DMEA Form 9

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

DMEA NO. 2123

E 228

Application (Denied
(Withdrawn
(After disposition, delete items not applicable)

Contract (Terminated - not Certified
(Cancelled
(Terminated - Certified
(Royalty Agreement

This is the official contract file containing all official records of the project. The records contained in the files are checked and are arranged in this order:

Left Side

Interim Royalty Audits
Reports of Royalty Review
Certification of Discovery
✓ Certificate of Audit (Final)
✓ Interim Audit(s)
Report of Review
✓ Termination Notice or Agreement 10/16/57
Recision Notice
✓ Assignment of Contract
✓ Contract Amendments (latest on top)
✓ Contract with all exhibits and annexes
✓ Owner's Consent to Lien
Subordination Agreement
Leases and assignments of leases
✓ Application and attachments
(3) Envelope for maps

Right Side

✓ Project summary
✓ Work completed analysis
All other material is filed in chronological order with correspondence including the following reports as checked:

Final Field Team Report (Tab)
Operator's Final Report - Waived 1/13/58
(2R) ✓ Interim Reports
(2R) ✓ Operator's monthly reports and all attachments (latest on top)
✓ On-site Exam Report(s) (Tab)
(4) Settlement Sheets

When the volume of records is expected to warrant additional folders, or when convenience of reference warrants separate folders for certain records, they should be set up in this order:

Left Side

Folder No. 2: (In chron. order)
Interim Summary Reports by W. O. Engineers

Right Side

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

Folder No. 3: Maps (Use pocket folder or envelope. Fold maps with title block out and show reference to related document or correspondence.)

Folder No. 4: Settlement Sheets

Folder No. 5: Drill Logs
Reported Inactive 12/28/59

9774

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-2228, Docket DMEA-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

E. D. Talbert, OME 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 Mettig, 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 BMLA 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 Mettig) 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.

(1) Mr. Greenwalt
(2) 225

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-E228, 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 $1,018.39. 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-E228 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

Government's Copy

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 [signature]
Administrator, Defense Minerals Exploration Administration

PACIFIC NORTHWEST MINING COMPANY

By [signature]

Title Pres.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

RECEIVED FEB 26 1958

DATE	INITIALS	CODE
2-26	JRC	800
3/3	[illegible]	100
"	[illegible]	110
		120
3/4	[illegible]	[illegible]

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, Auditor

February 13, 1958

Schedule of Work Completed

Pacific Northwest Mining Co. DMEA-2123 Idm-5228

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

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

(End of Original Contract) AUDIT CERTIFICATE

I have examined the records and transactions of the:

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

Gravold
~~[illegible]~~
Betty

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			$21,1[illegible]
Less: Proceeds from disposition of property			2,[illegible]06.00
Net Claimed Cost			$18,233.96
Exceptions (See Audit Report for details)			
Prior to this audit		None	
During this audit	$2,964.[illegible]		
Less Reinstatement	204.[illegible]	$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

RECEIVED
SEP 14 1955

AUDIT REPORT

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 - Drifting 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 vender'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

DOCKET 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, <u>Provided</u>, 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 Mittendorf
Acting Administrator
Defense Minerals Exploration
Administration
(formerly Defense Minerals
Administration)

DOCKET 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 Idn-2228.

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.

LLMAN CLARK
RNEY AT LAW
ON BUILDING
E 8, WASH.

DOCKET 6083

AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, that we, STEPHEN W. SCHOFF, NORMAN M. SCHOFF, and SCOTT LEWIS SCHOFF, co-partners, doing business somewhere, one of which is known as Schoff Brothers, operators and owners and PACIFIC NORTHWEST MINING CO., a corporation organized under the laws of the State of Washington, all our rights, title and interest in and to that certain exploration agreement entered into on the 14th day of December, 1951, between ourselves and the United States of America acting through the Department of the Interior, Bureau of Mines, Boundary Station, which said contract bears Serial No. 14-2-1551, dated Jan-Zinc, and Jan-Zinc.

IT IS UNDERSTOOD that this assignment is subject to the approval of the United States Government, and its affiliates to accept and 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. Schoff

Norman M. Schoff

Scott Lewis Schoff

PACIFIC NORTHWEST MINING CO.

By Norman M. Schoff
President

Attorney in Fact.

PACIFIC NORTHWEST MINING CO., through its duly authorized officers, does hereby accept the aforesaid assignment, and does hereby consent and agree to be bound by the terms and conditions of the aforesaid exploration project contract No. 1[illegible]-[illegible].

WITNESS OUR HANDS and the company's official seal this 6 day of May, 1[illegible].

PACIFIC NORTHWEST MINING CO.

Martin A. Morrison
PRESIDENT

Robert A. Parke
SECRETARY

LLMAN CLARK
NEY AT LAW
BUILDING
WASH.

WELLMAN CLARK
ATTORNEYS AT LAW
HUTTON BUILDING
SPOKANE 8, WASH.

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as ~~owner~~ co-owner ~~[illegible]~~ 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, Coral, Silver Tip, Affie, 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 ~~[illegible]~~ 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. Zoldok, Bette Jane Zoldok and Joseph M. Zoldok, 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:

/s/ Martin A. Morrison
President

/s/ Robert A. Rukke
Secretary

PACIFIC NORTHWEST MINING CO.

