Sch 164

Standard Form No. 1048
Form approved by Comptroller General U. S.
September 20, 1927

COPY

MEMORANDUM

PUBLIC VOUCHER FOR REFUNDS

Schedule No. .....

D. O. Voucher No. 511

U. S. Department of the Interior - Office of the Secretary
(Department or Establishment, Bureau or Office)

Location: Washington 25, D. C.

Appropriation or Fund: 14X4401 Revolving Fund, Defense Production Administration

PAID BY

(FOR USE OF PAYING OFFICE)

To
Address
William Soren
Route 1
Sedro Wooley, Washington

Deposit received from the above-named depositor on ....., 19.....

for .....

has been applied as herein stated and the balance indicated is returned herewith:

Amount of deposit ..... $.....

Applied as explained in "Remarks" below ....

....

Balance authorized to be refunded ..... $ 2.55

Remarks:

Refund of overpayment of royalty on Contract No. Idm E242

Date 8/3/60, 19..... (Memorandum—Do not sign) .....

Title .....

Refund by

Check No. ....., dated ..... for $ ..... on Treasurer of the U. S. in favor of payee named above.

Cash, $ ..... on ..... (Signature of payee) .....
(Memorandum—Do not sign)

Other method, $ ....., ...
(Describe)

16—9488

C&A & DIV file

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 25 1960

DATE	INITIALS	CODE
		800

So. 157 Howard Street
Spokane 4, Washington
July 20, 1960

Memorandum

To: Chief, Fiscal Section, Office of the Secretary
Department of the Interior, Washington, D. C.

From: Acting Field Officer, Region I, OME

cy to 500

Subject: DMEA-1831 (Lead)
William Soren
Johnsburg Mine
Skagit County, Washington
Contract Idm-E242 (Amended)

Enclosed is a copy of a request received on this date from the subject Operator in which he asks for the payment of the $2.55 due him as overpayment of royalty disclosed by a Report of Royalty Review dated April 13, 1960.

On May 10 we sent you a copy of our letter transmitting to Mr. Soren his copy of the Report of Royalty Review and the original Report of Royalty Review for your files.

Mary L. Smelser
For: D. R. MacLaren

Enclosure

cc: Contract Adm. & Audit Div., OME, w/cy incoming
OME(2) w/2 cys incoming
DRF

The following was written by Wm. Soren on the lower half of the letter sent to him on July 13 requesting a written request for the refund due him as overpayment of royalty amounting to $2.55.

Dear Sir:

Please refund the $2.55 to Wm. Soren and I will see that is taken care of.

Thanking you,

/s/ WM. SOREN

Official

~~EXTRA~~ COPY
O. M. E
RECEIVED JUL 25 1960

DATE	INITIALS	CODE

DATE
RECEIVED JUL 22 1980
O. M. E
EXTRA COPY

JUL 19 1960

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

Subject: IMEA-1831 (Lead)
William Soren, Assignee
Johnsburg Property
Skagit County, Washington
Amended Contract Idm-E262

Your letter dated July 13, 1960, to the subject Operator appears to be unnecessary and possibly could be construed as solicitation of a claim against the United States.

When an audit certificate or report of review discloses a net amount in an Operator's favor, a copy of the report should be sent to him with advice that the amount will be refunded upon his request, as was done in your letter dated May 10, 1960, to Mr. Soren. This is as far as we should go in the absence of any special reason for further action, which is not apparent in this case.

George C. Selfridge

CEFisher/fw-7/15/60

cc: Docket
Dir.Read,File
Review Committee
Mr. Kirkemo, USGS
Chron.
CA&A Division
Code 500

800

So. 157 Howard Street
Spokane 4, Washington
July 13, 1960

Mr. William Coren
Route 1
Sedro Wooley, Washington

Re: Docket No. DMRA-1831 (Lead)
Johnsburg Mine
Skagist County, Washington
Contract No. Idm-E242 (Amended)

Dear Mr. Coren:

We have not had a reply to our letter of May 10 regarding the written request for a refund from the overpayment of royalty by you amounting to $2.55 as disclosed by an audit review.

If you wish this money refunded, will you please advise us as soon as possible as we would like to close our records.

Sincerely yours,

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

cc: [illegible], OME
[illegible] (2)
[illegible]

OFFICIAL FILE COPY O. M. E. RECEIVED MAY 13 1960		
DATE	INITIALS	CODE
		800

So. 157 Howard Street
Spokane 4, Washington
May 10, 1960

Mr. William Soren
Route 1
Sedro Wooley, Washington

Re: Docket No. DMEA-1831 (Lead)
Johnsburg Mine
Skagit County, Washington
Contract No. Idm-E242 (Amended)

Dear Mr. Soren:

Enclosed for your information and files is a copy of a "Report of Royalty Review" dated April 13, 1960. The audit review discloses that you have made an overpayment of royalty amounting to $2.55. If you wish this refunded to you, would you please send us a written request within 30 days.

Sincerely yours,

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

Enclosure

Donald R. MacLaren

cc: Fiscal Section w/orig. Report of Royalty Review
Contract Admin. & Audit Div., OME
OME(2)
USBM w/Thermofax copy of report
DRF

DATE	INITIALS	CODE

RECEIVED MAR 13 1980
O. M. E.
OFFICIAL FILE COPY

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., and the Executive Officer, Region I, Spokane, Washington, pertaining to Amended Contract No. I6m-8242, Docket No. DMEA-1831 (Lead), dated October 15, 1953, with

William Soren
Route 1
Sedro Woolley, Washington

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Johnsburg Mine located in Skagit County, Washington, during the period July 1, 1955, through April 13, 1960.

A certification of discovery or development was issued on March 24, 1954, and, in accordance with Annex I and Amendment No. 1 of the amended contract, royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 11 years from April 16, 1952, the date of the prior contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review in lieu of final audit dated January 3, 1955, indicated accepted costs under the exploration contract amounting to $2,590.00 with the Government's contribution, on a 50 percent basis, being $1,295.00.

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

This review established the total sales of crude ore for the period to be $159.08. Royalty due the Government at rates specified in the contract is $5.41.

A prior Report of Royalty Review dated August 5, 1955, found the sales subject to Government royalty through June 30, 1955, to be $1,275.77 which added to the sales for this subsequent period make a total of $1,434.85. The royalty account as of June 30, 1955, was:

Total Royalty Due	$63.79
Total Royalty Paid	63.79
Balance of Royalty Due	$ -0-

At April 13, 1960, the royalty account of this project was found to be:

Total Royalty Due	$69.20
Total Royalty Paid	71.75
Overpayment of Royalty	$ 2.55

C. E. Fisher

April 13, 1960

C. E. Fisher, OME Auditor

SCOPE OF REVIEW AND REASONS THEREFOR

My review included a tabulation and computation of copies of settlement sheets furnished by Bunker Hill and Sullivan Mining and Concentrating Co. accompanying royalty payments made directly to the Executive Officer, Region I, as listed below:

	Lot 1	Lot 2	Lot 3	Totals
Date of settlement	10-12-53	8-29-53	8-29-53	
Vendor	Sorem & Davis	Lowell Kness	C. O. Davis	
Short dry tons	9.819	8.946	.693	19.458
Net proceeds	$1,275.77	$72.76	$ 86.32	$1,434.85
" " (per SDT)	$ 129.93	$ 8.13	$124.56	
Royalty rate	5%	1½%	5%	
Royalty paid	$ 63.79	$ 3.64	$ 4.32	$ 71.75
Royalty due	63.79	1.09	4.32	69.20
Overpayment of royalty	$ -0-	$ 2.55	$ -0-	$ 2.55

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

(1) The exploration contract was terminated effective November 1, 1953, because the Operator failed to resume work under the contract during the recess period granted by Amendment No. 1;

(2) Semi-annual reports of investigations by representatives of the Field Team, Region I, and other documents in the files indicate that the only production of minerals during the exploration period and subsequent thereto has been sold as stated above; 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 additional royalty which might be disclosed.

