Extra.

800

June [illegible] 1959

United States Department of the Interior
Office of Minerals Exploration
Mr. Frank L. Johnson
Acting Director
Washington 25, D. C.

Re: Docket No. DMEA-4806 Cobalt-Copper
Capital-Seaboard Corporation
Long Dike Group of Claims
Lemhi County, Idaho
Contract No. [illegible] 21221

Dear Mr. Johnson:

In as much as all information is in your office for reimbursement of our first stage of this program we would appreciate a check under this DMEA at your earliest convenience.

Sincerely yours

Joseph W. Corbin, President

JHC:bh

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O. M. E.
RECEIVED MAR 1959
DATE | INITIALS | COPY
800

No. 157 Howard Street
Spokane 1, Washington

March 18, 1959

Mr. Jerome S. Hirschoff
Attorney at Law
Cascade Building
Portland 4, Oregon

Re: Docket No. IMA-4906 (Cobalt-Copper)
Capital-Seaboard Corporation
Long Blue Group
Lemhi County, Idaho
Contract No. Ita-1221

Dear Mr. Hirschoff:

Probably the best reply to your letter of March 12 would be to summarize the whole situation. Claim for reimbursement of approved expenditures under a IMA contract can only be made by the Operator, and this claim must be supported by vouchers. Also, it is stipulated in the contract that "The Operator shall preserve and maintain his right, title, and interest in the land and his right to possession thereof for the purpose of this contract. When the Operator, Capital Seaboard Corporation, ceased to control the land the contract became in default. From that time on, as he no longer controlled the property, the Operator could not complete Stage 1, a further stipulation of the contract. In view of the correspondence between you, Mr. Bennett, and Mr. Corbin, it is suggested that the Operator (Capital Seaboard Corporation) would be willing to assign the contract to your group providing the financial situation that exists between your group and the Corporation can be settled.

With this in mind, we have collected all the information we can regarding the financial situation and forwarded it to the Center with a suggestion for assignment of the contract, as you requested, which we hope will be acceptable to all parties concerned, including GW. If the contract is assigned, your group would then be the Operator and can claim reimbursement of all approved costs incurred after the effective date of assignment. We have not as yet received a reply from GW and do not know whether there are legal or other aspects which may prevent acceptance of your request for assignment. We will inform you as soon as we receive GW's decision.

Until the situation is settled, either by assignment of the contract or some other means, we cannot release any funds, either to Capital Seaboard or to your group.

By Field Team Region I

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

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

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

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March 17, 1959

Mr. Jerome S. Bischoff
Attorney-at-Law
Cascade Building
Portland 4, Oregon

Re: Docket No. [illegible] (Cobalt-Copper)

Dear Mr. Bischoff:

Your letter to Mr. Ray A. Bennett was forwarded to me for answering.

As you know, at the time the bills were rendered regarding the second phase of our contract, the company was short of funds. Though 12,500 and more of the bills were paid, we could not turn them into the government for a long period of time because of lack of the latter and data that was necessary for us to complete our reports.

Great thing, we know, a cancellation of our lease arrived in the mail. But we only heard from you been cancelled in such a hurry, and you had forwarded the necessary information that you said, so that you would forward that Mr. Hamblen had, the bills would have been paid. But the fact was, we were asked to pay bills for work results that we had not received any information although the owners with you of the claims were in the possession of such information, and agreed by telephone that it would be sent to us as they understood it was necessary for us to complete our phase of the project under government direction.

Since we are in no better position now financially than when you terminated our lease, we would appreciate it if you would assist us in completing the processing necessary with the government whereby we can receive payment for this phase of the project. Then, we will pay off the liens completely and pursue the next step that you have suggested in this matter. Looking forward to an early reply and action on this matter, I remain,

Sincerely yours,

Joseph V. Corbin, President

[illegible]

c: Department of the Interior

cc: Mr. Ray A. Bennett

JEROME S. BISCHOFF
ATTORNEY AT LAW
CASCADE BUILDING
PORTLAND 4, OREGON
CAPITOL 6-8125

EXTRA COPY
O. M. E.
RECEIVED MAR [illegible] 1959
DATE [illegible]

March [illegible]

United States Department of [illegible]
Office of Minerals Exploration
South 157 Howard Street
Spokane 4, Washington

Re: [illegible] Corporation

Attention [illegible]

Gentlemen:

This letter is [illegible] the status of this claim.

We have repeatedly [illegible] we have paid out of our own [illegible] for the account of Capital-Seaboard Corporation on the above property out of our pockets. Capital-Seaboard Corporation, through their Officers [illegible] and Mr. Ray L. Bennett, on numerous occasions, promised to reimburse us, but have failed to do so and apparently have no intention of doing so.

[illegible] indicated [illegible] office at [illegible] to see what [illegible] phase of the matter

I also asked you whether or not it would be possible to obtain an assignment of the committed balance of the DMEA loan from Capital-Seaboard to the owners and I wonder whether or not you are able to give us an answer on this question.

In the meantime, we have opened negotiations with a number of well known Mining Companies, looking toward either a lease or joint venturer arrangement and have an appointment to discuss an agreement with one of them at Portland early in April. If we were able to advise our prospective joint venturer as to the possibility of a renewal or assignment of the balance of the existing DMEA loan, it might have a bearing upon our likelihood of a firm contract, and if it is possible to obtain a commitment by that time, we would appreciate it.

I know that the United States is not in the business of being a collection agency, but perhaps a suggestion to Capital-Seaboard Corporation that it pay its bills might not be out of order.

Very truly yours,

JEROME S. BISCHOFF

JSB:MF

EXTRA COPY
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RECEIVED FEB 16 1959
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[illegible] Street
[illegible], Washington
[illegible] 1959

Mr. George [illegible] Selfridge, Chairman
Operating Committee, OMM
Department of the Interior
Washington 25, D. C.

Re: Docket No. [illegible] (Cobalt)
Capital Seaboard Corporation
Long Mike Group of Claims
Contract No. I[illegible]-[illegible]1221

Dear Mr. Selfridge:

Enclosed are two copies each of a letter, dated January 29, 1959, from Jerome S. Bischoff; a letter, dated January 29, 1959, from C. H. Hamblen; and a letter, dated January 30, 1959, with enclosures from Ray A. Bennett.

In our letter of January 27, 1959, we outlined the somewhat involved situation which has developed regarding this contract.

Mr. Bennett has sent us a receipt for the bulldozing and a certified copy of a check for $600 paid for the supervision claimed in his August 104's. Still lacking is an itemized daily record of hours worked by the bulldozer operator. No 104's have been received for the work completed after August 30, 1958, although it appears that Mr. Bischoff's group have paid all other outstanding labor and supervision charges for work done in September. There is no evidence that anyone has yet paid for the assaying.

