DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE | Idm-E NO. 739 | DMEA NO. 3385

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [ ] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [X] Royalty Audits
- [ ] Certification of Discovery
- [X] Closing Letter
- [X] Cost Audits
- [X] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [X] Contract Amendments
- [X] Contract with all exhibits and annexes
- [X] Owner's Consent to Lien and Subordination Agreement
- [X] Application and attachments

Right Side

- [X] Project summary (final)
- [X] Work Comoleted analysis (final)

All other material filed in chronological order including the following reports if checked:

- [X] Field Team Semi-Annual Report for Certified Project
- [X] Final Field Team Report (Tab)
- [X] Operator's Final Report (Tab)
- [X] Interim Field Team Reports
- [X] Operator's monthly reports and all attachments
- [X] On-site Exam Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No._____: Reports
- [ ] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

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

Folders No._____: Maps (Use pocket folder or envelope)

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty material

Reported Inactive 12/28/59

17963

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E739, Docket DMEA-3385 (lead-zinc-copper), dated November 22, 1954, with

Elkhorn Consolidated, Inc.
26 West 6th Avenue
Helena, Montana

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Dunstone Mine located in Jefferson County, Montana, during the period September 9, 1959, through August 2, 1962.

In accordance with Article 11 of the contract, royalty is payable on all minerals produced from outside the land described in Article 2 and transported through any workings described in Exhibit "A" of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated May 16, 1956, indicated accepted costs under the exploration contract amounting to $11,593.00 with the Government's contribution on a 50 percent basis being $5,796.50.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which also found no sales subject to the Government's royalty through September 8, 1959. Accordingly, as of August 2, 1962, the royalty account of this project was found to be:

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

E. D. Talbert, OME Auditor

August 8, 1962

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

No certification of discovery or development was issued under this contract; however, Article 11 of the contract provides that, regardless of such certification and regardless of whether it has any interest in the production, the Operator shall pay to the Government a percentage royalty on all minerals produced outside the land under the contract and transported through any workings described in the contract. The land under the contract is the Dunstone patented claim, leased by the Operator on July 18, 1953, from S. C. and Marjorie Kennett. The workings described in the contract are an extension of a shaft to the 210-foot level and 600 feet of crosscuts and drift on the 210-foot level, but the work actually performed consisted of extending the shaft to the 204-foot level and 199 feet of crosscutting and drifting on the 200-foot level.

Exploration work under the contract was discontinued during August 1955. A termination agreement effective October 1, 1955, was executed on January 4, 1956. As this agreement did not expressly preserve the Government's right to royalty under the aforementioned Article 11 of the contract, any claim for such royalty may be unenforceable.

The files indicate that the Operator abandoned the property after discontinuance of the exploration work and that during 1960 Klondyke Gold Mines, Inc., P. O. Box 52, Boulder, Montana, was considering lease of the claim. In a letter dated May 20, 1960, Klondyke stated "if our work requires consideration of the obligation incurred by Elkhorn Consolidated, Inc., we will be glad to meet the requirements relating to the Government's interest"; however, the files contain no further information on this prospective lease.

Examinations of the property and inquiries disclosed no transportation of production through the contract workings from the date of the contract through the period covered by a prior Report of Royalty Review. In an August 2, 1962, reply to a MME Form 65 inquiry the Operator stated that since September 8, 1959, no production has been transported through DMEA workings.

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

(1) The files indicate that no production subject to royalty under the contract has been made during the period covered by this review; and
(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible royalty which might be disclosed.

Mr. Greisvold

225

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-E739, Docket No. DMEA-3385 (Lead-Zinc-Copper), dated November 22, 1954, with

Elkhorn Consolidated, Inc.
26 West 6th Avenue
Helena, Montana

for the purpose of determining the amount of royalty due the U. S. Government on production of minerals transported through property referred to as Dunstone Mine located in Jefferson County, Montana, during the period November 22, 1954, through September 8, 1959.

In accordance with Article 11 of the contract royalty is payable on all minerals mined or produced outside the land described in Article 2 and transported through any workings described in Exhibit "A" of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review in lieu of final cost audit dated May 16, 1956, indicated accepted costs under the exploration contract amounting to $11,593.00 with the Government's contribution, on a 50 percent basis, being $5,796.50.

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

(1) Investigations by representatives of the Field Team, Region I, indicate that there has not been any production transported through any workings described in Exhibit "A"; and

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

The review indicated that there have not been any minerals produced and transported through any workings described in Exhibit "A" since November 22, 1954, and no royalty is due the Government.

C. E. Fisher

C. E. Fisher, OME Auditor

October 21, 1959

MMT Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Elkhorn Consolidated, Inc.

Address Box 317

Helena, Montana

Exploration Contract No. Idm-E739 Docket No. DMEA-3385

		Check One Yes	Check One No.
1.	(a) Does the Operator stockpile ore subject to royalty repayment?		X
	(b) If so, is segregation and identification procedure adequate?		
2.	(a) Does Operator commingle production subject to DMEA or OME royalties with exempt production?		X
	(b) If so, do you consider the allocation of the commingled production equitable?		
3.	(a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		X
	(b) If so, are adequate records maintained on such material to protect the Government's interest?		
4.	Do you consider the assay controls in effect are adequate?	X	
5.	Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	X	
6.	Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties?	X	
7.	Does the Operator buy from or sell to other Operators?		X
8.	Comment on any item 2 (b) to 6 if answer is No.		

Property inactive.

September 8, 1959
Date

S. W. Zoldok
Mining Engineer
S. W. Zoldok

53362

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/29	Selfridge	120
		800
4/29	[illegible]	110
"	[illegible]	100
"	[illegible]	220

APR 29 1965

Mr. Paul W. Smith
Secretary
Elkhorn Consolidated, Inc.
26 West 6th Avenue
Helena, Montana

Re: EMKA-3385 (Lead, Zinc, Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract Idm-E739

Dear Mr. Smith:

In accordance with Article 11 of the subject Exploration Project Contract, as amended, all minerals mined and produced outside of the land described in Article 2 and transported through any EMKA workings were subject to the Government's percentage royalty as set forth in said contract.

As the period during which such production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract. We, therefore, are closing our books and records on this contract.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

GCSelfridge/gla (4-29-65)
cc to: Director's Reading File
Docket
Region I
Mr. Selfridge
CA&A Division
120M

23263

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

RECEIVED
MAY 18 1956

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Elkhorn Consolidated, Inc.
Helena, Montana

pertaining to Exploration Project Contract No. Idm-E739, Docket No. DMEA 3385, dated November 22, 1954, including Amendment No. 1 and a Termination Agreement dated January 4, 1956 with an effective date of October 1, 1955, for the period of November 22, 1954 to October 1, 1955, covering a project for the exploration of lead, zinc, and copper on property, known as the Dunstone Mine, located in Jefferson County, State of Montana.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, consultation with the Government representative who visited and examined the project, and a determination of the reasonableness and propriety of the costs.

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

(a) All of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs of units of work actually performed.

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

Total Cost as billed by Contractor	$11,938.80
Exceptions (Schedule attached)	345.80
Total Accepted Cost	$11,593.00

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Five thousand seven hundred ninety six and 50/100 Dollars

--$5,796.50--

is considered valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

C. A. Turner, Auditor

May 16, 1956

Schedule of Exceptions

Elkhorn Consolidated, Inc. DMEA 3385 Idm-E739

Operator's Final Form MF-104 dated Sept. 16, 1955

Stage 1					
Shaft	58'	@	$95.00	$5,510.00	
Drifting	200.9'	@	32.00	6,428.80	
Total					$11,938.80

Accepted Costs

Stage 1					
Shaft	55'	@	$95.00	$5,225.00	
Drifting	199'	@	32.00	6,368.00	
Total					11,593.00

Disallowances

Stage 1					
Shaft	3'	@	$95.00	$ 285.00	
Drifting	1.9'	@	32.00	60.80	
Total Disallowance					$ 345.80

Disallowances were made of the footages claimed by the Operator in excess of the footages accomplished as shown by the final inspection report dated March 1, 1956.

C. A. Turner, Auditor

May 16, 1956.

Docket co

RECEIVED
MAY 18 1956

TERMINATION AGREEMENT

It is agreed this 4th day of January, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Elkhorn Consolidated, Inc., hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-5739, Docket No. DMEA-3385, dated November 22, 1954, as amended, hereinafter called the "Contract," that:

1. Effective OCT 1 1955, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the fixed unit costs of work performed prior to said effective date.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the contract, including the rendering of the final report and final account.

4. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said contract, except as otherwise provided in this termination agreement.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By [signature]
Administrator, Defense Minerals
Exploration Administration

ELKHORN CONSOLIDATED, INC.

By John M. Leavell

Title President

Indrtz 12/23/55
Lawyer
"Appd. Sol. Off."
J. Alt
Griswold
Fisher
Selfridge
F. G. Johnson

DOCKET COPY

AMENDMENT NO. 1

RECEIVED
OCT 21 1955

It is agreed this 20th day of July 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and

Elkhorn Consolidated, Inc.

(Docket No. DMEA 3385, lead-zinc-copper)

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 739 of November 22 1954 between the parties hereto be modified and amended as described in Exhibit "F" attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be November 22 1954.

This amendment is made by authority granted the Executive Officer, DMEA Field Team, Region ~~III~~ I, ~~NW~~ District, in Order No. 2684 by the Acting Secretary of the Interior.

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "Allowable Maximum."

Executed in sextuplicate the day and year first above written.

ELKHORN CONSOLIDATED, INC.
(Operator)

By Paul N. Smith
Secretary

THE UNITED STATES OF AMERICA

By A. E. Weissenborn
A. E. Weissenborn, Exec. Officer
DMEA Field Team, Region ~~III~~ I,
Northwest District

Rubin 12/14/5
(per O.K. of altos to costs).

ELKHORN CONSOLIDATED, INC.
Exploration Project Contract No. Idm-8739
Docket No. DMSA 3385 (lead-zinc-copper)

RECEIVED
OCT 2 1 1955

AMENDMENT NO. 1

Exhibit "F"

Changes and modifications

In Exhibit "A" under Description of the Work, STAGE I, delete the second paragraph of Item 2, as follows:

> The shaft, crosscut, and drift shall be timbered as necessary and each shall have cross-sectional dimensions not less than 5 feet by 7 feet in the clear of timber.

substitute

> The shaft, crosscut, and drift shall be timbered as necessary and the cross-sectional dimensions of the shaft shall not be less than 4 feet by 6 feet and of the crosscut and drift not less than 5 feet by 7 feet in the clear of timber.

RECEIVED
OCT 21 1955

ELKHORN CONSOLIDATED, INC.
Exploration Project Contract No. Idm-E739
Docket No. DMEA 3385 (lead-zinc-copper)

Justification of Amendment No. 1

The cross-sectional dimensions of the old shaft are 4 feet by 6 feet in the clear of timber. The intent was to continue the shaft with the same dimensions; otherwise, funds would have been provided to enlarge the 149 feet of existing shaft to 5 feet by 7 feet in the clear of timber.

S. W. Zoldok

Docket copy

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN - 4 1955

MF-200A
(Revised June 1954)

Docket No. DMEA 3[illegible]

Commodity Lead-Zinc-Copper

Contract No. Idm-E - 739

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this 22nd day of November, 1954 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Elkhorn Consolidated, Inc., a Montana corporation, whose mailing address is 26 West 6th Avenue, Helena, Montana, hereinafter called the "Operator," as follows:

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

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] lessee of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] lease dated 7/1[illegible]/53 [7] unrecorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title of the land (lessor, seller, optionor, etc.), are attached, as follows: Owner's Consent to Lien

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of lead-zinc-copper. The work to be performed is described in Exhibit "A." The Operator on or before January 1, 1955 shall commence the work, and on or before 12 mos. from date of contract (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

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

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $26,110.00. The Government will contribute 50 percent of the fixed unit costs as work is performed, in a total sum not in excess of $13,055.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work

performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

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

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

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

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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

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

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

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

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

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

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

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

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

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

ARTICLE 8. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

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

(c) The giving of any notice by the Government under the provisions of this Article 8 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 9. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 10. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 11. *Changes and added provisions.*—
Regardless of whether a Certification of Discovery or Development is made and regardless of whether the Operator is the producer or has any interest in the production, it shall pay a royalty as provided in Article 7 on all minerals mined and produced outside the land described in Article 2 and transported through any workings described in Exhibit "A", until the total amount contributed by the Government under the contract has been paid or 10 years have elapsed from the date of the contract.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

ELKHORN CONSOLIDATED, INC.
(Operator)

By C. O. Mittenbergs
Administrator, Defense Minerals Exploration Administration

By John M. Leavell
President

Attest:
Paul W. Smith
Secretary

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

Paul W. Smith
Secretary

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 4 1955

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, ~~co-owner~~, lessor, ~~or seller~~ has an interest in certain property in the State of Montana, County of Jefferson, described as follows:1/

Dunstone Quartz Lode Mining Claim Survey No. 2359, situated in Township Six (6) North of Range Three (3) West, said County of Jefferson, Montana.

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/ Elkhorn Consolidated, Inc.

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

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

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

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract or any amendment thereof there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

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

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

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

(OVER)

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

4. Changes and added provisions _____

Dated this 1st day of December, 1954.

S. C. Kennett [Seal]

Marjorie Kennett [Seal]

_____ [Seal]

Address:

P. O. Box 317

HELENA, MONTANA

Department of THE INTERIOR
Bureau of Minerals Administration
RECEIVED
JAN - 4 1955

EXPLORATION PROJECT CONTRACT
KLONDIKE CONSOLIDATED, INC.
DOCKET NO. DMRA-3385

ANNEX I

The land referred to in Article 2 of the contract form is the Dunstone Quartz Lode Mining Claim, Survey No. 2359, leased by the operator from S. C. Kennett and Marjorie Kennett, by an instrument dated July 18, 1953, and shown on the map attached to the contract entitled "Dunstone Project Showing Claim Position," and made a part hereof.

EXPLORATION PROJECT CONTRACT
KLONDIKE CONSOLIDATED, INC.
DOCKET NO. DMEA-3385

EXHIBIT "A"

Description of the Work

The work shall be done in two stages. Upon the completion of Stage I, if in the opinion of the Government the results indicate the advisability of further exploration work and the Government approves in writing in advance, the work under Stage II shall be undertaken.

STAGE I

1. Extend the existing shaft 60 feet to the 210-foot level and provide a sump below that level.

2. On the 210-foot level, crosscut to Vein A and then drift on the vein. The drifting and crosscutting shall not exceed an aggregate of 300 feet.

The shaft, crosscut, and drift shall be timbered as necessary and each shall have cross-sectional dimensions not less than 5 feet by 7 feet in the clear of timber.

STAGE II

1. Drift on Veins A, B, and C not to exceed an aggregate of 300 feet. The drifts shall be timbered as necessary and shall have cross-sectional dimensions not less than 5 feet by 7 feet in the clear of timber.

The location, direction, and extent of all drifts and the crosscut shall have prior approval of the Government.

The proposed work is shown on the attached map entitled "Dunstone Project 193' horizon".

Estimated Costs of the Project

Fixed Unit Costs	Stage I	
1.	60 feet of shaft @ $95.00/ft	$ 5,700.00

2.	300 feet of crosscut and drift @ $32.00/ft.	$ 9,600.00	
3.	100 feet of timbering in crosscut and drift @ $5.00/ft.	500.00	
4.	30 Assays @ $3.50/assay	105.00	
	Stage I - Total Unit Costs		$15,905.00

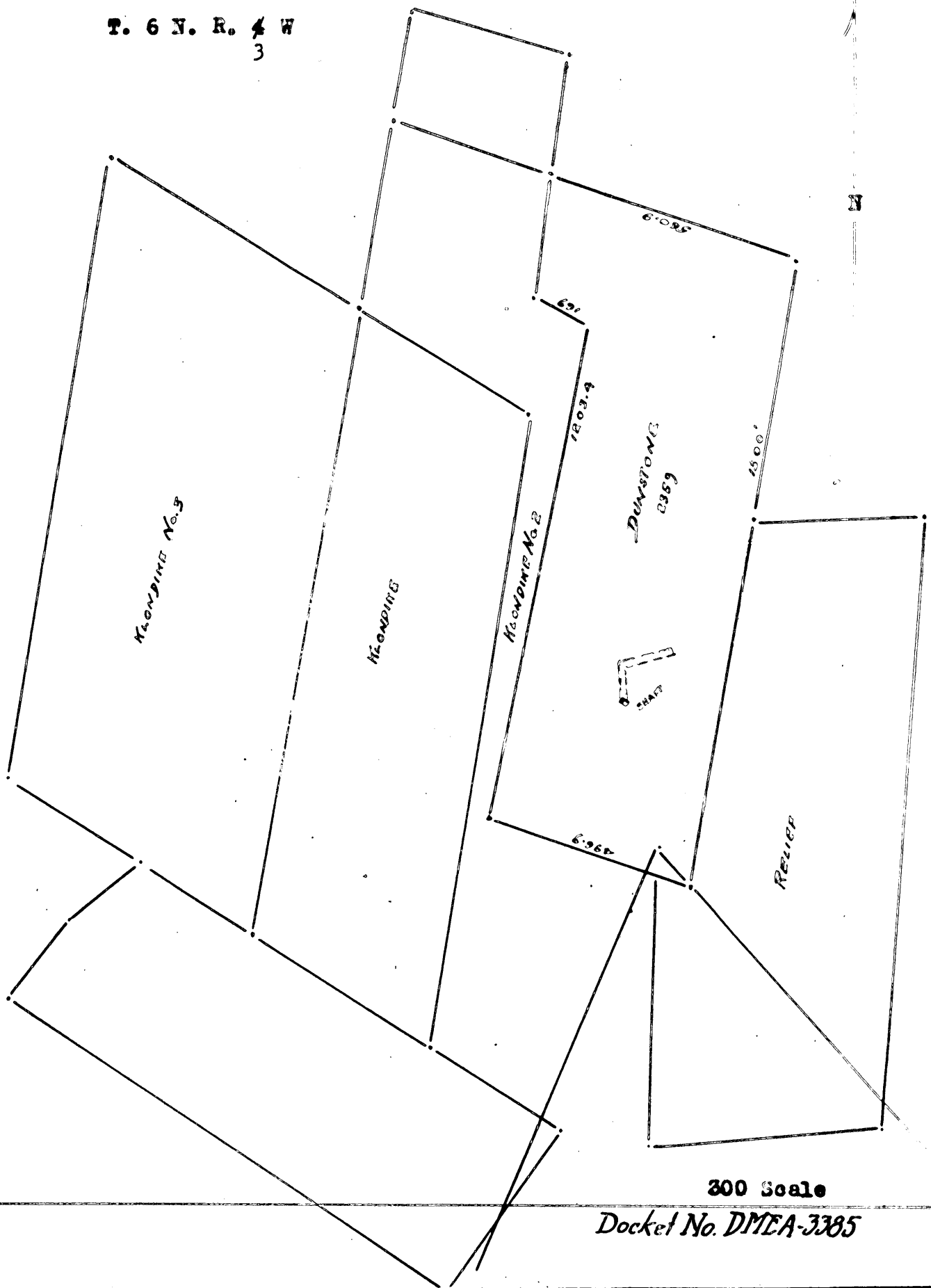
Stage II

1.	300 feet of drift @ $32.00/ft.	9,600.00	
2.	100 feet of timbering in drifts @ $5.00/ft.	500.00	
3.	30 Assays @ $3.50/assay	105.00	
	Stage II - Total Unit Cost		$10,205.00
	Estimated Total Cost of the Project		$26,110.00
	Government's participation @ 50%		$13,055.00

DUNSTONE PROJECT

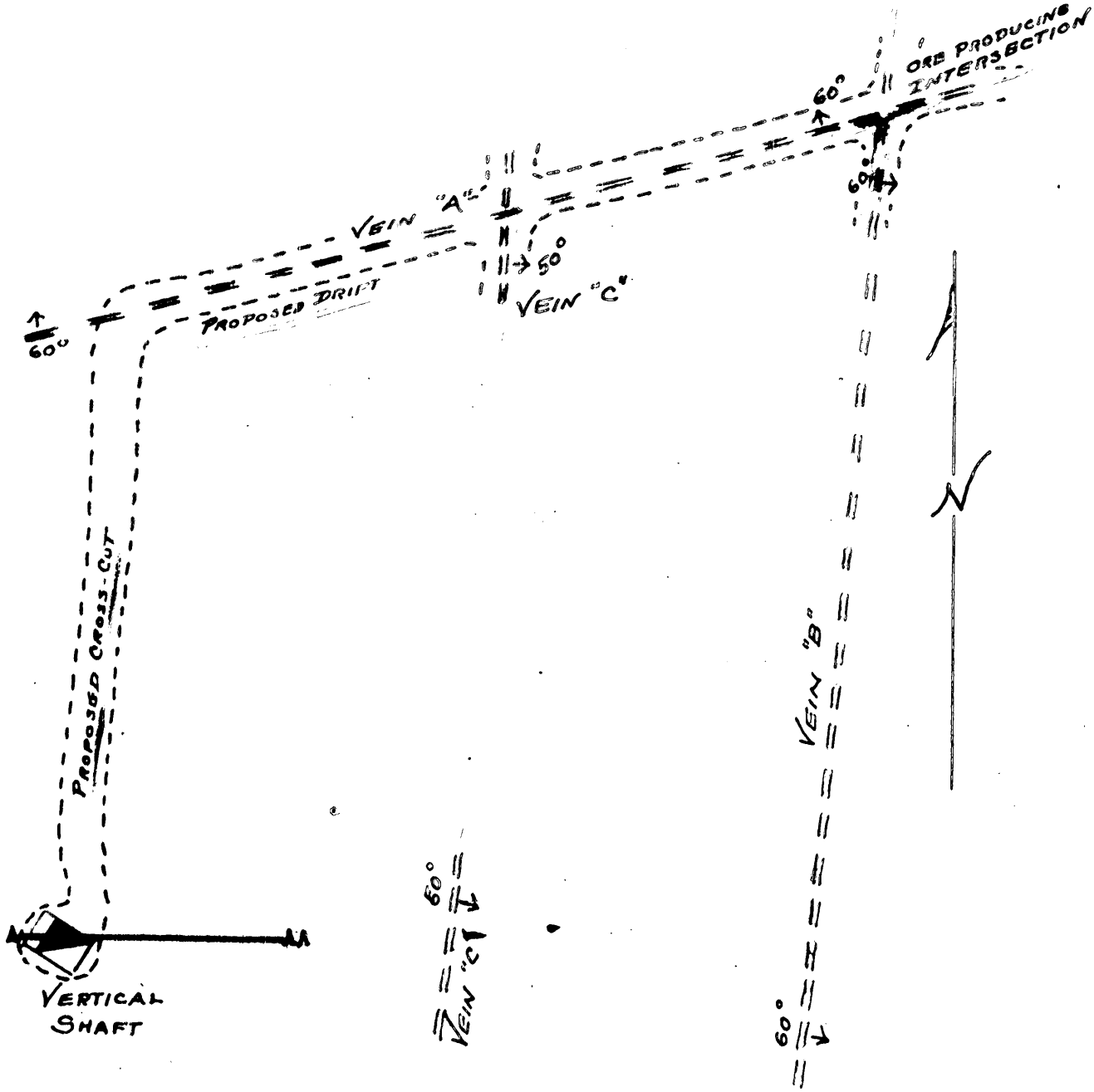
Showing Claim Position

T. 6 N. R. ~~4~~ 3 W



300 Scale

Docket No. DMEA-3385



DUNSTONE PROJECT

195' horizon

20 Scale

Docket No. DMEA-3385

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

August 25, 1954

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

Re: Docket No. DMEA-3385 (lead-copper)
Elkhorn Consolidated, Inc.
Dunstone Claim
Jefferson County, Montana

Dear Mr. Selfridge:

Enclosed are 3 copies of an amended application by Elkhorn Consolidated, Inc., 26 West 6th Avenue, Helena, Montana.

Mr. R. A. Weeks, Geological Survey, had started preparation of a report before the application was amended; his revised report will soon be available.

Sincerely yours,

Verne C. Fryklund

Verne C. Fryklund
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosure

cc: USBM (2)
Weeks

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
AUG 23 1954
U. S. G. S.
SPOKANE, WASH.

AMENDED

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. 3385
Metal or Mineral Lead-copper
Date Received 8/30/54
Estimated Cost
Participation (Government %) 50%

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: ELKHORN CONSOLIDATED, INC.
PAUL W. SMITH, Secretary
26 West 6th Avenue
Helena, Montana

(*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 Dunstone Quartz Lode Mining Claim Survey No. 2359, situated in T 6 N, R 3 W, Jefferson County, Montana.

(*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 Lessee

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

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

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

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

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

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

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

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

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

(*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 30 days and be completed within 12 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?

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

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated August 18, 1954

ELKHORN CONSOLIDATED, INC.
(Applicant)

By Paul N. Smith
Secretary

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.

AMENDED PROPOSAL FOR DUNSTONE PROJECT
DOCKET NO. DMEA - 3385

Please refer to the accompanying maps for detailed survey information.

This amended proposal is on a contract unit basis.

STAGE I.

We propose to sink the verticle shaft 60 additional feet from the present depth of 150 feet to 210 feet.

To cross cut approximately 100 feet to Vein "A" on the 210 foot level.

To drift on Vein "A" 200 feet.

STAGE II.

To drift 100 feet on Vein "C".

To drift 100 feet on Vein "B".

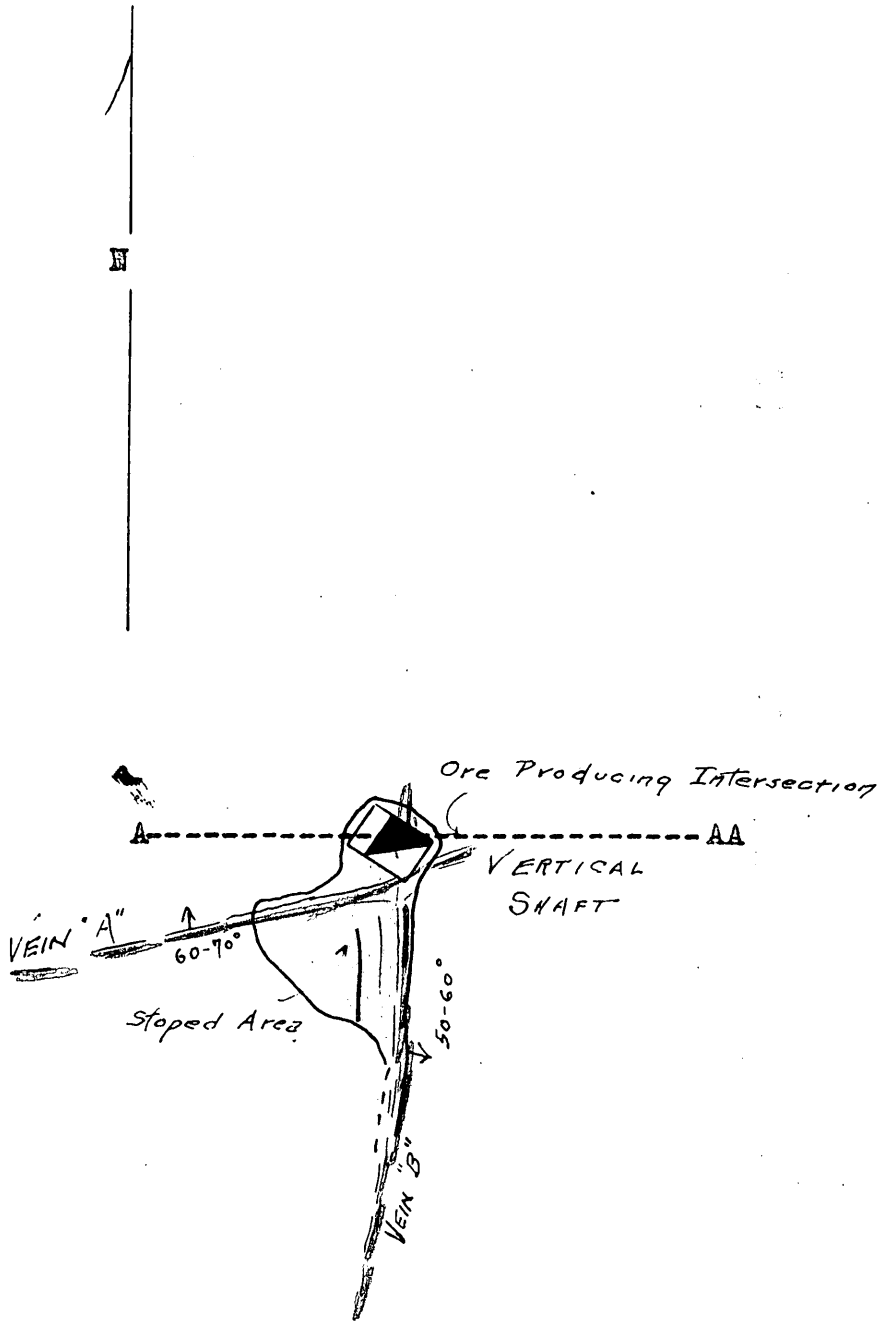
To drift 100 feet on Vein "A".

STAGE III.

To drift 100 feet on Vein "C" at 136 foot level.

To contract all of the mining as follows:

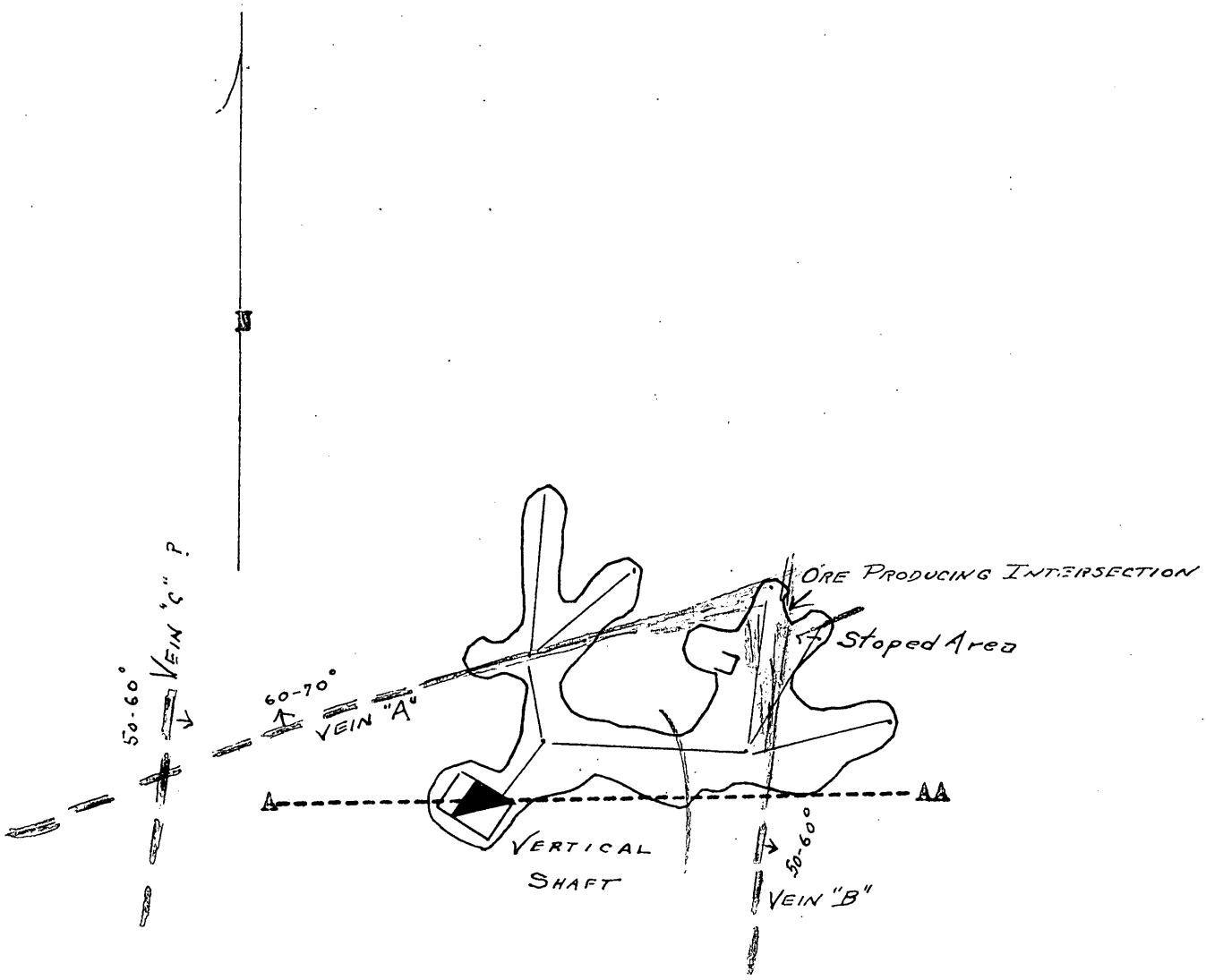
Sinking 60 feet @ $95.00 per foot	$ 5,700.00
Cross cutting and drifting 700 feet at $30.00 per foot	21,000.00
Twelve months accounting services at $50.00 per month	600.00
Twelve months engineering services at $100.00 per month	1,200.00
Sixty assays @ $5.00 per assay	300.00
	$28,800.00