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name William Soren

Address Route 1

Sedro Wooley, Wash.

Exploration Contract No. Idm-E242 Docket No. DMEA-1831

	Check One Yes	No.
1. (a) Does the Operator stockpile ore subject to royalty repayment?		
(b) If so, is segregation and identification procedure adequate?		
2. (a) Does Operator commingle production subject to DMEA or OME royalties with exempt production?		
(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?		
(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?		
5. Do you consider that the manner of disposing of production gives the Government its fair royalty returns?		
6. Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties?		
7. Does the Operator buy from or sell to other Operators?		
8. Comment on any item 2 (b) to 6 if answer is No.		

This property has not been operated since the summer of 1955. The last sale of production was in August 1955.

April 13, 1960
Date

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

53362

QUINTUPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

LETTER OF TRANSMITTAL

Portland, Oregon
DEPOSIT NO. 14-93-080-062

For credit of U. S. Courthouse
(Name, title, and disbursing or other identification symbol of accountable officer)
Division of Disbursement, Portland 5, Oregon
9/6/55
(Date sent)

deposited with Federal Reserve Bank of San Francisco, Portland Branch
(Name and location of depositary)
Portland, Oregon

$ 7.96

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401		$7.96

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
c/o Bureau of Mines
P. O. Box 492
Albany, Oregon

TO ABOVE-NAMED BANK OR TO TREASURER U. S.:

Herewith you will receive the deposit described above. Please observe the distribution printed on each accompanying copy of Standard Form 201.

Myrtle I. Purdy, Authorized Collector
(Depositor)

DEPOSITARY WILL RETAIN THIS COPY

16—59686d-1 GPO

Check No. 8-369
Dated 8/29/55
Amount - $3.64 ✓
From: Bunker Hill & Sullivan Mining & Conc. Co.
Contract Idm-E242, William R. Soren
Royalty receipt

Check No. 8-443
Dated 8/30/55 /
Amount - $4.32
From: Bunker Hill & Sullivan Mining & Conc. Co.
Contract Idm-E242, William R. Soren
Royalty receipt

RECEIVED
AUG 0 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, DMEA Field Team, Region I, N. W. District, pertaining to Contract Idm-X242, Docket No. DMEA-1831, with:

William Soren (assignee of C. O. Davis)
Route 1
Sedro Wooley, Washington

for the purpose of determining the amount of royalties due the U. S. Government on sales of lead ore from property referred to as Johnsburg Mine located in Skagit County, Washington, during the period April 16, 1952, to June 30, 1955.

Under date of April 16, 1952, an exploration contract was entered into with respect to this property with C. O. Davis, owner of the land on which the exploration was to be conducted. Under date of October 14, 1953, the Acting Administrator, DMEA, assented to the assignment of the contract to William Soren without releasing C. O. Davis from any of the terms, provisions and conditions of the original contract. An Amended contract was entered into with William Soren under date of October 15, 1953. Certificate of discovery or development was issued under date of March 24, 1954 and Amendment No. 1 to the Amended contract also dated March 24, 1954, fixed the royalty repayment period as 11 years from the date of the original contract (April 16, 1952) and provided for a suspension of the work under the contract for a period to end not later than July 1, 1954. As work was not resumed under the contract by the latter date the contract was considered as terminated under the terms of Amendment No. 1. According to report of review in lieu of final audit, prepared by the undersigned, under date of January 3, 1955, the total accepted costs under the contract amounted to $2,590.00 with the Government's contribution, on a 50 percent basis, being $1,295.00

My review included a verification of the computation of royalties paid to the Government on a shipment of crude lead ore to Bunker Hill & Sullivan Mining & Concentrating Company, Kellogg, Idaho, in October, 1953.

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

(1) The production involved was incidental to the exploration operations,

(2) Reports of the inspection engineer indicate that there has been no production from the property since October, 1953, 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 additional royalty which might be disclosed.

The review established the total sales of crude lead ore to be $1,275.77. Royalty due the U. S. Government at the contract rate of 5 percent is $63.79. The royalty paid and balance due are as follows:

Total Royalty Due	$63.79
Total Royalty Paid	63.79
Balance of Royalty Due	- 0 -

C. E. Fisher

C. E. Fisher, Auditor

August 5, 1955

For Schedule of Collections No. DMA-111, dated February 15, 1954, giving royalty repayment of $63.79, see E-63.

REPORT
OF REVIEW

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

Department of the Interior
Defense Minerals Administration
RECEIVED
JAN - 6 1955

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

William Soren
(Assignee of C. O. Davis)
Route 1
Sedro Wolley, Washington

pertaining to Exploration Project Contract No. Idm-E242, Docket No. DMEA-1831, including Amendment No. 1, for the months of July to October, 1953, inclusive, covering a project for the exploration of lead on property, known as Johnsburg Mine, located in Skagit 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, consultation with the Executive Officer of the DMEA Field Team, Region II, 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 reason:

All of the costs incurred ($2,590.00) were 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 Costs as billed by Contractor	$2,590.00
Exceptions	None
Total Accepted Costs	$2,590.00

The contract calls for a 50 percent participation of exploration costs by the United States Government. Therefore, payment to the Contractor in the amount of One thousand two hundred ninety-five Dollars

$1,295.00

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. E. Fisher
C. E. Fisher, Auditor

January 3, 1955

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

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

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

Bu. Vou. No. 1420

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

Voucher prepared at Spokane 1/26/55
(Give place and date)

THE UNITED STATES, Dr., Payee's Account No. Idm-E242

To William Soren
(Payee)

Route 1 Cedro Woolley, Wash.
(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 thru October 1953	Balance withheld when payment was made on this MF-104 under Voucher 979, November 19, 1953				100.00	
PAYMENT: Complete ☐ Partial ☐ Final ☐		FINAL PAYMENT					
		Use continuation sheet(s) if necessary					

Shipped from to Weight Government B/L No. Total 100.00

(Payee must NOT use this space)

Differences .....

Account verified; correct for 100.00

(Signature or initials) M.O.P.

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

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

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

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

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

16—22900a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

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

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

ABSENCE OF ADVERTISING

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

.....

.....

.....

.....

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

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

☆ U. S. GOVERNMENT PRINTING OFFICE : 1950 O—75805

16—22000a-2

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

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

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

Bu. Vou. No. 1420

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

Voucher prepared at Spokane 1/26/55
(Give place and date)

THE UNITED STATES, Dr., Payee's Account No. Idm-E242

To William Soren
(Payee)

Route 1 Cedro Woolley, Wash.
(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 thru October 1953	Balance withheld when payment was made on this MF-104 under Voucher 979, November 19, 1953				100.00	
PAYMENT: Complete ☐ Partial ☐ Final ☐		FINAL PAYMENT					
		Use continuation sheet(s) if necessary					

Shipped from to Weight Government B/L No. Total 100.00

(Payee must NOT use this space)

Differences .....

Account verified; correct for 100.00

(Signature or initials) M.O.P.

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

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

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

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

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

16—22900a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

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

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

ABSENCE OF ADVERTISING

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

.....

.....

.....

.....