The enclosed and prior letters from Messrs. Bennett and Bischoff, and recent conversations with Messrs. Hamblen and Shockey, all indicate that Capital-Seaboard Corporation paid the labor and supervision charges only up to and including August 30, 1958, except for the amount due Mr. Shockey from August 25 to 30. This was paid by Mr. Hamblen, who was both consulting engineer for Capital-Seaboard Corporation and one of the group of prime lessees represented by Mr. Bischoff, also a member of the group. Mr. Hamblen followed the project work closely and became aware that Capital-Seaboard Corporation had not paid its bills. Apparently in order to avoid possible labor liens that might jeopardize their interest in the property as prime lessees and because Mr. Hamblen had hired the local crew and felt responsible, his group paid the bills due after August 30, 1958, for labor and supervision. Through Mr. Hamblen the group is aware of the favorable results of the geochemical survey and are anxious to have at least Stage I completed.

Also enclosed are two copies each of maps showing geochemical anomalies of copper and cobalt. We believe that these anomalies show that it would be to the Government's interest to complete Stage I and probably to continue Stage II. As matters now stand, Capital-Seaboard Corporation no longer has control of the claims and therefore cannot do any more work on the property.

From the letters between Messrs. Bennett and Bischoff, attached to Mr. Bennett's letter of January 30, 1959, it appears that Capital-Seaboard Corporation is willing to assign the contract to the prime lessees if the financial impasse in which they find themselves can be resolved.

One possible way out of the dilemma would be for Capital-Seaboard Corporation to assign the contract to the prime lessees effective August 31, 1958, which date appears to separate the period during which Capital-Seaboard Corporation met most of the project costs from the period during which the prime lessees met most of the remaining costs. If this is possible and is acceptable to both parties, the project work could be resumed as soon as weather conditions permit in the spring. If Capital-Seaboard Corporation can be assured that it can be reimbursed for contract work which it paid for prior to August 31, 1958, there appears to be no reason why the corporation will not make the assignment. The prime lessees could voucher for the contract work done on and after August 31, 1958, but we would withhold part or all of the latter funds until work is resumed. If the assignment is made, there would also have to be a recess from August 31, 1958, to June 1, 1959.

? 6 30, 1958

Regarding Mr. Bischoff's letter of January 30, 1959, to Mr. Bennett, we have not advised either Messrs. Bischoff or Hamblen that there was no need for Capital-Seaboard Corporation to request a recess. On December 17, 1958, we wrote to Mr. Bennett telling him that a recess should be requested. Neither did we tell Messrs. Bischoff or Hamblen that a form of assignment would be prepared by DMEA. At Mr. Hamblen's request the Executive Officer wrote to Mr. Bischoff January 16, 1959, informing him of the steps to be taken to effect a transfer. We told him that if an assignment were to be made, you would prepare the form. Apparently Mr. Bischoff misinterpreted our letter, a copy of which we sent you.

Until the muddled situation is cleared up to everyone's satisfaction, we are not making any payments to anyone.

By Field Team, Region I

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

Hugh C. Armey, Member
U. S. Bureau of Mines

Enclosures
cc: [illegible](2); [illegible](AD); Albro

ATTORNEY AT LAW
PORTLAND 4, OREGON

January [illegible], 1959

Mr. Ray Bennett
Capital Seaboard Corporation
[illegible] Cooper Building
Denver 2, Colorado

Dear Mr. Bennett:

Answering your letter of January 19, 1959, I have prepared forms of receipts showing payment in full for signature by Messrs. Shockey, Mechanicky and Waterman. These receipts will be delivered to me and I will be authorized to surrender them to you after I have received payment from you as follows:

On account of the indebtedness to Waterman, the sum of $1211.25 as per my letter of January 14, 1959.
1200.00

On account of Shockey, $381.25 as per my letter of January 15, 1959. 370.00

On account of Mechanicky, $1,067.45 for 91 hours of time plus $11.25 statutory attorney's fees and filing fee which Mr. Mechanicky advanced and requires as a release.

This will complete your labor contracts as to which you have admitted liability.

In order that your records may be clear, the receipt from Mr. Waterman will cover his services in full from the beginning of his employment and, in this sense, will duplicate the original $600.00 paid to him.

I will not be able to send you receipts showing payment of advance of actual receipt of the funds, but I will have the receipts in my hand for transmittal to you upon receipt of the money. The checks should be issued to me or to M. Petersen who is assignee of the litre and in my care.

Mr. Ray Bennett January 20, 1959

-2-

As to the completion of the work reports Mr. Hamblen has filed with the D. M. E. A. in Spokane, a complete analysis of the assays and all maps required and this will complete the reporting requirements.

There will be no necessity for a request for a recess since the D. M. E. A. contract is to be assigned and this has been discussed with the D. M. E. A. office.

The D. M. E. A. Office is preparing a form of assignment of the loan agreement from Capital-Seaboard to our Group and it will be forwarded to you as soon as received.

I also enclose herewith a form of Acceptance of Cancellation of the Loans which I would like to have executed by Capital-Seaboard Corporation and returned to me for my file.

I hope that within a few days, we will be able to have the whole matter cleared and each go our respective ways and that your [illegible] will be [illegible] of your efforts in this and [illegible] for your unfortunately [illegible].

Very truly yours,

JEROME S. [illegible]

JSB:mr
Enc.
Airmail

CAPITAL SEABOARD CORPORATION
MINING DIVISION
727 Cooper Building
Denver 2, Colorado

January 19, 1959

Mr. Jerome S. Bischoff
Attorney at Law
Cascade Building
Portland 4, Oregon

Dear Mr. Bischoff:

1. Your letter of January 14th, 1959, the first paragraph about sending me the receipt from Mr. C. F. Nechanicky is correct, if this bill has been paid.

2. Let me explain why I wish to try and get this D.M.E.A. straightened out, and this must be done before we attempt to transfer the D.M.E.A. over to you. First, I have personally had quite a number of D.M.E.A. projects approved, and have never had any difficulty with any other project and am only willing to try and get this adjusted, because I wish to complete our reports up to the point where, when we attempt to transfer our rights in the project to you, the Company will have paid the bills authorized by D.M.E.A.

3. To do this, it is necessary to complete our Work Reports, one of which is held up because we do not have Mr. Nechanicky's receipt for the 159 hours of cat work; then we can get the reimbursement on this first report. Detail the $1,956.81 in Bischoff 1/29 letter ?

4. I will need the receipt for 91 hours' additional time when Mr. Nechanicky was road building with his DT-18 International Bulldozer, at the rate of $11.95 per hour, or $1,087.45 ✓

5. I also need Ken Hamblen's report on the Sampling and his assay map to complete our D.M.E.A. Reports.

6. It will be necessary for Mr. Ernest F. Waterman to give you a receipt for two months' time at $600.00 per month, itemized as to date, when and where work was performed, and as supervisor, as I understand, Mr. Waterman received his first month's contract of $600.00. If so, we do not need this.

7. Mr. Philip Sheckey, I will need three signed receipts separately for the $340.00, which amount was authorized by the project as an engineer's helper at $17.00 per day - 20 days, $340.00. The balance should be covered by a separate receipt as it is not covered in the project. Use $30.00 in Bischoff 1/29 letter ?

