorized 25 linear feet to 30 feet for each of 12 diamond drill stations has not been approved.

Regarding the possible extension of the completion date beyond September 1, 1962, we have been advised to notify you that DMRA is now in process of liquidation and that the possibility of obtaining an extension beyond the present termination date is extremely doubtful.

By Field Team Region I

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

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

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

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 24 1959

DATE	INITIALS	CODE
2/24	C	220
		130
		~~500~~

February 18, 1959

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

Re: Docket No. DMEA-~~4712 (Lead-Zinc)~~
American Smelting & Refining Co.
East Page Mine
Shoshone County, Idaho
Contract No. Idm-E1134

Dear Mr. Selfridge:

Enclosed are two copies each of a letter dated February 16, 1959 from S. Norman Kesten, Assistant Chief Geologist for the referenced operating company, and our reply.

The "main haulageway" into which the drill rods would have to be pulled to be broken in 20-foot lengths is used only to haul supplies to and muck from the exploration heading. Therefore, traffic would not be very heavy or frequent. The delay in pulling rods or putting them down the hole, should a train come along during either operation, would not be appreciable. With reasonable care on the part of the drill and train crews we do not believe the practice incompatable with safety. Therefore, we doubt that it would be to the Government's advantage to take 55 feet from the total footage authorized for drifting and crosscutting in order to increase the length of the drill station from 25 to 30 feet, and it would certainly not be to the Government's advantage to increase the allowable cost by $1,925 for this purpose.

This will be the last DMEA contract to terminate in this region and it seems to us that the termination date is so far in the future that any commitment at this time to extend it is inadvisable.

Please advise us if you believe the requested amendment should be made and if we should now make any commitment to extend the completion date beyond September 1, 1962.

By Field Team Region I

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

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

Enclosures
cc: USBM (2); USBM(AD); Sample

OFFICIAL FILE COPY O. M. E. RECEIVED FEB 24 1959		
DATE	INITIALS	CODE
	Klug	

So. 157 Howard Street
Spokane 4, Washington

February 18, 1959

Mr. S. Norman Kesten
American Smelting and Refining Co.
P. O. Box 440
Wallace, Idaho

Re: Docket No. DMEA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract No. Idm-E1134

Dear Mr. Kesten:

We have received your letter of February 16, 1959, requesting an amendment to the referenced contract to allow an additional 55 feet of diamond drill station drifting and an increase of $1,925 in the total allowable cost of the contract work.

It appears to us that, as the main haulageway is only an exploration heading, traffic will not be very heavy and that reasonable care on the part of the drill and train crews should not make it an unsafe practice to pull the rods into the haulageway. However, we are referring your request to Washington for their consideration.

Regarding the possibility of extending the completion date beyond September 1, 1962, that date is a long way off and much would depend upon how far the work had advanced by that time and what the results might be. We do not feel that we can make a commitment either way at this time.

By Field Team Region I

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

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

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

AMERICAN SMELTING AND REFINING COMPANY
NORTHWESTERN MINING DEPARTMENT
J. C. KIEFFER, MANAGER

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 24 1959

DATE	INITIALS	CODE
	Klug	

WALLACE, IDAHO
R. G. [illegible]

February 16, 1959

P. I. CONLEY
CHIEF GEOLOGIST

Mr. A. E. Weissenborn
U. S. Geologic Survey
S. 157 Howard
Spokane, Washington

RE: DOCKET NO. DMEA-4712 (LEAD-ZINC)
EAST PAGE MINE
SHOSHONE COUNTY, IDAHO
CONTRACT Idm - E1134

Dear Sir:

Although the contract allows 25 linear feet for each of twelve diamond drill stations, we find it necessary to provide 30 feet. The large machine being used takes up 9 feet, and if only 25 feet were provided, the rods would have to be pulled into the main haulageway in order to be broken in 20-foot lengths. This would not be a safe practice. In order to keep the contract price of drilling as low as possible, we undertook to provide enough clear space for a 20-foot pull, which means 30 feet of drill station. Consequently, we should like to request an amendment to the contract with the government, adding 5 feet to the allowable length of each of eleven diamond drill stations, or a total of 55 feet. At the unit cost quoted in the contract, this would mean an addition of $1,925 to the total allowable cost of the project.

About 27% of the time allowed by the contract for the completion of the project has now expired. However, only about 17% of the linear footage of drifts, crosscuts and diamond drill stations has been accomplished. In part, this is because of the fact that the contract was not signed until about three weeks after the date of the start of the contract period, and the work did not begin until over a month after the date of the start of the contract period. In part, it is also because of the fact that for approximately five months during 1958, it was necessary to reduce the work week at the mine to four days, thus reducing progress by 20%. However, the discrepancy between time and actual progress is mainly because of the fact that ground conditions are such that the anticipated and projected progress has been impossible.

February 16, 1959

Mr. A. E. Weissenborn
East Page Mine, Shoshone County, Idaho

Will government participation automatically cease on September 1, 1962, even though the project is not finished, or is it likely that an extension of time may be obtained?

Yours very truly,

S. NORMAN KESTEN

SNK:ajm
cc: JCKieffer
THlower

RECEIVED DEC 1958		
DATE	INITIALS	CODE
12/1	C	220
12/1	[illegible]	800
~~12/2~~	~~[illegible]~~	~~300~~

1201 N. Division St.
Spokane 2, Washington

November 26, 1958

Mr. J. C. Kieffer, Manager
American Smelting & Refining Company
Northwestern Mining Department
Wallace, Idaho

Re: Docket No. DMEA-4712 (lead-zinc)
East Page Mine
Shoshone County, Idaho
Contract No. Idm-21134

Dear Mr. Kieffer:

This will acknowledge receipt of your voucher and reports for October 1958 for the East Page mine project.

The reports are being returned to you for the corrections outlined in our letter of November 24, 1958, covering the manner in which the 3070-823 North Crescent should be charged. We believe it will be less confusing if you will have your Accounting Department make the corrections.

Mr. Kastan's Progress Report indicates the total length of the 3070-823 North Crescent is 191.5 feet. Our engineer's measurement shows an allowable length of 188 feet calculated as follows:

Sta. 1552 to Sta. 1553	25.79 ft.
Sta. 1553 to Sta. 1554	91.18 "
Sta. 1554 to face	74.50 "
	191.47 ft.
Less 3.5 ft. for 1/2 width of main crosscut (contract drift width of 7 ft.)	3.50 "
	187.97 ft.
Say, 188 ft.	

Enclosed are four copies of a resume of allowable rock bolts installed in the 3070 east drive, calculated in accordance with the terms of Amendment No. 1, dated September 26, 1958. The accounting is for the period from the start of the contract thru April 1958. Although 618 bolts were installed, only 521 are allowable.

Adjustments in the number of allowable bolts installed will be made periodically. Please also have the October reports corrected to conform to the foregoing. Including the 54 bolts installed during October, the total will be 577.

By Field Team, Region I

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

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

Enclosures

cc: OME (3)
USGS (2)
USBM (AD)

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 1 1958

DATE	INITIALS	CODE
12/1	C	220
12/1	[illegible]	800
12/3	[illegible]	500

1201 N. Division St.
Spokane 2, Washington

November 24, 1958

Mr. J. C. Kieffer, Manager
American Smelting & Refining Co.
Northwestern Mining Department
Wallace, Idaho

Re: Docket No. [illegible]-4712 (lead-zinc)
East Page Mine
Shoshone County, Idaho
Contract No. Ida-[illegible]134

Dear Mr. Kieffer:

The Field Team's letter to you dated September 15, 1958 authorized the relocation of the first two diamond drill holes. The crosscut for the air storage and transfer was also to be used as a drill station for the first north drill hole.

According to the contract, the allowable depth for diamond drill stations is 25 feet each. Our inspection on November 13, 1958 disclosed that the 3070-823 North crosscut in question has been driven 188 feet from the main crosscut, which is 163 feet in excess of the allowable depth of a drill station. Of this advance only 25 feet is chargeable to a diamond drill station and the balance to sidestriping for air transfer. The amount chargeable to sidestriping excavation would then be 7 ft. x 9 ft. x 163 ft. or 10,269 cu. ft.

Your September voucher charged 36.4 feet of this crosscut to general crosscutting. Please make the necessary corrections in your next voucher to charge 25 feet of this crosscut to diamond drill stations and the balance to sidestriping on a cubic foot basis.

By Field Team, Region I

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

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

cc: OME (3)
USGS (2)
USBM (AD)

Memorandum for the Files

From: W. P. Klugescheid, Mining Engineer, Division of Base Metals

Subject: Justification for Amendment No. 1 for Docket No. DMEA-4712, American Smelting & Refining Company, East Page Mine, Shoshone County, Idaho, Contract No. Idm-E1134 (Lead-Zinc).

Some sections would require more than the previously allowed seven bolts per five linear foot section and others would require considerably less. It seems only fair to allow an average and not deduct extra bolts in a section. Sections where only one bolt is placed are not to be considered in the averaging.

Let us assume that it take 11 bolts to support a five foot section. This would be a total cost of $38.50 and were this section timbered it would cost $52.50. The saving achieved would be of benefit to the Government and it seems unfair to penalize the Operator by deducting the cost of the extra four bolts.

The same amendment was allowed in the case of Docket No. DMEA-3406.

W. P. Klugescheid

W. P. Klugescheid

ORIGINAL FILE COPY
DMEA
RECEIVED JUN 5 1958

6/5 C 220
6/5 400 800
~~6/5 100 of 1500~~

1201 N. Division St.
Spokane 2, Washington

June 3, 1958

American Smelting and Refining Co.
P. O. Box 440
Wallace, Idaho

Re: Docket No. DMEA-4712 (lead-zinc)
American Smelting and Refining Co.
East Page Mine
Contract No. Idm-E1134
Monthly operating report for
April 1958

Gentlemen:

This is to inform you the subject voucher has been processed and forwarded to the Disbursing Officer for payment.

It seems, according to the contract, the allowable number of rock bolts has been exceeded; therefore, we have withheld the sum of $300. If, at a later date, it is determined the bolts are not excessive, payment will be made.

By Field Team, Region I

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

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

cc: DMEA (2)
USGS (2)
AD

xxxxxxxxxxxxxxxxxx
1201 N. Division St.
Spokane 2, Washington

May 27, 1958

EXTRA COPY
BMEA
RECEIVED JUN 2 19

DATE	INITIALS	COD
6 2	C	220
6 6	WPG	500

Official Cy to 800

Mr. W. J. Murphy, Chief Accountant
American Smelting and Refining Company
P. O. Box 440
Wallace, Idaho

Re: BMEA-4712, Idm-E1134 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho

Dear Mr. Murphy:

It has been determined that an analysis or breakdown of the charges made on the Operator's Monthly Report and Voucher, Form MF-104, under Category (3) Operating Materials and Supplies - Other (April 1958 total to date $4,988.84) and Category 7 - Miscellaneous - Other (April 1958 total to date $22,695.70), is necessary.

Commencing with your May 1958 Operator's Monthly Report and Voucher, Form MF-104, will you please attach an additional schedule, similar to copy attached, to each copy of the Form MF-104, which is captioned "Supplement to Operator's Monthly Report and Voucher".

This new schedule, which will serve as an explanation of the two "Other" charges shown on the Form MF-104, will not require any changes being made in the monthly schedules now being submitted.

Thanks a lot for your help.

Sincerely,

C. A. Turner, Auditor

Attachment

cc: Jay L. Chambers, Director
Contract Administration & Audit Division

Supplement To
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of April 1958 - Docket No. DMEA 4712 Contract No. Idm-E1134
Operator's Name American Smelting and Refining Co. Minerals Lead-Zinc
Address 120 Broadway, New York 5, New York, Box 440, Wallace, Idaho

	Monthly Total	Totals Previously Reported	Totals To Date
Category 3 - Other Supplies			
Drilling			
Rods	$ 59.76	$ 639.14	$ 698.90
Bits	29.20	1,441.10	1,470.30
Hose and Fittings	-	71.88	71.88
Other	13.39	5.20	18.59
Total Drilling	102.35	2,157.32	2,259.67
Rock Bolting			
Bolts 4'	-	-	-
Bolts 6'	270.60	1,610.88	1,881.48
Total Rock Bolts	270.60	1,610.88	1,881.48
Other Supplies			
Cap Lamps	10.00	48.62	58.62
Hand Tools	-	16.07	16.07
Miscellaneous	-	67.55	67.55
Total Other Supplies	10.00	132.24	142.24
Power			
Lighting	1.94	7.55	9.49
Auxilliary Ventilation	4.73	22.91	27.64
Compressed Air	62.22	606.10	668.32
Total Power	68.89	636.56	705.45
Total Category 3 - Other Supplies	$ 451.84	$ 4,537.00	$ 4,988.84

* * * * *

Category 7 - Other			
Underground Haulage	$ 924.61	$ 5,315.35	$ 6,239.96
Interior Hoisting	-	1,215.00	1,215.00
Main Hoisting	725.95	4,751.22	5,477.17
Surface Haulage	101.12	581.65	682.77
Drainage	79.20	1,528.74	1,607.94
Main Ventilation	105.71	508.64	614.35
Life Insurance	37.41	219.06	256.47
Health and Accident Insurance	123.37	728.68	852.05
Vacation Allowances	150.33	730.56	880.89
Holidays	1.31	780.67	781.98
Pension Accruals	438.22	2,416.06	2,854.28
Dry Room	49.25	274.68	323.93
First Aid	1.31	98.10	99.41
Medical-Surgical	50.91	318.46	369.37
Timekeeping and Wa[illegible]	60.70	379.43	440.13
Total Category 7 - Other	$2,849.40	$19,846.30	$22,695.70

EA[illegible]
DATE | [illegible] | CODE

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/8	Talbert	800
5/9	C	220
5/9	Kelly	500

MAY 8 - 1958

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

Re: Idm-E1134, DMEA-4712 (Lead-Zinc)
American Smelting & Refining Co.

