OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Amended Contract Idm-8228, Docket BMEA-2123 (lead-zinc), executed on September 24, 1955, but dated as of December 14, 1951, with

Pacific Northwest Mining Company
415 South Cambrian Avenue
Bremerton, Washington

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Lucile (Lucille) Mine located in Stevens County, Washington, during the period August 1, 1959, through December 14, 1962.

In accordance with Article 7, Annex II, and Amendment No. 1 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 13 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated February 13, 1958, indicated accepted costs under the exploration contract amounting to $26,346.97 with the Government's contribution on a 50 percent basis being $13,173.49.

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

This review found no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which found the sales subject to the Government's royalty through July 31, 1959, to be $1,018.89. The royalty account as of July 31, 1959, was:

Total Royalty Payable	$50.94
Total Royalty Paid	50.94
Balance of Royalty Due	$ -0-

As of December 14, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$50.94
Total Royalty Paid	50.94
Balance of Royalty Due	$ -0-

E. D. Talbert, CME Auditor

January 3, 1963

STATUS OF PROJECT, SCOPE OF REVIEW AND REASONS THEREFOR

This Amended Contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The land consists of 8 unpatented claims (Lucile, Tiptop, Winner, Comet, Silver Tip, Effie, Speculator, and Speculator No. 2) in secs. 19 and 30, T. 40 N., R. 42 E., W.M., Northport Mining District. At the time this Amended Contract was executed, the Operator was in possession by virtue of a lease from Frank Nettig, Box 343, Palm Harbor, Florida, and Joseph Zoldok, 5670 South 6th Street West, Murray, Utah. Consents to Lien were executed by the lessors in September 1955.

Exploration work under the contract was terminated effective October 1, 1956, under an agreement dated October 16, 1957. Production during the exploration work resulted in one sale in the Operator's name of 3.29 SDT of ore to the Bunker Hill Smelter on July 31, 1956. Another sale of 4.89 SDT of concentrates was made on November 17, 1958, in the name of Koski Development Company. These sales are covered by a Report of Royalty Review dated August 27, 1959.

Examinations of the property and inquiries by DMEA and OME regional representatives through December 31, 1958, found that (1) the property was idle as of that date, (2) all sales of production had been reported, and (3) three tons of zinc concentrates were stockpiled at the mine. The Amended Contract grants to the Government the option of requiring computation and payment of royalty on any production unsold after six months from date of extraction; however, this option has not been exercised.

In reply to an inquiry, the Secretary of State, State of Washington, advised on October 25, 1962, that the Operator was dissolved July 1, 1961, for non-payment of the annual license fees. Also in reply to an inquiry, one of the landowners (Frank Nettig) advised on December 14, 1962, that (1) no change in ownership had occurred, (2) the lease expired upon the Operator's dissolution, (3) no subsequent leases had been granted, and (4) there had been no production since September 8, 1959.

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

(1) The files indicate that all production, except for a small stockpile, has been reported and proper royalty thereon paid; and

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

No. 157 Howard Street
Spokane 4, Washington
January 7, 1963

Memorandum

To: Chief, Fiscal Section, Division of Administrative Services, Office of the Secretary, Washington 25, D. C.

From: Acting Field Officer, Region I

Subject: DMRA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Amended Contract Idn-8228

There is enclosed a Report of Royalty Review dated January 3, 1963, covering the subject contract for the period August 1, 1959, through December 14, 1962.

One copy of the report has been retained for the regional office files. The report is for record purposes only, and no copy is provided for the Operator.

D. R. Maclaren

Enclosure

DRMaclaren:my

cc: GME
CAAA
CFF
Reading copies to:
Nolan
McKelvey

EXTRA COPY
O. M. E
RECEIVED JAN 9 1963
DATE INITIALS
800

JAN 3 - 1963

Memorandum

To: Acting Field Officer, Region I

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

Subject: MMRA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Amended Contract Idm-8228

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

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

(b) One copy for your files.

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

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

Enclosures

EDTalbert/ama 1-3-63

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

So. 157 Howard Street
Spokane 4, Washington
October 31, 1962

EXTRA COPY
O. M. E
RECEIVED NOV 2

800

Mr. Frank Nettig
Box 343
Palm Harbor, Florida

Re: DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Amended Contract I&m-E228

Dear Mr. Nettig:

The Office of Minerals Exploration is the successor to the Defense Minerals Exploration Administration and is charged with the collection of royalty due the Government on production from certified DMEA projects.

Letters recently addressed to Pacific Northwest Mining Company requesting information regarding the ownership of the Lucille Mine and production therefrom have been returned by the post office marked "Not here" and "Unknown." The Secretary of State, State of Washington, has advised us that Pacific Northwest Mining Company was automatically dissolved July 1, 1961, for nonpayment of annual license fees and has no legal corporate existence in the State of Washington.

In order that we may bring our records up to date, will you please answer the following questions regarding the Lucille Mine:

1. Since December 1, 1958, has there been a change in ownership, lease, or sublease? If "Yes," please state the details of the transaction and provide a true or signed copy of the pertinent documents.

2. Since September 8, 1959, has there been any production from the land subject to the DMEA contract?

Sincerely yours,

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

DRMacLaren:my
cc: OME(2), CPF
Reading copies to: Nolan, McKelvey

State of Washington

VICTOR A. MEYERS, Secretary of State

Olympia

October 23, 1962

United States Department of the Interior
Office of Minerals Exploration
South 157 Howard Street
Spokane 4, Washington

Gentlemen:

We have checked our corporate records and find the following corporation(s) have been automatically dissolved for non-payment of the annual license fees and have no legal corporate existence in this state.

NAME OF CORPORATION	DATE DISSOLVED
PACIFIC NORTHWEST MINING COMPANY	July 1, 1961 (Dissolved)

Very truly yours,

VICTOR A. MEYERS
Secretary of State

by [illegible]

OCT 2[illegible]

So. 157 Howard Street
Spokane 4, Washington
September 26, 1962

EXTRA COPY
O. M. E
RECEIVED SEP 28 1962
800

Mr. E. A. Magill
U. S. Bureau of Mines
University of Washington
Seattle, Washington

Re: DMEA 2125 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Amended Contract Iâm-8228

Dear Mac:

I was sorry to miss your visit the last time you were in Spokane, as it is always interesting and usually helpful to get the latest scoop from your territory.

We have been trying to get a statement regarding change of ownership and/or production from the Lucille. D.C. sent the request form to the company at 619 Fourth Street, Bremerton, and I sent the enclosed letter to them at 415 S. Cambrian Avenue, Bremerton. Both communications were returned with the envelope marked "Moved--left no address" and "Unknown." The contract was signed by William R. Steyer at the S. Cambrian Avenue address, but the last communication accepted at that address I believe was a Report of Royalty Review sent late in 1959. If you have telephone directories handy and can locate Mr. Steyer, will you please mail him the enclosed.

Sincerely yours,

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

Enclosure

DRMacLaren:my
cc: OME(2)
CFF
Reading copies to:
Nolan
McKelvey

So. 157 Howard Street
Spokane 4, Washington
September 7, 1962

EXTRA COPY
O. M. E
RECEIVED

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Pacific Northwest Mining Company
415 South Cambrian Avenue
Bremerton, Washington

Re: DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Amended Contract Idn-8228

Gentlemen:

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

In order that we may bring our records up to date, will you please answer the following questions:

1. Since December 1, 1958, has there been a change in ownership, lease, or sublease? If yes, please state the details of the transaction and provide a true or signed copy of the pertinent documents.

2. Since September 8, 1959, has there been any production from the land subject to the contract?

The Office of Minerals Exploration is the successor agency to DMEA and is now responsible for maintaining royalty records and collections. Your cooperation in furnishing us with the above information will be greatly appreciated.

Sincerely yours,

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

DRMacLaren:my
cc: OME(2)
CFF
Reading copies to:
Nolan
McKelvey

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Division of Minerals, Office of Minerals Exploration, Washington, D. C., pertaining to Amended Contract No. Idm-E223, Docket No. DMEA-2123 (Lead-Zinc), dated as of December 14, 1951, with

Pacific Northwest Mining Company
415 So. Cambrian Avenue
Bremerton, Washington

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Lucille Mine located in Stevens County, Washington, during the period December 14, 1951, through July 31, 1959.

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

This review established the total sales of crude ore and lead concentrates for the period to be $1,018.79. Royalty due the Government at rates specified in the contract is $50.94. The royalty paid and the balance due are as follows:

Total Royalty Due	$50.94
Total Royalty Paid	50.94
Balance of Royalty Due	$ -0-

C. E. Fisher
C. E. Fisher, OME Auditor

August 27, 1959

Idm-E228 Pacific Northwest Mining Company DMEA-2123

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This Amended Contract was made effective as of December 14, 1951 (the date of the Prior Contract). Annex II provided that the total net contribution by the Government under the Prior Contract shall be repayable under the royalty provisions of the Amended Contract and that royalty shall be payable in the same manner and amount and for the same period as if a certification of discovery or development had been made, such certification being waived. Amendment No. 1 increased the royalty repayment period to 13 years. Thus, royalty is payable on all minerals mined or produced from the land described in Article 2 of the Amended Contract for a period of 13 years from the date of the Amended Contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review in lieu of final cost audit dated February 13, 1958, indicated accepted costs under the Prior and Amended Contracts amounting to $26,346.97 with the Government's contribution, on a 50 percent basis, being $13,173.49.

The contract was terminated by agreement as of October 1, 1956. One sale of crude ore was made of production during the exploration period and one sale of lead concentrates produced in 1958 has been made. In both instances the Government's royalty was withheld by the smelter and paid directly to the regional office.

The semi-annual report for the period ended December 31, 1958, states that about 3 tons of zinc concentrates are stockpiled.

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

(1) Investigations by representatives of the Field Team, Region I, indicate that all sales of production from this mine have been reported and royalty due the Government has been received;
(2) The amount of possible royalty due on the stockpiled production does not appear sufficient to warrant computation and payment thereof at this time under provision of Article 8(d) of the Amended Contract; 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 Pacific Northwest Mining Co.

Address 619 Fourth Street

Bremerton, Washington

Exploration Contract No. Idm-5228 Docket No. DMEA-2123

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

Property inactive.

September 8, 1959
Date

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

53362

QUADRUPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

11/21/58 (Date sent)

14-23--020-14[redacted] (Deposit No.)

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 9020

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): [redacted] Portland, Oregon

Deposited with Federal Reserve Bank of San Francisco, Portland [redacted]nch, Oreg.
(Name and location of depositary)

(3) The Sum of 6,570.39

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$6,570.39		$

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
Dorothy F. Long, Authorized Collector
U. S. Bureau of Mines
1201 N. Division Street
Spokane 2, Washington

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor.

E645	Calera Mining Company	$4,315.58
E964	Northwest Uranium Mines, Inc.	2,217.76
E228	Pacific Northwest Mining Co.	37.05

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

DATE	INITIALS	CODE
11/24	H.g.	225
		800

QUINTUPLICATE

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

LETTER OF TRANSMITTAL

Portland, Oregon

DEPOSIT NO. 14-23-020-339

For credit 425 New U.S. Courthouse
of 420, Division of Disbursement, Portland, Oregon 8/3/56
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

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

$ 802.80

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	E-228	$802.80

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

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

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

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

Myrtle I. Purdy, Authorized Collector
(Depositor)

DEPOSITARY WILL RETAIN THIS COPY

16—59686d-1 GPO

Check No. 4314, dated 6/1/56
Amount - $13.89
From: The Bunker Hill Company
Contract E228, Pacific Northwest Mining Co.
Royalty receipt

Check No. 14515, dated 7/25/56
Amount - $788.91
From: Day Mines, Inc.
Contract E484, Day Mines, Inc.
Royalty receipt

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

RECEIVED FEB 26 1958

DATE	INITIALS	CODE
2/26	C	220
		800

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Pacific Northwest Mining Co.
415 South Cambrian Avenue
Bremerton, Washington

pertaining to Exploration Contract, Amended Contract No. Idm-E228, Docket No. DMEA 2123, dated as of the 14th of December, 1951, including Amendments Nos. 1 to 3, inclusive, and a termination agreement having an effective date of October 1, 1956, covering a project for the exploration of lead and zinc, for the period of December 14, 1951 to October 1, 1956, on property known as the Lucile Mine, located in Stevens County, State of Washington.

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

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

(a) the accepted costs of Stage I ($15,473.72) of all work on an actual cost basis were covered by an Audit Report and Audit Certificate dated September 7, 1955, issued by C. A. Turner, DMEA Auditor, and
(b) the balance of the costs incurred ($10,873.25) applicable to the Amended Contract, Stages II and III, were under a contract provision for payment by the Government on the basis of fixed unit costs of units of work actually performed.

This review disclosed the following facts in regard to the amounts paid or to be paid the Contractor:

Total cost claimed by Operator	$26,346.97
Exceptions	None
Total accepted cost claimed	$26,346.97

The contract calls for a 50 percent participation of accepted costs. Therefore, payments as follows are valid and proper:

Amount payable to Operator	$13,173.49
Amount reimbursed	13,173.49
Balance due Operator	None

C A Turner
C. A. Turner, Auditor

February 13, 1958

Schedule of Work Completed

Pacific Northwest Mining Co. DMEA-2123 Idm-E228

Stage I

Accepted costs for the period ending July 31, 1953, covered by Audit Report and Audit Certificate dated September 7, 1955, issued by C. A. Turner, DMEA Auditor		$15,473.72

Stage II

Fixed unit costs of units of work actually performed			
Drifting and crosscutting	276.7 ft. @ $32.50	$8,992.75	
Long Hole Drilling	223 ft. @ 1.00	223.00	
Consultant		None	9,215.75

Stage III

Fixed unit costs of units of work actually performed		
Raising	51 ft. @ 32.50	1,657.50
Total accepted costs		$26,346.97

C. A. Turner, Auditor

February 13, 1958

900

No. 157 Howard Street
Spokane 4, Washington

March 13, 1958

Pacific Northwest Mining Company
415 South Cambrian Avenue
Bremerton, Washington

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Amended Contract No. Idm-4228

Gentlemen:

Enclosed for your information and files is a copy of the Report of Review dated February 13, 1958, by C. A. Turner, DMEA Auditor. This Report of Review covers the period of December 14, 1951 to October 1, 1956.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region 1

Enclosure

cc: DMEA (3)
USBM (2)
USBM (AD)
Turner

EXTRA COPY
DMEA
RECEIVED
DATE | CODE
800

1201 N. Division St.
Spokane 2, Washington

January 28, 1958

Mr. C. A. Turner
DMEA Auditor, Region I
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMEA-2123 (Lead-zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Contract No. Idm-X228

Dear Mr. Turner:

The project work under the referenced contract was terminated by mutual agreement effective as of October 1, 1956. All the work performed was completed to the satisfaction of the Government.

A final inspection report on the completed work was submitted by G. G. Waddell on January 22, 1958.

The requirement of a final report as described in Article 6(c) of the contract was waived by the Field Team on January 21, 1958, as authorized by the Operating Committee.

A pseudo-certification is incorporated in Article 3, Annex II, of the amended contract.

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

Work units completed within the terms of the contract are as follows:

Stage I	Authorized	Completed	Audit Acceptance
Rehabilitation	$500.00	$701.62 +	$479.44
Improvements (lay 900' pipe)	$400.00 (900')	900 ft.	$464.92
500 ft. road by bulldozing	8 hrs.		29 hrs.
Stripping " "	100 hrs.		80 hrs.
Crosscutting	375 ft.	480 ft.	447 ft.
Drift	250 ft.	0	0

Stage II	Authorized	Completed
Drifts and crosscutting	300 ft.	276.7 ft.
Consultant geologist (Amend. #2)	5 days	0
Long hole drilling (Amend. #2)	250 ft.	223 ft.
Sample assays for Ag, Pb, Zn	80 samples	0
Stage III		
Raising	100 ft.	51 ft.

It is now in order for you to issue your Report of Review.

By Field Team, Region I

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

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

cc: DMEA (3)
USGS (2)
USBM (AD)

EXTRA COPY DMEA RECEIVED JAN 28 1958		
DATE	INITIALS	CODE
		800

So. 157 Howard Street
Spokane 4, Washington

January 21, 1958

Mr. P. R. Walker
Secretary-Treasurer
Pacific Northwest Mining Company
415 So. Cambrian Avenue
Bremerton, Washington

Re: Docket No. DMEA-2123 (Lead-Zinc)
Lucille Mine
Stevens County, Washington
Contract No. Idm-8228 (Amended)

Dear Mr. Walker:

This will acknowledge receipt of your letter of December 31, 1957 enclosing forms MF-104 and 104A.

The requirement of a final report as described in Article 6(c) of your Amended Contract is hereby waived.

By Field Team, Region I

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

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

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

Waiver authorized by Oper. Comm. ltr 1/13/58
1/28/58

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

RECEIVED
SEP 24 1956

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

Month of August 1956 Docket No. DMEA 2123 Contract No. Idm-E228
Operator's Name Pacific Northwest Mining Company Minerals Lead-Zinc
Address 415 So. Cambrian Ave., Bremerton, Washington
Contract Amount, $29,210.00 Government Participation: 50 % Amount, $ 14,605.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent / Short Form Contracts:						
Drilling Long Holes		223.00	223.00		223.00	223.00
Bulldozing						
Crosscutting		1,647.75	1,647.75		1647.75	1647.75
Drifting		7,345.00	7,345.00		7345.00	7345.00
Raising	910.00	747.50	1,657.50	910.00	747.50	1657.50
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): Work Completed Under Stage I		15,473.72	15,473.72		15473.72	15473.72
TOTALS	910.00	25,436.97	26,346.97	910.00	25436.97	26346.97

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Sept. 12, 1956 Payee Pacific Northwest Mining Company
Per R. W. Walker Title Sec'y-Treas.

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

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

(Instructions on reverse)

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

$ 455.00

Signature M. G. P.
(Authorized Certifying Officer)

Date 9-18-56 Vou. No. 1871
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 228 in accordance with the terms of the contract.

Signature /S/ M. R. Rickles Title Mining Engr. Date 9-12-56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ A. E. Weissenborn Title Executive Officer Date 9-17-56

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
SEP 24 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 1956 Docket No. DMEA 2123 Contract No. Idm-E228
Operator's Name Pacific Northwest Mining Company Minerals Lead-Zinc
Address 415 So. Cambrian Ave., Bremerton, Washington

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting				7,345.00	226.0	32.50		
Crosscutting				1,647.75	50.7	32.50	300	32.50
Raising		910.00	28	1,657.50	51.0	32.50	100	32.50
Shafts								
Winzes								
Drilling: ~~Core~~ Long Holes				223.00	223.0	1.00	250	1.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		910.00		10,873.25				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc. Cost Under Stage I				15,473.72				
TOTAL COSTS		~~910.00~~		~~26,346.97~~				~~29,210.00~~

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

Date Sept. 12, 1956 Operator Pacific Northwest Mining Co.

Per R. H. Walker Title Secty-Treas.

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

REMARKS:

(Instructions on reverse)

(For Government use only)

151 M. R. Lickes

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
SEP 24 1956

Bremerton, Washington
September 12, 1956

U. S. Department of the Interior
Defense Minerals Exploration Administration
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMEA-2123
Contract No. Idm-E228
Monthly operating reports

Gentlemen:

During the month of August, the raise was extended twenty-eight feet. The total footage of the raise is now fifty-one feet.

It is reported that the ore showing in the raise is of low grade but would probably make a mill feed. Several dikes have been encountered through out the raise.

Work was curtailed due to the breaking of the fan belts on the compressor motor and replacement belts were not available.

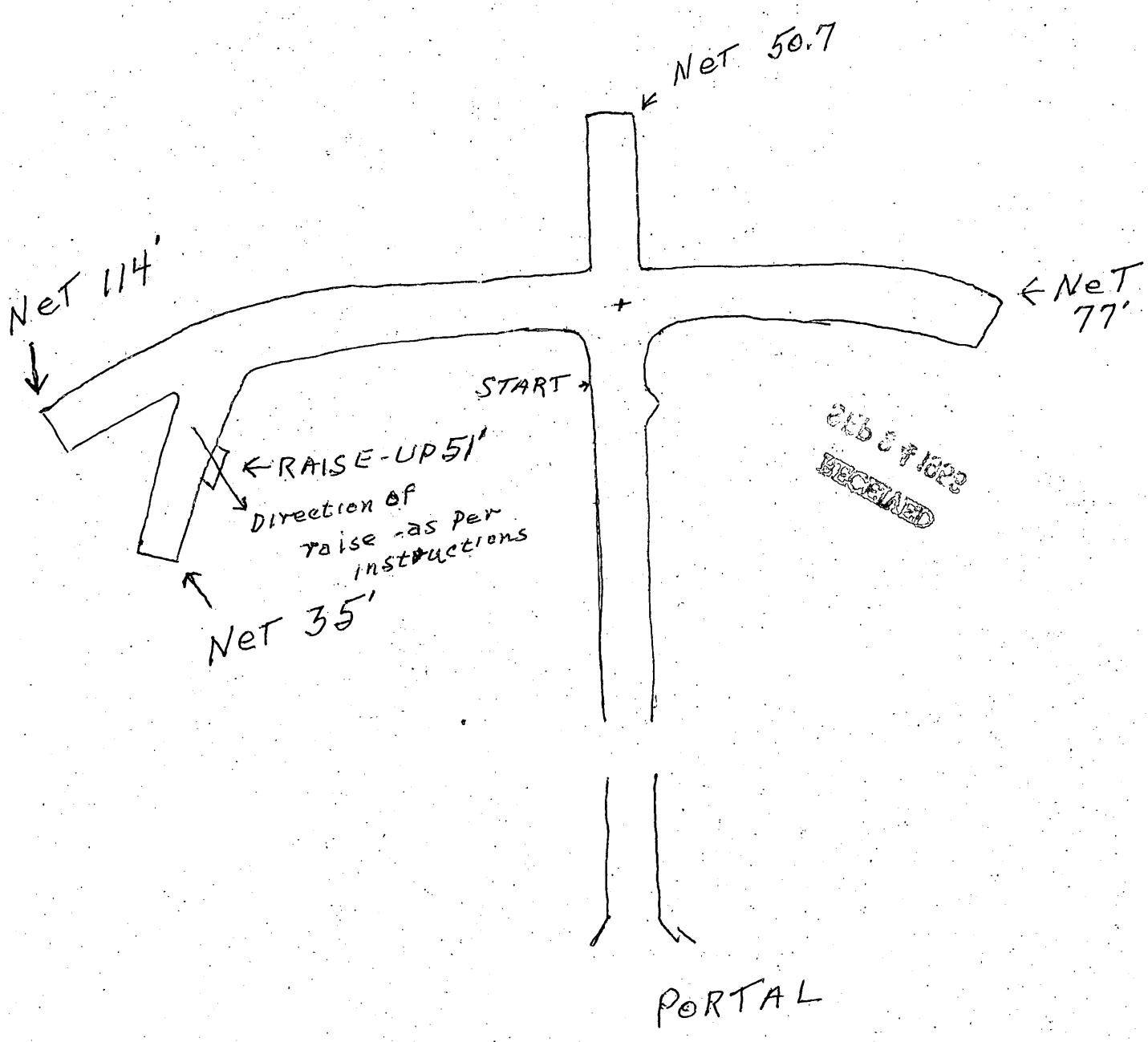
Very truly yours,

Pacific Northwest Mining Company

P. R. Walker

P. R. Walker
Sec'y-Treas.

Rough map showing present tunnel directions and destances on LUCILLE MINE



FEB 27 1923
RECEIVED

RECEIVED
SEP 24 1956

Form MF-104 (Rev.)
(April 1952)

W

Budget Bureau No. 42-R1036.5

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

Month of July, 1956 Docket No. DMEA 2123 Contract No. [illegible]
Operator's Name Pacific Northwest Mining Company Minerals [illegible]
Address 115 So. Jackson St., Spokane, Washington
Contract Amount, $ 29,220.00 Government Participation: 50 % Amount, $ 14,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling [illegible]	16.00	207.00	223.00	16.00	207.00	223.00
Bulldozing						
Crosscutting		1,647.75	1,647.75		1647.75	1647.75
Drifting	975.00	6,370.00	7,345.00	975.00	6370.00	7345.00
Doloing	747.50	—	747.50	747.50	— o —	747.50
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): Road Construction Water Stage I		15,473.72	15,473.72		15473.72	15473.72
TOTALS	[illegible]	[illegible]	[illegible]	1738.50	23698.47	25436.97

I certify that the above bill is correct and just and that payment therefor has not been received.
Date August 14, 1956 *Payee Pacific Northwest Mining Company
Per R. A. Walker Title Secy-Treas.

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

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

(Instructions on reverse)

APPROVED AUG 27 1956

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

$ 869.25

Signature MAP
(Authorized Certifying Officer)

Date 8-20-56 Vou. No. 1839
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-228 in accordance with the terms of the contract.

Signature /S/ M. R. Cickes Title Mining Eng. Date 8-20-56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Wing G. Agnew Title Acting Exec Date 8-20-56

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1956 Docket No. DMEA [illegible] Contract No. [illegible]
Operator's Name Pacific Northwest Mining Company Minerals [illegible]
Address [illegible]

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting		[illegible]	30	[illegible]	[illegible]	[illegible]		
Crosscutting				[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Raising		[illegible]	27	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shafts								
Winzes								
Drilling: Core [illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		[illegible]		[illegible]				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Cash Value Stage I				[illegible]				
TOTAL COSTS		[illegible]		[illegible]				[illegible]

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

Date August 24, 1956 Operator Pacific Northwest Mining Co.

Per P. R. Walker Title Cont'r-Treas.

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

REMARKS:

(Instructions on reverse)

(For Government use only)

/s/ M. R. Ricker

RECEIVED
AUG 27 [illegible]

INSTRUCTIONS

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

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

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

GPO 872894

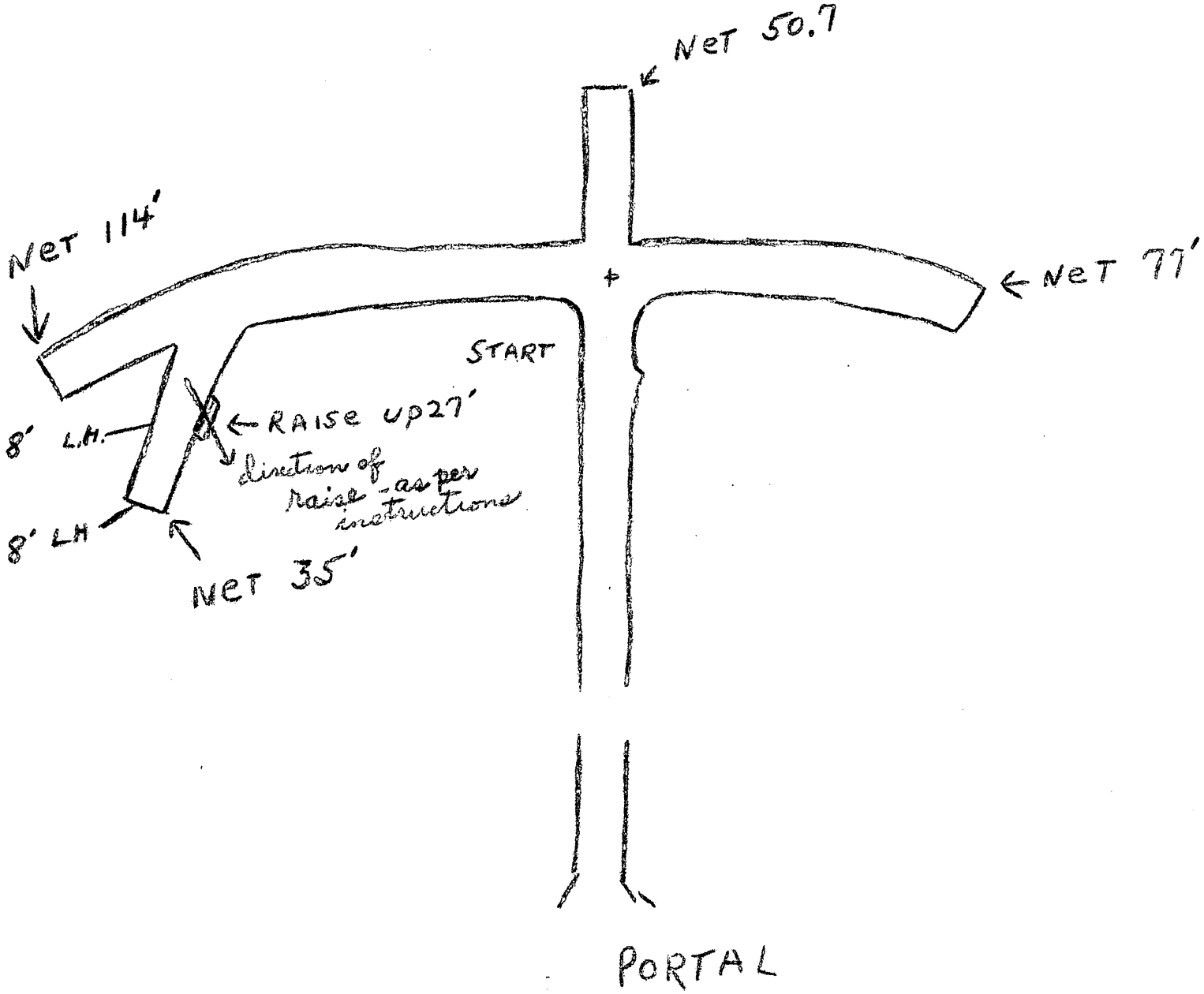
[illegible]

[illegible]

[illegible]

Rough map showing present tunnel directions and distances on Lucille Mine

Map drawn 8/3/56



DMEA Field Team, Region I, NW Dist.

