2638

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the records pertaining to Contract No. Idm-E443, Docket No. DMEA-2638, with

Hugh O. Nicely, Anaconda, Montana, and

Jacob Schneider, Philipsburg, Montana, Partners

covering a project for the exploration of manganese located in Granite County, Montana, commonly known as the White Horse mine; and, further have consulted with the Executive Officer of the Regional Field Team.

This review was made in lieu of a final audit of the Operator's accounts and records for the following reasons:

(a) the contract was terminated by the Government on September 4, 1953, on the grounds that the Contractor had failed to provide his share of the money necessary for the project, and failed completely to prosecute operations pursuant to the terms of the contract;
(b) no monthly reports had been submitted by the Contractor.

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

Total cost as billed by contractor	$ -0-
Exceptions	-0-
Total accepted cost	$ -0-

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore payment to the Contractor by the Government in the amount of No and no/100 Dollars,

$ -0-

is considered valid and proper.

Robert M. Hull
Robert M. Hull
Auditor

January 28, 1954

R E P O R T

O N

WHITE HORSE GROUP
GRANITE COUNTY, MONTANA
FOR
DOMESTIC MANGANESE COMPANY.
B Y
ARTHUR V. CORRY, E.M.

BUTTE, MONTANA
JULY 3RD, 1941

R E P O R T
O N
WHITE HORSE GROUP
AND ADJACENT CLAIMS
PHILIPSBURG, MONTANA.
B Y
ARTHUR V. CORRY, E.M.

LOCATION AND PROPERTY.

The above property is located in Section 30, Township 7 N., Range 14 W., and is approximately one mile due east of Philipsburg, the county seat of Granite County, Montana.

The group of lode claims comprise the White Horse Lode, Survey No. 2234, and the Gertrude Lode, Survey No. 2103. In addition to the above, locations have been made covering the fractions adjoining the above claims on the east and on the south, designated respectively as White Horse Extension location, and White Horse Fraction location. These are shown on accompanying Map No. 2.

The White Horse Lode, Survey No. 2234. Lot No. 155, was patented April 9, 1892, the net area being 16.41 acres. Upon the accompanying district map the property examined is colored with red crayon. The White Horse claim takes the conflict with the Gertrude Lode, but excludes the small conflict with Survey No. 276, Silver Cliff No. 2 Lode.

The purpose of the present examination is to appraise the mineral possibilities of the property, and present a plan for development, if such be warranted.

HISTORY AND GEOLOGY.

The Philipsburg mining district has been active since 1864 when rich silver ore was discovered at the Hope mine. The camp reached its zenith of production previous to 1893, during which time the celebrated

Granite-Bi Metallic companies produced bonanza silver ore. Operations continued in a desultory manner until the inception of manganese production in 1900. During World War I, manganese production for metallurgical and chemical use reached its peak, and thereafter greatly lessened, especially upon the Armistice being signed. However, a continued production of manganese dioxide ore for battery use has been maintained to the present day. In addition, some silver, zinc, lead and copper has been produced during the past few years.

The geology of the district, as well as its early history is most thoroughly covered in several governmental publications. The reader, if interested, is referred to these for detailed information.

In order of their appearance, the following listed publications treat of this area.

(a). U.S.G.S. Professional Paper No. 78, dated 1913.
(b). U.S.G.S. Philipsburg Folio, dated 1915.
(c). U.S.G.S. Bulletin No. 725, dated 1921.
(d). U.S.G.S. Bulletin No. 922 G, dated 1940.

DEVELOPMENT.

Plan Map No. 2, drawn to a scale of 1 inch equals 100 feet, shows the location of the numerous cuts, shafts, and tunnels on this property.

Maps No. 3, 4, and 5, show the principal workings on the White Horse claim on a larger scale. These workings aggregate 360 lineal feet of adits, 330 feet of drifts, 70 feet of crosscuts, and a 2 compartment winze 120 feet deep.

All of these workings lie on the north side of Cliff Gulch, and are wholly in the upper magnesian limestone of the Hasmark formation.

A shallow discovery shaft has been sunk on each of the two locations adjoining the White Horse claim on the east and south.

Mining operations of considerable magnitude are being conducted on near-by mining claims, to-wit, on the Cliff No. 2 and on the Scratch All. This is of immediate interest to the owners of the White Horse claim inasmuch as underground workings on the 500 foot level of the Scratch All, on the Cliff No. 2 vein, are approaching the east end line of the White Horse claim.

A plan map of these workings appears as Plate 32, Bulletin No. 922, U.S.G.S., to which reference is here made. This map shows the breast of the 500 foot level from the Scratch All Shaft as being 320 feet west of the Cliff No. 2 Shaft. This drift was driven on the south dipping, quartz-silver-zinc Cliff vein, and the breast shows 3 to 3½ feet of banded quartz, sphalerite, silver ore, with manganese carbonate.

Mining development in the eastern, or manganese producing area of this district discloses that manganese ore bodies first make in the east-west silver fissures. As these fissures cut favorable beds of the formation larger deposits of manganese ore are formed along the bedding, or as replacement ore bodies. Also, another favorable location for ore occurs along the bedding faults in the limestone, and especially in the contact zone between the several formations, as for example, the contact between the Jefferson limestone and the Maywood; the Red Lion and the Hasmark; Silver Hill and Hasmark, etc.

The elevation of the collar of the Scratch All Shaft is 6,044 feet above sea level. The elevation of the 500 foot level of this shaft is 5,544 feet. The elevation of the main adit tunnel level of the White Horse claim is 5,800 feet above sea level. The elevation of the White Horse 120 foot level is 5,680 feet, or, approximately 136 feet above the Scratch All 500 foot level.

Referring to the accompanying maps of the White Horse claim -

No's. 3, 4, and 5 - it is evident that a shoot of manganese ore was first encountered in Cut AA as a south dipping vein of the series of silver fissures (Cliff No. 2 system). This ore shoot was followed in depth by the crosscuts and drifts on this claim as it haded to the southwest.

The stopes on this ore body from the main adit tunnel, or level, are now inaccessible : likewise, all stopes reached through the 120 foot shaft are inaccessible. It is stated that a bulkhead was placed in the shaft at the 20 foot level, so that workings below this depth should be in good shape. However, on the main tunnel level, at approximately 136 to 160 feet from the portal, a series of four bands of iron oxide-manganese oxide, from 8 to 12 inches thick, occur along the bedding of the lime, which dips 50° to the north. Again, at 165 to 175 feet from the portal, two parallel bands of similar ore 8 to 18 inches wide occur. These dip north from 37° to 45°. A drift was driven easterly following this structure, and some stoping was done where the ore widened to five feet.

At a point 45 feet east of the main tunnel a short stope was made on one of these bands of ore where the vein had flattened. Sample No. 85 was taken from the breast of this stope, over a width of three feet. It assayed 10.3 % Mn, and 51.1 % insol. (45.0 % Si O). This completed the sampling.

CONCLUSIONS.

During World War I, a very considerable production of manganese ore was made by the operators of the White Horse claim.

Geological conditions existing in this property justify the expectation of not only discovering the continuation in depth of the ore body formerly mined, but also the discovery of other similar

ore bodies with a minimum of exploration. In addition the possibility of developing a commercial production of silver, lead and zinc in the Cliff Vein in depth is very encouraging, while at the same time prospecting is being carried on for manganese bedded deposits.

Accordingly, I recommend a limited campaign of exploratory work, as follows :

(a). Surface.

Trace the east-west silver vein shown in Cut #9 southeasterly to points "C", "D", and "E", and similarly, northwesterly to the top of the ridge.

On the White Horse Extension fraction reopen Cut No. 5, and extend same north and south 25 to 40 feet to definitely locate Cliff No. 2 vein. When this is done trace same northwesterly by cuts beyond Cut No. 10.

(b). Underground.

On the main tunnel level re-claim the drifts east and west therefrom, so that the ore occurrence therein may be mapped and studied.

Restore the shaft station on this level and re-open the shaft so that the vein and ore on the 20 and 120 foot levels may be mapped and studied, and future work projected therefrom, such as sinking the shaft to connect with the Scratch All 500 foot level, etc.

I advise maintaining title to the two locations covering the ground to the east and south of the White Horse claim. Upon resumption of development on the White Horse claim these two fractions should be patented.

Respectfully submitted,

(Signed) Arthur V. Corry, E. M.

Butte, Montana
July 3rd, 1941

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

1201 N. Division St.
Spokane 2, Wash.

September 15, 1957

MEMORANDUM

To: DMEA Field Team, Region II

From: H. T. Meno, Mining Engineer, Bureau of Mines

Subject: Application for exploration aid, Whitehorse Mine, Docket DMEA 2638 (Manganese), Granite County, Montana.

RECOMMENDATION

It is recommended that the DMEA enter into an exploration contract with the applicant in the amount of $2,948.00. The applicant is prepared to furnish one-fourth of this amount.

LOCATION

The property is in section 30, T. 7 N., R. 13 W., MPM., 3/4 mile via a fair gravel road east of the N. P. railroad at Philipsburg, Montana.

PROPERTY

The property is composed of one patented and two unpatented lode mining claims: Whitehorse lode No. 2234, the unpatented Whitehorse extension, and the Whitehorse fraction recorded in Book 6, pages 304 and 305 in the records of Granite County, Montana. These claims, owned by Elizabeth Cole and Mr. McDonel, are leased to the applicant.

FINANCIAL AND ADMINISTRATIVE COMPETENCE OF APPLICANT

The applicant is a partnership comprised of Hugh G. Nicely and Jacob Schneider, each of whom is a competent miner. Nicely is a graduate mining engineer completely competent to supervise an exploratory project. The partners plan to work themselves and appear able to finance the project.

PAST PRODUCTION

According to the applicant, 5040 short tons of manganese oxide were produced from May 1916 to November 1918. Max. D. Crittendon,

Jr., U. S. Geological Survey, in a memorandum report January 8, 1944, to T. A. Hendricks, lists production as follows:

Year	L.D.T. of ore	Grade % Mn
1918	2465	43
1920	500	
1925	150	41.20
1942	211	19.83
1943	277	26.50

Comparison of the two data indicates an obvious overlap in recorded production. As it is evident that the mine did suspend operation in 1918 it is assumed that the 2465 tons recorded by Crittenden in 1918 is part of the 5040 tons recorded by the applicant.

DESCRIPTION OF THE DEPOSIT

The deposit is an irregular replacement-type ore body formed at the intersection of a quartz manganese oxide vein and favorable beds of the dolomitic-limestone Hasmark formation. The quartz vein strikes about east and dips steeply south, while the beds strike N. 70° E. and dip 35° to 45° N. On and for about 10 feet above the main level where it conforms to the bedding the deposit has been stoped for a length of 120 feet—average 12 feet wide. Above this level the stope narrows rapidly to a small pipe about four feet in diameter. The stope is filled below the level. Old maps show the deposit stoped to the 20 level and a small 30-foot stope 10 feet below the level.

In small openings the limestone stands well. In large openings the beds break in large blocks and must be supported.

The ore minerals are manganese oxide—pyrolusite, psilomelane, and probably others not identified. Gangue is mostly quartz accompanied by a small amount of iron oxide, kaolin and included limestone.

RESERVES

Reserves cannot be calculated from the information available.

According to Pardee,[1] considerable ore was produced prior to the decline of the manganese market in November 1918, and a large amount remains in sight and in prospect. However, Crittenden, in a memorandum to T. A. Hendricks, January 8, 1944, states: "High grade oxide ore bodies may well be encountered in

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1/ Pardee, J. T., USGS Bull. 725-C, page 168, published August 8, 1921.

extensions of the old workings. There is, however, no evidence of their presence now."

MINING COST

The direct cost of mining is estimated at not more than $13 a ton. This is a comparative figure based on reported mining costs of $11 a ton in square set stopes at Butte, Montana.

MILLING COST

Not applicable. The open schedule of Treat Mining Division of American Machine and Metals, Inc., offers $0.23 per unit for Philipsburg manganese oxide ore. The mine in order to be successful must sell to a Government purchasing depot.

HAULAGE COST

Haulage cost to the railroad siding at Philipsburg is estimated at $0.30 a ton.

EVALUATION OF APPLICANT'S PROPOSAL

The applicant proposes to spend $26,199 to deepen a shaft and crosscut to an orebody, the existence of which is not proven. This expenditure, therefore, is not justified by present knowledge of the orebody.

SUGGESTED ALTERNATE TO APPLICANT'S PROPOSAL

The problem of immediate concern is to gain access to the old workings in order to determine the depth of the old stopes and prove the downward continuation of the orebody. Then, before further exploration, the possibility of drifting on the Cliff vein under the ore from either the 500 or 600 level of the Scratch All mine should be investigated. Accordingly, the following minimum program was worked out with the applicant:

1. Catch up and make safe the back at the winze station on the main level.

2. Open and sufficiently rehabilitate the winze to the 120 level to gain access and install service pipe.

3. Geologic mapping and a maximum of 400 lin. ft. of long hole drilling from the 120 level.

This program, if successful, will provide the applicant with sufficient information either to develop and mine the orebody or to enter negotiations with the Scratch All Company to locate

the position of the Cliff vein headings in relation to Whitehorse ore and then to consider exploration through these workings.

DISCUSSION

The chance of this property producing an appreciable quantity of manganese oxide ore appears good.

Pardee's statement of ore in sight is accepted over Crittenden's report although Crittenden examined the mine some 25 years later. The maximum depth to which former operators mined can be roughly calculated at 50 feet below the main level as follows:

Production	6000 tons
Factor	13 cu. ft/ton
Volume	78,000 cu. ft.
Section (from old maps & main level steps)	1200 sq. ft.
Vertical Distance	65 ft.
Less 15 ft. above main level = 50 ft.	

Also the winze is bulkheaded at about the 20 level and there is much evidence that perhaps it was also bulkheaded at the time of Crittenden's examination in 1944.

Continuation of a drift on the Cliff vein to the Whitehorse ore body is in itself an attractive exploration project. However, inclusion of such a drift in the proposed program is not recommended at this time. Although the 500 and 600 level drifts have been extended toward the Whitehorse end line, the exact position of the headings is not known. Furthermore, until a definite target is in sight the applicant is not in a position to deal with the Scratch All Company.

A proposed contract and cost estimate are attached. Because of the uncertainty of the condition of the winze, a unit price contract is not recommended.

M. T. Reno

Enclosures

CC: 3-Wash.
2-USGS
Albany
DMEA
M/D
HTR

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

1201 N. Division St.
Spokane 2, Wash.

September 15, 1952

MEMORANDUM

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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D.C.
So. 157 Howard Street
Spokane, Washington

Files

October 1, 1952

Memorandum

To: DMEA Field Team, Region II

From: J. J. Quinlan, Geologist, U. S. Geological Survey

Subject: Field Examination, Docket No. DMEA-2638 (Manganese), White Horse Mine, Granite County, Montana

Introduction

This memorandum is prepared as a supplement to one dated September 15, 1952 by H. T. Reno, Mining Engineer, U. S. Bureau of Mines, on the subject application.

I examined the White Horse mine September 9, 1952, in connection with an application made by Hugh G. Nicely of Anaconda, Montana, and Jacob Schneider, Philipsburg, Montana to explore the White Horse property. Approximately 8 hours were spent examining the surface and mapping the accessible underground workings. Mr. Schneider accompanied me during the first hour of the examination. The program proposed by Mr. Reno was discussed with Mr. Nicely the evening of September 9, 1952.

Location

The White Horse mine is on the north side of Cliff Gulch, approximately 3/4 of a mile east of Philipsburg, Montana. The property is in sec. 30, T. 7N., R. 13W., M. P. M.

Mine Workings

Maps submitted by the applicant show the property to be developed by approximately 1000 feet of drifts, crosscuts, raises, and a winze. The principal workings consist of two adits (tunnels), Upper and Main tunnel levels, a 120-foot winze with levels at 20 and 120 feet.

Accessible workings at the time of the examination included the Upper tunnel level, and a portion of the Main tunnel level. These accessible workings are shown on the geologic sketch maps accompanying this memorandum. The upper portion of a stope between the Main tunnel level and Upper tunnel level was also accessible for inspection.

The geology of the White Horse mine has been described by J. T. Pardee 1/, M. D. Crittenden Jr., 2/, and H. T. Reno. 3/

The White Horse mine is in magnesian limestone of the Hasmark formation near the axis of the Philipsburg anticline. The beds in the vicinity of the mine strike N 20 to 60 E. and dip 18° to 40° N W.

A vein, probably the westward extension of the Cliff vein which is developed at Cliff property 1400 feet east of White Horse mine, is exposed in the Upper and Main tunnels. The vein strikes east and dips steeply south in these workings; Pardee's 4/section of the vein shows it reverses dip below the Main tunnel level. (See Pardee's Section, copy of which accompanies this memorandum.)

The vein structure consists of a sheared and brecciated zone 6 inches to 12 feet wide. Irregular manganese ore bodies occur in brecciated area along the vein, and extend a short distance out along certain beds. Most of the ore mined has come from one irregular body 3 to 12 feet wide. At the Main tunnel level this body had a stope length of 50 feet, but 20 feet above the level it narrows to an irregular pipe about 3 feet in average diameter. This ore body pitches about 45° W. (See Pardee's Section, copy of which accompanies this memorandum.)

Ore exposed east of the winze on the Main level and shown on the accompanying map is a 3-foot bed of manganese ore which extends a short distance out from the vein.

The principle manganese ore mineral is pyrolusite; some psilomelane and wad were also noted. The gangue consists of quartz and limestone. Assays show small amounts of lead and zinc in the ore; however, no lead or zinc minerals were noted during the examination.

1/ Pardee, J. T., Deposits of Manganese Ore in Montana, Utah, Oregon, and Washington, U. S. Geological Survey Bull. 725 C, pp. 167-168, 1921.

2/ Crittenden, M. D., Jr., Memorandum to T. A. Hendricks on the White Horse Mine, Philipsburg District, Montana, U. S. Geological Survey Memorandum report, unpublished, 1944.

3/ Reno, H. T. Memorandum to DMEA Field Team, Region II on White Horse application, U. S. Bureau of Mines Memorandum, 1952.

4/ Pardee, J. T. Op. cit. (Bull. 725C), P. 168.

Conclusions

If the DMEA is interested in a few thousand tons of manganese oxide ore, the program suggested in N. T. Reno's memorandum has a reasonable chance of success.

I considered the White Horse mine only a moderately favorable prospect at best. The only exploration target of interest noted during the examination was the downward extension of the ore body previously mined. The information concerning the amount of mining and the nature of the body below the main tunnel level is very sketchy. We have no assurance that this body has not been mined out. However, it would be well to point out that the applicant and Mr. Reno believe that this is not the case, and that the only reason the mine closed was due to the decline in the price of manganese following World War I.

Past production is reported to have been either 3354 long tons (Crittenden) or 5040 short tons (applicant). Few similar type ore bodies in the Philipsburg district have produced over 10,000 short tons of manganese ore. If this be the case, the ore body at best would contain only a few more thousand tons. However, the cost of the exploration program suggested by Mr. Reno is commensurate with the size of the target remaining.

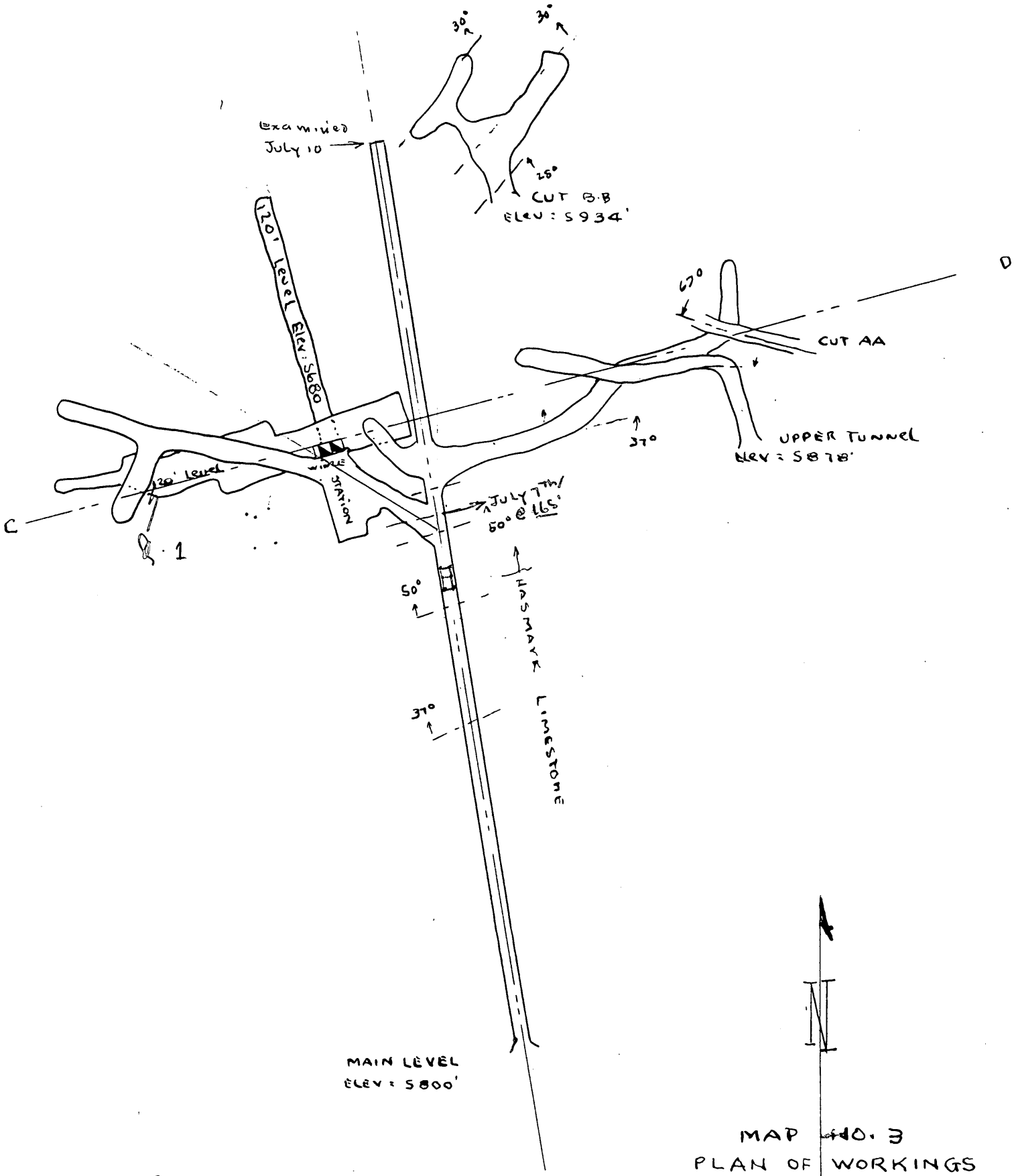
It is realized that other manganese ore bodies might be found by drifting along the Cliff vein, but such exploration would be of a wildcat nature. I believe that present knowledge of the deposit and adjacent area precludes such an exploration program at this time.