DUNSTONE PROJECT

39' HORIZON

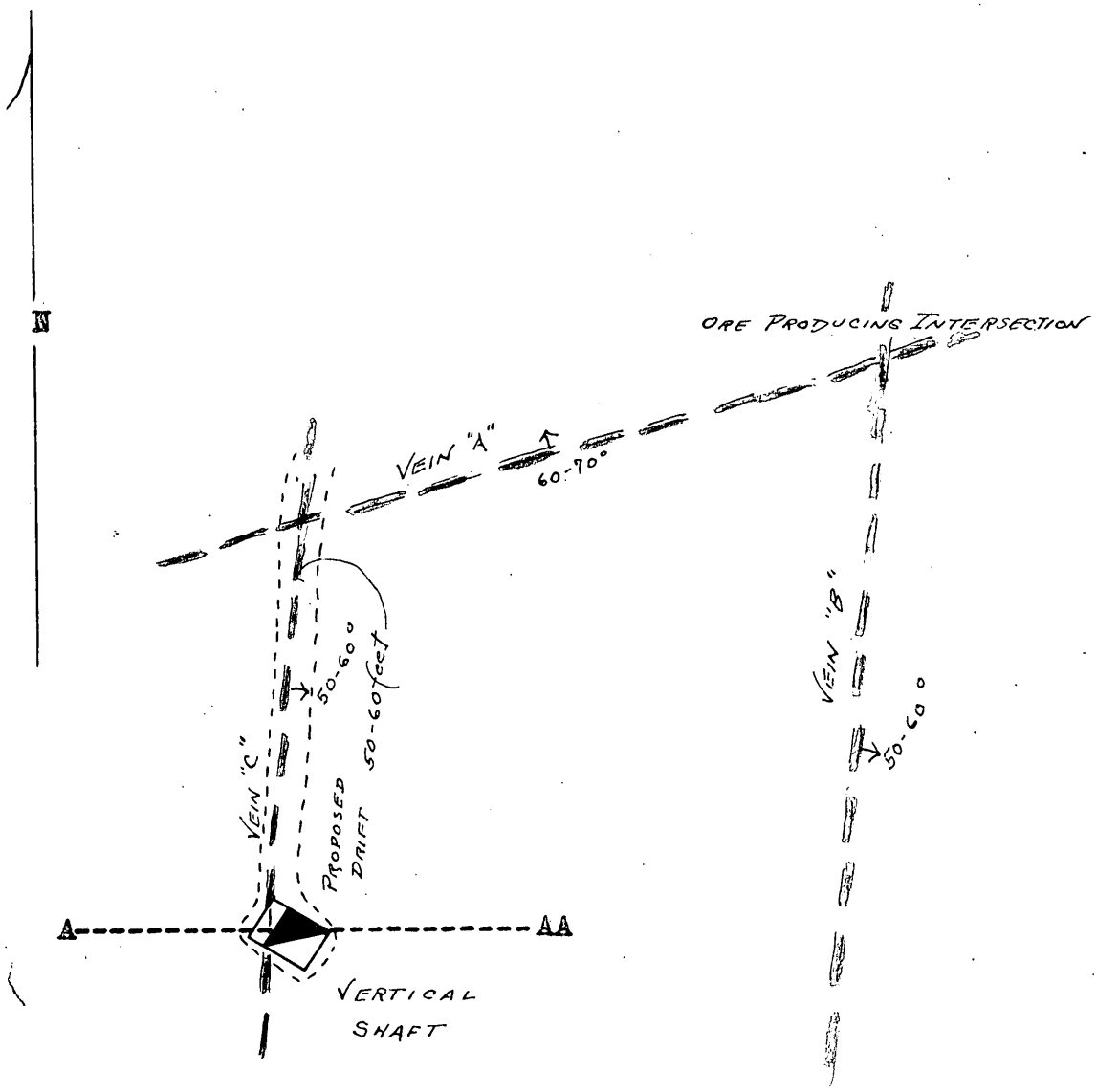
20 Scale



DUNSTONE PROJECT

93' HORIZON

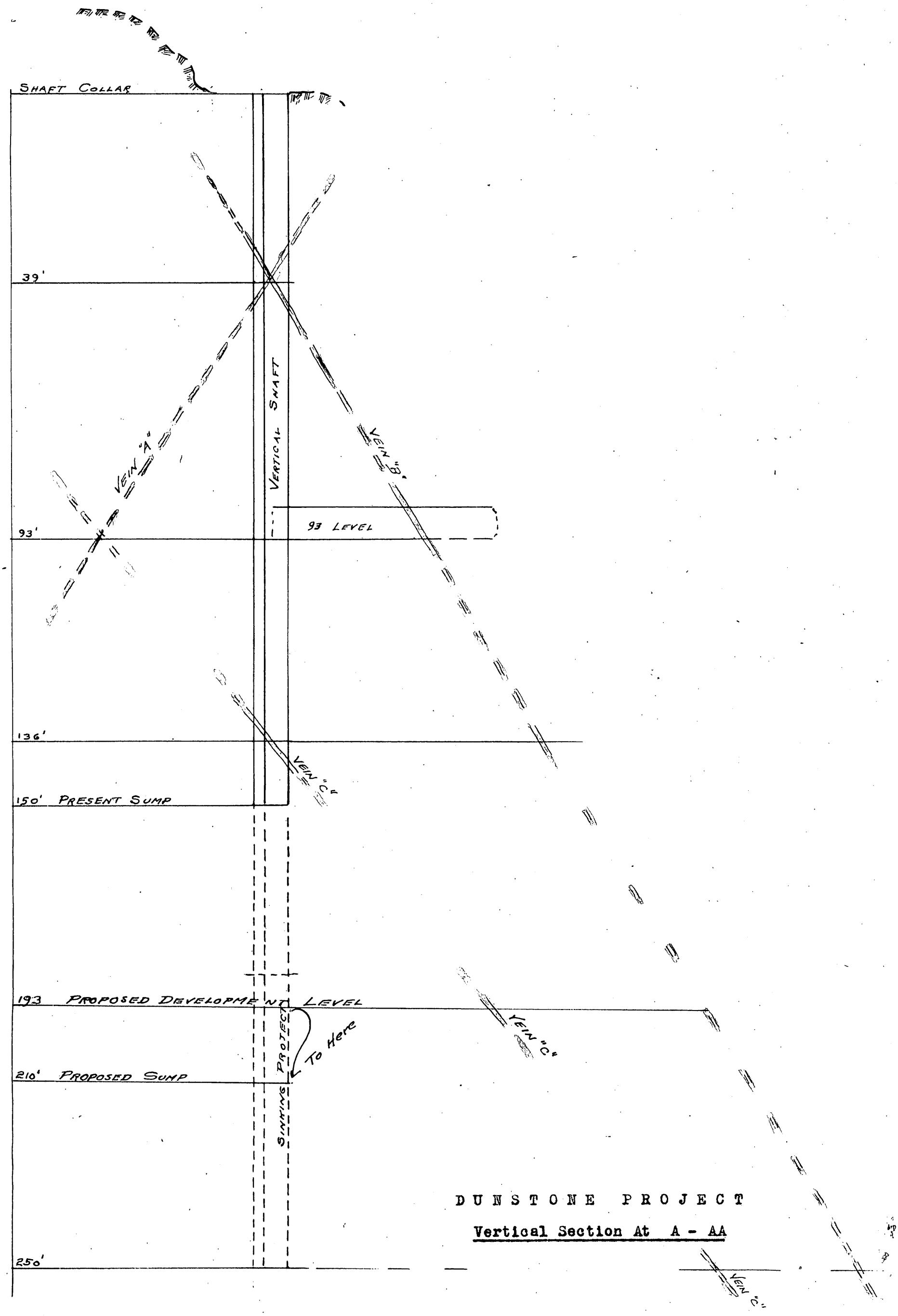
20 Scal



D U N S T O N E P R O J E C T

136' HORIZON

20 Scale



DUNSTONE PROJECT

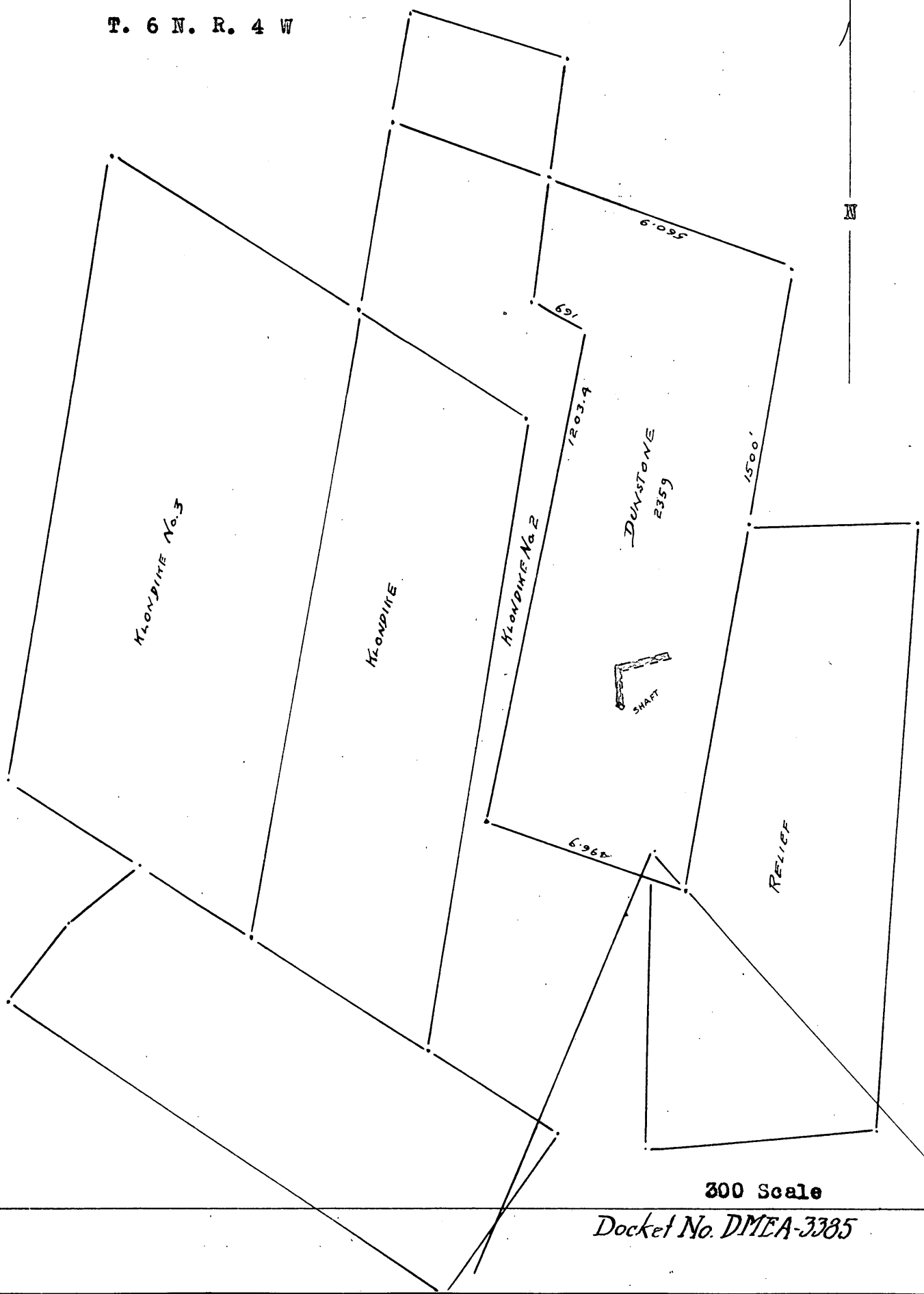
Vertical Section At A - AA

20 SCALE

DUNSTONE PROJECT

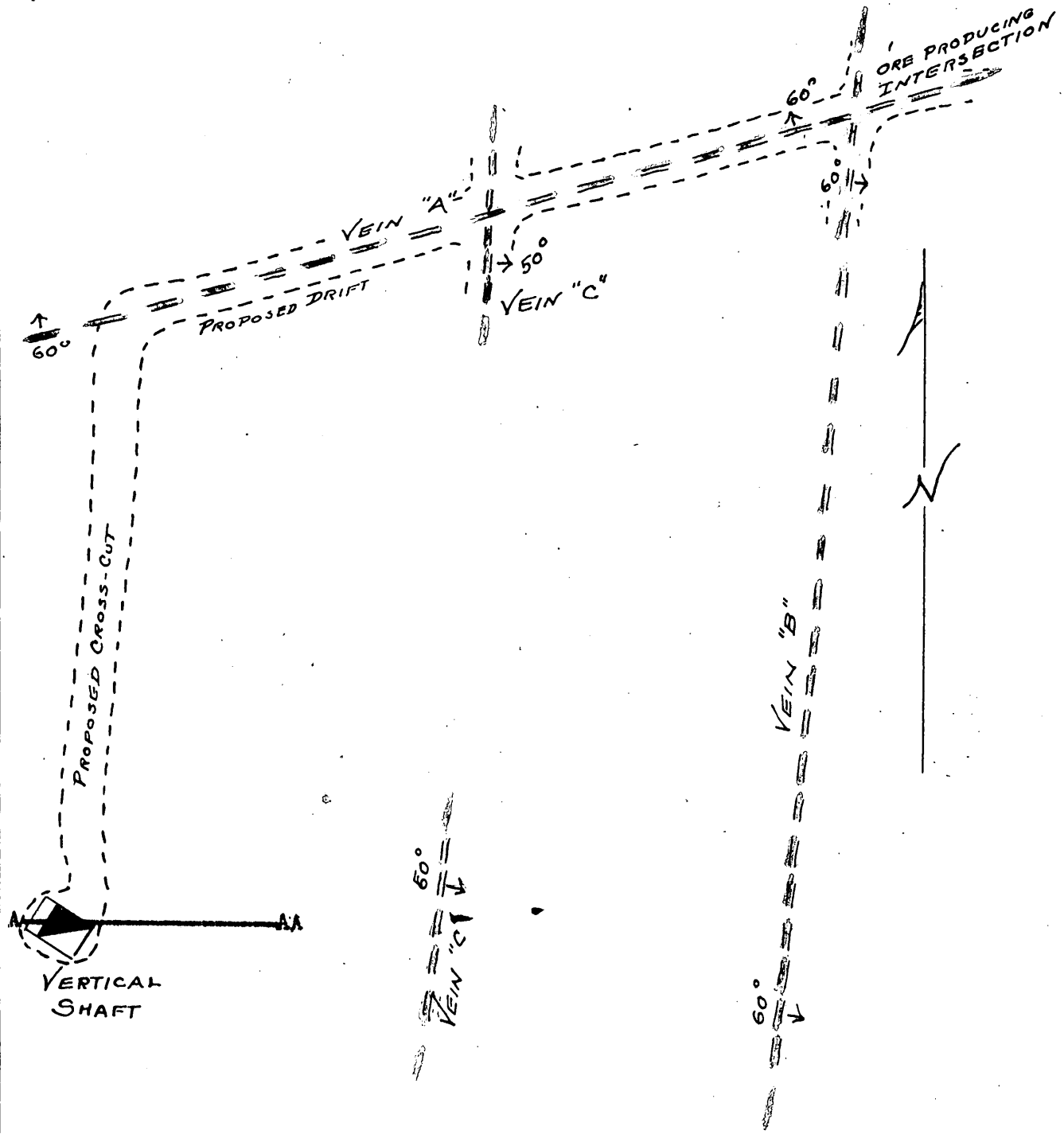
Showing Claim Position

T. 6 N. R. 4 W



300 Scale

Docket No. DMEA-3385



DUNSTONE PROJECT

20 Scale

193' horizon

Docket No. DMEA-3385

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 10 1954

June 2, 1954

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

Re: DMEA application (lead and copper)
Elkhorn Consolidated, Inc.
Dunstone-Klondike Mine
Jefferson County, Montana

Dear Mr. Selfridge:

Enclosed are three copies of an application submitted by Elkhorn Consolidated, Inc., on a property in Jefferson County, Montana. One copy of the application has been retained for the files of this office.

Our field men are familiar with the applicant's property and have already made a partial examination. A report on this application is now in preparation which will be submitted to you soon.

Sincerely yours,

Thor H. Kiilsgaard

Thor H. Kiilsgaard
Acting Member, DMEA
Field Team, Region II

Enclosure

cc: USBM (2)
Weeks

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
MAY 24 1954
U. S. G. S.
SPOKANE, WASH.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 10 1954

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. 3385
Metal or Mineral Lead-Copper
Date Received
Estimated Cost $21,100
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: ELKHORN CONSOLIDATED, INC.
MASTIN TAYLOR, President, Boulder, Montana
TED COLLINS, Vice President, Helena, Montana
PAUL W. SMITH, Secretary, Helena, Montana

(*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 Dunstone Quartz Lode Mining Claim Survey No. 2359, Jean Quartz Lode Mining Claim, unpatented, Jack Quartz Lode Mining Claim, unpatented, and the Klondyke Quartz Lode Mining Claim Survey No. 10252 Patent No. 806017, situated in T 6 N, R 3 W, Jefferson County, Montana.

(*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 Lessee for the Dunstone and purchaser under contract on the Klondyke.

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

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

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

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

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

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

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

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

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

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

(*c*) The work will start within 30 days and be completed within 6 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?

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

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated May 21, 1954

ELKHORN CONSOLIDATED, INC.
(Applicant)

By Paul V. Smith
Secretary

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

OF THE INTERIOR
Minerals Administration
RECEIVED
JUN 10 1954

(Application for aid in Exploration Project continued)

4. PHYSICAL DESCRIPTION:

The Dunstone Mine was operated in the 80's and 90's. Attached hereto is data which has been collected by the lessor on the property. It was shut down during the panic in the 90's or early part of this century when the price of lead dropped to 1½ cents per pound. The mine produced a very fine grade of galena ore.

The ore body is in lime. There are two intersecting veins. The rich ore was where the two veins intersected.

The old workings were in bad condition. The stopes had been back filled and water from the stream had washed dirt into the mine.

The company took the property over during the summer of 1953 and sunk the vertical shaft to a depth of 150 feet. The shaft was 50 feet deep when we started but it had to be completely rehabilitated. The oldtimers did most of their work in an inclined shaft. We were told that they had gone down only 100 feet but we found that at the 100 foot level they had done a great deal of stoping. We sunk another 50 feet so as to get under their old workings. We propose to sink another 100 feet to be sure that we will be under the old workings.

The Dunstone Claim is 2200 feet north of the Elkhorn Mine. The old workings of the Elkhorn went down to the end lines of the Dunstone. The Elkhorn shaft is on the same incline as the old shaft in the Dunstone. Mr. Giulio, who did our engineering work, feels that the east-west vein which crosses the Dunstone controlled the ore in the old Elkhorn mine. We are sending a map under

(Application continued)

separate cover. We would like to have the map returned.

This property is easily accessible as it is less than a half mile from Elkhorn, Montana. There is road from Elkhorn to the mine. The owner says he will sign a consent to lien agreement.

The Elkhorn Consolidated, Inc. also has a lease and option to purchase the Klondyke which is a patented claim. The Klondyke ore is gold, silver, and copper. The assays show about 2% copper. We did not intend to include this claim in the application at this time.

Materials, supplies, equipment, water and power are all available.

5. GENERAL TECHNICAL DATA:

(d) Experience of Operators: The President, Mastin Taylor, has had many years of experience in the mining business and in the management of mines.

6. ESTIMATE OF COSTS:

Sinking shaft 100 feet, Independent Contract	$10,000.00
Drifting 150 feet, Independent Contract	4,500.00
Installing Power line from Elkhorn	1,500.00
Equipment such as new hoist and motor	1,500.00
Supervision and consultants	1,200.00
Miscellaneous	
Analytical	350.00
Accounting	350.00
Rehabilitation, of living quarters	200.00
Unforeseen expenditures	500.00
TOTAL	$21,100.00
Governments participation	$10,550.00

(c) Operating materials and supplies would all be furnished by contractor.

(d) Operating Equipment. Mr. Herbert Carver has a gas com-

(Application continued)

pressor and other equipment at the mine which can be used to complete the work. If the mine strikes Mr. Carver said he would turn the equipment in for stock. The equipment at the mine is worth $10,000.00. There is electric power 2200 feet from the mine. We would like to change the equipment to electric because the cost of operation is much less than gas.

(e) We can get living quarters in the Town of Elkhorn. The town is less than a half a mile from the mine.

We propose to sink the shaft one hundred more feet so as to be sure we are under the old workings and then drift to where the survey shows we should contact the ore. The shaft is verticle and to get to where the ore should be we would have to drift about 150 feet. From all indications there should be ore in those two intersecting veins. The oldtimers worked by hand. The stopes were large and for that reason we think that there is a good sized ore body there below the old workings.

THE DUNSTONE MINE AT ELKHORN

EXTRACTS FROM THE MONTANA MINING REVIEW 1888-9-90

June page 2	6, 1888	The Dunstone. This mine is now opened by a shaft 65 feet deep and shows a remarkably fine body of ore. Fully four feet of solid galena is now exposed and it's quality is improved since the last reported assays. About 100 tons of ore are already on hand and not less then 300 tons are in sight, as ordinarily estimated. Should the ore prove no better than that formerly tested it will sell for about $100.00 per ton at the dump, which makes a pretty fair showing for the owners of this mine.
June page 5	6, 1888	The Dunstone Mining Company are going to ship a car load of rich ore this week.
June	13, 1888	Silver quoted at 91 7/8 and lead 3.65.
June page 4	13, 1888	The Dunstone Mining Company had two samples of ore in this week which ran $80.00 in gold and silver and 66% in lead-$71.00 in gold and silver and 72% in lead.
July	11, 1888	Recent developments in the Dunstone mine have placed it among the bonanzas of Montana. At the depth of 65 feet a crosscut of the vein shows a solid body of nearly or quite (sic)/five feet in thickness of galena, largely impregnated with gray copper that will average not less than $150.00 per ton. An assay of the gray copper itself shows 516.4 oz. of silver, $20.50 in gold and 40% lead, and 10% copper. The average of the entire dump is not less than 60% lead. Realizing the importance of this mine to the future welfare of the Elkhorn camp, the owners of the C. & D. smelter have purchased largely of the stock held by the original owners of the mine and if the Dunstone continues producing such ore as is now throwing in sight, the smelter will be started again in a short time.
October page 1	3, 1888	The C. & D. is now shipping from its 1500 ton dump of ore to it's smelter which will start up in a few days on C. & D. Dunstone ore.
October	3, 1888	One lot of 53 tons of ore from the Dunstone mine, recently shipped to the C. & D. smelter, assayed 75 oz. in silver, $4.85 in gold and 62 percent lead. Another lot of 44 tons assayed 67 oz. in silver, 60 percent lead and $3.60 in gold. Twenty-seven tons of second class ore assayed 34 oz. in silver and 33 percent lead. About 100 tons of first class ore is still in sight.
October	10, 1888	Bar silver quoted at 94¢, copper-lake 17.45, lead, domestic 5.00.
October	24, 1888	Silver 94½, copper 17.40, lead 3.97½.

October	31, 1888	Freight charges from Basin to Helena $2.60 per ton. To Great Falls $4.00. To Wicks $4.00. To Butte $2.00.
November	21, 1888	The Dunstone, for the amount of development done, has a record of which it can feel proud. Last week it declared it's first dividend of 3¢ per share, being the result of the returns from the C. & D. smelter near the mine, from 120 tons of ore. The sum so disbursed was $6,973.84 and a handsome balance is yet left in the treasury. For a starter the Dunstone makes a very creditable showing. The company have another car of first class ore about ready to ship which will probably be brought to this city and sampled at the Montana Sampling Works. The developments on the Dunstone are by shaft about 100 feet deep and from the bottom of which levels have been run on the vein, all in good marketable quality ore.
November page 1	28, 1888	Elkhorn population from 600 to 800. As yet the Holter mine is the only mine that is being actively worked with possibly the exception of the Dunstone.....Incline on the Holter now 860 feet. 3 pumps can raise 5,000,000 gal. of water every 24 hours. ....the Dunstone gives promise of becoming a good mine in the near future. It produces ore of an excellent smelting character. This mine has a shaft ninety-five feet deep and there are at present about 100 tons of ore on the dump which will run 500 oz. of silver to the ton.
November	28, 1888	Wm. Hahn made the first location and built the first cabin in the Elkhorn District about 1868. Originally located the Union, now being worked by a stock company.
November	28, 1888	Silver quoted at 94 1/8 - lead at $3.60.
May page 1	8, 1889	Silver 92 1/8 - lead $3.87½.
page 2		It is expected that operations will soon be resumed on the Dunstone mine at Elkhorn, it being the intention of the company to either lease the property or work it themselves. There is no apparent reason why this mine should remain idle for it is a recognized fact that the property is capable of producing plenty of good ore.
July	3, 1889	C. & D. Smelter for sale - will be erected at any camp. Elkhorn miners organize, strike for a raise from $3.25 to $3.50 per day.
September	4, 1889	(Note: This will be of interest to the A. S. & R. Co.) The Gregory mine....was at the surface quite rich, carrying galena, silver and oxidized iron that deeper down turned into sulphides and now at 800 feet the lead and silver are cut out and zinc and sulphides form the ore body so that the company have abandoned further working of the mine.

Elkhorn mine closed down and opened up several times in 1888-9.

December 11, 1889 Silver 95 3/8 lead $3.75 copper $11.00.

March 5, 1890 page 6 A car load of ore from the Dunstone mine at Elkhorn is being loaded at the Montana Central Depot in Bozeman for shipment to one of the sampling works at Helena.

March 6, 1890 page 6 The recent shipment of ore from the Dunstone mine at Elkhorn yielded 90 oz. in silver, $4.40 in gold and 67% in lead to the ton. The shipment amounted to 13 tons and good results received will induce the lessees their (can't read the next word...) to work in the mine.

April 30, 1890 Silver $1.01 3/8 Lead 4.10 Copper 14.50.

June 25, 1890 page 4 Ore shipments. Dunstone mine, Elkhorn, one car.

Metal quotations.	Ag.	Pb.
8-25-90	1.19	4.72½
8-20-90	1.19 7/8	4.62½
9-17-90	1.15½	4.75
10- 1-90	1.11	5.37½
10-22-90	1.08 3/4	5.25
10-29-90	1.06	5.25
11-26-90	1.02½	4.60

December 10, 1890 The Dunstone Mining Company have received a patent for the Dunstone lode located in the Elkhorn District. The property is a very promising one and has developed some splendid ore in the past. It will probably be extensively opened up shortly.

Following are extracts from the longhand record of the Dunstone Mining Company which was incorporated 2-7-88.

Statement of proceeds of ore sold to C. & D. Mining Co. Smelter.

Lot 49....Assays 75 oz. silver $4.83 gold and lead 62%. Weight 105,752# 2% moisture 2115# Net 103,637# containing 3,886.35 oz. silver, $250.28 gold. Lead 35¢ per unit - $21.70 per ton 51.818 tons @ $21.70 = $1,124.45.

Lot 50....Assays 67 oz. silver $1.45 gold and lead 55%. Weight 88,814# less 2% moisture 2,115# Net 87,038# containing 2,915.77 oz. silver $63.10 gold and lead @ 35¢ per unit $19.25 per ton. 43.519 tons @ $19.25 = $837.74.

Lot 51....Assays 33 oz. silver $1.45 gold and lead 31% Weight 52,376#

Lot 51....containing 5% moisture 2,618 # Net 49,758# containing 821 oz.
cont. silver $36.07 gold and lead @ 30¢ per unit - $9.30 per ton
24.879 tons @ $9.30 = $231.37. (Note: this was the second
class ore mentioned above) (SCK)

Consolidated statement of the 3 lots.

Silver	$ 3,886.35	oz.		
	2,915.77			
	821			
	7,623.12			
	762.12	less 10%	(should be 762.31) k	
	$ 6,861.00	@ 94¢		$ 6,449.34
Gold	$ 250.28			
	63.10			
	36.07			
	$ 349.45			
	34.95	less 10%		
	$ 314.50			$ 314.50
Lead	$ 1,124.45			
	837.74			
	231.37			
	$ 2,193.56		for 127,554.2 lbs. of lead- - -	$ 2,193.56
				$ 8,957.40
Tons	51.818			
	43.519			
	24.879			
	120.216	tons sold	cost of treatment $16.50 per ton 120.216 x 16.50 =	$ 1,983.56
			Net - - -	$ 6,973.84

(Dividend of 3¢ per share on 113,000 shares was immediately declared - according to a clipping and to the longhand record - SCK) 11-8-88.

Mine leased to Burrows and Ham for 1 year and 3 weeks commencing 12-9-89 Royalty 25% on the gross after freight and sampling charges deducted. Not to employ more than 2 men. Leased again to same Burrows and Ham on June 20, 1890 - same terms except that royalty reduced to 20% on gross. Leased February 1, 1892 to Duncan McDougal for 20 months at 20% royalty.

August 17, 1892 a meeting was held to try to raise money to install a pump and hoist (steam) from the Mollie McCgeagor - cost estimated at $672.00 - stock to be sold to cover. In December, 1892 a note was made to the Elkhorn Trading Co. for $1,631.73 @ 10% for labor & supplies furnished. (Probably the cost of installing the hoist & pump). In September, 1894 suit was settled with the Elkhorn Trading Co. through sale of additional stock at 5

Obviously this company was not properly financed or even financed at all. The only ore that was shipped was high grade and the proceeds were immediately paid out in dividends. 100 feet was no doubt the maximum depth. The lessors no doubt sniped around and shipped what they could gouge out without doing any development work. It is doubtful that they ever got around to using the hoist and pump. The so-called silver panic entered into the picture along about the time that the Dunstone folded for the last time. With the cost of treatment as shown above at $16.50 and the cost of hauling (after the C. & D. Smelter closed) was probably about $15.00. In the days of mining at the Alta I am informed that the hauling cost from Wicks to Helena was $15.00 per ton. There is said to be an article in the Montana Mining Review of 1894 that says that the price of silver was not too bad (somewhere about 66¢) but that no one would buy silver because of the chance of a big drop before the bullion got back east after being purchased and paid for as was the custom at the time. I believe that the Helena & Livingston Smelting & Reduction Co., had lost a considerable sum due to such a fluctuation. From the looks of the dump there certainly was not much work done on the Dunstone. The patent describes one discovery shaft and two others, which on the map appear to be about twenty feet apart, the valuation of which at the time was $2,100.00. The entry was made 1-7-89 and the patent issued 11-5-90 so the first part of the year in 1889 there was only $2,100.00 worth of work done and that covered three holes.

My uncle, Charles L. Clarke paid the taxes on this claim for about thirty years and when he died in 1935 another uncle took over paying the taxes. He tired of this several years ago so my wife and I took over. We own the claim with a clear title. The first uncle always claimed that if silver came back the Dunstone would be a big mine. He was in on the original group. In those days the mines were classed as silver mines and a look at the returns on page 4 shows why. I have heard that there was some dissension among the officers and directors of the company and the longhand record shows a number of changes. During the next fifty years the price of silver and lead was down, the stockholder scattered to the four winds and all interest evaporated.

Copied from report 8-2-1951
Helena, Montana
SCK.

THIS AGREEMENT, made and entered into this 18th day of July, 1953, by and between S. C. KENNETT and MARJORIE KENNETT, of Helena, Montana, parties of the first part, and WILKTORN CONSOLIDATED, INC., a Montana Corporation with its principal place of business at Helena, Montana, party of the second part.

WITNESSETH, That for and in consideration of the payment to the parties of the first part of the sum of One and No/100 Dollars ($1.00), receipt of which is hereby acknowledged, and the further consideration of certain covenants and agreements to perform, the said parties of the first part lease to the said party of the second part, its successors and assigns, all interest of the parties of the first part in the following described mining claims, situate in the County of Jefferson, State of Montana, to-wit:

Dunstone Quartz Lode Mining Claim Survey No. 2359, and the Jean Quartz Lode Mining Claim, unpatented, and the Jack Quartz Lode Mining Claim, unpatented.

with the right to enter upon and take possession of the said property as herein set forth during the life of this contract, and to do mining, milling and general development work; to extract ores from the property and to market the same without interference from any party or parties whomsoever, for a term covering the period between the date hereof to and including July 5th, 1973, subject, however, to the following conditions and terms, to-wit:

1. The party of the second part shall move on said property and commence work immediately as follows: That whereas the party of the second part is also operating on the Klondyke Quartz Lode Mining Claim and its engineer recommends that both claims be worked as a unit and also recommends that the tunnel which starts on the Dunstone should be completed into the Klondyke. The shaft on the Klondyke should be sunk to the same depth as the shaft on the Dunstone, and both shafts be connected, now therefore it is agreeable with the parties of the first part that this said work be completed and as long as the party of the second part works continuously to complete this work, it shall not be necessary to do regular work shifts on the Dunstone Claim and when said work is completed the party of the second part shall then keep employed on said Dunstone property at least fifty (50) man shifts per month for ten months each year, during the term hereof in actual mining and developing of said property; by a one-man shift is meant, one man working eight (8) hours per day, unless the number of hours shall be reduced by law, and in such case, a shift shall mean the hours prescribed by law;

this clause is subject to inclement weather which would make working conditions impossible or impracticable; but in the event said work on the Klondyke stops for thirty (30) days then this lease shall either terminate or said party of the second part shall commence said fifty (50) shifts per month on the Dunstone.

2. All ores placed on the dumps during the term hereof and all ores mined and left in the stopes, mill or workings of said property at the termination hereof shall be considered the property of the parties of the first part.

3. All mining machinery and equipment placed on the property by the party of the second part during the term hereof shall remain the property of the parties of the first part unless same shall be removed within ninety (90) days from the termination thereof; however, all track and buildings placed on or in the property during the term hereof shall remain as a part of the real estate and shall not be removed at any time during the term hereof or after, but shall be considered the property of the parties of the first part. This is subject to weather conditions making such moving impossible or impracticable, which time shall be added to such computation.

4. The party of the second part, or its successors or assigns, will be responsible for the payment in full of every expense incurred of whatever nature by the operations under this contract, on said property and will keep the workmen covered by the Workmen's Compensation at all times and will post notices on the said property to the effect that neither the parties of the first part nor the property itself, shall be held liable for the payment of any indebtedness or claim whatever incurred through the operations of the party of the second part, its successors or assigns. The party of the second part shall pay all taxes levied and/or assessed against the operations thereon, or resulting therefrom, when due, and shall not permit any liens whatsoever to be placed against said property as a result of said operations, excepting the royalty taxes chargeable against the owners which shall be paid by the owners.

5. The party of the second part agrees that all mining shall be done in a good mining fashion, and with due regard for the preservation and continuance of the property as a workable mine. The party of the second part shall furnish to the parties of the first part blueprints of all mine maps prepared on the operations on said property, as soon as said maps are completed, and/or as soon as possible, so that the parties of the first part will be apprised of the operations performed and existing on said property, said maps to include any and all assays, values, estimates of tonnage, etc, thereon as

the work progresses. Said maps shall show the values of ore removed from any stopes, so that same may be collaberated with any future workings of said property, Pillars necessary to protect the shaft shall be left in place whether containing mineral or not.

6. It is understood and agreed by the parties hereto that as shipments of ores or concentrates are made from the property, or bullion marketed and returns received from sale, a royalty or percentage shall be paid to the parties of the first part, their successors or assigns at the rate of ten per cent (10%) on all ore sold or shipped from the property, of a value of less than $150.00 per ton and fifteen per cent (15%) on all ore sold or shipped from the property of $150.00 or more per ton, said royalty to be paid on the net smelter returns on all ores sold or shipped from the premises; by net smelter returns shall mean the gross returns from the smelter or of any purchaser of any and all products taken from said property, minus smelting charges, freight and hauling charges only deducted, providing that ore and/or concentrate hauling charges shall not exceed $3.00 per ton. If the charges are in excess of $3.00 per ton, then the excess cost shall be paid entirely by the lessee. It is understood, however, that if the party of the second part shall mill the ores produced from said property that the cost of milling and the cost of hauling from the mine to the mill shall not be deducted but same shall be paid for by the party of the second part.

7. All returns from royalties due the parties of the first part shall be made and delivered by the smelter or purchaser direct to them and duplicate return statements must be furnished by the purchaser or party of the second part, of the ores or concentrates or bullion, immediately when returns are received. The party of the second part shall pay all production taxes.

8. It is mutually understood and agreed that all workings of the property shall be, at all times, open to the inspection of the parties of the first part, or their representatives.

9. It is understood that the ore removed from said mine must be kept independent and separate from any other ores from any other source whatever. When the ore is milled or shipped to a customs mill for treatment, said ore must be run separately; and the royalties shall be based upon the gross returns minus freight and/or hauling of the concentrates from the mill to the smelter; in case the ore is milled on the property or in conjunction with the workings on the property, the royalties shall be based upon the hauling of the concentrates from mill to smelter; no hauling charges shall be deducted on the ore being moved from the mine to any mill for treatment.

10. The party of the second part shall keep the "Jean" and "Jack" unpatented mining claims represented in conformance with the laws of the United States and of the State of Montana relative to the necessary representation work to be performed on said mining claims in order to keep said mining claims in good standing. Certificates of representation must be filed on or before June of each year, showing that the necessary representation work has been performed in conformance with the law. It is understood that the "Jean" and "Jack" Quartz Lode Mining Claims are unpatented and are leased herein in good faith, but the stipulations herein apply to said claims only if the locating, filing and recording prove to be valid.

11. Time is of the essence of this contract, and failure at any time on the part of the said party of the second part, its successors or assigns, to fulfill the conditions of this contract may be considered sufficient cause for the parties of the first part to declare all the rights and privileges of the party of the second part, or its assigns, under this contract to have been forfeited; such forfeiture shall be declared by the parties of the first part, or their successors or assigns, by delivering to the party of the second part, or to its assigns, notice in writing, stating the reason or reasons for declaring such forfeiture; and in event of the default continuing for thirty (30) days from the date of mailing of the Notice of Forfeiture to the party of the second part, or its assigns, then and only in that event shall forfeiture take force and effect; in which case the party of the second part for its successors and assigns hereby agrees that possession of the property insofar as this lease is concerned shall be promptly and peaceably surrendered to the parties of the first part or their representatives.

12. That notice shall be given by parties of the first part depositing same in a United States Post Office addressed to the party of the second part at 26th West 6th Avenue, Helena, Montana, postage prepaid, and if second party is in possession of the property, personal service may be made in lieu of mailing. This lease cannot be assigned without the written consent of the parties of the first part.

13. It is understood and agreed that the party of the second part may work the Klondyke Quartz Lode Mining Claim and the Klondyke No. 2 Claim and "Jean" and "Jack" unpatented mining claims from the shaft and tunnel on the Dunstone.

14. In the event more work is done on the Dunstone Claim than the 50 shifts in any one month, said amount over and above said 50 shifts may carry over to apply on the number of shifts in any succeeding month or months, within twelve months next after

the month during which the "Extra Shift Credit" is accumulated.

15. Each and every paragraph of this agreement shall extend to and bind the heirs, executors and administrators and assigns of the respective parties hereto, anything hereto the contrary notwithstanding.

IN WITNESS WHEREOF, the parties have hereunto set their hands on the date herein first above written.

S. C. Kennett

Marjorie Kennett

PARTIES OF THE FIRST PART

ELKHORN CONSOLIDATED, INC.

BY Martin Taylor

ITS PRESIDENT

ATTEST: Paul W. Smith

ITS SECRETARY

STATE OF MONTANA)
: ss.
County of Lewis and Clark)

On this 13th day of July in the year nineteen hundred and fifty-three before me, J. W. Miller ~~PAUL W.~~ SMITH, a Notary Public for the State of Montana, personally appeared S. C. KENNETT and MARJORIE KENNETT, known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

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

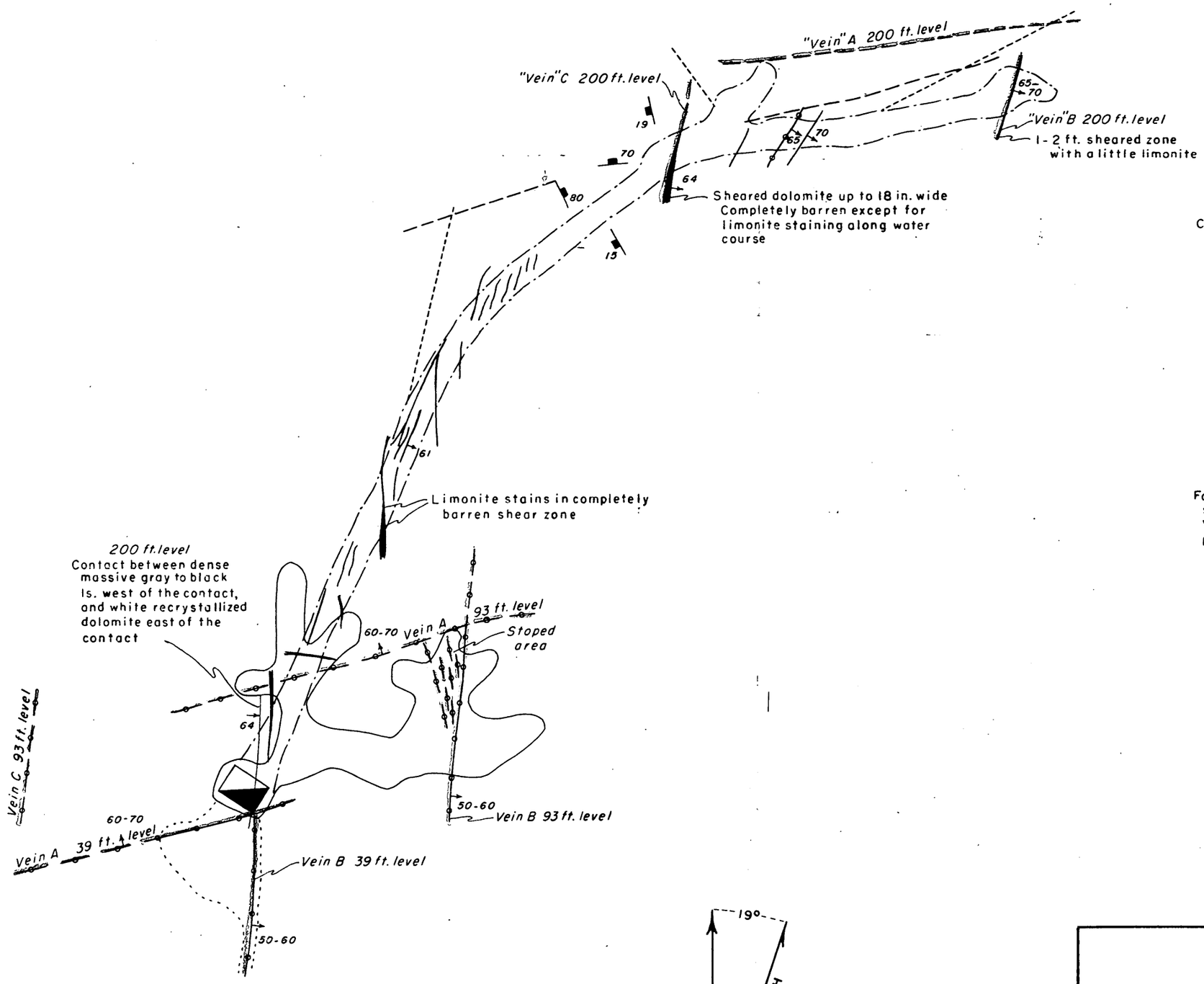
NOTARY PUBLIC for the State of Montana
Residing at Helena, Montana
My Commission expires ~~June 24,~~ Oct. 14, 1955.

STATE OF MONTANA)
: ss.
County of Lewis and Clark)

On this 18th day of July in the year 1953, before me, J. W. Miller ~~PAUL W.~~ SMITH, a Notary Public for the State of Montana, personally appeared MASTIN TAYLOR, known to me to be the President of the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

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

NOTARY PUBLIC for the State of Montana
Residing at Helena, Montana.
My commission expires ~~June 24~~, Oct. 14, 1955.