August 21, 1956

Certifying Officer, Region I

Contract Ida-[illegible], Pacific Northwest Mining Co.
Monthly operating report for July 1956.

The subject operating report has been received and processed for payment.

The footage claimed by the Operator for raise during the reporting period is 4 feet in excess of the measurement reported by the examining engineer. Therefore, a disallowance of $130.00 has been made from the costs claimed by the Operator to cover this item.

Myrtle Purdy

cc: Operator

DMEA (2)
USGS (2)
Wash. 2 ✓
MRL
AD

xxxxxxxxxxxxxxxxxx
1201 N. Division St.
Spokane 2, Washington

August 21, 1956

Pacific Northwest Mining Co.
415 So. Cambrian Ave.,
Bremerton, Washington

Re: Docket No. DMEA 2123
Contract No. Idm-E228
Monthly operating report
for July 1956

Gentlemen:

The attached copy of a memorandum to the Field Team from the Certifying Officer explains the deletion made from the amount claimed for raising in the subject voucher.

By Field Team, Region I, NW Dist.

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

cc: DMEA (2)
USGS (2)
AD

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

DMEA Field Team, Region I, NW Dist. August 21, 1956

Certifying Officer, Region I

Contract Idm-8228, Pacific Northwest Mining Co.
Monthly operating report for July 1956.

The subject operating report has been received and processed for payment.

The footage claimed by the Operator for raise during the reporting period is 4 feet in excess of the measurement reported by the examining engineer. Therefore, a disallowance of $130.00 has been made from the costs claimed by the Operator to cover this item.

Myrtle Purdy

cc: Operator
DMEA (2)
USGS (2)

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

RECEIVED
JUL 30 1956

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

Month of June, 1956 Docket No. DMEA 2123 Contract No. Idm-E228
Operator's Name Pacific Northwest Mining Company Minerals Lead-Zinc
Address 415 So. Cambrian Ave., Bremerton, Washington
Contract Amount, $ 29,210.00 Government Participation: 50 % Amount, $ 14,605.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting		1,647.75	1,647.75		1647.75	1647.75
Drifting	715.00	5,655.00	6,370.00	715.00	5655.00	6370.00
Long Holeing	207.00	-	207.00	207.00	-0-	207.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): Work Completed Under Stage I		15,473.72	15,473.72		15473.72	15473.72
TOTALS	922.00	22,776.47	23,698.47	922.00	22776.47	23698.47

I certify that the above bill is correct and just and that payment therefor has not been received.
Date July 14, 1956 *Payee Pacific Northwest Mining Company
Per R. R. Walker Title Sec'y-Treas.

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

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

(Instructions on reverse)

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

$ 461.00

Signature M. R. P.
(Authorized Certifying Officer)

Date 7-26-56 Vou. No. 1831
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-228 in accordance with the terms of the contract.

Signature /S/ M. R. Rickles Title Mining Eng. Date 7-23-56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ A. E. Weissenborn Title Exec. Officer Date 7-25-56

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

RECEIVED
JUL 30 1956

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 1956 Docket No. DMEA 2123 Contract No. Idm-E228
Operator's Name Pacific Northwest Mining Company Minerals Lead-Zinc
Address 415 So. Cambrian Ave., Bremerton, Washington

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting		715.00	22	6,370.00	196.0	32.50		
Crosscutting				1,647.75	50.7	32.50	300	32.50
Raising								
Shafts								
Winzes								
Drilling: ~~xxx~~ Long Holes		207.00	207	207.00	207.0	1.00	250	1.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		922.00		8,224.75				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Cost Under Stage I				15,473.72				
TOTAL COSTS		922.00		23,698.47				$29,210.00

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

Date July 14, 1956 Operator Pacific Northwest Mining Co.

Per P. R. Walker Title Sec'y-Treas.

REMARKS:

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

(Instructions on reverse)

(For Government use only)

/s/ M. R. Rickes

INSTRUCTIONS

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

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

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

GPO 872894

Bremerton, Washington
July 14, 1956

U. S. Department of the Interior
Defense Minerals Exploration Administration
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMEA-2123
Contract No. Idm-#228
Monthly operating reports

Gentlemen:

Work this past month has been a lot slower than usual due to several delays in getting certain supplies, especially an earlier order for powder. The past three weeks on the drilling of long holes was especially slow due to breakdowns of equipment and receiving wrong shipments on bits that were ordered.

The roads are in very bad shape due to several cloud-burst with a lot of trees now in the road which will necessitate the removal before any supplies can be moved in.

A new shipment of powder is on hand at the mine plus needed supplies at this time so that progress, barring any breakdowns in equipment, should go fairly well from now on. The new drift off to the southeasterly direction from the south drift is moving along very well and we expect the ore encountered in the long holes to be showing up any day now in the face of the drift.

Progress claimed for the month of June is twenty-two feet of drifting and two hundred seven feet of long holes.

Very truly yours,

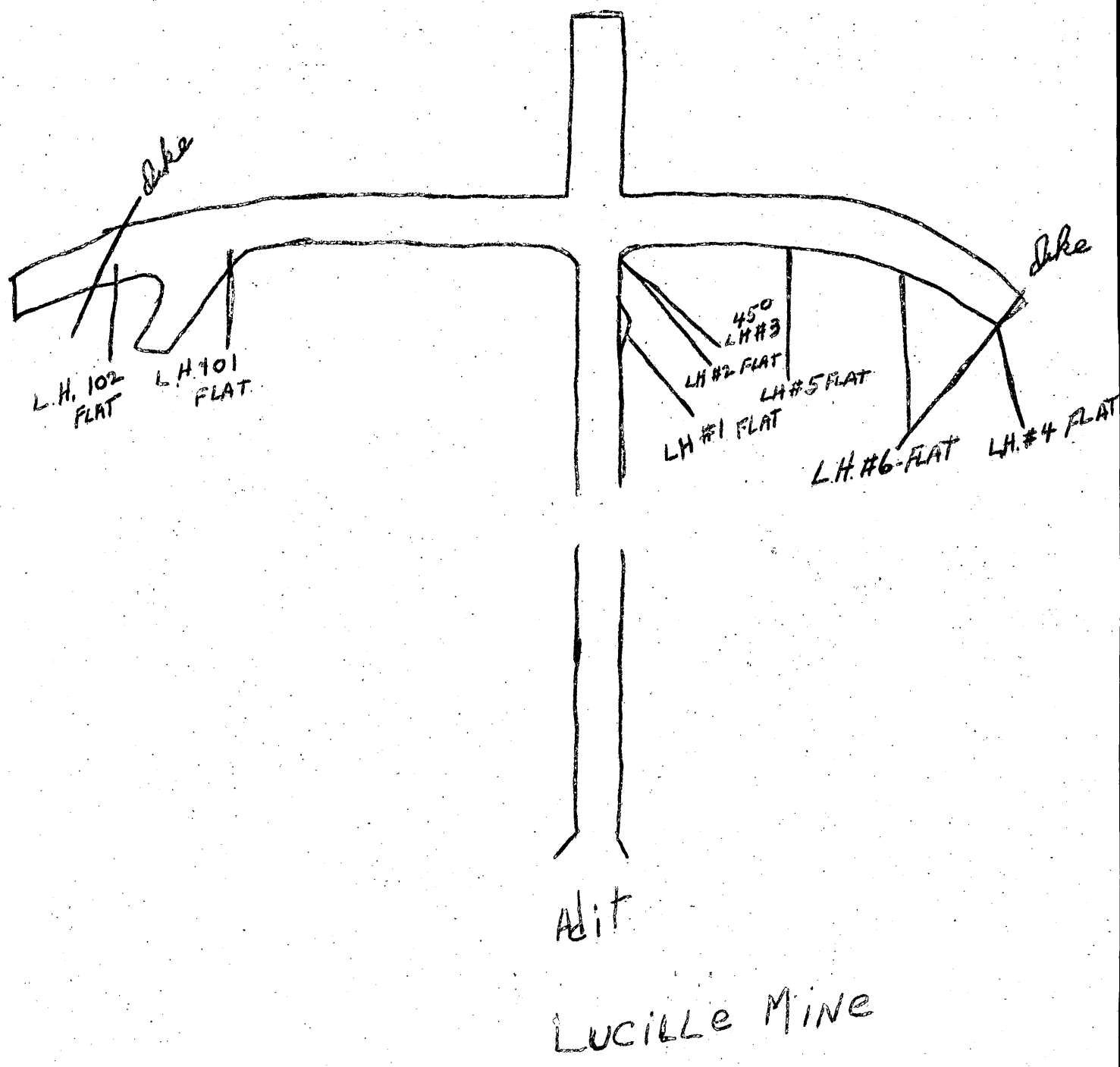
Pacific Northwest Mining Co.

P. R. Walker

P. R. Walker
Sec'y-Treas.

RECEIVED
JUL 30 1956

Rough Sketch of Tunnel progress
and long hole Work
July 10, 1956



LUCILLE MINE

Form MF-104 (Rev.)
(April 1952)

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

RECEIVED
JUN 25 1956

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

Month of May, 1956 Docket No. DMEA 2123 Contract No. Idm-E228
Operator's Name Pacific Northwest Mining Company Minerals Lead-Zinc
Address 415 So. Cambrian Ave., Bremerton, Washington
Contract Amount, $29,210.00 Government Participation: 50 % Amount, $14,605.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting		1,647.75	1,647.75		1647.75	1647.75
Drifting	1,950.00	3,705.00	5,655.00	1950.00	3705.00	5655.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): Work Completed Under Stage I		15,473.72	15,473.72		15473.72	15473.72
TOTALS	1,950.00	20,826.47	22,776.47	1950.00	20826.47	22776.47

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

Date June 12, 1956 *Payee Pacific Northwest Mining Company

Per R. L. Walker Title Sec-y-Treas.

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

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

(Instructions on reverse)

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

$ 975.00

Signature M. G. P.
(Authorized Certifying Officer)

Date 6-21-56 Vou. No. 1800
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 228 in accordance with the terms of the contract.

Signature /s/ M R Lichle Title Mining Eng. Date 6-14-56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ Wing B Agnew Title Acting Exec Officer Date 6-18-56

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED JUN 25 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May 1956 Docket No. DMEA 2123 Contract No. Idm-E228

Operator's Name Pacific Northwest Mining Company Minerals Lead-Zinc

Address 415 So. Cambrian Ave., Bremerton, Washington

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting		1,950.00	60	5,655.00	174.0	32.50		
Crosscutting				1,647.75	50.7	32.50	300	32.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		1,950.00		7,302.75				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Cost under Stage I				15,473.72				
TOTAL COSTS		1,950.00		22,776.47				29,210.00

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

REMARKS:

Date June 12, 1956 Operator Pacific Northwest Mining Co.

Per R. R. Wacker Title Sec-y--Treas.

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

(Instructions on reverse)

(For Government use only)

Is/ M R. Ricker

INSTRUCTIONS

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

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

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

GPO 83-38475

Bremerton, Washington
June 12, 1956

U. S. Department of the Interior
Defense Minerals Exploration Administration
1301 N. Division Street
Spokane 2, Washington

Re: Docket No. DMSA-2123
Contract No. Ida-1228
Monthly operating reports

Gentlemen:

Work has been carried on under the present contract and as of June 8th the total footage in the drift to the right was 77 feet. No further drifting has been done in this direction for a period of about two weeks. The footage to the left, as of June 8th, was 105 feet, 9 inches.

On the last twenty feet in the left drift, the ore widened out to a considerable width. There was a showing of two high grade stringers of an average of approximately four inches all across the face diagonally and smaller stringers through the face over approximately five feet. The ore, in this case, as it widened out also took off to the left as both stringers of high grade leaded toward the limestone. A nine foot drill hole was made in this direction and the ore showed about twelve feet in width, including the drift round.

The last round on the face was a complete blank as the drill bit had barely touched a dike of a softer material that had cut the ore off very sharply and almost square across. A nine foot hole was drilled through this dike and it was found to have a depth of about eighteen inches with a showing of lower grade ore on the other side. The drill may have gone through a low grade part of the ore or the ore may have shifted a few feet.

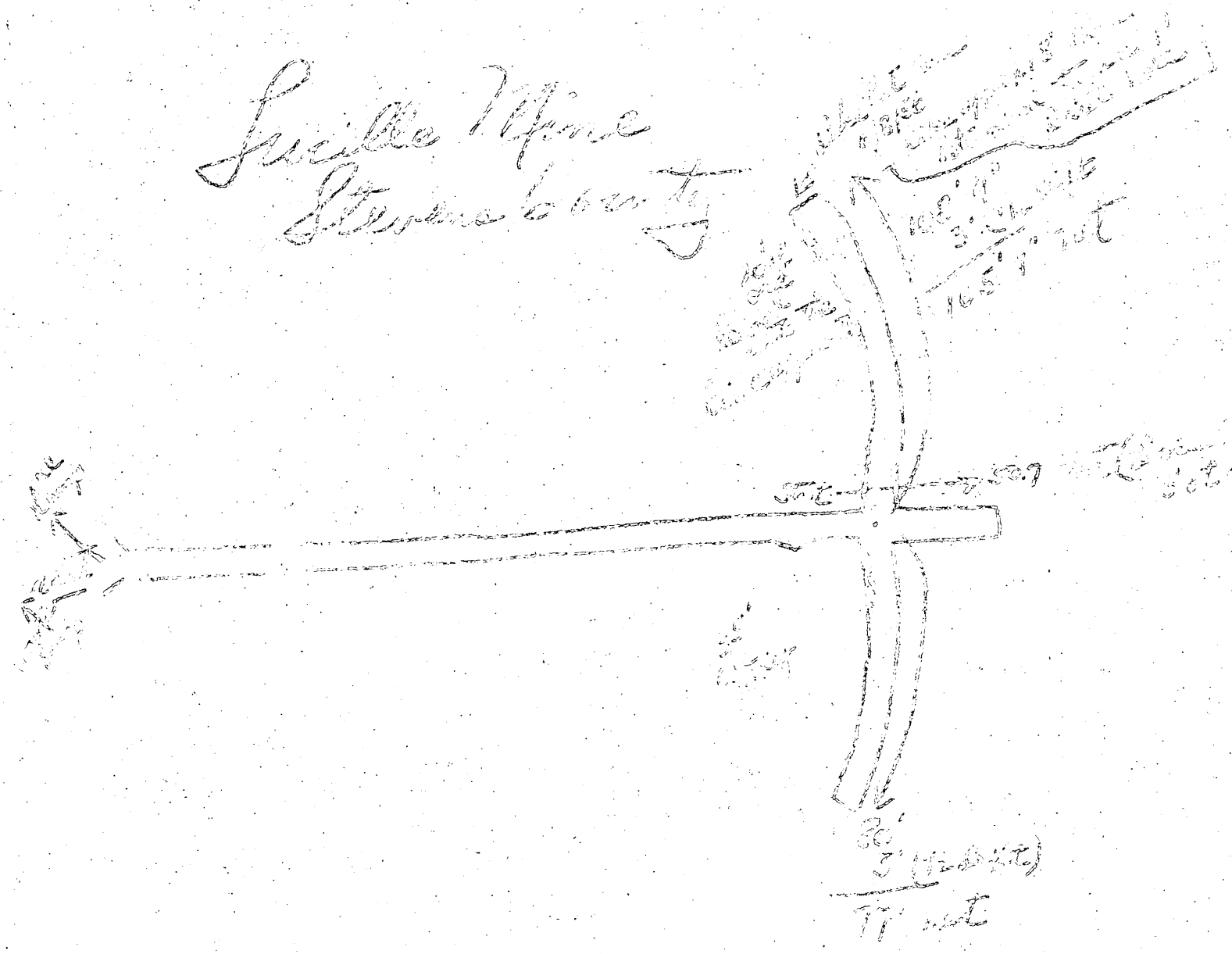
The equipment continues to operate in a satisfactory manner. The road to the mine is in a bad state of repair due to a tremendous rain, with a lot of hail, that occurred last week. Anyone from your office visiting the property will need a four wheel drive due to the condition of the road.

Very truly yours,

Pacific Northwest Mining Co.

P. R. Walker
Secy-Treas.

Lucille Mine
Stevens County



Robert A. Noble

Form MF-104 (Rev.)
(April 1952)

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

W

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

RECEIVED
MAY 21 1956

Month of April, 1956 Docket No. DMEA 2123 Contract No. Idm-E228
Operator's Name Pacific Northwest Mining Company Minerals Lead-Zinc
Address 415 So. Cambrian Ave., Bremerton, Washington
Contract Amount, $29,210.00 Government Participation: 50 % Amount, $14,605.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting		1,647.75	1,647.75		1647.75	1647.75
Drifting	2,340.00	1,365.00	3,705.00	2340.00	1365.00	3705.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): Work completed under Stage I		15,473.72	15,473.72		15473.72	15473.72
TOTALS	2,340.00	18,486.47	20,826.47	2340.00	18486.47	20826.47

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

Date May 10, 1956 *Payee Pacific Northwest Mining Company

Per Max R. Stevens Title President

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

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

(Instructions on reverse)

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

$ 1170.00

Signature M.D.P.
(Authorized Certifying Officer)

Date 5/15/56 Vou. No. 17
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E228 in accordance with the terms of the contract.

Signature /S/ M. R. Rickles Title Mining Engr Date May 11-56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Wing G. Agnew Title Acting Exec Officer Date 5/14/56

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-101A
(April 1952)

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

RECEIVED
MAY 21 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April 6 195 Docket No. DMEA 2123 Contract No. Idm-E228
Operator's Name Pacific Northwest Mining Company Minerals Lead-Zinc
Address 415 So. Cambrian Ave., Bremerton, Washington

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting		2,340.00	72	3,705.00	114.0	32.50		
Crosscutting				1,647.75	50.7	32.50	300	32.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		2,340.00		5,352.75				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc. Cost under Stage I				15,473.72				
TOTAL COSTS		~~2,340.00~~		~~20,826.47~~				~~29,210.00~~

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

Date May 10, 1956 Operator Pacific Northwest Mining Co.

Per [signature] Title President

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

REMARKS:

(Instructions on reverse)

(For Government use only)

151 M. R. Rickes

INSTRUCTIONS

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

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

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

GPO 83-38475

RECEIVED
MAY 21 1956

Bremerton, Washington
May 9, 1956

U. S. Department of the Interior
Defense Minerals Exploration Administration
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMEA-2123
Contract No. Idm-E228
Monthly operating reports

Gentlemen:

This is a report of the work done at the Lucille Mine since work was resumed.

First work done was opening of the road on March 19th. Equipment and supplies on hand at the Red Top were moved to the immediate premises of the Lucille Mine. The cabins at the Lucille were rehabilitated and fixed up for living in first class shape. Tunnel was opened where filled with snow and ice. Machinery and tools were all worked over and the compressor on hand put in running order. New valves were needed and valve inserts were added. New heads on compressor were installed and a new pipe system to draw carbon monoxide gas away from compressor intake was installed. This had been a handicap for the workers and caused many headaches and sickness until remedied.

Actual drilling commenced on April 9th. Alternate rounds were drilled to the left and right of the main tunnel following the contact zone. The contact zone continues the curve shown on the last mapping of last November's report. Ore was hit in the left drift about 16-18 inches in width. This ore was of a mill grade at this time and may be the beginning of the ore body on the left that is the object of the drifting. Survey of all points was made under the supervision of Mrs. Liches during the past month.

Machinery is all in good working order except the compressor which has been giving some trouble.

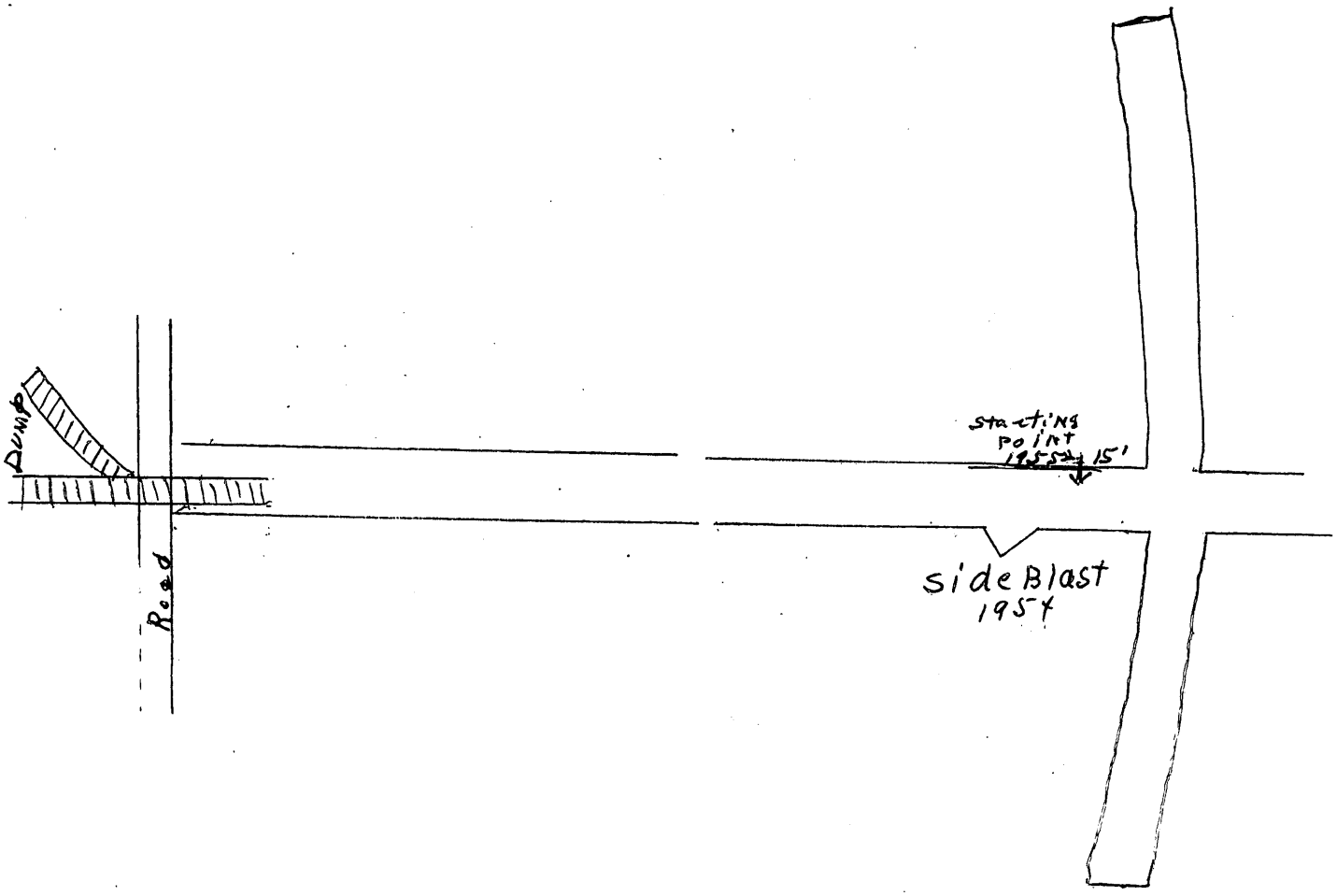
Progress on drifting for the month of April was seventy two feet.

Very truly yours,

Pacific Northwest Mining Co.

Wm. R. Steyer

Wm. R. Steyer
President



Above is a sketch of the Lucille Mine and where work was accomplished during the month of April.

Both drifts were extended and total drifting completed was seventy two feet.

Very truly yours,

Pacific Northwest Mining Co.

Wm. R. Steyer

Wm. R. Steyer
President

RECEIVED
MAY 21 1956

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

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

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

Bu. Vou. No. 1773

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

Voucher prepared at Spokane 5/15/56 (place and date)

THE UNITED STATES, Dr., Payee's Account No. Idm-E228

To Pacific Northwest Mining Company (Payee)

415 So. Cambria (Address) Avenue, Bremerton, Washington (State)

PAID BY

(For use of Paying Office)

No. and Date of Order	Date of Delivery or Service	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary) Discount Terms	QUANTITY	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
	Nov. 1955	Amount withheld when payment was made under Voucher No. 1672, 12/19/55				100.00	
	April 1956	As per attached certified form MF-104 dated 5/10/56				1,170.00	
PAYMENT: Complete ☐ Partial ☐ Final ☐		Use continuation sheet(s) if necessary					

Shipped from to Weight Government B/L No. Total

(Payee must NOT use this space) 1,270.00

Differences .....

Account verified; correct for .....

(Signature or initials) MAP 1,270.00

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

1,270.00

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

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

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

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

16—22900a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

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

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

ABSENCE OF ADVERTISING

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

.....

.....

.....

.....

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

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

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

RECEIVED
MAY 2 1 1956

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

RECEIVED
DEC 27 1955

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

Month of November, 1955 Docket No. DMEA 2123 Contract No. [illegible]
Operator's Name Pacific Northwest Mining Co. Minerals [illegible]
Address 115 So. Cedar Ave., Tacoma, Washington
Contract Amount, $ 29,210.00 Government Participation: 50% Amount, $ 14,605.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting		1647.75	1647.75		1647.75	1647.75
Drifting	1313.00	292.50	1605.50	1072.50	292.50	1365.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): Work completed under Stage I		15473.72	15473.72		15473.72	15473.72
TOTALS	1313.00	17413.97	18726.97	1072.50	17413.97	18486.47

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Dec. 16, 1955 *Payee Pacific Northwest Mining Co.
Per Max R. Steger Title President

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

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

(Instructions on reverse)

withheld

536.25
100.00
436.25

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

$ 436.25

Signature M D P
(Authorized Certifying Officer)

Date 12-19-55 Vou. No. 1672
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 228 in accordance with the terms of the contract.

Signature 1S1 M. R. Rickles Title Mining Eng. Date 12-16-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature 1S1 Stephen W. Zoldok Title Mining Engr. Date 12-19-55

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November 1955 Docket No. DMEA 2223 Contract No. 30-1220

Operator's Name Pacific Northwest Mining Co. Minerals Lead-Zinc

Address 415 So. Cedarian Ave., Spokane, Washington

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting		1072.50 ~~1313.00~~	33 ~~40.1~~	1365.00 ~~1553.50~~	42 ~~49.1~~	32.50		
Crosscutting				1647.75	50.7	32.50	300	32.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		1072.50 ~~1313.00~~		3012.75 ~~3553.50~~				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc. Cost under Stage I				15473.72				
TOTAL COSTS		~~1313.00~~ 1072.50		~~18866.47~~ 18486.47				~~29,230.00~~

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

Date Dec. 14, 1955 Operator Pacific Northwest Mining Co.

Per M. R. Stayer Title President

REMARKS:

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

(Instructions on reverse)

(For Government use only)

/s/ M. R. Rickes

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
DEC 27 1955

Bremerton, Washington
December 14, 1955

United States Bureau of Mines
1201 N. Division Street,
Spokane 2, Washington

RE: Narrative
Docket No. DMEA-2123
Contract No. IDR-5228

Gentlemen:

The following is a narrative on work accomplished during the month of November 1955.

At the beginning of the month, the muck that had been blasted out on starting the drift to the right and to the left of the cross-cut, was mucked out. Then it was necessary to install the switches in order to follow the contact ore.

Drifting was continued both to the right and to the left until November 12 at which time the severe cold weather set in.

From November 12 until November 20, no work was accomplished as the contractor and his crew were in Northport waiting for the weather to break.

On November 20, the crew battled their way back up the mountain. Upon arriving at camp, they found their water system all frozen. It was necessary to use snow water for drinking and cooking purposes.

On November 21, a heavy snow storm was still in progress. Because of the early heavy snow and the difficulty in starting the compressor due to the extreme cold, the contractor decided it would be advisable to cease work until spring.

The contractor reported that the vein material narrowed some to the left but continued approximately the same width to the right. The grade of ore in both directions was not as strong to lead as at the first encounter. Zinc and iron continued about the same.

Yours very truly,

Pacific Northwest Mining Co.

Max R. Steyer

Max. R. Steyer, Pres.

RECEIVED
DEC 27 1955

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DEC 8 2 1955

DMEA Field Team, Region 1, NW District December 19, 1955

Myrtle Purdy , DMEA Certifying Officer, Region I

Monthly operating report for November 1955, Pacific Northwest Mining Co., Contract Idm-K228.

The subject operating report has been received and processed for payment.

The footage reported by the operator for the period exceeds that measured by the USBM engineer on November 22, 1955 by 7.4 feet. Therefore, a deletion of $240.50 has been made. This footage may be reclaimed by the operator if it has been accomplished when the next inspection is made by the USBM engineer.

As the project is inactive at present because of severe winter weather, $100.00 is being withheld until work is resumed. This is standard procedure for all inactive contracts.

Myrtle Purdy

cc: Operator
DMEA (2)
USGS (2)
Wash. (2)
AD
Lickes

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division Street
Spokane 2, Washington
October 18, 1955

RECEIVED
OCT 1955

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

Re: Pacific Northwest Mining Co.
Contract No. Idm-E228
Docket No. DMEA 2123X

Dear Mr. Chambers:

The Pacific Northwest Mining Co. purchased from the Spokane Mining Syndicate certain supplies and equipment. The arrangement was to withhold $68.25 from the Pacific Northwest Mining Co. final settlement to pay the Spokane Mining Syndicate. This plan was abandoned and I sent in a corrected Audit Certificate on the Pacific Northwest Mining Co., contract Idm-E228, Audit.