J. J. Quinlan
Geologist

Enclosures

cc: DMEA (4)
USBM (2)
USGS (SRO)
Quinlan

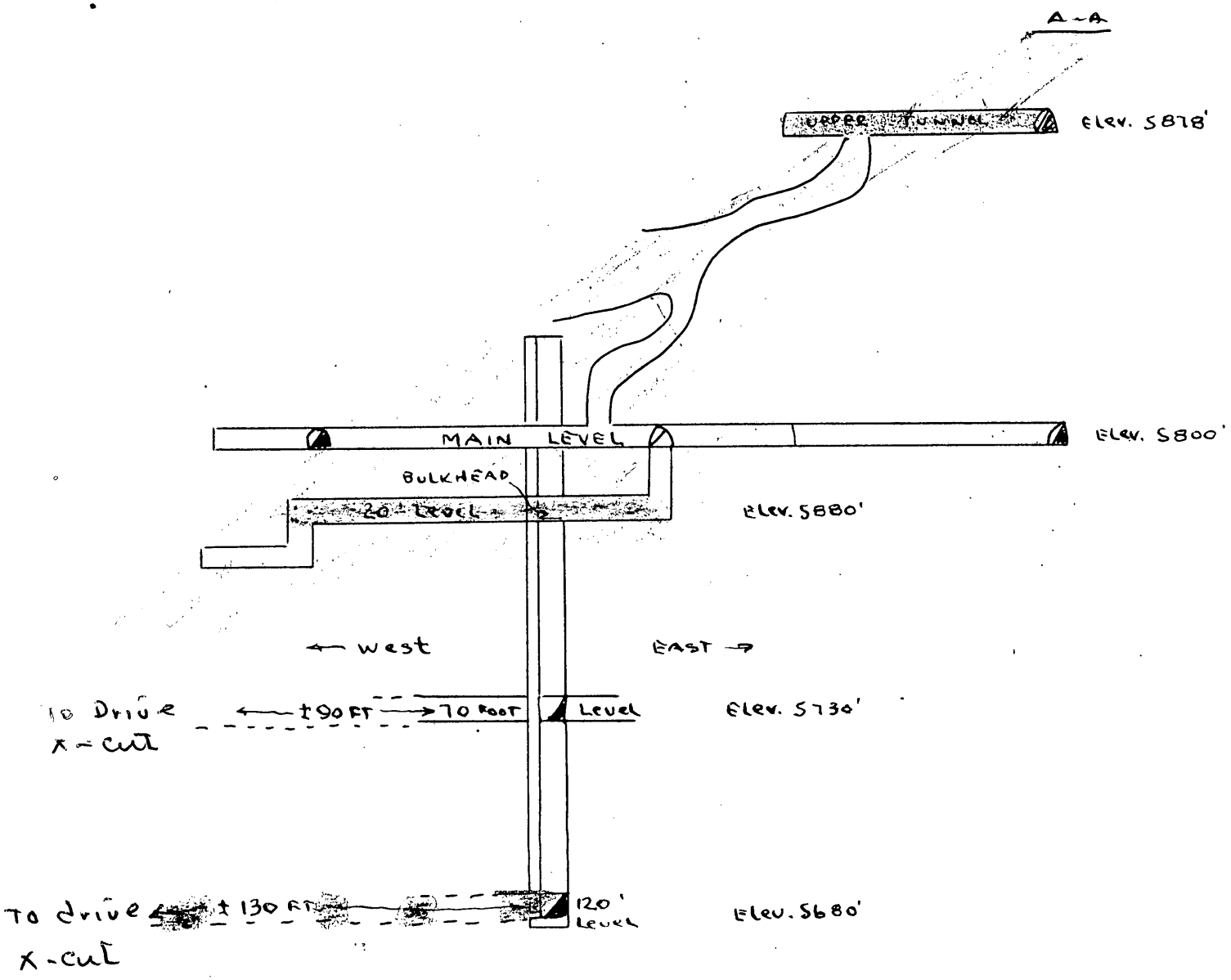
EMEA Docket No. 4339



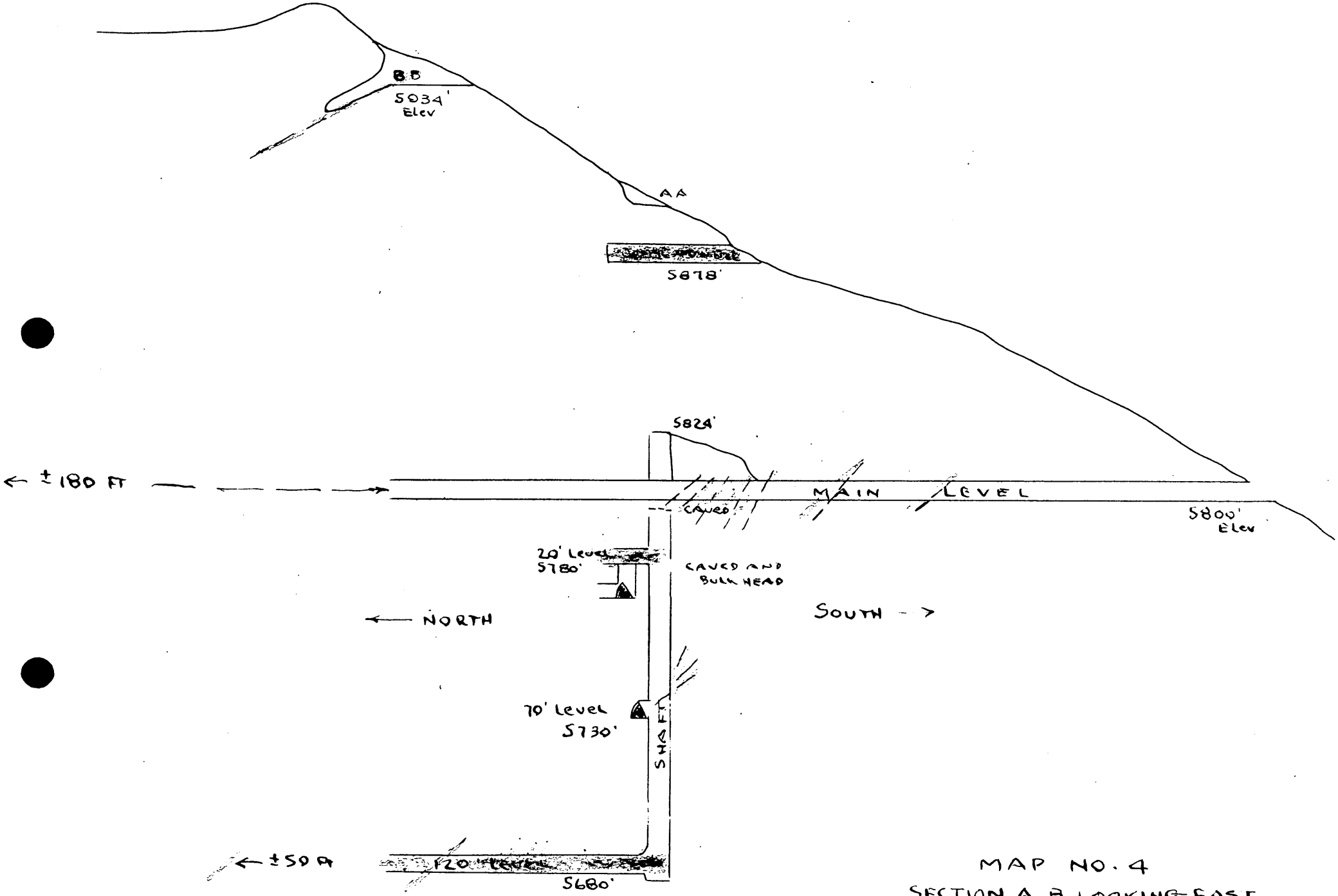
MAP NO. 3
PLAN OF WORKINGS
WHITE HORSE LODE
SCALE 1" = 40 FT

After Corry, E.M., 1941,
Report on White Horse Group,
Granite County, Montana,
Unpublished.

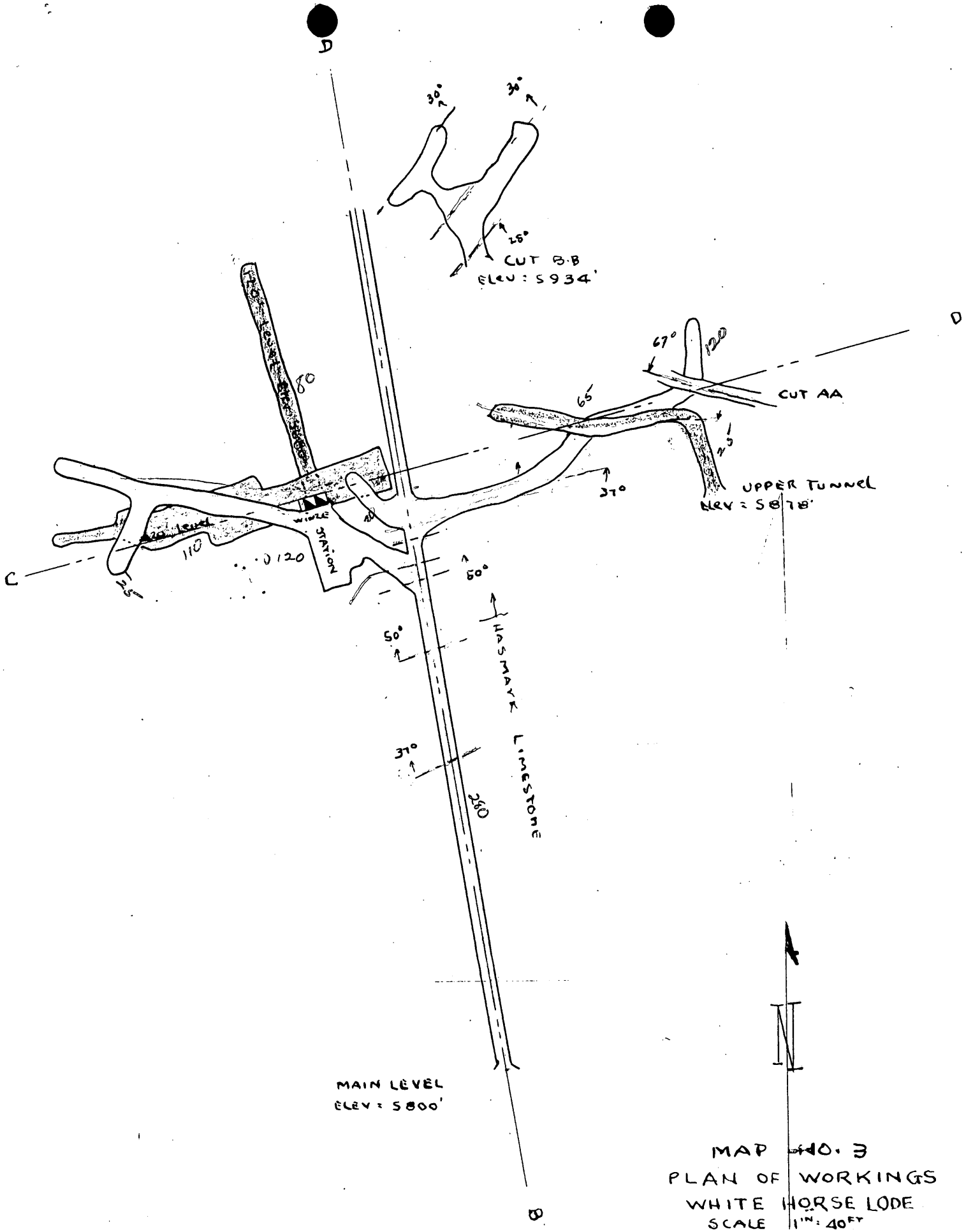
Figure 1



MAP NO. 5
SECTION C-D LOOKING NORTH.
WHITE HORSE LODE
SCALE 1"=40 FT.



MAP NO. 4
SECTION A-B. LOOKING EAST
WHITE HORSE LODE
SCALE 1" = 40 FT

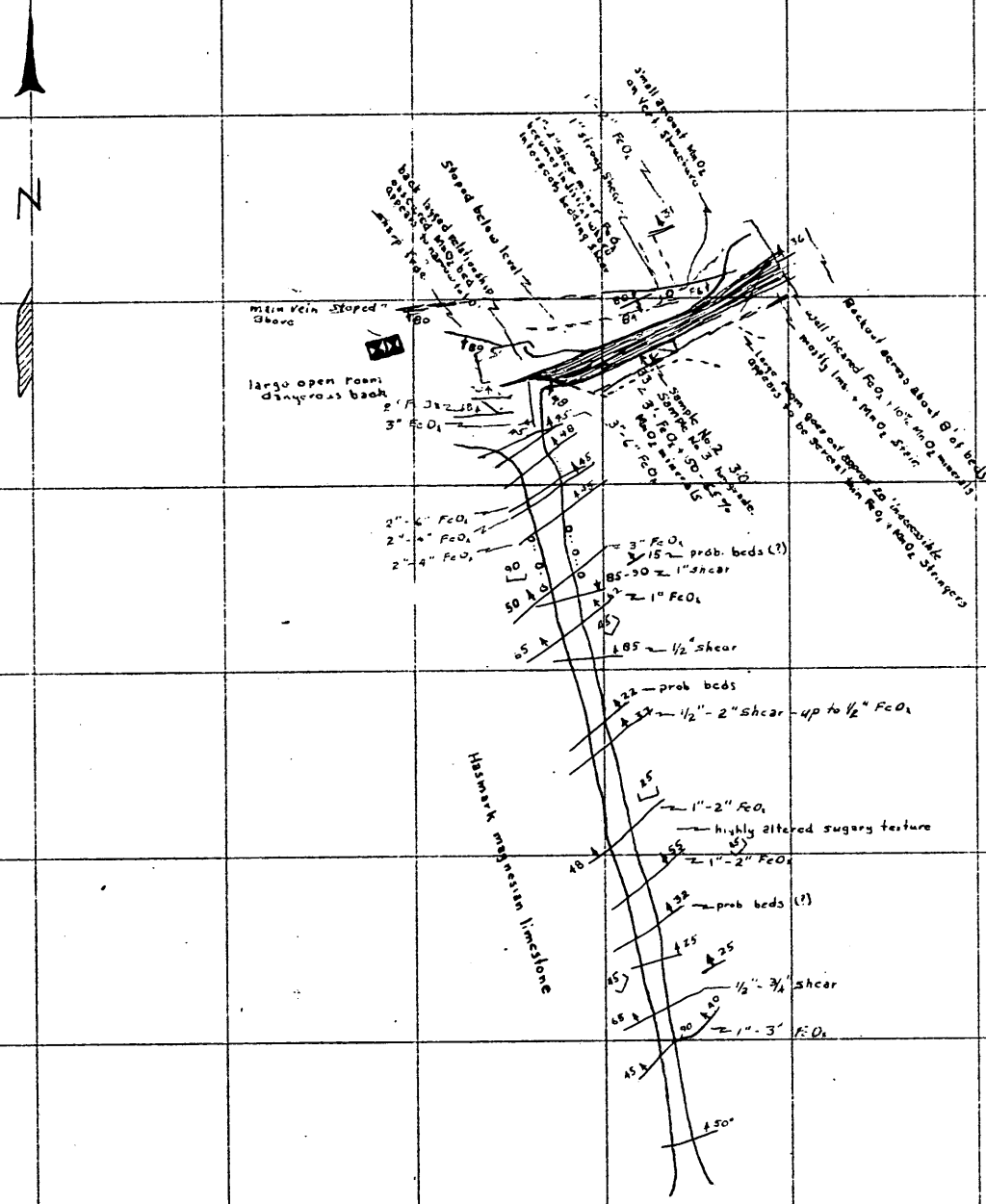


MAP NO. 3
PLAN OF WORKINGS
WHITE HORSE LODE
SCALE 1'IN: 40FT

DMEA Docket No. 2638

WHITE HORSE MINE
GRANITE COUNTY, MONT.
J.J.Q. 1" = 40'

Main Tunnel Level
Brunton & Tape 9-9-1952



Sample No.	Width	% Mn	% Fe	% Si	% Pb	% Zn
2	3.0'	24.46	7.80	26.75	0.36	None
3	hi-grade	38.19	2.95	8.97	0.43	None

"ALBANENE" NO. 108M K&E CO., N.Y. REG. U.S. PAT. OFF.

DMEA Docket No ~~2638~~ 4334

WHITE HORSE MINE
GRANITE COUNTY, MONT.
J.J.Q ~~1"=40'~~

Upper Tunnel Level
Brunton & Tape 9-9-1952

"ALBANENE" REG. U.S. PAT. OFF. No. 180M K&E CO., N.Y.

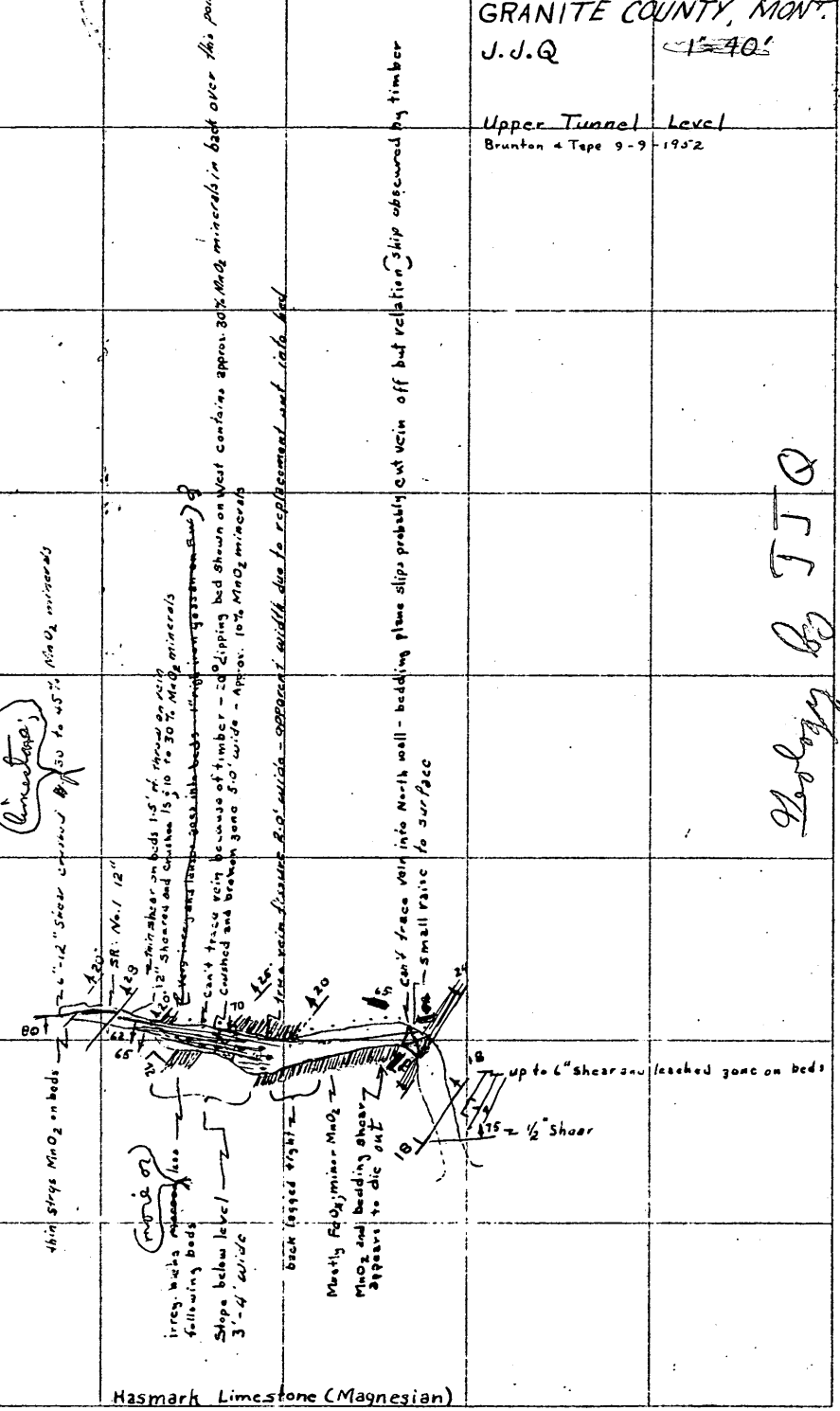
S-78

N

1" = 40'