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

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

☆ U. S. GOVERNMENT PRINTING OFFICE : 1950 O—75805

16—22000a-2

FORM DME-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July thru Oct., 1953 Docket No. DMEA 18~~13~~ 31 Contract No. 1 D.M.E. 242
Operator's Name William Soren Minerals Lead
Address Rt. 1. Sedro Woolley Wash.
Contract Amount, $ 19000.00 Government Participation: 50 % Amount, $ 38000.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting	140.00		140.00			
Drifting	2450.00		2450.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	2590.00		2590.00	2590.00		2590.00

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

Date ..... *Payee William Soren

Per ..... Title Operator Lessee

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount $ 1295.00

1295.00 withheld *
100.00
1195.00 paid

Signature .....
(Authorized Certifying Officer)

Date 11/19/53 Vou. No. 974
(See other side)

* Project recessed for winter. $100.00 withheld until work is resumed in Spring.

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 242 in accordance with the terms of the contract.

Signature /S/ Edwin A Mogell Title Mining Engr Date Nov 16-53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ A E Weissenborn Title Exec. Officer Date Nov 18-53

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July Thru Oct. 53. Docket No. DMEA 1831 Contract No. 1D.M.E.242
Operator's Name William Soren Minerals Lead
Address Rt. 1. Sedro Woolley Wash

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Ft.	2450.00	70	2450.00	70	35.00	850	35.00
Crosscutting	Ft.	140.00	4	140.00	4	35.00	100	35.00
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		2590.00		2590.00				

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

Date 11-5-53 Operator William Soren

Per Title Leason

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

Department of the Interior
Bureau Mines
Received
DEC 3 1953

November, 12, 1953.

E.A. Magill
Seattle, Washington.

Subject; Invoice (forms 104) for July thru October 1953. William Soren (Johnsburg mine) Skagit County, Wash. Contract Idm. E_242, Docket 1831.

Dear Sir,

I started to work at the Mine on the 6 day of July and extended the Tunnel to a depth of 142 ft. also put in a 4 Ft. crosscut across the Dike to see what was on the other side of the dike there was no vein structure on the other side.

The Vein structure in the Face of the tunnel in looking better and is widning to about 5 ft, although at the face it is lograde but looking better in the last 10 ft, in depth.

I shipped 9.819 tons to the Smelter at Kelleg idaho for atest run the returns were as follows 396 ounces Silver, or 40.4 ounces per ton, $34.542 per ton. 56.9 % Lead or $126.148 per ton .067 Gold, or 2.132 per ton.

The Bunker Hill & Sullivan Smelter is holding a Check to the amount of $ 63.79 for the D.M.E.A.

Very truly yours

William Soren

Sedro Woolley

Washington

W. Soren

JUN 2 5 1963

Mr. William Seven
Route 1
Sedro Woolley, Washington

Re: DMEA-1831 (Lead)
William Seven, Assignee
Johnsburg Property
Skagit County, Washington
Amended Contract 14s-2242

Dear Mr. Seven:

By the terms of the assignment from C. O. Davis to William Seven, the subject Amended Exploration Project Contract, as amended, and the certification of discovery or development dated March 24, 1954, all minerals mined or produced from April 16, 1952, to April 16, 1963, 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,

George Fumich, Jr.

Director

Hierrithew/mm
6/24/63
cc: Director's Reading File
Region I (2)
✓CA&A Division
Docket
Code 500

Fit[illegible]

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

OCT 2 3 1954

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

Re: Docket No. DMEA-1831 (Lead)
William Soren
Johnsburg Property
Skagit County, Washington
Amended Contract No. Ldm-8242

Dear Mr. Weissenborn:

Reference is made to memorandum dated September 27, 1954 from Mr. Willard P. Puffett to DMEA Field Team, Region II, advising that the subject property has been leased by the owner, Mr. C. O. Davis, to Mr. Lowell Keess who evidently was unaware of the Government's lien on production from the property.

Mr. Puffett recommended that this matter be brought to the attention of legal counsel for DMEA, and commented on the lack of recording Government liens on production from properties that have been certified as discoveries or developments. In this connection there is enclosed a self-explanatory memorandum dated October 20, 1954 from Mr. J. I. Hofflund, Acting Assistant Solicitor to the Administrator of DMEA.

Please note that in view of the circumstances in this case we must look to the owner to pay royalty under the contract. Therefore, you should promptly notify Mr. Davis of his obligation to pay royalty on any production made by the lessee.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

J. H. Hedges

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

Enclosure

FEJohnson/bih 10/25/54
cc to: Docket Admr. Reading File
Operating Committee
Messrs. Mittendorf - Selfridge
Hedges R-4604 - Kiilsgaard R-5222
Chambers
Griswold (2)
F.E. Johnson

COPY

October 20, 1954

Memorandum

To: The Administrator, DMEA

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-1831 (lead), William Soren
Amended Contract No. Idm-E242

A memorandum dated September 27 from Willard P. Puffett to DMEA Field Team, Region II, concerning the subject contract, was transmitted to us with your note dated October 12 attached stating: "Legal opinion requested. Region IV also brought up this matter."

The Docket reveals that a DMEA contract dated April 16, 1952, was entered into with C. O. Davis, owner of the land, on Form MF-200 (Feb. 1952). Davis later leased the land to William Soren and by an instrument dated November 5, 1953, Davis assigned the contract to Soren. The Government consented to the assignment without releasing Davis from the contract. An amended contract dated October 15, 1953, was entered into with Soren and Davis' Owner's Consent to Lien was attached. On March 24, 1954, a certification of discovery was made. Amendment No. 1 to the Amended Contract dated March 24, 1954, authorized a recess of operations until July 1, 1954, and provided that the contract was automatically terminated if the work was not resumed. Operations were not resumed and the contract terminated. The Government's share of the total costs of the work under the contract is $1,295. The Government has paid all of this amount except $100, and has received royalty in the total amount of $63.79.

Mr. Puffett's memorandum states that a Mr. Lowell Kaess obtained a lease from the landowner, Davis, sometime in July 1954, has been preparing the property for production since that time, and is now ready to produce. That memorandum states further that Mr. Kaess was told by Field Team personnel that as the Government had certified a discovery, any proceeds from the sale of ore would be subject to a Government royalty. Mr. Kaess stated that he was not told by Mr. Soren or Mr. Davis that the Government held a lien against the property. Mr. Puffett's memorandum concludes with the suggestion that Certifications of Discovery should be recorded as notice to transferees of property that the Government has a lien against the production.

A certification of discovery is not such an instrument as may be recorded. The question of recording is more properly directed toward the contract and the Owner's Consent to Lien. This question has been commented upon previously by us, in brief resume, as follows:

> "Undoubtedly it would be beneficial to bring operators' titles down to date and to require recordings, but the question is whether the benefits of such practice would outweigh the obvious detriments with respect to time, difficulties, and expense. * * *"
> (See memorandum to J. H. East dated July 15, 1954, re: Bachelor Development Company, Docket No. DMEA-1243.)

It was administratively determined early in the program that the detriments of title studies and recordings of liens outweigh the benefits.

In this case, the contract contains an abandonment provision, and if Soren relinquished his rights in the land without any consideration running to him he is relieved of any obligation to pay royalty. (See my memorandum dated July 27, 1954, on this point.) Further, as Mr. Kaess appears to have taken his leasehold without notice of the Government's lien against production, he is not obligated to pay royalty under the contract. However, the landowner, Davis, the original operator, was not relieved of his obligation to pay royalty under the contract, and this obligation together with the lien granted under the contract are still in force, even without the Owner's Consent to Lien which he executed. Therefore, in the event of production, demand for royalty should be made upon the landowner, Davis.