When the Pacific Northwest Mining Co. contract was finally completed their account was as follows:

Due the Government for the Government's equity in equipment	$1,453.00
Less due the Operator- Holdback on project payments	370.93
	1,082.07
Add amount to be paid the Spokane Mining Syndicate	68.25
Paid to the Government	$1,150.32

Since the plan to withhold $68.25 from the Pacific Northwest Mining Co. to pay the Spokane Mining Syndicate has been abandoned, the Pacific Northwest Mining Co. has $68.25 due them, which should be paid.

Yours very truly,

C. A. Turner, Auditor

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

OCT 14 1955

Mr. Charles A. Turner
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

AIR MAIL

Re: Contract No. Idm-8228
Docket DMEA-2123X
Pacific Northwest Mining Co.

Dear Charlie:

By letter dated September 14, 1955 this Division requested an explanation of the $68.25 for "Equipment purchased from the Talisman Mine" as stated in your original Audit Certificate covering the referenced project. With a reply dated September 15, 1955 you furnished a revised certificate with the $68.25 deduction being deleted but did not furnish an understandable explanation.

At the time we received your revised audit certificate, which certified the amount of $7,736.86 as being valid and proper for payment to the Operator, our records indicated $8,818.93 as having been paid. Subsequently we received a copy of Certificate of Deposit No. 14-23-020-267 dated September 26, 1955 indicating a refund by the Operator of $1,150.32 which results in a recording of adjusted net payments to the Operator of $7,668.61, or $68.25 less than the amount certified by you.

It appears that either an additional amount of $68.25 should be paid to the Operator or your Audit Report and Certificate should be further revised. Please investigate and advise us.

Sincerely yours,

(Signed) E. D. Talbert

for Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
October 14, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

AUDIT CERTIFICATE

I have examined the records and transactions of the:

Pacific Northwest Mining Company, Assignee
619 - 4th Street
Bremerton, Washington

and

Stephen W. Zoldok, Betty Jane Zoldok and
Joseph M. Zoldok, Co-Partners Assignors
Spokane, Washington

pertaining to Exploration Project Contract No. Idm-E228, Docket No. DMA-2123X, dated December 14, 1951, including amendments Nos. 1 to 4 inclusive, covering a project for the exploration of lead and zinc on property known as the Lucile Mine in Stevens County, State of Washington, for the period of December 14, 1951 to July 31, 1953, inclusive, and the subsequent disposition of project property.

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

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

Total cost as billed by contractor			$21,139.98
Less: Proceeds from disposition of property			2,906.00
Net Claimed Cost			$18,233.98
Exceptions (See Audit Report for details)			
Prior to this audit		None	
During this audit	$2,964.97		
Less Reinstatement	204.71	$2,760.26	2,760.26
Total Accepted Cost			$15,473.72

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Seven thousand seven hundred thirty six and 86/100 Dollars

--$7,736.86--

is valid and proper.

This certificate is issued on the provision that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

C. A. Turner, Auditor

September 7, 1955

A U D I T R E P O R T

RECEIVED
SEP 14 1955

I. INTRODUCTION

On February 15, 16 and 17, 1955, a final audit, (covering operations for the period of December 14, 1951 to July 31, 1953) was made of the records and transactions pertaining to Exploration Project Contract No. Idm-E228, Docket No. DMA-2123X dated December 14, 1951, including amendments Nos. 1 to 4 inclusive, with the:

Pacific Northwest Mining Company, Assignee
619 - 4th Street
Bremerton, Washington

and

Stephen W. Zoldok, Betty Jane Zoldok and
Joseph M. Zoldok, Co-Partners, Assignors
Spokane, Washington

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

The records under this contract were maintained by Jack A. Gooding and associates, Licensed Public Accountants, 619 - 4th Street, Bremerton, Washington, who supplied the Pacific Northwest Mining Company with office space. At the time the audit was made P. R. Walker, Secretary of the Company had custody of the records.

Mr. W. S. Anderson, Mining Engineer Bureau of Mines, Region I accompanied the auditor and assisted in the audit. Mr. P. R. Walker and Mr. Jack A. Gooding were also present and assisted whenever their services were required.

II. GENERAL INFORMATION ON RECORDS

The general books of the company, payrolls, vendor's invoices, cancelled bank checks and bank statements, State and Federal Reports (covering payroll taxes and industrial insurance) and miscellaneous correspondence were maintained and kept in the Bremerton, Washington Office. All records and correspondence were made available during the audit.

The general ledger and cash book were not posted to date. However, the items of original entry were sufficient to determine the exploration costs.

The Operator's Monthly Report and Voucher Forms MF-104 prior to and including November 1952 were prepared and signed by Martin A. Morrison, President and the months following by Robert A. Rukke, Vice President.

III. SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs claimed in the "Totals to Date" column of the Operator's Monthly Report and Voucher Form MF-104 dated November--December 1954 applicable to the cost of exploration for the period of December 14, 1951 to July 31, 1953. This contract was terminated July 31, 1953 by the Operator's failure to resume the exploration work on dates specified in amendment number 4 to the contract dated March 19, 1954. Stage No. 2 of the exploration work was not started.

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

(1) Independent Contracts

Bulldozing

Stripping	80 Hours @ $10.00 per hour	$800.00
Mine Road	29 Hours @ 10.00 per hour	290.00
Accepted Cost		$1,090.00

Bulldozing was performed by the Boundary Lumber Co. under contract dated May 15, 1952 which was approved by the Field Team September 24, 1952.

(2) Labor and Supervision

The basic record for labor and supervision costs consisted of semi-monthly payrolls which were supported by pocket time books kept by the mine foreman on the job. The pocket time books gave the employees name, classification, rate of pay, hours and location worked.

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

Labor rates were not in excess of those specified in the contract as follows:

Day Labor	
Miners	$14.00 per day
Helpers	13.00 " "
Muckers	12.00 " "

Monthly Labor	
Supervision	$500.00 per month
Contract - Driftin, and Crosscutting	
Untimbered	$10.00 per foot
Timbered	13.00 " "

Labor Costs were found by the audit to be:

Rehabilitation		
Camp Buildings	$141.92	
Equipment	138.24	$280.16
Pipe Line		178.40
Exploration		4,608.89
Total Labor		5,067.45
Transferred to Other Categories		
Category 5 Rehabilitation	$280.16	
Category 6 Improvements	178.40	458.56
Accepted Costs Stage I		$4,608.89

Labor costs of $964.60 charged after the termination date of the contract July 31, 1953 were disallowed by the audit.

Supervision Costs were found by the audit to be the combined salaries of Steven W. Zoldok and Norman D. Lindsley for the period of May 1952 to November 1952 inclusive as follows:

Accepted Costs	$1,908.20

Supervision costs of $875.00 charged after the termination date of the contract July 31, 1953 were disallowed by the audit.

(3) Operating Materials and Supplies

The costs chargeable to this category were determined by a detailed audit and analysis of the vendor's invoices and the cancelled bank checks. The following listing summarizes the audit findings:

	Stage I
Timber	$204.22
Explosives	726.98
Track	391.15
Drill Steel	628.87
Fuel - Oil - Lubricants	1,606.71
Small Tools	52.16
Miscellaneous	105.57
Accepted Costs	$3,715.66

The following material and supply items of cost were incurred and charged after the termination date of the contract July 31, 1953 were disallowed by the audit.

Timber	$ 4.59
Explosives	126.78
Track	55.00
Fuel, Oil and Lubricants	344.91
Total Disallowed	$531.28

(4) Operating Equipment

Rental

This item of cost not applicable to this contract. However the Operator charged an item of $21.63 on his August 1954 Form MF-104. Since this item of cost was incurred and charged after the termination date of the contract it was disallowed by the audit.

Depreciation

This item of cost not applicable to this contract.

Purchases

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

2 Atlas Rock Drills	$762.52
2 Pneumatic Pushers Complete	361.73
1 Rotary Grinder Complete	204.71
1 Raising Feed	216.30
1 Mine Car Shovel - Joy HL3	3,095.00
1 Air Receiver 36 x 72	313.99
Total	$4,954.25
Proceeds from disposition	2,906.00
Net Purchase Costs	$2,048.25

The rotary grinder was deleted by the certifying officer from the May-June 1952 voucher form MF-104 as its purchase was not authorized by the contract. The Field Team authorized the purchase of the grinder as it is essential to the Operator to keep the cost of sharpening steel and the inventory of steel on hand at a minimum. The rotary grinder $204.71 is reinstated by this audit.

By letter dated July 21, 1955 the Pacific Northwest Mining Company bid $1,453.00 for the Government's equity in the equipment which was accepted by the Field Team's letter dated September 1, 1955.

(5) Initial Rehabilitation and Repairs

Charges to this category were determined by examination of the payrolls and vendor's invoices and verification of the payment by reference to the cancelled checks. The audit findings are as follows:

Camp Buildings		Stage I
Labor	$141.92	
Lumber	49.44	
Nails	7.05	
Roofing	27.86	
Pipe and Fittings	8.35	
Small Tools	47.07	$281.69
Equipment		
Labor	$138.24	
Supplies	59.51	197.75
Accepted Costs		$479.44

(6) New Buildings, Improvements, etc.

Charges to this category were determined by examination of the payrolls, and vendor's invoices and verification of payments by reference to the cancelled checks. The audit findings are as follows:

Pipe Line Construction	Stage I
Labor	$178.40
Pipe and Fittings	286.52
Accepted Cost	$464.92

(7) Miscellaneous

The allowable costs in this category were determined by an analysis of the vendor's invoices, and cancelled bank checks and in the case of payroll taxes and liability insurance by an examination of the payrolls and the Operator's tax returns and industrial insurance reports. The findings of the audit are as follows:

Repairs to Equipment	Stage I
Compressor	$370.31
Loader	24.47
Drill	122.91
Miscellaneous	26.58
Accepted Costs	$544.27

Repairs claimed after the termination of the contract July 31, 1953 were disallowed by the audit in the amount of $492.65.

Payroll Taxes

Federal Old Age Benefit Tax		
Labor	$5,067.45	
Supervision	1,908.20	
	$6,975.65 @ 1.5%	$104.63
Washington Unemployment Insurance		
	$6,975.65 @ 2.7%	188.34
Federal Unemployment Insurance		
None (as Operator had less than eight employees on his payroll)		None
Accepted Costs		$292.97

Payroll taxes amounting to $79.81 charged subsequent to contract termination were disallowed by the audit.

Liability Insurance			Stage I
Labor 1952	1476 Hours @ $.1125 Per Hour		$166.05
Labor 1953	54 Hours @ .1175 " "		6.35
Supervision 1952	1322 Hours @ .1125 " "		148.72
	2852 Hours		
Accepted Cost			$321.12

The Operator is covered by the State of Washington whose rates are as follows:

	1952	1953
Industrial Insurance Per Hour	$.095	$.10
Medical Aid Per Hour	.0175	.0175
(Medical Aid rate less 1/2 paid by employer)		
Total rate per hour	$.1125	$.1175

The Operator had made no charge for liability insurance after the termination date of the contract.

IV. CONCLUSIONS

The audit disclosed that all costs charged to this project, with the exception of the disallowances aggregating $2,964.97 as itemized in the preceding section of this report, are reasonable and proper under the terms of the contract.

The adjustments between "Items of Costs" as shown by the November-December 1954, Form MF-104, the disallowances, the reinstatement of a previous deletion by the certifying officer, the accepted costs as disclosed by this audit and the net costs after deduction of proceeds from the disposition of property are summarized as follows:

	Totals Nov.-Dec. 1954 MF-104	Corrected Distribution	Disallowance By Audit	Accepted Cost Stage I
1. Independent Contracts	$	$	$	$
Bulldozing	800.00	1,090.00	-	1,090.00
2. Labor and Supervision				
Labor	5,573.49	5,573.49	964.60	4,608.89
Supervision	2,783.00	2,783.20	875.00	1,908.20
3. Operating Materials & Supplies				
Timber	189.99	208.81	4.59	204.22
Explosives	852.58	853.76	126.78	726.98
Pipe	122.03	-	-	-
Track	312.58	446.15	55.00	391.15
Drill Steel	636.96	628.87	-	628.87
Fuel, Oil, Lubricants	1,922.38	1,951.62	344.91	1,606.71
Small Tools & Supplies	-	52.16	-	52.16
Miscellaneous	-	105.57	-	105.57
4. Operating Equipment				
Rental	21.63	21.63	21.63	-
Purchase	4,491.42	4,749.54	(204.71)	4,954.25
Depreciation	-	-	-	-
5. Initial Rehabilitation & Repairs	701.62	479.44	-	479.44
6. New Buildings, Improvements, Etc.	1,319.23	464.92	-	464.92
7. Miscellaneous				
Repairs to Equipment	722.03	1,036.92	492.65	544.27
Sampling - Analysis	-	-	-	-
Payroll Taxes	352.26	372.78	79.81	292.97
Liability Insurance	338.57	321.12	-	321.12
8. Contingencies	-	-	-	-
Errors in MF-104 Totals	.21	-	-	-
	$21,139.98	$21,139.98	$2,760.26	$18,379.72
Less Proceeds Property Disposition	2,906.00	2,906.00	-	2,906.00
Net Total	$18,233.98	$18,233.98	$2,760.26	$15,473.72

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

Labor and Supervision rates of pay
Rehabilitation of Camp Buildings $500.00
Bulldozing - Stripping 100 Hours
Bulldozing rate (all costs) $15.00 per hour

There was not any work done on Stage II of this contract.

At the conclusion of this audit February 17, 1955 the findings were discussed with Mr. P. R. Walker Secretary of the Company. On the following Monday the findings were discussed with Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest.

September 7, 1955

C. A. Turner, Auditor

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

SEP 21 1955

Mr. Charles A. Turner
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Audit Report
Idm-E228, DMA-2123X
Pacific Northwest Mining Co.

Dear Charlie:

Reference is made to your letter of September 15, 1955, transmitting three copies of a corrected Audit Certificate covering the above-cited Exploration Project Contract.

The Certificate and Report are acceptable and normal distribution may be effected.

Sincerely yours,

(Signed) E. D. Talbert

E. D. Talbert, Acting Chief
Contract Administration
and Audit Division

WBorovies/wb
Swptember 21, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
September 15, 1955

Mr. E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: Pacific Northwest Mining Co.
Idm-E228, DMEA 2123X

Dear Mr. Talbert:

Enclosed are three copies of corrected audit certificate of the audit pertaining to the Pacific Northwest Mining Co., contract Idm-E228, Docket No. DMEA 2123X.

Since writing the original audit certificate the idea of collecting $68.25 for equipment purchased from the Talisman Mine by the Pacific Northwest Mining Co. has been abandoned. A corrected audit certificate is in order.

Yours very truly,

C. A. Turner, Auditor

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

SEP 14 1955

Mr. Charles A. Turner
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Audit Report
Idm-E228, DMA-2123X
Pacific Northwest Mining Co.

Dear Mr. Turner:

Reference is made to your Audit Certificate and Audit Report covering the subject Exploration Project Contract.

In the first paragraph of both the Audit Certificate and Audit Report the contract reference has been erroneously stated as Idm-E268. We are changing the Washington copies to show the proper reference as Idm-E228. Please change all Field copies.

We are withholding release of the Audit Certificate and Report pending submission by you of an addendum satisfactorily explaining the debit of $68.25 for "Equipment purchased from the Talisman Mine" as stated in your Audit Certificate. The Audit Report contains no explanation and we are at a loss to understand the reasons for the deduction.

In referring to the docket file on this contract I note that an Amended Contract for continuation of the work on this project has been forwarded to the Field Team. Under the circumstances, enhanced by the fact that preparation of this report has been in suspension for six months, it probably would have been better to have withheld preparation a few more days until after execution of the new contract so that it could have been entitled "Interim Audit Report". However, as the submission has been made we will consider it a final report for statistical purposes at this time and later, after execution of the new contract, it will be transferred to an interim audit status.

For your guidance in the preparation of future audit reports please refer to purpose number (3) and the instructions which follow on page 1 and, also, to the pertinent example on page 64 of the Audit Manual.

Sincerely yours,

(Signed) E. D. Talbert

E. D. Talbert, Acting Chief
Contract Administration
and Audit Division

EDTalbert/wb
September 14, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

QUINTUPLICATE

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

LETTER OF TRANSMITTAL

For credit of 523 U. S. Courthouse, Portland, Oregon (Name, Division of Disbursement, symbol or other title) (Date sent) 9/26/55

Portland, Oregon
DEPOSIT No. 14-23-020-267

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

$ 2,457.89

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401		$2,457.89

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

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

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

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

Myrtle I. Purdy, Authorized Collector
(Depositor)

DEPOSITARY WILL RETAIN THIS COPY

16—59686d-1 GPO

Check No. 1251, dated 9/[illegible]1/55
Amount - $1,150.32 ✓
From - Pacific Northwest Mining Co.
Contract Idm-E228, Pacific Northwest Mining Co.
Property proceeds

Check No. 1434, dated 9/19/55
Amount - $1,307.57 ✓
From- Spokane-Idaho Mining Co.
Contract Idm-E482, Spokane-Idaho Mining Co.
Royalty receipt

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

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. W

Bu. Vou. No. 1668

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

Voucher prepared at Spokane 12/15/55
(Give place and date)

THE UNITED STATES, Dr., Payee's Account No. Idm-E228

To Pacific Northwest Mining Company
(Payee)

415 So. Cambrian Ave., Bremerton, Wash.
(Address) (City) (State)

PAID BY

(For use of Paying Office)

No. and Date of Order	Date of Delivery or Service	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary) Discount Terms	QUANTITY	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
		To refund to operator overpayment made to DMEA on equipment purchased--Operator's check No. 1251 dated Sept. 21, 1955				68.25	
PAYMENT: Complete ☐ Partial ☐ Final ☐		Use continuation sheet(s) if necessary					

Shipped from to Weight Government B/L No. Total

(Payee must NOT use this space) 68.25

Differences

Account verified; correct for 68.25

(Signature or initials) MAP

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

68.25

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n. or Proj't. Amount	Appropriation Amount
14X4401	Revolving Fund, Defense Minerals Production Act, Interior		

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

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

16—22900a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

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

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

ABSENCE OF ADVERTISING

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

.....

.....

.....

.....

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

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

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

16—22000a-2

RECEIVED
DEC 20 1955

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
NOV 21 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October, 1955 Docket No. DMEA 2123 Contract No. Idm-R228
Operator's Name Pacific Northwest Mining Company Minerals Lead-Zinc
Address 415 So. Cambrian Ave., Bremerton, Washington
Contract Amount, $ 29,210.00 Government Participation: 50% Amount, $ 14,605.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting	1647.75	0	1647.75	1647.75	—0—	1647.75
Drifting	292.50	0	292.50	292.50	—0—	292.50
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify): Work completed under Stage I		15473.72	15473.72		15473.72	15473.72
TOTALS	1940.25	15473.72	17413.97	1940.25	15473.72	17413.97

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Nov. 8, 1955 *Payee Pacific Northwest Mining Company
Per Max R. Steyer Title President

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

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

(Instructions on reverse)

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

$ 970.13

Signature M. D. P.
(Authorized Certifying Officer)

Date 11-16-55 Vou. No. 1647
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 228 in accordance with the terms of the contract.

Signature 1st M. R. Lickle Title Mining Engr Date 11-14-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature 1st Stephen W Zoldok Title Mining Engr Date 11-14-55

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
NOV 8 1 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October 1955 Docket No. DMEA 2123 Contract No. Idm-R228
Operator's Name Pacific Northwest Mining Company Minerals Lead-Zinc
Address 415 So. Cambrian Ave., Bremerton, Washington

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting		292.50	9	292.50	9	32.50		
Crosscutting		1647.75	50.7	1647.75	50.7	32.50	300	32.50 ft.
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1940.25		1940.25				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Cost under Stage I				15473.72				
Total Costs		1940.25		17413.97				29,210.00

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

Date Nov. 8, 1955 Operator Pacific Northwest Mining Co.

Per Wm R. Steiger Title President

Remarks:

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

(Instructions on reverse)

(For Government use only)

/s/ Margaret R Ricker

INSTRUCTIONS

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

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

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

GPO 83-38475

RECEIVED
NOV 21 1955

Northport, Wash.
November, 1955

United States Department of the Interior
Bureau of Mines
Defense Minerals Exploration Act.
1201 N. Division Street
Spokane 2, Washington

RE: Lucille Mine
DMEA 2123-Contract E228-Amended

Gentlemen:

The following is a general narrative of the work under this extended or amended contract since work commenced this fall.

After a week of preliminary repairing and rehabilitating of equipment the first round was drilled on Saturday Oct. 8th. Work since then has been carried forward as fast as possible. Supplies of gas, oil, railppwder, primers and steel have all been moved in. Sufficient supplies, with the possible exception of powder are now on hand at the Red Top, where the three man crew is headquartered and at the Lucille to complete the initial contract given to Mr. Bill Koski of Northport. Assisting Mr. Koski are Phil Crain and Robert A. Rukke of Northport.

Shortly after start of drilling a vein of ore averaging over 4 feet was intersected and drilling continued forward for some 30 odd feet past the ore. At that time Mr. Donald Kellums of DMEA office spent parts of two days checking on the contact zone and the ore run thru. Under his ~~direction~~ instruction we were ~~instructed~~ directed to some back to the ore and drift each way on the vein keeping the contact wall as our hanging wall. If the ore should continue to show, we were to continue the lef t drift as wellas the right, but if it disappeared to our left to not put over 5 rounds in ~~in that direction~~ at this time.

Our first two sideswipes, one in each direction has shown the ore to improve in both directions and today this large round was completely mucked out and preparations for putting in two switches went ahead.

Facilities for separating the development ore that has been mined and which may be mined were made on the dump. In other words we are separating the development or at this time for a later pickup if so desired.

Weather has been rainy and snowy, with four inches of snow at the Lucille portal on Sunday October 30th. Roads are fair but at times quite muddy and slick.

A new compressor was put into use the first day of drilling and has been in use continuosly since while awaiting some minor repairs for the larger compressor. New heads are on hand for this larger compressor and when final repairs are completed on it, the work may be stepped up somewhat as we are slightly handicapped for air at times. We are limited to one drill at a time for the present.

Mrs. Lickes from DMEA office was at the mine today and her figures on the adavncement are totaled in the October report. 50.7 feet of cross cut and 9' of drift on the ore.

Yours very truly,

Wm Koski, Contractor *Wm Koski*
Robert A. Rukke, V. Pres. *Robert A. Rukke*

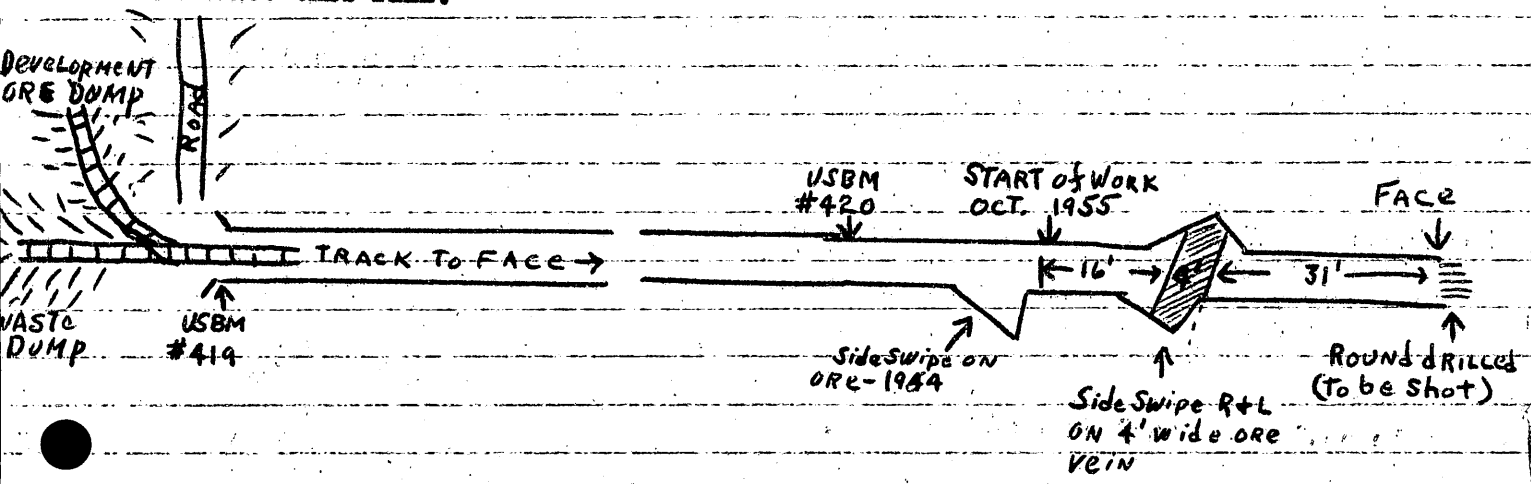
Northport, Wash.
Nov. 1, 1955

United States Bureau of Mines
1201 N. Division Street
Spokane, Wash.

RE: Lucille Mine
DMEA 2123-Contract E228-Amended

Gentlemen:

Following is a sketch of the Lucille Mine and the work done since start of contract this fall:



Nov. 1, 1955

N

Yours very truly,

Pacific Northwest Mining Co.

Robert A. Rukke, V. Pres.

Robert A. Rukke

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
1201 N. Division St.
Spokane 2, Washington
February 28, 1955

Mrs. Myrtle Purdy
Certifying Officer
DMEA Field Team, Region I
Spokane, Washington

Re: Docket No. DMEA 2123 (lead-zinc)
Pacific Northwest Mining Co.
Lucile Mine
Stevens County, Washington
Contract No. Idm-E228

Dear Mrs. Purdy:

The Rotary Grinder which was deleted from the May-June 1952 voucher should be reinstated for payment as it was necessary for the Operator to have the grinder on the job to sharpen drill bits as they were needed. To send the bits out to have them ground would have entailed a higher cost than the cost of grinding bits on the job. Also, a larger inventory of steel would be required if bits were not sharpened at the mine, causing an additional cost.

By Field Team, Region I, NW District

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

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

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

Pacific Northwest Mining Co.
Lease E. 228

RECEIVED
OCT 10 1955

Mf 1040 - Unpaid

	50%
June 1954 - original	42687
June 1954 - amended	20292
July 1954	7375
August 1954	34975
Sept. 1954	8480
Nov - Dec 1954 - Adjusted to audit	[illegible]
Due from operator	108207

Audit Certificate allows payments to operator of	773686
Paid operator prior to audit	881893
Due from operator	108207

Form MF-104 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

RECEIVED
OCT 10 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of November-December, 1954 Docket No. DMEA 2123 Contract No. E223
Operator's Name Pacific Northwest Mining Company Minerals lead-zinc
Address 619-4th. Street Bremerton, Wash.
Contract Amount, $ 37,284.00 Government Participation: 50 % Amount, $ 18,642.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing		800.00	800.00	290.00	800.00	1090.00
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	555.60	5017.89	5573.49	[illegible]	5017.89	4608.89
Supervision	125.00	2658.00	2783.00	750.00	2658.20	1908.20
Technical Services						
(3) Operating Mat'ls and Supplies: small tools & supplies				52.16	—0—	52.16
Timber	4.59	185.40	189.99	18.82	185.40	204.22
Explosives		852.58	852.58	[illegible]	852.58	726.98
Pipe		122.03	122.03	[illegible]	122.03	—0—
Track	20.00	292.58	312.58	98.57	292.58	391.15
gas and oil	140.58	1781.81	1922.38	[illegible]	1726.40	1606.71
steel		636.96	636.96	62.50	692.37	628.87
(4) Operating Equipment: miscellaneous				105.57	—0—	105.57
Rental		21.63	21.63	21.63	21.63	—0—
Purchase		4491.42	4491.42	462.83	4491.42	4954.25
Depreciation						
(5) Initial Rehabilitation and Repairs		701.62	701.62	222.18	701.62	479.44
(6) New Bldgs., Improvements, etc.		1319.23	1319.23	854.31	1319.23	464.92
(7) Miscellaneous:						
Repairs to Equipment	216.38	505.65	722.03	38.62	505.65	544.27
Sampling and Analysis						
Payroll Taxes	79.81	272.45	352.26	50.99	241.98	292.97
Liability Insurance		338.57	338.57	36.05	285.07	321.12
(8) Contingencies (specify): Property proceeds				[illegible]	—0—	[illegible]
TOTALS	1141.96	19,998.06	21,139.98	[illegible]	19914.05	15475.92

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

Date 12/18/54 *Payee Pacific Northwest Mining Company

Per Robert A. Rukke Title V. President

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

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

(Instructions on reverse)

adjusted to audit report dated 9-7-55

Check has been received from operator in settlement.

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

$ —0—

Signature MEP
(Authorized Certifying Officer)

Date 9-29-55 Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-228 in accordance with the terms of the contract.

Signature /S/ Stephen W Zoldok Title Mining Engr Date 9-29-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen W Zoldok Title Mining Engr Date 9-29-55

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT 10 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Nov.-Dec. 195 4 Docket No. DMEA 2203 Contract No. 2228
Operator's Name Pacific Northwest Mining Company Minerals Lead-zinc
Address 619 4th Street Freeman, Wash.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting		1141.96	23	13,627.71	498	27.76		
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping				800.00	70	11.43		
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1141.96	14,627.71					Total Costs Authorized by Contract
Operating Equipment Purchased			4,491.42					
Initial Rehabilitation and Repairs			701.62					
New Buildings, Improvements, etc.			1,319.13					
Total Costs		1141.96	21,139.88					

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

Remarks:

Date Dec. 10, 1954 Operator Pacific Northwest Mining Co.