8. It will take an exchange of several letters to get this all taken care of.

January 19, 1957

9. It will be necessary to complete all of the above before I would approve the transfer, as I believe this part of the project should be completed and we have reimbursement for same.

I will be in the field for several days beginning Monday, January 19, and by that time I should have your reaction. My wife has been in the hospital and still is, so I have to get this field trip taken care of. When this is completed, the D.M.E.A. [illegible] for further information. We can then proceed to transfer.

Very truly yours,

Ray E. Bennett

cc: Capital-Lubbock Corporation
[illegible] Building
Wichita Falls, Texas

P.S. The [illegible] must be accepted by the D.M.E.A. and we receive reimbursement for same, before [illegible] settled. This has been held up [illegible] the amount for the $1,900.05. The D.M.E.A. says they will settle as soon as I send this in.

Ray

JEROME S. BISCHOFF
ATTORNEY AT LAW
CASCADE BUILDING
PORTLAND 4, OREGON
CAPITOL 2-9125

ONE

Building

Supp.-Ing.

Engr's. Helper

" "

K. E. HAMBLEN

MINING ENGINEER

2825 [illegible] Mt. [illegible] Drive
Portland [illegible]

January 29, 1[illegible]

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

Dear Mr. Weissenborn:

Under separate cover I have sent you maps which show the results of the geochemical sampling on the Long Dike claims in Lemhi County, Idaho. It was thought advisable to make separate maps for cobalt and copper. Attached to this letter is the original assay sheet by Charles C Parker and Company, Denver, together with their bill to Capital-Seaboard for services.

The sampled area is 1900 feet by 450 feet, samples being taken at 50 foot intervals along ladders spaced on 100 foot centers. Samples were taken at a depth of one foot below surface in duplicate, one set being sent to Ray Bennett, Vice President Capital-Seaboard, and one set retained for reference. The assay sheet was sent to me at Portland and maps prepared by Mr. [illegible] Hines and myself. The data as shown on the maps are self explanatory in outlining the areas of high, medium, and low cobalt and copper values.

Our conclusion is that the geochemical work certainly showed the presence of extensive cobalt and copper mineralization with one rather high cobalt anomoly which is of sufficient dimension to indicate a mineralized zone of considerable size. Within this "hot" cobalt samples exceed 120 P.P.M.

Geochemical sampling by other companies in the district has shown that surface values above 100 P.P.M. often indicate the presence of underlying ore bodies. While this cannot be considered as more than a probability we do conclude that the size and high cobalt values shown in the map anomoly indicates justification of continued exploration along the general plan as outlined in the I.M.P.A. contract.

Inasmuch as geophysical work has been very successful in more closely outlining ore bodies in areas of geochemical anomolies by both Salera and Northfield, it is my opinion that some exploration of this nature should be considered before diamond drill stations are established. While this is at present not included in the program, I feel that it could add much information, and in the long run cut final

[illegible] first [illegible] cost by pointing to the most likely places to core drill.

The area sampled geochemically comprises less than twenty percent of the claim area, and from surface showings we have reason to suspect that other promising mineralized areas exist within the higher [illegible] area.

Sincerely,

K. F. Hambler

EXTRA COPY O. R. E. RECEIVED FEB 2 1959		
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So. 157 Howard Street
Spokane 4, Washington

January 27, 1959

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

Re: Docket No. DMEA-4906 (Cobalt-Copper)
Capital-Seaboard Corporation
Long Dike Group
Lemhi County, Idaho
Contract No. Idm-81221

Dear Mr. Selfridge:

A somewhat involved situation regarding the referenced contract has developed.

In an undated letter received January 5, 1959 (2 copies of which we sent you), the operator stated that he had not received the geochemical maps from his consulting engineer, Mr. Hamblen. January 14 Mr. Hamblen called at the Spokane office on another matter and left us one copy each of a copper and a cobalt geochemical map. He told us that he would send us four more copies of each map as soon as he returned to Portland, which he has done. He said that he would not send copies of the maps to Capital-Seaboard, Inc., because they had not paid him for prior work that he had done in their behalf, but that he would give us the necessary copies so that the contract requirements could be met. So far Capital-Seaboard has not made any claim for reimbursement for the geochemical survey. Mr. Hamblen also said that Capital-Seaboard had not paid any bills relative to the project and that he had paid them himself. Mr. Shockey, field engineer for the project, was in the office November 18, 1958 and likewise said that he had not been paid up to that time.

In a letter dated January 11, 1959 (2 copies of which we sent you), Mr. Ray A. Bennett, Vice-President of Capital-Seaboard, Inc., explained why he had not yet sent us certain invoices and concluded with the statement " . . . they have cancelled our lease and option on Cobalt property." We wrote to Mr. Bennett January 21 (2 copies of which we sent you) asking what the company intended to do, suggesting that they might renew the lease or assign the contract to someone else.

Mr. Hamblen, during his visit to Spokane, advised us that his group, the prime lessees, cancelled the sub-lease to Capital-Seaboard, Inc., because the operator was not fulfilling the terms of the lease. However, they are anxious to see the project completed and wish to have the contract assigned to them. Mr. Hamblen asked the Executive Officer to inform Mr. Jerome S. Bischoff, attorney for the group, as to what steps should be taken to effect this assignment. This was done by the Executive Officer January 16, and his letter was acknowledged January 21 (2 copies of each enclosed). Mr. Bischoff asked if the group of prime lessees could be reimbursed by the Government directly for their payments for the work done by Capital-Seaboard. We have asked him for full details regarding these payments, such as to whom and when they were made, for what, and for how much (2 copies of our letter enclosed).

As soon as we have replies from Mr. Bennett and Mr. Bischoff, we will advise you further. Because the vouchers were improperly prepared we have made no payments to Capital-Seaboard, Inc., and we will make none until the situation is straightened out.

By Field Team Region I

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

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

Enclosures 3 (in dupl.)

cc: USBM (2)
USBM(AD)
Albee

EXTRA COPY O. M. E. RECEIVED FEB 2 1959		
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So. 157 Howard Street
Spokane 4, Washington

January 27, 1959

Mr. Ray A. Bennett, Vice-President
Capital-Seaboard Corporation
727 Cooper Building
Denver 2, Colorado

Re: Docket No. DMEA-4906 (Cobalt-Copper)
Capital-Seaboard Corporation
Long Dike Group of claims
Contract No. Idm-81221

Dear Mr. Bennett:

Mr. Hamblen has sent us five copies each of a copper and a cobalt geochemical map. However, we have not received a narrative report describing this phase of the work.

We urge you to submit invoices and vouchers for the work completed to date so they can be processed.

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 cy Hamblen's ltr rec'd 1/23/59
USBM (2)
USBM(AD)
Albee

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RECEIVED FEB 2 1959

DATE	INITIALS	CODE

K. E. HAMBLEN

Mining Engineer

2825 SW Montgomery Drive
Portland 1, Ore.

Dear Al,

Attached you will find eight geochemical maps -- four of cobalt and four of copper.