(signed) J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

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

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

To: Mr. William R. Loren
Route 1
Pedro Bolley, Washington

Pursuant to the provisions of Amended Exploration Project Contract No. Idm-E242, dated October 15, 1953, Docket No. IMEA-1831, hereinafter called the "contract", between you 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 along the vein on the Johnsburg drift level on the Johnsburg patented claim, Survey No. 292A exposed silver-bearing lead ore of sufficient extent to indicate ore reserves.

Dated MAR 2 4 1954

THE UNITED STATES OF AMERICA

By C O Mittendorf
Administrator, Defense Minerals
Exploration Administration

MGriswold/F Johnson/bjl/bih
3/23/54
cc to: Docket
Irving Cumber, Dr., [illegible]
Mr. Hedges (4604)
Mr. Thayer (5216-GSA)
Mmr. Serving File
Operating Committee
Mr. Chambers
Finance Office
Section II (2)
Mr. F. Johnson
Mr. Griswold (2)

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

[illegible]

To: Mr. [illegible]
Route 1
[illegible] Woolley, [illegible]

Pursuant to the provisions of [illegible] Exploration Project Contract No. [illegible]-242, dated October 15, 1950, [illegible] -1931, hereinafter called the "Contract", between [illegible] 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 [illegible] on the land described in the contract, the Government considers and therefore certifies [illegible] discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described briefly or indicated as follows: [illegible] on the [illegible] drift level of the [illegible] mine indicate the existence of reserves of [illegible] ore on the [illegible] claim, [illegible] No. 5920.

Dated _____

[illegible]

By _____
Administrator, Defense Minerals
Exploration Administration

WHGriswold/bjl (3/19/54)
Copy to: Docket
Irving Gumbel, Dr., MD, MPS
Mr. Hedges (4604)
Mr. Thayer (5216-GSA)
Admr. R. File
Op. Committee
Cont. Adm. & Audit Div.
Finance Office
Region II (2)
Mr. F. E. Johnson
Rose Metals
Mr. Griswold
Chron.

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

MAR 25 1954

Mr. William T. Coren
Route 1
Pedro Woolley, Washington

Re: Docket No. [illegible]-1351 (Lease)
Jamestown Mine
Clallam County, Washington
Amended Contract No. [illegible]-242

Dear Mr. Coren:

Transmitted herewith is a tabulation of "Payments or Development" related to the amended exploration project contract No. [illegible]-242, dated October 15, 1953, on the lands described in the amended contract.

By the terms of the amended exploration project contract and of the certification, all production from the parcels of land described in the amended contract, after April 16, 1953, the date of the original contract, is subject to the Government's percentage royalty as set forth in the contract until the sum which the Government has advanced as its participating interest is repaid, or until April 16, 1963, whichever occurs first.

Payments should be made to Mr. [illegible] Eisenhart, Executive Officer, [illegible] Lear, Room 11, South 197 Howard Street, Spokane 8, Washington. Checks should be drawn in favor of the Treasurer of the United States. The purchaser should be advised to deduct the 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. Eisenhart of any changes in ownership or production rights that might affect the Government's right to its percentage royalty. Also, if production ceases at any time during extended period please notify Mr. Eisenhart at six-month intervals that such is the case.

Sincerely yours,

C. O. Mittendorf
Administrator

Enclosure

WRGriswold/bjl (3/19/54)
Copy to: Docket
Base Metals — Cont.Admr.& Audit
Admr. R. File — Region II (2)
Op.Committee — Mr. Hedges (4604)
Mr. Thayer(5216-GSA)
Mr. F. E. Johnson — W. R. Griswold
Chron.

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

MAR 2 5 1954

[illegible] Irving Cubbel, Acting Director
[illegible] Division
[illegible] Procurement Service
General Services Administration
Washington 25, D. C.

[illegible]

[illegible]:

[illegible] certificate of discovery or [illegible] relating to [illegible] exploration project [illegible] at [illegible] 1954-242.

[illegible] contract [illegible] 1954, with [illegible] 1953, with the Government participating to the extent of sixty per cent in an exploration project estimated to cost [illegible]. [illegible] expenditures to the end of October 1953 [illegible] project was recovered due to severe inter conditions [illegible], with the [illegible] being [illegible] of [illegible].

The total amount of work [illegible] under the present contract consisted of [illegible] feet of drifting and [illegible] feet of cross-cutting. [illegible] to date consists of [illegible] feet of drifting and [illegible].

[illegible] mineralized [illegible] occurring [illegible] in [illegible] zone in [illegible] rocks. [illegible] to date [illegible] the [illegible] of [illegible] tons, with a grade of [illegible] per cent lead and [illegible] ounces of silver per ton.

Sincerely yours,

C. O. Mitteman

Administrator

Enclosure

WRGriswold/bjl (3/19/54)
Copy to: Docket
Region II (2)
Cont.Admr.& Audit Div.
Base Metals
Admr. R. File
Op. Committee
Mr. Hedges (4604)
Mr. Thayer (5216,GSA Bldg.)
Mr. F. E. Johnson
Mr. W. R. Griswold
Chron.

XXXXXXXXXXXXXXXX
So. 107 Howard Street
Spokane 4, Washington

Defense Minerals Administration
RECEIVED
SEP 30 1954

September 27, 1954

Mr. Gordon V. Barclay
Ward and Barclay Law Offices
Bingham Building
Sedro Woolley, Washington

Re: Docket No. DMEA 1831 (lead)
William Soren
Johnsburg Prospect
Skagit County, Washington
Contract No. Idm-E242 (Amended)

Dear Mr. Barclay:

We have received word from our Washington office concerning the status of the DMEA contract cited above.

Inasmuch as Mr. Soren did not resume work on the contract by July 1, 1954, it has been automatically terminated, according to terms of Amendment No. 1 to the contract. Mr. Soren has been notified that the contract is considered terminated as of July 1, 1954.

Therefore, as the contract no longer exists, an assignment cannot be made. Will you kindly notify your client Mr. Lowell Kaess of this fact.

Yours very truly,

Willard P. Puffett
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: DMEA
USBM (2)
Puffett

Government Copy

EXPLORATION PROJECT CONTRACT
WILLIAM SOREN
DOCKET NO. DMEA-1831

AMENDMENT NO. 1 TO AMENDED CONTRACT

It is agreed this 24th day of March, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and William Soren, that Amended Exploration Project Contract Idm-E242 (Docket No. DMEA-1831), dated October 15, 1953, is amended, effective November 1, 1953, as follows:

1. a. Work under the contract shall be suspended during the period beginning November 1, 1953, and ending not later than July 1, 1954.

b. No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government.

c. The Operator, at his own cost and expense, without contribution by the Government, during the period of suspension shall preserve the project work and any property in which the Government has an interest.

d. 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 work.

2. It is of the essence of this contract that work be resumed on or before July 1, 1954; and if the work is not resumed within the time limited, in a manner required to bring the project to completion as required:

a. All obligation of the Government to contribute to costs not incurred before November 1, 1953, shall be and is hereby terminated.

b. The Operator shall promptly perform all winding-up and settlement actions provided for in the contract, and shall promptly render to the Government a final report and a final accounting.

c. All rights of the Government with respect to percentage royalty, under the provisions of Annex I attached to the Amended Contract, as amended herein, shall be and are preserved.

3. In Annex I, attached to the Amended Contract, the words "the date of the contract" mean "the date of the Prior Contract (April 16, 1952)."

4. In Article 7 of the Amended Contract, delete the period "10 years," and substitute the period "11 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 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 D Mitchendorf
Administrator, Defense
Minerals Exploration
Administration

William Soren
William Soren

Docket No. ~~[illegible]~~

Commodity ~~Lead~~

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 242

Date of Contract ~~or Amendment to~~ April 16, 1952

Name and Address of Operator:

William Soven
Route 1
Cedro Woolley, Washington

Amount of Government participation 19,000.00 $

Percent of Government participation 50 %

Region: 11 State: Washington

Note: Please release @ 17,705.00

for E. R. Talbot
(Name)
J. L. Chambers
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington.