Per Robert A. Lukke Title V. President

Robert A Lukke

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

(Instructions on reverse)

(For Government use only)

ISI Stephen W Zoldok

INSTRUCTIONS

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

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

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

GPO 872894

Northport, Wash.
Dec. 18, 1954

United States Department of the Interior
Defense Minerals Exploration Administration
Spokane, Wash.

RECEIVED
OCT 10 1955

Lucille Mine-Stevens County
DMEA 2123 E228

Attention: Mr. A. E. WEissenborn

Dear Sir:

Enclosed please find the reports for the months of November and December on above project along with vouchers on materials purchased.

As you will note in the time sheet attached, many of the days were of just a few gours work. These were the days when we had breakdowns at the mine necessitating curtailment of work until such repairs were made. This knowked us out of a lot of labor as it was necessary to return to Northport in the case of such failure.

As usual, using the regular cap and fuse we experienced some difficulty in getting a full round to go at all times. Fuse were all greased but nevertheless due to water conditions several misses were experienced.

The two rounds shot into the stringer of ore showing on the right hand side first opened up this stringer to about 5 or 6 inches of excellent looking ore. The next round this nice showing disappeared but the fine dissemination of mineral in the wall rock can still be seen. It must be that we are near an ore body or closer to the ore body in question on that side than was expected. We did not yet reach the contact zone but the rock has appeared much harder and of a much whiter color.

The compressor which had been acting up and failing to give us steady power on some days was finally brought around to running very steadily with ample power, when our funds fun short. Payment of what was due Pacific Northwest Mining Company on past vouchers would have seen this work still carried on depending of course upon the road conditions. We experienced several trying and hazardous trips the last few days due to icy conditions on the road almost going over the bank on occasions.

I feel very sure from what I have seen in the Lucille tunnel that we are about to enter an ore zone that could be very promising because the samples of ore that we brought out seemed to be very much heavier to lead than to zinc. A renewal of this loan for work to start early in the spring would bsing this contract to a successful conclusion. We have very nearly met all the requirements demanded by the state so that funds we now have raised will be freed for completing the contract. We are so close to determining this, that it would be to the advantage of all parties concerned to see that this contract is renewed.

We spent a few hours the final day in stacking hose and equipment away so that all will be in shape when work presumably could start again.

Yours very truly,

Pacific Northwest Mining Company
/s/r Robert A. Rukke, V. President

New track and ties were laid on the dump along with installation of one switch at portal, also.

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT 10 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of [illegible], 195[illegible] Docket No. DMEA [illegible] Contract No. [illegible]
Operator's Name [illegible] Minerals [illegible]
Address [illegible]
Contract Amount, $[illegible] Government Participation: [illegible]% Amount, $[illegible]

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing		[illegible]	[illegible]			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	[illegible]	[illegible]	[illegible]			
Supervision	[illegible]	[illegible]	[illegible]			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		[illegible]	[illegible]			
Explosives		[illegible]	[illegible]			
Pipe		[illegible]	[illegible]			
Track		[illegible]	[illegible]			
[illegible]		[illegible]	[illegible]			
(4) Operating Equipment:						
Rental		[illegible]	[illegible]			
Purchase		[illegible]	[illegible]			
Depreciation						
(5) Initial Rehabilitation and Repairs		[illegible]	[illegible]			
(6) New Bldgs., Improvements, etc.		[illegible]	[illegible]			
(7) Miscellaneous:						
Repairs to Equipment	[illegible]	[illegible]	[illegible]			
Sampling and Analysis						
Payroll Taxes		[illegible]	[illegible]			
Liability Insurance		[illegible]	[illegible]			
(8) Contingencies (specify):						
TOTALS	[illegible]	[illegible]	[illegible]	169.60	19744.45	19914.05

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

Date [illegible] *Payee [illegible]
Robert A. Lukke
Per [illegible] Title [illegible]

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

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

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

$ —o—

Signature M. D. P.
(Authorized Certifying Officer)

Date 9-29-55 Vou. No.
(See other side)

Taken into account (Instructions on reverse)
in adjusting to audit report dated 9-29-55
on Nov-Dec. 1954 MF104

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 228 in accordance with the terms of the contract.

Signature Noted Stephen W Zoldok Title Mng Eng Date 9-29-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: notation by Zoldok - to be adjusted to audit report

Signature /S/ Stephen W Zoldok Title Mining Engr Date 9-29-55

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT 10 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of [illegible] 195[illegible] Docket No. DMEA [illegible] Contract No. [illegible]
Operator's Name [illegible] Minerals [illegible]
Address [illegible]

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping				[illegible]	[illegible]	[illegible]		
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		[illegible]	[illegible]					TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased			[illegible]					
Initial Rehabilitation and Repairs			[illegible]					
New Buildings, Improvements, etc.			[illegible]					
TOTAL COSTS		[illegible]	[illegible]					

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

Date [illegible] Operator [illegible]

Per Robert A. Kelke Title [illegible]

REMARKS:

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

(Instructions on reverse)

(For Government use only)

/S/ Stephen W Zoldak

INSTRUCTIONS

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

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

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

GPO 872894

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT 10 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of [illegible], 195[illegible] Docket No. DMEA [illegible] Contract No. [illegible]
Operator's Name [illegible] Minerals [illegible]
Address [illegible]
Contract Amount, $[illegible] Government Participation: [illegible] % Amount, $[illegible]

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent / Short Form Contracts:						
Drilling						
Bulldozing		[illegible]	[illegible]		800.00	800.00
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	[illegible]	[illegible]	[illegible]	181.50	4812.39	4993.89
Supervision	[illegible]	[illegible]	[illegible]	250.00	2283.20	2533.20
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		[illegible]	[illegible]		185.40	185.40
Explosives	[illegible]	[illegible]	[illegible]	116.78	735.80	852.58
Pipe		[illegible]	[illegible]		122.03	122.03
Track steel	[illegible]	[illegible]	[illegible]	35.00	257.58	292.58
[illegible]	[illegible]	[illegible]	[illegible]		636.96	636.96
				55.41	1726.40	1781.81
(4) Operating Equipment:						
Rental	[illegible]	[illegible]	[illegible]	21.63	—0—	21.63
Purchase		[illegible]	[illegible]		4491.42	4491.42
Depreciation						
(5) Initial Rehabilitation and Repairs		[illegible]	[illegible]		701.62	701.62
(6) New Bldgs., Improvements, etc.		[illegible]	[illegible]		1319.23	1319.23
(7) Miscellaneous:						
Repairs to Equipment	[illegible]	[illegible]	[illegible]	39.18	445.87	485.05
Sampling and Analysis						
Payroll Taxes		[illegible]	[illegible]		241.98	241.98
Liability Insurance					285.07	285.07
(8) Contingencies (specify):						
TOTALS	[illegible]	[illegible]	[illegible]	699.50	19044.95	19744.45

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

Date [illegible] *Payee [illegible]
Robert L Burke
Per [illegible] Title [illegible]

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

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

(Instructions on reverse)

Taken into account in adjusting to audit report dated 9-7-55 on Nov. - Dec. MF 104

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

$ —0—

Signature M QP
(Authorized Certifying Officer)

Date 9-29-55 Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 228 in accordance with the terms of the contract.

Signature /S/ Webster S Anderson Title Mining Engr Date 9-13-54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen W Foldok Title Mining Engr Date 9-14-54

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT 10 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of [illegible] 195[illegible] Docket No. DMEA [illegible] Contract No. [illegible]
Operator's Name [illegible] Minerals [illegible]
Address [illegible]

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping				[illegible]	[illegible]	[illegible]		
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		[illegible]	[illegible]					Total Costs Authorized by Contract
Operating Equipment Purchased			[illegible]					
Initial Rehabilitation and Repairs			[illegible]					
New Buildings, Improvements, etc.			[illegible]					
Total Costs		[illegible]	[illegible]					

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

Date [illegible] Operator [illegible]
Per Rita Rubke Title [illegible]

Remarks:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

Northport, Washington
October 9, 1954

RECEIVED
OCT 10 1955

United States Department of the Interior
Defense Minerals Exploration Administration
Spokane, Wash/

RE: Lucille Mine--DMEA 2123--E228

Gentlemen:

Although there was no further footage for this month we did try. We did however get the missed lifters on the last round cleared away so that the next face drilling will be on an even basis.

On September 7th, I attempted to go to work at the Lucille but busted the gas tank on my car on a protruding rock.

On September 14th we were ready to go to work again when we shorted out the starter on the compressor due to porcupines having chewed thru a cable and this in turn burned out the starter. With the engine in need of a new head at this time it was impossible to get the machine started. It took approximately one week to get the starter back from the repair shopin Spokane. (Spokane Armature). On September 20th rather than risk my car over the roads as they then were we took the four wheel drive rig and this in turn threw a ~~xxxx~~ rod a short distance above the Red Top portal. We had to walk home.

On September 24th we replaced the starter and found two more Porcupines in our traps and they in turn had turned the battery box over and chewed up all the cables on the batteries shorting these two out so we were again stymied. These have since been brought into town and recharged and the new cables replaced. However, I have been unable to get back to the Lucille to do any further work.

During the month of September we had the road from the Red Top to the Lucille bulldozed out so that a car can travel in safety from R. Top to the portal. Further work was done with bulldozer to make all roads for turning around, etc. in shape for the coming winter. The bill on this work has not as yet been submitted to us so we are unable to turn this in until next month. This was a necessity if we are to continue any work the next two months.

We are expecting our funds to be released soon as only one or two creditors have so far failed to go along with us and they have been called on again with very likely results. The state has agreed to continue along with us and any day I am expecting word from the home office so that work can go on steadily.

When Mr. Steyer contacted your office some time ago it was understood that the funds due Pacific Northwest from DMEA would be paid very shortly. This would carry us on right now for a full month ~~xx~~ if so released and we could complete the drift to the contact zone and then come back and start the two crossdrifts called for. This work could and would be done at once if these funds were available while we are awaiting our release of funds from the state. The weather is o.k. not but later will be more difficult. Isn't it possible that these funds could be paid now and thus allow us to continue full time or nearly so on our contract??

I have the men ready to go to work if the funds are released and paid by DMEA

Yours very truly,

/s/ Robert A. Rukke, V. President
Pacific Northwest Mining Co.

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT 10 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July, 1954 Docket No. DMEA [illegible] Contract No. [illegible]
Operator's Name Pacific Northwest Mining Co. Minerals Lead-Zinc
Address 619-4th Street, Bremerton, Wash.
Contract Amount, $ 37,204.00 Government Participation: 50 % Amount, $ 18,602.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing		800.00	800.00		800.00	800.00
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	22.50	4789.89	4812.39	22.50	4789.89	4812.39
Supervision	125.00	2158.20	2283.20	125.00	2158.20	2283.20
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		185.40	185.40		185.40	185.40
Explosives		735.80	735.80		735.80	735.80
Pipe		122.03	122.03		122.03	122.03
Track		257.58	257.58		257.58	257.58
Wood		636.96	636.96		636.96	636.96
Gas & oil		1726.40	1726.40		1726.40	1726.40
(4) Operating Equipment:						
Rental						
Purchase		4491.42	4491.42		4491.42	4491.42
Depreciation						
(5) Initial Rehabilitation and Repairs		701.62	701.62		701.62	701.62
(6) New Bldgs., Improvements, etc.		1319.23	1319.23		1319.23	1319.23
(7) Miscellaneous:						
Repairs to Equipment		445.87	445.87		445.87	445.87
Sampling and Analysis						
Payroll Taxes		272.45	272.45		241.98	241.98
Liability Insurance		330.57	330.57		285.07	285.07
(8) Contingencies (specify):						
TOTALS	147.50	18,902.42	19,288.92	147.50	18897.45	19044.95

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

Date 9/1/54 *Payee Pacific Northwest Mining Co.

Per Robert A. Pasche Title President

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

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

(Instructions on reverse)

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

$ — o —

Signature M 2P
(Authorized Certifying Officer)

Date 9-29-55 Vou. No.
(See other side)

Taken into account in adjusting to audit report dated 9-7-55 on Nov-Dec. 1954 MF104

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-228 in accordance with the terms of the contract.

Signature /s/ Webster S. Anderson Title Mining Engr. Date 9-13-54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ Stephen W. Zoldok Title Mining Engr. Date 9-14-54

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-16-A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED
OCT 10 1955

Month of July 1955 Docket No. DMEA [illegible] Contract No. [illegible]
Operator's Name Pacific Northwest Mining Company Minerals [illegible]
Address 619-[illegible] Smooth Bonneville, Wash.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting		147.50	0	21,036.69	450	25.60		
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping				000.00	703	33.43		
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		147.50	22,036.69					Total Costs Authorized by Contract
Operating Equipment Purchased			491.12					
Initial Rehabilitation and Repairs			701.60					
New Buildings, Improvements, etc.			1319.23					
Total Costs		147.50	24,548.64					

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

Date 9/1/55 Operator Pacific Northwest Mining Co.
Per Robert A. Sutherlin Title President

Remarks:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

RECEIVED
OCT 10 1955

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

Month of [illegible], 1954 Docket No. DMEA [illegible] Contract No. [illegible]
Operator's Name [illegible] Minerals [illegible]
Address [illegible]
Contract Amount, $ [illegible] Government Participation: [illegible] % Amount, $ [illegible]

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent / Short Form Contracts:						
Drilling		[illegible]	[illegible]			
Bulldozing					800.00	800.00
Crosscutting						
Drifting						
(2) Labor and Supervision:	[illegible]	[illegible]	[illegible]			
Labor	[illegible]	[illegible]	[illegible]	—0—	4789.89	4789.89
Supervision	[illegible]	[illegible]	[illegible]	250.00	1908.20	2158.20
Technical Services						
(3) Operating Mat'ls. and Supplies:		[illegible]	[illegible]			
Timber	[illegible]	[illegible]	[illegible]		185.40	185.40
Explosives		[illegible]	[illegible]		735.80	735.80
Pipe		[illegible]	[illegible]		122.03	122.03
Track					259.58	259.58
[illegible]		[illegible]	[illegible]		636.96	636.96
[illegible]	[illegible]	[illegible]	[illegible]	—0—	1726.40	1726.40
(4) Operating Equipment:						
Rental		[illegible]	[illegible]			
Purchase					4491.42	4491.42
Depreciation		[illegible]	[illegible]			
(5) Initial Rehabilitation and Repairs		[illegible]	[illegible]		701.62	701.62
(6) New Bldgs., Improvements, etc.		[illegible]	[illegible]		1319.23	1319.23
(7) Miscellaneous:	[illegible]	[illegible]	[illegible]			
Repairs to Equipment					445.87	445.87
Sampling and Analysis		[illegible]	[illegible]			
Payroll Taxes		[illegible]	[illegible]		241.98	241.98
Liability Insurance					285.07	285.07
(8) Contingencies (specify):						
TOTALS	[illegible]	[illegible]	[illegible]	405.84	18491.61	18897.45

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

Date [illegible] *Payee [illegible]

Per [illegible] Title [illegible]

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

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

(Instructions on reverse)

Taken into account in adjusting to audit report dated 9-7-55 on Nov & Dec. 1954 MF 104

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

$ —0—

Signature MAP
(Authorized Certifying Officer)

Date 9-29-55 Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 228 in accordance with the terms of the contract.

Signature 1st Webster S. Anderson Title Mining Eng Date 9-13-54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature 1st Stephen W. Zoldok Title Mining Eng Date 9-14-54

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 872893

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT 10 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of [illegible] 195[illegible] Docket No. DMEA [illegible] Contract No. [illegible]
Operator's Name [illegible]
Address [illegible]
Minerals [illegible]

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting		[illegible]	[illegible]	[illegible]	[illegible]			
Crosscutting								
Raising (Prospecting)		200.57	[illegible]	[illegible]	[illegible]	[illegible]		
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger				[illegible]	[illegible]	[illegible]		
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		200.57	[illegible]					TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased			[illegible]					
Initial Rehabilitation and Repairs			[illegible]					
New Buildings, Improvements, etc.			[illegible]					
TOTAL COSTS		200.57	[illegible]					

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

Date 9/4/55 Operator [illegible]
Per Robert E. Lukke Title [illegible]

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
OCT 10 1955

Northport, Washington
September 4, 1954

United States Department of the Interior
Defense Minerals Exploration Administration
Spokane, Wash.

RE: Lucille Mine-DMEA 2123X Contract E228

Gentlemen:

Enclosed please find AMENDED REPORT for June. This includes several bills that should have been turned in on the above contract originally, also supervisors salary was omitted.

The report for July and August along with bills so far on hand is enclosed likewise. Included with these reports are payroll sheets showing the labor and the footage or progress made.

The last two rounds at the Lucille have encountered difficulties in pulling the lifters, due no doubt to the extra water that possibly is found near the contact zone which must be nearing. In the event the regular fuse and cap does not work satisfactorily, we may have to resort to electric primers again.

In the bill turned in for August you will find the purchase 'on bid' from the Spokane Mining Syndicate for $136.50. As I understand it, the half of this bill can be transferred to our account in your office. The other half we will settle directly with the Spokane Mining Syndicate.

Please send a new supply of forms MF-104 and MF-104A.

We are dozing the road from the Red Top to the Lucille as road was in very bad shape. Also a new turn around at the lower part of the dump is being dozed out to facilitate the work at the Lucille. By now this road should be completed.

Yours very truly,

Pacific Northwest Mining Company

Robert A. Rukke, V-Pres.
Supervisor

Form MF-104 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

RECEIVED
OCT 10 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June, 1954 Docket No. DMEA 2123 X Contract No. B 228
Operator's Name Pacific Northwest Mining Company Minerals Lead-Zinc
Address 619-4th St. Bremerton, Wash.
Contract Amount, $ 37,284.00 Government Participation: 50 % Amount, $ 18,642.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing		800.00	800.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	634.16	4155.73	4789.89			
Supervision		1908.00	1908.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		185.40	185.40			
Explosives Elec. wire	10.00	725.80	735.80			
Pipe		122.03	122.03			
Track		257.58	257.58			
Steel ~~Hammering wire (Drama)~~	20.00	636.96	636.96			
gas, oil	143.92	1577.48	1726.40			
(4) Operating Equipment:						
Rental						
Purchase		4491.42	4491.42			
Depreciation						
(5) Initial Rehabilitation and Repairs		701.62	701.62			
(6) New Bldgs., Improvements, etc.		1319.23	1319.23			
(7) Miscellaneous:						
Repairs to Equipment	60.65	229.38 ~~60.65~~	290.03			
Sampling and Analysis						
Payroll Taxes		272.45	272.45			
Liability Insurance		336.57	336.57			
(8) Contingencies (specify):						
TOTALS	853.73	17,721.85	18,575.58	853.73	17637.88	18491.61

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

Date July 17, 1954 *Payee ~~Pacific Northwest Mining Co.~~
Robert A. Rukke
Per Robert A. Rukke Title ~~V. President~~

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

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

(Instructions on reverse)

Taken into account in adjusting to audit report dated 9-7-55 on Nov.-Dec. 1954 Mf 104

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

$ — o —

Signature M QP
(Authorized Certifying Officer)

Date 9-29-55 Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 228 in accordance with the terms of the contract.

Signature /S/ Noted /S/ Stephen W Goldoff Title Mining Engr Date 9-29-55

/S/ To be adjusted to final audit report.

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /S/ Stephen W Goldoff Title Mining Engr Date 9-29-55

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 872893

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED
OCT 10 1955

Month of June 1954 Docket No. DMEA 2123 X Contract No. E 228
Operator's Name Pacific Northwest Mining Company Minerals Lead-Zinc
Address 619-4th. Street Bremerton, Wash.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting		853.73	49	11,263.31	460	24.48		
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping				800.00	70%	11.42		
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		853.73	12,063.31					TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased			4,491.42					
Initial Rehabilitation and Repairs			701.62					
New Buildings, Improvements, etc.			1,319.23					
TOTAL COSTS		853.73	18,575.58					

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

Date July 17, 1954 Operator Pacific Northwest Mining Co.

Per Robert A. Rikke Title V. President
Robert A. Rikke

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

918

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

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

Mr. Martin A. Morrison, President
Pacific Northwest Mining Company
619 Fourth Street
c/o Jack Gooding
Bremerton, Washington

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Subject: Docket No. DMEA 2123 (lead-zinc)
Lucile Mine
Stevens County, Wash.
Contract No. Idm-E226

Dear Mr. Morrison:

A recent audit of your accounts by Mr. R. M. Hull, DMEA Auditor, indicated your financial position to be such that continuation of work under the subject contract would seem doubtful. Our field engineer reports, however, that some work has been done this year even though the expiration date of the contract was not extended by an amendment. The status of the work now places it near the target. We have advised the Washington D. C. office of this situation and subsequently have received instructions to ask if you have any dependable plan for continuing the work, inasmuch as considerable money has been expended in arriving at the present status. Please inform us if you have any such plan in view and whether any arrangements have been made to improve your financial position.

The DMEA office in Washington D.C. has advised that the Government is obligated to contribute to the costs of the contract work performed after the date specified in the amendment for completion of such work but prior to final termination of the contract. That office indicated, however, that although the Government is obligated to pay for work completed this year it will not, in this case, make payment until recovery of the Government's interest in equipment and materials purchased under the contract is assured.

An early reply will be appreciated.

By Field Team, Region II

Thor Kiilsgaard, Acting Member
U. S. Geological Survey

M. E. Volin, Acting Exec. Officer
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.

AUG - 4 1953

818,93

1201 N. Division St.
Spokane 2, Washington
July 30, 1953

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

Subject: Docket No. DMEA 2123 (lead-zinc)
Pacific Northwest Mining Co.
Stevens County, Washington
Contract Idm-E228

Dear Mr. Selfridge:

Attached are two copies of a memorandum report by Robert M. Hull, DMEA Auditor, of an investigation made last week of the subject Operator's financial condition. The investigation was made at our request to determine the advisability of continuing the project. For a review of the situation you are referred to a memorandum by Harold Kirkemo, U. S. Geological Survey, dated February 3, 1953, and our subsequent correspondence with the Operator.

Mr. Hull's memorandum indicates that the financial difficulties of the Pacific Northwest Mining Company have not been resolved during the winter but in fact are even worse than we had suspected. In addition to the liens referred to previously, the Company has many outstanding notes and bills for supplies, equipment and services which they evidently are unable to pay. It appears, therefore, that there is little chance for completion of the project, and it is recommended that the contract be terminated.

This recommendation is made in spite of the fact that some work has been done this season. An inspection by Willard Puffett, USGS, made on July 14 indicated that an advance of one round had been made since the project was shut down last fall. After the date of that inspection it was reported that the crosscut had been continued and the ore zone cut. In order to check this report W. S. Anderson, USBM, visited the project on July 28. There was no one at the property and though the crosscut had been driven an additional 20 feet since Puffett's inspection the ore zone had not been intersected. The only ore minerals exposed were in a small, sparsely mineralized pod associated with a narrow dike near the face. It appears, from this slow progress, that the Operator is doing little more than marking time in the hope that the contract will be extended.

Most, if not all, of the work accomplished this season has been done since the completion date specified in the contract. In the event the contract is terminated we would like a ruling from your office as to the Government's obligation for contribution to the cost of this work.

By Field Team, Region II

M. E. Velin, Acting Exec. Officer
U. S. Bureau of Mines

Thor Kiilsgaard, Acting Member
U. S. Geological Survey

Enclosure

cc: Contract Admin. & Audit Div.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG - 4 1953

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

MEMORANDUM

To: DMEA Field Team, Region II

From: Robert M. Hull, Auditor

Subject: Pacific Northwest Mining Company
Contract No. Idm-E228
Docket No. DMA 2123X (lead-zinc)

A review was made of the books and records of the Pacific Northwest Mining Company at the Company offices, 619 Fourth Street, Bremerton, Washington, from July 17 through July 21, 1953. I had a conference with Mr. Martin A. Morrison, President of the Company, and Mr. Jack Gooding, a licensed public accountant and a partner in the firm of Crawford, Brown and Gooding. Mr. Gooding handles the accounting for the Pacific Northwest Mining Company.

The Pacific Northwest Mining Company's President, Mr. Morrison, maintains his office in space given rent free by Crawford, Brown and Gooding. Mr. Gooding stated his firm has not billed the Pacific Northwest Mining Company for accounting services. I was given to understand that the office space and accounting services were given free out of personal friendship between Mr. Gooding and Mr. Morrison.

During the course of the conference I stressed the importance of paying obligations promptly which pertained to the exploration project contract, and I was able to obtain from the records the existing status of unpaid bills as of July 21, 1953, which are:

Copco Pacific, Ltd.	$453.71
Spokane Foundry	108.75
Gibson Welding Supplies	54.72
R. M. Lee Company, Inc.	515.10
Andrews Equipment Service	130.77
Harmans Department Stores	559.81
Bitoe, Inc.	34.45
Lynn Farm Supply	48.13
Colville Auto Parts	37.74
Tuttle Repair Shop	45.60

Zoodsam, Inc.	$ 53.50
V. R. Douglas Lumber Co.	350.00
Tony's Market	475.00
Union Oil Co. of California	630.53
Harold S. Klmes	30.50
Joy Manufacturing Co.	1,071.11
Stewart Lumber Co.	63.00
	$4,662.42

The majority of these bills are being reduced by small payments whenever the Company has any funds. The correspondence files of the Company contain many letters requesting payment.

There are the following notes outstanding:

James Keeley, dated April 1, 1953, in the amount of $2,692.00 with interest at 6% per year, payable in monthly installments of not less than $400.00 together with the full amount of interest due at time of payment. The first payment was due on June 1, 1953. Two payments have been made

June 2, 1953 $400.00 by check No. 660
July 1, 1953 $400.00 by check No. 688

These two checks were drawn on the Peoples National Bank of Washington, Bremerton Branch.

Edgar Ackman (1114 Pacific Avenue, Bremerton, Washington) dated January 15, 1953, in the amount of $3,200.00 with 6% interest due in ninety (90) days. Interest to be paid at termination of note. As of July 21, 1953 no payments had been made.

Ben Dreaky (New Zealand Hotel, Northport, Washington) dated February 24, 1953, in the amount of $984.00 with interest at 6% due in sixty (60) days. As of July 21, 1953 no payments had been made.

William H. Steyer (3740 E. Roosevelt, Tacoma, Washington) dated March 24, 1953, in the amount of $2,900.00 with 6% interest at termination of note, due in ninety (90) days. As of July 21, 1953 no payments had been made.

The Horse Shoe Basin Mining Company, which owns 51% of the Pacific Northwest Mining Company, advanced $2,000.00 on August 21, 1952 and an additional $2,000.00 on September 8, 1952. Mr. Merrison, President of Pacific Northwest Mining Company, stated that these advances did not carry any interest and no definite time limit for repayment had been established. As of July 21, 1953, the sum of $2,015.53 had been repaid, leaving a balance due of $1,984.47.

The Pacific Northwest Mining Company purchased equipment from the Western Machinery Company of Spokane, valued at $6,029.04 and payable in 13 payments of $445.11 each beginning August 23, 1952. This financial arrangement was handled through the American Trust Company, 1 Grant Street, San Francisco, California. The American Trust Company, in a letter dated July 15, 1953 and signed by L. F. Kenny, Assistant Manager, advised Pacific Northwest Mining Company that they were delinquent in their payments as follows:

February 1953	$ 445.11	$10.00	delinquency	fee
March	445.11	10.00	"	"
April	445.11	10.00	"	"
May	445.11	10.00	"	"
June	445.11	10.00	"	"
	$2,225.55	$50.00		

The American Trust Company requested immediate payment of the outstanding indebtedness.

The Pacific Northwest Mining Company's cash position as of July 21, 1953 was:

National Bank of Commerce of Seattle (Colville Branch)	$ 7.02*
Peoples National Bank of Washington (Bremerton Branch)	75.63

*This balance has remained unchanged since September 3, 1952.

At the present time there are several liens against the Company.

Lindsley vs. Pacific Northwest Mining Company in the amount of $1,125.00. This suit covers wages claimed by a former employee, Norman D. Lindsley.

State of Washington (State Forestry Division) vs. Pacific Northwest Mining Company in the amount of $5,309.61. This suit covers a fire.

The following item was taken from the Spokane Daily Chronicle of June 30, 1953.

"Mining Company Faces $5309 Suit

"The State Forestry division has filed a $5309 damage suit against Pacific Northwest Mining Company, operator of the Lucille mine in northern Stevens County, the Colville Statesman-Examiner reports.

"The complaint charges that a fire started through negligence of company employees last September 26 burned out of control, and forest service personnel had to be called out to fight the blaze. Co-defendants are Stephen W. Zaldok, Betty Jane Zaldok and Joseph M. Zaldok, owners of the mine."

These two suits are being handled by Ennis & Herman, Attorneys, Suite 210, Paulsen Building, Spokane, Washington.

The U. S. Government (Bureau of Internal Revenue) has filed Tax Liens against the Company for

$2,977.29	Withholding taxes
1,093.96	Social Security taxes
4,071.25	
253.30	Penalties
$4,324.55	Total

In addition, interest at the rate of 6% is accruing on the unpaid balance.