I have not sent any to Bennett of Capital-Seaboard as this was done at my expense. We have paid all bills, and they have been assigned to me, when, as, and if, Capital-Seaboard pays off the liens.

Jerry is doing the necessary legal work, and we all hope to have this "back on the track" as soon as possible.

The recent unrest in the Belgian Congo together with Castro's announced intention of expropriating the Nicaro property could result in more attention to getting more cobalt reserves here in this country.

I hope to be able to go to San Francisco next month, although the papers don't sound too interesting -- probably I'm getting more critical and crabby.

Best Regards

/s/ Ken

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JAN 23 1959
U. S. G. S.
SPOK. N

EXTRA COPY O. M. E. RECEIVED FEB 2 1959		
DATE	INITIALS	CODE

No. 157 Howard Street
Spokane 4, Washington

January 25, 1959

Mr. Jerome S. Bischoff
Attorney at Law
Cascade Building
Portland 4, Oregon

Re: Docket No. DMEA-4900 (Cobalt-Copper)
Capital-Seaboard Corporation
Long Duke Group
Lemhi County, Idaho
Contract No. Idm-41221

Dear Mr. Bischoff:

Thank you for your letter of January 21, 1959 regarding the proposed assignment of the referenced contract to the prime lessees.

We have received the extra geochemical maps from Mr. Hamblen and will advise Mr. Bennett of this. We have already advised him as to what invoices are needed to complete processing his August voucher.

In the fifth paragraph of your letter you state, "Capital-Seaboard advises us that they will pay the liens on the property and forward the receipts to you . . ." and ". . . our Group has paid these liens and taken assignments to M. Peterson . . ." In Mr. Hamblen's undated letter forwarding the extra copies of the geochemical maps, he states that he "has paid all bills and that they have been assigned to him when, as, and if, Capital-Seaboard pays off the liens." We presume Mr. Hamblen means that these were liens against Capital-Seaboard for non-payment of certain obligations, that Mr. Hamblen has paid these obligations, and that the liens have been assigned to him. Are these the same liens that you state have been assigned to Mr. Peterson? Is Mr. Peterson a member of your group acting in behalf of Mr. Hamblen?

In any case, you should forward us a complete list of all payments that your group has made, when they were made, to whom they were made, for how much, and for what purpose. It would be desirable for you to supply us with photostats of the receipts.

With complete information we will then refer the matter to our Washington office to determine whether payments should be made to Capital-Seaboard or could be made direct to you as you request. The Government can, of course, participate only in the cost of those items which are specified in the contract.

Receipt of the maps alone will not justify repayment for the geochemical survey. A narrative report is also necessary.

By Field Team Region I

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

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

cc: OMS (2) w/2 cys incoming
USBM (2) "
USBM(AD) w/1 cy incoming
Albee "

JEROME S. BISCHOFF
ATTORNEY AT LAW
CASCADE BUILDING
PORTLAND 4, OREGON
CAPITOL 3-8125

[illegible] 1959

EXTRA COPY O. M. E. RECEIVED FEB 2 1959		
DATE	INITIALS	CODE

United States Department of Interior
Office of Minerals Exploration
South 157 Howard Street
Spokane, Washington

[illegible]

[illegible]

[illegible]

[illegible]

[illegible] additional

[illegible] advise us that they will pay [illegible] the property and forward receipts to you [illegible] they will do so. In the meantime, however, [illegible] these liens and [illegible] assignments [illegible] our records [illegible] remain clear.

The United States Department of Interior
Mr. Mr. Hatsenbert January [illegible]

-2-

It may be that under these circumstances the DMEA would be willing to pay its 62½ of these lien claims directly to our Group upon delivery to you of the receipts showing the work and payment and you might let me know whether this is possible.

In any event, we would appreciate it if you could advise Capital-Seaboard that their reporting requirements have been satisfied by the filing of the assay report, and may, by [illegible] Mr.

[illegible] Seaboard is attempting to hold this out [illegible] hands and I think you should know [illegible] Pierre Hines without compensation and [illegible] of Capital-Seaboard Corporation. Capital-[illegible] Mr. Hartman or Mr. Hines [illegible] were required to be rendered [illegible] like to close this transaction as fast as possible and believe that this can be accomplished [illegible] by a letter from your office to Capital-[illegible] that all reporting requirements have been satisfied.

If there is any other step which is required to be taken, please let us know and we will get after it at once.

Sincerely,

JEROME S. BISCHOFF

JSB:MF

EXTRA COPY
O. M. E.
RECEIVED FEB 2 1959

DATE	INITIALS	CODE

So. 15[illegible] Howard S[illegible]
Spokane [illegible], Wash[illegible]

January 1[illegible], 1959

Mr. J[illegible] [illegible]sc[illegible]ff
[illegible]00 Cascade [illegible]ld[illegible]
P[illegible]tland [illegible], Oregon

Re: D[illegible] DM[illegible] (Cobalt-C[illegible])
Cobalt-Seaboard Corporation
L[illegible] D[illegible]
L[illegible] County, Fla
Contract No. [illegible]

Dear Mr. [illegible]sc[illegible]off:

Mr. [illegible]ubler has asked me whether the Cobalt-Seaboard DMEA contract could be assigned to another operator and if so [illegible] asked me to inform you how this can be done.

The procedure usually is relatively simple. Two steps are involved. First, the property must be assigned to the new operator or the new operator must otherwise produce evidence that he now has control of the property. Second, the former operator must assign the DMEA contract to the new operator and the new operator must accept this assignment.

If a new group has taken control of the Long Dike property and wishes to complete the DMEA contract, they should write to me informing me of their intention. They should enclose an operating agreement or other instrument which shows that they now control the property. If this instrument is satisfactory, our attorneys in Washington will prepare a form to be signed by both the old group and the new group by which the assignor and assignee consent to the assignment of the contract.

We should also know the date the assignee took over [illegible] we can determine to whom payments should be made for work done under the contract.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DME
Field Team Region [illegible]

cc: OME (2) 1/27/59
USBM (2) "
USBM(AD) "
asbue

EXTRA COPY O. M. E. RECEIVED JAN 23 1959		
DATE	INITIALS	CODE
1/29		800

So. 157 Howard Street
Spokane 4, Washington

January 21, 1959

Mr. Ray A. Bennett, Vice-President
Capital-Seaboard Corporation
727 Cooper Building
Denver 2, Colorado

Re: Docket No. DMEA-4906 (Cobalt)
Capital-Seaboard Corp.
Long Dike Group of Claims
Contract No. Ida-R1221

Dear Mr. Bennett:

This is in further reference to your letter of January 11, 1959 addressed to the attention of Mrs. Long in reply to her letter of November 4, 1958. Mr. Mechanicky has not sent us the requested data necessary to process your August voucher.