1/10/55

54458

Doc[illegible] No. ~~[illegible] 2092~~

Commodity ~~Lead~~

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~AMENDMENT~~

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 242

Date of ~~Contract or Amendment~~ Amendment:

Name and Address of Operator:
(Assigned to)
William Doran, an individual
Rt. 1
Sedro Woolley, Washington.

Amount of Government
participation ____ $ 19,000.00

Percent of Government
participation 50 %

Region: XX State: Washington

Note: This document establishes the obligation shown above and cancels the previous obligation of $21,375.00

*Contract previously under name of C. G. Davis.

J. L. C.
(Name)

J. L. Chambers,
Chief, Contract Administration and Audit Division
(Title)

Date Delivered to Bureau of Mines, Washington. 12/11/53

13808

MF-200 (A)
(February 1952)

NOV 10 '53
SPOKANE, WASH.

DOCKET NO. DMEA 1831

COMMODITY Lead

Government's Copy

IDM-E 242

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

AMENDED
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 15th day of October, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] William Soren, an individual
Rt. 1,
Sedro Woolley, Washington

hereinafter called the "Operator," as follows: and as set forth in Annexes I and II, attached hereto and made a part hereof

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 Skagit, described as follows:[3]
Patented claim Johnsburg, Survey No. 292A

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 liens, or encumbrances, or encumbrances, a copy of which the subordination agreement of the holders is attached:~~

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

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

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

in or upon the described land; and shall bring the project to completion ~~within a period of~~ prior to November 1954 ~~months~~. 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. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. 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 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 50 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $19,000.00, which is 50 percent of $38,000.00 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 check or 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. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed 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 units of work performed 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.

[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*) *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 the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, 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 and statement of work performed to accompany his final report.

ARTICLE 6. *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 the 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. Annex I is substituted in lieu of Article 6.

ARTICLE 7. *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 8. *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.

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

Executed in sextuplicate the day and year first above written.

William Soren
William Soren (Operator)

By .....

THE UNITED STATES OF AMERICA

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

---

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

..... [CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

EXPLORATION PROJECT CONTRACT
WILLIAM SOREN
DOCKET NO. DMEA-1831
ANNEX I

RECEIVED

The following provisions are in lieu of Article 6 :

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.

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

AMENDED
EXPLORATION PROJECT CONTRACT
WILLIAM SOREN

ANNEX II

WHEREAS, Exploration Project Contract Idm-E242 (Docket No. 1831), dated April 16, 1952, executed on Form MF-200 (June 1951), as amended, hereinafter called the "Prior Contract," was executed between the Government and C. O. Davis, hereinafter called the "Assignor"; and

WHEREAS, the Assignor by an instrument dated November 5, 1953, duly assigned, transferred, and conveyed to William Soren, hereinafter called the "Operator (Assignee)," all his right, title, and interest in and to the aforesaid Exploration Project Contract, and the Assignor consented to any and all future amendments of the said contract; and

WHEREAS, the Assignor and his wife leased to the Operator (Assignee) and his wife, by an instrument dated June 30, 1953, the property referred to in Article 2 of the Prior Contract; and

WHEREAS, the Operator (Assignee) and the Government desire slightly to alter the work provided for in the Prior Contract, to make the basis for the payment of all the work on a unit-cost instead of an actual-cost basis, and to restate their agreement on the new contract form, MF-200A (February 1952);

NOW THEREFORE, it is mutually agreed as follows:

1. Effective as of the date of its execution the Prior Contract is amended and superseded by this Amended Contract executed on Form MF-200A (February 1952), which shall govern the Government's claim and lien for percentage royalty and in which the rights and obligations of both parties are fully merged.

2. The description of the work and the costs thereof and the costs of the entire project and the Government's participation therein shall be as stated in Exhibit "A" Amended, attached hereto and made a part hereof.

EXPLORATION PROJECT CONTRACT
WILLIAM SOREN
DOCKET NO. DMEA-1831

EXHIBIT "A" (AMENDED)

Description of the Work

The purpose of this exploration program is to explore the Johnsburg vein for lead, and is to be carried out in two stages. If, in the opinion of the Government, the results of Stage I warrant the continuation of the project, then Stage II shall be approved and undertaken. Any proposed changes that may arise in the tentative location of the drifts, as shown on the map attached to the Prior Contract, entitled "Proposed exploration -- Johnsburg mine, Skagit County, Washington," may be made only with the consent of the Government.

The proposed work is as follows:

Stage I

1. Extend Johnsburg drift a maximum of 150 feet to the south on the vein structure. Shown on map attached to Prior Contract at: "Proposed extension of drift - Stage I & Stage II."

2. Crosscut a total of 25 feet in at least two separate points from the Johnsburg drift to determine the width of the vein structure.

Stage II

1. Extend Johnsburg drift an additional 200 feet. Shown on map attached to Prior Contract at: "Proposed extension of drift - Stage I & Stage II."

2. Drift 500 feet on vein structure beginning at a point 100 to 150 feet in elevation below the Johnsburg drift. Shown on map attached to Prior Contract at: "Proposed drift - Stage II."

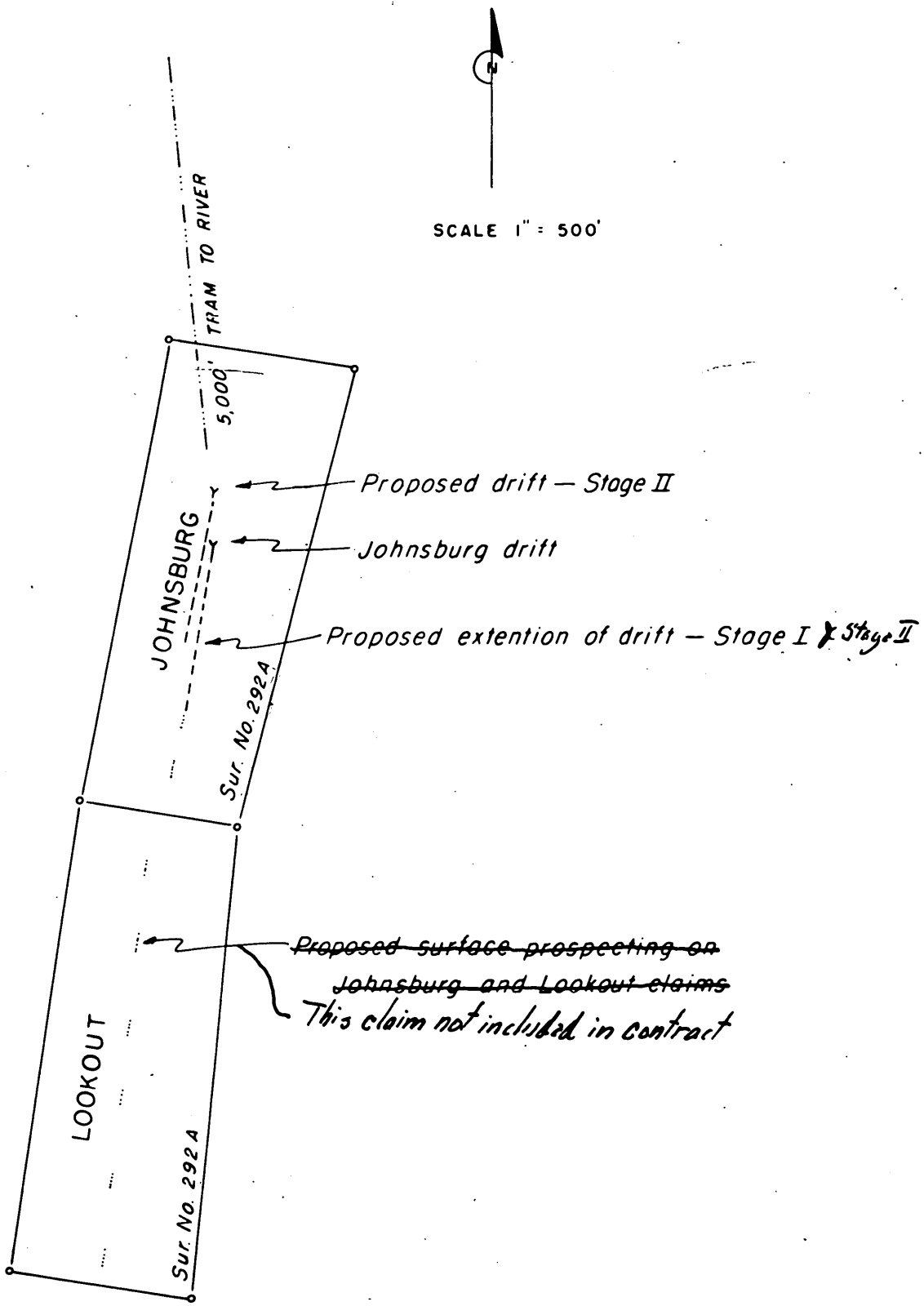
3. Crosscut a total of 75 feet in at least three separate places from either the Johnsburg drift or the new 500 foot lower drift (item 1, Stage II) to determine the width of the vein structure.