BY:

/s/ Martin A. Morrison
President

/s/ 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.

(SEAL)

/s/ H. H. Schlee
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.

/s/ H. H. Schlee
Notary Public in and for the State of Washington residing at Bremerton

(SEAL)

MINING LEASE

THIS LEASE MADE AND ENTERED INTO THIS 29th 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: HONEYSUCK 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 presents, 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 ROUNDANT SILVER LEAD, and is comprised of the following unpatented mining claims, to-wit: LUCILLE, located January 1, 1898, recorded in Book 16, page 435; TIPTOP, located January 1, 1901, recorded in Book 11, page 157; WINNER, located February 1, 1899, recorded in Book 7, page 514; GONEX, located August 20, 1899, recorded in Book 9, page 614; SILVER TIP, located December 12, 1900, recorded in Book 11, page 147; and EFFIE, located April 30, 1913, 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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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.

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; 1955 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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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 promulgated by the State of Washington and the United States Government, and must be in accordance with standard mining practice.

4. MINIMUM LABOR. Lessee shall each and every year of this lease, perform at least six hundred (600) man-hours of labor under oath, and shall perform such other labor as may be required in order to conform the annual assessments with required by the laws of the State of Washington, and the United States Government. A-affidavit of labor consists of eight (8) hours of labor performed by one man.

5. PROOF OF LABOR. Lessee agrees to file proof of labor with the County Auditor of Stevens County, State of Washington, covering all claims designed herein, on or before May 1st of each year, and to furnish lessor with a copy thereof. Time is included.

6. ROYALTY. Lessee shall pay or cause to be paid to lessor as rent, according as hereinafter stated, royalty based on ten (10%) per cent of the net returns on all ores mined from the said leased 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 transport charges of the smelter or other purchaser, and transportation charges to the smelter or ore purchaser.

7. TERM 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 across the Mantell Bank of Spokane, Spokane, Washington. Lessee agrees to direct any ore buyer or concentrate purchaser to make payment of royalties

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CITIZENS BUILDING
SPOKANE, WASH.

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 workmen'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 extensions 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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[illegible] Copies of all [illegible] shown and [illegible] or [illegible] shall be [illegible].

8. MUTUAL CONSTRUCTION. It is agreed and understood [illegible] (10.00) [illegible] have been [illegible] in the same that [illegible] [illegible] one (1) year, a mill of an [illegible] (50) [illegible] [illegible] (1) year [illegible] [illegible].

9. [illegible] LIEN AND TRUST. [illegible] agrees to [illegible] [illegible] or [illegible] and [illegible] or their [illegible] on the [illegible] [illegible] [illegible] any [illegible] [illegible] or any [illegible] [illegible] any [illegible] [illegible] [illegible] property. [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 inspections above provided is exercisable at reasonable times and cannot unnecessarily interfer with LESSEE's operation.

12. DNA CONTRACT. It is understood and agreed that OWNERS have entered into a contract with the United States Government described as DNA 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 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,

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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 well, 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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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 OWNER, provided, however, that LESSEE shall not remove or disturb any supporting mine props, or mine timbers which may be necessary for the protection of the workings. For the purpose of this lease, the mill building and all machinery installed therein [illegible], and also rails, shall be considered as personal property and be subject to removal as above provided.

16. FORCE MAJEURE. The performance of any of the terms or provisions of this lease shall be excused whenever performance is prevented by acts of God, fires, floods, labor strikes, weather conditions, or other causes beyond the control of LESSEE, and shall likewise 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 LESSEE from the obligation of performing the annual labor, and from maintaining the [illegible] tunnels open and the property in good condition.

16a. DEFAULT BY LESSEE. Time is of the very essence of this agreement, and in case LESSEE shall fail to keep and perform all or any of the covenants and agreements herein contained, then the OWNER shall have the right to give LESSEE written notice of such defaults, specifying the nature of the defaults, and that if LESSEE does not [illegible] or remove such defaults within thirty (30) days after the mailing of said notice as evidenced by the post office registry receipt, this lease may be at the option of OWNER cancelled, [illegible] upon [illegible] notice of [illegible] the [illegible] of the leased premises and [illegible] subject only to the [illegible] set forth in paragraph 15 hereof.

17. ASSIGNMENT. It is agreed and understood that LESSEE

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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ATTORNEY AT LAW
711 HUTTON BUILDING
SPOKANE 8, WASH.

[illegible] or any person [illegible]

[illegible] of [illegible] and other [illegible]

[illegible] to an assignment by [illegible]

[illegible] to be organized and [illegible]

[illegible] of which [illegible] by [illegible]

[illegible] the execution of the assignment.

14. COVENANT OF [illegible] OWNER. Grantor and the [illegible]

[illegible] free, clear and [illegible] of [illegible] for the [illegible] of the United States Government.