Dear Mr. Turner:

The referenced Operator has claimed over 30 percent of the project costs as "Other" under Category (7) Miscellaneous. I assume that these costs have been supported by appropriate documentation, since we have not had notice of any waiver by the Executive Officer. Accordingly, I would appreciate your review of the MF-104s for October 1957 to date and advice as to the items or sub-classifications of costs included in the Operator's title of "Other".

By memorandum dated October 3, 1957, you were asked by the Executive Officer to instruct the Operator's accountants in the proper preparation of the MF-104 and MF-104A. Therefore, I believe it would be appropriate for you to request the accountants to furnish the major sub-classifications of these "Other" costs on future MF-104s. The blank lines on the form immediately following Categories (7) and (8) can be used for this purpose.

A review of the MF-104As for this project indicates the possibility of a rock bolting situation similar to that under Idm-E732, DMEA-3406, Hecla Mining Company. Through February 1958 the crosscutting aggregated 678 feet, of which 268.7 feet were timbered. A total of 564 rock bolts has been claimed for the untimbered balance of 409.3 feet (plus car sidings). Unless the entire untimbered portion of the crosscut has been bolted quite uniformly, it appears that the rock bolting claim may be in excess of the contractual limitation of "not to exceed 7 bolts per section of 5 linear feet". In order to avoid a possible overpayment I suggest that you discuss this matter with the Field Team and the Certifying Officer.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

EDTalbert/ama
May 8, 1958

Copy to: Docket
Admr. Reading File
Mr. Weissenborn
Mr. Chambers

8623

So. 157 Howard Street
Spokane 4, Washington

February 7, 1958

2/10 C 220
2/11 800
2/11 500

Mr. S. Norman Kesten
Assistant Chief Geologist
American Smelting and Refining Co.
Northwestern Mining Department
P. O. Box 440
Wallace, Idaho

Re: Docket No. DMEA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract No. Idm-E1134

Dear Mr. Kesten:

This will confirm Mr. MacLaren's telephone conversation with you yesterday concerning your letter of February 4, 1958, in which you inform us that you have been sampling the face of the 3070 East Page Drive every second round.

We quite agree with you that such sampling is an unnecessary expenditure at this time and regret the mine engineer's misunderstanding of the purpose of the sampling. Such procedure might be in order if the drive was following a mineralized structure even if it were weakly mineralized. It will not be necessary to take any samples either from this drive, or from future drill holes and crosscuts except where some evidence of a mineral-bearing structure is encountered.

Thank you for your letter calling this to our intention.

Sincerely yours,

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

cc: DMEA (2) w/2 copies of incoming
USBM (2)
USBM (AD)
Sample

AMERICAN SMELTING AND REFINING COMPANY
NORTHWESTERN MINING DEPARTMENT
J. C. KIEFFER, MANAGER

RECEIVED
BUREAU OF MINES
FEB 6 - 1958
SPOKANE, WASH.

P. I. CONLEY
CHIEF GEOLOGIST

WALLACE, IDAHO
P. O. BOX 440

February 4, 1958

Defense Minerals Exploration Administration
United States Bureau of Mines
N. 1201 Division
Spokane, Washington

Attention: Mr. Wing C. Agnew

Dear Sirs:

Reference is to Docket No. DMEA-4712, Contract No. Idm-E 1134.

In the immediate past, we have been sampling the face of the 3070 East Page Drive every second round, although there has been no showing of vein material or other mineralization. The practice arose from the mine engineer's understanding that this work was demanded by D.M.E.A. engineers. However, we feel that, since the line drive is advancing through barren rock, sampling at this time is an unnecessary expenditure of the limited amount of money allowed in the contract for this purpose. The progress of the drive is being carefully watched by engineers, geologists, and shift bosses, and evidences of mineralization have little chance of going unnoticed. In view of all this, we should like to know whether or not you agree that we need not sample unless or until an exposure is made which warrants sampling.

Yours very truly,

S. Norman Kesten

S. NORMAN KESTEN
Assistant Chief Geologist

SNK:ajm

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

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 6 1957

DATE	INITIALS	CODE
9/6	C	220
9/6	Klug	500

September 3, 1957

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

Re: Docket No. DMEA-4712 (Lead-Zinc)
American Smelting and Refining Co.
East Page Mine
Shoshone County, Idaho

Dear Mr. Selfridge:

This is in further reference to your letter of August 12, 1957, regarding the proposed contract with the American Smelting and Refining Company.

Annex II (h) seems to cover the situation adequately and fairly as far as royalty is concerned. We presume that if AS&R has a part interest in any ore mined from land not in the contract but transported through the DMEA workings, such ore will be liable for payment of full royalty and it will be up to AS&R to make the necessary arrangements to prorate the royalty as it sees fit.

We note the remarks in your letter concerning the reasons for the departure from the usual DMEA practice of refraining from exploring close to the property boundaries and consider the reasons for this departure from our customary policy well justified.

In reply to your question, we consider the last paragraph on page 3 of Exhibit "A" both clear and reasonable. Inasmuch as we anticipate that AS&R will provide competent technical supervision, the provision may not be so necessary in this particular contract, but we think that this provision or some appropriate modification of it might well be made standard in all contracts involving diamond drilling.

The only other comment we have involves timbering. It is possible that a section of drift or crosscut that had been rock bolted might fail, requiring timber. Zoldok points out that in such a case the total cost of rock support would be $14.00 per foot.

This possibility was taken care of in the case of Calera Mining Company by Amendment No. 4 which provided that should it be necessary to replace rock bolted section with normal timbering only the difference between the allowable cost per foot of rock bolting and the allowable cost per foot of normal timbering and/or rock bolting should be allowed. However, in the original Calera contract no rock bolting was allowed and when it was requested, there apparently was some question that rock bolts would hold the ground and that "over bolting" might result. In the case of the AS&R contract, there is a limit of 7 bolts per 5-foot section that should preclude that possibility. Erickson and Weissenborn believe that should it become necessary to use timber in a caved rock bolted section the cost should be accepted.

We think that this should be a satisfactory contract and hope that circumstances are such that it can be released soon.

By Field Team, Region I

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

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

Enclosure (Extra copy of proposed contract)

cc: USBM (2)
USBM (AD)
Sample

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

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 18 1957

DATE	INITIALS	CODE
7-18	C	220
18	Klug	500

July 17, 1957

Re: DMEA 4712; Lead-Zinc;
~~$990,344~~
American Smelting & Refining Co.
East Page Mine
Shoshone County, Idaho

Memorandum

To: W. R. Griswold, DMEA

From: O. M. Bishop, USBM

Subject: Review of Field Team Report transmitted June 24, 1957, received July 3, 1957

American Smelting & Refining Co. proposes two stages of work on the 3,070 level to explore an area east of the Page mine between the Osburn and the southern boundary of the property.

Field examiners, Fryklund of the Survey and Erickson of the Bureau, submitted separate reports, respectively, treating the geologic justification and the project costs.

Fryklund points out that of the known veins, only the relatively unimportant Curlew vein is likely to be found in the target area. He specifically recommends the project, however, because the area is an unexplored section of the highly mineralized Page-Galena zone and lies between the very productive Bunker Hill and Page mines. The fact, that no outcropping veins are known which project into the target area, is considered unimportant since a very large proportion of the productive veins of the district have little or no surface expression.

I concur with Fryklund and the Field Team that the exploration is warranted by the known geology of the area, and recommend contract negotiations. Costs presented by the applicant are extremely high and in my opinion should be scaled down by either realistic appraisal of the facts, if such is possible, or possibly changing the limiting factors that effect the costs. According to the application, shaft capacity limits development breakage on the 3,070-level to 100 feet a month prior to September 1957 and to 200 feet a month thereafter. The application does not indicate what the shaft capacity is but Bureau of Mines records show that the Page Mine produced 77,000 tons of ore in 1955, and

110,000 tons in 1956 which indicates on the basis of a 5-day week and 8 holidays, a daily hoisting rate of 305 tons of ore in 1955 and 430 tons in 1956.

Details of the hoisting plant are omitted from the application and field review, but it is obvious that hoisting equipment and facilities in the existing 3 compartment, 50 degree inclined shaft are inadequate for any but a small or very drawn-out exploration program.

Inasmuch as such costs are extraordinarily high, it would appear they should not be allowed, but rather that costs normal to the district such as Erickson proposes should be used. In reviewing the revised cost analysis, I have questions about some of the cost elements.

1. If the Page stopes are filled square-sets it might be that development waste could be disposed of more cheaply as stope filling than by hoisting to the surface. In the past, fill for such stopes was obtained from footwall crosscuts in the stopes.

2. Under steel, it would seem consumption of one 80" rod with shank and stud per day is excessive, particularly since with detachable bits such consumption is almost wholly by breakage. I am of the opinion this item is more than double what it should be.

3. Items of ventilation duct, track and pipe placed in crosscuts may well have salvage in excess of 50 percent. No operating mines would leave track, pipe and ventube in every foot of exploration opening. Rather such items would be removed from all crosscuts that failed to find ore and would be used in successive openings.

4. Under use allowance for equipment, it would appear that the projected work rate would never require more than 2 car transfers, or 3 drifters.

The diamond drill estimates by Vivian Brothers and C. L. Shepherd, although not firm contract prices, support the cost as presented by Erickson and seem reasonable in view of the probable reaming, surveying and cementing time on such long holes.

With relation to assay costs, and the $1.15/determination of the applicant vs. the $0.75 estimate by Erickson, it might be argued that the applicant is entitled to reimbursement at the going

contract price in the community as the contract estimate on diamond drilling is based on a low bid or going-rate rather than cost whether done by the applicant or by an independent contractor. The $1.15 rate is not an unreasonable charge but on the other hand, if a lower cost can be attained it should be done.

I recommend that a contract be prepared covering the work requested. Contract prices suggested by Erickson seem fair in the light of DMEA experience in the Coeur d'Alene and are recommended for discussion with the American Smelting & Refining Co.

O. M. Bishop

O. M. Bishop

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

COMPARISON OF TWO METHODS OF FIGURING COSTS

FOR

AMERICAN SMELTING & REFINING COMPANY

PAGE MINE PROJECT.

Erickson

200'/mo. cost/foot		300'/mo. cost/foot
	Raw Drift or XC	
$ 11.58	Contract Labor	$ 11.58
1.86	Trackman	
0.91	Serviceman	
0.89 ?	Surface Motorman	
1.75	Underground Motorman & Swamper	
5.41	Total Other Labor	3.61
1.15	Supervision	0.77
0.24	Engineer	0.72
0.48	Geologist	
1.87	Total Supervision	1.49
	Material	
1.40	Bits	
0.98	Steel	
2.38	Bits + Steel	2.38
4.24	Dynamite	
1.94	Electric Caps	
0.03	Accessories.	
6.21	Total Explosives,	6.21

* 50% Salvageable

200'/mo. Cost/ft.	Raw Drift & XC costs	300'/mo Cost/ft.
4.48 *	Ventilation Duct.	4.48 *
2.39 *	Tracks	2.39 *
2.34 *	Pipe	2.34 *
0.54	Drill Parts & Oil	0.54
0.17	Misc. Tools etc.	0.17
18.51	Total Materials & Supplies	18.51
2.26	Use allowance of Equipment	1.51
2.87	Hoisting	2.58
0.30	Pumping	0.27
0.36	Compressors	0.32
0.06	Mine Dry & Heating	0.05
0.78	Tramming Supplies & Power	0.70
0.33	Power for Haul	0.22
0.65	Accounting & Clerical	0.43
3.48	Payroll Taxes & Fringes	? 2.87
8.83	Total Miscellaneous	7.44
48.46	Total Cost of Raw Drift or XC	44.14
4.61	Less ½ of 9.21 for salvage	4.61
$43.85	Net Estimated Cost	$39.53

200'/mo. Cost/ft.		300'/mo. Cost/ft.
	Timbering Drift or XC.	
4.27	Contract Labor	4.27
1.24	Timber Framer	0.62
0.83	Payroll & Fringes	0.83
5.08	Cost of Timber	5.08
$ 11.42	Total Cost of Timbering	$ 10.80 Percent check Eff.
	Rock Bolting	
1.05	Cost of Bolt.	1.05
0.70	Cost of Plates	Head Board = 0.60
1.50	Contract Price for Placing	1.50
0.20	Payroll Expt Fringe	0.20
$ 3.45		$ 3.35
	Diamond Drill XCs.	
$48.46	Cost of Raw Drift	44.14
9.21	Less Pipe, Track, Vent. Duct.	9.21
39.25		34.93
0.20	plus Track, (Leaves 1-25' section)	0.20
$39.45		$35.13 Percent check Eff.
	Cars Passes	
$100.00 ea.	10'x5'x4' = 200 cu. Ft. @ $0.50	35.13/81 = $0.44 Say $0.45
	(74 Passes put them ± 170' apart)	200 x 0.45 = $90.00 each

Summary by Footages

0-250'	— 3,000' @	5.60 =	$16,800.00
250'-500'	— 3,000' @	6.10 =	18,300.00
500'-750'	— 2,990' @	6.85 =	20,481.50
750'-1000'	— 2,035' @	7.60 =	15,466.00
1000'-1250'	— 710' @	8.35 =	5,928.50
1,250'-1,500'	— 120' @	9.10 =	1,092.00
	11,855'		$78,068.00

$$\frac{78,068}{11,855} = \$6.5852/\text{foot}$$

Say $6.60/ft.

