OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Second Amended Contract Idm-E60, Docket DMA-325 (zinc), effective August 1, 1957, with

Grandview Mines, Inc.
Suite 310, Radio Central Building
Spokane 4, Washington

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 Scandia Mine located in Stevens County, Washington, during the period September 9, 1959, through April 9, 1962.

A certification of discovery or development was issued on March 19, 1957, and, in accordance with Articles 6 and 10 and Annex II of the Second Amended Contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 16 years from the date of the Amended Contract (August 15, 1952) or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated November 7, 1958, indicated accepted costs under the exploration contract amounting to $44,922.00 with the Government's contribution on a 50 percent basis being $22,461.00.

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 April 9, 1962, the royalty account of this project was found to be:

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

May 3, 1962

E. D. Talbert

E. D. Talbert, OME Auditor

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This Second Amended Contract provides that the Operator, as principal if the producer and as surety if not the producer, shall pay the Government a percentage royalty on all minerals produced from the Scandia and Triangle Fraction unpatented claims and other properties located in the NE¼ of sec. 23, T. 39 N., R. 40 E., WM, Northport Mining District. At the time this contract was executed the Operator was in possession of the lands thereunder by virtue of a December 1, 1955, option agreement with Theodore, John, Donald, and Effie Nasburg, and Raleigh Hallenius, all of Spokane, Washington. In consideration of this contract, the landowners, who were the Operators under an Original Contract and an Amended Contract, executed a Consent to Lien and Subordination Agreement on June 18, 1957.

Exploration work under the contract was completed during August 1958. No ores were produced during the exploration period. Subsequent examinations of the property and inquiries have disclosed no production.

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 no minerals were produced 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.

(1) [illegible]
(2) [illegible]
(3) 2.25

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 Second Amended Contract No. Idm-E60, Docket No. DMA-325 (Zinc), effective August 1, 1957, with

Grandview Mines, Inc.
Suite 310, Radio Central Building
Spokane 4, Washington

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Scandia Mine located in Stevens County, Washington, during the period August 15, 1952, through September 8, 1959.

A certification of discovery or development was issued on March 19, 1957, and, in accordance with Articles 6 and 10 and Annex II of the contract royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 16 years from August 15, 1952, 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 November 7, 1958, indicated accepted costs under the exploration contract amounting to $44,922.00 with the Government's contribution, on a 50 percent basis, being $22,461.00.

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

(1) The mine has not been operated since completion of the exploration;
(2) Semi-annual reports by representatives of the Field Team, Region I, and other documents in the files do not disclose any production or sales of minerals from this property subject to Government royalty during the exploration period or subsequent thereto; and
(3) 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 has indicated that there has not been any production since August 15, 1952, from the land described in Article 2 of the Second Amended Contract and no royalty is due the Government.

C. E. Fisher

C. E. Fisher, OME Auditor

September 16, 1959

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Grandview Mines, Inc.

Address 310 Radio Central Building

Spokane, Washington

Exploration Contract No. Idm-E60 Docket No. DMEA-325

		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 17
Mar. 59

OFFICE OF MINERALS EXPLORATI

WORK COMPLETED ANALYSIS

X Certified 3/19/57. After final audit or review report is received, prepare in duplicate. File original in official docket. Send copy to Code 210.

Operator GRANDVIEW MINES, INC. (Theodore Nasburg et al Assignor) Actual Cost Yes

State WASHINGTON Agreed Unit Cost Yes*

Final Report of Audit R of R 11/19/56 & 3/19/57. Commodity ZINC Docket No. DMEA-325

Final Report of Review 3/19/57 Contract No. Idm-E60.

Type of Work (Use these categories only)	Authorized by Contract and Amendments		Completed and Paid for		Net cost after sale of Gov't. Property
	Units	Cost 1/	Units	Cost 1/	
Drifting & Crosscutting *	309' @ $35.00/ft.	$9,297.48	309'	$9,297.48	$ 9,297.48
~~XXXXXX~~					
Shafts	22.5'	1,654.00	22.5'	1,654.00	1,654.00
Winzes *	98.5' @ $100.00/ft.	9,850.00	98.5'	9,850.00	9,850.00
Drilling (Specify) Diamond @*$7.0/ft.	1,174'	8,225.61	1,174'	8,218.00	~~8,218.00~~
" @*$6.96/ft.	2,225'	15,486.00	2,225'	15,486.00	23,704.00
Surface Excavation					
Underground Excavation					
Sample Sacks--70 @ $0.35 each *		24.50	70	23.61	23.61
Operating Equipment Purchased		232.91		232.91	232.91
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Assaying--160 determinations @ $1.00 * each		160.00	160	160.00	160.00
Other (Specify)					
Totals		$ 44,922.00		$44,922.00	2/ $44,922.00

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

Prepared by W. P. Klugescheid Date 6/24/59.

52616

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3/11	[illegible]	500
3/11	[illegible]	500
3/13/57	[illegible]	140
3-14	[illegible]	800
3/16	[illegible]	130
3/18	[illegible]	110
18	Mitteudorf	100
3/20	C	220
	Bishop	
	Kilogaard	
		225

CERTIFICATION BY THE UNITED STATES OF AMERICA
OF A DISCOVERY OR DEVELOPMENT UNDER
AN EXPLORATION PROJECT CONTRACT

To: Mr. Karl W. Jasper, President
Grandview Mines, Inc.
Suite 310-311 Radio Central Bldg.
Spokane 4, Washington

Pursuant to the provisions of Amended Exploration Project Contract No. Idm-260, dated August 15, 1952, Docket No. DMEA-325, hereinafter called the "contract", between Grandview Mines, Inc., a corporation, and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows: Drifting on the main adit level of the Scandia mine, winsing from such level and drifting and cross-cutting from the winze bottom, plus diamond drilling from the surface, have proved the existence of zinc ores occurring as replacements in limestone.

Dated: MAR 19 1957

THE UNITED STATES OF AMERICA

By O. O. Mitteudorf
Administrator, Defense Minerals
Exploration Administration

WRGriswold/er 3/11/57
Copy to:
Docket
S. A. Fredell, Dr., Sec. SER. DIV.
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
AdmR R File
Op. Committee
Base Metals
Cont. Adm & Audit Div.
Finance Office
Region I, NW Dist. (2)
Mr. Johnson
Mr. Griswold
Chron.

Theodore, John, Donald and Effie
Nasburg and Raleigh Hallenius

8623

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/19/68		110
		220

SEP 19 1968

Grandview Mines, Inc.
310 Radio Central Building
Spokane, Washington 99204

Re: DMEA-325 (Zinc)
Grandview Mines, Inc.
Scandia Mine
Stevens County, Washington
Second Amended Contract Idm-E60

Gentlemen:

By the terms of the subject contract, all minerals mined or produced from August 15, 1952, to August 15, 1968, were subject to the Government's royalty as set forth in said contract.

As the period during which 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 or any future production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

FRANK E. JOHNSON (GLA)

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copies to: Theodore, John, Donald,
and Effie Nasburg
East 11805 Maxwell Avenue
Spokane, Washington 99216

Mr. Raleigh Hallenius
East 1305 Everett
Spokane, Washington 99207

cc: Director's Reading File
Economic Geology File
Branch of Budget & Finance
OME docket
OME Reading File
OME Region I
130

GLAult/a 9-19-68

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

EXTRA COPY
O. W. E.
RECEIVED NOV 14 1958

DATE	INITIALS	CODE
11-18	[illegible]	[illegible]

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Grandview Mines, Inc.
Suite 310 Radio Central Building
Spokane 4, Washington

pertaining to Exploration Project Contract No. Idm-E60, ~~Docket No. DMA-325K~~, dated July 16, 1951, including Amendment Nos. 1 to 3, inclusive, Amended Contract No. Idm-E60, Docket No. DMA-325, dated August 15, 1952, including Amendment Nos. 4 to 8, inclusive, and Second Amended Contract No. Idm-E60, Docket No. DMA-325, effective August 1, 1957, for the months of July 1951 to August 1958, inclusive, covering a project for the exploration of Zinc, on property known as the Scandia Mine, located in Stevens County, Washington.

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, verification of work performed by reference to Field Team Reports and correspondence, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the reasons given on the attachment to this report.

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

Total cost as billed by the Contractor		$44,930.50
Exceptions:		
Prior audit and review	$7.61	
Herewith (excess over contract)	.89	8.50
Total Accepted Cost		$44,922.00

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 Twenty Two Thousand Four Hundred Sixty One and no/100 Dollars is valid and proper, provided that the Regional Executive Officer, The Director, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount payable to Operator	$22,461.00
Amount paid to date	21,461.45
Balance due Operator	$ 999.55

George Mavor
George Mavor, OME Auditor

November 7, 1958

Reasons for Report of Review in lieu of a final audit

Idm-E60 Grandview Mines, Inc. DMA-325

(a) a major portion ($29,252.39) of accepted costs was covered by a Report of Review dated November 19, 1956, issued by C. A. Turner, DMEA Auditor;

(b) the balance ($15,669.61) of the accepted costs was under a contract provision for payment by the Government on the basis of fixed unit costs of work actually performed; and

(c) the administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible further disallowances thereunder.

Docket

RECEIVED

AUG 13 1956

WAIVER OF GOVERNMENT'S INTERESTS IN PROPERTY

(FORM B)

1/ To: Theodore, John, Donald, and Willo Hasburg, and Raleigh Hallenbus

E. 11805 Maxwell

Spokane 62, Washington

Operator under Exploration Project
Contract Idm-E 60, Docket No. DMEA
385, dated July 26, 1951.

The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, under the terms of the above described contract, hereby waives its interest in all property acquired under that contract (which is listed below:) 2/

1 Gasoline buckets (used)
250 ft. 5/8 Ulco rope
1 Shaver
1 60-gallon tank

Dated June 6 195 6

THE UNITED STATES OF AMERICA

By A. E. Weissenborn

A. E. Weissenborn, Chief Officer
DMEA Field Exp., Region I
Northwest District

Title

1/ Insert name of Operator.

2/ If the Government's interest in all property is being waived, strike the words "which is listed below " If the Government is waiving its interest in less than all property, list, in the space provided, the property in which the Government is waiving its interest. If there is insufficient space to list the property, write in the space on the form the words "See Exhibit 1, attached hereto and made a part hereof," and attach list entitled "Exhibit 1" to form.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Grandview Mines, Assignee
Spokane, Washington
and
The Scandia Mining Group, Assignors
Theodore, John, Donald, and Effie Masburg
and Ralph Hallenius, Partners
Spokane, Washington

pertaining to Exploration Project Contract No. Idm-E60, Docket No. DMA 325X, dated July 16, 1951, including Amendments Nos. 1 to 3, inclusive, and Exploration Project Contract No. Idm-E60, Docket No. DMEA 325, dated August 15, 1952, including Amendments Nos. 4 to 8, inclusive, and an assignment of contract dated March 8, 1956 (with an effective date of December 1, 1955) covering a project for the exploration of zinc on property known as the Scandia Mine, located in Stevens County, State of Washington, for the period of July 16, 1951 to October 1, 1956.

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 and records for the following reasons:

(a) The First Interim Audit Report and Certificate issued by C. A. Turner, DMEA Auditor, dated June 13, 1956, covered the accepted costs of $21,034.39 for the period of July 16, 1951 to June 1, 1956, and
(b) all of the accepted costs for the period of July 1, 1956 to October 1, 1956, $8,218.00, were incurred under a contract provision for payment by the Government on the basis of agreed estimated 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		$29,253.93
Exceptions:		
By DMEA Finance Officer	$1.54	
Herewith	None	1.54
Total Accepted Cost		$29,252.39

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 Fourteen thousand six hundred twenty six and 20/100 Dollars

--$14,626.20--

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

November 19, 1956

Schedule of Exceptions

Grandview Mines DMEA 325 Idm-860

Diamond Drilling

Claimed Final Form MF-104	1174 ft. @ $7.00	$8,219.54
Should be	1174 ft. @ $7.00	8,218.00
Disallowed by Finance Officer		$ 1.54

C. A. Turner, Auditor

November 19, 1956

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

INTERIM AUDIT CERTIFICATE

RECEIVED
JUL 2 - 1956

I have examined the records and transactions of:

Grandview Mines, Assignee
Spokane, Washington
and
The Scandia Mining Group, Assignors
Theodore, John, Donald and Effie Nasburg and
Raleigh Hallenius, Partners
Spokane, Washington

pertaining to Exploration Project Contract No. Idm E-60, Docket No. DMA 325X, dated July 16, 1951, including amendments Nos. 1, 2, and 3, and Exploration Project Contract No. Idm E-60, Docket No. DMEA 325, dated August 15, 1952, including amendments Nos. 4, 5, 6, and 7, and an assignment of contract dated March 8, 1956, (with an effective date of December 1, 1955) covering a project for the exploration of zinc on property known as the Scandia Mine, located in Stevens County, State of Washington, for the period of July 16, 1951 to June 1, 1956.

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

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

Total Cost as billed by Contractor		$ 21,040.46
Exceptions (See Audit Report for details)		
Prior to this audit	$ -0-	
During this audit	6.07	6.07
Total Accepted Cost		$ 21,034.39

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 Ten Thousand, Five Hundred, Seventeen and 20/100 Dollars

---- $ 10,517.20 ----

is valid and proper.

This Certificate is issued on the provision 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

June 13, 1956

INTERIM AUDIT REPORT

RECEIVED
JUL 2 - 1956

I. INTRODUCTION

During the month of June, 1956, the first interim audit (covering operations for the period of July 16, 1951, to June 1, 1956) was made of the records and transactions pertaining to Exploration Project Contract No. Idm E-60, Docket No. DMA 325X, dated July 16, 1951, including amendments Nos. 1, 2 and 3, and Exploration Project Contract No. Idm E-60, Docket No. DMEA 325, dated August 15, 1952, including amendments Nos. 4, 5, 6 and 7, and assignment of contract dated March 8, 1956 (with an effective date of December 1, 1955)
with the:

Grandview Mines, Assignee
Spokane, Washington
and
The Scandia Mining Group, Assignors
Theodore, John, Donald and Effie Nasburg and
Raleigh Hallenius, Partners
Spokane, Washington

covering a project for the exploration of zinc on property known as the Scandia Mine, located in Stevens County, State of Washington.

The original records under this contract were maintained by and were in the custody of John Nasburg, partner, whose residence is E. 11805 Maxwell Avenue, Spokane 62, Washington.

II GENERAL INFORMATION ON RECORDS

The records pertaining to the Exploration Project Contract consisted of the items of original entry, such as the foreman's pocket time book, payrolls, cancelled pay checks, payroll and industrial insurance reports to the State of Washington and Federal Government, vendors' invoices and cancelled bank checks. While the Operator did not maintain a complete set of books, the items of original entry were sufficient to adequately support the costs claimed. The records were brought in to the Spokane DMEA office for audit.

The Operator's Monthly Report and Voucher Forms MF-104 were made out and signed by John or Donald Nasburg, partners, up to and including July, 1952; those subsequent by Raleigh Hallenius, partner.

III SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs shown in the "Totals to Date" column of the Operator's Monthly Report and Voucher (Form MF-104) for the

month of September, 1954. A complete and detailed audit and analysis was made of all items of cost.

The audit disclosed a considerable amount of improper distribution of charges to the "Items of Cost" shown on the Form MF-104. Therefore, the audit findings presented below are those resulting after correction of the cost distribution.

(1) Unit Costs

Costs allowed the Operator for work performed on the basis of agreed Estimated Unit Costs of units of work actually performed are as follows:

Sinking Winze	98.5' @ $100.00 per foot	$ 9,850.00
Drifting	101.0' @ $ 35.00 per foot	3,535.00
Accepted Costs		$13,385.00

Footages applicable to unit costs were verified by M. R. Lickes, Mining Engineer and representative of the Field Team.

(2) Labor and Supervision

The basic records for the labor costs consisted of monthly payrolls prepared by John Nasburg, partner, from the pocket time books used in the mine.

During the audit all time books were checked against the payrolls, all of the earnings recomputed, and payments by reference to the cancelled checks.

Labor was charged to the project at the following rates:

Miners	$12.68 to $13.00 per shift
Muckers	$12.68 to $13.00 per shift
Contract Labor	$25.00 per foot for sinking shaft
Bookkeeper	$20.00 per day

Technical services were performed by
C. V. Payne
E. 324 Wellesley Avenue
Spokane 22, Washington

were supported by an invoice dated July 1, 1952, covering a topographical survey of the Scandia Mine.

The acceptable costs were found to be as follows:

Labor - By Partners	$ 2,920.74	
- Hired	778.06	$ 3,698.80
Bookkeeper		20.00
Supervision		-0-
Technical		150.00
Total Accepted Costs		$ 3,868.80

Labor as miners and muckers was performed by several of the partners at rates provided in the contract, which was claimed as a cost of the project. The partners, however, did not accept any pay for the labor performed, but considered it as a part of their contribution to the project cost.

(3) Operating Materials and Supplies

The costs chargeable to this category were determined by a detailed audit and analysis of the vendors' invoices, freight bills, and the cancelled bank checks. The following costs were determined by the audit to be allowable:

Timber	$ 96.17
Explosives	900.52
Pipe and Fittings	46.30
Track	137.93
Fuel Oil and Lube.	645.98
Drill Steel and Bits	277.43
Small Tools and Supplies	55.08
Miscellaneous	83.51
Accepted Costs	$2,243.42

(4) Operating Equipment

The acceptable costs under this category were determined by the audit to be as follows:

Rental		
1 Air Compressor, 105 C.F.M.	1 mo. @ $164.00	$164.00
1 Air Compressor, 210 C.F.M.	1-2/5 Mo. @ $290.	406.04
1 Air Hoist, G-D Model HK	1 mo. @ $73.00	73.00
1 Drifter, Gardner Denver	2-7/30 mo. @ $80.60	179.00
Accepted Costs		$ 822.04

Purchases	
1 Sinking Bucket (Used)	$ 20.60
250' 5/8" Wire Rope	67.13
1 Sheave	15.40
1 80-Gallon Tank	129.78
	$ 232.91

Depreciation

1 Tram Car	3-4/5 mo. @ $15.00	$ 57.00
1 Truck, 1½ Ton	3-4/5 mo. @ $63.00	239.40
1 set Air & Water Hose	3-4/5 mo. @ $12.00	45.60
Accepted Costs		$342.00

The Operator did not maintain a log of the time the equipment was used. However, the various periods for which the charges were made for depreciation were compared with the payroll hours worked, and the charges made appear to be reasonable and in order.

(5) Initial Rehabilitation and Repairs.

This item of cost not applicable to this Contract.

(6) New Buildings, Improvements, Etc.

This item of cost not applicable to this Contract.

(7) Miscellaneous.

The allowable costs in this category were determined by audit of the invoices and cancelled checks or, as in the case of payroll taxes and industrial insurance, by examination of the Operator's tax returns, insurance policies and reports. The acceptable costs, as determined by this audit, are as follows:

Miscellaneous

Repairs to Equipment	$ 45.04
Sampling and Analysis	5.00
Payroll Taxes	32.68
Liability Insurance	37.50
Bookkeeping	40.00
Accepted Costs	$160.22

Repairs to Equipment were determined by the analysis of the vendors' invoices to be:

Reconditioning Drill Steel	$ 24.33
Bucket Repairs	15.30
Miscellaneous	5.41
Total	$ 45.04

Sampling and Analysis covered charges made by the W. B. Stowell Company, W. 421 Sprague Avenue, Spokane for four zinc assays made for the Operator.

Payroll Taxes were computed after a review of the Operator's Federal and State reports, and cancelled bank checks on the hired labor only. Labor of the partners was not included.

Federal and State Reports examined and rates were found to be as follows:

Employer's Quarterly Federal Tax Return	
Firm No. 91-0581008	
Rate F.I.C.A. Taxes for 1951	1.5%
State of Washington	
Employment Security Department	
Firm No. 148671.00	
Rate Unemployment Insurance	2.7%
Federal Excise Tax Return	
Rate of 0.3% does not apply as the employer had less than eight employees.	-0-
Total	4.2%

Payroll Taxes (hired labor) $778.06 @ 4.2% $32.68

The audit disclosed that the Operator had failed to claim all of the payroll taxes authorized by the Contract. An addition of $10.43 was added to his claim since this amount was a proper charge under the terms of the Contract.

Liability Insurance was computed after a review of the Operator's report to the State of Washington and cancelled bank checks on the hired labor only. Labor of the partners was not included.

State of Washington
Department of Labor and Industries
Firm No. 174789
Rates

Industrial Insurance	$ .09 per hour
Medical Aid	.035 " "
Total	$ .125 per hour

Computation 300 hours @ $0.125 per hour $37.50

A disallowance of $16.50 was made from the Operator's claim which was the excess of this amount claimed over the amount allowed by the Contract.

Bookkeeping charges were made for two days' services rendered by John Hasburg at $20.00 per day on the Exploration Project records, one day on the payroll and one day was supported by an invoice.

(8) Contingencies

This item of cost not applicable to this Contract.

IV. CONCLUSIONS AND RECOMMENDATIONS

The audit disclosed that all costs charged to this project, with the exception of the disallowances in Category (7) Miscellaneous, industrial insurance amounting to $16.50, but including additions made by the audit to the Operator's claim, Category (7), Miscellaneous, payroll taxes amounting to $10.43, are reasonable and proper under the terms of the Contract.

The adjustments between "Items of Cost" as shown on the September, 1954 Operator's Monthly Report and Voucher Form MF-104, the disallowances, the addition to the Operator's claim, and the accepted costs as disclosed by this audit are summarized in the following audit summary:

AUDIT SUMMARY

	Totals September, 1954 Form MF-104	Corrected Distribution	Disallowed By Audit	Accepted Costs
1. Unit Costs				
Drifting off Winze	$ 3,535.00	$ 3,535.00	$ --	$ 3,535.00
Sinking Winze	9,850.00	9,850.00	--	9,850.00
2. Labor and Supervision				
Labor	3,718.80	3,698.80	--	3,698.80
Supervision	--	--	--	--
Technical	150.00	150.00	--	150.00
3. Operating Materials and Supplies				
Timber	24.23	96.17	--	96.17
Explosives	900.32	900.52	--	900.52
Pipe	--	46.80	--	46.80
Track	--	137.93	--	137.93
Freight	12.56	--	--	--
Power	641.29	--	--	--
Other (Carbide)	154.80	--	--	--
Fuel Oil and Lube.	--	645.98	--	645.98
Drill Steel and Bits	--	277.43	--	277.43
Small Tools and Supplies	--	55.08	--	55.08
Miscellaneous	--	83.51	--	83.51
4. Operating Equipment				
Rental	912.04	822.04	--	822.04
Purchase	632.39	232.91	--	232.91
Depreciation	252.00	342.00	--	342.00
5. Initial Rehabilitation and Repairs	--	--	--	--
6. New Buildings, Improvements, Etc.	--	--	--	--
7. Miscellaneous				
Repairs to Equipment	160.78	45.04	--	45.04
Sampling and Analysis	--	5.00	--	5.00
Payroll Taxes	54.00	22.25	(10.43)	32.68
Liability Insurance	--	54.00	16.50	37.50
Bookkeeping	20.00	40.00	--	40.00
O.A.B.	22.25	--	--	--
8. Contingencies	--	--	--	--
TOTAL	$21,040.46	$21,040.46	$ 6.07	$ 21,034.39

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The "Allowable Maximums" under this Contract are as follows:

Original Contract dated July 16, 1951

Labor rates of pay	
Miner	$13.00 per day
Mucker	13.00 per day
Bookkeeper	20.00 per day
Contract Labor, Sinking Shaft	25.00 per foot
Depreciation	
1 Tram Car	$15.00 per month
1 Truck, 1½ Ton	63.00 per month
1 set Air & Water Hose	12.00 per month

Contract dated August 15, 1952

	Allowable Maximum	Accepted Costs	Balance
Unit Costs			
Sinking Winze			
100' @ $100.00/ft.	$10,000.00	$ 9,850.00	$ 150.00
Drifting from Winze			
200' @ $35.00/ft.	7,000.00	3,535.00	3,465.00
Drifitng from Winze			
100' @ $30.00/ft.	3,000.00	----	3,000.00
Equipment Purchased	1,700.00	232.91	1,467.09
Total	$21,700.00	$13,617.91	$8,082.09

At the conclusion of the audit the findings were discussed with Mr. John Nasburg, partner. On the following day the findings were discussed with Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region 1, N.W. District.

C.A. Turner, Auditor

June 13, 1956

Docket Copy

"Appd. Sol. Off."

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ASSIGNMENT OF CONTRACT

WHEREAS, Theodore, John, Donald, and Effie Nasburg and Raleigh Hallenius, a partnership (hereinafter called the "Assignor"), entered into, Amended Exploration Project Contract Ida-560 (Docket No. DMEA-325), dated August 15, 1952, as amended (hereinafter called the "Contract"); and

WHEREAS, Grandview Mines, Inc. a State of Washington Corporation, whose address is Suite 310, Radio Central Building, Spokane 4, Washington, (hereinafter called the "Assignee"), has acquired the Assignor's interest in the land which is the subject of the Contract and the Assignee desires to complete the work under the Contract;

NOW THEREFORE, effective December 1, 1955, the Assignor, subject to acceptance by the Assignee and consent of the Government, in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration received from the Assignee does hereby assign, transfer, and convey to the Assignee all of its right, title, and interest in the Contract: Provided, That the Government shall make payment to the Assignor on all claims and vouchers for the Government's contribution under the Contract for work performed prior to said effective date, and upon payment thereof the Government shall be and is hereby released by the Assignor from all claims under the Contract.

The Assignor consents to all future amendments and assignments of the Contract and waives notice thereof.

Dated this 8th day of March, 1956.

Theodore Nasburg Partner [Seal]
Theodore Nasburg

John Nasburg Partner [Seal]
John Nasburg

Donald Nasburg Partner [Seal]
Donald Nasburg

Effie Nasburg Partner [Seal]
Effie Nasburg

Raleigh Hallenius Partner [Seal]
Raleigh Hallenius

ASSIGNEE'S ACCEPTANCE

The Assignee hereby accepts the above Assignment and agrees to be bound by the terms, provisions, and conditions of the Contract. The Assignee expressly assumes and agrees to pay to the Government any royalty that may have accrued and remain unpaid on the effective date of the assignment and that may accrue thereafter under the provisions of the Contract.

Dated this 9th day of March, 1956.

Grandview Mines
Assignee

By Karl W. Jasper

Asst President

I, E.K. Barnes, certify that I am the Secretary of the corporation named herein; that Karl W. Jasper who signed this instrument on behalf of the corporation, was then President of said corporation; that said instrument 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.

E.K. Barnes [Corporate Seal]

Secy

GOVERNMENT'S CONSENT

The Government, this 21st day of February, 1956, hereby consents to the above Assignment without relieving the Assignor from any of the terms, provisions, and conditions of the Contract.

Rubin

THE UNITED STATES OF AMERICA

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

Government's copy

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NOV 4 1957
D.M.E.A.

MF-200A
(Rev. April 1956)

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
SECOND AMENDED
EXPLORATION PROJECT CONTRACT
(Short Form)

~~XXXXXX~~ DMA *No.*	*Commodity*	*Contract No.*	*County*	*State*
325	Zinc	*Idm–E* 60	Stevens	Washington

It is agreed effective / August 1, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Grandview Mines, Inc., a State of Washington corporation,

whose mailing address is Suite 310, Radio Central Building
Spokane 4, Washington

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) 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 Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before July 1, 1958, and, subject to the provisions of Article 7 and Exhibit A, shall complete the work ~~within xxxxxxxxxxx months from the date of the contract~~ by October 31, 1958. (See Article 10.)

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $44,922.00. The Government will contribute 50 percent of the fixed unit cost of the work performed, not exceeding $22,461.00, in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: Interests of lessors-optionors.

(b) 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: Consent to Lien and Subordination Agreement of lessors-optionors.

(c) 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. 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. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(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 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. 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 will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *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 all pertinent books, documents, papers, and records of the Operator.

(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 6. *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 the Operator has rendered a sufficient final report (see Article 5), may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development. **See Annex II**

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain his interest in the land), 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, for 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. **See Article 10.**

(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, 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, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(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 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 7. *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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

(a) Annex II, attached hereto, is hereby made a part of this second Amended Contract.

(b) In Article 6(b)(2) the period sixteen (16) years from the date of the Amended Contract (August 15, 1952), is substituted for the period "ten years from the date of the Contract."

Robin Sawyer
"Appd. Sol. Off."
Klugescheid
Talbert
Selfridge
Jones

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

GRANDVIEW MINES, INC.
(Operator)

By Karl W. Jasper

Title President

By Frank E. Johnson
ACTING ADMINISTRATOR, DEFENSE MINERALS EXPLORATION ADMINISTRATION

I, Mae Ford, certify that I am the Asst secretary of the corporation named as Operator herein; that Karl W. Jasper, 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.

Mae C. Ford

[CORPORATE SEAL]

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DATE	INITIALS	CODE

SECOND AMENDED EXPLORATION PROJECT CONTRACT
GRANDVIEW MINES, INC., ASSIGNEE
DOCKET NO. DMA-325

ANNEX I

The land referred to in Article 2 of the Contract is located in the Northport Mining District, Stevens County, State of Washington, and is described as follows:

Two unpatented lode mining claims, Scandia and Triangle Fraction, and N.W.$\frac{1}{4}$ of N.E.$\frac{1}{4}$, Sec. 23, T. 39N, R. 40E, WM, Less 10 acres; N.E.$\frac{1}{4}$ of N.E.$\frac{1}{4}$ of Sec. 23, T. 39N, R. 40E, WM; S. E.$\frac{1}{4}$ of N.E.$\frac{1}{4}$ of Sec. 23, T. 39N, R. 40E, WM.

The land is shown on the attached map entitled "Scandia Property, Map of Section 23, T. 39N., R. 40E., W.M., showing location of completed and proposed drill holes, Scandia Mine, Stevens County, Washington."

The Operator is in possession and entitled to possession of the land pursuant to an option agreement dated December 1, 1955, executed between the Operator and Theodore, John, Donald, and Effie Nasburg, and Raleigh Hallenius.

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

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E
Contract Date

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

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Stevens, State of Washington, described as follows: 2/
NW¼ of NE¼, Sec. 23, T. 39N, R. 40 EWM, less north 10 acres, NE¼ of NE¼ of Sec. 23, T. 39N, R. 40 EWM, SE¼ of NE¼ Sec. 23, T. 39N, R. 40 EWM, and also the following described unpatented lode mining claims, situate in Stevens County, State of Washington, to-wit: Scandia, Triangle Fraction, Galena Queen, Sunnyside and Stonewall, situated in the Northport Mining District

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

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

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

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

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

"NONE."

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.
2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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

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

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

Dated this 18 day of June, 1952.

Theodore Nasburg	[Seal]	E. 11805 Maxwell Spokane 62 Wash.	[Address]
Effie Nasburg	[Seal]	" " " "	[Address]
John Nasburg	[Seal]	Same	[Address]
Donald Nasburg	[Seal]	" " "	[Address]
Raleigh Hallauer	[Seal]	E. 1305 Everett Spokane Wash.	[Address]
	[Seal]		[Address]

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

_____
[Corporate Seal]

Consented to herein & Rect. Cert. June 18, 195

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SECOND AMENDED EXPLORATION PROJECT CONTRACT
GRANDVIEW MINES, INC., ASSIGNEE
DOCKET NO. DMA-325

ANNEX II

WHEREAS:

Theodore, John, Donald, and Effie Nasburg, and Raleigh Hallenius, and the Government entered into Exploration Project Contract No. Idm-E60 (Docket No. DMA-325), dated July 16, 1951 (hereinafter called the "Original Contract"). The Original Contract was superseded by an Amended Contract among the same parties, dated August 15, 1952, and executed December 31, 1952, having the same docket and contract numbers as the Original Contract. The Amended Contract was assigned March 8, 1956, to Grandview Mines, Inc., with the consent of the Government. All work described in the Original Contract and in the Amended Contract has been completed, and the Government's share of the costs thereof has been paid. A Certification of Discovery or Development was issued March 19, 1957, pursuant to the provisions of the Amended Contract.

Grandview Mines, Inc. (the "Operator") and the Government desire to add more work to the project, to increase the estimated total cost of the project, to preserve the Certification of Discovery or Development, and to restate their entire agreement.

NOW, THEREFORE, it is agreed that:

1. Effective August 1, 1957, the Amended Contract is superseded by this Second Amended Contract which shall govern all rights and obligations of the parties, except for payment by the Government for work under the Original and Amended Contracts which has already been made.

2. The total net amount contributed by the Government under the Original Contract and under the Amended Contract is repayable under the royalty provisions of this Second Amended Contract.

3. The Certification of Discovery or Development issued March 19, 1957, is considered as having been made pursuant to the provisions of Article 6(a) of this Second Amended Contract, and the Government's rights under the Second Amended Contract respecting royalty are hereby vested with no further action by the Government required.

4. The Operator hereby releases and agrees to save the Government harmless from all claims and demands arising out of the Amended Contract.

SECOND AMENDED EXPLORATION PROJECT CONTRACT
GRANDVIEW MINES, INC., ASSIGNEE
DOCKET NO. DMA-325

EXHIBIT A

The work performed pursuant to the Original Contract is designated as Stage I. The work performed pursuant to the Amended Contract is designated as Stage II. The work to be performed pursuant to this Second Amended Contract is set forth below as Stage III.

Stage III

Diamond drill seven holes, not to exceed an aggregate of 2,225 feet of drilling. All holes shall be drilled on an approximate bearing of N. 15° W. and at an approximate inclination of -45° to crosscut the limestone to the slate contact, and shall be stopped shortly after penetrating the slate. The first holes drilled shall be holes numbered 5, 6, and 7, and may be drilled in any order. Information from these holes should indicate the trend of the mineralized area and determine the exact placement of subsequent holes. If, after seven holes are completed, the results warrant further drilling and the maximum aggregate footage has not been drilled, any remaining footage may be used to further test mineralized areas. The location, direction, inclination, and extent of each drill hole are subject to the prior approval of the Government.

All diamond drilling shall be done with AX size, or larger coring bits. All drill core shall be logged, properly labeled and stored and made available to the Government for examination. After the Government has examined the core, all significantly mineralized core shall be properly sampled in not to exceed five foot sections and the samples assayed for zinc and also for lead when warranted.

Sludges corresponding to the cores (drill runs) shall be retained (if possible) when drilling significantly mineralized sections and, in the event that core recovery does not exceed seventy per cent, both core and sludge samples shall be taken and assayed as above.

Representative samples of core and sludge shall be retained and furnished to the Government upon request.

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

Not to exceed 160 assay determinations shall be made for lead and zinc.

The proposed work is shown on the attached map entitled: "Plan of Scandia Workings, Showing Work Completed and Recommended Diamond Drill Holes 5 through 11."

FIXED UNIT COSTS OF STAGE III

2,225 feet of diamond drilling @ $6.96/ft.	$15,486.00	
160 determinations @ $1.00/each	160.00	
70 sample sacks @ $0.35/each	24.50	
Estimated Total Cost, Stage III		$15,670.50

S U M M A R Y

Total Cost of Stage I and Stage II Work	$29,252.39
Fixed Unit Costs of Stage III	15,670.50
Estimated Total Cost of the Project (rounded to)	$44,922.00
Government Participation @ 50 percent	$22,461.00

Docket copy

AMENDED EXPLORATION PROJECT CONTRACT
GRANDVIEW MINES, INC., Assignee
DOCKET NO. DMEA-325

AMENDMENT NO. 8

It is agreed this 2nd day of July, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Grandview Mines, Inc., Assignee, that Amended Exploration Project Contract No. Idm-E60 (Docket No. DMEA-325), dated August 15, 1952, as amended, is further amended effective June 15, 1956, as follows:

1. In Amendment No. 7:

(a) The date ending the period for suspension of work is changed from "June 15, 1956," to "July 31, 1956." (Paragraphs 1(a) and 4.)

(b) The date for completion of the work is changed from "October 15, 1956," to "November 15, 1956." (Paragraph 2.)

(c) The period for payment of the Government's royalty is changed from "thirteen years" to "fourteen years from the date of the Amended Contract (August 15, 1952). (Paragraph 3.)

(d) The provisions of Amendment No. 7 not modified herein remain in full force and effect.

2. (a) The Description of the Work in Exhibit "A" is amended as follows:

In lieu of completing the winze described in item 2 under Stage II of Exhibit "A" to the Amended Contract, and in lieu of completing the drifting described in paragraph 4 of Amendment No. 6 to the Amended Contract, drill four diamond drill holes aggregating not to exceed 1,174 feet of diamond drill hole. The holes shall be not less than AX size.

The locations, directions, inclinations, and lengths of these drill holes shall have prior approval of the Government.

(b) The Estimated Cost of the project is amended, as follows:

Rubin
Dwyer
J.W.
Grammel
Chapelier
Selfridge
McJunson

(1) The estimated total under Category (4), under "Actual Costs" in Exhibit "A" to the Amended Contract is changed from "$1,700.00*" to "$632.39*," and an item 4 is added under "Unit Costs" as follows:

4. 1,174 feet of diamond drilling at $7.00/ft. (rounded to) 8,219.54 x/ 1/

The unit cost includes all costs necessary to complete the drilling of the 4 diamond drill holes.

*Indicates allowable maximum.

x/ Money for this item of work is available as follows:

Unexpended balance:

Stage I of Amended Contract	$ 536.93	1/
Category (4) Actual Costs	1,067.61	1/
Drifting under Amendment No. 6	6,465.00	1/
Winze under item 2 of Stage II	150.00	1/
	$8,219.54	

1/ Subject to audit.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. W. Mutheudorf
Administrator, Defense Minerals
Exploration Administration

GRANDVIEW MINES, INC.

By Kelly Kasper

Title President

Docket Copy

RECEIVED
MAR 1 9 1956

AMENDMENT NO. 7
to
AMENDED EXPLORATION PROJECT CONTRACT Idm-860
Dated August 15, 1952
DOCKET NO. IMRA-325
between
THE UNITED STATES OF AMERICA
and
THEODORE HAMBURG AND PARTNERS

It is agreed this 21st day of February, 1956, that the Contract, is further amended effective June 1, 1955, as follows:

1. (a) The project work shall be suspended for a further period beginning June 1, 1955, and ending not later than June 15, 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 its 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. In Article 3, the completion date is further extended from "October 15, 1955," to "October 15, 1956."

3. In Annex III to Amendment No. 6, the maximum period for payment of the Government's royalty is changed from "twelve years," to "thirteen years" from the date of the Amended Contract (August 15, 1952).

4. It is of the essence of this Contract that the work be resumed before the termination of the period here fixed for suspension; and if it is not so resumed in the manner required by the Contract, the following provisions shall thereupon become effective.

(a) Effective October 13, 1954, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

(b) The Government shall contribute to allowable costs incurred prior to said effective date; and shall contribute to allowable costs incurred or to be incurred beginning with said effective date in performing

winding-up and settlement actions provided for in the contract, including (1) the preservation and disposal of property to the cost of which the Government has contributed, and (2) the making and rendering of reports and accounts.

(c) The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including (1) the disposal of any facilities, buildings, fixtures, equipment, or other items to the cost of which the Government has contributed; and (2) the rendering of the final report and final account.

(d) 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 the royalty on production provided for in the Contract, in the same manner and amount, and for the same period, as if certification of discovery or development had been made, such certification being hereby waived.

(e) 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.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, the amount of any item designated as "allowable maximum," nor the agreed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C P Mitteudorf
Administrator, Defense Minerals
Exploration Administration

By Theodore Nasburg (Partner)

By John Nasburg (Partner)

By Effie Nasburg (Partner)

By Donald Nasburg (Partner)

By Raleigh Nasburg (Partner)

Robin
Thomas
"Appd. Sol. Off."
J. Alb
Griswold
Chambers
Martin
H Johnson

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator_____
Docket No. DMEA-_____
Contract No. Idm-E_____
Contract Date_____

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of Stevens, State of Washington, described as follows:1/

Scandia and Triangle unpatented lode claims in the NE¼, sec. 23, T. 39 N., R. 40 E., W.M., and 30 acres of patented homestead land included in the S-3/4NW¼NE¼, sec. 23, T. 39 N., R. 40 E., W.M. Notarized amended location certificates for the Scandia and Triangle Claims are attached to contract.

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

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

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: _____

_____

_____

_____

_____

_____

_____

_____

Dated this 28th day of December, 1955.

Theodore Nasburg _____ [Seal]

Effie Nasburg _____ [Seal]

John Nasburg _____ [Seal]

Donald Nasburg _____ [Seal]

Raleigh Hallenbeck

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

_____

[Corporate Seal]

Docket copy

AMENDED EXPLORATION PROJECT CONTRACT
THEODORE NASBURG AND PARTNERS
DOCKET NO. DMEA-325

AMENDMENT NO. 6

It is agreed this 17th 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 Theodore, John, Donald, and Effie Nasburg, and Raleigh Hallenius, partners (hereinafter called the "Operator"), that Amended Exploration Project Contract Idm-E60 (Docket No. DMEA-325), dated August 15, 1952, as amended (hereinafter called the "Contract"), is further amended effective October 13, 1953, as follows:

1. Amendment No. 5 is cancelled.

2. a. The project work shall be suspended during the period beginning October 13, 1954, and ending not later than June 1, 1955.

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 its 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.

3. The time fixed for the completion of the work is further extended to October 15, 1955. (The Amended Contract provided for completion "prior to July 16, 1953." Amendment No. 4 [Amendment No. 1 to the Amended Contract] extended the completion date of the Amended Contract from "eleven months" to "26 months" from the date of the Amended Contract [August 15, 1952].)

4. In Exhibit "A":

a. Under "Description of the Work," under Stage II, delete Item 1, and change Item 3 to read:

Drift on vein from 100-foot level in winze not to exceed a total of 300 feet.

b. Under "Estimated Costs of Additional Work," under "Unit Costs," delete Item 1, and change Item 3 to read:

The first 200 feet of drifting from the winze @ $35.00/ft.	$ 7,000.00
100 feet of drifting from the winze @ $30.00/ft.	3,000.00
	$10,000.00

5. That part of the second sentence of Article 10 of the contract beginning with the word "Provided" is deleted.

6. Annex III, attached hereto and made a part hereof, is substituted for the royalty provisions of Article 9 of the contract.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, the amount of any item designated as "allowable maximum," nor the agreed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Theodore Nasburg (Partner)

By C. J. McMeudors
Administrator, Defense Minerals Exploration Administration

John Nasburg (Partner)

Effie Nasburg (Partner)

Raleigh Hallenius (Partner)

Orfan Hoffman
All
Meiswold
Chandler
Selfridge
Johnson

AMENDED EXPLORATION PROJECT CONTRACT
THEODORE NASBURG AND PARTNERS
DOCKET NO. DMEA-325

Department of the Interior
Bureau of Mines
Received
JUL 1 6 1953

ANNEX III

The following provisions are in lieu of Article 9 :

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 the Operator has rendered the final report and final account, 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 contractx 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, for 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

* The word "land" refers to the land described in Article 2 of the contract form.

‡ The words "for a period of ten years from the date of the contract" are changed to read "for a period of twelve years from the date of the Amended Contract (August 15, 1952)."

x The word "Contract" here means Original Contract (July 16, 1951).

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 raw 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 ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) 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 ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

Docket copy

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED

AMENDED EXPLORATION PROJECT CONTRACT
THEODORE NASBURG AND PARTNERS
DOCKET NO. DMEA-325

AMENDMENT NO. 5

It is agreed this 16th day of December, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Theodore, John, Donald, and Effie Nasburg, and Raleigh Hallenius, partners, that Amended Exploration Project Contract Idm-E60, Docket No. DMEA-325, dated August 15, 1952, as amended, is further amended, effective October 13, 1953, as follows:

1. During the period from October 13, 1953, to not later than June 1, 1954, the project work shall be recessed; the Government shall not contribute to any costs of operation or maintenance incurred by the Operator; and the Operator shall save the Government harmless from any and all claims, and preserve and protect the project work and any property in which the Government has an interest.

2. The provisions of Annex II attached hereto are substituted for the provisions of Article 9 of the contract.

3. In Article 10 the period "11 years" is substituted for the period "10 years."

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, nor the amount of any item designated as "allowable maximum."

Executed in sextuplicate the day and year first above written.

Theodore Nasburg
Theodore Nasburg (Partner)

John Nasburg
John Nasburg (Partner)

Donald Nasburg (Partner)

Effie Nasburg
Effie Nasburg (Partner)

Raleigh Hallenius
Raleigh Hallenius (Partner)

THE UNITED STATES OF AMERICA

By C. Mittendorf
Administrator, Defense Minerals Exploration Administration

Robin
Oscar Chamberlain

ANNEX II

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 18 1954

The following provisions are in lieu of Article 9 :

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(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 of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years*(or other period fixed by this contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts, plus one-half ($\frac{1}{2}$) per cent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) per cent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) per cent.)

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

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

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

49450

*The period "eleven years" is substituted for the period "ten years."

DOCKET COPY

(Amendment to Change Starting and Completion Dates)

AMENDMENT NO. 4

Docket No. DMEA-325
(Zinc)

It is agreed this 25th day of November 195 2, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and Theodore, John, Donald, and Effie Nasburg, and Raleigh Hallenius, partners

each acting in consideration of the agreement to the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E60 of August 15th 195 2 between the parties hereto be modified and amended to change the starting date from -- to within -- of the date of the contract and the completion period from 11 (No. of months) to 26 (No. of months) from the date of the contract. The effective date of this amendment shall be November 25 195 2.

This amendment is made by authority granted the Executive Office, DMA Field Team, Region II 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.

Theodore Nasburg
Partner

John Nasburg
Partner

Partner

Effie Nasburg
Partner

Raleigh Hallenius
Partner

The United States of America

By A. E. Weissenborn
A.E.Weissenborn, Exec. Officer
DMEA Field Team, Region II

RECEIVED

FEB 10 53

GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

12782

INDEXED ✓ RECORDED ✓
COMPARED ✓ PAGED ✓
STATE OF WASHINGTON
COUNTY OF STEVENS
FILED FOR RECORD
VOL 24 PAGE 593
COUNTY AUDITOR
DEPUTY
MAIL TO John T. Ra
Colville, Wa

AMENDED LOCATION CERTIFICATE

STATE OF WASHINGTON)
) ss.
County of Spokane)

Scandia

KNOW ALL MEN BY THESE PRESENTS, That Theodore Nasburg, Colville, Wa the undersigned, has this 21st day of November, 1952, amended, located and claimed, and by these presents does amend, locate and claim, by right of discovery, an amended location certificate in compliance with the mining acts of Congress, approved May 10, 1872, and with all subsequent acts, and with the general statutes of Washington, and with the local customs, laws and regulations, 1500 linear feet and horizontal measurement on the Scandia lode, vein, ledge, or deposit, along the vein thereof, with all its dips, angles and variations, as allowed by law, together with 300 feet on the East and 300 feet on the West side of the middle of said vein at the surface, so far as can be determined from present developments, and all veins, lodes, ledges or deposits, and surface ground within the lines of said claim, 200 feet running north from the face of discovery cut, and 1300 feet running in the opposite direction, said discovery cut being situated upon said lode, vein, ledge or deposit, and within the lines of said claim , in Northport Mining District, Stevens County, Washington, described by metes and bounds as follows, to-wit:

Beginning at corner No. 1, situated in the NE¼ of Section 23, Township 39 North, of Range 40 E.W.M.; thence North 200 feet to corner No. 2, the place of beginning; thence West 300 feet to corner No. 3; thence South 1500 feet to corner No. 4, thence East 600 feet to corner No. 5; thence north 1500 feet to corner No. 6; thence West 300 feet to corner No. 2, the place of beginning;.

The said claim is bounded on the north by the NW¼ of NE¼; bounded on the east by the E½ of NE¼; bounded on the south by the

NW¼ of SE¼ of Section 23, Township 39 North, of Range 40 E.W.M., and on the west by Triangle Fraction Claim.

This being the same lode originally located on the 12th day of April, 1926, and recorded on July 10, 1926, in Book "21" of Quartz Locations, page 314, in the office of the Auditor of Stevens County, Washington. This further and amended certificate of location is made without waiver of any previously acquired rights, but for the purpose of correct any errors in the original location, description or record.

Said lode was discovered April 12, 1926

Attest: Theodore Nasburg

Date of amended location November 21, 1952

Date of amended certificate November 22, 1952

272783

INDEXED ✓ INDEXED ✓
COMPARED ✓ FILED ✓
STATE OF WASHINGTON } ss
COUNTY OF SPOKANE }
I HEREBY CERTIFY THAT THIS INSTRUMENT WAS FILED FOR RECORD AT REQUEST OF
VOL. 24 PAGE 596
DEC 9 1952
HAZEL FRIESEN
COUNTY AUDITOR
DEPUTY
MAIL TO JOHN T. MORRIS Colville, Wash.

AMENDED LOCATION CERTIFICATE

STATE OF WASHINGTON)
) ss. Triangle Fraction
County of Spokane)

KNOW ALL MEN BY THESE PRESENTS, That Theodore Nasburg, the undersigned, has this 21st day of November, 1952, amended, located and claimed, and by these presents does amend, locate and claim, by right of discovery, an amended location certificate in compliance with the mining acts of Congress, approved May 10, 1872, and with all subsequent acts, and with the general statutes of Washington, and with the local customs, laws and regulations, 1500 linear feet and horizontal measurement on the Triangle Fraction (formerly Triangle) lode, vein, ledge, or deposit, along the vein thereof, with all its dips, angles and variations, as allowed by law, together with 300 feet on the East and 300 feet on the West side of the middle of said vein at the surface, so far as can be determined from present developments, and all veins, lodes, ledges or deposits, and surface ground within the lines of said claim, 20 feet running from the face of discovery cut, and 1480 feet running in the opposite direction, said discovery cut being situated upon said lode, vein, ledge or deposit, and within the lines of said claim, in Northport Mining District, Stevens County, Washington, described by metes and bounds as follows, to-wit:

Beginning at corner No. 1, situated in the NE¼ of Section 23, Township 39 North, of Range 40 E.W.M.; thence North 20 feet to corner No. 2, the place of beginning; thence West 300 feet to corner No. 3; thence South 1500 feet to corner No. 4; thence East 600 feet to corner No. 5; thence North 250 feet; thence West 170 feet; thence North 1250 feet to corner No. 6; thence West 130 feet to corner No. 2, the place of beginning.

The said claim is bounded on the north by the NW¼ of NE¼ of Section 23, Township 39 North, of Range 40 E.W.M.; bounded on the East by Scandia Claim; bounded on the South by the NW¼ of SE¼ of Section 23, Township 39 North, of Range 40 E.W.M.; and bounded on the West by Galena Queen Claim.

This being the same lode originally located on the 23rd day of June, 1945, in Book "23" of Quartz Locations, page 276, in the office of the Auditor of Stevens County, Washington. This further and amended certificate of location is made without waiver of any previously acquired rights, but for the purpose of correcting any errors in the original location, description or record.

Theodore Nasburg

Said lode was discovered June 23, 1945

Attest: Theodore Nasburg

Date of amended location November 21, 1952

Date of amended certificate November 22, 1952.

272783

INDEXED ✓ RECORDED ✓
COMPARED ✓ PROOF ✓
STATE OF WASHINGTON } ss
COUNTY OF STEVENS }
FILED AT REQUEST OF
VOL 24 Quarty
PAGE 596 RECORDS OF
John T. Nardo
DEC 9 1952 Colville, Wash.
MAZEL PRESTON
COUNTY AUDITOR
DEPUTY
MAIL TO John T. Nardo
Colville, Wash.

AMENDED LOCATION CERTIFICATE

STATE OF WASHINGTON)
) ss.
County of Spokane)

Triangle Fraction

KNOW ALL MEN BY THESE PRESENTS, That Theodore Nasburg, the undersigned, has this 21st day of November, 1952, amended, located and claimed, and by these presents does amend, locate and claim, by right of discovery, an amended location certificate in compliance with the mining acts of Congress, approved May 10, 1872, and with all subsequent acts, and with the general statutes of Washington, and with the local customs, laws and regulations, 1500 linear feet and horizontal measurement on the Triangle Fraction (formerly Triangle) lode, vein, ledge, or deposit, along the vein thereof, with all its dips, angles and variations, as allowed by law, together with 300 feet on the East and 300 feet on the West side of the middle of said vein at the surface, so far as can be ascertained from present developments, and all veins, lodes, ledges or deposits, and surface ground within the lines of said claim, 20 feet running from the face of discovery cut, and 1480 feet running in the opposite direction, said discovery cut being situated upon said lode, vein, ledge or deposit, and within the lines of said claim, in Northport Mining District, Stevens County, Washington, described by metes and bounds as follows, to-wit:

Beginning at corner No. 1, situated in the NE¼ of Section 23, Township 39 North, of Range 40 E.W.M.; thence North 20 feet to corner No. 2, the place of beginning; thence West 300 feet to corner No. 3; thence South 1500 feet to corner No. 4; thence East 600 feet to corner No. 5; thence North 250 feet; thence West 170 feet; thence North 1250 feet to corner No. 6; thence West 130 feet to corner No. 2, the place of beginning.

Affidavit and Real Estate Sales Tax Receipt

STEVENS COUNTY, WASHINGTON

STATE OF WASHINGTON, COUNTY OF ~~STEVENS~~ SPOKANE, ss.

Donald Nasburg, being first duly sworn, on oath deposes and says:

That the following information relative to the sale of real estate is true and correct.

Seller's Name: Donald Nasburg, a bachelor at the time of acquiring title herein

Address: Spokane, Washington

Buyer's Name: John Nasburg, a bachelor

Address: 32 East 29th Spokane, Washington

Date of Instrument: 11-20-52 Date of Delivery: 11-20-52

Nature of Instrument: Quit Claim Deed

Legal Description of Property Conveyed

The undivided interest of the grantor in and to the E½ of NE¼, and all of the NW¼ of the NE¼, except the north 10 acres thereof, all in Section 23, Township 39 North, of Range 40 E.W.M.

The undivided interest of grantor in and to the S½ of NW¼ and N½ of SW¼ of Section 22, Township 39 North, Range 40 E.W.M., and S½ of NE¼ and N½ of SE¼ of said Section, Township and Range.

Subscribed and Sworn to before me this 20th day of November, 1952.

Donald Nasburg
Signature of Seller

Alice Gordon
Notary Public in and for the State of Washington, Residing at Spokane, Washington
County Treasurer
Deputy County Treasurer

DEC 1 1952

CHESTER A. HILLS
COUNTY TREASURER

This Becomes Your Receipt When Stamped Paid by County Treasurer. Payment Must Be Made by Cash or Certified Check.

CHESTER A. HILLS,
County Treasurer

No. 2157

SELLING PRICE	SALES TAX
The within deed is given only to clear title, and there is no consideration involved.	
TAX	none
PENALTY	none
TAX TOTAL	none

Chap. 11, Laws 1951, Extraordinary Session

27[illegible]82

STATUTORY FORM. QUIT CLAIM DEED — STATESMAN INDEX - COLVILLE

148 Deeds
158

RECORDED
REQUEST OF
DEC 18 1952
HAZEL EMER
at 9:12 A.M.

Quit Claim Deed

The Grantor Donald Nasburg, a bachelor at the time of acquiring title herein,

of Spokane, County of Spokane, State of Washington

for the consideration of $1.00 and other valuable consideration- - - ~~XXXXXX~~ Dollars

conveys and quit claims to John Nasburg, a bachelor, 32 East 29th, Spokane, Washington,

all interest in the following described real estate, situated in the County of Stevens, State of Washington: The undivided interest of the grantor in and to the E½ of the NE¼, and all of the NW¼ of the NE¼, except the north 10 acres thereof, all in Section 23, Township 39 North, of Range 40 E.W.M., in Stevens County, Washington.

The undivided interest of the grantor in and to the S½ of NW¼ and N½ of SW¼ of Section 22, Township 39 North, of Range 40 E.W.M., and the S½ of NE¼ and N½ of SE¼ of Section 22, Township 39 North, of Range 40 E.W.M.

Dated this 20th day of November 1952

(Seal)

(Seal)

(Seal)

Donald Nasburg (Seal)

REAL ESTATE TAX
No. 2157
DEC 17 1952
CHESTER A. HILLS
COUNTY TREASURER

State of Washington, County of Spokane ss.

I, the undersigned, a Notary Public in and for the State of Washington, do hereby certify that on this 20th day of November, 1952, personally appeared before me Donald Nasburg, a bachelor at the time of acquiring title herein,

to me known to be the individual described in and who executed the within instrument, and acknowledged that he signed and sealed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal the day and year above written.

Alvin Gordon

Notary Public for the State of Washington,

Residing at Spokane, Washington.

MINING DEED STATESMAN INDEX - COLVILLE

THIS INDENTURE, Made this 20th day of November in the year of our Lord One Thousand nine hundred fifty-two BETWEEN Donald Nasburg, a bachelor at the time of acquiring title herein of the County of Spokane and State of Washington the party of the first part, and John Nasburg, a bachelor, East 32 29th Avenue, Spokane, of the County of Spokane and State of Washington the party of the second part.

WITNESSETH, That the said party of the first part, for and in consideration of the sum of - - - - - - One Dollar and other valuable consideration- - - - - - - - - - - XXXXXXX DOLLARS, lawful money of the United States of America, to him in hand paid by the said party of the sesond part, the receipt whereof is hereby acknowledged, hath granted, bargained, sold, remised, released and forever quit-claimed, and by these presents do grant, bargain, sell, remise, release and forever quit-claim, unto the said party of the second part, his heirs and assigns, XXX the undivided interest of the grantor in and to Scandia, Triangle Fraction, Sunnyside, Stonewall and Galena Queen unpatented lode mining claims as located, surveyed, recorded and held by said party of the first part, situated XXX in the NE¼ of Section 23, Township 39 North, of Range 40 E.W.M.,

Northport Mining District, County of Stevens, State of Washington, together with all the dips, spurs and angles, and also all the metals, ores, gold and silver bearing quartz, rock and earth therein, and all the rights, privileges and franchises thereto incident, appendant and appurtenant, or therewith usually had and enjoyed; and also all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in any wise appertaining, and the rents, issues and profits thereof; and also all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in law as in equity, of the said party of the first part, of, in or to, the said premises, and every part and parcel thereof, with the appurtenances.

TO HAVE AND TO HOLD, All and singular, the said premises, together with the appurtenances and privileges thereto incident, unto the said party of the second part, his heirs and assign forever.

IN TESTIMONY WHEREOF, The said party of the first part has hereunto set his hand and seal the day and year first above written.