15. [illegible] OWNER. Grantor [illegible] and [illegible]

[illegible] for sale [illegible]

[illegible] shall have the right of first [illegible]

[illegible] in the event the property is offered for sale [illegible]

[illegible] shall give written notice, stating the terms and conditions [illegible]

[illegible] and Lessee shall have thirty (30) days from the date [illegible]

[illegible] within which to elect to [illegible]

[illegible] In the event Lessee [illegible] CHANGE [illegible]

[illegible] (30) day period, Grantor shall have the right [illegible]

[illegible] the [illegible] of the said property [illegible]

[illegible] and [illegible] the same and [illegible] in such notice, but [illegible] be a different [illegible].

16. [illegible] EXPIRATION. It is mutually understood and [illegible]

[illegible] in the event Lessee is not in default under any of the [illegible]

[illegible] and conditions of this lease, it shall have the right to renew [illegible]

[illegible] a similar term of [illegible] (5) years upon the same [illegible]

[illegible] and conditions by giving Grantor [illegible] in writing of its [illegible]

[illegible] to renew on or before March 1, [illegible]. In the event Lessee [illegible]

[illegible] to give said notice, Grantor shall have the right to [illegible]

[illegible] of the said [illegible] and shall [illegible] of the [illegible]

[illegible] the [illegible] notice.

17. [illegible] IN [illegible]. All notices provided [illegible]

[illegible] shall be [illegible] in writing and [illegible] by certified [illegible]

[illegible]

WELLMAN CLARK
ATTORNEY AT LAW
[illegible]
[illegible]

OWNERS: East 1475 - 40th Avenue, Spokane, Washington

LESSEE: 210 - 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.

/s/ Stephen W. Zoldok

/s/ Betty Jane Zoldok

/s/ Joseph M. Zoldok
Joseph M. Zoldok

/s/ Stephen W. Zoldok
Stephen W. Zoldok, Jr.
Attorney in Fact.

HORSESHOE BASIN MINING AND DEVELOPMENT CO.

/s/ Martin A. Morrison
President

Attest:

/s/ Robert A. Dutton
Secretary

(CORPORATION SEAL)

WELLMAN CLARK
ATTORNEY AT LAW
711 HUTTON BUILDING
SPOKANE 8, WASH.

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 MARY 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.

/s/ 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 September, 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.

/s/ 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)
County of Spokane)

I, William Clark, notary public, do hereby certify that on this 20th day of April, 1952 personally appeared before me [illegible] and acknowledged the within instrument to be 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.

/s/ William Clark
Notary Public in and for the State of Washington, residing at Spokane

STATE OF WASHINGTON)
County of Spokane)

I, William Clark, notary public, do hereby certify that on this 20th day of April, 1952, personally appeared before me [illegible] and acknowledged the within instrument to be 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.

Notary Public in and for the State of Washington, residing at Spokane

STATE OF WASHINGTON)
ss
County of Kitsap)

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. Morrissey and Robert A. Rukke to me known to be the President and Secretary respectively of the HORSEHOE 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.

/s/ H. H. Schlag
Notary Public in and for the State of Washington, residing at Bremerton

Notary Seal

WELLMAN CLARK
ATTORNEY AT LAW
711 HUTTON BUILDING
SPOKANE 8, WASH.

WILLIAMS, LEWIS
& KOCH, P.S.
CITY NATIONAL BUILDING
SPOKANE 8, WASH.

2236-2

DIVISION 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, Idm 223, Docket No. DMEA 2128X (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 1[illegible], 1952

Pacific Northwest Mining Co.
S. M. [illegible]
Spokane, Washington

Dear Sirs:

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,

Boundary Lumber Company
Northport, Washington

Docket Copy

Patricia Dwyer

Approved Chandler Selfridge

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-2228 (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 P. R. Walker
Sec'y-Treas.

Docket copy

Curtis Chapman
(Appr. Off.)
Maxwell
Talbert
Martin
Hoffman

AMENDED EXPLORATION PROJECT CONTRACT
PACIFIC NORTHWEST MINING COMPANY
DOCKET NO. DMEA-2123

RECEIVED
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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. DMA-2123, 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 duplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Mittendorf
Administrator, Defense Minerals Exploration Administration

PACIFIC NORTHWEST MINING COMPANY

By R. R. Wacker

Title Secy-Treas.

Docket copy

AMENDMENT NO. 1
to
AMENDED EXPLORATION PROJECT CONTRACT Idm-8228
Executed September 24, 1953, 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, 1953, 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.

PACIFIC NORTHWEST MINING COMPANY

By [signature]

Title Pres.

THE UNITED STATES OF AMERICA

By [signature]
Administrator, Defense Minerals
Exploration Administration

Appd. Sol. Gen.
Taft
Selfridge

Docket copy

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OCT 10 1955

MF-200A
(Revised June 1954)

Docket No. DMEA 2123

Commodity lead-zinc

Contract No. Idm-E 223

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

It is agreed this 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 1955 U.S.G.S.

[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."

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(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 [illegible] 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 ~~[illegible]~~ 24th day of September, 1953.

THE UNITED STATES OF AMERICA

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

Approved
"Appd. Sol. Off."
Approved
Talbert

PACIFIC NORTHWEST MINING COMPANY
(Operator)

By Wm. R. Steyer

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.