Application
Original
reduce for page size
copy - upper level

Sample No.	Width	% Mn	% Fe	% Si	% Pb	% Zn
SR. No. 1	12"	30.32	1.20	32.9	0.07	0.30



2 prints

Geology

Application Docket

4334

DMEA Docket No. ~~2638~~

Top Priority (see above)

many Ims symbols

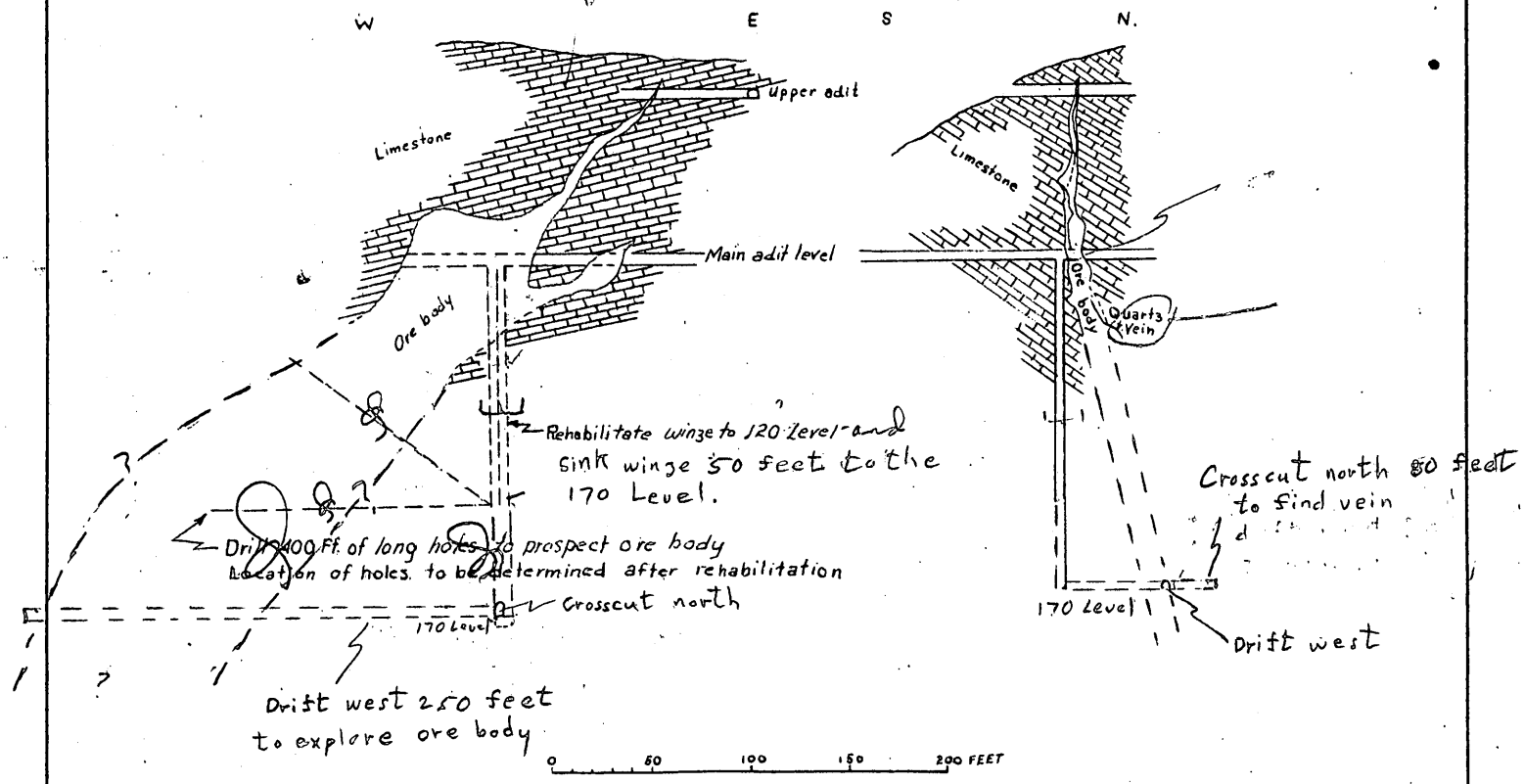


Fig 4 - GEOLOGIC SECTIONS SHOWING PROPOSED EXPLORATION PROGRAM
WHITE HORSE MINE, GRANITE COUNTY, MONTANA

AFTER: PARDEE, J.T., DEPOSITS OF MANGANESE ORE IN MONTANA, UTAH, OREGON AND WASHINGTON U.S. GEOL SURVEY BULLETIN 725, p 168, 1921.

400

SEP 4 1953

Mr. Hugh O. Nively
Mr. Jacob Schneider
1300 West Fourth
Anaconda, Montana

Re: Nively and Schneider
Docket No. DMA-2636 (Manganese)
Contract Idm-2443

Gentlemen:

In compliance with your request that Exploration Project Contract Idm-2443 dated October 18, 1952, Docket No. DMA-2636, be rescinded, on May 21, 1953, Mr. M. S. Volin, a member of our Region II Field Team, mailed you for signature several copies of a rescission agreement, duly signed on behalf of the Government. Since you have not returned this rescission agreement signed, as requested, and no explanation for your failure to return it has been received, the Government considers it of no further force and effect.

Please be advised that this Exploration Project Contract has now been terminated by the Government because you have failed to provide your share of the money necessary for the project, and in the opinion of the Government, you have failed completely to prosecute operations pursuant to the terms of the contract.

Very truly yours,

C. O. Mittendorf

Administrator

AFKane:ep 9-4-53

Copy to: Mails & Files
Admr. Reading File
Oper. Comm.
DMEA Field Team, Reg. II (2)
Mr. Gilbert DeHuff, B/M Rm.3523
Mrs. Martha S. Carr, USGS Rm. H-242-B GSA
Mr. Martin (2)
Mr. Hofflund
Mr. Kane
Chron.
Pending

Termination

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

Received
JUL 30 1953

402

1201 N. Division St.
Spokane 2, Washington
July 27, 1953

WSM

Mr. Hugh G. Nicely and
Mr. Jacob Schneider
1000 W. 4th
Anaconda, Montana

Subject: Docket No. 2638 (manganese)
Whitehorse Mine
Contract Idm-E443
Recission of contract

Gentlemen:

On May 21, 1953, we mailed you copies of a form to rescind your DMEA contract by agreement before work is begun. These forms had been signed for the Government and it was requested that both partners also sign them and return all but the Operator's Copy to this office. To date this has not been done.

If you still desire to have your contract rescinded, kindly sign the forms and return them promptly.

Sincerely yours,

M. E. Volin
Member, DMEA Field Team
Region II

cc: DMEA, Wash. (2)
USGS (2)

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

1201 N. Division St.
Spokane 2, Washington
May 21, 1953

Mr. Hugh G. Nicely and
Mr. Jacob Schneider
1000 W. 4th
Anaconda, Montana

Subject: Docket No. 2638 (manganese)
Whitehorse Mine
Contract Idm-E443
Recission of contract

Gentlemen:

Mr. John McNabb, Bureau of Mines engineer who inspected your property on April 7, 1953, informs us that the preliminary work done by you at your own expense indicates that the project specified in the subject contract no longer appears feasible and that you therefore do not want to commence work under this contract.

We have informed the Washington, D. C. office of DMEA of this development, and that office has authorized us to rescind the contract. In accordance with these instructions there are enclosed 7 copies of a form to rescind the contract by agreement before work is begun; these copies have been signed for the Government. All copies of the agreement should be signed by both partners, the copy marked "Operator's copy" retained for your files, and the remaining copies returned to this office.

Your interest in the DMEA program is appreciated.

Sincerely yours,

M. E. Volin
Acting Executive Officer
DMEA Field Team, Region II

Enclosure

cc: DMEA, Wash. (2)
USGS (2)

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

MAY 12 1953

Re: Docket No. DMEA 2638 - Manganese
Micely and Schneider
White Horse Mine
Granite County, Montana
Contract No. Ida-2443

Dear Mr. Weissenborn:

This will acknowledge your letter of May 1, 1953, noting that the Operators under the referenced contract have asked to have their contract rescinded.

We concur with your recommendation that this contract be rescinded. You should, therefore, prepare and execute a "Rescission of Exploration Project Contract by Agreement before Work is Begun" as outlined in DMEA Circular 22.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

APPROVED:

J. H. Hedges
Member, Bureau of Mines

T. P. Thayer
Member, Geological Survey

FARutledge:foc
5-7-53

cc: Docket
Ft. Reg. 2
Code 400
Adm. Reading File
N. B. Melcher, USBM
M. D. Crittenden, USGS
Operating Committee

Enclosure

402

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
[illegible] Division [illegible]
Spokane 2, Washington
April 17, 1953

[illegible]

To: [illegible] Field Team, Region II

From: [illegible] Mining Engineer, Bureau of Mines

WSM

Subject: Inspection of the White Horse Mine, Likely and Schneider, Granite County, Montana, Contract [illegible], Docket No. [illegible] ~~2636~~ (Manganese)
2638

The White Horse Mine was inspected in the company of Mr. [illegible] Likely on April 7, 1953.

Work was scheduled to commence under Contract [illegible] on April 1, 1953. Preliminary rehabilitation performed by Messrs. Likely and Schneider at their own expense resulted in a reappraisal of the exploratory program. On April 6, 1953, Mr. Likely informed me of his reluctance to commence work under the [illegible] contract. The mine examination said the following day, revealed that the program as outlined in the contract could not possibly be successfully completed at the estimated cost. Also, it is now quite certain that the potential tonnage indicated in the target area is considerably less than was estimated at the time of the initial [illegible] field examination.

Messrs. Likely and Schneider succeeded in [illegible] the winze on the main drift level accessible to a depth of 32 feet on the raney side. Their preliminary rehabilitation consisted of cleaning out debris and goo in the raney in such a manner as to make it just barely possible to gain access to a depth of 32 feet. Descent to this depth was quite hazarious due to the presence of old loose timber and unsupported goo.

Inspection of the winze revealed the following facts:

1. The area immediately around the collar of the winze and to a depth of at least 32 feet was all mined out and subsequently filled with goo.

2. The winze is filled with goo and debris to a depth of 32 feet and is quite likely caved to a depth of 70 feet. It is possible that the area between the 120-foot level and the 70-foot level was also mined out.

3. Ore was mined from the mines and in the adjacent areas with no regard for support or preservation of the installation. This practice has resulted in a caved condition caused by ground and gas pressure from the north and west sides of the mines.

The actual cost of the mines rehabilitation is subject to many variables because of the nature of the work. However, there can be no doubt that funds in the contract are not sufficient to permit the successful completion of the project. It is also evident that the lack of supporting pillars around the perimeter of the mines would foster a condition which would necessitate prohibitive maintenance costs if the rehabilitated installation were to be used as a haulageway for ore over an extended period of time.

It has been quite firmly established during the past month that ore has been mined from the 70-foot level to the adit level of the White Horse mine. Mr. Harry Hannifen, mine foreman for the Trout Mining Co. in Philipsburg, Montana, has recently stated that he personally drove the 70-foot level of the White Horse mine and supervised the mining of the block of ore above said level. No factual data are available regarding the mining operation on the 120 foot level.

Messrs. Sisely and Schneider now feel that prohibitive rehabilitating costs and the diminishing size of the reserves in the target area necessitate a cancellation of contract 1[illegible]-443. This is considered an accurate appraisal of the situation, and since no alternate low cost exploratory program suggests itself at the White Horse mine, it is recommended that the contract be cancelled.

John S. Schaab

Orig. & 3 cys - [illegible]
USGS (2)
[illegible]
W/d
[illegible]

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

402

Spokane, Washington
April 2, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 9 1953

WSM

Mr. Hugh G. Nicely
1000 W. 4th Street
Anaconda, Montana

Subject: Docket No. DMEA ~~2636~~ 2638 (manganese)
Nicely and Schneider
White Horse Mine
Contract Idm-E443

Dear Mr. Nicely:

This will acknowledge receipt of your letter of March 24, 1953, returning executed copies of the subject contract and informing us of your intention to start work before April 1, 1953. You also requested advice regarding reports, records of expenditures, etc.

Enclosed are 6 copies each of forms MF-104 and MF-104A to be used for your first monthly report. Detailed instructions for their use and the additional documents and data required are given on the reverse side of both forms. The contract form itself indicates the records you are required to keep.

A representative of the Field Team will contact you in the near future to arrange an inspection of the project, and he will be glad to answer any further questions you may have.

The availability of the drifter and sectional steel referred to in your letter is being investigated, and you will be advised concerning it at an early date.

By Field Team, Region II

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey
157 South Howard Street

T. E. Howard, Acting for:
M. E. Volin, Member
U. S. Bureau of Mines
1201 N. Division St.

cc: DMEA, Wash. (2)
USGS (2)
DMEA
AD
JSM
DF

Enclosure

TEH/he

APR 6 1953 400

Mr. Hugh G. Nicely
1000 West Fourth Street
Anaconda, Montana

Re: Docket No. DMEA 2638 (Manganese)
Nicely and Schneider
White Horse Mine
Granite County, Montana
Contract No. Idm-3443

Dear Mr. Nicely:

In compliance with the request contained on the reverse of the copy of lease submitted in connection with your application for exploration assistance, we are returning this copy of lease to you. A photostatic copy has been made for retention in the files of this Administration.

Sincerely yours,

(signed) FRANK E. JOHNSON

ACTING Administrator

Enclosure

Copy to: Docket
Field Team, Reg. 2
Code 400
Admn. Read. File

LScott

400

APR 6 1953

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

Re: Docket No. DMTA 2638 (Manganese)
Nicely and Schneider
White Horse Mine
Granite County, Montana
Contract No. Idm-3443

Dear Mr. Weissenborn:

We are enclosing an extra copy of the above-referenced contract for use of your field representatives in making their examinations and reports.

Sincerely yours,

(signed) FRANK E. JOHNSON

ACTING Administrator

Enclosure

Copy to: Field Team, Reg. 2
Docket
Admn. Read. File
Code 400

LScott
4/6/53

400

RECEIVED
BUREAU OF MINES
MAR 18 1953
SPOKANE, WASH.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
So. 157 Howard Street
Spokane 4, Washington

March 17, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 24 1953

Mr. Hugh G. Nicely
Mr. Jacob Schneider
1000 West 4th
Anaconda, Montana

Re: Docket No. DMEA-~~2030~~ 2638 (Manganese)
Nicely and Schneider
White Horse Mine
Granite County, Montana

Gentlemen:

Enclosed are the original and five copies of Exploration Project Contract Idm-5443 which have been signed by the Government. If this contract meets with your approval, please sign all copies, retain the copy marked "Operator's Copy" for your files, and return the other copies to this office.

Your attention is directed to Article 3 of the contract which stipulates that work must commence within 140 days from the date of the contract. This means that work must start on or before April 1, 1953.

Sincerely yours,

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

Enclosures
cc: DMEA (2)
USBM (2)
Quinlan

Copy retained 400

400's Copy

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D.C.
~~[illegible]~~
So. 157 Howard Street
Spokane 4, Washington

February 26, 1953

Mr. Hugh Nicely
1000 West Fourth Street
Anaconda, Montana

Re: Docket DMEA-2633 (Manganese)
Nicely & Schneider
White Horse Mine
Granite County, Montana

Dear Mr. Nicely:

As you have been informed previously, your contract for DMEA work has been received. Some delay is necessary due to discrepancies which have previously been called to your attention.

It will be necessary for you to submit to this office a corrected copy of the lease. You should obtain this anyway for your own protection.

The corrections you made in your letter of February [illegible] to Mr. Quinlan have been substantiated by the Granite County Clerk and Recorder and should be incorporated in the new lease copy.

As soon as the corrected lease is received here we will forward the contract to you.

Sincerely yours,

Raymond F. Robinson
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Copy retained 400

cc: DMEA (2)
USBM (2)
Robinson

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a full rate telegram	
FULL RATE TELEGRAM	
DAY LETTER	
NIGHT LETTER	

$
S
E

WESTERN UNION

W. P. MARSHALL, PRESIDENT

1206 10-51

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise the message will be sent at the full rate	
FULL RATE	
LETTER TELEGRAM	
SHIP RADIOGRAM	

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED

Send the following message, subject to the terms on back hereof, which are hereby agreed to

T E L E T Y P E   CONFIRMATION   FEBRUARY 25, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 2? 1953

MR. C. O. MITTENDORF
ACTING ADMINISTRATOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
DEPARTMENT OF THE INTERIOR
WASHINGTON 25, D. C.

WILL YOU PLEASE HAVE HOFFLUND PHONE ME

RE: DOCKET DMEA 2638, NICELY AND SCHNEIDER.

A. E. WEISSENBORN
~~ADMINISTRATIVE GEOLOGIST~~
EXECUTIVE OFFICER, DMEA

ALL MESSAGES TAKE[illegible] THIS COMPANY ARE SUBJEC[illegible] THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeated message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeated message and paid for as such, in consideration whereof it is agreed between the sender of the message and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeated-message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines.

2. In any event the Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one percent of the amount by which such valuation shall exceed five thousand dollars.

3. The Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.

4. Except as otherwise indicated in connection with the listing of individual places in the filed tariffs of the Company, the amount paid for the transmission of a domestic telegram or an incoming cable or radio message covers its delivery within the following limits: In cities or towns of 5,000 or more inhabitants where the Company has an office which, as shown by the filed tariffs of the Company, is not operated through the agency of a railroad company, within two miles of any open main or branch office of the Company; in cities or towns of 5,000 or more inhabitants where, as shown by the filed tariffs of the Company, the telegraph service is performed through the agency of a railroad company, within one mile of the telegraph office; in cities or towns of less than 5,000 inhabitants in which an office of the Company is located, within one-half mile of the telegraph office. Beyond the limits above specified the Company does not undertake to make delivery, but will endeavor to arrange for delivery as the agent of the sender, with the understanding that the sender authorizes the collection of any additional charge from the addressee and agrees to pay such additional charge if it is not collected from the addressee. There will be no additional charge for deliveries made by telephone within the corporate limits of any city or town in which an office of the Company is located.

5. No responsibility attaches to this Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.

6. The Company will not be liable for damages or statutory penalties when the claim is not presented in writing to the Company, (a) within sixty days after the message is filed with the Company for transmission in the case of a message between points within the United States (except in the case of an intrastate message in Texas) or between a point in the United States on the one hand and a point in Alaska, Canada, Labrador, Mexico, Newfoundland and St. Pierre & Miquelon Islands on the other hand, or between a point in the United States and a ship at sea or in the air, (b) within 95 days after the cause of action, if any, shall have accrued in the case of an intrastate message in Texas, and (c) within 180 days after the message is filed with the Company for transmission in the case of a message between a point in the United States and a foreign or overseas point other than the points specified above in this paragraph; provided, however, that this condition shall not apply to claims for damages or overcharges within the purview of Section 415 of the Communications Act of 1934.

7. It is agreed that in any action by the Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.

8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.

9. No employee of the Company is authorized to vary the foregoing.

1-49

CLASSES OF SERVICE

DOMESTIC SERVICES

FULL RATE TELEGRAM

A full rate expedited service.

DAY LETTER (DL)

A deferred service at lower than the full rate.

SERIAL (SER)

Messages sent in sections during the same day.

NIGHT LETTER (NL)

Accepted up to 2 A. M. for delivery not earlier than the following morning at rates substantially lower than the full rate telegram or day letter rates.

INTERNATIONAL SERVICES

FULL RATE (FR)

The standard fast service at full rates. May be written in any language that can be expressed in Roman letters, or in secret language. A minimum charge for 5 words applies.

LETTER TELEGRAM (LT)

Overnight plain language messages. Minimum charge for 22 words applies.

VICTORY LETTER TELEGRAM (VLT)

Overnight plain language messages to armed forces overseas. Minimum charge for 10 words applies.

SHIP RADIOGRAM

A service to and from ships at sea. Plain or secret language may be used. Minimum charge for 5 words applies.

FEB 24 1953

Defense Minerals Exploration Administration
FARutledge
5285 3538

February 24, 1953

~~XXXXX~~ To: A. K. Weissenborn, DMEA Executive Officer, Region II
~~XXXX~~ South 157 Howard St., Spokane, Washington

Docket DMEA 2638, Nicely and Schneider

Expirtel February 20. Operator must furnish corrected copies of lease and new Owner's Consent to Lien. When you receive these, prepare a new Annex 1 to agree with the correct description and forward contract to Operator for signature.

G. C. Selfridge, Chairman
Operating Committee

Copy to: Docket
Admn. Read. File
Oper. Committee
Code 400
Confirmation - FT, Reg. 2
Audits Divn., Bureau of Mines

FARutledge/ls
2/24/53

STANDARD FORM No. 14
APPROVED BY THE PRESIDENT
MARCH 10, 1926

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

FROM

BUREAU

CHG. APPROPRIATION

400

U. S. GOVERNMENT PRINTING OFFICE 10—1723

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 24 1953

TELETYPE CONFIRMATION FEBRUARY 20, 1953

GEORGE C. SELFRIDGE
CHAIRMAN, OPERATING COMMITTEE
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON D.C.