The U. S. Bureau of Internal Revenue branch office at 207 Washington Street, Bremerton, Washington, is handling the case. A discussion with Mr. Chet Simpier of the Bremerton office revealed that unless a substantial payment is made before the end of July 1953 the Bureau will be forced to take "drastic" action. Mr. Simpier did not reveal what the "drastic" action would be. However, he pointed out that the Company has made only two payments - one on February 25, 1953 in the amount of $700.00 and one on June 2, 1953 in the amount of $200.00. As of July 21, 1953 the total amount owing to the Government was $4,324.55 plus interest.

There is an additional amount owing to the Department of Labor and Industries, State of Washington, in the amount of $933.01. This is made up of:

Industrial Insurance and Medical Aid Premiums Due

4th Quarter 1952	$721.19
1st Quarter 1953	211.82
	$933.01

In summary, the Pacific Northwest Mining Company's assorted debts are

Accounts Payable	$ 4,662.42
Notes outstanding	13,236.02*
Delinquent taxes	5,257.56*
	$23,156.00

*Plus such interest as may accrue.

In addition, the Company faces law suits totaling $6,434.61.

It is well to point out that the Horseshoe Basin Mining Company, which owns 51% of the stock of the Pacific Northwest Mining Company, is indebted to the Federal government for withholding and Social Security taxes in the amount of $715.23, and a tax lien has been filed.

The DMEA contract is for $37,284.00 with the Government's 50% share being $18,642.00. The Pacific Northwest Mining Company has submitted MF-104's through November 1952 which have been approved in the amount of $17,637.88, and the Government has contributed 50% of the cost or $8,818.93.

In discussion with Mr. Morrison I was led to believe that the Company is trying to raise additional funds by the sale of stock. Mr. Morrison further stated that the loans made by Mr. Ackman ($3200.00), Mr. Dreeky ($984.00), and Mr. Steyer ($2900.00) could be cancelled by the issuing of shares of stock in the company for a like amount. However, there was nothing in writing I could find to substantiate this claim.

From all the available evidence and records it appears that the Company is in grave financial difficulty.

Robert M. Hull

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
JUL 13 1953

July 8, 1953

Mr. Martin A. Morrison, President
Pacific Northwest Mining Company
619 Fourth Street
Bremerton, Washington

Re: Docket No. DMEA-2123 (lead-zinc)
Lucile Mine
Stevens County, Washington
Contract Idm-2280

Dear Mr. Morrison:

On June 19, 1953, we wrote you inquiring as to the location of your company records so that an audit could be arranged to determine if financial arrangements had been made to satisfy the liens now outstanding against your company and the Lucile Mine. To date we have not received an answer from you.

We must emphasize that it will be necessary to carry out this audit before consideration can be given to further extending the exploration project contract at the Lucile Mine.

By Field Team, Region II

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

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

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

Form MEF-104 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1038.3.
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 23 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of November, 1952 Docket No. DMEA 2123 X Contract No. E 228
Operator's Name Pacific Northwest Mining Co. Minerals Lead Zinc
Address 614 4th St. Bremerton Wash.
Contract Amount, $ 37,284.00 Government Participation: 50 % Amount, $ 18,642.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing		800.00	800.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	988.15	3,167.58	4,155.73			
Supervision	250.00	1,658.20	1,908.20			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		185.40	185.40			
Explosives		725.80	725.80			
Pipe		122.03	122.03			
Track		257.58	257.58			
Steel	190.62	446.34	636.96			
Gas + Oil Grease	388.75	1,188.73	1,577.48			
(4) Operating Equipment:						
Rental						
Purchase		4,491.42	4,491.42			
Depreciation						
(5) Initial Rehabilitation and Repairs		701.62	701.62			
(6) New Bldgs., Improvements, etc.		1,319.23	1,319.23			
(7) Miscellaneous:						
Repairs to Equipment	78.09	151.29	229.38			
Sampling and Analysis						
Payroll Taxes	50.52	221.93	272.45			
Liability Insurance	53.50	285.07	338.57			
(8) Contingencies (specify):						
TOTALS	1,999.63	15,722.22	17,721.85	[illegible]	15,922.22	17,127.88

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

Date Nov. 9, 1952 *Payee Pacific Northwest Mining Co.

Per Martin A. Monroe Title President

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

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

(Instructions on reverse)

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

$ 957.83

Signature [illegible]
(Authorized Certifying Officer)

Date 1/16/53 Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 228 in accordance with the terms of the contract.

Signature /s/ Webster S. Anderson Title Mining Engr. Date 1/15/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ Elwin A. Magill Title Mining Engr. Date 1/15/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JAN 2 5 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November 1952 Docket No. DMEA 213-X Contract No. E228
Operator's Name Pacific Northwest Mining Co. Minerals Lead Zinc
Address 619 4th St. Bremerton Wash.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting		1,999.63	40	10,409.58	411	25.32		
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping				800.00	70%	11.42		
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		1,999.63		11,209.58				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				4,491.42				
Initial Rehabilitation and Repairs				701.62				
New Buildings, Improvements, etc.				1,319.23				
TOTAL COSTS		1,999.63		17,721.85				

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

Date Nov 9 1952 Operator Pacific Northwest Mining Co.
Per Martin A. Monsaas Title President

REMARKS:

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

(Instructions on reverse)

(For Government use only)

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GPO 83-38475

PROGRESS REPORT, LUCILLE MINE Idm-E228

for

NOVEMBER, 1952

During the month of November, water shortage and freezing weather hampered contract drilling, which had to be suspended for many days.

A sump was sunk for collecting mine water, and a pump was rented by the company, and overhauled and installed by the contractors, with entirely satisfactory results.

The cross-cut is still progressing in marbelized limestone, thin-bedded for the greater part. No minerals of value were noted.

The total advance was forty feet for the month.

The road to Lucille portal was open and passable for the entire month, with no snow, excepting one light skift that soon melted.

NORMAN D. LINDSLEY

Norman D. Lindsley
Engineer in Charge

Form MF-104 (Rev.)
(April 1952)

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

Defense Minerals Administration
RECEIVED
JAN 9 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October, 1952 Docket No. DMEA 2123X Contract No. E 228
Operator's Name Pacific Northwest Mining Co. Minerals Lead & Zinc
Address 619 4th St. Bremerton, Washington
Contract Amount, $ 37,284.00 Government Participation 50 % Amount, $ 18,642.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing		800.00	800.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	1,763.44	1,404.14	3,167.58			
Supervision	250.00	1,408.20	1,658.20			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		185.40	185.40			
Explosives	41.41	684.39	725.80			
Pipe		122.03	122.03			
Track		257.58	257.58			
Steel	135.22	311.12	446.34			
Gas, Oil, Grease	312.72	876.01	1,188.73			
(4) Operating Equipment:						
Rental						
Purchase		4,491.42	4,491.42			
Depreciation						
(5) Initial Rehabilitation and Repairs	20.00	681.62	701.62			
(6) New Bldgs., Improvements, etc.		1,319.23	1,319.23			
(7) Miscellaneous:						
Repairs to Equipment	2.82	148.47	151.29			
Sampling and Analysis						
Payroll Taxes	84.56	137.37	221.93			
Liability Insurance	36.19	248.88	285.07			
(8) Contingencies (specify):						
TOTALS	2,646.36	13,075.86	15,722.22	2646.36	13075.86	15,722.22

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

Date 11/9/52 *Payee Pacific Northwest Mining Co.

Per Martin A. Morrison Title President

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

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

(Instructions on reverse)

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

$ 1323 18

Signature (Authorized Certifying Officer)

Date 1/6/53 Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E228 in accordance with the terms of the contract.

/s/ Signature Webster S Anderson Title Mining Engr. Date 1/5/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

/s/ Signature Thomas E Howard Title Mining Engr Date 1/5/53

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form ME-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 9 1953

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October 195 2 Docket No. DMEA 2123X Contract No. R228
Operator's Name Pacific Northwest Mining Co. Minerals Lead Zinc
Address 619 4th Street, Bremerton, Washington

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting		2,626.36	159	8,409.95	371	22.66		
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger				800.00	70%	11.42		
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		2,626.36		9,209.95				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				4,491.42				
Initial Rehabilitation and Repairs		20.00		701.62				
New Buildings, Improvements, etc				1,319.23				
TOTAL COSTS		2,646.36		15,722.22				

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

Date 11/9/52 Operator Pacific Northwest Mining Co.

Per Martin A. Monneau Title President

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

LUCILLE MINE Idm-5228

PROGRESS REPORT FOR OCTOBER 1952

Very little time was lost on the Lucille cross-cut during this period, with the result that 159 feet of advance was recorded, bringing our total footage to 371 feet.

At 351 feet from the portal, siliceous marbelized limestone was encountered, having a strike of S10° E, and a dip of 38° to the west. At this point difficulty was experienced in drilling and breaking, and a previously conceived plan of adopting narrower gauge bits, with electric blasting caps and 1" diameter powder, was put into effect, with very good results--faster drilling, and no missed holes.

Continuing to the westward, the rock became softer.

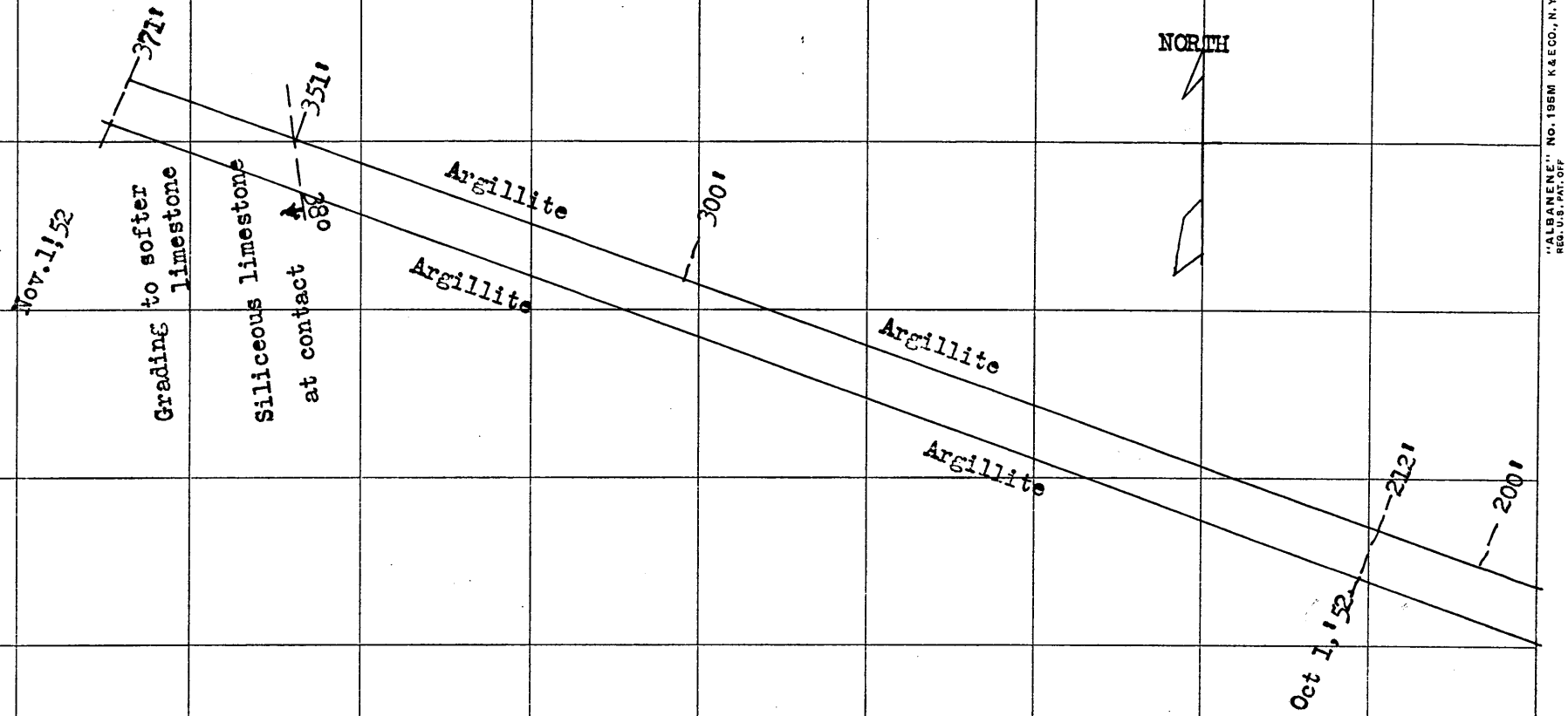
With freezing weather advancing, dependence must be had on sump water, which is increasing as we advance.

The mine crew is being shifted from the Lucille cabins to the Red Top camp, which has been rehabilitated for winter occupancy.

A new road, constructed from Red Top camp to the Admiral mill, renders Lucille camp also more readily accessible.

NORMAN B. LINDSLEY

Norman B. Lindsley
Manager
Engineer in Charge



GEOLOGIC SKETCH
LUCILLE X-CUT
Idm-E228
To November 1, '52

Scale, 1" equals 20 feet

Norman D. Lindsley

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

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

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

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

Bu. Vou. No. 520

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

Voucher prepared at Spokane, Washington 11/18/52
(Give place and date)

THE UNITED STATES, Dr., Payee's Account No. Idm-E228

To Pacific Northwest Mining Co.
(Payee)

619 - 4th St., Bremerton, Washington
(Address) (City) (State)

PAID BY

(For use of Paying Office)

No. and Date of Order	Date of Delivery or Service	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary) Discount Terms	QUANTITY	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
	Sept. 1952	As per attached certified form MF-104 dated Nov. 6, 1952				1,418	84
PAYMENT: Complete ☐ Partial ☐ Final ☐		Use continuation sheet(s) if necessary					

Shipped from to Weight Government B/L No. Total 1,418 84

(Payee must NOT use this space)

Differences .....

Account verified; correct for 1,418 84

(Signature or initials) .....

Contract No. Idm-E228 Date Req. No. Date Invoice Rec'd.

1,418.84

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n. or Proj't. Amount	Appropriation Amount
14X4401	Revolving Fund, Defense Production Act, Interior	1,418.84	1,418.84

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

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

16—22900a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

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

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

ABSENCE OF ADVERTISING

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

.....

.....

.....

.....

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

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

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

16—22000a-2

Form M[illegible]-104 (Rev.)
(A[illegible] 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

DEPARTMENT
Defense Minerals Administration
RECEIVED
NOV 21 1952

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of September, 195 2 Docket No. DMEA 2123X Contract No. E228
Operator's Name Pacific Northwest Mining Co. Minerals Lead Zinc
Address 619 4th St., Bremerton, Washington
Contract Amount, $ 37,284.00 Government Participation: 50 % Amount, $ 18,642.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing		600.00	600.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	962.54	441.60	1,404.14			
Supervision	283.20	1,125.00	1,408.20			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber				185.40		185.40
Explosives	568.00	116.39	684.39			
Pipe				122.03		122.03
Tools other		254.18	254.18	3.40		257.58
Steel	89.20	221.92	311.12			
Gas, oil & grease	159.54	716.47	876.01			
(4) Operating Equipment:						
Rental						
Purchase	497.05	4,491.42	4,988.47	-0-		4,491.42
Depreciation						
(5) Initial Rehabilitation and Repairs		349.96	349.96	331.66	349.96	681.62
(6) New Bldgs., Improvements, etc.		1,319.23	1,319.23			
(7) Miscellaneous:						
Repairs to Equipment	120.15	137.76	257.91	10.71		148.47
Sampling and Analysis						
Payroll Taxes	122.00	270.72	392.72	52.32	85.05	137.37
Liability Insurance				69.68	179.20	248.88
(8) Contingencies (specify):						
TOTALS	2,801.68	10,244.65	13,046.33	2737.68	10,238.18	13,075.86

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

Date 11/6/52 *Payee Pacific Northwest Mining Co.

Per Martin A. Morrison Title Pres.

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

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

(Instructions on reverse)

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

$ 1418.84

Signature
(Authorized Certifying Officer)

Date Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature ..... Title ..... Date .....

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature ..... Title ..... Date .....

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 21 1952

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of September 195 2123I Docket No. DMEA _____ Contract No. E228
Operator's Name Pacific Northwest Mining Co. Minerals Lead Zinc
Address 619 4th St., Bremerton, Washington

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting		2,304.63	85'	3,817.50	212'			
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping				800.00	70%			
Trenching								
Test Pits								
Roads and Trails								
Material & Supplies				579.25				
TOTAL DISTRIBUTED COSTS		2,304.63		5,196.75				TOTAL COSTS AUTHORIZED BY CONTRACT
Supervision				875.00				
Operating Equipment Purchased		497.05		4,988.47				
Initial Rehabilitation and Repairs				349.96				
New Buildings, Improvements, etc.				1,319.23				
Other				316.92				
TOTAL COSTS		2,801.68		13,046.33				

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

Date 11/4/52 Operator Pacific Northwest Mining Co.

Per Martin A. Morrison Title Pres.

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205676

PACIFIC NORTHWEST MINING COMPANY

LUCILLE MINE, Idm-Ea 228

NARRATIVE REPORT FOR SEPTEMBER, 1952

On September third, the compressor was moved from its old location at the compressor house, to the more favorable location for attendence near the new portal.

On the sixth, Mr. Zoldok left the employ of the company to accept a position in a Montana mine.

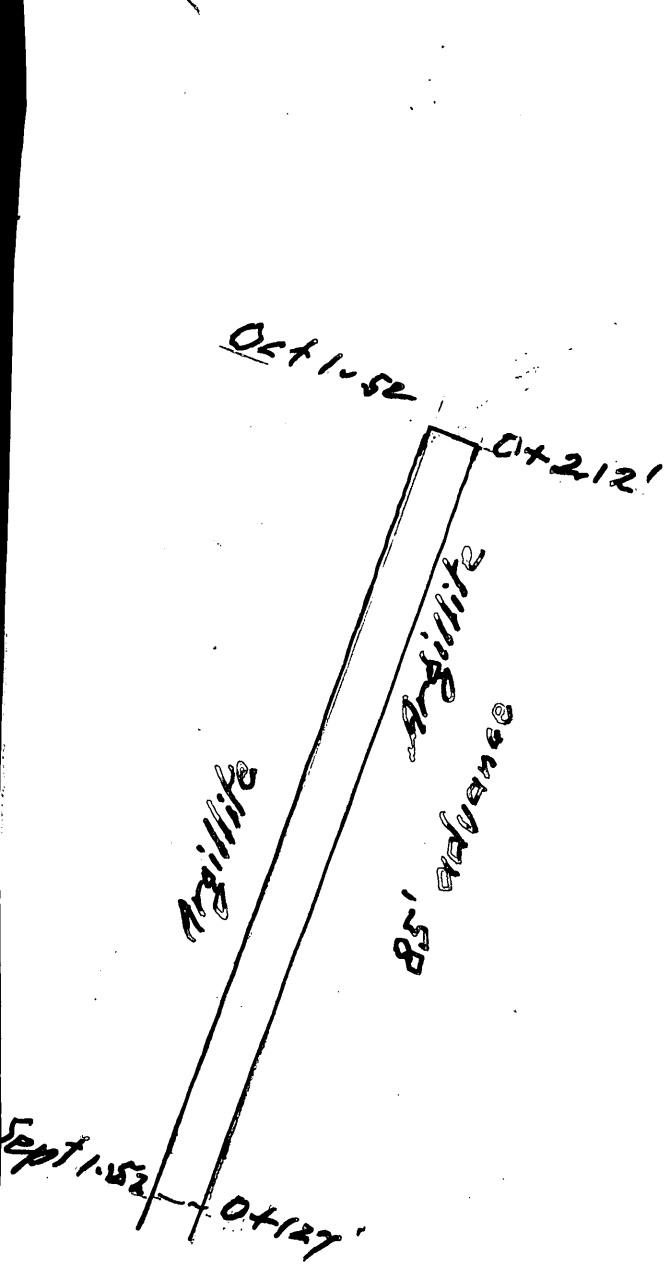
Work slowed down on the cross-cut, due to non arrival of long overdue rails. Contractors were busied installing an air receiver, on company account.

Upon arrival of rails, work was resumed on the contract, only to be interrupted once more by a forest fire, which kept our entire crew occupied for the balance of the month. A total footage of 85 feet was recorded for the month, bringing the total footage to the first of October to 212 feet.

Slight showings of galena and sphalerite were encountered in sporadic and inconsequential amounts. A very thin dike of lamphrophyre, of indeterminate dip and strike was observed.

NORMAN D. LINDSLEY

Norman D. Lindsley
Engineer in Charge



Geologic Sketch
Lucille X-cut
Idm-E228
September 1952
Scale 1" = 20'
Norman D Lindsley

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

Washington

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

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

Bu. Vou. No. DMA-440

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

Voucher prepared at Albany, Oregon 10/21/52
(Give place and date)

PAID BY

(For use of Paying Office)

THE UNITED STATES, Dr., Payee's Account No. Idm E 228

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1952

To Pacific Northwest Mining Co.,
(Payee)

619 4th St. (Address) Bremerton, Washington (City) (State)

No. and Date of Order	Date of Delivery or Service	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)	QUANTITY	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
		Discount Terms net					
	May & June 1952	As per attached certified form MF-104 dated August 6, 1952				3,865	16
	July 1952	As per attached certified form MF-104 dated August 21, 1952				487	64
	August 1952	As per attached certified form MF-104 dated August 25, 1952				766	28
PAYMENT: Complete ☐ Partial ☐ Final ☐		Use continuation sheet(s) if necessary					

Shipped from to Weight Government B/L No. Total 5,119 08

(Payee must NOT use this space)

Differences .....

Account verified; correct for 5,119 08

(Signature or initials) .....

Contract No. Idm E 228 Date Req. No. Date Invoice Rec'd.

5,119.08

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n. or Proj't. Amount	Appropriation Amount
14X4401	Revolving Fund, Defense Production Act, Interior	5,119.08	5,119.08

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

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

16—22900a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

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

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

ABSENCE OF ADVERTISING

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

.....

.....

.....

.....

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

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

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

16—22000a-2

Form MF-104 (Rev.)
(April 1952)

Wash

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R-6.3.
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1952

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August, 1952 Docket No. DMEA 2123X Contract No. E228
Operator's Name Pacific Northwest Mining Co. Minerals Lead Zinc
Address 619 4th. St. Bremerton, Washington
Contract Amount, $37,284.00 Government Participation: % Amount, $18,642.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing		800.00	800.00		800.00	800.00
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	441.60		441.60	441.60		441.60
Supervision	250.00	875.00	1,125.00	250.00	875.00	1,125.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives		116.39	116.39		116.39	116.39
Pipe						
~~XXXXX~~ Other	136.66	117.52	254.18	136.66	117.52	254.18
Steel		221.92	221.92		221.92	221.92
Gas, Oil & Grease	593.05	123.42	716.47	593.05	123.42	716.47
(4) Operating Equipment:						
Rental						
Purchase		4,491.42	4,491.42		4,491.42	4,491.42
Depreciation						
(5) Initial Rehabilitation and Repairs	26.17	323.79	349.96	26.17	323.79	349.96
(6) New Bldgs., Improvements, etc.		1,319.23	1,319.23		1,319.23	1,319.23
(7) Miscellaneous:						
Repairs to Equipment		137.76	137.76		137.76	137.76
Sampling and Analysis						
Payroll Taxes	91.56	179.16	270.72	29.05	56.00	85.05
Liability Insurance				56.04	123.16	179.20
(8) Contingencies (specify):						
TOTALS	1,539.04	8,705.61	10,244.65	1,532.59	8,705.61	10,238.18

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

Date Aug. 25, 1952 Payee Pacific Northwest Mining Co.

Per Martin L. Morrison Title President

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

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

(Instructions on reverse)

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

$ 766.25

Signature
(Authorized Certifying Officer)

Date 10-24-52 Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature ..... Title ..... Date .....

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature ..... Title ..... Date .....

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 9-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1952

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Aug. 195 2 Docket No. DMEA 2123X Contract No. D226
Operator's Name Pacific Northwest Mining Co. Minerals Lead Zinc
Address 619 4th. St. Bremerton, Washington

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting		1,512.87	127'	1,512.87	127'			
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping				800.00	705			
Trenching								
Test Pits								
Roads and Trails								
Materials & Supplies				579.25				
TOTAL DISTRIBUTED COSTS		1,514.87		2,892.12				TOTAL COSTS AUTHORIZED BY CONTRACT
Supervision				875.00				
Operating Equipment Purchased				4,491.42				
Initial Rehabilitation and Repairs		26.17		349.96				
New Buildings, Improvements, etc.				1,319.23				
Other				316.92				
TOTAL COSTS		1,541.04		10,244.65				

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

REMARKS:

Date Aug. 25, 1952 Operator Pacific Northwest Mining Co.

Per Martin A. Morrison Title President

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

PACIFIC NORTHWEST MINING COMPANY
619 Fourth Street Bremerton, Washington
Mine Office: 608 South Cedar Street, Colville, Washington
September 23, 1952

NARRATIVE REPORT FOR AUGUST 1952-LUCILLE MINE, Idm-E228

Work on the Lucille cross-cut (item 5, State I), which was delayed by damage done to the mucking machine in transit, was resumed with inception of drilling on August 8, at 1 P.M.

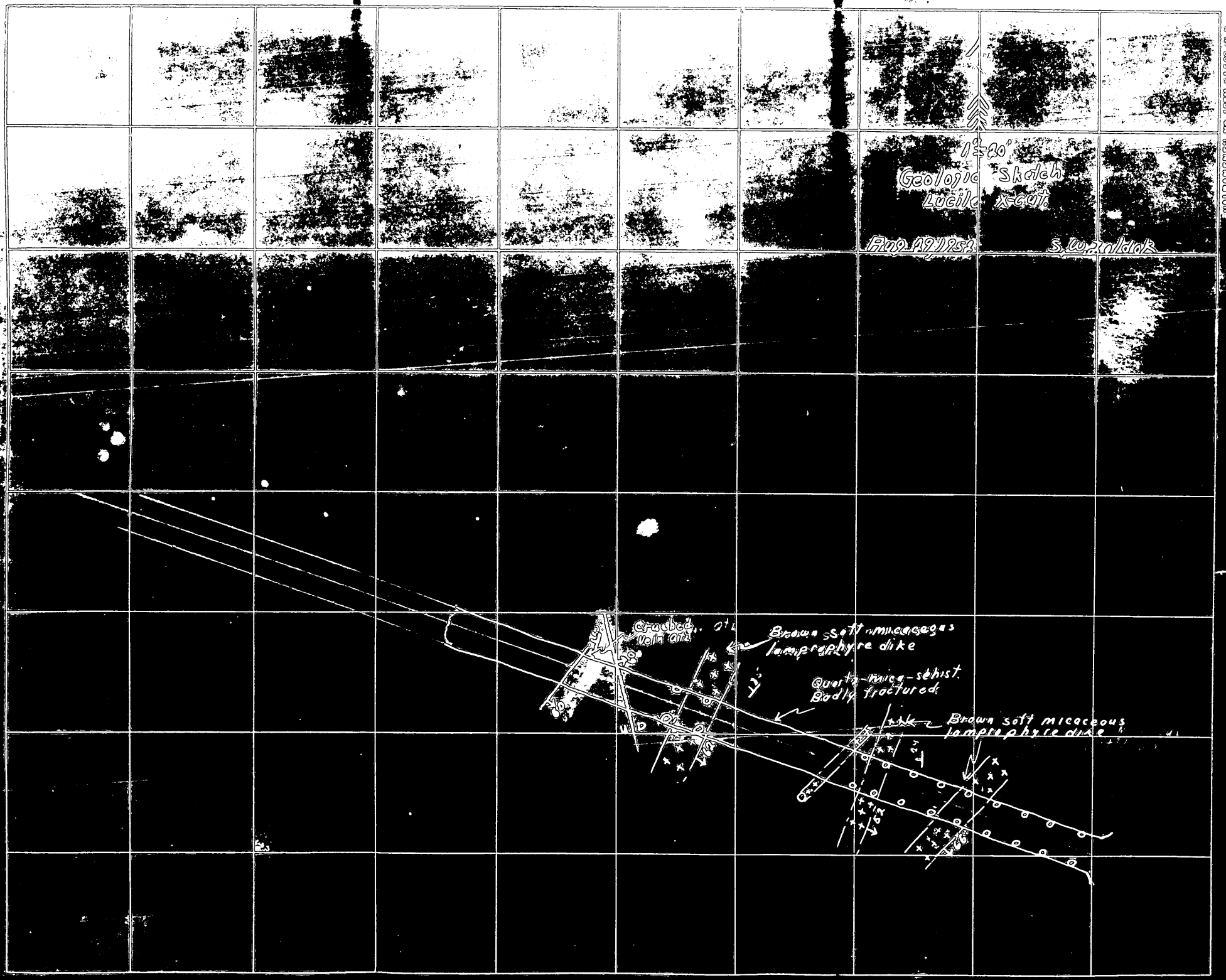
Later, a delay of two days was incurred in moving the compressor from its former location, to a new position at the portal of the Lucille cross-cut, and still another delay resulted in a two day loss of time due to non-arrival of mine rail and pipe long overdue from Seattle.

Progress for the month amounted to 127 feet of cross-cutting and 35 feet of timbering.

A geological sketch enclosed herewith shows no significant features in structure or mineralization. Lamprophyre dikes are present, as in the upper workings of the property.

No sampling was done, nor was it indicated.

NORMAN D. LINDSLEY
Norman D. Lindsley
Engineer in charge.


