DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE — Idm-E NO. 242 — DMEA NO 1831

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

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

Right Side

- [x] Project summary (final)
- [x] Work Completed analysis (final)

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

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

Additional Folders:

Left Side

Folders No. 2 : Reports
- [x] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

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

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

Folders No. 3 : Settlement Sheets

Folders No. _____ : Drill Logs

Folders No. _____ : Royalty material

Reported Inactive 12/28/59

17963

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D. C., and the Executive Officer, Region I, Spokane, Washington, pertaining to Amended Contract No. Idm-8242, Docket No. DMMA-1831 (Lead), dated October 15, 1953, with

William Soren
Route 1
Sedro Wooley, 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 15, 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 15, 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 15, 1960 C. E. Fisher, OME Auditor

Idm-2342 William Soren DMRA-1831

SCOPE OF REVIEW AND REASONS THEREFOR

My review included a tabulation and computation of copies of settlement sheets furnished by Number 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	8-29-55	8-29-55	
Vendor	Soren & Davis	Lowell Emmas	C. O. Davis	
Short dry tons	9.819	8.948	.893	19.458
Net proceeds	$1,273.77	$72.76	$ 86.32	$1,434.85
" " (per SBT)	$ 129.95	$ 8.13	$124.56	
Royalty rate	5%	1½%	5%	
Royalty paid	$ 65.79	$ 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, 1955, 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

Book

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-E242, 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.

RECEIVED
AUG 2 [illegible]

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

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
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. Soren
Route 1
Sedro Woolley, Washington

Pursuant to the provisions of Amended Exploration Project Contract No. Idm-E242, dated October 15, 1953, Docket No. DMEA-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

WRGriswold/FEJohnson/bjl/bih
3/23/54
cc to: Docket
Irving Gumbel, Dr.,MD,EPS
Mr. Hedges (4604)
Mr. Thayer (5216-GSA)
Admr. Reading File
Operating Committee
Mr. Chambers
Finance Officer
Region II (2)
Mr. F.E.Johnson
Mr. Griswold (2)

FILE COPY
SURNAME:

Griswold
Rutter
Glynn
Lavabre
Hedges

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
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. Soren
Route 1
Sedro Woolley, Washington

Pursuant to the provisions of Amended Exploration Project Contract No. Idm-E242, dated October 15, 1953, Docket No. DMEA-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 on the Johnsburg drift level of the Johnsburg mine indicated the existence of reserves of lead-silver ores on the Johnsburg patented claim, Survey No. 292A.

Dated _____

WRGriswold/bjl (3/19/54)

THE UNITED STATES OF AMERICA

By C. D. Mitkeadory
Administrator, Defense Minerals
Exploration Administration

Copy to:
Docket
Irving Gumbel, Dr., MD, EPS
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
Base Metals
Mr. Griswold
Chron.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

Defense Minerals Administration
RECEIVED
JAN 6 1955

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

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

pertaining to Exploration Project Contract No. Idm-2242, 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 DF-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 recommended with and per, provided that the Regional Executive Officer, the Administrator, or other competent officers 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

Docket 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 5th 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 V Wells
Notary Public - State of Washington

The Assignee, this 5th 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 V Wells
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

Chambers

MF-203
(Revised July 1, 1953)

~~W. Pulon Lee~~
~~Docket~~ Copy

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 ~~Clark~~, described as follows:1/

~~Johnsburg, located mining claim, U. S. mineral survey No. 2924~~

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 ($1\frac{1}{2}$) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half ($1\frac{1}{2}$) percent of any such net amounts, plus one-half ($\frac{1}{2}$) 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 ($1\frac{1}{2}$) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) 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.

Docket Copy

EXPLORATION PROJECT CONTRACT
WILLIAM SOWEN
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 Sowen, that Amended Exploration Project Contract Idm-[illegible] (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 Mittendorf
Administrator, Defense
Minerals Exploration
Administration

William Soren
William Soren

Burton Hoffland

J H Chamberlin

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 1031

COMMODITY Lead

Docket 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. 232A

the Operator represents and undertakes:[4]

(*a*) ~~That the Operator is the owner in possession and entitled to possession, and that the property subject to the following mortgages or encumbrances, of which the Operator has given notice, is described as follows:~~

(*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 continue work on a project of exploration for[5] Lead in or upon the described land; and shall bring the project to completion prior to November 1954 ~~within ____ days from the date of this contract~~. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. 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.

THE UNITED STATES OF AMERICA

William Soren (Operator)

William Soren

By Frank E. Johnson

ACTING Administrator, Defense Minerals Exploration Administration

By xx

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

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. DMSA-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

Docket 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 C O Mittendorf
Administrator, Defense Minerals
Exploration Administration

Rubin
H. Hollund
Chamber

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.

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

Docket No. DMEA 1831X
Commodity Lead
Idm-E242

✓ Docket 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 the owner, in possession and entitled to possession, and the Government's 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/] _____

_____

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

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5/ Name of mineral or minerals.

under such independent contract. The Government shall not be nor be considered to be a party to any such independent contract, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of any such independent contract. If the reference in Exhibit "A" to any such independent contract states that the Government's approval thereof is required, the Government may refuse to participate in the cost thereof unless and until it has given its written approval of the independent contract.

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

ARTICLE 5. Estimated costs of the project. A statement of the estimated cost of the project is set forth in Exhibit "A", attached hereto. Except insofar as any item of requirement or the estimated cost thereof set forth in Exhibit "A" is there or elsewhere designated as an "allowable maximum," such items of requirement and of related cost are estimates only, and may be exceeded to the extent that the Government may from time to time approve for the most economic and beneficial performance of the work within the limitation of the total aggregate estimate of costs. The Government's approval of any such excess over the estimate for an item of requirement or related cost will be signified by its approval and payment of any invoice or voucher for payment which expressly calls attention to such excess. Items expressly designated in Exhibit "A" or

elsewhere as "allowable maximum," and the total aggregate estimated cost are limitations, and any excess therein will be for the sole account of the Operator in which the Government will not participate.

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

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

(2) Labor, supervision, consultants. Labor, supervision and technical services (including engineering and geological consultants),

a schedule of which is included in the estimate of costs set forth in Exhibit "A". The requirements and related estimated costs for supervision and technical services are allowable maximums.

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

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

(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 ($3\frac{1}{2}$) per cent.)

(b) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales; or if not sold, the market value 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 Francis P. Johnson
Acting Administrator,
Defense Minerals Exploration
Administration
Hoffland (for)
Chamberlin

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*

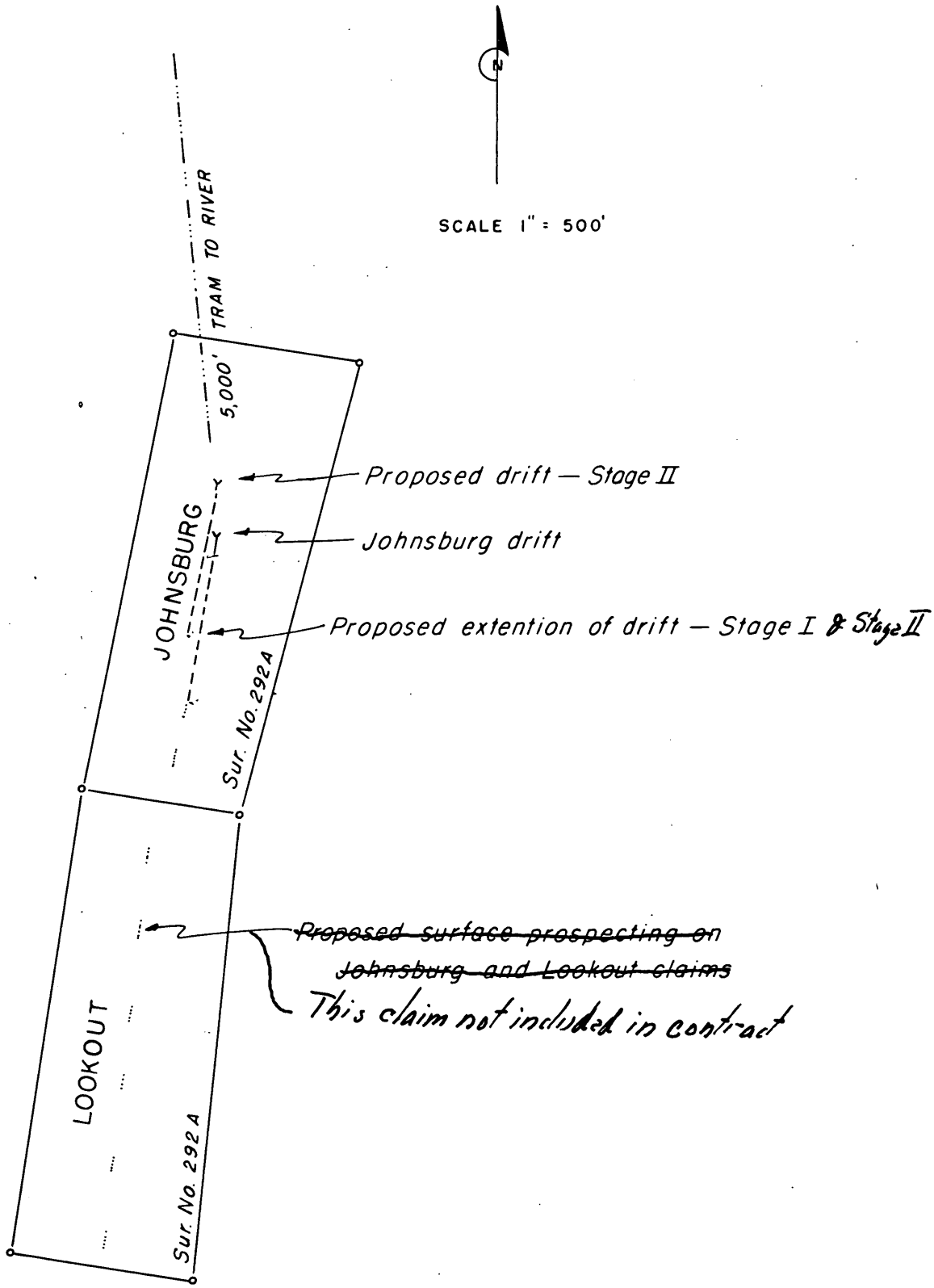
STAGE II

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.

PER-200
(April 1951)

Docket No. DMA _____
Commodity Lead

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Void
Not to be used
Contract re-written.

EXPLORATION PROJECT CONTRACT [1]

It is agreed this _____ day of _____, 195__, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] C. O. Davis, Route 3, Box 83, Mt. Vernon, Wash.

hereinafter called the "Operator," as follows:

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

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of Washington, County of Skagit described as follows: [3] Johnsburg Sur. 292-A (Patented) Claim (owned by Davis) and Lookout Sur. Leased by Davis from Soren

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

(*a*) That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: Subordination agreement attached for Lookout Claim.

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

3. *Exploration project.* The Operator, within 30 days from the date of this contract shall commence work on a project of exploration for [5] Lead; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] 18 months from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

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

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

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

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

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

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

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

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

11. *Participation by the Government.* At the end of the first full calendar month after the Operator has commenced work under the project, and at the end of each succeeding calendar month, the Operator shall submit to the Government a voucher for payment with a detailed statement of work done and allowable costs (as defined in Article 10 of this agreement) incurred, in a form and with supporting data acceptable to the Government. After approving the voucher, the Government shall pay to the Operator 50 percent of the sum of such costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $24,587.50, which is 50 percent of the agreed estimated total cost of this project, $49,175.

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

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

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

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

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

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

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

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

Executed in triplicate the day and year first above written.

C. O. Davis
(Operator)

By C. O. Davis

THE UNITED STATES OF AMERICA

By

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

C. O. Davis
Skagit County, Washington

Exploration Project Contract

EXHIBIT "A"

Exploration contract

The purpose of this exploration program is to explore the Johnsburg vein. Each of the steps outlined below the first is to be contingent on the success of the previous steps, except as noted differently under the heading Stage II on this page.

Time Schedule Months		
		Stage I
4	1.	Prospect vein structure on surface to the south on the Johnsburg and Lookout claims. Prospecting to include pit or short adits, not to exceed a total expenditure of $2,000.
6	2.	Extend Johnsburg drift 500 feet to south on vein structure.
1½	3.	Crosscutting a total of 100 feet in at least four separate points to determine the width of vein structure.
		Stage II
		This stage is to be taken up contingent upon the success of Stage I. The Government is to be sole judge of the success of Stage I. Stage II may be entered into prior to the completion of Stage I if the drifting in the Johnsburg adit discloses a commercial ore shoot.
6	1.	Drift 500 feet on vein structure beginning at a point 100 to 150 feet in elevation below the Johnsburg adit.
2	2.	Raise 100 feet on ore shoot in Johnsburg adit.

EXHIBIT "A" (Continued)

Estimated Costs

Stage I

1.	Drifting 500' @ $35 per ft.	$17,500.00
2.	Crosscutting 100' @ $35 per ft.	3,500.00
3.	Prospecting vein structure.	2,000.00
4.	Additional facilities	2,000.00
5.	Equipment to be purchased	3,175.00
	Total Stage I	$28,175.00

Stage II

1.	Drifting 500' @ $35 per ft.	$17,500.00
2.	Raise 100' @ $35 per ft.	3,500.00
	Total Stage II	$21,000.00

Total Costs of Project

Stage I	$28,175.00
Stage II	21,000.00
	$49,175.00

NOTE: The above footage costs are to include all operating costs including rail, pipe, engineering, and assaying.

C. C. Davis
Skagit County, Washington

Exploration Project Contract

EXHIBIT "B"

Fixtures and improvements

Erection of one cabin at a cost not to exceed	$1,500.00
Erection of compressor shed at Johnsburg Portal	500.00

It is understood that no costs of the erection of the tramway are to be charged as a cost of this project.

C. O. Davis
Skagit County, Washington

Exploration Project Contract

EXHIBIT "C"

Operating equipment

To be rented: ———— None

To be purchased:

1 - Jackleg with jackhammer	$ 600.00
2 - Mine cars @ 125 each	250.00
1 - Stoper	825.00
Miscellaneous tools and equipment	1,500.00
TOTAL	$3,175.00

To be furnished by operator:

	Estimated Replacement Cost	Monthly Allowance
Air compressor 60 cfm	750	$12.00
Air compressor 210 cfm	5,000	83.00
Truck 4 wheel drive pickup	800	13.00

C. O. Davis
Skagit County, Washington

Exploration Project Contract

EXHIBIT "D"

Labor and supervision

Classification	Wages per 8 hour shift
Miners	$14.00
Surface labor	13.00
Bookkeeper	14.00
Cook	14.00
	Monthly Salaries
Superintendent	$500.00
Engineer and geologist (Part time)	150.00

C. O. Davis
Skagit County, Washington

Exploration Project Contract

EXHIBIT "E"

Rehabilitation and repairs

None

MF-200
(June 1951)

Docket No. DMA 1831X
Commodity Lead
Idm-E242

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

GOVERNMENT'S COPY

EXPLORATION PROJECT CONTRACT [1]

It is agreed this 25 day of January, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals 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:

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

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of Washington, County of Skagit described as follows: [3] Johnsburg, Survey No. 292A (Patented) Claim (owned by C. O. Davis) and Lookout, Survey No. 293, leased by C. O. Davis from William Soren and Wilehmina Zoa Soren, husband and wife. Both claims are in Secs. 27 and 34, T. 35 N., R. 13 E., W. M.

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

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

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

3. *Exploration project.* The Operator, within thirty (30) days from the date of this contract shall commence work on a project of exploration for [5] Lead; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] twenty-two (22) months from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

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

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

6. *Operating equipment.* Any operating equipment to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or depreciation, as the case may be, is listed under appropriate headings in Exhibit "A" attached hereto. As to equipment purchased for the project, the Government will contribute its agreed pro rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro rata share.

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

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

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

9. *Rehabilitation and repairs.* A statement of the cost of any necessary rehabilitation or repairs to put existing facilities, buildings, installations, and fixtures into useful and operable condition and which are to be allowed as costs of the project is included in Exhibit "A."

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

11. *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.

12. *Progress reports.* The Operator shall provide the Government with monthly reports of work performed under the contract upon forms to be provided by the Government. Each monthly progress report shall bear the certification of the Operator and shall constitute the Operator's invoice of costs incurred on the project during the period covered by the report.

13. *Payment to the Operator.* The monthly progress report (invoice), to the extent approved by the Government, shall be processed for payment by the Government. Payment shall be made in the amount of 50 percent of the approved costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $24,587.50, which is 50 percent of the agreed estimated total cost of this project, $49,175.00.

14. *Final reports by Operator.* Upon completion of the project or termination of this contract, the Operator shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

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

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

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

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

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

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

Executed in sextuplicate the day and year first above written.

C. O. DAVIS
(Operator)

By _____

THE UNITED STATES OF AMERICA

By O. Meadows
Acting Administrator, Defense Minerals Exploration Administration

U. S. GOVERNMENT PRINTING OFFICE 16—64066-2

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

EXHIBIT "A"

Statement of the Work

The purpose of this exploration program is to explore the Johnsburg vein for lead, and is to be carried out in three 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. Similarly, Stage III will be undertaken only with the approval of the Government. 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

Explore vein structure on the surface of the Johnsburg and Lookout Claims, prospecting by pits or short adits and at a cost not to exceed a total expenditure of $2,000.00. The location of this work is shown on attached map as: "Proposed surface prospecting on Johnsburg and Lookout claims".

Stage II

1. Extend Johnsburg drift a maximum of 500 feet to the south on vein structure. Shown on attached map as: "Proposed extension of drift--Stage I".

2. Crosscut a total of 100 feet in at least four separate points from the Johnsburg drift to determine the width of the vein structure.

Stage III

1. 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".

2. Raise 100 feet on ore shoot in Johnsburg drift to determine the vertical continuity of the deposit.

Estimate of Costs for Stage I

Stage I shall consist only of cost of labor, supervision, sampling, assaying, engineering and such supplies as are necessary to complete this work to a maximum of $2,000. $ 2,000.00

Estimate of Costs for Stage II

500 feet of drifting @ $35.00 per foot	$17,500.00	
100 feet of crosscutting @ $35.00 per foot	3,500.00	21,000.00

Estimate of Costs for Stage III

500 feet of drifting @ $35.00 per foot	17,500.00	
100 feet of raising @ $35.00 per foot	3,500.00	21,000.00
Equipment and Facilities		5,175.00
Estimated total cost of Stages I, II, and III		$49,175.00

NOTE: Footage costs for drifting, raising and crosscutting include all labor, supervision, engineer and geologist, sampling, assaying, bookkeeping, utilities, repairs, pipe rail, supplies, and allowance for use of equipment furnished by Operator. The Government will pay only on a basis of actual costs, not on a unit-cost basis.

Details of Estimated Costs for Stages I, II, and III

Fixtures and improvements[1]

Erection of one cabin at a cost not to exceed	$ 1,500.00
Erection of compressor shed at Johnsburg portal at a cost not to exceed	500.00
Total	$ 2,000.00

1/ Allowable costs of project only if Stage II is approved and is allowable only for the months actually used for Stage II and Stage III, if approved.

Operating equipment[2]

To be rented

None

To be purchased

1—Jackhammer with leg	$ 600.00
2—Mine cars @ $125.00 each	250.00
1—Stoper	825.00
Miscellaneous tools and equipment	1,500.00
Total	$3,175.00

To be furnished by Operator[2]

	Replacement Value	Monthly Allowance for use
Air compressor 60 cfm	$ 750.00	$ 12.00
Air compressor 210 cfm	5,000.00	83.00
Truck, 4 wheel drive pickup	800.00	13.00

Labor and supervision

	Wages per 8-hour shift
Miners	$14.00
Surface labor	13.00
Bookkeeper	14.00
Cook	14.00

	Monthly Salaries
Superintendent	$500.00
Engineer and geologist (part time)	150.00

Allowance for engineering and supervision is to include all expense for preparation of reports required by this contract in form and in content satisfactory to the Government

Rehabilitation and Repairs

None

2/ See footnote 1.

MF-202

LANDLORD'S SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned is the owner in fee simple of that certain parcel of ground in the county of Skagit, State of Washington, described in a certain Exploration Project Contract dated January 25, 1952, between C. O. Davis, Route 3, Mt. Vernon, Washington, the Lessee of said property, and the United States of America;

NOW, THEREFORE, the undersigned, as Lessor of said property under lease dated 9-15-49, does by these presents subordinate all of his right, title, and interest under the provisions of said lease to the right, title, and interest of the United States of America under the provisions of said Exploration Project Contract, and agrees that the lien and claim of the United States of America under the provisions of said contract shall be prior to the undersigned's rights to rentals or royalties under the terms of said lease; and

The undersigned further agrees that if said leasehold interest should be surrendered or if said lease should terminate at any time prior to the expiration of the rights of the United States of America under said Exploration Project Contract, the undersigned shall assume and does hereby assume all of the obligations of the Lessee under said Exploration Project Contract to make repayment to the United States of America according to the terms of said contract; and

The undersigned agrees to commit no act, nor assert any claim under judicial process or otherwise that may contravene or conflict with the prior lien and claim of the United States of America under the provisions of said Exploration Project Contract.

This undertaking and covenant shall be binding upon the heirs, successors, and assigns of the undersigned.

Dated this 22 day of August, 1951

X William Soren

U. S. GOVERNMENT PRINTING OFFICE 16—64582-1

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

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

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

DO NOT FILL IN THIS BLOCK

Docket No. dma/1831X

Date received 7-12-51

Participation

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 12 1951
LANDON F. STROBEL
Executive Secretary

C.O.DAVIS
Route #3, Box 83
Mt. Vernon, Wash.

Name and address of applicant

Date June 21st, 1951

FILL IN THIS BLOCK

Date of application June 21st, 1951

Estimated cost $30,000.00

Mineral or metal Lead

Percentage of Government participation 50%

Location of mine Twp 27-Sec.34,R-13

Patented Mining Claim Survey No. 292-A, 292-B

Date of filing MF-100 June 21st, 1951

DMA Docket Number, if available

INSTRUCTIONS

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

THE APPLICANT

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

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

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

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

16—64067-1

THE PROPERTY

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

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

*11. State the present and former names of the property, if any.

*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads.

*13. State source and quantity of water available for operations and its sufficiency at all seasons.
State amount of power to be used, rate per hour or other cost, and source.

*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work.

15. State in detail how the ore could be shipped and how and where milled.

*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.
    (*b*) State briefly the known history and production of adjoining and neighboring properties.
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

*17. Production:
    (*a*) If mine is in production, furnish the following information:

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

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.

19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted?

21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it.

    NOTE.—The Government will not participate in a project that will require more than 2 years to complete.

22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data.

THE REQUIREMENTS AND COSTS

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

24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent.

CERTIFICATION

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

G.G. Davis - Owner
(Name of company)

By C. O. Davis
(Signature of authorized official)

June 21st, 1951
(Date)

Owner & Manager
(Title)

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

*Same as footnote on page 1.

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

Schedule to Form MF-103

C.O.DAVIS
R#3, Box 83
Mount Vernon, Wash.

8. So far our financial statement covering the mining project is all expenses - money paid out for mining property, building buildings, roads, putting up towers, purchasing nexessary equipment and supplies for carrying on the construction work, wages for same and other miscellaneous expenditures.

Mining property	$10,000.00
paid out in 1946	3,064.61
" " " 1947	4,974.71
" " " 1949	6,058.24
" " " 1950	10,859.15
" to May 1st 1951	5,409.30
	$ 40,366.01

Rental for equipment used on job not included in the above list of expenses.

COPY

Schedules for Form F-103

C.O.DAVIS
R#3, Box 83
Mt. Vernon, Wash.

4. General experience - General business experience, operated farms, logging plant, saw mill, concrete products plant, ship yard, construction work, and several years experience in placer mining.

5. Am owner of mining property.

6. None.

7. None.

8. Statement attached.

9 50% of cost.

10. a-Johnsburg/ or Johannesburg and mill site, & Look Out mine.
b-North Fork of Cascade River - Johnsburg/ or Johannesburg, Patented Mining Claim Survey No. 292-A, 292-B.

11. Johnsburg/ or Johannesburg.

12. a-Real Estate Description - 22 miles East of Marblemount, Wash. nearest town reached by County Highway and 9 miles of Mine to Market road with Eastern Terminal on our property. Great Northern Railway ends at Rockport, Washington. 31 miles by county road to the mine. From the railroad nine miles is oiled road 22 miles gravel road.

13. North Fork of Cascade River flows through our property, on which we have a water right for all the water we need.

14. We have two log buildings. An aerial tram extending to the end of the road 5100 feet up the mountain side to a fifty foot tunnel, which intersects the Galena outcropping. This outcropping is as wide as 30 inches on the surface of the ground and extends exposed for about 300 feet up and down a very steep hill. This outcropping has been stated by compitent engineers to be the finest they have ever seen of its kind any where in the West.

15. We plan on hi-grading and shipping by truck to Kellogg, Idaho, a distance of 475 miles at a cost of $16.00 per ton.

16. a-This property was originally opened up in 1882 by miners who were looking for gold and silver. A fifty foot tunnel was drifted into the main ore vein. It is by finding gold and silver in small quantities and an abundance of lead, did not encourage them to do more as lead at that time was one cent per pound, and I have been told by old timers that the rate for

b-Several properties have been developed with quite a lot of money being spent. A. G. Spaulding exporting goods manufacturer spent something like a half million dollars on the Pioneer Mine developing something like 10,000 tons ~~which~~ blocked out and he too discontinued operations due to the aforesaid mentioned reason - namely inaccessibility. There are several adjoining mines, the Aldarado for one, the Midas, the Diamond

Schedules for Form MF-103

C.O.Davis
R#3, Box 83
Mt. Vernon, Wash.

16. B-continued.
and others. The only actual shipment we have ever known of come out of the Aldarado, which in turn shipped about 55 tons of Galena ore, but up to now galena would not pay from that area.

c-The only reports we have are the old records in the early days and are not very applicable to the present day conditions, due to transportation and different prices and uses of metals.

17. Not in production.

18. The mineral deposit is the outcropping on the surface with a fifty foot tunnel drifted into the same. The outcropping lies on the surface on a 80% grade. It already is in the face of the tunnel in about a two foot vein.

b-Map and assay sheets attached.

c-1,000 tons of hi-grade Galena in site, running as high as 82% lead, 20 ounces of silver and some gold to a value of approximately $300.00 per ton.

19. None

20. Galena.

21. Finances to be used to complete the tramway now under construction that has it's upper terminal at the fifty ~~fix~~ foot tunnel before mentioned. We need the money to complete this tram, for an air compressor and Jack hammer and other small tools, build bunkers, etc. The work to be completed and the mine in operation yet this season.

22.