RE OUR LETTER AND ENCLOSURE OF FEBRUARY 4, DMEA DOCKET 2638 NICELY AND SCHNEIDER.

LETTER FROM APPLICANT RECEIVED ADVISING DATA IN COUNTY RECORDER'S ~~XXX~~ LETTER CORRECT. DESCRIPTION IN ANNEX 1 OF CONTRACT NOT CORRECT. NEW SUBORDINATION AGREEMENT RECEIVED, LEGAL DESCRIPTION TO BE FILLED IN BY THIS OFFICE. ALL COPIES OF LEASE AGREEMENT IN WASHINGTON. LEGAL DESCRIPTION ON THESE AGREEMENTS BELIEVED TO BE SAME AS ANNEX 1, WHICH IS IN ERROR. PERMISSION REQUESTED TO CHANGE ANNEX 1 TO CORRECT DESCRIPTION AND FORWARD CONTRACT TO OPERATOR FOR SIGNATURE.

M. R. KLEPPER
FOR
A. E. WEISSENBORN

Mr. A. F. Weissenborn, Executive Officer
DMA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

FEB 19 1953

Re: Docket No. DMA 2630 - Manganese
Nicely and Schneider
White Horse Mine
Granite County, Montana

Dear Mr. Weissenborn:

Reference is made to the subject docket and our phone conversation of February 13, 1953, with Mr. A. C. Keating, Base Metals Division, DMA.

In accordance with your request, we are returning the original copy of the lease on the referenced property to you for return to Mr. Nicely. Also enclosed is a photostat of the lease to complete our files.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures

Approved:

J. H. Hedges

Member, Bureau of Mines

D. M. Lemmon

Member, Geological Survey

cc: Docket
Field Team, Region 2
Code 400
Admn. Read. File
Operating Committee
N. B. Melcher, USBM
M. D. Crittenden, USGS

FAmtledge/hhb
2/16/53

400

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 9 1953

February 4, 1953

WSM

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

Re: Docket DMEA-2638 (Manganese)
Nicely and Schneider
White Horse Mine
Granite County, Montana

Dear Mr. Selfridge:

This is in reply to your letter of January 29, 1953, concerning the required Owner's Consent to Lien for the subject application.

Signed Owner's Consent to Lien forms were returned to this office on January 27, 1953. At that time, a discrepancy was noted in the description of the property in the contract and Owner's Consent to Lien. It appeared that the recorded page number of the two unpatented claims had been transposed in one of the documents. In an attempt to clarify this matter we telephoned Mrs. H. E. McDougal, County Clerk and Recorder of Granite County, Montana, and requested pertinent recording data on the White Horse claims. A copy of a letter from Mrs. McDougal in reply to our request is enclosed. This letter indicates that the unpatented claims are not recorded where stated in either document. Further, a discrepancy was noted in the page number of the recording of the White Horse patented claim as shown on the contract. This apparently is a typographical error; the others obviously are not.

We have written the applicant requesting that he explain this discrepancy in recording and provide us with the proper recording data. A copy of this letter as well as pertinent enclosures are enclosed for your information. We also have requested that new Owner's Consent to Lien forms be signed if the recording data on the forms previously submitted are in error.

The contract is being held by this office. When the requested information is received we will contact Mr. J. L. Hofflund, Chief Counsel, as to action on further processing of the contract.

Sincerely yours,

James J. Quinlan
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: USBM (2)
Quinlan

400

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

So. 157 Howard Street
Spokane 4, Washington

February 4, 1953

Mr. Hugh Nicely
1000 West Fourth Street
Anaconda, Montana

Re: Docket DMEA-2638 (Manganese)
Nicely and Schneider
White Horse Mine
Granite County, Montana

Dear Mr. Nicely:

A contract for exploration at the White Horse mine has been received by this office from Washington, D. C. However, before this contract can be forwarded to you, several discrepancies in the legal description of the property will have to be resolved.

The Owner's Consent to Lien forms were prepared in this office and the legal description used on these forms was obtained from your application. The contract was prepared in Washington and the legal description used was obtained from your lease agreement with the owner. A copy of the Owner's Consent to Lien and a copy of the legal description used in the contract are enclosed. You will note that the recorded page number of the two unpatented claims has been transposed on one of these documents. In an attempt to clarify this matter we telephoned Mrs. H. S. McDougal, County Clerk and Recorder of Granite County, Montana, and requested pertinent recording data on the White Horse claims. A copy of a letter from Mrs. McDougal in reply to our request is enclosed. This letter indicates that the unpatented claims are not recorded where stated in either document. Further, a discrepancy was noted in the page number of the recording of the White Horse patented claim as shown in the contract. This apparently is a typographical error; the others obviously are not.

Would you please explain this matter and advise as to the correct legal description of all claims. For your convenience we have prepared the following form; by correctly completing the blanks you will provide us with the proper legal description.

The White Horse patented lode mining claim (Mineral Entry Number 2056), recorded in Book 20 of Deeds, page _____, and two unpatented quartz lode mining claims, the White Horse Extension recorded in Book _____, page _____, and the White Horse Fraction recorded in Book _____, page _____. All these records are in the office of the County Clerk and Recorder of Granite County, Montana, and all the claims are situated in Section 30, T. 7 N., R. 14 W., M.P.M.

Copy retained

If the correct page numbers of the recording of the unpatented claims are different from those described in the completed Owner's Consent to Lien, it will be necessary to have these forms completed again. Forms for this purpose are enclosed. If it is necessary to complete these forms, please describe the property as indicated in the proper legal description illustrated above.

Your prompt attention to this matter is required, and granting of the contract is dependent upon resolving the discrepancies to the satisfaction of the Government.

Yours truly,

James J. Quinlan
For: A. E. Weissenborn
Executive Officer, IMRA
Field Team, Region II

Enclosures

cc: IMRA (2)
USBM (2)
Quinlan

OFFICE OF

H. E. McDOUGAL

COUNTY CLERK AND RECORDER

GRANITE COUNTY

PHILIPSBURG, MONTANA

Feb. 2 1953

James Quinlan
South 157 Howard
Spokane, Washington

Dear Mr. Quinlan:

Patent of White Horse , recorded in Book 20 of Deeds at Page 173, list the certificate number as No. 2056 and Lot No. 155.

White Horse Fraction ---Certificate of Location recorded in Book 20 of Certificate of Locations at page 619.

White Horse Extention-----Certificate of Location recorded in Book 20 of Certificate of Locations at Page 620.

Yours truly,

H. E. McDougal

EXPLORATION PROJECT CONTRACT
HUGH G. NIGELY & JACOB SCHNEIDER
DOCKET NO. DMEA-2638

ANNEX I

The White Horse patented lode mining claim (Mineral Entry Number 2056), recorded in Book 20 of Deeds, page 123, and two unpatented quartz lode mining claims, the White Horse Extension recorded in Book 6, page 305, and the White Horse Fraction recorded in Book 6, page 304. All these records are in the office of the County Clerk and Recorder of Granite County, Montana, and all the claims are situated in Section 30, T. 7 N., R. 14 W., M.P.M.

400

JAN 29 1953

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

Re: Docket No. DMEA 2638 - Manganese
Nicely and Schneider
White Horse Mine
Granite County, Montana

Dear Mr. Weissenborn:

Review of our file on the above-referenced docket discloses no correspondence later than a copy of your letter of November 26, 1952, to the applicant concerning the requirement for his securing an "Owner's Consent to Lien" before an exploration contract can be granted.

It will be appreciated if you will inform us whether Mr. Nicely has secured the "Owner's Consent to Lien" or has taken steps to provide a guarantee of repayment as mentioned in the second paragraph of your letter of November 26 to him. If you have heard nothing from the applicant, it is suggested that you take steps to remove the application from the active file as outlined in Operating Committee Memorandum No. 12.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

J. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

cc: Docket
Field Team, Region 2
Code 400
Admn. Read. File
M. D. Crittenden, USGS
N. B. Melcher, USBM
Operating Committee

WSMartin/hhb
1/26/53

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

400

January 22, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration

dmea 2638
mm

Mr. Hugh G. Nicely
1000 West Fourth Street
Anaconda, Montana

Dear Mr. Nicely:

This letter is to remind you this office has not received the signed "Owner's Consent to Lien" form or the Guaranty sent to you by Thor Kiilsgaard on November 26, 1952.

The contract received from Washington, D. C., early in November cannot be sent to you for approval and signature, thus putting it into effect, until we receive these properly signed forms to be made a part of the contract.

Reluctantly we must consider your application for exploration aid withdrawn if the above forms are not received by February 9, 1953, or a satisfactory explanation is presented.

Your immediate attention to this matter will be appreciated.

Sincerely yours,

Howard B. Nickelson
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: DMEA (2)
USBM (2)
Nickelson

400

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 2 1952

GLA
12/2/52

November 26, 1952

BMEA 2 n 38

Mr. Hugh G. Nicely
1000 West Fourth Street
Anaconda, Montana

Dear Mr. Nicely:

This is in reply to your letter of November 20, 1952 informing us that the "Owners Consent to Lien" forms have recently been given to the owners of the White Horse property.

In answer to your question as to the procedure to be followed if the owners refuse to sign the consent to lien forms, it would be necessary for you to inform this office as to the reason the owners refused to sign. Under certain unusual circumstances the Government may accept your guarantee for repayment instead of the "Owners Consent to Lien," but would require evidence of your financial responsibility to repay the Government if a discovery is certified. For your information there is enclosed a copy of the guarantee you would be required to sign.

Yours truly,

Thor H. Hillsgaard
Acting Executive Officer, DMEA
Field Team, Region VI

Enclosure

cc: DMEA (2)
USBM (2)
Quinlan

400

WSMartin:ls 11/10/52

CC: Docket
Admn. Read. File
Field Team, Reg. 2
Operating Committee

cc: W. S. Martin
G. C. Selfridge
N. B. Melcher, USBM
M. D. Crittenden, USGS

NOV 12 1952

Mr. A. E. Weissenborn
Executive Officer, DMEA Region II
South 157 Howard Street
Spokane (4), Washington

Re: Docket No. DMEA-2638 - Manganese
Hugh G. Kicely & Jacob Schneider
White Horse Mine
Granite County, Montana

Dear Mr. Weissenborn:

We are enclosing the original and five copies of the above-referenced exploration contract signed by this office for the Government, together with Exhibit "A" (3 pages), Annex 1, and 1 map .

If the terms and conditions of this contract are satisfactory to you and the Operator, all six copies should be signed by the partners. The "Operator's Copy" is to be given to the Operator; the "Field Team's Copy" retained by your office; and the remaining four copies returned to this office.

Please take no action in the foregoing until you receive executed "Owner's Consent to Lien" forms from Mr. Kicely in accordance with your letter to him of October 14, 1952, inasmuch as the above forms should be attached to the contract by your office and become a part of the contract.

Please note that no major changes have been made in the contract as outlined in attachments to the Field Team's report of October 8, 1952, and that the total amount of the contract remains $2,948.00.

If any part of this contract does not have either your approval or that of the Operator and cannot be amended within your delegated authority, then the original and all copies of the contract are to be returned to this office, together with the proposed changes for consideration.

Sincerely yours,

(signed) FRANK E. JOHNSON
Chairman, Operating Committee

Enclosures

Approved:

J. H. Hedges
Member, Bureau of Mines

G. R. Finkel, Jr
Member, Geological Survey

400

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
So. 151 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 17 1952

November 12, 1952

Mr. Frank E. Johnson
Chairman, Operating Committee
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Docket No. DMEA 2638 (Manganese)
Nicely and Schneider
White Horse Mine
Granite County, Montana

Dear Mr. Johnson:

This is in reply to your letter of November 6, 1952 asking when the Owner's Consent to Lien" forms for subject application will be available.

We have received no reply to Mr. Quinlan's letter of October 14, 1952. A second letter, copies of which are attached, has been sent to Mr. Nicely in an attempt to obtain the forms as soon as possible. If and when these forms are available to this office they will be promptly forwarded to Washington

Sincerely yours,

James J. Quinlan
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosure

cc: USBM (2)
Quinlan

400

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
XXXXXXXXXXXXXXXXXX
WASHINGTON 25, D. C.
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 14 1952

November 12, 1952

Mr. Hugh Nicely
1000 West Fourth Street
Anaconda, Montana

Re: Docket No. 2638 (Manganese)
White Horse Mine
Granite County, Montana

Dear Mr. Nicely:

Reference is made to my letter of October 14, 1952 requesting that the "Owner's Consent to Lien" forms be signed by the owners of the White Horse property and returned to this office at your earliest convenience.

This is to remind you that it is necessary to complete these forms in order to continue processing your application.

Please advise immediately whether you are able to obtain the necessary signatures, and if so, please return the completed forms as soon as possible. Your immediate attention to this matter will be appreciated.

Sincerely yours,

James J. Quinlan
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: DMEA (2)
USBM (2)
Quinlan

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

140

405

November 7, 1952

Memorandum

To: G. C. Selfridge

From: Chief Counsel

Subject: Hugh G. Nicely & Jacob Schneider, Docket No. DMEA-2638

There is attached, in satisfactory legal form for execution, a contract covering the above-described project, subject to the attachment of the Owner's Consent to Lien.

A E Kane
for J. L. Hofflund
Chief Counsel

Attachment

NOV 6 1952

Mr. A. R. Weissenborn
Executive Officer, Region II
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DRRA 2631 - Manganese
Hugh A. Nisely & Jacob Schneider
White Horse Mine
Philipsburg, Granite County,
Montana

Dear Mr. Weissenborn:

Reference is made to the subject docket and to Mr. James J. Quinlan's letter of October 14, 1952, asking Mr. Hugh Nisely to return "Owner's Consent to Plan" forms for the same at his earliest convenience.

Please let us know whether such forms will be made available to us promptly.

Sincerely yours,

(signed) FRANK E. JOHNSON

Chairman, Operation Committee

WEMartin'lm
11/4/52

Approved:

J. H. Hedgpeth

Member, Bureau of Mines

G. R. Finkel, Jr.

Member, Geological Survey

cc: Admn. Reading File
Docket
M. B. Melcher, USBM
M. D. Crittenden, USGS
Field Team Reg. II
Operating Committee
A. C. Selfridge
W. S. Martin

Chief Counsel, DMEA

November 4, 1952

Iron and Ferro-Alloy Division, DMEA

Preparation of contract
Docket No. DMEA 2638 - Manganese
Hugh G. Nicely & Jacob Schneider
White Horse Mine
Philipsburg, Granite County, Montana

Attached is the subject docket and a rough draft of a proposed contract thereof.

It will be appreciated if you can give early consideration to the preparation of the contract because the Operator can expect little more than one month of good weather in which to prepare for winter operations.

The Region II Field Team wrote to Mr. Nicely on October 14, 1952, requesting that he return completed Owner's Consent to Lien forms at his earliest convenience.

George C. Selfridge

G. C. Selfridge, Chief
Iron and Ferro-Alloy Division

Attachment

WSMartin'lm
11/4/52

cc: Admn. Reading File
Docket
G. C. Selfridge
W. S. Martin

MF-200
(June 1951)
(Revised Feb. 1952)

DOCKET NO. DMEA 2638

COMMODITY manganese

DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
OCT 24 1952

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

EXPLORATION PROJECT CONTRACT [1]

IT IS AGREED this _____ day of _____, 195__, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Hugh G. Nicely, 1000 W. 4th St., Anaconda, Montana, and Jacob Schneider, Philipsburg, Montana, Partners

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Montana, County of Granite, described as follows: [3]

Whitehorse Lode No. 2234
Whitehorse extension recorded in Book 6, Page 304
Whitehorse fraction recorded in Book 6, Page 305
in the records of Granite County, Montana, all situated in Section 30, T. 7 N., R. 14 W., M.P.M.

the Operator represents and undertakes: [4]

~~(a) That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: ----~~

(b) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within 10 days from the date of this contract shall commence work on a project of exploration for [5] Manganese

in or upon the described land; and shall bring the project to completion within a period of 90 days from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.* The work shall be performed efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmens' compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. To the extent specified in Exhibit "A," attached hereto, the work may be performed by independent contractor or contractors; and work not specified in Exhibit "A" for performance by independent contractor may nevertheless be so performed upon amendment of Exhibit "A," as agreed to by the parties, to state the work to be so performed and the estimated unit costs thereof, as provided hereafter.

(b) *Independent contracts.*—Any independent contract for the performance of work shall be on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved), or on some basis that will indicate the amount due for work performed at any stage of the work to be performed under such independent contract. The Government shall not be nor be considered to be a party to any such independent contract, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of any such independent contract. If the reference in Exhibit "A" to any such independent contract states that the Government's approval thereof is required, the Government may refuse to participate in the cost thereof unless and until it has given its written approval of the independent contract.

(c) *Government may inspect.*—The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 5. *Estimated costs of the project.*—A statement of the estimated cost of the project is set forth in Exhibit "A," attached hereto. Except insofar as any item of requirement or the estimated cost thereof set forth in Exhibit "A" is there or elsewhere designated as an "allowable maximum," such items of requirement and of related cost are estimates only, and may be exceeded to the extent that the Government may from time to time approve for the most economic and beneficial performance of the work within the limitation of the total aggregate estimate of costs. The Government's approval of any such excess over the estimate for an item of requirement or related cost will be signified by its approval and payment of any invoice or voucher for payment which expressly calls attention to such excess. Items expressly designated in Exhibit "A" or elsewhere as "allowable maximum," and the total aggregate estimated cost are limitations, and any excess therein will be for the sole account of the Operator in which the Government will not participate.

ARTICLE 6. *Allowable costs of the project.*—(a) The costs of the project in which the Government will participate are limited to the following:

(1) *Independent contracts.*—Payments to independent contractors under independent contracts listed in Exhibit "A." The estimated cost of any work to be performed under an independent contract is or shall be included in the estimate of costs in Exhibit "A" in terms of the estimated numbers of units of work to be performed, the estimated amount to be paid per unit, and the estimated total amount to be paid to the independent contractor, and such estimates shall be allowable maximums above which the Government will not contribute. Regardless of the provisions of any such independent contract, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the 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 and necessary. No such independent contract shall have the effect of increasing the estimated total cost of the exploration project contract nor the maximum amount which the Government will pay as provided in the exploration project contract.

(2) *Labor, supervision, consultants.*—Labor, supervision and technical services (including engineering and geological consultants), a schedule of which is included in the estimate of costs set forth in Exhibit "A." The requirements and related estimated costs for supervision and technical services are allowable maximums.

(3) *Operating materials and supplies.*—Necessary materials and supplies including items of equipment costing less than $50.00 each, and power, water, and fuel, a schedule of which is included in the estimate of costs in Exhibit "A."

(4) *Operating equipment.*—Any operating equipment to be rented or purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or the allowable depreciation, as the case may be, a schedule of which is included in Exhibit "A." Any items listed as owned and to be furnished by the Operator, and related initial allowable depreciation, are allowable maximums.

(5) *Rehabilitation and repairs.*—Any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and to be devoted to the purposes of the exploration contract, a schedule of which is included in the estimate of costs set forth in Exhibit "A." These items are allowable maximums.

(6) *New buildings, improvements, installations.*—Any necessary buildings, fixed improvements, or installations to be purchased, installed, or constructed for the purposes of the exploration work, with the estimated cost of each, a schedule of which is included in the estimate of costs in Exhibit "A." All of these items are allowable maximums.

(7) *Miscellaneous.*—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.

(8) *Contingencies.*—Such other necessary, reasonable direct costs of performing the exploration work, within the limit of the total aggregate estimate of costs, whether or not included in any schedule of costs in Exhibit "A," as may be approved by the Government in the course of the work, as indicated by its approval and payment of invoices and vouchers.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) The Government's payments [illegible]ll cases will be based on actual, necessar[illegible]ts (including contract unit prices) incurred not in excess of any "allowab[illegible]aximum," and not in excess of the fixed perce[illegible]ge of the total aggregate estimated cost. Costs will be considered to be incurred only as they are or become due and payable.

(*c*) 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 this contract, shall be allowed as costs of the project in which the Government will participate.

ARTICLE 7. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operators shall provide the Government with monthly reports of work performed and costs (including contract unit prices) incurred under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of costs incurred on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) Compliance with requirements.—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account as provided in Article 12.

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 75 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $2211.00, which is 75 percent of $2943.00 2948.00, the agreed, estimated total cost of the project in which the Government will participate; *Provided,* that until the Operator's final report and final accounting have been rendered to the Government, 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 ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

(*b*) The Government may make any payment or payments direct to independent contractors and to suppliers, for the account of the Operator, rather than to the Operator.

ARTICLE 9. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

ARTICLE 10. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided,* that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 11. *Title to and disposition of property.*—All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator 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 at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

ARTICLE 12. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, facilities, buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its pro rata share of any money remaining.

ARTICLE 13. *Changes and added provisions.* _____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

_____
(Operator)

By _____

By _____

By _____

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

_____

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66328-1

Exploration Project Contract
Hugh G. Nicely & Jacob Schneider
White Horse Mine
Docket No. DMEA 2638 - Manganese

Exhibit "A"

Description of the Work

Time Schedule: 0 to 3 months

1. Rehabilitate the winze station on the main level.

2. Rehabilitate the winze sufficiently to gain access to the 120 level and install service pipe.

3. ~~Drill 400 linear feet of long hole from the 120 level to prove the continuation of the ore below the old mine workings.~~ Explore for the downward continuation of the ore below the old mine workings by means of 400 linear feet of long hole drilling from the 120 level, as indicated in Map No. 1.