1" = 20'
Sketch
Geologic
Lucile
X-cut
Aug 19 1954
S. W. Waldron
Cracked vein area
Brown soft micaceous lamprophyre dike
Quartz-mica-schist. Badly fractured.
Brown soft micaceous lamprophyre dike

Form MF-104 (Rev.)
(April 1952)

Wash

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 41-R1036.3.
Approval expires June 30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1952

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July 195 2 Docket No. DMEA 2123X Contract No. E228
Operator's Name Pacific Northwest Mining Co. Minerals Lead Zinc
Address 619 4th St., Bremerton, Wash.
Contract Amount, $ 37,284.00 Government Participation: 50 % Amount, $ 18,642.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing		800.00	800.00		800.00	800.00
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision	250.00	625.00	875.00	250.00	625.00	875.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives		116.39	116.39		116.39	116.39
Pipe						
~~Track~~ Other	45.97	71.55	117.52	45.97	71.55	117.52
Steel		221.92	221.92		221.92	221.92
Gas, Oil & grease		123.42	123.42		123.42	123.42
(4) Operating Equipment:						
Rental						
Purchase	55.87	4,435.55	4,491.42	55.87	4,435.55	4,491.42
Depreciation						
(5) Initial Rehabilitation and Repairs	223.96	99.83	323.79	223.96	99.83	323.79
(6) New Bldgs., Improvements, etc.	82.56	1,236.67	1,319.23	82.56	1,236.67	1,319.23
(7) Miscellaneous:						
Repairs to Equipment	137.76		137.76	137.76		137.76
Sampling and ~~May~~ Analysis June	179.16		179.16			
Payroll Taxes July				56.00		56.00
Liability Insurance				123.16		123.16
(8) Contingencies (specify):						
TOTALS	975.28	7,730.33	8,705.61	975.28	7,730.33	8,705.61

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Aug. 21, 1952 *Payee Pacific Northwest Mining Co.

Per Martin A. Morrison Title President

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

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

(Instructions on reverse)

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

$ 487.64

Signature (Authorized Certifying Officer)

Date 10-21-52 Vou. No.

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature ..... Title ..... Date .....

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature ..... Title ..... Date .....

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1952

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 195 2 Docket No. DMEA 2123X Contract No. E228
Operator's Name Pacific Northwest Mining Co. Minerals Lead Zinc
Address 619 4th St., Bremerton, Wash.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping				800.00	70%			
Trenching								
Test Pits								
Roads and Trails								
Materials & supplies		45.97		579.25				
TOTAL DISTRIBUTED COSTS		45.97		1,379.25				TOTAL COSTS AUTHORIZED BY CONTRACT
Supervision		250.00		875.00				
Operating Equipment Purchased		55.87		4,491.42				
Initial Rehabilitation and Repairs		223.96		323.79				
New Buildings, Improvements, etc.		82.56		1,319.23				
Other		316.92		691.92	316.92			
TOTAL COSTS		975.28		8,705.61				

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

Date Aug. 21, 1952 Pacific Northwest Mining Co.

Per Martin A. Morrison Title President

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

There has been no actual mining done on the property during July due to the fact that the mucking machine was not in working order when received. The labor as herein reported is for work on the machines getting them ready for operation. The pipe line has been laid and some work done on the camp building

PACIFIC MOTHER LODE MINES CO.

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 40-R1036.3.
Approval expires 12-31-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1952

Month of May & June, 1952 Docket No. DMEA 2123X Contract No. E228

Operator's Name Pacific Northwest Mining Co. Minerals Lead Zinc

Address 619 4th. St. Bremerton, Washington

Contract Amount, $7,237.00 Government Participation: 50 % Amount, $18,642.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing	800.00		800.00	800.00		800.00
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision	625.00		625.00	625.00		625.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives	116.39		116.39	116.39		116.39
Pipe						
~~XXXX~~ Other	71.55		71.55	71.55		71.55
Steel	221.92		221.92	221.92		221.92
Gas, Oil & Grease	123.42		123.42	123.42		123.42
(4) Operating Equipment:						
Rental						
Purchase	4,435.55		4,435.55	4,435.55		4,435.55
Depreciation						
(5) Initial Rehabilitation and Repairs	99.83		99.83	99.83		99.83
(6) New Bldgs., Improvements, etc.	1,236.67		1,236.67	1,236.67		1,236.67
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	7,730.33		7,730.33	7,730.33		7,730.33

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

Date Aug. 6, 1952 Payee Pacific Northwest Mining Co.

Per Martin A. Morrison Title President

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

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

(Instructions on reverse)

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

$ 3,865.16

Signature (Authorized Certifying Officer)

Date 10-21-52 Vou. No.

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature ..... Title ..... Date .....

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature ..... Title ..... Date .....

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1952

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May & June 1952 Docket No. DMEA 2123X Contract No. E228

Operator's Name Pacific Northwest Mining Co. Minerals Lead Zinc

Address 619 4th. St. Bremerton, Washington

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs°
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping		800.00	70%	800.00	70%			
Trenching								
Test Pits								
Roads and Trails								
Materials & Supplies		533.28		533.28				
TOTAL DISTRIBUTED COSTS		~~1,376.32~~ 33.28		~~1,376.32~~ 33.28				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		4,435.55		4,435.55				
Initial Rehabilitation and Repairs		99.83		99.83				
New Buildings, Improvements, etc.		1,236.67		1,236.67				
Labor & Supervision		625.00		625.00				
TOTAL COSTS		7,730.35		7,730.35				

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

REMARKS:

Date Aug. 6, 1952 Operator Pacific Northwest Mining Co.

Per Martin A. Morrison Title President

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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GPO 83-38475

Pacific Northwest MINING COMPANY
619 FOURTH STREET • BREMERTON, WASHINGTON

Colville, Washington
July 22, 1952

PROGRESS REPORT
May---June 1952

May 20, 1952---arranged for A. K. Lotze dozer
" 23, 1952---dozer started up hill.
" 24, 1952---dozer started to work
Starter trouble and broken spring on dozer at start.

Dozing	on mine road	29	hrs.
"	on #1 area	31.5	hrs.
"	on #2 area	none	
"	on #3 area	48.5	hrs.
	Total dozing	109	hrs.

Dozing completed June 18, 1952.

Considerable difficulty was encountered in dozing a road to the proposed mine portal due to the rocky nature of the overburden.

Some galena mineralization was encountered in dozing the #1 area. Large limestone boulders near the contact made stripping very difficult. Results of stripping in the #1 area are considered inconclusive.

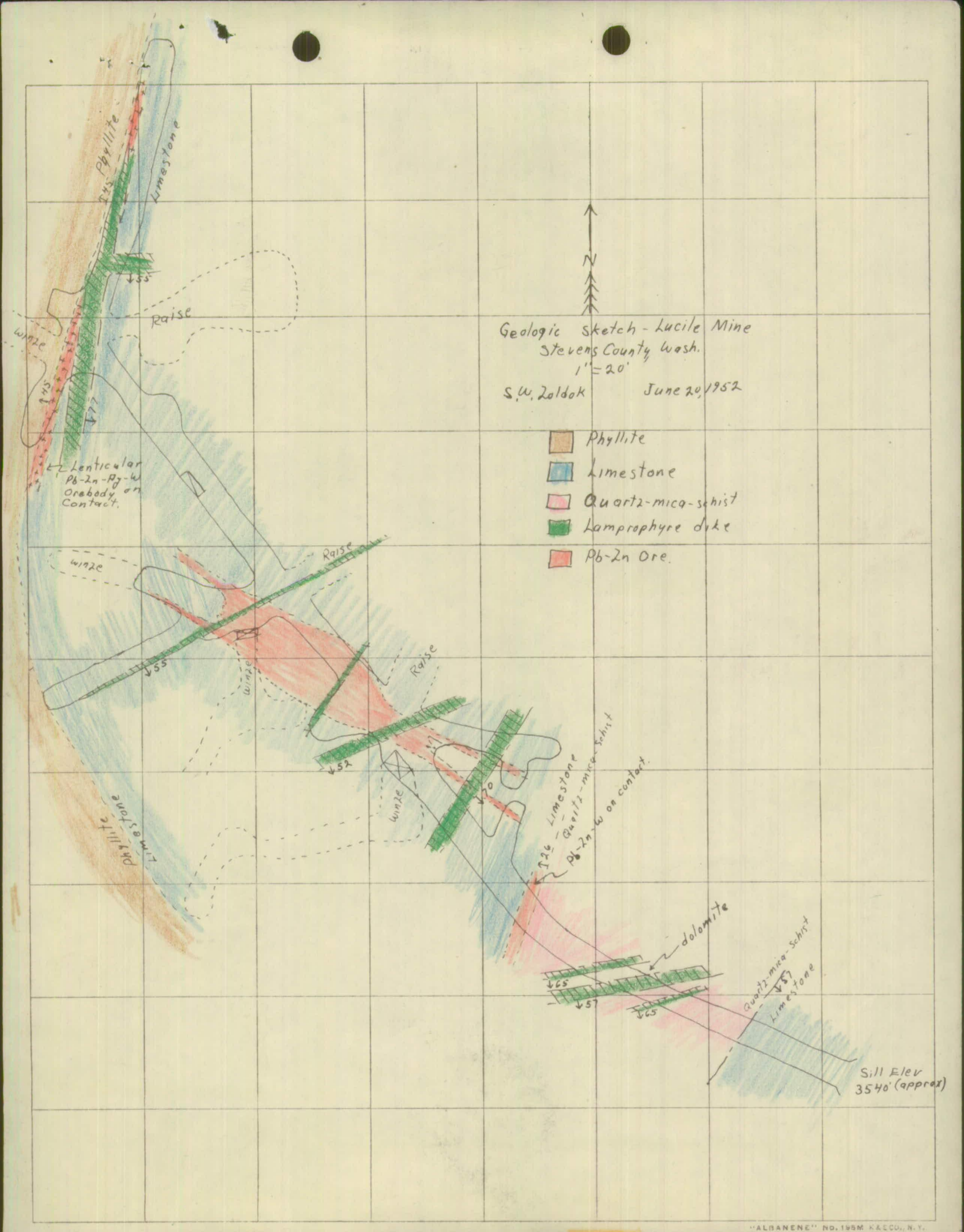
No stripping was done in the #2 area due to overtime dozing on the new mine road.

After about 30 hours of stripping in the #3 area the contact was found to be a fault contact consisting of a highly iron stained phyllite-lamprophyre gouge containing large drag boulders of limestone.

The balance of bulldozing time was transferred to the north of #3 area where a series of east-west trending "full-quartz" veins were believed to intersect the favorable limestone bed. One of these intersections was stripped and found to carry good galena mineralization where it entered the limestone. Although results of stripping in the #3 area are still inconclusive the existence of two ore shoots is indicated.

During June the water line was laid to the new portal, the compressor was put in operating condition and miscellaneous mining equipment ordered. Heavy rains have prevented delivery of much needed equipment to the mine.

NORMAN D. LINDSLEY
Engineer in Charge



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

Northport, Washington
May 15, 1952

S. W. Zoldok
Spokane, Washington

Dear Sir:

We bid on your bulldozing job ten dollars per hour, $10.00, when actually in operation. This bid price includes operator, fuel, maintenance and bulldozing.

Yours truly,

W. G. Lotz

Boundary Lumber Company
Northport, Washington

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 1 1952

1201 N. Division St.
Spokane 2, Washington
September 29, 1952

MEMORANDUM

To: Chairman, Operating Committee, DMEA, Washington, D.C.

From: DMEA Field Team, Region II

Subject: Docket No. DMEA 2123K (lead-zinc)
Lucille mine, Pacific Northwest Mining Co.
Contract Idm-E228, Consent to Assignment

The subject contract was assigned to the Pacific Northwest Mining Company by Stephen W. Zoldok, Betty Jane Zoldok and Joseph M. Zoldok effective May 7, 1952, and operations since that date have been carried on by the Pacific Northwest Mining Company.

No cut-off date was recommended by this office when the assignment was forwarded to you, and the Consent to Assignment dated June 30, 1952 provides that the Government's contributions for the account of the assignee can be made only after August 1, 1952.

All costs incurred under the contract since May 7, 1952 have been for the account of the Pacific Northwest Mining Company. Monthly invoices and supporting documents for work since that date have been submitted in the name of that company and therefore could not be accepted by our Fiscal Officer.

In order that the assignee may be reimbursed for costs incurred since the date of assignment it is requested that a new Consent to Assignment be prepared making the cut-off date May 8, 1952.

By Field Team, Region II

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

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

For: F. E. Volin, Member
(U. S. Bureau of Mines)

10/2/52

John Hofflund:

Al Weissenborn just phoned me from Spokane to discuss this case (DMEA-2123X). He requests that we do everything possible to solve the problem by next Monday morning, since he is having a meeting on that day with the principals of the Pacific Northwest Mining Company.

He has reason to believe that the new operator has contacted Senator Magnuson and that, provided we do not solve the problem by Monday, we will have the Senator on our necks.

I have already mentioned the matter to Talbert.

C.O.M. COM

Copy to Mr. Talbert

Chief Counsel is taking steps to change "cut-off" date, & will advise Weissenborn by telephone

10/3/52

APR 9 1965

Pacific Northwest Mining Company

CSK Files

Re: IMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Amended Contract Ide-2128

Gentlemen:

By the terms of Article 7, Annex II, and Amendment No. 1 of the subject Amended Exploration Project Contract, as amended, all minerals mined or produced from December 14, 1951, to December 14, 1964, 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.

Acting Director

GCSelfridge/mm (4/9/65)
cc: Director's Reading File Docket
CA&A Division Code 120M
Region I w/cy of incoming Form 63 dated 3/11/65

The subject Operator was dissolved July 1, 1962, and subsequent efforts to locate the former officers were fruitless. The three tons of stockpiled zinc concentrates mentioned in certain reports and royalty reviews are not marketable and therefore are written off.

Audit's Copy

8

800

TERMINATION AGREEMENT

It is agreed this 16th day of October, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Pacific Northwest Mining Company, hereinafter called the "Operator," parties to that certain Amended Contract No. Idm-E-228 (Docket No. DMEA-2123), dated December 14, 1951, hereinafter called the "Contract," that:

1. Effective October 1, 1956, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

4. All rights of the Government with respect to percentage royalty and liens for its payment, records, audits, and recovery of any overpayment, are preserved.

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

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mitchenor
Administrator, Defense Minerals Exploration Administration

PACIFIC NORTHWEST MINING COMPANY

By Wm. R. Stepp

Title Pres

Dmar12)

EXTRA COPY
DRAFT
RECEIVED
DATE

So. 157 Howard Street
Spokane 4, Washington

November 4, 1957

Mr. William R. Steyer, President
Pacific Northwest Mining Company
415 South Cambrian Avenue
Bremerton, Washington

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Amended Contract No. Idm-E228

Dear Mr. Steyer:

Thank you for your letter of October 31, 1957, with which you returned the signed Termination Agreement.

In your next to last paragraph you ask what additional information we want to conform with paragraph 3 of the Termination Agreement. In your Amended Contract, Article 6(c) -- final report -- provides that "upon completion of the work or termination of the Government's obliation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof." This final report should include the work completed under the Prior (original) Contract as well as the Amended Contract.

We also call to your attention paragraph 4(c) of Amendment No. 4 of the Prior Contract and Annex II, item 3, of the Amended Contract regarding certification of a discovery and payment of royalty. Article 6(d) of the Amended Contract provides for reporting any sales. By Annex II and Article 11 of the Amended Contract the royalty period is for *12 years from the date of the contract; therefore, if any production from any of the eight claims listed in Annex I has been or shall be sold between December 14, 1951, and December 14, 1963, you are obligated to report such sale and pay royalty to the Government as described in Article 7 of the Amended Contract.

* Prior contract provides 13 years

If you have any further questions regarding your contract obligations, please feel free to write us further.

By Field Team, Region I

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

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

cc: DMEA(2)
UGSM(2)
UGSM(AV)
Albee

F. R. WALKER, S.
BREMERTON

Pacific Northwest MINING COMPANY

XXXXXXXXXXXXXXXX • BREMERTON, WASHINGTON
415 So. Cambrian Ave.

Inc
of
US Dm
DME

October [illegible]

[illegible] S. Department of the Interior
[illegible]ense Minerals Exploration Administration
[illegible] 157 Howard St.
[illegible]ane 4, Washington

[illegible] Mr. [illegible] O. Mitchell

[illegible]

Enclosed find the four contract copies which you [illegible]ed signed and return[illegible]

We are sorry that we [illegible] to keep this contract in force under [illegible]

As our last report to [illegible] to date we would like to know what additional information you want to conform with Paragraph #3.

We thank you for the courtesies you have shown us, and want you to know that we really appreciate them.

EXTRA COPY
DMEA
RECEIVED [illegible] 3 1957

DATE	INIT[illegible]	CODE

Yours very truly

Pacific Northwest Mining [illegible]

By

Wm. R. Steyer, Pres.

October 15, 1957

Memorandum

To: Chairman, Operating Committee

From: Jay L. Chambers, Director (Signed) J. L. Chambers
Contract Administration and Audit Division

Subject: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Contract No. Idm-E228

I have surnamed the attached termination agreement for the reason that legal contends that the "fixed unit cost" in item 2 of the termination agreement will not prevent the payment of actual cost items in the original contract. I talked to legal about this and they do not want to change it. I suggest, however, that in the future all termination agreements dealing with the payment of cost be worded as follows:

"The Government shall contribute only to the cost of work performed prior to said effective date."

This would include both actual and fixed unit costs.

Attachment

JLChambers/wb
October 15, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

Government's Copy

AMENDED EXPLORATION PROJECT CONTRACT
PACIFIC NORTHWEST MINING COMPANY
DOCKET NO. DMEA-2123

Amendment No. 3

It is agreed this 9th day of November, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Pacific Northwest Mining Company, that Amended Exploration Project Contract No. Idm-E228 (Docket No. DMEA-2123) executed September 24, 1955, as amended, is further amended as follows:

1. (a) Work under the Contract shall be suspended during the period beginning October 1, 1956, and ending not later than June 1, 1957.

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government, and the Government shall not contribute to any costs of rehabilitation or repair which, in its opinion, would not have occurred if there had been no suspension of the work.

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

2. The time fixed for the completion of the work is extended from March 15, 1957, to August 15, 1957.

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, or the fixed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

PACIFIC NORTHWEST MINING COMPANY

By R. R. Walker
Sec'y-Treas.

Government's copy

RECEIVED

JUN 18 1956

AMENDED EXPLORATION PROJECT CONTRACT
PACIFIC NORTHWEST MINING COMPANY
DOCKET NO. DMEA-2123

AMENDMENT NO. 2

It is agreed this 4th day of June, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Pacific Northwest Mining Company, that Amended Exploration Project Contract No. Idm-E228, as amended, is further amended as follows:

1. In Exhibit "A," under Description of the Work, Stage II, the following new item is added:

"250 feet of long hole drilling shall be done at locations and in directions and inclinations approved by the Government."

2. In Exhibit "A," under Estimated Costs of the Project, Stage II:

(a) The second item is revised to read as follows:

"Consultant-geologist - 5 days @ $50.00/day 250.00"

(b) The following new item is added:

"250 feet of long hole drilling @ $1.00/ft. 250.00"

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, or the fixed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. A. Mitkenry
Administrator, Defense Minerals
Exploration Administration

PACIFIC NORTHWEST MINING COMPANY

By R. L. Walker

Title Secy-Treas.

Government's copy

RECEIVED

AMENDMENT NO. 1
to
AMENDED EXPLORATION PROJECT CONTRACT Idm-E228
Executed September 24, 1955, as of December 14, 1951
DOCKET NO. DMEA-2123
between
THE UNITED STATES OF AMERICA
and
PACIFIC NORTHWEST MINING COMPANY

It is agreed this 25th day of January, 1956, that the Amended Contract is amended as follows:

1. (a) Work under the Contract shall be suspended during the period beginning November 21, 1955, and ending not later than May 1, 1956.

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government, and the Government shall not contribute to any costs of rehabilitation or repair which, in its opinion, would not have occurred if there had been no suspension of the work.

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

2. The time fixed in Article 3 of the Amended Contract for completion of the work is extended from October 15, 1956, to March 15, 1957.

3. The maximum period for royalty payments and lien for the payment thereof, provided for in the Amended Contract, is increased from 12 to 13 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, or the fixed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By [signature]
Administrator, Defense Minerals
Exploration Administration

PACIFIC NORTHWEST MINING COMPANY

By [signature]

Title Pres.

DMEA Form 14

Contract No. Idm-E 228

Docket No. 2123

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
December 14, 1951	I	Washington	Lead-Zinc

Name and Address of Operator: Pacific Northwest Mining Co.
415 S Cambrian Avenue
Bremerton, Washington

	Reserve	Obligation
Prior Amount	0	14,605.00
Increase	0	0
Decrease	0	1,431.51
Revised Amount	0	13,173.49

Remarks:

(Name)
Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date delivered to Bureau of Mines, Washington 3/28/58

22845

Docket No. 2123

Commodity Lead-Zinc

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 228

Date of Contract ~~amendment~~: December 14, 1951

Name and Address of Operator:

Pacific Northwest Mining Co.
485 So. Cambrian Avenue
B remerton, Washington

Amount of Government participation $14,605.00

Percent of Government participation 50 %

Region: I NW State: Washington

Note: This document establishes the obligation shown above and supersedes the release of 10/11/55.

E. R. Talbot
(Name)

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

Date Delivered to Bureau of Mines, Washington. 10/13/55

54458

Government's copy RECEIVED

OCT 10 1955

MF-200A
(Revised June 1954)

Docket No. DMEA -2123

Commodity lead-zinc

Contract No. Idm-E 228

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

AMENDED

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed ~~xxxx~~as of the 14th day of December, 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Pacific Northwest Mining Company, a Washington corporation, whose mailing address is 415 So. Cambrian Ave. Bremerton, Washington, hereinafter called the "Operator," as follows:

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

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

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

(b) The Operator represents and undertakes that:

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

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

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

RECEIVED SEP 6 1956

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

16—70618-1

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of lead and zinc. The work to be performed is described in Exhibit "A." The Operator on or before October 15, 1955, shall ~~commence~~ resume the work, and on or before October 15, 1956 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work, except as otherwise provided in Exhibit "A," as to stages.

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

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

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $29,210.00. The Government will contribute 50 percent of the fixed unit costs as work is performed, in a total sum not in excess of $See Exhibit "A": *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

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

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

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

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

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

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

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

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. See Annex II and Article 11.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 11. *Changes and added provisions.*—
In Article 7(b) the period "twelve years" is substituted for the period "ten years."

Executed in sextuplicate the ~~day and year first above written~~
24th day of September, 1955.

THE UNITED STATES OF AMERICA

PACIFIC NORTHWEST MINING COMPANY
(Operator)

By [signature]
Administrator, Defense Minerals
Exploration Administration

By [signature]

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

[signature]

[CORPORATE SEAL]

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

AMENDED EXPLORATION PROJECT CONTRACT
PACIFIC NORTHWEST MINING COMPANY
DOCKET NO. DMEA-2123

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OCT 10 1955

ANNEX I

The land referred to in Article 2 of the contract form consists of unpatented mining claims, as follows:

Unpatented Mining Claims Held under Lease

Claim	Book	Page
Lucile (Lucille)	16	433
Tiptop	11	157
Winner	7	534
Comet	9	634
Silver Tip	11	147
Effie	18	412
Speculator	19	361 and 362
Speculator No. 2	19	363 and 364

All of the above claims are situated in Sections 19 and 30, T. 40 N., R. 42 E., W. M., Northport Mining District, County of Stevens, State of Washington.

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OCT 10 1955

AMENDED
EXPLORATION PROJECT CONTRACT
PACIFIC NORTHWEST MINING COMPANY
DOCKET NO. DMEA-2123

ANNEX II

WHEREAS:

The parties to this Amended Contract are parties to a contract dated December 14, 1951, executed on Form MF-200 (June 1951), having the same contract and docket numbers as this Amended Contract and hereinafter called the "Prior Contract."

The present Operator became a party to the Prior Contract by an assignment from the original Operator.

Part of the work set forth under the Prior Contract has been completed, and the parties desire to restate their agreement in this Amended Contract and change the basis of payment for work remaining to be completed.

Work under the Prior Contract has been suspended by an agreement covering the period August 1, 1953, to July 1, 1954.

The parties desire that royalty shall be payable under the Amended Contract without requiring that a certification of discovery or development be made thereunder.

NOW, THEREFORE, it is agreed that:

1. Effective as of December 14, 1951, the Prior Contract is superseded by this Amended Contract which shall govern all rights and obligations of the parties, except that vouchers for work performed under the Prior Contract shall be submitted pursuant to and paid under the Prior Contract.

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

3. The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government the royalty on production

provided for in the Amended Contract, in the same manner and amount and for the same period as if a certification of discovery or development had been made, such certification being hereby waived.

4. The Operator hereby releases and agrees to save the Government harmless from all claims and demands under or arising out of the Prior Contract, except as otherwise provided in this Annex II.

5. (a) During the period beginning August 1, 1953, and ending not later than October 15, 1955, work under this Amended Contract shall be suspended.

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government, and the Government shall not contribute to any costs of rehabilitation or repair which, in its opinion, would not have occurred if there had been no suspension of the work.

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

(d) It is of the essence of this Amended Contract that work be resumed not later than October 15, 1955, and if it is not so resumed in the manner required by the Amended Contract, the following provisions shall thereupon become effective:

(1) The Government shall contribute only to the allowable costs incurred prior to August 1, 1953.

(2) The Operator shall promptly perform all winding-up and settlement actions provided for in the contract.

6. It is agreed that the value of the Government's interest and equity in materials and equipment purchased under the Prior Contract and remaining unexpended is $1,453.00, and the Operator shall make payment to the Government in this amount prior to or contemporaneously with the execution of this Amended Contract.

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OCT 10 1955

AMENDED EXPLORATION PROJECT CONTRACT
PACIFIC NORTHWEST MINING COMPANY
DOCKET NO. DMEA-2123

EXHIBIT "A"

Description of the Work 1/

The purpose of the project is to explore for ores of lead and zinc by means of surface bulldozing, approximately 747 feet of drifting and crosscutting on the 3414-foot adit level, and approximately 100 feet of raising from this level. Rehabilitation of buildings and equipment, and construction of 500 feet of road to portal site, shall also be done.

The work shall be done in successive stages, as indicated below, each prior stage to be completed before the succeeding stage is begun. Stage I has been completed. The Operator shall perform Stage II, and shall perform so much of Stage III as the Government, based upon the results of the prior stages, may approve in writing.

The location, direction, and extent of all work are subject to the approval of the Government.

Stage II

From the crosscut completed under Stage I, 300 feet of drifting and crosscutting shall be done to explore the phyllite-marble contact intersected under Stage I. The drifting and crosscutting shall have minimum cross sections of 6 feet by 7½ feet in the clear of timber.

Stage III

From the drifting and crosscutting under completed Stage II, not to exceed 100 feet of raising shall be done to explore the phyllite-marble contacts. The raises shall have minimum cross section dimensions of 4 feet by 7 feet in the clear of timber.

Estimated Costs of the Project

Stage I

Work done prior to July 1, 1954 (subject to audit)	$15,473.72

1/ All workings shall be timbered as necessary.

Stage II

300 feet of crosscutting and drifting @ $32.50/ft.	$ 9,750.00	
Consultant geologist - 10 days @ $50.00/day	500.00	
80 samples assayed for silver, lead, and zinc @ $3.00/sample	240.00	
Estimated Total Cost, Stage II		$10,490.00
Government Participation @ 50%		$ 5,245.00

Stage III

100 feet of raising @ $32.50/ft.	3,250.00	
Estimated Total Cost, Stage III		$3,250.00
Government Participation @ 50%		$1,625.00
Estimated Total Cost of Project (rounded to)		$29,210.00
Government's Participation @ 50%		$14,605.00

MF-203
Revised March 24, 1955

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BUREAU OF MINES
SEP 14 1955
SPOKANE, WASH.

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Pacific Northwest Mng. Co.
Docket No. DMEA-2123
Amended Contract No. Idm-E 228
Amended Contract Date

CONSENT TO LIEN

RECEIVED
OCT 10 1955

To the United States of America:

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

Eight unpatented claims: Lucile (Lucille) (Book 16, page 433), Tiptop (Book 11, page 157), Winner (Book 7, page 534), Comet (Book 9, page 634), Silver Tip (Book 11, page 147), Effie (Book 18, page 412), Speculator (Book 19, pages 361 and 362), Speculator No. 2 (Book 19, pages 363 and 364)

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

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

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

none

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

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

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

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

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

5. Added provision: _____

_____

_____

_____

_____

_____

_____

_____

Dated this _____ day of September, 1955.

Frank Nettig ~~[Seal]~~

Frank Nettig

_____ [Seal]

_____ [Seal]

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

_____ [Corporate Seal]

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Pacific Northwest Mng. Co.
Docket No. DMEA- 2123
Amended Contract No. Idm-E 228
Amended Contract Date

CONSENT TO LIEN

RECEIVED
OCT 10 1955

To the United States of America:

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

Eight unpatented claims: Lucile (Lucille) (Book 16, page 433), Tiptop (Book 11, page 157), Winner (Book 7, page 534), Comet (Book 9, page 634), Silver Tip (Book 11, page 147), Effie (Book 18, page 412), Speculator (Book 19, pages 361 and 362), Speculator No. 2 (Book 19, pages 363 and 364)

an amended

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

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

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

none

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

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

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

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

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

5. Added provision: _____

_____

_____

_____

_____

_____

_____

_____

Dated this _____ day of September, 1955.