We note in the last sentence of your letter your statement that " . . . they have cancelled our lease and option on cobalt property." If you no longer control the property it appears that you will be unable to complete the trenching and diamond drilling remaining in Stage I, and the contract should either be terminated or rescinded. Possibly you will be able to renew the lease and option or you might intend to assign the contract to someone else. Will you please advise us what your intentions are.

Your prompt attention to this matter will be appreciated.

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)
USBM (2)
USBM(AD)
Albee

RECEIVED
BUREAU OF MINES
JAN 9 - 1959
SPOKANE, WASH.

Capital Seaboard ~~Oil & Gas Company~~ Corporation of Texas
727 Cooper Bldg Denver 2 Colo
Jan 11/58

U S Dept. of the Interior
Office of Minerals Exploration
1201 N. Division Street
Spokane 2, Washington.
Att: Miss Long.

Re; Docket No D.M.E.H. 4906 (Cobalt)
Capital-Seaboard Corp
Long Pike Claims Idaho E 1221

Dear Miss Long:

I have written Mr C.F. Mechanicky at Salmon, Idaho, for the data you requested in your last letter, and he has not answered, and unless he does answer we can not complete our first report. I wonder if he might answer you? I am very anxious to complete our part of this project. We have never received enough certified field notes to pay or file any but the first report, and they have cancelled our lease and option on Cobalt property.

Very Truly yours
Roy A. Bennett.

P.S. Please excuse old letter head.

RECEIVED
JAN 16 1959
U. S. G. S.
SPOKANE, WASH.

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

JAN 25 1960

NOTICE OF RESCISSION OF EXPLORATION PROJECT CONTRACT

To: Mr. Joseph H. Corbin, President
Capital-Seaboard Corporation
900 Oil and Gas Building
Wichita Falls, Texas

Operation Under Exploration
Project Contract Idm-E1221
Docket No. IMA-4906 (Cobalt-Copper)
dated June 24, 1958

The United States of America, acting through the Department of the Interior, Office of Minerals Exploration (successor to Defense Minerals Exploration Administration), hereby rescinds the subject contract, as of the date thereof, on the following grounds:

1. You have failed to preserve and maintain your right, title, and interest in the land and your right of possession thereof, for the purposes of the contract, as required by Article 2(d) of the contract.

2. You have failed and do fail to perform the work with reasonable diligence, efficiently, expertly, in a workmanship-like manner . . . and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed by the contract, all as required by the provisions of Article 4(a) of the contract.

The United States of America repudiates and denies any liability under the contract, and will make no contribution to costs incurred thereunder.

Dated this 25th day of January, 1960.

THE UNITED STATES OF AMERICA

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

lund/CMcC/gla 1-18-60
Solicitor's Docket
Operator
OME Docket
Mr. Soller
Mr. Hofflund
Mr. Lynch
Contract Adm. & Audit Div.
Finance Office

OME Field Team, Region I
Directors' Reading File Opr.Com. Code 300

EXTRA COPY O. M. E RECEIVED JAN 18 1960		
DATE	INITIALS	CODE
		800

So. 157 Howard Street
Spokane 4, Washington

January 15, 1960

Memorandum

To: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region I

Subject: Docket No. DMEA-4906 (Cobalt-Copper)
Capital-Seaboard Corporation
Long Dike Group of Claims
Lemhi County, Idaho
Contract No. Idm-E1221

In answer to your memorandum of January 12, 1960, the only new information we have is the reported death on October 13, 1959, of Kenneth E. Hamblen, one of the prime lessors of the property.

A. E. Weissenborn

cc: USBM (2)
USBM (AD)
Geologist
Director's Reading File

So. 157 Howard Street
Spokane 4, Washington

April 1 , 1959

EXTRA COPY
O. M. E.
RECEIVED APR 10 1959
CODE
800

Memorandum

To: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region I

Subject: Docket No. DMEA-4906 (Cobalt-Copper)
Capital-Seaboard Corporation
Long Dike Group
Lemhi County, Idaho
Contract No. Idm-E1221

Enclosed are two copies of the "cancellation notice" of December 9, 1958 that was sent to Capital-Seaboard Corporation by Mr. Jerome S. Bischoff, Attorney and one of the Prime Lessees of the Long Dike group of claims. Copies of the notice were promised you in our memorandum of March 31.

A. E. Weissenborn

cc: USBM (2)
USBM(AD)
Alboa

JEROME S. BISCHOFF
ATTORNEY AT LAW
CASCADE BUILDING
PORTLAND 4, OREGON
CAPITOL 3-8125

December 9, 1958

Capital Uranium Company
P. O. Box 1847
Farmington, New Mexico

Capital Seaboard Corporation
900 Oil and Gas Building
Wichita Falls, Texas

Gentlemen:

This letter is addressed to you on behalf of Messrs. K. E. Hamblen, Earl R. Marble, Jr., Pierre R. Hines, Kenneth A. Moores and Jerome S. Bischoff, Lessors under that certain lease executed between Lessors and Capital Uranium Company dated August 29, 1957, and thereafter assigned to Capital Seaboard Corporation and covering the lease of the Long Dike Group of Claims and certain additional claims located in Lemhi County, Idaho.

On November 18, 1958, I addressed a letter to you on behalf of the Lessors notifying you of liens filed by Ernest F. Waterman, Philip N. Shockey and C. F. Nechanicky for work performed upon the claims leased to you and notified you that the filing of the liens constituted a default under the terms of the lease and that unless said defaults were cured, that the lease could be terminated.

This letter is to confirm my advise to you as of November 18, 1958, that the lease above described is terminated by reason of your uncured defaults.

The termination of this lease does not relieve you from your obligation to discharge the liens against the property and if you do not settle your affairs with the lien claimants, the Lessors will look to you for damages. This demand that your Firm pay its indebtedness to Messrs. Waterman, Shockey and Nechanicky and thus discharge the liens, shall not constitute a waiver of the default and termination of the lease.

Very truly yours,

JEROME S. BISCHOFF

JSB:MP
Airmail
Registered

RECEIVED
APR 3 1959
U. S. G. S.
SPOKANE, WASH.

COPY

MME Form 14
Sept. 1958

Contract No. Idm-E) 14-23) 1221

Docket No. DMEA) MME) 4906

Date of Action ~~January 25, 1960~~
Cancelled Contract

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Accounts Section, Finance Branch, Bureau of Mines

From: Director, Division of Operations Control and Statistics

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor:

Capital-Seaboard Corporation
P. O. Box 1847
Farmington, New Mexico

Date of Contract	Region	State	Commodity
June 24, 1958	II	Idaho	Cobalt-Copper

	Reserve	Obligation
Prior Amount	0	$40,750.00
Increase	0	0
Decrease	0	40,750.00
Revised Amount	0	0

Remarks:

cc: 800
210

43244

DMEA Form 14

Contract No. Idm-E 1221

Docket No. 4906

DEPARTMENT OF THE INTERIOR

Executed contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
June 24, 1958	I	Idaho	Cobalt-Copper

Name and Address of Operator: Capital-Seaboard Corporation
P. O. Box 1847
Farmington, New Mexico

	Reserve	Obligation
Prior Amount	40,750.00	0
Increase	0	40,750.00
Decrease	40,750.00	0
Revised Amount	0	40,750.00

Remarks:

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

Date delivered to Bureau of Mines, Washington 6/30/58

22845

RECEIVED
JUL 17 1958
D.M.E.A.