EXPLANATION

Contact between two types of carbonate rocks of the Jefferson dolomite, 200 ft. level

70

Veins on the 39 ft. level, showing dip; dashed where inferred

70

Veins on the 93 ft. level, showing dip; dashed where inferred

70

Veins on the 200 ft. level, showing dip; dashed where inferred

70 64

Faults or barren structures on the 200 ft. level showing dip. Those designated as Vein A, Vein B, and Vein C are probably barren lower parts of veins on upper levels. Width of line indicates relative width of fault zone

80

Joints showing dip, 200 ft. level

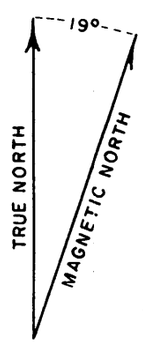
Collar of vertical shaft

Workings, 39 ft. level

Workings, 93 ft. level

Workings, 200 ft. level

Drill hole



Mapping Credit:

39 ft. level by S. J. Giulio, Mining Engineer, Helena, Montana
93 ft. level by R. W. Weeks, U.S. Geol. Survey and S. J. Giulio
200 ft. level by D. M. Pinckney and Carlos Echart, U.S. Geol. Survey, and S. J. Giulio

COMPOSITE GEOLOGIC MAP
OF THE
DUNSTONE MINE
ELKHORN, JEFFERSON COUNTY, MONTANA

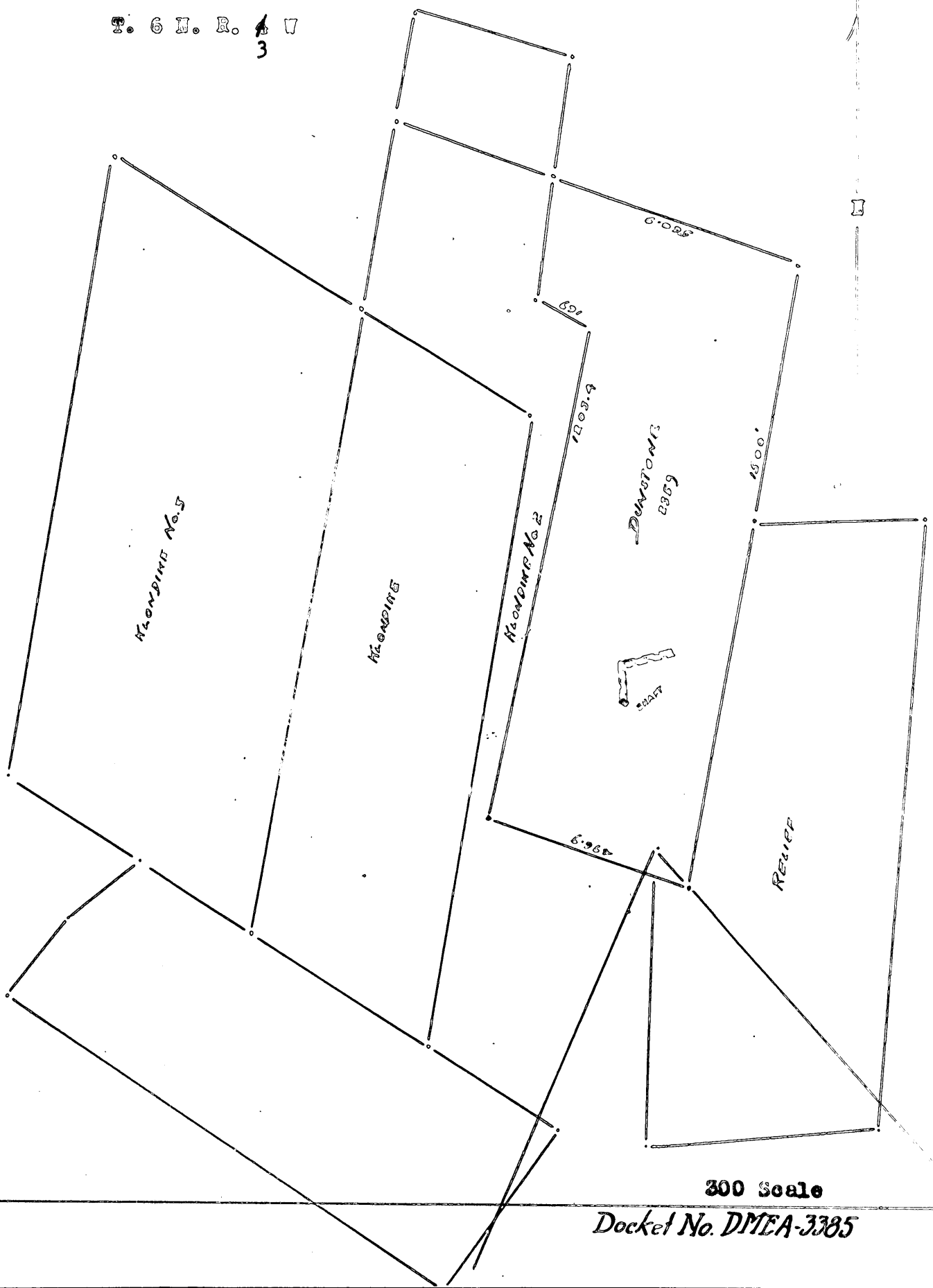
1 in. = 20 ft.

Figure 1

DUNSTONE PROJECT

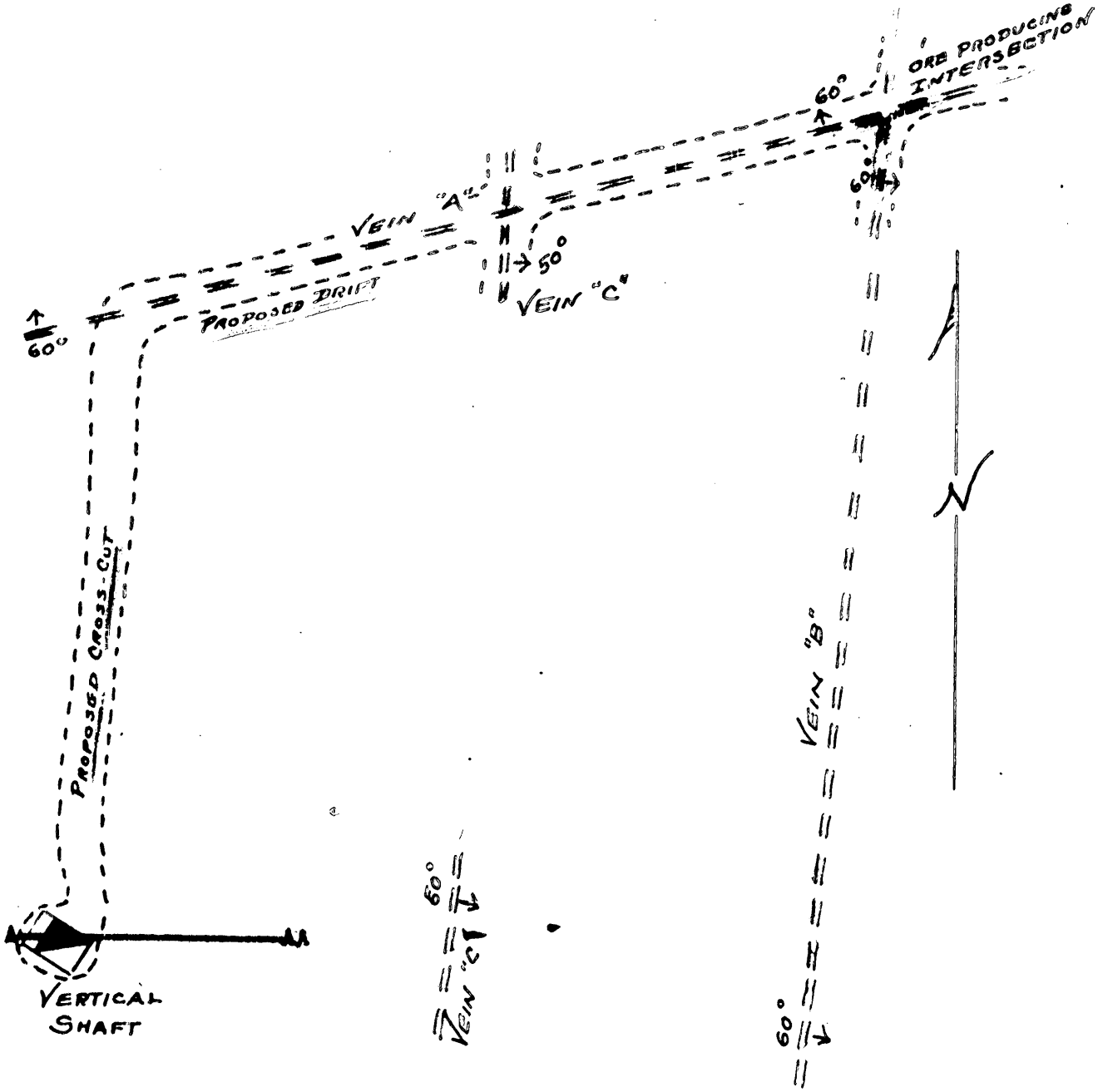
Showing Claim Position

T. 6 N. R. ~~4~~ 3 W



300 Scale

Docket No. DMEA-3385



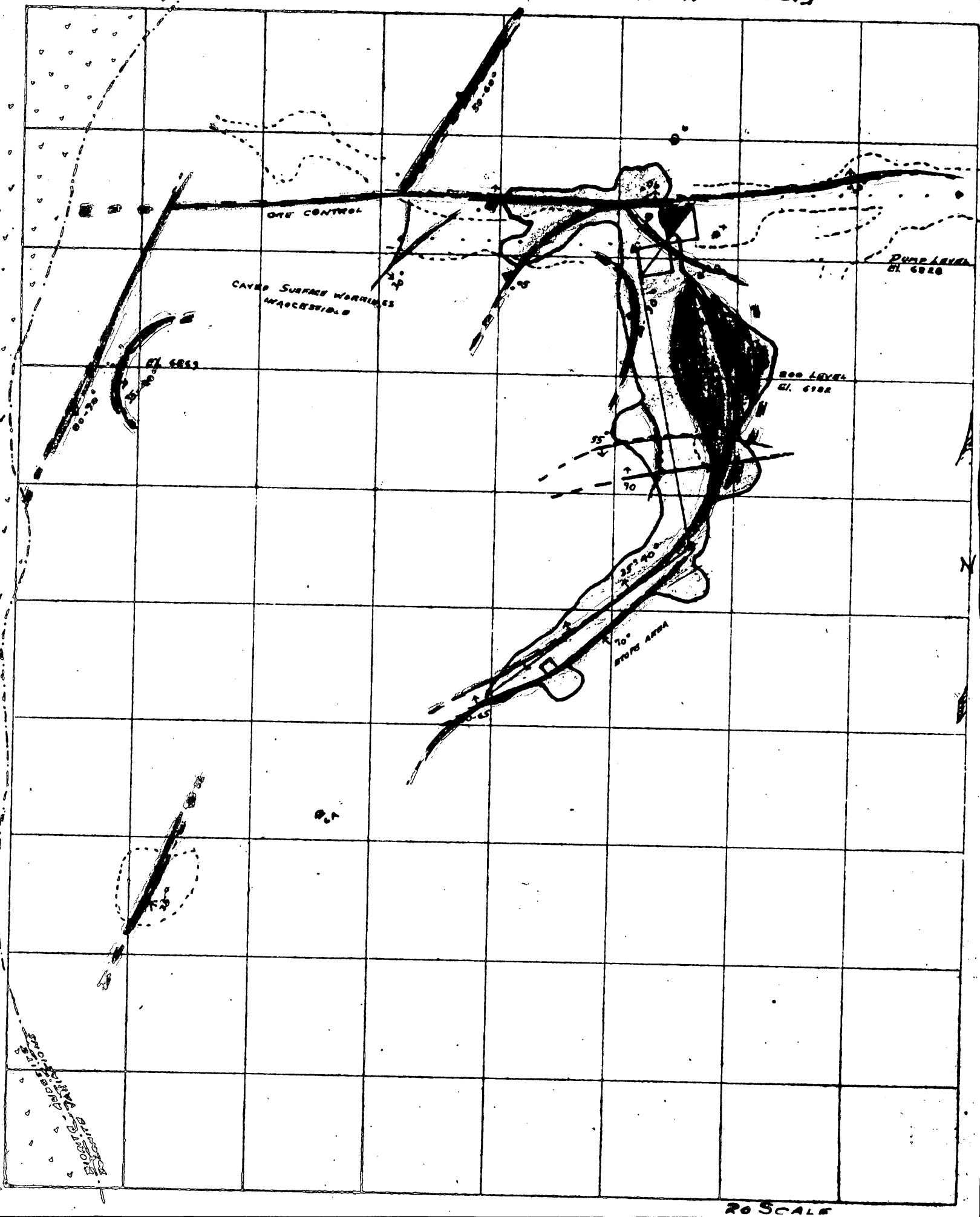
DUNSTONE PROJECT

195' horizon

20 Scale

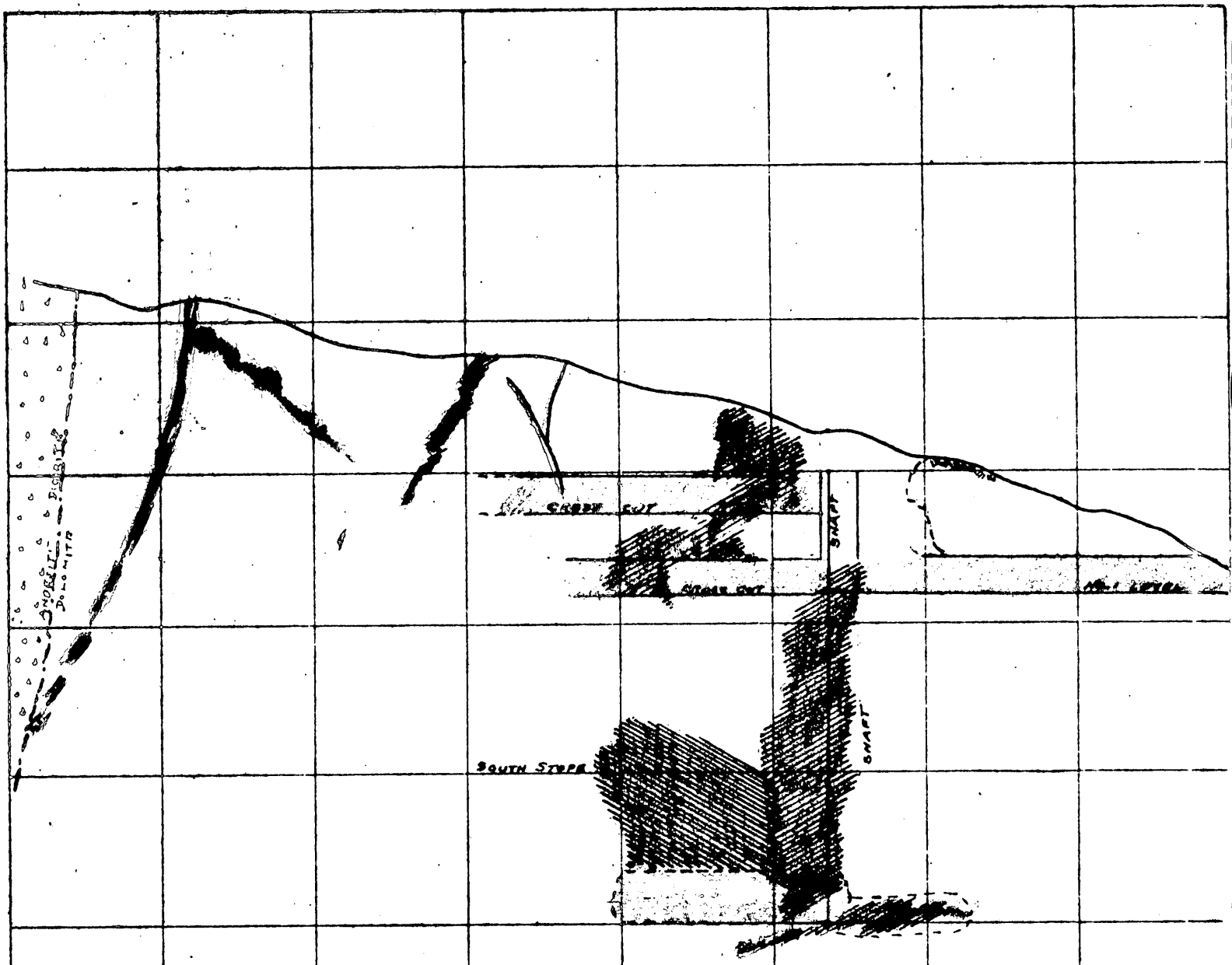
Docket No. DMEA-3385

KLONDIKE SHAFT AREA [GEOLOGY]



20 SCALE

KLONDIKE SHAFT SECTION



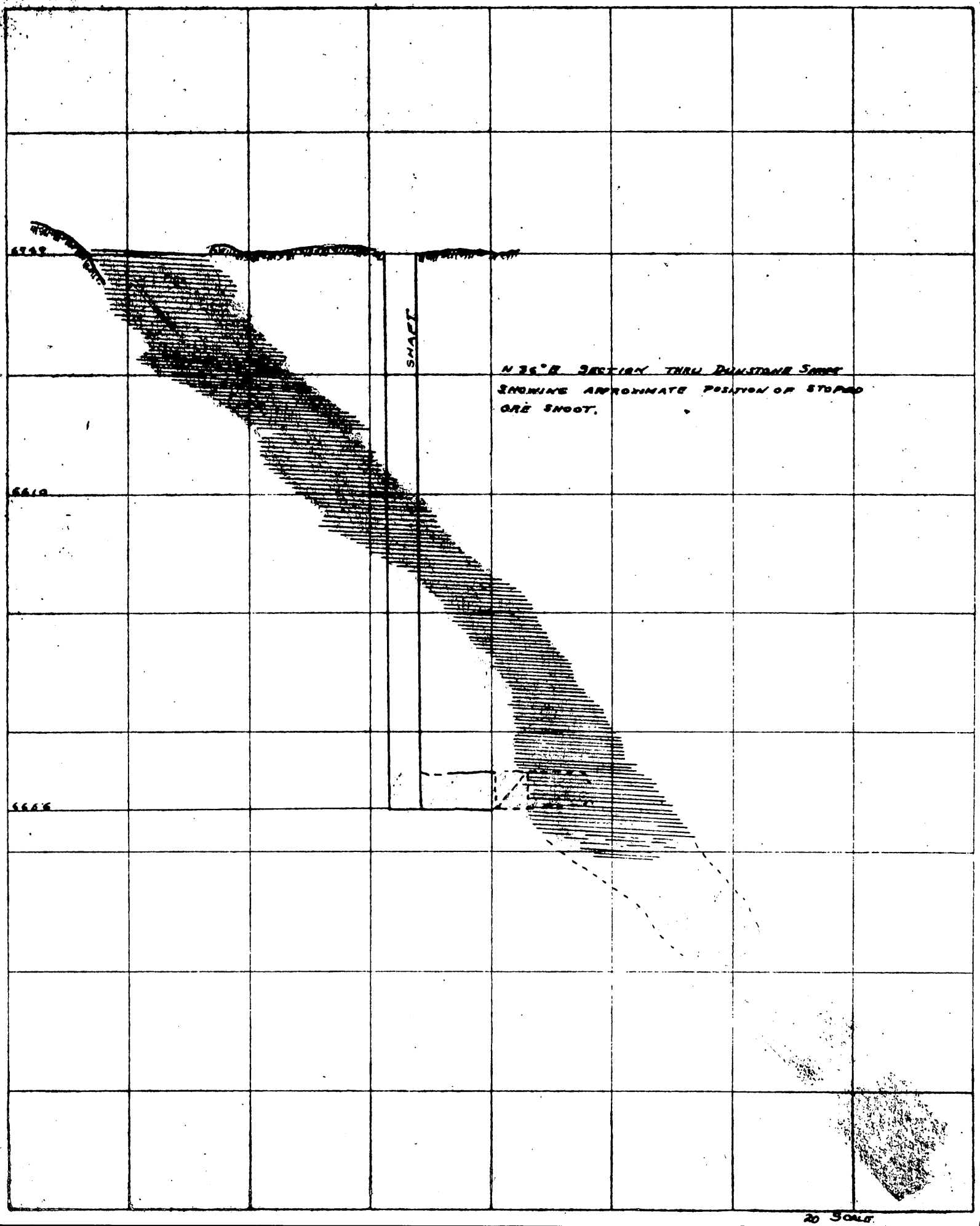
EAST-WEST SECTION THRU KLONDIKE SHAFT SHOWING STOPING ACCESSIBLE FOR EXAMINATION. MUCH OF THE SURFACE AREA IS CAVED.

20 SCALE

DUNSTONE SHAFT AREA [GEOLOGY]

20 SCALE

DUNSTONE SHAFT SECTION



U.S. Government Messenger Envelope

o. 65 (Rev. 1957)
Bureau of the Budget Circular A-33 (Rev.)

TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM		NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM	
~~Hagel~~	STOP		STOP
f Clerk's ~~Office~~ Secy	STOP		STOP
Legislation	STOP		STOP
~~of Legislation~~	STOP		STOP
C. Selfridge E.	STOP		STOP
	STOP		STOP
	STOP		STOP
	STOP		STOP
	STOP		STOP
	STOP		STOP

Use other side

y when messenger service between Government buildings in Washington, D. C., is required or wherever a STOP system is used.
Your mail room has STOP information.

INSTRUCTIONS FOR USE

1. Identify Agency of Addressee
2. Void Previously Used Block
3. Write Clearly
4. Send Surplus Envelopes to Supply Room for Reissue

STOP

STOP

STOP

STOP

STOP

STOP

STOP

STOP

Use other side first

OFFICIAL FILE COPY

Date	Surname	Code
6/17	C	220
		225

PROJECT SUMMARY REPORT

By: J. W. Alt March 20, 1957

1. Docket No. DMEA-3385 (Lead-Zinc-Copper)
Contract No. Idm-E739
Property: Dunstone Mine
Jefferson County, Montana

Operator: Elkhorn Consolidated, Inc.
26 West 6th Avenue
Helena, Montana

Operator's Property Rights: Lessee
Lease dated July 18, 1953.
Owner's Consent to Lien dated December 1, 1954.

2. Contract dated November 22, 1954. To complete 12 months.

Work Authorized (Short Form Contract)

Stage I

1. Extend the existing shaft 60 feet to the 210-foot level and provide a sump below that level.

2. On the 210-foot level, crosscut to Vein A and then drift on the vein. The drifting and crosscutting shall not exceed an aggregate of 300 feet.

Stage II

Drift on Veins A, B, and C not to exceed an aggregate of 300 feet.

862

Estimated Costs of the Project

Stage I

Fixed Unit Costs

1.	60 feet of shaft @ $95.00/ft.	$ 5,700.00
2.	300 feet of crosscut and drift @ $32.00/ft.	9,600.00
3.	100 feet of timbering in crosscut and drift @ $5.00/ft.	500.00
4.	30 assays @ $3.50/assay	105.00
	Total Unit Costs for Stage I	$15,905.00

Stage II

1.	300 feet of drift @ $32.00/ft.	$ 9,600.00
2.	100 feet of timbering in the drifts @ $5.00/ft.	500.00
3.	30 assays @ $3.50/assay	105.00
	Total Unit Costs for Stage II	$10,205.00

Estimated total cost of the project	$26,110.00
Government's participation, 50%	$13,055.00

Amendments

No. 1 Dated July 20, 1955, effective date November 22, 1954.

Changes size of the shaft from 5 feet by 7 feet to 4 feet by 6 feet, to comply with the size of the present shaft.

Work Completed

Stage I

55 feet of shaft @ $95.00/ft.	$ 5,225.00
199 feet of crosscut and drift @ $32.00/ft.	6,368.00
Total Cost of Project	$11,593.00
Government's participation, 50%	$ 5,796.50

Work on the project was started in February 1955.
The work was completed by August 5, 1955.
Termination Agreement effective date October 1, 1955.

3. Audit Certificate (Report of Review), dated May 16, 1956

Total Cost as billed by Contractor	$11,938.80
Exceptions	345.80
Total cost of the project	$11,593.00
Government's participation, 50%	$ 5,796.50

Operator's Final Report - waived by the Field Team
Field Team's Final Report dated June 1956 (Received July 9, 1956)

4. Certification date:

No certification of discovery or development was made as the project was unsuccessful in discovery ore. **Royalty due on ore transported through any workings (DMEA) produced outside of the land of the contract.**

5. Comments

The shaft sinking, crosscutting, and drifting were completed in a good workmanlike manner. The work was completed with a minimum of delay, after completion of the power line.

The purpose of the project at the Dunstone mine was to explore the intersections of a vein with two other veins. Under the exploration project contract the existing shaft was deepended 55 feet, and 199 feet of crosscutting and drifting was completed from the shaft. The two vein intersections were barren on the new level.

The target area was completely barren of ore minerals. The project was unsuccessful, and the Field Team does not recommend a Certification of Discovery or Development.

The Field Team states: "With present information Government participation in further work at the mine is not warranted."

J. W. Alt

JWAlt/er 5/9/57
Copy to: Docket
Base Metals
Chron.

DMEA Form 17
Feb. 58

DEFENSE MINERALS EXPLORATION ADMINISTRATION

WORK COMPLETED ANALYSIS

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

Operator: Elkhorn Consolidated, Inc.		Actual Cost	
State: Montana		Agreed Unit Cost	X
Final Report of Audit		Commodity: Lead-Zinc-Copper	Docket No. 3385
Final Report of Review	X		Contract No. Idm-E739

Operation	Authorized by Contract and Amendments		Completed		Net cost after sale of Government Property
	Units	Cost	Units	Cost	
Drifting & Crosscutting Clear of Timber 5'x7'	600' @ $32.00	$19,200.00	199'	$ 6,368.00	$ 6,368.00
~~Raising~~ Timbering Drs.	200' @ $5.00	1,000.00			
Shafts Sinking 5'x7' 4'x6' Clear of Timber	60' @ $95.00	5,700.00	55'	5,225.00	5,225.00
Winzes					
Drilling (Specify)					
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify) 60 Assays @ $3.50		210.00			
Totals		$26,110.00		$11,593.00	* $11,593.00

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

Prepared by W. P. Klugescheid/er Date

31390

L-3-C

```
      *
  26110
  49065
 149525

 224700*
```

Eyes

G-3-C

```
      *
 225000
 113638
  76000
 100040

 514678*
```

Actual

```
      *
 224700
 514678
1365431

2104809*
```

Total

```
 256344
  10337
 109875 0

1365431*
```

Fifth

☒ Audited 5/16/56 Per D[redacted]K ANALYSIS SHEET - DMEA PROJEC[redacted] ☐ Actual Cost

☐ Certified Analysis as of 4/13/55 ☒ Agreed Unit Costs

Incl. Voucher for Audit.

Name ELKHORN CONSOLIDATED, INC. Docket No. 3,385

State MONTANA Commodity LEAD-ZINC-COPPER Idm-E No. 739

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting (door frames 5'x7')	600' @ 32.00	$19,200.00	199'	$6,368.00	0
~~Raising~~ Timbering Drs.	200' @ 5.00	1,000.00			
Shafts (timbering 5'x7' 4'x6' Cost of Timber)	60' @ 95.00	5,700.00	55'	5,225.00	
Winzes					
Drilling (Specify)					
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify) 60 assays @ 3.50		210.00			
Totals		$26,110.00		$11,593.00	

Date of Contract; Nov. 22, 1954

Checks audit.

Amendment No. 1. voided, discontinue.

Termination agreement dated January 4, 1956 effective October 1, 1955.

No certification was recommended by the Field Team.

No further work is warranted with the data at hand.

Field Team final report received July 2, 1956.

Project Summary Report written.

Operator's Final Report signed.

Terminal letter issued.

Sell shares on mineral produced outside of boundaries of property but transported through DMEA workings

Expiration date of Royalty Payments November 22, 1964.

Prepared by W. P. Klugscheid

71626

E-739

Elkhorn Consolidated, Inc — Montana — 3385

Fixed Unit Costs.

Stage I.

(5'x7') 60' Shaft @ 95.00	x	$5,700.00
(5'x7') 300' Drifting & Crosscutting @ 32.00	x	9,600.00
100' Timbering Drifts & Crosscuts @ 5.00	x	500.00
30 Assays @ 3.50	x	105.00
		$15,905.00

Stage II

(5'x7') 300' Drifting @ 32.00	x	9,600.00
100' Drift Timbering @ 5.00	x	500.00
30 Assays @ 3.50	x	105.00
		$10,205.00
		$26,110.00

~~June~~ July & Aug

~~April~~ 1955.

Spent

~~Stage I~~

~~52'~~ 58' ~~Shaft Sinking~~ @ 95.00 ~~$ 4,940.00~~ 5,510.00

~~10 170~~ 200.9'

~~55'~~ Drifting & Crosscutting @ 32.00 ~~5,440.00~~ 6,428.80 ~~1,280.00~~ ~~1,800.00~~

~~$ 5,740.00~~

~~6,790.00~~

~~10,950.00~~

11,938.80

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/29	[illegible]	120
		110
		100
"	[illegible]	220

APR 29 1965

Mr. S. C. Kennett and
Mrs. Marjorie Kennett
P. O. Box 317
Helena, Montana

Re: DMEA-3385 (Lead, Zinc, Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract Idm-K739

Dear Mr. and Mrs. Kennett:

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

This correspondence relates to the Owner's Consent to Lien signed by you on December 1, 1954, under the Defense Minerals Exploration Administration program.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

Enclosure

GLAult/gla (4-29-65)
cc to: Director's Reading File
Docket
Region I w/cy S.C. Kennett letr. and MME Form 63, dtd 4/16/65
120M

23263

Helena, Montana
April 16, 1965

Re: IMEA-3385 (Lead, zinc, Copper)
Elkhorn Consolidated, Inc.,
Jefferson County, Montana
Contract Idm-E739
Dunstone Mine.

United States Department of the Interior
Office of Minerals Exploration
Washington 25 D. C.

Attention: George C. Selfridge, Chief
Division of Exploration Operations

Gentlemen:

In checking my records I find that I informed you in my letter of March 10, 1963 of a new lease granted to Klondyke Gold Mines, Inc. and I also sent copies of the lease. This lease is still in force but there has been no production and no use of the facilities developed under the government contract by the original lessee. The lease to Klondyke Gold Mines, Inc., was made in June, 1961.

It is my understanding that the period of royalty obligation has now expired and, if so, I will appreciate an official release from the government lien.

Yours very truly,

S. C. Kennett

P. O. Box 317, Helena

S. C. Kennett
Co-owner - Dunstone Mine
Jefferson County, Montana

OFFICIAL COPY
O. M. E.
RECEIVED
APR 20 1965
INITIALS | CODE
800
100
110
120
120

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

April 9, 1965

Re: DMEA-3385 (Lead, Zinc, Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract Idm-E739

Mr. S. C. Kennett
P. O. Box 317
Helena, Montana

Dear Sir:

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

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

Sincerely yours,

George C. Selfridge

George C. Selfridge, Chief
Division of Exploration Operations

MME Form 63
Revised 3-62

DMEA-3385
Idm-E739

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. From March 1964 to November 22, 1964 ~~Since~~ , has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

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

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

	Quantity	Value
	No Production	

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

Type	Quantity		Estimated Grade	Location
Ore	No production	Tons		
Concentrates	"	Tons		
Other	"	Tons		

3. From March 1964 to November 22, 1964 ~~Since~~ , has any production been transported through workings (see of contract)? Yes ☐ No ☒

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

Disposition of Material	Quantity	Value
No production		

Submitted by:

Name S. C. Kennett

Address S. C. Kennett
P. O. Box 317
Helena, Montana 59601

Title Co-owner

Date April 16, 1965

4511

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

March 4, 1964

Re: DMEA-3385 (Lead,Zinc, Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract Idm-E739

Mr. S. C. Kennett
P. O. Box 317
Helena, Montana

Dear Sir:

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

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

This is with reference to the Owner's Consent to Lien signed by you December 1, 1954.

Sincerely yours,

W. R. Griswold, Chief
Division of Minerals

OFFICIAL FILE COPY
O. M. E.

3/13 800
120
100
3/13 500
200

Thank
Let's check further.

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since 1955, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes [X] No [ ]

Lease granted June 3, 1961 to Klondyke Gold Mines, Inc.

True copies of lease attached.

2. Since 1955, has there been any production from the land subject to the contract? Yes [ ] No [X]

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

	Quantity	Value

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

Type	Quantity	Estimated Grade	Location
Ore	Tons		
Concentrates	Tons		
Other	Tons		

3. Since 1955, has any production been transported through workings (see of contract)? Yes [ ] No [X]

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

Disposition of Material	Quantity	Value

Submitted by:

Name S. C. Kennett S. C. Kennett Title Co-owner

Address P. O. Box 317, Helena, Montana Date March 10, 1964

4511

Helena, Montana
March 10, 1963

United States Department of the Interior
Office of Minerals Exploration
Washington, D. C.

Re: IMEA-3385 (Lead, zinc, Copper)
Elkhorn Consolidated, Inc.,
Dunstone Mine
Jefferson County, Montana
Contract Idm-E739

Mr. Griswold.

Gentlemen:

In reply to yours of the 4th in connection with Owners Consent to Lien signed December 1, 1954 two copies of Form MMe-63, revised 3-62 are returned and in addition two copies of the lease on the Dunstone property, now in effect, are enclosed.

The letter and easement of June 16, 1959, mentioned in the present lease gave permission to crosscut the Dunstone, starting at surface and working west toward the Klondyke claim adjoining. No permission was granted to use facilities developed under the Government minerals exploration contract. The operators drove about 400 feet to the Klondyke and struck a vein at a depth of about 50 feet that looked promising.

In June, 1961 a lease was granted to Klondyke Gold Mines, Inc. who planned to go down into the MEA shaft and drive west to this lead. The Dunstone shaft is about 200 feet deep. As is uusal in the mining business they have had difficulty in financing the project. Last fall, however, they went back into the upper crosscut and since then have been doing further exploratory work on the Klondyke. This spring I expect them to ship the ore they have stockpiled and with the returns go down into the shaft and start a real operation. Minerals exploration facilities are not and will not be used for this ore production and shipment. This is a separate operation. Also the statement that they will ship and then go into a shaft operation is just my own idea - and hope.

My failure to inform you about the lease was a complete oversight. I had forgotten the requirement. I believe the provisions of the lease fully protect the interest of the Government.

At the expiration date in November will you please give us a release from the Government lien.

Yours very truly,

S. C. Kennett

P. O. Box 317

True copy
S.C. Kennett

LEASE

THIS AGREEMENT, Made and entered into this 3rd day of June, 1961, by and between S.C. KENNETT and MARJORIE W. KENNETT, husband and wife, whose address is 1021 Stewart Street, Helena, Montana, parties of the first part and hereinafter referred to as the Lessors, and KLONDYKE GOLD MINES, INC., a Montana corporation, with office address at Boulder, Montana, party of the second part and hereinafter referred to as the Lessee,

WITNESSETH:

That the said parties of the first part, for and in consideration of the sum of One Dollar ($1.00), lawful money of the United States, paid this date by second party to first parties, receipt of which is hereby acknowledged, and for the further consideration of the rents, royalties, covenants and agreements hereinafter reserved, and by the second party to be paid, kept, and performed, have granted, demised, leased and let unto the said party of the second part, all their right, title, and interest in and to the following described lode mining claim, together with the appurtenances thereto belonging or in anywise appertaining, to-wit:

> Dunstone Lode Claim, Patented Mining Survey No. 2359, located within Township 6N, Range 3W., N.P.M., in the Elkhorn Mining District, Jefferson County, Montana.

Together with all and any water rights, buildings or other property now on said property or heretofore used or owned by Lessors in connection with said property and together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining.

TO HAVE AND TO HOLD, unto the said Lessee for a term of five (5) years from the date hereof, expiring at noon on the 3rd day of June, 1966, unless sooner forfeited or determined through the violation of any covenants herein contained. It being provided herein, however, that should Lessee be in active mining operations at the end of such initial five (5) year period, or within a six (6) month period prior to the termination thereof, and if district mining operations are being conducted and maintained by said Lessee upon foregoing named property, or upon adjacent or contiguous lode claims, that this lease thereupon becomes automatically renewed for an additional five (5) year period and likewise for four (4) additional successive five (5) year periods providing, however, that each of said periods and the whole thereof are subject to the identical conditions and provisions above and hereinafter stated.

The Lessors hereby covenant they are the true and lawful owners of the said premises, mining claims, water rights, personal and real property herein described and leased, and that the same and the whole thereof are free and clear from any and all encumbrances, liens and debts whatsoever, and that they have good and absolute right to lease and dispose of the same in the manner and form as herein contemplated, the only encumbrance being a contingent one due U.S.D.M.E.A. under conditions hereinafter noted.

In consideration of such demise, the Lessee covenants and agrees as follows:

1. To enter upon said mine or premises and work the same in minerlike fashion, necessary to good and economical mining, so as to save and remove the greatest amount of ore possible, with due regard to the development and preservation of the same as a workable mine.

2. To well and sufficiently timber, when necessary, the adits, shafts, and drifts, or other mine workings, used upon or extended into said mine, at all points where necessary and in accordance with good mining practices.

3. To allow said Lessors, at any and all reasonable times, their agents and representatives, at their own cost, expense, and risk, to enter upon the said leased premises or any part thereof, for the purpose of examining the condition of same, and to sample and assay the ore, mill heads, tails and concentrates.

4. The Lessee agrees to pay personal property taxes on any improvements or equipment placed on said premises; to keep said premises free from mechanics, material-men, labor or miner's liens, and free from any and all liens, claims, and demands of any and every kind based on or arising out of anything suffered or done, or caused to be done by the said Lessee, which would in any way become a charge on the said demised premises or the buildings located thereon, and said Lessee shall indemnify and save the said Lessors harmless from any and all claims and demands of any and every kind that may be made against said owners by reason of or on account of any injury or damage of any kind received or sustained during the term of this lease, by any person or property in, upon or about said premises, exclusive of the said Lessors, their agents or employees.

5. To post or cause to be posted in two of the most public places upon the said premises, a notice to the effect that the said premises are being operated and worked under an agreement, or lease, and that the Lessee is in actual control and management of the said property, and that neither the Lessors nor their said property shall be in any way, liable for labor, supplies, or other debts contracted by the Lessee, its agents or assigns in connection with said operation.

6. To comply with the requirements of the Montana Workman's Compensation Laws, and other laws of the State of Montana, with respect to the operation of mines.

7. To pay to said Lessors as royalty under this lease, ten percent (10%) of the value of any and all products produced, recovered, saved, sold, and paid for by and through the Lessee from mining, milling or concentrating under this lease; such value shall be taken as the net smelter returns for metals as paid for by the respective custom smelters and is understood to mean the money or moneys received from the smelter or from buyers of the products produced by the Lessee after all transportation charges, smelter deductions and charges, and charges for assaying, arbitration, and representation in connection with any and all such shipments have first been deducted, said payments to be made by said smelters direct to Lessors jointly.

It is mutually understood by the parties hereto that in years passed, a loan for the exploration of the Dunstone property was granted by the U.S.D.M.E.A., to former operators of the Dunstone Lode property. Herein named Lessee understands that if mine workings in part paid for by U.S.D.M.E.A., be utilized by Lessee or its successors, or assigns for adjoining Klondyke Claim development, or for development of any other adjoining claim or property, that a royalty of five per cent (5%), payable direct to U.S.D.M.E.A., may be required from ore so mined on property or properties outside the boundaries of the Dunstone Claim but removed through such Dunstone mine workings, above referred to, until U.S.D.M.E.A. has been repaid in full such United State government obligation amounting to Five Thousand Seven Hundred, Ninety Six Dollars and Fifty Cents ($5,796.50). Undersigned Lessee recognizes this continuing United States government repayment obligation attaching to property production and agrees to comply with requirements, under conditions or repayment above named, it being mutually understood by and between the parties hereto that if repayment of foregoing amounts is not made through ore royalty payments on or before November 22, 1964, that after said date the whole of such obligation is terminated in accordance with requirements of U.S.D.M.E.A.

In addition to the royalty requirements of Ten percent (10%) payable to Lessors on ores mined from the Dunstone Claim and Five per cent (5%) royalty payable to U.S.D.M.E.A. on a contingent basis, Lessee further agrees, as a work requirement of this Lease, to either, (1), perform a minimum of three hundred (300) man shifts of work or the equivalent value thereof in diamond drilling or other mechanical exploration work during each lease year upon or within the Dunstone Lode claim, or, (2), in lieu thereof, to pay to Lessors the amount of fifty cents ($0.50) per ton on any and all ore production from the Klondyke Lode Claim or other adjoining or contiguous lode claims now under lease to said Lessee, with the provision that if rent and royalty from such tonnage does not aggregate the sum of two hundred and fifty dollars ($250.00) that said minimum will nevertheless be paid by Lessee, its successors or assigns to Lessors during each lease year for the life of this lease. Tonnage record on ore mined and shipped to any smelter will be confirmed by delivery of copy of smelter certificates to Lessors.