P. R. Walker
Selfridge

[CORPORATE SEAL]

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

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OCT 10 1955

AMENDED EXPLORATION PROJECT CONTRACT
PACIFIC NORTHWEST MINING COMPANY
DOCKET NO. DMEA-2123

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.

AMENDED
EXPLORATION PROJECT CONTRACT
PACIFIC NORTHWEST MINING COMPANY
DOCKET NO. DMEA-2123

RECEIVED
OCT 10 1955

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.

RECEIVED
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

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 Inc. Co.
Docket No. DMEA- 2123
Contract No. Idm-E 22
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/

Fifty unpatented claims: Lucille (Lucille) (Book 16, page 433), Hope (Book 11, page 157), Winner (Book 7, page 334), [illegible] (Book [illegible], page [illegible]), Silver Tip (Book 11, page 147), Rifle (Book 18, page 412), Speculator (Book 19, pages 361 and 362), Speculator No. 2 (Book 19, pages 363 and 364)

an annex,
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 _____, 195_.

_____ [Seal]

_____ [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]

Docket 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

Chandler

By C P Mittendorf
Administrator, Defense
Minerals Exploration
Administration

Robert Hotchkiss

PACIFIC NORTHWEST MINING COMPANY

By Martin G. 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 for the period "ten years."

DOCKET 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-~~2131X~~ 2123, lead-zinc)

each acting in consideration of the agreement to the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E-[redacted] 225 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. Morrison

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.

AMENDMENT NO. 2

It is agreed this 1st day of August 195 2, 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 220 of December 14 195 1 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 1 195 2.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 28 1952

Dmea File
ON

AMENDMENT NO. 1

It is agreed this 24 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 W. Zoldok, and Bette Jane Zoldok, co-partners, 401 Cypress Building, Phoenix, Arizona

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract DMA-[illegible] 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 W. Zoldok
(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

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

The terminating date of contract [illegible] is to be deferred from [illegible] 15, 1931, to not later than [illegible] 1, 1932.

IF-200
(June 1951)

Docket No. DMA 2123X
Commodity Lead-Zinc

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

DEFENSE MINERALS ADMINISTRATION
WASHINGTON, D. C.
Idm-E228

JAN 23 2 59 PM '52

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 by Stephen W. Zoldok his attorney in fact.
Joseph M. Zoldok

By Bette Jane Zoldok
Bette Jane Zoldok

THE UNITED STATES OF AMERICA

By C. Mittendorf
Acting Administrator
Defense Minerals Exploration Administration

U. S. GOVERNMENT PRINTING OFFICE 16—[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 sub-contracts 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.

Form MF-103
(Revised June 1951)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.1.

MF-103 Should Be Filed With General Technical Data Form MF-100

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

Not To Be Filled in by Applicant

Docket No. [illegible]
Metal or Mineral
Date Received 10-10-51
Amount $
Participation (Government %)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 10 1951

Name and address of applicant

S. W. Zoldok
401 Symons Building
Spokane 4, Washington

Date September 25, 1951

If you have already filed MF-100, give date filed September 25, 1951 type of assistance requested Exploration loan,

DMA Docket Number (if available) 1882

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four copies each, of the signed application form, General Technical Data Form MF-100, and answers to questions as specified, to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive office thereof, with your name and address on each sheet of the application and all accompanying papers. If you have previously filed MF-100, it is not necessary to file it again. However, you should indicate in space provided above the type of assistance previously applied for (loans, procurement contracts, etc.) and DMA Docket Number, if available. *When a question is inapplicable it should be so stated in the form.* Additional sheets should be attached in answering any questions or in supplying additional information. IF YOU CANNOT ANSWER A QUESTION, SO STATE.

1. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.

   (*b*) If you are not the owner of the property, submit a copy of the lease, purchase option, or other agreements under which you are authorized to operate the property with each copy of your application.

   (*c*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

   NOTE: (1) If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*c*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

   (2) If applicant is not the owner of the property or if there are any liens or encumbrances against the property, copy of agreements of claimants, lienors, encumbrances, and lessors subordinating their interests in the property to the interest of the Government under the Exploration Project Contract will be required for attachment to the Contract.

2. (*a*) What metals or minerals do you expect to find?

   (*b*) Furnish statement of the geologic features of your property, giving type of ore deposit and reasons for expecting to find commercial ore bodies. Illustrate with maps or sketches. If you have a geologic or engineering report, or assay maps showing width and grade, please send them with application, stating whether or not you wish to have them returned.

The information requested in questions 3, 4, 5, 6, 7, 8, and 9 below should be answered specifically and in detail, as this information will be attached to and incorporated as part of the Exploration Project Contract, if such contract is entered into with you by the Government.

ANSWER EACH QUESTION ON SEPARATE SHEETS OF PAPER AND SUBMIT A COPY OF EACH ANSWER FOR EACH COPY OF YOUR APPLICATION.

3. (*a*) Describe fully the proposed work and give the total cost of the project.

   (*b*) State the time required to start the project and to complete it.

4. Submit a map or sketch of the property involved showing a plan (and cross section, if needed) of the present mine workings and the *location of the proposed exploration work* as related to geologic features, such as contacts, veins, ore-bearing beds, etc.

5. Furnish an itemized list of existing facilities, buildings, installations, and fixtures with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition.