MF-200
(Revised June 1954)

Audit's copy

Docket No. DMEA 4306

Commodity cobalt-copper

Contract No. Idm-E 1221

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 24 JUN 1958 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] Capital-Seaboard Corporation, a Texas corporation,

whose mailing address is P. O. Box 1047
Farmington, New Mexico,
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 2 maps, Figures 1 and 2.

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

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

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: Interests of lessors, Ernest & Esther Waterman, and of sublessors, R.E. Hamblen, Earl R. Marble, Jr., Pierre R. Mines, Kenneth A. Moores and Jerome S. Mischoff.

(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 and sublessors.

(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 cobalt-copper. The work to be performed is described in Exhibit "A." The Operator on or before AUG 1 1958 shall commence the work, and on or before 2 years from date (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A," except as otherwise provided in Exhibit "A" with respect to stages of work

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *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 $ 65,200.00. The Government shall contribute ..... percent of the allowable costs as they are incurred in a total sum not in excess of $ 40,750.00 : *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; but except for any such necessary excesses in categories, subcategories, or items thereunder the Operator is not obligated to incur more than his agreed percentage of the estimated, total allowable cost of the work. See Article 13.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums. See Article 13.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 8. See Article 13.

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and related costs incurred.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 8. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 7) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value therof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½)

percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

(For instance: the royalty on an amount of five dollars ($5.00) per ton would be one and one-half (1½) percent; on an amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 10 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 11. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 12. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 13. *Changes and added provisions.*—

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

(b) 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.

(c) In the last sentence of Article 6(c), the words "Article 8" are substituted for the words "Article 9".

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O Mittendorf
Administrator, Defense Minerals
Exploration Administration

CAPITAL-STANDARD CORPORATION
(Operator)

By Joseph H. Corbin

Title President

Ray A. Bennett, Vice pres.

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

.....

[CORPORATE SEAL]

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

35485

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA- 4906 (Cobalt)
Contract No. Idm-E 1221
Contract Date JUN 24 1958

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

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

	Book	Page		Book	Page
Repose	8	382	Pinnacle	8	381
Repose Fraction	8	383	Long Dike	3	622
Deer Haven	8	383	Long Dike No. 2	3	623
Deer Haven No. 2	8	384	Long Dike No. 3	3	624
Deer Haven No. 3	8	384	Long Dike No. 4	6	600
Hornet	8	382	Long Dike No. 5	6	601
Bumble Bee	8	380-1	Long Dike Extension	3	625
			Long Dike Mill Site	3	626

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

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

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

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

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

None

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

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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

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

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

Dated this 9 day of June, 1958.

Earl R. Marble, Jr. [Seal] 417 MORRIS AVE., SUMMIT, N.J. [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

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

_____

[Corporate Seal]

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

[illegible] Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-4906 (Cobalt)
Contract No. Idm-E 1221
Contract Date JUN 24 1958

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

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

	Book	Page		Book	Page
Repose	8	382	Pinnacle	8	381
Repose Fraction	8	383	Long Dike	3	622
Deer Haven	8	383	Long Dike No. 2	3	623
Deer Haven No. 2	8	384	Long Dike No. 3	3	624
Deer Haven No. 3	8	384	Long Dike No. 4	6	600
Hornet	8	382	Long Dike No. 5	6	601
Bumble Bee	8	380-1	Long Dike Extension	3	625
			Long Dike Mill Site	3	626

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

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

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

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

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

None

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

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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

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

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

Dated this 9 day of June, 1958.

Jimmie L. Briscoe	[Seal]	901 Cascade Avenue, Portland	[Address]
K E Hamlen	[Seal]	2825 SW Montgomery Drive Portland	[Address]
Kenneth R. Moore	[Seal]	1118-37th Ave. No., Seattle 2 Wn	[Address]
Pierre R. Hines	[Seal]	02473 SW Military Road Portland 19 Oregon	[Address]
	[Seal]		[Address]
	[Seal]		[Address]

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

_____

[Corporate Seal]

MF-205
(Combines and supercedes MF-202 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA- 4906
Contract No. Idm-E 1221
Contract Date JUN 24 1958

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

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

	Book	Page		Book	Page
Repose	8	382	Pinnacle	8	381
Repose Fraction	8	383	Long Dike	3	622
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			Long Dike Mill Site	3	626

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

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

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

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

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

None

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

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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

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

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

Dated this 20th day of November, 1957.

_____	[Seal]	_____	[Address]
Esther L. Waterman	[Seal]	_____	[Address]
Ernest H. Waterman	[Seal]	_____	[Address]
_____	[Seal]	_____	[Address]
_____	[Seal]	_____	[Address]
_____	[Seal]	_____	[Address]

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

_____

[Corporate Seal]

EXPLORATION PROJECT CONTRACT
CAPITAL-SEABOARD CORPORATION
DOCKET NO. DMEA-4906

ANNEX I

The land referred to in Article 2 of the Contract consists of 6 unpatented lode claims and a mill site located in sections 13 and 14, T. 21 N., R. 18 E., Boise Meridian, Lemhi County, Idaho, and recorded in the official records of Lemhi County, as follows:

Claim Name	Book	Page
Long Dike	3	622
Long Dike No. 2	3	623
Long Dike No. 3	3	624
Long Dike No. 4	6	600
Long Dike No. 5	6	601
Long Dike Extension	3	625
Long Dike Lode (Mill Site)	3	626

The land is shown on the attached map, Fig. 2, entitled "Sketch Map of Long Dike Claims", and map, Fig. 1, entitled "Location Map, Capital-Seaboard Corp.".

The Operator is sublessee-optionee of the land pursuant to an assignment dated December 23, 1957, from Capitol Uranium Company of its lease dated August 29, 1957, with K. E. Hamblen, Earl R. Hamblen, Jr., Pierre R. Hines, Kenneth A. Moores and Jerome S. Bischoff, said lease being subject to a lease from the owners, Esther and Ernest Waterman, dated September 2, 1954, as amended August 23, 1955, June 17, 1956 and December 16, 1957.

EXPLORATION PROJECT CONTRACT
CAPITAL-SEABOARD CORPORATION
DOCKET NO. DMEA-4906

EXHIBIT "A"

Description of the Work

The purpose of the work is to explore a cobalt-copper bearing zone on the Long Dike claims located in a zone similar to other cobalt-copper bearing areas in the Blackbird District.

All work shall be supervised by a Supervisor-engineer.

Bulldozing shall be performed with a D-7 or equivalent of another make.