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

That any and all machinery, tools, equipment, that may hereafter be placed in and upon said mining property and premises for any purpose by the Lessee, shall be and remain the property of the Lessee and shall not be a part of the realty or real estate, and may be removed therefrom at any time prior to expiration or termination of this lease, or within one year thereafter; provided, however, that all timbering in any shafts, drifts, adits, and tunnels, or other workings underground, shall remain in and upon the premises and become a part thereof.

Time is the essence of this Lease agreement and failure at any time on the part of Lessee, its successors or assigns, to fulfill the conditions of this agreement shall be considered sufficient cause for the parties of the first part, Lessors, to declare all the rights and privileges of the Lessee, or its successors or assigns, under this agreement to have been forfeited; such forfeiture shall be declared by the parties of the first part, the Lessors, by delivering to the party of the second part, successors or assigns, notice in writing, stating the reason or reasons for declaring such forfeiture; and in the event of the default continuing for sixty (60) days from the mailing of the Notice of Forfeiture to the party of the second part, Lessee, its successors or assigns, then, and only in that event, shall the forfeiture take force and effect; in which case the party of the second part, Lessee, its successors or assigns, hereby agree that possession of the property, insofar as this lease is concerned, shall be promptly and peaceably surrendered to the parties of the first part or their representatives.

The Notice of Forfeiture shall be given by the parties of the first part depositing in a United States Post Office, addressed to party of the second part, its successors or assigns, at Boulder, Montana, postage prepaid, and, if the second party is in possession of the property, personal service may be made in lieu of mailing.

It is mutually understood and agreed by the parties hereto that upon execution and acknowledgement of this lease, that this lease and agreement supplants and terminates that certain letter and easement agreement dated June 16, 1959, by and between Lessors and Lessee, Wade V. Lewis, for himself.

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

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and through their duly qualified officers affixed their corporate seals in triplicate the day and year in this instrument first above written.

S. C. Kennett

S. C. Kennett

Marjorie W. Kennett

Marjorie W. Kennett

Parties of the First Part: Lessors

Klondyke Gold Mines, Incorporated
a Montana corporation

Gustaf Anderson

President

Attest:

Wade V. Lewis

Wade V. Lewis, Secretary

ACKNOWLEDGEMENT

STATE OF MONTANA)
) ss.
County of Lewis and Clark)

On this 3rd day of June, 1961, before me, Dorothy Clements, undersigned, a Notary Public in and for the State of Montana, personally appeared S. C. KENNETT and MARJORIE W. KENNETT, husband and wife, whose legal residence and address is 1021 Stuart Street, Helena, Lewis and Clark County, Montana, known to me to be the persons whose names are subscribed to the foregoing LEASE, and acknowledged to me that they executed the same.

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

Dorothy Clements

Notary Public for the State of Montana residing at Helena, Mont.

My Commission expires: 5-23-64

(Notarial Seal)

ACKNOWLEDGEMENT

STATE OF MONTANA)
County of Lewis and Clark) ss.

On this 3rd day of June, 1961, before me, Dorothy Clements, undersigned, a Notary Public in and for the State of Montana, personally appeared GUSTAF M. CARLSON, whose legal residence and address is 11 East Cutler, Helena, Lewis and Clark County, Montana, known to me to be the person whose name is subscribed to the foregoing LEASE, and acknowledged to me that he executed the same.

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

Dorothy Clements

Notary Public for the State of Montana, residing at Helena, Mont.

My Commission expiris: 5/23/64

(Notarial Seal)

#1-INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Deliver *ONLY* to addressee

☐ Show address where delivered

(Additional charges required for these services)

RETURN RECEIPT

Received the numbered article described on other side.

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

Elkhorn Consolidated

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

Paul N. Smith

DATE DELIVERED	ADDRESS WHERE DELIVERED *(only if requested in item #1)*
	FEB 27 19[illegible]

C55—16—71548-4 GPO

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

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

POSTMARK OF DELIVERING OFFICE

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

RETURN TO

REGISTERED NO.	NAME OF SENDER
598199	DEPT OF INTR(MIN EXPL)
CERTIFIED NO.	STREET AND NO. OR P. O. BOX
	18th AND C.N.W.
INSURED NO.	CITY, ZONE AND STATE
	WASHINGTON 25 D.C.

POD Form 3811 Jan. 1958

C55—16—71548-4

True Copy
D C Kennett

LEASE

THIS AGREEMENT, Made and entered into this 3rd day of June, 1961, by and between S.C. KENNETT and MARJORIE W. KENNETT, husband and wife, whose address is 1021 Stewart Street, Helena, Montana, parties of the first part and hereinafter referred to as the Lessors, and KLONDYKE GOLD MINES, INC., a Montana corporation, with office address at Boulder, Montana, party of the second part and hereinafter referred to as the Lessee,

WITNESSETH:

That the said parties of the first part, for and in consideration of the sum of One Dollar ($1.00), lawful money of the United States, paid this date by second party to first parties, receipt of which is hereby acknowledged, and for the further consideration of the rents, royalties, covenants and agreements hereinafter reserved, and by the second party to be paid, kept, and performed, have granted, demised, leased and let unto the said party of the second part, all their right, title, and interest in and to the following described lode mining claim, together with the appurtenances thereto belonging or in anywise appertaining, to-wit:

> Dunstone Lode Claim, Patented Mining Survey No. 2359, located within Township 6N, Range 3W., N.P.M., in the Elkhorn Mining District, Jefferson County, Montana.

Together with all and any water rights, buildings or other property now on said property or heretofore used or owned by Lessors in connection with said property and together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining.

TO HAVE AND TO HOLD, unto the said Lessee for a term of five (5) years from the date hereof, expiring at noon on the 3rd day of June, 1966, unless sooner forfeited or determined through the violation of any covenants herein contained. It being provided herein, however, that should Lessee be in active mining operations at the end of such initial five (5) year period, or within a six (6) month period prior to the termination thereof, and if district mining operations are being conducted and maintained by said Lessee upon foregoing named property, or upon adjacent or contiguous lode claims, that this lease thereupon becomes automatically renewed for an additional five (5) year period and likewise for four (4) additional successive five (5) year periods providing, however, that each of said periods and the whole thereof are subject to the identical conditions and provisions above and hereinafter stated.

The Lessors hereby covenant they are the true and lawful owners of the said premises, mining claims, water rights, personal and real property herein described and leased, and that the same and the whole thereof are free and clear from any and all encumbrances, liens and debts whatsoever, and that they have good and absolute right to lease and dispose of the same in the manner and form as herein contemplated, the only encumbrance being a contingent one due U.S.D.M.E.A. under conditions hereinafter noted.

In consideration of such demise, the Lessee covenants and agrees as follows:

1. To enter upon said mine or premises and work the same in minerlike fashion, necessary to good and economical mining, so as to save and remove the greatest amount of ore possible, with due regard to the development and preservation of the same as a workable mine.

2. To well and sufficiently timber, when necessary, the adits, shafts, and drifts, or other mine workings, used upon or extended into said mine, at all points where necessary and in accordance with good mining practices.

3. To allow said Lessors, at any and all reasonable times, their agents and representatives, at their own cost, expense, and risk, to enter upon the said leased premises or any part thereof, for the purpose of examining the condition of same, and to sample and assay the ore, mill heads, tails and concentrates.

4. The Lessee agrees to pay personal property taxes on any improvements or equipment placed on said premises; to keep said premises free from mechanics, material-men, labor or miner's liens, and free from any and all liens, claims, and demands of any and every kind based on or arising out of anything suffered or done, or caused to be done by the said Lessee, which would in any way become a charge on the said demised premises or the buildings located thereon, and said Lessee shall indemnify and save the said Lessors harmless from any and all claims and demands of any and every kind that may be made against said owners by reason of or on account of any injury or damage of any kind received or sustained during the term of this lease, by any person or property in, upon or about said premises, exclusive of the said Lessors, their agents or employees.

5. To post or cause to be posted in two of the most public places upon the said premises, a notice to the effect that the said premises are being operated and worked under an agreement, or lease, and that the Lessee is in actual control and management of the said property, and that neither the Lessors nor their said property shall be in any way, liable for labor, supplies, or other debts contracted by the Lessee, its agents or assigns in connection with said operation.

6. To comply with the requirements of the Montana Workman's Compensation Laws, and other laws of the State of Montana, with respect to the operation of mines.

7. To pay to said Lessors as royalty under this lease, ten percent (10%) of the value of any and all products produced, recovered, saved, sold, and paid for by and through the Lessee from mining, milling or concentrating under this lease; such value shall be taken as the net smelter returns for metals as paid for by the respective custom smelters and is understood to mean the money or moneys received from the smelter or from buyers of the products produced by the Lessee after all transportation charges, smelter deductions and charges, and charges for assaying, arbitration, and representation in connection with any and all such shipments have first been deducted, said payments to be made by said smelters direct to Lessors jointly.

It is mutually understood by the parties hereto that in years passed, a loan for the exploration of the Dunstone property was granted by the U.S.D.M.E.A., to former operators of the Dunstone Lode property. Herein named Lessee understands that if mine workings in part paid for by U.S.D.M.E.A., be utilized by Lessee or its successors, or assigns for adjoining Klondyke Claim development, or for development of any other adjoining claim or property, that a royalty of five per cent (5%), payable direct to U.S.D.M.E.A., may be required from ore so mined on property or properties outside the boundaries of the Dunstone Claim but removed through such Dunstone mine workings, above referred to, until U.S.D.M.E.A. has been repaid in full such United States government obligation amounting to Five Thousand Seven Hundred, Ninety Six Dollars and Fifty Cents ($5,796.50). Undersigned Lessee recognizes this continuing United States government repayment obligation attaching to property production and agrees to comply with requirements, under conditions or repayment above named, it being mutually understood by and between the parties hereto that if repayment of foregoing amounts not made through ore royalty payments on or before November 22, 1964, that after said date the whole of such obligation is terminated in accordance with requirements of U.S.D.M.E.A.

In addition to the royalty requirements of Ten percent (10%) payable to Lessors on ores mined from the Dunstone Claim and Five per cent (5%) royalty payable to U.S.D.M.E.A. on a contingent basis, Lessee further agrees, as a work requirement of this Lease, to either, (1), perform a minimum of three hundred (300) man shifts of work or the equivalent value thereof in diamond drilling or other mechanical exploration work during each lease year upon or within the Dunstone Lode claim, or, (2), in lieu thereof, to pay to Lessors the amount of fifty cents ($0.50) per ton on any and all ore production from the Klondyke Lode Claim or other adjoining or contiguous lode claims now under lease to said Lessee, with the provision that if rent and royalty from such tonnage does not aggregate the sum of two hundred and fifty dollars ($250.00) that said minimum will nevertheless be paid by Lessee, its successors or assigns to Lessors during each lease year for the life of this lease. Tonnage record on ore mined and shipped to any smelter will be confirmed by delivery of copy of smelter certificates to Lessors.

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

That any and all machinery, tools, equipment, that may hereafter be placed in and upon said mining property and premises for any purpose by the Lessee, shall be and remain the property of the Lessee and shall not be a part of the realty or real estate, and may be removed therefrom at any time prior to expiration or termination of this lease, or within one year thereafter; provided, however, that all timbering in any shafts, drifts, adits, and tunnels, or other workings underground, shall remain in and upon the premises and become a part thereof.

Time is the essence of this Lease agreement and failure at any time on the part of Lessee, its successors or assigns, to fulfill the conditions of this agreement shall be considered sufficient cause for the parties of the first part, Lessors, to declare all the rights and privileges of the Lessee, or its successors or assigns, under this agreement to have been forfeited; such forfeiture shall be declared by the parties of the first part, the Lessors, by delivering to the party of the second part, successors or assigns, notice in writing, stating the reason or reasons for declaring such forfeiture; and in the event of the default continuing for sixty (60) days from the mailing of the Notice of Forfeiture to the party of the second part, Lessee, its successors or assigns, then, and only in that event, shall the forfeiture take force and effect; in which case the party of the second part, Lessee, its successors or assigns, hereby agree that possession of the property, insofar as this lease is concerned, shall be promptly and peaceably surrendered to the parties of the first part or their representatives.

The Notice of Forfeiture shall be given by the parties of the first part depositing in a United States Post Office, addressed to party of the second part, its successors or assigns, at Boulder, Montana, postage prepaid, and, if the second party is in possession of the property, personal service may be made in lieu of mailing.

It is mutually understood and agreed by the parties hereto that upon execution and acknowledgement of this lease, that this lease and agreement supplants and terminates that certain letter and easement agreement dated June 16, 1959, by and between Lessors and Lessee, Wade V. Lewis, for himself.

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

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and through their duly qualified officers affixed their corporate seals in triplicate the day and year in this instrument first above written.

S. C. Kennett

Marjorie W. Kennett

Parties of the First Part: Lessors

Klondyke Gold Mines, Incorporated
a Montana corporation

President

Attest:

Wade V. Lewis, Secretary

ACKNOWLEDGEMENT

STATE OF MONTANA)
) ss.
County of Lewis and Clark)

On this 3rd day of June, 1961, before me, Dorothy Clements, undersigned, a Notary Public in and for the State of Montana, personally appeared S. C. KENNETT and MARJORIE W. KENNETT, husband and wife, whose legal residence and address is 1021 Stuart Street, Helena, Lewis and Clark County, Montana, known to me to be the persons whose names are subscribed to the foregoing LEASE, and acknowledged to me that they executed the same.

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

Dorothy Clements

Notary Public for the State of Montana residing at Helena, Mont.

My Commission expires: 5-23-64

(Notarial Seal)

ACKNOWLEDGEMENT

STATE OF MONTANA)
County of Lewis and Clark } ss.

On this 3rd day of June, 1961, before me, Dorothy Clements, undersigned, a Notary Public in and for the State of Montana, personally appeared GUSTAF M. CARLSON, whose legal residence and address is 11 East Cutler, Helena, Lewis and Clark County, Montana, known to me to be the person whose name is subscribed to the foregoing LEASE, and acknowledged to me that he executed the same.

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

Dorothy Clements

Notary Public for the State of Montana, residing at Helena, Mont.

My Commission expiris: 5/23/64

(Notarial Seal)

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

February 24, 1964

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Re: DMEA-3385 (Lead, Zinc, Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract Idm-E739

Mr. Paul W. Smith, Secretary
Elkhorn Consolidated, Inc.
26 W. 6th Avenue
Helena, Montana

Dear Sir:

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

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

Sincerely yours,

W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

who owned property?

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 2 1964

DATE	INITIALS	CODE
3/2		800
		120
3/3		100
3/2		110
		500
		220

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since 1955, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. Since 1955, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

	Quantity	Value

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

3. Since August 2, 1962, has any production been transported through workings (see Article 11 of contract)? Yes ☐ No ☒

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

Disposition of Material	Quantity	Value

Submitted by:

Name Paul N. Smith Title Secretary

Address 26 W 6th Ave, Helena, Mont. Date 2/27/64

This company has no leases or property of any kind, and has done no business for several years.

4511

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

February 24, 1964

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Re: DMEA-3385 (Lead, Zinc, Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract Idm-E739

Mr. Paul W. Smith, Secretary
Elkhorn Consolidated, Inc.
26 W. 6th Avenue
Helena, Montana

Dear Sir:

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

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

Sincerely yours,

W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since 1955, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. Since 1955, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

	Quantity	Value

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

3. Since August 2, 1962, has any production been transported through workings (see Article 11 of contract)? Yes ☐ No ☒

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

Disposition of Material	Quantity	Value

Submitted by:

Name Paul W. Smith Title Secretary

Address 26 W 6th Ave, Helena, Mont Date 2/27/64

This company has no leases or property of any kind, and has done no business for several years.

4511

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

August 9, 1962

Memorandum

To: Acting Field Officer, Region I

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

Subject: DMEA-3385 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract Idm-E739

The original and one copy of a Report of Royalty Review covering the subject contract are enclosed. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.; and

(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

As evidence of your concurrence, a copy of your memorandum transmitting the original report to the Fiscal Section should be furnished this Division. If for any reason you do not concur, both copies of the report should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 8-8-62

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

43683

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

JUL 24 1962

Re: DMEA-3385 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract Idm-E739

Elkhorn Consolidated, Inc.
Box 317
Helena, Montana

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 6 1962

DATE	INITIALS	CODE
8/6		800
		100
		110
8/9		500
		220

Gentlemen:

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

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

Sincerely yours,

W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

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

2. Since _____, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

	Quantity	Value

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

3. Since September 8, 1959, has any production been transported through DMEA workings (see Article 11 of contract)? Yes ☐ No ☒

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

Disposition of Material	Quantity	Value

Submitted by:

Name Paul W. Smith Title Secretary

Address 26 W. 6th Ave, Helena, Mont Date Aug 2, 1962

4511

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

JUL 24 1962

Re: DMEA-3385 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract Idm-E739

Elkhorn Consolidated, Inc.
Box 317
Helena, Montana

Gentlemen:

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

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

Sincerely yours,

W. R. Griswold, Chief
Division of Minerals

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

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

2. Since _____, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

	Quantity	Value

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

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

3. Since September 8, 1959, has any production been transported through DMEA workings (see Article 11 of contract)? Yes ☐ No ☒

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

Disposition of Material	Quantity	Value

Submitted by:

Name Paul W. Smith Title Secretary

Address 116 W. 6th Ave Helena, Mont. Date Aug 2, 1962

4511

Mr. D. R. Maclaren, Acting Field Office
U.S. Dept. of the Interior, Region 1.
[illegible] Sherman
Spokane 1, Washington

(Docket No. [illegible])

Dear Mr. Maclaren:

This is to acknowledge and thank you for your prompt [illegible] with reference to the Government's contingent interest in our [illegible] Gold operation which adjoins the Dunstone Mining Claim in the [illegible] Mining District of Jefferson County, Montana.

We will keep in touch with your office as our exploration program proceeds and if our work requires consideration of the [illegible] involved by Kikhorn Consolidated, Inc., we will be glad to meet [illegible] requirements relating to the Government's interest.

It is possible that a little later, we may re-vest a lease and Option on the Dunstone Claim and in such event, we of course will have in mind, the Government's interest as it exists as of this time. In my opinion, ores may be developed by further consideration of [illegible] cal structures and these factors I would like to invite to your [illegible] at the proper time.

Sincerely yours,

KLONDYKE GOLD MINES, INC.

Wade V. Lewis, Secretary

WVL/njp

[illegible] 1950

OFFICIAL FILE COPY O. M. E. RECEIVED MAY 19 1960		
DATE	INITIALS	CODE
5-19	gad	120
5/19	[illegible]	800
5/23	[illegible]	~~500~~
		225

So. 157 Howard Street
Spokane 4, Washington
May 16, 1960

Mr. Wade V. Lewis
P. O. Box 52
Boulder, Montana

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Lewis:

Thank you for your telephone call of this morning relating to your plans to develop the Klondike claims, possibly using the DMEA workings on the Dunstone claim for that purpose.

In the above referenced contract, Article 11, Changes and added provisions state:

> "Regardless of whether a Certification or Discovery or Development is made and regardless of whether the Operator is the producer or has any interest in the production, it shall pay a royalty as provided in Article 7 on all minerals mined and produced outside the land described in Article 2 (i.e., the Dunstone Quartz Lode mining claim, Survey No. 2359) and transported through any workings described in Exhibit "A" (i.e., the shaft and drift driven with DMEA assistance), until the total amount contributed by the Government under the contract has been paid or 10 years have elapsed from the date of the contract."

The date of the contract is November 22, 1954, and as you know, the Government's contribution was $5,796.50.

As a discovery or development was not certified, no royalty on any ore produced from within the boundaries of the Dunstone claim is due the Government. However, under the provisions of Article 11 quoted above, royalty is due on any ore mined from outside the Dunstone claim if it is transported through the drift and/or shaft which were driven with DMEA assistance.

Regarding the computation of royalty there is enclosed part of the standard contract form revised since the form used for the referenced contract. I have made ink additions and deletions which make this form correspond to the one used.

If I may be of further help to you, please do not hesitate to let me know.

Sincerely yours,

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

Enclosure
cc: OME(3)
UWBM
DRF
CEF

September 18, 1958

Memorandum

To: Wingfield N. Chamberlain, Statistics Branch

From: W. R. Griswold, Director
Division of Base Metals

Subject: Semi-annual reports on certified projects, period January 1 to June 30, 1958

The following projects were inactive during the cited period:

DMEA	1066,	Lim-A	122	- Shelton Mining Co.
"	2685	"	325	- Dale Mining Co.
"	1098	"	134	- Combined Metals Reduction Co.
"	1371	"	48	- National Lead Co.
"	1094	"	16	- Railriver Mining Co.
"	989	"	131	- Harrington Mines Co.
"	[illegible]	"	195	- Comet Mines, Inc.
"	1923	"	340	- United Mining Development Co.
"	2341	"	436	- Western States Copper Corp.
"	3385	"	739	- Elkhorn Cons., Inc.
"	2672	"	437	- Dunn Page Auto Co.
"	1 & 1A	"	4	- Chief Cons. Mining Co.

W. R. Griswold

WRG/ism

Copies for each docket

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 31 1958

DATE	INITIALS	CODE
7/30	C	220
31	Copy	100
"	[illegible]	110
8/1	[illegible]	800
	[illegible]	500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

SEMI-ANNUAL REPORT OF CERTIFIED PROJECT

Reporting period: January 1 to June 30, 1958

Date of report: June 7, 1958

Operator: Elkhorn Consolidated, Inc., Helena, Montana

Owner: S. C. Kennett, Box 317, Helena, Montana

Mine name: Dunstone mine

County and State: Jefferson County, Montana

Docket number and commodity: DMEA-3385 (lead-zinc-copper)

Contract number: Idm-E739

Date of contract: November 22, 1954

Date of certification: November 22, 1954 (Art. 11 of contract)

Expiration date of royalty payments: November 22, 1964

Total amount of contract: $ 26,110.00

Total expenditures under contract: 11,593.00

Amount of Government participation @ 50%: 5,796.50

Royalty payments this period: none

Previous royalty payments: none

Total royalty payments to date: none

Percent of Government participation repaid: none

Royalty due on production to date: none

Royalty remarks: none

Original estimate of DMEA reserves
(from Field Team final report)
Mines___ Survey___ Joint X_ none

Revised estimate of DMEA reserves
(Field Team)
Mines___ Survey ___ Joint ___ none

Increase of reserves by work performed
subsequent to DMEA project work:

Production of DMEA ore (this period): none

(previous): none

(to date): none

Production of Operator's ore found
subsequent to DMEA work

(this period): none

(previous): none

(to date): none

Percent of revised reserves mined: --

Production remarks: There has been no work performed at the Dunstone mine since termination of its DMEA contract.

Mr. Kennett had an opportunity to lease the property but his terms were too stringent and the prospective lessee returned the contract to him.

INVESTMENT DATA: none.

Distribution:
DMEA (4)
USGS (2)
USBM (AD)
USBM (2)

Signed: D. D. Walker (Engineer)

RECEIVED 18

So. 157 Howard Street
Spokane 4, Washington

April 14, 1958

Mr. S. C. Kennett
Box 317
Helena, Montana

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-2739

Dear Mr. Kennett:

This is in reply to your letter of April 10, 1958, and in further reference to your letter of March 13, 1958, in which you ask for certain information pertinent to the Government's claim to royalty from the Dunstone mine.

According to our auditor's final Report of Review dated May 16, 1956, a copy of which was sent to the Operator, Mr. Paul Smith, on July 9, 1956, the total accepted cost of the project is $11,593.00, of which the Government paid 50 percent or $5,796.50. No certification of discovery or development was made within the allotted time and, therefore, no royalty is due on production from the land described in Section 2 and Annex I of the contract and in the Owner's Consent to Lien which you signed. This land comprises the Dunstone Quartz Lode mining claim, Survey No. 2359.

As Elkhorn Consolidated, Inc. may not have turned over to you their copy of the DMEA contract, we quote in full for your information Article 11, Changes and added provisions:

> "Regardless of whether a Certification of Discovery or Development is made and regardless of whether the Operator is the producer or has any interest in the production, it shall pay a royalty as provided in Article 7 on all minerals mined and produced outside the land described in Article 2 and transported through any workings described in Exhibit "A", until the total amount contributed by the Government under the contract has been paid or 10 years have elapsed from the date of the contract."

To summarize, no royalty is due from any production that might come from ore mined within the vertical boundaries of the Dunstone claim. Royalty will be due from any ore mined outside of the Dunstone claim and transported through any of the workings driven with DMEA aid until the sum of $5,796.50 has been repaid or until November 22, 1964, whichever occurs first. The Operator, Elkhorn Consolidated, Inc., is primarily responsible for the payment of royalty. However, since the claim has reverted to you, the responsibility for payment is yours because of the Owner's Consent to Lien.

Regarding the royalty scale we are enclosing a standard contract form and call your attention especially to Article 6(d) and Article 7(c), (d), (e), (f), and (h). Royalty checks should be made payable to Defense Minerals Exploration Administration and mailed to A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, South 157 Howard Street, Spokane 4, Washington, and should be accompanied by three copies of settlement sheets covering the shipments on which the payment is based.

There is no requirement that the Government approve any lease you wish to give.

If you wish any further information, please do not hesitate to advise us.

By Field Team, Region I

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

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

Enclosure

cc: DMEA (3) w/3 copies of incoming
USBM (2) w/2 " " "
USBM (AD) w/copy " "
Turner
CPF

Image al USAM AD DMEA

4/11

Helena, Montana
April 10, 1958

Re: Docket DMEA-3385
Elkhorn Consolidated, Inc.
Dunstone Mine
Contract Idm-[illegible]

RECEIVED 18

United States Department of the Interior
So. 157 Howard Street
Spokane (4) Washington

Gentlmen:

In your letter of April 8th it is indicated that there is a lien on the Dunstone property. The lease that I was working on fell through but there is a likelyhood that another lease may develop - I hope, so no harm has been done because of your information in the letter of March 21st.

To get back to the information I requested and still want: How much is the lien? Does interest accumulate or is only the principal involved? I was told when in Butte several years ago that the royalty to be paid to the government in making the payment is on a sliding scale and I belive it runs up to 5%. Will you give me the scale which, I beleive, is based on the grade of ore and increases with the value? I would want to provide for proper payments in case the property is leased.

Another thing I want to be sure of: You say that the royalty is payable on all minerals produced outside the land covered in the contract, if transported through the facilities opened up by the government. That is clear but are royalties payable on any ore produced on the Dunstone itself. There is still about 400 feet of ground that has not been crosscut and there is a possibility that it may e diamond drilled, if leased. The potential lessees are primarily interested in adjoining claims to be worked through the Dunstone or at least drilled from the bottom of the shaft. I would wish to be sure about royalty payments on any ore from the Dunstone itself. No doubt the same scale would apply if payments wouldbe due.

Yours very truly,

Box 317

S. C. Kennett

1958

DMEA
RECEIVED APR 11 1958
DATE | INITIAL | CODE
4/11 | C | 220
4/11 | [illegible] | 526
225

So. 157 Howard Street
Spokane 4, Washington

April 8, 1958

Mr. S. C. Kennett
Box 317
Helena, Montana

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Kennett:

This is in further reference to your letter of March 13, 1958, and our reply of March 21, 1958.

We have been advised by our Washington office that the statement we made in our letter "Since no discovery was certified there is no Government lien on the property and no obligation on your part to pay royalties on production" is not entirely correct.

Article 11 of the contract requires the payment to the Government of the percentage royalty on all minerals produced outside of the land covered by the Owner's Consent to Lien but transported through any workings described in Exhibit A of the contract; that is the workings that were opened up with Government assistance. Whether or not a discovery or development was made, this royalty requirement is effective until November 22, 1964 or until the Government's contribution has been repaid.

Therefore, if you lease or sell the Dunstone property, you should see that the terms of the lease or sale requires the lessee or buyer to pay any royalty that may become due the Government. Without such a clause you would be responsible for the royalty payment.

We regret that our letter of March 21 was incorrect and hope we have caused you no inconvenience.

By Field Team, Region I

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

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

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

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3/28	Talbert	800
3/28	Chambers	800
	Miranda	500
3/28	[illegible]	130
"	Johnson	110
		100
3/28		220
		500

MAR 28 1958

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

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Weissenborn:

By letter of March 21 you advised Mr. S. C. Kennett, a co-signer of the Owner's Consent to Lien on the property under the referenced contract, that the Government retained no lien on the property and there was no obligation for payment of royalty. This advice is not entirely correct.

Article 11 of the contract requires the payment to the Government of the percentage royalty on all minerals produced outside of the land covered by the Owner's Consent to Lien but transported through any workings described in Exhibit "A" of the contract. This requirement is effective, regardless of certification of discovery or development, until November 22, 1964, or the total contribution by the Government has been repaid.

Please amend your advice to the Operator accordingly.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GCS)

APPROVED:

P. F. Yopes (GCS)
Member, Bureau of Mines

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

Copy to: Docket
Admr. Reading File
Operating Committee
Mr. Kiilsgaard, USGS
Mr. Bishop, USBM
Mr. Chambers

EDTalbert/ama
March 28, 1958

8623

DMEA
RECEIVED 27 1958

3/27	C	220
3/28	Ucor.	400
3/28	wrks.	500

1201 N. Division St.
Spokane 2, Washington

March 21, 1958

Mr. S. C. Kennett
Box 317
Helena, Montana

Re: Docket No. DMEA-3385 (lead-zinc-copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Kennett:

This is in reply to your letter of March 13, 1958, concerning a possible Government lien on the Dunstone claim as a result of exploration work done under the cited contract.

The exploration work at the mine did not disclose significant copper, lead or zinc mineralization; consequently, the Government did not certify a discovery.

Since no discovery was certified there is no Government lien on the property and no obligation on your part to pay royalties on production.

You are free to lease or sell your property without Government approval.

By Field Team, Region I

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

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

cc: DMEA (2)
USGS
Docket
Df

Helena, Montana
March 13, 1958

U. S. Bureau of Mines
c/o School of Mines
Butte, Montana

Gentlemen:

Several years ago I leased the Dunstone mining claim, located at Elkhorn, to Herb Carver et al and his company secured a government loan to develop the property. The operators didn't have any luck so they dropped the project. I believe that the Government still has a lien on the property.

I have a chance to lease the Dunstone again and would like to have a little information as to procedure.

1st. How much does the lien amount to?

2nd. Will the Goverment have to approve the lease?

3rd. In paying off the lien I believe there is a sliding scale for royalty payments based on the value of the ore extracted. What is the schedule? Are these royalty payments made by the smelter? Are they based on the net after smelting and transportation charges are deducted?

Please list any other requirements, restrictions etc. and, of course, any suggestions for the good of the order will be appreciated.

Yours very truly,

S. C. Kennott

Box 317, Helena

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

1201 N. Division St.
Spokane 2, Washington

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 8 1957

DATE	INITIALS	CODE
3/8	C	220
		225

March 4, 1957

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

Re: Docket No. DMEA-3385 (lead-zinc-copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Selfridge:

This is in reply to your letter of February 13, concerning the waiving of the Operator's final engineering and geological report.

As additional background on this matter, we are enclosing three copies each of the Operator's letters of September 16, 1955 and November 6, 1956 and John Bowsher's memorandum of November 21, 1956.

Upon the Operator's failure to submit a final report, after several requests, the Field Team requested Mr. John Bowsher, Bureau of Mines engineer, to contact the Operator personally. Mr. Paul Smith told Mr. Bowsher that the Operator's narrative report for the period July 1 - August 31, 1955 was intended as a final report as it summarized the work at the Dunstone mine.

At the time the Operator's transmittal letter of September 16, 1955 was received, it was not noticed that the Narrative Report listed as an enclosure did not accompany the letter. Later, when the voucher was checked for payment, we were unable to find the Narrative Report but we must assume that the Operator sent it in as his transmittal letter states. Under the circumstances we did not feel justified in penalizing the Operator for the cost of a final report.

By Field Team, Region I, NW District

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

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

Enclosures

cc: USGS (2)

PAUL W. SMITH
DAVID R. SMITH
J. MILLER SMITH
CHADWICK H. SMITH
ATTORNEYS AT LAW

26 WEST SIXTH AVENUE
HELENA, MONTANA

Rec'd Date
9/19/55

September 16, 1955

U. S. Bureau of Mines
% Montana School of Mines
Administrative Building
Butte, Montana

Gentlemen:

Herewith please find our "Operator's Report & Voucher" #5, for the period July 1 to August 31, 1955. This is transmitted to the Butte Office in accordance with your letter of May 19, 1955, from Spokane, Washington.

The invoice covered by this voucher has been paid with Company Funds, and is marked paid as shown by the certified copy.

In support of this voucher, you will find the following:

Invoice:

H. W. Carver	1 copy	$988.80
Form MF 104	5 copies	
Form MF 104a	5 copies	
Distribution Sheet	2 copies	
Narrative Report	5 copies	

After this voucher has been approved, kindly forward the same to the Spokane Office for payment.

Please send us another supply of forms MF. 104 & 104a.

Thanking you for your courtesies, we are,

Yours truly,

ELKHORN CONSOLIDATED, INC.

By Paul W. Smith
Secy.

J. MILLER SMITH, SR. (1862-1934)
DAVID R. SMITH (1896-1956)

PAUL W. SMITH
J. MILLER SMITH
CHADWICK H. SMITH

RECEIVED
BUREAU OF MI
NOV 1955
SPOKANE
OFFICIAL FILE COPY
DMEA
RECEIVED MAR 8 1957
DATE INITIALS

PHONE
HICKORY 2-2980

SMITH LAW FIRM

(SMITH, SMITH, SMITH & SMITH)

Attorneys at Law

26 WEST SIXTH AVENUE
HELENA, MONTANA

November 6, 1956

Defense Minerals Exploration Administration
1201 North Division Street
Spokane 2, Washington

Re: Docket No. DMEA-3385
(Lead-Zinc-Copper)
Dunstone Mine, Elkhorn Cons.
Jefferson County, Montana
Contract No. Idm-E739

Gentlemen:

One of your rperesentatives called at my office the other day wanting a final settlement statement relative to the Dunstone Mine.

Under date of September 16, 1955, we sent to you the Operator's Monthly Report and Voucher. In that report, we set forth all the facts relative to the work of the Dunstone Mine. This report showed that they did not find any ore at the places where they expected to find the ore and that it was best to shut the operation down.

I do not have any additional facts, except that I am enclosing, herewith, a map which was made by S. J. Giulio, who was the engineer at the property on the first day of August, 1955, just before they pulled out the equipment.

He stated that there were engineers there at the mine from both the Bureau of Mines and the United States Geological Survey when he made this sketch, and that the United States Geological Survey engineer has a copy of this sketch.

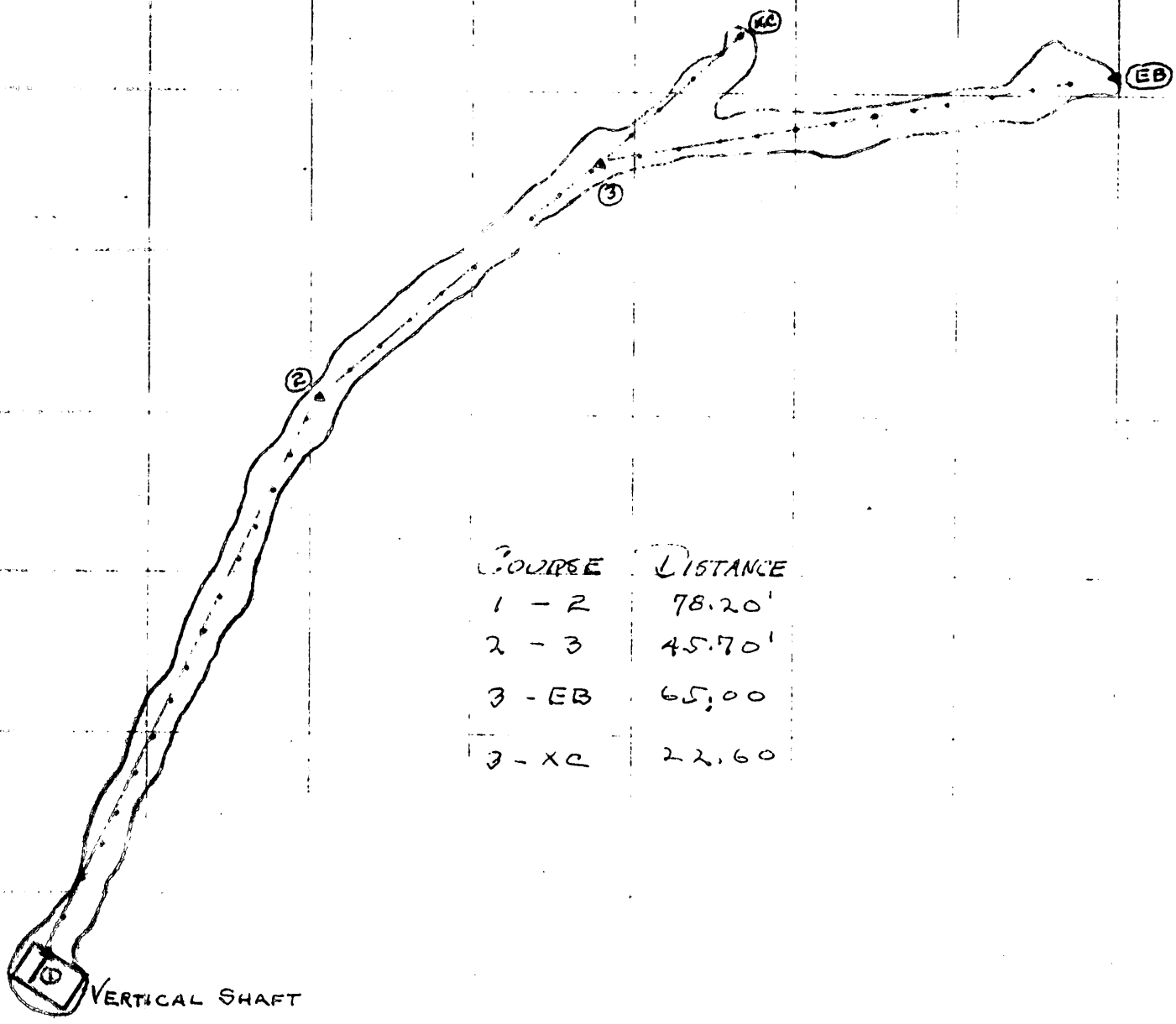
I do not know what else to say relative to the mine and I hope that this will be sufficient for us to close out the matter.

Very truly yours,

PAUL W. SMITH

PWS:mb

Dunstone Mine [Bottom Level]



COURSE	DISTANCE
1 - 2	78.20'
2 - 3	45.70'
3 - EB	65.00
3 - XC	22.60

Brunton Survey 8/1/55

Scale 1" = 30'

OFFICIAL FILE COPY
D M E A
RECEIVED MAR 8 1957

DATE	INITIALS	CODE

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

1201 N. Division St.
Spokane 2, Washington
November 21, 1956

DATE	INITIALS	CODE

MEMORANDUM

To: DMEA Files

From: John A. Bowsher, Mining Engineer, Bureau of Mines

Subject: Operator's final report, Docket No. DMEA-3385 (lead-zinc-copper), Elkhorn Consolidated, Dunstone Mine, Jefferson County, Montana, Contract No. Idm-E739

On October 26, 1956 I contacted Paul Smith at his office in Helena, Montana, about the delay in submitting the Operator's final report. He stated that the narrative report attached to the final voucher covering the period July 1-August 31, 1955 was the Operator's final report since it summarized the work at the Dunstone mine. (A check of the Certifying Officer's files shows that this narrative report did not accompany the MF-104.) However, Mr. Smith stated that he had more recently received from Steve Giulio a map and other data pertaining to the project. After searching through a pile of documents on a table he was able to find the information and detached a map which I examined. The map was of the project work on the 200 level of the Dunstone and bore the date August 1, 1955.