Signed, Sealed and Delivered in the Presence of (Seal)

(Seal)

(Seal)

Donald Nasburg (Seal)

STATE OF WASHINGTON,
County of Spokane } ss.

I, Alvin Gordon, a Notary Public in and for said County and State, do hereby certify that on this 24th day of November A. D., 19 52, personally appeared before me DONALD NASBURG, a bachelor at the time of acquiring title herein to me known to be the individual described in and who executed the within instrument, and acknowledged that he signed and sealed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

Alvin Gordon
Notary Public.

in and for the State of Washington
Residing at Spokane

272983

MINING DEED

INDEXED
RECORDED
COMPARED
PAGED

TO

STATE OF WASHINGTON,
County of STEVENS } ss.

I hereby certify that the within instrument was filed for record in the office of the County Auditor of said County on the 1 day of December A. D. 19 52 at 9 o'clock and 13 minutes, P. M., at the request of John T. Ruffis and recorded on page 129 of Book 2 of Mining Deed

HAZEL NYE
County Auditor
By [illegible], Deputy
Recorded 12-19- 19 52

By ....., Deputy

$1.50

John T. R[illegible]
Colville, W[illegible]

SCANDIA MINING CLAIM, STEVENS COUNTY, WASH.
Exploration Project Contract Idm-E60
Docket No. 325X Zinc

Amendment No. 4

The purpose of this amendment is to provide for additional work under the project to increase the estimated total costs of the project and to increase the aggregate total amount which the Government may become obligated to pay under Article 11 of the contract.

1. In Article 3 of the contract form, delete the period "fourteen calendar months" and substitute "24 months".

2. Article 13 of the contract is amended as follows: Delete the amount "$3,750.00" and substitute "$15,142.50". Delete the amount "$7,500.00" and substitute "$30,285.00".

3. The last sentence of Article 3 of the contract form is amended to read as follows:

The exploration project and the work to be performed are more fully described in Exhibit "A" and Exhibit "G" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract.

4. In addition to the work performed under Exhibit "A", as amended, the work to be performed under Exhibit "G" is as follows:

EXHIBIT "G"

Description of the Work

Time Schedule Months		
1	1.	Drift on vein westward in main adit a maximum of 100 feet. (See attached map)
4	2.	Sink inclined winze on hanging wall of vein 100 feet. (See attached map)
3	3.	Drift 200 feet on vein from 100 foot level in winze. (See attached map)

Estimated Costs of Exhibit "G"

1. Drift 100 feet in main adit at $30.00/ft.	$ 3,000.00	- 3,000
2. Sink inclined winze 100 feet at $100/ft.	10,000.00	- 10,000
3. Drift 200 feet from 100 foot level at $35/ft.	7,000.00	- 7,000
4. Equipment to be purchased	1,700.00	- 1,700
5. Contingencies	1,085.00	- 800
Total	$22,785.00 *	21,700
	1,5[illegible]	
	21,[illegible]	

Allowable Cost of Exhibit "G"

(1) Independent Contracts

None

(2) Labor, Supervision, Consultants

	Rate per 8 hr. Shift
Miner	$14.00
Mucker	14.00
Shaftman	15.00
Hoistman	14.00
Surface man	13.00
Supervisor 8 mo. at $450.00 *	$3600.00 *
Consulting service, engineer	500.00 *
Bookkeeper	200.00 *

The above wage scales are allowable maximums. All labor, supervision and consulting fees are to be included in per foot costs.

(3) Operating Materials and Supplies

Included in per foot costs.

(4) Operating Equipment

To be Rented:

None

To be Purchased:

1 Air Hoist 1000# rope pull	$800.00
1 Air Receiver (used)	300.00
1 Sinking Bucket with sheave and cable	200.00
1 Air sump pump	400.00
Total	$1700.00

To be Furnished by Operator: (Maximum rental time on any item eight months)

	Estimated replacement value	Monthly Allowance
1 Pressure water tank and water system	$ 300.00	$ 5.00
1 Mucking machine	1,500.00	25.00
2 Ore cars	100.00 ea.	3.00
1 Rock drill with pusher leg	650.00	11.00
1 Truck 1-1/2 ton	2,000.00	33.00
1 Air Compressor, 210 cfm gas	2,500.00	42.00
Total monthly depreciation allowance		$119.00 *

(5) Rehabilitation and Repairs

None

(6) New Buildings, Improvements, Installations

None

(7) Miscellaneous

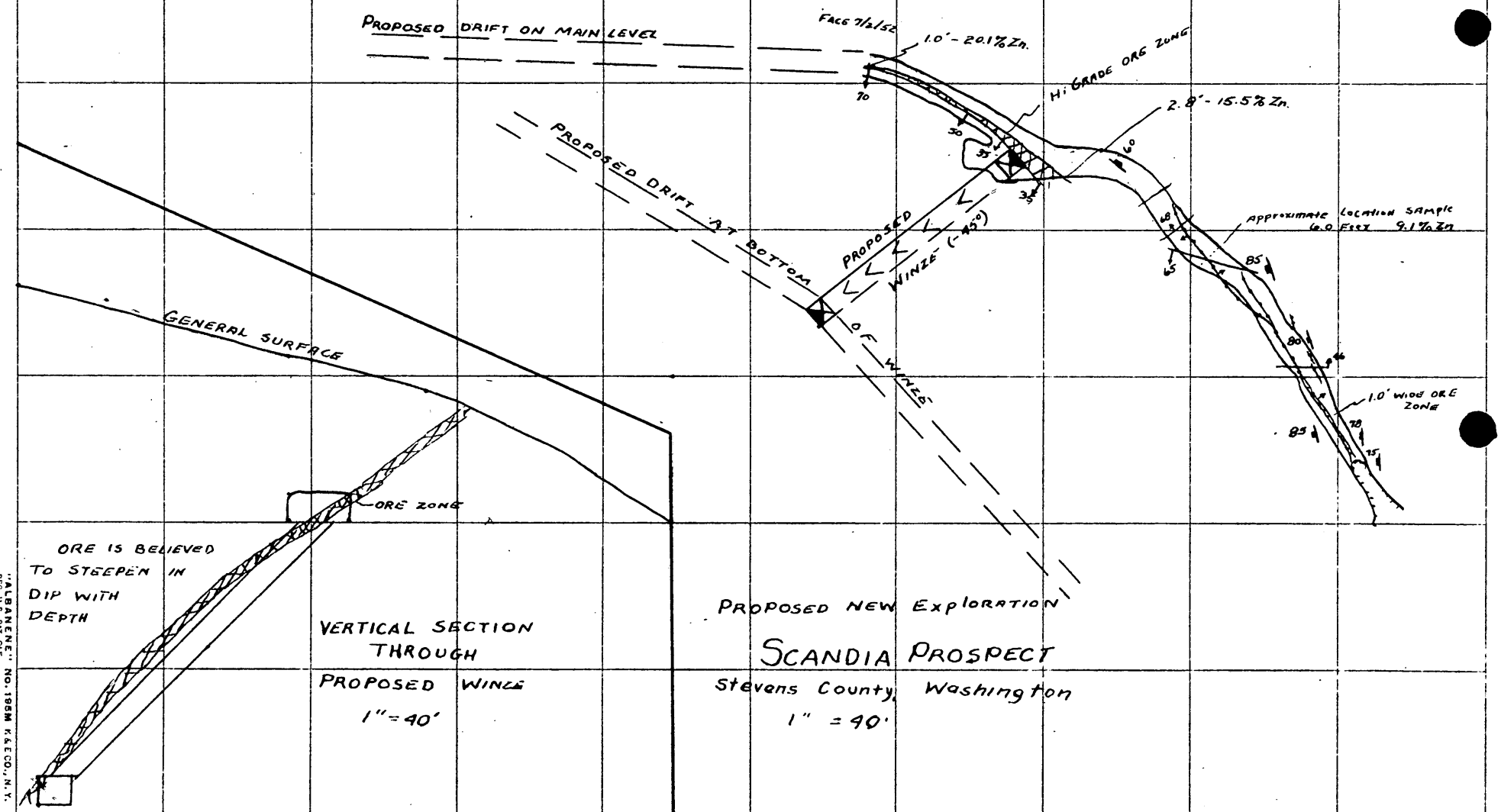
Included in per foot costs.

(8) Contingencies

5 percent	$ 1,085.00
Total estimated Cost	$22,785.00
Government's participation at 50%	$11,392.50

* Indicates allowable maximum.

DOCKET DMA-1913x (ZINC)
Contract Idm-E60



VERTICAL SECTION THROUGH PROPOSED WINZE
1" = 40'

PROPOSED NEW EXPLORATION
SCANDIA PROSPECT
Stevens County, Washington
1" = 40'

"ALBANENE" REG. U.S. PAT. OFF. NO. 195M K&E CO., N.Y.

M. E. Volin, Member, DMEA Field Team, Region II August 14, 1952

E. A. Magill, Mining Engineer, Bureau of Mines

Contract extension, Nasburg and Hallenius (Scandia Group)
Stevens County, Washington, Docket 325X (zinc), Contract Idm-E60

It is recommended that the Scandia Group be given an extension of their contract to further explore the zinc ore body which has been discovered under their present contract. The amount of this extension is $22,785.00.

The property is considered to warrant further exploration. The present contract, comprising a program in the amount of $7,500.00, has resulted in the discovery of a zinc ore shoot which appears to be of commercial grade for at least 50 feet. Further work, however, is necessary to determine extensions of this ore shoot along both strike and dip and to explore for additional ore shoots.

The Operators have done a competent job under the terms of the present exploration contract considering that they were almost totally inexperienced in mining methods. Costs have been within the original estimates and a conscientious effort has been made to carry out the project in an efficient manner. In a number of instances equipment has been purchased for use on the project entirely at the Operator's expense.

Work to be performed under the extended contract would be as follows:

1. Drift on vein westward on main level 100 feet in order to determine the extent of the present ore shoot and to explore for possible ore shoots near the limestone argillite contact.

2. Sink inclined winze on vein 100 feet.

3. Drift on vein from bottom of winze 200 feet. The sinking and drifting to determine the extent of the present ore shoot down the dip.

The foregoing work can be included in the present contract by means of amendment No. 4 attached.

E. A. Magill

Enclosures

cc: Wash. (2)
USGS (2)
Albany

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

So. 157 Howard Street
Spokane 4, Washington

July 25, 1952

Memorandum

To: A. E. Weissenborn, Exec. Officer, DMEA Field Team, Region II

From: Willard P. Puffett, Geologist, U. S. Geological Survey

Subject: Proposed extension of Exploration Project Contract Idm-E60 at the Scandia Prospect, Stevens County, Washington. Docket DMA-1413X (Zinc)

RECOMMENDATION

It is recommended that the present exploration project contract at the Scandia Prospect, Stevens County, Washington, be extended to allow for further exploration of now-exposed ore indications. This new work will include 100 feet of drifting on the main level, sinking 100 feet of winze on the ore zone, and driving 200 feet of drifts at the bottom of the winze. The estimated total cost of the new work is $20,000.00.

SUMMARY OF WORK DONE UNDER THE ORIGINAL CONTRACT

A DMA contract for a project to explore for zinc ore at the Scandia Prospect in which the Government was to participate for 50 percent of the costs was awarded to Theodore, John, Donald and Effie Nasburg, and Raleigh Hallenius, on July 16, 1951. The original exploration program consisted of two separate projects:

(1) to drift 100 feet on an ore showing in an already existing adit, and

(2) to sink a shaft for 50 feet and drive 50 feet of drifts from the bottom of this shaft to explore a separate ore showing from that in the adit.

The original program was very modest in design and it was stated in the Examining Team's report that: "If the preliminary work outlined herein is successful, further exploration will be required."

The drifting as designated in the contract was completed September 6, 1951, good zinc ore being exposed in and in front of the face for a distance of 20 feet. Shaft sinking operations were

then initiated but by the time the shaft had been sunk to a depth of 22.5 feet it was apparent the good zinc ore that existed on the surface did not persist with depth. Consequently, shaft sinking operations were discontinued and an amendment was made to allow that amount of funds still remaining as part of the total contract cost to be used to extend the drift in which good showings of ore had been exposed. This new drifting was started October 1, 1951, but was discontinued October 17, 1951, due to the inclement fall weather which made it nearly impossible for the operators to obtain access to the tunnel site. As of October 17, 1951, the ore showing had been completely intersected and the indications were that it consisted of a lens of high-grade zinc ore, striking northwest and dipping approximately 35 to 40 degrees to the southwest. Since work has been resumed this spring, this ore zone has been further explored for a minimum strike length of 65 feet. As of July 2, the ore zone consisted of a foot-wide oxidized zone bordering a strong shear which dips steeply to the south and strikes approximately East-West. This nearly completes the work allowed by the total cost of the contract.

The operators are desirous of doing further exploration to test the ore zone with more drifting on the adit level and to sink a winze on the widest ore showing for at least 100 feet and drift on ore from the bottom of this winze. The operators state they will have difficulty in financing this further exploration if they are not able to obtain an extension of their present Exploration Project Contract with the Government.

GEOLOGY

The workings of the Scandia Prospect are exploring a mineralized area in Upper Metaline Limestone of Cambrian Age. In the mine area this formation has been marmorized and now consists mainly of gray, even-grained, marble, in which evidences of bedding have been nearly obliterated but a prominent joint system is apparent.

The ore that has been exposed consists of high-grade disseminations of sphalerite and galena along fissures in the limestone. Only one strong lead-sulphide zone has been exposed; the rest of the ore showings containing mainly sphalerite. Samples have been taken in various ore locations and from these samples assay results have been obtained indicating 9.1 to 20.1 percent zinc.

Inasmuch as the main workings are within 50 feet of the surface, much of the ore consists of oxidized zinc but it is believed that deeper exploration will expose sulfides.

Structurally, the Scandia Prospect is very near a major thrust fault in which the Metaline formation has been thrust partially over the younger Ledbetter Slate of Ordovician age.

FEASIBILITY OF THE NEW EXPLORATION

It is believed by examining personnel that the presently nearly completed exploration project at the Scandia Prospect has been successful in exposing promising ore indications. Therefore, in accordance with the Examining Team's original report, "further exploration will be required."

The present workings are only a maximum of 50 feet beneath the surface and consequently the exploration has indicated only a small tonnage of ore. If deeper exploration can be successfully completed, the possibility exists that sufficient ore will be indicated on which to base a mining operation.

It is difficult to project ore showings to depth with any degree of accuracy in the Scandia area; for example, the strong surface showing on which the shaft was started terminated in barren rock within 6 feet of the surface. Therefore, the safest possible way to explore for deeper extensions of the ore is to do the utmost to stay with the ore. One way this can be done is by sinking.

The presently exposed mineralized shear in the main workings is sufficiently strong to merit more exploration even though very little ore will be indicated as a result. This further exploration on the zone will aid materially in determining the correct direction to drift from the bottom of the winze, because it will give information as to the trend of the ore zone as it continues to the west.

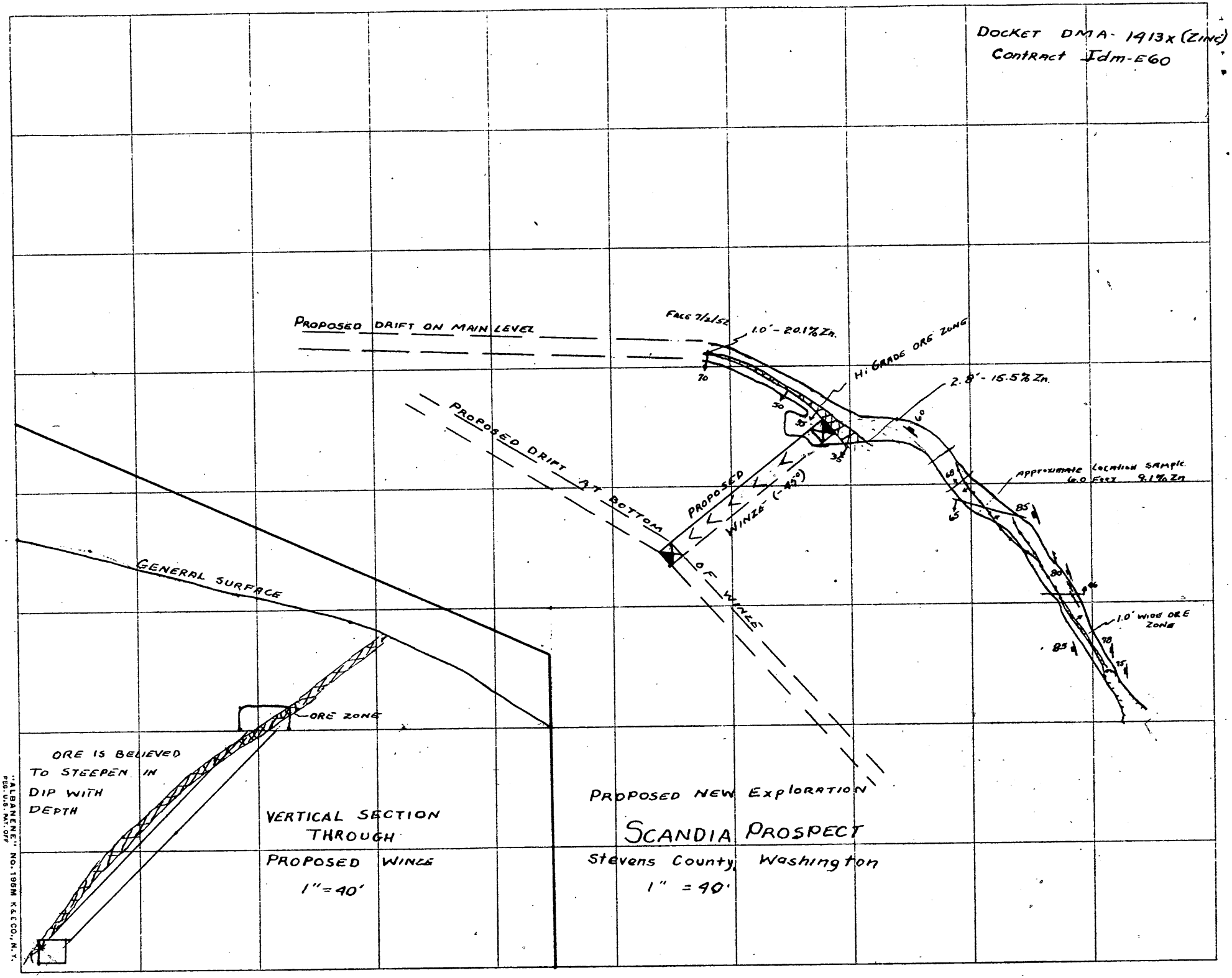
Although the operators are not experienced miners, they have conducted a reasonably satisfactory operation in carrying out the present exploration program and there is no reason to believe but that they will be capable of satisfactorily conducting the new proposed exploration.

Willard P. Puffett

Willard P. Puffett
Geologist

Enclosure 4
cc: DMEA (3)
USBM, Spokane
USBM, Albany
USGS(SRO)

DOCKET DMA-1413x (Zinc)
Contract Idm-E60



"ALBANENE" NO. 195M K&E CO., N.Y.
REG. U.S. PAT. OFF.

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

DOCKET NO. DMEA 325

COMMODITY Zinc

Idm-E60
Docket Copy

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 12 1953

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT Amended CONTRACT [1]

IT IS AGREED this 15th day of August, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Theodore, John, Donald, and Effie Masburg, and Raleigh Hallenius, partners, 32 E. 29th Avenue, Spokane, Washington, as provided in Annex I, annexed hereto, and as follows:

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Washington County of Stevens described as follows: [3] Scandia and Triangle unpatented lode claims in the NE¼, sec. 23, T. 39 N., R. 40 E, W.M., and 30 acres of patented homestead land included in the S-3/4NW¼NE¼, sec. 23, T. 39 N., R. 40 E., W.M. Notarized amended location certificates for the Scandia and Triangle Claims are attached to this contract.

the Operator represents and undertakes: [4]

(*a*) That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: None

(*b*) ~~That the Operator [illegible] Owner's Consent to Lien is attached.~~

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

ARTICLE 3. *Exploration project.*—The Operator, ~~[illegible]~~ shall ~~commence~~ continue work on a project of exploration for [5] zinc in or upon the described land; and shall bring the project to completion ~~[illegible]~~ prior to July 16, 1953. ~~from the date of this contract.~~ The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided.

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

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

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

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

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

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

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

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

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

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

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

(7) *Miscellaneous.*—Repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance and payroll taxes.

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

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

(*b*) The Government's payment in all cases will be based on actual, necessary costs (including contract unit prices) incurred not in excess of any "allowable maximum," and not in excess of the fixed percentage of the total aggregate estimated cost. Costs will be considered to be incurred only as they are or become due and payable.

(*c*) No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes) or any other indirect costs, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

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

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

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

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

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 50 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $14,630.00, which is 50 percent of $29,260.00, the agreed, estimated total cost of the project in which the Government will participate; *Provided,* that until the Operator's final report and final accounting have been rendered to the Government, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.* ....

....

....

Executed in sextuplicate the ~~xxxxxxxxxxxxxxxx~~ Dec. 31 1952.

THE UNITED STATES OF AMERICA

Partner

Partner

Partner

By Partner

Partner

By Frank E. Johnson
ACTING Administrator
Defense Minerals Exploration Administration

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 12 1953

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66

THEODORE NASBURG AND PARTNERS
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-325

ANNEX I

This agreement, between Theodore, John, Donald, and Effie Nasburg, and Raleigh Hallenius, partners, and the Government, amends and supplements Contract Idm-E60, Docket No. DMEA-325, dated July 16, 1951, as amended prior hereto, all hereinafter called the "Original Contract," as follows:

When the work specified in the Original Contract is completed, this amendment and supplement providing for additional work shall become effective, and shall supersede the Original Contract in all respects, except that vouchers and claims for the Government's contribution to the costs of the work performed under the Original Contract shall be processed and paid as provided in the Original Contract.

THEODORE NASBURG AND PARTNERS
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-325

EXHIBIT "A"

Description of the Work

The work specified in the Original Contract is identified as Stage I and is retained as part of the specifications for the work under this amending and supplementing agreement, with the following additions thereto:

Stage II

1. Drift on vein westward in main adit a maximum of 100 feet (See attached map).

2. Sink inclined winze on hanging wall of vein 100 feet (See attached map).

3. Drift on vein in both directions from 100 foot level in winze not to exceed a total of 200 feet. (See attached map).

The location, direction and size of the drifts and of the winze are subject to the approval of the Government.

Estimated Costs of Additional Work

Unit Costs

1.	100 feet of drifting in main adit at $30.00/ft.	$ 3,000.00	
2.	100 feet of winze at $100.00/ft.	10,000.00	
3.	200 feet of drifting from the winze at $35.00/ft.	7,000.00	$20,000.00

The Government will contribute to the costs of drifting, and of sinking the inclined winze, as they accrue, for units of work actually performed, on the basis of these agreed estimated unit costs per foot in lieu of actual costs. The unit costs include all costs of the work except those scheduled below to which the Government will contribute on the basis of actual costs.

Actual Costs
(*Indicates allowable maximum)

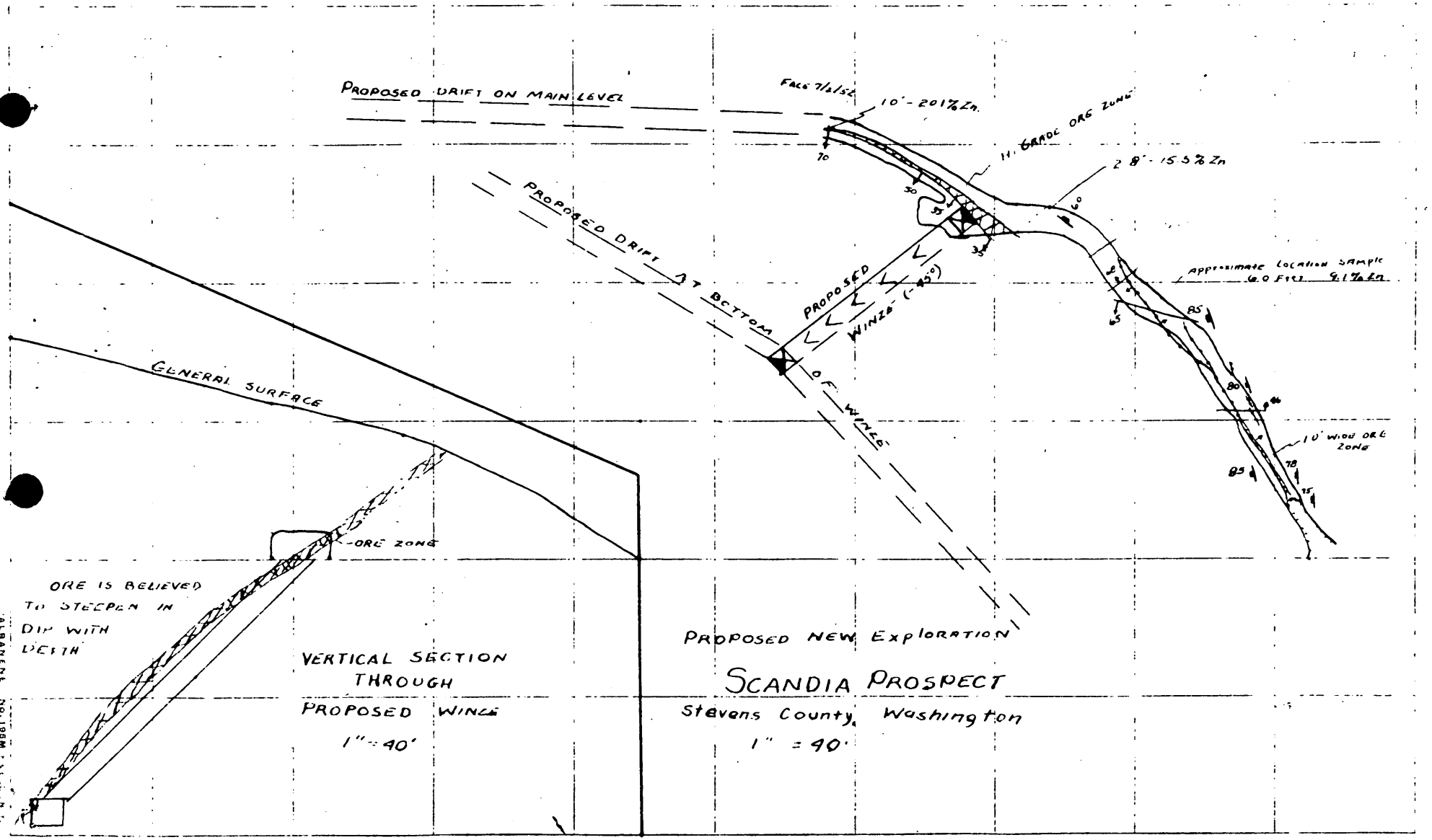
(4) Operating Equipment

To be Purchased

1 Air hoist, 1000# rope pull	$800.00		
1 Air receiver (used)	300.00		
1 Sinking bucket with sheave and cable	200.00		
1 Air Sump pump	400.00	$1,700.00*	
			$21,700.00

Estimated Cost of work in Original Contract	$ 7,560.00	
Estimated Cost of work in Amending Contract	21,700.00	
Total Estimated Cost of Project		$29,260.00
Government Participation @ 50%		$14,630.00

DOCKET DMA 375X ~~[illegible]~~ (ZINC)
Contract Idm 260



Idm-E60
Dmea-325
AR-119
Spokane, Wash.

AMENDMENT NO. 3

It is agreed this 15th day of December 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and Theodore, John, Donald and Effie Nasburg, and Raleigh Hallenius, all of Spokane, Wash.

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idn-E60 of July 16 1951 between the parties hereto be modified and amended as described in Exhibit "F", attached hereto, which, with any maps or drawings attached therto, is made a part of this aggrement. The effective date of this amendment shall be July 16 1951.

This amendment is made by authority granted the Executive Office, DMA Field Team, Region II in Order No. 2653 by the Acting Secretary of the Interior.

This amendment shall not be constued to increase the estimated total cost of the project, the aggregate total amount which the Government may be obligated to pay, or the percentage of costs which the Government may be obligated to pay, under the provisions of Article 13 of the contract form.

Executed in sextuplicate the day and year first above written.

Scandia Mining Group
(Operator)

The United States of America

By John Nasburg Partner

By A. E. Weissenborn
A. E. Weissenborn, Exec. Officer
DMEA Field Team, Region II

NASBURG AND HALLENIUS
Exploration Project Contract Idm-E60

Amendment No. 2 - 3?

EXHIBIT "F"

Changes and modifications

Under paragraph 3, line 4, of the contract delete "five calendar months" and substitute "fourteen calendar months."

AMENDMENT NO. 2

It is agreed this 9th day of October 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and Theodore, John, Donald, and Effie Nasburg and Raleigh Hellenius, all of Spokane, Washington

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Ed-60 of July 16 1951 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 September 1 1951.

This amendment is made by authority granted the Executive Officer, DMA Field Team, Region II in Order No. 2653 by the Acting Secretary of the Interior.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be obligated to pay, or the percentage of costs which the Government may be obligated to pay, under the provisions of Article 13 of the contract form.

Executed in sextuplicate the day and year first above written.

Theodore Nasburg
(Operator)

By John Nasburg
Donald Nasburg
Effie Nasburg
Raleigh Hellenius

The United States of America

By M E Volin

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

AMENDMENT NO. 2

Contract Idm-160

EXHIBIT "F"

In Exhibit "D" of the contract under "Labor and Supervision" add the following paragraph:

"Labor for the shaft sinking described in Exhibit "A" of the contract shall be paid at unit contract rates not to exceed $25.00 per foot."

DEFENSE MINERALS
ADMINISTRATION
WASHINGTON, D. C.
OCT 15 10 53 AM '51

AMENDMENT NO. 1

It is agreed this 1 day of October 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and Theodore, John, Donald and Effie Nesburg, and Raleigh Hallenius, all of Spokane, Washington

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Id-E60 of July 16 1951 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 October 1 1951.

This amendment is made by authority granted the Executive Officer, DMA Field Team, Region II in Order No. 2653 by the Acting Secretary of the Interior.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be obligated to pay, or the percentage of costs which the Government may be obligated to pay, under the provisions of Article 13 of the contract form.

Executed in sextuplicate the day and year first above written.

Theodore Nesburg
John Nesburg
(Operator)

By Donald Nesburg
Effie Nesburg
Raleigh Hallenius

The United States of America

By M E Malin

Acting Executive Officer

AMENDMENT NO. 1

CONTRACT NO. Idm-260

EXHIBIT "F"

The shaft sinking and dependent work described in Exhibit "A" shall be terminated at 22.5 feet, thereby eliminating 27.5 feet of sinking at $60.00 per foot and 50 feet of drifting from bottom of shaft at $30.00 per foot.

The remainder of the funds originally intended to be used in completing the shaft sinking and drifting from bottom of shaft shall be used to extend the drift, marked "A", Exhibit "A", 100 more feet. This will allow an aggregate 200 feet of drifting on Drift "A".

If, at any time, it is considered by the Field Team geologically unadvisable to continue drifting, this part of the program shall be terminated and the advisability of crosscutting to extensions of other vein structures shall be considered. The total amount of drifting and/or crosscutting shall not exceed in cost that amount which remains to be expended under the terms of the original exploration project contract.

In Exhibit "C" under section "Operating equipment to be rented" delete the following:

1 - Air compressor, 105 cfm, portable, gas - monthly rental	$165.00

and substitute:

1 - Air compressor, 210 cfm, portable, gas - monthly rental	$290.00

MF-200
(April 1951)

Docket No. DMA [illegible]
Commodity zinc

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

EXPLORATION PROJECT CONTRACT [1]

It is agreed this 16th day of May, 195[illegible], between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] Frederick, [illegible], Donald and Effie Lesher, and Ralph [illegible], all of Spokane, Wash.

hereinafter called the "Operator," as follows:

1. *Authority for contract.* This agreement is entered into under the authority of the Defense Production Act of 1950, pursuant to Mineral Order 5, entitled "Regulations Governing Government Aid in Defense Exploration Projects."

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of Washington, County of Stevens described as follows: [3] [illegible] in Section [illegible]

with respect to which the Operator represents and undertakes: [4]

(*a*) That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: none

(*b*) ~~That he is a lessee, in possession and entitled to possession, and the subordination agreement of the lessor is attached.~~

3. *Exploration project.* The Operator, within ten days from the date of this contract shall commence work on a project of exploration for [5] zinc; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] five calendar months from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

4. *Performance of the work.* The work shall be performed by the Operator, under his sole direction and control: *Provided,* That with the consent of the Government and its written approval of the contract or contracts, all or any part of the work may be performed by the Operator through contract or contracts with independent contractors. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

5. *Fixtures and improvements.* The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof. Attached hereto, marked "Exhibit 'B'," is a detailed list of additional facilities, buildings, and fixtures, to be purchased, installed, or erected by the Operator, with the estimated cost of each, to which the Government will contribute its agreed pro-rata share of the cost. The difference between the cost of such additional facilities, buildings, or fixtures, and the salvage value thereof at the conclusion of the work, shall be charged as a cost of the project to which the Government has contributed its pro-rata share.

6. *Operating equipment.* Attached hereto, marked "Exhibit 'C'," is a detailed list of operating equipment divided into categories of items to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or rental value, as the case may be, annexed to each. As to equipment purchased for the project, the Government will contribute its agreed pro-rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro-rata share.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property.
[4] Strike out the provision not applicable.
[5] Name of mineral.
[6] Not in excess of 2 years.

7. *Title to and disposition of property.* All facilities, buildings, fixtures, equipment, or other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* Attached hereto, marked "Exhibit 'D'," is an itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project.

9. *Rehabilitation and repairs.* Attached hereto, marked "Exhibit 'E'," is a detailed schedule of existing facilities, buildings, installations, and fixtures, with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition, which cost shall be allowed as a cost of the project.

10. *Allowable costs of the project.* The allowable costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in the contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, or any other indirect costs not expressly allowed by these regulations, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

11. *Participation by the Government.* At the end of the first full calendar month after the Operator has commenced work under the project, and at the end of each succeeding calendar month, the Operator shall submit to the Government a voucher for payment with a detailed statement of work done and allowable costs (as defined in Article 10 of this agreement) incurred, in a form and with supporting data acceptable to the Government. After approving the voucher, the Government shall pay to the Operator ---fifty--- percent of the sum of such costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $---[illegible]---, which is ---fifty--- percent of the agreed estimated total cost of this project, $---[illegible]---.

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

13. *Progress reports.* The Operator shall provide the Government with monthly reports of progress in form and content satisfactory to the Government, and upon the completion of the project or termination of the contract shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

14. *Repayment by Operator.* If, upon the completion of the exploration project or termination of the contract, the Government considers that a discovery or development has resulted from the work from which commercial production of ore may be made, the Government, within 6 months thereafter shall so certify to the Operator, particularly describing and delimiting its estimate of the discovery or the development. Thereafter, if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first, as follows:

Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent additional for each full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

This obligation to repay from net returns or proceeds shall be and remain a claim and lien upon the property which is the subject of the exploration project and upon any production resulting from such discovery or development, in favor of the Government, until fully paid, or until said 10-year period has elapsed; and this claim and lien and the Government's right to repayment shall survive any termination of the contract, whether by completion of the exploration project or otherwise. This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development.

15. *No assignment of contract.* Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder.

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

Executed in triplicate the day and year first above written.

Theodore Nasberg
John Nasberg
(Operator)
Donald Nasberg
Effie Nasberg
Raleigh Hollenius

THE UNITED STATES OF AMERICA

By C. O. Mittendorf

U. S. GOVERNMENT PRINTING OFFICE 16—64066-1

Scandia Mining Claim, Stevens County, Washington

Exploration Project Contract

EXHIBIT "A"

Exploration project

Time Schedule Months	
2	1. Drive drift marked "A" (on sketch attached) 100 feet on vein from existing heading.
3	2. Explore zinc ore body "B" (see sketch) by sinking and drifting about 50 feet each.

Estimated costs are:

1.	Drifting 100 feet @ $25 per foot*	$2,500.00
2.	Sinking 50 feet @ $60 per foot*	3,000.00
3.	Drifting off shaft 50 feet @ $30 per foot* . .	1,500.00
4.	Equipment to be purchased	560.00
	Total cost of project	$7,560.00

* Per foot costs are understood to include labor, supervision, and all operating costs, including sampling and assaying.

Scandia Mining Claim, Stevens County, Washington

Exploration Project Contract

EXHIBIT "B"

Fixtures and improvements

Any additional facilities and buildings to be purchased, installed, or erected by the operator shall not be charged as a cost of the project.

DMA 325
E-60

Theodore, John, Donald & Effie Nasburg & Raleigh Hallenicus

Scandia Mining Claim, Stevens County, Washington

Exploration Project Contract

EXHIBIT "C"

Operating equipment

To be rented:

	Monthly rental
1 - Air compressor, 105 cfm, portable, gas	$165.00
1 - Drifter, column and arm	85.00
1 - Hoist with cable (no power)	76.00
1 - Pressure water tank	5.00

To be purchased:

1 - Engine, gas (to drive hoist) . . .	$250.00
200 feet 12-lb. rail, with ties, splice bars, bolts and spikes . . .	75.00
130 feet 1-1/2 in. pipe	35.00
Miscellaneous supplies and small tools.	200.00
Total	$560.00

To be furnished by operator:

	Monthly rental allowance
1 - Tram car, 1 ton	$15.00
1 - 1-1/2 ton truck	63.00
1 set air and water hose	12.00
Total monthly rental allowance	$90.00

Scandia Mining Claim, Stevens County, Wash.

Exploration Project Contract

EXHIBIT "D"

Labor and supervision	Rate per shift	
Miner	$13.00	
Mucker	13.00	
Consulting service, engineer		$150.00
Bookkeeper, 5 days @ $20		100.00

The above rates are subject to lawful overtime increases and revision of pay scale under union contracts.

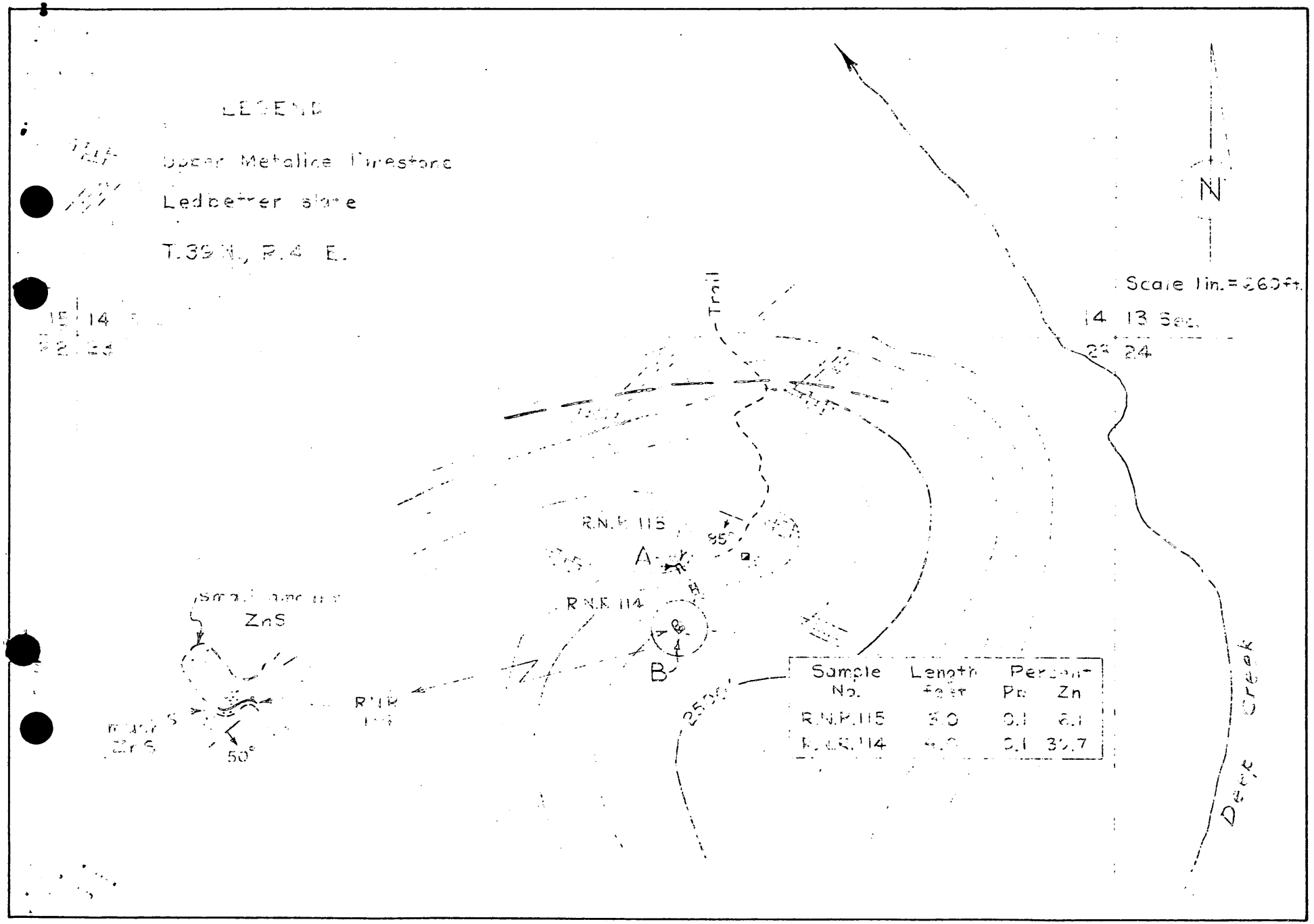
Scandia Mining Claim, Stevens County, Wash.

Exploration Project Contract

EXHIBIT "E"

Rehabilitation and Repairs

No repairs or rehabilitation are planned on existing facilities, installations and buildings.



SKETCH OF SCANDIA PROSPECTS, STEVENS COUNTY, WASH.

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. dma 325 X

Date received 5/31/51

Participation

Scandia Mining Group
32 E. 29th Ave.
Spokane, Washington

Name and address of applicant

Date 5-24-1951

FILL IN THIS BLOCK

Date of application 5-24-1951

Estimated cost $6606.50

Mineral or metal Zinc and Lead

Percentage of Government participation $3303.25

Location of mine Northport Mining District
6 Miles on Deep Creek, Stevens County

Date of filing MF-100 5-24-51

DMA Docket Number, if available

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation?
*2. If a partnership, state names and addresses of partners.
*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.
*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project.
*5. Are you the owner or the lessee of the property?
6. If owner, state what claims, liens, or encumbrances, if any, are against the property.
7. If lessee, attach a copy of the lease and state if it is in good standing.

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract.

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement.
9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)?

*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

16—64067-1

JUN 5 1951

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.
    (*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

    NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*b*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

*11. State the present and former names of the property, if any.
*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads.
*13. State source and quantity of water available for operations and its sufficiency at all seasons.
State amount of power to be used, rate per hour or other cost, and source.
*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work.
15. State in detail how the ore could be shipped and how and where milled.
*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.
    (*b*) State briefly the known history and production of adjoining and neighboring properties.
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.
*17. Production:
    (*a*) If mine is in production, furnish the following information:

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.
19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted?
21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it.

    NOTE.—The Government will not participate in a project that will require more than 2 years to complete.
22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data.

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:
    (*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each.
    (*b*) Supervisors, by numbers and positions, with salaries of each.
    (*c*) Cost of necessary repairs to existing facilities, structures, and buildings.
    (*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings.
    (*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each.
    (*f*) Cost of rental for equipment which the operator proposes to rent.
    (*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work.
    (*h*) Cost of materials and supplies, including items of equipment costing less than $50 each.
    (*i*) Cost of power, water, utilities, and any other items not provided for above.
24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent.

CERTIFICATION

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

Sandia Mining Group (Name of company) By Donald Nasberg (Signature of authorized official)

May 24, 1951 (Date) Partner (Title)

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

*Same as footnote on page 1.

16—64067-1 U. S. GOVERNMENT PRINTING OFFICE

FORM M.F. 103

1. This is a partnership.
2. Theodore Nasburg, Effie Nasburg, Donald Nasburg, John Nasburg and A. Raleigh Hallenius, all of 32 East 29th. Ave. Spokane, Washington.
3. Answered in foregoing No 1 and No. 2.
4. A. Theodore Nasburg has managed farms, contracted building construction, John and Donald Nasburg have owned and operated meat markets, A. Raleigh Hallenius has managed and operated automotive parts departments. We have all had some practical mining experience.
B. The mining will be done by an experienced miner under our supervision.
5. We own the property.
6. The property is free of all debts.
7. Covered by No 5 and No 6.
8. As individuals we do not have a financial statement, however, we will furnish our part of this agreement as soon as necessary.
9. We are prepared to invest one half of proposed project.
10.A: S.½ of N.E.¼ of Twp. 39, Range 40 Stevens County, Washington. SEC-23
B: Same as "A" above.
11. This consists of the Scandia claim and Triangle Claim.
12. This property is on a private road about one mile from State Highway #22, on deep creek about 6 miles from Northport, Washington and the Great Northern Railway. The private road is an easement rightaway and is a good summer road. However, this property could be reached by about ½ mile of aireal tramway to the highway.
13. Water for this project will be hauled by truck. If necessary water could be pumped from Deep Creek which is about ½ mile distance. A 72,000 volt power line is ½ mile, which is furnished by Stevens County Electrical Coop. However, we will use gasoline power for this project. This will cost about $4.50 per day.
14. Equipment will be rented for this project until we get set upfor continuous operation.
15. Ore will be hauled by truck 24 miles to the Young America Mill at Bossburg. We are also trying to arrange to have it milled at the Magney Mill, a distance of about 3 miles.
16.A: There are several prospect holes where some exploring has been done where surface outcropping were found. Most of the development has been done on the Scandia adit, they are two, about 30 feet long, with a shaft sunk a distance of about 15 feet deep, a carload of zinc, lead ore was shipped from these adits, by a lessor last year. He was not financially able to continue operation.
B: The Black Rock mine, ½ mile South East, shipped Zinc and lead ore for several years. The Great Western and Last Chance, about one and a half miles east and south east, shipped lead and zinc ore for several years in the past. The adjoining Deep Creek Mine is now producing a large daily tonnage of lead and zinc ore.
C: Engineer W. Randolph Green attached.
17. The only production record is the one carload of crude shipped last year, which ran about 8% lead and 8 plus % zinc.
18.A: The zinc and lead veins are found in the metaline limestone, which lead toward the ledbetter slate contact.
B: See copies of assay reports attached, we do not have maps available.
C: Until more exploring is done we can not estimate the tonnage and grade of ore reserves.
19. While widening the road this year we located a very good lead of zinc in the metaline Limestone a short distance from the ledbetter slate contact.
20. Zinc and lead ores imbedded in metaline limestone.
21. Drive adit to 100 feet explore lead and zinc showing in upper adit

21. Continued.
on Scandia Claim, estimated time 35 days.
Drive adit or sink approximately 100 feet on zinc showing about 110 feet below upper Scandia adit. Estimated time 40 days.

22. We believe this property warrants being explored, due to the various outcroppings confined to this area which is imbedded in Metaline Limestone. See Green's report attached, which covers question 16 C, also assay reports covering 18 B.

23.A: One miner, $12.60 daily, one mucker $11.76 daily, one helper $11.76 daily.

B: Under our own supervision, with no added salary.

C: Equipment will be rented.

D: Same as foregoing question "C".

E: Answered in question "F" following.

F: One - 105 C.F.M. Compressor $164.00 per month or $8.20 per day. One hand fed guide shell mounting W/55 lbs. drifter, $68.75 monthly or $3.45 daily, one water pressure tank $7.00 monthly or 35¢ daily, on one two drum air slusher $125.00 monthly or $6.25 daily, one 30 inch slusher bucket $35.00 monthly or $1.75 daily.

G: We have sufficient air hose, air pipe drill steel and bits, and miscellaneous tools of our own. Also a 1½ ton truck for supplies.

H: Dynamite $11.05 daily, fuse $1.50 daily, blasting caps 25¢ daily, gasoline $4.40 daily, lubricating oil 63¢ daily, drill bits $1.68 daily.

I: Industrial insurance, social security $7.44 daily and miscellaneous incidentals $8.25 daily. Power used will be gasoline.

24: This project estimated to take 75 days at the average rate of approximately 3 or 4 feet daily. The cost to be approximately $6606.50.

Memorandum on the

S C A N D I A PROPERTY

Stevens County, Washington

Introduction

The Scandia property is located in Section 23, Township 39 North, Range 40 E.W.M., Stevens County, Washington about six miles southwest of Northport on the west side of Deep Creek valley. The property consists of 160 acres of patented land which is held by Raleigh Hallenius of Spokane, Washington and his associates.

No known ore shipments have been made from this property.

Physical Features and Communications

The property is located on a ridge trending northeast and extending out into Deep Creek valley at an elevation of approximately 2600 feet. The property is reached via the Deep Creek highway from Northport. Transportation to Northport is furnished by State Highway No. 22 and the Great Northern Railway. The property is about one-half mile from the Deep Creek road and 600 feet higher in elevation. Two trails lead from the road to the workings.

The region is generally mountainous with considerable timber and brush covering the hillsides.

Description of the Deposit:

The top and southern side of the ridge on which the property is located is a marbleized limestone, while the northern side is slate. The bedding of the limestone appears to strike north 70 degrees west and to dip 85 degrees to the south. The slate beds strike north 65 degrees east and dip 70 degrees south. The slate-lime contact is a fault contact and occurs a short distance below the ridge on the northern side.

The limestone has been cut by several northeast-striking fractures and by a series of northwest-striking shear zones. There are three mineralized outcrops, approximately 300 feet apart, exposed in the limestone on the ridge. One of these outcrops occurs as a replacement of limestone between two apparently parallel slips which strike north 70 degrees west and are about seven feet apart. A Little sphalerite and galena are found to be disseminated in the zone between the two slips. This showing has been explored to a depth of seven feet by a shaft.

About 300 feet south and west of this showing, a second outcrop has been explored by a short tunnel and one pit. This showing consists of approximately six inches of crushed calcite which contains a thin veinlet of galena. This mineralized seam strikes to the northwest and dips to the southwest and appears to parallel the bedding planes.

The third mineralized showing on the ridge occurs approximately 300 feet north of the second ~~xxxxx~~ showing and has been explored by a 25 foot shaft. This showing consists of about two feet of mineralized material which occurs along a northeast-striking fracture which ~~xxxx~~ ~~xxxxxxxxxx~~ dips to the southeast. This fracture is parallel to the

slate-limestone contact.

A fourth mineralized outcrop occurs on the property about 200 to 300 feet below the ridge on the south side. This showing, which was not sufficiently exposed to determine its attitude, consists of a replacement in limestone by sphalerite and galena. A short tunnel driven into the hill was inaccessible. Material found on the dump which supposedly came fromthese workings indicates that this is probably the best showing on the ground.

Recommendations

The showings on the property have not been exposed sufficiently to permit a true evaluation of them. The northwest-striking shears and fractures which have been mineralized may be feeders which will lead to major mineralized bodies occuring close to the slate-limestone contact.

In order to explore the present showings and to determine if there are ore bodies near the slate-lime contact, it is recommended that some bulldozing work be done on top of the ridge to strip off the overburden and expose the bedrock. It is also recommended that the tunnel at the fourth showing be cleaned out and made available for inspection and that some stripping be done around the outcrop so that the showing is better exposed.

This work will determine the advisability of further exploration and will, if successful, furnish sufficient data to properly outline a future development program.

W. Randolph Green
Mining Engineer

October 1, 1948
Spokane, Washington

CORRECTION TO PROPERTY DESCRIPTION OF GREENS REPORT

The Scandia Mining Group Claims consists of five unpatented claims in Section 22 and 23, township 39 N Range 40 E.W.M. and one hundred and ten acres of patented land in section 23, making atotal of two hudred ten acres. The patented land consists of the S ½ of NW ¼ of N.E. ¼ of Sec 23-39-40 and E½ of N.E. ¼ of Sec 23-39-40 which takes in part of Deep Creek.

This property is owned by Theodore Nasburg, Raleigh Hallenius and associates.

GOLD and SILVER BOUGHT.

Wm. H. Stowell & Co.

CHEMISTS AND ASSAYERS
421 SPRAGUE AVENUE
TELEPHONE MAIN 5924

Memorandum of Assay of Rock *made for*

Theo. Marburg

Spokane, Wash., Apr. 11, 1950

SAMPLE MARK	ASSAY VALUE PER TON OF 2,000 POUNDS AVOIRDUPOIS															
	Lead 10¼¢ per lb.			Zinc 10¢ per lb.			Silver at ——— cents per ounce				Gold at per ounce				Total	
	Per Cent	DOLLARS	Cents	Per Cent	DOLLARS	Cents	OUNCES	10ths	DOLLARS	Cents	OUNCES	100ths	DOLLARS	Cents	DOLLARS	Cents
No. 1	4 4/10	9	24	7 8/10	15	60									24	84
No. 2																
No. 3																
No- 4																
No. 5																
No. 6																
No. 7																
No. 8																

No. 141999

Charges $ 2.50

Wm. H. Stowell & Co. Assayers
H.J.

GOLD and SILVER BOUGHT.

Wm. H. Stowell & Co.

CHEMISTS and ASSAYERS
421 SPRAGUE AVENUE
TELEPHONE MAIN 5924

Memorandum of Assay of Rock made for

Theo. Marburg Spokane, Wash., Apr. 18, 1950

ASSAY VALUE PER TON OF 2,000 POUNDS AVOIRDUPOIS

SAMPLE MARK	Lead 10½¢ per lb.			Zinc 10¢ per lb.			Silver at ..... cents per ounce				Gold at per ounce				Total	
	Per Cent	DOLLARS	Cents	Per Cent	DOLLARS	Cents	OUNCES	10ths	DOLLARS	Cents	OUNCES	100ths	DOLLARS	Cents	DOLLARS	Cents
No. 1	5 7/10	11	97	10 9/10	21	80									33	77
No. 2	2 2/10	4	62	23 4/10	46	80									51	42
No. 3	Trace			27 3/10	54	60									54	60
No. 4																
No. 5																
No. 6																
No. 7																
No. 8																

No. 142-013-5

Charges $2.50

Wm. H. Stowell & Co. Assayers

GOLD and SILVER BOUGHT.

Wm. H. Stowell & Co.

CHEMISTS AND ASSAYERS
421 SPRAGUE AVENUE
TELEPHONE MAIN 5924

Memorandum of Assay of Rock *made for*

Theo. Masburg

Spokane, Wash., Apr. 4, 1950

ASSAY VALUE PER TON OF 2,000 POUNDS AVOIRDUPOIS

SAMPLE MARK	Lead 10½¢ per lb.			Zinc 10¢ per lb.			Silver at 90 cents per ounce				Gold at		per ounce		Total	
	Per Cent	DOLLARS	Cents	Per Cent	DOLLARS	Cents	OUNCES	10ths	DOLLARS	Cents	OUNCES	100ths	DOLLARS	Cents	DOLLARS	Cents
No. 1	11 9/10	24	99	21 2/10	42	40		2		18					67	57
No. 2	4/10		84	33 4/10	66	80		2		18					67	82
No. 3																
No. 4																
No. 5																
No. 6																
No. 7																
No. 8																

No. 141981-2

Charges $ 7.00 Pd

Wm. H. Stowell & Co. Assayers
H.S.

Form MF-100
(March 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

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

NOT TO BE FILLED IN BY APPLICANT

Docket No. ma - 325X

Date received 5/31/51

Scandia Mining group
32 E 29th Ave.,
Spokane, Washington

Name and address of applicant

Date 5-24-51

INSTRUCTIONS

This form is to be filed with Defense Minerals Administration, Department of the Interior, Washington 25, D. C. It should be accompanied by appropriate application form when a specific type of Government assistance is requested, in the form of (1) loan, (2) purchase contract, (3) Government guarantee of a private loan, (4) ~~Necessity Certificate pursuant to the provisions of Section 124 (a) (1) of the Defense Production Act of 1950~~, (5) priorities or allocation of mining equipment, and maintenance, repair and operating supplies, and (6) other forms of Government assistance that might arise under the Act. Submit four (4) signed copies of the form and accompanying papers. Name and address should be stamped or typed on each sheet of this form and all accompanying papers. *When a question is inapplicable it should be so stated on the form.* Additional sheets may be attached in answering any questions or in supplying additional information. (IF YOU CANNOT ANSWER A QUESTION, SO STATE.) If a question is answered elsewhere indicate where answered. It is not necessary to answer it again.

5

GENERAL TECHNICAL DATA

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

1. Materials produced:
   (*a*) What are the chief mine, mill, or smelter products? Lead and zinc
   (*b*) What are the byproducts, if any? None
2. Name(s) and type(s) of mine(s), mill(s), smelter(s), refinery(ies), pit(s), quarry (ies), drilling operation(s). Include old names of property, if any. Show extent of workings, including the following: Scandia Adit and shaft
   (*a*) Linear feet of shafts. 15 foot shaft
   (*b*) Linear feet of drifts and crosscuts. None
   (*c*) Linear feet of tunnels or adits. Two Adits of 30 feet each
   (*d*) Linear feet of other mine openings (explain briefly). Some small pits

   Indicate whether mine is flooded or not. Describe any pumping problems. Give size or productive capacity No water
3. For each operation listed above supply the following:
   (*a*) Distance and direction from nearest town and shipping point. Six miles S.E. of Northport, Wash
   (*b*) Mining district. Northport
   (*c*) Township, Section, Range. 39-23-40
   (*d*) County, State. Stevens, Washington
4. (*a*) State whether or not property is now in operation, and if in operation, by whom operated.
   (*b*) Are you operating this property as:
   - [x] Owner.
   - [ ] Lessee.
   - [ ] Contractor.
5. Number of years in production One carload shipped in 1950

   If not in production or operation, estimated date when production will begin At end of project
6. Experience of operators: See attached sheet

   Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who manage the project.
7. History: See attached sheet
   (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for suspension of operation.
   (*b*) State briefly the known history and production of adjoining and neighboring properties.
   (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

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

Name and Address (a)	Official Title (If officer is also director indicate by "D") (b)	Total of Annual Salary, Commissions, Bonuses, Etc., Received From Applicant and Affiliates During Last Fiscal Year (c)	Estimated Net Worth Outside of Interest in Applicant (d)	Number of Shares Held in Applicant Corporation: Common (e)	Number of Shares Held in Applicant Corporation: Preferred (f)	Life Insurance Carried for Benefit of Applicant: Amount (g)	Life Insurance Carried for Benefit of Applicant: Net Cash Surrender Value After Loans (h)
Theodore Nasburg	Partner	None	- -	- - - -	- - - -	- - - -	- - - -
Effie Nasburg	Partner	None	- -	- - - -	- - - -	- - - -	- - - -
Donald Nasburg	Partner	None	- -	- - - -	- - - -	- - - -	- - - -
John Nasburg	Partner	None	- -	- - - -	- - - -	- - - -	- - - -
A. Raleigh Hallenius	Partner	None	- - -	- - - -	- - - -	- - - -	- - - -
	Total		x x x x x			x x x x x	x x x x x

If more lines are needed continue on separate sheet.