Estimated Costs of Project

* Indicates allowable maximums

(1) Independent Contracts

None

(2) Labor, Supervision, Consultants

Wages for 3 miners at $14.60 each per day ($13.47 plus overtime for sixth day work) for 135 man days 1/	$1,971.00

(3) Operating Materials and Supplies

Timber - Round stulls 16 feet long

Posts, 24 each 16'	
Caps, 12 each 16'	
Girts, 10 each 16'	
Total 46 each 16'	50.00

1/ Part of the labor may be performed by the Partners at the specified rate. Supervision, engineering and mapping shall be performed by the Operator at no cost to the project.

Pipe

2" Air line - Adit level 220'			
Shaft 120'			
120 level 80'			
Total 420 Linear feet @ $0.41		172.20	
1" Water line - Shaft 120'			
120 level 80'			
Total 200 Linear feet @ $0.18		36.00	
Fittings		25.80	
Fuel, 10 days - 30 gal. per day = 300 gal. @ $0.30		90.00	
Tungsten carbide bits, 2 @ $14.00 each		28.00	402.00

(4) Operating Equipment

To be purchased

None

To be rented

1 - Portable 160 cfm compressor @$275/Mo., including freight to project and return, 1 month	275.00

To be furnished by Operator

Equipment owned by Operator to be furnished without charge to project

(5) Rehabilitation and Repairs

No rehabilitation except as outlined above in "Description of the Work". All costs included under headings (2), (3) and ~~(7)~~ (8).

(6) New Buildings, Improvements, Installations

None

(7) **Miscellaneous**	
Workmen's Compensation, OAB, unemployment, payroll and sales taxes	200.00
(8) Contingencies	100.00
TOTAL ESTIMATED ALLOWABLE COST	$2,948.00*
GOVERNMENT PARTICIPATION AT 75 PERCENT	$2,211.00

IN REPLY REFER TO:

G-MD-CF

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 30 1952

402

October 29, 1952

Memorandum

To: George C. Selfridge

From: M. D. Crittenden

Subject: DMEA 2638 - Manganese

White Horse mine
Philipsburg district
Granite County, Montana

My memorandum of 1944 on the White Horse mine referred to by the Field Team was prepared in Washington from material available here. I have never seen or mapped the White Horse property.

The proposed exploration has as its objective the downward extension of a manganese oxide ore body mined during World War I and the succeeding years, and as the Field Team has pointed out there is a possibility that the ore was all mined during these operations. The limited program suggested by the Bureau member of the Field Team would reopen the lower workings to see whether there appears to be a reasonable opportunity for a downward extension.

The workings on the Cliff vein from the scratch Awl mentioned by Rose extend 1100 feet west of the Scratch Awl shaft, and at that point are still 1200 feet short of the White Horse. Thus exploration through the Scratch Awl appears impractical to me. (see Goddard, USGS Bull. 922, Pl. 26 and 32).

One problem mentioned by the Field Team is that the mining costs are estimated at $13 a ton; but at the $0.23 per unit figure for custom ore, the 25 to 40% ore such as this might be would bring only $5 to $10 per ton.

M. D. Crittenden

MDCrittenden:gt

400

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 27 1952

October 23, 1952

Mr. F. T. Johnson, Chairman
Operating Committee, DMEA
Dept. of the Interior
Washington 25, D. C.

Re: Docket No. DMEA 2638 - Manganese
Hugh G. Nicely
White Horse Mine
Granite County, Montana

Dear Mr. Johnson:

This will acknowledge your letter of October 20 pertaining to the subject docket.

Memorandum reports from H. T. Reno and J. J. Quinlan together with a field team recommendation was mailed to you October 8. We felt that a contract was warranted subject to certain reservations. In our letter we did suggest that the docket be referred to Mr. Crittendon for final appraisal, and that a contract be given provided that Mr. Crittendon has no information which would appear to make such a contract unfeasible.

If this item of mail has not reached you by this time, would you please let us know; and we will resubmit it.

Sincerely yours

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

cc: [illegible] (2)

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

Re: Docket No. DMEA 2638 - Manganese
Hugh G. Nicely
White Horse Mine
Granite County, Montana

Dear Mr. Weissenborn:

Our letter of August 15, 1952, informed you that it would be appreciated if you would analyze your copy of the subject application and let us have, at your earliest convenience, your comments on the project. You were also asked therein to advise us if you felt that a field examination was warranted. For convenient reference, a spare copy of our August 15 letter is enclosed.

Please let us have your opinion on the above in order that we may be able to determine promptly whether to deny the application or request a field examination.

Sincerely yours,

(signed) FRANK E. JOHNSON

Chairman, Operating Committee

Enclosure

Approved:

J. H. Hedges

Member, Bureau of Mines

O. R. Kinkel, Jr.

Member, Geological Survey

WSMartin:ls 10/15/52

Copy to: Docket
Admn. Read. File
Operating Committee
Field Team, Reg. 2
W. S. Martin
G. C. Selfridge
M. D. Crittenden, USGS
N. B. Melcher, USBM

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

So. 157 Howard Street
Spokane 4, Washington

October 14, 1952

Mr. Hugh Nicely
1000 West Fourth Street
Anaconda, Montana

Re: Docket No. DMA-2638

Dear Mr. Nicely:

Enclosed are six copies of form MF-203, "Owner's Consent to Lease" to be signed by the owners of the White Horse property and returned to this office at your earliest convenience. It is necessary to complete this form in order to continue the processing of your application.

Sincerely yours

James J. Quinlan
for A. F. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures 6
cc: DMEA (2)
USBM (2)
Quinlan

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
[redacted]
Spokane, Washington

October 8, 1952

MEMORANDUM

To: Frank E. Johnson, Chairman, Operating Committee, DMEA

From: DMEA Field Team, Region II

Subject: Transmittal of recommendation on the Whiteboree Mine (Hugh G. Nicely and Jacob Schneider, Partners), Docket No. DMEA-2630 (Manganese), Granite County, Montana.

Attached are memoranda from H. T. Reno, U. S. Bureau of Mines, and J. J. Quinlan, U. S. Geological Survey, on the subject docket.

It will be noted that the program proposed by Mr. Reno is much more modest than the one proposed in the original application. Although the amount of ore that can be expected is not very great, the costs of the program proposed by Mr. Reno seem to be commensurate with the size of the possible target. The Field Team, therefore, feels that a contract should be approved. However, it should be pointed out that there is some danger that some or all of the ore in the ore body under exploration may have been mined out below the adit level. The winze is at present blocked below the adit level and is not accessible. The date at which the winze was bulk-headed is not known, and there appears to be at least a possibility that Crittendon may have been able to examine the lower workings from the winze about 1942. The Field Team, therefore, suggests that the docket be referred to him for final appraisal and that a contract be given provided that Mr. Crittendon has no information which would appear to make such a contract unfeasible.

By DMEA Field Team, Region II

A. E. Weissenborn, Executive Officer
U. S. Geological Survey
So. 157 Howard Street

H. E. Volin, Member
U. S. Bureau of Mines
121 N. Division Street

Reviewed by
DMEA OPERATING COMMITTEE

10-29-52
(date)

Enclosures
cc: USBM (2)
Quinlan

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

So. 151 Howard Street
Spokane, Washington

October 1, 1952

Memorandum

To: DMEA Field Team, Region II

From: J. J. Quinlan, Geologist, U. S. Geological Survey

Subject: Field Examination, Docket No. DMEA-2638 (Manganese), White Horse Mine, Granite County, Montana

Introduction

This memorandum is prepared as a supplement to one dated September 15, 1952 by H. T. Reno, Mining Engineer, U. S. Bureau of Mines, on the subject application.

I examined the White Horse mine September 9, 1952, in connection with an application made by Hugh G. Nicely of Anaconda, Montana, and Jacob Schneider, Philipsburg, Montana to explore the White Horse property. Approximately 8 hours were spent examining the surface and mapping the accessible underground workings. Mr. Schneider accompanied me during the first hour of the examination. The program proposed by Mr. Reno was discussed with Mr. Nicely the evening of September 9, 1952.

Location

The White Horse mine is on the north side of Cliff Gulch, approximately 3/4 of a mile east of Philipsburg, Montana. The property is in sec. 30, T. 7N., R. 13W., M. P. M.

Mine Workings

Maps submitted by the applicant show the property to be developed by approximately 1000 feet of drifts, crosscuts, raises, and a winze. The principal workings consist of two adits (tunnels), Upper and Main tunnel levels, a 120-foot winze with levels at 20 and 120 feet.

Accessible workings at the time of the examination included the Upper tunnel level, and a portion of the Main tunnel level. These accessible workings are shown on the geologic sketch maps accompanying this memorandum. The upper portion of a stope between the Main tunnel level and Upper tunnel level was also accessible for inspection.

Reviewed by
DMEA OPERATING COMMITTEE

10-29-52
(date)

The geology of the White Horse mine has been described by J. T. Pardee 1/, M. D. Crittenden Jr., 2/, and H. T. Reno. 3/

The White Horse mine is in magnesian limestone of the Hasmark formation near the axis of the Philipsburg anticline. The beds in the vicinity of the mine strike N 20 to 60 E. and dip 18° to 40° N W.

A vein, probably the westward extension of the Cliff vein which is developed at Cliff property 1400 feet east of White Horse mine, is exposed in the Upper and Main tunnels. The vein strikes east and dips steeply south in these workings; Pardee's 4/section of the vein shows it reverses dip below the Main tunnel level. (See Pardee's Section, copy of which accompanies this memorandum.)

The vein structure consists of a sheared and brecciated zone 6 inches to 12 feet wide. Irregular manganese ore bodies occur in brecciated area along the vein, and extend a short distance out along certain beds. Most of the ore mined has come from one irregular body 3 to 12 feet wide. At the Main tunnel level this body had a stope length of 50 feet, but 20 feet above the level it narrows to an irregular pipe about 3 feet in average diameter. This ore body pitches about 45° W. (See Pardee's Section, copy of which accompanies this memorandum.)

Ore exposed east of the winze on the Main level and shown on the accompanying map is a 3-foot bed of manganese ore which extends a short distance out from the vein.

The principle manganese ore mineral is pyrolusite; some psilomelane and wad were also noted. The gangue consists of quartz and limestone. Assays show small amounts of lead and zinc in the ore; however, no lead or zinc minerals were noted during the examination.

1/ Pardee, J. T., Deposits of Manganese Ore in Montana, Utah, Oregon, and Washington, U. S. Geological Survey Bull. 725 C, pp. 167-168, 1921.

2/ Crittenden, M. D., Jr., Memorandum to T. A. Hendricks on the White Horse Mine, Philipsburg District, Montana, U. S. Geological Survey Memorandum report, unpublished, 1944.

3/ Reno, H. T. Memorandum to DMEA Field Team, Region II on White Horse application, U. S. Bureau of Mines Memorandum, 1952.

4/ Pardee, J. T. Op. cit. (Bull. 725C), P. 168.

Conclusions

If the DMEA is interested in a few thousand tons of manganese oxide ore, the program suggested in H. T. Reno's memorandum has a reasonable chance of success.

I considered the White Horse mine only a moderately favorable prospect at best. The only exploration target of interest noted during the examination was the downward extension of the ore body previously mined. The information concerning the amount of mining and the nature of the body below the main tunnel level is very sketchy. We have no assurance that this body has not been mined out. However, it would be well to point out that the applicant and Mr. Reno believe that this is not the case, and that the only reason the mine closed was due to the decline in the price of manganese following World War I.

Past production is reported to have been either 3354 long tons (Crittenden) or 5040 short tons (applicant). Few similar type ore bodies in the Philipsburg district have produced over 10,000 short tons of manganese ore. If this be the case, the ore body at best would contain only a few more thousand tons. However, the cost of the exploration program suggested by Mr. Reno is commensurate with the size of the target remaining.

It is realized that other manganese ore bodies might be found by drifting along the Cliff vein, but such exploration would be of a wildcat nature. I believe that present knowledge of the deposit and adjacent area precludes such an exploration program at this time.

J. J. Quinlan
Geologist

Enclosures

cc: DMEA (4)
USBM (2)
USGS (SRO)
Quinlan

Hugh G. Nicely & Jacob Schneider
Exploration project contract _____ (manganese)

Exhibit "A"

Exploration project

The exploration project shall consist of the following:

1. Rehabilitate the winze station on the main level.

2. Rehabilitate the winze to the 120 level sufficient only to gain access and install service pipe.

3. 400 lin. feet of long hole drilling from the 120 level to prove the continuation of the ore body to this depth.

Estimated Costs of Project

1.	Rehabilitate winze station	$1,000.*
2.	Rehabilitate winze and 120 level and install air and water pipe	1,233.*
3.	400 lin. feet of long hole drilling	715.*
	Total	$2,948.*

*Indicates maximum allowable.

Allowable Costs of the Project

Independent contracts - None

Labor supervision and consultants

Labor may be employed at a rate not to exceed the rate paid for like work in the Butte mining district.

All engineering and mapping shall be performed by the Operator at no cost to the contract.

Operating material and supplies

All operating materials and supplies are included in the estimated cost of doing the work.

Operating equipment

To be rented

1 Portable 160 cfm compressor @ $275/month including freight to the project and return - 1 month $275.00

Owned by Operator

To be furnished without charge to contract.

To be purchased

None

Rehabilitation and Repairs

Only as listed in the estimated cost of the project.

New Buildings, Improvements and Installations

Only as listed in the estimated cost of the project.

Miscellaneous

As listed in the contract form.

Contingencies

As listed in the contract form.

ESTIMATE

Docket No. DMEA 2638 (manganese)
Hugh G. Nicely and Jacob Schneider, partners
Granite County, Montana

I. Timber winze station

Labor - 3 men, 3 weeks - Butte labor scale

Straight time	$13.47
+ 8-1/3% overtime	1.12
	14.59
+ 10% OAB - Unemployment & comp.	1.46
1 man - 1 day	$16.05

3 men x 3 weeks x 6 days = 54 man-days x 16.05 $866.70

Timber - round stulls 16 ft. long @ $1 each

Posts	24 pcs.	@ 16'	
Caps	12 pcs.	@ 16'	
Girts	10 pcs.	@ 16'	
	46 pcs.	@ $ 1.00 each - SAY	50.00
			$916.70

II. Rehabilitate winze and install pipe

Pipe - 2" air line

Adit level	220'	
Shaft	120'	
102 level	80'	
Total	420 lin. feet. @ $0.41	$172.20

1" water line

Shaft	120'	
120 level	80'	
	200 lin. ft. @ $0.18	36.00

Fittings - lump sum 25.00

Labor and material

The condition of the winze and 120 level is not known. Although it is believed that work below the 20 level will be very minor it is

Subtotal - brought forward		$ 916.70
Labor and material - continued		
proposed to arbitrarily allow a maximum of $1,000 for material and labor. If access cannot be gained for this amount, a major change in plan will be necessary	$1000.	$1,233.20

III. 400 lin. ft. long hole drilling

Compressor rent (portable, gas)		
Min. charge - 1 month @ $225/mo	225.	
Freight from Butte and return	50.	
Fuel, 10 days - 30 gal. day - 300 @ $0.30	90.	
Tungsten carbide bits, 2 @ $14 ea.	28.	
Drifter - available without charge		
Sectional drill steel - available without charge		
Labor - 2 men - 10 days (see I.)		
20 man-days x $16.05	321.	714.00
Total		$2863.90

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
1201 N. Division St.
Spokane 2, Wash.

September 15, 1952

MEMORANDUM

To: DMEA Field Team, Region II

From: H. T. Reno, Mining Engineer, Bureau of Mines

Subject: Application for exploration aid, Whitehorse Mine, Docket DMEA 2638 (Manganese), Granite County, Montana.

RECOMMENDATION

It is recommended that the DMEA enter into an exploration contract with the applicant in the amount of $2,948.00. The applicant is prepared to furnish one-fourth of this amount.

LOCATION

The property is in section 30, T. 7 N., R. 13 W., MPM., 3/4 mile via a fair gravel road east of the N. P. railhead at Philipsburg, Montana.

PROPERTY

The property is composed of one patented and two unpatented lode mining claims: Whitehorse lode No. 2234, the unpatented Whitehorse extension, and the Whitehorse fraction recorded in Book 6, pages 304 and 305 in the records of Granite County, Montana. These claims, owned by Elizabeth Cole and Wm. McDonel, are leased to the applicant.

FINANCIAL AND ADMINISTRATIVE COMPETENCE OF APPLICANT

The applicant is a partnership comprised of Hugh G. Nicely and Jacob Schneider, each of whom is a competent miner. Nicely is a graduate mining engineer completely competent to supervise an exploratory project. The partners plan to work themselves and appear able to finance the project.

PAST PRODUCTION

According to the applicant, 5040 short tons of manganese oxide were produced from May 1916 to November 1918. Max. D. Crittendon,

Jr., U. S. Geological Survey, in a memorandum report January 8, 1944, to T. A. Henricks, lists production as follows:

Year	L.D.T. of ore	Grade % Mn
1918	2465	43
1920	500	
1925	150	41.20
1942	211	19.83
1943	277	26.50

Comparison of the two data indicates an obvious overlap in recorded production. As it is evident that the mine did suspend operation in 1918 it is assumed that the 2465 tons recorded by Crittendon in 1918 is part of the 5040 tons recorded by the applicant.

DESCRIPTION OF THE DEPOSIT

The deposit is an irregular replacement-type ore body formed at the intersection of a quartz manganese oxide vein and favorable beds of the dolomitic-limestone Hasmark formation. The quartz vein strikes about east and dips steeply south, while the beds strike N. 70° E. and dip 35° to 45° N. On and for about 10 feet above the main level where it conforms to the bedding the deposit has been stoped for a length of 120 feet—average 12 feet wide. Above this level the stope narrows rapidly to a small pipe about four feet in diameter. The stope is filled below the level. Old maps show the deposit stoped to the 20 level and a small 30-foot stope 10 feet below the level.

In small openings the limestone stands well. In large openings the beds break in large blocks and must be supported.

The ore minerals are manganese oxide—pyrolusite, psilomelane, and probably others not identified. Gangue is mostly quartz accompanied by a small amount of iron oxide, kaolin and included limestone.

RESERVES

Reserves cannot be calculated from the information available.

According to Pardee,[1/] considerable ore was produced prior to the decline of the manganese market in November 1918, and a large amount remains in sight and in prospect. However, Crittendon, in a memorandum to T. A. Hendricks, January 8, 1944, states: "High grade oxide ore bodies may well be encountered in

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1/ Pardee, J. T., USGS Bull. 725-C, page 168, published August 8, 1921.

extensions of the old workings. There is, however, no evidence of their presence now."

MINING COST

The direct cost of mining is estimated at not more than $13 a ton. This is a comparative figure based on reported mining costs of $11 a ton in square set stopes at Butte, Montana.

MILLING COST

Not applicable. The open schedule of Trout Mining Division of American Machine and Metals, Inc., offers $0.23 per unit for Philipsburg manganese oxide ore. The mine in order to be successful must sell to a Government purchasing depot.

HAULAGE COST

Haulage cost to the railroad siding at Philipsburg is estimated at $0.30 a ton.

EVALUATION OF APPLICANT'S PROPOSAL

The applicant proposes to spend $26,199 to deepen a shaft and crosscut to an orebody, the existence of which is not proven. This expenditure, therefore, is not justified by present knowledge of the orebody.

SUGGESTED ALTERNATE TO APPLICANT'S PROPOSAL

The problem of immediate concern is to gain access to the old workings in order to determine the depth of the old stopes and prove the downward continuation of the orebody. Then, before further exploration, the possibility of drifting on the Cliff vein under the ore from either the 500 or 600 level of the Scratch All mine should be investigated. Accordingly, the following minimum program was worked out with the applicant:

1. Catch up and make safe the back at the winze station on the main level.

2. Open and sufficiently rehabilitate the winze to the 120 level to gain access and install service pipe.

3. Geologic mapping and a maximum of 400 lin. ft. of long hole drilling from the 120 level.

This program, if successful, will provide the applicant with sufficient information either to develop and mine the orebody or to enter negotiations with the Scratch All Company to locate

the position of the Cliff vein headings in relation to Whitehorse ore and then to consider exploration through these workings.

DISCUSSION

The chance of this property producing an appreciable quantity of manganese oxide ore appears good.

Pardee's statement of ore in sight is accepted over Crittenden's report although Crittenden examined the mine some 25 years later. The maximum depth to which former operators mined can be roughly calculated at 50 feet below the main level as follows:

Production	6000 tons
Factor	13 cu. ft/ton
Volume	78,000 cu. ft.
Section (from old maps & main level stope)	1200 sq. ft.
Vertical Distance	65 ft.
Less 15 ft. above main level = 50 ft.	

Also the winze is bulkheaded at about the 20 level and there is much evidence that perhaps it was also bulkheaded at the time of Crittenden's examination in 1944.

Continuation of a drift on the Cliff vein to the Whitehorse ore body is in itself an attractive exploration project. However, inclusion of such a drift in the proposed program is not recommended at this time. Although the 500 and 600 level drifts have been extended toward the Whitehorse end line, the exact position of the headings is not known. Furthermore, until a definite target is in sight the applicant is not in a position to deal with the Scratch All Company.

A proposed contract and cost estimate are attached. Because of the uncertainty of the condition of the winze, a unit price contract is not recommended.