To clarify the requirements of an Operator's final report I asked Mr. Smith for his copy of the contract to point out this provision. He was unable to find the contract and then stated that an accountant had all the data pertaining to the project in settling his brother's estate who died in February 1956. The brother had been handling the administrative affairs of the project. Mr. Smith stated that he would contact the accountant for the necessary information and forward the data to Spokane.

Mr. Smith's letter of November 6, 1956 to the Field Team mentioned my visit and also reiterated his statements of sending all the facts relative to the contract work in a report accompanying the final voucher for July 1-August 31, 1955. A review of the engineer's folder does not reveal such a report attached as a narrative to the voucher; however, a letter from Mr. Smith to the Butte office, dated August 2, 1955 (copy attached) and a subsequent letter from Mr. Smith to Mr. Weissenborn, dated December 5, 1955, state the circumstances

during the final weeks of active work and the failure to find ore. Perhaps Mr. Smith is referring to such transmittals rather than a report accompanying the voucher.

My latest discussion with Mr. Smith makes me doubt that another trip to his office would result in anything more tangible than we have received to date.

I suggest that the amount of money being withheld be used in hiring Steve Giulio,838 E. 6th Ave., Helena, Montana, to prepare the final report. Mr. Giulio, a consulting engineer-geologist, was thoroughly familiar with the contract work at the Dunstone mine. If Mr. Giulio does not have the complete data at his immediate disposal he could come to the Butte office of the Bureau of Mines and review the Operator's vouchers, narratives and other transmitted information contained in the engineer's folder; only the Operator's signatured data would be open for his review. The task should take only one day in the Butte office, one day to write a report, and travel expenses thereto.

John A. Bowsher

Distribution:
USGS (2)
USBM (AD)
Docket ✓
Bowsher

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
2/12/57	J. Alt	500
	Grissmell	700
2-12	Chapman	800
2/13	Selfridge	130
2/14	C	220

500

2/13 Johnson 110
" Purdy 100
225

FEB 13 1957

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

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Weissenborn:

This is with reference to the cited terminated contract. We note in your letter, dated January 30, 1957, to Mrs. Myrtle Purdy, Certifying Officer, DMEA Field Team, Region I, Northwest District, that you have waived the final report by the Operator.

We wish to call your attention to the letters to the Operator, dated January 11, and March 27, 1956, referring to the requirements providing for the Operator's final report and to letters of May 15, and July 9, 1956, which you wrote to the Operator demanding a final report and stating that you were withholding $200.00 until the report was received.

The Government is thus now in a peculiar position of having, in four successive letters, insisted upon compliance with contractural obligations, with a penalty involved for non-compliance, and then having reversed itself. It is our feeling that, in instances where formal demands have already been made upon the Operator, some new evidence or reason should logically be required if we are to subsequently reverse our position. Will you kindly provide us with more detail.

Sincerely yours,

JWAlt/er 2/8 & 12/57

George C. Selfridge
(SHB)
Chairman, Operating Committee

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

APPROVED:

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

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

8623

EXTRA COPY
DMEA
RECEIVED FEB 15 1957
DATE | INITIALS | CODE
2/19 | JWall | 500.

XXXXXXXXXXXXXXXXXX
1201 N. Division Street
Spokane 2, Washington

January 30, 1957

Mrs. Myrtle Purdy, Certifying Officer
DMEA Field Team, Region I, NW
1201 N. Division Street
Spokane 2, Washington

Re: Contract No. Ida-2739
Docket No. DMEA 3385 (lead-zinc-copper)
Elkhorn Consolidated
Dunstone Mine, Jefferson County, Montana

Dear Mrs. Purdy:

Work completed under the contract was done to the satisfaction of the Government and the contract was terminated effective October 1, 1955. A final report evaluating the results of the exploration program has not been received from the Operator. However, it is felt that such a report would add very little to the information we already have on this project, and the requirement making necessary the submission of a final engineering report by the Operator is hereby waived.

The Government has no interest in supplies or equipment purchased for use on the project.

A Certification of Discovery will not be recommended by the Field Team.

A final Report of Review dated May 16, 1956 issued by DMEA Auditor C. A. Turner has been received.

As all contract requirements have been met, it is requested that final settlement of our account with the Operator be made.

Sincerely yours,

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

cc: DMEA (2)
USGS (2)
Contract Admin. (2)

Standard Form No. 1034a—Revised
Form prescribed by
Comptroller General, U. S.
September 7, 1950
(Gen. Reg. No. 51, Supp. No. 11)

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. .....

Bu. Vou. No. 1935

U. S. .....
(Department, bureau, or establishment)

Voucher prepared at ..... (Give place and date)
Spokane 2/1/57

THE UNITED STATES, Dr., Payee's Account No. Idm-2739

To
Elkhorn Consolidated, Inc. (Payee)
26 W. 6th Avenue, Helena, Montana (Address) (City) (State)

PAID BY
(For use of Paying Office)

No. and Date of Order	Date of Delivery or Service	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary) Discount Terms	QUANTITY	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
	July 1 to Aug. 31, 1955	Amount withheld when payment was made on July 6, 1956, Voucher No. 1615,				200.00	
PAYMENT: Complete ☐ Partial ☐ Final ☐		FINAL PAYMENT					
		Use continuation sheet(s) if necessary.					

Shipped from to Weight Government B/L No. Total

(Payee must NOT use this space) 200.00

Differences .....

Account verified; correct for .....
(Signature or initials) M.2P 200.00

Contract No. Date Req. No. Date Invoice Rec'd.

$200.00

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n. or Proj't. Amount	Appropriation Amount

Allotment symbol	Amount	Obligations liquidated	COST ACCOUNT Symbol	COST ACCOUNT Amount	OBJECTIVE CLASSIFICATION Symbol	OBJECTIVE CLASSIFICATION Amount

Paid by { Check No. ..... dated ....., 19....., for $..... } on Treasurer of the United States in favor of payee named above.
{ Cash, $....., on ....., 19.....

16—22900a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

1. Advertising in newspapers Yes ☐ No ☐.
2. (*a*) Advertising by circular letters sent to ..... dealers.
   (*b*) And by notices posted in public places Yes ☐ No ☐.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made below.)

ABSENCE OF ADVERTISING

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.
4. Without advertising in accordance with .....
5. Without advertising, it being impracticable to secure competition because of .....

.....

.....

.....

.....

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, as amended.)

☆ U. S. GOVERNMENT PRINTING OFFICE : 1950 O—75805 16—22900a-2

RECEIVED 3 15 1957 D.M.E.A.

cw

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

July 9, 1956

Memorandum

To: W. R. Griswold, Defense Exploration Administration

From: Abbott Renick, Branch of Base Metals

Subject: Review of final field team report, DMEA 3385, Idm - E 739 (Lead-Zinc-Copper), Elkhorn Consolidated Inc., Dunstone mine, Jefferson County, Montana.

Under the exploration project, the applicants work completed consisted of deeping the existing shaft 55 feet, and 199 lineal feet of crosscutting and drifting at a total accepted cost of $11,593.00 in which the Government participated to the extent of 50 percent, or in an amount of $5,796.50.

The area of exploration work was completely barren of ore minerals, and a Certification of Discovery or Development is not recommended.

The informative report of the examiners supports their conclusions and the recommendation of the field team that no additional government funds be spent on this property at this time.

I concur with the recommendation of the field team.

Abbott Renick

Abbott Renick

RECEIVED
JUL 9 - 1956

xxxxxxxxxxxxxxxxxx
1201 N. Division Street
Spokane 2, Washington
July 9, 1956

Mr. Paul W. Smith, Attorney
Smith Law Firm
26 West Sixth Avenue
Helena, Montana

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Dunstone Mine, Elkhorn Consolidated
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Smith:

Enclosed for your information and files is a copy of a final Report of Review by DMEA Auditor, C. A. Turner, on the subject exploration project. Also enclosed is your copy of the final MF-104 submitted for payment.

Your attention is directed to our letter to you of May 15, 1956 wherein we remind you of the requirement regarding a final report from the operator and request that one be sent in. We also call to your attention the attached copy of a memorandum to the Field Team from the Certifying Officer, Region I. This explains the disallowance made and also mentions that an amount of $200.00 is being withheld pending receipt of your final report. We shall appreciate your prompt compliance with this contract requirement as we are anxious to close our records on this project and cannot make payment of the amount being withheld until an acceptable final report is received.

By Field Team, Region I, NW Dist.

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

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

cc: DMEA (2)
USGS (2)

RECEIVED
JUL 13 1956

DMEA Field Team, Region I, NW District July 9, 1956

DMEA Certifying Officer, Region I

Docket No. DMEA 3385, Contract No. Idm-E739, Elkhorn Consolidated, Inc.
Final monthly operating report covering period July 1 to Aug. 31, 1955.

Enclosed is the operator's copy of the final MF-104 submitted for payment under the subject exploration contract.

The shaft sinking and drifting footages shown by the operator as having been accomplished under the contract are in excess of those given in the final inspection report by the project engineer; therefore, a disallowance of $345.80 has been made as follows:

3 ft. shaft sinking	at	$95.00	$285.00
1.9 ft. drifting	at	32.00	60.80
			$345.80

Total project costs approved by the final Report of Review by DMEA Auditor, C. A. Turner, are $11,593.00, and total payments to the operator by the Government are shown as $5,769.50. Prior to the audit review payments totaling $5,475.00 had been made to the operator, leaving a balance due of $321.50.

As you will note from the enclosed MF-104, an actual payment of $121.50 was made to the operator on July 6, 1956. An amount of $200.00 is being withheld pending receipt of a final operator's report summarizing and evaluating the work performed under the contract. Upon receipt of an acceptable report the $200.00 being withheld will be paid to the operator.

Myrtle Purdy

cc: Operator
DMEA (2)
USGS (2)

RECEIVED
JUL 13 1956

3385

Date 7-9

Referred to:

1. ~~[illegible]~~
2. ~~[illegible]~~
3. ~~[illegible]~~
4. Docket Control Mails and Files Division
5.
6. Docket Control Mails and Files

Note comments in report regarding:

1.

2.

3.

4.

and take appropriate action.

* * * * * *

Action taken by Division:

Initials

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
JUL 2 - 1956

June 27, 1956

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

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Selfridge:

Enclosed are four copies of a Field Team Final Report written by Eldon C. Pattee, Mining Engineer, Bureau of Mines, and Darrell M. Pinckney, Geologist, Geological Survey, on the Dunstone mine.

The authors state that the target area was completely barren of ore minerals and that with present information Government participation in further work at the mine is not warranted. The project was unsuccessful, and a Certification of Discovery or Development is not recommended.

The Field Team concurs in the recommendations of the authors.

By Field Team, Region I, NW District

A. E. Weissenborn

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

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

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

Reviewed by
DMEA OPERATING COMMITTEE
7-9-56
(date)

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD TEAM, REGION I
Northwest District

RECEIVED
JUL 2 - 1956

FINAL REPORT

Contract Idm-E739

by

Eldon C. Pattee
Mining Engineer
U. S. Bureau of Mines

Darrell M. Pinckney
Geologist
U. S. Geological Survey

Field Team
Final

ELKHORN CONSOLIDATED, INC.
26 West 6th Avenue
Helena, Montana

Docket No.:	DMEA-3385
Commodity:	Lead-Zinc-Copper
Contract date:	November 22, 1954
Termination date:	October 1, 1955

Reviewed by
DMEA OPERATING COMMITTEE
7-9-56
(date)

DUNSTONE MINE
Elkhorn Mining District
Jefferson County, Montana

Spokane, Washington

June 1956

CONTENTS

	Page
INTRODUCTION	1
Summary	1
Recommendations	1
LOCATION AND ACCESSIBILITY	1
PROPERTY	2
GEOLOGY	3
THE PROJECT	4
Discussion of Conclusions	6

ILLUSTRATIONS

Figure		
1	Composite Geologic Map of the Dunstone Mine, Elkhorn, Jefferson County, Montana. Scale 1" = 20'	In pocket

FINAL REPORT

ELKHORN CONSOLIDATED, INC.
Dunstone Mine
Elkhorn Mining District
Jefferson County, Montana

Contract Idm-E739

* * * *

INTRODUCTION

This report describes an exploration project conducted jointly by Elkhorn Consolidated, Inc., and the Defense Minerals Exploration Administration at the Dunstone mine, Jefferson County, Montana.

Summary

The purpose of the project at the Dunstone mine was to explore the intersections of a vein with two other veins. Under the exploration project contract the existing shaft was deepened 55 feet, and 199 feet of crosscutting and drifting was completed from the shaft. The two vein intersections were barren on the new level.

Recommendations

The target area was completely barren of ore minerals. The project was unsuccessful, and a Certification of Discovery or Development is not recommended. With present information Government participation in further work at the mine is not warranted.

LOCATION AND ACCESSIBILITY

The property is in T. 6 N., R. 3 W., Elkhorn Mining District, Jefferson County, Montana, approximately half a mile north of Elkhorn, Montana, and about 20 miles northeast of Boulder,

the nearest rail shipping point. The road between Elkhorn and Boulder is gravel surfaced, maintained by the county and is passable all year. The half a mile of access road from Elkhorn to the mine is dirt surfaced and must be kept free of snow during the winter.

The mine borders the western side of the valley of Elkhorn Creek. It is at an altitude of approximately 6,600 feet. Water for mining can be obtained from Elkhorn Creek, about half a mile east.

The climate is semiarid, the annual precipitation ranging from 10 to 13 inches. The depth of snow during the winter months varies from half a foot to 3 feet. Mean annual temperature is about 40° Fahrenheit. Temperatures often fall below zero in the winter, but summers are mild with temperatures seldom exceeding 100° Fahrenheit.

PROPERTY

The property covered by the contract consists of one patented lode claim, the Dunstone Quartz Lode Mining Claim, Mineral Survey No. 2359. It is owned by S. C. Kennett and Marjorie Kennett, P. O. Box 317, Helena, Montana. The lessor and Operator under the contract was Elkhorn Consolidated, Inc., 26 West 6th Avenue, Helena, Montana.

The Dunstone mine was operated in the 1880's and 1890's. It was shut down in the late 1890's or early part of this century when the price of lead dropped. The mine produced a very fine grade of galena ore that was mined from stopes along the intersection of two veins. A vertical shaft had been sunk to a depth of 50 feet. Elkhorn Consolidated, Inc., leased the property in the summer of 1953 and extended the vertical shaft to a depth of 150 feet.

The mine workings prior to the start of the contract consisted of a vertical shaft and partly filled stopes along the vein intersection. The vertical shaft was 149 feet deep and 4 by 6 feet in the clear of timber. The shaft intersected old workings at about 39 and 93 feet below the surface. The old stopes are confined to an area near the vein intersection and are believed to extend to a depth of approximately 100 feet.

The mine workings are in recrystallized Jefferson dolomite. No timber was needed in drifts or crosscuts.

The mine facilities and equipment furnished by the Operator were adequate for the project. A 220 c.f.m. air compressor with a 60 h.p. motor supplied air, and the hoist was powered with a 15 h.p. electric motor. A duplex air pump installed at the bottom of the shaft pumped mine water to the surface. Forced air ventilation was required.

GEOLOGY

The rocks underlying the Elkhorn Mining District consist of a thick series of sedimentary rocks ranging in age from Precambrian to late Cretaceous, extrusive volcanic rocks of late Cretaceous age, and several sills and stocks related, in part, to the volcanic rocks. Following the deposition of the volcanics, the rocks of the area were deformed into broad gently plunging folds trending north-northeast. The Elkhorn mine, the largest producer of the district is on a saddle of a large northeast-plunging anticline, the west limb of which has been engulfed by the Boulder batholith.

The Dunstone mine is in recrystallized Jefferson dolomite (Devonian) on the west flank of the Elkhorn anticline. The ore body replaced the Jefferson dolomite along the intersection of an east-trending vein with a north-trending vein, designated respectively "A" and "B" (fig. 1). A third vein, Vein "C", which strikes north and dips about 60° east was found while sinking the shaft. Its intersection with Vein "A" was thought to be a second potential ore intersection.

The previously mined-out ore body extended from the surface downward and raked about 50° along the intersection of Veins "A" and "B" to a point below the 93 level. Veins "A" and "B" in the stopes on the 93 level are thin iron-stained fractures along which small pods of sphalerite, galena, pyrite, and quartz occur. These structures on the 200 level were completely barren of vein minerals and contained only a small amount of limonite. The cross-cutting and drifting failed to reach the A and C and A and B intersections by a few feet. Long-hole drilling to these intersections revealed no mineralization. The completely barren nature of these veins on the 200 level and the lack of anything but white dolomite in the drill sludge from the vein intersections seems to indicate that the ore-forming solutions entered the structure above the 200 level through some other yet unknown channel.

Weed has established that ore deposition in the nearby Elkhorn mine was controlled by crackled zones that formed on the crests of smaller folds or flexures related to the major anticline. The crackled zones occur below impermeable shale beds that confined and tended to channel the hydrothermal solutions through the zones. These zones, and not the bedding, were the structural controls. Quite possibly the ore body in the Dunstone was formed where hydrothermal solutions encountered broken ground along the vein intersections. Here also the crackled or broken zone and not bedding was the structural control for ore deposition. The lack of mineralization along the vein intersections on the 200 level probably indicates that the intersection was not the channel for hydrothermal solutions below the ore body.

THE PROJECT

The program worked out between Government representatives and the Operator was designed to test the intersections of Vein "A" with Veins "B" and "C" (fig. 1). The past production from the mine came from a stope along the intersection of Veins "A" and "B." The object of the project was to explore the intersections below the old stope in the hope of finding another ore body either at the intersections or along Veins "A", "B", and "C."

The work under Stage I as proposed by the contract consisted of 60 feet of shaft sinking to the 210 level and 300 feet of crosscutting and drifting on the 210 level. Under Stage II 300 feet of drifting on the 210 level on Veins "A", "B", and "C" was proposed.

The estimated costs as shown in the contract were:

Fixed Unit Costs

Stage I		
60 feet of shaft @ $95/ft.	$ 5,700.00	
300 feet of crosscut and drift @ $32/ft.	9,600.00	
100 feet of timbering in crosscut and drift @ $5/ft.	500.00	
30 assays @ $ 3.50/assay	105.00	
Stage I - Total Unit Costs		$15,905.00
Stage II		
300 feet of drift @ $32/ft.	$ 9,600.00	
100 feet of timbering in drifts @ $5/ft.	500.00	
30 assays @ $3.50/assay	105.00	
Stage II - Total Unit Costs		$10,205.00
Estimated Total Cost of Project		$26,110.00
Government's participation @ 50 percent		$13,055.00

The units of work completed under the contract were:

Stage I

55 feet of shaft @ $95/ft.	$ 5,225.00
199 feet of crosscut and drift @ $32/ft.	6,368.00
Total Cost of Project	$11,593.00
Total amount of contract	$26,110.00
Government's share at 50 percent	$13,055.00
Total amount expended	$11,593.00
Government's participation	$ 5,796.50
Total amount unexpended	$14,517.00
Government's share unexpended	$ 7,258.50
Royalty payments received	None

The exploration work completed consisted of deepening the shaft 55 feet to the 204 level, crosscutting to Vein "A" at the 200 level, and drifting in the footwall of Vein "A" past Vein "C" to Vein "B." The drift did not reach the intersections but came very close. The intersections were tested by long holes and were found to be barren. The crosscutting and drifting were done on the 200 level instead of the 210 level because the objectives of the exploration could be attained from the 200 level, and no funds were authorized for sinking a sump.

The starting date of the contract was January 1, 1955, but work under the contract did not start until February. Adverse weather conditions and construction of a power line to the property delayed the starting of the project. The contract work was completed by August 5, 1955.

Amendment No. 1, dated July 20, 1955 (effective November 22, 1954), allowed the shaft to be continued with the same dimensions as the old shaft. Amendment No. 2, dated November 28, 1955, was made to provide for a recess of the contract from August 4, 1955, to May 1, 1956, and to extend the completion date to November 22, 1956. The justification for the amendment was that a Toronto company wanted to use the workings for diamond drilling. When the company decided against drilling from underground stations, the unsigned Amendment No. 2 was returned to Washington, D. C., and the contract was terminated effective October 1, 1955.

Discussion of Conclusions

The supervisor for Elkhorn Consolidated, Inc., at the project was Herbert Carver. Mr. Carver is a competent mining man, but he was unable to spend sufficient time on the project. As a result the mine pumps were removed and the mine flooded before the Field Team representatives could make a final inspection. Information obtained, however, from inspections made before the flooding of the mine was sufficient to complete the final report.

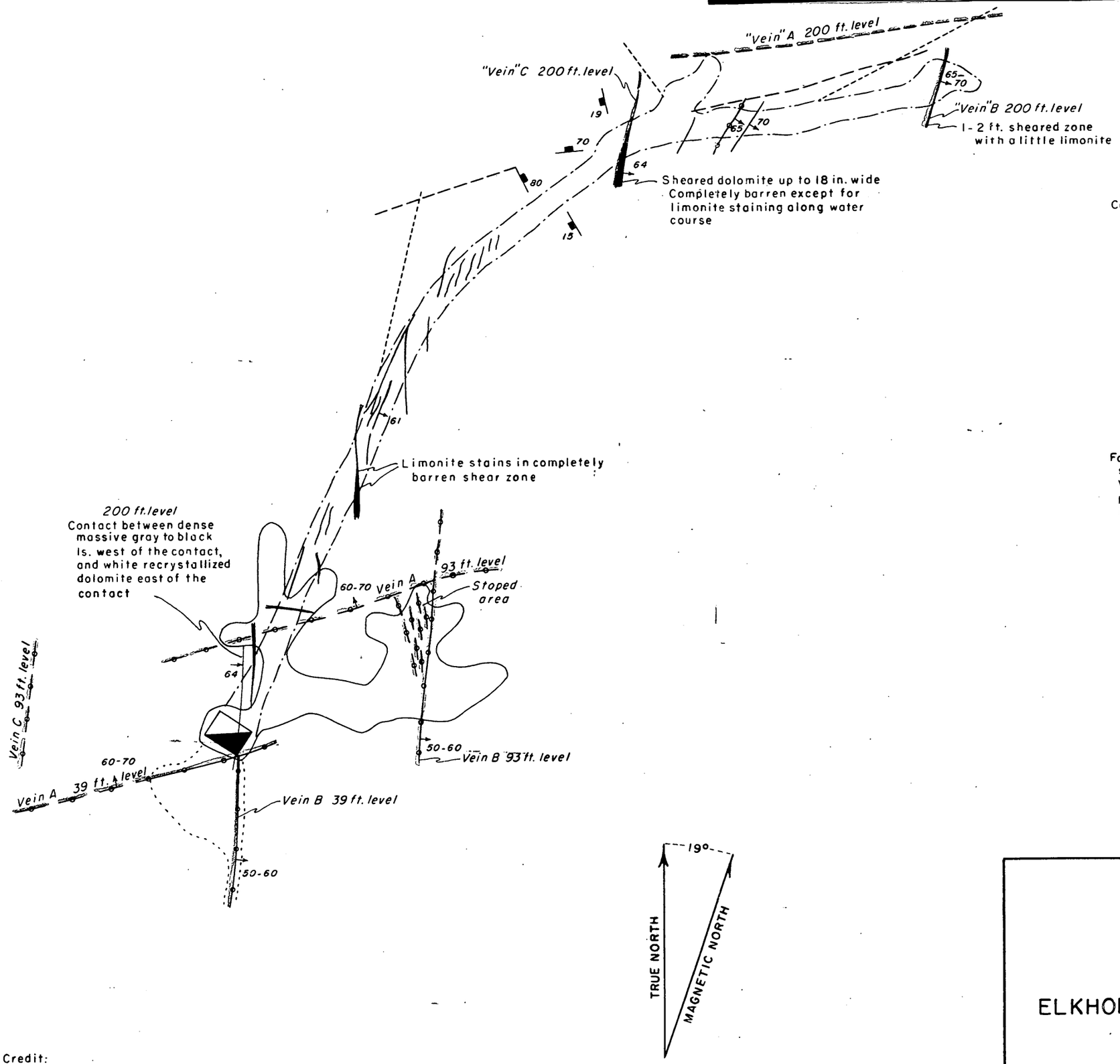
The monthly progress reports could have been improved but were accepted as adequate.

The shaft sinking, crosscutting, and drifting were completed in a good workmanlike manner. The work was completed with a minimum of delay, after completion of the power line.

The writers see no geologic targets at the Dunstone mine. The barren nature of the vein intersections indicates that hydrothermal solutions did not follow the intersections from depth but probably entered the A and B intersection above the 200 level. With present knowledge no further work at the Dunstone mine seems warranted.

Enclosure
Distribution:
DMEA(4)
USBM(5)
USGS(SRO)
Docket
Pinckney

Docket No. DMEA-3385



EXPLANATION

Contact between two types of carbonate rocks of the Jefferson dolomite, 200 ft. level

Veins on the 39 ft. level, showing dip; dashed where inferred

Veins on the 93 ft. level, showing dip; dashed where inferred

Veins on the 200 ft. level, showing dip; dashed where inferred

Faults or barren structures on the 200 ft. level showing dip. Those designated as Vein A, Vein B, and Vein C are probably barren lower parts of veins on upper levels. Width of line indicates relative width of fault zone

Joints showing dip, 200 ft. level

Collar of vertical shaft

Workings, 39 ft. level

Workings, 93 ft. level

Workings, 200 ft. level

Drill hole

Mapping Credit:

39 ft. level by S. J. Giulio, Mining Engineer, Helena, Montana
93 ft. level by R. W. Weeks, U.S. Geol. Survey and S. J. Giulio
200 ft. level by D. M. Pinckney and Carlos Echart, U.S. Geol. Survey, and S. J. Giulio

COMPOSITE GEOLOGIC MAP
OF THE
DUNSTONE MINE
ELKHORN, JEFFERSON COUNTY, MONTANA

1 in. = 20 ft.

Figure 1

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
MAY 18 1956

May 15, 1956

Mr. Paul W. Smith, Attorney
Smith Law Firm
26 West Sixth Avenue
Helena, Montana

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Dunstone Mine, Elkhorn Consolidated
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Smith:

Thank you for returning the Termination Agreement.

With regard to the requirement for a final report the last narrative report is not acceptable as a final (summary) report. Article 6(c) of your contract states: "Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches (5 copies), and a summary of the work performed and the unit costs thereof."

It is our understanding that Mr. Steven Giulio mapped the DMEA work and it is his map and report that should constitute the final report on the project.

We will not be able to make payment of the amount we are withholding on your last voucher until we have received an acceptable final report.

By Field Team, Region I, NW Dist.

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

Verne C. Fryklund, Jr., Acting Member
U. S. Geological Survey

cc: DMEA (2) w/incoming
USBM (2) "
USBM (AD) "
Pinckney "

MILLER SMITH Sr. (1862-1934)
ID R SMITH (1896-1956)

PAUL W SMITH
J. MILLER SMITH
CHADWICK H. SMITH

PHONE
HICKORY 2-2980

SMITH LAW FIRM

(SMITH, SMITH, SMITH & SMITH)

Attorneys at Law

RECEIVED
MAY 18 1956

26 WEST SIXTH AVENUE
HELENA, MONTANA

May 5, 1956

Defense Minerals Exploration Administration
So. 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-3385
(Lead-Zinc-Copper)
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-M739

Gentlemen:

Enclosed you will please find the termination agreements.

The last report showing the operation between July 1 and August 31, 1955, was the final report of the company. There was no more work done at the mine after that date.

Very truly yours,

PAUL W. SMITH

ask

Enclosures

RECEIVED
MAY 14 1956
U.S.G.S.
SPOKANE WASH.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
MAY 18 1956

May 15, 1956

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

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Selfridge:

Enclosed are the Government, Docket, and Division copies of Termination Agreement.

By copy of this letter other copies of the Termination Agreement have been distributed.

Sincerely yours,

Wing G. Agnew

Wing G. Agnew, ~~Acting~~ Exec. Officer
DMEA Field Team, Region I
Northwest District

Enclosures

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

So. 157 Howard Street
Spokane 4, Washington

March 27, 1956

Mr. Paul W. Smith, Secretary
Elkhorn Consolidated, Inc.
26 West Sixth Avenue
Helena, Montana

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-8739

Dear Mr. Smith:

On January 11, 1956 we sent you a Termination Agreement. If you do not wish to sign this agreement will you return all copies. If you plan on signing this agreement will you do so at your earliest convenience.

Your attention is again called to Article 6 (a) of the contract which calls for five copies of a final report. In addition you should submit a final voucher if you have done any contract work since submitting your July-August, 1955 voucher and report. We cannot make payment of the amount we are withholding on your last voucher until we have received your final report.

By Field Team, Region I, NW Dist.

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

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

cc: DMEA (2)
USGM (2)
USBM (AD)
Pinckney
Turner

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

1201 N. Division St.
Spokane 2, Washington
March 20, 1956

RECEIVED
MAR 26 1956

Mr. S. C. Kennett
Box 317
Helena, Montana

Re: Docket No. DMEA-3385 (lead-zinc-copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Kennett:

This will acknowledge your letter of February 24. We shall endeavor to answer your questions in the order they were asked.

Contract No. Idm-E739 was a short form contract whereby the Operator was reimbursed for units of work completed on the basis of fixed unit costs.

The Government has no way of knowing the number of shifts worked by the month from January 1 through July 1954. This information is not required from the Operator on this type of contract.

We also have no way of knowing whether or not the Operator paid his bills.

The Government has no lien on any of the equipment used on the job.

In order to protect your royalty interest if you re-lease the property, provisions should be made whereby the lessee assumes the obligation of paying the Government's percentage royalty during the term of his lease; otherwise, you will be obligated to pay the royalty on ore produced. Of course, if the Government decides not to certify a discovery or development, then there is no obligation to repay the loan.

Although it is not necessary to have the Government's permission to lease your property, we would like to be informed if this is done.

The Government has no plans for doing any diamond drilling on the Dunstone property.

If some of these points need further clarification you may contact Mr. John A. Bowsher, Mining Engineer, U. S. Bureau of Mines, whose office is located in the Administration Building of the Montana School of Mines, Butte, Montana.

By Field Team, Region I, NW District

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

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

cc: DMEA (2)
USGS (2)
USBM (AD)
Bowsher

RECEIVED
MAR 26 1956

Helena, Montana
February 24, 1956

U. S. Department of the Interior
Defense Minerals Exploration Administration
So. 157 Howard Street
Spokane (4) Washington

Attention: Mr. A. E. Weisenborn
Executive Officer, DMEA
Field Team 11

Dear Sir:

Please refer to Docket No. DMEA - 3385, (lead, zinc, copper) Elkhorn Consolidated, Inc., Dunstone Mine, Jefferson Count, Montana.

As your records will show, the Elkhorn Consolidated, Inc. had an exploration loan on a matching basis to be used in developing the Dunstone mine in the Elkhorn District, Jefferson County, Montana. Under this arrangement they started operations in January, 1955. They had done some work on their own, in 1954. On or about July 14th of 1955 they put in some long holes and apparently found nothing of commercial value so they pulled their equipment and removed the machinery, tools etc. and from all appearances abandoned the operation.

From what information I can gather the company is without the necessary finances to conduct further operations and the principal stockholders have "had enough". I have also heard that the operating company didn't pay all of the obligations due under the last part of the operation and left some $1,000.00 or $1,500.00 in unpaid debts.

I have asked the Secretary (and Attorney for the Company), Paul Smith for a release of the property as I would like to try to lease it again if I can find an operator. Mr. Smith has repeatedly has stated that the Government is considering going ahead with a diamond drill to determine whether or not it would be possible to open up the District by proving the Dunstone. Every time I see him he is expecting to get word from Washington as to the likelihood of a Government financed drilling program. However, it would seem to me that there has been plenty of time for this to be considered.

I would much prefer to secure a release but if I can't I will have to serve a notice of cancellation.

Will you please supply me with the following information:

Did the Government put up a certain amount of money, matched by the company, and did the company then pay the bills or, did the Goverment pay its share direct from earmarked funds.

Can you give me a record of the number of shifts worked by the company, by the month, from January 1, 1954 on through July.

How much did the company leave in unpaid bills or bills that they themselves did not pay after ceasing operations.

Did the Government have a lien on any of the equipment used on the job.

I believe that we are tied up for 5% of the royalty on the present loan so if the property is re-leased an arrangement will have to be made for the Government to get 5% royalty (which will come out of our own royalty of course) until the obligation is paid off.

On enntering into a new lease will it be necessary to have the approval of the Government if it is made with a provision for taking care of a 5% royalty to be paid to the Government.

If your office does not have all of this information can I get it from a branch office in Butte. If so, please give me the names and the address of the engineers in charge of the branch so that I can go over and get the dope.

Any further information or suggestions that will help me in getting control of the property again and in making another lease will be appreciated.

I would like to have definite word whether or not the Government has any plans or has even proposed going in on its own and doing any amount of diamond drilling. Also, could such a program originate in Butte and be carried on or even be proposed without permission or knowledge of your office.

Yours very truly,

S. C. Kennett

S. C. Kennett

Box 317

RECEIVED
air mail
FEB 27 1956
U. S. G. S.
SPOKANE, WASH.

Helena, Montana
February 24, 1956

RECEIVED
MAR 26 1956

U. S. Department of the Interior
Defense Minerals Exploration Administration
So. 157 Howard Street
Spokane (4) Washington

Attention: Mr. A. E. Weisenborn
Executive Officer, DMEA
Field Team 11

Dear Sir:

Please refer to Docket No. DMEA - 3385, (lead, zinc, copper) Elkhorn Consolidated, Inc., Dunstone Mine, Jefferson Count, Montana:

As your records will show, the Elkhorn Consolidated, Inc. had an exploration loan on a matching basis to be used in developing the Dunstone mine in the Elkhorn District, Jefferson County, Montana. Under this arrangement they started operations in January, 1955. They had done some work on their own, in 1954. On or about July 14th of 1955 they put in some long holes and apparently found nothing of commercial value so they pulled their equipment and removed the machinery, tools etc. and from all appearances abandoned the operation.

From what information I can gather the company is without the necessary finances to conduct further operations and the principal stockholders have "had enough". I have also heard that the operating company didn't pay all of the obligations due under the last part of the operation and left some $1,000.00 or $1,500.00 in unpaid debts.

I have asked the Secretary (and Attorney for the Company), Paul Smith for a release of the property as I would like to try to lease it again if I can find an operator. Mr. Smith has repeatedly has stated that the Government is considering going ahead with a diamond drill to determine whether or not it would be possible to open up the District by proving the Dunstone. Every time I see him he is expecting to get word from Washington as to the likelihood of a Government financed drilling program. However, it would seem to me that there has been plenty of time for this to be considered.

I would much prefer to secure a release but if I can't I will have to serve a notice of cancellation.

Will you please supply me with the following information:

Did the Government put up a certain amount of money, matched by the company, and did the company then pay the bills or, did the Goverment pay its share direct from earmarked funds.

Can you give me a record of the number of shifts worked by the company, by the month, from January 1, 1954 on through July.

How much did the company leave in unpaid bills or bills that they themselves did not pay after ceasing operations.

Did the Government have a lien on any of the equipment used on the job.

I believe that we are tied up for 5% of the royalty on the present loan so if the property is re-leased an arrangement will have to be made for the Government to get 5% royalty (which will come out of our own royalty of course) until the obligation is paid off.

On enntering into a new lease will it be necessary to have the approval of the Government if it is made with a provision for taking care of a 5% royalty to be paid to the Government.

If your office does not have all of this information can I get it from a branch office in Butte. If so, please give me the names and the address of the engineers in charge of the branch so that I can go over and get the dope.

Any further information or suggestions that will help me in getting control of the property again and in making another lease will be appreciated.

I would like to have definite word whether or not the Government has any plans or has even proposed going in on its own and doing any amount of diamond drilling. Also, could such a program originate in Butte and be carried on or even be proposed without permission or knowledge of your office.

Yours very truly,

S. C. Kennett

Box 317

RECEIVED
FEB 27 1956
U. S. G. S.
SPOKANE, WASH.

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

1201 N. Division St.
Spokane 2, Washington
March 1, 1956

RECEIVED
MAR 13 1956

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

From: John A. Bowsher and E. C. Pattee, Mining Engineers, Bureau of Mines

Subject: Final measurements, Docket No. DMEA-3385 (lead-zinc-copper), Elkhorn Consolidated, Inc., Dunstone Mine, Jefferson County, Montana, Contract No. Idm-E739

Mr. Paul W. Smith, Secretary, was contacted by telephone on February 29. According to Mr. Smith, there has been no activity at the mine since removal of the equipment. Mr. Smith stated that he is trying to arrange a meeting of the Board of Directors to take action on the signing of the Termination Agreement.

The last inspection of the mine was made August 8, 1955. At that time, water in the shaft had risen to above the back of the drift, preventing final measurement of the work. Measurements reported under previous inspections will be the measurements for the final report. They are as follows:

Stage I	Authorized	Completed
Shaft sinking	60 feet	55 feet 1/
200 XCN and drifting on vein "A"	300 "	199 " 2/
Timbering	100 "	none
Assays of samples	30	none

1/ Reported in inspection report dated June 13, 1955.
2/ Reported in inspection report dated August 4, 1955.

A certification of discovery will not be recommended.

E. C. Pattee

Orig. & 3 cys - Wash.
USGS (2)
DMEA
AD
Turner
ECP/he

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

Sc. 157 Howard Street
Spokane 4, Washington

RECEIVED
JAN 16 1956

January 11, 1956

Mr. Paul W. Smith, Secretary
Elkhorn Consolidated, Inc.
26 West Sixth Avenue
Helena, Montana

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Dunstone Mine
Jefferson County, Montana
Contract No. Ida-2739

Dear Mr. Smith:

Reference is made to previous correspondence regarding contract work and particularly to your letter of December 5, 1955, wherein you indicated the desirability of terminating the contract. Long-hole drilling showed no ore at the intersection of "A" and "B" veins thus it appears that essentially the objective of Stage I has been attained with negative results. As Stage II was contingent on the success of Stage I, it would be to the best interest of both you and the Government to terminate the contract.

Our Washington office has prepared the enclosed Termination Agreement signed by the Administrator and effective as of October 1, 1955. Please sign all copies (7), retain the one marked for the "Operator" and return the rest to this office.

Your attention is called to Article 6(c) of the contract which calls for five copies of a final report, in addition to a final progress report and voucher if you have done any work since submitting your July-August, 1955, report and voucher. It would be to your advantage to give us a final account and final report on project work as soon as possible so that the amount we are withholding on your last voucher can be released.

By Field Team, Region I, NW Dist.

Verne C. Fryklund, Jr.
Acting Executive Officer
U. S. Geological Survey

Stephen W. Zoldok
Acting Member
U. S. Bureau of Mines

cc: DMEA (2)
USGS (2)
USBM (AD)
Pinckney
Turner

File Copy
Surname

500

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

JAN 4 1956

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

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Weissenborn:

We are enclosing the original and five copies of a Termination Agreement, signed by the Administrator. Also enclosed are two extra copies of the agreement for the use of the Field Team.