9. Capital Stock Issues:

For Corporate Applicants

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

*Indicate period covered.

10. Production:

Item	Kind of Product (a)	1948 Total (b)	1949 Total (c)	1950 Total (d)	Present Average Monthly (e)
1. Quantity of product mined or quarried (Short, long, metric tons; barrels; pounds; etc.)	Lead-zinc	None	None	24 tons	None
2. Quantity of product processed (specify unit of measure and type of process)	Lead-zinc	None	None	24 tons	None
3. Quantity and grade of product sold or shipped (specify units of measure)	Lead-zinc	None	None	24 ton	None

11. Do you contemplate a change in the present average monthly rate of production? If so, state estimated maximum monthly production and basis of change. Can not estimate

12. Ore or Mineral Reserves:

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

(*b*) If deposit is other than placer:

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

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

TOTAL ORE OR MINERAL RESERVES

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

(*c*) If placer: Lode Type

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

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

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

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

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

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

13. Access Roads: See attached sheet

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

14. Water Supply: See attached sheet

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

15. Power: See attached sheet

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

16. Labor: No record

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

17. Equipment and Facilities: No buildings, Equipment will be rented

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

18. Are there any particular conditions or circumstances affecting your operations that are not described above? If so, explain.
None

CERTIFICATION

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

Scandia Mining Group
(Name of company)

By Donald Nasburg
(Signature of authorized official)

May 24, 1951
(Date)

Partner
(Title)

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

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

Form MF-100

6.

Theodore Nasburg has managed farms, contractedbuilding construction, John and Donald Nasburg have owned and operated meat markets, A. Raleigh Hallenius has managed automotive parts departments. We have all had some practical mining experience. We as owners will take a special interest in managing the project.

7-a

The development work consists of two adits, each about 30 feet long and one shaft about 15 feet deep. One carloadwas shipped last year by lessor which ran about 8% lead and 8% plu s zinc. Lessor was not financially able to continue operating.

B.

The Black Rock Mine, 1/2 mile S. E. shipped zinc and lead ore for several years. The Great Western 1½ miles South East and the Last Chance 1 mile South, shipped lead and zinc ore for several years in the past. The adjoining Deep Creek mine is now producing a large daily tonnage of lead and zinc ore.

C.

See W. Randolph Green's Engineers report attached to accompaning form M F 103

12 A

There are several lead and zinc outcropings within a short distance of the Scandia adits which are in the Metaline Limestone, which seem to lead toward the ledbetter slate contact. A goodvein of zinc wad uncovered within 600 feet from the Scandia Adits, while building the road

13

The property is about 6 miles from Northport by way of State Highway # 22, 1 mile of this is a private road on an easement right of way. The private road is a good summer road. The Great Northern railroad goes thru Northport.

14

The water used for this project will be hauled by truck, however if necessary water could be pumped from Deep Creek, a distance of about ½ mile

15

Gasoline engine power will be used for this project. The daily gas cost will be about $4.50. If and when necessary electrical power can be supplied by Stevens County Electric Co-op, from theid 72,000 volt line ½ mile away.

This Form MF-100 is also applying for our priority number

PROJECT SUMMARY REPORT

By: J. W. Alt May 5, 1959

1. Docket No. DMEA-325X (Zinc)
Contract No. Idm-E60
Property: Scandia Mine
Stevens County, Washington

Operator: Theodore, John, Donald and Effie Nasburg, and Raleigh Hallenius
32 E. 29th Avenue
Spokane, Washington

Operator's Property Rights: Owner

2. Contract dated July 16, 1951. To complete December 16, 1951.

Work Authorized

1. Drive drift 100 feet on vein from existing heading.

2. Explore zinc ore body "B" by sinking and drifting about 50 feet each.

Estimated Cost of the Project

1.	Drifting, 100 feet @ $25.00/ft.	$2,500.00
2.	Sinking 50 feet @ $60.00/ft.	3,000.00
3.	Drifting off shaft	1,500.00
4.	Equipment to be purchased	560.00
	Total Estimated Cost of the Project	$7,560.00

Amendments

No. 1 Agreed October 1, 1951, effective October 1, 1951.

Change in description of work and deleting some operating equipment to be rented.

No. 2 Agreed October 9, 1951, effective July 16, 1951.

Establishes rate for labor for shaft sinking.

No. 3 Agreed December 15, 1951, effective July 16, 1951.

Increases completion time from 5 months to 14 months.

AMENDED EXPLORATION CONTRACT

Dated August 15, 1952. To complete July 16, 1953.

Stage I

Consists of the work done under the Original Contract.

Stage II

1. Drift on vein westward in main adit a maximum of 100 feet.

2. Sink inclined winze on hanging wall of vein 100 feet.

3. Drift on vein in both directions from 100-foot level in winze not to exceed a total of 200 feet.

Estimated Costs of Additional Work

Unit Cost

1.	100 feet of drifting in main adit, @ $300.00/ft.	$ 3,000.00	
2.	100 feet of winze @ $100.00/ft.	10,000.00	
3.	200 feet of drifting from winze, @ $35.00/ft.	7,000.00	$20,000.00

Actual Costs

(4)	Operating Equipment to be Purchased	1,700.00
	Total Estimated Cost of Stage II	$21,700.00
	Estimated Cost of Stage I	7,560.00
	Total Estimated Cost of the Project	$29,260.00
	Government's participation, 50%	$14,630.00

Amendments (continued)

No. 4 Agreed November 25, 1952, effective November 25, 1952.

Completion time extended from 11 to 26 months.

Increases amount of contract to $30,285.00.

No. 5 Agreed December 16, 1953, effective October 13, 1953.

Recesses the project work from October 13, 1953 to not later than June 1, 1954.

Increases royalty payment period from 10 years to 11 years.

No. 6 Agreed November 17, 1954, effective October 13, 1953.

Recesses project work from October 13, 1954 and ending not later than June 1, 1955.

Completion time extended to October 15, 1955.

Change in the description of work.

Royalty payment period increased to 12 years.

No. 7 Agreed February 21, 1956, effective June 1, 1955.

Recess project work further extended from June 1, 1955 to not later than June 15, 1956.

If work is not resumed by June 15, 1956, the contract shall be terminated effective October 13, 1954. A "pseudo-certification" is in effect if work is not resumed.

Assignment of Contract to Grandview Mines, Inc. , dated March 8, 1956, effective December 1, 1955.

Second Amended Contract (Short Form)

Grandview Mines, Inc.
Suite 310, Radio Central Bldg.
Spokane 4, Washington

Dated August 1, 1957. To complete by October 31, 1958.
Consent To Lien and Subordination Agreement dated June 18, 1957.

Stage I

Work consists of that performed under the Original Contract.

Stage II

Work consists of that performed under Amended Contract.

Stage III

Consists of work to performed under this Second Amended Contract.

Diamond drill seven holes, not to exceed an aggregate of 2,225 feet of drilling with AX size or larger coring bits.

Fixed Unit Costs of Stage III

2,225 feet of diamond drilling, @ $6.96/ft.	$15,486.00	
160 determinations, @ $1.00/ea.	160.00	
70 sample sacks, @ $0.35/ea.	24.50	$15,670.50
Total Cost of Stage I and Stage II work		29,252.39
Estimated Total Cost of the Project (rounded to)		$44,922.00
Government's participation, 50%		$22,461.00

Amendments

No. 8 Agreed July 2, 1956, effective June 15, 1956.

Completion time extended from October 15, 1956 to November 15, 1956.

Recess project work June 15, 1956 to July 31, 1956.

Royalty payment period increased to 14 years.

Change in the description of work.

The provisions of Amendment No. 7 not modified herein remain in full force and effect.

Work Completed

STAGE I

Shaft sinking, 22.5 feet @ $80.00/ft.	$ 1,800.00	
Drifting, adit level, 208 feet @ $27.00/ft.	5,616.48	$ 7,416.48

STAGE II

Winze sinking, 98.5 feet, @ $100.00/ft.	9,850.00	
Drifting, off winze, 101 feet, @ $35.00/ft.	3,535.00	
Core drilling, 1,174 feet, @ $7.00/ft.	8,218.00	
Equipment purchased	232.91	21,835.91

STAGE III

Core drilling, 2,225 feet, @ $6.96/ft.	15,486.00	
Assay determinations, 160 @ $1.00/each	160.00	
Sample sacks, 70 @ $0.35/each	24.50	15,670.50

Total Cost of the Project	$44,922.89
Amount over contract total	.89
Total accepted cost of contract	$44,922.00

Work under the terms of the Contract was started in July 1, 1951. The work was recessed several times and was completed by October 3, 1958.

3. Audit - Report of Review dated November 7, 1958.

Total cost as billed by the Contractor	$44,930.50
Exceptions	8.50
Total Accepted Cost	$44,922.00
Government's participation, 50%	$22,461.00

Operator's final report - November 14, 1958
Field Team's final report - March 1959.

4. Certification of Discovery or Development dated March 17, 1957.

The nature of said discovery or development is described broadly or indicated as follows: Drifting on the main adit level of the Scandia mine, winzing from such level and drifting and cross-cutting from the winze bottom, plus diamond drilling from the surface, has proved the existence of zinc ores occurring as replacements in limestone.

5. Comments:

The progress of the underground work was slow. The 208 feet of adit level drifting was done by the four partners who had little or no mining experience. All supplies including drilling water had to be hauled over the steep access road that was impassable during the winter and rainy weather.

The original Operators were financially able to carry out the underground program by personally participating in part of the work. However, they were not financially able to contribute to the extended program of exploration which was justified by the results of the underground work. Standard of work completed by the partners was acceptable.

The drilling program conducted by Grandview Mines, Inc., was carried out in an efficient and workmanlike manner, and adequate financing was available.

Project work resulted in the discovery of an indicated and inferred reserve of 300,000 tons of rock estimated to contain 3.7 per cent zinc and minor amounts of lead and silver. An ore body of this size and grade is not attractive under the present (March 1959) metal prices; however, there is a good possibility the ore zone continues easterly and also in depth. If this were proved, the reserves would possibly be increased many fold and a large tonnage-low cost operation might be feasible.

Further exploration to the east is warranted, as well as drilling south of the presently explored area to determine the downward extension of the ore zone.

Government participation in a project with sufficient scope would be warranted because, if successful, it would increase the present reserves several times.

J. W. Alt

J. W. Alt

JWAlt/er
CC: Docket
Dir Read File
Mr. Johnson
Chron.

MME Form 7
(2/63)

OFFICIAL FILE COPY

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SEP 19 1968

Mr. Raleigh Hallenius
East 1305 Everett
Spokane, Washington

Re: DMEA-325 (Zinc)
Grandview Mines, Inc.
Scandia Mine
Stevens County, Washington
Second Amended Contract Idm-E60

Dear Mr. Hallenius:

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

This correspondence relates to the Consent to Lien and Subordination Agreement signed by you on June 18, 1957, under the Defense Minerals Exploration Administration program.

Sincerely yours,

FRANK E. JOHNSON (glu)

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

Identical letter to Theodore, John, Donald, and Effie Nasburg
East 11805 Maxwell Avenue
Spokane, Washington 99216

cc: Director's Reading File
Economic Geology File
OME docket
OME Reading File
OME Region I
130

GLAult/a 9-19-68

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
U. S. Court House, Rm. 656
W. 920 Riverside Avenue
Spokane, Washington 99201
September 10, 1968

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O. M. E.
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Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: DMEA-325 (Zinc)
Grandview Mines, Inc.
Scandia Mine
Stevens County, Washington
Second Amended Contract Idm-E60

In accordance with your memorandum of August 21, 1968, I have checked with the U. S. Bureau of Mines, Albany, Oregon. They report that their records show that there has been no production from this property.

D. R. MacLaren

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
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MAY 3 1962

Memorandum

To: Acting Field Officer, Region I

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

Subject: DMA-325 (Zinc)
Grandview Mines, Inc.
Scandia Mine
Stevens County, Washington
Second Amended Contract Idm-860

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 5-3-62

cc:
Docket
Director's Reading File
CA & A Division
Mr. Rothrock

43683

2nd Amended Contract

Total Cost of Stage I + II by Audit.	$29,252.39.
Stage III - Fixed Unit Costs.	
Diamond Drilling 2,225' @ $6.96/ft.	15,486.00
Assaying - 160 determinations @ $1.00 ea.	160.00
Simple Sacks - 70 @ $0.35/each.	24.50
Total Cost of Project (Rounded)	$44,922.00

Spent. 1958 June	Stage III only
Drilling @ 6.96 ~~586'~~ 2,225'	15,486.00 ~~4,078.56~~
Sample Sacks.	23.61
Assays 160 @ 1.00	160.00
	15,669.61 29,252.39
OK	44,922.00

Amended Contract

Original Contract (Provisional) — Changes by Amend #8 — $7,023.07

Fixed Unit Costs.

~~100' Drilling @ $30.00/ft.~~	~~3,000.00~~
101' Drilling @ $35.00/ft.	3,535.00
~~200' Drilling @ $35.00/ft.~~	~~7,000.00~~
98.5' Wings @ $100.00/ft.	9,850.00
~~100' Wings @ $100.00/ft.~~	~~10,000.00~~

Actual Costs.

Equipment Purchased

1-Air Heat	$800.00	
1-Air Compressor	300.00	
1-Bucket (Sinking)	300.00	632.39
1-Sump Pump	400.00	~~1,700.00~~

Diamond Drilling — 1174' @ $7.00 (Rounded) — 8,219.54

Total. — ~~$29,260.00~~

Spent

Aug. & Sept 1956.

Stage I + II

Entering Wage 98.5' @ $100.00/ft.	$9,850.00
101' [illegible] @ $35.00/ft.	3,535.00
[illegible] Purchases	338.91
P.D. 1174' @ $7.00	8,218.00
Original [illegible]	7,416.48
	29,358.39

☐ Audited

☐ Certified

WORK ANALYSIS SHEET - DMEA PROJECT

Analysis as of July 1952.
Incl. Voucher for
(Grandview Mines, Inc.-Assignee)

☒ Actual Cost

☐ Agreed Unit Costs

Name THEODORE NASBURG ET AL

Docket No. 325

State WASHINGTON

Commodity ZINC

Idm-E No. 60

ORIGINAL CONTRACT--STAGE I.

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	208' @ ? /ft.	$ 5,762.48	208'	$ 5,762.48	
Raising					
Shafts	22.5'	1,654.00	22.5'	1,654.00	
Winzes					
Drilling (Specify)					
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased		143.52			
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify)					
Totals		$ 7,560.00		$ 7,416.48	

Date of Contract--July 16, 1951.
Completion Date September 16, 1952.
Expiration date of Royalty Payments July 16, 1961.
Amendment No. 1--Deletion of some rental equipment.
Some changes in Exhibit "A".
Amendment No. 2--Completion date extended to 14 months from date of the contract.

Checks Part of Interim Audit

Prepared by W. P. Hugenscheid

71626

Orig

200' @ ?

~~100' @ 25.00~~

Sinking 22.5' ~~50~~ @ 60.00

Drifting 50' @ 30.00

Equipment Purchase

1 gal Engine 250.00

200' Rail Track + etc 75.00

130'-1½" Pipe 35.00

Misc Supplies etc. 200.00

$560.00

27.5 50

6.0 30

1650.0 1500

1500.0

31500

2500.

5650

$ 5,650.00

~~$ 2,500.00~~

1,350.00

~~$ 600.00~~

~~1,500.00~~

560.00

$ 7,560.00

Changes made under Amendment No. 1.

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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

SEMI-ANNUAL REPORT OF CERTIFIED PROJECT

Reporting period: July 1 to December 31, 1958

Date of report: January 12, 1959

Operator: Grandview Mines, Inc., 310 Radio Central Bldg., Spokane, Wash.

Mine name: Scandia

County and State: Stevens County, Washington

Docket number and commodity: DMEA-325 (zinc)

Contract number: Idm-E60

Date of contract: August 15, 1952 (Amended Contract)

Date of certification: March 19, 1957

Expiration date of royalty payments: August 15, 1966

Total amount of contract: $44,922.00

Total expenditures under contract: 44,922.00

Amount of Government participation @ 50%: 22,461.00

Royalty payments this period: none

Previous royalty payments: none

Total royalty payments to date: none

Percent Government participation repaid: none

Royalty due on production to date: none

Royalty remarks: none

	Tons	Analysis
Original estimate of DMEA reserves (from Field Team final report) Mines ____ Survey ___ Joint ____	Field Team report has not been written.	
Operator's data, using 12 cu.ft./ton factor	305,000	4% Zn and minor Pb and Ag
Revised estimate of DMEA reserves (Field Team) Mines ___ Survey___ Joint ___		
Increase of reserves by work performed subsequent to DMEA project work:	none	
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:	none	

Production remarks: The reserves, estimated to be in the neighborhood of 330,000 tons containing 4 percent zinc and minor amounts of lead and silver, are too small to be developed for mining at the present zinc price. The reserves and/or price of zinc would have to be increased substantially before the deposit would become attractive for a mining venture; therefore, no production is expected during the foreseeable future. Property inactive.

Investment data: The company books have not been audited to date but it is estimated the company has spent about $2500 exploring on their own account.

Distribution:
OME (4)✓ USBM (AD)
USGS (2) USBM (2)

Signed: E. G. Erickson (Engineer)

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

April 16, 1959

Re: DMEA Docket 325;
Contract Idm E-60
Grandview Mines, Inc.
Scandia Mine,
Stevens County, Washington

Memorandum

To: W. R. Griswold, Office of Mineral Exploration

From: Commodity Specialist, Branch of Base Metals

Subject: Review of Field Team final report of April 2, 1959

Under Contract Idm E-60, Theodore Nasburg and Partners and their assignee Grandview Mines, Inc., explored the Scandia Mine with 121 feet of shaft sinking, 309 feet of drifting and 3,399 feet of core drilling. The total accepted cost of the work was $44,922 and on the basis of it some 300,000 tons of 3.7 percent zinc bearing material was indicated. The drilling did not delimit the extent of the mineralization and the field examiners believe there is a good possibility of extending the mineralized structure to the east and down dip to the south.

The field examiners recommend further exploration whereby reserves might be developed in sufficient quantity to warrant a mining operation. A certification of Discovery or Development was made on March 19, 1957.

I concur with the examiners in their viewpoint that the exploration potential of the property warrants further drilling and possibly Government participation.

O. M. Bishop

O. M. Bishop

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

1201 N. Division St.
Spokane 2, Washington

April 2, 1959

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4-13	C	220
4-14	atr	500

Memorandum

To: Chairman, Operating Committee, OME

From: Field Team, Region I, OME

Subject: Docket No. DMEA-325 (zinc), Grandview Mines, Inc., Scandia Mine, Stevens County, Washington, Contract No. Idm-E60

Enclosed are three copies of a Field Team final report on this project by Howard F. Albee, Geologist, Geological Survey, and Eric G. Erickson, Mining Engineer, Bureau of Mines.

The exploration consisted of 121 feet of sinking, 309 feet of drifting and 3,399 feet of core drilling, at a total cost of $44,922.00. The Government's participation was 50 percent or $22,461.00.

Project work resulted in the discovery of an indicated and inferred reserve of 300,000 tons of rock estimated to contain 3.7 percent zinc and minor amounts of lead and silver.

A Certification of Discovery or Development was made on March 19, 1957.

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

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

Enclosures

cc: USGS (2)

Reviewed by
OME OPERATING COMMITTEE
4-10-59
(date)

FINAL FILE
TM REPORT

DEPARTMENT OF THE INTERIOR

OFFICE OF MINERALS EXPLORATION

FIELD TEAM, REGION I

FINAL REPORT

Contract Idm-E60

Eric G. Erickson
Mining Engineer
U. S. Bureau of Mines

Howard F. Albee
Geologist
U. S. Geological Survey

GRANDVIEW MINES, INC.
(Assignee of Theodore Nasburg and Partners)
Suite 310, Radio Central Building
Spokane 4, Washington

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DATE	INITIALS	CODE
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Docket No.: DMEA-325
Commodity: Zinc
Contract date: July 16, 1951
Termination date: August 31, 1958

SCANDIA MINE
Northport Mining District
Stevens County, Washington

Spokane, Washington — March 1959

Reviewed by
OME OPERATING COMMITTEE
4-10-59
(date)

CONTENTS

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HISTORY	3
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Ore Reserves	9
Exploitation Possibilities	9
Summary of Factual Data	10
Discussion of Conclusions	11

ILLUSTRATIONS

		In pocket
Plate	1. Property map, Grandview Mines, Inc.	
	2. Geologic map of the Scandia area showing topography, vein-zone, and drill hole location, Grandview Mines, Inc.	
	3. Geologic map of the underground workings, Scandia property, Grandview Mines, Inc.	
	4. Drill hole sections, Scandia property, Grandview Mines, Inc.	
Figure	1. Location map, Scandia Mine, Grandview Mines, Inc.	

FINAL REPORT

GRANDVIEW MINES, INC.
(Assignee of Theodore Nasburg and Partners)
Scandia Mine
Stevens County, Washington

Contract Idm-E60

* * * *

INTRODUCTION

This report describes a project conducted jointly by Theodore, John, Donald and Effie Nasburg, and Raleigh Hallenius, a partnership, and the Defense Minerals Exploration Administration until August 15, 1952, to explore for zinc at the Scandia mine, Stevens County, Washington. Effective August 15, 1952, the contract was assigned to Grandview Mines, Inc., who completed the project.

Summary

The original purpose of the project was to explore the extent of the ore showings in areas A and B (pl. 1) by sinking and drifting. A total of 121 feet of sinking and 309 feet of drifting was completed under Stages I and II of the contract. Results of the underground exploration were not conclusive; however, they did indicate the possibility of finding a significant ore body. Results also showed that the method of exploration should be changed to diamond drilling because a larger area could be explored more satisfactorily and at a lower cost.

The original Operators were neither financially nor technically able to undertake a drilling program; consequently, they assigned the contract to Grandview Mines, Inc.

Grandview Mines, Inc. completed a total of 3,399 feet of core drilling under Stages II and III of the contract at a cost of $23,887.61. The total accepted cost of Stages I, II and III was $44,922.00 and the Government's participation was 50 percent or $22,461.00.

The underground work and the core drilling from the surface outlined an ore zone and indicated a reserve of about 300,000 tons of rock containing about 3.7 percent zinc.

Recommendations

A Certification of Discovery or Development was made on March 19, 1957.

Project work resulted in the discovery of an indicated and inferred reserve of 300,000 tons of rock estimated to contain 3.7 percent zinc and minor amounts of lead and silver. An ore body of this size and grade is not attractive under the present (March 1959) metal prices; however, there is a good possibility the ore zone continues easterly and also in depth. If this were proved, the reserves would possibly be increased many fold and a large tonnage-low cost operation might be feasible.

Further exploration to the east is warranted, as well as drilling south of the presently explored area to determine the downward extension of the ore zone.

Government participation in a project with sufficient scope would be warranted because, if successful, it would increase the present reserves several times.

LOCATION AND ACCESSIBILITY

The Scandia mine site is on a hilltop at an altitude of 2,450 feet and about 600 feet above the Deep Creek valley. The property may be reached from Northport, Washington, by traveling south 5 miles on the Deep Creek paved highway to the junction of the main road, thence 1 mile southwest over a steep and unimproved road to the mine. The mine road is passable to conventional vehicles only when dry and in good repair.

Northport is on the Spokane-Nelson, B.C. branch of the Great Northern Railroad. There is no electric power at the mine; however, there is a power line along Deep Creek about half a mile from the main workings.

The terrain on the property is precipitous and barren except for the ravines and north-facing slopes that hold enough soil to support tree growth. There are some lumber-quality trees. The barren exposures are, for the most part, limestone with some outcroppings of slate.

The property is covered by snow 4-5 months of the year, usually beginning in November, and the winter temperatures are moderately cold. The summers are relatively dry and hot and the spring and fall wet and moderate.

PROPERTY

The land included in the contract is located in the Northport Mining District, Stevens County, Washington, and is described as follows:

Two unpatented mining claims, Scandia and Triangle Fraction; NW¼, NE¼, less 10 acres to the north, sec. 23; and E½, NE¼, sec. 23; all in T. 39 N., R. 40 E., W.M.

The land is shown on plate 1, titled "Property Map, Grandview Mines, Inc."

The claims were located in 1926 and the patented land is part of a ranch. The claims and patented land had been prospected by several shallow shafts, short adits, and trenches prior to the BMA exploration project. The shafts are reported to be 15-20 feet in depth and the adits 10-40 feet in length. The only known production was a carload of sorted ore shipped in June 1950. The shipment assayed 8 percent lead and 8.6 percent zinc.

During the exploration project contract the mine workings were extended by deepening a 90-foot shaft 22.5 feet, area B; extending the adit level at area A 203 feet, making the total length 280 feet; sinking a 93.5-foot winze below the adit level; and drifting 101 feet off the winze (pl. 2).

The mine workings are not extensive and compressed air was used to ventilate the underground openings. No appreciable amount of water was encountered in the mine workings.

The ground does not require support and the limited mine workings are accessible; however, there are no hoists at the winze or shaft.

GEOLOGY

Regional Geology

A thick series of lower Paleozoic marine sedimentary rocks covers most of the Northport area. The rocks, in ascending order, consist largely of the Maitlen phyllite and Metaline limestone of Cambrian age and the Ledbetter slate of Ordovician age. An arm of the Late Cretaceous Kamiken granodiorite batholith extends from the east into the sedimentary rocks and has locally deformed them.

The sedimentary rocks, mostly thick contorted argillites and massive dolomitic marbles, form long northeasterly-trending Appalachian-type folds. In places, swarms of lamprophyre dikes of Tertiary age cut the sedimentary rocks. Locally, shearing took place along some of the dikes, but mostly the dikes post date all movement. Small undeformed stocks of diorite and granodiorite, occurring mostly in the northern part of the area, are probably Tertiary in age.

Locally, faulting, in places intense, has allowed ore-bearing solutions to enter and partially replace some beds in the marbles and form quartz veins in the argillite. Many of the deposits are essentially zinc with little lead and occur near the granodiorite contact. In them, reddish brown or honey yellow sphalerite composes up to 25 percent of certain persistent beds of the dolomitic marbles. Mixed lead-zinc deposits, however, form the majority of the ore occurrences in the area. They consist of thin veinlets of pure sulfides that branch out to form small but rich limonite-sulfide lenses. Such deposits are usually found along pre-mineral faults or occur as replacements in a single marble bed or group of beds. With one notable exception, quartz vein ores in argillites are few and of no importance because they are low in lead and zinc. They do, however, contain sparse silver-bearing tetrahedrite.

Local Geology

The Scandia exploration area lies on an easterly trending ridge that comprises the Hatline limestone and the underlying Ledbetter slate. The beds are overturned to the north. Drill hole information shows that the limestone and slate contact strikes from about N. 75° E. in the northern part to nearly east in the southern and eastern parts of the drilled area (pl. 2).

The ore occurs as replacement deposits within 200 feet of the limestone and slate contact. The mineralization is not associated with any one major structure but is in many different fractures and shear zones, in recemented breccia zones, and in partially silicified or dolomitized limestone.

The mineralized structure on the adit level appears fairly prominent; however, winzing from the adit shows that there are several mineralized structures (pl. 3). The winze apparently intersected a wide band of mineralized ground in which higher grade concentrations of zinc ore are localized. The workings from the foot of the winze intersected three strong calcite veins containing high-grade sphalerite. An 8-foot wide sample, which included the

veins and variously oriented stringers of sphalerite in the wall rock, assayed 3.75 percent zinc. This mineralized zone does not appear to correlate with any of the ore zones encountered in the winze.

Information gained from the underground workings suggests that the mineralized fractures are paralleling the major joint system in the limestone. These joints in general strike northerly and turn gradually to the northwest as they approach the slate and limestone contact. The prominent mineralized structure in the main adit overlies a strong flexure which is shown by structure contours drawn on the plane of the contact (pl. 2). The general bearing of the mineralized structure parallels very closely the bearing of the axial trough of the flexure.

The ore deposit appears, at least in part, to be a southeasterly raking mineralized zone associated with fractures and brecciation that may be related to the flexure. The deposit easterly from the adit, however, lies north of and up dip from a projection of the axial trough (pl. 2). This may be more apparent than real because of the lack of drill hole information in the vicinity of the trough.

THE PROJECT

The Scandia prospect is in the Metaline limestone which has been a favorable host rock for ore in many mines in the district. The upper adit showed a 3- to 12-inch wide vein with good showings of zinc and lead. A carload shipment of ore from this adit was settled at 16.6 percent combined lead and zinc. At area B (pl. 1 and 2) a 4-foot showing of sphalerite assayed 0.1 percent lead and 30.7 percent zinc. On the basis of these showings in a favorable host rock the probability of making a significant discovery appeared good.

The original application proposed a modest exploration program involving the expenditure of $7,660.00. The adit level in area A was to be extended 100 feet, but the nature of the work in area B was not set forth by the applicant.

The application resulted in an exploration project contract that included extending the main adit 100 feet, sinking a shaft in area B 50 feet, and drifting off the shaft 50 feet. The total estimated cost of the program was $7,560.00. The contract was dated July 16, 1951.

During the course of the project work the original contract was amended three times. On August 15, 1952 an Amended Contract was drafted. The amended contract had 5 amendments and was assigned to Grandview Mines, Inc. on March 8, 1956 (effective as of December 1, 1955). The contract was rewritten August 1, 1957 as the "Second Amended Contract" which designated the prior work under the original contract as Stage I, that under the amended contract as Stage II, and added a third stage that was completed without any amendments.

Drifting under Stage I started in July 1951. The main adit was extended 100 feet by September 6, 1951, which completed part 1 of Stage I (pl. 2). The shaft had been deepened 22.5 feet under part 2 of Stage I by October 15, 1951. A promising ore showing that warranted further exploration was exposed in the drift whereas the ore exposed in the shaft became weaker at depth. In view of this, the Operator proposed terminating the shaft sinking and extending the main adit drift with the remaining funds in the contract. Amendment No. 1, dated October 1, 1951, authorized the proposed contract changes. Amendment No. 2, dated October 9, 1951, authorized shaft labor to be contracted at the rate of $25.00 per foot.

The project was recessed about November 1, 1951 because of winter weather. At this time the drift had been advanced 17 feet for a total of 117 feet. Amendment No. 3, dated December 15, 1951, extended the completion date to September 16, 1952.

Project work was resumed in June 1952 and by July 15 the drift was extended 91 feet for a total length of 208 feet; this completed Stage I. The total accepted costs for the 208 feet of drifting and 22.5 feet of shaft sinking was $7,416.48.

The work completed under Stage I exposed a promising ore showing in the main adit; therefore, the Operator proposed additional exploration by sinking and drifting. A program was worked out between the Government and the Operator that included an additional 100 feet of drifting on the main adit level, a 100-foot winze from the main adit drift, and 200 feet of drifting from the bottom of the winze. The estimated cost of the new work was $21,700.00.

The contract was amended August 15, 1952, and the 300 feet of drifting and 100 feet of sinking was set up as Stage II in the Amended Contract. The total estimated cost for Stages I and II was $29,260.00. The termination date of this amended contract was July 16, 1953.

Stage II work did not get started before the 1952 winter set in. Amendment No. 4 was executed November 25, 1952, extending the termination date to October 15, 1954.

Winze sinking started June 22, 1953 and continued through October 1953. A total of 98.5 feet of winze was completed. Heavy rain during October made the road to the mine impassable and the operation was recessed for the winter. Good zinc ore was exposed throughout the entire 98.5 feet sunk (pl. 3).

Amendment No. 5, dated December 16, 1953, granted a recess from October 13, 1953 to not later than June 1, 1954, and extended the repay period to 11 years from the date of the contract.

During the month of June 1954, the winze was dewatered and rehabilitated and equipment for drifting was acquired. Drifting off the winze near the bottom was started in July 1954. By the 1st of October 1954, a total of 101 feet of drifting and crosscutting had been completed (pl. 3). The 101 feet of work off the shaft included a northwesterly drift driven 50 feet where slate was encountered and the drift was stopped. A northeasterly crosscut was then driven a total of 51 feet. The crosscut was started about 16 feet from the winze and, about 18 feet from the northwest drift, encountered an 8-foot face of ore containing about 4 percent zinc.

The Operator asked for a recess until June 1, 1955, because of the depressed prices of lead and zinc which made it difficult to arrange financing for the exploration project.

Amendment No. 6, dated November 17, 1954, allowed a recess from October 13, 1954 to not later than June 1, 1955, and extended the termination date to October 15, 1955. The 100 feet of drifting that was to be performed on the main adit level was transferred to the level off the bottom of the winze, making the total drifting authorized off the winze 300 feet. The repay period was extended to August 15, 1964.

The Operator did no exploration work in 1955 as he was negotiating with Grandview Mines, Inc. regarding a purchase option contract.

Amendment No. 7, dated February 21, 1956, extended the recess period provided in Amendment No. 6 to not later than June 15, 1956, and extended the completion date to October 15, 1956 and the repay period to August 15, 1965. A pseudo-certification clause was also included in Amendment No. 7.

Upon the Operator's request the contract was assigned to Grandview Mines, Inc., effective as of December 1, 1955. Grandview Mines then requested that the contract be amended to allow drilling in lieu of drifting and divert all other remaining funds to a drilling program. The amount of drilling that could be done with the remaining funds was not sufficient to explore the property completely but would serve to indicate whether or not further exploration was warranted.

Amendment No. 8, dated July 2, 1956, authorized unused funds to be used to diamond drill 4 holes not to exceed a total of 1,174 feet. The recess period was extended to July 31, 1956, the completion date to November 15, 1956, and the repay period to August 15, 1966.

An interim audit of the work completed in Stage I and Stage II prior to the assignment of the contract showed a total accepted cost of $21,084.39. The work included 203 feet of drifting on the adit level and 22.5 feet of shaft sinking in Stage I, and 93.5 feet of winze sinking and 101 feet of drifting and cross-cutting from the bottom of the winze in Stage II.

Grandview Mines completed the 4 holes totaling 1,239.6 feet of which 1,174 feet was allowed by the terms of the contract. The agreed unit cost for drilling was $7.00 per foot, making the total accepted drilling cost $8,218.00.

An audit performed after completion of Stage II showed a total accepted cost of $29,252.39.

The results of the project work exposed significant zinc-lead mineralization in both the underground work and in the drill holes but more drilling was necessary before the ore in the winze could be correlated with the ore disclosed in the drill holes.

In view of the inconclusive results of the work completed under Stages I and II of the contract, the Operator proposed drilling 7 additional core holes totaling 2,225 feet. The estimated total cost of this stage was $15,575.00.

The proposal was approved and the work authorized in the Second Amended Contract, dated August 1, 1957, as Stage III, was: 2,225 feet of core drilling and 160 assay determinations at a total estimated cost of $15,670.50. The total estimated cost of the three "contracts" now was $44,922.00 (rounded). The termination date of the Second Amended Contract was October 31, 1958, and the repay period was extended to August 15, 1968.

The drilling outlined in Stage III started June 9, 1958 and was completed by October 3, 1958. The Operator completed 8 drill holes totaling 2,483 feet, of which 2,225 feet was allowable under the contract. Zinc mineralization was disclosed in all 8 holes (DDH 5-12 inclusive, pl. 2 and 4); however, DDH-7 and DDH-11 showed only small amounts of zinc.

Ore Reserves

The outline of the ore zone shown on plate 2, when projected to the dip of the beds, incloses an area roughly 750 feet long and 350 feet wide. The drilling shows that intervals of mineralized material are at different altitudes in the various holes. If the better grades and thicknesses are used as nearly as possible from the same zone throughout the area to calculate the reserves, an average thickness of about 10 feet is obtained with an average grade of 3.7 percent zinc. A tonnage factor of 13 cubic feet of ore to a ton is used.

$$\frac{750 \text{ ft. long} \times 350 \text{ ft. wide} \times 10 \text{ ft. thick}}{13 \text{ cubic feet}} = 200{,}000 \text{ tons (rounded)}$$

indicated, having a grade of 3.7 percent zinc. Some zones of mineralized material at a lower stratigraphic horizon were not included in the above computations. Based on a 5-foot thickness over the same area for these zones, then

$$\frac{750 \text{ ft. long} \times 350 \text{ ft. wide} \times 5 \text{ ft. thick}}{13 \text{ cubic feet}} = 100{,}000 \text{ tons (rounded)}$$

inferred, of like grade.

Exploitation Possibilities

The present indicated reserve is too small and low grade to justify development for mining. However, should further exploration prove the ore extends eastward to the Deep Creek valley floor the tonnage would probably be sufficient to allow mining at least the ore above the valley floor. The nature of the ground indicates the underground workings would not have to be supported.

Summary of Factual Data

Approved units, estimated unit cost, and total accepted costs of the work are as follows:

Stage I

	Units Authorized	Units Completed	Estimated Unit Cost	Total Accepted Cost
Shaft sinking	22.5 ft.	22.5 ft.	$80.00/ft.	$1,800.00
Drifting, adit level	208 ft.	208 ft.	27.00/ft.	5,616.48
				$7,416.48

Stage II

Winze sinking	98.5 ft.	98.5 ft.	$100.00/ft.	$9,850.00
Drifting, off winze	101 ft.	101 ft.	35.00/ft.	3,535.00
Core drilling	1174 ft.	1174 ft.	7.00/ft.	8,218.00
Equipment purchased	$232.91 1/			232.91
				$21,835.91

1/ Charged off against sinking and drifting.

Stage III

Core drilling	2225 ft.	2225 ft.	$ 6.96/ft.	$15,486.00
Assay determ.	160	160	1.00/ea.	160.00
Sample sacks	70	70	0.35/ea.	24.50
				$15,670.50

Total cost - Stages I, II and III	$44,922.89
Less amount over contract total	.89
Total accepted cost of contract	$44,922.00
Total amount of contract	$44,922.00
Government's share at 50 percent	22,461.00
Total amount expended	44,922.00
Government participation	22,461.00
Net value of production during contract period	none

The Government has no equity in the equipment used on the project.

Discussion of Conclusions

The progress of the underground work was slow. The 208 feet of adit level drifting was done by the four partners who had little or no mining experience. After a few months, aided by advice given by field engineers, they were able to complete a short round in an 8-hour shift. All supplies including drilling water had to be hauled over the steep access road that was impassable during the winter and rainy weather.

The shaft- and winze-sinking and the drifting off the winze was performed by contract labor and the progress rate, considering the size of the operation, was good when the project was not idled by mechanical failures.

The original Operators were financially able to carry out the underground program by personally participating in part of the work. However, they were not financially able to contribute to the extended program of exploration which was justified by the results of the underground work. Standard of the work completed by the partners was acceptable.

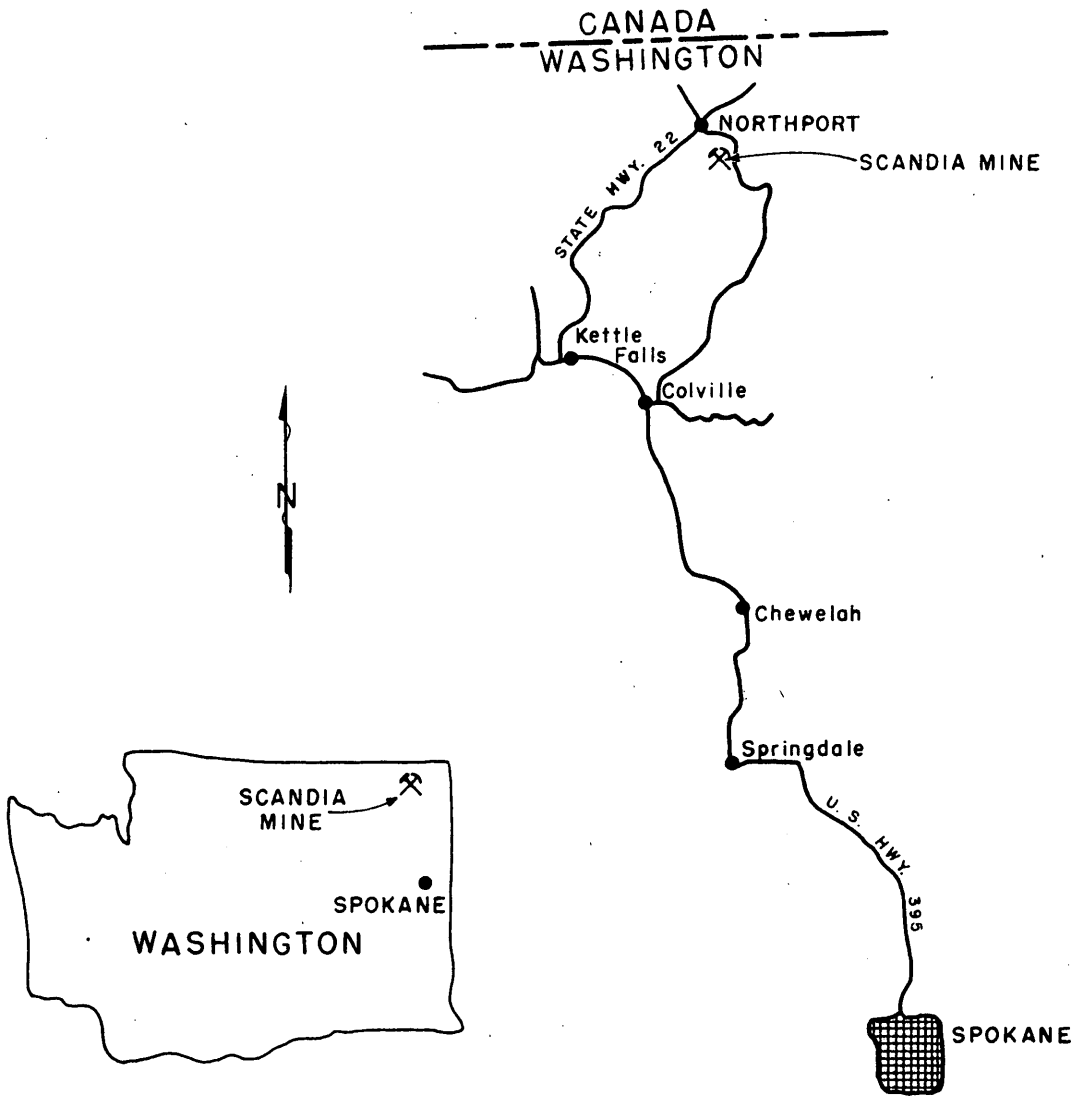
The drilling program conducted by Grandview Mines, Inc. was carried out in an efficient and workmanlike manner, and adequate financing was available. It was not economically feasible to build access roads to the drill sites because the terrain was too steep and rugged. Drilling equipment and supplies had to be skidded to and from drill sites.

Results of the exploration project indicate the ore zone may extend considerable distances easterly and down dip. Further exploration in these directions is warranted and recommended. Some intermediate drilling in the area explored by the contract would be desirable to acquire a better correlation of the ore occurrences which would enable better planning of future exploration.

Enclosures

Distribution:
- OME (3)
- USBM (5)
- USGS (SRO)
- Docket
- Albee

Maps from
Final Field Team
Report - dated
March 1959



LOCATION MAP
SCANDIA MINE
GRANDVIEW MINES, INC.
STEVENS COUNTY, WASHINGTON

17.5 0 17.5 35.0 MILES

H. F. Albee

MARCH 1959

FIGURE 1

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 24 1958
DATE | FILE

1201 N. Division St.
Spokane 2, Washington

November 17, 1958

Mrs. Dorothy Long, Certifying Officer
OME Field Team, Region I
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. EMA-385X (zinc)
Grandview Mines, Inc.
Scandia Mine
Second Amended Contract Idm-260

Dear Mrs. Long:

The work authorized under the referenced contract was completed by October 3, 1958. A final report evaluating the results of the exploration program has been presented by the Operator and accepted by the Executive Officer.

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

A Certification of Discovery or Development, issued March 19, 1957, is considered as having been made pursuant to the provisions of Article 6(a) of this Second Amended Contract.

A final Report of Review dated November 7, 1958 by OME Auditor George Mavor 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,

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

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

Standard Form No. 1034—Revised
Form prescribed by
Comptroller General, U. S.
September 7, 1950
(Gen. Reg. No. 5, Supp. No. 11)

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

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

Bu. Vou. No. 2249

U. S. O.M.E.
(Department, bureau, or establishment)

Voucher prepared at Spokane, Washington 11/17/58
(Give place and date)

THE UNITED STATES, Dr., Payee's Account No. Idm-E60

To Grandview Mines, Inc. DMA-325X
(Payee)

310 Radio Central Bldg., Spokane Washington
(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 and August 1958	Funds withheld from Voucher No. 2239 dated October 23, 1958, adjusted to audit				999	55
PAYMENT: Complete ☐ Partial ☐ Final ☐		FINAL PAYMENT					
		Use continuation sheet(s) if necessary					

Shipped from to Weight Government B/L No. Total 999 55

I certify that the above bill is correct and just and that payment therefor has not been received.

(Sign original only)

Date ..... *Payee .....
(This certificate not required when a like certificate is made by payee on attached bill or bills)

Per ..... Title .....

(Payee must NOT use this space)

Differences .....

Account verified; correct for 999 55

(Signature or initials) .....

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

Pursuant to authority vested in me, I certify that this account is correct and proper for payment.

† Approved for $ .....

By .....

Title .....

SIGN ORIGINAL ONLY

† .....
(Authorized Certifying Officer)

Title .....

Date .....

THE REVERSE OF THIS FORM MUST BE EXECUTED WHEN PURCHASES ARE MADE OR SERVICES SECURED WITHOUT WRITTEN AGREEMENT IN ANY FORM

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..... Payee .....
(Sign original only)

Per .....

Title .....

* 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.

† If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign on the line below "Approved for $.....", and over his official title.

16—22900-3

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.)

16—22900-2 ☆ U. S. GOVERNMENT PRINTING OFFICE : 1950—O-75806

So. 157 Howard Street
Spokane 4, Washington

November 20, 1958

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OME
NOV 24 1958

		CODE
11/24	C	220
11/24		800
11/25		566

Grandview Mines, Inc.
Suite 310 Radio Central Building
Spokane 4, Washington

Re: Docket No. DMEA-325 (Zinc)
Grandview Mines, Inc.
Scandia Mine
Stevens County, Washington
Contract No. Idm-260

Gentlemen:

Enclosed for your information and files is a copy of a Report of Review dated November 7, 1958, for the period July 1951 to August 1958, inclusive, covering a project for the exploration of zinc at the Scandia Mine.

The audit discloses that there is a balance due your company of $999.55. This amount has been scheduled for payment and you should receive a check in a few days.

Sincerely yours,

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

Enclosure

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

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O. M. E.
RECEIVED NOV 20 1958

DATE	INITIALS	CODE
11/20	C	220
11/20	[illegible]	800
11/21	[illegible]	500

1201 N. Division St.
Spokane 2, Washington

November 17, 1958

Mrs. Dorothy Long, Certifying Officer
OME Field Team, Region I
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMA-325X (zinc)
Grandview Mines, Inc.
Scandia Mine
Second Amended Contract Idm-E60

Dear Mrs. Long:

The work authorized under the referenced contract was completed by October 3, 1958. A final report evaluating the results of the exploration program has been presented by the Operator and accepted by the Executive Officer.

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

A Certification of Discovery or Development, issued March 19, 1957, is considered as having been made pursuant to the provisions of Article 6(a) of this Second Amended Contract.

A final Report of Review dated November 7, 1958 by OME Auditor George Mavor 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,

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

So. 157 Howard Street
Spokane 4, Washington

November 10, 1958

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O. M. E.
RECEIVED NOV 14 1958

DATE	INITIALS	CODE
11/14	C	220
11/14	[illegible]	800
11/17	[illegible]	500

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

Re: Docket No. DMEA-325 (zinc)
Grandview Mines, Inc.
Scandia Mine
Stevens County, Washington
Second Amended Contract No.
Idm-E60

Dear Mr. Selfridge:

Enclosed are the original and one copy of a final report from the referenced Operator, which is acceptable to the Field Team.

The diamond drilling has indicated a zone up to 15 feet thick, 350 feet wide, and 750 feet long that is estimated to contain about 330,000 tons of rock with an average grade of 4 percent zinc and minor amounts of lead and silver. Although this deposit is low grade under present conditions, it is quite possible that the size can be considerably extended by additional drilling and a deposit of major size will be found. In fact, this deposit as presently indicated would be very significant under better economic or emergency conditions.

A Certification of Discovery or Development was made on March 19, 1957.

By Field Team, Region I

A. E. Weissenborn

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

Wing G. Agnew

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

cc: USBM (2)
USBM (AD)
Albee

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RECEIVED 1958
CODE

Summary Report
DMEA Docket No. 325
Scandia Project
1958

Drilling of the twelve holes so far completed has shown that the limestone and slate contact, the general bedding, and the mineralization strike from about N. 75° E. to nearly E-W in the lower and eastern part ~~of the~~ drilled area. Dips vary between 60° and 45° S E. The ordovician Ledbetter slate and the overlying Cambrian Upper Metaline limestone have been overturned to the northwest. The ore zones lie within two hundred feet of the slate contact in the limestone which has been brecciated and recemented and in places partially silicified and partially dolomitized. There are indications that the mineralization may be quite widespread near the slate contact as in some areas of the Metaline district.

Eliminating diamond drill holes #1, #7 and #11, and giving diamond drill holes #2 and #3, which are drilled close together, equal weight with the remaining holes because of information obtained from previous work done in the tunnel and inclined shaft, the drilling so far has outlined an ore zone which roughly approximates 300 to 350 feet in width, about 750 feet in length, and 15 feet in thickness of 4% Zn ore with minor lead and silver content. This zone dips with the bedding and as far as outlined by drilling plunges to the southeast. The vertical range of the mineralization is in excess of 600 feet.

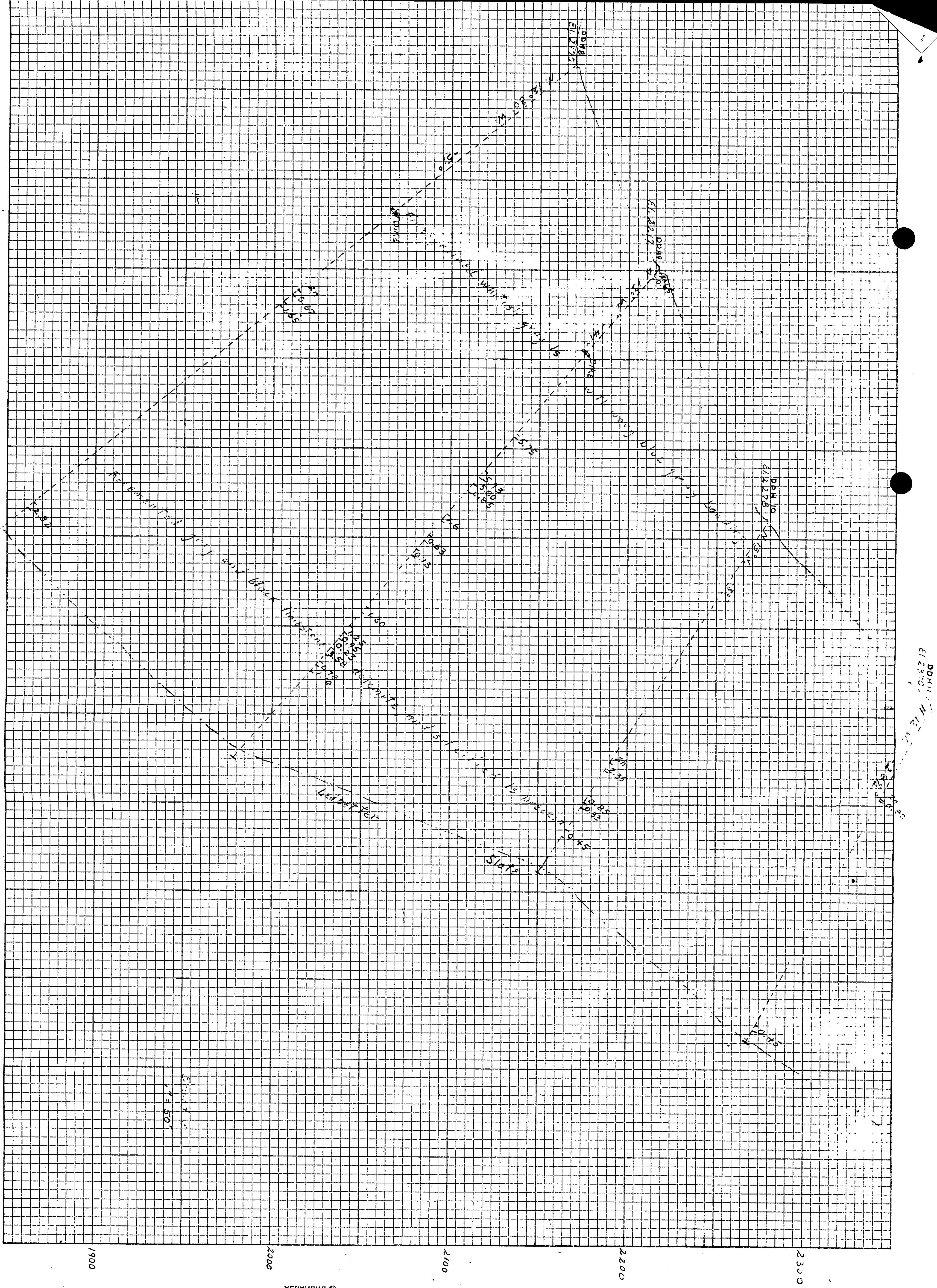
Surface mineralization to the east, above and downhill from the diamond drilling, indicates a continuation of similar mineralization in that direction. A number of drill holes might show that the mineralization continues to the level of Deep Creek in that direction. If that should prove to be true a large haulage tunnel could be driven along the ore zone in very competent rock which would help to develop a considerable tonnage of ore above that level.

Diamond drilling below and south of the present drilled area should extend the mineralized zone in depth and might encourage further drilling to the west where there has been no change in the type of host rock.

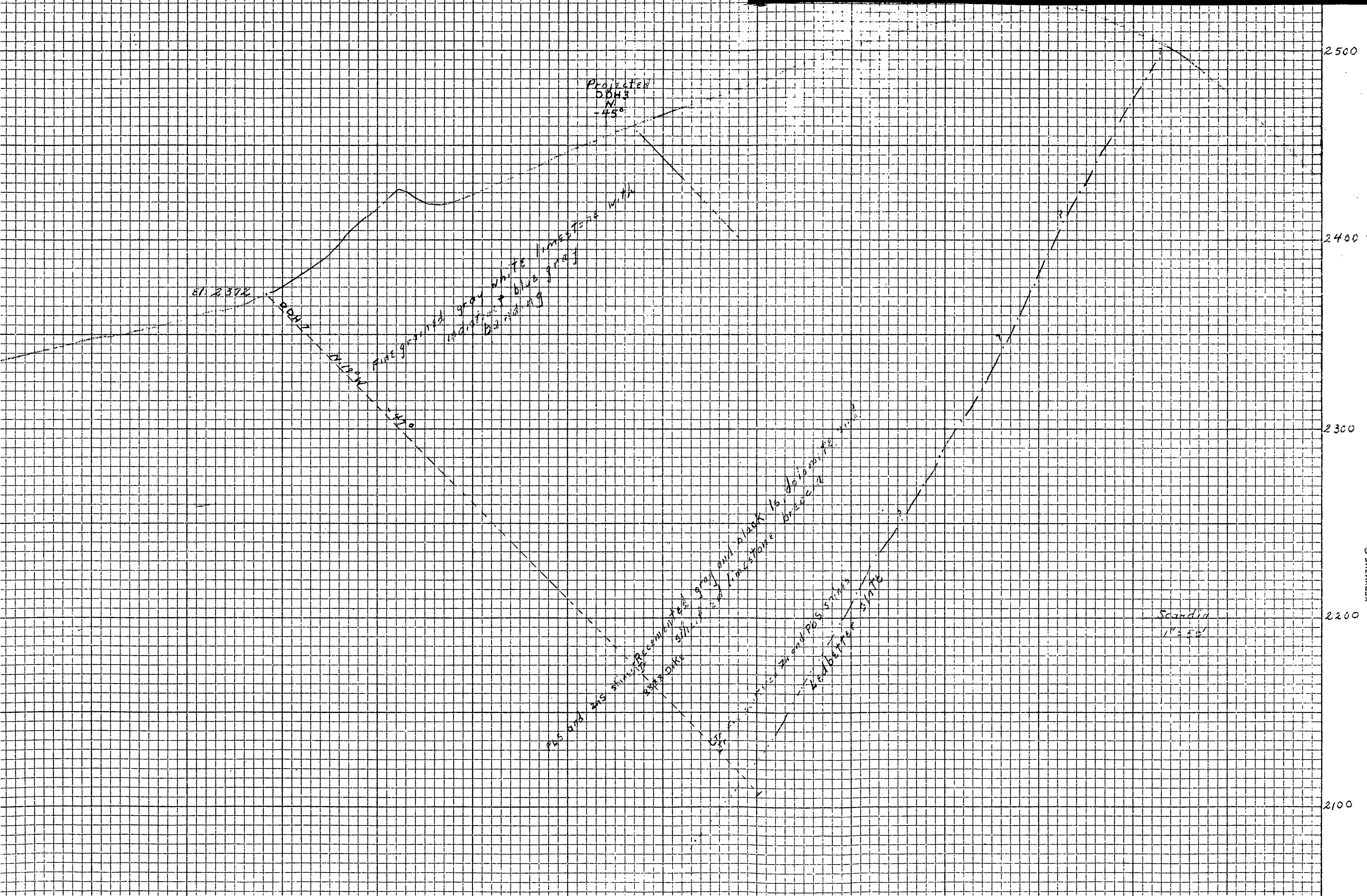
The location, rock type, and attitude of the ore body would result in an unusually low cost underground operation.

Operator's Final Report

RECEIVED
OCT 20 1958
U.S.G.S.
SPOKANE, WASH.