H. T. Heno

Enclosures

CC: 3-Wash.
2-USGS
Albany
DMEA
M/D
HTR

Code 400 —
400

400

AUG 15 1952

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

Re: Docket No. DMEA 2638-Manganese
White Horse Mine
Philipsburg, Granite County,
Montana

Dear Mr. Weissenborn:

It will be appreciated if you will analyse your copy of the subject application and let us have, at your earliest convenience, your comments on the project.

We enclose a copy of a memorandum of January 8, 1944, to T. A. Hendricks from Max D. Crittenden, Jr., covering the same property. Our study of the application, in connection with the above memorandum and U. S. Geological Survey Bulletin 922-G, leads to the belief that it might be desirable to deny the application without the necessity of a field examination.

The application states: (1) The mine was in production from May 1916 to November 11, 1918, and has not worked since, and (2) past production was either 5040 short tons of manganese dioxide (orm MF-103), or 5040 short tons of 38% Mn (orm MF-103), which would be equivalent to some 3000 short tons of manganese dioxide. Mr. Crittenden's memorandum reports: (1) The mine produced not only during 1918, but also in 1920, 1935, 1942, and 1943, and (2) the production amounted to 3354 long dry tons of ore which, at the grades indicated, probably contained no more than 2450 short tons of manganese dioxide.

We note from page 3 of the report of Mr. Arthur V. Corry, E.M., upon whose recommendations the applicants are apparently relying, that:

"Mining operations of considerable magnitude are being conducted on near-by mining claims, to- it, on the Cliff No. 2 and on the Scratch All. This is of immediate interest to the owners of the White Horse claim inasmuch as underground workings on the 500 foot level of the Scratch All, on the Cliff No. 2 vein, are approaching the east end line of the White Horse claim.

"A plan map of these workings appears as Plate 32, Bulletin No. 922, U.S.G.S., to which reference is here made. This map shows the breast of the 500 foot level from the Scratch All Shaft as being 320 feet west of the Cliff No. 2 Shaft. This drift was driven on the south dipping, quartz-silver-zinc Cliff vein, and the breast shows 3 to 3½ feet of banded quartz, sphalerite, silver ore, with manganese carbonate."

According to our copy here, the above Plate 32 shows that the 3 to 3½ feet of ore in question was about 60 feet back from the face of the drift and that in the heading the vein had pinched and there was 18 to 24 inches of silicified limestone containing quartz-sphalerite seams and banded rhodochrosite seams. Also, while the same Plate 32 shows a "Raise to Cliff workings" about 320 feet east of the heading, we question whether this raise is the Cliff shaft inasmuch as Plate 30, Bulletin 922, indicates that the Cliff shaft bottomed roughly 180 feet above the Scratch Awl 500-foot level.

Nevertheless, if we accept the above 320 feet as a correct measurement, the available plans show a distance of nearly 1200 feet between the White Horse shaft and the nearest workings on the Scratch Awl 500-foot level. These workings lie to the east of the White Horse shaft and it is hard to see how the applicants could expect to pick up any hypothetical extensions of the structure exposed there by crosscutting to the west, as proposed on Map No. 5. Furthermore, we find on page 196 of U. S. Geological Survey Bulletin 922-G a comment worth considering:

"Along the Cliff vein, on the 500-foot level about 1,000 feet southeast of the shaft, a body of oxide ore lines at the junction of the Cliff vein with the Silver Hill-Hammerk contact. It contains 55 percent of manganese dioxide (equivalent to 35 percent of metallic manganese), but enough lead is present to make it unsuitable for battery use."

If, however, you feel that a field examination is warranted, please so advise us in order that we may reply to the applicant that the docket has been referred to Region II for field examination.

Sincerely yours,

(signed) FRANK E. JOHNSON

Chairman, Operating Committee

Enclosure

Approved:

C. H. Johnson

Member, Bureau of Mines

D. M. Lemmon

Member, Geological Survey

WSMartin:ls 8/13/52

cc: Docket
Admn. Read. File
Operating Committee
Field Team, Reg. 2
G. C. Selfridge
W. S. Martin
M. D. Crittenden, USGS
N. B. Melcher, USBM

Memorandum to T. A. Hendricks on the White Horse Mine, 2828

Philipsburg District, Montana

Max D. Crittenden Jr., January 8, 1944

Area 638

Introduction

The White Horse Mine is on the North side of Cliff Gulch about 1400 feet west of the Cliff Shaft. Old workings include several shafts and two tunnel levels. Production is as follows:

Year	LT of ore	Grade in % Mn	
1918	2465	43 (approx)	
1920	500	?	(to Moorlight)
1925	150	41.20	"
1942	211	19.83	
1943	27.7	26.50	

Geology

The White Horse Mine is in the Hasmark Formation near the axis of the Philipsburg anticline where it is intersected by the Cliff vein. The beds strike N. 20-30° E. and dip 30-40° N. The vein strikes East, and dips steeply to the south. The large orebodies encountered in the early work are formed in the brecciated area adjoining the vein, and extending a short distance out along certain beds.

All the old workings are in oxide. The average grade was about 43% Mn, 17% SiO_2. The ore is reported to have contained little iron or phosphorous. Presumably the ore is satisfactory for battery purposes, inasmuch as Moorlight accepted 450 tons in 1920 and 1925.

Conclusions

The White Horse is not located on the most favorable horizon in the district, nor is it related directly to the main rhodochrosite orebody in the Scratch Awl Mine. There are, however, productive orebodies on the Cliff vein to the east, to which the mine is related. It is a moderately favorable place for prospecting.

Recommendations

The mine is a favorable place to prospect for $MnCO_3$ if W.P.B. wishes to encourage production of this ore in the latter part of 1944.

High grade oxide orebodies may well be encountered on extensions of the old workings. There is, however, no evidence of their presence now.

A contract for low grade oxide ore is not recommended unless there is good reason for subsidizing the exploration. Substandard ore could well be shipped to Moorlight as battery concentrating ore.

MDC. 1-8-44

IN REPLY REFER TO:

G-MD-CF

400

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

August 5, 1952

Memorandum

To: George C. Selfridge, DMEA

From: Dwight M. Lemmon, USGS

Subject: Exploration application DMEA 2638 - Manganese
Hugh C. Miesly and Jacob Schneider
Whitehorse mine
Philipsburg, Montana

The covering letter from the Field Team, Region II, indicates that a field examination will be made. Therefore I am returning the docket to you and will not prepare a critical review until the field report is available.

DMLemmon:gt

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
So. 157 Howard Street
Spokane 4, Washington

(400)

July 30, 1952

dmea 2638

Mr. Frank E. Johnson
Chairman, Operating Committee
Defense Minerals Exploration Administration
Washington 25, D. C.

Dear Mr. Johnson:

We are sending you three copies of an application for aid in exploring the Whiteborse property, Granite County, Montana. The property is controlled by Mr. Hugh G. Nicely, 1000 West Fourth Street, Anaconda, Montana. One copy of the applicant's lease on the property accompanies the application.

One copy of the application is being held here to facilitate field appraisal.

Sincerely yours,

S. Warren Hobbs
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures

cc: USBM (1)
M. R. Klepper

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 4 1952

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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. DMEA-2638
Metal or Mineral
Date Received 8-4-52
Estimated Cost
Participation (Government %)

INSTRUCTIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 4 1952

16—66551-1

5. *The exploration project.*—(*a*) [redacted]te the mineral or minerals for which you wi[redacted] explore .....

.....

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

☐ Money ☐ Use of equipment owned by you ☐ Other

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated July 25, 1952

Nicely & Schneider
(Applicant)

By Hugh G. Nicely

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

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

Hugh G. Nicely
Anaconda, Montana
&
Jacob Schneider
Philipsburg, Montana

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

To accompany Form MF 103

1. Name of Applicants

   a. Hugh G. Nicely
      1000 West 4th Street
      Anaconda, Montana

      Jacob Schneider
      Philipsburg, Montana

2. Have read order 1, DMEA

3. Applicants property rights

   a. All descriptions stated in copy of lease herewith enclosed.
   b. Mine known as "Whitehorse"
   c. As leesee under lease from owners
   d. Copy of lease enclosed
   e. Do not own land
   f. Whitehorse extension Book No. 6 - Page No. 304
      Whitehorse fraction Book No. 6 - Page No. 305
      Whitehorse Lode-------Patented claim

4. This question answered fully in form MF 100. We have no interest in property except in lease from owners. At present the mine accessible only on the main tunnel level and in the stopes above the main level. The winze is caved from the 20 ft. level bulkhead up to the station on the main tunnel level. The upper tunnel level is open for inspection.

   b. Past production was 5040 short tons of manganese dioxide. At present the mine is closed down. It has not worked since closing November, 1918. Enclosed is a copy of the report to the owners by Mr. A. V. Corry, E.M., of Butte, Montana, in 1941. This copy does not have to be returned to me.

   d. Answered in MF 100, Section 13.

   3. Availability of:

      1. Manpower --- good in Philipsburg, Montana
      2. Materials and supplies --- good in Philipsburg and Butte
      3. Equipment --- good in Butte, Montana
      4. Water --- Answered in Mf 100 - Par. 14

Hugh C. Nicely
Anaconda, Montana
&
Jacob Schneider
Philipsburg, Montana

5. <u>The exploration project:</u>

a. To explore primarily for manganese dioxide, manganese carbonate. Secondary minerals are zinc sulphide and lead sulphide.

b. Propose to sink the existing winze 136 feet to arrive at the 500 ft. level of the adjoining Scratch Awl mine. From this exploratory winze to crosscut to discover the structure exposed in the upper levels of the mine to find out if the orebody exists in depth and if it is commercial under existing prices. Before any work can be started in the winze the old station on the main tunnel level will have to be retimbered and caught up. At present it is in poor condition; also the winze will have to be cleaned out and possibly retimbered down to the 20 ft. level.

c. Work can be started as soon as the exploration contract is approved and suitable machinery moved onto the job. We estimate about six to eight months to prove the existence of commercial orebodies at the depth the proposed winze will be sunk.

d. Qualifications of applicant stated in MF 100, Section 6. I will have direct charge of all work if loan approved.

6. <u>Estimate of costs:</u>

a. We do not anticipate any independent contracts unless a good shaft crew would take the contract to sink the shaft. If such a case arises we would furnish all materials, such as air drills, steel, timber, explosives, etc. and the crew would do all work under my supervision, such as drilling, blasting, mucking, timbering, framing timber etc. Our estimate of costs does not include any such contract, but we could get a crew with the cost we have figured on. In other words, we have figured the cost per foot to allow for either condition - sink with our own crew or contract it done.

Following is our estimate of the cost per foot for sinking the shaft. This is based on local knowledge and past experience.

COST PER FOOT:

Labor	$53.50
Supplies	21.50
Power	5.00
Supervision	2.50
Pumping	4.00
#Allowance	25.00
	$111.50 per foot

Allowance: There are so many unknown factors that may be encountered below the bulkhead. We are allowing for this extra amount per foot to cover this condition. If it is unwarranted so much the better, but we would rather allow for this condition and not encounter trouble than not to have allowed for it.

Hugh C. Nicely
Anaconda, Montana
&
Jacob Schneider
Philipsburg, Montana

b. Supervision and consultants.

The cost of direct supervision of the shaft has been noted in the cost per foot. I will not need any consultants in the conduct of the work outlined. I will survey, map and take the geology as the work progresses.

Classes and wages prevailing in the area are given in MF 100, Section 16. I have included the cost of engineering in an item in the compilation of the total cost.

c. Picks, shovels, bars, wrenches, electric lights, and all small hand tools to be furnished by applicants.

d. Equipment to be furnished by applicants.

Compressor, and two drills, steel, hoses, lubricators, drill bits. These items have been itemized in MF 100, in Section 17. Any additional equipment as the above has been included in the total cost.

e. The only rehabilitation of any of the operators equipment will possibly be an overhaul on the compressor motor; however we have a small 100 cu. ft. compressor that could be used until the power lines were run in, at which time I would put an electric motor on the large compressor.

f. The operator would build a small building to house compressor and tools. This would be the only building necessary at this time. Eventually, the compressor and tools, etc., would be housed in the mine at the station at the top of the shaft.

g. We have allowed for the following in the cost per foot of the shaft and all other work to be done:

1. Accounting —— plan to keep my own accounts
2. Unemployment Compensation —— 2.7% payroll
3. Industrial Accident Insurance —— 8.0%
4. Social Security —— 1.5%

h. The only contingency we have allowed for has been mentioned in the cost per foot of the shaft. I believe this is adequate.

7. a. We are prepared to share the cost of this project as set forth in Section 7, DMEA 1.

b. We plan to furnish my share of the costs by putting up part cash and part from the equipment I am prepared to put on the job. I have shown this amount (my equipment) in the following compilation of total cost.

Hugh G. Nicely
Anaconda, Montana
&
Jacob Schneider
Philipsburg, Montana

There is no possible way to verify what is shown on the maps below the main tunnel level. The bulkhead shown at the bottom of the 20 ft. level is actually at the TOP of the 20 ft. level. One of the owners gave me this information. He had never been below the Bulkhead. The property was owned by his father.

Apparently most of the production was from the 20 ft. level of the mine and from a stope above the west drift from the station. One of the reasons that the station is in such bad condition is the fact that they stoped right out to the station from the west drift, instead of leaving a block of ground around the shaft. The station is caved and most of the timber has been broken; however, at present it can be caught up and put in good shape to go ahead and clean out the winze down to the bulkhead on the 20 ft. level. We estimate that it would take three men about 4 weeks to get this work completed and then proceed with the work of examining the condition of the winze and getting set up to sink.

- - - - - - - - - -

R E P O R T

O N

WHITE HORSE GROUP
GRANITE COUNTY, MONTANA
FOR
DOMESTIC MANGANESE COMPANY.
B Y
ARTHUR V. CORRY, E.M.

BUTTE, MONTANA
JULY 3RD, 1941

R E P O R T
O N
WHITE HORSE GROUP
AND ADJACENT CLAIMS
PHILIPSBURG, MONTANA.
B Y
ARTHUR V. CORRY, E.M.

LOCATION AND PROPERTY.

The above property is located in Section 30, Township 7 N., Range 14 W., and is approximately one mile due east of Philipsburg, the county seat of Granite County, Montana.

The group of lode claims comprise the White Horse Lode, Survey No. 2234, and the Gertrude Lode, Survey No. 2103. In addition to the above, locations have been made covering the fractions adjoining the above claims on the east and on the south, designated respectively as White Horse Extension location, and White Horse Fraction location. These are shown on accompanying Map No. 2.

The White Horse Lode, Survey No. 2234. Lot No. 155, was patented April 9, 1892, the net area being 16.41 acres. Upon the accompanying district map the property examined is colored with red crayon. The White Horse claim takes the conflict with the Gertrude Lode, but excludes the small conflict with Survey No. 276, Silver Cliff No. 2 Lode.

The purpose of the present examination is to appraise the mineral possibilities of the property, and present a plan for development, if such be warranted.

HISTORY AND GEOLOGY.

The Philipsburg mining district has been active since 1864 when rich silver ore was discovered at the Hope mine. The camp reached its zenith of production previous to 1893, during which time the celebrated

Granite-Bi Metallic companies produced bonanza silver ore. Operations continued in a desultory manner until the inception of manganese production in 1900. During World War I, manganese production for metallurgical and chemical use reached its peak, and thereafter greatly lessened, especially upon the Armistice being signed. However, a continued production of manganese dioxide ore for battery use has been maintained to the present day. In addition, some silver, zinc, lead and copper has been produced during the past few years.

The geology of the district, as well as its early history is most thoroughly covered in several governmental publications. The reader, if interested, is referred to these for detailed information.

In order of their appearance, the following listed publications treat of this area.

(a). U.S.G.S. Professional Paper No. 78, dated 1913. Emmons, W H & Calkins, F.
(b). U.S.G.S. Philipsburg Folio, dated 1915. " "
(c). U.S.G.S. Bulletin No. 725, dated 1921. J.T. Pardee
(d). U.S.G.S. Bulletin No. 922 G, dated 1940. E N Goddard

DEVELOPMENT.

Plan Map No. 2, drawn to a scale of 1 inch equals 100 feet, shows the location of the numerous cuts, shafts, and tunnels on this property.

Maps No. 3, 4, and 5, show the principal workings on the White Horse claim on a larger scale. These workings aggregate 360 lineal feet of adits, 330 feet of drifts, 70 feet of crosscuts, and a 2 compartment winze 120 feet deep.

All of these workings lie on the north side of Cliff Gulch, and are wholly in the upper magnesian limestone of the Hasmark formation.

A shallow discovery shaft has been sunk on each of the two locations adjoining the White Horse claim on the east and south.

Mining operations of considerable magnitude are being conducted on near-by mining claims, to-wit, on the Cliff No. 2 and on the Scratch All. This is of immediate interest to the owners of the White Horse claim inasmuch as underground workings on the 500 foot level of the Scratch All, on the Cliff No. 2 vein, are approaching the east end line of the White Horse claim.

A plan map of these workings appears as Plate 32, Bulletin No. 922, U.S.G.S., to which reference is here made. This map shows the breast of the 500 foot level from the Scratch All Shaft as being 320 feet west of the Cliff No. 2 Shaft. This drift was driven on the south dipping, quartz-silver-zinc Cliff vein, and the breast shows 3 to 3½ feet of banded quartz, sphalerite, silver ore, with manganese carbonate.

Mining development in the eastern, or manganese producing area of this district discloses that manganese ore bodies first make in the east-west silver fissures. As these fissures cut favorable beds of the formation larger deposits of manganese ore are formed along the bedding, or as replacement ore bodies. Also, another favorable location for ore occurs along the bedding faults in the limestone, and especially in the contact zone between the several formations, as for example, the contact between the Jefferson limestone and the Maywood; the Red Lion and the Hasmark; Silver Hill and Hasmark, etc.

The elevation of the collar of the Scratch All Shaft is 6,044 feet above sea level. The elevation of the 500 foot level of this shaft is 5,544 feet. The elevation of the main adit tunnel level of the White Horse claim is 5,800 feet above sea level. The elevation of the White Horse 120 foot level is 5,680 feet, or, approximately 136 feet above the Scratch All 500 foot level.

Referring to the accompanying maps of the White Horse claim -

No's. 3, 4, and 5 - it is evident that a shoot of manganese ore was first encountered in Cut AA as a south dipping vein of the series of silver fissures (Cliff No. 2 system). This ore shoot was followed in depth by the crosscuts and drifts on this claim as it haded to the southwest.

The stopes on this ore body from the main adit tunnel, or level, are now inaccessible : likewise, all stopes reached through the 120 foot shaft are inaccessible. It is stated that a bulkhead was placed in the shaft at the 20 foot level, so that workings below this depth should be in good shape. However, on the main tunnel level, at approximately 136 to 160 feet from the portal, a series of four bands of iron oxide-manganese oxide, from 8 to 12 inches thick, occur along the bedding of the lime, which dips 50° to the north. Again, at 165 to 175 feet from the portal, two parallel bands of similar ore 8 to 18 inches wide occur. These dip north from 37° to 45°. A drift was driven easterly following this structure, and some stoping was done where the ore widened to five feet.

At a point 45 feet east of the main tunnel a short stope was made on one of these bands of ore where the vein had flattened. Sample No. 85 was taken from the breast of this stope, over a width of three feet. It assayed 10.3 % Mn, and 51.1 % insol. (45.0 % Si O). This completed the sampling.

CONCLUSIONS.

During World War I, a very considerable production of manganese ore was made by the operators of the White Horse claim.

Geological conditions existing in this property justify the expectation of not only discovering the continuation in depth of the ore body formerly mined, but also the discovery of other similar

ore bodies with a minimum of exploration. In addition the possibility of developing a commercial production of silver, lead and zinc in the Cliff Vein in depth is very encouraging, while at the same time prospecting is being carried on for manganese bedded deposits.

Accordingly, I recommend a limited campaign of exploratory work, as follows :

(a). Surface.

Trace the east-west silver vein shown in Cut #9 southeasterly to points "C", "D", and "E", and similarly, northwesterly to the top of the ridge.

On the White Horse Extension fraction reopen Cut No. 5, and extend same north and south 25 to 40 feet to definitely locate Cliff No. 2 vein. When this is done trace same northwesterly by cuts beyond Cut No. 10.

(b). Underground.

On the main tunnel level re-claim the drifts east and west therefrom, so that the ore occurrence therein may be mapped and studied.

Restore the shaft station on this level and re-open the shaft so that the vein and ore on the 20 and 120 foot levels may be mapped and studied, and future work projected therefrom, such as sinking the shaft to connect with the Scratch All 500 foot level, etc.

I advise maintaining title to the two locations covering the ground to the east and south of the White Horse claim. Upon resumption of development on the White Horse claim these two fractions should be patented.

Respectfully submitted,

(Signed) Arthur V. Corry, E. M.