6. Furnish a detailed list of additional facilities, buildings, and fixtures to be purchased, installed, or erected by you, with the estimated cost of each item.

7. Furnish a detailed list of operating equipment, separated into items to be—

   (*a*) Rented

   (*b*) Purchased

   (*c*) Furnished by you

   with the rental, purchase price, or depreciation of each item, as the case may be, to be charged as a cost of the project.

8. Furnish an itemized schedule of labor, by numbers and classes (miners, muckers, etc.) and of supervisors by numbers and positions, with the maximum wages or salaries to be paid to each.

9. Furnish a detailed list with estimated cost of each item for materials, supplies, engineering, assaying, accounting, power, water, utilities, and any other items not provided for above.

10. (*a*) How much are you prepared to invest in the proposed project?

    (*b*) Is this amount sufficient to pay your part of the cost of the project, in accordance with the regulations on Government participation (Sec. 9 of MO–5)?

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

CERTIFICATION

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

(Name of company)	By S. W. Zoldok (Signature of authorized official)
	S. W. Zoldok
September 25, 1951 (Date)	Mining Engineer (Title)

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

U. S. GOVERNMENT PRINTING OFFICE 16—64067-2

Form MF-103

1. (a) Property involved in the exploration project will be the Lucile, Tip Top, Winner, Comet, Silver Tip, Effie, Speculator and Speculator No. 2 lode mining claims.
   (b) Applicant is owner of property.
   (c) Area in which exploration is to be conducted is the Lucile, Tip Top and Winner lode mining claims in Sec 19, 30, T 40 N, R 42 E, WM.

2. (a) Zinc, lead and silver ore occurs in commercial quantities. Tungsten (scheelite) and cadmium occur as valuable by-products.
   (b) Refer to Plate I and Plate II.
   The principal geological feature of the property is a northeast-southwest trending and west dipping limestone bed varying from 60 feet to 90 feet in thickness, having a phyllite hanging wall and a quartz-mica schist footwall. Numerous lamprophyre dikes are intruded through the limestone and are somehow related to the ore; however, their genetic relationship to the ore is not yet known. Ore occurs at points of flexure or where small pre-mineral faults cut the limestone bed. The Lucile No. 1 orebody consists essentially of a Pipelike deposit within the limestone, occurring on a flexure in the limestone bed. The Lucile No. 2 orebody occurs on a pre-mineral fault of small displacement that cuts the limestone bed at an oblique angle.

   There are three other known points on the property where the limestone bed has been displaced by small faults or sharp flexures. At one of these faults, ore float was found, but no mineralization discovered in place, due to heavy overburden. At another point low-grade mineralization is found about 300 feet away from the fault. Some bulldozing on this fault disclosed intense silicification with some scheelite-bearing float.

   The deposit is classified as a limestone replacement by sphalerite and argentiferous galena. The structural control of ore deposition is apparent in the Lucile Nos. 1 and 2 orebodies. It is reasonable to assume that where these structural conditions are repeated there might be other orebodies.

   See Bulletin No. 31, Washington Geological Survey, relative to the Lucile Mine, Red Top Mountain, Stevens County, State of Washington.

Form MF-103

3. (a) Surface Exploration

It is proposed to construct a road approximately 500 feet long to the portal of the proposed X-cut. Estimated time for road construction is eight hours. It is proposed to do 100 hours of bulldozing on the three fault structures to the north of the No. 2 Lucile orebody (See Plate I). If any ore is found to occur on these structures, it is proposed to test each ore structure at depth by two short diamond drill holes. Should bulldozing prove these structures to be barren no diamond drilling will be done.

Maximum time for bulldozing is 108 hours and maximum amount of drilling is 1,000.0 feet.

Underground Exploration

It is proposed to drive a 375-foot X-cut to a point midway between the downward extension of Lucile No. 1 and Lucile No. 2 orebodies on the 3,440-foot level. From the face of the X-cut it is proposed to follow the phyllite-limestone contact 125 feet northerly and 125 feet southerly or until the downward extensions of the ore are found. It is thenproposed to raise on these ore shoots. No. 1 raise will be approximately 165 feet long and will hole out on the sill floor of the Lucile adit. No. 2 raise will be approximately 220 feet long and will hole out on the surface.

The total cost of the project is estimated to be $38,664.50.

(b) It is estimated that the project can be started within a month after authorization and should be completed in four to five calendar months after start of work.

Form MF-103

4. See Plates I and II.

Form MF-103

5. Facilities on the property include two medium-sized dwelling cabins, combined blacksmith shop and compressor house, 300-ton capacity ore bin, 315 cu ft gasoline-powered compressor, one new stoper, steel, bits, air and water hose, 2" pipe into mine, rails into mine, two 3/4-ton mine cars and miscellaneous tools.

   Rehabilitation of camp and equipment is estimated at $500.00.

Form MF-103

6. Additional permanent facilities to be added to property:

(1) Laying 900 feet of 1" pipeline from spring to mine for water supply. Estimated cost of material and labor, $400.00.

(2) Bulldozing approximately 500 feet of mine road to new adit portal--$120.00.

Total for added facilities is $520.00.