The locations, directions, and extent of all work are subject to the approval of the Government.

The work is set forth below in two stages. The Operator shall complete Stage I, and shall perform as much of the Stage II work as the Government approves in writing in advance.

Stage I

1. Build approximately 2 miles of access road along a route selected by the Operator. Not to exceed 250 hours of bulldozing shall be performed in connection with the road building.

2. Bulldoze approximately 5 trenches at locations on the Long Dike claims approved in advance by the Government. Not to exceed 150 hours of bulldozing shall be performed in connection with trenching. Mineralized zones in trenches shall be sampled and the samples assayed for cobalt and copper.

3. The areas between trenches shall be geo-chemically surveyed, samples taken at approximately 50 foot intervals, along fences, approximately 100 feet apart, and the samples analyzed for cobalt and copper. Not more than 300 geo-chemical analyses shall be made.

4. Drill about ten diamond drill holes to a depth of approximately 300 to 350 feet and at about 100 foot intervals, the total depth not to exceed 3000 feet. The drill holes shall not be less than AX in size, and shall be cemented and redrilled or reamed and cased as necessary. Drill holes are intended to intersect the mineralized structure at vertical depths of 150 to 250 feet. The locations shall be determined after trenching and geo-chemical analysis and shall be subject to prior approval of the Government. Course and inclination shall have the approval of the Government.

Stage II

1. Construct a compressor and shop building approximately 12 feet by 18 feet in floor plan.

2. Crosscut and drift a total of not more than 600 feet, timbered as necessary, not less than 5 feet by 7 feet in the clear.

3. Mineralized zones shall be sampled and the samples assayed for cobalt and copper.

Estimated Costs of the Project

Actual Costs

Stage I

Category (1) Independent Contracts (See Article 13(a)

Bulldoze access road, 250 hrs. @ $15.00/hr.	$3,750.00	
Bulldoze trenching, 150 hrs. @ $15.00/hr.	2,250.00	
Transportation of bulldozer	100.00	$6,100.00
Diamond drilling 3,000 feet @ $7.00/ft.	21,000.00	
Mobilization of drill and equipment	400.00	
Reaming and casing, 500 feet @ $3.00/ft.	1,500.00	
Cementing and redrilling, 50 hours @ $9.60/hr.	480.00	
Standpipe, 150 feet @ $8.00/ft.	1,200.00	

Lost casing, 200 feet @ $2.00/ft. (Casing left in hole at option of Operator is excluded.)	$ 400.00	
9 set-ups @ $80.00/each	720.00	$25,700.00

Category (2) Personal Services

(a) and (b) Supervision and Technical Services

1 Supervisor-engineer, 5 mos. @ $600.00/mo.	$3,000.00	
1 Engineer's helper, 120 days @ $17.00/day plus overtime	2,210.00	5,210.00

Category (3) Operating Materials and Supplies

Gasoline, car maintenance, etc.	253.00	
Sample sacks, 300 at $0.15/each and 100 at $0.25/each	70.00	
90 Wooden core boxes at $4.00/each	360.00	683.00

Category (4) Operating Equipment

(a) Rental - None
(b) Purchases, - None
(c) Depreciation
Pick-up, 120 days @ $5.00/day 600.00

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, Installations

None

Category (7) Miscellaneous

None except

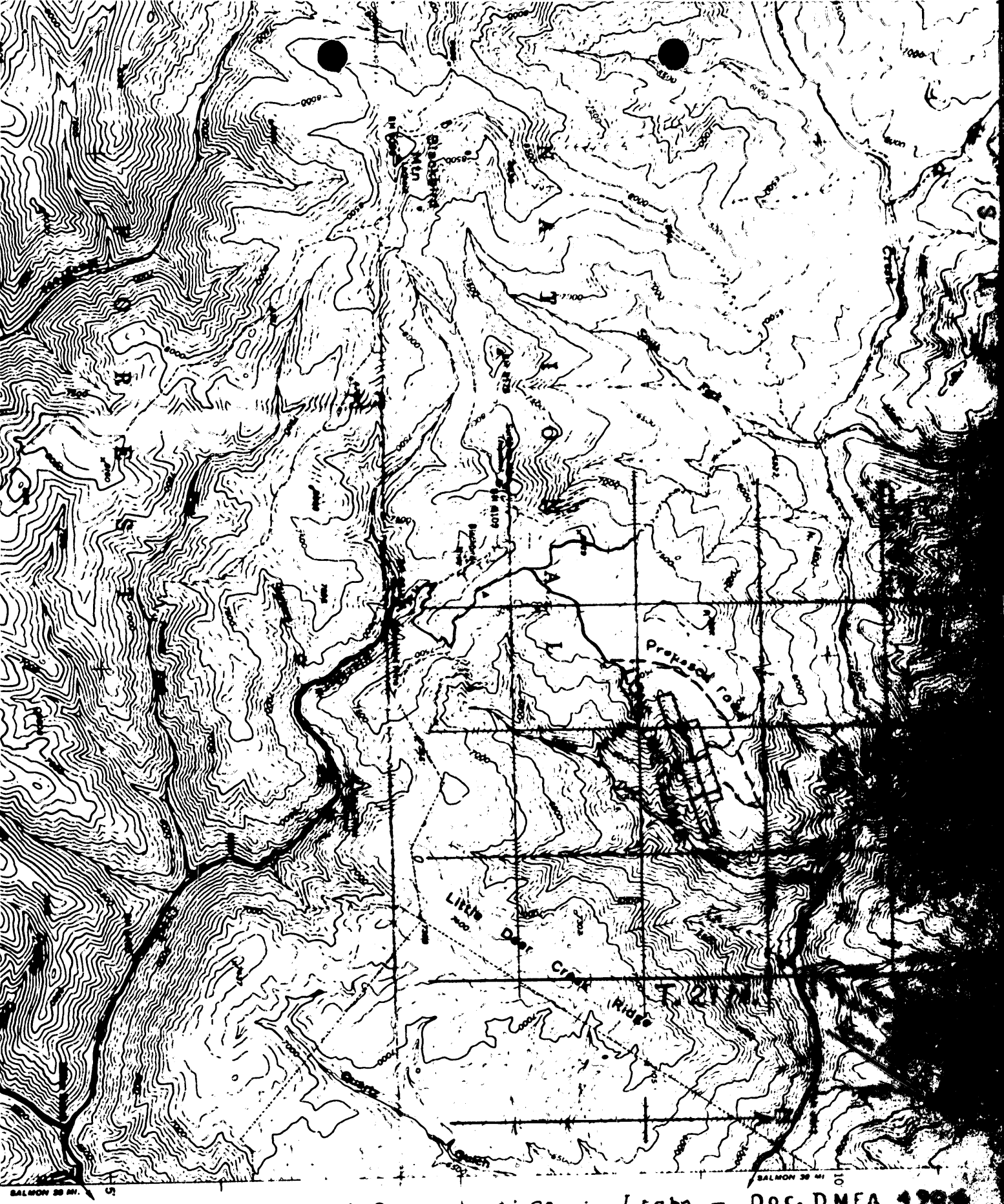
Unemployment compensation, Industrial Ins., Social Security, $5,210.00 at 14.9 percent (rounded)	777.00
Geo-chemical analysis for cobalt and copper, 300 at $2.00/each	600.00