Butte, Montana
July 3rd, 1941

Form MF-100
(May 1951)

U[redacted] DEPARTMENT OF THE INTER[redacted]
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

GENERAL TECHNICAL DATA
FOR USE UNDER THE
DEFENSE PRODUCTION ACT OF 1950

NOT TO BE FILLED IN BY APPLICANT

Docket No. DMEA-2638

Date received 8-4-52

Name and address of applicant

Date

INSTRUCTIONS

This form is to be filed with Defense Minerals Administration, Department of the Interior, Washington 25, D. C. It should be accompanied by appropriate application form when a specific type of Government assistance is requested, in the form of (1) loan, (2) purchase contract, (3) Government guarantee of a private loan, (4) priorities or allocation of mining equipment, and maintenance, repair and operating supplies, and (5) other forms of Government assistance that might arise under the Act. Submit four (4) signed copies of the form and accompanying papers. Name and address should be stamped or typed on each sheet of this form and all accompanying papers. *When a question is inapplicable it should be so stated on the form.* Additional sheets may be attached in answering any questions or in supplying additional information. (IF YOU CANNOT ANSWER A QUESTION, SO STATE.) If a question is answered elsewhere indicate where answered. It is not necessary to answer it again.

GENERAL TECHNICAL DATA

Supply the following information on separate sheets, arranged, numbered, and lettered as indicated:

1. Materials produced:
   (*a*) What are the chief mine, mill, or smelter products?
   (*b*) What are the byproducts, if any?
2. Name(s) and type(s) of mine(s), mill(s), smelter(s), refinery(ies), pit(s), quarry (ies), drilling operation(s). Include old names of property, if any. Show extent of workings, including the following:
   (*a*) Linear feet of shafts.
   (*b*) Linear feet of drifts and crosscuts.
   (*c*) Linear feet of tunnels or adits.
   (*d*) Linear feet of other mine openings (explain briefly).

   Indicate whether mine is flooded or not. Describe any pumping problems. Give size or productive capacity.
3. For each operation listed above supply the following:
   (*a*) Distance and direction from nearest town and shipping point.
   (*b*) Mining district.
   (*c*) Township, Section, Range.
   (*d*) County, State.
4. (*a*) State whether or not property is now in operation, and if in operation, by whom operated.
   (*b*) Are you operating this property as:
   - ☐ Owner.
   - ☐ Lessee.
   - ☐ Contractor.

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5. Number of years in production _____

   If not in production or operation, estimated date when production will begin _____
6. Experience of operators:
   Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who manage the project.
7. History:
   (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for suspension of operation.
   (*b*) State briefly the known history and production of adjoining and neighboring properties.
   (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

8. Names and addresses of Officers, Directors, or Partners, and in addition thereto, the five largest stockholders if applicant is a corporation.

Name and Address (a)	Official Title (If officer is also director indicate by "D") (b)	Total of Annual Salary, Commissions, Bonuses, Etc., Received From Applicant and Affiliates During Last Fiscal Year (c)	Estimated Net Worth Outside of Interest in Applicant (d)	Number of Shares Held in Applicant Corporation		Life Insurance Carried for Benefit of Applicant	
				Common (e)	Preferred (f)	Amount (g)	Net Cash Surrender Value After Loans (h)
	Total		x x x x x			x x x x x	x x x x x

If more lines are needed continue on separate sheet.

9. Capital Stock Issues:

For Corporate Applicants

Item	Authorized (a)	Outstanding (b)	Par Value (c)	Number of Shares Outstanding (d)	Dividend Rate Last Paid* (e)
Common stock	$	$	$		
Preferred stock	$	$	$		

*Indicate period covered.

10. Production:

Item	Kind of Product (a)	1948 Total (b)	1949 Total (c)	1950 Total (d)	Present Average Monthly (e)
1. Quantity of product mined or quarried (Short, long, metric tons; barrels; pounds; etc.)					
2. Quantity of product processed (specify unit of measure and type of process)					
3. Quantity and grade of product sold or shipped (specify units of measure)					

11. Do you contemplate a change in the present average monthly rate of production? If so, state estimated maximum monthly production and basis of change.

12. Ore or Mineral Reserves:

(a) Describe the ore or mineral deposit briefly. Accompany the application by any available report on the geology and ore reserves.

Hugh G. Nicely
Anaconda, Montana

&

Jacob Schneider
Philipsburg

GENERAL TECHNICAL DATA
FOR USE UNDER THE
DEFENSE PRODUCTION ACT OF 1950

To accompany Form MF 100

1. Materials produced:
   (a) Manganese dioxide
   (b) No other products commercially

2. Name of mine - "Whitehorse Lode"
   (a) 120 linear feet of shaft
   (b) 330 linear feet of drifts, 70 lin. feet crosscuts
   (c) 360 linear feet adits
   (d) approximately 100 linear feet raises (est. only)

   From the best local knowledge obtained the shaft was dry when mine last operated. However, we do expect water in the work to be done below the 120 level, amount of water to be expected is unknown factor to be solved when encountered.

3. Information on Whitehorse Mine
   (a) Mine is one mile by good road from Philipsburg, Montana, the N.P. Ry. has a track into here from the main line at Drummond, Montana. Loading facilities are available.
   (b) Philipsburg Mining District (unorg)
   (c) Section 30, T7N; R14W; MPM
   (d) Granite County, Montana

4. Property not now being operated
   (b) Leesee, from owners

5. Mine was in production from May 1916 to November 11, 1918. Plan to put into production as soon as possible if this loan is approved and suitable ore is discovered during exploration program following.

6. Hugh G. Nicely, applicant.
   Graduated from Montana State School of Mines at Butte, Montana, June, 1935 with degree of BSc in Mining Engineering. Worked for Anaconda Copper at Butte as sampler, engineer, surveyor, shift boss, and as Mine foreman for the same Company at the Mouat Chrome Mines during the World War II. In charge of exploration project in Alaska for A.C.M.Company and on Stillwater River in Montana. Operated gold mine in Madison County, Montana until April of 1941 at which time I went to chrome property for A.C.M.Company. At present Assistant Manager and part owner of Tri-city Concrete Products Inc. of Anaconda, Montana. Married, one child residing in Anaconda at 1000 West 4th.

   Jacob Schneider, applicant.
   30 years practical mining and leasing experience in the mines of the Philipsburg district in all phases of mining including stoping, shaft sinking and development.

Hugh G. Nicely
Anaconda, Montana
&
Jacob Schneider
Philipsburg, Montana

7. History

(a) Most questions regarding the past development and work done in the mine are answered in the enclosed report of Mr. A. V. Corry, E.M.. The total production was 5040 tons (short) averaging 38% Mn. This information was taken from the shipping ledger of the owners.

The property closed down the day the Armistice was signed at the close of World War I due to the lack of a market and supporting price.

(b) The history and development of surrounding area is fully covered in USGS Bulletin 922-G, it has quite a lengthy history. At present and for the purpose of encouragement of the re-opening of the Whitehorse we might add that the Scratch Awl Mine which adjoins the Whitehorse to the East has been doing very well and is a steady shipper. The vein that the Scratch Awl is working on at present is unquestionably the same structure that is on the Whitehorse. This is stressed in Mr. Corry's report which is a part of this application.

(c) Enclosed is a true copy of the report on this mine by Mr. A. V. Corry, E.M. of Butte, Montana.

13. Access Roads

Answered in 3-a

14. Water Supply

Water for drilling at present will have to be hauled from municipal water supply. However, there is a possibility of getting water from an adjoining mine in the future. In the event water was encountered in the shaft the problem would be solved. This information as to the water in the old shaft is at present unknown.

15. Power Supply

The Montana Power has a line into an adjoining mine about three quarters of a mile from the Whitehorse. The first 1000 feet is gratis and then the additional footage is charged at the rate of $0.25 per foot. This is for a three wire system, 60 cycle, 2200 volt with suitable transformers installed at the mine. Enclosed with this report is a Montana Power schedule of the current rates in effect at this time.

16. Labor:

Class	No. Needed	Rate per Day
Miners	4	$13.50
Laborers	2	$10.00

The actual number of men needed will depend upon the number of shifts that are worked in the shaft that is single or double shift. There is a fairly good supply of capable miners available in Philipsburg.

Hugh G. Nicely
Anaconda, Montana
&
Jacob Schneider
Philipsburg, Montana

17. Equipment and facilities

There is absolutely no equipment at the mine now. All buildings have been removed and all power lines have been destroyed or carried away.

Following is a listing of the equipment owned by the applicants and available for use at this mine:

1	-	Ingersoll-Rand 315 cu ft gas driven compressor
2	-	Rock drills, one stoper and one jackhammer
100'	-	Mine air hose
100'	-	Mine water hose
1	-	ly cu ft mine car 18" gauge
1	-	ton mine rail with splices and bolts
200	-	detachable rock bits
10	-	ass't drill steel

Assorted picks, shovels, bars, and hand tools for use in mine.

18. Particular circumstances

This property has had a good record of production of manganese dioxide during World War I and we honestly believe that a well directed campaign of exploratory work will discover several good commercial ore bodies that will assure repayment of the loan and put the mine back into a good condition for future production.

One point that we would like to bring up at this time is origin of the enclosed maps of the Whitehorse mine. They were included in Mr. Corry's report and he stated on each map that the surveyor was unknown and they were copied as is. We are surveyors and any of the details that we have checked on the maps lead us to believe that they are accurate. We cannot verify the work below the main tunnel level as all of this work is inaccessable, but we are reasonably certain that all the workings shown on the maps will be just as represented when we get down in the old winze.

Hugh G. Nicely
Anaconda, Montana
&
Jacob Schneider
Philipsburg, Montana

Total cost of Operation:

136 feet shaft at $111.50 per foot	$15,164.00
Misc. tools and equip (small tools)	600.00
2 mine cars and Sinking bucket	200.00
Compressor and drills and steel	3,775.00
Pipe not in shaft (not inc. in cost per ft.	300.00
Mine timbers (to timber station)	300.00
Engineering, accounting, geology	1,000.00
Labor to retimber station and catch up back	1,660.00
General overall supervision (not only in shaft)	1,000.00
Single drum hoist and cable (inc. installation)	1,000.00
# Power line and transformers	1,200.00
Estimated Total cost	$26,199.00

Power line --- First 1000 ft. gratis, then $0.25/ft for one mile of line and 2 - 30 kva transformers and switches.

Estimated allowance for operators equipment:

Compressors	$2,000.00
Drills	425.00
Air and water hoses	150.00
Steel and bits	200.00
Steel rail and mine car	200.00
Misc. hand tools	100.00

Schedule GS-44—General Service

Available for: All electric service required when supplied through one meter at one point of delivery. Not available for standby, breakdown, supplementary, resale or shared service.

Type of Service: Sixty cycle alternating current at such phase and voltage as Company may have available.

Rate: Net monthly bill.

75c for the first 12 kwh, or less.
3.5c per kwh for the next 288 kwh.
2.5c per kwh for the next 1,500 kwh.
1.5c per kwh for the next 3,200 kwh.
0.9c per kwh for the next 15,000 kwh.
0.7c per kwh for the next 200 kwh per kilowatt.
0.5c per kwh for all additional kwh.

And

First 10 kilowatts —No charge.
Next 20 kilowatts —95c per kilowatt.
All additional kilowatts —75c per kilowatt.

Minimum Bill: 75c per month.

Tax Adjustment: The Company may increase the bill for electric service supplied under this Schedule by an amount equal to the proportionate part of any taxes in excess of those in effect on December 31, 1940.

Payment: The net monthly bill is due and payable when rendered and becomes delinquent 10 days thereafter.

Determination of Kilowatts: The average kilowatts supplied during the 15-minute period of maximum use during the month, as determined by permanently installed indicating type meter.

Special Terms and Conditions: Customer may be required to pay the cost of installing and removing all of the facilities required to supply seasonal and short term service. Customer must pay the cost of installing and removing all of the facilities required for rendering temporary service.

Issued September 22, 1944
Approved September 22, 1944
Effective October 1, 1944

Public Service Commission of Montana

(Supersedes Schedule GS-41)

(*b*) If deposit is other than pla

(1) Submit assay plans and/or sections showing location and size of proved (measured) and probable (indicated) ore or mineral reserve.

(2) State the tonnage (indicate type of ton) and grade of each class of ore reserve, as above, and show how computed. Tabulated total ore reserve as follows:

TOTAL ORE OR MINERAL RESERVES

Ore or Mineral Reserve	Estimated Tons (a)	Metal or Mineral Content Per Ton (Grade) (b)	Gross Value Per Ton (c)	Recoverable Unit Value Per Ton (d)	Estimated Cost of Production Per Ton (e)
Measured (proved)					
Indicated (probable)					

(*c*) If placer:

(1) Give estimated total yardage and average marketable mineral content of each deposit.

(2) Submit map showing location of placer deposit and surrounding area, with all test holes or pits. Submit logs of each hole and test pit with depth and average value of each.

(3) Describe gravel, stating whether fine, medium or coarse; loose, tight, cemented, or frozen, and whether it contains stumps or boulders more than 1 foot in diameter; if so, how large, and in what proportion.

(4) Describe bedrock, giving type (granite, sandstone, shale, etc.) and state whether it is hard or soft, smooth, even or rough.

(5) Describe overburden, stating whether loose, tight, or cemented; fine or coarse textured; furnish estimate of average thickness and total amount.

(6) Tabulate the reserves using the form outlined above for ore or mineral reserves.

13. Access Roads:

Give road distances to shipping, supply and residence points, stating kind and condition of roads.

14. Water Supply:

State source and quantity of water available for operations and whether sufficient for all seasons of year.

15. Power:

State amount of power used, rate per hour, and source thereof.

16. Labor:

State number and classes (miners, muckers, millmen, etc.) of men employed during a recent representative payroll period.

17. Equipment and Facilities:

Describe present equipment on the property, including buildings. (State condition.) List major pieces of equipment now owned or controlled and in serviceable condition available for this operation.

18. Are there any particular conditions or circumstances affecting your operations that are not described above? If so, explain.

CERTIFICATION

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

(Name of company)

By ---
(Signature of authorized official)

(Date)

(Title)

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

U. S. GOVERNMENT PRINTING OFFICE 16—63792-1

TMCA 2638

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Onea 2638, Idm-E-443.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
~~xxxxxxxxxxxxxxxx~~
No. 157 Howard Street
Spokane 4, Washington

March 31, 1953

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 3 8 1953

Re: Docket No. DMEA-2[illegible] (Manganese)
Nicely and Schneider
White Horse Mine
Granite County, Montana

Dear Mr. Selfridge:

Enclosed herewith are the original and two signed copies of Contract Idm-2[illegible] for the subject property. A copy of the contract has been retained by the Operator, we are retaining a copy for our files, and by a carbon copy of this letter we are distributing the Finance Officer's copy.

You will note that the starting and completion dates of the contract have been changed. This was necessitated because of the time consumed in checking more thoroughly the ownership and description of the claims.

Also enclosed is a corrected Quartz Mining lease which was sent to us by the Operator. This lease was entered into the 24th day of June 1952. It has been requested that this lease be returned to the Operator.

Sincerely yours,

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

Enclosures

cc: Finance Officer w/encl.
USBM (2)
Quinlan

MF-200
(June 1951)
(Revised Feb. 1952)

DOCKET [redacted] DMEA 2039

COMMODITY Manganese

Division Copy

IDM-E 443

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 8 1958

EXPLORATION PROJECT CONTRACT [1]

IT IS AGREED this 12th day of November, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Hugh C. Kiely, 1000 W. 4th St., Anaconda, Montana, and Jacob Schneider, Philipsburg, Montana, Partners

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Montana, County of Granite, described ~~as follows~~ [3] As set forth in Annex I.

the Operator represents and undertakes: [4]

(*a*) ~~That the Operator is the owner in possession and entitled to possession and that the property is subject only to the following claims, liens or encumbrances, to each of which the subordination agreement of the holder is attached:~~

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within ~~10~~ 140 days from the date of this contract shall commence work on a project of exploration for [5] Manganese in or upon the described land; and shall bring the project to completion within a period of ~~90~~ 230 days from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided.

ARTICLE 4. *Performance of the work.*—(*a*) *Operator's responsibility.* The work shall be performed efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmens' compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. To the extent specified in Exhibit "A," attached hereto, the work may be performed by independent contractor or contractors; and work not specified in Exhibit "A" for performance by independent contractor may nevertheless be so performed upon amendment of Exhibit "A," as agreed to by the parties, to state the work to be so performed and the estimated unit costs thereof, as provided hereafter.

(*b*) *Independent contracts.*—Any independent contract for the performance of work shall be on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved), or on some basis that will indicate the amount due for work performed at any stage of the work to be performed under such independent contract. The Government shall not be nor be considered to be a party to any such independent contract, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of any such independent contract. If the reference in Exhibit "A" to any such independent contract states that the Government's approval thereof is required, the Government may refuse to participate in the cost thereof unless and until it has given its written approval of the independent contract.

(*c*) *Government may inspect.*—The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 5. *Estimated costs of the project.*—A statement of the estimated cost of the project is set forth in Exhibit "A," attached hereto. Except insofar as any item of requirement or the estimated cost thereof set forth in Exhibit "A" is there or elsewhere designated as an "allowable maximum," such items of requirement and of related cost are estimates only, and may be exceeded to the extent that the Government may from time to time approve for the most economic and beneficial performance of the work within the limitation of the total aggregate estimate of costs. The Government's approval of any such excess over the estimate for an item of requirement or related cost will be signified by its approval and payment of any invoice or voucher for payment which expressly calls attention to such excess. Items expressly designated in Exhibit "A" or elsewhere as "allowable maximum," and the total aggregate estimated cost are limitations, and any excess therein will be for the sole account of the Operator in which the Government will not participate.

ARTICLE 6. *Allowable costs of the project.*—(*a*) The costs of the project in which the Government will participate are limited to the following:

(1) *Independent contracts.*—Payments to independent contractors under independent contracts listed in Exhibit "A." The estimated cost of any work to be performed under an independent contract is or shall be included in the estimate of costs in Exhibit "A" in terms of the estimated numbers of units of work to be performed, the estimated amount to be paid per unit, and the estimated total amount to be paid to the independent contractor, and such estimates shall be allowable maximums above which the Government will not contribute. Regardless of the provisions of any such independent contract, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the 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 and necessary. No such independent contract shall have the effect of increasing the estimated total cost of the exploration project contract nor the maximum amount which the Government will pay as provided in the exploration project contract.

(2) *Labor, supervision, consultants.*—Labor, supervision and technical services (including engineering and geological consultants), a schedule of which is included in the estimate of costs set forth in Exhibit "A." The requirements and related estimated costs for supervision and technical services are allowable maximums.

(3) *Operating materials and supplies.*—Necessary materials and supplies including items of equipment costing less than $50.00 each, and power, water, and fuel, a schedule of which is included in the estimate of costs in Exhibit "A."

(4) *Operating equipment.*—Any operating equipment to be rented or purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or the allowable depreciation, as the case may be, a schedule of which is included in Exhibit "A." Any items listed as owned and to be furnished by the Operator, and related ~~initial~~ allowable depreciation, are allowable maximums.

(5) *Rehabilitation and repairs.*—Any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and to be devoted to the purposes of the exploration contract, a schedule of which is included in the estimate of costs set forth in Exhibit "A." These items are allowable maximums.

(6) *New buildings, improvements, installations.*—Any necessary buildings, fixed improvements, or installations to be purchased, installed, or constructed for the purposes of the exploration work, with the estimated cost of each, a schedule of which is included in the estimate of costs in Exhibit "A." All of these items are allowable maximums.

(7) *Miscellaneous.*—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.

(8) *Contingencies.*—Such other necessary, reasonable direct costs of performing the exploration work, within the limit of the total aggregate estimate of costs, whether or not included in any schedule of costs in Exhibit "A," as may be approved by the Government in the course of the work, as indicated by its approval and payment of invoices and vouchers.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) The Government's payments [redacted]ases will be based on actual, necessary [redacted](including contract unit prices) incurred not in excess of any "allowable[redacted]um," and not in excess of the fixed percent[redacted]he total aggregate estimated cost. Costs will be considered to be incurred only as they are or become due and payable.

(*c*) 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 this contract, shall be allowed as costs of the project in which the Government will participate.

ARTICLE 7. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operators shall provide the Government with monthly reports of work performed and costs (including contract unit prices) incurred under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of costs incurred on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) Compliance with requirements.—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account as provided in Article 12.

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 75 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $2,211.00, which is 75 percent of $[illegible]40.00, the agreed, estimated total cost of the project in which the Government will participate; *Provided,* that until the Operator's final report and final accounting have been rendered to the Government, 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 ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

(*b*) The Government may make any payment or payments direct to independent contractors and to suppliers, for the account of the Operator, rather than to the Operator.

ARTICLE 9. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

ARTICLE 10. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided,* that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 11. *Title to and disposition of property.*—All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator 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 at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

ARTICLE 12. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, facilities, buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its pro rata share of any money remaining.

ARTICLE 13. *Changes and added provisions.* The Operator's obligation to bring the project to completion continues only as long as the accumulated allowable costs of the project in which the Government will participate do not exceed the agreed, total estimated cost of the project set forth in Article 8.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Hugh G. Nicely (xxxxx Partner

Jacob Schneider, Partner

By C O Mittendorf

Administrator, Defense Minerals Exploration Administration

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]

EXPLORATION PROJECT CONTRACT
HUGH G. NICELY & JACOB SCHNEIDER
DOCKET NO. DMEA-2638

ANNEX I

The White Horse patented lode mining claim (Mineral Entry Number 2056), recorded in Book 20 of Deeds, page 173, and two unpatented quartz lode mining claims, the White Horse Extension recorded in Book 20, page 620, and the White Horse Fraction recorded in Book 20, page 619. All these records are in the office of the County Clerk and Recorder of Granite County, Montana, and all the claims are situated in Section 30, T. 7 N., R. 13 W., M.P.M.