Form MF-103

7. (a) Rented Equipment

Bulldozer - 100 hours @ $15.00 per hour	$1,500.00
Diamond drilling	
Standpipe through overburden	
60 ft @ $7.50 per ft	450.00
NX hole* -	
940 ft @ 6.00 per ft	5,640.00
	$7,590.00

*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.

(b) Purchased Equipment

16-lb rail	4 tons	@ $125.00 per ton	$ 500.00
Pipe 3"	450 ft	0.90 per ft	405.00
Pipe 2"	650 ft	0.40 per ft	260.00
Pipe 1"	650 ft	0.25 per ft	162.50
Pipe 3/4"	400 ft	0.20 per ft	80.00
Miscellaneous pipe fittings			180.00
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 air-operated supply pump			150.00
1 air receiver			250.00
1 mucking machine			3,000.00
2 mine cars @ $300.00 each			600.00
1 compressed air trammer			1,900.00
			$8,820.50

(c) All facilities on the property and all equipment (See 5) will be furnished rental free.

Form MF-103

8.	2	miners	@ $14.00 each	$28.00 - 104 days	$ 2,912.00
	2	helpers	13.00 each	26.00 - 104 days	2,704.00
	2	muckers	12.00 each	24.00 - 104 days	2,496.00
		supervising engineer and sampler: 4-1/2 months @ $600.00 per month			2,700.00
		Total			$10,812.00

Form MF-103

9.	Timber, lumber, ties	$ 500.00
	Nails, spikes, fishplates, etc.	100.00
	100' drill steel	100.00
	4,000 throway bits @ 0.20 each	800.00
	Explosives, fuse, caps	4,242.00
	Fuel, lubricating oil, grease, etc.	2,650.00
	Miscellaneous parts, tools, etc.	500.00
	Assaying	400.00
	Accounting	200.00
	Transportation of equipment	250.00
	Travel by engineer	320.00
		$10,062.00

Form MF-103

10. (a) Myself and associates are prepared to invest 50% of the cost of the project, or $19,332.25.

(b) Yes.

Form MF-103

11. I believe that all conditions or circumstances regarding the property have been adequately brought out with the exception of possible ore that might be developed at depth on the Lucile Nos. 1 and 2 orebodies.

The Lucile No. 1 orebody has 62 tons of ore per vertical foot of depth. Assuming the Lucile Nos. 1 and 2 orebodies extend downward, and assuming a like grade for both orebodies, the proposed underground exploration program should develop 16,000 tons of ore having 11.4 per cent zinc, 2.8 per cent lead, and 3.0 oz Ag per ton for a gross value of $834,000.00, besides recoverable values in cadmium and tungsten. The contact orebody, which is not here considered, would add substantially to the gross value of reserves.

In surface exploration two structures are considered good geological bets for developing ore and one is considered poor because of lack of showings on the small amount of work so far accomplished.

The occurrence of tungsten could develop into an added and substantial figure per ton.

Form MF-100
(May 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

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

NOT TO BE FILLED IN BY APPLICANT

Docket No. Domestic 21123

Date received 10-1-51

RECEIVED
OCT 1 1951
Defense Minerals Administration

S. W. Zoldok
401 Symons Building
Spokane 4, Washington

Name and address of applicant

Date September 25, 1951

INSTRUCTIONS

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

GENERAL TECHNICAL DATA

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

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

   Indicate whether mine is flooded or not. Describe any pumping problems. Give size or productive capacity.
3. For each operation listed above supply the following:
   (*a*) Distance and direction from nearest town and shipping point.
   (*b*) Mining district.
   (*c*) Township, Section, Range.
   (*d*) County, State.
4. (*a*) State whether or not property is now in operation, and if in operation, by whom operated.
   (*b*) Are you operating this property as:
   - ☐ Owner.
   - ☒ Lessee.
   - ☐ Contractor.
5. Number of years in production The property is not now in production, but produced in 1927 and for a short time in 1948.
   If not in production or operation, estimated date when production will begin
6. Experience of operators:
   Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who manage the project.
7. History:
   (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for suspension of operation.
   (*b*) State briefly the known history and production of adjoining and neighboring properties.
   (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

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

Name and Address (a)	Official Title (If officer is also director indicate by "D") (b)	Total of Annual Salary, Commissions, Bonuses, Etc., Received From Applicant and Affiliates During Last Fiscal Year (c)	Estimated Net Worth Outside of Interest in Applicant (d)	Number of Shares Held in Applicant Corporation: Interest ~~Common~~ (e)	Number of Shares Held in Applicant Corporation: Preferred (f)	Life Insurance Carried for Benefit of Applicant: Amount (g)	Life Insurance Carried for Benefit of Applicant: Net Cash Surrender Value After Loans (h)
Joseph N. Zoldok, S 1425 40th Ave, Spokane 34, Wash	Partner	None	44%			None	
Bettie Jene Zoldok, S 1425 40th Ave, Spokane 34, Wash	Partner	None	28%			None	
Stephen W. Zoldok, S 1425 40th Ave, Spokane 34, Wash	Partner	None	28%			None	
	Total		x x x x x			x x x x x	x x x x x

If more lines are needed continue on separate sheet.