Compressed Air + Service $0.25/ft.
Engineering + Geology 0.16 "
$0.41/ft.

assume $0.40/ft. to make even
$7.00/foot.

Determination of Cost/foot over 1000' by Difference

		Difference
0-250'	$5.60/ft.	$0.50
250'-500'	6.10	0.75
500'-750'	6.85	0.75
750'-1000'	7.60	0.75 assumed
1000'-1250'	8.35	0.75 assumed.
1250-1500'	9.10	

Diamond Drilling

Erickson's Estimate

Drilling (Av. Cost)	$6.50/ft.
Compressed air + service	0.25
Engineering + Geology.	
519 (Salary)	0.16
4 X 800$/mo.	$6.91/ft.

Core boxes 40' core @ $3.40 each
3.40/40 = 0.085 say 0.09/ft.

Estimate

Sivan Brothers

0-250'	$5.50/ft.
250'-500'	5.10 "
500'-750'	6.85 "
750'-1000'	7.60 "
4)	26.15 $6.54/ft.

Drilling	$ 6.55/ft.
Compressed air etc.	0.25/ "
Engineering + Geology	0.16/ "
	$6.96/ft.

Assaying

Assuming - Core Drilling = 11,855 / 3,400 = 1 sample every 30 feet.
3 determinations/sample

Drifting + Crosscutting 12,910 / 5,000 / 1,000 = 1 sample every 17 feet

Assume $1.15/determination

Assume $0.75/determination

Summaries see next sheet

Summary

Original Erickson (200'/mo.)		Revised Erickson (300'/mo.)
	Drifting & Crosscutting	
$ 500,940.00 ✓	11,385 @ $41/ft + $10/ft. (11,610 in applications)	$455,400.00 ✓
	Drifting (all timbered)	
(omitted by Erickson) 61,050.00 ✓	1,100 feet @ $55.50/ft + $50.50/ft.	55,550.00 ✓
	Timbering crosscuts, 2,846'	
32,729.00 ✓	@ $11.50/ft + $10.50/ft.	29,883.00 ✓
	Rock Bolts (Crosscuts) 4,000	
14,000.00 ✓	@ $3.50/ea	14,000.00 ✓
	Diamond Drill Crosscuts	
11,835.00 ✓	300' @ $39.45 + $34.95/ft.	10,485.00 ✓
7,400.00 ✓	Car Barns 14,800 Cu. ft @ $0.50 + 0.45/cu. ft.	6,660.00 ✓
82,845.00 ✓	Core Drilling (app 11,855) 11,835 @ $7/ft	82,845.00 ✓
4,830.00 ✓	Assaying 4,200 determinations @ $1.15 each + $0.75 ea.	3,150.00 ✓
$715,629.00 ✓	**Totals**	$657,973.00 ✓
$357,814.50	Govt. Participation	$328,986.50

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

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 26 1957

DATE		CODE
6/26	C	220
6/26	WPK	500

June 24, 1957

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

Re: Docket No. DMEA -4712 (Lead-Zinc)
American Smelting & Refining Co.
East Page Mine
Shoshone County, Idaho

Dear Mr. Selfridge:

Memorandums by Verne C. Fryklund and E. G. Erickson have discussed the geologic justification and the costs of the project. The following comments are intended to answer some of the points which were raised in your letter of April 30, 1957, and which may not be covered fully in the above memorandums. This information was developed from discussion with the American Smelting and Refining Company staff.

1. The geological justification has been covered quite thoroughly by Fryklund and also was discussed when I was in Washington. Briefly, as Fryklund has pointed out, the area that it is proposed to explore lies between the two largest lead-producing mines in the district. The Bunker Hill mine in 1953 was the third largest lead producer in the United States and the first in the Coeur d'Alene district; the Page was ninth nationally and the second in the district. Ore is being stoped in the Bunker Hill vein well below the level of the proposed exploration. The Tony vein in the Page mine is well mineralized on the exploration level and the Page shaft is now being deepened.

Fryklund points out that the Omega and "85" veins of the Page mine do not crop out nor are the productive veins in the Bunker Hill known in outcrop. The Tony vein (the productive vein of the Page mine) was discovered by underground drilling and its weak outcrop under the Page fault was found by bulldozing only after the vein had been mined for many years. Some veins do crop out between the Page and the Bunker Hill mine and are visible in bulldozer trenches but not enough bulldozing has been done to establish continuity of any of the veins. None of these veins will be intersected in the proposed exploration as they will be cut off against the Spring fault above the exploration level. The Curlew vein which, according to Kesten (see attached letter) has produced 180,000 tons and may have produced as much as 400,000 tons, will be intersected in the drive eastward but this is not regarded as a primary target.

Plate 2 of Fryklund's memorandum shows the known veins in the Page and Bunker Hill properties. The almost regular spacing of the Francis, Mac, Emery, Trumen and Shea veins (the Shea vein is not shown) is very striking as is the spacing of the Omega, "85", and Tony veins in Page ground. Until the ground is opened by mine workings we cannot know with certainty but it is difficult to believe that the unexplored area between the Bunker Hill and the Page does not hold an equivalent series of veins. It is for this reason that the East Page area is regarded as a very promising one for important discoveries.

2. I am informed that the Metallic claim was erroneously included; there is no such claim.

3. Copies of bids for drilling were forwarded with Erickson's memorandum. AX drilling is planned; some holes may require BX.

4. AS&R owns 99.68 percent of the Blackhawk Mining Company, 95.97 percent of the Wyoming Mining Company and 72.75 percent of the Government Gulch Mining Company. In accordance with our discussion in Washington, AS&R was asked only for the Government Gulch lease and has stated that it will be forwarded shortly.

5. Answered by Erickson.

6. There is no real basis for estimating the amount of timber required. AS&R tentatively figures 25 percent of drift will be timbered, and 25 percent rock-bolted, but if a vein is followed, 100 percent will be timbered. The present 3070 drift is untimbered but is all rock-bolted.

7. and 8. Answered by Erickson.

9. Extralateral rights are in effect in the district. Bunker Hill owns the ground to the south.

The criticism is made that there is insufficient drifting. The AS& R has admitted they do not know where the drifting will be done. However, they suggest that perhaps 1,000 feet could be arbitrarily allowed, the location of which would be decided as the work progresses.

The company feels strongly that three crosscuts are not excessive considering the size of the area. At least this many crosscuts will be needed to correlate any structure cut in the drill holes. Without these crosscuts much closer diamond drilling would be required.

Sincerely yours,

A. E. Weissenborn by DKM

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

Enclosures

cc: USBM (2)
Fryklund

IN REPLY REFER TO:

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 5 1957

DATE	INITIALS	CODE
6/5		220
6/6		500

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

June 5, 1957
Re: DMEA 4712 (lead-zinc)
American Smelting &
Refining Company
Shoshone County, Idaho

Memorandum

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

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

Subject: Review of Field Team Report

The Field Team has examined the applicant's property and studied the exploration program that has been proposed. Their report directs attention to the geologic feasibility of the project and to the various reasons why they believe the work is warranted. They note that although none of the veins outcropping in the project area are expected to be found by the work--the dip of the veins will project them south of the project boundaries--other veins are expected in their stead. Perhaps the most significant reason for expecting this occurrence of blind veins is that none of the veins now being mined at the Page mine west of the area or the Bunker Hill mine east of the area outcrop. Since the area to be explored is structurally comparable to that of the Page and the Bunker Hill, the chance of finding significant ore bodies in the intervening area is good.

I concur with the Field Team and recommend approval of the application.

T. H. Kiilsgaard

T. H. Kiilsgaard

AMERICAN SMELTING AND REFINING COMPANY

WALLACE IDAHO

trea

truly,

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4/26	Hugeacherd	500
	[illegible]	500
4/29	Selfridge	120
"	Johnson	110
"	Rotheudorf	100
		225
		500.

APR 30 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-4712 (Lead-Zinc)
American Smelting & Refining Co.
East Page Mine
Shoshone 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, the following points should be taken into consideration:

1. The proposed exploration does not seem to have any definite target and might be classified as prospecting. It will be important, therefore, to supply us with all possible geologic reasons for justifying the work as true exploration.

The application in its present form is hopelessly inadequate; aside from a set of maps, the only subject matter of any significance is contained in one brief paragraph, as follows:

> "Briefly, it is proposed to explore, at an elevation of about 390 feet above Sea Level, a block of ground 4000 feet long and approximately 2000 feet wide, in which the rocks are predicted to be at least in part the favorable argillaceous quartzites of the Burke and Revett formations and in which the rocks are predicted to be cut by vein-bearing structures similar, in attitude, relative movement and mineralization, to structures which have been developed and mined near surface immediately above, and to structures which have been mined through a considerable vertical range in the Page Mine immediately to the west."

8623

Certainly such a sketchy generalization is far from being adequate justification for Government participation in a project of this magnitude. Furthermore, we do not believe that this company would be willing to hazard its own share of the proposed project costs without having what it believes to be much more adequate and logical grounds for so doing.

The work program, as presented, appears ill-balanced. It appears to contain an excessive amount of crosscutting, some of which could probably be replaced by diamond drilling. On the other hand, no drifting is planned on veins which might be found to be ore-bearing.

2. Under patented claims, 3(a) of the application, mention is made of a "Metallic" claim. This does not appear on any map and it is not mentioned under 3(c). We would assume that this was an error in 3(a), but a clarification is necessary.

3. Three bids by reputable drilling firms are necessary even if the Applicant intends to do its own drilling. No bit sizes have been specified for this work. The costs for drilling would seem to be excessively high but as the drilling would be intermittent this may have much influence.

4. A copy of the leases held by the Applicant on the claims of the Blackhawk Mining Company, the Wyoming Mining Company, and the Government Gulch Mining Company must be submitted for our files.

5. What is the size of the headings the Applicant proposes to drive? Without knowing the dimensions of the headings it is difficult to ascertain if the estimated costs are more or less in line. The size of track (rails) to be usedis also important.

6. No mention is made of the probable footage which would have to be timbered. An estimated cost per foot for timbering is desirable, including the size of timber to be used.

7. The estimated costs seem high. The "Other Operating Costs" seem to be quite high and will have to be analyzed very carefully. Some reduction in cost might be accomplished if a greater footage per month were possible, but this is limited by the hoisting capacity.

The cost for ventilation duct at more or less $4.60 per foot is excessive.

The Supervision and Engineering combined, averages $856.00 per month for 59 months. This is hardly warranted in an operating property as work of this kind does not require constant supervision. This work would be covered by the bosses making their rounds and the actual engineering expense would be very minor.

The hoisting cost averages $919.00 per month and also seems high.

Such charges as pensions, heating plant, mine dry, etc., although they are perfectly legitimate charges for a mine operation, are charges for services which the mining company would have to carry in any case, and are not really charges which are particularly incurred by the project. In smaller projects these charges would not even exist. These three charges would amount to $3.67 per foot during the year 1961.

In essence, any costs which might eventually be approved would have to be well in line with costs of comparable projects in the same district.

8. This project, as planned, would require about five years to complete, and the salvage value of much of the equipment which is to be purchased would be very small. It would be preferable to have the Applicant purchase the equipment and then amortize it by depreciation charges.

The item of 20 mine cars to be purchased for the project seems out of line for the monthly progress expected. What capacity car is contemplated (tons or cubic feet)?

9. Are extra lateral rights of importance in this district, or is there an agreement between companies which rules them out?

Copies of memoranda, dated April 12 and 15, 1957, by T. H. Kiilsgaard, Geological Survey, and O. H. Bishop, Bureau of Mines, respectively, relating to the project, are enclosed for your information. We are also enclosing a copy of the application for the use of the Field Team.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (246)

WPKlugescheid/er 4/26/57

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

Enclosures
APPROVED:

Frank D. Lamb (246)
Member, Bureau of Mines

Thor H. Kiilsgaard (246)
Member, Geological Survey

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

OFFICIAL FILE COPY
DMEA
RECEIVED APR 16 1957

DATE	INITIALS	CODE
4/16	C	220
4/17	WPK	500

April 15, 1957

Re: DMEA 4712; Pb-Zn; $990,344
American Smelting &
Refining Co.
East Page Mine
Yreka District
Shoshone County, Idaho

Memorandum

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

From: O. M. Bishop, USBM

Subject: Review of application dated March 25, 1957, received April 3, 1957

The applicant proposes two stages of work on the 3,070 level of the East Page mine to explore a block of ground 4,000 feet by 2,000 feet in which it is predicated that favorable argillaceous quartzites may be cut by mineralized structures somewhat similar to those mined in the adjacent productive Page mine.