23. a-6 miners @ $15.00, miners of all classes at a total cost of $15.00 each.
b-1 Supervisor $500.00 per month.
c- $2000.00
d- $12000.00
E- About $9000.00
F- con't estimate.
g- about $400.00 per mo.
H- none
i- $8500.00

24. 60 days after approval mine can be in operation on a small scale, producing minimum of ten tons per day of hi-grade ore. The money to be spent to get this operation going and put it into production. At that time we would be in position to begin to repay the loan and carry on from that point.

Schedule for Form [illegible]F-103

C.O.DAVIS
R#3, Box 83
Mt. Vernon, Wash.

18. b-Map enclosed. (Copy)

Assay data - from the Consolidated Mining and Smelting Co. of Canada, Limited. Tadanac Office

Smelter schedule -
Assay - Lot 80611 - Certificate #6643

Gold oz/ton	Silver oz/ton	Lead %	Zinc %	S. %	Iron %	Silica %
.03	14.6	75.6	.3	11.9	1.2	4.6

Lime %	Antimony %	Arsenic %	Germanium %
.2	.1	.1	.0001

Assay from - Northwest Testing Laboratories
Second Avenue & James St
Seattle, Washington

Silver oz/ton	Lead oz/ton	Zinc oz/ton
[illegible].26	[illegible] 82.40	1.96

(Copies made from original sheets.)

Form MF-100
(May 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

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

NOT TO BE FILLED IN BY APPLICANT

Docket No. dma/ 1831X

Date received 7-12-51

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 12 1951
LANDON F. STROBEL
Executive Secretary

C.O.DAVIS
R#3, Box 83
Mount Vernon, Wash.

Name and address of applicant

Date June 21st, 1951

INSTRUCTIONS

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

GENERAL TECHNICAL DATA (Schedules attached)

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

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

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

   If not in production or operation, estimated date when production will begin _____
6. Experience of operators:

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

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

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

If more lines are needed continue on separate sheet.

9. Capital Stock Issues:

For Corporate Applicants

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

*Indicate period covered.

10. Production:

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

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

12. Ore or Mineral Reserves:

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

(b) If deposit is other than place

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

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

TOTAL ORE OR MINERAL RESERVES

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

(c) If placer:

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

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

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

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

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

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

13. Access Roads:

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

14. Water Supply:

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

15. Power:

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

16. Labor:

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

17. Equipment and Facilities:

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

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

CERTIFICATION

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

C.O.Davis - Owner
(Name of company)

By C O Davis
(Signature of authorized official)

June 21st, 1958
(Date)

Owner & Manager
(Title)

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

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

Schedule for Form MF-100

C.O.Davis
R#3, Box 83
Mt. Vernon, Wash.

1. Galena ore - Smelter assays running as high as 82% lead, 20 ounces of silver and some gold.
A & B included in above.

2. None - A
B-None
C-50 feet of tunnel
D-Tunnel intersects surface outcropping, mine if not flooded, No pumping trouble. Small operation of from 10 to 30 tons daily, expected.

3. a-Will truck ore direct from mine to smelter at Kellogg, Idaho.
b-Cascade Mining District.
c- 27-34-13
d-Skagit County, State of Washington.

4. a-Small development work now being done.
b-Owner operated.

5. None.

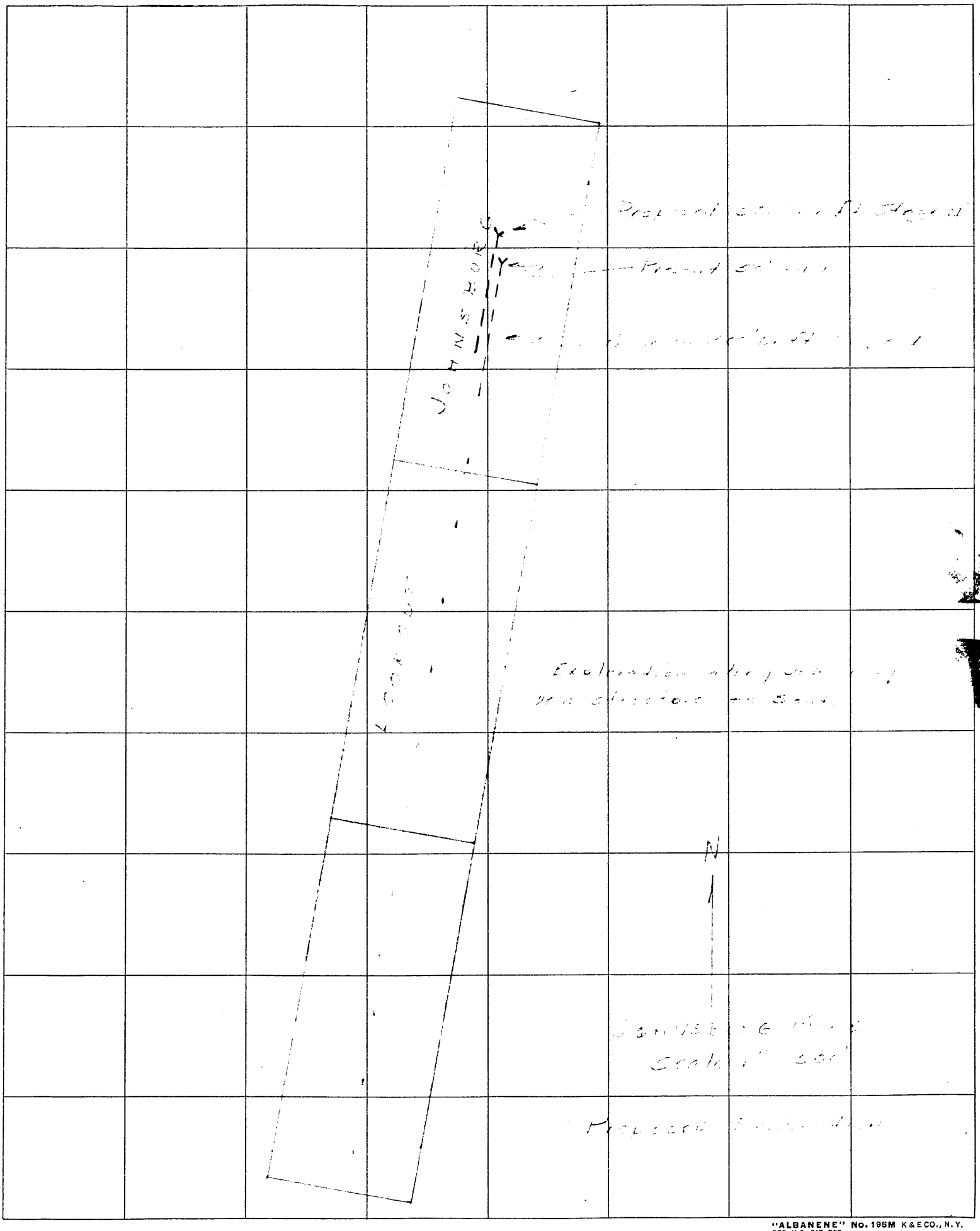
6. Owner has operated placer mines and had general construction and business experience for thirty years.

7. a- On form MF-103
b- " " "
c- " " "

8. Non incorporated - operated by owner.

9. None.
10. None
11. None
12. In form MF-103 a-
a-Estimated tons 1000 (measured)
b-) $304.00 per ton.
C-)
e-Estimated cost of production per ton, $40.00 per ton including transportation.

13- On form MF-103
14- " " "
15- " " "
16- " " "
17- " " "
18- We just needed a little additional financing to get our mine in operation at which time it should start paying it's own way right from the start.



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

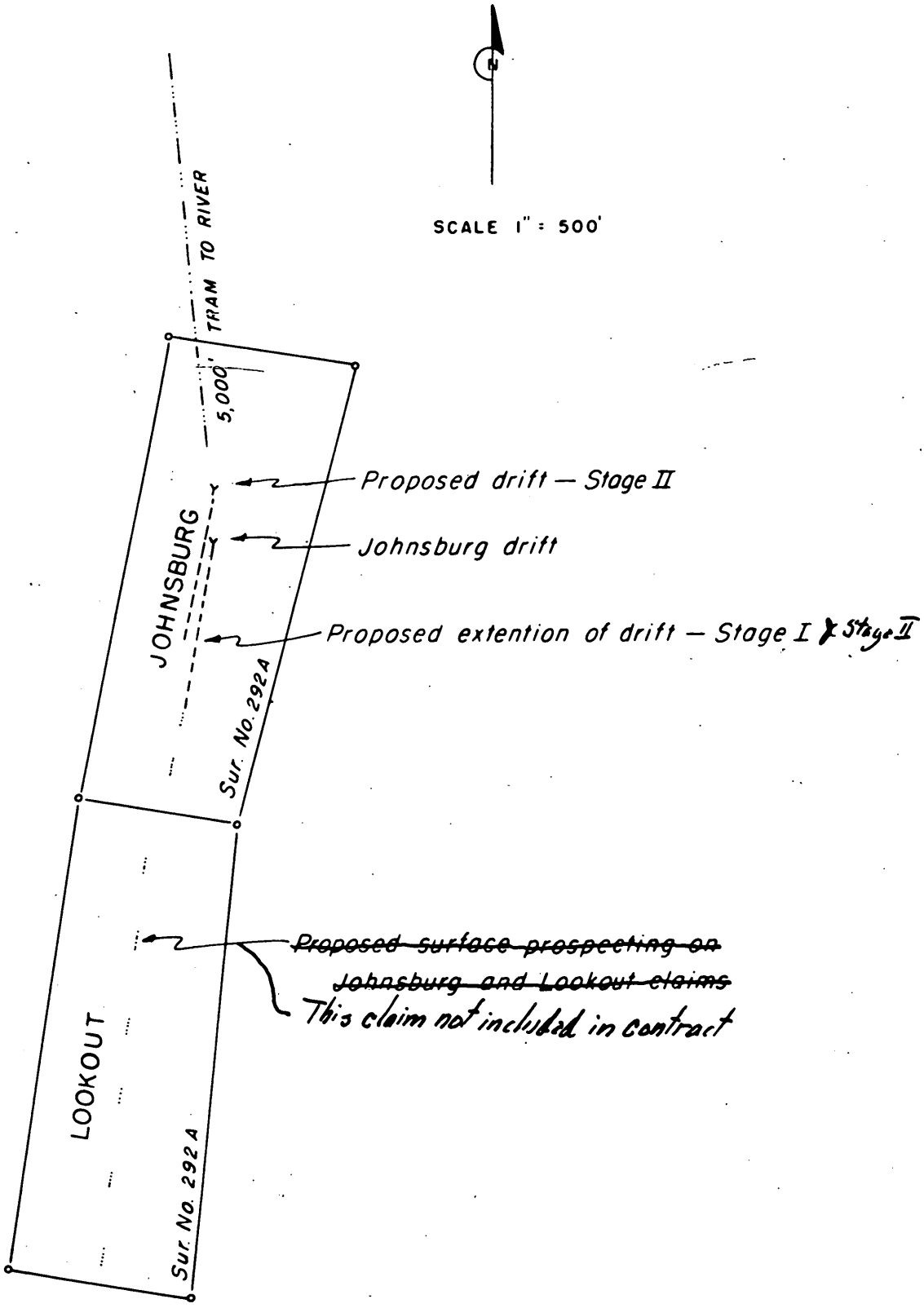
OFFICIAL BUSINESS

(PMGC)

Mr. Jay L. Chambers, Chief,
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

SKAGIT Co. WASH
Docket No. DMA 1831

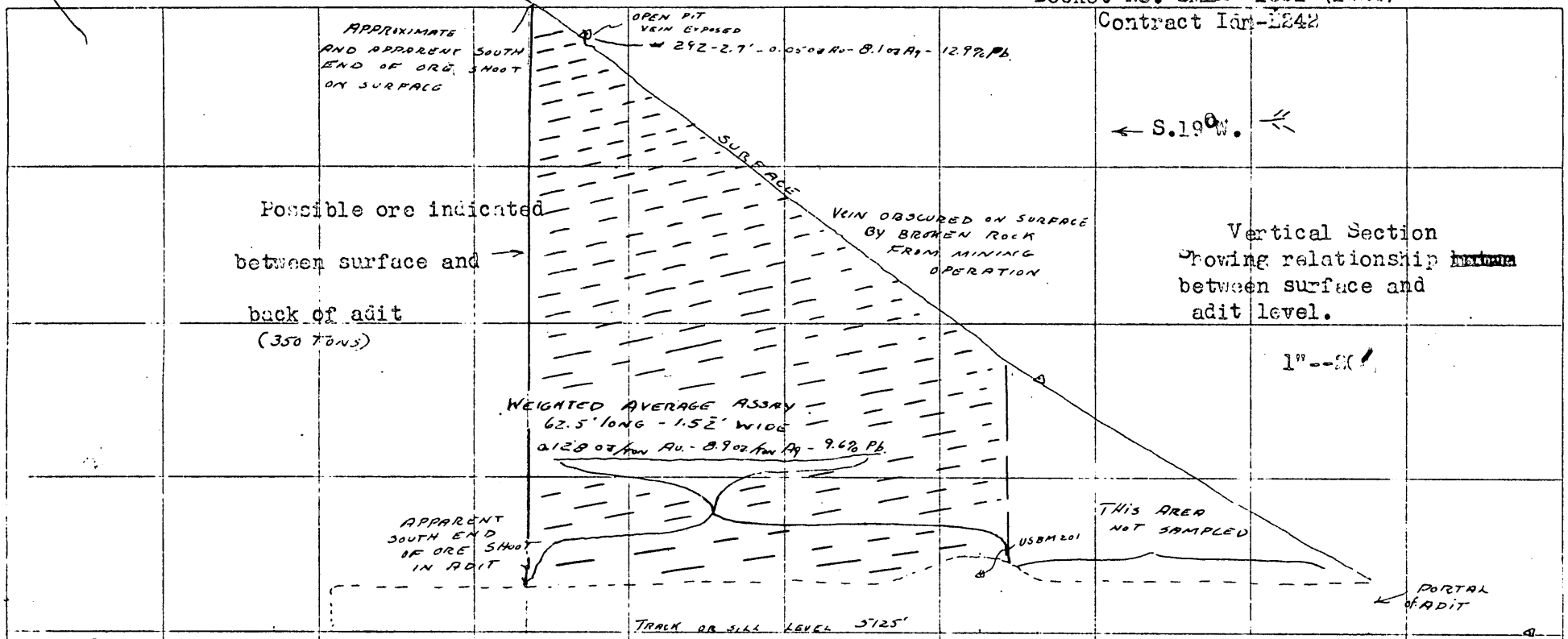
U.S. DEPARTMENT OF T INTERIOR BUREAU OF MINES D.M.A. DOCKET NO. ____



Docket No. DMA-1831

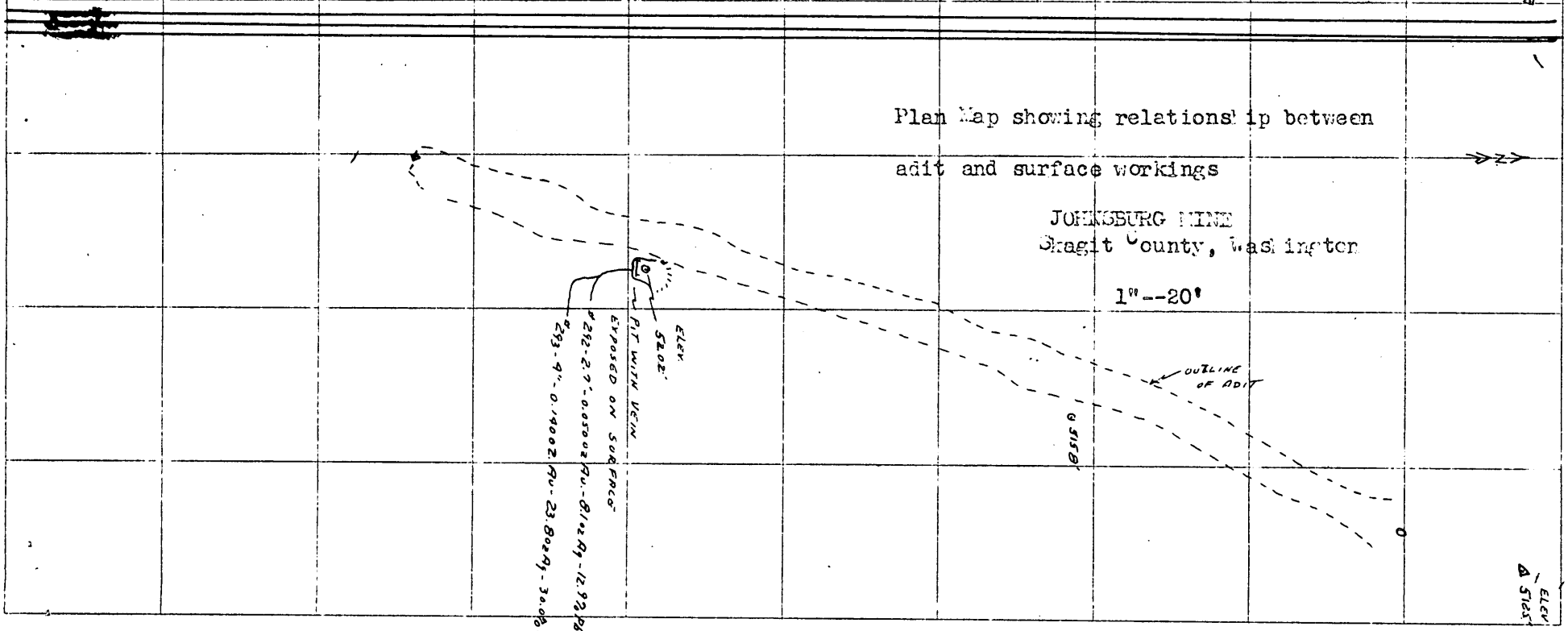
Proposed exploration — Johnsburg mine, Skagit County, Washington.

Docket No. DTEA 1831 (lead)
Contract Ian-1242



Vertical Section
Showing relationship between surface and adit level.

1"--20'



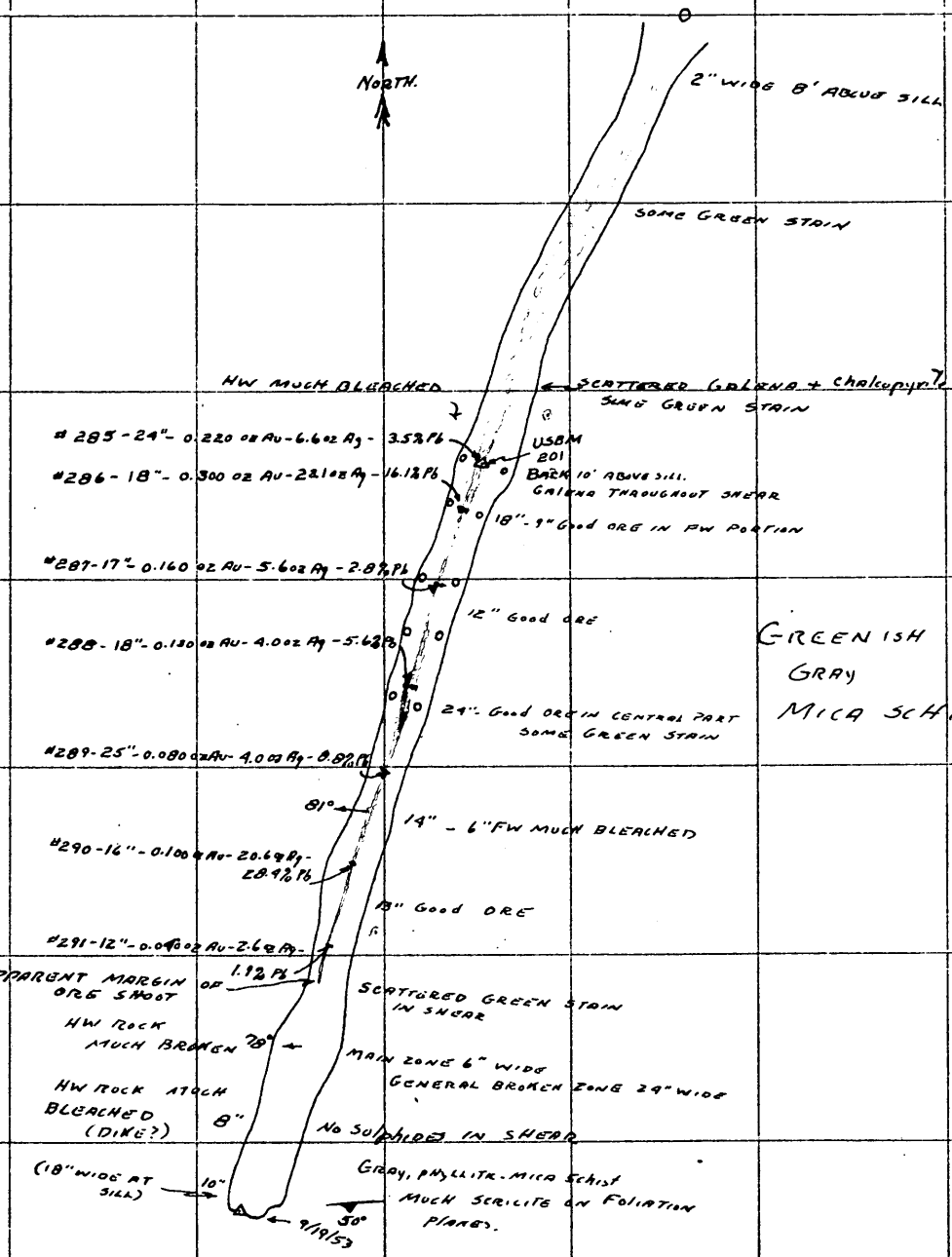
Plan Map showing relationship between adit and surface workings

JOHNSBURG MINE
Skagit County, Washington

1"--20'

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

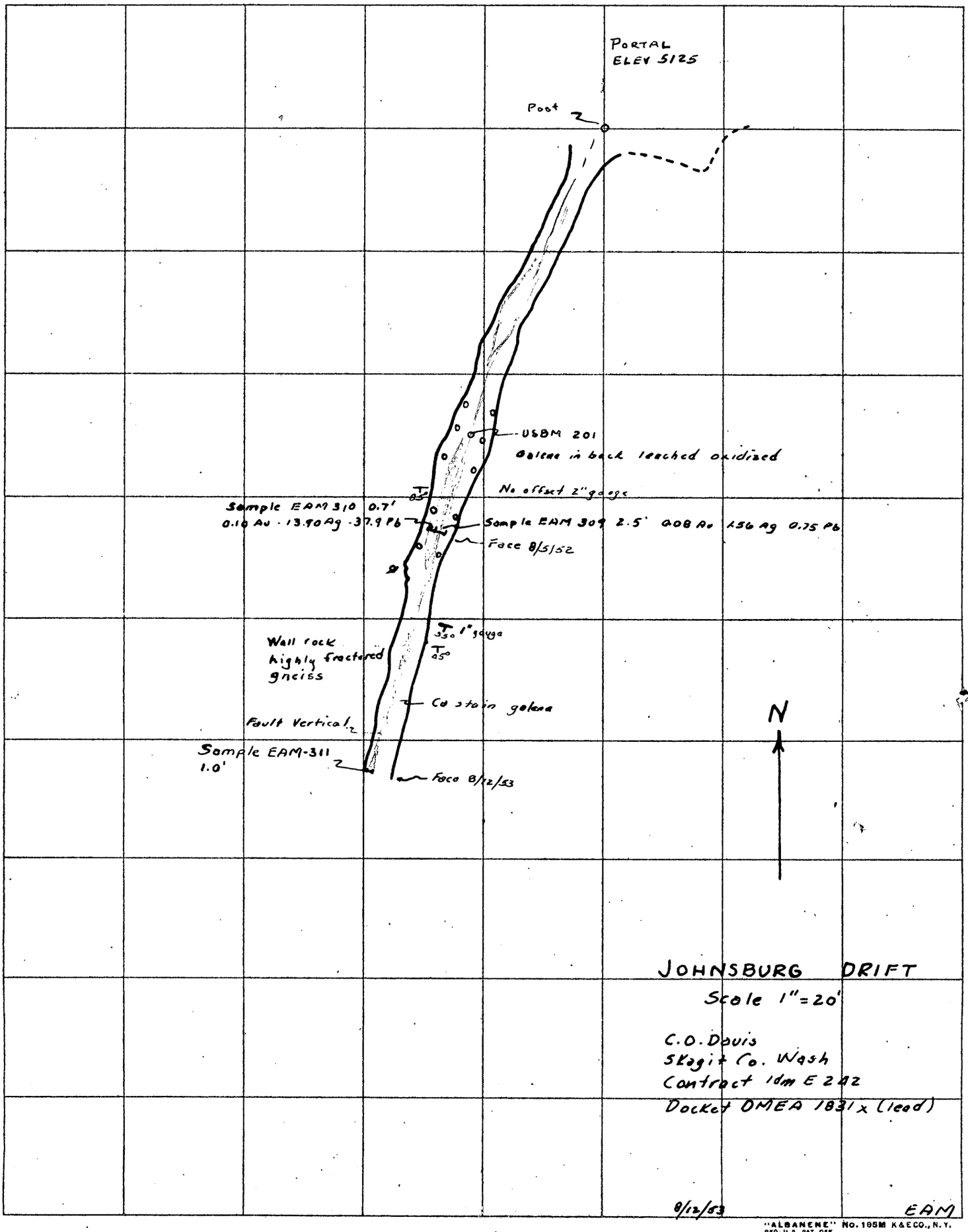
Docket No. DMEA 1831(lead)
Contract No. ~~Idm-E242~~



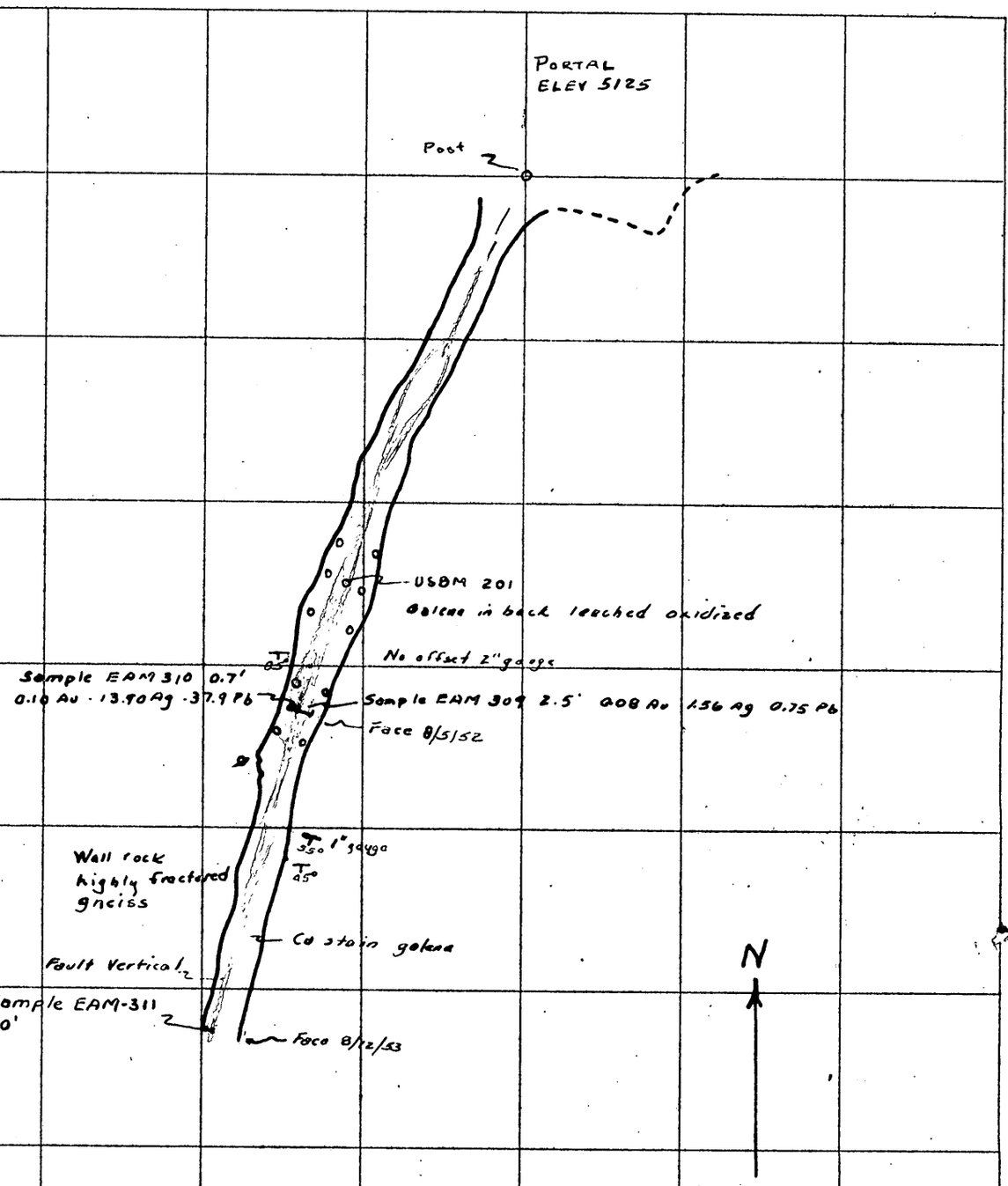
PLAN MAP OF TUNNEL ON JOHNSBURG PROSPECT

SKAGIT COUNTY, WASHINGTON
1 inch - 20 feet

"ALBANENE" No. 196M K&E CO., N.Y.
REG. U.S. PAT. OFF



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



JOHNSBURG DRIFT

Scale 1" = 20'

C.O. Davis
Skagit Co. Wash
Contract idm E 242
Docket OMEA 1831 x (lead)

8/12/53 EAM

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

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

PROJECT SUMMARY REPORT

By: W. P. Klugescheid October 3, 1955

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

Operator: William Soren
Route 1
Sedro Woolley, Washington

Operator's Property Rights: Lessee of a patented mining claim.
Lessors are C. O. Davis and wife who had the original contract.
Owners' Consent to Lien dated November 5, 1953.