K+E KEUFFEL & ESSER CO. 10 X 10 TO THE INCH 359T-5LG MADE IN U.S.A. ALBANENE ®



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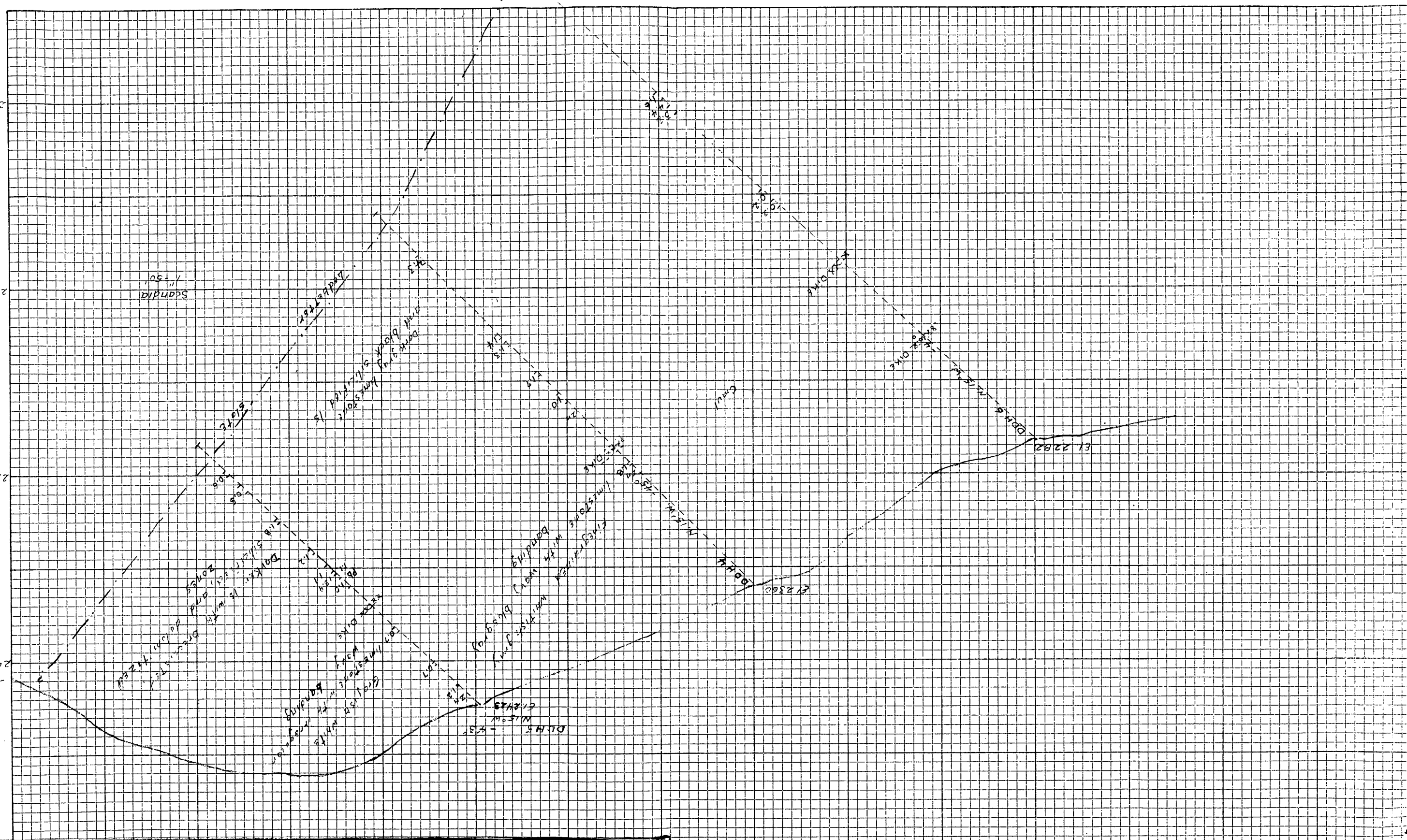
K+E 10 X 10 TO THE INCH 359T-5LG
KEUFFEL & ESSER CO. MADE IN U.S.A.
ALBANENE ®


2100
2200
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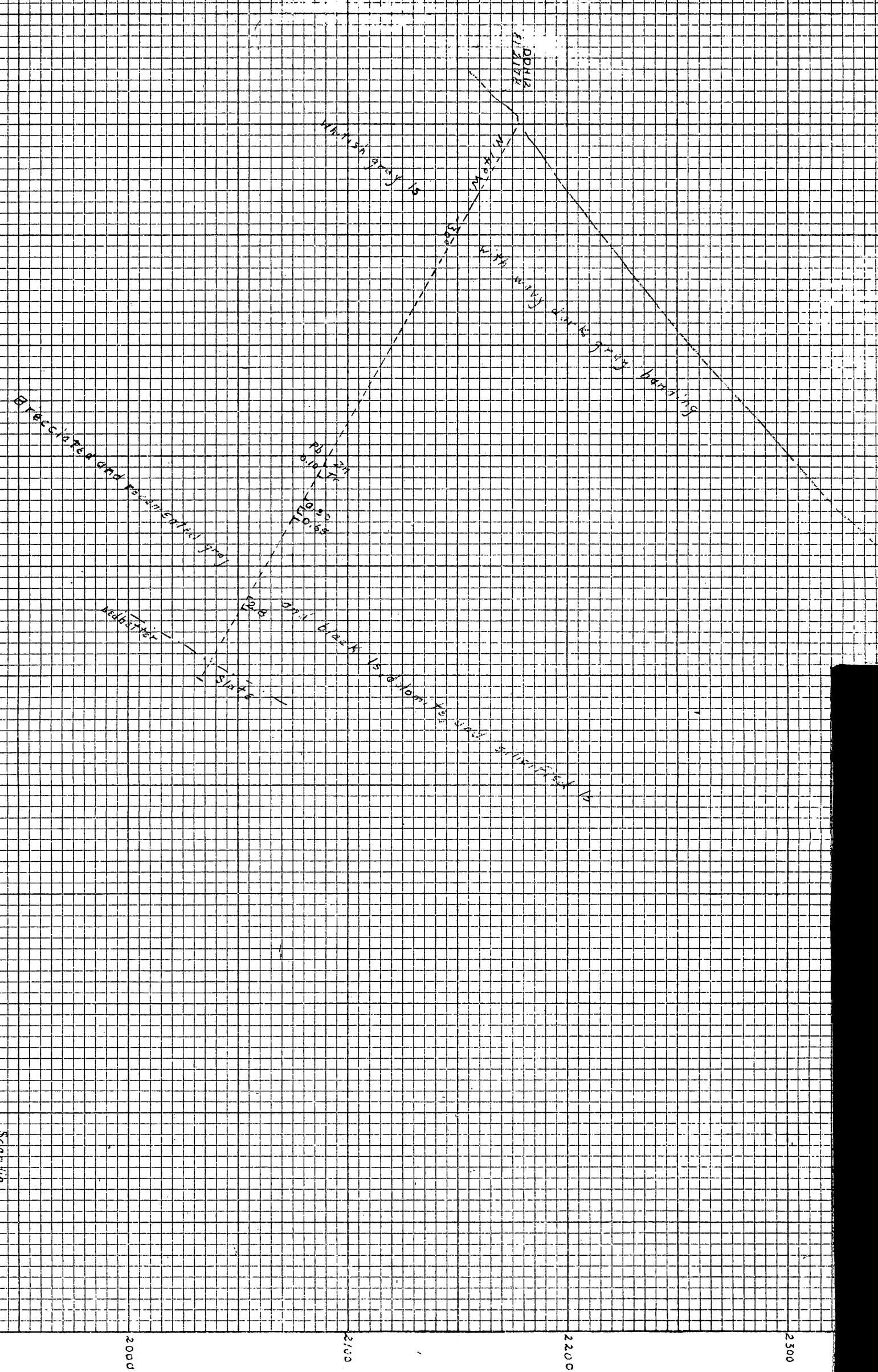
2400
Scandinavia
1" = 30'
Lead Belt Fault
Dark gray limestone & shale
Dolomite with decreasing dolomitization
Limestone with bedding
Limestone with bedding
Dolomite
Limestone
Limestone
Limestone



K+E KEUFFEL & ESSER CO. 10 X 10 TO THE INCH 359T-2LG MADE IN U.S.A. ALBANENE ®

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
11/7	Talbert	800
11/7	C	220
11/5	wb	500

Mr. George Mavor
OME Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

NOV 7 1958

Re: Docket No. DMA-325
Grandview Mines, Inc.
Contract No. Idm-E60

Dear Mr. Mavor:

Returned without approval are the three copies of your proposed Report of Review on the referenced project as submitted with your letter of November 4, 1958. Also enclosed are the original and seven copies of a revised Report of Review.

After signing all copies normal distribution, including return to this Division of three copies, is authorized.

This contract specifically provides in Article 1(b) that the Government will contribute 50 percent of the fixed unit cost of the work performed, not exceeding $22,461.00 even though the detailed costs shown in Exhibit "A" actually add to slightly more than the contractual $44,922.00 total cost of the project work.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers
Contract Administration
and Audit Division

Enclosures
EDTalbert/GMcC
November 6, 1958

cc: Docket
Director's Reading File
Mr. Chambers

8623

1201 N. Division St.
Spokane 2, Washington

October 24, 1958

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 30 1958

DATE	INITIALS	CODE
10/30	C	220
10/31	[illegible]	200
10/31	[illegible]	560

Grandview Mines, Inc.
Suite 310, Radio Central Building
Spokane 4, Washington

Re: Docket No. DMA-325 (zinc)
Grandview Mines, Inc.
Second Amended Contract No. Idm-E60
Monthly operating report for
July and August 1958

Gentlemen:

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

We are withholding an amount of $1,000.00 pending final audit by a representative of the Contract Administration and Audit Division of Office of Minerals Exploration. This is the customary procedure and is applicable to all contracts.

By Field Team, Region I

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

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

cc: OME (2)
USGS (2)
AD

1201 N. Division St.
Spokane 2, Washington

October 29, 1958

11/3 air 500

CERTIFIED MAIL

Mr. George Mavor, OME Auditor
Room 420, Custom House
555 Battery Street
San Francisco, California

Re: Docket No. DMA-325 (zinc)
Grendview Mines, Inc.
Scandia Mine
Second Amended Contract No. Idm-E60

Dear Mr. Mavor:

Enclosed herewith is memorandum from the Field Team, Region I, requesting final audit of the above-named account. In addition, we are transmitting the following material which you will need to complete your audit:

1. Contract and Correspondence File
(Includes original contract, amending and supplementing agreement, with attachments; Second Amended Contract, Annex I and II, and Exhibit "A")
2. Voucher File
(MP-194's and 194A's, with attachments)

We have withheld the sum of $1000 pending final audit.

Sincerely,

Dorothy F. Long
Authorized Certifying Officer

Enclosures

cc: Mr. Chambers
OME (2)
USGS (2)
USBM (AD)

1201 N. Division St.
Spokane 2, Washington

October 29, 1958

11/3 C 226
M/3 all $500

Mr. George Mayer, OME Auditor
Room 420, Custom House
555 Battery Street
San Francisco 11, Calif.

Re: Docket No. DMA-325 (zinc)
Grandview Mines, Inc.
Scandia Mine
Stevens County, Washington
Second Amended Contract No. Idm-260

Dear Mr. Mayer:

The work authorized under the referenced contract was completed by October 3, 1958.

The number of units of work satisfactorily completed by the Operator and accepted by the Field Team are:

Stage III (fixed costs)	Unit Cost	Authorized	Approved
Core drilling	$6.96/ft.	2,225 ft.	2,225 ft.
Assay determinations	1.00/ea.	160	160
Sample sacks	0.35/ea.	70	70

The Operator's final engineering and geological report was received on October 20, 1958. This report meets the requirements of Article 5(a) of the contract.

A Certification of Discovery or Development, issued March 19, 1957, is considered as having been made pursuant to the provisions of Article 6(a) of this Second Amended Contract.

The total amount paid to date to the Operator is $21,461.45.

A Report of Review in lieu of a final audit is in order and requested.

By Field Team, Region I

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

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

cc: Mr. Chambers
OME (2)
USGS (2)
USBM (AB)

RANDVIEW MINES

SUITE 310-311 RADIO CENTRAL BLDG.

OFFICE PHONE MAdison 2501

PROPERTIES: PEND OREILLE AND STEVENS COUNTIES

Karl W. Jasper.....President
Paul T. Hoetzel.....Vice-Pres.
E. K. Barnes.....Sec.-Treas.
John H. Roberts.....Director
E. O. Drossel.....Director
Fred Trumbull.....Director
Edell Anderson.....Director

June 18, 1958

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

Attn: A. E. Weissenborn

Re: Docket No. DMA-325 (Zinc)
Grandview Mines, Inc.
Scandia Mine
Stevens County, Washington
Second Amended Contract No. Idm-E(0

Dear Sir:

Relative to our telephone conversation yesterday, this will confirm my statements that the drilling under this contract commenced on or about June 9th of this year. The first hole is just about completed and work will commence on the second hole within a few days.

Very truly yours,

Karl W. Jasper

Karl W. Jasper, President
GRANDVIEW MINES

6/30	C	220
7/1		800
7/2		500
		KWJ:mf

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 19 1958

DATE	INIT.	CODE
6/19	C	220
6/19	[illegible]	800
6/19	[illegible]	500

So. 157 Howard Street
Spokane 4, Washington

June 16, 1958

Grandview Mines, Inc.
Suite 310, Radio Central Building
Spokane 4, Washington

Re: Docket No. DMA-325 (Zinc)
Grandview Mines, Inc.
Scandia Mine
Stevens County, Washington
Second Amended Contract No. Idm-E60

Gentlemen:

Under the terms of Article 1(a) of your DMEA contract, work should be started on or before July 1, 1958. We would appreciate receiving the date work will start.

If it will not be feasible for work to be started by that date, you should request an amendment extending the starting date, advising us of the date by which work will be started.

Sincerely yours,

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

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

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

October 30, 1957

OPERATING COMMITTEE
DMEA
RECEIVED
DATE
11/4 CG 220
11/5 B 215
11/5 all 500

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

Re: Docket No. DMEA-325 (Zinc)
Grandview Mines, Inc.
Scandia Mine
Stevens County, Washington
Second Amended Contract No. Idm-E60

Dear Mr. Selfridge:

Enclosed are the Government and Audit copies of the Second Amended Contract No. Idm-E60. By copy of this letter other copies of the contract will be distributed.

The Operator has inserted under Article 1 of the contract the date of July 1, 1958 as the date that they expect to begin work.

Sincerely yours,

A.E. Weissenborn by [illegible]
A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I

Enclosures

cc: Finance Office w/copy of contract
USBM (2)
Albee

So. 157 Howard Street
Spokane 4, Washington

October 15, 1957

10/21 gb 220
10/21 800
10/22 500
Jwa

Mr. Karl W. Jasper, President
Grandview Mines, Inc.
Suite 310, Radio Central Bldg.
Spokane 4, Washington

Re: Docket No. DMA-325 (Zinc)
Grandview Mines, Inc., Assignee
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Jasper:

Enclosed are an original and four copies of a proposed second amended, short-form contract signed by the Administrator for the Government. The terms and conditions have been changed from the former contract as you requested.

On the Consents to Lien under the description the letter "N" has been inserted after T. 39. Will you please have the signers of the Consents initial in the margin on this line.

Sincerely yours,

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

Enclosures
cc: DMEA(2)
[illegible](2)
[illegible](AD)
Albee

P.S. Will you please insert in the contract, in the space provided therefor under Article I, the date when you expect to start contract work.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
10/8	al	500
	Arnold	500
10/7	Talbot	800
10/7	Selfridge	130
	Johnson	100
"	Mittendorf	100
10/8	B	220
		500

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

OCT 8 1957

Re: Docket No. DMA-325 (Zinc)
Grandview Mines, Inc., Assignee
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Weissenborn:

We are returning the original and four copies of a proposed second amended, short-form contract for the cited project, signed by the Administrator, Defense Minerals Exploration Administration. It consists of the form (MF-200), Annex I (one page), Consent to Lien and Subordination Agreement (MF-205), Annex II (two pages), Exhibit "A" (two pages), and two maps. Also, are enclosed two extra copies of Annex I, Annex II, Exhibit "A", and two maps for the use of the Field Team. The proposed contract has been prepared in conformance with your letter dated September 23, 1957.

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

Please have the signers initial in the margin the addition made in the description where the letter "N" has been inserted after T. 39 where it appears in the Consent to Lien and Subordination Agreement.

If the proposed amended contract 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 contract is not satisfactory, and cannot be amended within your delegated authority, return all copies with your recommendation concerning any modification.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Enclosures
APPROVED:

Frank D. Lamb
Member, Bureau of Mines

W. P. Williams
Member, Geological Survey

JWAlt/er 10/7/57
Copy to: Docket
Admr R File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

8623

Government's copy

MF-200A
(Rev. April 1956)

RECEIVED
SEP 26 1957
U.M.E.A.

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
SECOND AMENDED EXPLORATION PROJECT CONTRACT
(Short Form)

DMA ~~XXXXX~~ No.	Commodity	Contract No.	County	State
325	Zinc	Idm-E 60	Stevens	Washington

It is agreed effective August 1, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Grandview Mines, Inc., a State of Washington corporation,

whose mailing address is Suite 310, Radio Central Building
Spokane 4, Washington
hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) 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 Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before ....., and, subject to the provisions of Article 7 and Exhibit A, shall complete the work ~~within the date of the contract by December 31, 1957.~~ (See Article 10.)

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $44,820.00. The Government will contribute 50 percent of the fixed unit cost of the work performed, not exceeding $22,410.00, in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: Interests of lessors-optionors.

(b) 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: Consent to Lien and Subordination Agreement of lessors-optionors.

(c) 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. 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. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(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 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. 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 will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *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 all pertinent books, documents, papers, and records of the Operator.

(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.

(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 7. *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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

(a) Annex II, attached hereto, is hereby made a part of this second Amended Contract.

(b) In Article 6(b)(2) the period fifteen (15) years from the date of the Amended Contract (August 15, 1952), is substituted for the period "ten years from the date of the Contract."

(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 6. *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 the Operator has rendered a sufficient final report (see Article 5), may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development. See Annex II

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain his interest in the land), 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, for 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. See Article 10.

(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, 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, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(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 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.

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 26 1957
DATE | INITIALS | CODE

SECOND AMENDED EXPLORATION PROJECT CONTRACT
GRANDVIEW MINES, INC., ASSIGNEE
DOCKET NO. DMA-325

EXHIBIT A

The work performed pursuant to the Original Contract is designated as Stage I. The work performed pursuant to the Amended Contract is designated as Stage II. The work to be performed pursuant to this Second Amended Contract is set forth below as Stage III.

Stage III

Diamond drill seven holes, not to exceed an aggregate of 2,225 feet of drilling. All holes shall be drilled on an approximate bearing of N. 15° W. and at an approximate inclination of -45° to crosscut the limestone to the slate contact, and shall be stopped shortly after penetrating the slate. The first holes drilled shall be holes numbered 5, 6, and 7, and may be drilled in any order. Information from these holes should indicate the trend of the mineralized area and determine the exact placement of subsequent holes. If, after seven holes are completed, the results warrant further drilling and the maximum aggregate footage has not been drilled, any remaining footage may be used to further test mineralized areas. The location, direction, inclination, and extent of each drill hole are subject to the prior approval of the Government.

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

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

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

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

Not to exceed 35 samples shall be assayed for lead and zinc.

The proposed work is shown on the attached map entitled: "Plan of Scandia Workings, Showing Work Completed and Recommended Diamond Drill Holes 5 through 11."

FIXED UNIT COSTS OF STAGE III

2,225 feet of diamond drilling @ $6.96/ft.	$15,486.00	
35 samples assayed @ $2.00/sample	70.00	
35 samples sacks @ $0.35/each	12.25	
Estimated Total Cost, Stage III	$15,568.25	

S U M M A R Y

Total Cost of Stage I and Stage II Work	$29,252.39	
Fixed Unit Costs of Stage III	15,568.25	
Estimated Total Cost of the Project (rounded to)	$44,820.00	
Government Participation @ 50 percent	$22,410.00	

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

OFFICIAL FILE COPY DMEA RECEIVED SEP 26 1957		
DATE	INITIALS	CODE
9/26	C	220
9/26	Jwa	500

September 23, 1957

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

Re: Docket No. DMA-325 (Zinc)
Grandview Mines, Inc., Assignee
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Selfridge:

We are returning herewith, unsigned, all copies of the proposed second amended contract for the exploration of the Scandia mine in Stevens County, Washington by Grandview Mines, Inc.

The proposed amended contract is satisfactory in most respects but Grandview Mines requests a change in the December 31, 1957 termination date. We are not sure that the Field Team is authorized to make the change.

Because of the lateness of the season, Grandview does not believe that the drilling can be completed before bad weather sets in, and the company is not willing to assume the expense of a winter drilling job. In short, they do not wish to drill after November 15 and do not think they can complete the job by that date, especially since the drill contractor is busy on another job and cannot begin work at once. Therefore, they would like to defer work until spring and they request that the contract be altered to permit starting not later than June 15, 1958, the work to be completed by the fall of 1958.

On reviewing the contract we find provision is made for assaying only 35 samples which seem insufficient. On checking back we find that there is a discrepancy between Kellum's report of June 12, 1957 which recommends assaying 50 sludge samples and 100 core samples for zinc and Waddell's report of May 21, 1957, which provides for 35 assays for lead and zinc. We are sorry we did not catch this before.

It is possible that the drill holes may cut a mineralized zone 50 feet thick, all of which should be assayed. This would mean 10 five-foot core samples per hole or 70 samples. The contract provides that all of the sludge should be saved when drilling mineralized sections, which would require 70 sample sacks. If half of the sludge samples were assayed, the total determination for zinc would be 135. Some, but not all, of the samples should be assayed for lead also. We therefore recommend that the contract provide for a maximum of 70 sample sacks and for a total of 160 determinations for lead or zinc not to exceed $1.75 per determination. Lead determination would be made only where there is reason to suspect that the samples might contain significant amounts of lead. Assaying is only a small item in the contract, but inasmuch as the contract is being returned for rectification of the completion date, the allowance for assaying might as well be increased to a more realistic amount.

By Field Team, Region I

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: USBM (2)
USBM (AD)
Albee

P. S. Another minor point is that the operator's experience is that if the core is split, the two splits commonly do not give comparable assays. He therefore prefers to hold the core until it can be inspected and logged and then assay the entire core where assays are required. However, he will split the core if we insist.

MEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
9/13	[illegible]	500
	Klugescheid	500
9/13	Talbut	800
9/13	[illegible]	130
"	Johnson	110
		100
		225
		500

500

SEP 13 1957

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

Re: Docket No. DMA325 (Zinc)
Grandview Mines, Inc., Assignee
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Weissenborn:

Enclosed are the original and four copies of a proposed second amended, short-form contract for the cited project, signed by the Administrator, Defense Minerals Exploration Administration. It consists of the form (MF-200A), Annex I (one page), Consent to Lien and Subordination Agreement (MF-205), Annex II (two pages), Exhibit "A" (two pages), and two maps. Also are enclosed two extra copies of Annex I, Annex II, Exhibit "A", and the two maps for the use of the Field Team.

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

Please have the signers initial in the margin the addition made in the description where the letter N has been inserted after T. 39 where it appears in the Consent to Lien and Subordination Agreement.

If the proposed amended contract 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 contract is not satisfactory, and cannot be amended within your delegated authority, return all copies with your recommendation concerning any modification.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GCS)

Enclosures
APPROVED:

A. D. McMahon (GCS)
Member, Bureau of Mines

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

WPKlugescheid/er 9/10 &12/57
Copy to: Docket
Admr R File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

8623

*

Miss Mary A. [illegible] signing [illegible] entered on the [illegible] [illegible] made in the discipline [illegible] [illegible] 1.39 [illegible] [illegible] [illegible] and [illegible] signature

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
9/10	Klugescheid	500
9/10	Heinrich	500
9/10	Talbert	800
		130
		110
		109
		220

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

Re: Docket No. DMEA-325 (Zinc)
Grandview Mines, Inc., Assignee
Scandia Mine
Stevens County, Washington
Amended Contract No. Adm-260

Dear Mr. Weissenborn:

Enclosed are the original and four copies of a proposed second amended, short-form contract for the cited project, signed by the Administrator, Defense Minerals Exploration Administration. It consists of the form (MF-200A), Annex I (one page), Consent to Lien and Subordination Agreement (MF-205), Annex II (two pages), Exhibit "A" (two pages), and two maps. Also are enclosed two extra copies of Annex I, Annex II, Exhibit "A", and the two maps for the use of the Field Team.

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

If the proposed contract 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 contract is not satisfactory, and cannot be amended within your delegated authority, return all copies with your recommendation concerning any modification.

Sincerely yours,

Chairman, Operating Committee

Enclosures

WPKlugescheid/bjm (9/10/57)

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

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

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code

September 10, 1957

Memorandum for the Files

From: J. W. Alt

Subject: Justification for Second Amended Contract for Docket No. DMEA-325, Amended Contract No. 1dm-E60, Grandview Mines, Inc., Assignee, Scandia Mine (Zinc), Stevens County, Washington

We concur with the recommendation of the Field Team and the commodity members that the cited contract be amended to allow the Operator to do additional diamond drilling.

The Field Team recommends diamond drilling 7 holes, the total footage to be not to exceed 2,225 feet. The total estimated cost of this work is $15,657.25.

The work done under the terms of the Contract and the Amended Contract has found mineralization of ore grade, but revealed little evidence to permit projections. The proposed drilling would explore the ground to the eastward along the flexure and give additional evidence on the structural controls of mineralization.

The completed work done under the terms of the Contract and the Amended Contract consisted of drifting on the Adit level, 208 feet; sinking winze, 121 feet; drifting and crosscutting from the bottom of the winze, 101 feet; and diamond drilling 4 holes from surface for a total of 1,174 feet. The total cost of the work completed was $29,252.39, and the Government's participation at 50% was $14,626.20.

The total estimated cost of the project is $44,910.00.

The work under the terms of the Contract and the Amended Contract was completed in September 1957, and the project was certified on March 19, 1957.

W. A. Klugescheid, for
J. W. Alt

JWAlt/bjm
Copy to: Docket
Base Metals
Chron.

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
9/9	Selfridge	120
		500

September 5, 1957

MEMORANDUM

To: Administrator

From: George C. Selfridge, Special Assistant

Subject: Docket No. DMEA-325 (Zinc)
Grandview Mines, Inc., Assignee
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Mr. MacLaren, of the Region I Spokane office, telephoned today to ask the status of the company's request to do additional drilling. He mentioned that copies of the requested property map had been sent to Washington on July 26, 1957. The writer informed Mr. MacLaren that he had not heard anything regarding the request but would check into the matter. Mr. MacLaren did not think that there was too much rush as possibly the company would not start the drilling this season. Checking with the Division it was learned that a second amended contract had recently been sent down from Legal and that it was awaiting Mr. Alt's return.

GCSelfridge/esf
9/5/57
cc to: Docket
Admr. R. File
Mr. Selfridge

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
8/5	[illegible]	500

August 5, 1957

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Director, Division of Base Metals

Subject: Preparation of Amendment No. 9 for Grandview Mines, Docket No. DMEA-325, Amended Contract No. [illegible]-160, Scandia Mine, Stevens County, Washington (Zinc)

Will you please prepare Amendment 9 for the cited amended contract. A draft of the proposed amendment with Annex 1 and the necessary copies of two maps are attached to this memorandum.

Also attached are copies of the first three pages of the Option Agreement. Please refer to the letter, dated June 25, 1957, from the Field Team to Mr. George C. Selfridge.

There are also attached the original and five copies of the Consent to Lien and Subordination Agreement.

W. R. Griswold
W. R. Griswold

Attachments

JWAlt/bjm

Copy to: Docket
Base Metals
Chron.

8623

SECOND AMENDED EXPLORATION PROJECT CONTRACT
GRANDVIEW MINES, INC., ASSIGNEE
DOCKET NO. DMA-325

EXHIBIT A

The work performed pursuant to the Original Contract is designated as Stage I. The work performed pursuant to the Amended Contract is designated as Stage II. The work to be performed pursuant to this Second Amended Contract is set forth below as Stage III.

Stage III

Diamond drill seven holes, not to exceed an aggregate of 2,225 feet of drilling. All holes shall be drilled on an approximate bearing of N. 15° W. and at an approximate inclination of -45° to crosscut the limestone to the slate contact, and shall be stopped shortly after penetrating the slate. The first holes drilled shall be holes numbered 5, 6, and 7, and may be drilled in any order. Information from these holes should indicate the trend of the mineralized area and determine the exact placement of subsequent holes. If, after seven holes are completed, the results warrant further drilling and the maximum aggregate footage has not been drilled, any remaining footage may be used to further test mineralized areas. The location, direction, inclination, and extent of each drill hole ~~is~~ are subject to the prior approval of the Government.

All diamond drilling shall be done with AX size, or larger coring bits. All drill holes shall be logged, and all drill core shall be properly labeled and stored and available to the Government for examination. All

Sludges corresponding to the core intervals, which shall not exceed five feet, shall be retained (if possible) when drilling significantly mineralized sections and, in the event that core recovery does not exceed seventy per cent, both the core and sludge ~~samples~~ shall be ~~prepared and assayed.~~ One half of ~~all~~ core and sludge ~~splits~~ must be ~~retained and shall be furnished to the Government upon request.~~ split and one half thereof properly sampled and assayed.

properly sampled and the samples assayed.

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

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

Not to exceed 35 samples shall be assayed for lead and zinc.

The proposed work is shown on the attached map entitled: "Plan of Scandia Workings, Showing Work Completed and Recommended Diamond Drill Holes 5 through 11."

FIXED UNIT COSTS OF STAGE III

2,225 feet of diamond drilling @ $7.00/ft. 6.96/ft	$15,575.00	
35 samples assayed @ $2.00/ sample	70.00	
35 sample sacks @ $0.35/each	12.25	
Estimated Total Cost, Stage III		$15,657.25

S U M M A R Y

Total Cost of Stage I and Stage II Work	$29,252.39
Fixed Unit Costs of Stage III	15,657.25
Estimated Total Cost of the Project (rounded to)	$44,910.00
Government Participation @ 50 percent	$22,455.00

SECOND AMENDED EXPLORATION PROJECT CONTRACT
GRANDVIEW MINES, INC., ASSIGNEE
DOCKET NO. DMA-325

ANNEX I

The land referred to in Article 2 of the Contract is located in the Northport Mining District, Stevens County, State of Washington, and is described as follows:

Two unpatented lode mining claims, Scandia and Triangle Fraction, and N.W. $\frac{1}{4}$ of N.E.$\frac{1}{4}$, Sec. 23, T. 39, R. 40 EWM, less 10 acres; N.E.$\frac{1}{4}$ of N.E.$\frac{1}{4}$ of Sec. 23, T. 39, R. 40 EWM; S.E.$\frac{1}{4}$ of N.E.$\frac{1}{4}$ OF Sec. 23, T. 39, R. 40 EWM.

The land is shown on the attached map entitled "Scandia Property, Map of Section 23, T. 39N., R. 40 E., W.M., showing location of completed and proposed drill holes, Scandia Mine, Stevens County, Washington."

The Operator is in possession and entitled to possession of the land pursuant to an option agreement dated December 1, 1955, executed between the Operator and Theodore, John, Donald, and Effie Nasburg, and Raleigh Hallenius.

Mr. Selfridge -

Changes as you indicat... - also change core recovery and sledge sampling procedure to conform with standard practice.

Change fixed unit costs to stay within FT and Operator's estimates - something like the following:

2,225' @ 6.96	$14,486.00
assay	70.00
sack	12.25
Total	$14,568.25

Re: DMEA-325

Mr. Selfridge —

I have surnamed, but this is another case of increasing the amount requested by applicant and the estimate of Fld. Team.

Applicant requested total of $15,575.00 on basis of $7.00/ft. including assaying;

Fld. Engineer's estimated total cost is $15,500.07; and

Fld. Tm. recommended unit cost of $7.00/ft for drilling with applicant assuming all other costs; but

Proposed contract provides $15,575.00 plus $82.25 for assaying.

The amount is small, but the principle is objectionable!

Talbot 9/10/57

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

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

Re: Docket No. DMEA-325 (Zinc)
Grandview Mines, Inc., Assignee
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Weissenborn:

Enclosed are the original and four copies of a proposed second amended, short-form contract for the cited project, signed by the Administrator, Defense Minerals Exploration Administration. It consists of the form (MF-200A), Annex I (one page), Consent to Lien and Subordination Agreement (MF-205), Annex II (two pages), Exhibit "A" (two pages), and two maps. Also are enclosed two extra copies of Annex I, Annex II, Exhibit "A", and the two maps for the use of the Field Team.

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

If the proposed contract 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 contract is not satisfactory, and cannot be amended within your delegated authority, return all copies with your recommendation concerning any modification.

Sincerely yours,

Chairman, Operating Committee

Enclosures

APPROVED:

Frank D Lamb
Member, Bureau of Mines

Thor H Kiilsgaard
Member, Geological Survey

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

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 2 1957

DATE	INITIALS	CODE
8/2	P.K.	220
		225

July 30, 1957

Re: DMEA 325; Idm-E60
Grandview Mines
Scandia Mine
Stevens County, Wash.

Memorandum

To: W. R. Griswold, DMEA

From: O. M. Bishop, USBM

Subject: Review of Field Team report covering a contract amendment for $15,500 additional work

Following successful exploration under Contract Idm-E60 which demonstrated the presence of ore in the Upper Metaline limestone near the overturned Ledbetter slate contact, the applicant requested a contract amendment to permit additional exploration. The work proposed consists of 7 holes totaling 2,225 feet of AX diamond drilling to supplement previous work and test a larger area.

The field examiners, in reviewing the application, agree that exploration todate has found mineralization of ore grade, but revealed little evidence to permit projections. The proposed drilling would explore the ground to the eastward along the flexure and give additional evidence on the structural controls of mineralization.

Kellum of the USGS, utilizing all data available to him, has prepared sections indicating the most probable position of the contact at depth and suggests drilling Holes 5, 6 and 7 first to indicate the trend of the mineralized area (structure). I consider his presentation sound and recommend that his conclusions be accepted as the basis for the amendment.

The contract costs outlined by Waddell (USBM) are reasonable. I recommend that they be accepted on the assumption that item 1b, cost of diamond drilling, is similar to the previous Boyles Bros. contract with Grandview Mines. I would agree that no footage limit should be placed on an individual hole but suggest it might be well if provisions were made for drill-hole surveying.

O. M. Bishop

O. M. Bishop

cc: Division of Minerals
Mr. Kiilsgaard
Files

Mr. Bishop
Files

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

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 29 1957
DATE | CODE
7/29 C | 220
225

July 26, 1957

Air Mail

Mr. W. S. Martin, Acting Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-325 (Zinc)
Grandview Mines (Assignee)
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Martin:

In accordance with your teletype of July 25, 1957, enclosed are nine copies of a property map showing the location of the proposed work.

We are sorry that the one we sent you previously was unsatisfactory.

Sincerely yours,

A. E. Weissenborn

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

Enclosures

cc: USBM (2)
Albee

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
7/24	Alt	500
7/24	Griswold	500
7/24	Martin	130
7/24	Reno	130
7/24	Kiilsgaard	130
"	Johnson	110
"	Rittendorf	100
7/25	ex.	225
		500

JUL 25 1957

TELETYPE

~~TELEGRAM~~

~~T E L E G R A P H~~

XXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXX

WHGriswold/er Rm 4444, Ext. 3669

DMEA- Division of Base Metals

14X4401(01) Revolving Fund,
Defense Production Act, Interior,
(Transfer to Office of Secretary)

Date:

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

Re Docket No. DMA-325X, Grandview Mines, Assignee, Amended Contract No. Idm-E60. In order to continue processing this application for additional work, we need a property map showing the location of the proposed work. Please refer to our letter dated April 26, 1957. Suggest map be of larger size than one submitted with your letter of June 25.

W. S. Martin
ACTING Chairman, Operating Committee (HB)

JWAlt/er 7/24/57
Copy to: Docket
Admr R File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.
Confirmation Copy

8623

500

Excerpt from Mr. Mittendorf's diary, 7/23/57:

Al also inquired about the status of the Scandia property, DMA-325, contract Idm-E60. The operator is pressing Al for final action.

Al apologized for not sending in his report until June 17. He said it was unduly delayed in his office.

I told him I would check on the case. I found we were awaiting comments from the Bureau.

IN REPLY REFER TO:

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

7/1 C 220 225

June 28, 1957
Re: DMEA 325, Idm-E60
Grandview Mines, Inc.
Scandia Mine
Stevens County, Washington
Applicant's Estimate $15,575.00 - Lead-zinc
Recommended Estimate $15,500.07

Memorandum

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

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

Subject: Review of Field Team Report

The applicant requested assistance in doing additional drilling on the referenced property. Some $29,252.40 has been spent in underground work and drilling, and a small but in part good grade zinc ore structure has been explored.

The work done and the general geologic setup indicate the zinc ore is related to an, as yet, indefinite and complex structural condition which affords an interesting problem and which probably is not now worth resolution.

The sections, provided by the geologist, fill a need and are a great help in visualizing the structural conditions he hypothesizes. The concept though wanting definition does afford a target. I still favor holes on sections east and west of and not over 50 feet from the winze, holes which might get on and stay with the known ore band. Also Hole 7 should be moved closer to Hole 3. The 215 feet 'bite' may be large as the hole would pass well below the bottom of the trough as shown in Section A-A'.

With the above exceptions, I concur with the recommendation of the examiners and Field Team.

N. E. Nelson

N. E. Nelson

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

OFFICIAL FILE COPY
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RECEIVED JUL 1 1957
DATE | INITIAL | CODE
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225

June 25, 1957

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

Re: Docket No. DMEA-325 (Zinc)
Grandview Mines (Assignee)
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Selfridge:

This is in further reference to your letter of April 26, 1957 and our reply of June 17, 1957.

Enclosed are nine copies of a property map and six copies of a Consent to Lien and Subordination Agreement covering the original and additional land included in the contract.

It was discovered that the Option Agreement furnished by the Operator and made a part of the original contract was an incorrect copy of the actual agreement held in eskrow at the First National Bank in Spokane. The errors occur only in the first three pages. Therefore, we asked the Operator to secure photostatic copies of these three pages from the original document. One copy of each of these three pages is also enclosed.

The Galena Queen, Sunnyside, and Stonewall claims which are included in the Option and the Consent to Lien are not shown on the property map as their exact location has not been determined by the Operator. He states that he is willing to include them in the land subject to the contract but that, although he does not know their exact locations, he does know that they are not contiguous to the land affected.

It is to the Government's interest to include the NW$\frac{1}{4}$NE$\frac{1}{4}$, Sec. 23, T. 39 N., R. 40 E. W. M., less the north 10 acres; the NE$\frac{1}{4}$NE$\frac{1}{4}$, sec. 23, T. 39 N., R. 40 E. W. M., the SE$\frac{1}{4}$NE$\frac{1}{4}$, sec. 23,

T. 39 N., R. 40 E. W. M., the Scandia and the Triangle Fraction lode claims. The Galena Queen, Sunnyside and Stonewall claims cannot possibly be benefited by the project, but may be included if it is desirable.

By Field Team, Region I, NW Dist.

Donald R. MacLaren

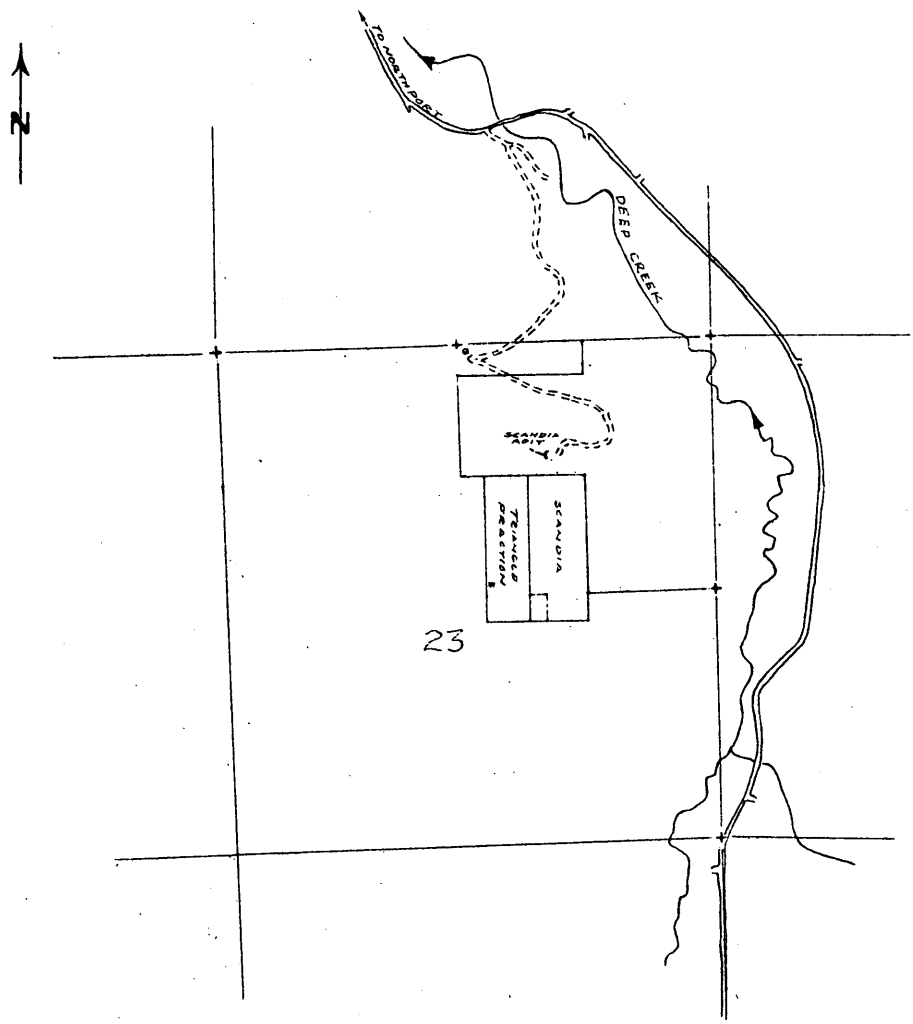
Donald R. MacLaren
Alternate Acting Exec. Officer
U. S. Geological Survey

S. W. Zoldok

S. W. Zoldok, Acting Member
U. S. Bureau of Mines

Enclosures

cc: USBM (2)
USBM (AD)
Kellum



SCANDIA PROPERTY
Sec. 23, T. 39 N. R. 40 E.W.M.
STEVENS COUNTY, WASHINGTON

2,000 1,000 0 2,000 FEET.
1 : 24,000

BASE FROM U.S.G.S. 7½' MAP SERIES
BOUNDARY AND SPIRIT QUADRANGLES

Fig. 1

OFFICIAL FILE COPY.
D M E A
RECEIVED JUL 1 1957
DATE | CODE

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

ORIGINAL FILE COPY
DMEA
RECEIVED JUN 21 1957
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225

June 17, 1957

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

Re: Docket No. DMEA-325 (Zinc)
Grandview Mines (Assignee)
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Selfridge:

Enclosed are four copies each of memorandum reports by D. F. Kellum, Geologist, Geological Survey, and G. G.Waddell, Mining Engineer, Bureau of Mines, on the application of Grandview Mines for additional work at the Scandia mine. Kellum presents a geologic justification for additional drilling and Waddell presents an estimate of costs. Also enclosed are the original and five copies of a consent to lien signed by the Nasburgs and Hallenius.

In preparing a property map it was discovered that drill holes 6 and 7, and possibly 8 and 9 are very close to or just outside the south boundary of the land included in the original contract. The Operator controls this ground and will add it to the ground to be included in the contract. As soon as we have the necessary papers we will forward them, along with nine copies of a property map as requested in your letter of April 26, 1957.

Kellum has made a structural interpretation that appears reasonable and may explain the difficulty in correlation of data disclosed in the present underground workings and the drill holes. He concludes that the contact between the shale and the limestone has been folded, that the fold plunges 60°-65° in a southeasterly direction, and that tension cracks and joints developed along the crest of the fold have been impregnated with zinc and minor amounts of lead minerals forming a potential ore zone. He further concludes that, as a first step, drilling will explore this zone for the existence of ore bodies more satisfactorily than additional drifting and crosscutting from the underground workings, and he therefore

recommends that the applicant's proposal, with slight changes in the locations of the holes, be approved. He recommends that provision be made for assaying 50 sludge samples and 150 core samples for zinc.

Waddell shows an estimated depth for each recommended hole, with a recommended total depth of 2,225 feet, and gives a cost estimate for 35 assays for lead and zinc at $3.00 per sample , and 35 sample sacks at $0.35 each.

The Field Team agrees with Kellum's conclusions and recommendations. We also recommend that the contract provide for diamond drilling 7 holes approximately located as shown on plate 1, holes 5, 6, 7, and 9 to be drilled first, the total footage to be 2,225 feet. Because the location of the shale-limestone contact is not definitely known, we recommend that no maximum depths be assigned to any hole. We also recommend that the contract provide for assaying of 50 sludge samples and 150 core samples for either lead or zinc or both at $1.50 per determination.

The applicant stated in a telephone conversation with D. R. MacLaren that if a contract could be prepared that would provide for drilling a total of 2,225 feet of diamond drill holes at a unit cost of $7.00 per foot, the company would assume all other expenses. If the cost estimate prepared by Waddell is adjusted to allow 200 chemical determinations for lead or zinc at $1.50 each and 200 sample sacks at $0.35 each, the estimated cost per foot will be $7.07.

Also enclosed are three copies of a bid from Boyles Brothers Drilling Company. This company did the drilling under the completed contract and their equipment is still on the property. The Operator attempted to get a new bid but the local manager was out of town; therefore, the Operator sent us the enclosed copies of last years bid and agreed that even should Boyles Brothers raise their prices, he will accept the $7.00 per foot as a fixed unit cost. Because Boyles Brothers did a highly satisfactory job of drilling during the previous contract on this property, the applicant wishes to utilize the services of the firm again and has not asked for bids from other contractors. In our opinion, the prices in this bid are as favorable as any that could be obtained locally. We therefore recommend that these prices be accepted as a basis for drilling cost calculations.

We believe that a unit cost contract at $7.00 per foot as requested by the applicant would be to the Government's advantage but if this is unacceptable, we recommend the costs prepared by Waddell, except for the additional number of assays and sample sacks.

By Field Team, Region I, NW District

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

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

Enclosures

cc: USBM (2)
USBM (AD)
Kellum

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

1201 N. Division St.
Spokane 2, Washington

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 21 1957
DATE | CODE

May 21, 1957

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

From: G. G. Waddell, Mining Engineer, U. S. Bureau of Mines

Subject: Cost analysis, Docket No. DMEA-325 (zinc), Grandview Mines (assignee), Scandia Mine, Stevens County, Washington, Amended Contract No. Idm-E60

This cost analysis for diamond drilling is recommended for consideration should the Government decide to participate in further exploration at the Scandia mine. The property location is sec. 23, T. 39 N., R. 40 E., Stevens County, Washington.

The additional work as proposed is for the drilling of 7 diamond drill holes of AX size, totaling 2,225 feet.

It is estimated that the work will be completed within 4 months.

This analysis is based on a bid by Boyles Bros. Drilling Co., dated June 11, 1956, which the applicant's engineer stated is still valid. Copies of the bid are attached.

Proposed work

The proposed drilling consists of 7 diamond drill holes, DDH #5 through DDH #11, to be drilled at a bearing of N. 15° W. and minus 45° incline on the Scandia Prospect.

	0 - 300'	300 - 600'	Total
DDH #5	200'	--	200'
#6	300'	100'	400'
#7	300'	125'	425'
#8	300'	75'	375'
#9	300'	50'	350'
#10	275'	—	275'
#11	200'	--	200'
	1875'	350'	2225'

1. Independent contracts

a. Bulldozing

Transportation to and from Scandia property	$100.00	
Preparing 7 drill sites, 16 hrs. @ $12/hr.	192.00	$292.00

b. Diamond drilling

Mobilization - $70 per 2-man shift until drill is set up on first hole, including transportation and set-up preparation - 3 shifts @ $70/shift	210.00	
Drilling		
BX drilling to set collar casing, 21 ft. @ $5.50/ft.	115.50	
AX drilling, 0 - 300 ft. depth 1,875 feet minus 21 feet = 1,854 feet @ $5.00/ft.	9,270.00	
AX drilling, 300 - 600 ft. depth 350 feet @ $5.60/ft.	1,960.00	
Cementing and drilling cement, 200 feet @ $3.00/ft.	600.00	12,155.50

2. Labor and supervision

Labor	none	
Supervision (Engineer or Geologist) 4 months @ $600/mo.	2,400.00	2,400.00

3. Operating materials and supplies

Gasoline - 375 gal. @ $0.36/gal	135.00	
Core boxes - 52 @ 5.00/ea.	260.00	395.00

4. Operating equipment

Jeep - value $2,000 x 1/60 = $33.33/mo. for 4 months		133.32

5.	Rehabilitation and repairs		none
6.	New buildings and improvements		none
7.	Miscellaneous		
	Samples - 35 assays for Zn & Pb @ $3.00/ea.	105.00	124.25
	35 sample sacks @ $0.35/ea.	19.25	
	Total cost		$15,500.07

Summary

1.	Independent contracts	
	Bulldozing	$ 292.00
	Diamond drilling	12,155.50
2.	Labor, supervision, consultants	2,400.00
3.	Operating materials and supplies	395.00
4.	Operating equipment	133.32
5.	Rehabilitation and repairs	none
6.	New buildings and improvements	none
7.	Miscellaneous	124.25
	Total cost	$15,500.07
	Government participation @ 50%	$ 7,750.04

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

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

Government's Use Only
EXPLO ION PROJECT CONTRACT
Operator
Docket No. DMEA- 325
Contract No. Idm-E60
Contract Date

RECEIVED
JUN 21 1957
D.M.E.A.

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

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

Scandia and Triangle unpatented lode claims in the NE¼, sec. 23, T. 39 N., R. 40 E., W.M., and 30 acres of patented homestead land included in the S-3/4NW¼NE¼, sec. 23, T. 39 N., R. 40 E., W.M. Notarized amended location certificates for the Scandia and Triangle Claims are attached to contract.

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

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

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

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

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

NONE

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

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

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

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

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

Dated this 9th day of May, 1957.

Effie Nasburg	[Seal]	E. 11805 Maxwell Spokane (62)	[Address]
Theodore Nasburg	[Seal]	E. 11805 Maxwell, Spokane	[Address]
John Nasburg	[Seal]	E. 11805 Maxwell	[Address]
Donald Nasburg	[Seal]		[Address]
Raleigh Hollenbeck	[Seal]	1305 E. Everett Spokane	[Address]
	[Seal]		[Address]

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

_____

[Corporate Seal]

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RECEIVED JUN 21 1957

DATE	INITIALS	CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
So. 157 Howard Street
Spokane 4, Washington

June 12, 1957

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

From: D. F. Kellum, Geologist, U. S. Geological Survey

Subject: Evaluation of application for additional work, Docket DMEA-325 (Lead-Zinc), Grandview Mines, Inc. (Assignee of Nasburg and Hallenius), Scandia Mine, Stevens County, Washington, Amended Contract No. Idm-860

On March 12, 1957, Grandview Mines, Inc., submitted a request for additional work at its Scandia property in Stevens County, Washington. The work requested consists of 2,225 feet of AX diamond drilling at a total cost of $15,575, or $7 per foot. Of this amount, 50 percent or $7,787.50, would be contributed by the Government. At the present time there is insufficient information on which to base a reserve estimate, and the proposed work is intended to supplement the results of earlier drifting, crosscutting, and diamond drilling which has indicated ore-grade amounts of zinc occurring as replacement in limestone near an overturned contact with younger slate.

In memoranda by N. E. Nelson, dated March 28, 1957, and O. M. Bishop, dated April 9, 1957, reviewing this application, the reviewers suggest that an alternate program might be more suitable until further information is gained. Mr. Nelson recommends a small amount of drilling and/or drifting in the winze area and suggests that the drifting be done essentially as outlined by W. P. Puffett in a report dated September 1954. Such work would consist of about 100 feet of combined drifting and crosscutting on the winze sublevel to test a mineralized zone extending southeast from the winze. Mr. Nelson points out that a more definitely definable target than a mineralized zone near the contact, as has been inferred by the operator , would be necessary to warrant the proposed drilling program.

Due to the indefinite relationship of the ore-bearing structure exposed on the adit level to the ore-grade material encountered in the winze and intersected in the drill holes, it is

difficult to state what results may be expected by either drifting and crosscutting in a small area as suggested by the reviewers, or by surface diamond drilling to test a larger area as proposed by the operator. However, the possibility of a plunging breccia ore body has been suggested by Mr. Nelson, and there are indications that the ore-grade material found by the completed work may be part of a plunging mineralized zone which has a potentially greater extent vertically than horizontally. It is believed that there is enough evidence that this is the nature of the target to warrant further testing by a surface drilling program similar to that proposed by the applicant.

Prior to the completion of the contract work last year it was believed that the poorly exposed slate-limestone contact near the Scandia workings was a fault mapped as the Stonewall thrust (Campbell, C. D., Cambrian Rocks of Northeastern Stevens County, Washington: GSA Bull., July 1947), but more detailed mapping by R. G. Yates and J. F. Robertson of the Geological Survey (Open File Map, Geologic Map of the Leadpoint Quadrangle, Washington: 1954-55) and a lack of evidence of such faulting in the tunnels and drill holes penetrating this contact in and near the Scandia workings suggests that overturning rather than faulting has occurred. From a plot of the points at which the contact was intersected, there appears to be a distinct warp in the contact beneath the Scandia workings. This is also suggested by a 90° difference in strike between the contact on the adit and subadit levels and the fact that a sharp fold occurs in the slate near the contact on the adit level. There is also a suggestion in drill holes 2 and 3, by an anomalous thickness of silicified and cherty limestone, that there may be a fold or other discontinuity present. Such a discontinuity could be due to faulting, but since there is no strong evidence for this, it is more probable that the discrepancies in the expected position of the contact encountered at depth are the result of a flexure plunging steeply to the southeast. The magnitude and persistence of this flexure downdip beyond the winze sublevel is not known, but on the basis of the limited number of known points on the contact the plunge in the trough of the flexure appears to be about 60°-65° in a S. 50°-65° E. direction.

The evidence afforded by the underground workings and drilling indicates that zinc mineralization has not been associated with any one particular structure of major significance but occurs generally in or near fractures, or in broken, recemented, and occasionally siliceous limestone. Thus, the results of the completed exploration seem to indicate that the mineralized structure on the adit level is a prominent fracture related to a flexure in the contact beneath the workings and that the target is a steeply plunging mineralized zone associated with fracturing which has occurred along this flexure (generalized sections A-A' and B-B', pl. 1).

The probable grade of the mineralized zone is not yet definitely established, nor at the present time is there much information on which to base a satisfactory estimate. In the winze, samples were cut at several places and a record was kept of the muck car samples taken by the operator while the winzing was being done. Puffett, in a memorandum dated October 19, 1953, discusses the probable grade of the ore in the winze area and states that "although of little significant value, a weighted assay value of the muck car samples from the 15-foot mark to the 87-foot mark has been made. This value is 6.56 percent zinc, with negligible lead. No assays for precious metals were made." An 8-foot sample cut across a portion of the ore zone exposed in the winze sublevel assayed 3.75 percent zinc. There are a number of high-grade intersections in the drill holes, but these are interspersed with barren intervals and would thus be considerably diluted.

As is shown on the inferred structure contour plan of the contact and in the diamond drill hole sections (pl. 1), DDH 1 was probably drilled too far to one side of the target zone, DDH 2 may have intersected the zone below the area of maximum fracturing and replacement, DDH 3 may have intersected the downward extension of the mineralized zone, and DDH 4 may have passed above the downward projection of the zone. The shape of the mineralized zone, as shown in sections of DDH's 2 and 3 and section B-B', was inferred from the mineral intersections in the drill holes and by dips on mineralized fractures and zones encountered in the workings. Further evidence is needed as this may or may not be the actual pattern of mineralization along the flexure. The lack of any significant amounts of mineralized material at the surface on strike with the well-mineralized drill hole intersections suggests that the mineralized zone has a plunge and is probably of limited horizontal extent in comparison to its potential vertical extent. Because of this and because the mineralization is associated with a number of fractures in a broad zone rather than with the one dominant structure exposed on the adit level, it is believed that diamond drilling from surface locations would be a more flexible and effective means of exploration. There is, moreover, so little specific information on the ore occurrences that an effective program of exploration by drifts and crosscuts would be extremely difficult to lay out without the guidance of the proposed drilling program.

During a brief discussion with Mr. Eskel Anderson, geologist for the operator, Mr. Anderson pointed out that since the individual shoots or veins of zinc minerals are probably short and discontinuous, it would be extremely difficult to get a clear picture of the trend, grade, and extent of the mineralized area by a limited amount of crosscutting or drifting, and for this reason the operator does not favor work other than drilling at the present time. The drilling, if successful in finding ore, will permit underground exploratory workings to be laid out to the best advantage. It is the operator's

intention to test the area for a potentially large mineralized body which, if of sufficient probable grade and size, could be open-pitted or tested further by crosscutting and drifting from an adit level below the present workings.

The operator's original drilling pattern of 7 holes totaling 2,225 feet of diamond drilling is modified slightly to test the ground along the projected S. 50°-65° E. trend of the flexure and to test for possible extensions of the mineralized ground away from the immediate area of the flexure. As originally proposed, holes 6, 7, and 9 are satisfactorily located to test the most probable ore zone; hole 5 should be drilled to test the ground above DDH 4 for a possible upward extension of this zone; holes 10 and 11 are warranted only if the results of hole 5 indicate an upward extension of any significant mineralized ground from the trough of the flexure; hole 8, testing ground beneath hole 1, is not warranted, and it is proposed that this hole be relocated to test ground beneath hole 9. All holes will be drilled on a bearing of N. 15° W. and at an inclination of -45° to crosscut the limestone to the slate contact and will be stopped shortly after penetrating the slate. The approximate location of these holes is shown on plate 1. The first holes drilled should be 5, 6, and 7, in any order. Information from these holes should indicate the trend of the mineralized area and determine the exact placement of subsequent holes. If the results warrant, any unused footage remaining after the proposed holes are completed may be used to further test the mineralized area. The location of all holes is subject to the joint approval of Grandview Mines, Inc., and the Government. Sludge should be saved in areas of poor recovery and in ore zones. Provision should be made for assaying 50 sludge samples and 150 core samples for zinc.