As proposed, Stage 1 consists of driving the 3,070 east drift 2,940 feet on a N83°15'E course with exploration by crosscut and diamond drill hole from this extended section reaching south to the Bunker Hill property line and north to the Osburn fault. Stage 2 consists of an extension of the 3,070 east drift 2,780 feet further to 5,720 feet from the starting point with four additional crosscuts and eight additional flat diamond drill holes spaced at intervals to explore north and south as in Stage 1. The project is expected to require until 1962 to complete and the 11,759 feet of drifts and crosscuts @ $63.22 and the 11,835 feet of diamond drilling @ $9.25 with contingencies ($85,284) and additional equipment required ($52,200) brings the total estimated cost to $990,344.

I recommend that the project be referred to the field team for careful evaluation of the geologic probability of the presence of ore bearing structures in the St. Regis Burke-Revett formations between the Osburn fault and the southern boundary of the property. If this potentiality appears to warrant exploration and the project is to be recommended for Government participation some consideration should be given to the Governments interest in ore that may be discovered adjacent to or south of the southern

boundary. All of the structures mapped on Plates I-VIII show a southerly dip. Are extra lateral rights of importance in this regard and if they do pertain would there be a liklihood that apex rights could be established. It might better serve the Governments interest if the adjacent ground were covered by lease-agreements.

A review of the costs indicates tham to be high although apparently factual. It is apparent that the very heavy "Other Operating Costs" which total about 40 percent of the whole would be reduced by a speedup in the work, but that appears to be limited by hoisting capacity. In reviewing the matter the field team might check on pocket capacity on the 3,070 level and whether the hoisting is on a one, two, or three shift basis.

O. M. Bishop

O. M. Bishop

cc: Division of Minerals
Mr. Kiilsgaard
Mr. Lamb
Mr. Bishop
Files

IN REPLY REFER TO:

OFFICIAL FILE COPY
DMEA
RECEIVED APR 15 1957

DATE	INITIALS	CODE
4/16	G	220
4/17	WPK	500

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

April 12, 1957
Re: DMEA Docket 4712
(lead-zinc)
American Smelting & Refining Co.
Shoshone County, Idaho

Memorandum

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

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

Subject: Review of application

The applicant has proposed a large-scale exploration program to test a block of ground, lying east of the Page mine, between the Osburn fault on the north and the Spring fault on the south. The work would be done in two phases and would consist of driving an exploration heading from a point near the Page shaft, on the 3070 level, in an easterly direction. Phase I would comprise 5,260 feet of drifting and crosscutting, and 4,780 feet of diamond drilling. Phase II would comprise 6,350 feet of drifting and crosscutting, and 7,075 feet of diamond drilling. Estimated cost of the program totals $990,344.00.

This is another of the long-range, deep-level exploration programs typical of the Coeur d'Alene district. It is designed to explore a favorable block of country in which there are believed to be significant ore deposits. Perusal of the maps and application indicates that there is no specific individual target at which this program is being aimed. All veins that crop out, within the surface boundaries of the ground, are believed, on the 3070 level, to project either to the south of the property line, or to rake westerly and be west of the coordinate plane, which the applicant would fix as the western limit of the project. All that can be said in favor of the program is that the work will test a portion of one of the more important belts of mineralization in the Coeur d'Alenes, trending more or less between the Page and Bunker Hill mines, and that this is a highly favorable structural block in which there is reason to expect significant ore deposits.

At first glance, the applicant's program would seem to be prospecting, as it could be said that we are actually looking for a target to explore. This is not believed to be a fair appraisal, however, because here the entire block would appear to be the target rather than a vein or veins within the block.

The Field Team is familiar with the applicant's property and the geology of the district, thus it is recommended that the application be referred to the field for their attention. No doubt they will be able to present further geologic reasons justifying the feasibility of the applicant's proposal, and which will show that the work is definitely to be considered as exploration and not prospecting.

T. H. Kiilsgaard

T. H. Kiilsgaard

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

April 3, 1957

Mr. A. A. Brown, Vice-President,
American Smelting and Refining Company,
120 Broadway,
New York 5, N.Y.

Subject: DMEA 4712

Dear Mr. Brown:

Your application for exploration assistance, dated March 25, 1957, submitted to our office at Spokane, Washington, has been assigned Docket Number DMEA 4712 and referred to the Base Metals Division in the Washington office. Kindly identify all future correspondence relating to your application by this Docket Number.

Sincerely yours,

Allen S. Dakan, Director
Operations Control and
Statistics Division

Copy to: Region I-NW.

6416

Wed.
7 med 7/7
Rft.

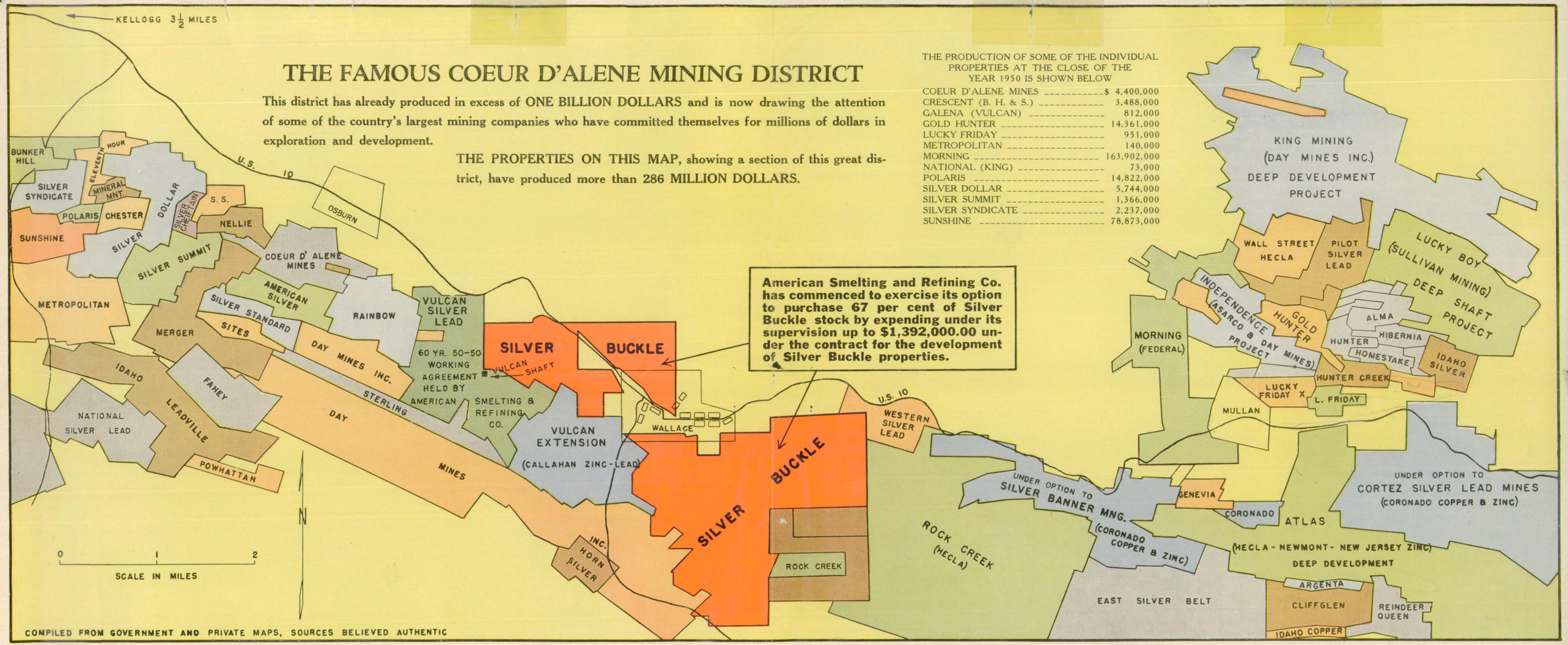
THE FAMOUS COEUR D'ALENE MINING DISTRICT

This district has already produced in excess of ONE BILLION DOLLARS and is now drawing the attention of some of the country's largest mining companies who have committed themselves for millions of dollars in exploration and development.

THE PROPERTIES ON THIS MAP, showing a section of this great district, have produced more than 286 MILLION DOLLARS.

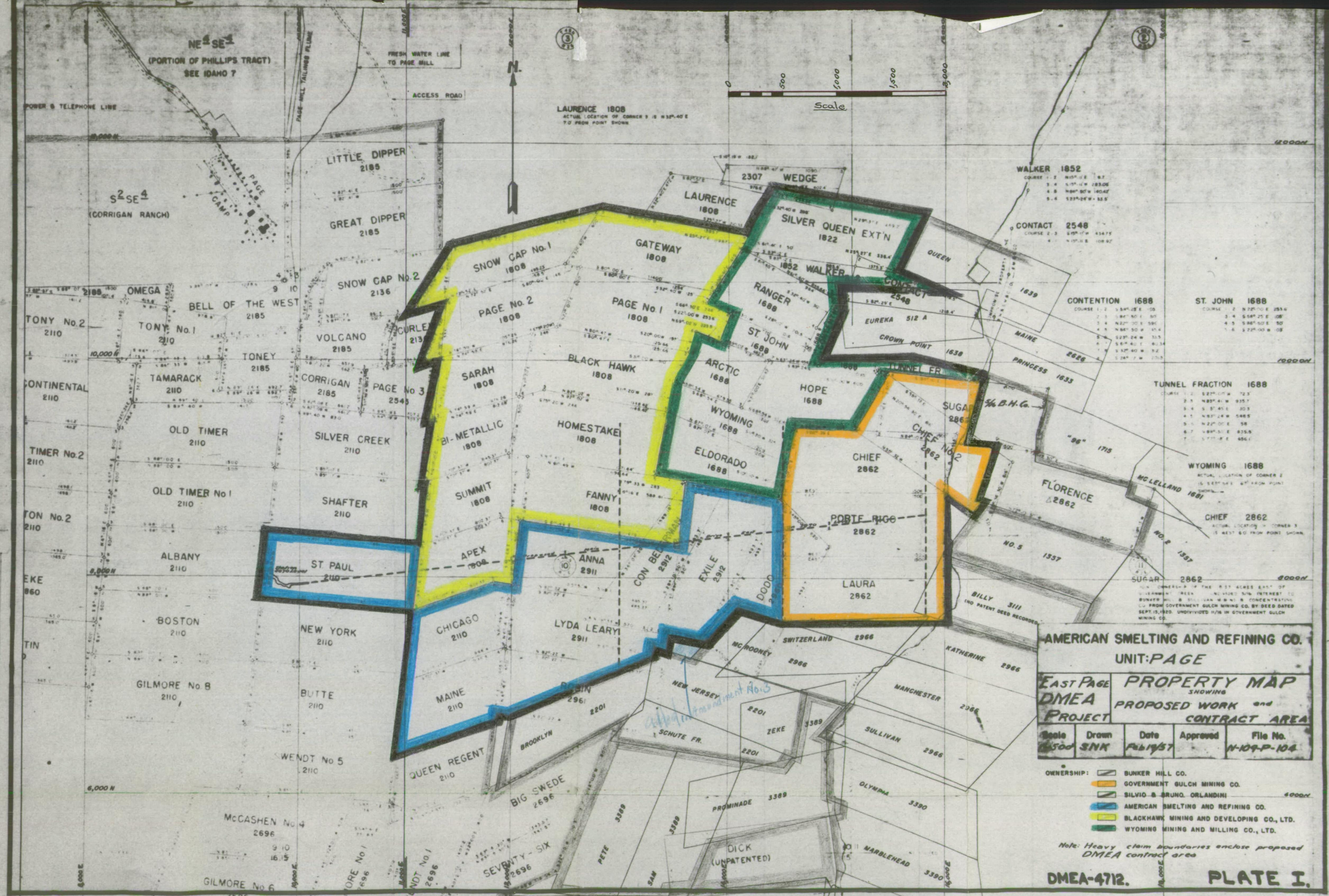
THE PRODUCTION OF SOME OF THE INDIVIDUAL PROPERTIES AT THE CLOSE OF THE YEAR 1950 IS SHOWN BELOW

COEUR D'ALENE MINES	$ 4,400,000
CRESCENT (B. H. & S.)	3,488,000
GALENA (VULCAN)	812,000
GOLD HUNTER	14,361,000
LUCKY FRIDAY	951,000
METROPOLITAN	140,000
MORNING	163,902,000
NATIONAL (KING)	73,000
POLARIS	14,822,000
SILVER DOLLAR	5,744,000
SILVER SUMMIT	1,366,000
SILVER SYNDICATE	2,237,000
SUNSHINE	78,873,000