2. Contract dated April 16, 1952. To complete - 22 months.

The original contract was issued to C. O. Davis.

Work Authorized

STAGE I

150 feet of drifting @ $40.00/ft.	$ 6,000.00
25 feet of crosscutting @ $40.00/ft.	1,000.00
Operating materials and supplies	300.00
Operating equipment to be purchased	725.00
New buildings and improvements etc.	500.00
Total cost of Stage I	$ 8,525.00

STAGE II

700 feet of drifting @ $40.00/ft.	$28,000.00
75 feet of crosscutting @ $40.00/ft.	3,000.00
Operating materials and supplies	1,000.00
Operating equipment to be purchased	725.00
New buildings, improvements etc.	1,500.00
Total cost of Stage II	$34,225.00

Total estimated cost of Stage I	$ 8,525.00
Total estimated cost of Stage II	34,225.00
Total estimated cost of the project	$42,750.00
Government's participation @ 50%	$21,375.00

Amendments

No. 1 Dated September 19, 1952.

Changes the starting date from 120 days to 411 days from the date of the contract.

No. 2 Dated July 8, 1953.

Changes starting date to not later than July 15, 1953.
Changes royalty period from 10 years to 11 years.

Assignment of Contract

Dated August 21, 1953 assigned the contract to William Soren. This assignment was not signed by the Government.

Dated November 5, 1953 was signed by all parties.

Amended Project Contract.

Dated October 15, 1953. To complete - prior to November 1954.

Work Authorized

STAGE I

175 feet of drifting and crosscutting @ $35.00/ft.	$ 6,125.00

STAGE II

775 feet of drifting & crosscutting @ $35.00/ft.	$27,125.00
950 feet of timbering @ $5.00/ft.	4,750.00
Total cost of Stage II	$31,875.00

(Above costs are Agreed Unit Costs.)

Total cost of Stage I	$ 6,125.00
Total cost of Stage II	31,875.00
Total cost of the project	$38,000.00
Government's participation @ 50%	$19,000.00

Amendment No. 1 to Amended Contract dated March 24, 1954.

Grants recess from November 1, 1953 to not later than July 1, 1954.

Contains a clause which automatically terminates the contract if the work is not continued by July 1, 1954.

Work Completed

70 feet of drifting @ $35.00/ft.	$2,450.00
4 feet of crosscutting @ $35.00/ft.	140.00
Total cost of the project	$2,590.00
Government's participation @ 50%	$1,295.00

3. Audit - Report of Review dated January 3, 1955.

Total costs as billed by Contractor	$2,590.00
Exceptions - None	
Total accepted costs	$2,590.00
Government's participation @ 50%	$1,295.00

4. Certification of Discovery dated March 24, 1954.

765 tons of indicated ore with metal content of 0.128 oz. Au per ton, 8.9 oz. Ag per ton, and 9.6 percent lead.

315 additional tons of unknown grade.

5. Comments

The Johnsburg vein has formed as a fissure filling and replacement of a narrow shear zone localized along a lamprophyre dike which has intruded thinly laminated biotite-moscovite phyllitic schist. The dike and vein strike slightly east of north and dip from vertical to 85° W.

The vein filling is composed of galena and minor chalcopyrite and pyrite. Oxidation near the surface has resulted in the formation of cerussite, malachite and limonite.

In the adit, the shear zone is mineralized from near the portal to about 110 feet south of the portal. To the south the shear zone persists and is marked by an iron-stained gouge zone ranging from 6 to 10 inches thick. Here the zone seems to be barren of ore minerals. There is no apparent structural control for the termination of the ore shoot.

Nothing is known of the extension of the vein to the north although William Soren reported that he found the vein in a gully at an elevation about 100 feet lower than the adit.

As the Operator did not resume exploration by July 1, 1954, the contract was automatically terminated according to the provisions in Amendment No. 1 to the amended contract.

As of April 1955, the Operator has shipped 10 tons of sorted ore on which he paid $63.79 in royalty to the Government.

The ore shoot exposed in the Johnsburg adit, if typical of similar ore shoots in the area, may not extend to depth. A new adit at a lower elevation would not be warranted unless the persistence of the shoot is first proven.

Although further exploration of the Johnsburg vein may discover other ore shoots, the tonnage that might be developed will not be large.

The property is very inaccessible and the working season is very short. Government participation in any further exploration is not recommended.

W. P. Klugescheid

W. P. Klugescheid

WPK/er 10/4/55

Copy to: Docket
Base Metals
Chron.

☒ Audited

☒ Certified

WO[redacted] ANALYSIS SHEET - DMEA PROJECT [redacted]

Analysis as of 12/27/54
Incl. Voucher for October 1953.

☐ Actual Cost

☒ Agreed Unit Costs

Name [redacted] William Loren (Formerly C.O. Davis)

State Washington

Commodity Lead

Docket No. DMEA-1831

Idm-E No. 242

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	950'	⊙ $58,000.00	74'	$2,590.00	$2,590.00
Raising					
Shafts					
Winzes					
Drilling (Specify)					
Sur[redacted]e Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify)					
Totals		$58,000.00		$2,590.00	$2,590.00

⊙ Includes 950' of timbering @ $5.00/foot $4,750.00.

automatically terminated 7/1/54.

Total Royalties paid to 12/31/65 $71.75

Royalty Expiration date April 16, 1963.

Ore Reserve Estimate: 350 tons @ 9.6% Pb.
0.128 oz. Au, 8.9 oz. Ag.

Prepared by W. K. Hugenschmidt

copied

71626

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/20	Murphy	500
6/24	on Forte	500
6/25	Talbot	800
	Selfridge	120
6/25	Johnson	110
	Jones	100
		220

Mr. William Soren
Route 1
Sedro Woolley, Washington

JUN 25 1963

Re: DMRA-1831 (Lead)
William Soren, Assignee
Johnsburg Property
Skagit County, Washington
Amended Contract Idm-E242

Dear Mr. Soren:

By the terms of the assignment from C. O. Davis to William Soren, 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

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

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/25	Murphy	500
6/24	Mc Clure	500
6/25	Talbot	800
	Selfridge	120
6/25	[illegible]	110
"	[illegible]	100
		220

JUN 25 1963

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

Re: DMEA-1831 (Lead)
William Soren, Assignee
Johnsburg Property
Skagit County, Washington
Amended Contract Idm-X242

Dear Mr. Davis:

Thank you for returning the completed MME Form 63's mailed to you on June 12, 1963.

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

This correspondence relates to the Owner's Consent to Lien signed by you and Mrs. Davis on November 5, 1953, under the Defense Minerals Exploration Administration program.

Sincerely yours,

George Fumich, Jr.

Director

Enclosure
MMerrithew/mm
6/24/63
cc: Director's Reading File
Region I (2) w/copy of Form 63 dated 6/12/63
Docket
Code 500

43683

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

June 12, 1963

Re: DMEA-1831 (Lead)
William Soren, Assignee
Johnsburg Property
Skagit County, Washington
Amended Contract Idm-E242

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

Dear Mr. Davis:

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

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

Sincerely yours,

F M Murphy

F. M. Murphy, Acting Chief
Division of Minerals

Marion
Closing letter to Soren
and a copy to Davis with a
"thank you" for submitting Form 63.

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUN 21 1963

DATE	INITIALS	CODE
6/21		800
6-21		100
6/21		110
		500
		220

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

From July 20, 1962 to April 16, 1963,

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

From July 20, 1962, to April 16, 1963,

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

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

	Quantity	Value

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name C.O. Davis Title Owner

Address Mt Vernon Date 6-17-63

4511

extra

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT
AND PROJECT UNDER ROYALTY AGREEMENT

1. From July 20, 1962 to April 16, 1963, ~~Since~~ , has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. From July 20, 1962, to April 16, 1963, ~~Since~~ , has there been any production from the land subject to the contract? Yes ☐ No ☒

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

	Quantity	Value

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

Type	Quantity	Estimated Grade	Location
Ore	Tons		
Concentrates	Tons		
Other	Tons		

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

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

Disposition of Material	Quantity	Value
Mine has done no change		Ø

Submitted by:

Name C.O. Davis Title owner

Address RFD - Mt. Vernon Date 6-17-63

4511

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

June 12, 1969

Re: DEA-1831 (Lead)
William Soren, Assignee
Johnsburg Property
Skagit County, Washington
Amended Contract Idm-E242

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

Dear Mr. Davis:

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

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

Sincerely yours,

s/F. M. Murphy

F. M. Murphy, Acting Chief
Division of Minerals

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 27 1962

DATE	INITIALS	CODE
7/27	[illegible]	800
7/27	[illegible]	100
7/27	[illegible]	110
7/30	[illegible]	500
		220

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

JUL 13 1962

Re: ~~DMEA-183 (Lead)~~
~~William Soren, Assignee~~
Johnsburg Property
Skagit County, Washington
Amended Contract Idm-E242

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

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

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

Sincerely yours,

W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since April 13, 1960, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. Since April 13, 1960, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

	Quantity	Value
		None

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other	None	Tons		

3. Since ____, has any production been transported through ____ workings (see ____ of contract)? Yes ☐ No ☐

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

Disposition of Material	Quantity	Value
		None

Submitted by:

Name C.W. Davis Title Owner

Address Stanwood Wn Date 7-20-62

4511

Re: DMEA - 1831

(1) Amended Contr. contains "abandonment clause;

(2) Opr. - Assignee (Oren) abandoned;

(3) Opr. - Assignor - Landowner (Davis) liable for royalty per Hoffland opinion 10/20/54.

(4) I suggest MMC Form 63 be sent to Davis.

Talbert
6/18/62

Suggest [illegible]

STATES
F THE INTERIOR
ORATION ADMINISTRATION
ON 25, D. C.

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

OFFICIAL FILE COPY
O. M. E
RECEIVED JUN 15 1962

DATE	INITIALS	CODE
6/18		800
		120
		100
		500
		220

JUN 5 1962

Re: DMEA-1831 (Lead)
~~William Soren, Assignee~~
Johnsburg Property
Skagit County, Washington
Amended Contract Idm-E242

William Soren
Route 1
Sedro Wooley, Washington

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

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

Sincerely yours,

W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT
AND PROJECT UNDER ROYALTY AGREEMENT

1. Since April 13, 1960, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

The lease has been turned over to Claude Davis, Mt Vernon Wash, owner. also contract DMEA 1831, 195H

2. Since April 13, 1960, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

	Quantity	Value

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

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

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

Disposition of Material	Quantity	Value
		None

Submitted by:

Name William Soren Title Lease Expired 195H Pacific CO DAVIS

Address Date 6/9/62

4511

Mac(2)

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

DATE		
7-25	gad	VVO
"		500
		225

Sc. 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

Subject: DMRA-1851 (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. Sawlsr
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 FILE COPY
O. M. E.
RECEIVED JUL 25 1960

DATE	INITIALS	CODE

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
7/18	Fisher	800
7/18	Talbert	800
	Young	500
7/19	GL	130
"	Johnson	220
7-19	gad	220

JUL 19 1960

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

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

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.

/S/ George C. Selfridge

(24B)

CEFisher/fw-7/15/60

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

43683

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 15 1960

DATE	INITIALS	CODE
7-15	gad	770
7/15	4007	800
	[illegible]	500
		225

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

Mr. William Soren
Route 1
Sedro Wooley, Washington

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

Dear Mr. Soren:

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: CA&A Div., OME
OME(2)
[illegible]

OFFICIAL FILE COPY O. M. E. RECEIVED MAY 13 1960		
DATE	INITIALS	CODE
5-13	gad	220
5/13	[illegible]	800
5/16	[illegible]	500
		221

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

Mr. William Soren
Route 1
Sedro Wooley, Washington

Re: Docket No. DMEA-1851 (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

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

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

RECEIVED
SEP - 1 1955

September 1, 1955

Re: DMEA-1831
(Lead, $2,590)
William Soren
Johnsburg Mine
Skagit County, Wash.

Memorandum

To: W. R. Griswold, DMEA

From: O. M. Bishop,
Branch of Base Metals

Subject: Review of Final Field Team Report

The report adequately describes the property, its location, history, and geology, including ore reserves and grade. The project is described in detail and the definite conclusion is reached that the known oreshoot was fully explored along its strike on the adit level, that because of narrow width and short strike length and weakness in the shear zone any oreshoots found in exploration on the strike may cost more than they are worth.

I agree with the ore computations, the Certification of Discovery, and the conclusion that Government participation in additional exploration at the property is not warranted.

O. M. Bishop

O. M. Bishop PF

Copy to - Division of Minerals
Mr. Kiilsgaard, Room 5222
O. M. Bishop
Files

IN REPLY REFER TO:

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

August 23, 1955

RECEIVED
AUG 2 1 1955

Re: DMEA 1831
Idm-E242 (Amended)
William Soren
Johnsburg Mine
Skagit Co., Washington
$2,590.00 - Lead

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Final Field Team report.

The application asked for $38,000 to be expended on exploration of the Johnsburg vein.

The project did not go well and was automatically terminated as of November 1, 1953, due to the failure of the operator to resume exploration work prior to July 1, 1954.

The work done, 70 feet of drifting southerly on the vein in the adit and 4 feet of crosscutting, resulted in an indicated 450 tons of ore between the adit level and the surface, and 315 tons immediately below the level. Three hundred and fifteen tons of inferred ore are ascribed to the vein, below the level and to the north of the indicated ore. The grade as determined by seven samples taken in the back of the adit showed:

Length feet	Width feet	Au oz/ton	Ag oz/ton	Pb %
62.5	1.5	0.128	8.9	9.6

The results obtained justify the following recommendations of the examiners:

"It is believed that the ore shoot has been completely explored along strike on the one adit level. Additional exploration to test for extension of the ore shoot in the Johnsburg vein at a lower elevation is warranted; Government participation in additional exploration at the property, however, is not warranted."

I concur with the recommendations.

N. E. Nelson

N. E. Nelson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
AUG 15 1955

August 11, 1955

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

Re: Docket No. DMEA-1831 (lead)
William Soren (Assignee of C. O. Davis)
Johnsburg Mine
Skagit County, Washington
Amended Contract No. Idm-E242

Dear Mr. Selfridge:

Enclosed are four copies of the Field Team final report on the above-captioned contract which has been prepared by E. A. Magill, Bureau of Mines, and Willard P. Puffett, Geological Survey.

The contract was terminated automatically as of November 1, 1953, due to the failure of the operator to resume exploration prior to July 1, 1954. On March 24, 1954, a Certification of Discovery or Development was issued as a result of the exploration. Some additional exploration might be done; however, the expected ore shoots are probably small and exploration may exceed the value of any ore discovered.

By Field Team, Region I, NW District

A. E. Wesissenborn
A. E. Wesissenborn, Exec. Officer
(U. S. Geological Survey)

Thomas E Howard
for: Wing G. Agnew, Member
(U. S. Bureau of Mines)

Enclosures
cc: USBM(2)
Puffett

Reviewed by
DMEA OPERATING COMMITTEE
8-19-55
(date)

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD TEAM, REGION I
Northwest District

FINAL REPORT

Amended Contract Idm-E242

by

E. A. Magill
Mining Engineer
U. S. Bureau of Mines

Willard P. Puffett
Geologist
U. S. Geological Survey

WILLIAM SOREN
(Assignee of C. O. Davis)
Route 1
Sedro Wooley, Wash.

Docket No.:	DMEA 1831
Commodity:	Lead
Prior Contract date:	April 16, 1952
Amended Contract date:	October 15, 1952
Termination date:	November 1, 1953

Reviewed by
DMEA OPERATING COMMITTEE
8-19-55
(date)

JOHNSBURG MINE
Cascade Mining District
Skagit County, Washington

Spokane, Washington

July 1955

FINAL REPORT

WILLIAM SOREN
(Assignee of C. O. Davis)
Johnsburg Mine
Cascade Mining District
Skagit County, Washington

Amended Contract Idm-E242

* * * * * *

INTRODUCTION

This report describes an exploration project for lead ore at the Johnsburg property, Skagit County, Washington. The project was participated in jointly by William Soren, an individual, and the Government through the Defense Minerals Exploration Administration.

Summary

The purpose of the exploration project was to explore the Johnsburg vein for lead ore.

A total of 70 feet of drifting and 4 feet of crosscutting was completed while the contract was in effect. This work indicated that within the Johnsburg vein there is an ore shoot about 100 feet long. Between the adit level, on which the work was done, and the surface there is indicated 450 tons of ore which has an average width of 1.5 feet and a metal content of 0.128 ounce of gold per ton, 8.9 ounces of silver per ton, and 9.6 percent lead. An additional 315 tons of ore of like grade is indicated below the adit level. To the north of the indicated ore and below the level, there is an inferred block of ore containing 315 tons of unknown grade

The Operator produced a shipment of 10 tons of hand-sorted ore during the time the contract was in effect. The gross value of this ore was $162.82 per ton, and its net value was $151.82 per ton. The Government received $63.79 as its percentage royalty from the sale of this ore.

All contract work was done during the summer season of 1953. The contract was automatically terminated as of November 1, 1953, due to the failure of the Operator to resume exploration work prior to July 1, 1954.

Recommendations

On March 24, 1954, a Certification of Discovery or Development was issued as a result of the exploration work.

It is believed that the ore shoot has been completely explored along strike on the one adit level. Additional exploration to test for extension of the ore shoot in the Johnsburg vein at a lower elevation is warranted; Government participation in additional exploration at the property, however, is not recommended.

LOCATION AND ACCESSIBILITY

The Johnsburg mine is in the Mt. Baker National Forest, just to the west of Cascade Pass on the steep slopes south of the North Fork of the Cascade River in secs. 27 and 34, T. 35 N., R. 13 E., W.M., in the Cascade mining district, Skagit County, Washington. The portal of the Johnsburg adit, at an altitude of 5,125 feet, is near the center of the Johnsburg patented claim, and is half a mile south and 2,600 feet higher in elevation than the river road. The topography of the surrounding area is extremely rugged with precipitous slopes and many peaks having altitudes in excess of 8,000 feet. Numerous glaciers occur on the higher slopes of the peaks to the north and south of Cascade Pass.

The camp at the mill site can be reached by following a graveled county access road which connects to State Highway 17A at the hamlet of Marblemount, Washington, nearly 22 miles to the west. A tramline, 5,000 feet in length, extends from the mill site to the adit. The adit can also be reached by a well-marked trail from the mill site to the portal.

The region is characterized by heavy precipitation, much of it in the form of snow. Snow remains in the vicinity of the mine 9 to 10 months of the year. The area around the mill site is generally free from snow for at least 5 months each year.

PROPERTY

The only property subject to the contract is the patented Johnsburg Claim, Survey No. 292A. The only development on the property is the Johnsburg adit which includes 139 feet of drift and 4 feet of crosscut. A small compressor shed and ore bunker have been constructed at the portal. During the period in which the exploration work was being done, miners lived in a camp consisting of two small tents which were erected a short distance down slope from the adit portal.

History

The Johnsburg vein was discovered in the early 1880's. In 1892 four claims and a mill site were patented by the Silver Queen Mining and Smelting Company. By 1897 development workings consisted of an adit 50 feet long on the Johnsburg claim; an adit, 200 feet long on the Prospector's Friend claim; and another adit 50 feet long on the Turcoo Union claim.

The portal of the Johnsburg adit was covered by slides, and its exact location was unknown until C. O. Davis rediscovered it and opened it in 1947. Since 1947 Mr. Davis has constructed a single bucket aerial tram 5,000 feet in length which extends between the adit portal and ore bins on the access road at river level.

The DMEA exploration work was carried out during the summer of 1953. This comprised extending the adit 70 feet along the vein and driving 4 feet of crosscut. During the time the contract was in effect, William Soren, lessee of the property, made one shipment of 10 tons of hand-sorted ore that had a gross value at the smelter of $162.82 per ton. This ore came from the underground drifting and from the surface.

Lowell Kness leased the property from Mr. Davis during the summer of 1954, but no new production has been reported.

GEOLOGY

The Johnsburg vein has formed as a fissure filling and replacement of a narrow shear zone localized along a lamprophyre dike which has intruded thinly laminated biotite-muscovite phyllitic schist. The foliation in the schist strikes N. 75° - 85° E. and dips about 60° S. The dike and vein strike slightly east of north and dip from vertical to 85° W.

There are no publications describing the regional geology, and thus the extent or age of the formations in the vicinity of the mine is not known.

The geology of the adit and the surface above the adit is shown on the attached map. Available evidence suggests that the vein represents a relatively simple type fissure filling with some replacement along the margins. The vein filling is composed of galena and minor chalcopyrite and pyrite. Oxidation near the surface has resulted in the formation of cerussite, malachite, and limonite. Assay data show the presence of silver and gold.

The vein north of the portal is covered by surface debris, as the shear zone occupies the trough of a gully with very steep walls. In the adit the shear zone is mineralized from near the portal to about 110 feet south of the portal. To the south the shear zone persists and is marked by an iron-stained gouge zone ranging from 6 to 10 inches thick. Here the zone appears to be barren of ore minerals. There is no apparent structural control for the termination of the ore shoot on to the south.

Correlation of surface geologic data with those in the adit suggests that the plunge of the ore shoot is nearly vertical, as the south end of the exposed ore on the surface is about directly up dip from the south end of the ore shoot in the adit.

Nothing is known of the extension of the vein to the north, but the surface exposures near the adit portal suggest it is split into a number of narrow mineralized stringers. Mr. Soren, who conducted the DMEA work, reported that he found the vein in the gully at an elevation about 100 feet lower than the adit. This has not been verified, but if true, the lower exposure may represent either a continuation of the known ore shoot or part of another short mineralized zone that has been localized on the northward extension of the shear zone.

Examination of the surface up the slope and to the south of the known ore shoot failed to find any additional exposures of ore, even though the area examined followed the projection of the shear zone for nearly 500 feet; in fact, there is very little evidence, other than the steep-walled gully, to suggest that the shear zone extends to the south from the mine workings.

Within the ore shoot there are substantial amounts of lead minerals with important subsidiary amounts of silver and gold. Samples across the vein range in assay value from a low of 0.040 ounce of gold, 1.6 ounces of silver per ton, and 1.9 percent lead to a high of 0.300 ounce of gold per ton, 20.6 ounces of silver per ton, and 28.4 percent lead. The weighted average of seven samples, taken at 10-foot intervals across the vein, averaging 1.5 feet thick, is 0.128 ounce of gold per ton, 8.9 ounces of silver per ton, and 9.6 percent lead. Other than in the indicated ore shoot shown on the attached map, the iron-stained shear zone is relatively barren of ore minerals.

THE PROJECT

The high-grade ore exposed in the surface outcrop of the vein plus its apparent persistence along strike justified an exploration project to determine the limits of the ore shoot in the Johnsburg vein.

C. O. Davis originally applied for a production loan, but this application was denied as there were no proven ore reserves on the property. A DMEA field examiner conferred with Mr. Davis, which resulted in a modest exploration program being outlined. The ensuing contract, awarded to Mr. Davis on April 16, 1952, specified an exploration program divided into two stages which are as follows:

Stage I

1. Extend Johnsburg drift a maximum of 150 feet to the south on the vein structure.

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 the 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.

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 to determine the width of the vein structure.

The original contract was to be participated in by the Government on an actual cost basis. The estimated cost of the drifting and crosscutting was $40.00 per foot.

Amendment No. 1, to the original contract, dated September 19, 1952, delayed the starting date from 120 to 411 days from the date of the contract.

Amendment No. 2, to the original contract, dated July 8, 1953, changed the starting date from 120 days from the date of the contract to not later than July 15, 1953, and changed the royalty repayment period from 10 to 11 years.

On October 15, 1953, an amended contract was substituted for the original one. This amended contract changed participation in the costs of exploration by the Government from an actual cost to a unit cost basis. The new agreed unit costs were $35.00 per foot for both drifting and crosscutting. This amended contract was with William Soren who had leased the property from C. O. Davis. By the terms of the assignment of the original contract C. O. Davis was not released from the royalty repayment provision as set forth in the contract originally awarded to him.