Samples taken in the underground workings and previously drilled holes show little or no lead. However, provision should be made to allow for assaying of lead if the core or sludge samples appear to contain any significant amount.

Enclosure

Distribution:
DMEA (4)
USBM (2)
USGS(SRO)
Docket
Kellum

DIAMOND CORE DRILLING
MINING
QUARRIES
SHAFT SINKING
TUNNEL DRIVING

Davies Bros. DRILLING COMPANY

CONTRACTORS — ENGINEERS — GEOLOGISTS

GENERAL OFFICES

1261 SOUTH MAIN STREET PHONE [illegible]

SALT LAKE CITY 15, UTAH

FIELD OFFICE CORRESPONDENCE

REPLY TO:

Box 225
Colville, Washington
June 11, 1956

Grandview Mines
Radio Central Bldg.
Spokane, Washington

Gentlemen:

We would like to submit the following rates for your drilling program at the Scandia claims.

1. Mobilization - $70.00 per 2 man shift until drill is set-up on first hole, including laying pipe line.

2. Drilling rates per foot.

	AX	BX
0 to 300 ft.	$9.00 per ft.	$9.50 per ft.
300 to 500 ft.	$9.40 " "	

3. Reaming for AX Casing $2.25 per ft.
Reaming for BX Casing $2.75 " "

4. Compaking 8.50 per hour plus cement or cement substitute, including drilling mud.

Should the foregoing quotations meet with your approval, we could commence drilling 3 weeks after notice to proceed.

Sincerely yours,

O.C. Bouquet

O.O.Bouquet
District Manager

DMEA

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DMEA
RECEIVED JUN 21 1957

DATE	INITIALS	CODE

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

500

Date	Surname	Code
4/25	[illegible]	500
		[redacted]
4/26	[illegible]	310
"	[illegible]	110
		[redacted]
4/29	[illegible]	225
		[redacted]

APR 26 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-325 (Zinc)
Grandview Mines, Assignee
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Weissenborn:

This is with reference to your letter of March 14 and to the copy of the letter to you, dated March 12, 1957, from Mr. Karl W. Jasper, President, Grandview Mines, requesting additional exploration work for the cited amended, completed and certified project.

In order to continue processing this application, we should have from you a geological justification for doing this additional work. Furthermore, if this work is approved, it will be done as an amended contract on the latest form. We should have a breakdown of costs for the proposed diamond drilling, including such items as supervisor, engineer and geologist, number of core boxes with cost per box, number of samples with what the samples are to be assayed for and the cost for assaying each sample, cost per foot of diamond drilling with the size of the coring bit to be used. The Operator should be requested to obtain, if possible, three independent bids for the diamond drilling.

It is stated that a new road to the lower drilling will be constructed. If this work is to be approved, we will need to know the estimated number of hours of bulldozing required to do this and the size of the equipment to be used.

8623

The Operator should be requested to obtain Consents to Lien and Subordiantion Agreements from the owners of the property. The necessary copies of this agreement are enclosed.

Also, we should have a property map showing where the proposed work is to be done and showing the work which was done under the terms of the contract. We would appreciate receiving the necessary copies and of a size which can be attached to a contract should it be approved.

Copies of memoranda dated March 28 and April 9, 1957, by N. E. Nelson, Geological Survey, and O. M. Bishop, Bureau of Mines, respectively, relating to the project, are enclosed for your information.

Also, enclosed is a copy of an application for additional work, for the use of the Field Team.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (HB)

Enclosures

APPROVED:

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

W. P. Williams (HB)
Member, Geological Survey

JWAlt/er 4/25/57
Copy to: Docket
Admr R File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

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DMEA
RECEIVED APR 9 1957

DATE	INITIALS	CODE
4/9	C	220
		225

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

April 9, 1957

RE: DMEA 325; IDME-60;
Zinc; $15,575.00
Application for amendment
Grandview Mines
Scandia Mine
Stevens County, Washington

Memorandum

To: W. R. Griswold, DMEA

From: O. M. Bishop, Branch of Base Metals

Subject: Review of application for additional work of March 12, 1957, received April 4, 1957

Karl W. Jasper, President of Grandview Mines, by letter of March 12 requests DMEA assistance in diamond drilling 2225 feet of AX size hole. This minimum footage will provide 7 holes each of which will crosscut the limestone and explore the limestone-slate contact for a strike-length of about 500 feet, and is intended to supplement findings in the adit, shaft and workings, and four earlier drill holes.

In reviewing the docket it would appear that the geologic facts are inadequately known to correlate present ore findings. On the other hand it is not entirely clear that the drilling proposed is the best possible project that might be had for $15,575.

The field team in transmitting the application state "The additional drilling . . . . . should result in a clearer delimitation of the ore now indicated." I agree with this view but recommend referral to the field team for review and recommendation to determine if a better program can be worked out with the applicant.

O. M. Bishop

O. M. Bishop

Copy to: Division of Minerals
Mr. Kiilsgaard
Mr. Lamb
Mr. Bishop
Files

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 28 1957
IN REPLY REFER TO

DATE	INITIALS	CODE
3/29	C	220
		225

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

March 28, 1957
Re: DMEA 325 Idm-E-60
Grandview Mines
Scandia Mine
Stevens County, Washington
$75,575 - Zinc

Memorandum

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

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

Subject: Review of application for additional assistance

The applicant now requests additional assistance in prospecting a slate-limestone contact zone by drilling.

By the expenditure of $29,252.40, a small orebody in a winze was partially explored and several narrow, low-grade intersections were made in drill hole No. 4. The intersections cannot be correlated with the winze ore. Two of the holes, No. 1 and No. 2, appear to have "boxed" the ore in the winze, so far as extension in depth is concerned.

Hole No. 1 entered the slate about where the slate was to be expected but holes 2, 3, and 4 remained in limestone longer than expected, indicating something unlooked for has happened and a new construction appears needed. Hole No. 3 cut some white calcite seams and Zn and Pb sulfides near the slate-limestone contact. It may represent a zone like that cut in No. 4, but with holes 1 and 2 tends to rule out a general ore zone along the contact. A plunging breccia ore structure between the winze and No. 4 is a possibility.

I recommend a small amount of drilling and/or drifting in the winze area, the drifting to be essentially as recommended by Willard Puffett in September, 1954. If the winze is full of water, close in drilling should be done in an attempt to extend the orebody and find the kink that throws the slate out of line. Puffett's map shows 3 faults that may have bearing.

If the orebody is enlarged and a trend indicated, additional drilling may be warranted but the target should promise more and be more definite than that now offered.

Otherwise the application for the drilling proposed should be denied.

N. E. Nelson

N. E. Nelson

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3/11	[illegible]	320
3/11	[illegible]	500
3/13/57	[illegible]	140
3-14	[illegible]	800
3/16	[illegible]	130
3/18	[illegible]	110

MAR 19 1957

Mr. Karl W. Jasper, President
Grandview Mines, Inc.
Suite 310-311 Radio Central Bldg.
Spokane 4, Washington

Re: Docket No. DMEA-325 (Zinc)
Grandview Mines, Inc. Assignee
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Jasper:

Transmitted herewith is a certification of discovery or development related to the amended Exploration Project Contract No. Idm-E60, dated August 15, 1952, on the lands described in the contract.

By the terms of the amended Exploration Project Contract and of the certification, all minerals mined or produced from August 15, 1952, to August 15, 1966, are subject to the Government's percentage royalty as set forth in the contract until the sum of $14,626.20 is repaid to the Government. See Cont. 10 Amended Contract eff. to 16 years from 8/15/52, or 8/15/68

Payments should be made to Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest District, South 157 Howard Street, Spokane 4, Washington. Checks should be drawn in favor of the Defense Minerals Exploration Administration. The purchaser should be advised to deduct royalties from the amount due on each shipment and forward the checks to the Executive Officer.

Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets, showing quantity and grade of the products sold, the name of the purchaser, and the price and charges, certified to be correct by the purchaser.

You are requested to notify Mr. Weissenborn of any changes in ownership and production rights that might affect the Government's right to its percentage royalty. Also, if production ceases at any time for an extended period please notify Mr. Weissenborn at six-month intervals that such is the case.

Sincerely yours,

R. D. Matteson

Administrator

Enclosures

Region I, NW Dist. (2)
Mr. Johnson
Mr. Griswold
Chron.
Theodore, John, Donald, & Effie Nasburgh and Raleigh Hallenius

Admr R File
Op. Committee
Base Metals
Cont. Adm & Audit Div.
Finance Office

RGriswold/er 3/11/57
Copy to: Docket
Mr. C.A. Fredell, Dr. TDS. DMS
Mr. Lamb, USBM
Mr. Killsgaard, USGS

8623

DMEA Form 7
(12-56)

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Date	Surname	Code
3/11	[illegible]	500
3/11	Griswold	500
3/13/57	[illegible]	140
3-14	Chambers	800
3/16	Selfridge	130
3/18	Johnson	110
18	Mittendorf	100
		225
3/14	Bishop	
3/14	Kiilsgaard	

MAR 19 1957

Theodore, John, Donald and Effie Nasburg
and Raleigh Hallenius
E. 11805 Maxwell
Spokane 62, Washington

Re: Docket No. DMEA-325 (Zinc)
Grandview Mines, Inc., Assignee
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Gentlemen:

Enclosed is a copy of a certification of discovery or development, with copy of covering letter of even date, to the Operator, which has been issued pursuant to the terms of the above-cited Contract.

This [redacted] the Consent to Lien signed by you [redacted] the above-cited Contract dated August 15, 1952, [redacted] ment of which to Grandview [redacted] on February 21, 1956, [redacted] from any of the terms, provisions, and condi- [redacted] the Contract. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom. In the event the Operator fails to pay any royalty due to the Government from production during that period, the Government may look to you for payment thereof.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

Enclosures

Theodore, John, Donald and
Effie Nasburg and Raleigh
Hallenius

WRGriswold/er 3/11/57
Copy to: Docket
Mr. C.A. Fredell, Dr.TDS.DMS
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Base Metals
Cont.Adm & Aud
Region I, NW. D
Mr. Johnson
Mr. Griswold
Chron.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3/11	[illegible]	500
3/11	Griswold	500
3/13/57	[illegible]	140
3-14	Chamberlin	800
3/16	Selfridge	130
3/18	Johnson	110
18	Mittendorf	100
		225
3/16	Bishop	
3/16	Kiilsgaard	

MAR 1 [illegible]

Mr. Clarence A. Fredell, Acting Director
Technical Services Division
Defense Materials Services
General Services Administration
7th and D Street, S. W.
Washington 25, D. C.

Re: Docket No. DMEA-325 (Zinc)
Grandview Mines, Inc., Assignee
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development related to amended Exploration Project Contract No. Idm-E60.

The contract was dated August 15, 1952, with the Government participating to the extent of 50 per cent in an exploration project estimated to cost $29,260.00. Actual expenditures were $29,252.39, with the Government's share being half of such amount, or $14,626.20.

The total amount of work provided for under the contract consisted of 350 feet of drifting and crosscutting, 100 feet of winzing and 1,174 feet of diamond drilling. Work actually completed consisted of 357 feet of drifting and crosscutting, 98 feet of winzing and 1,174 feet of diamond drilling.

The discovery consisted of zinc ores occurring as replacements in limestone. The work was insufficient to permit a precise calculation of ore reserves, but it is estimated they will be in the order of 62,500 tons with a grade of 6.6 per cent zinc.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

WRGriswold/er 3/11/57
Copy to: Docket
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Cont.Adm & Audit Div.
Base Metals
Region I, N.W. Dst (2)
F. E. Johnson
W. R. Griswold
Chron.

Enclosures

8623

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

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 18 1957

DATE	INITIALS	CODE
3/18	C	220
		225

March 14, 1957

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

Re: Docket No. DMEA-325 (Zinc)
(Application for more work)
Grandview Mines
Scandia Mine
Stevens County, Washington

Dear Mr. Selfridge:

Enclosed are three copies of an application for additional diamond drilling on the above-referenced property. In September 1956, the applicant completed Contract Idm-E60 which comprised sinking a 98-foot shaft, from the bottom of which 57 feet of drift and 35 feet of crosscut were driven; driving an adit drift 265 feet long; and drilling four diamond drill holes. This work resulted in the discovery of a zone of ore-grade material ranging in grade from 3.75 percent zinc over a width of 8 feet to 14.0 percent over a shaft width of 15 feet. The hole to hole to winze correlations of the ore zones is difficult if not impossible to determine at this time, but it is evident that the existence of sufficient material of ore grade has been established to justify a certification which was recommended in our letter of February 7, 1957.

The additional drilling proposed in this application should result in a clearer delimitation of the ore now indicated.

By Field Team, Region I, NW Dist.

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

Stephen W. Zolotor
for Wing G. Agnew, Member
U. S. Bureau of Mines

Enclosures

cc: USBM (2)
Kellum

GRANDVIEW MINES SPOKANE 4, WASHINGTON
SUITE 310-311 RADIO CENTRAL BLDG.
OFFICE PHONE MAdison 2501

PROPERTIES: PEND OREILLE AND STEVENS COUNTIES

Karl W. Jasper.....President
Paul T. Hoetzel.....Vice-Pres.
E. K. Barnes.....Sec.-Treas.
John H. Roberts.....Director
E. O. Dressel.....Director
Fred Trumbull.....Director
Eskil Anderson.....Director

March 12, 1957

Mr. A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region 1, N W District
South 157 Howard Street
Spokane 4, Washington

Dear Mr. Weissenborn:

We talked to you early this year about an application by Grandview Mines for an additional DMEA loan to be used for further diamond drilling on the Scandia Prospect in northeast Stevens County, Washington. The last work on this property with the aid of the Defense Minerals Exploration Administration was done in 1956 by Grandview Mines under Amended Contract No. IDM-E60, Docket No. DMEA -325 (zinc). The title status of the Scandia property is unchanged from the time of our application last year and we are accordingly hereby applying by letter for a further loan to apply on 2225 feet of diamond drilling at $7.00 per foot, a project the total cost of which would be $15,575.00, of which Grandview would contribute one-half, or $7,787.50, and the DMEA would supply the other half.

If approved by the DMEA, Grandview Mines will drill a minimum of 2225 feet obtaining AX core, at a total cost of $7.00 per foot. Grandview will subcontract the diamond drilling and pay all costs of assaying, supervision, the construction by bulldozer of a new road to the lower drilling area, and all other costs necessary to carry the program to completion. Grandview will pay all costs as if work were being performed for Grandview and will submit a report and bill to the DMEA showing the footage drilled during each month and charging $3.50 a foot until the total of $7,787.50 has been reached. Grandview will begin drilling before July 1, 1957 and would expect to have all drilling completed before October 1, 1957. The charge of $7.00 per foot is the same as that used on this property last year and under two earlier Grandview DMEA contracts in the same district.

The proposed drilling plan consits of seven holes, D.D.#5 through D.D.#11, to be drilled at N. 15°W. and -45°. The enclosed map of the Scandia Prospect and four drill hole sections show these proposed drill holes in plan and section. Each drill hole will crosscut the limestone and the expected zone of mineralization and be stopped shortly after entering the underlying slate. If, after the seven holes had been drilled, some undrilled contract footage remained, the balance of the contract drilling could be done where information then available seemed to dictate, or not at all if results had been unsatisfactory. As new information is obtained the drilling pattern could also be changed if that seemed best.

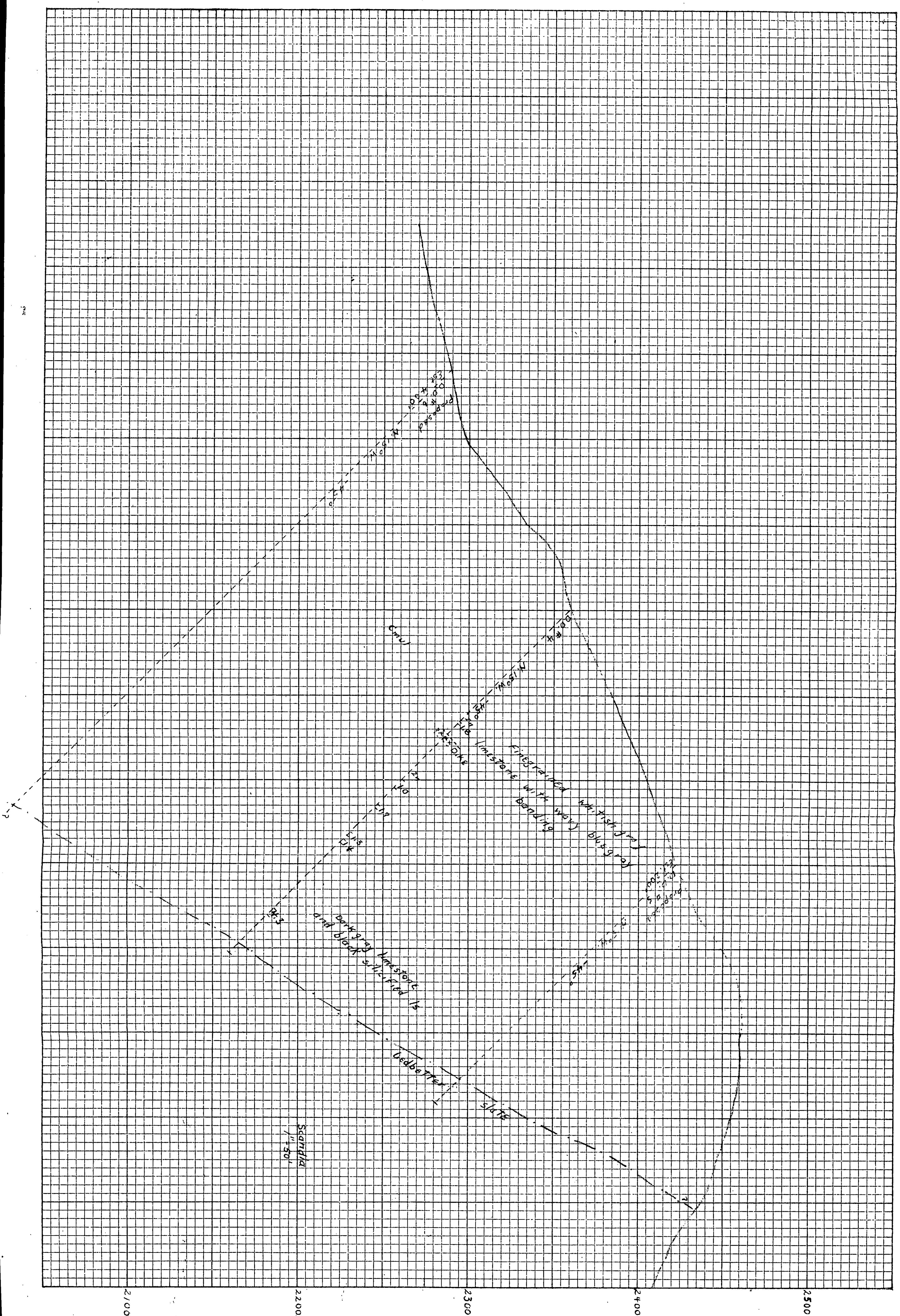
Very truly yours,

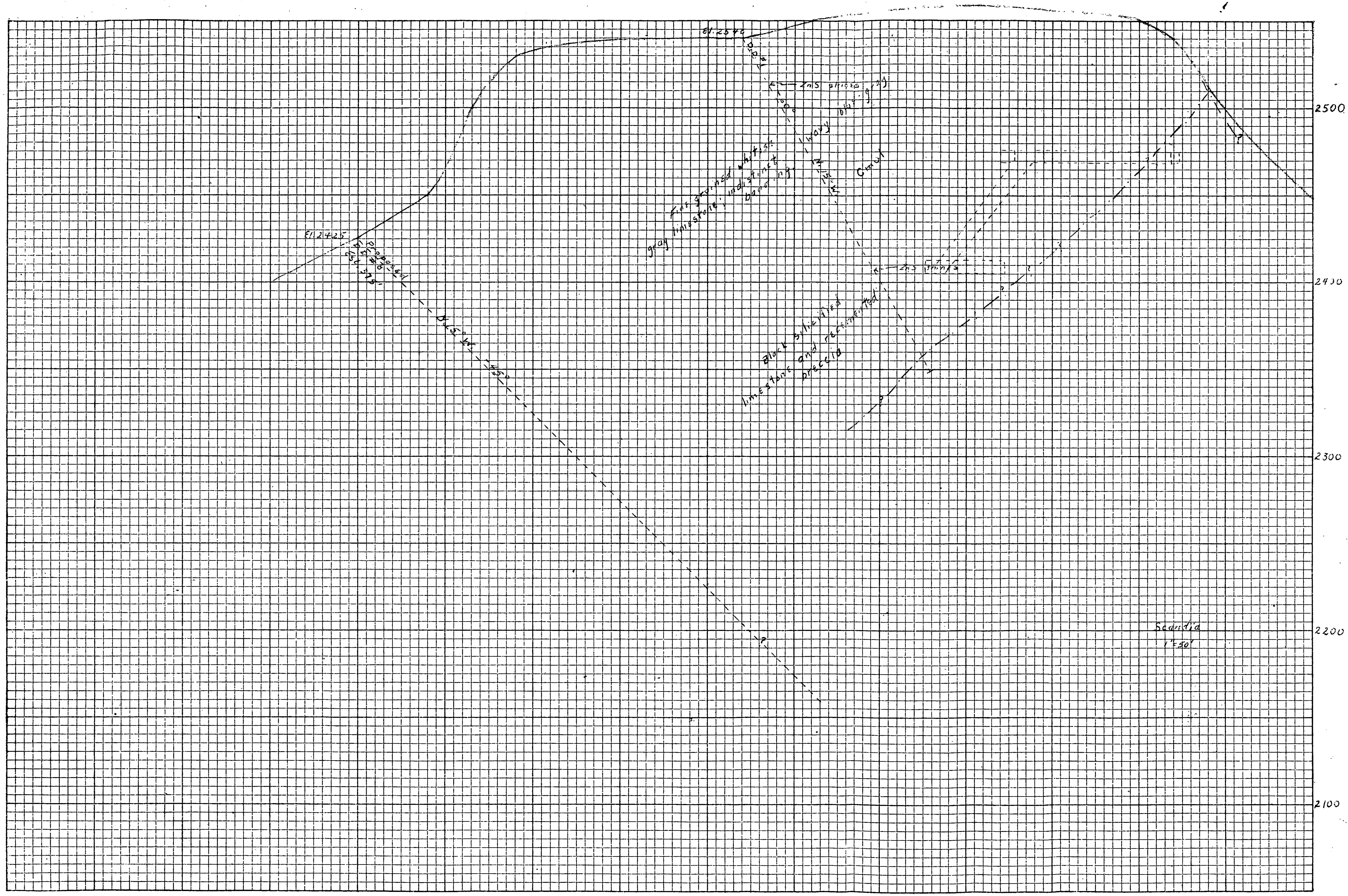
Karl W. Jasper

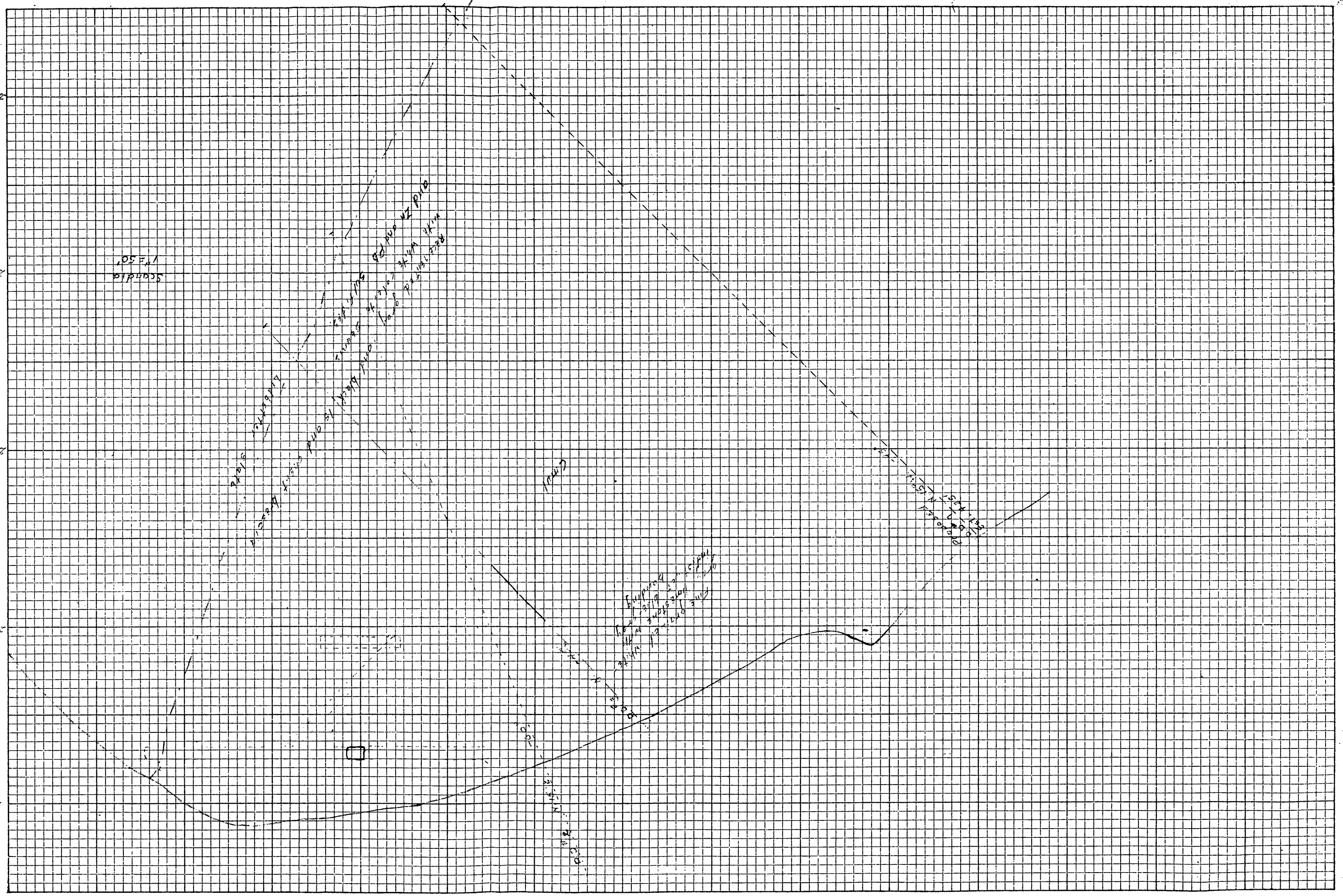
Karl W. Jasper, President
GRANDVIEW MINES

KWJ:mh

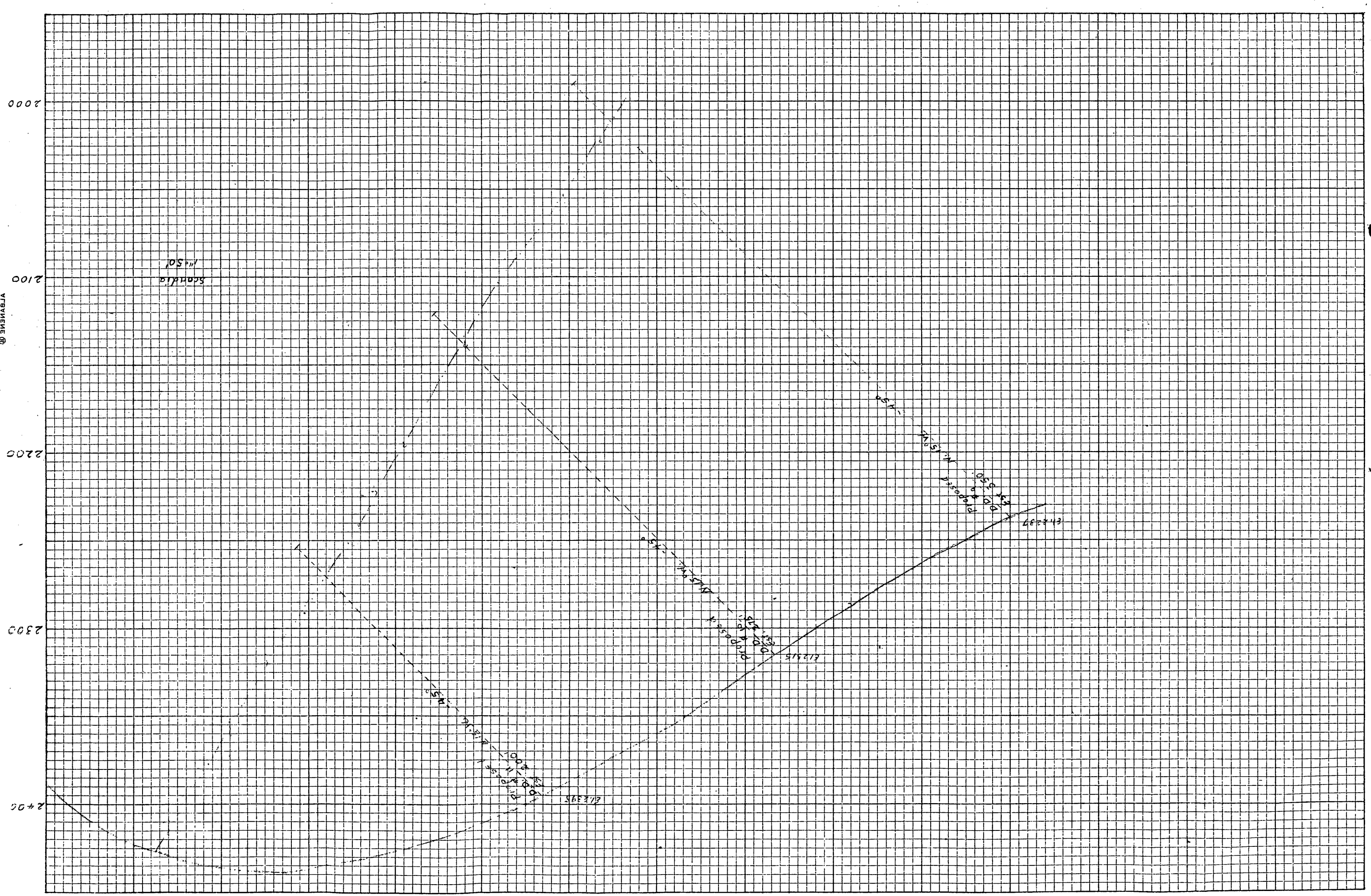
RECEIVED
MAR 18 1957
U. S. G. S.
SPOKANE, WASH.


Proposed
Cmul
Fine grained whitish gray
limestone with wavy
banding
Dark gray limestone
and black silicified
Ledbetter
slate
Scandia
1" = 50'
2100
2200
2300
2400
2500


El. 2425
El. 2540
Fine grained whitish gray limestone; indistinct banding
wavy
Gouge
ZnS
Black silicified limestone and recemented breccia
Scandia
1" = 50'
2500
2400
2300
2200
2100



K+E KEUFFEL & ESSER CO. MADE IN U.S.A.
10 X 10 TO THE INCH VERSAMATIC®
359T-2-G



K&E KEUFFEL & ESSER CO. ALBUQUERQUE
10 X 10 TO THE INCH 359-12-C
MADE IN U.S.A.

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

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 11 1957

DATE	INITIALS	CODE
2-11	C	220
		225

February 7, 1957

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

Re: Docket No. DMEA-325 (Zinc)
Grandview Mines, Inc., Assignee
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Selfridge:

This is in reference to your letter of January 28, 1957, regarding the final report on the above-referenced project and data upon which to base a certification of discovery.

The final report should be ready the latter part of March or early in April.

Exploration comprised an adit drift 265 feet long; a 98-foot winze from the adit drift; a 57-foot drift and a 35-foot crosscut from the bottom of the winze; and four diamond drill holes from the surface.

All the workings and those of the drill holes disclosed bands and zones of rock containing ore grade amounts of zinc. The mineralized bands and zones are all in limestone within 200 feet of the overturned contact between the Upper Metalline limestone and the Ledbetter slate. In the winze, assays of cut samples indicate a zone containing 14.0 percent zinc for a shaft length of 15 feet, while below this zone, car samples indicate an additional zone containing 6.56 percent zinc for a shaft length of about 70 feet. In the upper part of the winze, the mineralized bands appear to dip more flatly than the winze and, therefore, the true thicknesses of the bands may be somewhat less than it appears. In the lower part of the shaft, the zinc minerals occur in nearly vertical veins and stringers. In the crosscut from the bottom of the shaft is a zone 8 feet wide that contains three strong veins of calcite and sphalerite. A sample across this entire zone assayed 3.75 percent zinc.

Three of the drill holes cut similar mineralized zones in the limestone, one containing 11.3 percent zinc over a hole length of 5 feet, another containing 5.2 percent zinc over a hole length of 10 feet. We have not yet correlated the ore showings in the drill holes with each other or with those in the workings, and it may not be possible to do so. However, it appears probable that there is a fair tonnage of minable grade material, but whether the reserves will be in the order of 25,000 or 100,000 tons we cannot say.

On the basis of the showings in the drill holes and the mine workings, we recommend that a discovery be certified.

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)
Kellum

DMEA Form 7
(12-56)

500

OFFICIAL FILE COPY

Date	Surname	Code
1/28/57	J. Lee	500
	Original	500
1/28	Selfridge	1300
"	J. Lemon	
		~~[illegible]~~

"Northwest" 100
1-29 cw 220
225

JAN 28 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-325 (Zinc)
Grandview Mines, Inc., Assignee
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Weissenborn:

With reference to the cited completed contract, please advise us as to when we may expect to receive the final Field Team report. As work under the terms of the contract was completed in September, 1956 and the Operator's report was received by your office on October 10, 1956, and forwarded to us, we would like to certify this project as soon as we receive the necessary information.

In the event that the final Field Team report has not been prepared, perhpas you can supply us with a synopsis containing sufficient information for certification. We would need to know the estimated ore reserves and grade which would be subject to royalty payments, with a few words concerning the ore occurrence and the host rocks.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)
JWAlt/er 1/28/57
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

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

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

R.G.

8623

xxxxxxxxxxxxxxxxxx
1201 N. Division Street
Spokane 2, Washington

November 29, 1956

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

Re: Grandview Mines, Assignee and
Scandia Mining Group, Assignors
Contract No. Idm-E60
Docket No. DMA 325X

Dear Mrs. Purdy:

Work under the subject contract has been completed to the satisfaction of the Government. A narrative report for the period July 27, 1956 to September 16, 1956 covering drilling done during this period has been submitted by the Operator and accepted by the Field Team as meeting the requirements of an operator's final engineering report. An operator's final report on work previously performed under the contract has been waived by the Field Team.

The contract was assigned to Grandview Mines, Inc. March 8, 1956. The Government's equity in equipment purchased prior to this assignment has been waived by the Executive Officer.

Certification of this project will be recommended by the Field Team.

A final Report of Review dated November 19, 1956 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,

cc: DMEA (2)
USGS (2)

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

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

RECEIVED NOV 23 1956 D.M.E.A.

November 19, 1956

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

Re: Docket No. DMEA-325 (Lead-Zinc)
Grandview Mines, Inc.
(Assignee of Nasburgs & Hallenius)
Scandia Mine
Stevens County, Washington
Contract No. Idm-E60 (Completed)

Dear Mr. Selfridge:

The Operator reported that project work at the Scandia mine was completed September 17, 1956; a narrative report for the period July 27, 1956 to September 16, 1956, has been submitted covering four holes drilled in accordance with Amendment No. 8 of the contract. We consider this narrative report, received October 10, 1956, sufficient to meet the requirements of an operator's final report. The narrative was mailed to Washington with the 104's on October 24, 1956.

A report from the Operator on work previously performed is hereby waived for we feel it would not add materially to the information already at hand on the first phase of the work performed at the property.

We expect to recommend a Certification of Discovery or Development be issued. A Field Team final report will be prepared in sufficient time so that the certification can be issued within the 6-month time limit (ending April 10, 1957). An audit review has been scheduled during November. As soon as it has been completed, we will be able to release $100 (subject to audit) being withheld from the last voucher.

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) Turner Kellum

RECEIVED
OCT 29 1956

xxxxxxxxxxxxxxxxxx
1201 N. Division St.
Spokane 2, Washington

October 24, 1956

Grandview Mines, Inc.
310 Radio Central Building
Spokane 4, Washington

Re: Docket No. DMEA 325
Contract No. Ida-E60
Monthly operating report
for August and September 1956

Gentlemen:

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

This is to inform you that payment could not be made in the full amount claimed. The disallowance is explained in the attached copy of a memorandum to the Field Team from the Certifying Officer, Region I.

By Field Team, Region I, NW District

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

cc: DMEA (2)
USGS (2)

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

DMEA Field Team, Region I, NW District October 24, 1956

Certifying Officer, Region I

RECEIVED
OCT 29 1958

Docket No. DMEA 325, Contract No. Idm-860, Grandview Mines.
Monthly operating report for August and September 1956.

The subject voucher has been processed and forwarded to the disbursing officer for payment.

A disallowance of $1.54 has been made from the drilling costs claimed by the operator to bring the approved costs to $8,218.00. This is in accordance with the contract which calls for 1174 feet of diamond drilling at $7.00 per foot.

The project work has been completed and this will be the final MF-104 submitted. We are withholding a portion of the Government's contribution to project costs until an audit of the Operator's records can be made by a representative of the Contract Administration and Audit Division, DMEA. This is standard procedure for all contracts. The amount being withheld is $100.00.

Myrtle Purdy

cc: DMEA (2)
USGS (2)

xxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

September 17, 1956

Mr. Karl W. Jasper, President
Grandview Mines
Suite 310-311 Radio Central Bldg.
Spokane 4, Washington

Re: Docket No. DMEA-325 (Lead-Zinc)
Grandview Mines, Assignee of
Hasburg and Hallenius
Scandia Mine
Amended Contract No. Idm-E60

Dear Mr. Jasper:

This is to confirm our discussion with Mr. Eskel Anderson on August 23, 1956, authorizing the location of DDH 1. Mr. Anderson requested that the hole be drilled from the DDH 2 collar location on approximately S.W. 15° W. bearing at -60°.

Sincerely yours,

Donald F. Kellum
Geologist

(O.K'D BY A.E.W.)

cc: [illegible]A(2)
[illegible](2)
[illegible](A[illegible])
Kellum

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

July 10, 1956

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

Re: Docket No. DMEA-325 (Zinc)
Grandview Mines (Assignee)
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Selfridge:

Enclosed are the Government, Docket, and Division copies of Amendment No. 8 to the contract.

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

Sincerely yours,

Donald R. MacLaren

Donald R. MacLaren
for: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

Attachments

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

RECEIVED
JUL 13 1956

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

July 10, 1956

Mr. Karl W. Jasper, President
Grandview Mines
310-311 Radio Central Bldg.
Spokane 4, Washington

Re: Docket No. DMEA-325X (Lead-Zinc)
Grandview Mines, Assignee
and
The Scandia Mining Group, Assignors
Theodore, John, Donald, and Effie Nasburg
and Raleigh Hallenius, partners
Scandia Mine
Contract No. Idm-E60

Dear Mr. Jasper:

We are enclosing for your information and files one copy each of the Interim Audit Certificate and the Interim Audit Report, for the period July 16, 1951 to June 1, 1956.

Sincerely yours,

Donald R. MacLaren
for: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW District

Enclosures

cc: Theodore, John, Donald, and Effie Nasburg
and Raleigh Hallenius
32 East 29th
Spokane, Washington
(without enclosure)

DMEA (2)
USBM (2)
USBM (AD)
Turner

RECEIVED
JUL 13 1956

xxxxxxxxxxxxxxxx

So. 157 Howard Street
Spokane 4, Washington

July 6, 1956

Mr. Karl W. Jasper, President
Grandview Mines
310-311 Radio Central Building
Spokane 4, Washington

Re: Docket No. DMEA-325 (Zinc)
Grandview Mines (Assignee)
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-860

Dear Mr. Jasper:

In accordance with your request of May 18, 1956, our Washington office has prepared the enclosed original and six copies of Amendment No. 8. If it meets with your approval, would you kindly sign all copies, retain the one marked for the Operator, and return the rest to this office.

If it does not meet with your approval, please return all copies to this office with your comments.

Sincerely yours,

Donald K. MacLaren
for: A. E. Weissenborn
Executive Officer, DMEA
Field Team Reg. I, NW Dist.

Enclosure as above

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

RECEIVED
JUL 13 1956

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

JUL 3 - 1956

Mr. Charles A. Turner
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Audit Reports
Grandview Mines, Inc.
Idm-E60, DMEA-325X
and
Elmer Emderlin
Idm-E294, DMEA-2213

Dear Mr. Turner:

Receipt is acknowledged of the Washington copies of the above-cited audit reports.

The reports are acceptable and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

WBorovies/wb
July 3, 1956

Copy to: Docket (2)
Mr. Chambers (2)
Admr. Reading File

R.S.B.

File Copy
Surname
J. All
Crawford
Selfridge
Johnson

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

JUL 3 - 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-325 (Zinc)
Grandview Mines, Inc., Assignee
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-260

Dear Mr. Weissenborn:

We are enclosing the original and five copies of Amendment No. 8, signed by the Administrator. Also enclosed are two extra copies of the amendment for the use of the Field Team.

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,

George C. Selfridge
Chairman, Operating Committee (JB)

JWAlt/er 6/29/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

Enclosures

APPROVED:

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

Thor H. Kiilsgaard (JB)
Member, Geological Survey

R.C.S.

File Copy
Surname
J. Cell
Selfridge
R Johnson
Matthewson

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

JUN 28 1956

JWAlt/er Rm 4444, Ext. 3669

DMEA Base Metals Division

14X4401(01) Revolving Fund, Defense Production Act, Interior (allocate Working Fund to Office of Secy.)

T E L E T Y P E

XXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXX

Date:

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

Reurtt June 27, 1956, Docket DMEA-325, Grandview Mines, Contract Idm-E 60. Final action on amendment expected to be taken within a week.

Chairman, Operating Committee

JWAlt/er 6/28/56

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

RECEIVED
JUN 28 1956

XDXXXXXX-227K

WV246-

YWB267 WAF SP 35 I- GS- G

SPOKANE WN 6-27-56 450P

GEO C SELFRIDGE CHAIRMAN OPERATING COMM DMEA DEPT OF INTERIOR

WA

RE DOCKET DMEA 325 SCANDIA MINE. GRANDVIEW MINES INQUIRED ABOUT PROGRESS ON REQUESTED AMMENDMENT SENT YOU ON MAY 21. ANYTHING WE CAN SAY?

A E WEISSENBORN

325 21

MAH 452P

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

500

June 20, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of Amendment No. 8 for Amended Contract No. Idm-E60, Docket No. DMEA-325, Grandview Mines, Inc., Scandia Mine, Stevens County, Washington, Zinc

Will you please prepare Amendment No. 8 for the cited Amended Contract. A draft of this amendment is attached to this memorandum.

This amendment should increase the recess time to July 31, 1956 and the completion time to November 15, 1956. Amendment No. 7 extended the recess to June 15, 1956, and the completion time to October 15, 1956.

The royalty payment period should be increased from "thirteen years" to "fourteen years".

Please refer to the letter from A. E. Weissenborn, Executive Officer, Region I, N. W. District, dated May 31, 1956.

for J. W. Allen
W. R. Griswold

XXXX
JWALT/er
Copy to: Docket
Base Metals
Chron.

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

RECEIVED
JUN 12 1956

June 12, 1956

Re: DMEA-325; Zinc
Contract Idm-E60
Grandview Mines, Asignee of Theodore Nasburg & Partners
Scandia Mine
Stevens County, Washington

Memorandum

To: W. R. Griswold, DMEA

From: O. M. Bishop, USBM

Subject: Review of application for amendment to contract

The applicant requests an amendment whereby money provided for drifting under Contract Idm-E60 is allocated for surface diamond drilling. Unexpended funds totaled $8,219.52 according to the applicant and will provide 1,175 feet of AX core drilling at $7.00 per foot.

In transmitting the request, the Field Team notes that the Stonewall thrust fault which underlies the property is premineral and if limestone lies below the fault plane ore may occur, but if slate underlies the fault plant, chances of ore are remote.

The Field Team recommends that the requested amendment be granted with the proviso that hole location, direction and depth of holes be approved by the Field Team prior to drilling. I recommend that this procedure be followed and the amendment be granted.

O. M. Bishop

O. M. Bishop

Copy to - Mr. Kiilsgaard, Room 5224
Mr. Geehan
Div. of Minerals
O. M. Bishop
Files

IN REPLY REFER TO:

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

June 7, 1956

Re: DMEA 325 Idm-E60
Grandview Mines, Assignee of
Theodore Nasburg and Partners
Scandia Mine
Stevens County, Washington
Zinc-lead

Memorandum

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

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

Subject: Review of application for an amendment, No. 5?

The applicant now requests approval of an application for transfer of unexpended monies, approved for drifting, to diamond drilling.

In winze work under the original contract and amendments, zinc ore was shown in the winze and work from the bottom of the winze. From the information at hand it is not possible to correlate the ore streaks of the winze and the level work, but a zone perhaps 25 feet thick is suggested. The average grade is not determinable from the sampling data available. The diamond drilling as proposed is supposed to be laid out so as to explore the zone, in the winze section and northwest and southeast of the winze. The map and section from the interim report of September 13, 1954 do not agree as to the probable dip of the zone with the dip shown on the sections which accompany the present application for a work switch. Probably proposed hole No. 2 should be drilled nearer the winze, in fact I would recommend two holes, one 25 feet, plus or minus, northwest of the winze section, the other 75 feet southeast of the section. The footage would not greatly exceed the length of the proposed No. 2 hole. Such holes would tend to establish the strike (and dip) and grade of the ore shoot and yield some information concerning the distance to the slate.

With the Executive Officer I question the location of the proposed No. 1 hole.

The latest interim report is dated September 15, 1955. It says nothing about work having been done after the report of September 13, 1954 was written. If no work has been done, the map and

section of the September 13 report are up-to-date and should serve for spotting the drill holes.

Referral of the application to the Field Team is recommended.

N. E. Nelson

N. E. Nelson

RECEIVED
AUG 7 3 1956

xxxxxxxxxxxxxxxxxx
1201 N. Division St.
Spokane 2, Washington

June 6, 1956

Theodore, John, Donald, and Effie Nasburg, and
Raleigh Hallenius
Scandia Mine
E11805 Maxwell
Spokane 62, Washington

Re: Docket No. DMEA-325 (Zinc)
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-860
(Assignee: Grandview Mines)

Gentlemen:

Equipment was purchased under the subject contract in the amount of $232.91 as follows:

1 Sinking bucket (used)	$20.60
250 ft. 5/8 Wire rope	67.13
1 Sheave	15.40
1 80-gallon Tank	129.78

Because the cost of removal and resale would undoubtedly exceed the return from sales, the Government hereby waives its equity in this equipment.

Sincerely,

cc: DMEA (3)
USGS (2)

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

P.S. Enclosed is Form B that waives the Government's interest in the property listed above.

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

May 31, 1956

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

Re: Docket No. DMEA-325 (Zinc)
Grandview Mines, Assignee of
Theodore Nasburg and Partners
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Selfridge:

Enclosed are ~~three~~ two copies of a request from Grandview Mines to amend the Scandia contract. The Operator desires to use the funds remaining in the contract for surface diamond drilling. There remains in the contract funds sufficient for 1,175 feet of AX size drill hole at $7.00 per foot.

The previous work on the contract has shown that ore-grade material is present; however, there is not enough tonnage to warrant building a mill.

The Operator hopes that surface drilling will indicate the presence of an ore zone that will be large enough to mine by open pit methods or that will at least indicate that further exploration for such an ore zone is warranted.

The Operator has proposed four drill holes that are designed to cut the probable ore zone. In general we believe Holes 2, 3, and 4 are justified. We do not think Hole 1 is warranted as the hole will probably be in slate not far below the collar.

A possible complicating factor is the Stonewall thrust fault that underlies the property probably at no great depth. This thrust is premineral in age, and if limestone lies below the fault, it may contain ore minerals; if slate lies below the fault, no ore can be expected. The thrust may be only 200 feet north of the workings, and it probably dips about 40° S.

In any case we would recommend an amendment as requested by the Operator with the location, direction, and depth of the holes to have the prior approval of the Government.

We believe that $7.00 per foot for AX size hole is proper. The same Operator at the Hartbauer property (Docket No. DMEA-2929) and the Dosser-Maki-Lotze prospect (Docket No. DMEA-3073) did similar drilling for the same figure.

By Field Team, Region I, NW District

A. E. Weissenborn

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

Wing G. Agnew

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

Enclosure

cc: USBM (2)
USBM (AD)
Kellum

May 18, 1956

Mr. A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region 1, N W District
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-325 (zinc)
Scandia Mine
Stevens Co., Washington
Amended Contract No. ldm-E60

Dear Mr. Weissenborn:

In accordance with our conversation concerning completion of the above DMEA contract we hereby request that the contract be amended to permit Grandview Mines to fulfill the balance of the contract by a diamond drilling program similar to the one shown on the enclosed map and sections.

The total balance of the contract as given to us is $8219.52 of which each party is to contribute half or $4109.76.

If the amendment is approved, Grandview Mines will diamond drill a minimum of 1175 feet, obtaining AX core, at a total cost of $7.00 per foot. Grandview will subcontract the diamond drilling and pay all costs of assaying, supervision, and all other costs necessary to carry the program to completion. Grandview will pay all costs as if work were being performed solely for Grandview and will submit a bill to the government with the footage drilled at the end of each month charging $3.50 a foot until the total of $4109.76 has been reached. Grandview would begin drilling as soon as this amendment is approved, preferably by June 15, and would expect to have all drilling completed by October 1, 1956. The charge of $7.00 per foot is the same as that used under two other Grandview DMEA contracts in the same district and under similar drilling conditions.

The four drill holes proposed on the enclosed map and sections are designed to crosscut the mineralized zones and the entire limestone zone to the slate contact. The drilling pattern can be changed as new information becomes available.

Very truly yours,

Karl W. Jasper

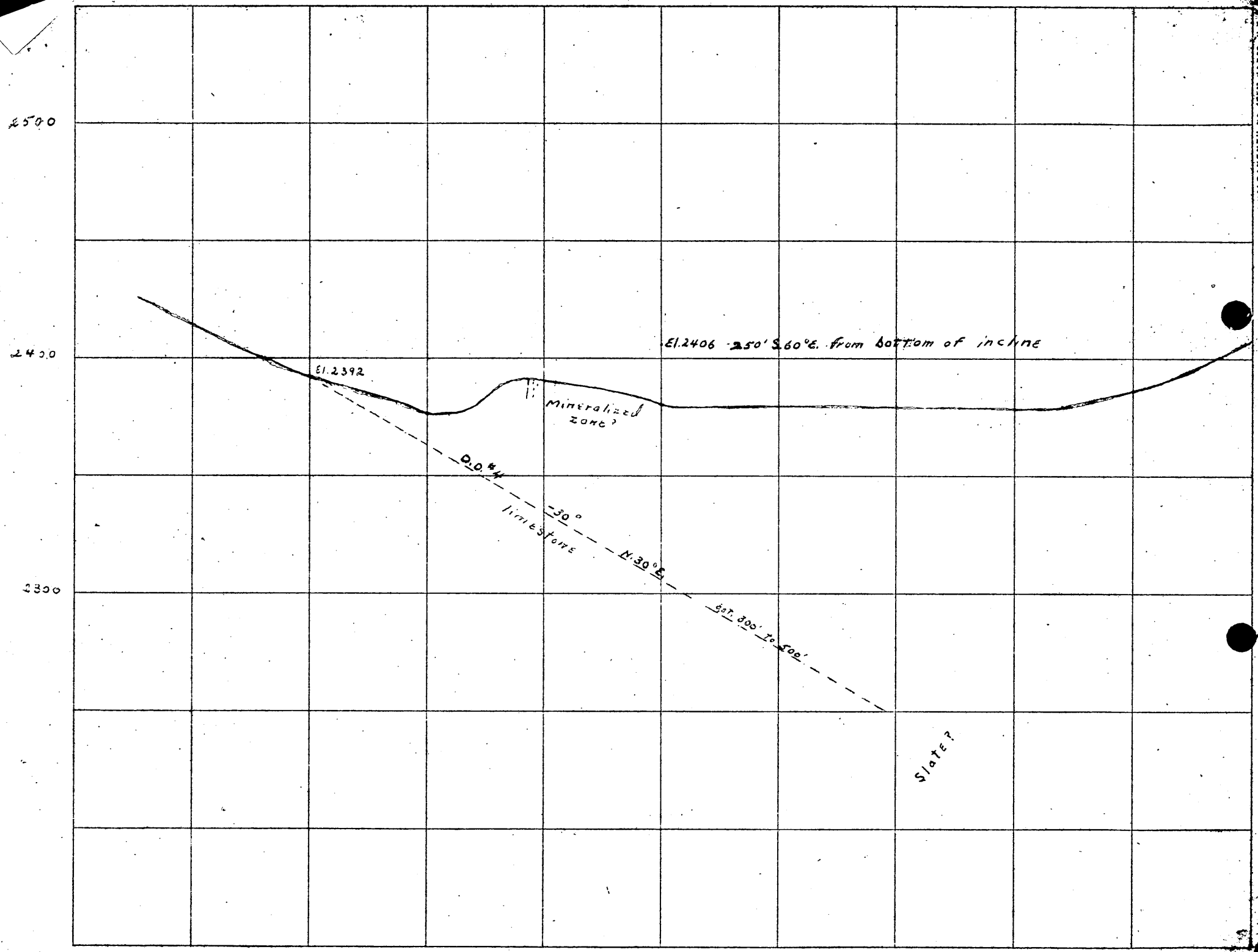
Karl W. Jasper, President

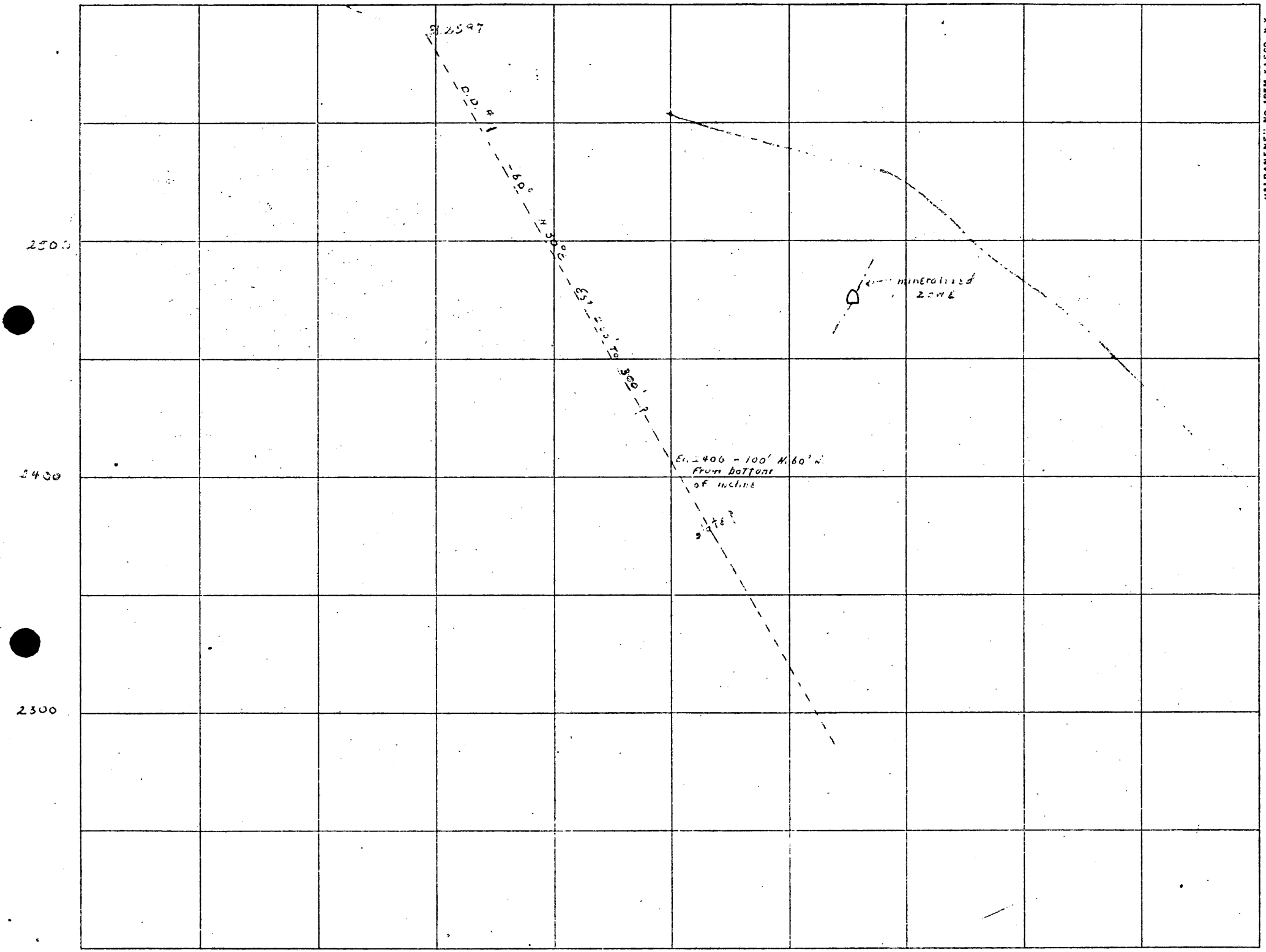
KWJ:mh

RECEIVED
MAY 21 1956
U. S. G. S.
SPOKANE, WASH.