9. Capital Stock Issues: None

For Corporate Applicants

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

*Indicate period covered.

10. Production:

Item	Kind of Product (a)	1948 Total (b)	1949 Total (c)	1950 Total (d)	Present Average Monthly (e)
1. Quantity of product mined or quarried (Short, long, metric tons; barrels; pounds; etc.)	Zn-Pb Ore	300 short tons	300 short tons	None	None
2. Quantity of product processed (specify unit of measure and type of process)		300 short tons	Flotation		
3. Quantity and grade of product sold or shipped (specify units of measure)					

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

12. Ore or Mineral Reserves:

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

S. W. Zoldok
401 Symons Building
Spokane 4, Washington

1. Materials produced:
   (a) Zinc, lead, silver and cadmium.
   (b) Antimony, sulfur, tungsten.

2. Name of mine is Lucile; also known as Owen's Mine and Boundary Silver-Lead. Type of mine is underground.
   (a) None.
   (b) About 427 feet.
   (c) Answered in (b) above.
   (d) About 175 feet of raises and about 123 feet of winzes with considerable surface trenching and test pitting. Mine is dry and no pumping problems are anticipated. With present ore reserves, mine can produce 25-35 tons of ore per day.

3. (a) Property is about two miles air line north of Leadpoint, Washington, or five miles by road. Nearest railroad shipping point is Boundary, Washington, eight miles distant by road.
   (b) Northport Mining District, Stevens County, Washington.
   (c) Sec 19, 30, T 40 N, R 42 E, WM.
   (d) Stevens County, Washington.

4. (a) Property is not in operation.
   (b) Will operate as owner.

6. Applicant and manager is registered professional mining engineer with many years of professional and operating experience.

7. (a) Property was located in 1910 and explored by numerous trenches and test pits up to about 1927. In 1927 a 216-foot X-cut was driven to get under an ore shoot exposed on the surface. In 1927 about 45 tons of hand cobbed galena-silver ore was shipped to the Bunker Hill smelter at Kellogg, Idaho. Present owner acquired property in 1947 and carried on development work during 1948-1949. Approximately 600 tons of ore was mined during 1948-1949 and 300 tons was milled during 1948. Inadequate custom milling facilities forced suspension of operations.
   (b) Two small mining properties adjoining the Lucile to the north and west produced a small tonnage of high-grade silver ore. The property to the south produced a small tonnage of galena-silver ore about 1929.
   (c) See attached report by H. H. Shallenberger.

10. (3) Quantity and grade of product sold in 1948.

Lead concentrates:		3.5395	short tons.
Grade:	Lead	74.7	per cent
	Silver	55.0	oz per ton
	Gold	0.015	oz per ton
	Zinc	2.3	per cent
	Antimony	1.0	per cent
Zinc concentrates:		12.459	short tons.
Grade:	Zinc	53.9	per cent
	Lead	5.8	per cent
	Silver	5.7	oz per ton
	Cadmium	0.68	per cent
	Gold	0.01	oz per ton

12. (a) The ore occurs as a replacement of limestone in a limestone bed having a phyllite hanging wall and a quartz-mica schist footwall. Orebodies occur within the limestone at points of flexure or where small pre-mineral faults cut the limestone bed. Economic mineralization is spread for a considerable distance along the phyllite-limestone contact from the main limestone replacement orebody. There are two positive and three probable ore-bearing structures on the property. There might be others covered by heavy overburden.

(b)1 See Plate II.

(b)2 Ore reserves:

Limestone-phyllite contact orebody:

$$\frac{80' \times 2.5' \times 85'}{12 \text{ cu ft per ton}} = 1400 \text{ short tons}$$

Grade:	Lead	6.5 per cent
	Zinc	4.4 per cent
	Silver	8.2 oz per ton
	Copper	0.83 per cent
	Tungsten (WO_3)	0.38 per cent

Limestone orebody:

$$\frac{15' \times 35' \times 85'}{12 \text{ cu ft per ton}} = 3700 \text{ short tons}$$

Grade:	Zinc	11.4 per cent
	Lead	2.8 per cent
	Silver	3.0 oz per ton
	Tungsten (WO_3)	Sporadic high-grade occurrences.

14. Sufficient spring water available for camp and mining operations the year around. Water available for mill 2-1/2 miles by road.

17. Equipment on property includes 315 cu ft compressor, stoper, hoses, pipe, rails, tools, etc. Buildings consist of shop, compressor house, two cabins, and ore bin having 300-ton capacity. All equipment is in serviceable condition.

18. Present lack of custom milling facilities prevents the property from being operated. One custom mill is now under construction and another is contemplated in the Northport mining district.

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

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

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

TOTAL ORE OR MINERAL RESERVES

Ore or Mineral Reserve	Estimated Tons (a)	Metal or Mineral Content Per Ton (Grade) (b)	Gross Value Per Ton (c)	Recoverable Unit Value Per Ton (d)	Estimated Cost of Production Per Ton (e)
Measured (proved)	3,700		$52.12	$46.00	$10.00
Indicated (probable)	1,400		74.13	57.00	20.00

(*c*) If placer:

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

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

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

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

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

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

13. Access Roads:

Give road distances to shipping, supply and residence points, stating kind and condition of roads. Answered in 3(a).