During the summer of 1953 William Soren completed 70 feet of drifting and 4 feet of crosscutting in the Johnsburg adit. The drift was extended beyond the limits of the known ore shoot and the crosscut also failed to find more ore. This work indicated that the ore shoot in the Johnsburg vein is narrow and quite restricted in length. During the time this exploration was being done, some production of ore was obtained by stripping the vein outcrop and also from the drift.

Amendment No. 1, to the amended contract, dated March 24, 1954, specified that work under the contract was to be suspended during the period beginning November 1, 1953, and ending not later than July 1, 1954.

As the Operator did not resume exploration by July 1, 1954, the contract was automatically terminated according to the provisions in Amendment No. 1 to the amended contract.

The Operator submitted a brief final report of the project on December 13, 1954. A Report of Review by the DMEA auditors was submitted on January 3, 1955.

A Certification of Discovery or Development was issued on March 24, 1954, as a result of the exploration work on the Johnsburg vein.

As of April 1955 the Operator had shipped 10 tons of sorted ore for which he was paid $1,275.77. The Government received $63.79 in royalty on this shipment.

Ore Reserves

The indicated and inferred ore reserves at the Johnsburg mine are shown on the attached map. The length of the indicated ore reserve block was determined by the area of the vein for which assay data are available. Between the adit and the surface there are 450 tons of indicated ore, and if this ore shoot is projected 35 feet below the adit level, an additional 315 tons of ore are indicated. An additional 315 tons of ore is inferred below the adit level north of the indicated ore.

The metal content of the indicated ore is estimated, on the basis of available assay data, to contain 0.128 ounce of gold per ton, 8.9 ounces of silver per ton, and 9.6 percent lead. No assay data are available on which to assign a value to the block of inferred reserves, but it is believed that the average value may be lower than the indicated ore as there is some indication on the surface that the vein is splitting into narrow stringers on its northward extension.

Exploitation Possibilities

The relatively inaccessible location of the Johnsburg adit makes any development work or mining at the property difficult. At the present time transportation of material to and from the Johnsburg adit is by a two bucket powered tram some 5,000 feet in length. The buckets are of 1,000 pound capacity and operate on individual cables supported by wooden towers. Power to carry the buckets up is supplied by a gas engine at the lower terminal of the tram line. This tram line installation has not proven entirely satisfactory as there is excessive wear on the haulback cable. The capacity is also a limiting factor. If any substantial amount of work is to be carried out on the property it would be necessary to provide living quarters at the mine and improve the tram line.

The ore shoot exposed in the Johnsburg adit, if typical of similar ore shoots in the area, may not extend to depth. Consequently a new adit at a lower elevation (i.e. anything over 100 feet) would not be warranted unless the persistence of the shoot is first proven.

The ore contained in the presently explored ore shoot is of sufficient grade to hand sort. The material in the shear zone away from the ore shoot is not of sufficient grade to mill. Consequently no future milling operation is indicated.

Summary of Factual Data

Units of work completed

70' of drifting @ $35/ft.	$2,450.00	
4' of crosscutting @ $35/ft.	140.00	
Total cost of project		$2,590.00
Government's share at 50 percent participation		$1,295.00

Value of production during project

A shipment of ore was made to the Bunker Hill Smelter at Kellogg, Idaho, on October 3, 1953. Data on this shipment are as follows:

Gross weight	20,080	pounds
Moisture	2.2	percent
Dry weight	19,638	pounds

Assay data:

Gold	0.067	ounce per ton
Silver	40.4	ounces per ton
Lead	56.9	percent
Copper	0.42	do.
Iron	4.3	do.
Insoluble	23.0	do.
Lime	0.0	do.
Sulfur	8.8	do.
Zinc	0.4	do.
Antimony	0.21	do.
Arsenic	0.06	do.
Bismuth	0.0	do.

Gross value per ton	$162.82	
Smelting charges	11.00	
Net value per ton		$151.82
Trucking - $17/per ton--total	$175.80	
Gross value of shipment after freight		$1,275.77
Paid to William Soren		$605.99
Paid to C. O. Davis		$605.99
5 percent royalty to DMEA		$ 63.79

No other shipments have been made from the property.

Discussion of Conclusions

The short working season, the relative inaccessibility of the property, and the lack of adequate living quarters near the mine were the principal difficulties that had to be coped with in the exploration work. No track was laid in the adit, and all broken rock was hand trammed in wheel barrows. In spite of these difficulties the completed work was adequate. Heavy ground was supported by timber.

Apparently, the main exploration guide is to search both sides of the fairly persistent lamprophyre dike for ore shoots in the sheared zone localized on the margins of the dike.

Although it is believed that further exploration of the Johnsburg vein will discover other ore shoots having similar characteristics to the one already exposed, the tonnage that might be developed will not be large. The exploration costs, in all probability, will exceed the value of any ore discovered.

Under these circumstances, Government participation in further exploration of the Johnsburg vein is not recommended.

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

XXXXXXXXXXXXXXXXXX
1201 N. Division Street
Spokane 2, Washington
January 20, 1955

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

Re: Docket No. DMEA 1831
Contract No. Idm-E242
William Soren

Dear Mrs. Purdy:

The subject contract was automatically terminated in accordance with provisions of Item 2 of Amendment No. 1 to the Amended Contract. A letter dated December 13, 1954, and a map giving the results accomplished under the exploration project was submitted by the Operator and accepted by the Executive Officer as a final report.

The Government has no equity in equipment or supplies that were used in carrying out the exploration work.

A Certification of Discovery or Development covering this project was issued under date of March 25, 1954.

A Final Report of Review dated January 3, 1955 by DMEA Auditor C. E. Fisher has been received.

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

Sincerely yours,

Wing G. Agnew
Acting Executive Officer
DMEA Field Team Region I
Northwest District

mp
cc: DMEA (2)
USGS (2)

RECEIVED
JAN 21 1955
U.S.G.S.
SPOKANE

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

January 6, 1955

Mr. George C. Selfridge, 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-E242

Dear Mr. Selfridge:

Enclosed are the original and two copies of a letter dated December 13, 1954, which Mr. William Soren, operator of the above-cited contract, has presented as his final report. This was in response to our letter to him of December 6, 1954, wherein we again asked for a final report on contract accomplishments. It is obvious to the Field Team that nothing better in the way of a report will be received; therefore, the enclosed letter with "map" is accepted in lieu thereof.

This contract was terminated in accordance with provisions of Item 2 of Amendment No. 1 to the Amended Contract, when work was not resumed after the recess period which began November 1, 1953, and ended July 1, 1954. We received from the operator on November 17, 1953, one MF-104 covering the period July-October 1953.

A Certification of Discovery or Development was issued March 24, 1954. The Field Team final report will be transmitted just as soon as possible. Since all contract obligations have been met by the operator, the $100 being withheld from his MF-104 can be released as soon as Washington approves the Report of Review and it is received in the field.

By Field Team, Region II

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

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

Enclosures
cc: USBM(2) Auditor Turner
USBM(AD) Puffett

Operational file

William Soren
Sedro Woolley
Washington

December, 13, 1954

REFER TO		NOTED	DATE
Jack Willard			

Docket No. DMEA-1831 (lead)
Johnsburg Prospect
Skagit County, Washington
Contract No. Idm-E242

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

Dear Sir,

The Johnsburg Tunnel Was extended 70Ft along the Vein ofv the tunnel, the last 30 Ft of the Vein showed prominent but very little commercial Ore as the Ore shoot or Kidney seams to have been past thru,

we were extending the tunnel trying to find the distance to another Ore Shoot or Kidney so we could find more defnite how the Ore Accurs and whether the Ore runs in Ore shoots, Pockets, or Kidneys.

I shipped Approx, 10 Tons from the Tunnel and the Outcrop to the Bunker Hill Smelter as a test Shipment in which you have the report.

Thanking You

William Soren

W. Soren

Refer to Willard!

I presume this is the "final report"

Let acknowledge receipt of this as a final report and mention it

RECEIVED
DEC 14 1954
U. S. G. S.
SPOKANE, WASH.

So. 157 Howard Street
Spokane 4, Washington

December 15, 1954

Mr. C. O. Davis
R.F.D. #6
Mt. Vernon, Washington

Re: Docket No. DMEA-1831 (lead)
Johnsburg Property
Skagit County, Washington
Contract No. Idm-[illegible]42 (Amended)

Dear Mr. Davis:

This will acknowledge receipt of your letter of November 8, 1954. We are sorry to say that Contract No. Idm-[illegible]42 (Amended) was automatically terminated on July 1, 1954; Mr. Soren was informed of this in a letter from this office on September 27, 1954.

We did receive the royalty payment on the shipment of ore Mr. Soren made in 1953; what our letter of November 4, 1954, was calling to your attention is that any ore sold from the property, by Mr. Knoss or anyone else in the future, is subject to royalty until the amount the Government has put into the property is repaid or until ten years after the date of the contract, whichever occurs first.

By Field Team, Region II

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

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

cc: DMEA (2)
USBM (2)
Puffett

C
O
P
Y

Mt. Vernon, Wn.
11-8-54

Dept. of Mines
Mr. Weissenborn

Dear Sir: ---

Just rec'd your welcome letter today. Re - Docket #DMEA-1831 - Johnsburg Mine - This contract as you know was amended as to an extension of time. I originally procured this contract from your Dept. as I am the owner of the property. Later with your permission I turned it over to Wm. Soren. Then later we both agreed to lease the property to Lowell Kaess. I understood by Mr. Kaess that your Dept. had cancelled the contract due to default of our part not starting work in time. But we had done trail work and other things too so I thought that would keep the contract in force. If we can keep the contract I would like to sign it over to Mr. Kaess, or make it out to me and I can deal direct with Mr. Kaess or can at a later date give it to him if he fulfills his obligation. As to royalty payments, we made only one shipment of ore. That was in '53 under the management of Wm. Soren. I believe you rec'd your percentage from the smelter in Kellogg - if not let me know for they held it out. Trouble in operating the tram has been our holdup. The mine is fine. Please see what you can do to reinstate the contract back to me, the original owner, and I will do everything in my power to put the mine in operation and a paying one, too.

I will appreciate hearing from you and hope we can get it lined up for a good start next spring -- about June 1st.

Again thanking you for past favors, I am

Sincerely,

/s/ C. O. Davis

C. O. Davis
Mt. Vernon, Wash.
R.F.D. #6

XXXXXXXXXXXXXXX
No. 157 Mount Street
Spokane 4, Washington

December 6, 1954

Mr. William Soren
Route 1
Sedro Woolley, Washington

Re: Docket No. [illegible]-1831 (lead)
Johnsburg Prospect
Skagit County, Washington
Contract No. [illegible]

Dear Mr. Soren:

We have your recent letter wherein you state that you have nothing new to add to our present information concerning the Johnsburg prospect by preparing a final report.

As you know the contract states that before final settlement can be made to the operator on a contract it is necessary that we receive a final report from the operator. This report should summarize work which has been completed, discuss any significant findings, and include a record of the shipments of ore made during the project. Although we have from time to time received reports from you concerning the work which has been done, in none of the reports has there been included a geologic map or even a map showing an outline of the workings which have been completed. Consequently, before we can make a final settlement on the contract it is necessary that we receive from you a brief summary report of work you did accompanied by a satisfactory map.

By Field Team, Region II

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

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

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

... OF THE INTERIOR
... Minerals Administration
RECEIVED
NOV 8 1954

xxxxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

November 4, 1954

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

Re: Docket No. DMEA-1831 (lead)
Johnsburg Property
Skagit County, Washington
Contract No. Idm-8242 (Amended)

Dear Mr. Davis:

We have learned that Mr. Lowell Keess of Mount Vernon, Washington, is now leasing property which includes Johnsburg Claim No. 292A, and has made, or is planning to make, a shipment of ore from this claim, which is covered by DMEA Contract No. Idm-8242.

On March 24, 1954, a Certification of Discovery or Development was made on this contract. By the terms of this certification proceeds from the sale of any ore mined from the Johnsburg claim are subject to a royalty payable to the Government, over a ten-year period from the date of the contract, or until the amount contributed by the Government under the contract is fully repaid, whichever occurs first. In this connection, please refer to our letter of October 25, 1954, to Mr. Soren, a copy of which was sent to you. We wish to inform you that it becomes your responsibility to see that any production from the Johnsburg claim is reported to this office and that provision be made for the payment to the Government of the royalty due under the terms of the contract.

Enclosed is a copy of the Certification of Discovery or Development together with a copy of the transmittal letter from Mr. C. O. Mittendorf, Administrator, to Mr. Soren.

By Field Team, Region II

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

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

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

Enclosure

FILE COPY
SURNAME:

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

OCT 28 1954

Mr. A. E. 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. Idm-E242

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 Kaese 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. L. 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,

APPROVED:

George C. Selfridge
Chairman, Operating Committee

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

R.C.S.

xxxxxxxxxxxxxxxxxx
No. 157 Howard Street
Spokane 4, Washington

October 25, 1954

Mr. William Koren
Route 1
Sedro Woolley, Washington

Ref: Docket No. DME-1831 (lead)
Johnsburg Prospect
Skagit County, Washington
Contract No. Idm-2242

Dear Mr. Koren:

To date we have not received your final voucher covering work completed under the subject contract. In order that the Government may make payment to you of any monies due, it is necessary that you submit your final accounting report. Your early attention to this matter will be appreciated.

We wish to again call your attention to the Certification of Discovery or Development which was issued on March 25, 1954, and the obligation to pay royalties on any ore produced from the Johnsburg patented claim, Survey No. 292 , until October 15, 1962, or until the total amount of the Government's contribution to the project has been repaid, whichever occurs first. This repayment obligation exists regardless of who produces the ore.

By Field Team, Region 1

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

King O. Hughes, Member
U. S. Bureau of Mines

cc: Mr. Lowell Kessee
c/o Gordon V. Barclay
Bingham Building
Sedro Woolley, Wash.

Mr. C. W. Davis
Route 2
Mount Vernon, Wash.

(DMEA (2); USBM (2); USGS(AD); [illegible]

DMEA Docket
Surname copy:
Robin

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

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. Kness 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. Rhat dated July 15, 1954, re: Bachelor Development Company, Docket No. DMEA-1543.)

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. Kness 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.

HCRubin/end
Copy to: DMEA Docket
Solicitor's Docket
W. R. Griswold(2)
J. L. Hofflund
H. C. Rubin
chron.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Defense Minerals Administration
RECEIVED
SEP 30 1954

XXXXXXXXXXXXXXXXX
No. 157 Howard Street
Spokane 4, Washington

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-2242 (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 Kaces 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

XXXXXXXXXXXXXXXX
So. 157 Howard Street
Spokane 4, Washington

RECEIVED
SEP 4 1954

September 27, 1954

Mr. William Soren
Route 1
Sedro Woolley, Washington

Re: Docket No. DMEA 1831 (lead)
Johnsburg Prospect
Skagit County, Washington
Contract No. Idm-2242

Dear Mr. Soren:

Your attention is directed to Item 2 of Amendment No. 1 to the amended DMEA contract. According to this item, your failure to resume exploration operations at the Johnsburg Prospect by July 1, 1954, constitutes an automatic termination of the contract.

According to our records, the total work completed on the project in which the Government participated, includes 70 feet of drifting and 4 feet of crosscutting. The total agreed cost of this work is $2,590, of which the Government's share is 50 percent or $1,295. The Government has reimbursed you in the amount of $1,195, the remaining $100 to be paid upon resumption of contract work, or upon final settlement of the contract. To date the Government has received royalty payments amounting to $63.79.

The Government has no equity in any rail, pipe, or accessory supplies that were used in the project.

A Certification of Discovery or Development was issued on March 25, 1954, and obligation to pay royalties on any ore produced from Johnsburg patented claim, Survey No. 292A, continues until October 15, 1962, or until the total amount of the Government's contribution to the project has been repaid, whichever occurs sooner.

We wish to emphasize that you should inform any subsequent operator of the property of the terms of the certification.

Final payment to you of the Government's share for work completed as of November 1, 1935, will be withheld until you have submitted your final accounting. It will therefore be to your benefit to submit this information promptly.

By Field Team, Region II

A. H. Weissenborn, Chief, Office
U. S. Geological Survey

[illegible], Director
U. S. Bureau of Mines

cc: NCA (2)
UMBM (2)
Certifying Officer
Auditor Turner
Duffett

File Copy
Surname
J. W. Alt
J. H. Johnson
Selfridge

UNITED STATES 500
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

SEP 13 1954

Mr. A. E. 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. Idm-7242

Dear Mr. Weissenborn:

In reference to your letter of September 1, 1954, regarding the cited contract, we are in full accord with you that this contract should be terminated.

We agree with you that you should call Mr. Soren's attention to Item 2 of Amendment No. 1 to the amended contract, and inform him that his failure to resume operations on July 1, 1954, constitutes an automatic termination of the contract. This project was certified on March 25, 1954 and obligation to pay royalties continues.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee GCS

APPROVED:

J. H. Hedges
Member, Bureau of Mines JHH

Thor H. Kiilsgaard
Member, Geological Survey THK

JWAlt/bjl (9/10/54)

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

R.C.

xxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

September 2, 1954

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

Re: Docket No. DMEA-1331 (lead)
William Soren
Johnsburg Prospect
Skagit County, Washington
Contract No. Idm-8242 (Amended)

Dear Mr. Barclay:

I have your letter of August 23, 1954, wherein you request information to make it possible for you to make a proper assignment of the DMEA contract from Mr. Soren to Mr. Kaess.

According to Amendment No. 1 to the subject contract, if work was not started at the Johnsburg Prospect prior to July 1, 1954, the contract would be automatically terminated and the Government would not participate in any costs incurred after November 1, 1953. I am certain that Mr. Soren has notified Mr. Kaess of this provision in the amendment. Because of this provision in the amendment, I am not certain if the contract is still in effect. We are now requesting the opinion of our Washington office as to the exact status of this contract.

Upon learning from Washington whether or not the contract is still in effect, we will so notify you.

Very truly yours,

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

cc: [illegible](2)
[illegible](2)
Puffett

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

September 1, 1954

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

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

Dear Mr. Selfridge:

We have recently been corresponding with Mr. Kaess, who has apparently obtained a new lease on the Johnsburg prospect. As Mr. Kaess is desirous of having the DMEA contract assigned to him, we want to be certain as to just what is the actual status of the contract before becoming involved with a series of new assignments. The following is a brief summary of the history of the contract to date. We would like to have your opinion as to the true status of the contract before encouraging Mr. Kaess to submit any official documents requesting assignment of the contract, as it may be that the contract is now officially terminated.

On May 3, 1954, we mailed you signed copies of Amendment No. 1 to the subject contract. This amendment, effective on March 24, 1954, specified a recess on the project between November 1, 1953, ending not later than July 1, 1954. Item 2 in this amendment states that it is of the essence of the contract that work be resumed on or before July 1, 1954, and, if work is not resumed within the time limit, all obligation of the Government to contribute in costs not incurred before November 1, 1953, shall be and is hereby terminated.

This year, it has been an extremely late spring in the Central Cascades where the subject property is located. It has been impossible for most operators to reach their property by the first of July. Anticipating that perhaps Mr. Soren would not be able to resume work, according to the terms of Amendment No. 1, Willard Puffett wrote him on June 15, 1954, stating these facts and requesting what his plans were for resuming work. The purpose of Puffett's letter was to determine if another amendment would be necessary to permit Mr. Soren an extension of time before again resuming contract work. No answer was received from Mr. Soren.

Mr. E. A. Magill, engineer, Bureau of Mines, wrote a memorandum dated July 6, 1954, wherein he stated that Mr. Soren had contacted him by telephone on July 1, 1954. Mr. Soren had subleased the Johnsburg mine to a Mr. Kaess. Mr. Kaess was to go ahead with development of the property and, apparently, Mr. Soren would like to have the DMEA contract assigned to Mr. Kaess.

On August 12, 1954, we wrote Mr. Kaess requesting that he submit to us the necessary documents for assignment of the lease and of the contract from Mr. Soren to Mr. Kaess. Mr. Kaess apparently consulted with his attorneys, Ward & Barclay of Sedro Woolley, Washington. On August 23, 1954, they wrote us a letter, a copy of which is attached. These attorneys state that there was no assignment of a lease but a new lease was negotiated; in fact, an entirely new agreement was entered into between Mr. Soren and Mr. Davis, the owner of the property, so that the lease between Soren and Davis had been cancelled. The attorneys now request instructions as to how to make an assignment of the contract to Mr. Kaess.

We have received no definite information as to just what is taking place at the Johnsburg mine. Our field examiners have not visited the mine, partly due to the difficulty of access and partly due to the fact that we are not certain if any added work is being done.

A perusal of the docket on this contract shows that each year there has either been an assignment of the contract to some new individual or a request for a new assignment. During the first year the contract was in effect Mr. Davis did no work at all. Last season Mr. Soren extended the adit about 80 feet and went through his ore shoot. Willard Puffett examined this property in September 1953. He sampled the ore shoot exposed in the adit at regular intervals and, on the basis of the assay results of these samples, calculated a certain tonnage of indicated and measured ore. Puffett believed that the ore shoot had been completely intersected in the adit and further drifting to the south on this adit level was not justified.

On March 24, 1954, a Certification of Discovery or Development was made for the completed work at the Johnsburg prospect. Apparently this certification was made as a result of the information included in Puffett's routine inspection memorandum dated October 20, 1953.

Inasmuch as a Certification of Discovery or Development has been made at this property, we believe that we should encourage the operator to go ahead and complete the project. If, as Puffett believes, the ore shoot has been completely intersected in the adit

the next stage to be entered upon would be item 2, Stage II, a 500-foot drift on the vein is specified to begin at a point 100 to 150 feet below the Johnsburg drift. We do not know if Mr. Kaess, the present operator, is doing this work.

It has been our experience that it takes considerable time to obtain approval of an assignment of the contract. To institute such proceedings at this late stage in the working season would mean that probably the assignment would not be approved before the working season in the Central Cascades would be over. Therefore, no work done during the current season could be approved as part of the current DMEA contract. Although some contract work has been done and a Certification of Discovery or Development has been made, we are somewhat loath to carry on with the contract which apparently necessitates a new assignment at the beginning of each working season. We believe that it is the responsibility of the operator to take care of these matters during the winter season when work at the mine is impossible; therefore, we are not favorably inclined toward approving another assignment of the contract; instead, we believe that we should call Item 2 in Amendment No. 1 of the contract to Mr. Soren's attention and state that inasmuch as he did not begin work prior to July 1, 1954, and that he did not notify us at a reasonable period of time before July 1, 1954, of what his plans were we have no recourse but to terminate the contract.

Will you kindly let us know your thoughts on this matter so that we can notify Messrs. Ward and Barclay, the attorneys, for Mr. Kaess as to what steps should be taken next.

Sincerely yours,

Verne C. Fryklund Jr.

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

Enclosure

cc: USBM (2)
Puffett

LAW OFFICES OF
WARD & BARCLAY
SINGHAM BUILDING
SEDRO WOOLLEY, WASHINGTON

A. H. WARD
CONCONTY BARCLAY

August 23, 1954

U. S. Dept. of the Interior
Defense Minerals Exploration Administration
So. 157 Howard Street
Spokane 4, Washington

Attn., Mr. Willard P. Puffett

Gentlemen:

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

Mr. Kaess has brought to me your letter of August 12, 1954, regarding the procedure necessary for the transfer of the DMEA contract to him. I note in Instruction No. 1, you want an assignment to Mr. Kaess of the lease negotiated by Mr. Davis and Mr. Soren. This lease was not assigned to Mr. Kaess nor was it the intention of the parties that it be so assigned.

Instead, an agreement was entered into between Mr. Soren and Mr. Davis and their respective wives which terminated that lease, so the lease between the Sorens and the Davises has been cancelled.

Both Mr. Davis and Mr. Soren have made new leases covering their respective properties to Mr. Kaess, as lessee. There is, therefore, no lease to be assigned as specified in your Instruction No. 1.

In your Instruction No. 2, you request an assignment of the contract from Mr. Soren to Mr. Kaess with a copy of Mr. Kaess' acceptance of the same. Do you refer to the DMEA contract or some other contract? Mr. Kaess, I believe, wants us to assist him in securing the necessary instruments, but I was wondering if you had not been misinformed as to the exact nature of the transaction between Soren and Mr. Kaess, and between Davis and Mr. Kaess.

If I am mistaken in this regard, will you please send me sufficient information so that I can make a proper assignment of the DMEA contract.

Very truly yours,

WARD & BARCLAY

BY

RECEIVED
AUG 30 1954
U. S. G. S.
SPOKANE, WASH.

CVB:PN

DEFENSE MINERALS EXPLORATION ADMINISTRATION

ROYALTY REPAYMENTS
AS OF AUGUST 31, 1954

OPERATOR

William Soren (c)

CONTRACT NO

E-242

DOCKET NO.

1831

DATE OF CERTIFICATION

3/24/54

AMOUNT REPAYABLE

$ *

RECEIVED DURING AUGUST

$ -

TOTAL RECEIVED

$63.79

DATE OF LAST RECEIPT

2/15/54

* Project not completed

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
No. 157 Howard Street
Spokane 4, Washington

August 12, 1954

Mr. Lowell A. Kness, Owner
Kness Mining Company
209 Montgomery Street
Mount Vernon, Washington

Re: Docket No. DMEA-1831 (lead)
Johnsburg Prospect
Skagit County, Washington
Contract No. Idm-2242 (Amended)

Dear Mr. Kness:

While in Mount Vernon on Sunday, August 8, 1954, I unsuccessfully tried to contact you by telephone to discuss the procedure necessary for transferring the DMEA contract from Mr. Seren to you.

It will be necessary that you submit the following documents to us before we can request a transfer of the contract:

1. Assignment to you of the lease negotiated between Mr. Davis and Mr. Seren.

2. Assignment of the Contract from Mr. Seren to you with a copy of your acceptance of the assignment.

3. Signed copies of new Owner's Consent to Lien forms (copies enclosed for this purpose).

It is my understanding that you will want to do exploration on, or at least will want to include in the contract, some additional claims. If this is true, we will need to know the description of these claims and the book and page number where they are recorded.

As it generally takes a few weeks to complete the transfer of a contract, please submit the above forms at the earliest possible date so that, if possible, some advance can be made on the project this season.

Sincerely yours,

cc: DMEA (2)
USBM (2)
Puffett

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

Enclosure

DEFENSE MINERALS EXPLORATION ADMINISTRATION

ROYALTY REPAYMENT
AS OF JULY31,1954

OPERATOR

William Soren (c)

CONTRACT NO.

E-242

DOCKET NO.