In both stages, the location, direction, and extent of the drifts and crosscuts require the prior approval of the Government; timbering with standard drift sets shall be done where necessary but not in excess of 175 feet in Stage I and 775 feet in Stage II.

Agreed Unit Costs

Drifting 850 feet @ $35/ft.	$29,750.00	
Crosscutting 100 feet @ $35/ft.	3,500.00	
Timbering 950 feet @ $5/ft.	4,750.00	
Total Agreed Unit Costs		$38,000.00
Government Participation @ 50%		$19,000.00

U.S. DEPARTMENT OF T[illegible]NTERIOR BUREAU OF MINE[illegible]M.A. DOCKET NO. _____



Docket No. DMA-1831

Proposed exploration — Johnsburg mine, Skagit County, Washington.

Government's Copy

ASSIGNMENT OF CONTRACT
ASSIGNEES' ACCEPTANCE
GOVERNMENT'S CONSENT

WHEREAS, C O. Davis (hereinafter called the "Operator), entered into an Exploration Project Contract dated April 16, 1952, Contract No. Idm-E242, Docket No. DMEA-1831X, with the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration (hereinafter called the "Government"); and

WHEREAS, the Operator together with his wife Hattie Davis by an instrument dated June 30, 1953, leased to William Soren (hereinafter called the "Assignee") and Willehmina Zoa Soren, his wife, the real property covered by the aforesaid Exploration Project Contract;

NOW THEREFORE, the Operator in consideration of the sum of One Dollar ($1.00) lawful money of the United States and other good and valuable consideration received from the Assignee, does hereby assign, transfer, and convey to the Assignee all his right, title, and interest in and to the aforesaid Exploration Project Contract including any and all property purchased for, and the right to use any and all property devoted to the exploration work under this Exploration Project Contract, and hereby consents to any and all future amendments to the said Contract; and the Operator agrees to release and hereby releases the Government from any and all claims, past, present, or future arising out of the said Exploration Project Contract.

This Assignment is subject (1) to the written consent of the Government; (2) to written acceptance by the Assignee; and (3) assumption by the Assignee of the terms, provisions, and conditions of said Exploration Project Contract binding upon the Operator.

Dated 11-5, 1953.

C. O. Davis

C. O. DAVIS

I, the undersigned, a notary public in and for the State of Washington, hereby certify that on this 5 day of Nov., 1953, personally appeared before me C. O. Davis, to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes herein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and seal.

R Weeks
Notary Public - State of Washington

The Assignee, this 5 day of Nov., 1953, hereby accepts the above Assignment, and assumes and agrees to be bound by the terms, provisions, and conditions of said Exploration Project Contract that are binding on the Operator.

William Soren
WILLIAM SOREN

I, the undersigned, a notary public in and for the State of Washington, hereby certify that on this 5th day of Nov., 1953, personally appeared before me William Soren, to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes herein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and seal.

R Weeks
Notary Public - State of Washington

The Government this 14th day of October, 1953, without releasing the Operator from any of the terms, provisions, and conditions of the said Exploration Project Contract, hereby consents to the above Assignment.

THE UNITED STATES OF AMERICA

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

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

1201 N. Division St.
Spokane 2, Washington
October 29, 1953

MEMORANDUM

To: DMEA Field Team, Region II

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

Subject: C. O. Davis, Johnsburg mine, Skagit County, Washington
Contract No. Idm-E242, Docket No. DMEA 1831 (lead)

Copies of an amended contract made out to William Soren, who is now leasing the Johnsburg mine, have been received. An attempt was made to contact Messrs. Soren and Davis on October 27, 1953. Mr. Soren was away from home hunting and was not expected back for several days, and no one was at Mr. Davis' home. Word was left with Mrs. Soren to have Mr. Soren call as soon as he returned from his hunting trip.

Operations at the Johnsburg mine have been shut down since about the middle of October. It seems that the miners quit when the tent which they were living in leaked during the first snowstorm. Apparently, the Operator does not plan on attempting to hire a new crew so late in the season.

A shipment of ore was made to the Bunker Hill smelter at Kellogg, Idaho, on October 3, 1953. This ore came from the adit and from the surface outcrop. Data on it is as follows:

Gross weight	20080	pounds
Moisture	2.2	percent
Dry weight	19638	pounds
Assay data:		
Gold	0.067	oz. per ton
Silver	40.4	oz. per ton
Lead	56.9	percent
Copper	0.42	percent
Iron	4.3	percent
Insoluble	23.0	percent
Lime	0.0	percent
Sulfur	8.8	percent
Zinc	0.4	percent
Antimony	0.21	percent
Arsenic	0.06	percent
Bismuth	0.0	percent

Gross value per ton	$162.82
Smelting charges	11.00
Net value per ton	151.82
Trucking - $17.00 per ton - Total	175.80
Gross value of shipment after freight	1275.77
Paid to William Soren	605.99
Paid to C. O. Davis	605.99
5% royalty to DMEA (held by smelter)	63.79

The work which has been done at the property is exactly as was outlined in the original contract and in the amended contract.

E. A. Magill

Orig. & 3 cys - Wash.
USGS (2)
DMEA
M/D
AD
EAM/he

Government Copy

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

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

Johnsburg, patented mining claim, U. S. mineral survey No. 292A

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

2/ William Soren, an individual

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

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

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

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

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

4. Changes and added provisions

Dated this 5 day of 11, 1953.

C. O. Davis [Seal]

Hattie Davis [Seal]

William Soren [Seal]

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

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

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

RELEVANT CONTRACT PROVISIONS

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 the 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, in whatever form disposed of, including ore, concentrates, or metal, as follows:

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

(b) 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.)

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.