If the agreement meets with your approval, kindly present it to the Operator for approval and signature and, when completed, distribute the copies in the usual manner.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JB)

Enclosures

JWAlt/bjl (12/30/55)

APPROVED:

/s/ Robert W. Gasbun (JB)
Member, Bureau of Mines

Thor H. Kiilsgaard (JB)
Member, Geological Survey

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kiilsgaard
Chron.

500

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

January 3, 1956

PROJECT SUMMARY REPORT (INCOMPLETE)
(No final audit or final reports of Field Team or Operator)

By: J. W. Alt

1. Docket No. DMEA-3385 (Lead-Zinc-Copper)
   Contract No. Idm-E739
   Property: Dunstone Mine
   Location: Jefferson County, Montana
   Operator: Elkhorn Consolidated, Inc.
   26 West 6th Avenue
   Helena, Montana

   Operator's Property Rights: Lessee
   Lease dated July 18, 1953
   Owner's Consent to Lien dated December 1, 1954

2. Contract: Dated November 22, 1954; to complete: 12 months.

Work Authorized

Stage I

1. Extend the existing shaft 60 feet to the 210-foot level and provide a sump below that level.

2. On the 210-foot level, crosscut to Vein A and then drift on the vein. The drifting and crosscutting shall not exceed an aggregate of 300 feet.

Stage II

Drift on Veins A, B, and C not to exceed an aggregate of 300 feet.

Estimated Costs of the Project
(Fixed Unit Costs)

Stage I

1. 60 feet of shaft @ $95.00/ft.	$ 5,700.00	
2. 300 feet of crosscut and drift @ $32.00/ft.	9,600.00	
3. 100 feet of timbering in crosscut and drift @ $5.00/ft.	500.00	
4. 30 assays @ $3.50/assay	105.00	$15,905.00

Stage II

1. 300 feet of drift @ $32.00/ft.	$ 9,600.00	
2. 100 feet of timbering in drifts @ $5.00/ft.	500.00	
3. 30 assays @ $3.50/assay	105.00	$10,205.00
Estimated Total Cost of Project		$26,110.00
Government's Participation @ 50%		$13,055.00

Amendments

No. 1 - dated July 20, 1955, effective date November 22, 1954. Changes size of the shaft from 5 feet by 7 feet to 4 feet by 6 feet, to comply with the size of the present shaft.

Work completed per last MF-104 in our files (July 1 to Aug. 31, 1955)

200.9 feet of drifting @ $32.00/ft.	$ 6,428.80
58 feet shaft sinking @ $95.00/ft.	5,510.00
Total Cost	$11,938.80
Government Participation @ 50% (Subject to final audit)	$ 5,969.00

3. Audit Certificate

No final audit to date

4. Certification date: No certification will be made as no ore was discovered.

5. 200.9 feet of drifting and crosscutting on the 200 level had been completed with negative results.

The memorandum from Darrell M. Pinckney, USGS, dated August 12, 1955, states: "On July 7 I mapped the crosscut from the shaft to the face at Station 3 and saw the intersections of Veins "A" and "C". Vein "A" near station 3 is represented only by a steeply dipping set of joints. Vein "C" near station 3 consists of a sheared zone of limestone less than 2 feet wide that contains one small area of limonite-stained rock."

Mr. Pinckney concludes by stating: "The weak character of the veins, the small amount of oxide or sulfide minerals on them, and lack of vein material in the drill holes seems to indicate that no ore exists along the vein on the 200-foot level."

In the crosscut toward Vein "A", the structure was slightly mineralized.

The letter from A. E. Weissenborn, Executive Officer, Region I, Northwest District, dated December 9, 1955, states: "Although we feel that a little more work would have benefited the property, Mr. Smith states that long hole drilling showed no ore at the intersection of the "A" and "B" veins, and it appears that essentially the objective of Stage I has been attained."

Mr. Weissenborn concludes by stating: "We do not favor a certification on this property; however, we will not object if the Operating Committee wishes to insert a pseudo-certification in the termination agreement."

As the target of this exploration project had been reached without a discovery of ore we concur with the Field Team that this project should be terminated and not certified.

To include a pseudo-certification in the termination agreement would only entail considerable expense to the Government, as this would require regular inspections of the property by the members of the Field Team.

J. W. Alt

J. W. ALT

JWAlt/bjl

Copy to: Docket
Base Metals
Chron.

File Copy
Surname
J. Bell

500

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

December 20, 1955

Memorandum

To: Associate Solicitor, Division of Minerals Resources

From: Chief, Base Metals Division

Subject: Preparation of Mutual Termination Agreement for Contract No. Idm-E739, Docket No. DMEA-3385 (Lead-Zinc-Copper), Elkhorn Consolidated, Inc., Dunstone Mine, Jefferson County, Montana

Will you please prepare a mutual termination agreement for the cited contract.

Amendment No. 2 was prepared and sent to the Field Team to be executed. This amendment has been returned unsigned. The reason for this is set forth in Mr. Weissenborn's ltr of December 9, 1955.

W. R. Griswold
W. R. GRISWOLD

JWAlt/bjl

Copy to: Docket
Base Metals
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D. C.~~

1201 N. Division St.
Spokane 2, Washington
December 9, 1955

RECEIVED
DEC 15 1955

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

Re: Docket No. DMEA-3385 (lead-zinc-copper)
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Selfridge:

Returned herewith are all copies of Amendment No. 2, together with two copies of a letter from Mr. Paul W. Smith which is the reason for our action.

The possibility of further work being done under this contract is very remote, and we request that a mutual termination agreement be prepared for the Operator's signature.

Although we feel that a little more work would have benefited the property, Mr. Smith states that longhole drilling showed no ore at the intersection of the "A" and "B" veins, and it appears that essentially the objective of Stage I has been attained. (See geologic sketch accompanying Darrell M. Pinchkney's memorandum of August 12, 1955.)

We do not favor a certification on this property; however, we will not object if the Operating Committee wishes to insert a pseudo-certification in the termination agreement.

By Field Team, Region I, NW District

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

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

Enclosures

cc: USGS (2)
USBM (AD)

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

1201 N. Division St.
Spokane 2, Washington
December 9, 1955

RECEIVED
DEC 15 1955

Mr. Paul W. Smith, Secretary
Elkhorn Consolidated, Inc.
26 West Sixth Avenue
Helena, Montana

Re: Docket No. DMEA-3385 (load-zinc-copper)
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Smith:

Our letters of December 5 crossed in the mail.

Since Mr. Fields is no longer interested in diamond drilling from the Dunstone mine there seems no point in extending the contract as proposed under Amendment No. 2. Also, as Elkhorn Consolidated, Inc. does not wish to continue work under the contract, we are returning the amendment to Washington and requesting a mutual termination of the contract.

Will you please return, unsigned, the Consent to Lien forms enclosed with our December 5 letter?

By Field Team, Region I, NW District

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

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

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

PAUL W. SMITH
DAVID R. SMITH
J. MILLER SMITH
CHADWICK H. SMITH
ATTORNEYS AT LAW

26 WEST SIXTH AVENUE
HELENA, MONTANA

RECEIVED
DEC 15 1955

December 5, 1955.

Mr. A.F. Weissenborn
Executive Officer
South 157 Howard Street
Spokane 4, Washington

Dear Sir:

We have discussed the diamond drilling at the Dunstone property with Mr. Fields.

Mr. Fields made a survey of the property lying north of the old Elkhorn line during the summer. I think he called it a Geophysical survey. They have checked all of their data and they have come to the conclusion that they are not interested in diamond drilling now.

He told Mr. Carver that he would not be responsible for Carver's equipment and so Carver pulled all of his equipment.

When Carver got to the intersection of the "A" and "B" veins he found that there was no trace of ore and so he drilled with extension steel about thirty feet to the east and about the same distance to the north along "B" vein and about the same distance to the south along "B" vein and there was no sign of ore.

Mr. Ciulic, who was supervising the work at the mine at the time said he did not understand why there was no ore.

These men seem to think that the formation was well tested and question the feasibility of going to further expense in diamond drilling.

Mr. Carver who has had many years of experience in mining says he just cannot see spending more money on it.

Very truly yours,

Paul W. Smith

PAUL W. SMITH

PWS/rr

Government's copy

AMENDMENT NO. 2
to
EXPLORATION PROJECT CONTRACT Idm-E739
(DOCKET NO. DMEA-3385)
between
UNITED STATES OF AMERICA
and
ELKHORN CONSOLIDATED, INC.

It is agreed this 28th day of November, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Elkhorn Consolidated, Inc., hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E739, Docket No. DMEA-3385, dated November 22, 1954, hereinafter called the "Contract," that:

1. (a) Work under the Contract shall be suspended during the period beginning August 4, 1955 and ending not later than May 1, 1956.

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government, and the Government shall not contribute to any costs of rehabilitation or repair which, in its opinion, would not have occurred if there had been no suspension of the work.

(c) The Operator at his own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work and any property in which the Government has an interest.

2. The time fixed for the completion of the work is extended to November 22, 1956.

3. The maximum period for royalty payments and lien for the payment thereof, provided for in the contract, is increased to eleven years.

4. This amendment shall be effective only if the owners sign a new Owner's Consent to Lien on DMEA Form MF203 (Revised March 24, 1955).

5. This agreement shall not be construed to increase the estimated total cost of the project nor the aggregate total amount which the Government may be required to contribute under the provisions of the Contract.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

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

ELKHORN CONSOLIDATED, INC.

By _____

Title _____

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

RECEIVED
DEC - 9 1955

December 5, 1955

Mr. Paul W. Smith, Secretary
Elkhorn Consolidated, Inc.
26 West Sixth Avenue
Helena, Montana

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Smith:

We have received copies of a proposed Amendment No. 2 to your contract. This amendment provides for a recess ending not later than May 1, 1956 and extends the contract period to November 22, 1956.

Before we can forward the amendment for your signature, however, it will be necessary to obtain a new Consent to Lien. Enclosed are seven copies of the necessary forms; please return six signed copies.

By Field Team, Region I, NW Dist.

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

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

Enclosure

✓ [illegible] ( )
[illegible] ( )
[illegible] ( )
[illegible]

File Copy
Surname
J. Alt
Martin
F. Johnson

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

NOV 28 1955

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

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-2739

Dear Mr. Weissenborn:

We are enclosing the original and five copies of Amendment No. 2 for the cited contract, signed by the Administrator. Also enclosed are two extra copies of the amendment for the use of the Field Team.

Before the amendment can be executed it will be necessary for the Operator to obtain new Consent to Lien. This is stipulated in the amendment.

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

Sincerely yours,
W. S. Martin

ACTING Chairman, Operating Committee

Enclosures

JWAlt/er 11/23/55
Copy to: Docket
Admr & File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

/s/ Robert W. Gechen

Member, Bureau of Mines

Member, Geological Survey

R.G.S.

File Copy
Surname
aed

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

November 15, 1955

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of Amendment No. 2 for Contract No. Idm-E739, Docket No. DMEA-3385, Elkhorn Consolidated, Inc., (Lead-Zinc-Copper), Dunstone Mine, Jefferson County, Montana.

Will you please prepare Amendment No. 2 for the cited contract. This amendment will allow the Operator to recess operations from August 4, 1955 to not later than May 1, 1956, and also allow a one year extension of completion time. The completion time in Article 3 of the contract should be changed from on or before 12 months from date of contract to on or before November 22, 1956.

The royalty repayment provision should be increased from ten to eleven years.

for J. W. Alt
W. R. Griswold

JWAlt/er

Copy to: Docket
Base Metals
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

November 8, 1955

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

Re: Docket No. DMEA-3385 (lead-zinc-copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Selfridge:

This is in reply to your letter of November 2, 1955.

We have been, and still are, expecting to have word from the Operator and a Toronto company, which may wish to do work from the Dunstone shaft. We had hoped the matter could be settled promptly but this has not happened.

We recommend that the contract be recessed until May 1, 1956, and that the contract period be extended for an additional year.

By Field Team, Region I, NW Dist.

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

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

cc: USBM (2)
USBM (AD)
Pinckney

RECEIVED
NOV 14 1955

File Copy
Surname

all.
Signed
Selfridge
H.P. Williams

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

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

NOV - 2 1955

Re: Docket No. DMEA-3305 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-5739

Dear Mr. Weissenborn:

This is with reference to the cited contract on which no work has been done since on or before August 4, 1955. John A. Bowsher's memorandum, dated August 9, stated that the mine pumps and other underground equipment had been removed on August 5.

Mr. Bowsher's memorandum, dated September 15, states: "A discussion was held with Mr. Herbert Garver on August 31, 1955, regarding the subject contract. He related that a Toronto Company, which had been conducting geophysical exploration in the area of the Dunstone mine, had made preliminary negotiations with the Operator of the contract to utilize the shaft and drift of the mine for underground core drilling of adjoining properties."

From the copy of a letter, dated October 10, 1955, from Paul V. Smith to John A. Bowsher, which has just been received, it appears that this contract may possibly become active again under a different company. During these negotiations we are of the opinion that the project should be recessed and probably an extension of completion time should be allowed.

Please advise us at your earliest convenience regarding an amendment to allow a recess of operations and an extension of completion time.

Sincerely yours,

George C. Selfridge (GCS)
Chairman, Operating Committee

APPROVED:

/s/ Robert W. Geehan (GCS)
Member, Bureau of Mines

W. P. Williams (GCS)
Member, Geological Survey

JWAlt/er 10/31/55
Copy to: Docket
Admr R. File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

R.C.B.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
OCT 21 1955

October 18, 1955

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

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Selfridge:

Enclosed are the Government, Docket, and Division copies of Amendment No. 1 to this contract.

Our letter to you of September 20 answers the second paragraph of your letter of September 22. These letters apparently crossed in the mail.

Distribution of this amendment is being made in the usual manner.

Sincerely yours,

for Verne C. Freytkendall

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

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

RECEIVED
DEC -9 1955
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

PAUL W. SMITH
DAVID R. SMITH
J. MILLER SMITH
CHADWICK H. SMITH
ATTORNEYS AT LAW

26 WEST SIXTH AVENUE
HELENA, MONTANA

RECEIVED
OCT 27 1955

October 10, 1955

Mr. John A. Bowsher
United States Bureau of Mines
Butte, Montana

Re: Docket No. DMEA-3385, (lead-zinc-copper),
Dunstone Mine, Jefferson County, Montana,
Contract No. Idm-E739.

Dear Mr. Bowsher:

Mr. Fields is still interested in diamond-drilling at the Dunstone Mine. He told Mr. Wade Lewis at Boulder, that he would be glad to meet with you and Mr. Lewis at any time upon a day's notice. If I would know when the meeting is to be, I could be there too.

Mr. Fields said that he would de-water the mine and put in the necessary pipe to do this diamond-drilling. The elevator was left in the mine so that there will not be very much preliminary work to be done.

Let me know what day you could meet with these gentlemen.

Very truly yours,

Paul W. Smith

PAUL W. SMITH

RECEIVED
OCT 21 1955
U. S. G. S.
SPOKANE, WASH.

ask

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

September 28, 1955

Mr. Paul W. Smith, Secretary
Elkhorn Consolidated, Inc.
26 West Sixth Avenue
Helena, Montana

Re: Docket No. DMEA-3385
(lead-zinc-copper)
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Smith:

Amendment No. 1 to your contract was sent to you July 26, 1955, and as yet you have not returned the signed copies. Will you please do so as soon as possible so that the contract can be kept current.

Sincerely yours,

Verne C. Fryklund, Jr.
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

cc: [illegible] (2)
USGM (2)
USBM (2)
[illegible]

File Copy
Surname

9.

500

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

SEP 22 1955

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

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Weissenborn:

With reference to the cited contract, to date we have not received our copy of Amendment No. 1 which was prepared by your office. On July 26, 1955, you sent the Operator the original and six copies of this amendment for his approval and signature.

It is necessary that you advise us regarding the status of this amendment at your earliest convenience. Before preparing a mutual termination agreement, as recommended in your letter of September 14, we should have a copy of the amendment or information pertaining to it.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JWB)

APPROVED:

/s/ Robert W. Geehan (JWB)
Member, Bureau of Mines

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

JWAlt/bjl (9/21/55)
Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kiilsgaard
Chron.

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

1201 N. Division St.
Spokane 2, Washington
September 20, 1955

RECEIVED

VIA AIR MAIL

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

Re: Docket No. DMEA-3385 (lead-zinc-copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Selfridge:

Reference is made to our letter of September 14, 1955, recommending that a mutual termination agreement be prepared for the cited contract.

Attached is a memorandum by John A. Bowsher, Mining Engineer, Bureau of Mines, which discusses the latest developments in connection with work at the Dunstone mine. In view of the possibility that a procedure more satisfactory than termination of the contract might be arranged, it is recommended that action on our suggestion for mutual termination be delayed until we hear further from the Operator.

By Field Team, Region I, NW District

Verne C. Fryklund, Jr., Acting Exec. Off.
U. S. Geological Survey

Stephen W. Zoldok, Acting Member
U. S. Bureau of Mines

cc: USGS (2)
USBM (AD)
Turner

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

1201 N. Division St.
Spokane 2, Washington
September 15, 1955

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

From: John A. Bowsher and E. C. Pattee, Mining Engineers, U. S. Bureau of Mines, Region I

Subject: Interim report, Docket No. DMEA 3385 (lead-zinc-copper) Elkhorn Consolidated, Inc., Dunstone Mine, Jefferson County, Montana, Contract No. Idm-E739

A discussion was held with Mr. Herbert Carver on August 31, 1955, regarding the subject contract. He related that a Toronto Company, which had been conducting geophysical exploration in the area of the Dunstone mine, had made preliminary negotiations with the Operator of the contract to utilize the shaft and drift of the mine for underground core drilling of adjoining properties.

Mr. Paul Smith, associate of Mr. Carver as Operator on the subject contract, was contacted by telephone on September 13, 1955, and he confirmed Mr. Carver's information. Mr. Smith will contact the field representative of the Toronto Company to arrange a submittal of their exploration objectives in the use of the Dunstone mine.

Messrs. Carver and Smith were informed that since the contract work has not been completed, and the exploration objective now presently somewhat in doubt, a contract recess might be obtained to permit the use of the mine by the Toronto Company; however, that permission would hinge on benefiting the present contract, under a joint geological objective agreed upon by the Field Team, Operator, and Toronto Company.

John A. Bowsher

Orig. & 3 cys - Wash.
USGS (2)
DMEA
AD
JAB/he

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

1201 N. Division Street
Spokane 2, Washington
September 14, 1955

RECEIVED
SEP 1 0 1955

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

Re: Docket No. DMEA-3385 (lead-zinc-copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Selfridge:

This is in reply to your letter of September 7, 1955.

We were much surprised at the Operator's haste in stopping the project without prior consultation with the Field Team.

Although no significant amounts of ore minerals were present in the workings on the 200 level, an examination of the geological sketch accompanying Pinckney's August 12, 1955 memorandum will show that the crosscut did not reach the intersection of the "A" and "B" veins, although it is very close. Since the project objectives were not completely attained and it is doubtful that we could compel the Operator to resume the project work, we recommend that a mutual termination agreement be prepared, incorporating a "pseudo-certification" clause.

We understand that an adjacent property is being explored by a Canadian firm and there is a good possibility that the Dunstone shaft and the 200 level workings might be used to further this exploration.

By Field Team, Region I, NW District

Thomas E. Howard

Thomas E. Howard, Acting Exec. Officer
U. S. Bureau of Mines

James J. Quinlan

James J. Quinlan, Acting Member
U. S. Geological Survey

cc: USGS (2)
USBM (AD)
Turner

File Copy
Surname

500

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

SEP - 7 1955

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

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Weissenborn:

With reference to the cited contract, we have received a copy of the memorandum from John A. Bowsher and K. C. Pattee, Mining Engineers, Bureau of Mines, to DMEA Field Team, Region I, NW District, dated August 9. They stated that the mine pumps and other underground equipment had been removed from the mine on August 5.

As the Operator apparently does not desire to complete the work under the terms of the contract, we will appreciate receiving your recommendations and comments at your earliest convenience.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JHB)

APPROVED:

P. F. Yopes (JHB)
Member, Bureau of Mines

/s/ N. E. Nelson (JHB)
Member, Geological Survey

JWAlt/bjl (9/7/55)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kiilsgaard
Chron.

R.C.S.

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July 1 to Aug. 31 195 5 Docket No. DMEA 3385 Contract No. IDM #2739
Operator's Name Elkhorn Consolidated, Inc. Minerals Lead-Zinc-Copper
Address 26 W. 6th Ave., Helena, Montana.
Contract Amount, $26,110.00 Government Participation: 50 % Amount, $ 13,055.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts: Stage 1						
[redacted] D rifting						
[redacted] 30.9 '0832	988.50	5,440.00	6,428.50	928.00	5440.00	6368.00
[redacted]						
[redacted] Shaft	---	5,510.00	5,510.00	285.00	5510.00	5225.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	988.50	10,950.00	11,938.50	643.00	10950.00	11593.00

I certify that the above bill is correct and just and that payment therefor has not been received.

Date Sept. 16, 1955 Payee Elkhorn Consolidated, Inc.

Per Paul W. Smith Title Secretary

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

NOTE.—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.

(Instructions on reverse)

Pursuant to authority vested in me I certify that this account is correct and proper for payment in the amount of:

RECEIVED JUL 13 1956

$ 121 50

Signature M.P.
(Authorized Certifying Officer)

Date 7-6-56 Vou. No. 1815
(See other side)

Copied and narrative to Washington 10/27/55

321.50
withheld 200.00
CK 121.50

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 6739 in accordance with the terms of the contract.

Signature /S/ Eldon C. Patton Title Mining Engr Date 9-19-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Wing G. Agnew Title Acting Exec. Date 7-6-56

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April-1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

RECEIVED
OCT 31 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1 to Aug. 31 1955 Docket No. DMEA 3385 Contract No. [illegible]

Operator's Name Elkhorn Consolidated, Inc. Minerals Lead-Zinc-Copper

Address 26 W. 6th Ave., Helena, Mont na.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting Level 1	Feet	985.80	30.9	6,928.80	200.9	6,928.80	300'	9,600.00
Crosscutting								
Raising								
Shafts	Feet			5,510.00	58'	5,510.00	60'	5,700.00
Winzes								
Drilling: Core								
Churn					11/7/55 [illegible]			
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		985.80		12,938.80				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		985.80		12,938.80				

Acc
Kingpatrick
Betty

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

Date Sept. 16, 1955 Operator Elkhorn Consolidated, Inc.

Per R. V. Smith Title Secretary

REMARKS:

NOTE.—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.

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

Being held
awaiting
developments.

RECEIVED
OCT 31 1955

Sept. 16, 1955

Copy

U. S. Bureau of Mines
c/o Montana School of Mines
Administration Building
Butte, Montana

Gentlemen:

Mr. Fields, who is the mining engineer for a Canadian company would like to diamond-drill from the shaft on the Sunstone. We think it is to our advantage to have him drill the property.

We are trying to make arrangements so that some representative for the Bureau of Mines can meet with Mr. Fields to talk the matter over.

We will let you know the developments and the time when it would be agreeable with Mr. Fields to get together.

Very truly yours,

/s/ Paul W. Smith

Copy

RECEIVED
OCT 31 1955

NOTE:

Our measurements of crosscutting and drifting totaled 199 feet on July 26, 1955. A total of 200.9 feet is claimed on this voucher. This differs from our measurement of July 26 by 1.9 feet. The next visit to the mine was August 8, 1955. At this time the mine was flooded and an examination of the workings could not be made. According to Mr. Giulio two rounds had been blasted in the drift since the inspection of July 26, 1955.

A total of 58 feet for shaft sinking has been vouchered, but the measurements on May 25, 1955 shows the shaft sinking under the contract to total 55 feet. The Bureau of Mines measurements were made to the top of the muck pile. The difference is probably due to the fact that when the crosscut was started muck fell into the shaft before the Bureau of Mines engineers made their examination.

The operators have pulled most of their equipment and apparently do not plan to do any more work under the contract.

/s/ Eldon C. Pattee

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

RECEIVED
SEP - 1 1955

August 12, 1955

Memorandum

To: DMEA Field Team, Region I, Northwest District

From: Darrell M. Pinckney, Geologist, U. S. Geological Survey

Subject: Final inspection report, Docket No. DMEA-3385 (lead-zinc copper); Elkhorn Consolidated, Inc., Dunstone Mine, Jefferson County, Montana, Contract No. Idm-E739

I visited the Dunstone mine with John A. Bowsher and E. C. Pattee, U. S. Bureau of Mines engineers, and Mr. S. J. Guilio on Monday, August 8, 1955, after I had received word from Guilio through R. A. Weeks (Survey geologist) that the target area had been reached and the mine was to be closed. At the direction of either Carver or Paul W. Smith the pump was removed from the shaft August 5, 1955, before a final inspection could be made. However, Guilio had brought the mapping up to date, sampled the veins, and drilled several holes before the workings were flooded. Guilio's sample results are not yet available.

On July 7 I mapped the crosscut from the shaft to the face at Station 3 and saw the intersection of veins "A" and "C". Vein "A" near Station 3 is represented only by a steeply dipping set of joints. Vein "C" near Station 3 consists of a sheared zone of limestone less than 2 feet wide that contains one small area of limonite-stained rock.

At the time of the July 7 inspection the miners were working without supervision and had already crosscut vein "A". Consequently the mine was visited again July 26. The work had been turned eastward near the intersection of veins "A" and "C", but in such a manner that the work was proceeding a few feet south of the vein. On July 26 the work had just reached but not cut vein "B". By August 8 the work had been stopped and the crosscut was flooded.

Guilio's mapping indicates that the work approached the intersection of veins "A" and "B" but did not quite reach it (see attached map). The weak character of the veins, the small amount of oxide or sulfide minerals on them, and lack of vein material in the drill holes seems to indicate that no ore exists along the veins on the 200-foot level.

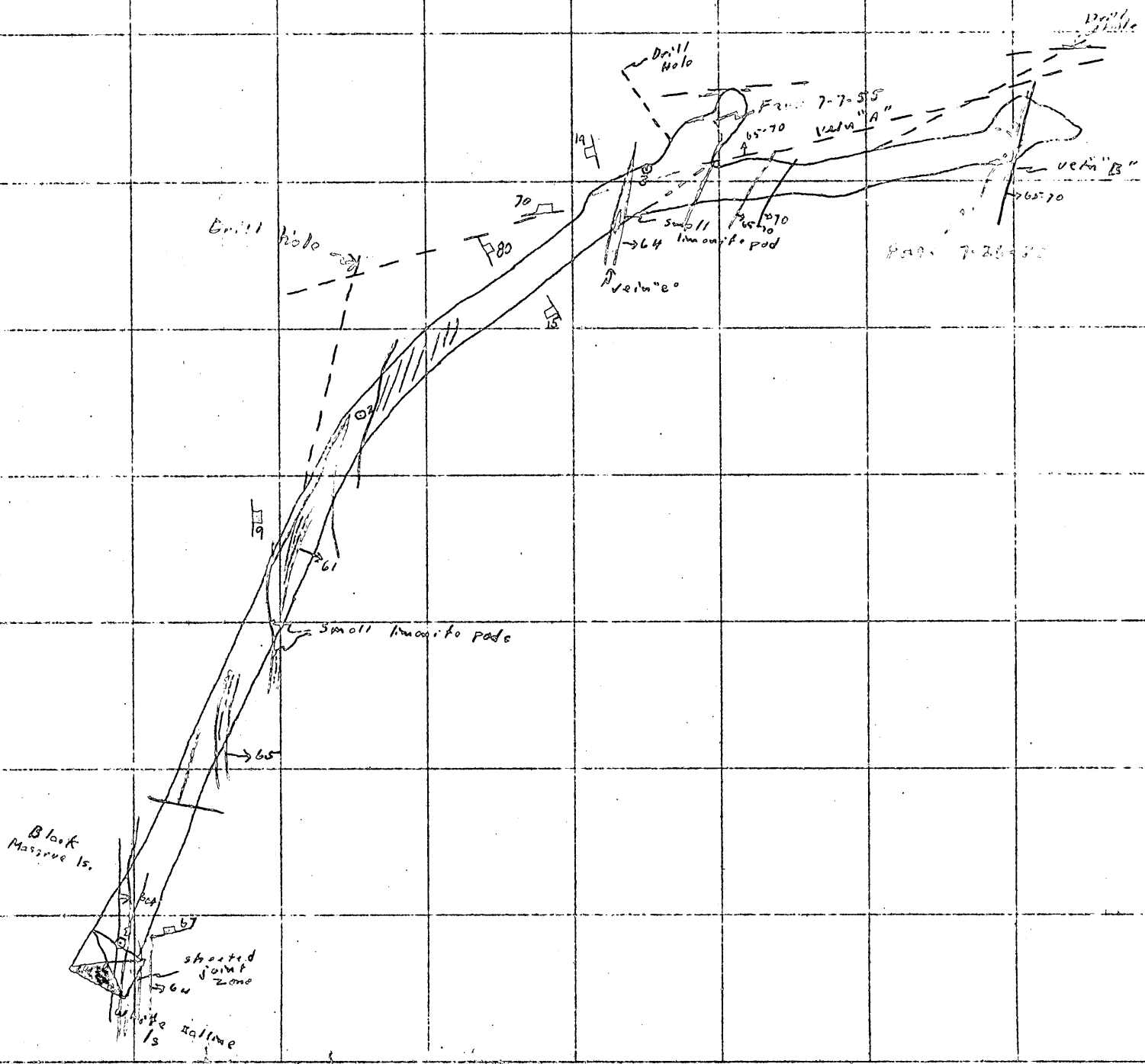
Attachment - 1

Distribution:
DMEA (Orig. & 3)
USBM (2)
USBM (AD)
Docket
Pinckney

N

Dunstan Mine — 2nd level
1" = 20 ft

Mapping from shaft to
Sta. 3 by DMP & CE.
from Sta 3 to face by
S.J. Guillo.



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

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

1201 N. Division St.
Spokane 2, Washington
August 9, 1955

RECEIVED
SEP - 1 1955

MEMORANDUM

To: DMEA Field Team, Region I, NW District

From: John A. Bowsher and E. C. Pattee, Mining Engineers, Bureau of Mines

Subject: Docket No. DMEA 3385 (lead-zinc-copper)
Elkhorn Consolidated Inc.,
Dunstone Mine, Jefferson County, Montana
Contract No. Idm-E739

The Butte, Montana, Sub-office, USBM received on August 3, 1955, a letter from Paul W. Smith, dated August 2, 1955. The subject of the letter was to inform the Field Team representatives that the vein intersections had been reached and no ore was found, consequently, we were requested to visit the project promptly so that the Operator could remove the equipment and thereby terminate the contract.

The contents of the letter was transmitted by telephone to Mr. Darrell Pickney, August 5, 1955. Mr. Pattee tried to contact Mr. Steve Giulio on August 6th but Mr. Giulio was away from his Helena residence and the arrangements to visit the mine was made on August 7, 1955.

Messers. Pickney, Pattee and Bowsher met Mr. Giulio at the Elkhorn Queen mine August 8, 1955 and thence proceeded to the Dunstone mine. Mr. Pattee went underground and found that the mine waters had risen to above the back of the drift thus preventing a final inspection. Mr. Giulio informed us that stripping of the mine pumps and other underground equipment had been done on August 5, 1955. Mr. Paul W. Smith had visited the project on August 4, 1955.

The previous inspection had been made on July 26, 1955 and Mr. Giulio stated that two rounds had been blasted in the drift since that date.

Enclosed is Mr. Paul W. Smith's letter of August 2, 1955.

John A. Bowsher

Enclosure
Orig. & 3 cys - Wash.
USGS (2)
DMEA
M/D
AD
JAB/lb

PAUL W. SMITH
DAVID R. SMITH
J. MILLER SMITH
CHADWICK H. SMITH
ATTORNEYS AT LAW

26 WEST SIXTH AVENUE
HELENA, MONTANA

August 2, 1955

RECEIVED
SEP - 1 1955

U. S. Bureau of Mines
c/o Montana School of Mines
Administrative Building
Butte, Montana

Gentlemen:

At the Dunstone Mine near the Town of Elkhorn, they came to the B vein as shown on the map and at the intersections of the A and B veins there was no ore.

Mr. Steve Giulio, who has been doing the engineering on the project, is at the mine and is drilling with long steel drill for the purpose of ascertaining whether or not there is any ore which could have been by-passed. In the event that he does not find any ore it looks very much as though the project will be completed as Mr. Carver says if there is no ore found within that vein he does not care any longer to go ahead with the project.

Mr. Carver asked me to write to you to let you know that they have come to this intersection and they would like you to measure the working so that in the event that no ore is recovered that he will be able to pull his equipment and send in the final report to you for final settlement.

I understand that you may possibly have already measured the workings with Mr. Giulio but in the event that you have not already done so please go to the mine and measure so Mr. Carver can pull his pumps in the event no ore is found.

Very truly yours,

Paul W. Smith

PAUL W. SMITH

PWS/jh

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

1201 N. Division St.
Spokane 2, Washington
August 4, 1955

RECEIVED
SEP - 1 1955

MEMORANDUM

To: DMEA Field Team, Region I, NW District

From: John A. Bowsher and E. C. Pattee, Mining Engineers, Bureau of Mines

Subject: Interim Report, Docket No. DMEA 3385 (lead-zinc-copper), Elkhorn Consolidated Inc., Dunstone Mine, Jefferson County, Montana, Contract No. Idm-E739

The property was visited on July 26, 1955, in the company of Darrell Pickney, Geologist, U. S. Geological Survey. Two miners and the hoistman were the only operating personnel at the mine. The previous inspection was made on June 13, 1955.

The advance during the interim was 123 feet of crosscutting and drifting on the 200 level and charged to Stage I of the contract. The crosscutting and drifting to date, under Stage I, totals 199 feet (scheduled 300 feet).

Mr. Pickney mapped underground geology. Very scant, if any, mineralization is evident in the drift. The vein intersections, projected from higher elevations to the drift level, are indeterminate. Minor evidence of very tight fracturing was observed.

John A. Bowsher

Orig. & 3 cys - Wash.
USGS (2)
DMEA
M/D
AD
JAB/lb

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

July 26, 1955

DMEA

Mr. Paul W. Smith, Secretary
Elkhorn Consolidated, Inc.
26 West Sixth Avenue
Helena, Montana

Re: Docket No. DMEA-3385
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Smith:

Enclosed are the original and six copies of Amendment No. 1 to your contract. If the amendment meets with your approval please sign all copies, retain the one marked for the Operator, and return the rest to this office.

The purpose of this amendment is to clarify the intent of the contract as to the size of the shaft in the clear of timber.

Sincerely yours,

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

Enclosure

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

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

RECEIVED
JUL 15 1955

July 7, 1955

Memorandum

To: DMEA Field Team, Region I, Northwest District

From: Darrell M. Pinckney, Geologist, U. S. Geological Survey

Subject: Routine inspection, Docket No. DMEA-3385, Elkhorn Consolidated, Inc., Dunstone mine, Jefferson County, Montana, Contract No. Idm-E739

I visited the Dunstone mine June 21, accompanied by the hoistman. A pace and compass survey indicated that the 200-foot level has been advanced from the shaft approximately 80 feet N. 21° E. and 30 feet N. 45° E. The east-trending vein (vein "A") was not exposed in the crosscut, although the face appeared to be beyond where the vein should have been found. I could not discuss this with Mr. Carver or Mr. Guilio because they were not at the mine or in Elkhorn.

Another visit is planned in the near future.

Distribution:
DMEA (orig. & 3)
USBM (2)
USBM (AD)
Docket
Pinckney

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
June 13, 1955

RECEIVED
JUL 1 5 1955

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

From: G. A. Apell and E. C. Pattee, Mining Engineers, Bureau of Mines

Subject: Routine inspection, Docket No. DMEA 3385 (lead-zinc-copper), Elkhorn Consolidated, Inc., Dunstone Mine, Jefferson County, Montana, Contract No. Idm-E739

The project was inspected May 25, 1955, accompanied by the mine manager, Mr. H. Carver.

Since the last inspection a crosscut toward vein "A" had been started at the 200-foot level. It had been advanced 26 feet on a N. 23° E. bearing. The crosscut is following a structure which is slightly mineralized. The crosscut should intersect vein "A" approximately 15 feet southeasterly of the intersection of veins "A" and "C" if continued on the present bearing.

The shaft had been timbered to the bottom and a bearing set placed at the 200-foot level. The dimensions of the shaft are 4 feet by 6 feet in the clear of timber. Measurements of the shaft are as follows:

Surface shaft collar to BM 470	149.0 feet
BM 470 to rail at 200-foot level	50.5 "
Rail at 200-foot level to top of muck pile in shaft	4.5 "

The status of the contract work when inspected May 25 was:

Stage I

	Authorized	Completed
Shaft sinking	60 feet	55 feet
200 XCN and drifting on vein "A"	300 "	26 "
Timbering	100 "	none
Assays of samples	30	none

Stage II

Not started.

Orig. & 3 cys - Wash.
USGS (2)
DMEA
M/D
AD
ECP/he

E. C. Pattee

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

JSV
RECEIVED
JUL 15 1955

June 3, 1955

Memorandum

To: DMEA Field Team, Region I, Northwest District

From: Donald F. Kellum, Geologist, U. S. Geological Survey

Subject: Interim Inspection, Docket No. DMEA-3385 (lead-zinc-copper), Elkhorn Consolidated, Inc., Dunstone Mine, Jefferson County, Montana, Contract No. Idm-E739.

The property was inspected April 28, 1955, in the company of Mr. Herb Carver, mine manager.

At that time the shaft had been completed to the 200-foot level and a station was being cut before completing the shaft work. An unexpected steeply-dipping bleached zone containing a slight amount of pyrite in the Jefferson dolomite was intersected by the shaft at the 200 level, and as this zone strikes coincident with the proposed crosscut north from the shaft it is planned to direct the crosscut along this zone to its intersection with the 'A' vein.

Due to the lack of a second shaft man, work at the time of the inspection had temporarily slowed down but was expected to resume at the usual rate as a new man was expected within the next few days.

No mapping was done.

Distribution:
DMEA (orig. & 3)
USBM (2)
USBM(AD)
Docket
Kellum

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
July 1, 1955

MEMORANDUM

To: DMEA Field Team, Region I, NW District

From: G. A. Apell and E. C. Pattee, Bureau of Mines Engineers

Subject: Routine inspection, Docket No. DMEA 3385 (lead-zinc-copper) Elkhorn Consolidated, Inc., Dunstone Mine, Jefferson County, Montana, Contract No. Idm-E739

A routine inspection of the project was made June 13, 1955.

The crosscut at the 200-foot level toward vein "A" had been advanced 50 feet since the last inspection on May 25. A vein which the Operators believe is vein "A" had been intersected approximately 5 feet from the crosscut face by a long hole. The face of the crosscut was 76 feet N. 25° E. from the shaft.

The status of the contract work on June 13 was:

Stage I	Authorized	Completed
Shaft sinking	60 feet	54.5 feet
200 XCN and drifting on vein "A"	300 "	76 "
Timbering	100 "	none
Assays of samples	30	"

Stage II

Not started.

E. C. Pattee

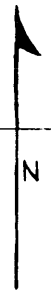
Orig. & 3 cys - Wash.
USGS (2)
DMEA
M/D
AD
ECP/he

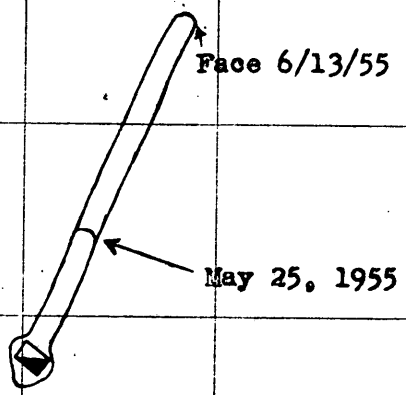
DUNSTONE MINE 200 LEVEL

Elkhorn Consolidated, Inc.