COMPILED FROM GOVERNMENT AND PRIVATE MAPS, SOURCES BELIEVED AUTHENTIC

DMEA - 4712


NE¼SE¼
(PORTION OF PHILLIPS TRACT)
SEE IDAHO 7
S½SE¼
(CORRIGAN RANCH)
POWER & TELEPHONE LINE
FRESH WATER LINE TO PAGE MILL
ACCESS ROAD
PAGE MILL TAILINGS FLUME
PAGE CAMP
N.
Scale
LAURENCE 1808
LITTLE DIPPER 2185
GREAT DIPPER 2185
SNOW CAP No. 2 2136
OMEGA
BELL OF THE WEST 2185
TONY No. 2 2110
TONY No. 1 2110
VOLCANO 2185
TONEY 2185
CONTINENTAL 2110
TAMARACK 2110
CORRIGAN 2185
PAGE No. 3 2545
OLD TIMER 2110
SILVER CREEK 2110
TIMER No. 2 2110
OLD TIMER No. 1 2110
SHAFTER 2110
ALBANY 2110
ST. PAUL 2110
BOSTON 2110
NEW YORK 2110
GILMORE No. 8 2110
BUTTE 2110
WENDT No. 5 2110
McCASHEN No. 4 2696
GILMORE No. 6 2696
GILMORE No. 1 2696
WENDT No. 1 2696
SEVENTY-SIX 2696
SNOW CAP No. 1 1808
PAGE No. 2 1808
SARAH 1808
BI-METALLIC 1808
SUMMIT 1808
APEX 1808
CHICAGO 2110
MAINE 2110
QUEEN REGENT 2110
GATEWAY 1808
PAGE No. 1 1808
BLACK HAWK 1808
HOMESTAKE 1808
FANNY 1808
ANNA 2911
LYDA LEARY 2911
CON BERGMAN 2912
EXILE 2912
DODO
BROOKLYN
BIG SWEDE 2696
LAURENCE 1808
2307 WEDGE
SILVER QUEEN EXT'N 1822
1852 WALKER
CONTACT 2548
EUREKA 512 A
CROWN POINT 1638
QUEEN 1639
RANGER 1688
ST. JOHN 1688
ARCTIC 1688
HOPE 1688
WYOMING 1688
ELDORADO 1688
CHIEF 2862
CHIEF No. 2 2862
PORTE RICO 2862
LAURA 2862
SUGAR 2862
WALKER 1852
CONTACT 2548
CONTENTION 1688
ST. JOHN 1688
MAINE 2686
PRINCESS 1633
TUNNEL FR.
TUNNEL FRACTION 1688
"96" 1715
FLORENCE 2862
McLELLAND 1681
WYOMING 1688
CHIEF 2862
NO. 5 1337
NO. 2 1337
SUGAR 2862
BILLY 3111
(NO PATENT DEED RECORDED)
McROONEY 2966
SWITZERLAND 2966
KATHERINE 2966
MANCHESTER 2966
SULLIVAN 2966
OLYMPIA 3390
MARBLEHEAD 3390
NEW JERSEY 2201
SCHUTE FR.
ZEKE 3389
PROMINADE 3389
DICK (UNPATENTED)
PETE 3389
SAM 3389
MINNESOTA 2077
BATTLES
AMERICAN SMELTING AND REFINING CO.
UNIT: PAGE
EAST PAGE DMEA PROJECT
PROPERTY MAP SHOWING PROPOSED WORK and CONTRACT AREA
Scale 1"=500'
Drawn SNK
Date Feb 19/57
Approved
File No. N-109-P-104
OWNERSHIP:
BUNKER HILL CO.
GOVERNMENT GULCH MINING CO.
SILVIO & BRUNO ORLANDINI
AMERICAN SMELTING AND REFINING CO.
BLACKHAWK MINING AND DEVELOPING CO., LTD.
WYOMING MINING AND MILLING CO., LTD.
Note: Heavy claim boundaries enclose proposed DMEA contract area
DMEA-4712.
PLATE I.
3/4 Size

OFFICIAL FILE COPY
R M S A
FEB 1 0 1957
DATE
CODE

J. C. KIEFFER
MANAGER

COPY

American Smelting and Refining Company
Northwestern Mining Department
Wallace, Idaho

April 18, 1961

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 24 1961

DATE	INITIALS	CODE
4/24	gad	VWO
4/24	[illegible]	800
4/24	[illegible]	500

Office of Minerals Exploration
c/o United States Geological Survey
South 157 Howard Street
Spokane, Washington

Dear Sirs:

Concerning Docket No. DMEA-4712, Contract No. Idm-E 1134, there was no progress in the East Page project during the month of March.

Yours very truly,

ORIGINAL SIGNED
J. C. KIEFFER

cc: OME (4)
DJPope
SNKesten
TMTower
WJMurphy

DMEA-4712
DOJ folder

RECEIVED
APR 20 1961
U S G S
SPOKANE, WASH.

MME FORM 6 REFERENCE SLIP
REV. 2- OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. 110	12/14	[illegible]
2. ~~Murphy~~ 500	12/14	[illegible]
3.		
4.		
5. 220	12-14	gad

FROM:

FOR: Check items for action desired

___ Action	___ Reply for signature of ___	
___ Approval	___ Investigate	___ Surname
___ Comment	___ Recommendations	___ Signature
___ Conference	___ Rewrite	___ File
___ Instructions	Your information	

REMARKS:

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

MME FORM 6 REFERENCE SLIP
REV. 2-59 OFFICE OF MINERALS EXPLORATION 4/21/61

TO:	DATE	INITIALS
1. Chief, Div. of Field Operations		
Re: DMEA-4712 (Lead-Zinc)		
2. American Smelting & Refining Co.		
East Page Mine		
3. Shoshone County, Idaho		
Contract Idm-E1134		
4. ~~Murphy~~		
5. Donald R. MacLaren		
FROM: Acting Field Officer, Region I		

FOR: Check items for action desired

___ Action	___ Reply for signature of ___	
___ Approval	___ Investigate	___ Surname
___ Comment	___ Recommendations	___ Signature
___ Conference	___ Rewrite	___ File
___ Instructions	X Your information	

REMARKS:
Transmittal of Operator's narrative report for month of March 1961.

M50943

right side doc only (no left side docs)

Note: very small amount to copy 4/26

Western Resources Conservation and Development Center
Montana Tech Library
Butte, Montana
SHELLY C. KIELLER
RECEIVED

So. 157 Howard Street
Spokane 4, Washington
June 8, 1962

EXTRA COPY
O. M. E
RECEIVED JUN 19 1962
DATE | INITIALS | CODE
800

Memorandum

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

From: Acting Field Officer, Region I

Subject: DMEA-4712 (Lead-Zinc)
American Smelting and Refining Company
Page Mine
Shoshone County, Idaho
Contract Idm-X1134

There is enclosed a Report of Royalty Review dated June 4, 1962, made for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Page Mine, located in Shoshone County, Idaho, during the period September 18, 1957, through December 6, 1961.

This Report of Royalty Review is for record purposes only, and no copy has been provided for the Operator.

D. R. MacLaren

Enclosure

DRMacLaren:my
cc: CAAA Div., OMS
OMS, CFF
Reading copies to:
Nolan
Hobbs
Guild

Memorandum

To: Acting Field Officer, Region I

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

Subject: OMEA-4712 (Lead-Zinc)
American Smelting and Refining Company
Page Mine
Shoshone County, Idaho
Contract Idm-81134

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

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

(b) One copy for your files.

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

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

Enclosures

EDTalbert/ama 6-4-62

cc:
Docket
Director's Reading File
CA & A Division
Mr. Rothrock

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

DEC 15 1961

Northwestern Mining Department
American Smelting and Refining Company
P. O. Box 1440
Wallace, Idaho

Re: MMA-4712 (Lead-Zinc)
American Smelting and Refining Co.
Page Mine
Shoshone County, Idaho
Contract Ma-2134

Gentlemen:

Receipt is acknowledged of Mr. Kieffer's December 6 letter requesting that the contractual lien against the Government Galena Mining Company's claims be reduced to the actual amount of the MMA contribution to the exploration work performed on such property under the referenced contract.

As was indicated in my November 28 letter, the normally required Consent to Lien and Subordination Agreement of the Government Galena Mining Company was waived because of your controlling ownership (approximately 75% of the stock). Such consent, if it had not been waived, would have provided specifically, "in consideration of the contract and as an inducement to the Government to enter into it", for a lien upon the land and any production of minerals therefrom to secure the payment of the Government's percentage royalty as provided for in the contract. The contract does not provide, and there was no intent that it should provide, for limiting the lien or obligation to an allocation of the Government's contribution.

The Office of Minerals Exploration, as successor to the Defense Minerals Exploration Administration, is responsible for the administration of the MMA contract in accordance with the terms thereof. We do not have the authority to compromise or waive any of the Government's considerations or benefits under such contracts, and it is pointless to say, in retrospect, that it would be "fair" to provide for some method of repayment other than that expressed in the contract.

In view of the foregoing, I have no alternative but to advise that the Government must look to your company, as principal if the producer or as surety if not the producer, for payment of the royalty provided for by the contract.

Sincerely yours,

George Fumich, Jr.

Director

cc: Docket
Director's Reading File
GM & A Division

Acting Field Officer, Region 1
Mr. Seller, Rm. 6554

EDHalbert/smk:12/12/61
Rewritten CMSeller/jfg:12/13/61

Northwestern Mining Department
American Smelting and Refining Company
P. O. Box 1440
Wallace, Idaho

Re: DMEA-4712 (Lead-Zinc)
American Smelting and Refining Co.
Page Mine
Shoshone County, Idaho
Contract Idm-X1134

Gentlemen:

Receipt is acknowledged of Mr. Kieffer's December 6 letter requesting that the contractual lien against the Government Gulch Mining Company's claims be reduced to the actual amount of the DMEA contribution to the exploration work performed on such property under the referenced contract.

The Office of Minerals Exploration, as successor to the Defense Minerals Exploration Administration, is responsible for the administration of the DMEA contracts in accordance with the terms thereof. We do not have the authority to compromise or waive any of the Government's considerations or benefits under such contracts.

As was indicated in my November 28 letter, the normally required Consent to Lien and Subordination Agreement of the Government Gulch Mining Company was waived because of your controlling ownership (approximately 73% of the stock). Such document, if it had not been waived, would have provided specifically, "in consideration of the contract and as an inducement to the Government to enter into it", for a lien upon the land and any production of minerals therefrom to secure the payment of the Government's percentage royalty as provided for in the contract. The contract does not provide, and there was no intent that it should provide, for limiting the lien or obligation to an allocation of the Government's contribution.

In view of the foregoing, I have no alternative but to advise that the Government must look to your company, as principal if the producer or as surety if not the producer, for payment of the royalty provided for by the contract.

Sincerely yours,

Director

cc: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region I (2)

EDTalbert/ama
12-12-61

EXTRA COPY
O. M. E
RECEIVED NOV 24 1961

DATE	INITIALS	CODE

So. 157 Howard Street
Spokane 4, Washington
November 22, 1961

Air Mail

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: DMEA-4712 (Lead-Zinc)
American Smelting & Refining Co.
East Page Mine
Shoshone County, Idaho
Contract Idm-E1134

Enclosed are two copies of a letter dated November 20, 1961, from R. F. Pettit, Jr., Chief Engineer, regarding the royalty obligation from future discoveries on the land described in Annex I of the subject contract which I am forwarding to you for reply. Also enclosed is the only map which accompanied Mr. Pettit's letter.

The signing of Consent to Lien and Subordination Agreements by Blackhawk Mining and Development Company, Wyoming Mining and Milling Company, and Government Gulch Mining Company was waived by Article 2(c) of the contract. Therefore, it would appear that the Government has no claim on those companies for any future production that might be made on their respective properties.

The Termination Agreement,* Article 8(b), and Annex II of the contract collectively appear to obligate American Smelting and Refining Company to pay royalty on production from anywhere within the lands owned by the three mentioned companies until September 18, 1977. The completed project work found nothing to suggest the possibility of any ore existing on these properties south of the Osburn fault, and no drill hole went through the fault. It would therefore appear to be reasonable and just if it can be done legally to re-define the royalty area to delete the ground owned by Blackhawk and Wyoming north of the Osburn fault and all the ground owned by Government Gulch unless production is taken out through DMEA workings.

*as well as

D. R. MacLaren

Enclosures

DRMacLaren:mls
Reading copies to: Nolan, Hobbs, Guild

EXTRA COPY
O. M. E
RECEIVED NOV 24 1961

DATE	INITIALS	CODE
		800

Sa. 157 Howard Street
Spokane 4, Washington
November 22, 1961

Mr. Robert Pettit
Chief Engineer
Northwestern Mining Department
American Smelting and Refining Co.
P. O. Box 440
Wallace, Idaho

Re: DMEA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract Idm-E1134

Dear Mr. Pettit:

Your letter of November 20, 1961, has been forwarded to our Washington office for reply.