Assaying trench and core samples for cobalt and copper, 90 samples @ $6.00/each	540.00	$1,917.00
Estimated Total Cost of Stage I		$40,210.00

Stage II

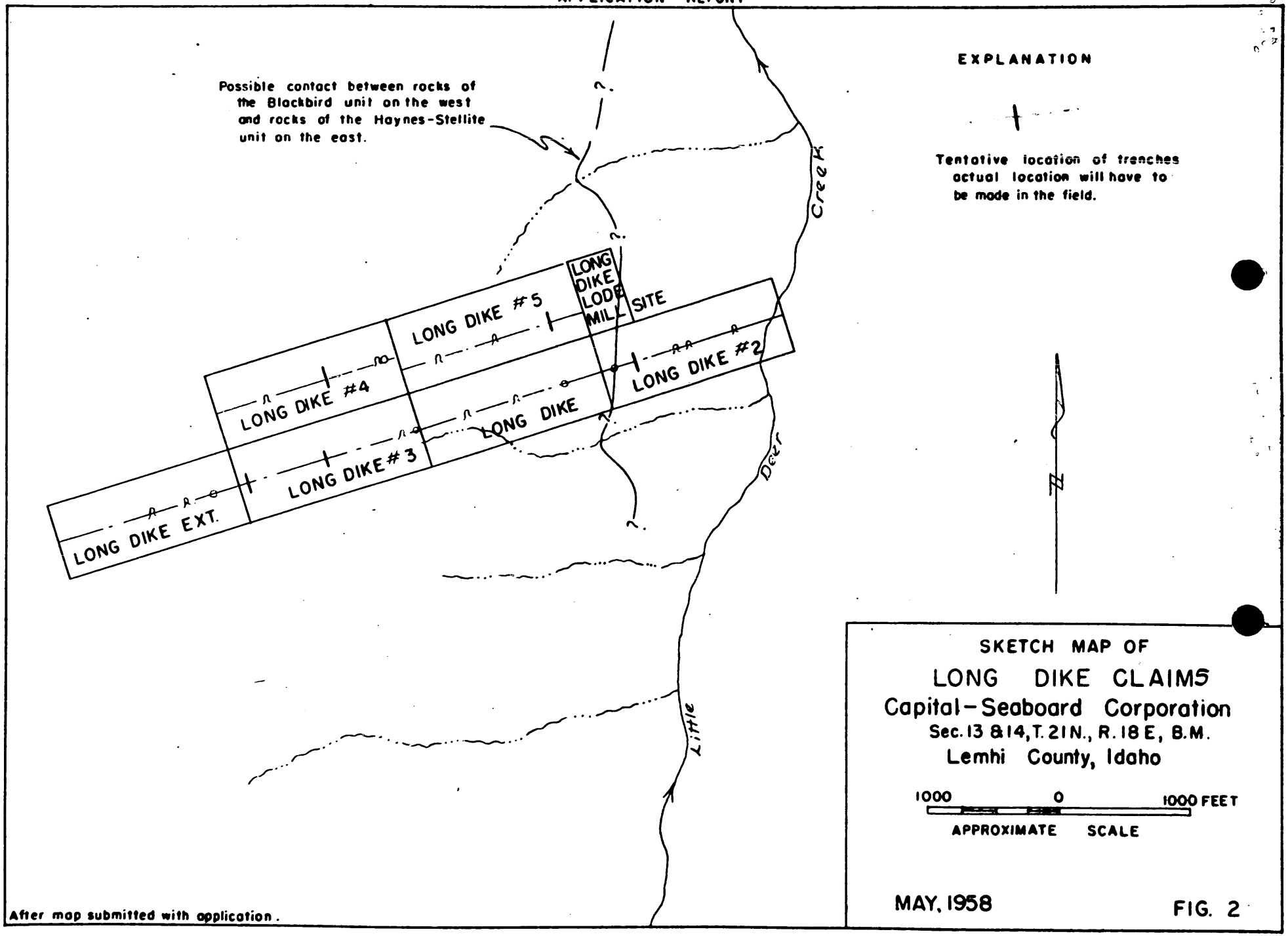
Fixed Unit Costs (See Article 13(b)

Compressor and shop building (salvage deducted)	$ 500.00	
Crosscutting and drifting, 600 feet @ $34.50/ft.	20,700.00	
Timbering, 500 feet @ $7.10/ft.	3,550.00	
Assaying for cobalt and copper, 40 samples at $6.00/each	240.00	
Estimated Total Cost of Stage II		$24,990.00
Estimated Total Cost of Stage I	$40,210.00	
Estimated Total Cost of Stage II	24,990.00	
Estimated Total Cost of Project	$65,200.00	
Government participation, 62½ percent	$40,750.00	



Location Map-Capital Seaboard Corp. Lemhi CO. , Idaho - DOC. DMEA 4906

Blacktail Mtn Quadrangle, Idaho Scale-1:5,280' Figure 1



After map submitted with application.

So. 157 Howard Street
Spokane 4, Washington

July 2, 1958

RECEIVED JUL 7		
DATE		CODE
		800

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

Re: Docket No. DMEA-4906 (Cobalt)
Capital-Seaboard Corporation
Long Dike group of claims
Lemhi County, Idaho
Contract No. Idm-E1221

Dear Mr. Selfridge:

Enclosed are the Government and Audit copies of the above-referenced contract. Other copies have already been distributed.

The Consents to Lien have been attached and a starting date of August 1, 1958 has been inserted in Article 3.

Sincerely yours,

Donald R. MacLaren
For: Wing G. Agnew
Acting Executive Officer
DMEA Field Team Region I

Enclosure as above

cc: USBM (2)
USBM(AD)
Prinz

DMEA Form 14

Contr[illegible] No. Idm-E ~~[illegible]~~ 1221

Docket No. 4906

Approved contract

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
June 24, 1958	I	Idaho	Cobalt-Copper

Name and Address of Operator: Capital-Seaboard Corporation
P. O. Box 1847
Farmington, New Mexico

	Reserve	Obligation
Prior Amount	0	0
Increase	40,750.00	0
Decrease	0	0
Revised Amount	40,750.00	0

Remarks:

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

Date delivered to Bureau of Mines, Washington 6/24/58

22845

OUT

NAME OR NO.	TAKEN BY	TIME TAKEN OUT		NAME OR NO.	TAKEN BY	TIME TAKEN OUT		NAME OR NO.	TAKEN BY	TIME TAKEN OUT	
		DATE	HOUR			DATE	HOUR			DATE	HOUR
DMEA 4906	Carlson	7/19									