Jefferson County, Montana

Docket No. DMEA 3385
Contract No. Idm-E739
Scale 1" = 40'





G.A.A

"ALBANENE" NO. 1 COPR. R & ECO., N.Y.
REG. U.S. PAT. OFF.

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

RECEIVED
JUL 13 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Jun. 195[illegible] Docket No. DMEA [illegible] Contract No. [illegible]
Operator's Name [illegible] Minerals [illegible]
Address [illegible]
Contract Amount, $ [illegible] Government Participation [illegible] % Amount, $ [illegible]

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Contracts:						
Short Form				7/21/55 RK		7/20/55 - J.W.A.
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	[illegible]	[illegible]	[illegible]	4160.00	6790.00	10950.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date [illegible] *Payee [illegible]
Per [illegible] Title [illegible]

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

NOTE.—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.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 2080.00

Signature MOP
(Authorized Certifying Officer)

Date 7-13-55 Vou. No. 1556
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 739 in accordance with the terms of the contract.

Signature /S/ John A Bowsher Title Mining Engr Date 7-7-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen W Goldok Title Mining Engr Date 7-7-55

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

RECEIVED
JUL 13 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 1955 Docket No. DMEA [illegible] Contract No. [illegible]
Operator's Name [illegible] Minerals [illegible]
Address [illegible]

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting [illegible]	Feet	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Crosscutting								
Raising								
Shafts	Feet			[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		[illegible]		[illegible]				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		[illegible]		[illegible]				

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

Date July 8, 1955 Operator [illegible]

Per Paul V. Smith Title [illegible]

Remarks:

→ **NOTE.—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.**

(Instructions on reverse)

(For Government use only)

/s/ John a Bowsher

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

RECEIVED
JUL 13 1938

NARRATIVE REPORT

They completed the cross-cut to the north by reaching the A vein. There was a lot of coloring in the material in the A vein. They then drifted eastward along the A vein and reached the intersection of the A vein and the C vein about a week ago. When they blasted into the intersection they were flooded out by water which came into the drift and had to install larger pumps to handle the water situation.

In the meantime, they had a heavy storm at the mine and the snow and rain caused power trouble and together with the water in the mine and the water on the power lines, the last I heard they were still having trouble. I have not had an opportunity to talk with Mr. Carver since then.

F-104 (Rev.)
April 1953

W

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

RECEIVED
JUN 24 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of _____, 195____ Docket No. DMEA _____ Contract No. _____

Operator's Name May 5 3365 Minerals [illegible] 24759

Address Elkhorn Consolidated, Inc. Lead-Zinc-Copper

Contract Amount, $ 26 W. 6th Ave., Helena, Montana Government Participation: 50 % Amount, $

26,110.00 13,055.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts: 1						6/27/55 J.W.A. 6/27/55 W.P.K.
Drilling						
Bulk Drilling		✓				
Crosscutting (15' @ 32.00)	480.00	800.00	1,280.00			
Drifting						
Shaft Sinking (6' @ 85.00)	570.00	4,940.00	5,510.00			
(2) Labor and Supervision:		✓				
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
Totals	1,050.00	5,740.00	6,790.00	1050.00	5740.00	6790.00

I certify that the above bill is correct and just and that payment therefor has not been received.

Date June 7, 1955 Payee Elkhorn Consolidated, Inc.

Per [signature] Title Secretary

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

NOTE.—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.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 525.00

Signature MOP
(Authorized Certifying Officer)

Date 6-20-55 Vou. No. 1529

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 739 in accordance with the terms of the contract.

Signature 151 Gideon A. Apell Title Mining Engr. Date 6-11-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature 151 Stephen W. Goldoft Title Mining Engr. Date 6-16-55

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

RECEIVED
JUN 24 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May 1955 Docket No. DMEA 3335 Contract No. [illegible]
Operator's Name Elkhorn Consolidated, Inc. Minerals Lead-Zinc-Copper
Address 25 W. 6th Ave., Helena, Montana.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting Stope 1	Feet	450.00	15'	1,250.00	35'	1,250.00	300'	32.00 ft ~~5,600.00~~
Crosscutting								
Raising								
Shafts	Feet	570.00	6'	5,540.00	58'	5,540.00	60'	95.00 ft ~~5,700.00~~
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1,020.00		6,790.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		1,020.00		6,790.00				261,000.00

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

Date June 1, 1955 Operator Elkhorn Consolidated, Inc.

Per [signature] Title Secretary.

Remarks:

NOTE.—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.

(Instructions on reverse)

(For Government use only)

151 Gideon a Gell

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

RECEIVED
JUN 24 1937

NARRATIVE REPORT

Mr. Carver is now drifting to the North along the new fissure vein which he discovered. He ran into a very peculiar rock which seemed to be sort of rubbery. It was very difficult to drill this rock. Nobody seems to know what kind of rock it is except that it is in the lime formation. He found to make headway he had to put in more holes and then the rock seemed to break much better. He is making better headway now and thinks he can make at least six feet (6') a day.

Mr. Carver drilled a hole straight ahead. He thinks that he reached the Eastwest fissure in this drill hole. The formation seemed to change and he hit a little more water. He thinks he reached the fissure at about seventy feet (70') from the shaft.

At the foot of the shaft he made a station so that it would make the drifting easier from a working standpoint.

Form MF-104 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

DEPT. OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 13 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of April, 1955 Docket No. DMEA 3365 Contract No. IDM #1739
Operator's Name Kilborn Consolidated, Inc. Minerals Lead-Zinc-Copper
Address 26 W. 6th Ave., Boise, Idaho.
Contract Amount, $ 26,110.00 Government Participation: 50 % Amount, $ 13,055.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						5/18/55 J.W.G.
SHAFT 1						
Drilling						
Bulldozing Drifting						
Concreting (25' @32.00)	800.00	None	800.00			
Drifting Shaft (14' @ 95.00)	1,330.00	3,610.00	4,940.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	2,130.00	3,610.00	5,740.00	2130.00	3610.00	5740.00

Approved: Clayenbach, Bobby

I certify that the above bill is correct and just and that payment therefor has not been received.

Date May 2, 1955 *Payee Kilborn Consolidated, Inc.

Per [signature] Title Secretary

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

NOTE.—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.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 1065.00

Signature [signature]
(Authorized Certifying Officer)

Date 5-10-55 Vou. No. 1506
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 739 in accordance with the terms of the contract.

Signature 1st Gideon A. Apell Title Mining Engr Date 5-7-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature 1st Stephen W Zoldok Title Mining Engr Date 5-9-55

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 13 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April 1955 Docket No. DMEA 5185 Contract No. IDM 8739
Operator's Name Kilhorn Consolidated, Inc.,
Address 26 E. 6th Ave., Helena, Montana, Minerals Lead-Zinc-Copper

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting	Feet	800.00	25'	800.00	25'	32.00	300'	32,00 ~~9,600.00~~
Crosscutting								
Raising								
Shafts	Feet	1,330.00	14'	4,940.00	52'	95.00	60'	95.00 ~~5,700.00~~
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		2,130.00	39'	5,740.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		2,130.00		5,740.00				26110.00

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

Date May 2, 1955 Operator Kilhorn Consolidated, Inc.

Per [signature] Title Secretary.

Remarks:

NOTE.—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.

(Instructions on reverse)

(For Government use only)

151 [signature]

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

Property of the Energy
Resources Conservation Administration

NARRATIVE REPORT

Mr. Herbert Carver has sunk 14 more feet in the shaft. During this sinking he came into a fissure vein. The formation changed to be very hard in the last 10 feet. Mr. Gunnar Johnson, who checked the mine, said that there was some black lime in the bottom of the shaft.

This fissure vein did not show on the surface. It runs North and South and is parallel with the vein which is shown on the surface.

Mr. Carver drifted to the North on this new vein 25 feet and he is still on the vein.

Mr. Carver is now going to sink 8 more feet. He thinks the change in the formation is a good sign and is of the opinion that the shaft should be deepened.

At the 50 foot level of the vertical shaft there was a large stope where a great deal of ore was taken out by the old timers.

The old timers followed the ore on the incline and took out more ore at the 100 foot level. A pattern may be developing.

They had a great deal more snow and had to plow their way out again.

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

1201 N. Division St.
Spokane 2, Washington
April 27, 1955

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 12 1955

MEMORANDUM

To: DMEA Field Team, Region I, NW District

From: John D. Bardill, G. A. Apell, and E. C. Pattee,
Bureau of Mines Engineers, Region I

Subject: Routine inspection, Docket No. DMEA 3385 (lead-zinc-copper), Elkhorn Consolidated, Inc., Dunstone Mine, Jefferson County, Montana, Contract No. Idm-E739

A routine inspection of the mine was made April 19, 1955, by the above-named Bureau of Mines engineers, accompanied by the mine manager, Mr. H. Carver.

Equipment at the mine has been electrified. a 220 c.f.m. air compressor with a 60 h.p. electric motor has been installed. The old hoist has been replaced by a new hoist which is powered by a 15 h.p. electric motor. A Duplex air pump is being installed at the bottom of the shaft.

Mr. Carver plans to cut a shaft-station at the 200-foot level before sinking a sump.

A structure that trends in a northerly direction was encountered near the bottom of the shaft. A small amount of mineralization was noted in the structure.

Following is the status of the contract work to date:

Start of contract - BM 470 , which is 149.0 feet vertically from surface shaft collar
Shaft collar to top of muck pile in shaft - 198 feet
Timbered from shaft collar to 186.2 feet
New timber under contract - 37.2 feet

Stage I

	Authorized	Completed
Shaft sinking	60 ft.	49 ft.
200 XCN and drifting on vein "A"	300 "	none
Timbering	100 "	none
Assays of samples	30	none

Stage II

Drifts on "A", "B" & "C" veins	300 feet	none
Timbering	100 "	none
Assays of samples	30 "	none

Government participation in the fixed costs of work is 50 percent.

The completion date of the contract is November 22, 1955, which is 12 months from the effective date of the contract.

E. C. Pattee

Orig. & 3 cys - Wash.
USGS (2)
DMEA
M/D
AD
ECP/he

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

RECEIVED
APR 12 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of March, 1955 Docket No. DMEA 3565 Contract No. Idm 61739
Operator's Name Elkhorn Consolidated, Inc. Minerals Lead-zinc-copper
Address 26 W. 6th Ave., Helena, Mont. Mn.
Contract Amount, $ 26,110.00 Government Participation: 50 % Amount, $ 13,055.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						~~[illegible]~~
Drilling						~~[illegible]~~
Bulldozing						[illegible]
Crosscutting						4/14/55 J.W.B.
Drifting						
Shaft (35' @ 93.00)	3,610.00	None	3,610.00	3610.00	—0—	3610.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS 35' @ 93.00	3,610.00	None	3,610.00	3610.00	—0—	3610.00

I certify that the above bill is correct and just and that payment therefor has not been received.

Date April 5, 1955 *Payee Elkhorn Consolidated, Inc.

Per [signature] Title Secretary

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

NOTE.—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.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 1805.00

Signature [signature]
(Authorized Certifying Officer)

Date 4-8-55 Vou. No. 1475
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E7 39 in accordance with the terms of the contract.

Signature 151 John D Bardill Title Metallurgist Date 4-7-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature 151 Stephen W Zoldok Title Mining Engr Date 4-8-55

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

Defense Minerals Administration
RECEIVED
APR 12 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March 1955 Docket No. DMEA 3385 Contract No. 16m 739
Operator's Name Elkhorn Consolidated, Inc. Minerals lead-zinc-copper
Address 26 W. 6th Ave., Helena, Montana.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts	Feet	3,610.00	38'	3,610.00	38'	~~3,610.00~~ 95.00	60'	5,700.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
								TOTAL COSTS AUTHORIZED BY CONTRACT
TOTAL DISTRIBUTED COSTS		3,610.00	38'	3,610.00				
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		3,610.00	38'	3,610.00				5,700.00

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

Date April 5, 1955 Operator Elkhorn Consolidated, Inc.

Per Paul N. Smith Title Secretary

REMARKS:

→ NOTE.—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.

(Instructions on reverse)

(For Government use only)

151 John D Bardill

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

RECEIVED

NARRATIVE REPORT

Mr. Herbert Carver went to the Dunstone Mine the latter part of January, 1955, and with the help of the Montana Power Company he put a power line in from the Old Elkhorn Mine to the Dunstone property. There was so much snow on the mountain that he was afraid he would be washed out with pumps that operated from compressors and wanted to install electric pumps. The electric power makes the operation a little more reasonable.

After the power line was installed he put in electrical equipment and started to sink the shaft. A vertical shaft was sunk thirty-eight (38) feet.

TE W

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

1201 N. Division St.
Spokane 2, Washington
March 29, 1955

MEMORANDUM

To: DMEA Field Team, Region I, NW District

From: John D. Bardill, Bureau of Mines

Subject: Routine inspection, Docket No. DMEA 3385 (lead-zinc-copper) Elkhorn Consolidated, Inc., Dunstone Mine, Jefferson County, Montana, Contract No. Idm-E739

Mr. Paul W. Smith, secretary of the corporation, advised me at Helena on February 28, 1955 that the power line to the mine had been completed and that equipment was being electrified. Since no DMEA work had been started and because of heavy snows, Mr. Smith suggested that my visit to the project be postponed until my next routine tour of the area.

John D. Bardill

Orig. & 3 cys - Wash.
USGS (2)
DMEA
AD
Apell
JDB/he

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

March 8, 1955

Memorandum

To: DMEA Field Team, Region I, Northwest District

From: Donald F. Kellum, Geologist, U. S. Geological Survey

Subject: Interim Inspection, Docket No. DMEA-3385 (lead-zinc-copper), Dunstone Mine, Jefferson County, Montana, Contract No. Idm-E739.

Inspection of the captioned property was made by Robert A. Weeks and Donald F. Kellum, geologists, Geological Survey, on March 4, 1955, marking the first visit by Survey personnel since the contract became effective.

The shaft has been dewatered and 6 feet of sinking accomplished; wall rock is unmineralized dolomite of the Jefferson formation. No mapping was done.

Distribution:
DMEA (orig. & 3)
USBM (2)
USBM(AD)
Docket
Kellum

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

1201 N. Division St.
Spokane 2, Washington
January 24, 1955

MEMORANDUM

To: DMEA Field Team, Region I

From: John D. Bardill, Bureau of Mines, Region I

Subject: Routine inspection, Docket No. DMEA 3385 (lead-zinc-copper) Elkhorn Consolidated, Inc., Dunstone Mine, Jefferson County, Montana, Contract No. Idm-E739

This contract, dated November 22, 1954, has been executed and the starting date designated as January 1, 1955.

Mr. Paul W. Smith, secretary of the corporation, advised me on January 10, 1955, at his office in Helena, Montana, that their mine manager was occupied for several days as a consultant on another job. However, he hoped that work would be started at the Dunstone mine in the very near future.

John D. Bardill

John D. Bardill

Orig. & 3 cys - Wash.
USGS (2)
DMEA
M/D
AD
JDB/he

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 4 1955

December 31, 1954

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

Re: Docket No. DMEA-3385 (lead-zinc-copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana
Contract No. Idm-E739

Dear Mr. Selfridge:

Enclosed are the Government, Docket, and Division copies of the above cited contract. Other copies have been distributed in the usual manner.

In compliance with your letter of November 22, 1954, and Mr. Hofflunds' memorandum of November 15 to the Administrator, it has been determined that "R. 3 W." is correct rather than "R. 4 W." as shown on the claim map; it has been corrected accordingly. A new Owner's Consent to Lien executed by S. C. Kennett and Marjorie Kennett has been obtained and is attached to each copy of the contract. The starting date of January 1, 1955, has been inserted in Article 3 of the contract.

Sincerely yours,

John S. Vhay

John S. Vhay
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosure

cc: Finance Office
USBM (2)
Weeks

XXXXXXXXXXXXXXXX
No. 157 Howard Street
Spokane 4, Washington

December 3, 1954

Mr. Paul . Smith
20 . Sixth Avenue
Helena, Montana

Re: Docket No. DMEA-3385 (lead-zinc-copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana

Dear Mr. Smith:

Enclosed are the original and five copies of a contract, signed by the Administrator for the Government, together with Annex 1, Exhibit "A" (2 pages) two maps, and Owner's Consent to Lien signed by R. C. Kennett and Marjorie Kennett. We have inserted January 1, 1955, for the starting date.

We wish to call your attention to Article 11 of the contract concerning payment of royalty on production through Dunstone workings of minerals mined outside the land included in the contract. This has been included because of the special relationship between the Dunstone and Klondike claims spelled out in your lease.

If the contract meets with your approval, will you please sign all copies, retain that copy marked for the Operator, and return the rest to this office. If it does not meet with your approval, please return all copies with your comments.

Sincerely yours,

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

Enclosures

cc: DMEA (2)
USBM (2)
Weeks

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

Ack
Belly

November 30, 1954

Mr. Paul W. Smith
26 West Sixth Avenue
Helena, Montana

Docket

Re: Docket No. DMEA-3385 (lead-zinc-copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana

Dear Mr. Smith:

We have received from Washington your contract signed by the Administrator for the Government. Before it can be transmitted to you, however, we must have the Owner's Consent to Lien forms, 7 copies of which are enclosed, signed by S. C. Kennett and Marjorie Kennett to attach to the contract. If you will please have the Kennetts sign 6 copies of the form and return them to this office, we will be able to send the contract to you. They may wish to keep the 7th copy for their information. We also need to know the date that work will commence. Please inform this office of the Kennetts mailing address.

One other minor point of information is needed. The claim map identifies the Dunstone as being located in R. 4 W., while the application states the land is in R. 3 W. I believe the application gives the correct location, and we will change the claim map accordingly, upon verification from you.

Sincerely yours,

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

Enclosure

cc: USBM (2)
DMEA (2)
Weeks

File Copy
Surname

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

NOV 22 1954

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

Re: Docket No. DMEA-3385 (Lead-Zinc-Copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana

Dear Mr. Weissenborn:

We are enclosing the original and five copies of the cited contract, signed by this office for the Government together with Annex I, Exhibit "A" (2 pages), and two maps.

For your information we are enclosing two copies of the memorandum from the Acting Assistant Solicitor, Defense Minerals, dated November 15, 1954.

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

It will be necessary to insert in the contract, in the space provided under Article 3, the number of days from the date of the contract in which work shall commence.

Enclosed for your information are 2 copies each of memorandums by E. L. Newcomb, USGS and C. H. Johnson, USBM, dated September 16 and September 29, 1954 respectively.

Sincerely yours,
George C. Selfridge by ESF
Chairman, Operating Committee

Enclosures 12

JWAlt/er 11/16/54

APPROVED: W. H. Hedges by ESF
Member, Bureau of Mines

E. L. Newcomb by ESF
Member, Geological Survey

Copy to: Docket
Admr R. File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, UGSG
Chron.

R.C.dc

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

November 15, 1954

Memorandum

To: The Administrator, DMEA

Attention: Mr. W. R. Griswold

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3385 (Lead-Zinc-Copper), Elkhorn Consolidated, Inc.

Pursuant to a memorandum dated November 3 from Mr. Griswold, we have prepared a contract covering the subject project which is in satisfactory legal form provided that an Owner's Consent to Lien is required prior to execution.

The claim map identifies the land as located in "R. 4 W," but the application states that the land is in "R 3 W." As the description is not necessary for the purposes of this contract we have not included it in Annex 1. However, if the land is not in "4 W" it should be corrected on the claim map.

As the lease spells out a relationship between the Dunstone claim and the Klondike claim, after discussion of this point with Mr. Alt, a special provision has been added concerning payment of royalty on production through Dunstone workings of minerals mined outside said claim.

J. L. Hoffiund
Acting Assistant Solicitor
Defense Minerals

... of the Interior
... Minerals Administration
RECEIVED
NOV 6 1954

xxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

November 5, 1954

Mr. Paul F. Smith
26 West Sixth Avenue
Helena, Montana

Re: Docket No. [illegible]-3535 (lead-zinc-copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana

Dear Mr. Smith.

Reference is made to your inquiry of October 26, 1954.

We have talked with our Washington office about the above-cited contract and have learned that it is being processed. We believe that if a contract is granted it should be received in a few weeks, but we cannot give you a definite statement as to when, as other questions about the application could possibly arise and cause further delay.

We will notify you immediately if we receive the contract.

Sincerely yours,

John S. Vhay
For: A. [illegible] Weissenborn, Executive Officer
[illegible] Field Team, Region II

cc: [illegible]

[illegible]

File Copy
Surname
J.W. Alt.

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

November 3, 1954

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Chief, Base Metals Division

Subject: Preparation of Contract for Docket No. DMEA-3385, Elkhorn Consolidated, Inc., Jefferson County, Montana, (Lead-Zinc-Copper)

Will you please prepare a contract for the cited application. A draft of this contract is attached to this memorandum and the required copies of the 2 maps are enclosed in the docket.

We will notify the Executive Officer of Region II that the Applicant will be required to supply the Owner's Consent to Lien before this contract can be executed.

W. R. Griswold

W. R. Griswold

JWAlt/er 11/3/54

Copy to: Docket
Base Metals
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

October 20, 1954

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

Re: Docket DMEA-3385 (lead-zinc-copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana

Dear Mr. Selfridge:

Enclosed are the original and three copies of an amended detailed cost analysis by Mr. John D. Bardill, U. S. Bureau of Mines, in support of proposed unit costs for shaft sinking and drifting in connection with the above docket. This supplements Mr. Bardill's memorandum of October 4, 1954.

Sincerely,

A. E. Weissenborn

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

Enclosure 1 (in quad.)

cc: USBM (2)
Weeks

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
October 19, 1954

MEMORANDUM

To: DMEA Field Team, Region II

From: John D. Bardill, Bureau of Mines, Region II

Subject: Detailed costs of amended unit-cost contract application, Elkhorn Consolidated, Inc., Dunstone Mine, Jefferson County, Montana, Docket No. DMEA 3385 (lead-zinc-copper)

This will detail the estimated unit-cost contract application of the above, given in my memorandum dated October 4, 1954 to the Field Team.

Estimate of Shaft Sinking Cost

60-ft. timbered shaft to measure about 7'x5' in the clear, average 1.5 ft/shift

Item	Cost/ft.
Labor (including all labor costs, payroll taxes, overtime, compensation insurance, social security, etc.)	$47.00
Part-time supervision, including engineering and accounting	6.50
Materials and supplies:	
Powder and fuse	4.60
Drill steel and bits	2.00
2-in. air and pump column, 2 @ 45¢/ft.	0.90
1-in. water column, 25¢/ft.	0.25
Ventilation pipe @ $1/ft.	1.00
Timber @ $25/5-ft. set	5.00
Gas and oil	4.00
Small tools, water hose and pipe fittings	2.00
Transportation	2.50
Repairs and maintenance of equipment	5.00
Initial preparation, installation of equipment, etc.	5.00
Depreciation on equipment (use allowance on $10,000)	4.00
Hoist cable, $60 allowance for job	1.00
Ore bucket, $30	0.50
	$91.25
5% contingency	4.56
Total	$95.81

Discussion of Estimated Sinking Costs

Experienced shaft men average not less than $25 per shift and will average about 1½ feet of completely timbered shaft, including installation of facilities. Wages for hoist-surfacemen are about $15 per day. Operating one crew of 2 shaftmen and 1 hoistman, the daily wages will be $65 plus 10 percent for compensation insurance or $71.50, equivalent to $47.60 per foot.

Winter work will probably be confined to a one shift basis because of inaccessibility of the mine and lack of adequate housing facilities.

Part-time supervision and engineering has been estimated at the rate of $175 per month for 2 months, plus $40 for accounting.

Powder and fuse, drill steel and bits, pipe, ventilation pipe, gas and oil and timber prices quoted are about normal for work of this type and scope.

The mine is about 21 miles from the nearest railroad at Boulder, which in turn is about 35 miles from Butte where supplies may be purchased; consequently, transportation costs will be relatively high per foot of shaft.

Only $300 has been estimated at $5 per foot for repairs and maintenance of equipment, which may be inadequate in case of a major breakdown but sufficient under normal conditions.

A total of $300 has been included to prepare for the start of shaft sinking and drifting from the new lower level.

Depreciation has been allowed at the rate of 1/60 per month of applicant's estimated value of the surface equipment for 2 months. This cost seems reasonable.

Allowance has been made for additional hoist cable and ore bucket.

The total estimated cost, plus 5 percent for contingencies, is $95.81. The application specifies $95.00 per foot of completed shaft.

Estimate of Drifting and Crosscutting Cost

700 feet of untimbered drifts and crosscuts, 5'x7' in clear, 100 ft/mo. or 4 feet per shift, on a 1 shift per day basis

Item	Cost/ft.
Labor (including all labor costs, payroll taxes, overtime, compensation insurance, etc.)	$13.45
Part-time supervision, including engineering and accounting	2.00
Materials and supplies:	
Powder and fuse	3.60
Drill steel and bits	1.50
2-in. air and 1-in. water line	0.70
Ventilation pipe	1.00
Gas and oil	2.00
Small tools, water hose and pipe fittings	1.00
Transportation	1.00
Track and spikes	1.50
Depreciation on equipment (use allowance on $10,000)	1.65
Repairs and maintenance of equipment	1.50
	$30.90
5% contingency	1.55
Total	$32.45

Discussion of Estimated Drifting and Crosscutting Costs

Labor is estimated at the rate of $17 per day for miners and $15 for hoist-surfaceman. A crew of 2 miners and 1 hoistman, plus 10 percent for insurance, etc., will cost $13.45 per foot at the rate of 4 feet per shift or 100 feet per month.

Part-time supervision, including engineering and accounting, is estimated at $200 monthly or $2.00 per foot.

Powder and fuse, drill steel and bits, gas and oil, small tools, water hose and pipe fittings are estimated to cost somewhat less because a smaller drift cross-section will probably be broken than in the shaft.

Water, air and ventilation pipe will be the same per foot as estimated for the shaft.

Transportation, depreciation, repairs and maintenance on equipment are estimated to be lower per foot for 700 feet of drifts and crosscuts.

A contingency of 200 feet at $5 per foot has been included for ground that may require timbering. This cost has been reasonably well established for ground that is not particularly heavy.

The 9 months engineering services cost has been absorbed in the unit cost.

The allowance for assaying 60 samples should be retained in the contract.

No salvage value has been placed on steel, pipe and rails because the cost of removal would probably exceed the salvage value.

John D. Bardill

Orig. & 3 cys - Wash.
USGS (2)
DMEA
JDB/he

IN REPLY REFER TO:

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

October 14, 1954

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

Re: Docket No. DMEA-3385
(lead-zinc-copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana

Dear Al:

Yesterday, I was called to a conference with Messrs. Griswold and Alt on the cited application. The topic of conversation was the cost analysis of the proposed project, as submitted by Jack Bardill, this analysis having previously been requested of you during a telephone conversation between you and Alt.

They pointed out that the analysis, as presented, was no analysis at all but rather a rephrasing of costs previously submitted; after reading the analysis I agreed with them. The point here is that it is not enough merely to say that the contract price of an untimbered drift should be $30.00 per foot, as that is a fair price. Everyone is agreed that $30.00 per foot is a reasonable figure and I don't think anyone would hesitate to put that cost in the contract; however, proposed unit cost contracts are all carefully audited by DMEA auditors, who are in turn audited and closely watched by G.A.O., therefore, any proposed costs must be carefully substantiated otherwise they may be disallowed. In fact, DMEA is under strong pressure from G.A.O. to discontinue writing unit cost contracts. They refer to them as DMEA's F.H.A. program. I realize the field can say DMEA officials have ample material on hand with which to write their own cost analysis. This might be true, however, DMEA's attitude is that the Field Team should obtain and present the facts and that with those facts they, DMEA, will make the decisions. They are opposed to making cost analysis here in Washington for while they might be able to tailor cost breakdowns to fit the proposed costs submitted by the applicant or the field, they would be on unsound ground should they have to justify their decision.

You and I, of course, are familiar with Jack and know how he operates. However, in the light of the present cost analysis, the Base Metals Division appears to have but 2 choices; 1) they can return the report to the field to be rewritten along the lines of cost breakdowns written by Howard, Zoldak, Anderson, etc., or 2) they can take the present cost analysis and write an allowable maximum accrued cost contract using Bardill's figures as allowable maximums. I believe they intend to follow the latter course, therefore, if you believe the operator would be content with an allowable maximum contract no further attention to this matter is needed. On the other hand, if you want a unit cost contract you should have the Bureau submit a better breakdown of the proposed costs. I mention this, not as a request for a breakdown but merely as a tip-off, as I know and agree with your preference to unit cost contracts.

I have not seen the Hecla nor the Constitution contracts although I am informed that both have cleared legal and should soon be on their way to the field. I believe both of these are unit cost contracts but from what I hear they may be the last of the big contracts to be written in this fashion. From the pressure G.A.O. is putting on DMEA it will be very difficult to continue writing this type of contract. In all probability from now on we will be getting accrued cost allowable maximum contracts. I have argued against this change as have many of the DMEA members but its likely that we will be overruled.

Thor H. Kiilsgaard
Staff Assistant for DMEA

THKiilsgaard:hlm
G-10/14/54

Copy to: Director's reading, 4212
Branch reading, 4212
Docket file
W. R. Griswold, 4444

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

October 14, 1954

Memorandum for the Files

From: J. W. Alt, Base Metals Division

Subject: Docket No. DMEA-3385, Elkhorn Consolidated, Inc., Dunstone Mine, Jefferson County, Montana, (Copper-Lead-Zinc)

In a telephone conversation with A. E. Weissenborn, Executive Officer, Region II in regard to the cited application, he was informed that we had received the report of I. D. Bardill but that these figures as submitted would not enable us to write a unit cost contract for the proposed work. From the figures as submitted by J. D. Bardill we could write an actual maximum allowable cost contract but we are of the opinion that the Operator would like to do the exploration work on a unit cost basis.

Mr. Weissenborn said that he would submit a breakdown of costs for drifting, crosscutting and winzing. I informed him that we would hold up the writing of this contract until we received these costs.

J. W. Alt
J. W. Alt

WWA/er 10/20/54

Copy to: Docket
Base Metals
Chron

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

October 7, 1954

Air Mail

Mr. George Griswold
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-3385 (lead-zinc-copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana

Dear Mr. Griswold:

In reply to your recent telephone request for further documentation on the costs of the proposed unit-cost contract at the Dunstone mine, I am enclosing a memorandum from J. D. Bardill, Bureau of Mines, dated October 4, 1954, analyzing the costs in the proposed contract. Although this is a brief memorandum we believe it answers the questions that you have raised and trust that it will be acceptable.

Sincerely yours,

A. E. Weissenborn

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

Enclosure 1 (in quad.)

cc: DMEA (2)
USBM (2)
Weeks

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

1201 N. Division St.
Spokane 2, Washington
October 4, 1954

OCT 11 1954

MEMORANDUM

To: DMEA Field Team, Region II

From: John D. Bardill, Bureau of Mines, Region II

Subject: Amended application, Elkhorn Consolidated, Inc., Dunston Mine, Jefferson County, Montana, Docket No. DMEA 3385 (lead-zinc-copper)

After a review of the amended application dated August 18, 1954, the following suggestions are recommended.

1. Allow a maximum of 200 feet of timbering @ $5.00/ft. in the event that some drifts and/or crosscuts will require timbering.

2. The contract price of $30.00 per foot for untimbered drifts and crosscuts has generally been accepted as fair in this region and should be retained.

3. Accounting for unit cost contracts is practically negligible and should be deleted.

4. Engineering services at $100.00 per month may be reduced from 12 to 9 months. It should be retained as a separate maximum cost item apart from sinking, drifting, and crosscutting as assurance that competent engineering services will be employed to direct the work. The work should be completed within 9 months.

5. Cost of silver, lead, zinc and copper assays, including express, for 60 samples may be reduced from $5.00 to $3.50 per sample.

Revised maximum cost estimates are as follows:

Sink 60 feet @ $95.00/ft.	$ 5,700.00
Crosscutting and drifting not to exceed 700 feet @ $30.00/ft. untimbered	21,000.00
Drift and/or crosscut timbering not to exceed 200 feet @ $5.00/ft.	1,000.00
9 months engineering services @ $100.00/mo.	900.00
60 assays @ $3.50/sample	210.00
Total	$28,810.00

John D. Bardill

Orig. & 3 cys - Wash.
USGS (2)
DMEA
JDB/he

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

September 30, 1954

Memorandum for the Files

From: J. W. Alt, Base Metals Division

Subject: Docket No. DMEA-3385, Elkhorn Consolidated, Inc. Dunstone Mine, Jefferson County, Montana, (Lead-Zinc-Copper)

On this date I phoned A. E. Weissenborn, Executive Officer, Region II, in regard to the cited application, and to the letter of September 2, 1954. In recommending this project for a Government exploration project contract the Field Team did not submit a breakdown of costs for drifting, crosscutting and shaft sinking and stated that the Applicant's costs are quite proper.

I explained to Mr. Weissenborn that we would need a breakdown of costs as there is a difference in the Applicant's submitted costs and those as recommended by his engineer, S. J. Giulio in his report of July 10, 1954. Mr. Weissenborn said he would endeavor to send us this information soon.

In this conversation, I also told Mr. Weissenborn that in their future reports that they should submit a breakdown of costs for proposed work. This he agreed to do. It was explained that submitting this information with their recommendation would expedite the processing of the application.

Mr. Weissenborn informed me that the breakdown of costs as requested by me for the Edmund E. Pohl, et al, application Docket NO. DMEA-3432, would be sent to us soon. I also stated in regard to this application that we would exclude any work that involved the Winston Claim and that Mr. Thor Kiilsgaard was writing to him pertaining to this.

J. W. Alt

J. W. Alt

JWA/er 10/20/54

Copy to: Docket
Base Metals
Chron.

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

September 29, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 29 1954

Memorandum

To: W. R. Griswold, DMEA

From: C. H. Johnson, Bureau of Mines

Subject: DMEA-3385 (Lead-Zinc, Copper) Elkhorn Consolidated, Inc., Dunstone Mine, Jefferson County, Montana

I have reviewed the field team report of September 2, 1954 on the above-named application; also the report of the same date by Weeks of the Geological Survey.

These reports, like the applicant's reports, are not very informative as to the size of the orebody that is the subject of this exploration project. It occurs, according to the maps and text of the reports, as a small, pipe-like, steeply dipping body at the intersection of two weakly mineralized veins or fissures, and has been mined to the 100 level. The proposal to sink the shaft 100 feet or so and explore by crosscutting and drifting on the 210 level appears adequately justified, assuming either or both of two possibilities: (1) The orebody, though small, is very rich, or (2) the orebody proves much more extensive on the 210 than indicated by the maps of ~~copper~~ upper levels.

I agree with Mr. Newcomb of the Geological Survey, who, in his memorandum of September 16, objects to Stage III as proposed in the application and approved by the Field Team. This proposal which is to drive out to the vein on the 136 foot level after completing exploration on the 210 foot level, can hardly be regarded as exploration.

C. H. Johnson

C. H. Johnson for
O. M. Bishop

Copy to - T. H. Kiilsgaard,
Room 5227
Minerals Division
O. M. Bishop
Files

IN REPLY REFER TO:

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

SEP 17 1954

September 16, 1954

Re: DMEA-3385
Dunstone Mine
Jefferson Co., Mont.
$28,800
Lead-Zinc-Copper

Memorandum

To: W. R. Griswold
Defense Minerals Exploration Administration

From: E. L. Newcomb
U. S. Geological Survey

Subject: Review of application and Field Team Report

The applicant originally proposed to deepen the Dunstone shaft 100 feet and to drift 150 feet on the 250 level along the most favorable ore structure. A private report prepared by S. J. Giulio accompanied the application. The ore structures on the Dunstone claim are well presented and the relationship of the proposed work to these vein structures is adequately shown on maps in the report.

A revised application was submitted for this same project which divided the exploration into three stages.

Stage I.
1. Deepen shaft from 150 to 210 level.
2. Crosscut 100 feet to Vein A on the 210 level.
3. Drift 200 feet on Vein A.

Stage II.
1. Drive 100 foot drifts on Veins A, B and C.

Stage III.
1. Drift 100 feet on Vein C on the 136 level.

The Field Team recommends that DMEA approve an exploration contract at this property.

The Dunstone mine is adjacent to the Klondike mine which is reported to have produced some gold and copper. It is also near the end line of the Elkhorn mine which has produced over $32,000,000 worth of silver-lead-copper.

Mineralization at the Dunstone mine has been concentrated mainly along the intersection of two faults, but some ore also occurs along the individual faults. Veins A and B of the Giulio report represent these fault fractures. A third fracture, Vein C, which intersects Vein A is reported by the Field Team to be weakly mineralized in the shaft near the 136 level.

Past production in the mine has come from the northeasterly raking intersection of Veins A and B. Ore minerals are localized as pods and lens-shaped bodies along the veins, but most of the stoping has been done along the A and B Vein intersection.

Stage I and II, as presented in the revised application, will explore on the 193 level about 120 feet of strike length on Vein A and the Vein B and C intersections with Vein A and additional 300 feet of drifting on Veins A, B and C. These stages are adequate to test the favorable ore structures on the Dunstone property. However, Stage II work should be done only if Stage I results are encouraging and after the Field Team has reviewed the Stage I work.

Proposed Stage III is not justified and I recommend against including it in the contract. On the basis of our present information, I recommend Stages I and II be approved for a contract.

E. L. Newcomb

E. L. Newcomb

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Dec
Betty

September 2, 1954

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

Re: Docket No. DMEA-3385 (lead-zinc-copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana

Dear Mr. Selfridge:

Enclosed are four copies of a memorandum prepared by R. A. Weeks, Geological Survey, with reference to the property cited above.

The proposed exploration is a revision of an earlier proposal. The general objectives appear to be geologically quite sound and suggested Stages I and III are reasonable; however, drifting scheduled in Stage II should be done in locations approved by the Field Team instead of designating 100 feet of drifting for each vein.

A cost analysis has not been prepared. The applicant's costs seem quite proper; in fact, consideration might be given to increasing drifting costs for perhaps half of the footage to $34.00 per foot in case, as seems likely, some timbering is necessary.

The Field Team recommends that the Government participate in an exploration project at this property.

By Field Team, Region II

Wing G. Agnew

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

Verne C. Fryklund

Verne C. Fryklund, Acting Member
U. S. Geological Survey

Reviewed by
DMEA OPERATING COMMITTEE

9-13-54
(date)

Enclosure
cc: USBM (2)
Weeks

On file
F.T.R.

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

September 2, 1954

Memorandum

To: DMEA Field Team, Region II

From: Robert A. Weeks, Geologist, U. S. Geological Survey

Subject: Docket No. DMEA-3385 (lead-zinc-copper), Examination and recommendations, Elkhorn Consolidated, Inc., Dunstone Mine, Jefferson County, Montana

The proposed exploration project at the Dunstone mine has been discussed in conferences between Steve J. Giulio, consulting engineer for the company, J. D. Bardill, mining engineer, Bureau of Mines, and Weeks; Paul Smith, secretary of the company, Bardill, and Weeks; and Herbert Carver, local miner, Smith, and Weeks. The amended application represents the outcome of these discussions and is hereby recommended for approval.