1831

DATE OF CERTIFICATION

3/24/54

AMOUNT REPAYABLE

$ *

RECEIVED DURING JULY

$ -

TOTAL RECEIVED

$63.79

DATE OF LAST RECEIPT

2/15/54

* Project not completed.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D.C.
c/o 127 No. 3rd Street
Spokane 4, Washington

JUL 8 1954

July 6, 1954

Mr. William Moren
Route 1
Friday Harbor, Washington

Re: Docket No. DMA-1031 (lead)
Johnsbury Prospect
Skagit County, Washington
Contract No. Ida-1242, Amended

Dear Mr. Moren:

I had a letter written to answer your inquiry of June 21, but prior to its mailing your second letter of June 30 arrived.

I assume from your second letter that you have conferred with Mr. Magill regarding the transfer of your contract and property to Mr. Lovell Mess. Mr. Magill probably advised you of the necessary steps to be taken and I hope he mentioned that there will probably be some delay if the transfer is approved. As we have no knowledge of Mr. Mess's competency to carry on with the project it will probably be necessary to revisit the property and confer with him regarding details of the contract.

My present plans call for me to be in Friday Harbor about July 22 or 23. At that time I would like to meet with you and Mr. Mess, and perhaps climb that Garnet Hill to the tunnel to examine the site of the proposed lower tunnel. I will notify you later of the exact date I plan to be there and I will much appreciate being able to have you accompany us to the property.

Yours very truly,

William S. Moffett
Geologist

cc: DMEA (6)
DMEA (2)
Bulletin

DEFENSE MINERALS EXPLORATION ADMINISTRATION

ROYALTY REPAYMENTS
AS OF JUNE 30,1954

OPERATOR

William Soren (c)

CONTRACT NO.

E-242

DOCKET NO.

1831

RECEIVED DURING JUNE

$ -

TOTAL RECEIVED

$63.79

DATE OF LAST RECEIPT

2/15/54

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

June 15, 1954

Mr. William Soren
Route 1
Sedro Woolley, Washington

Re: Docket No. DMI-1891 (Acad)
William Soren
Johnsburg Prospect
Skagit County, Washington
Contract No. Ir-2242 (Acad)

Dear Mr. Soren:

I want to call your attention to the terms of Amendment No. 1 to your DMEA contract. This amendment states that work is to be resumed on the project not later than July 1, 1954. If work is not begun by that time the contract will be terminated.

I have recently visited the Cascades and have found that the snow pack is heavier this year than usual. It appears to me that it will be almost impossible for you to gain access to the Johnsburg mine by July 1. Also, Mr. Magill of the Bureau of Mines states that in a recent conversation with you he gained the impression that if you do not obtain a more satisfactory arrangement with Mr. Davis, you may not resume work at the Johnsburg.

If your intentions are to resume work, even though it must of necessity be at a later date than July 1, 1954, will you kindly notify us. As a Certification of Discovery has already been issued for that work which has been completed, and as there still remains a considerable amount of unexpended funds in your contract, it would seem to me to be in your best interest to complete the project. Will you kindly let us know of your plans.

Yours very truly,

Willard P. Puffett
Acting Member, DMEA
Field Team, Region II

cc: DMEA (2)
USBM (2)
Puffett

DEFENSE MINERALS EXPLORATION ADMINSTRATION

ROYALTY REPAYMENTS
AS OF MAY 31, 1954

Operator

William Soren (c)

Contract No.

E-242

Docket No.

1831

Received During May

- - -

Total Received

$63.79

Date of Last Receipt

2/15/54

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

May 3, 1954

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

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

Dear Mr. Selfridge:

Enclosed are the original and two signed copies of Amendment No. 1 to the above Amended Contract.

Distribution of this amendment is being made in the usual manner.

Sincerely yours,

Thor H. Kiilsgaard

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

Enclosure

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

DEFENSE MINERALS EXPLORATION ADMINISTRATION

ROYALTY REPAYMENTS
AS OF APRIL 30, 1954

Operator

William Soren (c)

Contract No.

E-242

Docket No.

1831

Received during April

$ -

Total Received

$ 63.79

Date of Last Receipt

2-15-54

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

April 20, 1954

Mr. William Soren
Route 1
Sedro Woolley, Washington

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

Dear Mr. Soren:

Reference is made to our letter of March 30, 1954, forwarding copies of proposed Amendment No. 1 to your DMEA contract. If the terms and conditions of this amendment meet with your approval, we would appreciate your forwarding the signed copies to this office as soon as possible.

If the amendment does not meet with your approval, would you please return all copies to this office, together with your comments, so that we may take the proper action.

Sincerely yours,

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: DMEA (2)
USBM (2)
Puffett

DEFENSE MINERALS EXPLORATION ADMINISTRATION

ROYALTY REPAYMENTS
AS OF MARCH 31, 1954

Operator

William Soren (c)

Contract No.

E-242

Docket No.

1831

Received During Feb. & March

--

Total Received

$ 63.79

Date of Last Receipt

2-15-54

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

Defense Minerals Administration
RECEIVED
APR 2 1954

March 30, 1954

Mr. William Soren
Route 1
Sedro Woolley, Washington

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

Dear Mr. Soren:

Enclosed are the original and 6 copies of Amendment No. 1 (2 pages) to the above Amended Contract, signed by the Administrator for the Government. If this amendment meets with your approval, please sign all copies, retain that copy marked for the operator and return the remaining copies to this office.

This amendment was deemed necessary to amend your contract providing for a recess period from November 1, 1953, and ending not later than July 1, 1954. During this period, of course, the Government will not participate in any costs incurred by the operator, nor will it contribute to any costs of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of work. If work is not resumed on or before July 1, 1954, there is a provision in the amendment whereby the contract is terminated. You will note also that Article 7 of the Amended Contract is changed, the repayment period having been extended from 10 years to 11 years.

Sincerely yours,

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

Enclosure

cc: DMEA (2)
USBM (2)
Puffett

FILE COPY
SURNAME

Griswold
Gabin
Hoffman
Clemmy
Larrabee
Hedges
Selfridge
Gehrman

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

Mr. William P. Soren
Route 1
Sedro Woolley, Washington

MAR 25 1954

Re: Docket No. DMEA-1831 (Lead)
Johnston Mine
Skagit County, Washington
Amended Contract No. IDE-242

Dear Mr. Soren:

Transmitted herewith is a "Certificate of Discovery or Development" related to the amended Exploration Project Contract No. IDE-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, 1952, 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. A. C. Weissenborn, Executive Officer, Defense Field Team, Region II, Room 157 Howard Street, Spokane 4, 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. Weissenborn of any changes in ownership or production rights that might affect the Government's right to its percent of royalty. Also, if production ceases at any time for an extended period please notify Mr. Weissenborn at six-month intervals that such is the case.

R. C. G. 3/25/54

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

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

FILE COPY
SURNAME:

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

MAR 25 1954

Griswold
Robertson
Chandler
Lashley
Hedges
Selfridge
Hoffman

Mr. Irving Gumbel, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration
Washington 25, D. C.

Re: Docket No. DMA-1831 (Lead)
Johnsburg Mine
Skagit County, Washington
Amended Contract No. Idm-5242

Mr. Dear Mr. Gumbel:

Enclosed is a copy of a "Certificate of Discovery or Development" related to Amended Exploration Project Contract No. Idm-5242.

The original contract was dated April 16, 1952, with an amended contract having been given on October 15, 1953, with the Government participating to the extent of fifty per cent in an exploration project estimated to cost $38,000.00. Actual expenditures to the end of October 1953 (when the project was recessed due to severe winter conditions) had totalled about $2,600.00, with the Government's share being half of such amount.

The total amount of work provided for under the amended contract consisted of 850 feet of drifting and 100 feet of crosscutting. Work done to date consists of 74 feet of drifting and crosscutting.

The discovery consisted of lead-silver ores occurring as a vein within a shear zone in gneissic rocks. Work to date has shown the existence of an ore body estimated to contain 1500 tons, with a grade of 3.2 per cent lead and 3.0 ounces of silver per ton.

Sincerely yours,
C. O. Mittendorf (for)
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.

R.G.G. 3-25-54

FILE COPY
SURNAME:

500

J.W. Alt
Summers
Chapman
Selfridge
Johnson

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

MAR 25 1954

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

Re: Docket No. D[illegible]-1[illegible] (Lead)
William Soren
Johnsburg Prospect
Okanogan County, Washington
Contract No. I[illegible]-[illegible]242 (Amended)

Dear Mr. Weissenborn:

We are enclosing the original and five copies of Amendment No. 1 (2 pages) to the above Amended Contract, signed by this office for the Government. This amendment was requested in your letter of March 5, 1954.

If the amendment meets with your approval, kindly present it to the Operator for approval and signature and, when completed, distribute in the usual manner. In the event that the amendment is not satisfactory and cannot be amended within your delegated authority, return all copies with your recommendation concerning any modification.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JWA)

Enclosures 6

JWAlt/bjl (3/17/54)

Concurred:

J. H. Hedges
Member, Bureau of Mines (JWA)

D. M. Larrabee
Member, Geological Survey (JWA)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kinkel
Chron.

R. C. S.
3-25-54

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

No. 157 Howard Street
Spokane 4, Washington

1831

March 5, 1954

Mr. William R. Soren
Route 1
Sedro Woolley, Washington

Dear Mr. Soren:

We are in receipt of your check dated February 22, 1954, in the amount of $10.75, made out to A. E. Weissenborn and marked "5% on $214.97".

We interpret your check of $10.75 as constituting payment of 5% on the $214.97, as was referred to in the closing sentence of our letter of February 11 to our Certifying Officer, a copy of which was forwarded to you.

According to our calculations, your payment of $10.75 is unnecessary. Transportation costs on shipments of ore are deductible depending on the point at which the purchaser takes delivery of the shipment. In your case the transportation costs were deductible; therefore, the correct royalty repayment may be determined by subtracting $214.97 from the settlement figure of $1,490.74, and by paying a royalty rate of 5% on this remaining figure. According to our calculations, this figure would be $63.79 which has already been paid. As the Government has already been paid the correct royalty on the shipment of ore, we are returning your check to you.

Very truly yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region 11

Enclosure

cc: DMEA (2)
USBM (2)
Hindman
Puffett

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

March 5, 1954

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

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

Dear Mr. Selfridge:

Reference is made to your letter of February 23, 1954, inquiring of the status of the referenced contract.

Work at the Johnsburg mine was suspended during October 1953 because of early winter weather. Inasmuch as the mine is located in a part of the Cascade Mountains that has abnormally heavy snowfall, work was suspended for the duration of the winter. If the present winter snowfall melts as expected, the mine will not be accessible until July 1, 1954.

We have been advised that the operator intends to resume work as soon as snow conditions permit. We therefore recommend that a recess agreement be prepared which will recess project work until July 1, 1954. This agreement should be worded so that the contract will terminate as of that date if work has not been resumed.

By Field Team, Region II

A. E. Weissenborn

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

Wing G. Agnew

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

cc: USBM (2)
Puffett

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

500

FEB 23 1954

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

Re: Projects believed to be of indefinite status

Dear Mr. Reisenborn:

The following listing shows projects in Region II which are believed to be inactive and having an indefinite status. In some instances they may be inactive without a recessing amendment, or others may have been recessed but with the recessing period having expired. Will you kindly review such projects with a view toward taking whichever action may seem advisable in the particular cases.

We realize that you are well aware of these problems and in certain cases you have already written regarding actions which you contemplate taking. However, we list all such projects as a matter of record.

Bunker Chance Mining Co., Docket DMA-495, Contract Idm-1283
William Coren, Docket DMA-1931, Contract Idm-1242
Goodno Mines, Docket DMA-1959, Contract Idm-1223
Pacific Northwest Dev. Co., Docket DMA-2133, Contract Idm-1228
Signal Mining Co., Docket DMA-2237, Contract Idm-1421

Sincerely yours,

George C. Selfridge

Chairman, Operations Committee (JHB)

Approved:

J. H. Hedges

Member, Bureau of Mines (JHB)

Philip W. Guild

Member, Geological Survey (JHB)

WRGriswold/bjl (2/18/54)

Copy to: Docket (5)
Admr. R. File
Op. Committee
Base Metals (5)
Mr. Kinkel
Mr. Bishop
~~Mr. Kinkel~~ Chron.

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

February 9, 1954

Mr. William R. Soren
Route 1
Sedro Woolley, Washington

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

Dear Mr. Soren:

We are in receipt of Check No. 501-100 in the amount of $63.79 from the Bunker Hill and Sullivan Mining and Concentrating Company, which is in payment of the Government's 5% royalty on Lot No. 1 from the Johnsburg Mine.

Your attention is called to Annex I of your contract, paragraph (e) which states:

> "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."

Therefore, we would appreciate your asking the smelter to send us a settlement sheet covering this shipment and all subsequent shipments from your property which are subject to royalty payments.

Sincerely yours,

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

cc: Bunker Hill & Sullivan
Kellogg, Idaho

Hindman
USBM (2)
DMEA (2)

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

1201 N. Division St.
Spokane 2, Washington
January 21, 1954

Bunker Hill Smelter
Kellogg, Idaho

Re: Government percentage royalty on ore from property of William Soren, (Johnsburg mine), Skagit County, Wash. Docket No. DMEA 1831 (lead)

Gentlemen:

We are in receipt of a letter from Mr. Soren, stating that 19,638 dry pounds of lead ore was shipped to your smelter on October 3, 1953 and that the amount of $63.79 was deducted for the account of the Government. This money is due the Government by virtue of its participation in an exploration project contract on the subject property.

We would like to know if this amount has been deducted for the account of the Government. If it has, please make the check payable to the Treasurer of the United States and forward it to Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region II, South 157 Howard Street, Spokane, Washington.

By Field Team, Region II

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

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

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

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

December 4, 1953

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

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

Dear Mr. Selfridge:

Enclosed are the originals and two signed copies of the subject exploration project contract and "Assignment of Contract, Assignees' Acceptance, Government's Consent." These two documents have been distributed in the usual manner.

We have complied with the request of the Chief Counsel as set forth in his memorandum of October 7 attached to your letter of October 14; namely,

(1) the survey number, 292A, of the Johnsburg Claim as indicated on the contract has been verified as being correct; Survey 292B refers to the Johnsburg Millsite,

(2) an Owner's Consent to Lien on the new form by the wife of C. O. Davis is attached, and

(3) Mr. Soren's correct address has been inserted in the Preamble of the contract form.

Also enclosed is a memorandum of October 29 by E. A. Magill concerning a shipment of ore made by the Operator on October 3.

Sincerely yours,

A. E. Weissenborn

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

Enclosures
cc: Finance Office
USBM (2)
Puffett

FILE COPY
SURNAME:

J. W. Alt.
Approved
Selfridge

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

AGENCY DMEA ORIGINATOR J. W. Alt
EXT 3544 Room 4060

Date: October 15, 1953

To: A. E. Weissenborn, Executive Officer DMEA Field Team, Region II
Spokane, Washington.

Reurtt of October 8, 1953, Docket DMEA 1831, C. O. Davis, Contract Idm-E242, Assignment and amended contract to William Soren signed by Acting Administrator today.

George C. Selfridge (JWB)
Chairman, Operating Committee

JWAlt/hmj (10/14/53)
CC to: Docket
Adm. R. File
Op. Committee
Audits
Mr. Kinkel
Mr. Bishop
Base Metals, (DMEA-4058)
Chron.

R.C.G.
10-15-53

FILE COPY
SURNAME: 500

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

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

OCT 1 4 1953

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

Dear Mr. Weissenborn:

We are enclosing the original and five copies of the Amended Contract, signed by this office for the Government, together with Exhibit "A" (2 pages), Annexes I and II, and one map.

Before the contract can be executed, it will be necessary to comply with the requests as set forth in the memorandum from the Chief Counsel. A copy of this memorandum is enclosed with this letter.

If the Amended Contract meets with your approval, kindly present it to the Applicant for approval and signature, and when completed distribute in the usual manner. In the event that the contract is not satisfactory, and cannot be amended within your delegated authority, return all copies with your recommendation concerning any modification.

Enclosed are the original and five copies of the "Assignment of Contract" from the Operator to William Soren, the "Assignee's Acceptance", and the "Government's Consent" duly signed by the Administrator. This assignment should be executed before or concurrently with the execution of the Amended Exploration Project Contract.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Enclosures - 7
APPROVED:

J. H. Hedges
Member, Bureau of Mines

T. P. Thayer
Member, Geological Survey

JWAlt/hmj (10-9-53)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals Division
Mr. Kinkel
Mr. Bishop
Chron.

10-14-53

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT - 9 1953

RECEIVED
OCT 8 6 56 PM '53
GENERAL SERVICES ADMIN.
PUBLIC BLDGS. SERVICE
BMD - COMMUNICATIONS

[illegible] /I-11-37

[illegible] 10-8-53 300P

MR. GEORGE C. [illegible]

DIRECTOR OPERATING [illegible]

DMEA DEPARTMENT OF THE INTERIOR

ON OUR FIELD TEAM LETTER SEPT. 2, 1953 DOCKET DMEA-[illegible], C. C. DAVIS, CONTRACT IDM-[illegible], TOWNSHIPS ASSIGNMENT OF CONTRACT TO WILLIAM [illegible], LESSEE. PLEASE INFORM US WHETHER OR NOT THE REQUESTED ASSIGNMENT WILL RECEIVE THE ADMINISTRATORS APPROVAL.

A. E. WEISSENBORN,

EXECUTIVE OFFICER DMEA FIELD TEAM REGION II

2 1953 DMEA-[illegible], IDM-[illegible]

VA 300P

FILE COPY
SURNAME:

140

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

AEKane
Rubin

October 7, 1953

N. S. in R. R.

Memorandum

To: The Administrator

Through: W. R. Griswold

From: Chief Counsel

Subject: Docket No. DMRA-1831 - William Soren

Enclosed in satisfactory form for signature by William Soren as Operator, after the original contract has been assigned to him, is an Amended Exploration Project Contract, subject to the following:

1. In Article 2 of the original contract reference is made to the Johnsburg Claim, Survey No. 292A. The map attached to the contract refers to both the Lookout Claim (specifically excluded from Article 2) and the Johnsburg Claim as Survey No. 292A. The lease of the property indicates that the Johnsburg Claim has Survey Nos. 292A and 292B. Therefore, the survey number of the Johnsburg Claim should be verified, and any corrections that may be necessary in Article 2 should be made.

2. An Owner's Consent to Lien on the new form by the wife of C. O. Davis should also be attached.

3. Mr. Soren's correct address should be inserted in Preamble of the contract form.

Albert E. Kane

for J. L. Hofflund
Chief Counsel

Attachments

AEKane/ ema
cc: Mails & Files
W. R. Griswold
A. E. Kane
J. L. Hofflund
Chron.

FILE COPY
SURNAME:

140

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

N.S. in R.R.

October 1, 1953

AEKane

Memorandum

To: **The Administrator**

O R Krumwald

Through: **E. W. Ellis**

From: **Chief Counsel**

Subject: **C. O. Davis - Docket No. DMEA-1831 (Lead)**

There is attached herewith, in satisfactory legal form for execution an "Assignment of Contract" from the Operator to William Soren, the "Assignee's Acceptance" and the "Government's Consent."

As the Assignee appears to have worked on the property since June 30, 1953, and no work appears to have been done by the original Operator, the Assignment provides that all monies for work performed under the Contract will be paid to the Assignee. After you have signed the "Government's Consent" the documents should be sent to the Field for execution.

If the work is now to be paid for on a unit cost instead of an actual cost basis, then an Amended Contract should be prepared and executed by the Assignee.

J. L. Hofflund

for J. L. Hofflund
Chief Counsel

Attachments

AEKane/ema

cc: Mails & Files
E. W. Ellis
J. L. Hofflund
A. E. Kane
Chron.

FILE COPY
SURNAME

500

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

N.S. in P.R.

September 21, 1953

Memorandum

To: Chief Counsel

From: Chief, Base Metals Division

Subject: Assignment of Exploration Project Contract No. Idm-1242, Docket No. DMEA-1831, C. O. Davis, to Mr. William Soren

Will you please advise us regarding the transfer of the Assignment of Exploration Project Contract of the above contract.

By Amendment No. 2, the starting time of the project was changed to start not later than July 15, 1953. Mr. C. O. Davis never started work on the project, but leased the property to Mr. William Soren on June 30, 1953.

The Field Team recommends the Assignment of the contract to Mr. William Soren, and that if it is approved, that it be back-dated to June 30, 1953, so that DMEA may participate in the expense of project work already completed by Mr. Soren. They also recommend that the work to be done and the work that Mr. Soren has done, be on a unit cost basis. In this case, we believe that the contract should be amended.

W. R. Griswold

W. R. Griswold

JWAlt/bjl

Copy to: Docket
Base Metals
Chron.

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

Department of the Interior
Defense Minerals Administration
RECEIVED
SEP - 3 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-E242

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.

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

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

M. E. Volin

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

Enclosures

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

ASSIGNMENT OF EXPLORATION PROJECT CONTRACT

I, C. O. DAVIS, for and in consideration of One ($1.00) Dollar now paid, and other valuable consideration, do hereby grant and assign, subject to Government approval, to WILLIAM SOREN, all of my interest in a certain Exploration Project Contract, No. IDM-E242, dated April 16, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the Government, and myself, as Operator.

By acceptance of this Assignment, the assignee agrees to assume and perform all of the reservations, terms, conditions, agreements and covenants in said contract contained.

The postoffice address of the grantee and assignee herein is as follows: WILLIAM SOREN, R.F.D., Sedro Woolley, Washington.

IN WITNESS WHEREOF, I have hereunto set my hand this 21 day of August, 1953.

C. O. Davis
Grantor and Assignor.

State of Washington :
ss
County of Skagit :

I, the undersigned, a notary public in and for the State of Washington, hereby certify that on this 21st day of August, 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.

WITNESS my hand and official seal this 21st day of August, 1953.

R. V. Welts
Notary Public in and for the State of Washington, residing at Mount Vernon.

In consideration of the foregoing Assignment, the undersigned hereby accepts the same and agrees to assume and perform all of the reservations, terms, agreements, and covenants contained in the contract above described.

DATED this 21st day of August, 1953.

William Soren
William Soren.

Approval by the Government
this ___ day of _____, 1953.

_____
Administrator, Defense Minerals Exploration Administration.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP - 8 1953

MINING LEASE

THIS LEASE made and entered into in duplicate, this 30th day of June, 1953, between C. O. DAVIS and HATTIE DAVIS, husband and wife, as lessors, and WILLIAM SOREN and Wilhelmina Ida SOREN, husband and wife, as lessees, WITNESSETH:

The lessors own a patented mine in Skagit County known as JOHNSBURG, bearing survey #292A and 292B, and have developed and improved this mine so that it is now ready to produce. Lessees are skilled mine operators and desire to lease and operate this mine as herein provided. Both parties own other adjoining mines and mining claims hereinafter referred to, and as a part of the consideration for entering into this agreement, they agree as hereinafter provided that when operations under this lease have been performed, they will form a company and convey into it all of the mines and mining claims herein referred to, the same to be owned and operated on an equal basis unless at that time or subsequently the parties by written agreement set up a different and more detailed method for such operation;

Therefore, in consideration of the premises and the payments to be made and things to be done as herein provided, it is mutually agreed between the parties as follows:

Lessors lease to lessees the Johnsburg patented mine and millsite owned by them, acquired originally under entry #76, survey #292A and 292B, bearing Auditor's file #436936, in the office of the Auditor of Skagit County, Washington, which property is situated in the easterly part of Skagit County, Washington, together with the appurtenances and the exclusive right and privilege to take possession of and mine valuable ore from the same and deliver it to market, together with right to use the surface thereof to construct all such works, buildings, plants, mills, structures, and appliances as may be necessary or convenient for the purpose of lessees in carrying out the rights and privileges granted and leased to lessees herein, together with the right to use and operate the tramway constructed by lessors therefrom, and such equipment as is now on said premises, but the equipment shall be returned to lessors at the end of this lease in as good condition as the same is now in, ordinary wear and tear from reasonable

use thereof excepted.

The marketable and valuable mineral mined and recovered from said mine by lessees shall be delivered by lessees to the smelter and refining plant at Kellogg, Idaho, and shall arrange at said plant for the plant to deduct the milling, smelting and transportation costs and transmit the transportation cost to the carrier and pay 50% of the balance of returns from said ore to lessors as rental, and the balance of said returns to the lessees, such returns to be paid as frequently and at such times as the plant usually makes such distribution after determination of recovery is had by it.

The lessees shall commence mine operations as soon as weather conditions permit, pay all expense of mining and mine operation as those obligations fall due, shall not allow the cost of such operations to become delinquent in payment, and shall conduct such mining operations continuously, weather conditions, Acts of God, strikes, lock-outs, and economic conditions on ore prices permitting, it being understood that lessees shall not be obligated to ship ore, and shall not do so unless economic conditions and prices be such that a profitable sale is made, and lessees shall hold lessors harmless against all expense of operation, of every nature whatsoever, shall pay before delinquency all tax items, governmental or agency charges in connection with such operation, shall keep the employees covered by industrial insurance, and properly and timely reports to be made, and in conducting such mining operation, shall do so in accordance with the customary standards and requirements for full and proper development of such mine, and shall not strip the same of high grade or high-paying ore. In this connection at least 10% of the total money spent in the entire operation by lessee shall be used in general mine development. They shall at all times use a crew of not less than three men on said development, including the driving of the existing tunnel. In such operation lessees shall not ship for sale over 700 ton of ore in any calendar year upon which returns exceed $100.00 per ton, exclusive of transportation, milling and smelting costs.

The term of this lease shall be, and the operation of the lessees hereunder shall continue, until the lessors shall have received as rental as aforesaid the full sum of $60,000.00.

The lessees shall cause to be furnished to lessors a copy of all delivery slips or instruments issued by the receiving company and plant on all ore delivered and sold, and shall keep accurate books of account showing the amounts and quantities of all ores, minerals, metal, mining products mined and disposition of the same, and sale price thereof and cost of transportation, milling and smelting, to which books lessors shall have access at any and all reasonable times, individually or by their agents or accountants, and shall have the right at all reasonable times to inspect and survey the mining premises, measure the quantities of ores, minerals, metals or mining products that shall have been removed or mined therefrom, and may do so either in person or by their agents or employees, but such inspection shall not unnecessarily or unreasonably hinder or interrupt the work or operation of lessees; and shall furnish lessors with full monthly statements of the operation, including all receipts and expenditures.

When the lessors shall have received $60,000.00 in rental as aforesaid, this lease shall terminate, and when such sum shall have been received, the lessors and the lessees agree to and shall convey to a company to be formed by them jointly, or if no such company is formed, then shall convey each to the other an undivided one-half interest in and to the following mining properties, which shall then be owned by the parties hereto, lessors and lessees, in equal undivided ownership and interest, and they shall thereafter arrange between themselves for the operation and development thereof or form a company for this purpose, the properties so to be conveyed being as follows, to-wit:

<u>By lessors:</u>

Such personal property as then exists on the premises.

The patented JOHNSBURG mine and properties and millsite described above in this lease, being had under entry #76, survey #292A and 292B, and bearing Auditor's file #436936 in the office of the Auditor of Skagit County, Washington.