EXPLORATION PROJECT CONTRACT
HUGH G. NICELY & JACOB SCHNEIDER
DOCKET NO. DMEA-2638

EXHIBIT "A"

Description of the Work

Time Schedule: 0 to 3 months

1. Rehabilitate the winze station on the main level.

2. Rehabilitate the winze sufficiently to gain access to the 120 level and install service pipe.

3. Explore for the downward continuation of the ore below the old mine workings by means of 400 linear feet of long hole drilling from the 120 level, as indicated in "Map No. 1 - DMEA Docket No. 2638", attached hereto and made a part hereof.

Estimated Costs of the Project
(*Indicates allowable maximum)

(1) Independent Contracts

None

(2) Labor, Supervision, Consultants

Wages for 3 miners at $14.60 each per day ($13.47 plus overtime for sixth day work) for 135 man days 1/	$1,971.00

(3) Operating Materials and Supplies

Timber - Round stulls 16 feet long

Posts, 24 each 16'	
Caps, 12 each 16'	
Girts, 10 each 16'	
Total 46 each 16'	$ 50.00

1/ Part of the labor may be performed personally by the Operator at the specified rate. Supervision, engineering and mapping shall be performed by the Operator at no cost to the project.

Pipe

2" Air Line -	Adit level	220'		
	Shaft	120'		
	120 level	80'		
	Total	420 Linear feet @ $0.41	$172.20	
1" Water line -	Shaft	120'		
	120 level	80'		
	Total	200 Linear feet @ $0.18	36.00	
Fittings			25.80	
Fuel, 10 days - 30 gal. per day - 300 gal. @ $0.30			90.00	
Tungsten carbide bits, 2 @ $14.00 each			28.00	$ 402.00

(4) Operating Equipment

To be purchased

None

To be rented

1 Portable 160 cfm compressor @ $275/mo., including freight to project and return, 1 month 275.00

To be furnished by Operator

Equipment owned by Operator to be furnished without charge to project

(5) Rehabilitation and Repairs

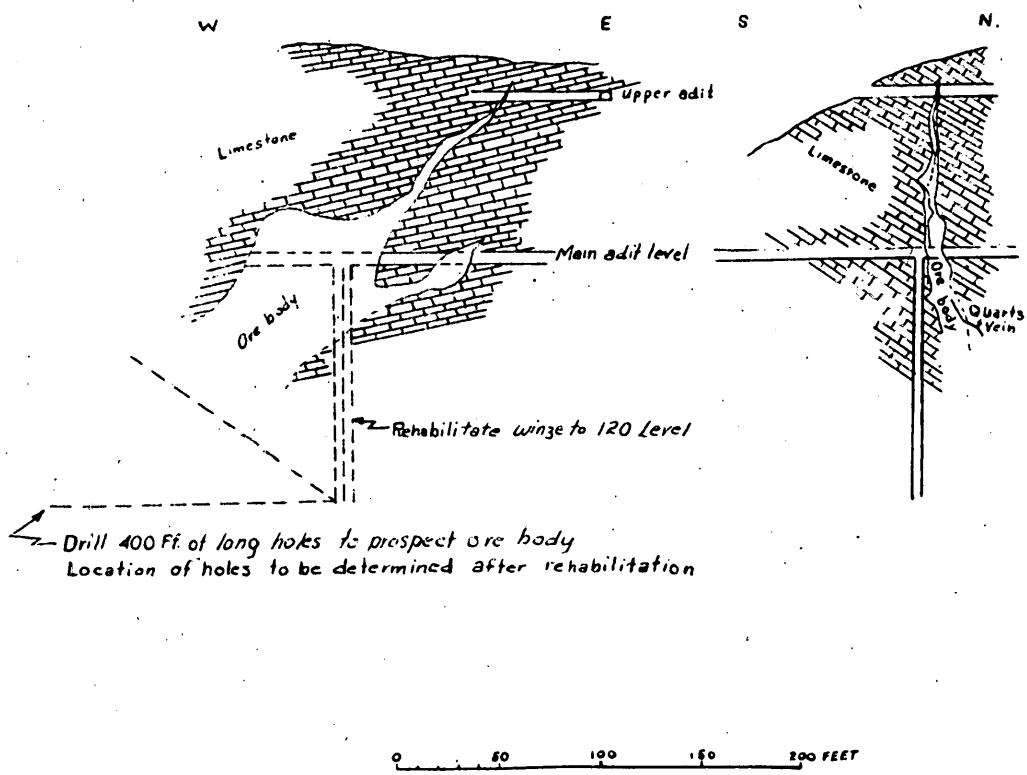
No rehabilitation except as outlined above in "Description of the Work", all costs of which are included under headings (2), (3), (7), and (8).

(6) New Buildings, Improvements, Installations

None

(7)	**Miscellaneous**	
	Workmen's Compensation, Employer's Liability Insurance, Old Age Benefit, Unemployment Insurance, payroll and sales taxes	$ 200.00
(8)	**Contingencies**	100.00
	Estimated Total Cost of the Project	$2,948.00*
	Government Participation @ 75%	$2,211.00*

Map No. 1 DMEA Docket No. 2638



GEOLOGIC SECTIONS SHOWING PROPOSED EXPLORATION PROGRAM
WHITE HORSE MINE, GRANITE COUNTY, MONTANA

AFTER: PARDEE, J. T., DEPOSITS OF MANGANESE ORE IN MONTANA, UTAH, OREGON AND WASHINGTON U. S. GEOL SURVEY BULLETIN 725, p 168, 1921.

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Montana, County of Granite, described as follows:1/ The White Horse patented lode mining claim (Mineral Entry Number.2056), recorded in Book 20 of Deeds, page 173, and two unpatented quartz lode mining claims, the White Horse Extension recorded in Book 20, page 620, and the White Horse Fraction recorded in Book 20, page 619. All these records are in the office of the County Clerk and Recorder of Granite County, Montana, and all the claims are situated in Section 30, T. 7 N., R. 13 W., M.P.M.

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Hugh G. Nicely, 1000 W. 4th Street, Anaconda, Montana, and Jacob Schneider, Philipsburg, Montana, Partners

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ 2,211.00, or ten years have elapsed from the date of the contract.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

Dated this 9 day of Feb., 1953.

William R. McDonel [Seal]

Marie McDonel [Seal]

Elizabeth J. Cole [Seal]

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

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

4/ Insert the maximum amount of the Government's contribution.

Repayment by Operator. (a) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

(1) One and one-half (1½) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) per cent of such net amounts.

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

(b) As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

(c) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(d) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

Title to and disposition of property. All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator 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 at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

QUARTZ MINING LEASE

THIS AGREEMENT, Made and entered into this 24th day of June, 1952, by and between WILLIAM ROYAL McDONEL, MARIE McDONEL (his wife) and ELIZABETH JANE COLE (a spinster) all of Butte, Montana, (hereinafter called "LESSORS"), parties of the first part and HUGH G. NICELY, of Anaconda, Montana and JACOB SCHNEIDER, of Philipsburg, Montana, (hereinafter called "LESSEES"), parties of the second part.

WITNESSETH:

It is mutually agreed by and between the parties hereto as follows:

1. RIGHTS GRANTED TO LESSEE: The Lessors, for and in consideration of the rent and royalty to be paid, and the covenants and agreements to be observed, kept and performed by the Lessees for the term hereinafter stated, and upon the terms and conditions hereinafter set forth, does hereby lease, demise and let unto the Lessees the following described property situated in the County of Granite, State of Montana, to wit:

The White Horse Lode Mining Claim, designated in the United States Patent as Mineral Entry Number 2056, which patent for said lode mining claim is recorded in the office of the County Clerk and Recorder of Granite County, Montana, in Book 20 of Deeds, at Page 12[illegible] thereof, Records of Granite County Montana; and

The White Horse Extension Quartz Lode Mining Claim, unpatented, and situated in the Flint Creek (unorganized) Mining District of Granite County Montana, the location certificate of which appears and is of record, in Book [illegible], Page [illegible], in the office of the County Clerk and Recorder of Granite County, Montana; and

The White Horse Fraction Quartz Lode Mining Claim, unpatented, the location certificate of which appears and is of record in the office of the County Clerk and Recorder, in Book [illegible], Page [illegible], of Granite County, Montana.

2. EFFECTIVE DATE - TERM: This agreement shall take effect on the 24th day of June, 1952 and shall continue in full force and effect to and including the 24th day of June 1957, provided however that the Lessees shall have the right to extend this lease for an additional period of five years from June 24th, 1957 to June 24th, 1962, by giving written notice of its intention to the Lessors, at lease 90 days before the expiration of this lease, unless sooner terminated as hereinafter provided.

3. ROYALTY: For ores of zinc, lead, silver, copper or other metals, which are shipped direct to a smelter, the Lessees shall pay a royalty based on the net smelter returns of such ores, according to the following schedule:

On ores having a value of $15.00 or less per ton, 10% royalty.

On ores having a value of over $15.00 and not more than $24.99 per ton, 15% royalty.

On ores having a value of $25.00 and not more than $34.99 per ton, 20% royalty.

On ores having a value of $35.00 and not more than $49.99 per ton, 25% royalty.

On ores having a value of $50.00 or over per ton, 30% royalty.

By "net mill or smelter returns" is meant the amount received for such ores after deducting therefrom the cost of milling, smelting and freight or haulage charges from the mine to the mill or smelter.

In case the Lessees shall receive any other amounts from the sale of such ores over and above the settlement made by the mill or smelter, Lessee shall pay to the Lessors the same percentage of such additional receipts as specified in the above scale of royalties for the lots for which settlement is made.

With the payment of such additional royalty the Lessees shall submit to William Royal McDonel, Marie McDonel (his wife) and Elizabeth Jane Cole to 829 West Broadway, Butte, Montana, one of the Lessors address, a statement showing the lot for which the additional payment was received, together with proof of the amount of such additional payment.

For ores of manganese which are sold as such to the Government the royalty to be paid to the Lessors under this lease shall be as follows: 15% Mn to 30% Mn, the royalty to be paid to the Lessors under this lease shall be twelve and one-half percent (12½%) of the amount received by the Lessees, delivered at a Government Stockpile or delivered f.o.b. railroad cars or other convenient loading place.

For ores of manganese which are sold as such to the Government containing manganese content of: 30.1% Mn to 40% Mn the royalty to be paid to the

Lessors under this lease shall be fifteen and one-half percent (15½%) of the amount received by the Lessees, delivered at a Government Stockpile or delivered f.o.b. railraod cars or other convenient loading place.

The above royalties also applies on any sulphide values in the manganese paid for by the Government under its manganese program.

For ore of manganese which are sold as such to the Government containing more than 40.1% Mn the royalty to be paid on such ore to the Lessors under this lease shall be seventeen and one-half percent (17½%) of the amount received by the Lessees delivered at a Government stockpile or delivered f.o.b. railroad cars or other convenient loading place. These royalties also apply to any sulphide values in the manganese and paid for by the Government under its manganese program.

For ore of manganese which are mined hereunder but which are concentrated or beneficiated by the Lessees on the demised premises the royalty to be paid to the Lessors shall be (15%) fifteen percent of the amount received by the Lessees delivered to the Government at stockpile, plant, or agent purchasing the concentrates or beneficiated product delivered f.o.b. railroad cars. These royalties also apply to any sulphide values in the manganese and paid for by the Government under its manganese program.

With the payment of said royalty on manganese ores or concentrates, the Lessees shall submit to the Lessors a copy of the settlement sheets showing the number of wet tons sold, the moisture content, the percentage of manganese in each lot for which settlement is made, together with a statement of the amount received for each lot. Failure to comply with any of the above-specified procedures shall be cause for cancellation of the lease.

Payment of all royalties shall be made directly to the Lessors at its offices, 829 West Broadway Street, Butte, Montana; payment to be made with two separate checks as follows:

19/36	-	William R. McDonel or Marie McDonel (his wife)
17/36	-	Elizabeth Jane Cole

4. LESSEES TO PAY TAXES AND ASSESSMENTS: The Lessees shall pay, before delinquent, all taxes and assessments levied by public authority against any machinery, improvements and personal or other property placed upon said mining claim, and shall also pay, before the same become delinquent all license and net proceeds taxes which may be levied by authority of law on the business of mining said premises, or upon the ores produced therefrom,

5. DEMISED PREMISES TO BE WORKED SEPARATELY: The demised premises shall be worked separately from all other lands, and all ore mined and removed therefrom shall be kept segregated from all other ore mined by the Lessees until the weight and value thereof shall be fully determined.

6. INSPECTION OF MINE, ETC: The Lessors, through its authorized representatives, shall at all times during the term of this lease have the right to enter upon and inspect the mine or mines and all the workings thereof, on the demised premises, together with the beneficiating plant or plants used in connection therewith and to make any survey that it may deem necessary, either for the purpose of checking the amount of ores mined, or for an examination of the physical condition of the property, workings and beneficiating plant or plants.

7. CONDUCT OF MINING OPERATIONS: The Lessees shall enter at once upon said mine or premises and work the same in a manner necessary to good and economical mining so as to take out the greatest possible amount of commercial ore free from waste, having due regard to the safety, development and preservation of said premises as a workable mine, and shall work said mine and premises as afore said continuously and steadily from the date of this lease, and in the prosecution of said work shall keep at least two (2) persons employed underground for a space of twenty (20) days in each thirty (30) day period, except during such times as said Lessees may be actually prevented from prosecuting said work by any cause or causes beyond its control.

In consideration of said lease the Lessees do hereby covenant and agree with the Lessor that it will well and sufficiently timber said mine at all points where proper and repair all old timbering whenever it may become necessary in order to preserve the mine in a workable condition.

That it will occupy and hold all cross and parallel veins, leads, dips, spurs, feeders, crevices or mineral deposits of any kind which may

be discovered in working under this lease, or in any development work connected with the working of said lease by said Lessees, or by any person or persons under it, in any manner and will not during the term of this lease locate or attempt to locate or record the same, or allow the same to be located or recorded except in the name of the Lessor.

That it will keep all shafts, drifts, tunnels and workings in good condition or repair, and will keep the same drained and clear of loose rock and debris of all kinds.

It will adequately fence, cover or otherwise protect all shafts, cuts or other surface openings made or used by it under this lease.

8. BOOKS AND ACCOUNTS: The Lessees will keep books and accounts showing the amount of ores extracted from said mine, the amount of ores shipped, sold or treated, and the amount of money received for said ore, or the value extracted therefrom, and the Lessor shall have free and full access to said books, accounts and records of the Lessees at all reasonable times.

9. DISPOSAL OF WASTE, REFUSE AND MINE WATER: The Lessees shall make such provision for the disposal of waste, refuse and mine water from the mine or mines on the demised premises that the same shall not be a nuisance nor injure the property of the Lessors, or of others, nor obstruct or contaminate any stream, or obstruct any right of way or other means of transportation or travel on the lands of the Lessor or others.

10. LABOR AND MATERIAL TO BE FURNISHED BY LESSEE: The Lessees shall , at its own cost and expense, furnish all labor, material and supplies necessary for the proper operation of the demised premises under this lease.

11. LIENS: The Lessees shall, when due, fully pay for all machinery, equipment and materials joined or affixed to the premises herein described, and shall, when due, pay in full all persons who perform labor upon said premises, and shall not permit or suffer any liens of any kind or nature to be enforced against said premises for any work done or machinery, equipment or materials furnished thereon at the instance or request or on behalf of the Lessees.

12. STATE AND FEDERAL ENACTMENTS AND CITY ORDINANCES: The Lessees, in the operation and development of said premises, shall observe and comply with all applicable Federal and State laws, safety regulations and city ordinances, and shall comply with the laws of the State of Montana in reference to Workmen's Compensation, and shall insure and keep insured during the term hereof all persons employed by Lessees under the provisions of said Workmen's Compensation Law.

13. ASSUMPTION OF RISK - INDEMNITY: (a) The Lessees assumes all risk of personal injury to the servants and employees of the Lessees and persons with whom it may be transacting business while on the demised premises, and all risk of loss or damage to buildings or contents, and also to any other property brought upon, or in proximity to, said premises by the Lessees, or by others with the knowledge or consent of the Lessees.

(b) The Lessees agrees to, and does hereby indemnify and hold harmless the Lessors against any and all damages, liability, liens, claims, demands, costs, causes of action, suits at law or in equity in any way growing out of this agreement, or because of the operation or the carrying on of the work contemplated hereunder.

14. LESSOR TO BE GIVEN NOTICE OF LITIGATION: The Lessees shall promptly notify the Lessors in writing of the institution of any litigation involving the rights granted by this agreement, and in the event the Lessors are, in its judgement, in any way interested therein, it may, at its option, enter into the conduct and defense of such litigation to the extent it may deem advisable.

15. DEFAULT BY LESSEE: Time is of the essence of this agreement, and in case the Lessees shall fail to keep and perform all, or any one of the covenants and agreements herein written and contained to be by it on its part performed in the manner, form and at the time as herein agreed, then the Lessors may, at its option, and upon thirty (30) days' notice in writing to Lessees declare this agreement terminated and at an end, and all the rights of the Lessees shall cease and be wholly terminated and at an end.

A waiver by the Lessors of a particular breach of any covenant or agreement shall not be deemed or held to be a waiver of or affect any other breach or impair its rights resulting therefrom.

16. SURRENDER OF PROPERTY: Upon the termination of this agreement for any cause, the Lessees shall immediately surrender unto the Lessors all of the premises herein demised without delay or hindrance and the Lessors shall have the right immediately upon the expiration or termination howsoever of this agreement to enter upon the premises aforesaid and to take immediate possession thereof without declaration of forfeiture, act of re-entry or process of law.

17. REMOVAL OF EQUIPMENT: As long as the Lessees are not in default in any of the terms and conditions herein provided for to be kept and performed by the Lessees, they shall have the right to remove from the demised premises, all machinery, tools and other equipment placed thereon by them within a period of ninety (90) days from the termination hereof, and unless so removed within said period the same shall immediately become the property of the Lessors, but they shall not remove or impair any supports, mine props or mine timbers which may be necessary for the protection of any openings of such mine or mines.

18. HOW NOTICES TO BE GIVEN: All notices given or required to be given under the terms of this agreement shall be in writing, sent by United States mail postage prepaid and shall be addressed as follows:

Notices to the Lessors shall be addressed to William R. McDonel, 843 Lexington St. Butte, Montana and to Elizabeth Jane Cole, 829 West Broadway Street, Butte, Montana. Notices to the Lessees shall be addressed to Hugh G. Nicely, Anaconda, Montana and Jacob Schneider, Philipsburg, Montana, provided further that in lieu of mailing such notices they may be served upon any of such parties personally.

19. SUCCESSORS AND ASSIGNS: This agreement shall be binding upon the inure to the benefit of the parties hereto, their successors and assigns;

PROVIDED, HOWEVER, that the Lessees shall not transfer or assign this agreement or any interest therein or any right granted hereunder without the written consent of the Lessors.

IN WITNESS THEREOF, the said parties have hereinto set their hands and seals this 24th day of June, 1952.

LESSORS.

William R. McDonel

William R. McDonel

Marie McDonel

Marie McDonel

Elizabeth Jane Cole

Elizabeth Jane Cole

ATTEST:

Witness

LESSEES

Hugh G. Nicely

Hugh G. Nicely

Jacob Schneider

Jacob Schneider

ATTEST:

WITNESS

STATE OF MONTANA:

County of Silver Bow ss.

On this 7th day of July, in the year 1952, before me, the undersigned, a Notary Public for the State of Montana, personally appeared WILLIAM R. McDONEL, known to me to be a part owner of the White Horse Lode Mining Claim, located in the County of Granite, State of Montana, and acknowledged to me that he executed the within instrument.

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

Florence Grimm

Notary Public for the State of Montana,
Residing at Butte Montana
My Commission expires May 28 1955

STATE OF MONTANA,

County of Silver Bow ss.

On this 7th day of July, in the year 1952, before me, the undersigned, a Notary Public for the State of Montana, personally appeared MARIE McDONEL, known to me to be a part owner of the White Horse Lode Mining Claim, located in the County of Granite, State of Montana, and acknowledged to me that she executed the within instrument.

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

Florence Grimm

Notary Public for the State of Montana,
Residing at Butte, Montana
My Commission expires May 28 1955

STATE OF MONTANA:

County of Silver Bow ss.

On this 7th day of July, in the year 1952, before me, the undersigned, a Notary Public for the State of Montana, personally appeared ELIZABETH JANE COLE, known to me to be a part owner of the White Horse Lode Mining Claim, located in the County of Granite, State of Montana, and acknowledged to me that she executed the within instrument.

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

F. Lance Grimm

Notary Public for the State of Montana,
Residing at Butte Montana

My Commission expires May 28 1955

STATE OF MONTANA,

County of Silver Bow ss.

On this 7th day of July, in the year 1952, before me, the undersigned, a Notary Public for the State of Montana, personally appeared HUGH G. NICELY, a resident of Anaconda, Montana, and acknowledged to me that he executed the within instrument.

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

F. Lance Grimm

Notary Public for the State of Montana,
Residing at Butte Montana

My Commission expires May 28 1955

STATE OF MONTANA,

County of Silver Bow ss.

On this 7th day of July, in the year 1952, before me, the undersigned, a Notary Public for the State of Montana, personally appeared JACOB SCHNEIDER, a resident of Philipsburg, Montana, and acknowledged to me that he executed the within instrument.

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

Florence Grimm

Notary Public for the State of Montana,
Residing at Butte Montana

My Commission expires May 28 1955

RETURN TO:-

Hugh G. Nicely
1000 W. 4TH
Anaconda, Montana