Sincerely yours,

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

DRMacLaren:mls
cc: OME(2)
Reading copies to:
Nolan
Hobbs
Guild

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0400

AMERICAN SMELTING AND REFINING COMPANY
NORTHWESTERN MINING DEPARTMENT
WALLACE, IDAHO

J. C. KIERFER
MANAGER

W. J. MURPHY
CHIEF ACCOUNTANT

EXTRA COPY

RECEIVED		
DATE	INITIALS	CODE

November 20, 1961

Withhold
DO NOT
RELEASE
DO NOT COPY

Mr. D. R. MacLaren
Acting Field Officer
Office of Minerals Exploration
Region I
South 157 Howard Street
Spokane 4, Washington

Re: DMEA-L712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract Idm-E1134

Dear Mr. Maclaren:

Please refer to your letter of October 31, 1961.

We understand by your letter that although no ore was discovered in the East Page Drive or by crosscutting or diamond drilling from the East Page Drive, that any ore later found and removed before September 17, 1977, from the areas under contract will be subject to royalty due the Government. Does this refer only to ore discovered from or mined through the East Page Drive or does it include all ore found in the future no matter how discovered or mined?

We are terminating our agreements with Blackhawk Mining and Developing Company, Wyoming Mining and Milling Company, and Government Gulch Mining Company, which provided for including lands owned by them in the benefits and obligations accruing through the referenced DMEA contract.

I enclose a map showing the project as outlined and the project as finally terminated.

There were, as shown, four participating companies.

If ore had been actually found, the location would be known and a specific company would be the owner. This ore discovery would have been certified by the Government, and costs of repaying the Government participation would have been localized, so to speak.

Mr. D. R. MacLaren

November 20, 1961

Re: DMEA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract Idm-81134

We have the following problem. When the agreements are terminated and under the waiver of certification shown as item four of the Termination Agreement, does all future ore discovered bear equally the responsibility of repaying the Government participation, or is this responsibility to be divided in some fashion among the participating companies? With respect to the lands to be benefited by the project originally conceived, ASARCO lands received all the planned exploration, as did those of Blackhawk. Not all of the Wyoming Company's lands received the expected exploration and the lands of Government Gulch Mining Company received very little exploration. Accordingly, the latter two companies feel they did not receive sufficient benefit to be required to subject future production to the entire repayment.

Is there some formula for assigning the costs of repayment to those companies actually receiving a benefit? The extreme case, of course, is Government Gulch Mining Company, within whose lands only 105 feet of barren exploration was accomplished, and for which, unless there is some clarification, it feels it may be required to repay $154,056.25.

Yours very truly,

R. F. PETTIT, Jr.
Chief Engineer

Enclosure

RECEIVED
NOV 22 1961

Out

EXTRA COPY
O. M. E
RECEIVED NOV 20 1961

DATE	INITIALS	CODE
		800

So. 157 Howard Street
Spokane 4, Washington
November 16, 1961

Mr. Robert Pettit
Chief Engineer
Northwestern Mining Department
American Smelting and Refining Co.
P. O. Box 440
Wallace, Idaho

Re: DMEA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract Ida-2113

Dear Mr. Pettit:

In further reference to our letter of October 31, 1961, regarding relinquishment of certain claims, I should have advised you that although it is not required by the contract, it might be to the company's advantage to send us for our records copies of the instruments disposing of any of the claims included in the DMEA contract.

Sincerely yours,

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

DRMacLaren:mls
cc: OME(2)
Reading copies to:
Nolan
Hobbs
Guild

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

So. 157 Howard Street
Spokane 4, Washington
July 18, 1961

Mr. J. C. Kieffer, Manager
Northwestern Mining Department
American Smelting & Refining Company
Wallace, Idaho

Re: DMEA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract Idm-E1134

Dear Mr. Kieffer:

This refers to your letter of July 17, 1961, enclosing your Forms MF-104 and 104A for processing.

Mr. Maclaren is in the field but upon his return your vouchers will be given his immediate attention.

Sincerely yours,

Mary L. Smelser
For: D. R. Maclaren
Acting Field Officer, OME
Region I

MLSmelser:mls
cc: OME(2); Voucher File
Reading copies to:
Nolan
Hobbs
Guild

CA+A Div, OME

EXTRA COPY O. M. E RECEIVED JUL 14 1961		
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So. 157 Howard Street
Spokane 4, Washington
July 12, 1961

Air Mail

Memorandum

To: Chief, Fiscal Section, Office of the Secretary

From: Acting Field Officer, Region I

Subject: DMEA-4712 (Lead-Zinc)
American Smelting and Refining Co.
East Page Mine
Shoshone County, Idaho
Contract Ida-E1134

Enclosed is the original of a Report of Review in lieu of a final audit of the subject contract together with a copy of our transmittal letter of this date to the Operator sending their copy of the Report of Review.

This distribution has been made in accordance with section 4 of OME Circular 2 dated February 17, 1960.

D. R. MacLaren

Enclosure

MLSmelser:mls
cc: CA&A Div., OME
OME
Reading copies to:
Nolan
Hobbs
Guild

JUN 2 0 1961

Memorandum

To: Acting Field Officer, Region 1

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

Subject: DMEA-4712 (Lead-Zinc)
American Smelting and Refining Company
Page Mine
Shoshone County, Idaho
Contract Idm-R1134

As requested by your June 16 memorandum, a Report of Review covering the subject contract has been prepared. The original and two copies are attached.

If you concur in the facts stated in this Report of Review, please make the distribution authorized by section 4 of OME Circular 2 dated February 17, 1960. If for any reason you do not concur, please return the original and both copies to this Division with your comments.

Attachments

EDTalbert/ama
June 20, 1961

Copy to: Docket
Director's Reading File
CA & A Division
Mr. Rothrock

EXTRA COPY O. M. E RECEIVED MAY 2 1960		
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So. 157 Howard Street
Spokane 4, Washington
April 28, 1960

Air Mail

Memorandum

To: Chief, Accounting Unit, Fiscal Section, Office of the Secretary, Washington, D. C.

From: Acting Field Officer, OME Region I

Subject: Voucher for March 1960 on Contract No. Idm-E1134

Returned herewith is the subject voucher from the American Smelting and Refining Company.

Since April 18 the Government Representative and the Acting Field Officer has been the same person. However, in future, we will sign all vouchers in both places.

D. R. MacLaren

Enclosures

cc: OME(3)
DRF

AUG 6 1959

Memorandum

To: Mrs. Dorothy F. Long, Authorized Certifying Officer, Region I

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

Subject: Docket No. DMEA-4712 (Lead-Zinc)
American Smelting and Refining Company
Page Mine, Trunk Mining District
Shoshone County, Idaho
Contract No. Idm-41134

It is understood that Mr. Fisher left the regional and Operator's copies of a proposed audit report relating to the subject project in your custody for distribution upon notice of approval by this Division. The report has been revised and rewritten in this office.

Will you please destroy all copies of the old report in your possession and arrange for the distribution of the copies of the attached revised report which is now approved for normal distribution.

Attachs.

CEFisher/GMcC
August 6, 1959

cc: Docket
Director's Reading File
CA and A Division
A. E. Weissenborn, Exec. Officer, OME Field Team, Regio

EXTRA COPY O. M. E. RECEIVED JUN 19 1959		
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		800

1201 N. Division St.
Spokane 2, Washington

June 15, 1959

Mr. J. C. Kieffer, Manager
American Smelting & Refining Company
Northwestern Mining Department
Wallace, Idaho

Re: Docket No. DMEA-4712 (lead-zinc)
East Page Mine
Shoshone County, Idaho
Contract No. Idm-E1134

Dear Mr. Kieffer:

Mr. Clarence E. Fisher, OME Auditor from Washington, D.C., is currently engaged in making audits of certain DMEA exploration projects in this region.

He expects to arrive in Wallace on Wednesday or Thursday of this week and will call on you for the purpose of performing an interim cost audit of the East Page project.

Sincerely yours,

Wing G. Agnew
Acting Executive Officer
OME Field Team, Region I

cc: OME (2)
USGS (2)
USBM (AD)
Fisher

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

Re: Idm-E1134 - DMEA-4712 (Lead-Zinc)
American Smelting & Refining Co.

Dear Mr. Turner:

Thank you for your May 16 letter explaining the "Other" costs claimed on the referenced Operator's monthly vouchers.

Due to the number and variety of items included in the two titles of "Other", I concur with your suggestion. The Operator should continue the preparation of the MF-104 in the same manner as heretofore, but should be requested to attach a monthly analysis similar to the cumulative analysis submitted with your letter.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

EDTalbert/ama
May 19, 1958

Copy to: Docket
Admr. Reading File
Mr. Chambers

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So. 157 Howard Street
Spokane 4, Washington

October 3, 1957

MEMORANDUM

To: Charles Turner, DMEA Auditor, 1201 N. Division, Spokane, Washington

From: Executive Officer, DMEA Field Team, Region I

Subject: Visit to the American Smelting and Refining Co., Wallace, Idaho, Docket No. DMEA-4712 (lead-zinc), East Page Mine, Shoshone County, Idaho

Mr. Herman Kosten of the American Smelting and Refining Company has advised us that his company will sign an exploration contract with DMEA, and has asked for instructions in the preparation of the 104's and 104A's.

In order to get them started off correctly, will you please visit the ASAR Company office in Wallace, Idaho to consult with their accountants on this matter.

A. E. Weissenborn

cc: w/orig.
DMEA (2)
USBM (2)
USBM (AD)
Sample

right side
docs

800

So. 157 Howard Street
Spokane 4, Washington
October 31, 1961

Mr. Robert Pettit
Chief Engineer
Northwestern Mining Department
American Smelting and Refining Co.
P. O. Box 440
Wallace, Idaho

Re: DMMA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract Ida-8113

Dear Mr. Pettit:

Following our telephone conversation the afternoon of October 30, 1961, I have checked the Termination Agreement and the basic requirements of DMMA Contract Ida-8113.

Item 4 of the Termination Agreement is a pseudo-certification under the terms of which American Smelting and Refining Company agrees to pay royalty on production provided for in the contract "as principal if the Operator is the producer or as surety if the Operator is not the producer * * * as if certification of discovery or development has been made, such certification being hereby waived by the Operator." By the final eight words of the quoted portion, the company waives the requirement for the Government to issue further notice of Certification of Discovery or Development.

Therefore, if the company disposes of the claims you mentioned, there will be no contract violation if the company expressly refers to and provides "in the instrument of conveyance * * * for the preservation of the Government's right to a percentage royalty on production and lien for payment thereof." However, the company's obligation for the payment of royalty will remain even though the claims may have been disposed of.

Sincerely yours,

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

DRMacLaren:mls
cc: OGM(2)
Reading copies to: Nolan, Hobbs, Guild

Audit's Copy

EXPLORATION PROJECT CONTRACT
AMERICAN SMELTING AND REFINING COMPANY
DOCKET DMEA-4712

TERMINATION AGREEMENT

It is agreed this 19th day of May, 1961, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and the American Smelting and Refining Company, hereinafter called the "Operator," parties to that certain Exploration Contract No. Idm-K1134 (Docket No. DMEA-4712), dated September 18, 1957, as amended, hereinafter called the "Contract," that:

1. Effective March 1, 1961, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

4. The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain its interest in the land), shall pay to the Government the royalty on production provided for in the Contract in the same manner and amount, for the same period, and subject to the same conditions provided for in the Contract, as amended, including the special "Agreement Concerning Royalty" added as Article 13(h) by Annex II of the Contract, as if certification of discovery or development had been made, such certification being hereby waived by the Operator. In addition, all rights of the Government provided for in the Contract with respect to a certification of discovery or development, percentage royalty and liens to secure payment thereof (including preservation of Operator's records), accounts, audits, and the right to recover any overpayments are hereby preserved.

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

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

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Acting Director, Office of
Minerals Exploration

AMERICAN SMELTING AND REFINING COMPANY

By Adin A. Brown

Title Vice President

EXTRA COPY
O. M. E
RECEIVED JUN 15 1961
DATE | INITIALS
800

So. 157 Howard Street
Spokane 4, Washington
June 12, 1961

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: DMEA-4712 (Lead-Zinc)
American Smelting & Refining Company
East Page Mine
Shoshone County, Idaho
Contract Idm-X113%

Enclosed are the Government, Audit, and Fiscal Section's copies of a Termination Agreement to the subject contract. Also enclosed are two copies of an acceptable Operator's final report on the project.

When Mr. Maclaren returns from the field, a memorandum requesting a Report of Review in lieu of a final on-site audit will be submitted to the Contract Administration and Audit Division.

Mary L. Smalser
For: D. R. Maclaren

Enclosures

AMERICAN SMELTING AND REFINING COMPANY
NORTHWESTERN MINING DEPARTMENT
WALLACE IDAHO

June 5, 1961

K. EPLER
MANAGER

EXTRA COPY
O. M. E.
RECEIVED JUN 15 1961

DATE	INITIALS	CODE

Mr. D. R. MacLaren
Acting Field Officer, OME
Region I
U. S. Department of the Interior
Office of Minerals Exploration
South 157 Howard Street
Spokane 4, Washington

Re: DMEA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract Idm-E1134

Dear Mr. MacLaren

Enclosed are the signed original and three signed copies of the Termination Agreement referred to in your letter of May 23. We have retained the Operator's Copy for our records.

Yours very truly,

/s/ J. C. Kieffer

JCK:GM
Encs.