C.O.D. #1 mining location, filed in the office of the Auditor of Skagit County, Washington, by lessor, recorded in Vol. 9 of Mining Records, page 413, and bearing File #436621.

C.O.D. #2 mining location, filed in the office of the Auditor of Skagit County, Washington, by lessor, recorded in Vol. 9 of Mining Records, page 413, and bearing File #436622;

JONSBURG #3, Vol. 9, page 215, File #407924.

All of the foregoing are situated in the easterly end of Skagit County, Washington, and are to be transferred as aforesaid by lessors who are the owners thereof or of the interests therein.

By lessees:

Patented mine named LOOKOUT, acquired under survey #293, bearing patent #23492; and mining claim JONSBURG #1, Col. 9, page 214, file #407923.

These mining properties are situated in the easterly end of Skagit County, Washington, and the records refer to filings in the office of the Auditor of Skagit County, Washington.

This lease and the rights hereunder and any interest therein shall not be sold, transferred or assigned by lessees without written consent of lessors. Lessees agree to observe and comply with all rules, regulations, laws, now in effect or which may be enacted during the continuance of this lease by any county, state, or federal authority or agency having jurisdiction over the subject matter and the mining premises leased herein.

TIME AND FAITHFUL PERFORMANCE of each and every covenant and condition of this lease and agreement is of the essence hereof, and should the lessees fail to do any act or thing required to be done in this lease as specified therein, or do or perform any acts or things improperly as specified herein, then lessors may at their option give written notice of such delinquency, specifying the same and give to lessees a period of thirty days within which to cure such delinquency, and failing which, lessors may at their option terminate and cancel this lease, whereupon all rights of lessees thereunder shall immediately cease and terminate.

If this lease is terminated by lessors through default of lessees, there is no obligation upon either of the parties hereto to carry out the contractual obligation contained in said lease to convey properties at the end thereof, to a company to be formed by them, or the one party to the other as specified above, and nothing in this lease shall be construed as an obligation upon lessees to see that the full sum of $60,000.00 is produced and paid lessors.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year first above written.

Hattie Davis

C O Davis

Wilhelmina Zoe Soren

Lessors.

William Soren

Wilhelmina Zoe Soren

Lessees.

State of Washington :
ss
County of Skagit :

On this day personally appeared before me C. O. DAVIS and HATTIE DAVIS, husband and wife, and WILLIAM SOREN and Wilhelmina Zoe SOREN, husband and wife, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 20 day of June 1953.

R V Welts

Notary Public in and for the State of Washington, residing at Mount Vernon.

XXXXXXXXXXXXXXXXX
1201 N. Division St.
Spokane 2, Washington
August 14, 1953

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

Subject: Docket No.DMEA 1831 (lead)
Contract Idm-2242
Johnsburg Prospect,
Skagit County, Washington

Dear Mr. Davis:

We have been informed by Mr. Magill that you have leased the subject property to Mr. William Soren and that Mr. Soren would like to have the DMEA contract transferred to him.

In order that this may be done it will be necessary for you to assign the contract to Mr. Soren. A suggested form for the assignment is attached. It should be completed in six copies and returned to the Executive Officer, DMEA Field Team, Region II, for forwarding to the Administrator, DMEA. It is emphasized that the assignment is not effective until it is approved by the Government.

By Field Team, Region II

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

Enclosure

Thomas E. Howard, Acting Member,
DMEA Field Team, Region II

TEH:mp

cc: Wash. 2
USGS 2
DMEA
Engr.
DF
AD

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

August 12, 1953

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

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

Dear Mr. Selfridge:

Attached are the original and two signed copies of Amendment No. 2 to the subject contract.

Distribution of this amendment is being made in the usual manner.

Sincerely yours,

Thor H. Kiilsgaard
Acting Executive Officer
DMEA Field Team, Region II

Attachment

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

cal
8-17

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

July 13, 1953

Mr. C. O. Davis
Route 3, Box 83
Mt. Vernon, Washington

Re: Docket No. DMEA-1831X (Lead)
C. O. Davis
Johnsburg Prospect
Skagit County, Washington
Contract No. Idm-E242

Dear Mr. Davis:

Enclosed are the original and five copies of Amendment No. 2 to the above contract which have been signed by the Government. If the terms and conditions of this amendment meet with your approval, please sign all copies, retain that copy marked "Operator's Copy" and return the remaining copies to this office.

Your attention is directed to that part of the amendment which states commencement date is to be not later than July 15, 1953.

Sincerely yours,

James J. Quinlan
Acting Member, DMEA
Field Team, Region II

Enclosure

cc: DMEA (2)
USBM (2)
Puffett

FILE COPY
SURNAME: 75

500

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

AIR MAIL

J. W. Alt
Kinkel
Chapman
Selfridge
H. Hedges

JUL 8 1953

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

Re: Docket No. DMPA-18312 (Lead)
C. O. Davis
Johnsburg Prospect
Skagit County, Washington
Contract No. Idm-1242

Dear Mr. Weissenborn:

Enclosed are the original and five copies of Amendment No. 2 to the above contract which have been signed by the Government. This amendment has been drawn up as requested in your letter dated June 23, 1953.

If the amendment meets with your approval, kindly present it to the Operator for signature and, when executed, distribute in the usual manner. In the event that the amendment is not satisfactory, return all copies with your recommendation concerning any necessary modification.

We are in agreement with you that the contract should be rescinded in the event that Mr. Davis does not commence work by July 15, 1953.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Enclosures 6

JWAlt/bjl (7/6/53)

APPROVED:

J. H. Hedges
Member, Bureau of Mines

A. R. Kinkel, Jr.
Member, Geological Survey

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kinkel
Chron.

R.C.L. 7-8-53

FILE COPY
SURNAME:

500

J.W. Alt

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

July 6, 1953

Memorandum

To: Administrator

From: Chief, Base Metals Division

Subject: Justification for Amendment No. 2 to Docket No. DMTA-1831X, Contract No. Idm-5242, C. C. Davis, Johnsburg Prospect, Skagit County, Washington (Lead)

In concurrence with the Field Team, this office approves of allowing the Operator an extension of time to commence the work of this project. Amendment No. 2 would allow the Operator to commence work not later than July 15, 1953.

The date of the contract is April 16, 1952, and the Operator was to start work within 120 days from the date of the contract. He was unable to start work within that time. Amendment No. 1 was drawn up to allow him to start work 411 days from the date of the contract, which would have made the starting time not later than June 1, 1953. Because of snow conditions, the Operator has not been able to start work on the project.

We are in accord with the Field Team that if the Operator cannot start work on or before July 15, 1953, that the contract should be rescinded.

W. R. Griswold

W. R. Griswold

JWAlt/bjl (7/6/53)

Copy to: Docket
Op. Committee
Base Metals
Chron.

FILE COPY
SURNAME:

500

J. W. Alt.

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

N. S. in R. R.

July 3, 1953

7-3-53

Memorandum

To: Chief Counsel

From: Chief, Base Metals Division

Subject: Amendment No. 2 to Docket No. DMA-1831Y, Contract No. Idm-E242, C. O. Davis, Johnsburg Prospect, Skagit County, Washington (Lead)

Will you please prepare Amendment No. 2 allowing the Operator an extension of time to start the work as stimulated in the contract.

Amendment No. 1 changed the starting time from 120 days to 411 days, or to June 1, 1953. Due to weather conditions, the Operator was unable to start work at that time. We are in agreement with the Field Team that the Operator should be given an amendment allowing him to start work on the project not later than July 15, 1953.

The Field Team has not recommended a change in the completion time, which, according to the terms of the contract dated April 16, 1952, is 22 months.

W. P. Criswold

JWAlt/bjl

Copy to: Docket
Base Metals
Chron.

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

June 23, 1953

[illegible]

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

Re: Docket No. DMA-1831 (Lead)
Johnsburg Property
Skagit County, Washington
Contract Idm-1242

Dear Mr. Davis:

Your letter of June 22, 1953, requesting an extension of the starting date of your contract is being forwarded to Washington.

We will notify you at the earliest possible date of their decision.

Very truly yours,

Willard F. Puffett
for A. C. Weissenborn, Exec. Officer
DMA Field Team, Region II

cc: [illegible]
(2)
Pfett

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

June 23, 1953

Air Mail

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

Re: Docket No. DMEA-1831x (Lead)
C. O. Davis
Johnsburg Prospect
Skagit County, Washington
Contract No. Idm-E242

Dear Mr. Selfridge:

Enclosed herewith please find a copy of a letter from Mr. C. O. Davis wherein he states that an attempt was made to begin work on his contract but deep snow remaining in the mine area was prohibitive. Consequently, Mr. Davis is requesting a further delay in the starting date of his contract.

On September 19, 1952, the Field Team granted an amendment to the contract extending the delay in starting date from 120 days to 411 days from the contract date. This was done only after obtaining the opinion of the Chief Counsel as to the legality of such action. The Chief Counsel stated the delay in starting time is not a legal question but rather an administrative one. In a letter from Mr. Keller, Acting Chairman, Operating Committee, dated August 29, 1952, permission for the amendment was granted, with the condition that if the Operator was not able to comply with the terms of the contract by the new starting date, the contract should be terminated.

According to the enclosed letter from Mr. Davis, an attempt was made to comply with the terms of the contract but snow halted the attempt. We are wondering, therefore, if we can justifiably extend the starting date to not later than July 15, 1953. Although there was some snow near the adit portal of the mine on August 5, 1952, when our field men visited the property, we believe the snow should have melted sufficiently by the middle of the month of July this year to permit operations at the property. We are of the opinion that if the contract is not started by July 15, very little work can be done this year before winter weather again seriously impairs or completely halts mining operations at the Johnsburg mine. In the event Mr. Davis does not commence work by July 15, 1953, the Field Team requests that they be authorized to rescind the contract.

We are notifying Mr. Davis that we are requesting an amendment to delay the starting date of his contract to July 15, 1953, but that the decision will be made in Washington. Therefore, we request your decision on this amendment at an early date so as to be able to advise Mr. Davis accordingly.

By DMEA Field Team, Region II

A. E. Weissenborn

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

Thomas E Howard

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

Enclosure

cc: USBM(2)
Puffett

Wash

C
O
P
Y

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

6-22-53
Contract Idm-E242
Docket No. DMEA 1831 (lead)
Johnsburg property
Skagit County, Wash.

Dear Sir:

Yours of 6-17 received, for which I thank you.

I did intend to get started by June 1st on our contract with you and in fact we went up and did some trail work before June 1st but ran into 8 feet of snow on the 4500 ft. level so gave it up for the time. The season is staying very late. So if you can give me another extension of 30 or 60 days - 60 preferred - then I'm sure we will be able to get up on the mine and begin operations. I never saw the snow hang on so long before.

Thank you for your patience.

I am

Sincerely yours,

C. O. DAVIS

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

1201 N. Division St.
Spokane 2, Washington
June 17, 1953

Mr. C. O. Davis
Route 3, Box 83
Mount Vernon, Wash.

Subject: Contract Idm-E242
Docket No. DMEA 1831 (lead)
Johnsburg property
Skagit County, Wash.

Dear Mr. Davis:

Will you kindly advise this office if you intend to commence work under the subject contract and, if so, the date such work will start.

It is brought to your attention that the starting date of your contract was to be not later than June 1, 1953. Consequently, if work is commenced subsequent to that date it will be necessary for the contract to be amended.

By Field Team, Region II

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

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

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

Docket

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

So. 157 Howard Street
Spokane 4, Washington

October 2, 1952

Mr. Frank E. Johnson, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket DMEA 1831 X (Lead)
C. O. Davis, Johnsburg Property
Skagit County, Washington
Contract Idm-E242

Dear Mr. Johnson:

Enclosed are the original and two copies of Amendment No. 1, with justification attached thereto, to permit delay in the starting date of the subject contract.

Copies have been retained by the Operator, for the files of this office, and by a carbon copy of this letter the Regional Finance Officer's copy is being distributed.

Sincerely yours,

Cee 10/20

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

Enclosure

cc: USBM (2)
Reg. Finance Officer w/encl.
W. P. Puffett

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

So. 157 Howard Street
Spokane 4, Washington

September 19, 1952

1831

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

Dear Mr. Davis:

Enclosed are six copies of Amendment No. 1 to your exploration project contract, wherein the starting date is changed from 120 days from date of the contract to within 411 days of the contract. This in effect allows you an extension of time until June 1, 1953, in which to begin work on the exploration project.

If this amendment meets with your approval, sign all copies, retain one to attach to your copy of the contract, and return the original and four signed copies to this office.

Sincerely,

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

Enclosures

cc: DMEA (2)
USBM (2)
Puffett

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

So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
SEP 15 1952

September 8, 1952

Mr. C. O. Davis
Route #3, Box 33
Mount Vernon, Washington

DMEA 1931

Dear Mr. Davis:

A recent letter from the DMEA Operating Committee, Washington, D. C., advises that you have requested a 30-day extension of the time limit to commence work on your Johnsburg property, but that the Field Team, Region II, was of the opinion that it would be better to delay starting work until the spring of 1953. I have also been informed that you too would prefer delaying the starting time until the spring of 1953.

The DMEA Operating Committee is in accord with your preference to delay starting date until the spring of 1953 but they would like to receive from you a firm commitment that you would be financially able to commence work during the coming spring.

If this delayed starting date is acceptable to you and if you feel that you will be financially able to commence work in the spring, please notify this office and we will prepare the necessary amendment extending the starting date of the contract.

Sincerely,

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: DMEA (2)
USBM (2)

FILE COPY
SURNAME:
Sas
MKeller

UNITED STATES 500
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

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

AUG 29 1952

Re: Docket No. DMEA-1831 (Lead)
Contract No. Idm-F242
C. O. Davis
Skagit County, Washington

Dear Mr. Weissenborn:

In reply to your memorandum of August 15, 1952, to the Chairman of the Operating Committee, we are in accord with your decision to amend the subject contract so that the starting date will be in the spring of 1953. For your information, we are enclosing a copy of a memorandum from our Chief Counsel concerning the legality of such action.

Before drawing up the amendment, it would be well to ascertain if the Operator will be financially able to commence the work under the contract even by the spring of 1953. If he assures you that he will be able to do so, we recommend the amendment postponing the starting date to a specific date in the spring of 1953.

If, at that time, the Operator is unable to comply with the terms of the contract, the contract should be terminated.

Sincerely yours,

H. F. Keller (GB)
ACTING Chairman, Operating Committee

HK 8-29-52

Enclosure

APPROVED:

C. H. Johnson (GB)
Member, Bureau of Mines

O. M. Lemmon (GB)
Member, Geological Survey

JWAlt /HFKeller/bjl (written 8/27/52)

Copy to: Docket
Admr. R. File
Op. Committee
H. F. Keller (2)
Mr. Bishop
Mr. McKnight
Chron.

FILE COPY
SURNAME:

Rubin

UNITED STATES 140
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

August 26, 1952

Memorandum

To: Acting Administrator

Through: H. F. Keller

From: Chief Counsel

Subject: DMEA-Docket No. 1831, Contract Idm-E242, Johnsburg Prospect - C. O. Davis

If the starting date on this contract were amended to July 1953, for completion of the contract in May of 1955, it would be within the authority of DMEA-1 even without the approval of the Administrator, which is required in cases where the performance of the contract is estimated at more than two years, as such an amendment would merely delay the starting date and not increase the estimated time for the performance of the project.

Whether the starting date should be delayed so extensively in advance, is not a legal question, but rather an administrative one.

J. L. Hofflund

J. L. Hofflund
Chief Counsel

HCRubin/ema
cc: Mails & Files
J. L. Hofflund
H. C. Rubin
H. F. Keller
Chron.

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

1201 N. Division St.
Spokane 2, Wash.

August 15, 1952

MEMORANDUM

To: Chairman, Operating Committee, DMEA, Washington, D. C.

From: Acting Executive Officer, Field Team, Region II

Subject: DMEA Docket No. 1831, Contract Idm-E242, Johnsburg Prospect, Skagit County, Washington

The Operator, because of momentary financial difficulty, has requested a thirty-day extension of the starting date specified by the captioned contract. Inasmuch as the property involved is in the Cascades at comparatively high altitude, any operation is subject to early interruption by snowfall. Experience in the area indicates that the operation very likely would have to be recessed by late October.

It would appear logical to defer the starting date until spring rather than to start in September and be subject to demobilization expense within a thirty-day period. If possible, the Operator now would prefer to delay the starting date to spring, 1953.

I hesitate to approve this extended deferment without the benefit of an opinion from your office regarding possible legal involvement. Attention is called to the fact that the contract time interval is 22 months. In other words, an extension of the starting date to July 1953, would, of course, place the completion date at May 1955.

Glenn A. Reed
For M. E. Volin, Acting Exec. Off.
Field Team, Region II

SdS
8-19-52

RECEIVED
AUG 21 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

DMEA-1831 - Contract No. Idm-E 242
C. O. Davis
Date of Contract April 16, 1952 - Bring to Completion
22 months from date of contract.
To start within 120 days
Total Cost $42,750.00 - Gov. Part $21,375.00

Stage I
150' of drifting
25 of crosscutting.
Total Stage I $8,525.00

Stage II
100' of drifting
75' of crosscutting
Total Stage II - $4,225.00

8/19/5 - If the Operator hasn't started work on the project by now, a 30 da extension for starting would be of much benefit to him!

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

So. 157 Howard Street
Spokane 4, Washington

May 17, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 26 1952

Memorandum

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

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

Subject: Contract for C. O. Davis, Idm-E242, Docket DMEA-1831X, Lead.

The original and three copies of the above-listed contract duly signed by the Operator are attached. One copy has been retained for our files, and one has been given to the Operator.

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

Enclosures
cc: USBM, Spokane

FILE COPY
SURNAME:

Moulds

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

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

Re: Docket No. 1831X (Lead)
C. O. Davis
Exploration Project Contract

Dear Mr. Weissenborn:

We are enclosing the original and five copies of the revised subject contract, signed by this office for the Government, together with Exhibit "A" (4 pages) and one map.

This contract has been re-drawn in accordance with your memorandum of March 21, 1952 to Mr. Frank Johnson and telephone conversation with Mr. Alt. Since you stated the previous contract was unworkable, we have formulated the contract to comply with your suggestions and the information submitted by your office.

If the terms and conditions of this contract meet with your approval and are satisfactory to the Operator, all six copies should be signed by the Operator. One copy should be given to the Operator, one copy retained in your office, and the original and three copies returned to this office. However, if there are any changes required, all contract copies are to be returned to this office with your comments regarding the proposed changes.

Sincerely yours,

cc 4/16

(signed) FRANK E. JOHNSON

(JHB)

Chairman, Operating Committee
Defense Minerals Exploration
Administration

Enclosures-6
APPROVED:

J. E. Hedgon (JHB)

Member, Bureau of Mines

T. P. Thayer (JHB)

Member, Geological Survey

DWAlt/hmj
4-8-52

CC to: Adm. R. File
Docket File Copy
Mr. Bishop
Mr. McKnight
Region II
Operating Committee
Mr. Alt
Mr. Moulds

FILE COPY
SURNAME:

Moulds

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

APR 4 1952

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

Re: Docket No. DMEA 1831X

Dear Mr. Davis:

In reply to your letter of March 28, 1952, we wish to advise you that it will not be necessary for you to obtain the lease of the Lookout Claim.

Your contract is in the process of preparation, and upon completion will be transmitted to Mr. A. E. Weissenborn, Executive Officer, Region II, DMEA Field Team, South 157 Howard Street, Spokane 4, Washington.

Sincerely yours,

D. E. Moulds (mel) P.N. 4-4-52

D. E. Moulds, Chief
Base Metals Division
Defense Minerals Exploration
Administration

JWAlt/hmj
4-4-52
CC to: Adm. R. File
Docket File Copy
Mr. Moulds
Mr. Alt
Region II

C. O. DAVIS

BOX 83, ROUTE 3

MOUNT VERNON, WASHINGTON

28th Mar. 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED

APR 1 - 1952

Mr. D. E. Moulds, Chief
Base Metals Division
Defense Minerals Exploration Administration
Department of Interior
Washington 25, D. C.

Dear Mr. Moulds:

Re: Docket No. 1831X

Received your letter of March 17th in regard to the surrender of the Lookout Claim lease referred to in your recent letter.

I will say that if this claim appears to make any necessary difference in my status of claim loan I would be able to retain this lease and can have the consent of the present owner. This may simplify and make less expense for your Department and speed up my loan application,as there is snow on the ground right now and I would like to be ready to operate as soon as the snow is gone.

Thanking you for any advice you may give me, I am

Sincerely yours

C.O.DAVIS

COD/s

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 28 1952

March 21, 1952

Memorandum

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

From: Field Team, Region II

Subject: Docket No. 1831-X, Contract Idm-E242, C. O. Davis - Lead

Enclosed are two memorandums from E. A. Magill, Mining Engineer, Bureau of Mines, dated March 7th and 14th, 1952, and the original and five copies of the subject contract. A memorandum by Elton A. Youngberg of the Geological Survey is also attached.

Mr. Magill does not believe that the removal of the Lookout claim affects the feasibility of the proposed exploration project; he does, however, believe that the contract as now written is unfeasible as it calls for Stage I to be completed before Stage II is started. He believes this part of the contract is not workable because of the short season which limits surface exploration to August and September and would prevent underground work starting before 1953. He has presented a modified contract which is attached to his memorandum of March 17, 1952. He proposes to eliminate the surface exploration and to limit the underground exploration to 150 feet of drifting and 25 feet of crosscutting in Stage I. Stage II is to consist of 200 feet of additional drifting on the Johnsburg drift level and 500 feet of drifting on a new level to be located 100 to 150 feet in elevation below the Johnsburg drift. A total of 75 feet of crosscut is also to be driven from these drifts.

The Field Team believes that Mr. Magill's proposal is feasible, as Mr. Youngberg points out in his memorandum that surface exploration on the Johnsburg claim is somewhat more extensive than indicated by Mr. Magill and that further surface exploration would be costly and probably would not add much new information.

By Field Team, Region II

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

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

Enclosure
cc: USBM

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

So. 157 Howard Street
Spokane 4, Washington

March 21, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 28 1952

Memorandum

To: A. E. Weissenborn, Executive Officer, Region II

From: Elton A. Youngberg, Geologist, U. S. Geological Survey

Subject; Docket No. ~~1381~~ 1831-X, C. O. Davis - Lead, Johnsburg Claim, Skagit County.

I have previously reviewed the economic possibilities of the Johnsburg Claim for the Howe Sound Company, at which time geologic maps, sample data, and survey plots were available to me from the company files.

This data indicated the presence of the high grade lead outcrop which is the target of the present exploration project and additional high grade lenses along the strike of the vein. An old map shows a crosscut some distance below the Johnsburg drift, which is reported to have encountered ore. The portal of this drift has been covered by talus and its exact location is now unknown.

The surface outcrops indicate that the lead occurs as small high grade ore shoots from which a small tonnage of shipping grade ore can be obtained. The frequency at which these ore shoots occur along the strike of the vein will determine the economic possibilities of the property.

The terrain is extremely rugged and high and is a most difficult area in which to do surface exploration except with hand tools. The heavy snowfall in the region limits surface prospecting to a few weeks in late summer. The old maps indicated that the vein had been fairly well prospected along the strike above the Johnsburg tunnel. The vein is covered by talus, a short distance below the Johnsburg drift and little is known about the vein in this area. It is not believed however, that further surface exploration here would add information which could be used to evaluate the feasibility of the project. It is believed that funds provided for surface work could be better used in drifting upon the vein on the Johnsburg drift level.

A letter from Mr. C. O. Davis to the Bureau of Mines states that an areal tram and a compressor have been installed and it is now possible to move supplies and equipment to the portal of the Johnsburg drift. The cost of this installation has hindered previous exploration of the claim. Since this installation is now complete, the modest sum of $8500 proposed by Mr. Magill in Stage I of his revised contract does not appear unreasonable for exploring along the Johnsburg drift level for downward extensions of surface outcrops.

Enclosure
cc: USBM

FILE COPY
Surname:

Moulds
Thomas
Johnson

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

MAR 1952

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

Re: Docket No. 1831

Dear Mr. Davis:

This is to acknowledge your letter of March 4, 1952 and to inform you that the Government Field Team of Region II will make a further study of your proposed exploration project.

The initial study of your project was based on the two mining claims. With the surrender of the Lookout claim lease, all of your exploration work would be confined to the Johnsburg claim and the area on the vein which will benefit from the exploration is thus decreased. Your project will necessarily have to be re-evaluated on the modified property rights.

Sincerely yours,

D. E. Moulds cc 3/17

D. E. Moulds, Chief
Base Metals Division
Defense Minerals Exploration
Administration

JWAlt/hmj
3-12-52
cc to: Adm. R. File
Mr. Bishop
Mr. McKnight
Region II
Mr. Moulds
Mr. Alt
Docket

500
FILE COPY
Surname:

Moulds

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

MAR 17 1952

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

Re: Docket No. 1831X
Contract Idm-E242
C. O. Davis

Dear Mr. Weissenborn:

In regard to the telephone conversation held with you on March 11, 1952, pertaining to the above referenced docket, we are enclosing a copy of the letter received March 10, 1952 from Mr. C. O. Davis.

The applicant's action in releasing the lease on one-half of the area included in the proposed contract, sent to your office on January 28, 1952 for approval, materially changes the project. If the applicant does not desire to hold the lease on the Lookout claim to qualify for a contract on the basis the project was initially approved, we believe a re-evaluation of the project is necessary. The proposed contract now in your hands is, of course, not applicable to the property rights of the applicant expressed by the letter.

We will appreciate your recommendations for the project and return of the contracts unless the applicant desires to retain the lease on the Lookout, and the proposed contract otherwise meets with your approval.

We are writing to the applicant notifying him that the Field Team is giving his proposed exploration project further study.

Sincerely yours,

ce 3/17

(signed) FRANK E. JOHNSON

(JB)

Chairman, Operating Committee
Defense Minerals Exploration
Administration

Enclosure - 1
APPROVED:

C. H. Johnson (JB)
Member, Bureau of Mines

T. P. Thayer (JB)
Member, Geological Survey

JWAlt/hmj 3-12-52
cc to: Adm. Reading File
Operating Committee
Mr. Bishop
Mr. McKnight
Region II
Mr. Moulds
Mr. Alt

Docket

1201 North Division Street
Spokane 2, Washington
March 14, 1952

MEMORANDUM

To: M. E. Velin, Member, DMEA Field Team, Region II

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

Subject: Revisal of Exploration Project of C. C. Davis (Johnsburg Mine) Skagit County, Wash. Contract Idm-E242

A telephone conversation on March 11, 1952, between Mr. E. A. Youngberg of the U. S. G. S. in Spokane and Mr. Alt of the DMEA in Washington, D. C., has indicated that the Washington office does not favor concurrent operations of Stages I and II of the subject contract. The applicant has also informed Mr. Alt that he proposes to relinquish his lease on the Lookout claim.