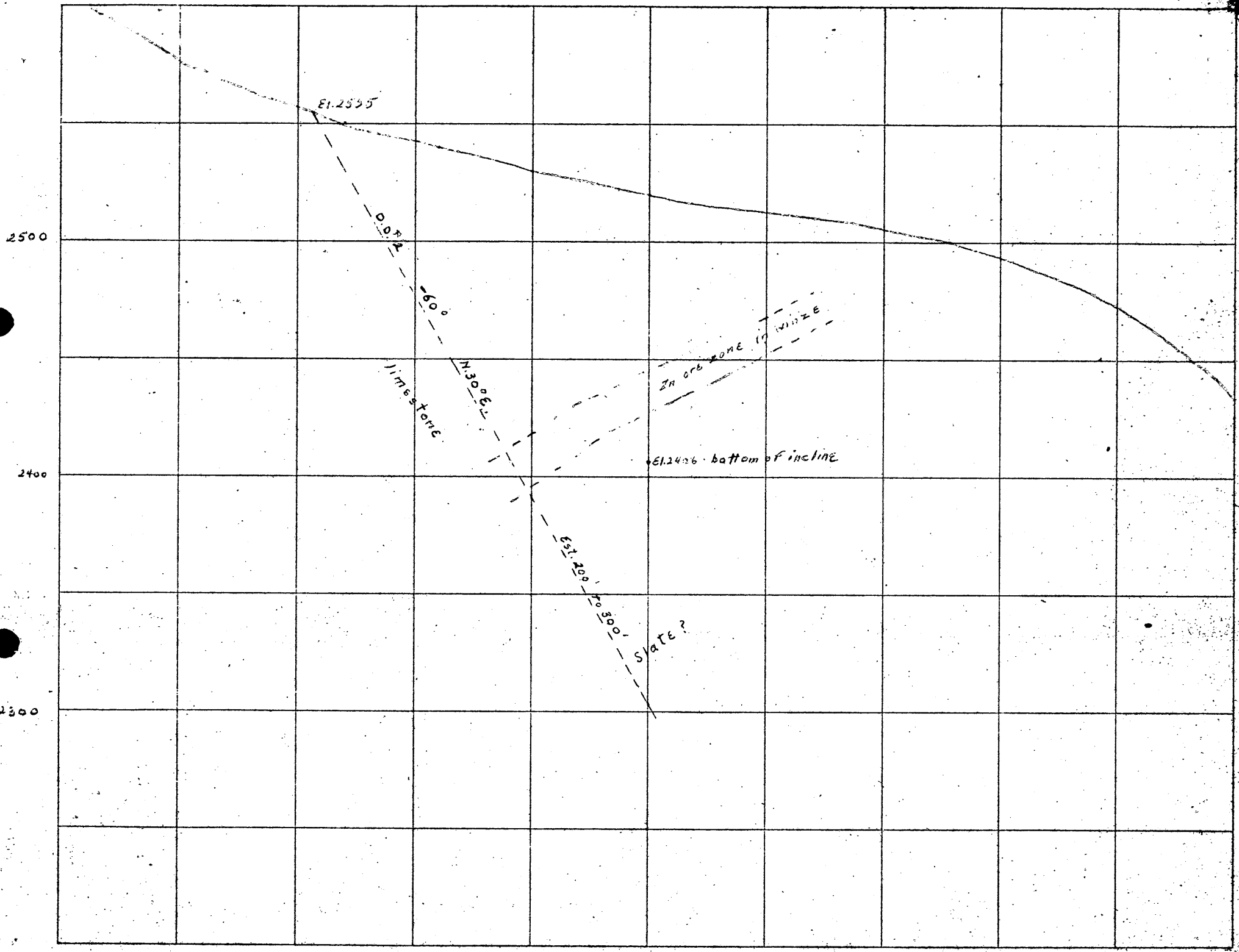
COPY

DMEA

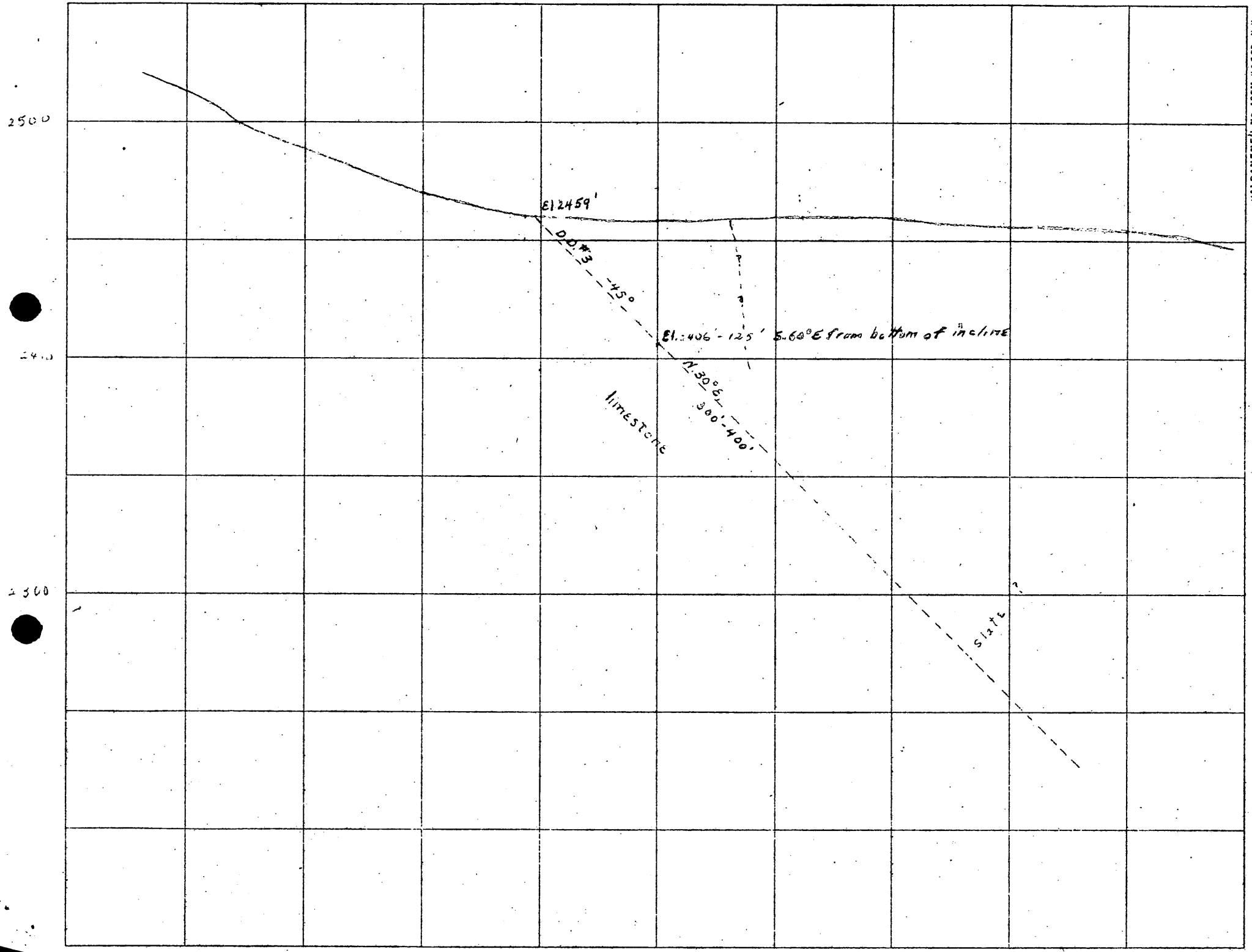

2500
2400
2300
El. 2392
El. 2406 250' S 60° E. from bottom of incline
Mineralized zone?
D.D. 44
30°
limestone
N. 30° E.
Est. 300' to 500'
Slate?



"ALBANENE" No. 195M K&E CO., N.Y. REG. U.S. PAT. OFF.



"ALBANENE" No. 1884 K&E CO., N.Y.



"ALBANENE" NO. 195M K&E CO., N.Y.
REG. U.S. PAT. OFF.

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

RECEIVED
MAR 19 1956

March 16, 1956

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

Re: Docket No. DMEA-325 (Zinc)
Theodore, John, Donald &
Effie Nasburg & Raleigh
Hallenius
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Selfridge:

Reference is made to your letter of February 21, 1956.

Enclosed are the Government, Docket, and Division copies of Amendment 7 to the Scandia mine contract. Also enclosed are like copies of Assignment of Contract and Assignee's Acceptance transferring the contract to Grandview Mines.

The three copies of Consent to Lien have also been distributed.

Very truly yours,

Wing G. Agnew
Acting Executive Officer, DMEA
Field Team, Region I, NW Dist.

Enclosures 2 (in trip.)

cc: USBM (2)
USBM(AD) w/FO copies inc.
Kellum

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

RECEIVED
MAR 12 1956

March 6, 1956

Theodore, John, Donald and Effie Hasburg
and Raleigh Hallenius
E. 11805 Maxwell
Spokane 62, Washington

Re: Docket No. DMEA-325 (Zinc)
Seandia Mine
Stevens County, Washington
Contract No. Idm-860

Gentlemen:

Thank you for so promptly returning Amendment 7 to your contract.

Enclosed are the original and seven copies of "Assignment of Contract", to which is attached the "Assignee's Acceptance". If it meets with your approval, would all of you please sign where indicated, and after you have also obtained Grandview Mines' signature, return all copies to this office, retaining for yourselves the Operator's Copy, and giving the Assignee's Copy to Grandview.

Very truly yours,

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

Enclosure

cc: Earl W. Jasper, Pres.
Grandview Mines, Inc.
310-311 Radio Central Bldg.
Spokane 4, Washington

DMEA (2)
USBM (2)
USBM (AD)
Kellum

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

[redacted]
No. 157 Howard Street
Spokane 4, Washington

RECEIVED
MAR - 2 1956

February 28, 1956

Theodore, John, Donald and Effie Hasburg
and Raleigh Hallenius
E. 11805 Maxwell
Spokane 62, Washington

Re: Docket No. DMEA-325 (Zinc)
Scandia Mine
Stevens County, Washington
Contract No. Idm-260

Gentlemen:

Please refer to your letter of September 6, 1955 requesting assignment of the Scandia contract to Grandview Mines, Inc.

Before it can actually be assigned, it will be necessary for all of you to sign the enclosed original and six copies of Amendment No. 7 to your exploration contract.

If it meets with your approval please have all partners sign the amendment and return to this office all copies except the one marked for the Operator. If it does not meet with your approval, please return all copies, including the Operator's Copy, to this office with your comments.

When we have received all signed copies of this amendment we will forward the assignment and acceptance of the contract for all the partners' signatures, and for the signature of the assignee, Grandview Mines, Inc.

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

Enclosure

cc: Earl W. Jaeger, Pres.
Grandview Mines, Inc.
310-311 Radio Central Bldg.
Spokane 4, Washington

DMEA(2), USGS(2), USBM(AD), Kellum

File Copy
Surname
J. Leo
Grunwald
Chambers
Williams
Martin
Johnson
Mottinger

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

FEB 21 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-325 (Zinc)
Theodore, John, Donald &
Effie Nasburg and Raleigh Hallenius
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-360

Dear Mr. Weissenborn:

We are enclosing the original and five copies of Amendment No. 7 for the cited amended contract, signed by the Administrator. There are also enclosed two extra copies for the use of the Field Team.

We are also enclosing the original and six copies each of an Assignment Of Contract and Assignee's Acceptance. Before these can be executed, it will be necessary that the Operator sign and return Amendment No. 7 to you.

We are returning three copies of the Consent to Lien which are for the Field Team's, Operator's and Finance Office's copies of the Contract. Please make the distribution of these copies.

Enclosed for your use is one copy of the Option Agreement.

When Amendment No. 7, the Assignment of Contract and Assignee's Acceptance, have been executed, please make the usual distribution of the copies of these instruments.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee (JB)

Enclosures

APPROVED:

/s/ Robert W. Geehan (JB)
Member, Bureau of Mines

W. P. Williams (JB)
Member, Geological Survey

JWAlt/er 2/13/56
Copy to: Docket
Admr & File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

RWG.

File Copy
Surname
J. All.
Grunwald
Talbut

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

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-3940 (Lead-Zinc)
Outlet Mining Company and
Sublet Mining Company
Outlet Mine
Mineral County, Colorado

Dear Mr. Traver:

We are enclosing the original and five copies of a contract for the cited project, signed by the Administrator, together with Annex I (2 pages), Exhibit "A" (2 pages), and one map. We are also enclosing two extra copies of Annex I, Exhibit "A", and the map for the use of the Field Team.

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

The copies of the Consent to Lien returned with your memorandum, dated February 6, have been declared valid by our Legal Division and are attached to the contract.

Before presenting this contract to the Applicant for approval and signature, it will be necessary that you obtain the Consent to Lien for the Phoenix Lode Mining Claim. When this is obtained, please attach it to the contract.

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.

Sincerely yours,

Enclosures

Chairman, Operating Committee

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

JWAlt/er 2/13/56
Copy to: Docket
Admr & File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Akilsgaard, USGS
Chron.

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

February 17, 1956

Memorandum

To: The Administrator

From: Chief, Base Metals Division

Subject: Theodore, John, Donald, and Effie Nasburg, and Raleigh Hallenius, partners, Scandia Mine, Stevens County, Washington, Docket No. DMEA-325 (Zinc), Amended Contract No. Idm-E60

Amendment No. 6 for the cited amended contract allowed the Operator a recess of the work of the project from October 13, 1954 and ending not later than June 1, 1955. Work was not resumed. Amendment No. 7 allows the operations to be recessed to June 15, 1956.

The contract allowed 150 feet of drifting and 50 feet of sinking a winze at a total estimated cost of $7,560.00.

The Amended Contract allowed additional work of 100 feet of drifting in the main adit, 100 feet of winze, and 200 feet of drifting from the winze. The estimated cost of this work is $21,700.00.

The total estimated cost of the project is $29,260.00.

The work completed to date consists of 309 feet of drifting and 121 feet of winze at a total cost of $21,040.46 (subject to audit).

The unexpended fund amounts to $8,219.54 (subject to audit).

Zinc ore was discovered in the adit level, in the winze, and in the level driven from the bottom of the winze. The project could be certified but insufficient information has been obtained on which to base an estimate regarding ore reserves.

It is the opinion of the Field Team that this property warrants further and more extensive exploration and that the Grandview Mines will submit an application for a second amended contract to do additional work.

W R Griswold

W. R. Griswold

File Copy
Surname

500

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

January 24, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of Assignment of Contract and an amendment to recess work of Amended Contract No. Idm-E60, Docket No. DMEA-325 (Zinc), Theodore, John, Donald & Effie Nasburg and Raleigh Mallenius, Scandia Mine, Stevens County, Washington

Will you please prepare an assignment of contract for the cited amended contract to the Grandview Mines. Please refer to the letter from the Executive Officer, Region I, N. W. District, dated January 13, and to a copy of a letter from Karl W. Jasper, President, Grandview Mines, dated January 5. Copies of a Consent to Lien and Option Agreement accompanied this correspondence.

Also, please prepare Amendment No. 7 for the cited amended contract. This amendment will allow the Operator, Nasburg's et al, to recess the work of the project to not later than June 15, 1956, and to extend the completion time to October 15, 1956. Amendment No. 6 allowed the Operator to recess the work from October 13, 1954 to not later than June 1, 1955 and the completion time was extended to October 15, 1955. This amendment should include a pseudo-certification.

In Annex III of Amendment No. 6, the royalty payment period is 12 years from the date of the amended contract (August 15, 1952). Amendment No. 7 should increase the royalty payment period to 13 years from the date of the amended contract.

The Assignment of Contract and Amendment No. 7 can be sent to the Field Team at the same time, but the Assignment of Contract will be held by them contingent upon the present Operators, Nasburg's et al, signing Amendment No. 7.

Attached are copies of an Assignment of Contract and Amendment No. 7 which had been prepared by your office, but which have not been referred to the Field Team. It will be necessary to make changes in these documents.

JWAlt/bjl

W. R. GRISWOLD

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

RECEIVED
JAN 16 1956

January 13, 1956

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

Re: Docket No. DMEA-325 (Zinc)
Theodore, John, Donald & Effie
Nasburg and Raleigh Hallenius
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Selfridge:

Reference is made to your letter of September 29, 1955.

Enclosed are four copies of a letter dated January 5, 1956, from Karl W. Jasper, President of Grandview Mines, requesting that Contract Idm-E60 be assigned to Grandview Mines.

Also enclosed are four copies of an Option Agreement dated December 1, 1955, and 6 copies of Consent to Lien signed by the Nasburgs and Hallenius.

Sincerely yours,

Verne C. Fryklund, Jr.

Verne C. Fryklund, Jr.
for: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

Enclosures

cc: USBM (2)
USBM (AD)
Kellum

RECEIVED
JAN 16 1956

January 5, 1956

Mr. A. E. Weissenborn
Executive Office, D M E A
Field Team, Region 1, N W District
So. 157 Howard Street
Spokane 4, Washington

Dear Mr. Weissenborn:

We hereby request the assignment of the balance of the Scandia Mine exploration contract (Docket No. DMEA 325) to Grandview Mines.

KWJ:mh
CC: Verne C. Fryklund, Jr.

Yours truly,

Karl W. Jasper

Karl W. Jasper, President
GRANDVIEW MINES

COPY

OPTION AGREEMENT

THIS AGREEMENT made this 1st day of December, 1955, between THEODORE NASBURG, JOHN NASBURG, DONALD NASBURG, EFFIE NASBURG and RALEIGH HALLENIUS, as partners, of Spokane, Washington, hereinafter referred to as First Parties, and GRANDVIEW MINES, a corporation in the State of Washington, hereinafter referred to as Second Party,

WITNESSETH:

That the parties hereto, in consideration of the covenants and promises hereinafter set forth to be performed by them, do hereby agree as follows:

1. First Parties do hereby grant unto Second Party the exclusive right, privilege and option to purchase all of their interest in and to the following described real estate situated in Stevens County, State of Washington, described as follows:

> NW¼ of NE¼, Sec. 23, T. 39, R. 40 EWM, less north 10 acres, NE¼ of NE¼ of Sec. 23, T. 39, R. 40 EWM SE¼ of NE¼ Sec. 23, T. 39, R. 40 EWM,

and also the following described unpatented lode mining claims, situate in Stevens County, State of Washington, to-wit:

> Scandia, Triangle Fraction, Galena Queen, Sunnyside and Stonewall, situated in the Northport Mining District,

all being of the Official Records of said county and state in the office of the County Auditor at Colville, Washington, to which reference is hereby made for a more particular description of location of said claims; at and for the total purchase price of $100,000.00, to be paid to the First Parties as follows:

$1,000.00 upon the execution of this option agreement, the receipt whereof is hereby acknowledged by [illegible] Parties; $1,500.00 payable on or before the 1st day [illegible], the contract year December 1, 1955, to December 1, 1956, and thereafter a minimum payment of $2,500.00 each year, commencing with the 1st

day of December, 1957, or, if said properties are producing, a royalty of 10% of the net smelter returns on all ores extracted, milled, and shipped from said properties, whichever is greater, and if said properties cease to produce, then said payment of $2,500.00 each year shall be resumed. All payments hereunder, including all sums paid to First Parties as royalties, are to be made to the First National Bank in Spokane, at Spokane, Washington, and are to be by said bank applied to the total purchase price of $100,000.00 and are to be by said bank apportioned to the First Parties in such amounts as they may direct and placed to their credit in said bank.

2. First Parties agree that upon the execution of this agreement they will forthwith execute a quit claim deed, conveying their interest in said lode mining claims to second party, free and clear of all encumbrances, and a warranty deed conveying title to the property described as:

> NW¼ of NE¼, Sec. 23, T. 39, R. 40 EWM, less north 10 acres, NE¼ of NE¼ of Sec. 23, T. 39, R. 40 EWM SE¼ of NE¼ Sec. 23, T. 39, R. 40 EWM, in the County of Stevens, State of Washington,

J.N. J.M. E.N. J.N. R.H. K.W. M.E.H.

to Second Party, free and clear of all encumbrances, except as stated below, and to deposit said deeds, together with a copy of this Agreement, in escrow in said bank, with instructions to deliver said deeds to Second Party upon payment of said total sum of $100,000.00 to First Parties at said bank, at the time and in the manner herein provided, and in the event of the forfeiture of this option, or voluntary surrender by Second Party, or other termination thereof, the said bank shall return said deeds to First Parties upon satisfactory proof of such voluntary surrender, forfeiture or termination.

Second Party, in addition to the agreed price of $100,000.00, agrees to assume and pay the present balance of Government Loan [illegible]-325 upon the Triangle Fraction and Scandia claims. In the event of the voluntary surrender, forfeiture or termination of

this agreement, First Parties agree to re-assume and pay the then balance due on the said Government Loan DMEA-325 and save the Second Party harmless from any liability thereon.

3. First Parties agree to deliver to Second Pary an abstract of title to the following described property:

> NW¼ of NE¼, Sec. 23, T. 39, R. 40 EWM, less north 10 acres, NE¼ of NE¼ of Sec. 23, T. 39, R. 40 EWM SE¼ of NE¼ Sec. 23, T. 39, R. 40 EWM, in the County of Stevens, State of Washington,

showing a merchantable title in First Parties, free and clear from encumbrance. Second Party shall have thirty (30) days within which to examine said abstract, at the expiration of which time Second Party shall return said abstract or abstracts to First Parties, together with written notice of any defects or objections thereto. First Parties shall have a reasonable time within which to cure any defects or objections to the title if the same can be cured by quiet title action or otherwise. If title cannot be cured by quiet title action or otherwise, and Second Party shall be unwilling to waive the defect, or defects, then this agreement shall be at an end and of no further force or effect.

4. Second Party agrees to cause to be performed upon or for the benefit of said unpatented lode mining claims for each assessment year during the life of this agreement, the annual assessment or representation work, commencing with the assessment year ending on June 30, 1956, at 12 o'clock noon, unless said requirement [illegible] suspended by Congress, and shall cause an affidavit thereof to be recorded in the office of the County Auditor at Colville, Washington, within the time [illegible] work shall be completed not later than May 1st of each year in which such work is required to be done hereunder, except for the assessment year ending July 1, 1956 and for such year the assessment work shall be done before July 1, 1956. In the event Second Party decides not to perform such annual assessment or representation work upon any of said unpatented lode mining claims and to abandon the same, it

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

So. 157 Howard Street
Spokane 4, Washington

December 28, 1955

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

Re: Docket No. DMEA-325 (Zinc)
Theodore, John, Donald & Effie
Nasburg and Raleigh Hallenius
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Selfridge:

After receipt of your letter of December 21, 1955, Mr. Fryklund talked with Mr. Karl W. Jasper, President of Grandview Mines, on December 28.

A final version of a purchase agreement is now in the hands of the attorney for the Nasburg-Hallenius group. This agreement should be signed within the next two or three weeks. When the agreement is signed, Grandview Mines will then ask that the amended contract Idm-E60 be assigned to them.

Very truly yours,

A. E. Weissenborn

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

cc: USBM (2)
USBM (AD)
Kellum

File Copy
Surname

J. Ad
Grunwald
Selfridge
Johnson
Matthews

500

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

DEC 21 1955

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

Re: Docket No. DMEA-325 (7inc)
Theodore, John, Donald & Effie
Aasburg and Raleigh Gallenius
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-760

Dear Mr. Weissenborn:

Will you please advise us regarding the cited amended contract. The last information we have in our files pertaining to this project is a copy of your letter to Mr. Karl W. Jasper, President of Grandview Mines, dated October 10, 1955.

As apparently no work has been done on this property since September 1954, we would appreciate receiving your comments and recommendations regarding this amended contract at your earliest convenience.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GHB)

APPROVED:

/s/ Robert W. Geehan (GHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (GHB)
Member, Geological Survey

JWAlt/bjl (12/20/55)

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

R.G.G.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT 13 1955

~~WASHINGTON, D.C.~~
No. 157 Howard Street
Spokane 4, Washington

October 10, 1955

Mr. Earl W. Jasper, President
Grandview Mines
310 Radio Central Building
Spokane 4, Washington

Re: Docket No. DMEA-325 (mine)
Theodore, John, Donald & Effie
Hasburg & Raleigh Hallenius
Sweadin Mine
Stevens County, Washington
Amended Contract No. Idm-260

Dear Mr. Jasper:

This is in answer to your letter of September 9, 1955, stating that Grandview Mines is negotiating a purchase option on the Sweadin mine and that you are interested in taking over the exploration contract. This matter was referred to our Washington office and they have no objections to the assignment.

Before this can be done, the enclosed Consent to Lien forms must be executed by the Hasburgs and Halleniuss. The forms should accompany five copies of your purchase agreement.

As soon as these are received we will ask Washington to assign the contract to Grandview Mines and extend the completion date of the present contract. We can then discuss other exploration proposals you may want to make.

Sincerely yours,

Verne G. Fryklund, Jr.
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW District

Enclosures

CC: DMEA (3)
WDMM (2)
[illegible] (10), Spokane

Rubin

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

OCT 3 1955

Memorandum

To: The Administrator, DMEA
Attention: Mr. W. R. Griswold

From: Associate Solicitor, Division of Mineral Resources

Subject: Docket No. DMEA-325, Theodore Nasburg, et al, Contract No. Idm-E60

As requested in Mr. Griswold's memorandum dated September 27, we have prepared the attached Amendment No. 7, and an assignment of contract.

1. There is no evidence before us that Grandview Mines, Inc. has obtained the necessary interest in the land. The Assignee should submit evidence of its interest in the land prior to the Government consenting to the assignment. If the interest is less than full ownership, the Consent to Lien of the Assignor-owners should be obtained also, prior to the Government's consent being granted to said assignment.

2. The assignment matter should be settled before Amendment No. 7 is executed by Grandview Mines, Inc.

Robert P. Dwyer

Robert P. Dwyer
Associate Solicitor
Division of Mineral Resources

Attachments

HCRubin/fvh

Copy to: ✓ Dmea Docket
Solicitor's Docket
W. R. Griswold (2)
J. L. Hofflund
H. C. Rubin
Chron

File Copy
Surname
J. Lee
Swanson
Selfridge
Johnson
Mattendorf

500

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

SEP 29 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-325 (Zinc)
Theodore, John, Donald & Effie
Masburg & Raleigh Hallenius
Scandia Mine
Stevens County, Washington
Amended Contract No. Idm-E60

Dear Mr. Weissenborn:

With reference to your letter of September 12, in order to expedite the assignment of this contract to the Grandview Mines, we will first have to prepare an amendment to allow the Operator of the cited contract a recess of operations and an extension of completion time. This amendment would extend the recess period from June 1, 1955 to on or before June 1, 1956. The completion time will be extended from October 15, 1955 to October 15, 1956.

We will also prepare an Assignment of Contract from the present Operators to the Grandview Mines, Suite 310-311 Radio Central Building, Spokane 4, Washington.

Grandview Mines should submit its proposed exploration program, with complete detailed costs and necessary maps, to you. It will be necessary for the company to obtain a lease and Consent to Lien from the owners of the property.

Upon the receipt of your recommendations, we will prepare a second amended contract.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JWB)

JWAlt/bjl (written 9/27/55)

APPROVED:

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

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

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

File Copy
Surname
J. Lee.

500

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

September 27, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Preparation of Amendment No. 7 and Assignment of Contract for Contract No. Idm-E60, Docket No. DMEA-325 (Zinc), Theodore, John, Donald and Effie Nasburg and Raleigh Hallenius, Scandia Mine, Stevens County, Washington

Will you please prepare Amendment No. 7 for the cited contract. This amendment will allow the Operator to recess the work of the project to not later than June 1, 1956 and to extend the completion time to October 15, 1956. Amendment No. 6 allowed the Operator to recess the work from October 13, 1954 to not later than June 1, 1955 and the completion time was extended to October 15, 1955.

In Annex III of Amendment No. 6, the royalty payment period is 12 years from the date of the Amended Contract (August 15, 1952). Amendment No. 7 should increase the royalty payment period to 13 years from the date of the Amended Contract.

Will you please prepare an Assignment of Contract to Grandview Mines, whose address is Suite 310-311 Radio Central Building, Spokane 4, Washington.

Please refer to the letter from the Field Team, Region I, Northwest District, dated September 12, and to copies of letters from Karl W. Jasper, dated September 9, and the Nasburgs' and Raleigh Hallenius, dated September 6.

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, D.C.~~

1201 N. Division Street
Spokane 2, Washington
September 14, 1955

Mr. Karl W. Jasper, President
Grandview Mines
310 Radio Central Building
Spokane 4, Washington

Re: Docket No. DMEA-325 (zinc)
Scandia Mine
Stevens County, Washington
Contract No. Idm-E60

Dear Mr. Jasper:

This will acknowledge receipt of your letter of September 9. The questions brought up in your letter have been referred to our Washington, D.C. office. We will advise you of their decision as soon as we hear from them.

Sincerely yours,

Thomas E. Howard
Acting Executive Officer
DMEA Field Team, Region I
Northwest District

cc: DMEA (2)
USGS (2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
xxxxxxxxxxxxxxxxxxxx
WASHINGTON 25, D. C.
1201 N. Division St.
Spokane 2, Washington
September 14, 1955

Theodore, John, Donald and Effie Nasburg
and Raleigh Hallenius
E. 11805 Maxwell
Spokane 62, Washington

Re: Docket No. DMEA-325 (zinc)
Scandia Mine
Stevens County, Washington
Contract No. Idm-E60

Gentlemen:

This will acknowledge receipt of your letter of September 6, 1955.

We have requested our Washington, D.C. office to give us a decision regarding the possibility of assigning your DMEA contract to Grandview Mines. We will advise you as soon as we have further information regarding the matter.

Sincerely yours,

Thomas E. Howard
Acting Executive Officer
DMEA Field Team, Region I
Northwest District

cc: DMEA (2)
USGS (2)

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

RECEIVED
SEP 15 1955

September 12, 1955

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

Re: Docket No. DMEA-325 (zinc)
Theodore, John, Donald and Effie
Nasburg and Raleigh Hallenius
Scandia Mine
Stevens County, Washington
Contract No. Idm-E60

Dear Mr. Selfridge:

Your letter of September 2 about the Scandia mine arrived at the same time as a letter from the Operator, copies enclosed. Also enclosed are copies of a letter from Karl W. Jasper, president of Grandview Mines, inquiring about a transfer of the DMEA contract to Grandview. We would favor such a transfer, but the exploration Grandview would want to do at the mine is much more extensive than the present project and would call for an amended contract.

In our opinion the property warrants further and more extensive exploration, and if the Operating Committee so desires we will consider the matter further with Grandview Mines and make our recommendations to you as to an amended contract.

By Field Team, Region I, NW District

Thomas E. Howard
Thomas E. Howard, Acting Exec. Officer
U. S. Bureau of Mines

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

Enclosures as indicated

cc: USBM (2)
USBM (AD)
Kellum

GRANDVIEW MINES SPOKANE 4, WASHINGTON
SUITE 310-311 RADIO CENTRAL BLDG.
OFFICE PHONE MAdison 2501

PROPERTIES: PEND OREILLE AND STEVENS COUNTIES

Karl W. Jasper.....President
Paul T. Hoefzel.....Vice-Pres.
E. K. Barnes.....Sec.-Treas.
John H. Roberts.....Director
E. O. Dressel.....Director
Fred Trumbull.....Director
Eskil Andersen.....Director

SEPTEMBER 9, 1955.

RECEIVED
SEP 15 1955

U. S. Geological Survey
DMEA Branch
South 157 Howard
Spokane, Washington

DMEA
USBM

Attn: Vern C. Fryklund

Dear Sir:

We are inquiring regarding the status of the DMEA contract on the Scandia Mine. Our reason for this is that we are at the present time negotiating a purchase option for this property and are interested in knowing if the contract can be extended or revised for the purpose of doing some diamond drill exploration work instead of the sinking of the shaft as is required by the original contract.

We are also interested in knowing if this contract can be extended for another year as it is getting rather late in the season to commence a diamond drilling program at this time.

I would appreciate hearing from you regarding this matter at your earliest convenience.

Very truly yours,

Karl W. Jasper

Karl W. Jasper, President
GRANDVIEW MINES

KWJ:mh

500

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

J. Alt.
Simmel
Selfridge
Mittendorf

SEP - 2 1955

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

Re: Docket No. DMEA-325 (Zinc)
Theodore, John, Donald and Effie
Hasburg and Raleigh Hallenius
Scandia Mine
Stevens County, Washington
Contract No. Idm-E60

Dear Mr. Weissenborn:

Will you please advise us regarding the cited contract. By Amendment No. 6 the project work was suspended during the period beginning October 13, 1954, and ending not later than June 1, 1955.

On July 13, 1955, you wrote to Mr. Raleigh Hallenius, Partner, asking him if work was resumed at the Scandia on June 2, 1955, and if not, what his plans were with respect to resuming work under the contract.

As this is the last correspondence in our files relative to this contract, we would appreciate receiving your recommendations and comments regarding this contract at your earliest convenience.

Sincerely yours,

George C. Selfridge (GB)
Chairman, Operating Committee

APPROVED:

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

/s/ N. E. Nelson (GB)
Member, Geological Survey

JWAlt/bjl (9/1/55)

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

R.G.S.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

July 13, 1955

Mr. Raleigh Hallenius, Partner
Scandia Mining Group
E. 32 - 29th Avenue
Spokane, Washington

Re: Docket No. DMEA-325 (zinc)
Scandia mine
Stevens County, Washington
Contract No. Idm-E60

Dear Mr. Hallenius:

Amendment 6 of your exploration project contract specifies that "the project work shall be suspended during the period beginning October 13, 1954, and ending not later than June 1, 1955."

Was work resumed at the Scandia on June 2, 1955; and if not, what are your plans with respect to resuming work under the contract?

According to our information, as of September 8, 1954, the completed work from the bottom of the winze totaled 101 feet of drifting. On this basis, there remains 199 feet of drifting from the winze to complete the contract.

We would appreciate a reply at your earliest convenience.

By Field Team, Reg. I, NW District

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

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

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

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

January 14, 1955

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

Re: Docket No. DMEA-325 (Zinc)
Theodore, John, Donald and Effie
Nasburg and Raleigh Hallenius
Scandia Mine
Stevens County, Washington
Contract No. Idm-E60

Dear Mr. Selfridge:

Enclosed are the original and two signed copies of Amendment No. 6 to the cited contract, and (2 pages) Annex III.

Distribution of this amendment is being made in the usual manner.

Sincerely yours,

A. E. Weissenborn

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

Enclosures

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

xxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

January 11, 1955

Mr. Raleigh Hallenius
Scandia Mining Group
E. 32 -29th Avenue
Spokane, Washington

Re: Docket No. DMEA-325 (zinc)
Scandia Mine
Stevens County, Washington
Contract No. Idm-860

Dear Mr. Hallenius:

Reference is made to our letter of November 30, 1954, in which we enclosed Amendment No. 6.

If this amendment does not meet with your approval, please return all copies to this with your comments; otherwise, please sign all copies, retain that copy marked for the Operator, and return the remaining copies to this office.

Thanking you for your prompt attention to this matter, I remain

Sincerely yours,

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

cc: DMEA(2)
JBM(2)
Puffett

xxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

November 30, 1954

Mr. Raleigh Hallenius
Scandia Mining Group
E. 32 Twenty-Ninth Avenue
Spokane, Washington

Re: Docket No. DMEA-325 (zinc)
Scandia Mine
Stevens County, Washington
Contract No. Idm-860

Dear Mr. Hallenius:

Reference is made to your letter of October 12, 1954, in which you request permission to recess project work for the winter. In accordance with your request we wrote our Washington office and they have prepared the enclosed amendment. If the terms and conditions of this amendment meet with your approval, please see that all copies are properly signed, retain that copy marked for the Operator and return the remaining copies to this office.

If the amendment does not meet with your approval, please return all copies of the amendment to this office with your comments.

Sincerely yours,

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

Enclosures

cc: DMEA (2)
USBM (2)
Puffett

File Copy
Surname

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

NOV 18 1954

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

Re: Docket No. DMEA-325 (Zinc)
Theodore, John, Donald and Effie
Nasburg and Raleigh Hallenius
Scandia Mine
Stevens County, Washington
Contract No. Idm-860

Dear Mr. Weissenborn:

We are enclosing the original and five copies of Amendment No. 6 (2 pages) with Annex I, to the cited contract, which have been signed by this office for the Government. This amendment has been made in accordance with your letter of October 22, 1954.

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,

George C. Selfridge
By ESS
Chairman, Operating Committee

JWAlt/er 11/12/54
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

Enclosures

APPROVED:

J. H. Hedges By ESS
Member, Bureau of Mines

E. L. Newcomb By ESS
Member, Geological Survey

R.C.G.

Docket Copy
Surname
J. Vil. Alt

500

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

October 29, 1954

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Preparation of Amendment No. 6 for Docket No. DMEA-325, Contract No. Idm-W60, Theodore, John, Donald, and Effie Nasburg, and Raleigh Hallenius.

Will you please prepare Amendment No. 6 for the cited contract. A draft of this proposed amendment is attached to this memorandum.

Please refer to the letter from A. E. Weissenborn, Executive Officer, Region II, dated October 22, 1954.

W. R. Griswold

Attachment

JWAlt/bjl

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

Defense Minerals Administration
OCT 29 1954

October 26, 1954

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

Re: Docket No. DMEA-325X (zinc)
Scandia Mine
Stevens County, Washington
Contract No. Idm-E60

Dear Mr. Selfridge:

Apparently your letter of October 21, 1954, requesting our comments regarding the status of the subject contract, and ours of October 22, 1954, crossed in the mails. I believe our letter answers all the points you mentioned.

Very truly yours,

John S. Vhay

John S. Vhay
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: USBM (2)
Puffett

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

1201 N. Division St.
Spokane 2, Washington
October 22, 1954

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

Re: Docket No. DMEA 325 (zinc)
Scandia Prospect
Nasburg & Hallenius
Stevens County, Washington
Contract No. Idm-E60

Dear Mr. Selfridge:

Enclosed herewith are two copies of a letter from Mr. Raleigh Hallenius, requesting permission to recess project work for the winter at the Scandia mine in Stevens County, Washington.

As the expiration date of the contract is October 15, 1954, an extension of time will be required. The amendment authorizing a recess and an extension of time to complete the project will have to be prepared in Washington as the contract has now been in force for 26 months. It is recommended that the completion date of the contract be extended another 12 months until October 15, 1955.

Work completed to date on the lower level has been to the northwest of the winze, as shown on the sketch submitted with the examination report dated September 13, 1954. The crosscut to the northwest intersected three strong calcite veins containing high grade sphalerite. A sample was cut across 8 feet of wall, which included the calcite veins and variously oriented stringers of sphalerite in the wall rock. The sample assayed 3.75% zinc.

It is believed that completion of the drifting authorized on the lower level would more definitely delineate the ore zone and provide valuable information as to whether or not the property could be classed as a potential producer.

It is also suggested that the 100 feet of drifting authorized on the main adit level be transferred to the lower level as the Operators completed the drifting on the main adit level before receipt of the amended contract. It would seem an equitable adjustment to authorize

this transfer as it would be of benefit to the Government by increasing the probability of making a significant discovery.

By Field Team, Region II

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

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

Enclosure

cc: USGS (2)
Certifying Officer

BUREAU OF MINES
OCT 15 1954
SPOKANE, WASH.

Spokane, Washington
October 12, 1954

Bureau of Mines
1201 N. Division Street
Spokane, Washington

Att: Mr. Agnew

Gentlemen:

Due to the present low prices of lead and zinc, it is difficult to arrange finances for our Scandia Mine development project, so we wish to request a recess on our project until next spring when weather permits more favorable operating conditions.

SCANDIA MINING CO.
[illegible] Twenty-Ninth Avenue

By: Raleigh Harrison
Partner

File Copy
Surname
J. W. Gill
Selfridge
Johnson
Whitenton

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

OCT 21 1954

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

Re: Docket No. DMEA-325X (Zinc)
Theodore, John, Donald and Effie
Nasburg and Raleigh Hallenius
Scandia Mine
Stevens County, Washington
Contract No. Idm-E60

Dear Mr. Weissenborn:

Reference is made to the memorandum of Willard P. Puffett, geologist, USGS, and Webster S. Anderson, engineer, USBM, to the DMEA Field Team, dated September 13, 1954. We note that the Operator has suspended operations and that according to the terms of the contract 100 feet of drifting remain to be completed.

According to Amendment No. 4 the completion time for the project was extended from 11 to 26 months which would bring the completion time to October 15, 1954.

Will you please advise us as to the intent of the Operator; does he desire to terminate the contract or does he want to recess the operations and extend the completion time.

We would appreciate your comments regarding this contract.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

JWAlt/er 10/20/54

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

APPROVED:

J. H. Hedges

Member, Bureau of Mines (JHB)

Thor H. Kiilsgaard

Member, Geological Survey (JHB)

Minerals Administration
RECEIVED
OCT 18 1954

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

October 13, 1954

Scandia Mining Group
E. 32 Twenty-ninth Avenue
Spokane, Washington

Re: Docket No. DMEA-325 (zinc)
Scandia Mine
Stevens County, Washington
Contract No. Idm-E60

Gentlemen:

We have noted that for several months narrative reports accompanying your MF-104's have not contained adequate geologic maps of the monthly advance. May we bring to your attention Article 7 of the contract which states: "Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay reports on samples taken concurrently with the advance in mineralized ground."

We would suggest that such geologic maps of past work be submitted with the next monthly report and that such maps be kept current thereafter.

By DMEA Field Team, Region II

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

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

: DMEA (2)
USBM (2)
USBM (AD)
Puffett

XXXXXXXXXXXXXXXXXXX
1201 N. Division St.
Spokane 2, Washington

Defense Minerals Administration
RECEIVED
OCT 18 1954

October 14, 1954

Scandia Mining Group
E. 32 Twenty-ninth Avenue
Spokane, Wash.

Re: Docket DMEA 329
Contract Idm-[illegible]
Monthly Operating Report
for September 1954

Gentlemen:

The subject invoice has been received and processed.

We understand work has been suspended under the exploration project contract and that your plans for completion of the work are indefinite at this time. Therefore, payment of this invoice, as well as for the invoice submitted for August 1954, is being withheld until work is resumed. This is standard procedure for all contracts that are inactive.

By Field Team, Region II

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

cc: DMEA (2)
USGS (2)
AD

Thomas E. Howard
For Wing S. Agnew, Member
U. S. Bureau of Mines

Minerals Administration
RECEIVED
OCT 18 1954

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

October 13, 1954

Scandia Mining Group
E. 32 Twenty-ninth Avenue
Spokane, Washington

Re: Docket No. DMEA-325 (zinc)
Scandia Mine
Stevens County, Washington
Contract No. Idm-860

Gentlemen:

We have noted that for several months narrative reports accompanying your MF-104's have not contained adequate geologic maps of the monthly advance. May we bring to your attention Article 7 of the contract which states: "Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay reports on samples taken concurrently with the advance in mineralized ground."

We would suggest that such geologic maps of past work be submitted with the next monthly report and that such maps be kept current thereafter.

By DMEA Field Team, Region II

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

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

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

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 18 1954

January 13, 1954

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

Re: Docket No. DMA-325 (Zinc)
Scandia Mine
Stevens County, Washington
Contract No. Idm-E60

Dear Mr. Selfridge:

Attached are the original and two signed copies of Amendment No. 5 to the above contract. Distribution of this amendment is being made in the usual manner.

Donald Nasburg has not signed the amendment as he assigned his interests to his brother, John Nasburg, by quit claim deed. Copies of this instrument were sent to you January 5, 1953, along with other documents pertaining to the Amended Contract.

Sincerely yours,

A. E. Weissenborn

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

Attachment

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

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

xxxxxxxxxxxxxxxxxx
No. 157 Howard Street
Spokane 4, Washington

December 2[illegible], 1953

Mr. Raleigh Hallenbeck
32 East 29th Street
Spokane, Washington

Re: Docket No. DMA-325 (Zinc)
Scandia Mine
Stevens County, Washington
Contract No. Idm-E60

Dear Mr. Hallenbeck:

Enclosed are the original and five copies of Amendment No. 5 to the above contract, which will allow the work on the subject contract to be recessed until not later than June 1, 1954.

If the terms and conditions of this amendment meet with your approval, please see that all copies are signed, retaining that copy marked for the Operator and return the remaining copies to this office.

Sincerely yours,

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

Enclosures

cc: DMEA (2)
USBM (2)
Puffett

cc 12-17

500 FILE COPY
SURNAME:

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

DEC 17 1953

Mr. A. [illegible] Eisenborn
Executive Officer
[illegible] Field [illegible], Region II
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. [illegible] 325 (Zinc)
Theodore, John, Donald
and Effie Lasburg and Raleigh Gallenius
Scandia Mine
Stevens County, Washington
Contract No. Idm-260

Dear Mr. Eisenborn:

We are enclosing the original and five copies of Amendment No. 5 to the above contract, signed by this office for the Government, together with Annex II. An amendment was requested in your letter of November 20, 1953.

If the amendment meets with your approval, kindly present it to the Operator for approval and signature and, when completed, distribute 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,

George C. Selfridge

Chairman, Operating Committee

Enclosures 6
APPROVED:

J. H. Hedges

Member, Bureau of Mines

D. M. Lemmabee

Member, Geological Survey

JWAlt/hmj (12-14-53)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals
Mr. Kinkel
Mr. Bishop
Chron.

12-17-53

FILE COPY
SURNAME:

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

N. S. in R.R.

December 2, 1953

Memorandum

To: Chief Counsel

From: Base Metals Division

Subject: Amendment to allow Operator to recess operations, Contract No. Idm-E60, Docket No. DMEA 325, Theodore, John, Donald and Effie Nasburg, and Raleigh Hallenius, Stevens County, Washington (Zinc)

Will you please draw up an amendment to allow the Operator to recess operations until June 1, 1954.

The Amended Contract is dated August 15, 1952. Work was to be completed prior to July 16, 1953.

Amendment No. 4 extended completion time from 11 to 26 months.

This amendment should be signed by the Executive Officer of Region II, A. E. Weissenborn.

Jacob W. Alt

Attachment

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
November 20, 1953

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

Subject: Docket No. DMEA 325 (zinc)
Scandia Prospect
Nasburg and Hallenius
Stevens County, Washington
Contract No. Idm-E60

Dear Mr. Selfridge:

Enclosed herewith are two copies of a letter from Mr. Raleigh Hallenius, requesting permission to recess project work for the winter at the Scandia mine in Stevens County, Washington.

The property is about 3 miles from a main highway over a steep mountain road which is impassable during the winter. Living conditions at the mine are very primitive.

Under the circumstances we recommend that the request for a recession be granted.

By Field Team, Region II

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

M. E. Volin, Member
U. S. Bureau of Mines

Enclosure

cc: USGS (2)

Spokane, Washington
November 5, 1953

Bureau of Mines Defense
Minerals Administration
N. 1201 Division Street
Spokane, Washington

Att: Mr. M. E. Volin

Gentlemen:

This is to request a recess from our exploration program at the Scandia mine for the winter months until weather permits us to again continue with the work in the spring.

Due to winter weather conditions it is rather difficult and expensive to carry on this operation.

SCANDIA MINING GROUP
E. 32 Twenty-ninth Avenue

Raleigh Hallenius /s/
Partner

ARH/rh

C O P Y

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

July 30, 1953

Memorandum

To: DMEA Field Team, Region II

From: Willard P. Puffett, Geologist, U. S. Geological Survey

Subject: Report of assays, Docket No. DMEA-325X (zinc), Nasburg's Scandia Prospect, Stevens County, Washington, Contract No. Idm-E60.

Listed below are assay results of samples taken on a recent inspection; the locations of the samples are indicated on a map submitted with my inspection report of July 14, 1953.

Sample No.	Width	Gold	Silver	Zinc	Lead
207	60"			19.8	0.0
208	36"			12.9	0.0
209	26"			21.4	0.0
210	Muck car			10.6	0.0
211	21"	Tr.	0.8	35.4	1.2
212	Muck car			7.5	0.0

Distribution:
DMEA (Orig. & 3)
USBM (2)
Docket
Puffett

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

June 29, 1953

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

Re: Docket No. DMA-325 (zinc)
Theodore, John, and Effie Nasburg, and
Raleigh Hallenius
Scandia Mine
Stevens County, Washington
Contract No. Idm-E60

Dear Mr. Selfridge:

With reference to your letter of June 25, 1953, we can report that work at the Scandia mine was resumed on June 1, 1953. The Operator reports that preparatory work for shaft sinking was completed on June 20 and actual sinking as provided in Stage II of the contract was started June 22. Advance of 13 feet in the shaft was completed during the week of June 22-27.

Sincerely yours

Harold Kirkemo

Harold Kirkemo
for: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: USBM (2)
Kirkemo

FILE COPY
SURNAME 500

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

JUN 25 1953

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

Re: Docket No. MA-325 (Zinc)
Theodore, John, and Effie Nasburg, and
Raleigh Hallenius
Scandia Mine
Stevens County, Washington
Contract No. Idm-E60

Dear Mr. Weissenborn:

Will you please advise us regarding the status of the above contract. The last MF-104 received is for the month of July 1952, this report shows that the amount allowed in the original contract was nearly expended. The Operator now has an amended contract allowing him to do additional work. We are wondering if the Operator has resumed work on the project and if he has started the work of Stage II of the amended contract.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

J. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

JWA, t/hmj
(6/22/53)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals Division
Mr. Kinkel
Mr. Bishop
Chron.

6-25-53

FILE COPY
SURNAME:
500

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

APR 6 1953

Mr. A. E. Weissenborn
Executive Officer, Region II
DMA Field Team
South 157 Howard Street
Spokane 8, Washington

Re: Docket No. Idm-325 (Sinc)
Theodore, John and Effie Nasburg, and
Raleigh Hallenius
Scandia Mine
Stevens County, Washington
Contract No. Idm-260

Dear Mr. Weissenborn:

This is in reply to your letter of March 24, 1953, regarding the above contract and to advise you that Amendment No. 5 which you returned will be voided. The completion time for the project will be as stated in the executed Amendment No. 4.

Sincerely yours,

George C. Schriever

Chairman, Operating Committee

APPROVED:

G. H. Hodges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

JWAlt/hmj
4/2/53

CC to: Docket
Adm. R. File
Operating Committee
Base Metals Division
Mr. Kinkel
Mr. Bishop
Mr. Chambers
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

March 24, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
Spokane

MAR 27 1953

3/31/53. filed under [illegible]

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

Re: Docket No. DMEA-325 (Zinc)
Theodore, John, and
Effie Nasburg, and
Raleigh Hallenius
Scandia Mine
Stevens County, Washington
Contract Idm-E60 (Amended)

Dear Mr. Selfridge:

Your letter of March 2 regarding completion date of the amended contract according to Amendment No. 4 and enclosing copies of proposed Amendment No. 5 to replace Amendment No. 4 has been received.

We prepared Amendment No. 4 to extend the completion date of the amended contract to 26 months or to October 15, 1954. The Operator estimated he would require 11 operating months to complete the exploration program proposed in the sample amended contract forwarded to Washington. The amended contract received from Washington specified completion in 11 calendar months or by July 16, 1953.

The Operator would not sign the amended contract if the completion date was to be July 16, 1953 as he cannot operate during late fall, winter, and early spring months, and it would be impossible for him to complete the specified work in so short a period of time.

The Field Team on October 29, 1952 informed the Operating Committee of this matter and asked to be advised what action should be taken. Mr. C. O. Mittendorf, Administrator, DMEA, in a letter of November 13, 1952 to the Field Team stated in part as follows:

4/1/53 Took this up with Attorney H. Rubin Weisenburger right to [illegible] Amendment No. 5 and mark it void & be issued. J.W.C.

"Your letter states that it is unlikely that the additional work under the project provided for in an amendment dated August 15, 1952 can be completed before July 16, 1953 at which time two years from the date of the original contract will have elapsed. There will be a delay in completing the project because the additional work was provided for just prior to the fall season and it is not economically feasible to begin the work until about next May 1. In these circumstances, an extension of time for completion of the project beyond July 16, 1953 is approved. In view of my approval of the extension, you may execute the amendment to accomplish this."

Therefore, in accordance with this directive from Mr. Mittendorf, we prepared Amendment No. 4 to the amended contract extending the date for completion to 26 months from the date of the amended contract. This provides for two normal operating seasons in which to complete the work.

It is our intent that Amendment No. 4 to the amended contract shall extend the completion date to October 15, 1954, and we do not think a revision of this amendment is necessary so we are returning your proposed Amendment No. 5 without execution. However, if Amendment 4 is not considered to be acceptable to the Operating Committee after reviewing the above facts, another amendment might be prepared but it should be based on the same terms contained in the present Amendment 4.

Sincerely yours

Harold Kirkemo

Harold Kirkemo
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosure
cc: USBM (2)
Kirkemo

vision Copy

EXPLORATION PROJECT CONTRACT
THEODORE NASBURG AND PARTNERS
DOCKET NO. DMEA-325

AMENDMENT No. 5

It is agreed this ____ day of _____, 1953, between Theodore, John and Effie Nasburg and Raleigh Hallenius, and the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, in order to correct a mutual mistake contained in Amendment No. 4, dated November 25, 1952, concerning the date of completion of the contract, as follows:

1. Amendment No. 4 is revoked; and

2. September 16, 1953, is fixed as the date for completion of all work under the contract, as amended.

This amendment is effective November 25, 1952.

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.

THEODORE NASBURG AND PARTNERS

By _____
(Partner)

By _____
(Partner)

By _____
(Partner)

By _____
(Partner)

THE UNITED STATES OF AMERICA

By _____
Executive Officer, DMEA
Field Team, Region II

APPROVED: February 27, 1953

Frank E. Johnson
Acting Administrator
Defense Minerals Exploration Adm.

Division Copy

EXPLORATION PROJECT CONTRACT
THEODORE NASBURG AND PARTNERS
DOCKET NO. DMEA-325

AMENDMENT NO. 5

It is agreed this ____ day of _____, 1953, between Theodore, John and Effie Nasburg and Raleigh Hallenius, and the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, in order to correct a mutual mistake contained in Amendment No. 4, dated November 25, 1952, concerning the date of completion of the contract, as follows:

1. Amendment No. 4 is revoked; and

2. September 16, 1953, is fixed as the date for completion of all work under the contract, as amended.

This amendment is effective November 25, 1952.

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.

THEODORE NASBURG AND PARTNERS

By _____
(Partner)

By _____
(Partner)

By _____
(Partner

By _____
(Partner)

THE UNITED STATES OF AMERICA

By _____
Executive Officer, DMEA
Field Team, Region II

Robin
Hoffland
Chamberlin

APPROVED: February 27, 1953

_____
Acting Administrator

FILE COPY
SURNAME:

140

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

BW

Orbin
Hofflund
Burand
Chamberlin
Selfridge
Johnson

MAR 3 1953

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

Re: Theodore Nasburg and Partners
Docket No. DMEA-325 (Zinc)
Contract No. Idm-E60

J.C. 3/3/53

Dear Mr. Weissenborn:

This responds to your letter dated January 5, to the Chairman of the Operating Committee, transmitting, among other things, copies of Amendment No. 4 to the above-described project.

As we read Amendment No. 4, it appears that you have extended the date for completion 26 months beyond August 15, 1952, the date of the amendatory contract, or in other words to October 15, 1954. This result is reached because of the reference in Amendment No. 4 to "11 months *** from the date of the contract," and referring to August 15, 1952, as the date of the contract. Apparently, you intended to change the completion date to 26 months from the date of the original contract, or to September 16, 1953. If our understanding of your intention is correct, the attached amendment should be executed.

Sincerely yours,

George C. Selfridge

(JHB)

Chairman, Operating Committee

Enclosures

Approved:

J. H. Hedges (JHB)
Member, Bureau of Mines

T. P. Thayer (JHB)
Member, Geological Survey

HCRubin/mcf/ema 2-24-53
cc: Mails & Files
W. R. Griswold
Mr. Thayer
J. L. Hofflund
Chron.

Adm. R. File
Op. Comm.
Mr. Hedges
H. C. Rubin
Pending

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 12 1953

Case 1-12-53

January 5, 1953

Mr. Frank E. Johnson, Chairman
Operating Committee, DMEA
Department of Interior
Washington 25, D. C.

Re: Docket No. DMEA-325 (zinc)
Theodore, John, Donald and
Effie Nasburg, and Raleigh
Hallenius
Scandia Mine, Stevens County, Wash.
Contract No. Idm-E60 (amended)

Dear Mr. Johnson:

Enclosed are the following documents pertaining to the subject contract:

Orig. & 2 copies of Contract E60, Amended
Orig. & 2 copies of Amendment No. 4
3 ozalid copies Amended Location Certificate--Scandia
3 ozalid copies Amended Location Certificate--Triangle
3 photostatic copies, Quit Claim Deed,
Donald Nasburg to John Nasburg
3 copies Affidavit & Real Estate Tax Receipt
Seller--Donald Nasburg; Buyer--John Nasburg.

By carbon copy of this letter the finance officer's copy is being transmitted.

Since receipt of the amended contract from Washington on September 23, 1952, several matters have delayed return of this contract properly executed.

Mr. Ellis, Acting Chairman of the Operating Committee, in his letter of September 23, transmitted the amended contract and instructed the Field Team to obtain the proper description of the land involved for Article 2 of the contract. The Operator made several visits to the property to obtain this information and there was a prolonged delay in recording and notarizing the amended locations of the two claims involved.

Secondly, one of the partners, Donald Nasburg, has withdrawn from the partnership and has assigned his interest to John Nasburg, one of the other partners. Donald Nasburg's signature, therefore, does not appear on the amended contract or on Amendment No. 4. Attached to the copies transmitted herewith are photostatic prints of the quit claim deed and an affidavit and real estate sales tax receipt showing assignment of interest from Donald Nasburg to John Nasburg. In a sense, there is no change as there is no new member of the partnership.

Thirdly, the partners considered an offer to sell the Scandia mine and some delay resulted during negotiations relative to this offer. They declined the offer and will perform the contract as previously planned.

Amendment No. 4 permitting change of starting and completion dates of the Amended contract was prepared with the approval of Mr. C. O. Mittendorf, DMEA Administrator, in accordance with his letter of November 13, 1952 to this office. In effect this letter permitted extension of the contract beyond the two years from the date of the original contract.

Yours truly,

A. E. Weissenborn

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

Enclosures (as listed above)
cc: USBM (2)
Finance officer
Kirkemo

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
No. 157 Howard Street
Spokane 2, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 2 1952

DMEA

November 28, 1952

Mr. Waldemar Hallenius
32 East 27th Street
Spokane, Washington

Re: Docket No. DMA-325
Theodore, John, Donald, and Effie
Hasburg, and Waldemar Hallenius (Zinc.)
Stevens County, Washington
Contract No. Ida-760

Dear Mr. Hallenius:

Enclosed are the original and five copies of your mill contract No. 325, Ida-760, and the original and eight copies of Amendment No. 1 to the contract. If these meet with your partners' approval, please sign all copies; retain the copy marked for your files and return the original and remaining copies to this office together with the notarized amended location certificates for the Deadline and Triangle claims. The book and page numbers of the legal recording made in the auditor's office, Stevens County, will appear on each location certificate.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Robert H. Weissenborn
Executive Officer, Work
Field Team, Spokane

Enclosures

Affidavit and Real Estate Sales Tax Receipt

STEVENS COUNTY, WASHINGTON

STATE OF WASHINGTON, COUNTY OF ~~STEVENS~~ SPOKANE ss.