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

Noted

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
SEP 9 - 1953

September 2, 1953

Mr. Ernest W. Ellis, Acting Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-1831 (lead)
Johnsburg prospect
Skagit County, Washington
Contract No. Idm-5242

Dear Mr. Ellis:

The following are enclosed:

1. Six copies of a Mining Lease between the lessor, Mr. C. O. Davis, and the lessee, Mr. William Soren.

2. Six copies of an Assignment of Exploration Project Contract, signed by the assignor and the assignee, but which must be signed by the Administrator.

3. Four copies of a progress examination report of the subject property by E. A. Magill, U. S. Bureau of Mines, recommending assignment of the contract.

The subject contract has been in effect for almost two years but the Operator has been very slow in starting project work. The delay in commencing work necessitated the drawing of an amendment, signed by the Administrator, extending the starting date from 120 days until not later than July 15, 1953. At the time this amendment was forwarded to the Operator it was our plan to rescind the contract unless work was started by the amended date.

Mr. Magill's examination of the project on August 12 disclosed that the Operator had leased the subject property to Mr. William Soren, effective as of June 30, 1953, but without previously informing the Field Team of this lease agreement. Mr. Magill also learned that Mr. Soren was actively conducting work outlined in the contract and had extended the Johnsburg drift for about 40 feet. Mr. Soren stated that he would like to have the contract assigned to him.

B

We realize that Mr. Davis should have requested approval from DMEA to assign the contract at an earlier date; however, as the lease has been let, and as both the assignor and assignee have now signed the instrument assigning the contract, we recommend the assignment be approved by the Administrator. Mr. Davis has not shown any inclination to conduct project work pursuant to contract terms, whereas Mr. Soren is actively doing the work. It is therefore hoped that the property is in better hands and that the project will be vigorously carried through to completion.

If the contract assignment is approved by the Administrator it is recommended that the approval be back dated to June 30, 1953, so that DMEA may participate in the expense of project work already completed by Mr. Soren.

By DMEA Field Team, Region II

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

M. E. Volin, Member
(U. S. Bureau of Mines)

Enclosures

cc: Com. Adm. & Aud. Div.
USBM (2)
Puffett

Government's Copy

EXPLORATION PROJECT CONTRACT
C. O. DAVIS
DOCKET NO. DMEA-1831

AMENDMENT NO. 2

It is agreed this 8th day of July, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and C. O. Davis, each acting in consideration of the agreement of the other to the terms hereinafter set forth, that Exploration Project Contract Idm-E242, Docket No. DMEA-1831, dated April 16, 1952, as amended, between the parties hereto, be further modified and amended as of said date as follows:

1. In Article 3 of the contract form, the words "one-hundred-twenty (120) days" are deleted and the words "not later than July 15, 1953", are substituted.

2. Wherever they appear in Article 9 of the contract form, the words "ten (10) years" are hereby changed to "eleven (11) 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 to increase any allowable maximum item.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Meadows
Administrator, Defense Minerals
Exploration Administration

C. O. Davis
C. O. DAVIS

(Amendment to Change Starting and Completion Dates)

AMENDMENT NO. 1

It is agreed this 19th day of Sept. 195 2, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and C. O. Davis, an individual, Route 3, Box 83, Mount Vernon, Washington

each acting in consideration of the agreement to the other to the terms hereinafter set forth, that the Exploration Project Contract Docket DMEA-1831X Idm-E242 of April 16, 195 2 between the parties hereto be modified and amended to change the starting date from 120 (No. of day) to within 411 (No. of days) of the date of the contract and the completion period from ---- (No. of months) to ---- (No. of months) from the date of the contract. The effective date of this amendment shall be August 16, 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.

C. O. DAVIS
(Operator)
By C. O. Davis

The United States of America
By A. E. Weissenborn
A.E.Weissenborn, Exec. Officer
DMEA Field Team, Region II

C. O. Davis

Johnsburg Property

Skagit County, Washington

Exploration Project Contract Idm-E242

Docket No. DMEA-1831X (Lead)

Justification for Amendment No. 1

The work under the contract, if started at this time, would very likely be delayed because of inclement winter weather. The Operator, with the Field Team's approval, prefers to delay starting date of the contract until spring. This also has the approval of the Operating Committee, and the Chief Counsel has stated that such an amendment to defer the start of the work until the spring of 1953 would be permissible as it would not increase the estimated time for the performance of the project but merely delay the starting date.

Docket No. 1831

Commodity Lead

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Revised Contract

Contract No. Idm-E 242

Date of Contract ~~of Amendment~~ April 16, 1952

Name and Address of Operator:

C.O. Davis
Route 3, Box 83
Mount Vernon, Washington

Amount of Government participation $21,375.00

Percent of Government participation 50 %

Region: II State: Washington

This document cancels the previous obligation of $24,587.50 on the contract dated January 25, 1952, and establishes the amount and date of contract shown above.

J.L. (Name) Chambers
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington April 16, 1952 13908

Docket No. DMA-1831X

Commodity Lead

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM

To: Chief, Finance Section
Washington Office

Please enter on the records of the Defense Minerals Administration, under the Strategic and Critical Mineral Exploration Program, the following contract.

Contract No. Idm-E 242 Date: January 25, 1952

Name of Operator: C. O. Davis

Address of Operator: Route 3, Box 63
Mount Vernon
Washington

Amount of contract (Government participation) ..... $ 24,587.50

Percent of participation ..... 50 %

Region: Region II

State: Washington

J. L. Chambers
(Name)

Chief, Contract Administration
or Audit Division
(Title)

Submit one copy

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

Docket No. DMEA 1831X
Commodity Lead
Idm-E242

GOVERNMENT'S COPY

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

EXPLORATION PROJECT CONTRACT 1/

It is agreed this 16th day of April, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and 2/

C. O. Davis, an individual,
Route 3, Box 83
Mount Vernon, Washington

hereinafter called the "Operator," as follows:

ARTICLE 1. Authority for contract. This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Regulations for 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 Skagit, described as follows:

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/ Johnsburg, Survey No. 292 A (Patented) Claim (owned by C. O. Davis)

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 is a lessee, in possession and entitled to possession and the Owner's Consent to Lien is attached.~~

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

ARTICLE 3. Exploration project. The Operator, within one-hundred-twenty(120) days from the date of this contract shall commence

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.

on a project of exploration for[5] Lead

in or upon the described land; and shall bring the project to completion within a period of twenty-two (22) months 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

5/ Name of mineral or minerals.

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 ~~expendable~~ 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 ~~for purchase~~ as owned and to be furnished by the Operator, ~~and allowable purchase price~~ and allowable depreciation, are allowable maximums.

(5) Rehabilitation and repairs. Any necessary 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, workmens' compensation and employers' liability insurance and payroll and sales taxes.

(8) Unforeseen. 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.

(b) The Government's payments 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 Operator 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 per cent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $ 21,375.00, which is 50 per cent of $ 42,750.00, 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) per cent 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 six months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within ten 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 ten years have elapsed, whichever occurs first, as follows:

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

(2) 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 ($3\frac{1}{2}$) 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 ten 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 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 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 prorata share of any money remaining.

ARTICLE 13. Changes and added provisions. _____

_____

_____

_____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

C. O. DAVIS
Operator

By C. O. Davis

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

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

[Corporate Seal]

16042

EXPLORATION PROJECT CONTRACT
C. O. DAVIS
DOCKET NO. DMEA-1831X

EXHIBIT "A"

Description of the Work

The purpose of this exploration program is to explore the Johnsburg vein for lead, and is to be carried out in two stages. If, in the opinion of the Government, the results of Stage I warrant the continuation of the project, then Stage II shall be approved and undertaken. Any proposed changes that may arise in the tentative location of the drifts, as shown on the attached map, may be made only with the consent of the Government.