The work to be done is as follows:

Stage I

A. Sink shaft 60 feet to 210-foot level (including sump).

B. Crosscut to and drift on "A" vein, a total of 300 feet.

Stage II

A. Drift 100 feet each on "A", "B", and "C" veins.

Stage III

A. Cut station and drift 100 feet on "C" vein on 136-foot level.

Reviewed by
DMEA OPERATING COMMITTEE
9-13-54
(date)

On June 21, 1954, I examined the subject property; on June 24 I discussed the application with Mr. Paul W. Smith, secretary of the firm.

The mine is on the west edge of the valley of Elkhorn Creek, about half a mile above the semiabandoned town of Elkhorn. The valley floor is covered by glacial morain; the mine shaft is about 20 feet above the contact of morain and Jefferson dolomite. The Dunstone mine is adjacent to the end line of the Elkhorn mine, which has produced over $32,000,000 worth of silver-lead-copper ore. It is also adjacent to the Klondyke mine, which has produced some gold and copper. The ore bodies in the Elkhorn mine are bedding replacement deposits, controlled by structural folding, with the majority of production coming from a single bed in the Pilgrim formation along the crests of two plunging anticlines. The Klondyke mine is developed along a gold-telluride-rich contact zone of the Jefferson dolomite with the Block Butte stock.

The Dunstone mine is reported by the applicant's engineer, S. J. Giulio, to be developed on an ore body emplaced along the intersection of two faults, and for short distances along the individual faults.

The mapping of Giulio is factual, and his interpretation of the ore body substantiated by all that can be seen underground. The third vein, vein "C" of Giulio's supplementary report, is rather weakly mineralized where seen in the shaft. Mineralization in veins "B" and "A" is not continuous, and the ore minerals appear to be in localized pods and lens-shaped bodies within the fractures. Only at the intersection of the two fractures were the stopes large and the ore body continuous, although stoping by earlier workers extends from below the 93-foot level to grass roots.

In summary, the Dunstone mine has produced silver-lead ore from the raking intersection of two veins--the "A" and "B" veins of Giulio's report. The present operators have sunk a vertical shaft to a depth of 150 feet, intersecting old workings at 39 feet and at 93 feet. They also encountered an unworked vein, the "C" vein, at 136 feet. The work proposed is intended to search for downward continuation of the known ore body by sinking 60 feet, crosscutting to the "A" vein, and drifting on the "A" vein to explore its intersection with the "C" and "B" veins. Stage 2 of the exploration will consist of drifting on each of the veins "A", "B", and "C", to explore for ore in the structures and to check for additional intersections with other fractures.

Stage 3 of the exploration will explore the "C" vein at the 136 level, and will look for its intersection with the "A" vein on that level. Each stage will be contingent upon the results of preceding work.

The program is believed to be reasonable, and I recommend that it be approved.

Distribution:
DMEA (Orig. & 3)
USBM (2)
USGS (SRO)
Docket
Weeks

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

August 29, 1956

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

Re: Docket No. DMEA-339 (lead copper)
Silbhorn Consolidated, Inc.
Limestone Claim
Jefferson County, Montana

Dear Mr. Fairfield:

Enclosed are 3 copies of an amended application by Silbhorn Consolidated, Inc., 20 West 6th Avenue, Helena, Montana.

Mr. R. A. Weeks, Geological Survey, had started preparation of a report before the application was amended; his revised report will soon be available.

Sincerely yours,

Verne A. Fryklund
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosure

cc: DMEM (2)
Helm

C O P Y

TELETYPE

WA SP 150 I-GS-G

SPOKANE WASH 8-9-54 425P

MR. GEORGE C. SELFRIDGE,

CHAIRMAIN OPERATING COMMITTEE DMEA DEPARTMENT OF INTERIOR WA 25

Docket

REURTEL OF AUGUST 6, DMEA 3326, 3340, AND 3385 APPLICATIONS. GEOLOGIC APPRAISALS IN PREPARATION. MEN HANDLING THESE APPLICATIONS IN FIELD AT PRESENT.

JOHN S. VHAY ACTING MEMBER DMEA FIELD TEAM REGION 2

6 3326 3340 3385

VA 425P

T E L E T Y P E

JWAlt/bjl, Rm. 4058, Ext. 3669

Base Metals, DMEA, Interior

14X4401(01) Revolving Fund,
Defense Production Act, Interior
(allocated Working Fund to Office
of the Secy.

AUG 6 1954

Date:

To: A. E. Weissenborn, Executive Officer, DMEA Field Team, Region II, Spokane, Wash.

Please advise regarding status of applications DMEA-3326, F. R. Davies and Son; DMEA-3340, E. H. Sowers and Stanley G. Johnson; DMEA-3385 Elkhorn Consolidated, Inc.

George C. Selfridge
Chairman, Operating Committee

(written 8/6/54)

Copy to: Docket (3)
Admr. R. File
Op. Committee
Base Metals (3)
Mr. Gildersleeve
Mr. Bishop
Chron.

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

Cir - Site Supplemental Report

June 18, 1954

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

Re: DMEA Application (lead-copper)
Elkhorn Consolidated, Inc.
Dunstone Mine
Jefferson County, Montana

Dear Mr. Selfridge:

Enclosed are three copies of a supplemental engineering report by S. J. Giulio on the cited application. This report is intended to supplement the application referred to your office on June 2, 1954, and should be distributed and attached to copies of that application now in your possession.

Sincerely yours,

Thor H. Kiilsgaard

Thor H. Kiilsgaard
Acting Member, DMEA
Field Team, Region II

Enclosure

cc: USBM (2)
Weeks

SUPPLEMENTAL ENGINEERING REPORT

June 10th., 1954

S. J. Giulio

D U N S T O N E P R O J E C T

The Elkhorn Consolidated mining property covered by this application is located in the Elkhorn Mining District, Jefferson County, Montana, in Section 11, Township 6 North, Range Three West, and is about one-half mile from the old town of Elkhorn. The nearest railroad shipping point is Boulder (G. N. R. R.) distant from Elkhorn about 20 miles by good state and county road. The nearest smelter is located at East Helena, Montana, about 35 miles by railroad from Boulder. Trucking distance from Boulder to East Helena, over US 91, is about 30 miles.

The mine is presently developed by a vertical shaft 150 feet in depth. Of this depth 93 feet is the original workings, the remainder having been recently performed by Elkhorn Consolidated. The only development level of any consequence, from this shaft, is at the 93 foot horizon; but most of this work was also recently performed. Apparently the early-day operations were confined to following the ore-shoot along its "rake" downward and to the north. Present evidence is that stoping was continued below the 93 foot level at least 25 to 30 feet.

The particular development or exploration covered by this application will be performed within the boundaries of the Dunstone mining claim on structures wholly within limestone or dolomite or intermediate phases thereof. However, in the immediate vicinity may be found andesites, diorites and variations of shales, the latter probably underlying the lime-dolomite, Dunstone structures at considerable depth.

Primarily, there are two opposite dipping, different striking, vein structures which produce an ore-shoot at their intersection. This is readily apparent upon examination of the old stoped areas, where high-grade production is reported in the early days. In some instances the enrichment has followed one or the other of the above structures -or fractures therefrom- along its "strike" for some distance away from the intersection. Please refer to the accompanying maps for detailed survey information.

The two vein structures above referred to are designated on the maps as Vein "A" and Vein "B". By surface mapping, rehabilitation of old workings, and several long drill-holes, both of these veins were proven to be rather regular in dip and strike, within certain limits.

Another structure, which was encountered near the bottom of the present shaft, has the appearance of being of sufficient strength to warrant attention at this time. This structure has been identified on the map as Vein "C" and appears to have a strike and dip somewhat identical to that of Vein "B". However, the limited exposures at this time do not lend themselves to a definite analysis thereof, so this fracture should be considered in that light. The possibility of developing another vein intersection is highly probable and for this reason it is believed that a small development expenditure here would be most feasible inasmuch as an intersection of this structure with Vein "A" may produce another ore-shoot. This project would require approximately 50 feet of

drifting, on structure, and its proximity to the shaft and surface, is such as to reduce development costs substantially.

Roughly, the proposed program would be to sink the present shaft an additional 100 feet and from this point to drift and cross-cut towards the projected vein intersection of "A" and "B" which is approximately 200 feet. The so-called Vein "C" project would follow the presently exposed structure, northerly, to a point of intersection with Vein "A" and, as previously stated, would require 50 feet of drifting.

It is suggested that the 50-foot drifting project, at approximately the 136 foot shaft horizon, be first carried out. This should not require a very long period and would most certainly be beneficial to the lower development and exploration in the event it should prove another ore-structure, however limited.

It will be noted that the horizontal development proposed at the 250 foot horizon is directed toward a probable Vein "C" intersection. Even though such an intersection should not exist, this engineer would nevertheless suggest such an approach to the projected ore-shoot. By so doing some of the proposed work would be on structure, and the additional cost would be relatively small in a few feet of added distance.

It is rather difficult to arrive at an exact unit cost covering sinking and drifting. A sinking cost of $100 per foot, and a drifting and cross-cutting cost of around $30 per foot is suggested in this mine. The type of ground encountered here would

require no timbering for the drifts and cross-cuts and but very light timber for the shaft work. In the shaft, 6" x 6" timber, with sets at 8-foot intervals is sufficient, with very little lagging requirements. The shaft is approximately 6' x 9' in the clear, and the cross-cuts and drifts would be a maximum of 5' x 7'. It is not at all unlikely that the shaft work could be performed for as low as $80 per foot, thus allowing for any additional drifting that may be required. See the attached estimated "cost" tabulation for details.

The one questionable problem which may develop, and which should be anticipated, is the encountering of a substantial flow of water, particularly when the main structures may be intersected. Although the abnormal flow thus produced may be temporary, nevertheless it should be taken into consideration, and proper provision made in this direction, otherwise the costs may substantially exceed the normal estimates. In this connection, I would strongly recommend the installation of an electric power line (which has already been considered) and which will cost not more than $1500, so I am advised. This power line would insure sufficient, flexible, power to handle most any sort of pumping emergency; whereas the present gasoline-air "set-up" (although excellent for drilling and hoisting) could not possibly take care of a substantial underground water flow. It is my understanding that the proper easements and other requirements in connection with the power-line construction have already been taken care of.

ESTIMATED COSTS:

DESCRIPTION	DETAIL PER FOOT	TOTAL PER FOOT
SINKING: ----------	---------	$ 80.00
Accounted For As Follows:		
Labor (Includes Surface Man) ----------	$ 50.00	
Payroll Taxes (uc-ss-Industrial) ---------	5.00	
Explosives (Powder-caps-fuse) ----------	4.00	
Timber (complete with lagging) ----------	5.00	
Power (Electric) ----------	3.00	
Misc. (Accounting-Engineering-Supervis) -	2.50	
Contingencies ----------	10.50	
DRIFTING & CROSS-CUTTING: ----------	---------	$ 30.00
Accounted For As Follows:		
Labor (Includes Surface Man) ----------	$ 15.00	
Payroll Taxes (uc-ss-Industrial Ac) -----	1.50	
Explosives (Powder-caps-fuse) ----------	3.25	
Timber ----------	----	
Pipe & Rail ----------	3.00	
Power (Electric) ----------	3.00	
Misc. (Accounting-Engineering-Supervis) -	2.50	
Contingencies ----------	1.75	

TOTAL ESTIMATED COST OF PROJECT:

ITEM	COST
Sinking (100 feet @ $80.00) ----------	$ 8000.00
Drifting & Crosscutting (250' @ $30.00)-	7500.00
Power Line Construction ----------	1500.00
Electrical Equipment ----------	1500.00
Living Quarters (Rehabilitation) -------	300.00
Misc. (Equipment installation, mine rehabilitation & contingencies) -	2300.00
TOTAL ----------	$ 21100.00

The above report is not intended as a complete treatise on the Dunstone, but is prepared with the thought of supplying required engineering information to accompany an application for DMEA aid in a contemplated exploration program.

The attached maps are not complete geologically nor otherwise but are believed to cover sufficiently the proposed program.

Costs were prepared with the idea of giving, roughly, the distribution thereof; and the "contingency" item should give considerable flexibility as to eventual distribution. The physical character of Dunstone structure permits of cheaper mining than is generally encountered elsewhere. Supervisory costs need not be excessive.

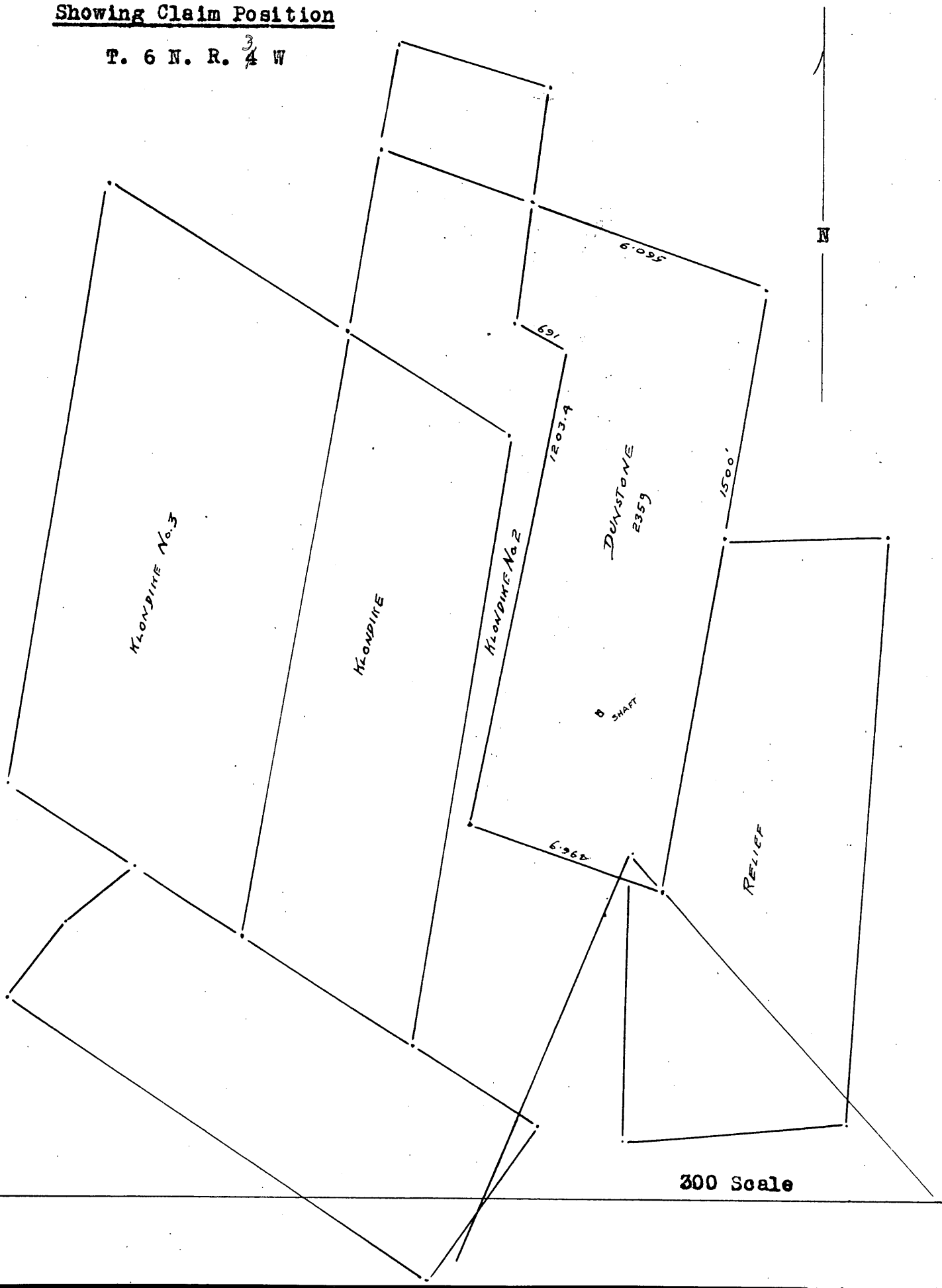
Respectfully submitted,

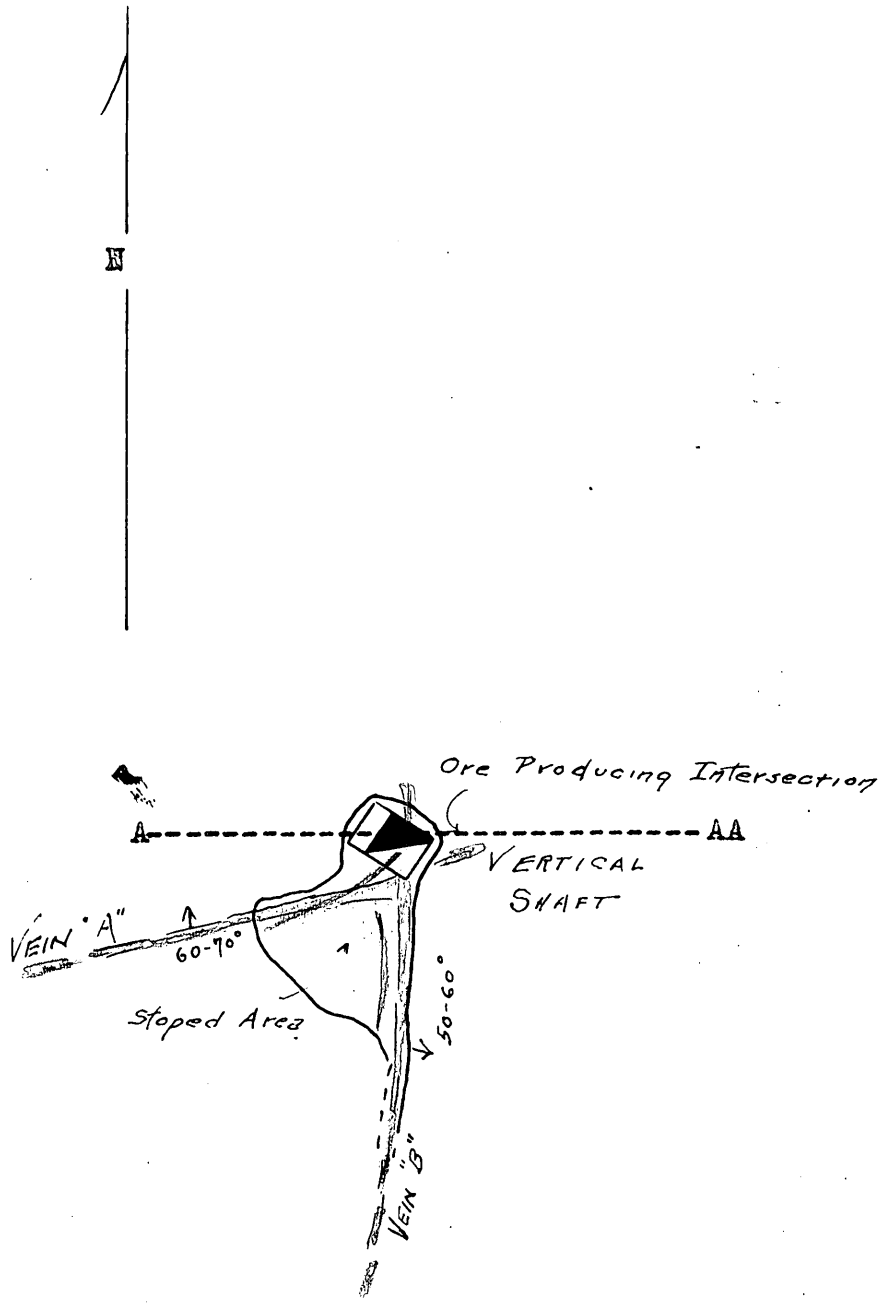
Steve J. Giulio, EM

DUNSTONE PROJECT

Showing Claim Position

T. 6 N. R. ~~4~~ 3 W

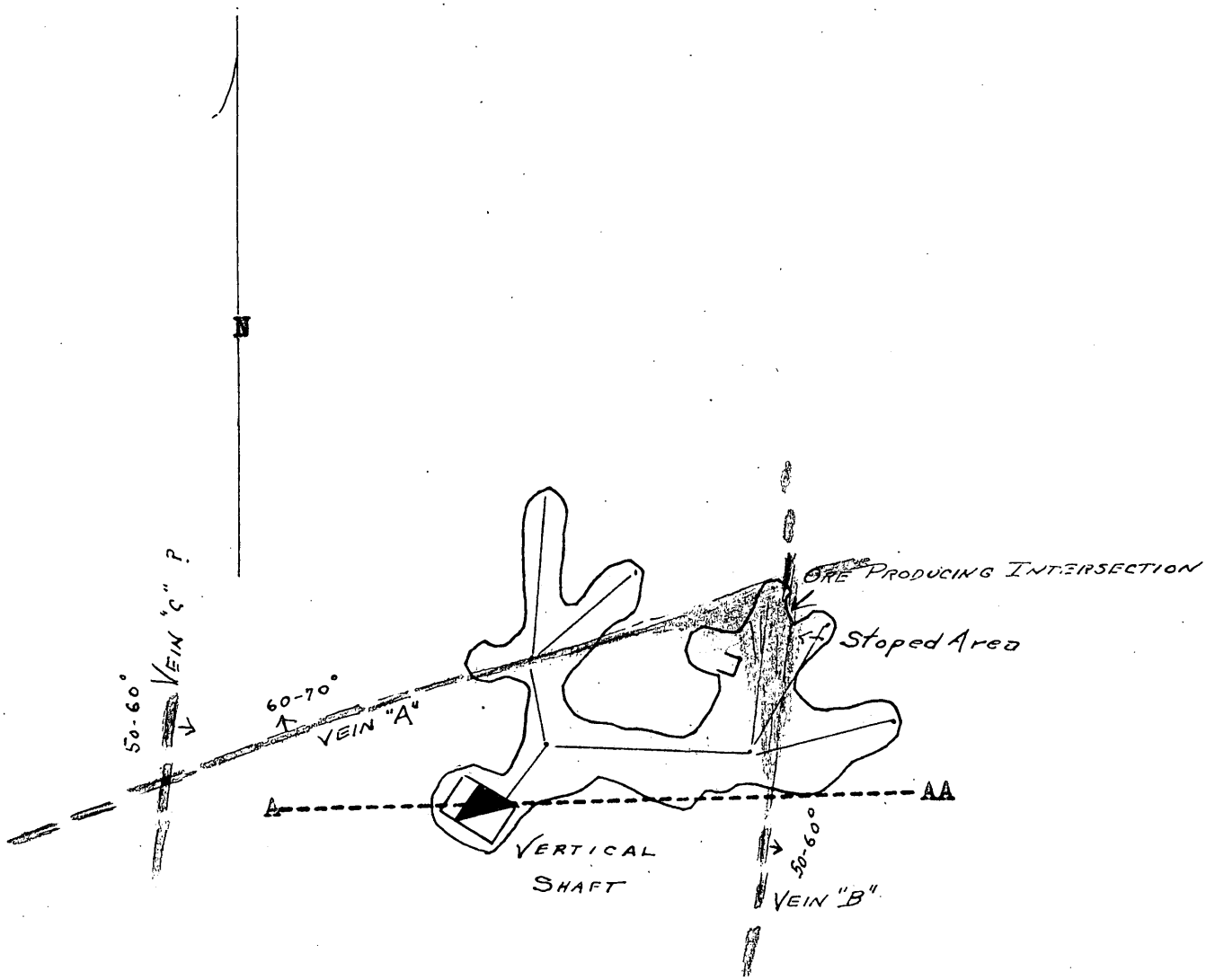




DUNSTONE PROJECT

39' HORIZON

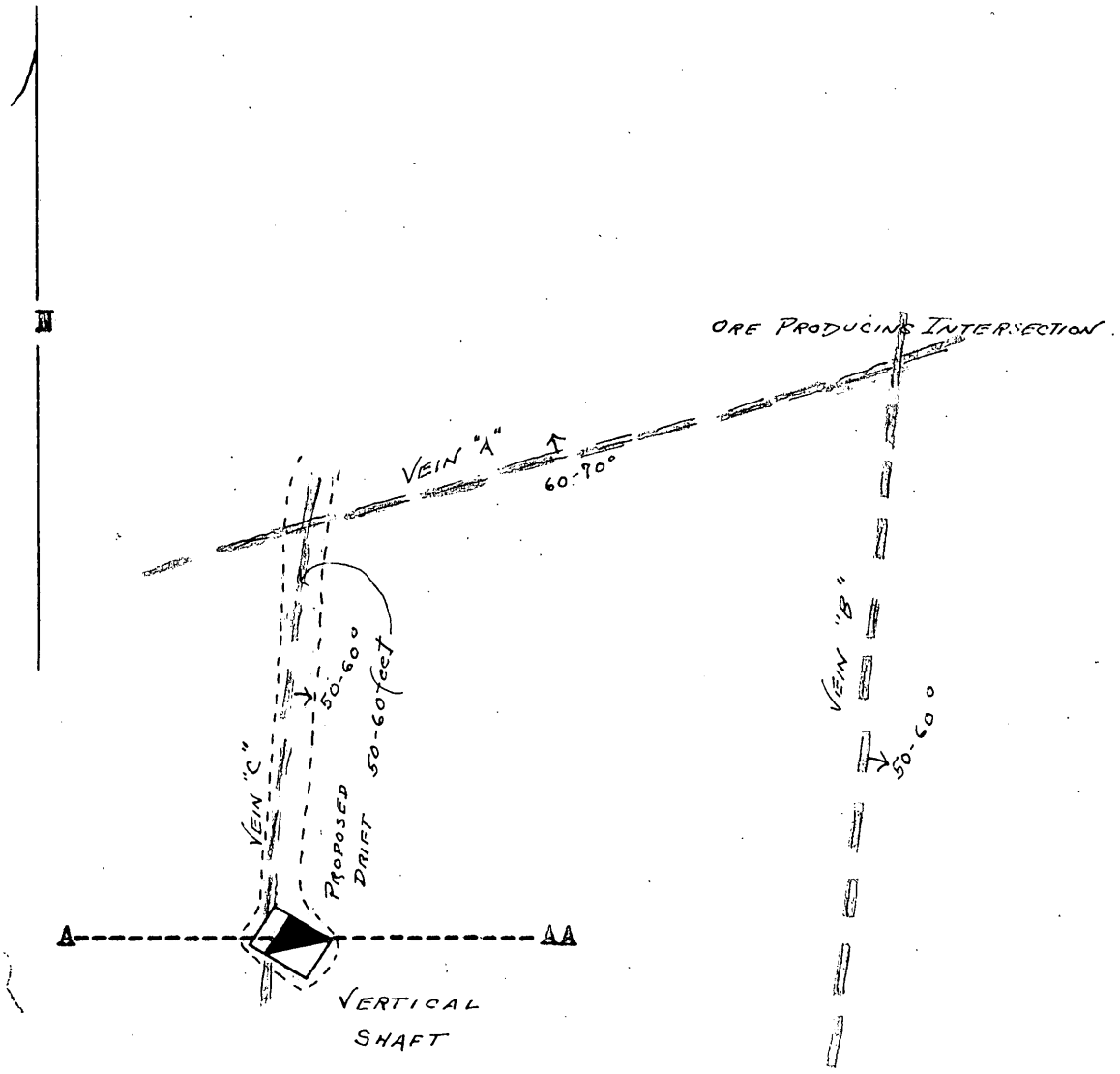
20 Scale



DUNSTONE PROJECT

93' HORIZON

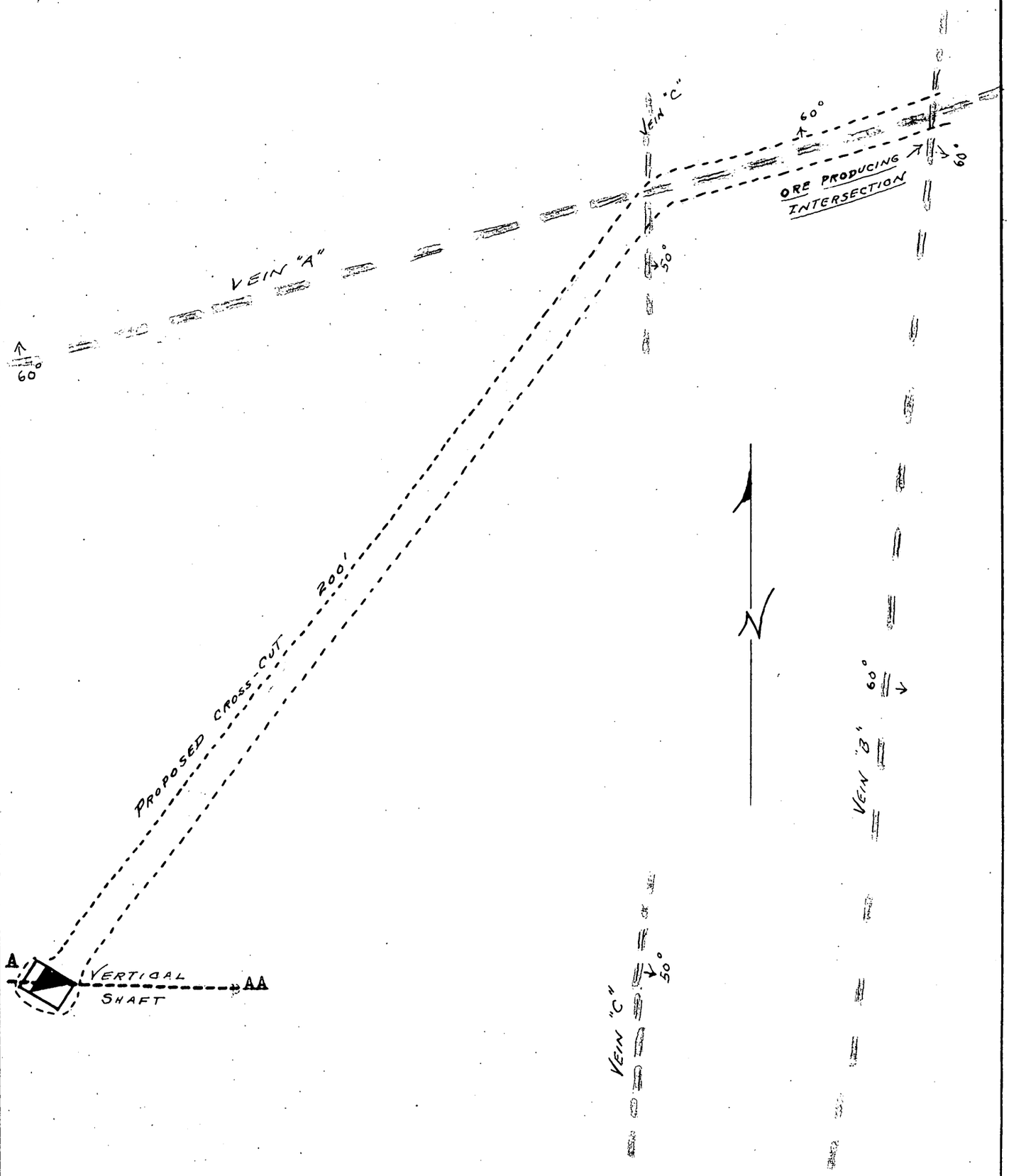
20 Scal



DUNSTONE PROJECT

136' HORIZON

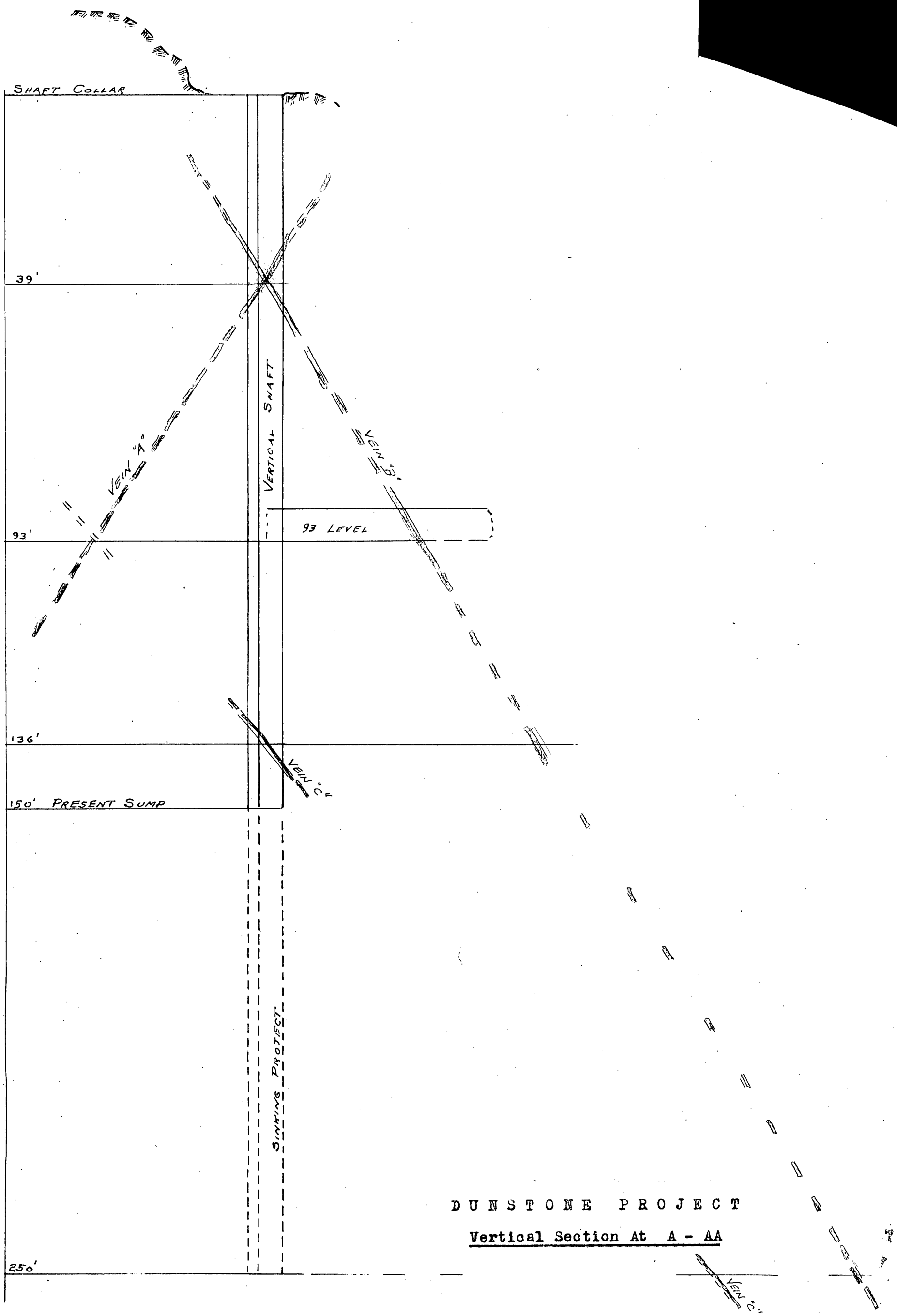
20 Scale



DUNSTONE PROJECT

250' HORIZON

20 Scale



DUNSTONE PROJECT

Vertical Section At A - AA

20 SCALE

Elkhorn Consolidated, Inc.
ATTN: Paul W. Smith, Sect'y
Helena, Montana

June 10, 1954
Subject: DMEA-3385
Re: Exploration Assistance
Dunstone Mine

Gentlemen:

The receipt of your application dated May 21, 1954 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3385 and referred to the Base Metals Division.

Kindly refer to in any future correspondence relating to your application.

Sincerely yours,

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

June 10, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region II

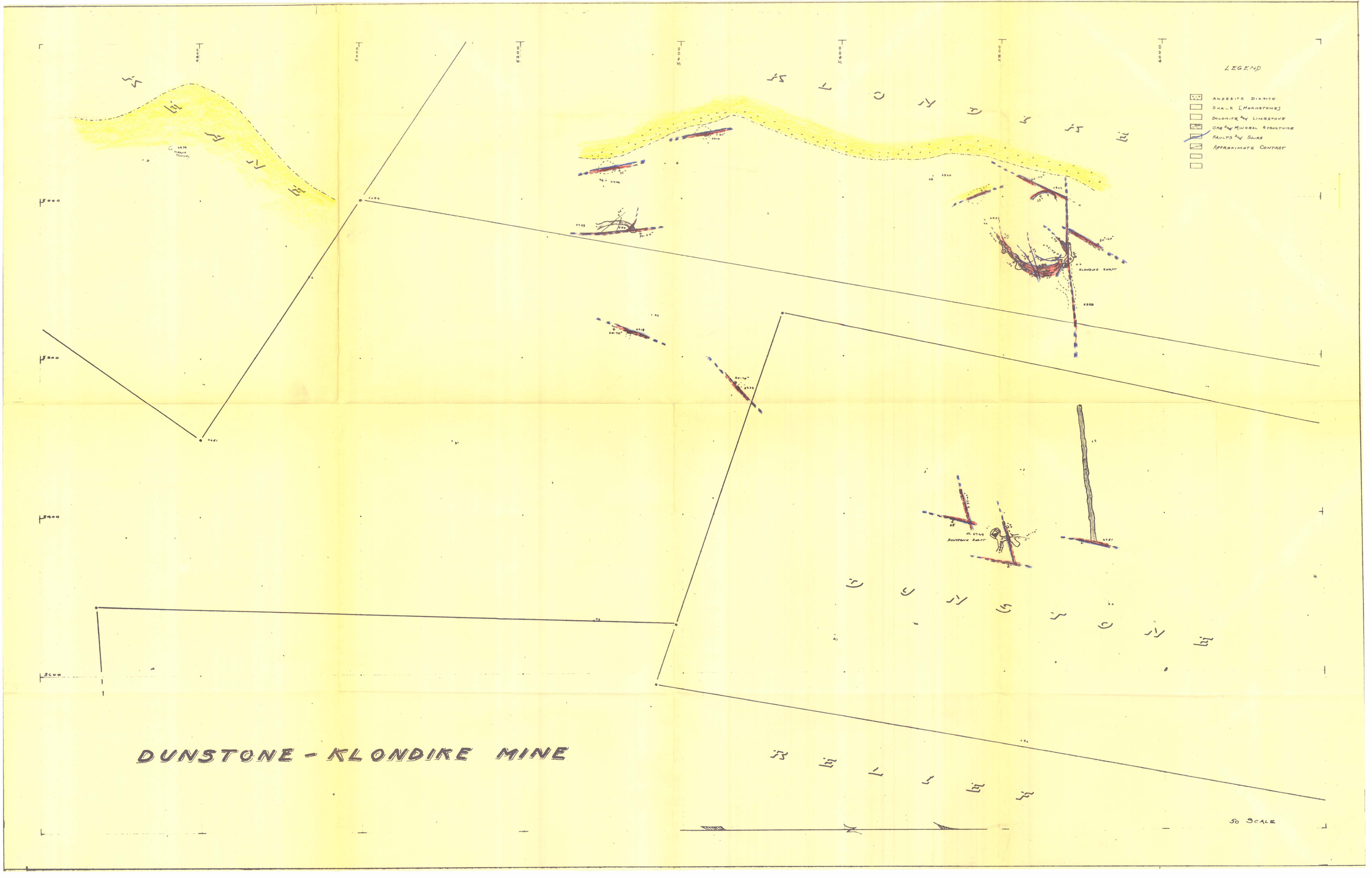
From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

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

DMEA - 3385 Elkhorn Consolidated, Inc.

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



DUNSTONE - KLONDIKE MINE