Donald Nasburg, being first duly sworn, on oath deposes and says:

That the following information relative to the sale of real estate is true and correct.

Seller's Name Donald Nasburg, a bachelor at the time of acquiring title herein

Address Spokane, Washington

Buyer's Name John Nasburg, a bachelor

Address 32 East 29th Spokane, Washington

Date of Instrument 11-20-52 Date of Delivery 11-20-52

Nature of Instrument Quit Claim Deed

Legal Description of Property Conveyed

The undivided interest of the grantor in and to the E½ of NE¼, and all of the NW¼ of the NE¼, except the north 10 acres thereof, all in Section 23, Township 39 North, of Range 40 E.W.M.

The undivided interest of grantor in and to the S½ of NW¼ and N½ of SW¼ of Section 22, Township 39 North, Range 40 E.W.M., and S½ of NE¼ and N½ of SE¼ of said Section, Township and Range.

CHESTER A. HILLS
COUNTY TREASURER

This Becomes Your Receipt When Stamped Paid by County Treasurer. Payment Must Be Made by Cash or Certified Check.

CHESTER A. HILLS,
County Treasurer

No. 2157

SELLING PRICE	SALES TAX
The within deed is given only to clear title, and there is no consideration involved.	
TAX	none
PENALTY	none
TAX TOTAL	none

Chap. 11, Laws 1951, Extraordinary Session

Donald Nasburg
Signature of Seller

Subscribed and Sworn to before me this 20th day of November, 1952.

Alan Gordon
Notary Public in and for the State of Washington, Residing at Spokane, Washington
County Treasurer
Deputy County Treasurer

#272982

STATUTORY FORM. QUIT CLAIM DEED

STATESMAN INDEX - COLVILLE

148 Deeds
158

REQUEST OF John T. R...

DEC 18 1952 at 9:12 a.m.

HAZEL EMER...
COUNTY AUDITOR
DEPUTY

PAID TO $1.00

Quit Claim Deed

The Grantor Donald Nasburg, a bachelor at the time of acquiring title herein,

of Spokane, County of Spokane, State of Washington

for the consideration of $1.00 and other valuable consideration- - - ~~XXXXXX~~ Dollars

conveys and quit claims to John Nasburg, a bachelor, 32 East 29th, Spokane, Washington,

all interest in the following described real estate, situated in the County of Stevens, State of Washington: The undivided interest of the grantor in and to the E½ of the NE¼, and all of the NW¼ of the NE¼, except the north 10 acres thereof, all in Section 23, Township 39 North, of Range 40 E.W.M., in Stevens County, Washington.

The undivided interest of the grantor in and to the S½ of NW¼ and N½ of SW¼ of Section 22, Township 39 North, of Range 40 E.W.M., and the S½ of NE¼ and N½ of SE¼ of Section 22, Township 39 North, of Range 40 E.W.M.

Dated this 20th day of November 1952

(Seal)

(Seal)

(Seal)

Donald Nasburg (Seal)

1% REAL ESTATE TAX
EXCISE
Affd. Rd. No. 2157
INDEX
STAMPS

DEC 17 1952
CHESTER A. HILLS
COUNTY TREASURER

State of Washington, County of Spokane ss.

I, the undersigned, a Notary Public in and for the State of Washington, do hereby certify that on this 20th day of November, 1952, personally appeared before me Donald Nasburg, a bachelor at the time of acquiring title herein,

to me known to be the individual described in and who executed the within instrument, and acknowledged that he signed and sealed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal the day and year above written.

Alma Gordon

Notary Public for the State of Washington,

Residing at Spokane, Washington.

MINING DEED STATESMAN INDEX - COLVILLE

THIS INDENTURE, Made this 20th day of November in the year of our Lord One Thousand nine hundred fifty-two BETWEEN Donald Nasburg, a bachelor at the time of acquiring title herein of the County of Spokane and State of Washington the party of the first part, and John Nasburg, a bachelor, East 32 29th Avenue, Spokane, of the County of Spokane and State of Washington the party of the second part.

WITNESSETH, That the said party of the first part, for and in consideration of the sum of - - - - - - One Dollar and other valuable consideration- - - - - - - - - - - ~~XXXXXXX DOLLARS~~ lawful money of the United States of America, to him in hand paid by the said party of the sesond part, the receipt whereof is hereby acknowledged, hath granted, bargained, sold, remised, released and forever quit-claimed, and by these presents do grant, bargain, sell, remise, release and forever quit-claim, unto the said party of the second part, his heirs and assigns, ~~XXX~~ the undivided interest of the grantor in and to Scandia, Triangle Fraction, Sunnyside, Stonewall and Galena Queen unpatented lode mining claims as located, surveyed, recorded and held by said party of the first part, situated ~~XXX~~ in the NE¼ of Section 23, Township 39 North, of Range 40 E.W.M.,

Northport Mining District, County of Stevens, State of Washington, together with all the dips, spurs and angles, and also all the metals, ores, gold and silver bearing quartz, rock and earth therein, and all the rights, privileges and franchises thereto incident, appendant and appurtenant, or therewith usually had and enjoyed; and also all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in any wise appertaining, and the rents, issues and profits thereof; and also all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in law as in equity, of the said party of the first part, of, in or to, the said premises, and every part and parcel thereof, with the appurtenances.

TO HAVE AND TO HOLD, All and singular, the said premises, together with the appurtenances and privileges thereto incident, unto the said party of the second part, his heirs and assign forever.

IN TESTIMONY WHEREOF, The said party of the first part has hereunto set his hand and seal the day and year first above written.

Signed, Sealed and Delivered in the Presence of ..... (Seal)

.... (Seal)

.... (Seal)

..... Donald Nasburg (Seal)

STATE OF WASHINGTON,
County of Spokane } ss.

I, Alvin Gordon, a Notary Public in and for said County and State, do hereby certify that on this 24th day of November A. D., 19 52, personally appeared before me DONALD NASBURG, a bachelor at the time of acquiring title herein to me known to be the individual described in and who executed the within instrument, and acknowledged that he signed and sealed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

Alvin Gordon
Notary Public.

in and for the State of Washington
Residing at Spokane

MINING DEED

INDEXED
RECORDED
COMPARED
PROOF

TO

STATE OF WASHINGTON,
County of STEVENS } ss.

I hereby certify that the within instrument was filed for record in the office of the County Auditor of said County on the 18 day of December A. D. 19 52 at 9 o'clock and 13 minutes, P. M., at the request of John T. Ritts

Colville, Wash. and recorded on page 179 of Book 11 of Mining Deeds

HAZEL NEBEL
County Auditor

By Ruth A. Nu, Deputy

Recorded 12-19- 19 52

By ....., Deputy

$1.50

John T. Ritts
Colville, Wash.

272983

FILE COPY
SURNAME:

140

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

Betty
Hofflund
HFKeller

NOV 13 1952

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

Re: Docket No. DMEA-325
Theodore, John, Donald and
Effie Nasburg, and Raleigh
Hallenius (Zinc)
Contract No. Idm-E60

Dear Mr. Weissenborn:

This responds to your letter dated October 29, to the Chairman of the Operating Committee, concerning the above-described project.

Your letter states that it is unlikely that the additional work under the project provided for in an amendment dated August 15, 1952, can be completed before July 16, 1953, at which time two years from the date of the original contract will have elapsed. There will be a delay in completing the project because the additional work was provided for just prior to the fall season and it is not economically feasible to begin the work until about next May 1.

In these circumstances, an extension of time for completion of the project beyond July 16, 1953, is approved. In view of my approval of the extension, you may execute the amendment to accomplish it.

Sincerely yours,

C. O. Mittendorf (for) 11-13-52

Administrator

HCRubin/em
11/10/52
Copy to: Mails and Files
Adm. Reading File
C. O. Mittendorf
H. F. Keller
J. L. Hofflund
H. C. Rubin
chron
pending

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
NOV 3 1952

Received J.W.A. Nov. 7, 1952

October 29, 1952

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

Re: Docket No. DMEA-325 - Zinc
Theodore, John, Donald and
Effie Nasburg, and Raleigh
Hallenius, Partners
Stevens County, Washington
Contract No. Idm-E60

Dear Mr. Johnson:

In reply to an Operating Committee letter of September 23 signed by Mr. Ellis, Acting Chairman, action is being taken to obtain the proper description of the land involved. The Operator has promised that he will have the necessary information for us in the very near future.

Before signing the contract, we would like to have some information from you. Article 3 of the amended contract states that the work is to be brought to completion before June 16, 1953. The exploration program proposed includes 300 feet of drifting and 100 feet of winz sinking. Because of the late season, the Operator now believes that it will not be feasible to begin work this fall and would like, therefore, to postpone until spring the starting of work on the amended contract, which means that unless we have an unusually open winter, work cannot begin before about May 1st. It is not likely, therefore, that the drifting and winze sinking can be completed by the middle of July. If the additional work provided for in the amended contract is to be done, then it will be necessary to further amend the contract to extend the completion date which we cannot do here, of course. The alternative would be to consider the work already done as a completed contract and to consider the amendment as a new contract rather than Stage 2 of the original one. Would you please advise us, as soon as possible, what action should be taken? We can

RECEIVED
NOV -7
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

endeavor to persuade the Operators to undertake winter work, but this is liable to be so much more expensive that we do not think it wise.

Sincerely yours

A E Weissenborn

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

cc: USBM (2)
Kirkemo

FILE COPY
SURNAME:

500

J. W. E.
Keating

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

September 29, 1952

Memorandum

To: Administrator

N.S. in R.&R.

From: A. G. Keating, Acting Chief, Base Metals Division

Subject: Justification for Amendment to Docket No. DMA-325X, Contract No. Idm-160, Theodore, John, Donald and Effie Nasburg, and Raleigh Ballenius, Stevens County, Washington (Zinc)

Work under the original contract was completed on August 6, 1952. This resulted in the discovery of promising ore indications which are sufficiently strong to warrant further exploration.

The work to be done under the amendment to the contract will consist of:

1. Drift on vein westward in main adit a maximum of 100 feet. This is an extension of the drifting that had been done under the original contract.

2. Sink inclined winze on hanging wall of vein 100 feet.

3. Drift on vein in both directions from 100 foot level in winze not to exceed a total of 200 feet.

The total estimated cost of the original contract was $7,560.00. The estimated cost of work in the amending contract is $21,700.00, all work to be done on a unit cost basis. The total estimated expenditure for the project will therefore be $29,260.00, of which the Government participation (50%) will be $14,630.00.

In concurrence with the examining engineers and the Washington members of the USBM and USGS, this office approves the granting of the proposed increase in funds to do additional work.

JWAlt/AGKeating/bjl
Copy to: Docket
Admr. R. File
Oper. Committee
H. F. Keller (2)
J. W. Alt
Mr. Bishop
Mr. McKnight
Chron.

/s/
A. G. Keating, Acting Chief
Base Metals Division

FILE COPY
SURNAME:

500

Keating

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

SEP 23 1952

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

Re: Docket No. DMEA-325 (Zinc)
Contract No. Idm-860
Theodore, John, Donald and Effie Nasburg, and Raleigh Hallenius, Partners
Stevens County, Washington

Dear Mr. Weissenborn:

We are enclosing the original and five copies of an amendment to the above described contract, together with Exhibit "A", (2 pages), Annex I and one map.

Before the amendment can be executed, it will be necessary to obtain the proper description of the land and insert it in Article 2 of the contract form.

If the amendment meets with your approval, kindly present it to the Operator for approval and signature, and when completed distribute in the usual manner. In the event the contract is not satisfactory, return all copies with your recommendation concerning any modification.

Sincerely yours,

ce

Ernest Wm. Ems 9-23-52

ACTING Chairman, Operating Committee

Enclosures
APPROVED:

C. H. Johnson
Member, Bureau of Mines

T. P. Thayer
Member, Geological Survey

JWAlt-mb September 19, 1952
Copy to: Docket
Adm. Reading File
Operating Committee
Mr. Keller (2)
Mr. Alt
Mr. Bishop
Mr. McKnight
Region II

FILE COPY
SURNAME:

Rubin

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

September 16, 1952

Memorandum

To: Administrator

Through: H. F. Keller

From: Chief Counsel

Subject: Contract Docket No. DMEA 325, Theodore Nasburg et al., partners

There is attached, in satisfactory legal form for execution, an amendment and supplement to the above described contract, subject to the insertion in Article 2 of the contract, prior to execution, of a proper description of the land which is the subject of the project. (See paragraph 3(c) of DMEA Circular 21).

J. L. Hofflund

J. L. Hofflund
Chief Counsel

N.S
R+R

Attachment

HCRubin/ema
cc: Mails & Files
J. L. Hofflund
H. C. Rubin
H. F. Keller
Chron.

IN REPLY REFER TO:

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

August 29, 1952

Memorandum

Re: DMA-325X
Contract Idm-E60
Scandia Group
Stephens County,
Washington
Zinc

To: Mr. H. F. Keller

From: B. Gildersleeve

Subject: Proposed extension of Contract Idm-E60, Docket DMA-325X, concurrence with approval recommended by field team.

The present exploration project, which is nearing completion, has resulted in the discovery of promising ore indications. It is believed that the mineralization exposed by the preliminary work under Contract Idm-E60 is sufficiently strong to warrant further exploration, and the field team is of the opinion that this can best be done by including the work in the present contract as amendment No. 4.

I believe that there is a good geologic probability of success in discovering an important ore body and, therefore, concur with the field team in recommending approval of the proposed contract amendment.

B. Gildersleeve

B. Gildersleeve
Geologist

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

August 27, 1952

Memorandum

To: H. F. Keller

From: O. M. Bishop

Subject: Contract IDM-E60, Docket No. DMA-325X, Scandia Group, Stephens County, Washington. Concurrence with recommendation of Field Team to add amendment No. 4 to contract, which increases the size of the contract by $22,785

The present exploration project is nearing completion and has resulted in the discovery of promising indications of an orebody. The field team recommends 100 feet of additional drifting on the main level to determine the extent of the present ore shoot and explore the limestone argillite contact for other possible ore shoots, then to sink an inclined winze 100 feet and drift 200 feet from the bottom of the winze. The ore exposed by the work done up to the present time runs from 9 percent to 20 percent in zinc, but it is mostly oxidized zinc, which may be expected to occur as sulfides at depth. We concur in the recommendations of the field team that this contract be approved as an extension or amendment to the original contract.

O. M. Bishop
O. M. Bishop
Base Metals Branch

SD

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

1201 North Division Street
Spokane 2, Washington
August 14, 1952

MEMORANDUM

To: Chairman, Operating Committee, DMEA, Washington, D.C.

From: Field Team, Region II

Subject: DMEA Docket No. 325X (zinc), Contract Idm-E60
Scandia Group, Stevens County, Washington

Enclosed herewith for consideration are memoranda prepared by E. A. Magill, Mining Engineer, U. S. Bureau of Mines, and W. G. Puffett, Geologist, U. S. Geological Survey, regarding the advisability of expanding the captioned contract. An appropriate contract amendment and accompanying sketch prepared by Mr. Magill also are enclosed.

In view of the fact that a discovery can be certified on the basis of work completed to date, that the Operators have performed a workmanlike job, and that information likely to be obtained by additional exploration may delineate a zinc ore body of economic significance, the Field Team recommends that the proposed contract expansion be given favorable consideration.

By Field Team, Region II

Glenn C. Reed
For M. E. Volin, Acting Exec. Officer
(U. S. Bureau of Mines)

S.W. Hobbs, Acting Member
(U. S. Geological Survey)

Enclosures

SDS

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

July 29, 1952

Memorandum

To: A. E. Weissenborn, Exec. Officer, DMEA Field Team, Region II

From: Willard P. Puffett, Geologist, U. S. Geological Survey

Subject: Proposed extension of Exploration Project Contract Idm-200 at the Scandia Prospect, Stevens County, Washington. Docket DMA-1415X (Zinc)

RECOMMENDATION

It is recommended that the present exploration project contract at the Scandia Prospect, Stevens County, Washington, be extended to allow for further exploration of now-exposed ore indications. This new work will include 100 feet of drifting on the main level, sinking 100 feet of winze on the ore zone, and driving 200 feet of drifts at the bottom of the winze. The estimated total cost of the new work is $20,000.00.

SUMMARY OF WORK DONE UNDER THE ORIGINAL CONTRACT

A DMA contract for a project to explore for zinc ore at the Scandia Prospect in which the Government was to participate for 50 percent of the costs was awarded to Theodore, John, Donald and Effie Nasburg, and Raleigh Hallenius, on July 16, 1951. The original exploration program consisted of two separate projects:

(1) to drift 100 feet on an ore showing in an already existing adit, and

(2) to sink a shaft for 50 feet and drive 50 feet of drifts from the bottom of this shaft to explore a separate ore showing from that in the adit.

The original program was very modest in design and it was stated in the Examining Team's report that: "If the preliminary work outlined herein is successful, further exploration will be required."

The drifting as designated in the contract was completed September 6, 1951, good zinc ore being exposed in and in front of the face for a distance of 20 feet. Shaft sinking operations were

them initiated but by the time the shaft had been sunk to a depth of 22.5 feet it was apparent the good zinc ore that existed on the surface did not persist with depth. Consequently, shaft sinking operations were discontinued and an amendment was made to allow that amount of funds still remaining as part of the total contract cost to be used to extend the drift in which good showings of ore had been exposed. This new drifting was started October 1, 1951, but was discontinued October 17, 1951, due to the inclement fall weather which made it nearly impossible for the operators to obtain access to the tunnel site. As of October 17, 1951, the ore showing had been completely intersected and the indications were that it consisted of a lens of high-grade zinc ore, striking northwest and dipping approximately 35 to 40 degrees to the southwest. Since work has been resumed this spring, this ore zone has been further explored for a minimum strike length of 65 feet. As of July 2, the ore zone consisted of a foot-wide oxidized zone bordering a strong shear which dips steeply to the south and strikes approximately East-West. This nearly completes the work allowed by the total cost of the contract.

The operators are desirous of doing further exploration to test the ore zone with more drifting on the adit level and to sink a winze on the widest ore showing for at least 100 feet and drift on ore from the bottom of this winze. The operators state they will have difficulty in financing this further exploration if they are not able to obtain an extension of their present Exploration Project Contract with the Government.

GEOLOGY

The workings of the Scandia Prospect are exploring a mineralized area in Upper Metaline Limestone of Cambrian Age. In the mine area this formation has been marmorized and now consists mainly of gray, even-grained, marble, in which evidences of bedding have been nearly obliterated but a prominent joint system is apparent.

The ore that has been exposed consists of high-grade disseminations of sphalerite and galena along fissures in the limestone. Only one strong lead-sulphide zone has been exposed; the rest of the ore showings containing mainly sphalerite. Samples have been taken in various ore locations and from these samples assay results have been obtained indicating 9.1 to 20.1 percent zinc.

Inasmuch as the main workings are within 50 feet of the surface, much of the ore consists of oxidized zinc but it is believed that deeper exploration will expose sulfides.

Structurally, the Scandia Prospect is very near a major thrust fault in which the Metaline formation has been thrust partially over the younger Ledbetter Slate of Ordovician age.

FEASIBILITY OF THE NEW EXPLORATION

It is believed by examining personnel that the presently nearly completed exploration project at the Scandia Prospect has been successful in exposing promising ore indications. Therefore, in accordance with the examining Team's original report, "further exploration will be required."

The present workings are only a maximum of 30 feet beneath the surface and consequently the exploration has indicated only a small tonnage of ore. If deeper exploration can be successfully completed, the possibility exists that sufficient ore will be indicated on which to base a mining operation.

It is difficult to project ore showings to depth with any degree of accuracy in the Scandia area; for example, the strong surface showing on which the shaft was started terminated in barren rock within 6 feet of the surface. Therefore, the safest possible way to explore for deeper extensions of the ore is to do the utmost to stay with the ore. One way this can be done is by sinking.

The presently exposed mineralized shear in the main workings is sufficiently strong to merit more exploration even though very little ore will be indicated as a result. This further exploration on the zone will aid materially in determining the correct direction to drift from the bottom of the winze, because it will give information as to the trend of the ore zone as it continues to the west.

Although the operators are not experienced miners, they have conducted a reasonably satisfactory operation in carrying out the present exploration program and there is no reason to believe but that they will be capable of satisfactorily conducting the new proposed exploration.

Willard P. Puffett
Geologist

Enclosure

cc: DMEA (3)
USBM, Spokane
USBM, Albany
USGS (SRO)

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 21 1952

So. 157 Howard Street
Spokane 4, Washington

July 19, 1952

Omen-325

Mr. Theodore Nasburg
Northport,
Washington

Dear Mr. Nasburg:

Inasmuch as we are not quite certain as to how you folks plan to proceed with further exploration at the Scandia or as to the extent of the funds you wish to invest in such exploration, Mr. Magill and I can only outline a very general program which you may want to undertake. We do agree that the structure you are now following should be explored at least another 100 feet or until it seems probable that further drifting will not expose new ore. As to the best method of exploring the known ore shoot to depth, we believe that sinking a winze is the answer. It may be that you would prefer to do diamond-drilling to insure the extension of the ore showing with depth before initiating a sinking operation. However it's handled, it appears from presently available information that it would be too much of a long shot to drop down the south slope and come in with another horizontal tunnel in the hope of intersecting the ore zone, unless sufficient drilling was first completed to insure that the tunnel would expose ore.

The following outlined program is presented as a suggestion and also as an indication of the funds that will be necessary to complete the exploration project:

Drifting on present level 100 feet at $30/foot	$ 3,000.00
Sinking winze 100 feet on ore at $100/foot	10,000.00
Drifting on ore structure at bottom of winze for 200 feet at $35/foot	7,000.00
Total Cost	$20,000.00

Mr. Magill and I feel that this should be the minimum amount of work planned in order to fully explore the property sufficiently to indicate whether or not a minable ore zone exists. An added unit of work would be diamond drilling for which you would have to figure

costs approximating $6/foot. If any diamond-drilling were to be done, it would seem that to make any of it conclusive at least 600 to 1,000 feet would be necessary.

Although we feel that you people are not now experienced enough to do the sinking job yourself, you should be able to hire miners to supervise the operation and in due time it may be possible you can handle the operation yourselves and in such a way obtain an economy in the remainder of the sinking operation.

We do want you to write us a letter outlining as best as possible just what work you figure you can do with the probable costs of such work. We'll use your letter as a basis on which to make a recommendation as to whether or not your contract should be extended to include such work. It goes without saying, of course, that the sooner we receive your letter the more expeditiously the extension of the contract can be handled.

Yours very truly,

Willard P. Puffett

cc: USBM
DMEA

400

FILE COPY
SURNAME:

Moulds

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

OCT 19 1951

Contract Service Section
General Accounting Office
Washington 25, D. C.

Re: Docket DMA 325X
Nasburg and Hallenius
Exploration Project Contract
Idm-E-60
Amended: October 1, 1951

Gentlemen:

Enclosed for recording in your office is the original of an amendment to the Exploration Project Contract between the operator named in the above reference and the Government of the United States.

Sincerely yours,

cc 10/19

(signed) FRANK E. JOHNSON ACTING
C. O. Mittendorf, Director
Production Expansion Division

Enclosure-1
DEMoulds/hmj
11/17/51
cc to: Reports and Records
Adm Reading File
Mr. Mittendorf, Olund
Docket
Mr. Moulds

C
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P
Y

DEPARTMENT OF THE INTERIOR
RECEIVED
OCT 25 1951
Defense Minerals Administration,
Production Expansion Division.

UNITED STATES
DEPARTMENT OF THE INTERIOR
Bureau of Mines

1201 N. Division Street
Spokane 2, Wash.

October 19, 1951

Memorandum

To: C. O. Mittendorf, Director, Production Expansion Division, Defense Minerals Administration

From: DMA Field Team, Region II

Idm-325X

Subject: Contract amendments I-DMA-E18, I-DMA-E12, Idm-E60, I-DMA-E102, and Idm-E160

Enclosed for appropriate distribution are three copies each of the subject contracts. Copies of these amendments have been forwarded to the DMA Fiscal Officer, Region II, and to the companies concerned.

By Field Team, Region II

/s/ A. E. Weissenborn

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

Glen C. Reed /s/

Glenn C. Reed
For: M. E. Volin, Member
(U. S. Bureau of Mines)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane 4, Washington

DEFENSE MINERALS ADMINISTRATION WASHINGTON, D. C.
OCT 15 10 53 AM '51

October 8, 1951

DEPARTMENT OF THE INTERIOR
RECEIVED
OCT 1 5 1951
Defense Minerals Administration,
Production Expansion Division.

Mr. C. O. Mittendorf
Director, Production Expansion Division
Defense Minerals Administration
Department of Interior
Washington 25, D. C.

UMA-325X

Re: Idm-E60

Dear Mr. Mittendorf:

Enclosed is the original and two copies of an Amendment to the Scandia mine contract, Idm-E60. Please distribute these copies of Amendments to the copies of the contract in question.

Yours very truly,

M. E. Volin
Acting Exec. Officer
(U.S. Bureau of Mines)

Enclosures

My dear Senator Magnuson:

I am pleased to report to you that the Defense Minerals Administration of this Department has recently entered into a contract with Theodore, John, Donald and Effie Nasburg, and Raleigh Wallenius, operating in your state for the exploration of possible sources of zinc.

The contract provides that the Government will participate in the expense of this work up to 50% of the cost thereof.

This type of assistance is provided for under Section 303 of the Defense Production Act.

The Defense Minerals Administration will be glad to furnish you any further details you may desire regarding the matter.

Sincerely yours,

Secretary of the Interior

DEMoulds/jem
7-25-51

Hon. Warren G. Magnuson
United States Senate
Washington 25, D. C.

Identical letter to: Hon. Harry Cain
Mr. Walt Horan

cc to: Secy's Reading File
Adm Reading File
Mr. Mittendorf-Mr. Olund
Mr. Moulds
Reports & Records

FILE COPY
SURNAME:

Mittendorf

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

July 23, 1951

Mr. A. E. Weissenborn
Executive Officer
Field Team, Region II
Defense Minerals Administration
South 157 Howard Street
Spokane, Washington

Theodore Nasburg

A. E. e

Re: DMA-325X
Scandia Mine

Dear Mr. Weissenborn:

Enclosed for the use of your office is a copy of the executed contract covering the subject exploration project.

A copy for the Regional Finance Officer will be forwarded directly to him by the Washington Finance Section, together with accounting instructions.

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

Enclosure-1

COMittendorf/fw

cc to: Admr. Reading File -
Mr. Herres -
Mr. McKnight -
Miss Terry, Finance Sec.
Mr. Mittendorf, Mr. Olund
Mr. Moulds
FILES -

mt 7/24

FILE COPY
SURNAME:

Mittendorf

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

July 23, 1951

Contract Service Section
General Accounting Office
Washington 25, D.C.

Re: Docket DMA-325X
Exploration Project Contract
Idm-E60
Scandia Mine
Theodore, John, Donald, and
Effie Nasburg, and Raleigh
Hallenius
Spokane, Washington

Gentlemen:

Enclosed for recording in your office is the original, signed copy of an exploration project contract between the operators named in the above reference and the Government of the United States.

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

Enclosure-1

COMittendorf/fw

cc to: Admr. Reading File
Mr. Mittendorf, Mr. Olund
Mr. Moulds
FILES

FILE COPY
SURNAME:

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

Mittendorf

July 18, 1951

Mr. John Nasburg
East 29th Avenue
Spokane, Washington

Re: Docket No. DMA 325-X
Scandia Mine

Dear Mr. Nasburg:

Enclosed you will please find a copy of the exploration contract covering your Scandia Mine. The contract has been completed with effective date of July 16, 1951 and bears serial number Idm-E60 which is the register number which, along with docket number, is to be placed on all correspondence relative to the project.

Also included are four copies of Monthly Progress Report and one copy of an information bulletin which attempts to set forth the answers to many questions which have arisen in connection with the exploration program.

You are requested to advise Mr. A. E. Weissenborn, Executive Officer, DMA Field Team, Region II, South 157 Howard Street, Spokane, Washington, when the work is started under the approved project.

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

Enclosures-6

DEMoulds/meh
cc to: Adm. Reading File
Messrs. Mittendorf, Olund
Mr. Moulds
Field Team, Reg. II (2)
FILES

FILE COPY
SURNAME:

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

July 13, 1951

Memorandum

To: C. O. Mittendorf

From: J. L. Hofflund

Subject: Theodore, John, Donald and Effie Nasburg, and Raleigh Hallenius, exploration contract -- Docket No. DMA-325x

The subject contract is approved as to form and legality.

At the time of execution by the Government the effective date should be inserted.

Your file is returned herewith.

J. L. Hofflund

J. L. Hofflund
General Counsel

Attachment

RHGuthrie/ema

Copy to: L. F. Strobel
R. R. Guthrie
J. L. Hofflund
Chron.
Files

FILE COPY
SURNAME:

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

July 2, 1951

Mr. Donald Nasburg, Partner
Scandia Mining Group
32 E. 29th Avenue
Spokane, Washington

Subject: DMA-325X
Re: Exploration Loan -
Scandia, Triangle Claim

My dear Mr. Nasburg:

Reference is made to my letter of June 15, acknowledging your application of May 24, 1951 for an exploration loan under the Defense Production Act of 1950. You were advised that docket number DMA-1413X had been assigned this application.

However, it was found that the docket number on this application should be DMA-325X and not DMA-1413X.

In any future correspondence regarding your application, kindly refer to DMA-325X.

Sincerely yours,

LANDON F. STROBEL

Landon F. Strobel
Executive Secretary

L. F. Strobel:jc
cc: Strobel
✓Files
Herres
Lyon

DMA-325 X

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

So. 157 Howard Street
Spokane 4, Washington

June 22, 1951

Mr. L. F. Strobel
Executive Secretary
Defense Minerals Administration
Department of Interior
Washington 25, D. C.

Dear Mr. Strobel:

Enclosed are a field team report and an exploration contract referring to the Scandia prospect, DMA-325. The original docket material is returned herewith.

Please forward this material to the Lead-Zinc Branch.

Very truly yours,

A. E. Weissenborn

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

Enclosures

JUN 27 1951

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

June 22, 1951

Through: L. F. Strobel
Executive Secretary

Memorandum

To: Otto Herres, Chief, Lead-Zinc Branch

From: Field Team, Region II

Subject: Scandia Prospect, Stevens Co., Washington

Enclosed is a report in quadruplicate concerning the Scandia prospect. Also enclosed are six signed copies of a contract complete with exhibits.

The proposal calls for a small expenditure and, if successful, would not block out very much ore. However, the showing of ore on the property is attractive and is worth further investigation.

High grade replacement bodies in limestone are characteristic of the area. The proposed work would indicate whether it amounts to anything.

By Field Team, Region II

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

M. E. Volin, Member
U. S. Bureau of Mines

Enclosures

cc: U.S.B.M., Spokane
U.S.B.M., Albany

On Site Exam

UNITED STATES
DEPARTMENT OF INTERIOR
OSCAR L. CHAPMAN--SECRETARY

DEFENSE MINERALS ADMINISTRATION

Report by Examination Team
Region II

DMA-325--Scandia Prospect

Stevens County, Washington

R. N. Roby, Mining Engineer
U. S. Bureau of Mines

M. R. Klepper, Geologist
U. S. Geological Survey

June 18, 1951

June 18, 1951

EXAMINATION TEAM REPORT

Scandia Prospect

DMA Docket No. 325 Stevens County, Wash.

R. N. Roby USBM
M. R. Klepper USGS

RECOMMENDATIONS

The examining team recommends that the applicants be granted an exploration loan, the sum of which is to be $3,830.00; this amount will be matched by the applicants.

APPLICANTS

The applicants are John Nasburg, Donald Nasburg, Theodore Nasburg, and Effie Nasburg, East 32 Twenty-ninth Ave., Spokane, Wash., and Raleigh Hallenius, West 1024 Thirteenth Ave., Spokane, Wash.

LOCATION AND ACCESSIBILITY

The Scandia group of mining claims is in sec. 23, T. 39 N., R. 40 E., W.M., Stevens County, Wash. The property is accessible from Northport, Wash., by 5 miles of paved road and 1 mile of unimproved mountain road. The altitude is about 1,850 feet in the valley of Deep Creek at the junction of the paved highway and the main road. The altitude at the mine workings ranges from 2,650 feet to 2,760 feet.

Northport is on the Spokane-Nelson branch of the Great Northern railroad. Electric power is available from a power line extending down Deep Creek Valley from a substation at Spirit to Northport. The line, owned by the Stevens County Electric Cooperative, Inc., is energized

to 7200/12470 volts. No power facilities are installed at the mine workings.

PROPERTY AND OWNERSHIP

The property, consisting of the following unpatented mining claims and deeded land, is held by location or owned by John, Theodore, and Effie Nasburg and Raleigh Hallenius, all of Spokane, Wash.

Unpatented claims held by location in
secs. 23, T. 39 N., R. 40 E:

Scandia
Triangle
Galena Queen
Sunny Side

Patented land:

S3/4, NW1/4, NE1/4, sec. 23, T. 39 N., R. 40 E.
E1/2, NE1/4, sec. 23, T. 39 N., R. 40 E.

Deep Creek crosses the lower part of the patented land. Part of this land could be utilized as a mill site should it be required.

HISTORY AND PRODUCTION

The claims in the group were located in 1926. The patented land is part of a ranch that has been owned by the Nasburg and Hallenius families for many years.

One carload of ore was shipped from the Scandia adits in June 1950. This shipment contained 8 percent lead and 8.6 percent zinc. No earlier shipments were reported.

DESCRIPTION OF PROPOSAL

The applicants desire an exploration contract in the amount of $7,660, the DMA to provide $3,830. They propose to spend this money on two projects. The first project is to explore the vein in the Upper Scandia adit for an additional 100 feet by drifting. The second project is to explore a zinc deposit on the south side of the ridge 100 feet below the upper adit. The applicants propose to spend the money to purchase supplies, rent equipment, and to hire one experienced miner. The applicants themselves propose to do the mucking, tramming, and general labor.

TECHNICAL FEASIBILITY

Geologic Setting

The Scandia prospects are in fractured and sheared zones in Cambrian Metaline limestone. The ore occurs as a replacement of limestone along the fractures. Other mines in the near vicinity have become substantial producers. Production has been estimated at $250,000 from the Black Rock mine, 1 mile southeast of the Scandia. The Goldfield mine of the Deep Creek Consolidated Mines Co. is currently producing about 150 tons of ore per day. This mine is 1 mile south of the Scandia.

SAMPLES

Two samples were taken to give an indication of the grade of the expected ore. Sample RNR-114 was taken across a 4-foot face of zinc ore in the lowest workings. This sample assayed 0.1 percent

lead and 30.7 percent zinc. Sample RNR-115 was a chip sample across a 3-foot vein in the uppermost adit. This sample assayed 0.1 percent lead and 6.1 percent zinc.

EQUIPMENT AND FACILITIES

There are no facilities or equipment on the property.

ADEQUACY OF REQUESTED FUNDS

The funds requested by the applicants are sufficient under present circumstances to accomplish the work they propose to do; also, inasmuch as they propose to do much of the work themselves and the fact that they can hire a local miner to operate the drill, it is the opinion of the examining team that the funds requested ($3,830 by DMA and $3,830 by the applicants) are adequate.

COMPETENCE OF APPLICANTS

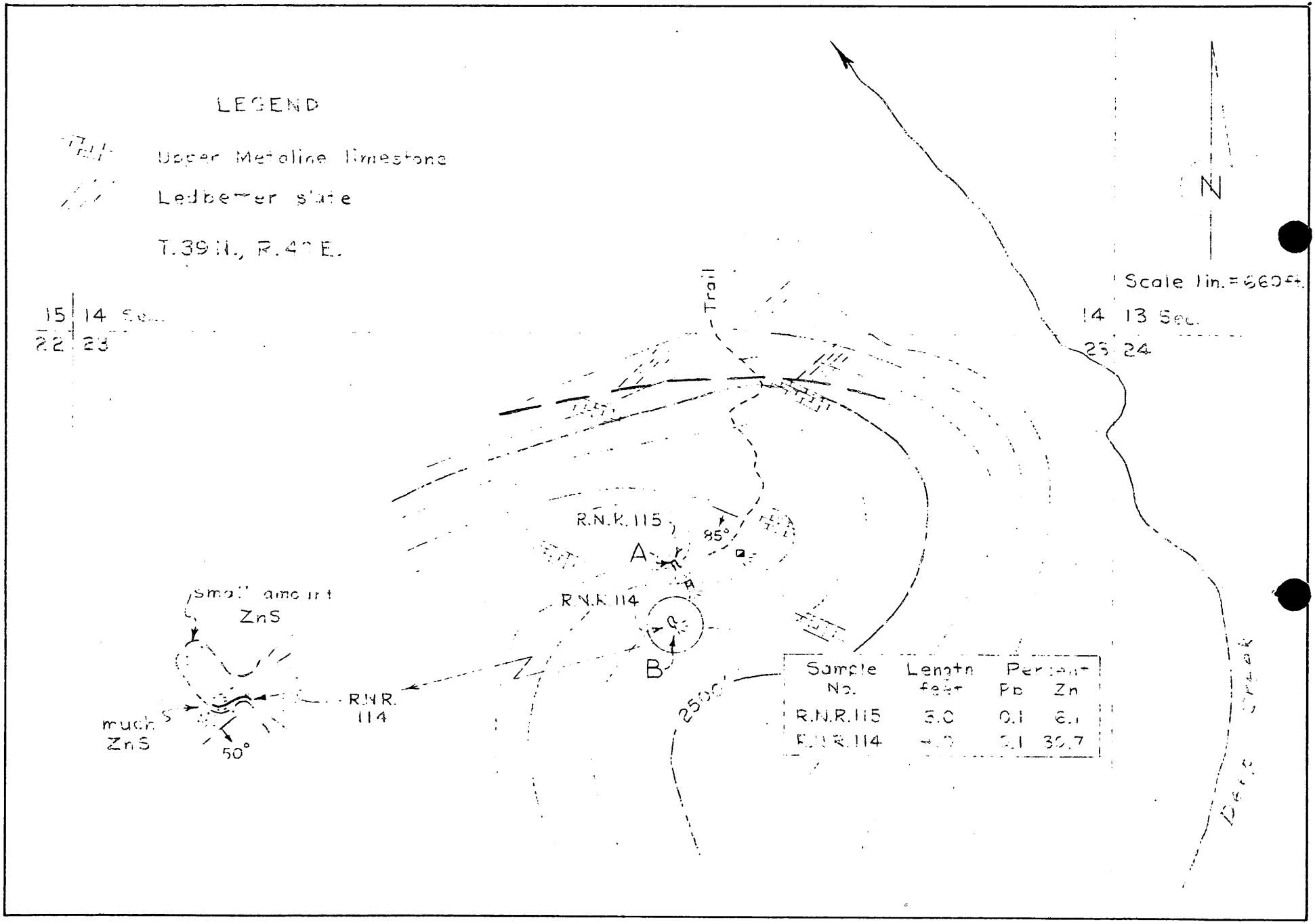
The applicants are honest, straightforward, young business men of the community of Spokane. They have each saved some money which they are willing to invest to develop the property.

DISCUSSION OF THE PROPOSAL

Although the investment in this project is small, there is a chance of finding an important deposit of zinc-lead ore. The prospects are in Metaline limestone which has been a favorable host rock for ore in other mines in the vicinity. If the preliminary work outlined herein is successful, further exploration will be required.

The two projects set forth for exploration appear feasible. The extension of the upper adit appears to be justified on the strength of a one-car shipment that settled at 16.6 combined lead and zinc. The

zinc showing in the lower adit appears even more favorable, although the method of exploring it is less clear cut. This project will probably require the sinking of a small winze, with perhaps some drifting from the bottom of the winze. This work will be started in a good grade of ore (zinc 30.6 percent); it should be planned so that the workings will follow the ore.



SKETCH OF SCANDIA PROSPECTS, STEVENS COUNTY, WASH.

To Production Expansion Division

Brought for McKnight 6/5/51 Mot Herres

Defense Minerals Administration

Review of Application for Exploration Assistance

Docket No. DMA-325

Commodity Lead-Zinc

Total Amount $7,560.00

Govt. Participation 50%

1. Name and Address of Applicant John Nasburg, Donald Nasburg, Theodore Nasburg, and Effie Nasburg, East 29th Ave., Spokane, Washington and Raleigh Hallenius, West 1024 13th Ave., Spokane, Washington.

2. Location of Property Scandia group of mining claims, Sec. 23, T.39 N., R.40 E., W.M., Stevens County, Washington.

3. Mineral or metal Lead-Zinc Is it listed in Section 9 of MO-5? Yes

If not, application will be rejected.

4. Geologic probability of discovery—based on data in application (question #16, 17, 18, 20 and 22)*

Mines or Survey reports, etc., do you rate chances:

a) Good See attached field team report by R.N.Roby, U.S.B.M. and M.R.Klepper, U.S.G.S.

b) Poor

c) None

d) Don't know—needs field examination

e) Is there an alternative and favorable project? No
(If so, attach an explanation)

5. Is the applicant's right to the property clearly stated? Yes. See attached field team report and contract.
(question 5, 6, 7)*

6. If applicant is a lessee, is a copy of the lease attached? Not applicable.

Does the lease have sufficient time to run to cover a future productive period? Not applicable.

*question numbers are those of MF-103

7. Are subordination agreements necessary? No

a) MF-201? _____

b) MF-202 _____

8. From the data presented, does the proposed project appear feasible from the point of view of:

a) Available manpower Yes

b) Equipment and supplies Yes
(Question 14 plus general knowledge of availability)*

c) Accessibility (question 12)* Yes

d) Water (question 13)* Yes

e) Power (question 13)* Yes

Is a field check needed on any of these points? No

9. Does the experience of the applicant appear to be adequate to assure that he can properly conduct the proposed project? (question 4)* Yes

Is a field check needed on this point? See p.4, field team report.

10. Exhibit A. (questions 21 and 22)*

a) Is the project adequately described? Yes. See attached contract, Exhibit A.

If not, are there sufficient data given so that you can describe the project? ---- If so, attach a draft.

b) Is there an adequate map or sketch of the proposed work? Yes.

c) Is the proposed work "exploration" under the definition of Section 8, MO-5? Yes.

If not, what part of it is? _____

Is this part a worthwhile exploration project?_____

d) Are the cost estimates detailed? **Yes. See attached contract, Exhibit A.**

Can they be summarized, as on page 2 of Procedural Instruction 5-A, from the available data? **Yes** If so, attach a draft. **See attached contract, Exhibit A.**

e) Are the cost estimates reasonable? **Yes**

f) Should more information be requested from applicant? **No**

g) Is a field examination necessary to complete Exhibit A? **No**

11. Exhibit B (question 23-d)*

a) Is it applicable? **No**

b) If so, are sufficient data furnished?_____ If so, attach a draft.

c) Is a field check needed?_____

12. Exhibit C (question 23-e, f and g)*

a) Is it applicable? **Yes**

b) Sufficient data? **Yes** If so, attach a draft. **See attached contract, Exhibit C.**

c) Are rents and charges reasonable? **Yes**

d) Is a field check needed? **No**

13. Exhibit D (question 23-a, b)* **(See attached contract, Exhibit D).**

a) Are there sufficient data? **Yes**

b) Is the schedule adequate for the work proposed? **Yes**

c) Is the schedule excessive for the work proposed? **No.**

d) Are the proposed wages and salaries reasonable? **Yes**

e) Is a field check needed? **No**

14. Exhibit E (question 23-c)*

a) Is it applicable? No

b) Sufficient data?

c) Reasonable?

d) Field check needed?

15. In your judgment, can the proposed work be done in the proposed time? Yes.

(All exploration must be completed within two years)

16. If field examination is not needed, attach your recommendation.
Recommended for approval. See also attached field report.

17. If field examination is needed, do you have any special instructions for the field team not indicated by your answers to the foregoing question?

Reviewed by: Erwin J. Lyons, U.S.G.S.

G. A. Apell, U.S.B.M.

Date 6/28/51

97692

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane 8, Washington

March 27, 1951

Mr. Landon F. Strobel
Executive Secretary
Defense Minerals Administration
Department of Interior
Washington 25, D. C.

Dear Mr. Strobel:

This is to acknowledge receipt of your letter of March 19 enclosing copy of report on DMA Docket 325 and also copy of the Operating Committee Proceedings No. 18.

I wish to thank you for your attention to this matter.

Yours very truly,

Thor Kiilsgaard
Thor Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMA
Field Team, Region II

cc: Glenn C. Reed

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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LANDON F. STROBEL
Executive Secretary

BUREAU OF MINES
WASHINGTON, D. C.

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APR 5 1951

Metal Economics Division

Budget Bureau No. 42-R425.2
Approval Expires June 30, 1949

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

WASHINGTON 25, D. C.

STATEMENT OF FACTS AS TO THE LOCATION AND NATURE
OF MINERAL DEPOSITS

The Bureau of Mines is directed by Sec. 7(a) of Public Law 520 - 79th Congress - to investigate domestic mineral resources with a view to developing greater reserves of those minerals which are essential to national defense or industry, and of which our present or probable future supplies are inadequate. The development program resulting from this legislation is based largely on the systematic examination of known mineral occurrences; a few carefully selected deposits are developed further by trenching, test-pitting, drilling, or other means. A development project must show promise of making a substantial contribution to the national security or economy, relative to the effort expended. The emphasis placed upon different mineral commodities will vary from time to time in accordance with changes in the trend of industrial demand and the needs of the stockpiling program.

It is not intended that the Bureau's development work shall duplicate or supplant the efforts of private industry, hence its projects are largely centered on deposits which are marginal in character or for some reason do not appear to justify private investment.

The results of preliminary examinations are not ordinarily released for publication, nor can the examination reports be made available to owners or other than Government agencies. The factual data resulting from development projects, including sampling and assaying data, are made available to owners upon conclusion of the projects, however, and are published as soon as possible afterward.

Applications for examinations or development projects are unnecessary, but initial investigation may be greatly assisted by complete factual information from interested parties. Examinations and other investigations will be made only in accord with the best judgment of the Bureau's engineers and the limitations of funds and personnel.

The following statement lists data especially desired. A supplementary sheet may be used if necessary for extended remarks.

STATEMENT

Made by Theo. Nasburg Address E 32 - 29th Ave Spokane 10, Washington Date 11-14-50

Name of Property Scandia Mining Group Metal Lead, Znic, Silver

Owned by Theo. Nasburg & Associates Address E 32 - 29th Ave. Spokane, 10, Wn

Leased or optioned to None at present Address

Situated in:

Section 22 &23 Township 39 ; Range 40 ; Stevens (County) Washington (State)

(over)

Give detailed directions for reaching property from nearest town:

Take Deep Creek-Leadpoint road from Northport, Wash., to Deep Creek bridge at Palm's Mill (about 6 miles) turn south, go ¾ mile to Weinkauf ranch.

Name and address of local resident who can direct to the deposit

R. C. Weinkauf at ranch

History of deposit Located in 1926 and has been prospected in numerous out crop showings also considerable dozer stripping has been done. Road has been built to property.

Shipments of ore made One carload of crude ore was shipped in June 1950

Known dimensions of the deposit:

Length Appr. 700 feet; Width Appr. 150 feet; Depth Unknown feet.

Inclination:

Workings 3 shafts from 10 to 25 feet, 2 tunnels approxiametly 25 feet and other prospect work.

General description of mineral showings:

Mineral outcropings have been found in various places on ridge approximately 700 feet long by appr. 150 feet wide. Depth unknown

Sampling and assays Numerous assays have been made as example one ran 4.4 lead 7.8% zinc, another 5.7% lead 10.9 % zinc, and others as high as 65% lead and one ran 34% zinc.

Maps or sketches, especially those showing location of individual samples, their widths and values.

(If available) Engineer's report by _____ submitted (to be returned) (not to be returned)

Maps, sketches or Engineer's report not available at this time.

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NOV 16 1950
ALBANY, OREGON

2121

Theo. Nasburg

Theo. Nasburg
E 32-29th Ave Spokane, Wn

COPY OF W. RANDOLPH grEEN ON SCANDIA CLAIMS

Memorandum on the

SCANDIA PROPERTY

Stevens County, Washington

See Attached

Introduction

The Scandia property is located in Section 23, Township 39 North, Range 40 E.W.M., Stevens County, Washington about six miles Southeast of Northport on the west side of the Deep Creek valley. The property consists of 160 acres of patented land which is held by Raleigh Hallenius of Spokane, Washington and his associates.

No known ore shipments have been made from this property.

Physical Features and Communications

The property is located on a ridge trending northeast and e extending out into Deep Creek valley at an elevation of approxiametly 2600 feet. The property is reached via the Deep Creek highway from Northport. Transportation to Northport is furnished by State Highway No. 22 and the Great Northern Railway. The property is about one-half mile from the Deep Creek road and 600 feet higher in elevation. Two trails lead from the road to the workings.

The region is generally mountainous with consideralbe timber and brush covering the hillsides.

Description of the Deposit:

The top and southern side of the ridge on which the property is located is a marbleized limestone, while the northern side is slate. The bedding of the limestone appears to strike north 70 degrees west and to dip 85 degrees to the south. The Slate beds strike north 65 degrees east and dip 70 degrees south. The slate-lime contact is a fault contact and occurs a short distance below the ridge on the northern side.

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The limestone has been cut by several northeast-striking fractures and by a series of northwest-striking shear zones. There are three mineralized outcrops, approxiametly 300 feet apart, exposed in the limestone on the ridge. One of these outcrops occur as a replacement of limestone between two apparently parallel slips which strike north 70 degrees west and are about seven feet apart. A little sphalerite and galena are found to be disseminated in the zone between the two slips. This showing has been explored to a depth of seven feet by a shaft.

About 300 feet south and west of this showing, a second outcrop has bee explored by a short tunnel and one pit. This showing consists of approxiametly six inches of crushed calcite which contains a thin weinlet of galena. This mineralized seam strikes to the Northwest and dips to the southwest and appears to parallel the bedding planes.

The third mineralized showing on the ridge occurs approximately 300 feet north of the second showing and has been explored by a 25-foot shaft. This showing consists of about two feet of mineralized material which occurs along a northeast-striking fracture which dips to the southeast. This fracture is parallel to the slate-limestone contact.

A fourth mineralized outcrop on the property about 200 to 300 feet below the ridge on the south side. This showing, which was not sufficiently exposed to determine its attitude, consists of a replacement in limestone by sphalerite and galena. A short tunnel driven into the hill was inaccessible. Material found on the dump which supposedly came from these workings indicates that this is probably the best showing on the ground.

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Recommendations

The showings on the property have not been exposed sufficiently to permit a true evaluation of them. The northwest-striking shears and fractures which have been mineralized may be feeders which will lead to major mineralized bodies occuring close to the slate-limestone contact.

In order to explore the present showings and to determine if there are ore bodies near the slate-lime contact, it is recommended that some bulldozing work be done on top of the ridge to strip off the overburden and expose the bedrock. It is also recommended that the tunnel at the fourth showing be cleaned out and made available for inspection and that some stripping be done around the outcrop so that the showing is better exposed.

This work will determine the advisability of further exploration and will, if successful, furnish sufficient data to properly outline a future development program.

(Signed)
W. Randolph Green
Mining Engineer

October 1, 1948
Spokane, Washington

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DEC 6 1950
ALBANY, OREGON

DMP-3025

E. 32 - 29th ave.,
Spokane, 10, Washington

United States
Department of the Interior
Bureau of Mines

Mr. Glen C. Reed
% M. E. Volin,
Chief Mining Division Region 11

Dear Mr. Reed:

This is in reference to your letter dated November 24, 1950, concerning the Scandia Mining Group property in Stevens County, near Northport, Washington.

We are enclosing a copy of a mining engineers report, which was made before the access road and dozer stripping had been done. We have had other mining engineers inspect this property and they have agreed the property looks very promising and can be developed into a lagge producing property.

The Bonneville Power line, Deep Creek road and Deep Creek are about one eighth of a mile from the property line and less than one half mile from where the development work has been done. However the access road built last spring is about one mile in length and is over an easement right of way. By building the road in this location we eliminated the cost of a fill and bridge over Deep Creek.

In consideration of this property being located in the vicinity where several properties are now large producers we feel it warrants being developed.

As to its location in connection with other mines, it is joined on the South by the Deep Creek Mine of Goldfield Consolidated. Approxiametly seven miles North of Sierra Zinc Mine of Goldfield Consolidated, one half mile North of Black Rock mine, one mile North of Great Westerm and Last Chance, about eight miles North of Van Stone Mine of American Smelting and Refining on Onion Creek. Five and six miles West of Goldfields Anderson Mine and Admiral Consolidated, ten miles West of Electric Point and Gladstone Mines, Fifteen miles West of Metaline Falls and about seventeen miles Northeast of Bonanza Lead Mine at Bossburg.

The Sierra Zinc Mill of Goldfield Consolidated is running full capacity from the Deep Creek and Anderson Mines. The Bonanza Mill is running full capacity from the Bonanza and Old Dominion Mines. The Admiral mill is operating on ore from the Admiral mine.

In the near vicinity are several properties being developed and explored, such as Advance, Irigous, Farmer Mine, Jim Creek etc.

It is rather difficult to determine what equipment, man power and production will be without knowing what the ore reserves are.

We believe a diamond drill program should be worked out to determine the ore reserves and a mill be built on the property to take care of anticipated production.

Very Truly Yours,

Theodore Nasburg

Theodore Nasburg

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Supplementary Sheet

In consideration of the mineral showings which are in Metaline Limestone close to the Ledbetter Slate contact and inasmuch as there is a good mineral showing near the contact on the other end of this group of claims where a tunnel has been run about 80 feet in the Metaline Limestone with a shaft about 75 feet deep with another tunnel about 150feet below which is in Ledbetter Slate, this tunnell is about 165 feet long. We feel this property has promise of developing into a large producer, and wish your office could inspect it and aid us in outlying a development program and possibly have it diamond drilled.

This property is near the Deep Creek Mine of the Goldfield Consolidated Mining Company and consists of five (5) unpatented mining claims plus 110 acres of patented land, which includes part of Deep Creek and would give us good milling facilities and electric power.

Theo. Nasburg

Theo. Nasburg

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CORRECTION TO PROPERTY DESCRIPTION OF GREENS REPORT

The Scandia Mining Group Claims consists of five unpatented claims in Section 22 and 23, township 39 N Range 40 E.W.M. and one hundred and ten acres of patented land in section 23, making a total of two hundred ten acres. The patented land consists of the S $\frac{3}{4}$ of NW $\frac{1}{4}$ of N.E. $\frac{1}{4}$ of Sec 23-39-40 and E $\frac{1}{2}$ of N.E. $\frac{1}{4}$ of Sec 23-39-40 which takes in part of Deep Creek.

This property is owned by Theodore Nasburg, Raleigh Hallenius and associates.

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DEC 6 1950
ALBANY, OREGON

MIDAS MINING SYNDICATE
BELSHAZZAR MINE
PLACERVILLE, IDAHO
E.1214 19th Ave.
Spokane, Washington.
Nov.12th 1938.

Assay
Zinc 5.8 - 5.74
Lead 1.7 - 1.73
7.47

Mr. Daniel Huntington,
WPA Supervisor,
Colville, Wash.

Dear Mr. Huntington;

I am sorry that I have not been able to get the enclosed certificate of the sample that I took from the shaft of Mr. Kasbergs property to you before.

You will note that it is quite an encouraging result looking at it from the point of large scale operation. Of course it would require an expenditure of $5,000 to $ 50,000 to prove a tonnage large enough to warrant a milling operation of 500 to 1,000 tons per day. After ore reserves were proven a sum not less than $100,000 would have to be spent for a concentrating plant. Therefor I think you should try to interest people who will look at the proposition from this point of view.

In doing your assessment work you should drop down the hill below the tunnel(to the south of the shaft)and see if you couldn't pick up the high grade streak of lead. The charges for the assay is $ 3.00, if you will send it to me I will pay it.

Sincerely yours
Bliss Moore

U. S. BUREAU OF MINES
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DEC 6 1950
ALBANY, OREGON

FILE COPY
SURNAME:

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

Lyons
McKnight
Mote
Harris
Hedges

January 25, 1951

Memorandum

To: Executive Officer of Field Team, Region II

From: Lead-Zinc Branch, DMA

Subject: Docket DMA-325
Theodore Nasburg
Spokane, Washington

The application for a Government loan filed by Theodore Nasburg of Spokane, Washington has been reviewed by the Lead-Zinc Branch, DMA.

The applicant requests aid in appraisal of the property and in planning an exploration program. No specified amount of money is asked for.

The Lead-Zinc Branch, DMA, therefore, recommends:

(1) That the application be referred to the field team for investigation and advice.

The review of the application by the Lead-Zinc Branch, DMA, indicates that a geological examination of the property will be necessary.

OTTO HARRIS, Chief
Lead-Zinc Branch, DMA

ALBrokaw:jeh
G-1/25/51

copy to: Chief, Lead-Zinc Branch
Geological Survey - McKnight
C. H. Merrill
S. H. Williston
J. H. Hedges
R. H. Mote
2 copies to Executive Officer, Regional Field Team, Region II
Base Metals Files
Files

Approved:
DMA Operating Committee

Chairman

J. H. Hedges

Olaf N. Rove

FILE COPY
SURNAME:

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

Lyons
McKnight
Mote
Herres

January 24, 1951

Dma 3-25

Mr. Theodore Nasburg
East 32 - 29th Avenue
Spokane 10, Washington

Dear Mr. Nasburg:

Your application for a Government loan under the Defense Production Act of 1950 has been reviewed by the Lead-Zinc Branch of the Defense Minerals Administration and has been referred to the field for further review and appraisal.