800

No. 157 Howard Street
Spokane 4, Washington
May 2, 1961

Air Mail

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: DMEA-4712 (Lead-Zinc)
American Smelting & Refining Company
East Page Mine
Shoshone County, Idaho
Contract Ida-X113X

Enclosed are three copies of a self-explanatory letter dated April 28, 1961, from J. C. Kieffer, Manager, Northwest Mining Department, American Smelting and Refining Company, with three copies of an attached letter dated April 24, 1961, to Mr. Kieffer from C. F. Pollock, ASR's Manager of Exploration.

Mr. Kieffer brought the letter to the office and I told him that I did not believe there would be any objection to a termination by mutual agreement in view of the discouraging results of the work so far completed. I also advised him that if the Government accepted the proposal to terminate, the Termination Agreement would probably contain a pseudo-certification and explained its nature.

I recommend that the request for a termination by mutual agreement be approved.

D. R. Maclaren

Enclosures

EXTRA COPY
O. M. E
RECEIVED APR 14 1961

DATE	INITIALS	CODE
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No. 197 Howard Street
Spokane 4, Washington
April 12, 1961

Mr. S. Harvey Hoover
American Smelting & Refining Co.
Northwestern Mining Department
P. O. Box 480
Wallace, Idaho

Re: DMEA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract IDa-8113h

Dear Harv:

When I talked to you on the phone recently to arrange to make an interim inspection at the Page, I understood that the DMEA contract work was only temporarily discontinued.

Troy Tower advised me that drifting was stopped about the 5th of February and that he was not sure when it would be resumed. When it is necessary to discontinue contract work for an appreciable period of time, a recess should be authorized by amendment.

I would appreciate it if you would request a period of recess, stating in your request the date the recess started, the date on or before which work will be resumed, and the reason why a recess is necessary or desired.

Sincerely yours,

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

cc: OME(3)
MacLaren
Director
Kosm. Geol.
DRM

800

Audit's Copy

EXPLORATION PROJECT CONTRACT
AMERICAN SMELTING AND REFINING COMPANY
DOCKET NO. IMMA-4712

AMENDMENT NO. 5

It is agreed this 20th day of October, 1960, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and the American Smelting and Refining Company, hereinafter called the "Operator," that Exploration Project Contract No. 14m-K1134 (Docket No. IMMA-4712), dated September 18, 1957, hereinafter referred to as the Contract, as amended, is further amended effective October 20, 1960, as follows:

1. (a) Item 1(a) of Amendment No. 4 is revised to read: "Work under the Contract shall be suspended during the period beginning April 20, 1960, and ending not later than April 20, 1961."

(b) The Government will not contribute to any costs incurred by the Operator during the period of suspension or any costs of rehabilitation or repair which in the Government's opinion would not have occurred had there been no suspension of work.

(c) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

This amendment shall not be construed to increase the total cost of the project, the aggregate total amount which the Government may be required to contribute, the amount of any item designated as "maximum," or the fixed unit cost of any item of work.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Acting Director, Office of
Minerals Exploration

AMERICAN SMELTING AND REFINING COMPANY

By _____

Title _____

EXTRA COPY		
RECEIVED		
DATE		
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So. 157 Howard Street
Spokane 4, Washington
October 11, 1960

Mr. J. C. Kieffer, Manager
Northwestern Mining Department
American Smelting and Refining Co.
Wallace, Idaho

Re: Docket No. DMEA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract No. Idm-8113A

Dear Mr. Kieffer:

The recess authorized by Amendment No. 4 of the referenced contract will end October 20, 1960.

As the strike is still unsettled, it is suggested that you request an extension of the recess period. While we realize that you cannot predict when contract work can be resumed, there must be some arbitrary period of time defining the length of the recess extension. If the period of extension which you may request turns out to be insufficient, an additional extension can be requested. Of course, if the situation should be solved, contract work may be resumed on any time prior to the end of the recess period.

Sincerely yours,

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

cc: OME(3)
MacLaren
DRF

Audit's Copy

EXPLORATION PROJECT CONTRACT
AMERICAN SMELTING AND REFINING COMPANY
DOCKET NO. DMEA-4712

AMENDMENT NO. 4

It is agreed this 14th day of June, 1960, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and the American Smelting and Refining Company, hereinafter called the "Operator," that Exploration Project Contract No. Idm-E1134 (Docket No. DMEA-4712), dated September 18, 1957, hereinafter referred to as the Contract, as amended, is further amended effective April 20, 1960, as follows:

1. (a) Work under the Contract shall be suspended during the period beginning April 20, 1960, and ending not later than October 20, 1960.

(b) The Government will not contribute to any costs incurred by the Operator during the period of suspension or to any costs of rehabilitation or repair which in the Government's opinion would not have occurred had there been no suspension of work.

(c) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

This amendment shall not be construed to increase the total cost of the project, the aggregate total amount which the Government may be required to contribute, the amount of any item designated as "maximum," or the fixed unit cost of any item of work.

THE UNITED STATES OF AMERICA

By George C. Selfridge
Acting Director, Office of
Minerals Exploration

AMERICAN SMELTING AND REFINING COMPANY

By [signature]

Title Vice President

So. 157 Howard Street
Spokane 4, Washington
May 31, 1960

EXTRA COPY O. M. E RECEIVED JUN 3 1960		
DATE	INITIALS	CODE
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Memorandum

To: Chief, Division of Field Operations, OME

From: Acting Field Officer, OME, Region I

Subject: Docket No. DMEA-4712 (Lead Zinc)
American Smelting & Refining Co.
East Page Mine
Shoshone County, Idaho
Contract No. Idm E1134

All work at the East Page mine was halted April 20, 1960, by a strike and the subject contract should be recessed as of that date. However, there is no way of estimating how long the strike will last except that it may be a long one as both sides were quite a ways apart and equally adamant.

I recommend that the contract be carried on the records as recessed but that preparation of an authorizing amendment be postponed until the strike is settled and work resumed. As an alternative, a recess of 6 months could be authorized as long as it could be extended without penalty to the Operator should the strike still be in effect at the date set for resumption of work.

D. R. MacLaren

cc: MacLaren
DRP

Audit's Copy

EXPLORATION PROJECT CONTRACT
AMERICAN SMELTING AND REFINING COMPANY
DOCKET NO. DMEA-4712

AMENDMENT NO. 3

It is agreed this 19th day of January, 1960, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and American Smelting and Refining Company, hereinafter called the "Operator," that Exploration Project Contract No. Idm-K1134 (Docket No. DMEA-4712), dated September 18, 1957, hereinafter referred to as the Contract, as amended, is further amended effective January 1, 1960, as follows:

Under Annex I of the Contract, there is added the following land:

Exile Fraction Quartz Lode Claim, recorded by the Operator in the Office of the County Recorder, Shoshone County, Idaho, in book 34, page 293. Proofs of Labor are recorded in book O on pages 185 and 245.

A description of the ground claimed under the location of the Exile Fraction Quartz Lode Claim and a map showing the location of the Exile Fraction entitled "American Smelting and Refining Company * * * Property Map showing proposed work and Contract Area, East Page DMEA Project, File No. N-109-P-104," are attached hereto and made part hereof.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, the amount of any item designated as "maximum," or the fixed unit cost of any item of work.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Acting Director, Office of
Minerals Exploration

AMERICAN SMELTING AND REFINING COMPANY

By [signature]
Vice President

By [signature]
Secretary

Attachment

NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0400

Withhold
DO NOT
COPY

DESCRIPTION
of the
OPEN GROUND CLAIMED UNDER THE LOCATION
of the
EXILE FRACTION QUARTZ LODE CLAIM

From Corner No. 1 of the New Jersey claim, Survey No. 2201, go S. 73° 18' E. 117.23 feet along line 1-4 of the New Jersey claim, Survey No. 2201, to Corner No. 1 which is on the intersection of line 1-4 of the New Jersey claim, Survey No. 2201 and line 2-3 of the Lyda Leary claim, Survey No. 2911;

Thence, N. 06° 16' E. 153.73 feet along line 2-3 of the Lyda Leary claim, Survey No. 2911, to Corner No. 2 which is on the intersection of line 2-3 Lyda Leary claim, Survey No. 2911, and line 2-3 of the Exile claim, Survey No. 2912;

Thence, S. 79° 33' E. along line 2-3 of the Exile claim, Survey No. 2912, 323.12 feet to Corner No. 3 which is common with Corner No. 3 of the Exile claim, Survey No. 2912, and Corner No. 4 of the Dodo claim, Survey No. 2960;

Thence, S. 45° 00' E. 24.73 feet along line 3-4 of the Dodo claim, Survey No. 2960 to Corner No. 4 which is on the intersection of line 3-4 of the Dodo claim, Survey No. 2960, and line 3-4 of the McRooney claim, Survey No. 2966;

Thence, S. 42° 23' W. along line 3-4 of the McRooney claim, Survey No. 2966, 193.79 feet to Corner No. 5 which is on the intersection of line 1-4 of the New Jersey claim, Survey No. 2201, and line 3-4 of the McRooney claim, Survey No. 2966;

Thence, N. 73° 18' W. along line 1-4 of the New Jersey claim, Survey No. 2201, 231.15 feet to Corner No. 1, the place of beginning, all lying in Section 10, Township 48 North, Range 2 East, B.M., containing 1.118 acres more or less.

EXTRA COPY O. M. E. RECEIVED AUG 21 1959		
DATE	INITIALS	CODE
		800

No. 157 Howard Street
Spokane 4, Washington
August 18, 1959

Mr. J. C. Kieffer, Manager
American Smelting & Refining Co.
Northwestern Mining Department
P. O. Box 440
Wallace, Idaho

Re: Docket No. DMSA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract No. Idm-E113A

Dear Mr. Kieffer:

Enclosed are the original and four copies of a proposed Amendment No. 2 (3 pages) to this contract, signed by the Acting Director for the Government.

To date about 25 percent of the contract work has been completed and the actual costs have exceeded the maximum allowable costs according to the contract. There is little if any chance that the costs will be reduced sufficiently to offset the excess which has already been incurred.

The purpose of the proposed amendment is to put this contract on a fixed unit cost basis which will greatly reduce the accounting and administrative work now necessary. The reduction in these costs should be of mutual advantage as all the supporting data now necessary for each monthly claim for reimbursement will no longer be necessary, nor would the lengthy and costly periodic audits.

You will note that the unit costs are based on the maximum allowable under the present contract so that there is no reduction in the total cost for each type of work or for the total allowable cost of the contract.

If the proposed amendment meets with your approval, please sign all copies, retain the one marked "Operator's copy," and return the other four copies to this office. If the amendment is not satisfactory, please return all copies unsigned with a statement of your objections so we can request any modifications you desire.

Sincerely yours,

A. E. Weissenborn
Executive Officer, OME
Field Team Region 1

Enclosures
[illegible](2); [illegible](2);
[illegible](2); Sample

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For explanation of this change, please see letter from Operator.

EMRaymond
Spokane

Operator's copy
Audit

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NOV 1958
O.M.E.

EXPLORATION PROJECT CONTRACT
AMERICAN SMELTING AND REFINING COMPANY
DOCKET NO. DMEA-4712

AMENDMENT NO. 1

It is agreed this 26th day of September, 1958, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, and American Smelting and Refining Company, that Exploration Project Contract No. Idm-E1134 (Docket No. DMEA-4712), dated September 18, 1957, is amended as follows:

In Exhibit "A" under the heading "Description of the Work", item No. 6 is revised to read as follows:

> "Rock bolt (steel bolts) and timber (standard drift sets) drifts and crosscuts as necessary. Whenever rock bolting is used to support ground in lieu of timbering, the allowable number of rock bolts will be the average over the entire distance that is supported with rock bolts, not to exceed an average of seven bolts per five linear foot section. Only fully-bolted sections may be used in establishing an average. A "fully-bolted" section is understood to mean a section which contains two or more bolts. It is estimated that the total number of rock bolts required will not exceed 4,000 and the total amount of timbering of drifts and/or crosscuts required will not exceed 3,950 feet."

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, the amount of any item designated as "maximum", or the fixed unit cost of any item of work.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mitteudorf
ACTING Director, Office of Minerals Exploration

AMERICAN SMELTING AND REFINING COMPANY

By [signature]

Title Vice President

AMERIC[illegible] [illegible]ND [illegible] [illegible]PANY

[illegible]

[illegible] 27, [illegible]

J. C. KIEFFER
MANAGER

EXTRA COPY
O. M. E.
RECEIVED NOV 4 1958

DATE	INITIALS	CODE
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Mr. A. E. Weissenborn
Executive Officer, OME
Field Team Region I
U. S. Department of the Interior
Office of Minerals Exploration
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-4712 (Lead-Zinc)
East Page Mine
Shoshone County, Idaho
Contract No. Idm-E1134

Dear Mr. Weissenborn:

On October 10 you sent me the original and four copies of proposed Amendment No. 1 clarifying the use of rock bolts in connection with our East Page Project.

Enclosed herewith find the original and three copies of this amendment, all of which are now executed on behalf of the DMEA and ASARCO. Although you instructed us to retain the Operator's copy, we have retained a different copy, and include as part of the enclosures the Operator's copy. I assume this makes no difference.