Joseph M Zoldok [Seal]
Joseph Zoldok

_____ [Seal]

_____ [Seal]

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

_____

[Corporate Seal]

File

Noted JH

Memorandum

December 20, 1954

To: Mr. J. L. Hoffhand
Acting Associate Solicitor,
Defense Minerals

From: Administrator

E228

Subject: DMA-7123 - Pacific Northwest Mining Company

On November 30, Al Weissenborn, of Region II, phoned me for advice regarding a problem that had arisen in this case. I forgot to bring it to your attention. He called me again Friday, December 17. I agreed to bring it to your attention the first thing this morning and to transmit your opinion to him in the next day or so.

His trouble is over the interpretation of Article 4 of Amendment 4, dated March 19, 1954. Here are the facts as I understand them:

The operator has only drilled token rounds since July 1, 1954. Al reports that the company is involved with the State Corporation Commissioner and that their limited funds are tied and they are prohibited from selling additional stock. The operator claims that the "violation" was of an innocent nature and that he has expected the State to release the funds for a period of several months.

Al feels that he has played along with the operator long enough, and he has now decided to terminate the contract under the provisions of Amendment 4. He is holding back the sum of $833 which the operator submitted on his 104 for the month of August. He spoke as though he intended to write the operator last Friday and inform him that his contract was terminated in accordance with Amendment 4, but he does not know what to do about the $833 until he receives advice from Washington.

Article 4a of Amendment 4 states:

> "All obligation of the Government to contribute to costs not incurred before August 1, 1953 shall be and is hereby terminated, etc."

Al interprets the amendment to mean that the work had to start not later than July 1, 1954 and to be prosecuted in a manner to bring it to completion by December 14, 1954.

He says the $833 claim is for 30 feet of work performed since August 15, 1954. Subsequent to that date the operator had ample time to bring the work to completion by December 14, but since he has not done so, Al wonders if he can reimburse the operator for the $833 of costs incurred. He says he would like to do so if it is possible under the amendment. He explained that the $833 would just about cover the Government's equity in equipment purchased, so that we will not pay out any funds to the operator in any event.

If the $833 cannot be honored under Amendment 4, then Al, of course, will have a claim against the operator for the Government's equity in equipment. He feels that such an eventuality would worsen an already bad situation.

C. O. Mittendorf

Administrator

COMittendorf/fw

cc: Docket
Division (Base Metals)
Contract Adm. & Audit Div.
Admr. Reading File
Administrator

Government's Copy

EXPLORATION PROJECT CONTRACT
PACIFIC NORTHWEST MINING COMPANY
DOCKET NO. DMA-2123X

AMENDMENT NO. 4

It is agreed this 19th day of March, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Pacific Northwest Mining Company, that Exploration Project Contract Idm-E228 (Docket No. DMA-2123X), dated December 14, 1951, as amended, is further amended, effective August 1, 1953, as follows:

1. a. Work under the contract shall be suspended during the period beginning August 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. In Article 3 of the contract, the period "18 months," provided by Amendment No. 3, is deleted and the period "36 months" is substituted.

3. The provisions of Annex I, attached hereto and made a part hereof, are substituted for the provisions of Article 15 of the contract form.

4. 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 August 1, 1953, shall be and is hereby terminated, except for necessary and reasonable

costs and expenses incurred in—

(1) preserving and disposing of property to the cost of which the Government has contributed, and

(2) making and rendering reports, accounts, and winding-up and settlement actions provided for in the contract.

b. The Operator shall promptly perform all winding-up and settlement actions provided for in the contract, including the disposal of any facilities, buildings, fixtures, equipment, or other items to the cost of which the Government has contributed; and shall promptly render to the Government a final report and a final accounting.

c. The provisions of Annex I, attached hereto, as amended hereafter, shall remain in full force and effect. That part of paragraph "b" of Annex I which precedes the first colon is amended to read as follows:

> "The Operator, regardless of any certification of discovery or development, and regardless of whether the Operator is the producer or has any interest in the land or the production therefrom, shall pay to the Government a royalty on all minerals mined or produced from the land described in the contract for a period of twelve years from the date of the contract, or until the total 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 amounts realized from the sale or other disposition of any such production (including any bonuses, premiums, allowances, or other benefits), in whatever form disposed of, including ore, concentrates, or metal, as follows."

This amendment shall not be construed to increase the estimated total cost of the project nor the aggregate

total amount which the Government may be required to contribute.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C O Mittendorf
Administrator, Defense
Minerals Exploration
Administration

PACIFIC NORTHWEST MINING COMPANY

By Martin A. Morrison (~~Partner~~) President-Treasurer

By Robert A. Rukke (~~Partner~~) Vice-President-Secretary

By _____ (~~Partner~~) Director

EXPLORATION PROJECT CONTRACT
PACIFIC NORTHWEST MINING COMPANY
DOCKET NO. DMA-2123X

ANNEX I

The following provisions are in lieu of Article 15:

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 amounts realized from the sale or other disposition of any such production (including any bonuses, premiums, allowances, or other benefits), 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 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 "twelve years" is substituted
[illegible]e period "ten years."

53651

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

JUL 1 8 1953

July 7, 1953

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Contract No. Idm-E228

Dear Mr. Selfridge:

In reply to your letter of July 3 on the subject contract, this is to advise you that one of our auditors will visit the Pacific Northwest Mining Company office in Seattle early next week and will inquire into the financial situation of the company. If it has shown no improvement and if the Operator cannot give us positive assurance that he can start work immediately, we shall recommend to you immediate termination of the contract.

Sincerely yours

FOR Robert H. Kilsgaard
A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: USBM (2)
Puffett

JUL 3 1953

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

Re: Docket No. [illegible]-2123 (Lease-Inc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Contract No. [illegible]-23

Dear Mr. Wissenborn:

This will acknowledge receipt of a copy of your letter of June 19, 1953, to Mr. Martin [illegible] Morrison, President of the subject company. We note that the original contract dated December 14, 1951, provided for a period of ten months for completion of the work, which has been extended by amendments to June 14, 1953. The last Operator's Monthly Report in our files is for the month of November 1952 and, from your letter, we gather that no further work has been accomplished. In addition to these delinquencies, there is the problem of the unsatisfied liens which have been filed against the company.

While we concur with your opinion that it appears desirable for the operator to reach the proposed target, it would seem that the situation has become so involved that the position of the Government must be considered without delay. Therefore, we suggest that you advise us fully upon receipt of the information requested in your letter of June 19, 1953 to the operator.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Concur:

J. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

GCSeeting/hmj
(7/1/53)
CC to: Docket
Adm. [illegible] File
Op. Committee
Data Details Div.
Mr. Kinkel
Mr. Bishop
Chron.
Mr. Chambers, Audit Div.

/
C
O
P
Y
/

So. 157 Howard Street
Spokane 4, Washington

June 19, 1953

Mr. Martin A. Morrison, President
Pacific Northwest Mining Company
619 Fourth Street
Bremerton, Washington

Re: Docket No. DMEA-2123 (lead-Zinc)
Lucile Mine
Stevens County, Washington
Contract Idm-E228

Dear Mr. Morrison:

On March 10, 1953, we amended the DMEA contract for the Lucile Mine to allow an extension of time for the contract from 10 months to 18 months. By this amendment the termination date of the contract was extended to June 14, 1953. In a Field Team letter to you accompanying copies of the amendment, it was stated that this extension was to allow time for you to make financial arrangements to satisfy the liens which have been filed against your company as well as to resume exploration work at the Lucile mine.

On June 15, 1953, we received a letter via registered mail from Robert A. Rukke, Secretary, Pacific Northwest Mining Company, dated June 12, 1953, wherein it was stated that preliminary work preparatory to resumption of actual crosscutting at the Lucile mine had been started. There was nothing in this letter stating that arrangements had been made to satisfy the many liens against your company which had arisen from operations at the Lucile mine.

On June 16, E. A. Magill, U. S. Bureau of Mines, and Willard P. Puffett, U. S. Geological Survey, visited the Lucile mine to make a routine examination and to check on progress of the current exploration. No personnel were found at the Lucile, and an unsuccessful attempt was made to contact a member of your company at the nearby Red Top mine. These two examiners report that there were no signs that any activity had taken place at the Lucile mine recently. The road to the Lucile mine was in sufficiently good condition to permit easy access to the portal of the exploration corsscut.

Before we can consier another extension of time for the exploration work to be completed at the Lucile mine, it will be necessary for our auditors to check the records of the Pacific Northwest Mining Company to determine that financial arrangements have been made to satisfy the liens against the company. This will have to be done in the immediate future. Please notify us at the earliest date as to where the records of the company are kept and with whom to get in contact to arrange for such an audit.

Our field examiners state that the crosscut is intersecting marble strata which are very similar to the ore-bearing strata in the upper Lucile workings. Thus, we are very interested in having exploration work continue at the mine. This will be impossible to do under the terms of the contract though, unless we can obtain satisfactory evidence that you have satisfied the conditions as outlined in our letter to you of March 10, 1953.

By DMEA 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 (2)
USBM (2)
Puffett

GOVERNMENT COPY

(Amendment to Change Starting and/or Completion Dates)

AMENDMENT NO. 3

It is agreed this 10th day of March 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and Pacific Northwest Mining Company (Docket No. DMEA-21[illegible]X, lead-zinc)

each acting in consideration of the agreement to the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E228 dated December 14, 1951 between the parties hereto be modified and amended to change the starting date from --- (No. of days) to within --- (No. of days) of the date of the contract and the completion period from 10 (No. of months) to 18 (No. of months) from the date of the contract. The effective date of this amendment shall be October 14, 1952.

This amendment is made by authority granted the Executive Officer, DMEA 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.

PACIFIC NORTHWEST MINING COMPANY
(Operator)

By Martin A. Monnier

THE UNITED STATES OF AMERICA

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

Pacific Northwest Mining Company
Lucile Mine
Exploration Project Contract Idm-E228
Docket DMEA-2123X (lead,zinc)

Justification for Amendment No. 3

The attached amendment extends the completion date of the contract so that the Operator may make financial arrangements to satisfy the liens filed against the company and to resume work on the exploration project. The exploration crosscut is near the target and if work can be resumed there is a possibility the contract may be brought to a successful conclusion.

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

Mr. Chambers
R-2612

Mr. A. . Weissenborn
Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 8, Washington

JAN 28 1953

Re: Docket No. MEA-2123 (Lead-Zinc)
Contract No. Idm-2228
Pacific Northwest Mining Company

Dear Mr. Weissenborn:

This is with reference to your letter of January 5, 1953 concerning a forest fire in the vicinity of the Lucille mine and enclosing copies of Notice of Claim by the Division of Forestry of the State of Washington against Pacific Northwest Mining Company, as a result of this fire.

We have discussed this matter with our Legal Staff. For your information there is enclosed a copy of memorandum dated January 21, 1953, from the Chief Counsel to the Administrator on this subject, which we believe you will find self-explanatory.

We, of course, are concerned regarding the resumption of work on the project inasmuch as the target area is within easy reach. We concur with your opinion that the work should be brought to completion, consequently every effort should be made to have the Operator continue with the work, and if necessary grant an extension of time. Delays caused by the fire, weather conditions, effect of the Division of Forestry's claim, or internal difficulty in the company, may prevent completion of the project within the period of time prescribed in the contract, unless an extension is granted.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

J. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

Enclosures (1)

FEJohnson/bih 1/23/53
cc to: Docket
Admr. Reading File
Region II
Operating Committee
Hedges - Thayer
Hoffland - Chambers
Keating - FEJohnson

AMENDMENT NO. 2

It is agreed this 1st day of August 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, and Pacific Northwest Mining Company (Docket No. 2123X, lead-zinc)

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 228 of December 14 1951 between the parties hereto be modified and amended as described in Exhibit "F" attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be August 1 1952.

This amendment is made by authority granted the Executive Officer, DMEA 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.

PACIFIC NORTHWEST MINING COMPANY (Operator)

By Martin A. Morrison

THE UNITED STATES OF AMERICA

By A. E. Weissenborn

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 20 1952

PACIFIC NORTHWEST MINING CO.
Exploration Project Contract Idm-E228
Docket No. DMEA 2123X (lead-zinc)

Amendment No. 2

EXHIBIT "F"

Changes and Modifications

In Exhibit "A" of the contract, under Labor and Supervision, add the following clause:

"Labor for the drifting and crosscutting may be paid at the shift rates specified or at unit contract rates not to exceed $10.00 per foot for untimbered advance nor $13.00 per foot for timbered advance."

Docket No. 2123X (lead zinc)
Contract Idm-E228

Pacific Northwest Mining Company
Stevens County, Washington

JUSTIFICATION OF AMENDMENT 2

Subject amendment will enable the operator to obtain competent miners who will expedite advance of the crosscut, which is to the advantage of the operator and the Government.

The amendment will not increase the total cost of the project.

W. S. Anderson

AMENDMENT NO. 1

It is agreed this 14 day of January 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and Stephen W. Zoldok, Joseph M. Zoldok, and Bette Jane Zoldok, co-partners, 401 Symons Building, Spokane 4, Washington

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E228 of December 14, 1951 between the parties hereto be modified and amended as described in Exhibit "F", attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be January 4, 1952.

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

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

Executed in sextuplicate the day and year first above written.

Stephen W. Zoldok
Joseph M. Zoldok by
(Operator)
By Stephen W. Zoldok
his attorney in fact
Bette Jane Zoldok

The United States of America

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

THE LUCILE MINE

STEVENS COUNTY, WASHINGTON

EXPLORATION PROJECT CONTRACT Idm-E228

EXHIBIT "F"

CHANGES AND MODIFICATIONS

The beginning date of contract Idm-E228 is to be deferred from December 14, 1951, to not later than May 1, 1952.

POWER OF ATTORNEY

Know All Men by These Presents: That JOSEPH M. ZOLDAK

OF THE CITY OF SEATTLE, IN THE STATE OF WASHINGTON

ha s made, constituted and appointed, and by these presents do es make, constitute and appoint

STEPHEN W. ZOLDAK, (HIS BROTHER)

OF THE CITY OF SPOKANE, IN THE STATE OF WASHINGTON

his true and lawful attorney for him and in his name, place and stead, and for his use and benefit

GIVING HIM POWER OF ATTORNEY OVER ALL PROPERTIES, INCLUDING MINING PROPERTIES, AND ALL LEASES INVOLVED, LOCATED IN STEVENS COUNTY,

to ask, demand, sue for, recover, collect and receive all such sums of money, debts, dues, accounts, legacies, bequests, interests, dividends, annuities and demands whatsoever, as are now or shall hereafter become due, owing, payable or belonging to him and have, use and take all lawful ways and means in his name or otherwise for the recovery thereof, by attachments, arrests, distress or otherwise, and to compromise and agree for the same, and acquittances or other sufficient discharges for the same for him and in his name, to make, seal and deliver, to bargain, contract, agree for, purchase, receive and take lands, tenements, hereditaments, and accept the seizin and possession of all lands, and all deeds and other assurances in the law therefor, and to lease, let, demise, bargain, sell remise, release, convey, mortgage and hypothecate lands, tenements and hereditaments, upon such terms and conditions, and under such covenants as he shall think fit. Also, to bargain and agree for, buy, sell, mortgage, hypothecate, and in any and every way and manner deal in and with goods, wares and merchandise, choses in action, and other property in possession or in action, and to make, do and transact all and every kind of business, of what nature and kind soever, and also for him and in his name, and as he act and deed, to sign, seal, execute, deliver and acknowledge such deeds, leases and assignments of leases, covenants, indentures, agreements, mortgages, hypothecations, bottomries, charter parties, bills of lading, bills, bonds, notes, receipts, evidences of debt, releases and satisfaction of mortgage, judgments and other debts, and such other instruments in writing of whatever kind or nature, as may be necessary or proper in the premises.

GIVING AND GRANTING unto his said attorney full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do if personally present,

hereby ratifying and confirming all that his said attorney he shall lawfully do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the 27th day of DECEMBER, A. D., 19 50.

Signed, Sealed and Delivered in presence of

John Billosgare

Joseph M. Zoldak (SEAL)

(SEAL)

(SEAL)

(SEAL)

This blank is guaranteed against successful alteration, which guaranty is insured in LLOYD'S, London—Pat. Pend.
Washington Legal Blank Co., Seattle. (Power of Attorney) Form No. 58.

Printing Date 11/15/48

STATE OF WASHINGTON,

County of KING } ss. (INDIVIDUAL ACKNOWLEDGMENT)

I, L. Gale Myer Notary Public in and for the State of Washington, residing at Seattle do hereby certify that on this 27th day of DECEMBER, 1950, personally appeared before me JOSEPH M. ZOLDAK, OF SEATTLE, WASHINGTON

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

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 27th day of DECEMBER, 1950.

L. Gale Myer

Notary Public in and for the State of Washington, residing at SEATTLE, in said County.

Commission expires 8-19-54

No.

Power of Attorney

FROM Joseph M. Zoldak

TO Stephen M. Zoldak

CONSENT TO ASSIGNMENT

To: Stephen W. Zeldok, Betty Jane Zeldok, and Joseph [illegible]. Zeldok, co-partners, hereinafter called the "Operator"

and

To: Pacific Northwest Mining Company, a Washington corporation, hereinafter called the "Assignee".

Referring to Exploration Project Contract, Docket No. 2123A (ldm-E228) dated December 14, 1951, as amended, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and the Operator; and

Referring to the Mining Lease entered into April 25, 1952, between the Operator as Owner and the Horseshoe Basin Mining and Development Co., a Washington corporation, as Lessee, covering the property described in the Exploration Project Contract; and

Referring to the Assignment dated May 1, 1952, signed by the said Horseshoe Basin Mining and Development Co. whereby it transferred to the Assignee the lease above referred to and the Assignee assumed all the obligations and liabilities imposed by the said lease; and

Referring to the Owner's Consent to Lien dated May 7, 1952, signed by the Operator; and covering the property described in the Exploration Project Contract; and

Referring to the Assignment of the Exploration Project Contract dated May 7, 1952, whereby the said Operator transfers and assigns to the said Assignee the said Exploration Project Contract; and

Referring to the Acceptance by the Assignee dated May 8, 1952, of the said Assignment and assumption of the obligations of the said Exploration Project Contract which was attached to the said Assignment;

The Government, without releasing the Operator, hereby consents to said Assignment, Provided, That the cut-off date for contributions by the Government as between the Operator and the Assignee shall be May 8, 1952, the Government's contributions up to and including said date being for the account of the Operator and contributions after that date being for the account of the Assignee.

Dated October 16, 1952.

UNITED STATES OF AMERICA

By C. D. Mitteudorf

~~Acting~~ Administrator
Defense Minerals Exploration
Administration (formerly Defense
Minerals Administration)

E. 1425 - 40th Avenue
Spokane, Washington

May 12, 1952

Pacific Northwest Mining Co.
219 - 4th Street
Bremerton, Washington

Gentlemen:

We, the undersigned contractors under DMA contract No. Idm-E228 with the United States Government, do hereby agree that pending the acceptance by the government of Pacific Northwest Mining Co. as contractor under this exploratory contract, that mining operations pursuant to the terms of said contract may be conducted by Pacific Northwest Mining Co. on the Lucille Mine in our name, and we do covenant and agree that any checks or moneys received by us from the government for its share of the exploratory work will be turned over by us in full to Pacific Northwest Mining Co.

WITNESS OUR HANDS this 12th day of May, 1952.

Stephen W. Zoldok
Stephen W. Zoldok

Betty Jane Zoldok
Betty Jane Zoldok

Joseph M. Zoldok
Joseph M. Zoldok by

Stephen W. Zoldok
Stephen W. Zoldok, his
Attorney in Fact.

GOVERNMENT'S COPY

CONSENT TO ASSIGNMENT

To: Stephen W. Zoldok, Betty Jane Zoldok, and Joseph M. Zoldok, co-partners, hereinafter called the "Operator"

and

To: Pacific Northwest Mining Company, a Washington corporation, hereinafter called the "Assignee".

Referring to Exploration Project Contract, Docket No. 2123X (Idm-E228) dated December 14, 1951, as amended, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and the Operator; and

Referring to the Mining Lease entered into April 25, 1952, between the Operator as Owner and the Horseshoe Basin Mining and Development Co., a Washington corporation, as Lessee, covering the property described in the Exploration Project Contract; and

Referring to the Assignment dated May 1, 1952, signed by the said Horseshoe Basin Mining and Development Co. whereby it transferred to the Assignee the lease above referred to and the Assignee assumed all the obligations and liabilities imposed by the said lease; and

Referring to the Owner's Consent to Lien dated May 7, 1952, signed by the Operator; and covering the property described in the Exploration Project Contract; and

Referring to the Assignment of the Exploration Project Contract dated May 7, 1952, whereby the said Operator transfers and assigns to the said Assignee the said Exploration Project Contract; and

Referring to the Acceptance by the Assignee dated May 8, 1952, of the said Assignment and assumption of the obligations of the said Exploration Project Contract which was attached to the said Assignment;

The Government, without releasing the Operator, hereby consents to said Assignment, Provided, That the

cut-off date for contributions by the Government as between the Operator and the Assignee shall be August 1, 1952, the Government's contributions up to and including said date being for the account of the Operator and contributions after that date being for the account of the Assignee.

Dated June 30, 1952.

UNITED STATES OF AMERICA

By C O Mitchenson
Acting Administrator
Defense Minerals Exploration
Administration
(formerly Defense Minerals
Administration)

GOVERNMENT'S COPY

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS, That we, STEPHEN W. ZOLDOK, JOSEPH M. ZOLDOK, and BETTY JANE ZOLDOK, co-partners, for valuable consideration, receipt of which is hereby acknowledged, do assign, transfer and convey unto PACIFIC NORTHWEST MINING CO., a corporation organized under the laws of the State of Washington, all our right, title and interest in and to that certain exploration project contract entered into on the 14th day of December, 1951, by and between ourselves and the United States of America acting through the Department of the Interior, Defense Minerals Administration, which said contract bears Docket No. DMA-2123X, Commodity Lead-Zinc, and Idm-E228.

IT IS UNDERSTOOD that this assignment is subject to the approval of the United States Government, and its willingness to accept said PACIFIC NORTHWEST MINING CO. in lieu of, and in place of ourselves.

IN WITNESS WHEREOF, we have hereunto set our hands and seals in the City of Spokane, State of Washington, on this 7th day of May, 1952.

Stephen W. Zoldok
Stephen W. Zoldok

Betty Jane Zoldok
Betty Jane Zoldok

Joseph M. Zoldok
Joseph M. Zoldok by

Stephen W. Zoldok
Stephen W. Zoldok, his
Attorney in Fact.

GOVERNMENT'S COPY

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS, that we, STEPHEN W. ZOLDOK, JOSEPH M. ZOLDOK, and BETTY JANE ZOLDOK, co-partners, for valuable consideration, receipt of which is hereby acknowledged, do assign, transfer and convey unto PACIFIC NORTHWEST MINING CO., a corporation organized under the laws of the State of Washington, all our right, title and interest in and to that certain exploration project contract entered into on the 14th day of December, 1951, by and between ourselves and the United States of America, acting through the Department of the Interior, Defense Minerals Administration, which said contract bears Docket No. DMA-21234, Commodity Lead-Zinc, and Idm-1228.

IT IS UNDERSTOOD that this assignment is subject to the approval of the United States Government, and its willingness to accept said PACIFIC NORTHWEST MINING CO. in lieu of, and in place of ourselves.

IN WITNESS WHEREOF, we have hereunto set our hands and seals in the City of Spokane, State of Washington, on this ____ day of May, 1954.

Stephen W. Zoldok

Betty Jane Zoldok

Joseph M. Zoldok

Stephen W. Zoldok, His Attorney-in-Fact.

PACIFIC NORTHWEST MINING CO., through its duly authorized officers, does hereby accept the aforegoing assignment, and does hereby consent and agree to be bound by the terms and conditions of the aforesaid exploration project contract No. Idm-E228.

WITNESS OUR HANDS and the company's official seal this 6 day of May, 1952.

PACIFIC NORTHWEST MINING CO.

Martin A. Morrison
President

Robert A. Rikke
Secretary

ELLMAN CLARK
TTORNEY AT LAW
HUTTON BUILDING
OKANE 8, WASH.

PACIFIC NORTHWEST MINING CO., through its duly authorized officers, does hereby accept the aforegoing assignment, and does hereby consent and agree to be bound by the terms and conditions of the aforesaid exploration project contract No. Idm-1228.

WITNESS OUR HANDS and the company's official seal this 2 day of May, 1952.

PACIFIC NORTHWEST MINING CO.,

President

Secretary

WILLIAMS COUPER
ATTORNEYS AT LAW
HOQUIAM, WASH.

MF-203

OWNER'S CONSENT TO LIEN

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

The Lucile Mine, also known as the Owen's and the Boundary Silver-Lead, is comprised of the Lucile, Tip Top, Winner, Comet, Silver Tip, Effie, Speculator and Speculator No. 2 unpatented lode mining claims. The property is in sections 19 and 30, T. 40 N., R. 42 E., W. M., on the east slope of Red Top Mountain, in the Northport Mining District, 5.0 miles by road (2.0 miles airline) north of Leadpoint, Washington.

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/ Pacific Northwest Mining Co., a corporation organized and existing under and by virtue of the laws of the State of Washington,

hereinafter called the "Operator"; and

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

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

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

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ 18,642.00, or ten years have elapsed from the date of the contract.

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

Dated this 7th day of May, 1952.

Stephen W. Zoldok [Seal]

Betty Jane Zoldok [Seal]

Joseph M. Zoldok by [Seal]

Stephen W. Zoldok (Seal) his Attorney in Fact.

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

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

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

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

RELEVANT CONTRACT PROVISIONS

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

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

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

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

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

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

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

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

ASSIGNMENT

This agreement made this 1st day of May 1952, by and between the Horseshoe Basin Mining & Development Co., a corporation organized under the laws of the State of Washington, party of the first part, and Pacific Northwest Mining Co., a corporation organized under the laws of the State of Washington, party of the second part;

WHEREAS, on the 26th day of April, 1952, a certain lease was made and entered into, wherein Stephen W. Zeldek, Bette Jane Zeldek and Joseph M. Zeldek, are the lessors, and the Horseshoe Basin Mining & Development Co. is the lessee, and the party of the first part hereto;

WHEREAS, in pursuance of a resolution of the directors of the Horseshoe Basin Mining & Development Co., party of the first part herein, passed on the 6th day of April, 1952, it has agreed to sell, and the parties of the second part agree to purchase, that certain lease hereinabove referred to, a copy of which is hereto attached, marked Exhibit "A" and made a part hereto;

NOW, THEREFORE, know all men by these presents, that for and in consideration of 1,530,000 shares of stock of the Pacific Northwest Mining Co., of the par value of five cents (5¢) per share, to it in hand paid, transferred and set over by the party of the second part, receipt of which is hereby acknowledged, the party of the first part hereby sells, assigns and transfers to the party of the second part, that certain lease above referred to and made a part hereof, together with all the rights, benefits, covenants and stipulations therein contained and provided;

That party of the second part pursuant to a resolution adopted by it's Board of Directors, passed on the 30th day of April 1952, hereby accepts the within assignment to it by the party of the first part, and agrees with party of the first part hereto, to perform and observe all the covenants, conditions and stipulations contained in said lease, and to assume all of the obligations and liabilities imposed by said lease, and to hold party of the first part harmless on all the covenants and agreements therein.

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

HORSESHOE BASIN MINING & DEVELOPMENT CO.

BY:

Martin A. Morrison
President

Robert A. Rukke
Secretary

PACIFIC NORTHWEST MINING CO.

BY:

Martin A. Morrison
president

Robert A. Rukke
Secretary

STATE OF WASHINGTON)
) ss
County of Kitsap)

On this 1st day of May 1952, before me personally appeared MARTIN A. MORRISON, President and ROBERT A. RUKKE, Secretary to me known to be the President and Secretary respectively, of the corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

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

Notary Public in and for the State of Washington residing at Bremerton

STATE OF WASHINGTON)
) ss
County of Kitsap)

On this 1st day of May, 1952, before me personally appeared Martin A. Morrison and Robert A. Rukke to me known to be the President and Secretary respectively, of the corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

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

Notary Public in and for the State of Washington residing at

MINING LEASE

THIS LEASE MADE AND ENTERED INTO THIS 25th DAY OF APRIL, 1952,

BY AND BETWEEN:

STEPHEN W. ZOLDOK, BETTY JANE ZOLDOK, and JOSEPH M. ZOLDOK, First Parties, and

hereinafter called

the OWNERS

AND: HORSESHOE BASIN MINING AND DEVELOPMENT CO., a Washington Corporation with its principal place of business at Bremerton, Washington, Second Party, and

hereinafter called

the LESSEE.

W I T N E S S E T H:

1. RIGHTS GRANTED TO LESSEE. The OWNERS for and in consideration of the sum of One Dollar ($1.00), receipt of which they hereby acknowledge, and in further consideration of the rents and royalties to be paid, and the covenants and agreements to be observed, kept, and performed by the LESSEE for the term hereinafter stated, and upon the terms and conditions herein below set forth, has leased, demised, and let, and by these presence, do lease, demise, and let unto the LESSEE all of the following described mineral rights and property situated in the Northport Mining District, County of Stevens, State of Washington, to-wit:

> All of the LUCILLE MINE which is also known as the OWENS and the BOUNDARY SILVER LEAD, and is comprised of the following unpatented mining claims, to-wit: LUCILLE, located January 1, 1910, recorded in Book 16, page 433; TIPTOP, located January 1, 1901, recorded in Book 11, page 197; WINNER, located February 1, 1899, recorded in Book 7, page 534; COMET, located August 20, 1899, recorded in Book 9, page 634; SILVER TIP, located December 12, 1900, recorded in Book 11, page 147; and EFFIE, located April 30, 1915, Book 18, page 412; SPECULATOR, located April 26, 1948, recorded in Book 19, page 361 and 362; SPECULATOR NO. 2, located May 1, 1948, recorded in Book 19, page 363 and 364.