Very truly yours,

OTTO HEHL, Chief
Lead-Zinc Branch
Defense Minerals Administration

EJLyons:jeh
G-1/24/51

copy to: Chief, Lead-Zinc Branch
Geological Survey - McKnight
C. W. Merrill
S. H. Williston
J. H. Hedges
R. H. Mote
2 copies to Executive Officer,
Regional Field Team, Region II
Base Metals Files
Files

DEFENSE MINERALS ADMINISTRATION

Mr. Herres

Referral of Applications for Government Aid

Docket No. ~~DMA - 325~~

Commodity: lead zinc and silver

Name of Applicant: Theodore Nasburg

Address of Applicant: East 32 - 29th Avenue
Spokane 10, Washington

Name of Property: Scandia Mining Group

Location of Property: Stevens County, Washington

Nature of Application: Loan

Action Dates

Application: 11/14/50

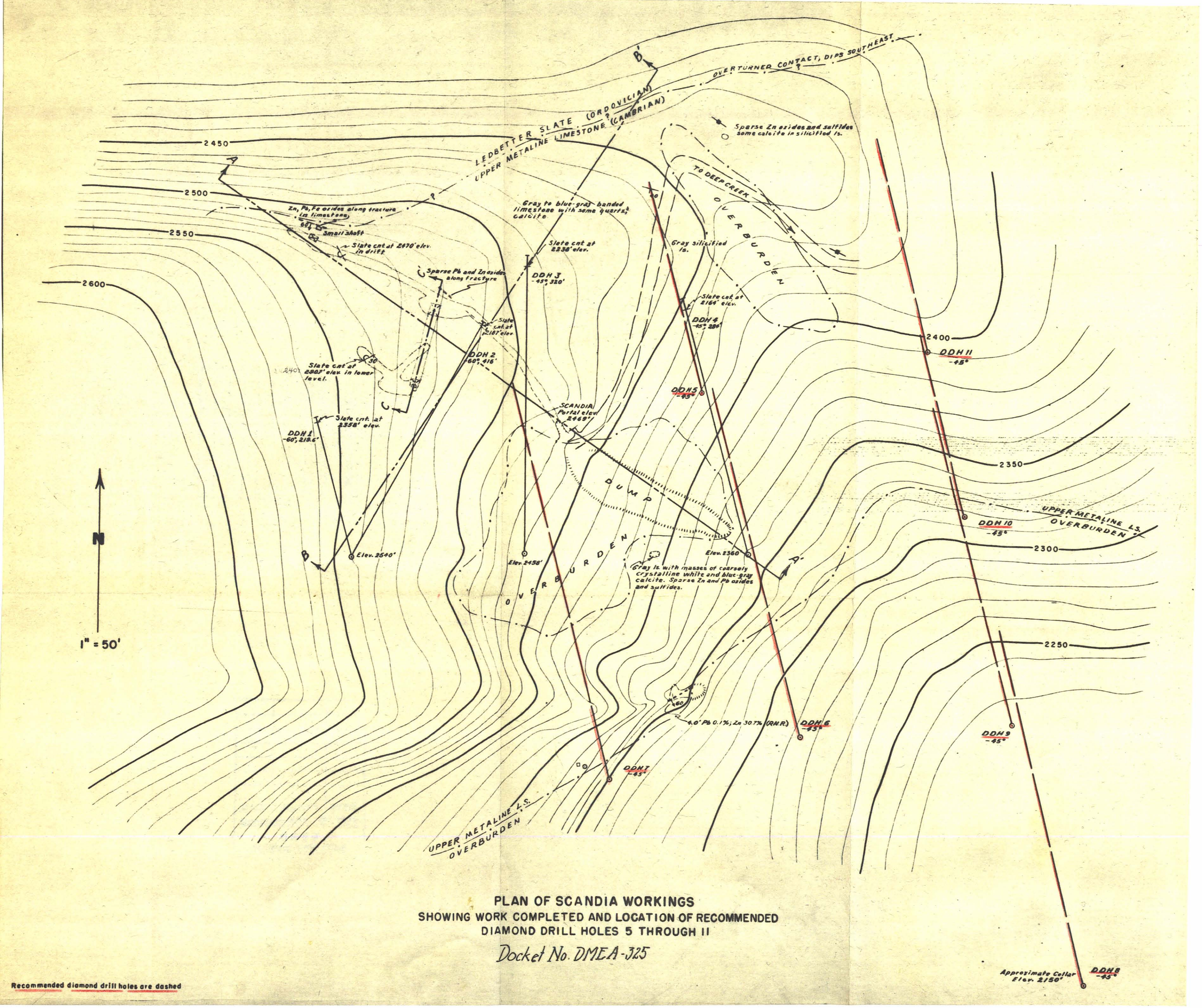
Received: 12/28/50

Acknowledged:

Referred to NONFERROUS METALS Committee: 1/8/51

Note: Mr. Weissenborn is following-up with loan application forms.

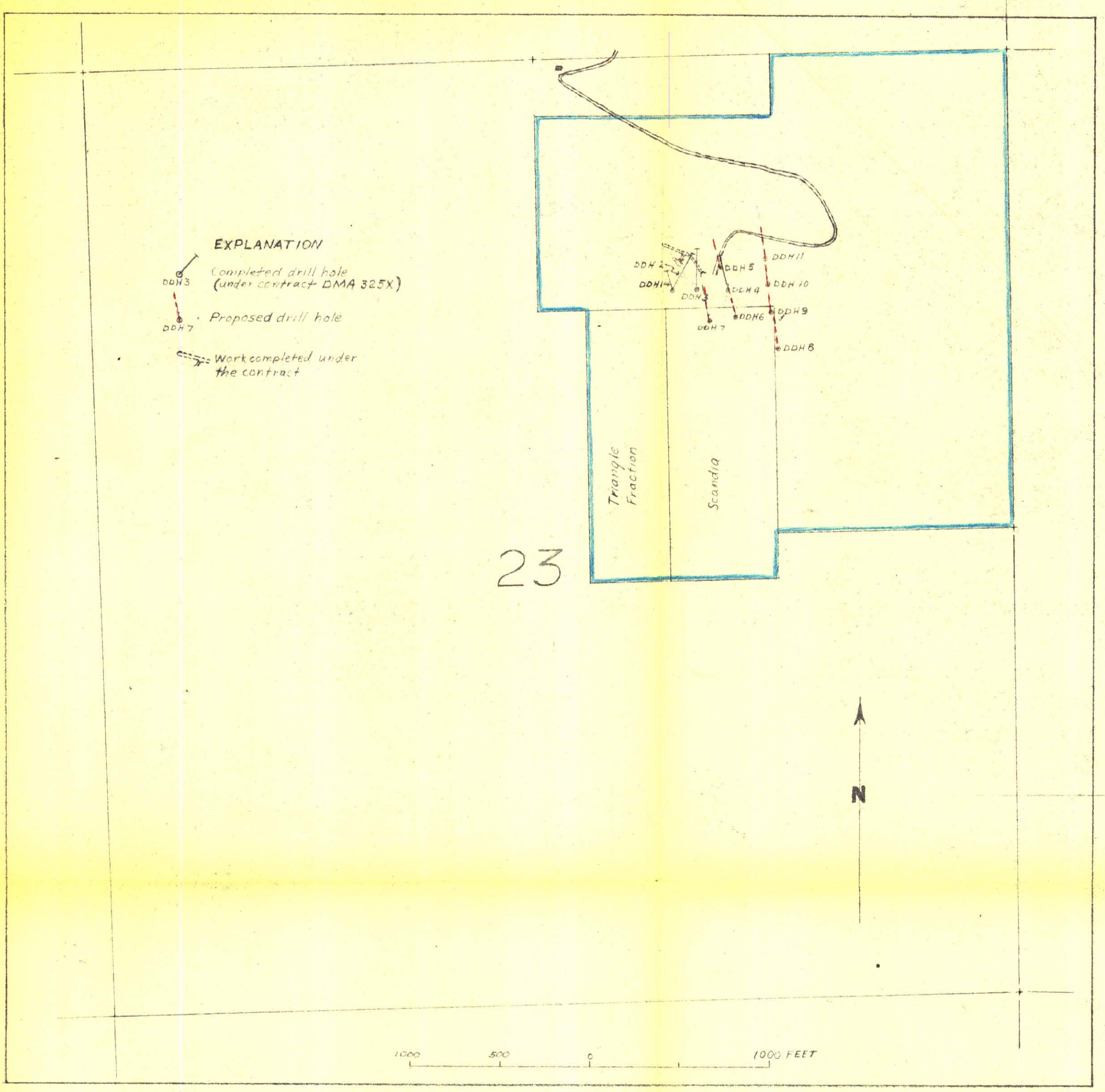
UNITED STATES
DEPARTMENT OF THE INTERIOR



PLAN OF SCANDIA WORKINGS
SHOWING WORK COMPLETED AND LOCATION OF RECOMMENDED DIAMOND DRILL HOLES 5 THROUGH 11

Docket No. DMEA-325

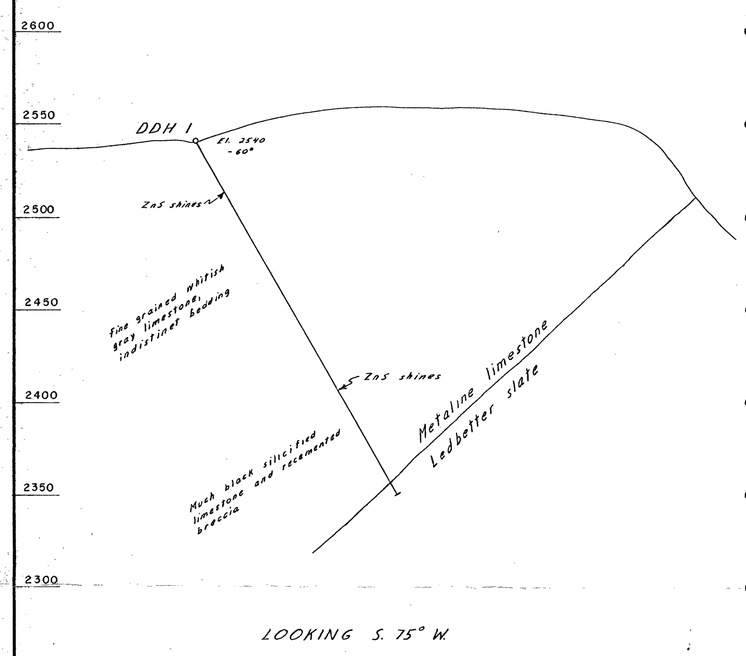
Recommended diamond drill holes are dashed

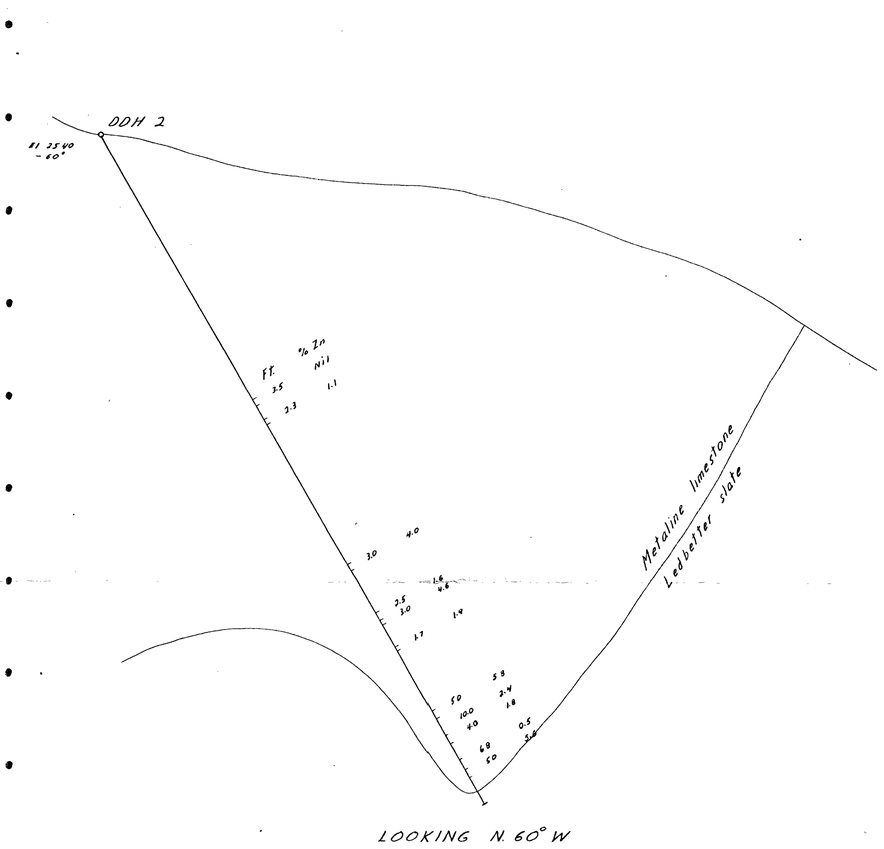


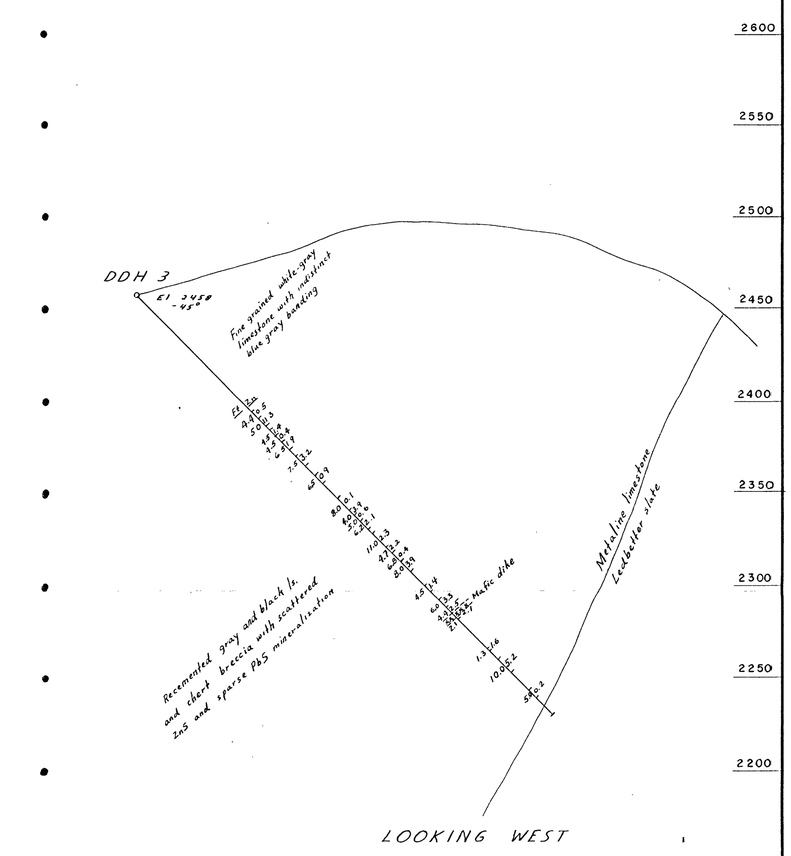
Scandia Property

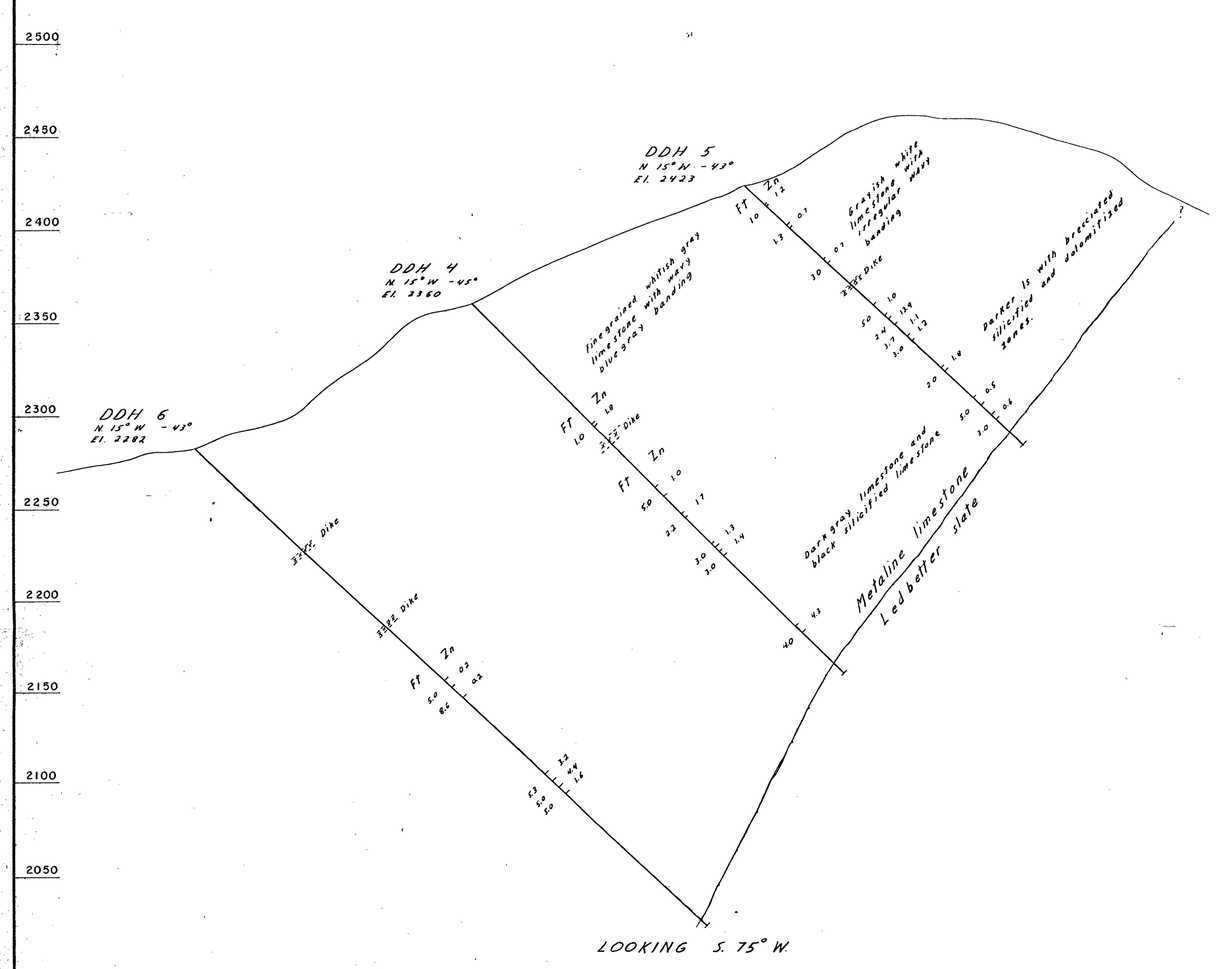
Map of section 23, T.39N., R.40E., W.M., showing location of completed and proposed drill holes, Scandia Mine, Stevens County, Washington

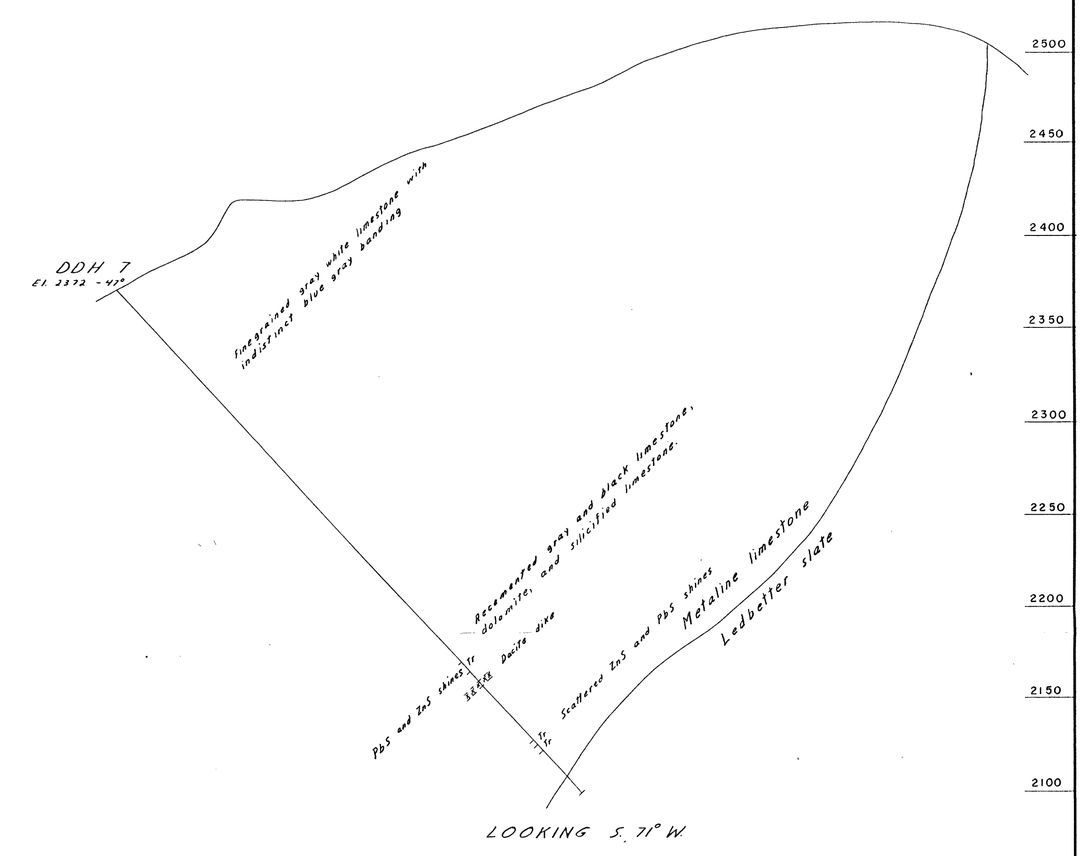
Fig. 1

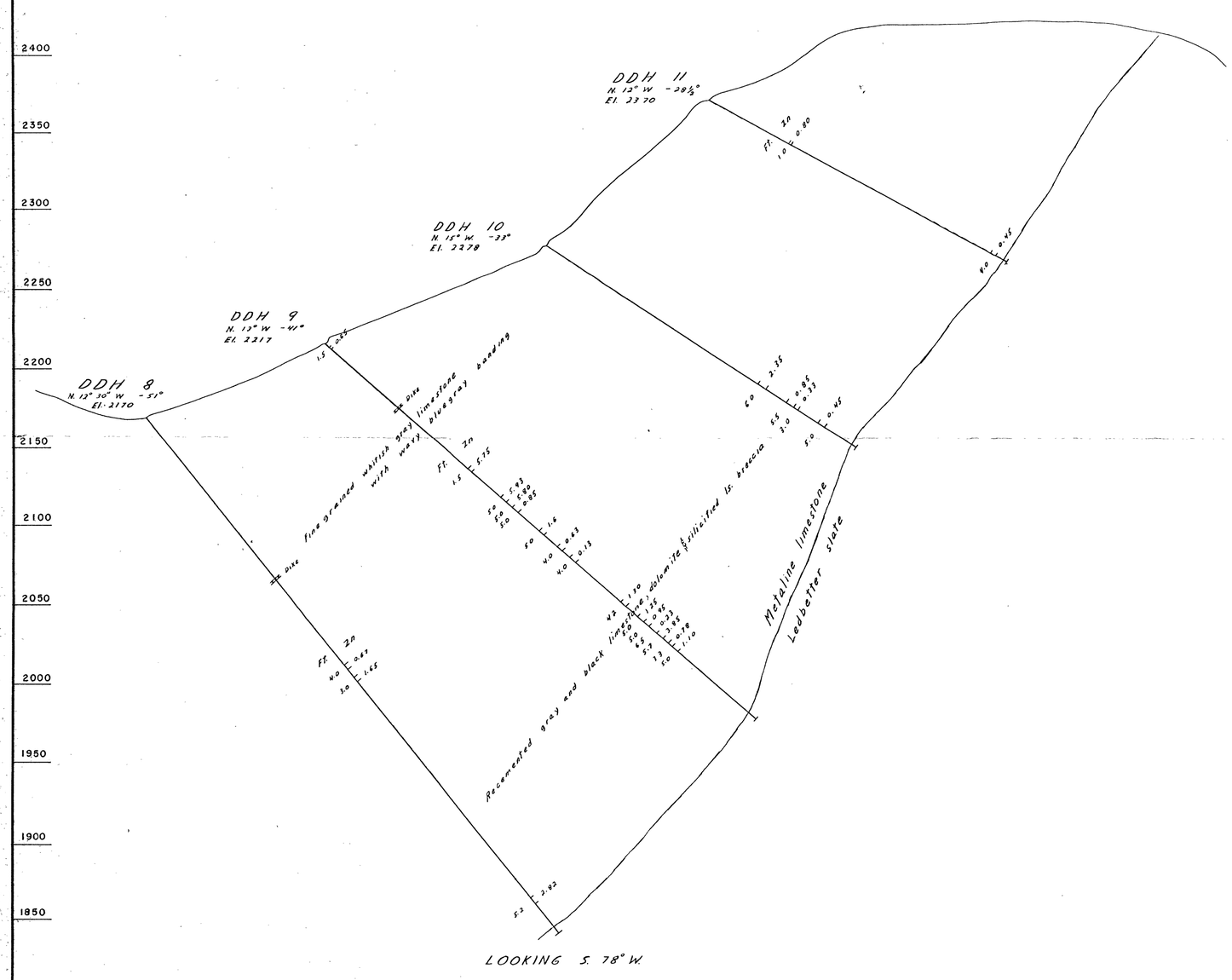


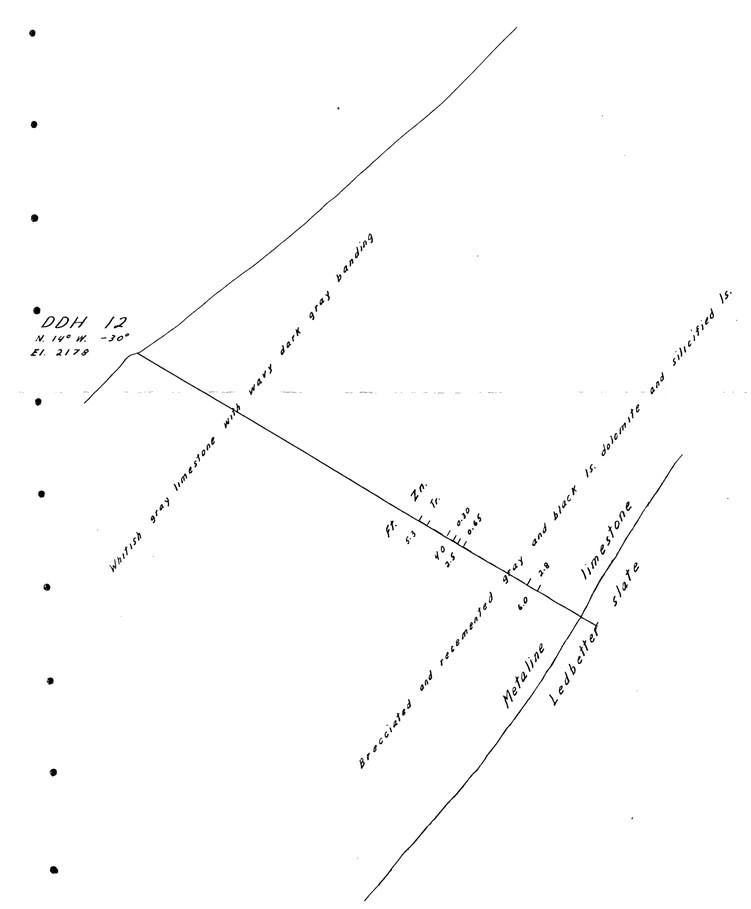












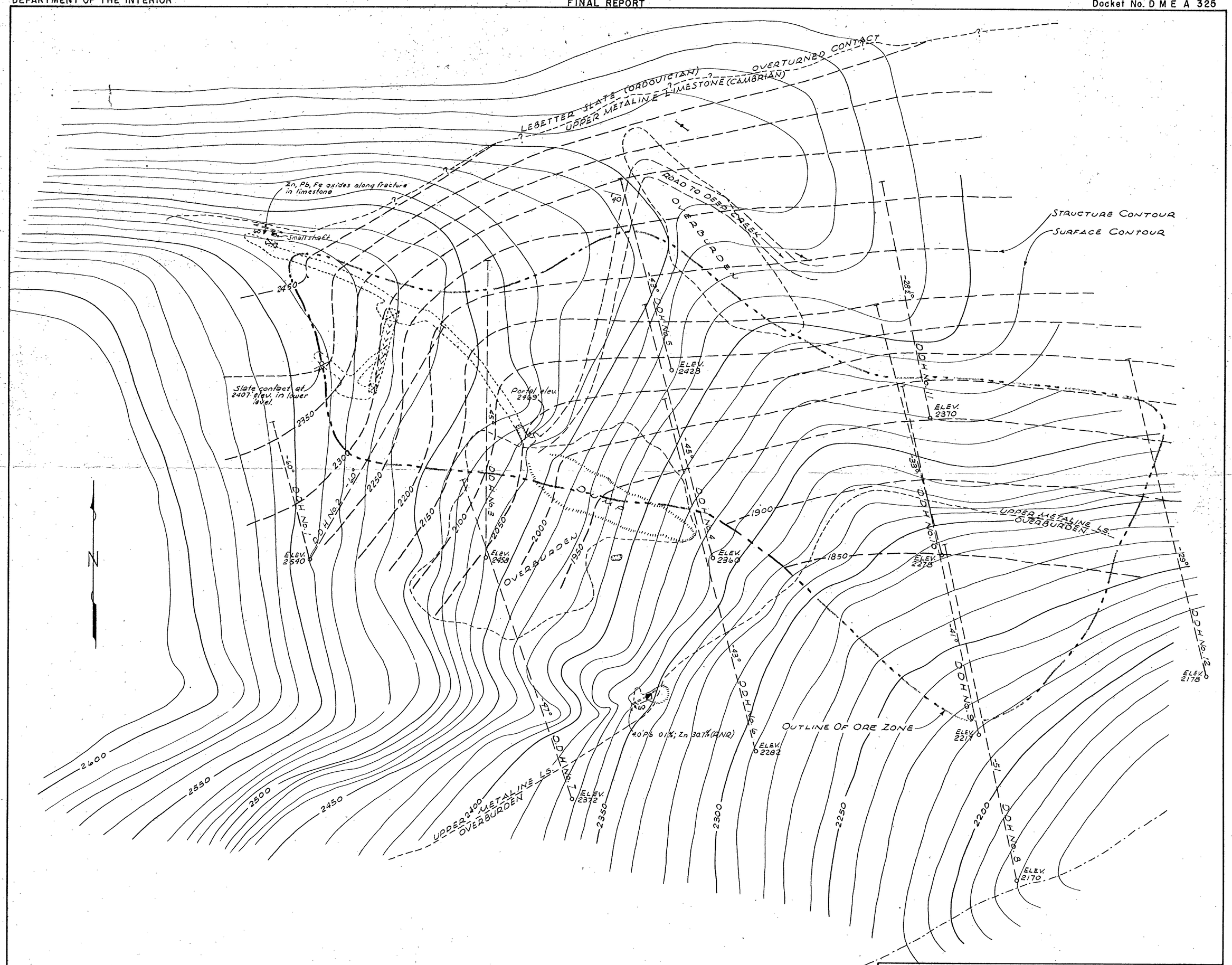
MODIFIED FROM APPLICANT'S SECTIONS.

DRILL HOLE SECTIONS
SCANDIA PROPERTY
GRANDVIEW MINES, INC.
STEVENS COUNTY, WASHINGTON

50 25 0 50 100 FEET

MARCH 1959

PLATE 4



GEOLOGIC MAP OF THE SCANDIA AREA SHOWING TOPOGRAPHY, STRUCTURE, AND DRILL HOLE LOCATIONS

GRANDVIEW MINES, INC.

STEVENS COUNTY, WASHINGTON

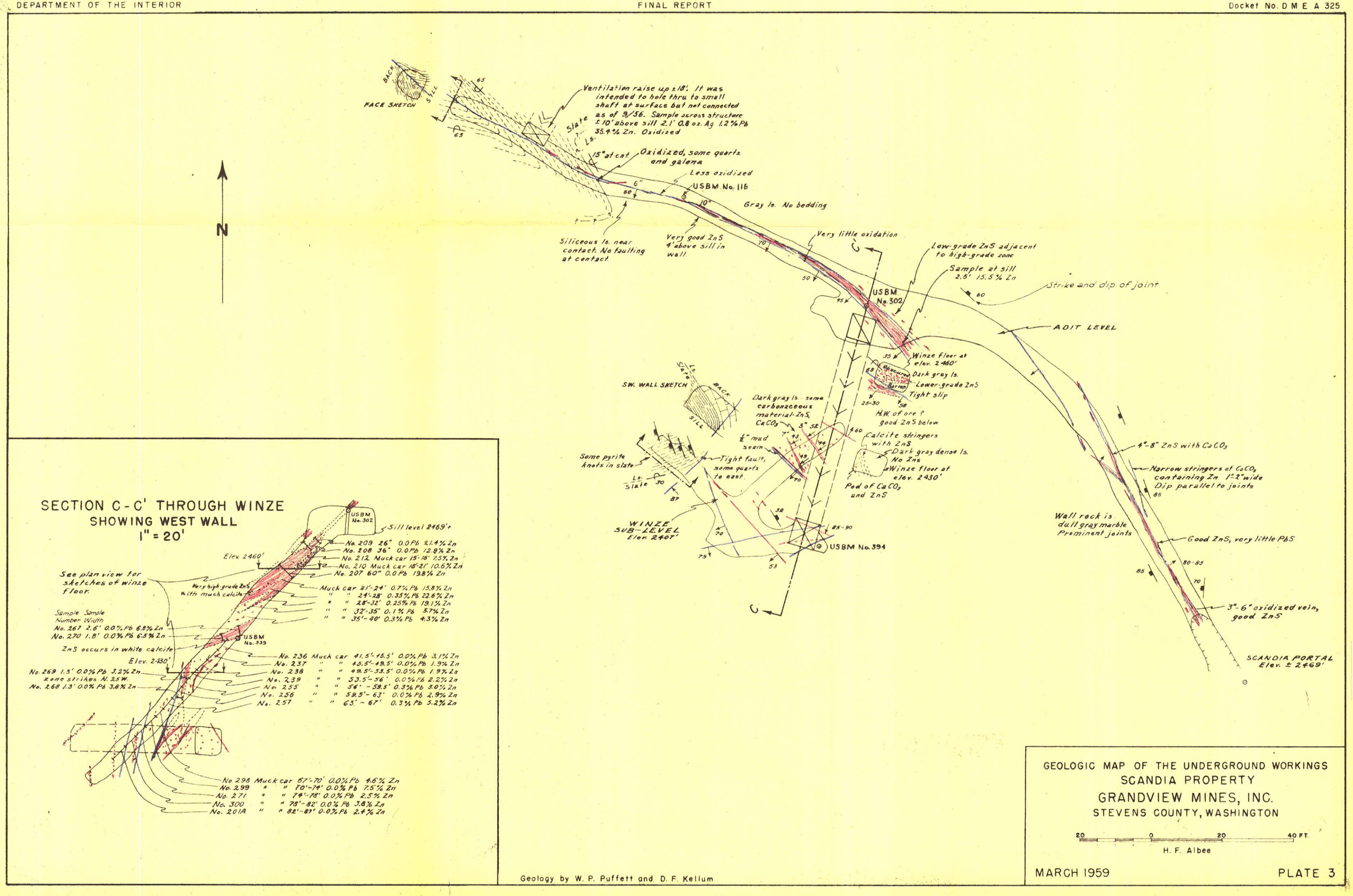
50 0 50 100 FT.

H. F. Albee

MARCH 1959

PLATE 2

Modified from applicants map



GEOLOGIC MAP OF THE UNDERGROUND WORKINGS
SCANDIA PROPERTY
GRANDVIEW MINES, INC.
STEVENS COUNTY, WASHINGTON

20 0 20 40 FT.

H. F. Albee

Geology by W. P. Puffett and D. F. Kellum

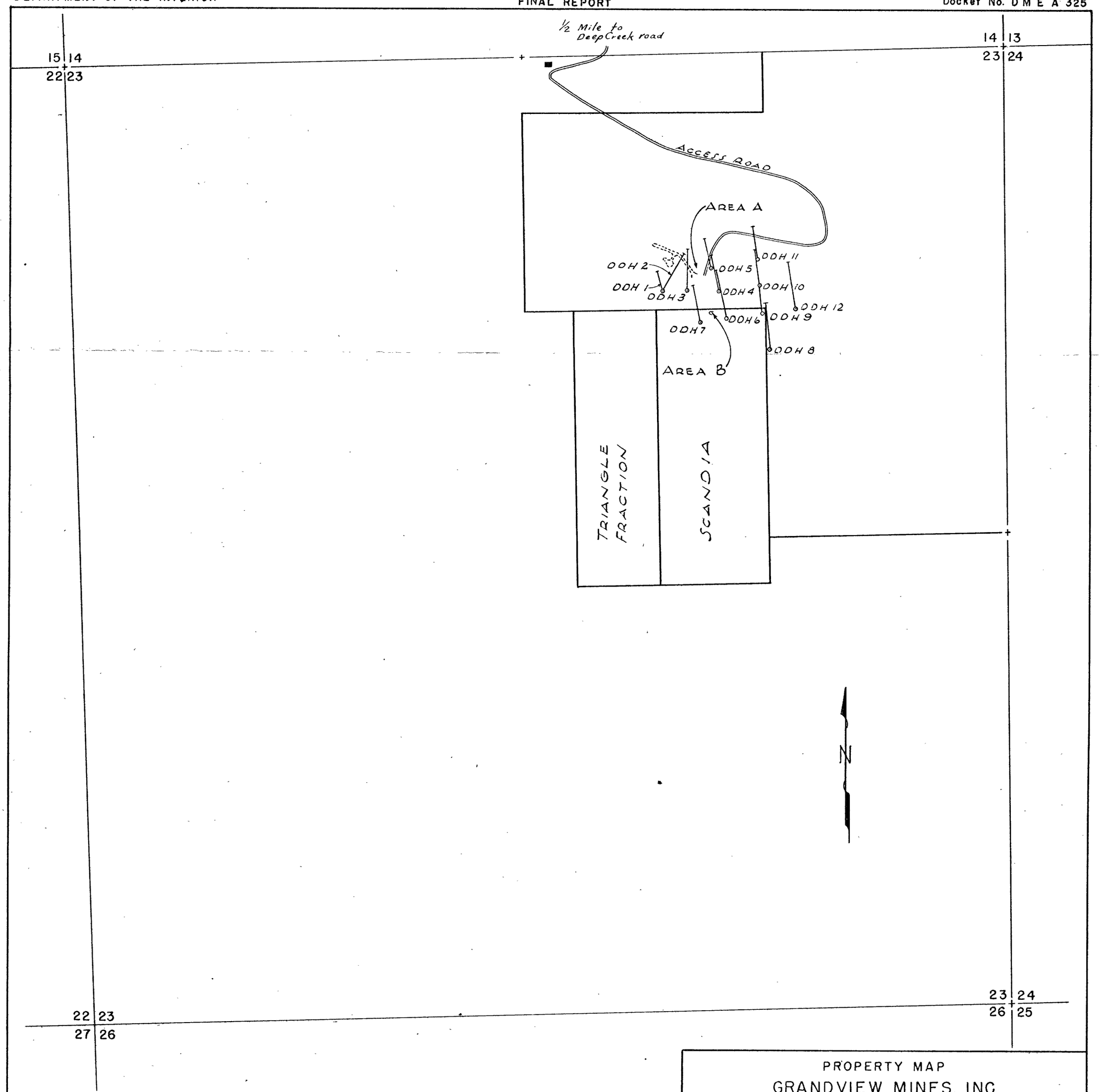
MARCH 1959

PLATE 3

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
OFFICE OF MINERALS EXPLORATION
FINAL REPORT

Docket No. D M E A 325



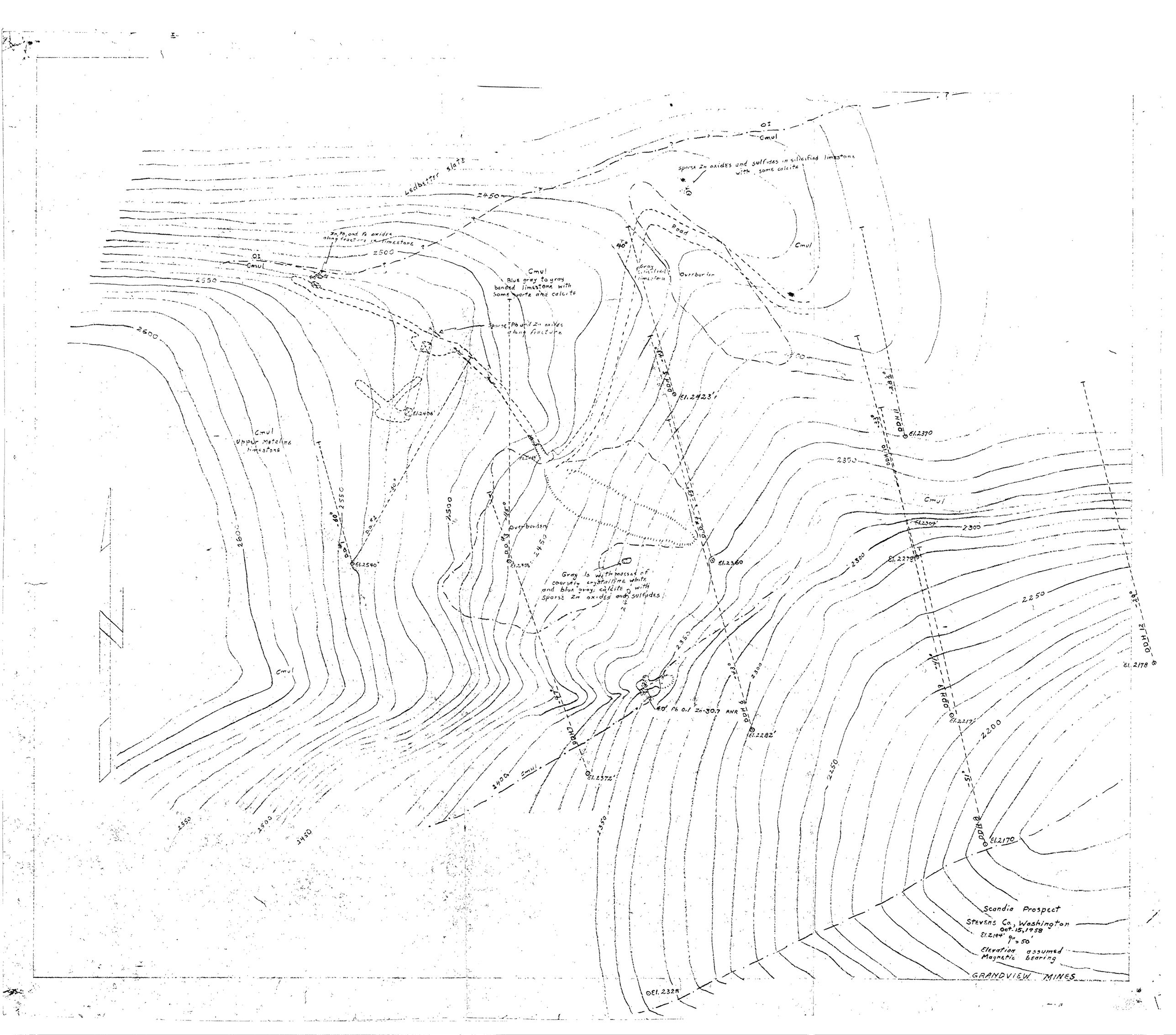
PROPERTY MAP
GRANDVIEW MINES, INC.
SCANDIA MINE
T. 39 N., R. 40 E. W. M.
STEVENS COUNTY, WASHINGTON

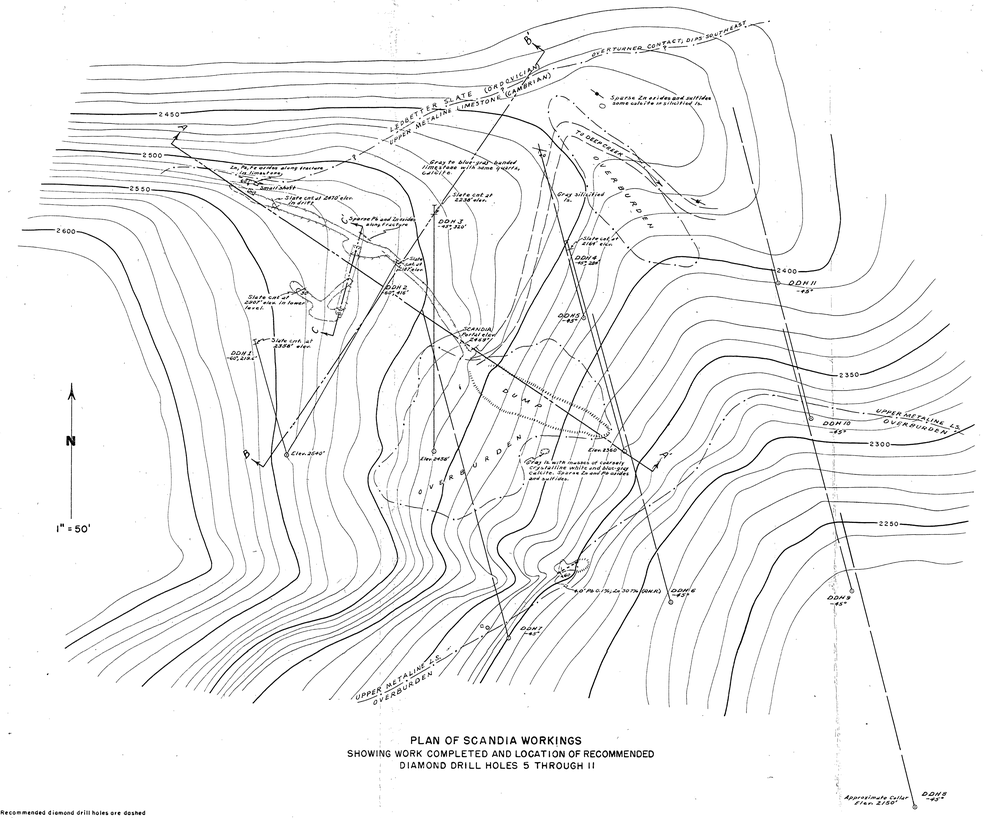
500 0 500 1,000 FT.

H. F. Albee

MARCH 1959

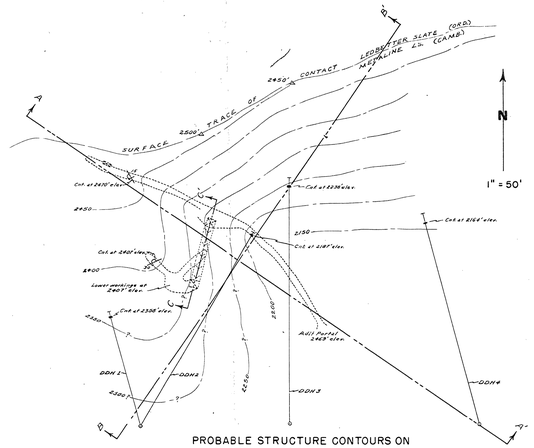
PLATE I


Ledbetter slate
Zn, Pb, and Fe oxides along fracture in limestone
Cmul
Blue gray to gray banded limestone with some quartz and calcite
Sparse Pb and Zn oxides along fracture
Gray silicified limestone
Overburden
Road
sparse Zn oxides and sulfides in silicified limestone with some calcite
Upper Metaline limestone
Gray is with masses of coarsely crystalline white and blue gray calcite with sparse Zn oxides and sulfides
40' Pb 0.1 Zn-30.7 ANR
DDH #1
DDH #2
DDH #3
DDH 4
DDH 5
DDH 6
DDH 7
DDH 8
DDH 9
DDH 10
DDH 11
DDH 12
El. 2540'
El. 2466'
El. 2423'
El. 2370
El. 2360
El. 2304'
El. 2279'
El. 2282'
El. 2372'
El. 2178
El. 2170
El. 2328
2450
2500
2550
2600
2400
2350
2300
2250
2200
Scandia Prospect
Stevens Co., Washington
Oct. 15, 1958
El. 2194' 8" = 50'
Elevation assumed
Magnetic bearing
GRANDVIEW MINES

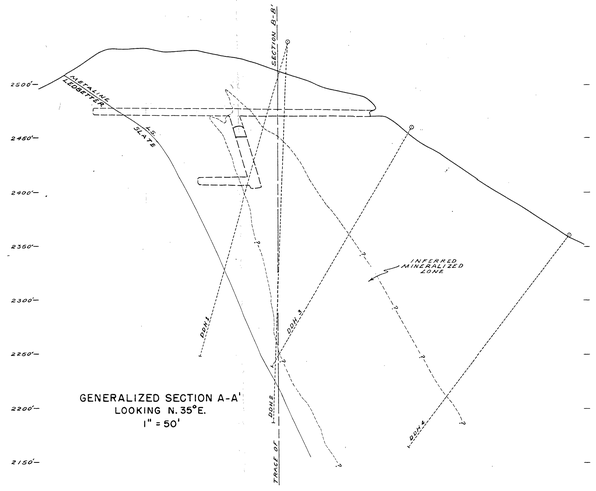


PLAN OF SCANDIA WORKINGS
SHOWING WORK COMPLETED AND LOCATION OF RECOMMENDED DIAMOND DRILL HOLES 5 THROUGH 11

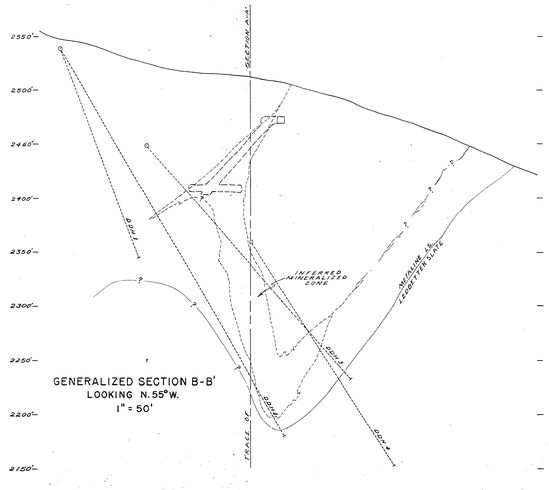
Recommended diamond drill holes are dashed



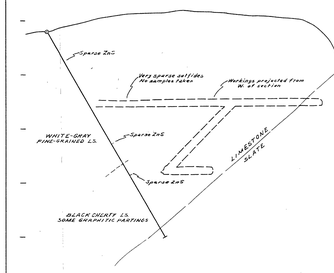
PROBABLE STRUCTURE CONTOURS ON SLATE-LIMESTONE CONTACT



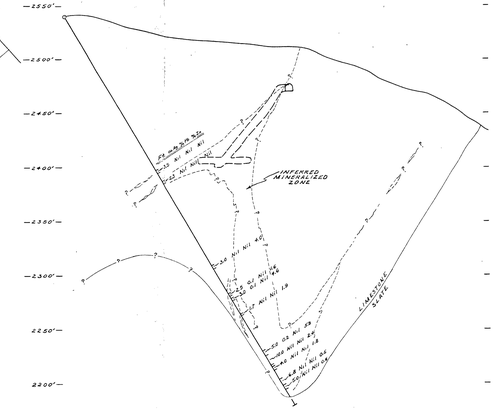
GENERALIZED SECTION A-A'
LOOKING N. 35°E.
1" = 50'



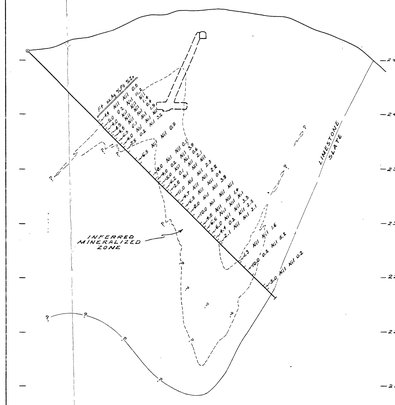
GENERALIZED SECTION B-B'
LOOKING N. 55°W.
1" = 50'



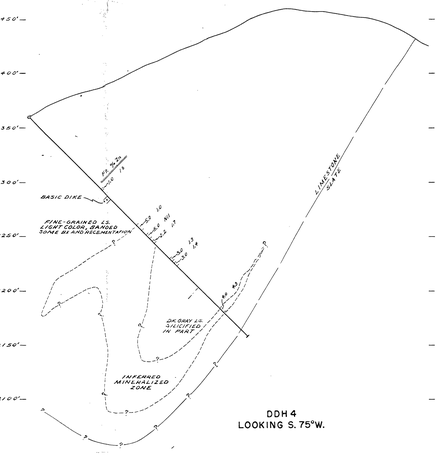
DDH 1
LOOKING S.75°W



DDH 2
LOOKING N.60°W.

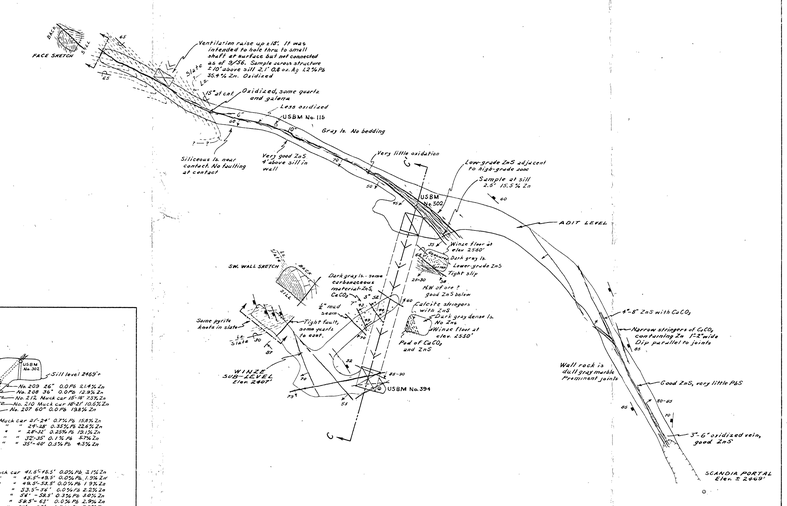


DDH 3
LOOKING N.90°W

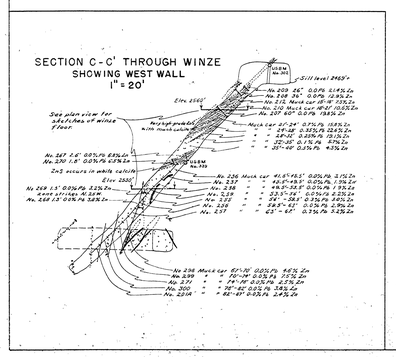


DDH 4
LOOKING S. 75°W.

DRILL HOLE SECTIONS
1" = 50'



DETAIL OF WORKINGS



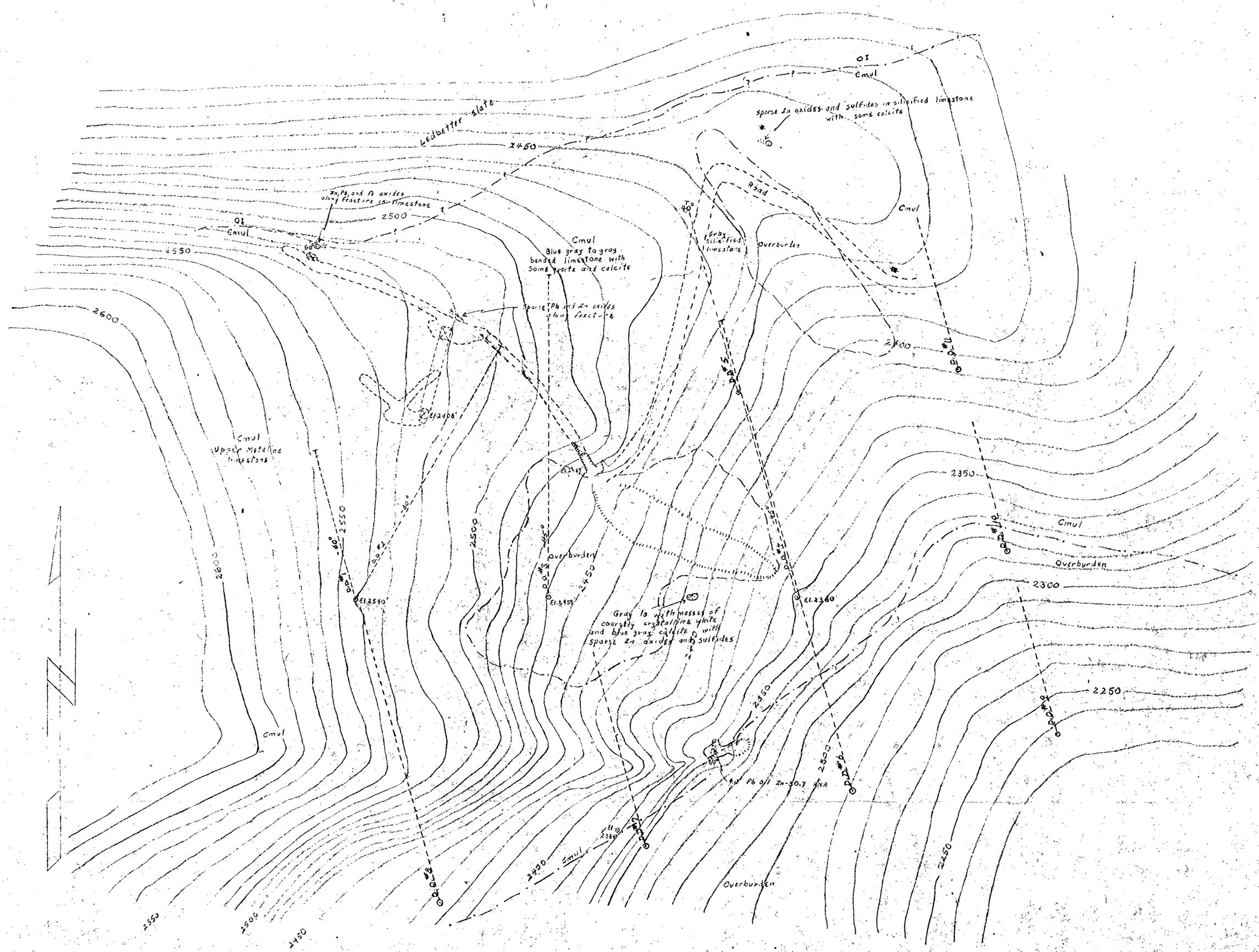
SECTION C-C' THROUGH WINZE
SHOWING WEST WALL
1" = 20'

SCANDIA PROPERTY
GRANDVIEW MINES, INC.,
STEVENS COUNTY, WASHINGTON

Scale as noted

June 1957

PLATE I



Scandia Prospect
Stevens Co., Washington
Oct. 1, 1956
1" = 50'
Elevation assumed
Magnetic bearing

Proposed D.D. Holes #9 to #11. March 1, 1957