Relinquishment of the lease on the Lookout claim does not materially affect the feasibility of the project. It is not possible (without an excessive capital expenditure due to the terrain) to carry out any work on the Lookout claim without going through the Johnsburg claim. Consequently, if future operations warrant it, the lease can undoubtedly be reinstated by the operator. Exploration of the main outcrop on the Johnsburg claim was, and still is, the main target for any exploration program. The relinquishment of this lease does not affect exploration for the main target.

The original contract was written to allow for exploration of the main outcrop on the Johnsburg claim at depth. The operator has already started this exploration. After completion of his aerial tram late in the summer of 1951, he advanced the old 50-foot drift an additional 20 feet before weather curtailed operations. A few feet more should bring him under the surface outcrop (at a depth of about 75 feet). This surface outcrop, although never observed by the writer, reportedly consists of high grade galena up to 18 inches wide exposed along a strike length of 50 feet. The operator has spent some $30,000 of his own money to date in construction of a camp and a 5,000-foot aerial tram so that exploration work might be carried out. The exposure of high grade galena certainly warrants further exploration inasmuch as practically all preparatory work has been completed.

If it is felt that it is not feasible to carry out concurrently Stage I and II of the contract and that possibly the program should be modified, it is recommended that the contract be modified as follows:

STAGE I

Time Schedule

4 Operating Months:

1. Extend Johnsburg drift a maximum of 150 feet to the south on the vein structure.

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

9 Operating Months:

1. Extend Johnsburg adit 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 of total of 75 feet at least three separate places, if warranted, in either the Johnsburg or the new 500-foot lower adit to determine the width of ore structure.

Estimate of Costs for 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
Equipment to be purchased	1,000.00
Fixtures and Improvements	500.00
Total Stage I	$8,500.00

Estimated Cost of Stage II

700 feet of drifting at $40.00 per foot	$28,000.00
75 feet of crosscutting at $40.00 per feet	3,000.00
Equipment to be purchased	1,725.00
Fixtures and Improvements	1,500.00
	$34,225.00

Total Cost Stage I	$ 8,500.00
Total Cost Stage II	34,225.00
Total Cost of Project	$42,725.00

Details of Estimated Costs

Fixtures and Improvements

Stage I:

Erection of a compressor shed at Johnsburg portal at a cost not to exceed	$ 500.00
Total Stage I	$ 500.00

Stage II:

Erection of one cabin at a cost not to exceed	1,500.00
Total Stage II	$1,500.00

Operating Equipment

To be rented:

Stage I - none
Stage II - none

To be purchased:

Stage I

1 jackhammer with leg	$ 600.00
1 mine car @ 125.00	125.00
Miscellaneous tools	275.00
Total Stage I	$1,000.00

Stage II

1 jackhammer with leg	$ 600.00
1 mine car at $125.00	125.00
Miscellaneous tools	1,000.00
Total Stage II	$1,725.00

To be furnished by operator

	Replacement Value	Monthly rental Allowance
Air compressor 210 cfm	$5,000.00	$83.00
Truck, 4 wheel drive pickup	800.00	13.00

Labor and Supervision

	Wages per 8 hour shift
Miner's	$14.00
Surface Labor	13.00
Bookkeeper (part time)	14.00
Cook	14.00

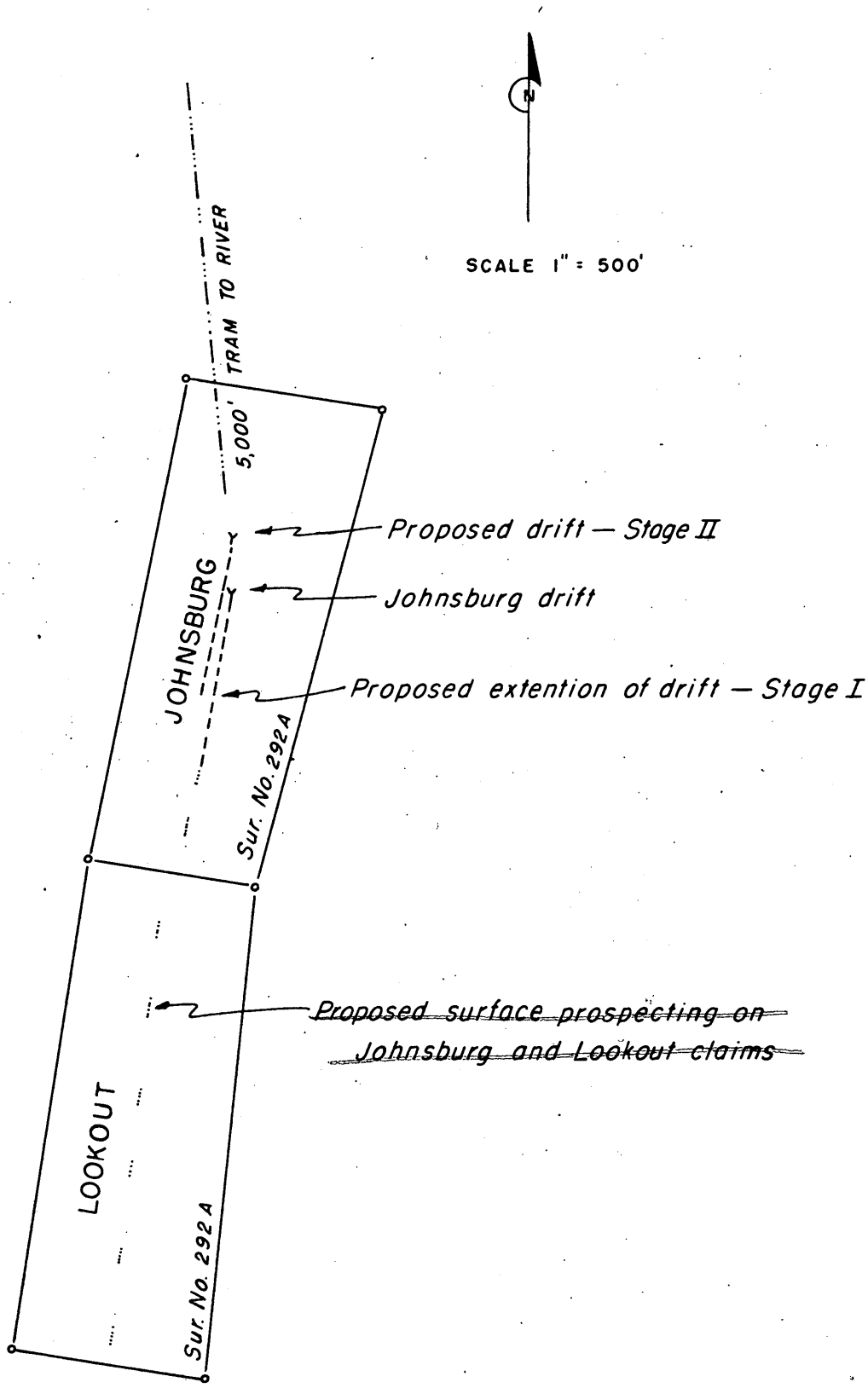
	Monthly Salaries
Superintendent	$500.00
Engineer and Geologist (part time)	150.00

Rehabilitation and Repairs

None.

cc: USGS, Spokane (with 4 cys for Wash.)

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



Proposed exploration — Johnsburg mine, Skagit County, Washington.

E-1773

1201 N. Division St.
Spokane 2, Wash.
March 7, 1952

MEMORANDUM

To: DMEA Field Team, Region II

From: E. A. Magill, mining engineer, Bureau of Mines

Subject: Contract Idm-R242, Johnsburg Mine, Skagit County, Wash.

The subject contract has been held pending receipt of attached letter from the operator in answer to a letter from this office of February 5, 1952, which was written in an attempt to bring the Field Team up-to-date on the progress completed since the field examination in July 1951. It was reported that the applicant had shipped a truckload of ore which failed to pay shipment charges; this report was apparently unreliable.

Due to a misunderstanding of my memorandum of October 6, 1951, which did not clearly state proposed modifications, the attached contract has been written in Washington so that it is unworkable unless approval is given for concurrent operation of Stages I and II.

My thought at the time of writing the memorandum of October 6 was to allow the surface prospecting but to cut the drifting and crosscutting allowed in Stage I into two stages. This thought was brought on by the conversation with Mr. Purdy in which he stated that the outcrop was not as extensive as had previously been reported.

It is impractical to await the results of surface prospecting before beginning the continuation of the underground work inasmuch as the outcrop is covered with snow from October until August. Furthermore, it is important that the possible downward continuation of the ore shoot presently exposed on the surface be explored in any event.

It is recommended that approval be given for the concurrent operation of Stages I and II. If this is not feasible, the contract should be rewritten to allow drifting in the initial stage of the contract.

E. A. Magill

C. O. DAVIS

BOX 83, ROUTE 3

MOUNT VERNON, WASHINGTON

4th Mar. 1952.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 10 1952

Mr. D. E. Moulds, Acting Chief
Base Metals Division
Defense Minerals Exploration Administration,
United States Depaetment of the Interior
Washington 25, D. C.

Dear Sirs:

In answer to your letter where you were asking me to get Wm. Soren's signature on the lease of his claim which is the Lookout.

I am glad to announce that we have decided not to include the Lookout claim and we will give Mr. Soren back his lease and option, whereby he agreed to sell it to us. It is not necessary to have this and we do not care to carry the expense of the acquisition at this time.

Hoping the above is satisfactory to you, I remain

Yours very truly

C.O.DAVIS

COD/ms

FEB 21 1952

C. O. DAVIS

BOX 83, ROUTE 3
MOUNT VERNON, WASHINGTON

19th Feb. 1952.

U. S. Dept of the Interior
Bureau of Mines
1201 N. Division St.
Spokane 2, Washington.

Gentlemen:

In answer to your letter of Feb. 5th concerning additional work done on the Johnsburg wish to say that we run the tunnel in about twenty feet farther than it was when your field man was there and that the showing of lead is getting better, as we get farther in.

We spent most of our time before snow come completing our tram and installing a new air compressor, which tram is now ready and the air compressor is up at the tunnel and as soon as the snow is gone in the spring we are planning on doing additional work and expect to be able to ship some ore next summer. However we did not get any ore out to be shipped this last year.

Again thanking you for your trouble, I am

Yours very truly,

C.O. Davis

C.O.DAVIS

COD/ms

Docket File Copy

500
FILE COPY
SURNAME:

Moulds

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

JAN 28 1952

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

Re: Docket No. 1831X
C. O. Davis
Exploration Project Contract

Dear Mr. Weissenborn:

We are enclosing the original and five copies of the above subject contract, signed by this office for the Government, together with Exhibit "A" (3 pages), one map, and one Landlord's Subordination Agreement.

If the terms and conditions of this contract meet your approval and are satisfactory to the Operator, all six copies should be signed by the Operator. One copy should be given to the Operator, one copy retained by your office and the original and three copies returned to this office. However, if there are any changes required, all the contract copies are to be returned to this office with your comments regarding the proposed changes.

Sincerely yours,

cl 1-25-52

(signed) FRANK E. JOHNSON
JB

Chairman, Operating Committee
Defense Minerals Exploration
Administration

Enclosures - 6

JWAlt/hmj
1-23-52
cc to: Adm. R. File
Docket File Copy
Mr. Bishop
Mr. McKnight
Region II
Mr. Alt
Mr. Moulds

APPROVED:
/s/ J. H. Hedges JB
Member, Bureau of Mines
/s/ T. P. Thayer JB
Member, Geological Survey

C. O. DAVIS

BOX 83, ROUTE 3
MOUNT VERNON, WASHINGTON

Docket No. 183.

11th Jan. 1952

Mr. D. E. Moulds, Acting Chief
Base Metals Division
Defense Minerals Exploration Administration,
United States Department of the Interior
Washington 25, D. C.

Dear Mr. Moulds:

As per request in your letter of December 11th, I am therefore enclosing a copy of the lease with Mr. and Mrs. Soren which we now hold on the Lookout mining claim.

I certainly hope you can process this loan so it will do us some good and help us get going when the snow goes away.

I read in the papers where the Government needs lead and we have every prospect of a good lead claim, only needing a little more development.

Thanking you for your interest in the matter, I remain

Sincerely yours

C O Davis

C.O.DAVIS

COD/s

Inc.

DEFENSE MINERALS
ADMINISTRATION
WASHINGTON, D. C.
JAN 15 1 44 PM '52

DEFENSE MINERALS
ADMINISTRATION
WASHINGTON, D. C.

JAN 15 1 44 PM '52

MINING LEASE AND OPTION TO PURCHASE

This mining lease and option to purchase mine, made and entered into this 15 day of September, 1949, be and between WILLIAM R. SOREN and WILEHMINA ZOA SOREN, husband and wife, hereinafter referred to as Lessors and C. O. DAVIS hereinafter referred to as Lessee,

WITNESSETH: That Lessors hereby lease to Lessee and Lessee hereby leases from Lessors the following mining claims situated in the County of Skagit, State of Washington, to-wit:

> That certain lookout mine, originally filed by the Silver Queen Mining and Smelter Company, Mining Survey 293, Patent number 23492; and
>
> Johnsburg number 1 in the Cascade Mining District as described in Volume 19 at Page 214 of Mining Claims of the Auditor of Skagit County, File number 407923.

This lease shall commence as of the 15th. day of September, 1949 and shall run for a period of years until the sum of $40,000.00 shall have been paid or until terminated by the Lessee as hereinafter provided.

Lessees shall pay Lessors rental as follows:

First year.	No rental.
Second year.	No rental.
Third year.	Five Hundred Dollars ($500.00) minimum rental to be paid upon the 1st day of the third year;
Fourth year.	Five Hundred Dollars ($500.00) minimum rental to be paid upon the 1st day of the fourth year;
Fifth year.	One Thousand Dollars ($1,000.00) minimum rental to be paid upon the 1st day of the fifth year;
Sixth and subsequent years.	One Thousand Dollars ($1,000.00) minimum rental payable on the 1st day of each succeeding year of the term. The first of such amount to be paid on the first day of the sixth year.

Rental for the third, fourth, fifth and all successive years is subject to the following provisions: As mining products shall be delivered to smelters, copy of smelter receipts shall be given to the Lessors and if ten per cent of gross returns for any year exceeds the minimum rentals hereinabove provided then at the end of such year an additional amount shall be paid to Lessors which shall constitute the difference between the minimum advance yearly payment made and ten per cent of the gross as represented by the smelter receipts.

When and if Forty Thousand Dollars ($40,000.00) shall be paid to the Lessors a Deed or other necessary and proper instrument of conveyance shall be executed by the Lessors to the Lessee transferring all their right, title and interest in and to the mining claims herein described to the Lessee which instrument of transfer shall contain the usual covenants of warranty as customary in the transfer of mining property.

The Lessee may, at the end of any lease year surrender the lease and this agreement and shall be under no further obligation to perform the covenants and conditions hereof.

Any mining, development or exploration work done upon the mining claims shall be done and performed in a good and proper mine fashion and according to the best established and recognized mining standards.

The Lessee shall pay all taxes and each and every charge, obligation or indebtedness or lien that can legally be assessed against the mining property arising out of his operation thereof.

The Lessors shall have the right personally or through their properly designated agents to enter upon the leased premises at any and all proper times for the purpose of inspection of the same.

The Lessors shall have the right of inspection of the books of the Lessee at any and all proper times for the purpose of determining the royalty payments to be made to them under the terms and conditions hereof.

The Lessee agrees to hold the Lessors harmless for or on account of any charge, responsibility, or obligation that may be occurred in conjunction with the operation of the mining property.

If this lease be terminated at the expiration of any year of the term as hereinbefore provided the premises shall, except for acts of God, be returned to Lessors in the same condition as when received except as the same may have been changed or altered by proper mining methods.

The Lessors, either in person or by the duly constituted agents, shall have the right of going upon the described premises for the purpose of inspecting the same to determine whether the terms and conditions of this lease are being performed.

Time is hereby declared to be of the essence of this agreement. If any of the payments herein called for to be made shall not be made promptly when the same shall become due and owing or if the Lessee shall fail to perform any of the terms, covenants and conditions hereof, then the Lessors, at their option, may enter upon the premises, retake possession of the same and remove any and all persons occupying the premises and forfeit any payments made as liquidated damages.

IN WITNESS WHEREOF the parties have set their hands on the day and year first hereinabove mentioned.

William R Soren

Wilhelmina Zoa Soren

Lessors

C O Davis

Lessee

STATE OF WASHINGTON)
) ss.
County of Skagit)

On this 15 day of Sept, 1949, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared WILLIAM R. SORN and WILHEMINA ZOA SORN, husband and wife, to me known to be the individuals described in and who executed the within and foregoing instrument and acknowledged to me that they signed and sealed the said instrument as their free and voluntary act and deed for the uses and purposes therein mentioned.

Witness my hand and official seal hereto affixed the day and year in this instrument above written.

Jess D. Sapp.

Notary Public in and for the State of Washington, residing at Mount Vernon.

FILE COPY 500
SURNAME:

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

DEC 11 1951

Mr. C. O. Davis
Route No. 3, Box 83
Mount Vernon, Washington

Re: Docket No. 1831X

Dear Mr. Davis:

In order to complete the processing of your application for exploration project participation by the Government, we will need a copy of your lease on the Lookout Claim owned by William Soren.

We will appreciate early receipt of this lease so that your application may be expedited.

Sincerely yours,

SIGNED

D. E. Moulds, Acting Chief
Base Metals Division
Defense Minerals Exploration
Administration

JWAlt/DEMoulds/meh
12/7/51
cc to: Adm. Reading File
Reports and Records
Mr. Mittendorf
Mr. Moulds
Mr. Alt
Region II (2)
Mr. Mote
Mr. McKnight
Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1201 N. Division St.
Spokane 2, Wash.

October 9, 1951

MEMORANDUM

To: T. P. Billings, Chief, Lead-Zinc Branch, DMA 1831

From: DMA Field Team, Region II

Subject: Johnsburg Mine, Skagit County, Wash.

Additional information on the subject property, just received in a memorandum from E. A. Magill, indicates that the proposed exploration project contract which was transmitted from this office should be modified. A copy of Magill's memorandum is enclosed.

It is suggested that the description of Stage I of the project in Exhibit "A" of the contract be changed as follows:

Time Schedule

Months	Stage I
4	1. Prospect vein structure on surface to the south on the Johnsburg and Lookout claims, prospecting to include pit or short adits not to exceed a total expenditure of $2,000.00.
6	2. Contingent upon the success of Step 1 above, extend Johnsburg drift a maximum of 500 feet to south on vein structure.
6	3. Crosscut a total of 100 feet in at least four separate points to determine the width of the vein structure.

It will be necessary to extend the time limit to 22 months, as this revision will not allow the two steps of Stage I to be carried out concurrently.

By Field Team, Region II

M. E. Volin

M. E. Volin, Acting Exec. Officer
(U. S. Bureau of Mines)

Thor Kiilsgaard

Thor Kiilsgaard
For: A. E, Weissenborn
(U. S. Geological Survey)

OCT 15 1951

C
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1201 N. Division St.
Spokane 2, Wash.

October 6, 1951

To: Glenn Reed

From: E. A. Magill

Subject: Exploration Contract, Johnsburg mine, Skagit County, Wash.

Several days ago I talked with Mr. Phil Purdy of the State Division of Mines and Geology. Mr. Purdy made an examination of the Johnsburg mine during the latter part of August, when the outcrop was free from snow, this allowed trenching and careful mapping of the outcrop. His findings indicate that the mineralization is not as extensive as was reported by Vernon La Motte (U.S.B.M.) or by the operators.

At the time of my examination in July the outcrop was covered by snow, my recommendations were based partially on the reported size of the outcrop. I wonder if it wouldn't be advisable to possibly modify the exploration project in light of the new information. I believe the project is still warranted but possibly the first stage of the proposed contract should be split into two or more stages.

I have requested a copy of Purdy's outcrop map for our information.

/s/ E. A. Magill

OCT 15 1951

530

~~Walker~~

SEP 4 1951

Returned to. Reports + Records 9/4 SWW.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane 4, Washington

August 30, 1951

Dma 1831

Mr. Landon F. Strobel
Executive Secretary
Defense Minerals Administration
Department of Interior
Washington 25, D. C.

Dear Mr. Strobel:

Enclosed are six signed copies of the Landlord's Subordination Agreement which are to accompany the contract recently submitted on the Johnsburg mine, Skagit County, Washington. These copies were slow in arriving at this office, thus could not be appended to the contracts at the time they were forwarded to Washington.

Please forward the copies of the agreement to whichever committee has the previously discussed contracts.

Very truly yours,

Thor H. Kiilsgaard

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMA
Field Team, Region II

Enclosures

SEP 5 1951

L

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane 4, Washington

DEFENSE MINERALS ADMINISTRATION WASHINGTON, D.C.
AUG 28 1 32 PM '51

August 24, 1951

Through: Landon F. Strobel

DMA 18317

Memorandum

To: T. P. Billings, Chief Lead-Zinc Branch

From: DMA Field Team

Subject: Johnsburg mine
Skagit County, Washington

Enclosed are four copies of a report on the Johnsburg mine prepared by Elwin A. Magill, U.S.B.M., together with six copies of an exploration contract. This property was examined prior to formal docketing by the Washington office of DMA, thus no docket number is referred to.

The original application filed on Form MF-103 is not clearly stated and was apparently concerned with a production loan. It is recommended that any consideration for a production loan on this property be denied. However, after further discussion with the applicant concerning DMA assistance, a revised exploration program was submitted which is described in the accompanying report.

It is recommended that the revised exploration program receive consideration.

By Field Team, Region II

For: A. E. Weissenborn, Exec. Officer
(U. S. Geological Survey)

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

Enclosures

cc: L. F. Strobel
U.S.B.M. Spokane
U.S.B.M. Albany

AUG 28 1951

CR-SITE EXAM. RPT.

UNITED STATES
DEPARTMENT OF INTERIOR
OSCAR L. CHAPMAN-SECRETARY

DEFENSE MINERALS ADMINISTRATION

Report by Examination Team
Region II

DMA-1831X--Johnsburg Mine

Skagit County, Wash.

Ex-1000
Rem-VK-59

Elwin A. Magill, Mining Engineer
U. S. Bureau of Mines

August 23, 1951

Johnsburg Mine
Skagit County, Wash.

DMA Docket No. 1831X

by E. A. Magill (U.S.B.M)

RECOMMENDATIONS

Inasmuch as the program presented on application Form MF-103 is not clearly stated and apparently is primarily concerned with a production plan, it is recommended for denial. Measurable ore reserves are inadequate to support a production loan. After the deficiency in measured reserves was made clear to the applicant, an exploration program described in the following report was detailed. It is recommended that the revised exploration program be approved.

APPLICANT

The applicant is C. O. Davis, Route 3, P. O. Box 83, Mt. Vernon, Wash.

LOCATION OF DEPOSIT

The Johnsburg lead-silver mine is in secs. 27 and 34, T. 35 N., R. 13 E., W.M., Skagit County, Wash. It is reached from Marblemont, Wash. by 22 miles of road following the Cascade River to a point on the north fork about 2 miles west of Cascade Pass. The vein outcrop is 1 mile south from, and 2,600 feet in elevation above, the end of the road.

OWNERSHIP

The Johnsburg claim group originally consisted of four patented mining claims and a millsite. This group has since been broken up into unrelated individual ownership. Mr. Davis owns the Johnsburg claim, patent No. 292, and holds a lease and purchase option on the Lookout claim, patent No. 293. The Lookout claim is owned by William Soren of Hamilton, Wash. Six additional unpatented claims adjoining the Johnsburg and Lookout claims are held by the applicant.

HISTORY AND PAST PRODUCTION

The Johnsburg outcrop was discovered in the early 1880's. In 1892 four claims and a millsite covering this outcrop were patented by the Silver Queen Mining and Smelting Co. In 1897 development workings consisted of a 50-foot adit on the Johnsburg claim, a 200-foot adit on the Prospector's Friend, and a 50-foot adit on the Tarcoo Union claim. The latter working reportedly never penetrated the glacial debris.

The Johnsburg adit portal was covered by slides and lost for some years; however, it finally was found and reopened by Davis in 1947. Since that time a 5,000-foot single bucket aerial tram connecting the adit portal to ore bins along the road has been under construction. According to the applicant, construction of the tram is to be completed by the latter part of this summer.

The property has not been productive to date because of its extreme inaccessibility.

DESCRIPTION OF PROPOSAL

The applicant's proposal as originally submitted was essentially a request for additional funds to permit completion of the tramway and equip for mining. The estimated cost of this work was $80,000.

Inasmuch as there are no measurable ore reserves, the production program was withdrawn and an exploration proposal substituted. This program is set up in two stages as explained below. Stage II is largely contingent upon the successful completion of Stage I; however, work may be started prior to such completion if a commercial ore shoot is disclosed by extending the Johnsburg drift.

Stage I.

a. Extend Johnsburg adit an additional 500 feet along the vein structure to determine the downward extension of the ore shoot exposed on the surface.

b. Drive four crosscuts from above adit to determine vein width and possibility of parallel structure. These crosscuts individually will not exceed 25 feet in length.

c. Surface prospecting of vein structure southward on Johnsburg and Lookout claims. The purpose of such prospecting is to locate and determine the extent of any additional ore shoots.

Stage II.

a. Drift 500 feet on vein structure 150 feet vertically below the Johnsburg drift. The purpose of this work is to determine the downward extension of ore shoots revealed in the initial drift.

b. Raise 100 feet on ore shoot in initial drift to determine vertical continuity of the deposit.

TECHNICAL FEASIBILITY

Geologic Setting

The Johnsburg vein is an unusually persistent fissure filling and replacement vein that reportedly has been traced along strike for over 5,000 feet (War Minerals Memorandum, "Johnsburg Mine, Skagit County, Wash.," Vernon J. LaMotte, September 1944). This vein strikes about N. 20° E. and dips westward. Along the outcrop at an altitude of about 5,200 feet, an ore shoot of massive galena 6 to 18 inches wide is exposed over a strike distance of about 50 feet. Because of deep snow, this exposure was not observed during the

course of the examination on July 18, 1951. Several hundred feet north of this ore shoot the vein contains only minor amounts of lead, but the structure is persistent and marked by intensely altered wall rock. The vein is enclosed in schist, striking about east-west and dipping 70° to 80° to the south.

In the initial adit, the vein contains only minor amounts of lead near the portal; however, the lead content increases markedly toward the face. The vein structure occupies the full width of the drift (4 feet). Massive galena is sporadically distributed throughout this structure, and specks of disseminated chalcopyrite were observed locally within the galena. The immediate wall rocks are oxidized and intensely altered. A sample 1.7 feet across the vein at the face of the drift assayed as follows: lead 4.84 percent, gold 0.26 ounce per ton, and silver 11.28 ounces per ton.

Mine Workings

The only mine working involved in this application is the 50-foot drift on the Johnsburg claim. The rock is strong enough for drift-size openings without support. The working is relatively dry; no water problem is anticipated.