2. TERM. To have and to hold unto said LESSEE, its

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SPOKANE 8, WASH.

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ATTORNEY AT LAW
[illegible]
[illegible], WASH

assigns and successors in interest, for a period of twenty (20) years from and after the date of this lease unless sooner terminated as hereinafter provided.

3. CONDUCT OF MINING OPERATIONS. The LESSEE shall take immediate possession of said premises and all mining on said premises shall be under the sole direction of LESSEE and must comply with all laws, rules, and regulations governing mining operations as promulgated by the State of Washington and the United States Government, and must be in accordance with standard sound mining.

4. MINIMUM LABOR. LESSEE shall each and every year of this lease, perform at least six hundred (600) man-shifts of labor under ground, and shall perform such other labor as may be required in order to perform the annual assessment work required by the laws of the State of Washington, and the United States Government. A shift of labor consists of eight (8) hours of labor performed by one man.

H.W.Z. J.W.Z. B.J.Z. M.A.M. R.A.R.

5. PROOF OF LABOR. LESSEE agrees to file proof of labor with the County Auditor of Stevens County, State of Washington, covering all claims demised herein, on or before May 1st of each year, and to furnish OWNERS with a copy thereof; 1952 Excluded

6. ROYALTY. LESSEE shall pay or cause to be paid to OWNERS as rent, excepting as hereinafter stated, royalty based on ten (10) per cent of the net returns on all ores mined from the said demised property, it being expressly understood that the term "net returns" as used herein shall be understood to mean the actual amount for which said ores are sold after deduction of treatment charges of the smelter or other purchaser, and transportation charges to the smelter or ore purchaser.

7. PLACE AND TIME OF PAYMENT. All royalties as provided for in this agreement shall be payable no later than ten (10) days after the receipt of the proceeds of the sale of ores or concentrates by the LESSEE, and shall be payable at the Old National Bank of Spokane, Spokane, Washington. LESSEE agrees to direct any ore buyer or concentrate purchaser to make payment of royalties

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[illegible] and possessions [illegible] purpose of [illegible] (50) years from the date of this [illegible] lease [illegible] to terminate on [illegible] provided.

2. CONDUCT OF MINING OPERATIONS. The lessee shall [illegible] immediate possession of said premises and all property or said premises shall be under the sole direction of lessee and must comply with all laws, rules and regulations governing mining operations as promulgated by the Bureau of Mines and the Bureau Bureau Government, and must be in accordance with good mining practice.

3. RENTAL [illegible]. [illegible] of this lease, payable [illegible] [illegible] under ground, and [illegible] [illegible] [illegible]

to OWNERS direct. Copies of all settlement sheets and statements of buyers shall be furnished OWNERS.

8. MILL CONSTRUCTION. It is agreed and understood that when thirty thousand (30,000) tons of commercial ore have been developed in the mine that LESSEE must commence construction of and complete within one (1) year, a mill of at least fifty (50) tons daily (24 hours) capacity.

9. LIABILITIES, LIENS, AND TAXES. LESSEE agrees to save OWNERS harmless against any and all liabilities of every kind and character arising out of their operation on the demised premises, to keep said property free and clear of any indebtedness, to prevent any liens to be levied on the property, to pay all assessments and taxes, both personal and real, as the same may become due, to carry workman's compensation insurance, and in general, to comply with all laws, rules, and regulations governing the mining operations. In the event a lien is filed and LESSEE desires to contest the same, it must deposit with the Clerk of the Court of Stevens County, sufficient moneys to pay the lien in the event the lien is not discharged.

10. CONTIGUOUS CLAIMS. It is understood and agreed that if LESSEE shall locate, lease, or acquire any mining property adjacent or contiguous to the demised property hereinabove set forth that OWNERS shall receive during the term of this lease or any extension thereof, a royalty of one and one-half (1½) per cent of the net returns from all ores mined from said property, computed and payable in the manner as set forth in paragraph 6. and 7. of this lease. It is further understood that if LESSEE runs any of said ore through the mill to be erected as provided for in paragraph 8. above, that it shall make proper and sufficient provisions for treating said ore so as not to co-mingle the same with the ore from the demised premises and if it fails to make satisfactory provisions or keep satisfactory records of concentrates from the co-mingled ores, then it shall pay the ten (10) per cent royalty as hereinabove provided.

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to [illegible] damage. [illegible] of [illegible] shall [illegible] of [illegible] shall be [illegible].

[illegible] CONSTRUCTION. It is agreed and understood that [illegible] thirty-thousand (30,000) tons of [illegible] have been [illegible] in the [illegible] [illegible] maintenance [illegible] of and [illegible] within one (1) year, [illegible] a lease [illegible] [illegible] (24 hours) [illegible].

[illegible] INSURANCE, [illegible] AND [illegible]. [illegible] agrees to have [illegible] insurance [illegible] and [illegible] of every kind and character [illegible] the [illegible] premises to keep said property free from [illegible] and [illegible], to prevent any [illegible] to be [illegible] to [illegible] all [illegible] and [illegible], both personal and [illegible], [illegible] due to [illegible] workmen's compensation [illegible], and generally to comply with all [illegible] and regulations governing the [illegible] operations [illegible] a lien [illegible] and [illegible] against the [illegible] [illegible] dispute with the [illegible] [illegible] [illegible] authorized agent to [illegible] the [illegible] [illegible] [illegible].

[illegible] DAMAGE CLAUSE. It is understood and agreed [illegible] [illegible] lessee, [illegible] or [illegible] any [illegible] property [illegible] or [illegible] [illegible] [illegible]

11. INSPECTION AND RECORDS. LESSEE agrees to maintain and keep adequate records and accounts showing all ores extracted from the demised premises, and from the adjoining and adjacent premises, the shifts of labor performed, the returns from any and all ore buyers, and further agrees to permit these records to be inspected by OWNERS or their agents, and extracts taken therefrom, and further agrees to allow OWNERS and their agents from time to time, to enter upon said mine for the purposes of inspection, it being understood that the rights of examination and inspection as above provided is exerciseable at reasonable times and cannot unnecessarily interfer with LESSEE's operation.

12. DMEA CONTRACT. It is understood and agreed that OWNERS have entered into a contract with the United States Government described as DMA Contract No. 2123, and that they will execute any and all papers necessary in order that this contract may be assigned and transferred to LESSEE, and that in the event this contract is not assigned and the LESSEE accepted by the Government within thirty (30) days that LESSEE may declare this lease cancelled and terminated by written notice to OWNERS.

13. TERMINATION BY LESSEE. Should LESSEE at any time during the life of this agreement, except as immediately above provided, desire to terminate this lease it may do so by giving OWNERS thirty (30) days written notice of its intent to terminate, provided, however, that if said notice to terminate is given during the period of May 1st to July 1st of any year that the annual assessment work on claims must be performed, and that LESSEE, in the event it has not filed proof of labor or performed the annual labor, shall be liable to OWNERS for the annual labor on the demised premises for the preceding fiscal year. Upon the expiration of said thirty (30) day period OWNERS shall be entitled to enter upon and retake possession of said premises.

14. REMOVAL OF EQUIPMENT. LESSEE shall have the right at any time During The Term ~~as long as it is not in default, under the terms~~ of this lease, providing all sums Due Lessors From Smelter returns Have been paid as herein provided, to remove from the demised premises all machinery, tools,

M.A.M. R.A.R.

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[illegible]

[illegible]

[illegible]

and other equipment placed thereon by it within a period of sixty (60) days from the date of termination of this lease, and unless so removed within said period the same shall immediately become the property of the OWNERS, provided, however, that LESSEE shall not remove or impair any supports, mine props, or mine timbers which may be necessary for the protection of any openings. For the purpose of this lease, the mill building and all machinery installed therein, water pipes, and mine rail, shall be considered as personal property and be subject to removal as above provided.

15. FORCE MAJEUR. The performance of any of the terms or conditions of this lease shall be excused when such performance is prevented by acts of God, fires, floods, labor strikes, weather conditions, or other causes beyond the control of LESSEE, and shall further be excused in the event there is a serious metal market decline and the economic situation is such that ore from the mine cannot be mined, milled and sold at a profit, provided, however, that the foregoing acts and conditions shall not excuse or free LESSEE from the obligation of performing the annual labor, and from maintaining and keeping tunnels open and the property in good condition.

16. DEFAULT BY LESSEE. Time is of the very essence of this agreement, and in case the LESSEE shall fail to keep and perform all or any of the covenants and agreements herein contained, then the OWNERS shall have the right to give LESSEE written notice of such default, stating the nature of the default, and that if LESSEE does not cure or remove such default within thirty (30) days after the mailing of said notice as evidenced by the post office cancellation mark, then this lease may be at the option of OWNERS terminated by mailing or serving upon LESSEE a notice of termination. Thereupon OWNERS may retake possession of the demised premises and all equipment and property situated thereon subject only to the rights of LESSEE set forth in paragraph 14. above.

17. ASSIGNMENT. It is agreed and understood that LESSEE

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[illegible] equipment planned operation by [illegible] [illegible] (30) days in the case of commencement of [illegible] [illegible] removed within said period the same shall immediately become the property of the [illegible], provided, however, that [illegible] have of [illegible] equipment, and [illegible], [illegible] may be necessary for the protection of any property. [illegible] the purpose of this lease, the [illegible] [illegible] water piped, and also [illegible], shall be considered as personal property and [illegible] to [illegible] by [illegible] provided.

[illegible] [illegible] of any of the items [illegible] [illegible] [illegible] conditions, or other causes by the [illegible] [illegible], [illegible] [illegible] [illegible]

cannot assign this lease or sublet the premises or any portion thereof without the written consent of OWNERS first had and obtained except, however, that OWNERS do consent to an assignment by LESSEE to a Washington State corporation to be organized and called PACIFIC NORTHWEST MINING COMPANY, notice of which must be given to OWNERS promptly upon the execution of the assignment.

18. COVENANT OF TITLE. OWNERS covenant that the demised premises are free, clear and unencumbered except for the paramount title of the United States Government.

19. RIGHT TO PURCHASE. OWNERS covenant and agree that in the event the demised premises is offered for sale to some one other than one of themselves that LESSEE shall have the right of first refusal. In the event the property is so offered for sale OWNERS shall give LESSEE written notice, stating the terms and conditions of the offer, and LESSEE shall have thirty (30) days from the date of the mailing of said notice within which to elect to meet this offer. In the event they do not notify OWNERS of their election within said thirty (30) day period, OWNERS shall have the right upon the expiration of said period, to sell said premises at the price and upon the terms and conditions stated in said notice, but not at a lesser price or on different conditions.

20. OPTION TO RENEW. It is mutually understood and agreed that in the event LESSEE is not in default under any of the terms and conditions of this lease, it shall have the right to renew this lease for a similar term of twenty (20) years upon the same terms and conditions by giving OWNERS notice in writing of its election to renew on or before March 1, 1972. In the event LESSEE fails to give said notice OWNERS shall have the right to refuse any renewal of this lease and the same shall terminate on the expiration of the term hereof.

21. HOW NOTICES TO BE GIVEN. All notices provided for herein, and until changed in writing, shall be given by registered mail as follows:

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[illegible] assign this lease or sublet the premises [illegible] without [illegible] the written consent of [illegible] and [illegible] [illegible]. However, [illegible] do [illegible] to an assignee, [illegible] to a [illegible] [illegible] [illegible] called [illegible] [illegible] [illegible] be given to [illegible] [illegible] upon the [illegible] of the [illegible].

[illegible] [illegible] [illegible] [

OWNERS: East 1425 - 40th Avenue, Spokane, Washington

LESSEE: 219 - 4th Street, Bremerton, Washington.

It is agreed and understood between the parties hereto that notices served upon STEPHEN W. ZOLDOK shall be construed to and shall include BETTY JANE ZOLDOK and JOSEPH M. ZOLDOK.

22. SUCCESSORS AND ASSIGNS. This lease shall be binding upon and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have subscribed their names, and the corporation acting through its duly authorized officers, has affixed its name and seal the day and year first above written.

Stephen W. Zoldok

Betty Jane Zoldok

Joseph M. Zoldok

Joseph M. Zoldok by

Stephen W. Zoldok

Stephen W. Zoldok, his
Attorney in Fact.

HORSESHOE BASIN MINING AND
DEVELOPMENT CO.

Martin A. Monsson
President

Attest:

Robert A. Rokke
Secretary

WELLMAN CLARK
ATTORNEY AT LAW
711 HUTTON BUILDING
SPOKANE 8, WASH.

[illegible] Avenue, [illegible] Washington

[illegible] 1987, [illegible] Schedule [illegible] warranty.

It is agreed and understood between the parties hereto that notice served upon [illegible] W. [illegible] shall be considered as sufficient notice to [illegible] shall include [illegible] and [illegible] E. [illegible].

[illegible] Seller [illegible] Contract. This Deed [illegible] be binding upon and inure to the benefit of the parties hereto, their heirs, successors, administrators, assigns and [illegible].

In witness whereof, the parties have hereunto [illegible] their hands and the corporate seal of the [illegible] affixed, the [illegible] day and year first above written.

[illegible]

[illegible]

[illegible]

STATE OF WASHINGTON)
County of Spokane) ss

I, Wellman Clark, notary public, do hereby certify that on this 25th day of April, 1952, personally appeared before me STEPHEN W. ZOLDOK and BETTI JANE ZOLDOK, to me known to be the individuals described in and who executed the within instrument and acknowledged that they signed and sealed 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 25th day of April, 1952.

Wellman Clark
Notary Public in and for the State of Washington, residing at Spokane

STATE OF WASHINGTON)
County of Spokane) ss

I, Wellman Clark, notary public, do hereby certify that on this 25th day of April, 1952, personally appeared before me STEPHEN W. ZOLDOK, the person who is described in and whose name is subscribed to the within instrument as the Attorney in Fact of JOSEPH M. ZOLDOK pursuant to a Power of Attorney executed on the 27th day of December, 1950, and acknowledged to me that he subscribed the name of JOSEPH M. ZOLDOK thereto as principal and his own as attorney in fact, and acknowledged that he signed and sealed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

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

Wellman Clark
Notary Public in and for the State of Washington, residing at Spokane

WELLMAN CLARK
ATTORNEY AT LAW
711 HUTTON BUILDING
SPOKANE 8, WASH.

STATE OF WASHINGTON)
)ss.
County of King)

I, William Shaw, notary public, do hereby certify that on this 20 day of April, 1972, personally appeared before me William W. BOLCOX and Betty Jean BOLCOX, to me known to be the individuals described in and who executed the within instrument and acknowledged that they signed and sealed 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 April, 1972.

NOTARY PUBLIC in and for the State of Washington, residing at Seattle

STATE OF WASHINGTON)
)ss.
County of King)

I, William Shaw, notary public, do hereby certify that on this 20 day of April, 1972, personally appeared before me William W. BOLCOX, the person described in and who signed the within instrument as the attorney in fact for Betty Jean BOLCOX pursuant to a power of attorney dated the 20th day of [illegible], 1972, and duly filed in the records of King County, Washington, and that said Betty Jean BOLCOX is not a resident of the State of Washington, and that said power of attorney has not been revoked, and that said attorney in fact executed the within instrument as the free and voluntary act and deed of said principal for the uses and purposes therein mentioned.

Given under my hand and official seal this 20 day of April, 1972.

NOTARY PUBLIC in and for the State of Washington, residing at Seattle

STATE OF WASHINGTON)
County of Kitsap) ss.

On this 28th day of April, 1952, before me, a Notary Public in and for the above named County and State, personally appeared Martin A. Morrison and Robert A. Rukke to me known to be the _____ President and _____ Secretary respectively of the HORSESHOE BASIN MINING AND DEVELOPMENT CO., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and each on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

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

Notary Public in and for the State of Washington, residing at Bremerton

WELLMAN CLARK
ATTORNEY AT LAW
711 HUTTON BUILDING
SPOKANE 8, WASH.

[illegible]

[illegible]

[illegible]

2236-2

GOVERNMENT COPY

APPROVAL OF SUBCONTRACT
(Under Form MF-200, revised February 1952)

To: Pacific Northwest Mining Company
(Name of Operator)

That certain contract, or proposed contract, a copy of which you have submitted with your request for approval, dated May 15, 1952, between you and Boundary Lumber Company
(Name of Independent Contractor)

for the performance of the following work: Bulldozing at $10 per hour

which is all or a specific element of the work described in an Exploration Project Contract dated December 14, 1951, IdmE228, Docket No. DMEA 2123X (lead-zinc), is hereby approved by the United States of America, subject to all of the terms and conditions relating to such independent contracts set forth in said Exploration Project Contract.

Dated: September 24, 1952.

THE UNITED STATES OF AMERICA

By A. E. Weissenborn

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 6 1952

Northport, Washington
May 15, 1952

Pacific Northwest Mining Co.
S. W. Zoldok
Spokane, Washington

Dear Sir:

We bid on your bulldozing job ten dollars per hour, $10.00, when actually in operation. This bid price includes operator, fuel, maintenance and bulldozing.

Yours truly,

W G Lotze

Boundary Lumber Company
Northport, Washington

Docket No. 2123X

Commodity Lead-Zinc

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 228

Date of Contract ~~xxxxxxxxxxxx~~: December 14, 1951

Name and Address of Operator:

Pacific Northwest Mining Co.
401 Symons Building
Spokane 4, Washington

Amount of Government participation $ 18,642.00

Percent of Government participation 50 %

Region: I PW State: Washington

Note: Please release $10,905.14.

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

Date Delivered to Bureau of Mines, Washington. 10/11/55

54458

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 8 1952

January 4, 1952

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

Docket DMA-2123X
Exploration Contract
Idm-E-228

Dear Mr. Johnson:

Enclosed herewith are four signed copies of Exploration Contract Idm-E228. We have received a written request for deferment of the beginning date of the contract due to present adverse weather conditions. Copies of the letter to the applicant granting his request are attached to each contract.

We are retaining in our files a copy of the Power of Attorney from Joseph M. Zoldak, who actually signed the contract. If necessary, we will forward this copy of Power of Attorney to your office upon request.

Very truly yours,

Willard P. Puffett

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

Enclosures

MF-200
(June 1951)

Docket No. DMA 2123X
Commodity Lead-Zinc
Idm-E228

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

EXPLORATION PROJECT CONTRACT [1]

It is agreed this 14 day of December, 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] Stephen W. Zoldok, Joseph M. Zoldok and Bette Jane Zoldok, co-partners
401 Symons Building
Spokane 4, 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 Stevens described as follows: [3] The Lucile Mile, also known as the Owen's and the Boundary Silver-Lead, is comprised of the Lucile, Tip Top, Winner, Comet, Silver Tip, Effie, Speculator and Speculator No. 2 unpatented lode mining claims. The property is in sections 19 and 30, T.40N., R.42E., W. M., on the east slope of Red Top Mountain, in the Northport Mining District, 5.0 miles by road (2.0 miles airline) north of Leadpoint, Washington.
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:

There are no encumbrances.

(*b*) ~~[illegible]~~

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-zinc; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] ten (10) 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 $18,642.00, which is 50 percent of the agreed estimated total cost of this project, $37,284.00.

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.

Stephen W. Zoldok

Stephen W. Zoldok (Operator)

By Joseph M. Zoldok for Stephen W. Zoldok, his attorney in fact

Joseph M. Zoldok

By Bette Jane Zoldok

Bette Jane Zoldok

THE UNITED STATES OF AMERICA

By C. D. Mitterdorf

Acting Administrator
Defense Minerals Exploration Administration

U. S. GOVERNMENT PRINTING OFFICE 16—6[illegible]

Stephen W. Zoldok

Exploration Project Contract

The Lucile Mine

Exhibit "A"

Statement of Work

Time Schedule
Month

0 - 5

Stage I*

1. Rehabilitate the Operator's camp buildings and equipment at a cost not to exceed $500.00 for all labor, materials and supplies. Only that rehabilitation will be done which is necessary to be of direct benefit to the exploration project.

2. Lay 900 feet of 1" pipe from a spring to the mine for a water supply. The estimated cost including all labor and material is $400.00

3. Construct, by contract bulldozing, approximately 500 feet of mine road to the portal site of a proposed adit at an elevation of 3,440 feet as indicated on the attached map. The estimated time to construct the road is eight hours.

4. Strip, by contract bulldozing, the alluvium to bedrock in the immediate areas of three faults as indicated on the attached map. The maximum time allowed for the proposed stripping is one hundred (100) hours with 20 hours allotted to the middle fault area and 40 hours each to the northern and southern fault areas. The hourly cost of the bulldozer, while actually operating, is not to exceed $15.00 and this includes all costs as wages of the operator, fuel, lubrication, transportation, repairs, compensation, etc.

5. Drive a 375 foot adit crosscut westerly from the adit site to a point approximately midway between the downward projections of the Lucile Nos. 1 and 2 orebodies located on the hanging wall of the limestone zone as shown on the attached map. The adit is to be of sufficient size for mucking machine operation but is not to exceed 6' x 7½' in the clear.

6. Drive approximately 125 feet of drift both northerly and southerly from the face of the adit to intersect the downward extensions of the mineralized zones as shown on the attached map. The drifts are to be of sufficient size for mucking machine operation but are not to exceed 6' x 7½' in the clear.

Stage II*

Stage II will be undertaken only after completion of Stage I to the satisfaction of and approval by the Government, which approval will be dependent upon the results of Stage I.

1. Drill by contract a maximum of two shallow NX diamond drill holes, aggregating not more than 333 1/3 feet, at each of the stripped areas to explore, where warranted, any mineralized structures that may be uncovered. The exact location, length and attitude of the individual holes will be determined by the Operator upon the basis of the results of Stage I, subject to approval by the Government.

2. Drive a 165 foot raise from the south drift and a 220 foot raise from the north drift on the downward extensions of the Nos. 1 and 2 Lucile ore bodies respectively, if warranted and approved by the Government. The former raise is to connect to the Lucile adit and the latter to the surface. The raises are not to exceed 4' x 7' in the clear.

* As indicated in section 4 of the contract, all subcontracts are subject to approval by the Government in writing.

Estimated Cost of the Project

Fixtures and Improvements.

Construct 500 feet of mine road, 8 hours @ $15.00 per hour	$ 120.00	
Four tons of 16# mine rail @ $125.00/ton	500.00	
Track spikes, fish plates, etc.	100.00	
Pipe 3", 450 feet @ $0.90 per foot	405.00	
Pipe 2", 650 feet @ $0.40 per foot	260.00	
Pipe 1", 1,550 feet @ $0.25 per foot	387.50	
Pipe 3/4", 400 feet @ $0.20 per foot	80.00	
Pipe fittings, miscellaneous	204.50	
One air receiver	250.00	$ 2,307.00

Operating Equipment

To be rented.

Not applicable

To be purchased:

1 - Stoper	$ 670.00	
Hose and fittings for stoper	45.00	
1 - Heavy jackhammer	365.00	
1 - Jackleg for jackhammer	195.00	
Hose and fittings for jackhammer	58.00	
1 - Supply pump, air operated	150.00	
1 - Mucking machine	3,000.00	
2 - Mine cars @ $300.00 each	600.00	
1 - Compressed air trammer	1,900.00	
Transportation of equipment	250.00	$ 7,233.00

To be furnished by the Operator*

1 - Compressor 315 cfm gasoline-powered
1 - Stoper and accessories
2 - Mine cars, 3/4 ton
Miscellaneous tools

* The Operator offers to furnish the above material without charge.

Labor and Supervision:

2 - Miners @ $14.00 each, 104 days	$2,912.00	
2 - Helpers @ $13.00 each, 104 days	2,704.00	
2 - Muckers @ $12.00 each, 104 days	2,496.00	
1 - Supervisor-engineer @ $500.00 per month, 4½ months	2,250.00	
1 - Accountant, part time	200.00	
Labor for laying 900 foot pipe line	150.00	10,712.00

Rehabilitation and Repairs:

Repair present buildings and equipment of Operator	500.00

Material and Supplies:

Mine timber and ties	$ 500.00	
Drill steel, 100 feet at $1.00 per foot	100.00	
Throwaway bits, 4,000 @ 20¢ each	800.00	
Powder, caps and fuse	4,242.00	
Fuel, lubricating oil, grease	2,650.00	
Tools, parts, etc.	250.00	
Assays	400.00	8,942.00

Stripping by Contract

Bulldozer 100 hours @ $15.00 per hour for actual operating time	1,500.00

Diamond Drilling by Contract*

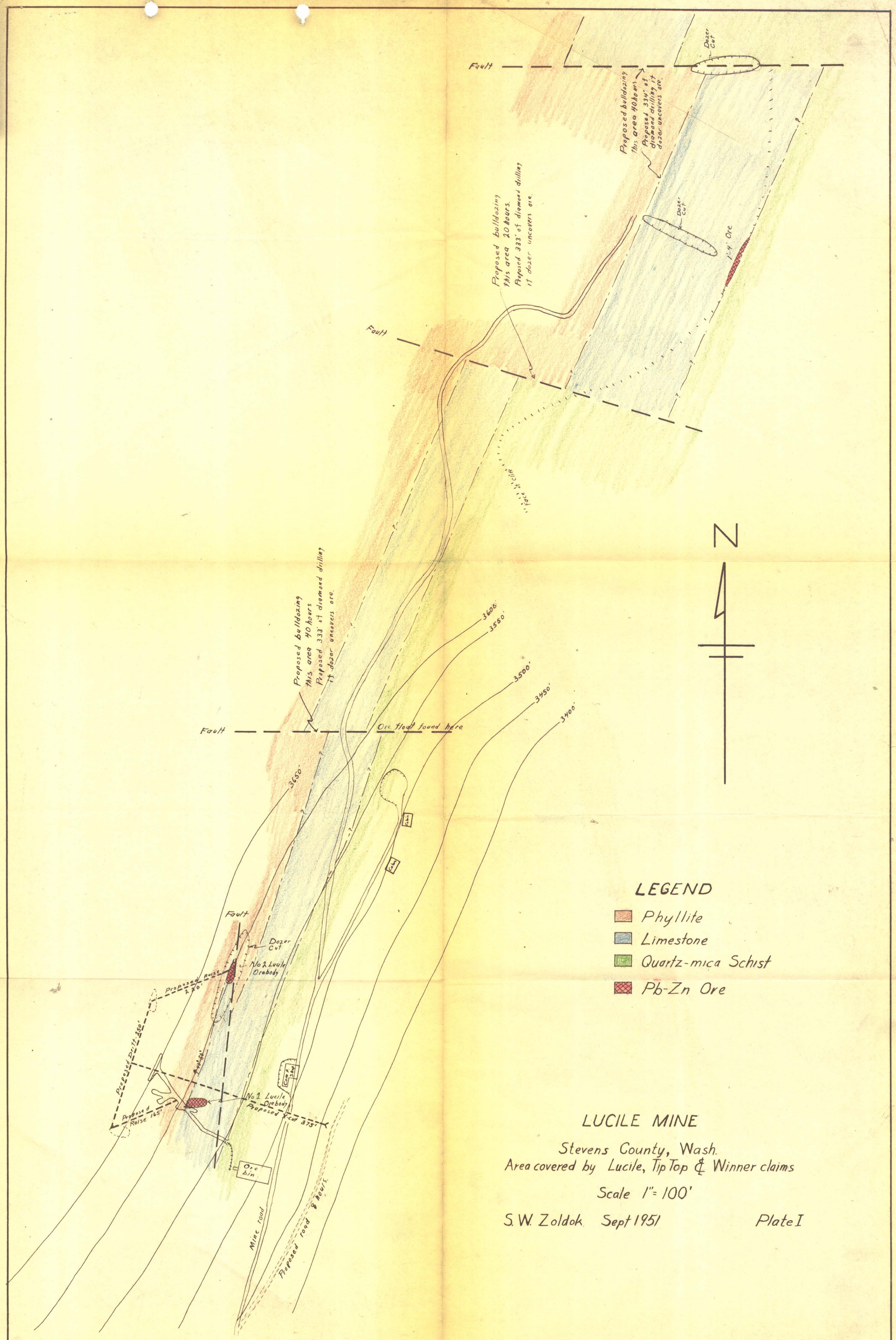
NX hole, 940 feet @ $6.00 per foot	$ 5,640.00	
NX hole, 60 feet @ $7.50 per foot for standpipe through overburden	450.00	$ 6,090.00

* The NX price is the maximum price per foot of hole and includes casing hole and reduction in size of hole to and including EX where difficulty in drilling makes this necessary. Where no difficulty is encountered, holes will be NX in size. The contract should define or qualify the degree of difficulty before a change would be allowed and/or make provision for a reduction of price for the smaller sized hole.

	$ 37,284.00
Government participation 50 percent of the above, or	$ 18,642.00

No additional building, installations, fixtures, equipment or improvements to be purchased, rented, repaired or rehabilitated, except as listed above, are to be allowed as costs under this contract.

Underground maps showing the monthly progress of the exploration with assays of samples taken concurrently with the advance where warranted are to be included in the progress report required under section 12 of the project contract. In case such maps are not submitted, the Government at its discretion may have the necessary work performed and charge the same to the contract.



LUCILE MINE

Stevens County, Wash.

Area covered by Lucile, Tip Top & Winner claims

Scale 1" = 100'

S. W. Zoldok Sept 1951

Plate I