Yours very truly,

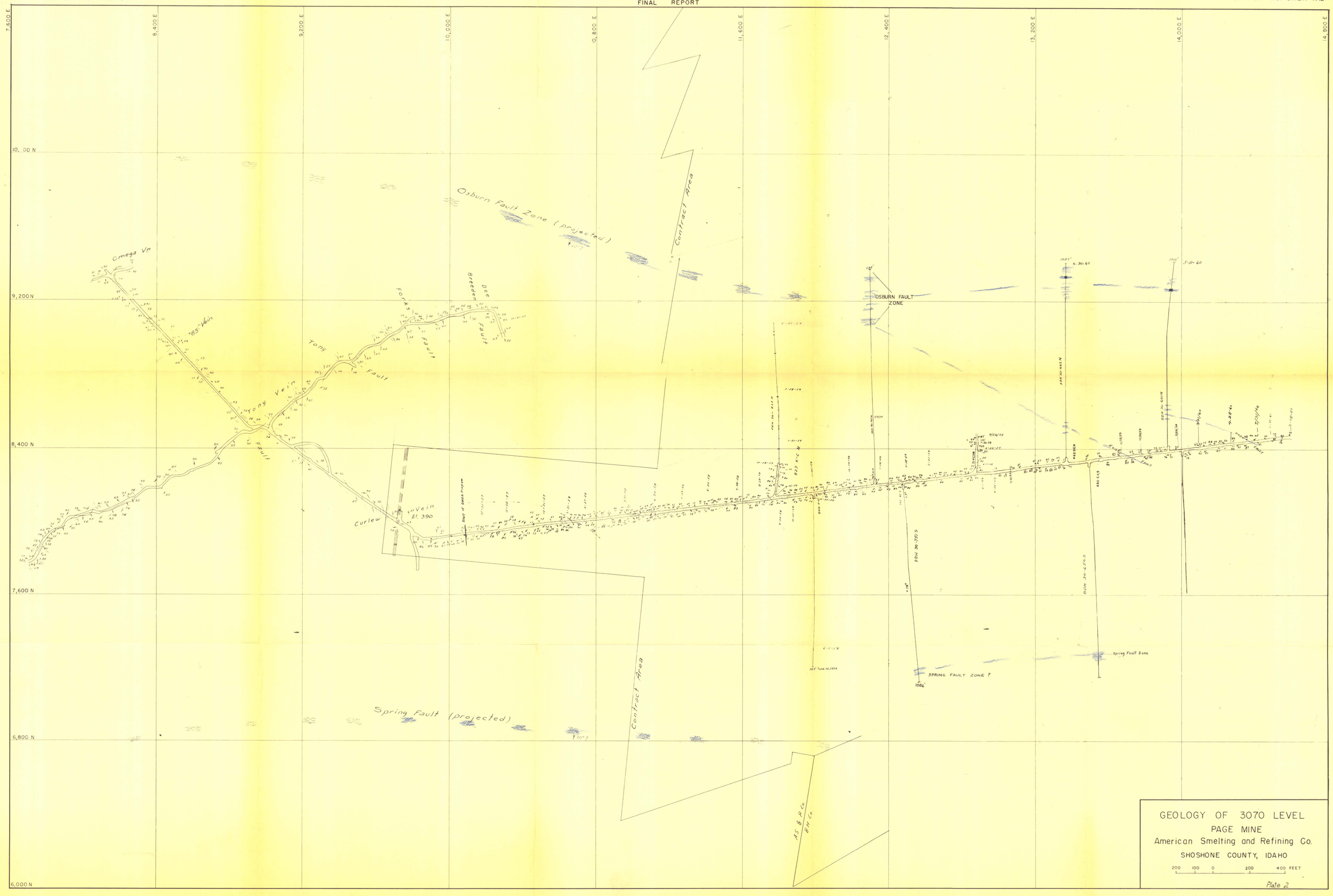
JCK:GM
Encs.

RECEIVED
OCT 20 1958
D. S. G. S.
[illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
FINAL REPORT

DOCKET NO. DMEA-4712



GEOLOGY OF 3070 LEVEL
PAGE MINE
American Smelting and Refining Co.
SHOSHONE COUNTY, IDAHO

200 100 0 200 400 FEET

Plate 2

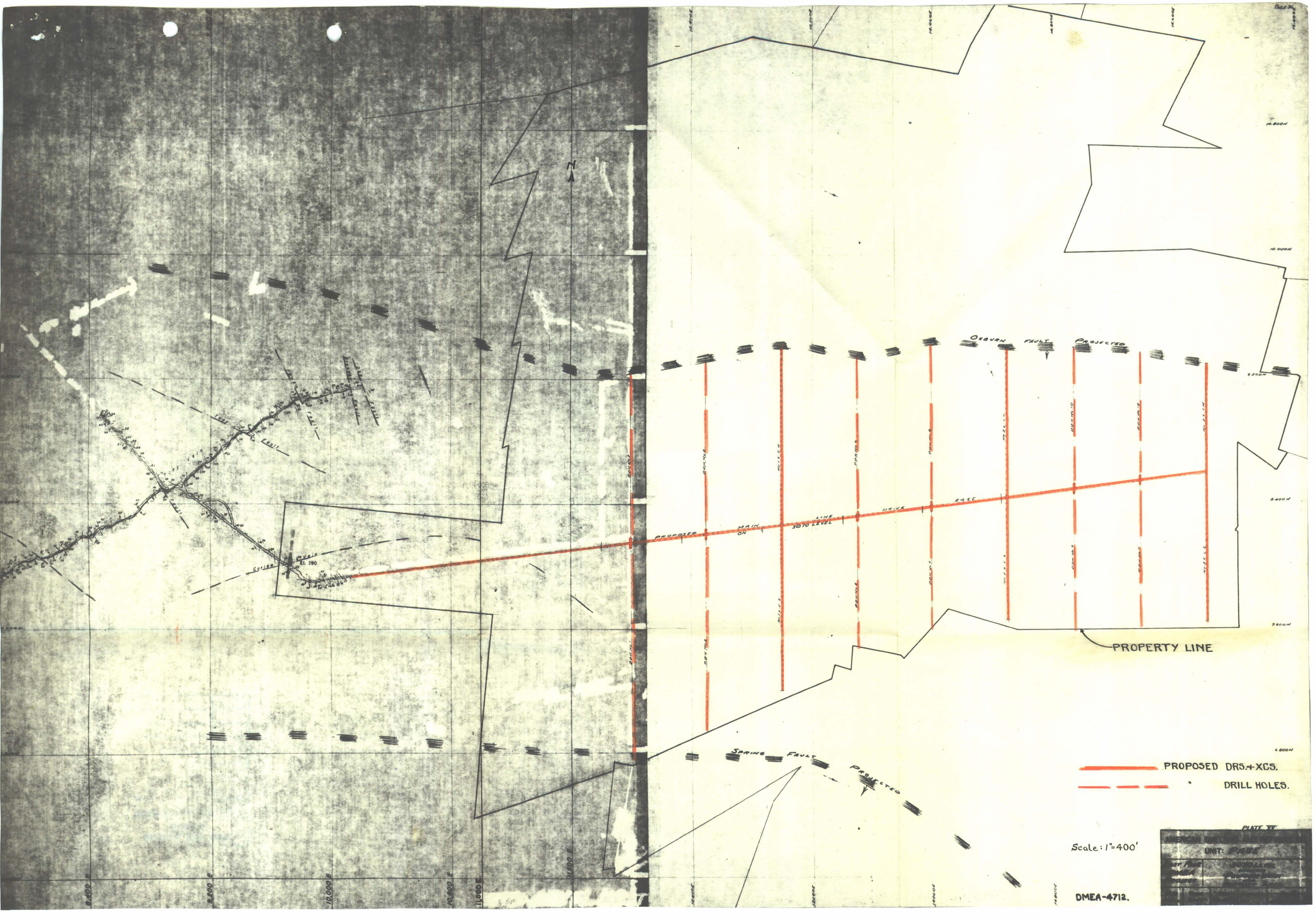

N
OSBURN FAULT PROJECTED
PROPOSED MAIN DRIVE ON LINE 3010 LEVEL EAST
PROPERTY LINE
SPRING FAULT PROJECTED
PROPOSED DRS.+XCS.
" DRILL HOLES.
Scale: 1"=400'
DMEA-4712.
PLATE XV
UNIT:
10,000N
9,200N
8,400N
7,600N
6,800N
8,400 E
9,200 E
10,000 E
10,800 E
11,600 E

EXHIBIT "A"

AUDIT SUMMARY

Idm-81134

Items of Cost	Totals May 1959 MF-104	Corrected Distribution	Audit Adjustments Allowed	Audit Adjustments Disallowed	Accepted Costs Totals	Drifts & Crosscuts	Timbering	Rock Bolting	Car Sidings	Diamond Drill Stations	Other
Fixed Unit Costs											
Sampling and Analysis		$ 203.50		$ 22.50	$ 181.00						$ 181.00
Core Boxes		282.71		71.91	210.80						210.80
Incidentals		636.02		15.62	620.40						620.40
(1) Independent Contracts					10,057.20						10,057.20
Drilling	$ 10,057.20	10,057.20			10,057.20						10,057.20
(2) Labor and Supervision											
Labor	76,223.59	76,074.25			76,074.25	$ 51,419.39	$ 17,342.25	$ 2,581.45	$ 3,068.38	$ 1,662.78	
Supervision	4,304.79	4,298.39			4,298.39	2,988.03	977.95	100.44	148.40	83.57	
Technical Services	3,262.00	3,262.00			3,262.00	3,077.10			100.51	84.39	
(3) Operating Materials & Supplies											
Timber	21,024.48	21,024.48	$ 378.00		21,402.48		21,402.48				
Explosives	19,267.02	19,267.02			19,267.02	17,560.33			1,136.45	570.24	
Pipe	20,939.69	20,939.69			20,939.69	19,300.80			1,136.65	502.24	
Track	9,379.90	9,379.90			9,379.90	8,625.25			516.41	238.24	
Other	12,148.23	11,441.82			11,441.82	7,955.27	26.54	2,835.92	393.87	230.22	
(4) Operating Equipment											
Depreciation	3,768.98	3,768.98			3,768.98	3,519.51			158.44	91.03	
(7) Miscellaneous											
Repairs to Equipment	3,213.61	3,213.61			3,213.61	2,914.16		174.48	40.26	84.71	
Sampling and Analysis	203.50										
Payroll Taxes	3,345.66	3,338.59			3,338.59	2,340.05	757.04	64.17	108.70	68.63	
Liability Insurance	1,992.18	1,989.41			1,989.41	1,391.78	415.54	67.94	77.08	37.07	
Other	75,280.26	75,233.52			75,233.52	63,298.00	6,278.28	658.66	3,211.97	1,786.61	
Totals	$264,411.09	$264,411.09	$ 378.00	$ 110.03	$264,679.06	$184,389.67	$ 47,200.08	$ 6,483.06	$ 10,097.12	$ 5,439.73	$ 11,069.40
Less: Excess costs				98,868.61	98,868.61	67,269.67	22,033.68	3,431.06	4,194.47	1,939.73	
Additional allowable costs			-378.00	-378.00							
Adjusted costs and Net accepted costs		$264,411.09	-0-	$ 98,600.64	$165,810.45	$117,120.00	$ 25,166.40	$ 3,052.00	$ 5,902.65	$ 3,500.00	$ 11,069.40

Operation	Totals May 1959 MF-104A	Transfers & Additional Allowance	Adjusted Costs	Disallowances and Adjustments: By Certifying Officer	By Auditor: Prior	By Auditor: May 1959	Net	Accepted Costs	Basis for Accepted Costs
Drifts & Crosscuts	$182,796.44	$ 1,593.23	$184,389.67	$ 61,778.49	$ 1,593.23	$ 3,897.95	$ 67,269.67	$117,120.00	2,928 feet @ $40.00/ft.
Timbering	48,415.31	-1,593.23 / 378.00	47,200.08	22,091.44	-1,593.23	1,535.47	22,033.68	25,166.40	2,396.8 feet @ $10.50/ft.
Rock Bolting	6,483.06		6,483.06	2,846.56	584.50		3,431.06	3,052.00	872 bolts @ $3.50/each
Car Sidings	10,097.12		10,097.12	4,194.47			4,194.47	5,902.65	13,117 cu. ft. @ $0.45/cu. ft.
Diamond Drill Stations	5,439.73		5,439.73	1,939.73			1,939.73	3,500.00	100 feet @ $35.00/ft.
AX Core Drilling	10,057.20		10,057.20	276.20	-276.20		-0-	10,057.20	1,551 feet @ $6.48/ft.
Core Boxes	282.71		282.71	38.66		33.25	71.91	210.80	62 boxes @ $3.40/each
Incidentals	636.02		636.02	-32.83	-29.35	77.80	15.62	620.40	1,551 feet @ $0.40/ft.
Sampling and Analysis	203.50		203.50		17.25	5.25	22.50	181.00	181 determinations @ $1.00/each
Improper Allowance				-300.00	300.00				
Totals	$264,411.09	$ 378.00	$264,789.09	$ 92,832.72	$ 596.20	$ 5,549.72	$ 98,978.64	$165,810.45	