All mine workings will have to be serviced by the tramway. It will be necessary to blast out level areas in order to install machinery on the steep hillside.

Reserves

There are no measurable reserves in the Johnsburg mine. According to LaMotte, about 1,000 tons of inferred ore with a grade of 30 to 60 percent lead may be estimated on the basis of observed surface showings.

Mining Methods

Inasmuch as present exposures of the high-grade portion of the vein are comparatively narrow (1 to 3 feet), it is the applicant's intention to mine direct shipping-grade ore by a cut-and-fill mining method. The lower - grade portion of the vein is to be used as filling which will be withdrawn for mill feed at a later date. It is doubtful if the ground is strong enough to permit large open stopes.

Milling Method

Although a mill plant is not presently being considered, no serious difficulty is anticipated in producing marketable concentrates at a satisfactory recovery by standard flotation procedures.

Rate of Production

If the ore shoot exposed on the surface continues to the level of the initial Johnsburg drift, an output of between 5 and 10 tons per day of 30 percent direct shipping ore should be obtained without difficulty.

Time Schedule

It is believed that economical mining operations can be carried on for not more than 6 months of the year because of severe winter conditions and difficult access. At least 18 months elapsed time consequently should be allowed for the completion of the project.

Marketing Facilities

Crude ore of the character apparent in the underground workings can be marketed at either the Bunker Hill smelter, Kellogg, Idaho, or at the Consolidated Mining & Smelting Co. smelter at Trail, B. C., Canada.

EQUIPMENT AND FACILITIES

Installed

Facilities installed at the property include a 16-x24-foot cabin and a 5,000-foot single bucket tram line with a 200-ton ore bin. The tram line and ore bin were under construction at the time of the examination, but they should be completed by fall.

Operating equipment includes a 4-wheel drive Dodge pickup truck, miscellaneous hand tools, and a Ford V-8 engine providing motor power for the tramway.

Required

Additional facilities required for the conduct of the project follow: cabin, compressor shed and tool house at mine portal, jackhammer and jackleg, 2 mine cars, stoper, 1,000 feet of track, 1,000 feet of 2-inch pipe, and a 210-cubic foot gasoline-powered air compressor

LABOR SUPPLY

Labor is available in the area if high enough wages are paid to compete with the logging industry. At the present time, six men are employed in the construction of the tram line. The current wage rate is $10.00 per day, plus board and room. This rate probably will be increased when underground operations are started.

POWER

Inasmuch as the nearest electric power distribution line is at Marblemont, power for the operation must be furnished either by gasoline or Diesel driven equipment.

TRANSPORTATION

The applicant intends to truck haul ore 475 miles to Kellogg, Idaho, at an estimated cost of $16.00 per ton. The nearest railhead is at Rockport, a spur of the Great Northern Railroad, 31 miles from the mine.

Tram line transportation of ore from mine to ore bin is essential because of adverse topography. The present tramway handles a 1-ton bucket. Operating costs of this tram probably range from 75 cents to $1.00 per ton.

Access road construction is not required. A 10-1/2 mile access road was completed in 1950 by the State of Washington at a reported cost of $196,000.

COMPETENCE OF APPLICANT

The applicant is a business man at present successfully operating a number of enterprises not connected with mining. Although he appears capable of guiding the overall operation, it is considered advisable that a superintendent be engaged to direct the operation. Mr. Davis appears to be aware of his limitations and is currently employing a superintendent who now is directing the construction of the tramway. The applicant intends to have this superintendent direct the mining operations.

DISCUSSION OF PROPOSAL

The reported surface exposure, together with the vein structure revealed in the reopened Johnsburg adit, merits further exploration. The amount ($30,000) spent to date in tram construction could have been utilized to better advantage in further underground exploration. This substantial amount already committed probably will be lost unless Government assistance can be obtained. The applicant already has demonstrated a degree of financial responsibility in carrying the project forward to its present stage.

6/5/51

Defense Minerals Administration

Review of Application for Exploration Assistance

Docket No. DMA-1831X

Commodity Lead

Total Amount $49,175.00

Govt. Participation $24,587.50

1. Name and Address of Applicant C. O. Davis, Route 3, Box 83, Mt. Vernon, Washington.

2. Location of Property Johnsburg Mine, Secs. 27 and 34, T. 35 N., R. 13 E., W. M., Skagit County, Washington

3. Mineral or metal Lead Is it listed in Section 9 of MO-5? Yes

If not, application will be rejected.

4. Geologic probability of discovery—based on data in application (question #16, 17, 18, 20 and 22)*

Mines or Survey reports, etc., do you rate chances:

a) Good See field team report of Aug. 23, 1951; E. A. Magill's letter of Oct. 6, 1951; and field team project revision of Oct. 9, 1951.

b) Poor

c) None

d) Don't know—needs field examination

e) Is there an alternative and favorable project? No
(If so, attach an explanation)

5. Is the applicant's right to the property clearly stated? Yes
(question 5, 6, 7)*

6. If applicant is a lessee, is a copy of the lease attached? Applicant owns Johnsburg claim and leases the Lookout. Lease on this last is not attached.

Does the lease have sufficient time to run to cover a future productive period? Don't know

*question numbers are those of MF-103

7. Are subordination agreements necessary? Yes

a) MF-201? _____

b) MF-202 6 copies furnished by applicant

8. From the data presented, does the proposed project appear feasible from the point of view of:

a) Available manpower Yes

b) Equipment and supplies Yes
(Question 14 plus general knowledge of availability)*

c) Accessibility (question 12)* Yes

d) Water (question 13)* Yes

e) Power (question 13)* Yes (diesel)

Is a field check needed on any of these points? No

9. Does the experience of the applicant appear to be adequate to assure that he can properly conduct the proposed project? (question 4)* Proposes to hire mine operator

Is a field check needed on this point? No

10. Exhibit A. (questions 21 and 22)*

a) Is the project adequately described? Yes, see Exhibit A attached to MF-200

If not, are there sufficient data given so that you can describe the project? _____ If so, attach a draft.

b) Is there an adequate map or sketch of the proposed work? Yes, see attachment to MF-200

c) Is the proposed work "exploration" under the definition of Section 8, MO-5? Yes

If not, what part of it is? _____

Is this part a worthwhile exploration project?_____

d) Are the cost estimates detailed? Yes, see attachment to MF-200

Can they be summarized, as on page 2 of Procedural Instruction 5-A, from the available data?_____ If so, attach a draft.

e) Are the cost estimates reasonable? Yes

f) Should more information be requested from applicant? No

g) Is a field examination necessary to complete Exhibit A? Has been made

11. Exhibit B (question 23-d)*

a) Is it applicable? Yes, see exhibit attached to MF-200

b) If so, are sufficient data furnished?_____ If so, attach a draft.

c) Is a field check needed?_____

12. Exhibit C (question 23-e, f and g)*

a) Is it applicable? Yes

b) Sufficient data? Yes If so, attach a draft. see exhibit C attached to MF-200

c) Are rents and charges reasonable? Yes

d) Is a field check needed? No

13. Exhibit D (question 23-a, b)*

a) Are there sufficient data? Yes

b) Is the schedule adequate for the work proposed? Yes

c) Is the schedule excessive for the work proposed? No

d) Are the proposed wages and salaries reasonable? Yes

e) Is a field check needed? No

14. Exhibit E (question 23-c)*

a) Is it applicable? No

b) Sufficient data?

c) Reasonable?

d) Field check needed?

15. In your judgment, can the proposed work be done in the proposed time? Yes, However work cannot be begun in sequence proposed until about July 1, 1952, because of snow

(All exploration must be completed within two years)

16. If field examination is not needed, attach your recommendation.
Recommended geologically see attached statement.

17. If field examination is needed, do you have any special instructions for the field team not indicated by your answers to the foregoing question?

McKnight

Reviewed by: B. Gildersleeve 8-30-51
GS
O. M. Bishop 11-30-51
BM

Date 11-30-51

INT.-DUP. SEC., WASH., D.C. 99009

16. The exploration proposal as set up in two stages is recommended geologically.

B. Gildersleeve 8-30-51

FILE COPY
SURNAME:

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

July 17, 1951

Mr. C. O. Davis
Route 3, Box 33
Mt. Vernon, Washington

Subject: DMA-1831X
Re: Exploration Loan -
Johnsburg or Johannesburg

My dear Mr. Davis:

Receipt is acknowledged of your application and attachments of June 21, 1951 for an exploration loan under the Defense Production Act of 1950.

The application was assigned Docket Number DMA-1831X and referred to Mr. Otto Herres, Chief, Lead-Zinc Branch on July 13, 1951.

In any future correspondence relating to your application, kindly refer to DMA-1831X.

Sincerely yours,

LANDON F. STROBEL

Landon F. Strobel
Executive Secretary

L. F. Strobel:jc
cc: Strobel
File
Herres
Lyon

1831 x

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane 4, Washington

July 9, 1951

Mr. L. F. Strobel
Executive Secretary
Defense Minerals Administration
Department of Interior
Washington 25, D. C.

Dear Mr. Strobel:

Enclosed is an exploration application in triplicate from Mr. C. O. Davis, Mount Vernon, Washington. One copy is being held for use at this office.

The application is for a lead silver mine, Cascade mining district, Skagit County, Washington. The applicant's exploration proposal is not clear. A field engineer in the area will contact Mr. Davis to clarify this part of the application.

Yours very truly,

Elton A. Youngberg

E. A. Youngberg
For: A. E. Weissenborn
Executive Officer, DMA
Field Team, Region II

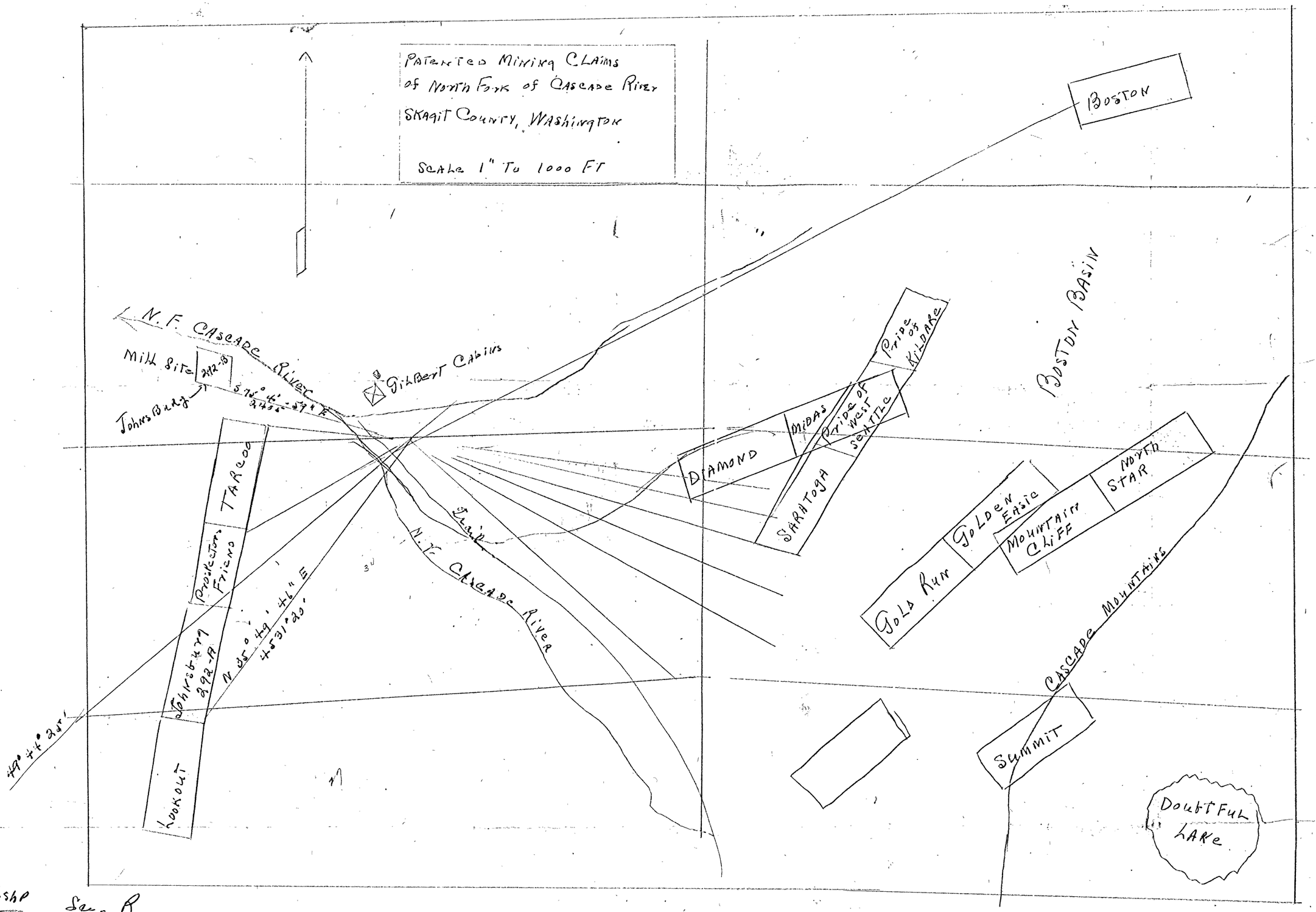
Enclosures

cc: U.S. Bur. Mines
Spokane, Wash.

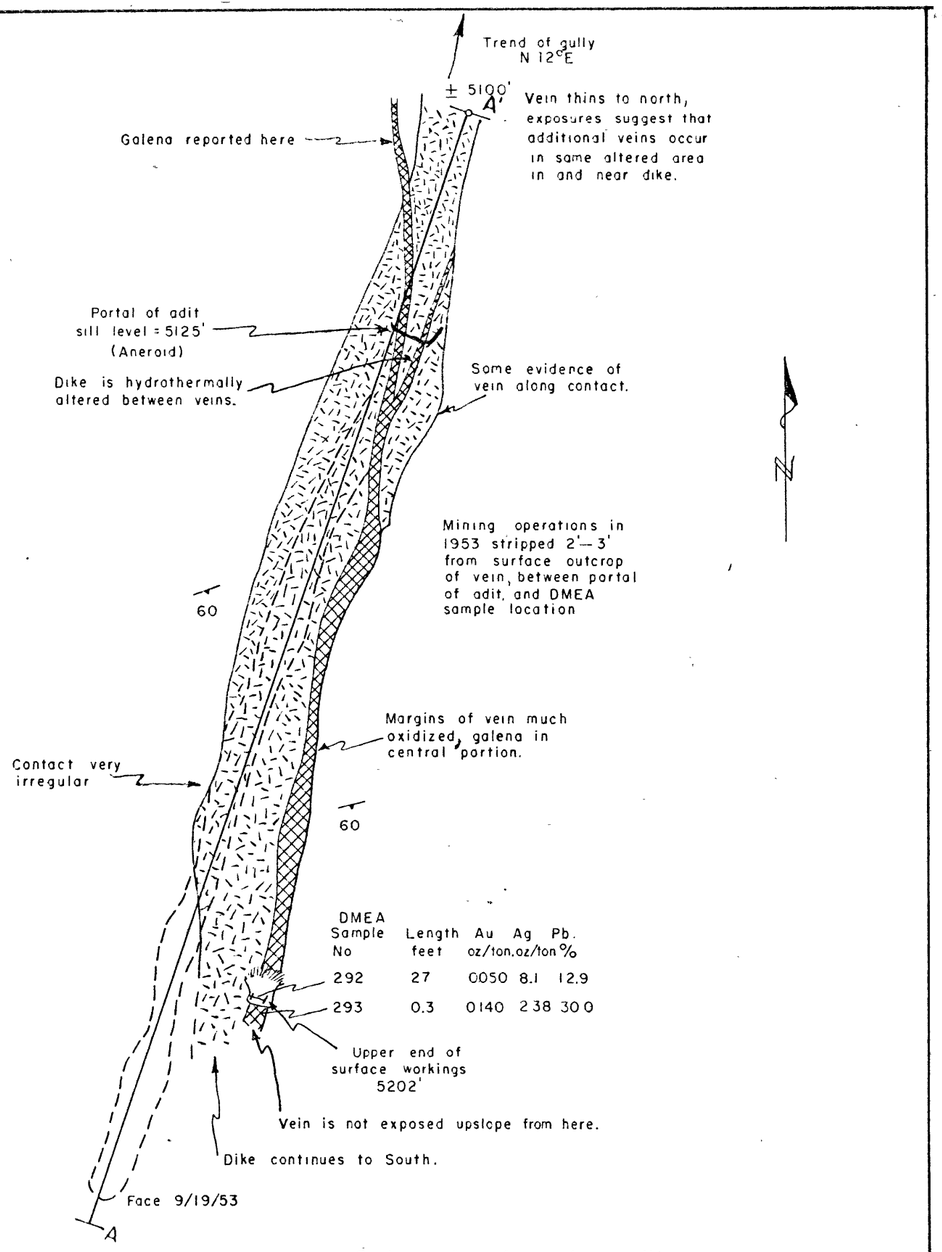
DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 12 1951
LANDON F. STROBEL
Executive Secretary

JUL 16 1951

Copy



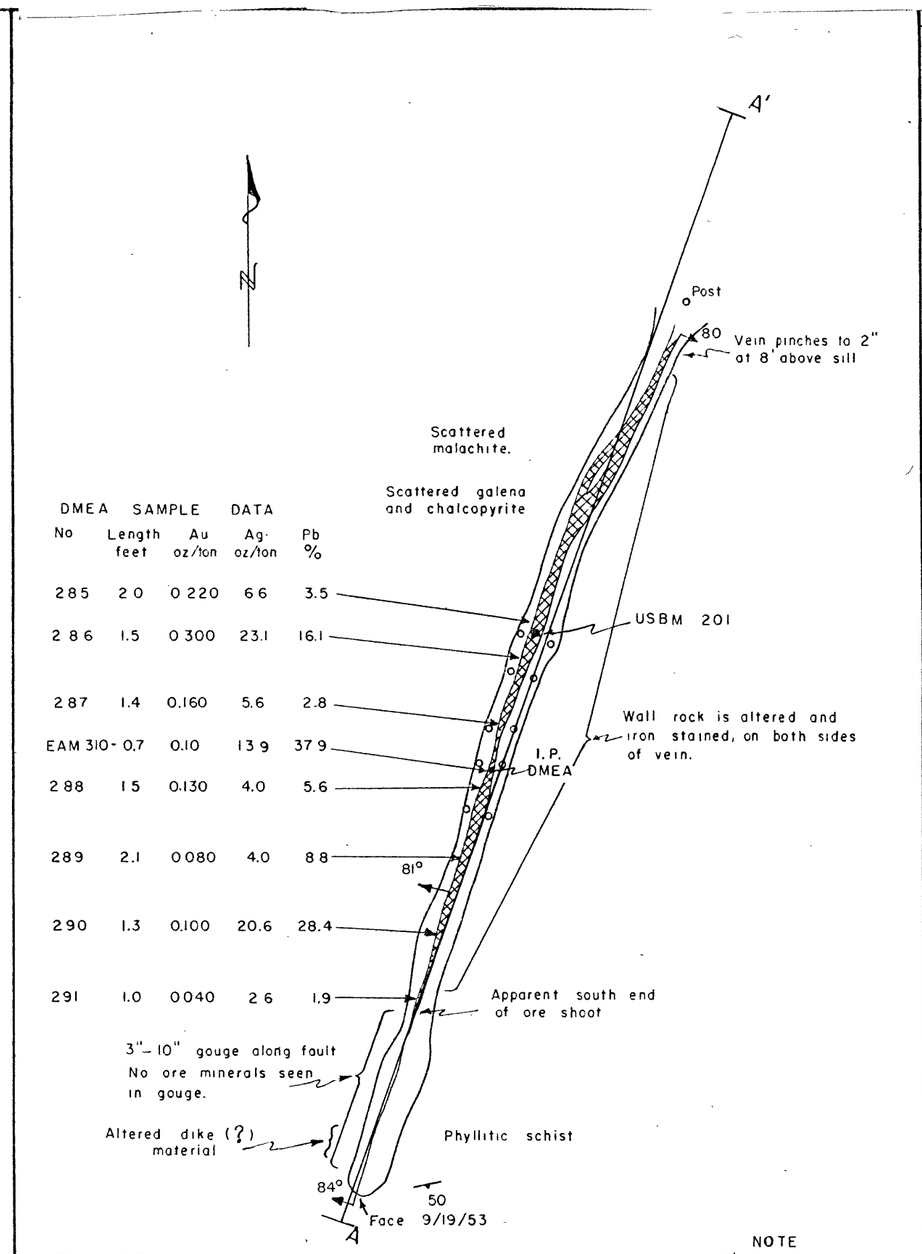
Tnship Sec. R
27-34-13



Modified from map by, C.P. Purdy, Jr. (8-31-51)

Geology of surface above adit

SCALE 0 20 40 FEET

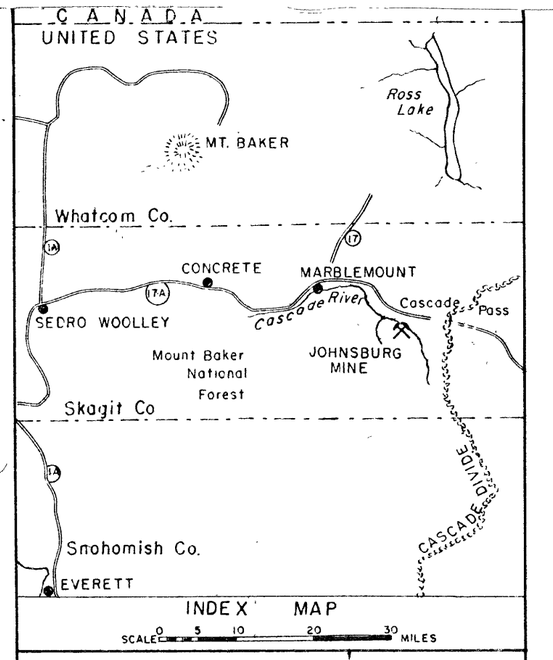


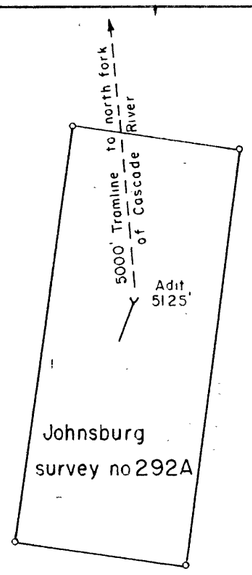
Tape and Brunton survey 9/19/53
W.P Puffett

Plan map of adit.

SCALE 0 20 40 FEET

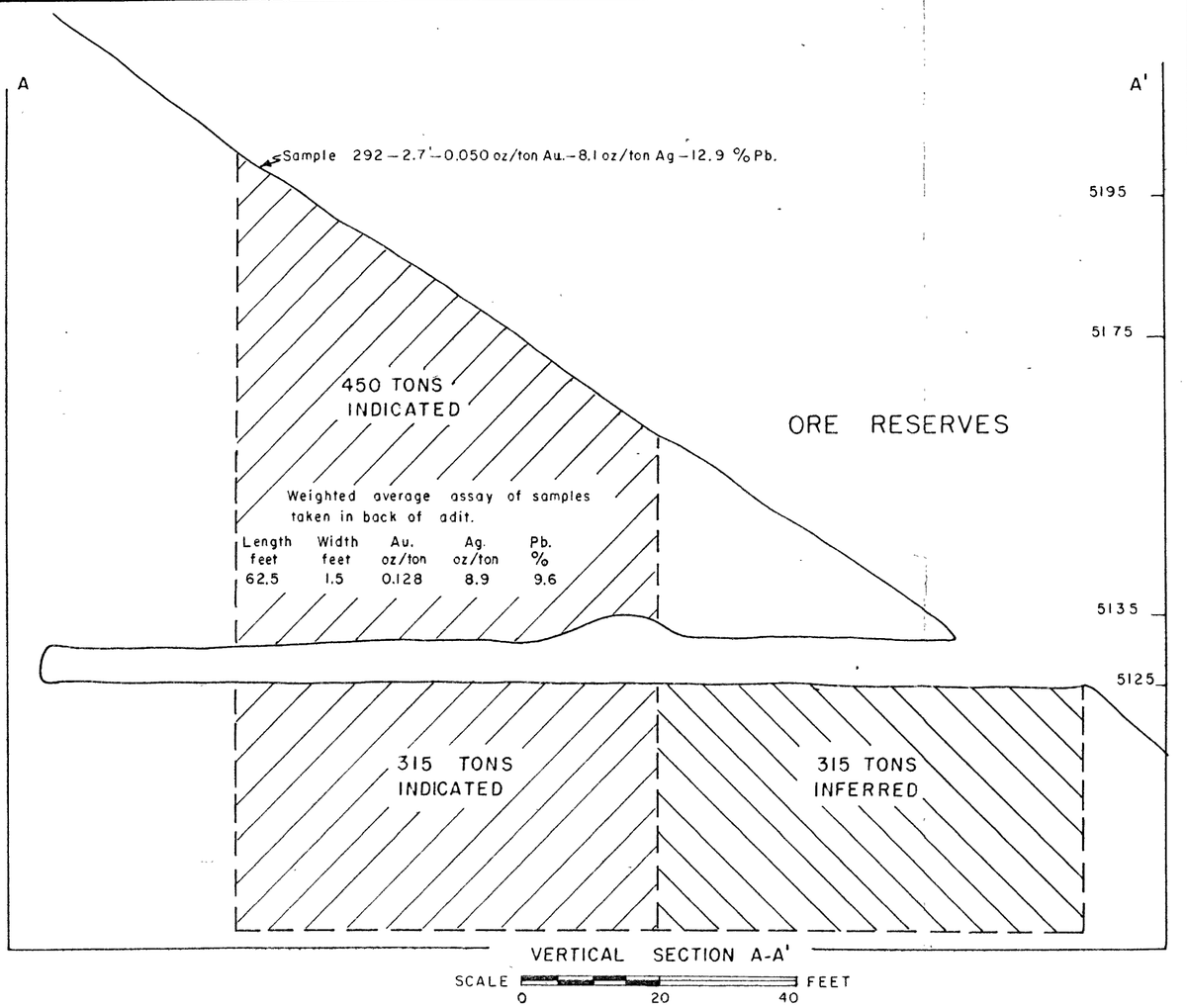
NOTE
5' of drift
4' of crosscut completed on DMEA contract after 9/19/53





Johnsburg claim showing location of adit

SCALE 0 500 1000 FEET



VERTICAL SECTION A-A'

SCALE 0 20 40 FEET

EXPLANATION

Mineralized zone or vein

Lamprophyre dike

Biotite-muscovite schist

70 Fault, showing dip

50 Strike and dip of foliation

A — A' Line of section

Indicated ore reserves

Inferred ore reserves

Prospect pit on surface

JOHNSBURG MINE

Sec. 27, T. 35 N., R. 13 E., W.M.

Skagit County, Washington