The proposed work is as follows:

STAGE I

1. Extend Johnsburg drift a maximum of 150 feet to the south on the vein structure. Shown on attached map as: "Proposed extension of drift - Stage I".

2. Crosscut a total of 25 feet in at least two separate points from the Johnsburg drift to determine the width of the vein structure.

STAGE II

1. Extend Johnsburg drift an additional 200 feet.

2. Drift 500 feet on vein structure beginning at a point 100 to 150 feet in elevation below the Johnsburg drift. Shown on attached map as: "Proposed drift - Stage II".

3. Crosscut a total of 75 feet in at least three separate places from either the Johnsburg drift or the new 500 foot lower drift (item 1, Stage II) to determine the width of the vein structure.

The location of the crosscuts is to be approved by the Government.

ESTIMATE OF COSTS
SUMMARY
STAGE I

150 feet of drifting at $40.00 per foot	$ 6,000.00
25 feet of crosscutting at $40.00 per foot	1,000.00
Operating materials and supplies	300.00
Operating equipment to be purchased	725.00
New buildings, improvements, installations	500.00
Total Stage I	$ 8,525.00

STAGE II

700 feet of drifting at $40.00 per foot	$28,000.00
75 feet of crosscutting at $40.00 per foot	3,000.00
Operating materials and supplies	1,000.00
Operating equipment to be purchased	725.00
New buildings, improvements, installations	1,500.00
Total Stage II	$34,225.00
Total Estimated Cost - Stage I	$ 8,525.00
Total Estimated Cost - Stage II	34,225.00
Total Estimated Cost Stages I and II	$42,750.00

DETAILS OF COSTS

(1) Independent Contracts

None

(2) Labor, Supervision, Consultants 1/

Superintendent will be allowed a salary of $500.00 per month.*

Engineer - Geologist (part time) $150.00 per month.*

Cook at $14.00 per 8 hour shift.*

(3) Operating Materials and Supplies

All included in unit costs for crosscutting and drifting except the following:

Stage I - Miscellaneous tools	$ 300.00
Stage II - Miscellaneous tools	1,000.00

(4) Operating Equipment

To be rented

None

To be furnished by Owner

	Replacement Value	Monthly Allowance for Use
1 - Air compressor 210 cfm	$ 5,000.00	$ 83.00*
1 - Truck, 4 wheel drive pickup	800.00	13.00*

To be purchased

STAGE I

1 - Jackhammer with leg	$ 600.00
1 - Mine car	125.00
Total Stage I	$ 725.00 *

1/ All labor, supervision and consultants are included in the Unit costs for crosscutting and drifting. Labor for crosscutting and drifting may be employed at shift rates or on a contract basis, not in excess of the rates for like work in the district.

* Allowable Maximums

STAGE II

1 - Jackhammer with leg	$ 600.00
1 - Mine car	125.00
	$ 725.00*

(5) Rehabilitation and Repairs

None

(6) New buildings, improvements, installations

STAGE I

Erection of a compressor shed at Johnsburg portal including all labor and supplies $ 500.00*

STAGE II

Erection of one cabin including all labor and supplies $1,500.00*

(7) Miscellaneous

All items listed in Article 6(a) (7) of the contract form are included in the unit costs for crosscutting and drifting.

(X) Crosscutting and Drifting

STAGE I

175 feet @ $40.00 per foot*2/ $ 7,000.00*

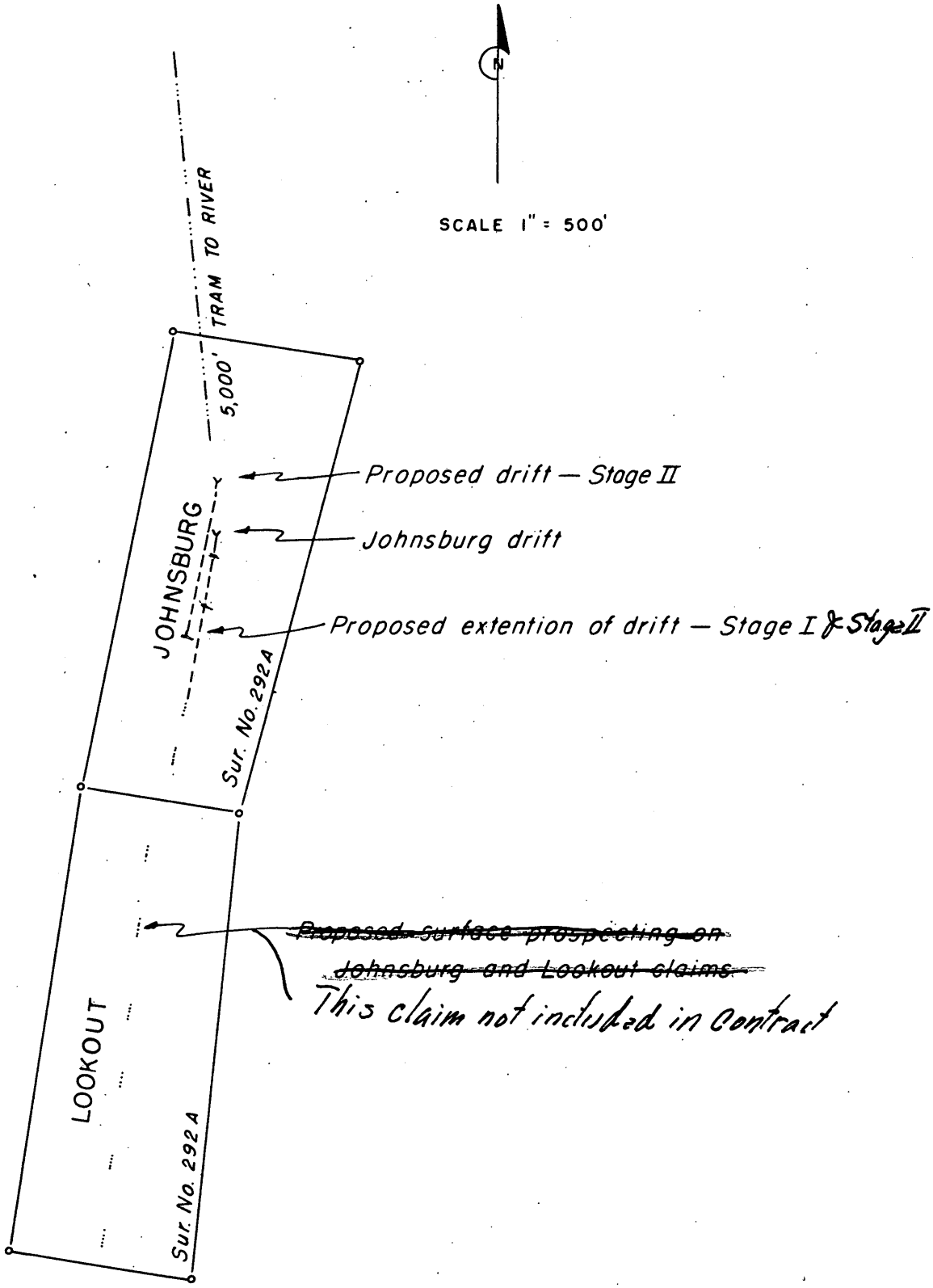
STAGE II

775 feet @ $40.00 per foot*2/ $31,000.00*

2/ Including supervision, engineering, geology, labor, utilities, water and air pipe, rails and rail accessories, explosives, drill steel and drill bits and the equipment furnished by Operator.

* Allowable Maximums.

U.S. DEPARTMENT OF THE INTERIOR BUREAU OF MINES — D.M.A. DOCKET NO. _____



Proposed exploration — Johnsburg mine, Skagit County, Washington.

E-1773