14. Water Supply:

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

15. Power:

State amount of power used, rate per hour, and source thereof. No power available.

16. Labor: None now employed.

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

17. Equipment and Facilities:

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

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

CERTIFICATION

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

(Name of company)

By Stephen W. Zoldok
(Signature of authorized official)

September 25, 1951
(Date)

Stephen W. Zoldok
Mining Engineer
(Title)

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

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

COPY

7. (c)

BRIEF REPORT ON LUCILE MINE
Situated on Red Top Mountain
Stevens County, Washington

LOCATION

The Lucile Mine consists of six claims located under the Mineral Laws of the United States, approximately 120 acres, situated on Red Top Mountain at the elevation of 3,500 feet to 4,500 feet. Nine miles in a southerly direction from the town of Boundary on the Great Northern Railway, the town of Boundary is 140 miles northeasterly from Spokane, Washington.

HIGHWAY

There is a good county road leading from Boundary to within two miles of the property. A truck road has recently been built from the said county road to the Lucile Mine.

GEOLOGY

The formation of the Red Top Mountain is a banded structure of argillite slates, limestone and quartzites. The strike of the formation is northeasterly-southwesterly with a dip of approximately 40 degrees to the west. Several igneous dikes intersecting the formation were cut by the Lucile tunnel.

TIMBER

The Lucile group is covered with a fine stand of red fir, tamarack and pine, suited for all mining purposes. There is also a sawmill within three miles of the property where lumber can be had at a reasonable price.

WATER

The water supply on the mountain consists of numerous springs that supply ample water for boiler and domestic use. At the base of the mountain, one mile distant, there is a large creek that has ample water to furnish all water needed for milling purposes.

ORE VEINS

The property is traversed by three known contact veins, running in a northeasterly and southwesterly direction, and dipping into the mountain about 40 degrees to the west.

DEVELOPMENT

The principal development work has been done on what is known as the Lucile vein. The development consists of a crosscut tunnel, 217 feet long. In driving this tunnel 16 feet of commercial milling ore was encountered 100 feet in from the portal of the tunnel. There is considerable high-grade ore at this point that could be sorted and shipped at a profit, but from an economical standpoint this ore should all be put through a mill without sorting, when there is sufficient ore developed to warrant the building of a mill.

After the crosscut tunnel passed through the said orebody and beyond for the distance of 100 feet a second ore vein was encountered on a contact vein between the limestone as the footwall and argillite slate as a hanging wall, the dip of this vein is about 40 degrees westerly into the hill, and the ore at this point is 30 inches wide with a value in lead, zinc and silver of approximately $50.00 per ton.

7. (c)

ORE VALUES

The following assays are from selected samples taken from the Lucile tunnel level:

No. 1.	Silver	50 4/10 oz
	Lead	77 5/10 per cent
	Copper	nil
No. 2.	Silver	50 5/10 oz
	Lead	53 1/10 per cent
	Copper	8 8/10 per cent

A sample of selected ore showing principally zinc gave the following returns:

Zinc	39 4/10 per cent
Lead	11 8/10 per cent
Silver	14 2/10 oz

DISCOVERY SHAFT

An incline shaft was sunk on the Lucile vein to the depth of 65 feet, showing continuous ore for the entire distance. The said shaft has been connected by an upraise from the tunnel level showing continuous ore the entire length of raise. Some of this ore has been stoped out.

RETURNS FROM SMELTER TESTS

The following is copied from smelter tests made by the Bunker Hill smelter at Kellogg, Idaho:

Mine Run No. 1, dated 7-31-27

Gross weight - 35,400 pounds

Silver	12.6 oz
Lead	19.1 per cent
Zinc	11.6 per cent

Mine Run No. 2, dated 8-1-27

Gross weight - 21,080 pounds

Silver	22.1 oz
Lead	32.3 per cent
Zinc	11.1 per cent

Mine Run No. 3, dated 8-19-27

Gross weight - 36,500 pounds

Silver	8.2 oz
Lead	12.3 per cent
Zinc	11.6 per cent

CONCENTRATION TESTS - Mine Run

By Consolidated Mining and Smelting Company, Trail, B. C., dated 6-13-28.

Gold	0.1 oz
Silver	40.32 oz
Zinc	39.1 per cent
Lead	38.3 per cent

MINING CAMP

The camp consists of three buildings--boarding house 20 x 30 frame building; the bunk house is 18 x 20, built of logs; there is also a log house 16 x 18 as manager's residence. The boarding house is equipped with furnishing for a small crew.

IN CONCLUSION

After careful study of the Lucile Mine I am very favorably impressed with the property and under capable management and application of scientific methods it should

7. (c)

prove a financial success.

Signed: H. H. Shallenberger

September 27, 1929

SEE ALSO BULLETIN NO. 31, Washington GEOLOGICAL SURVEY RELATIVE TO THE LUCILE MINE, RED TOP MOUNTAIN, STEVENS COUNTY, STATE OF WASHINGTON.

PROJECT SUMMARY REPORT

By: J. W. Alt February 9, 1959

1. Docket No. DMEA-2123 (Lead-Zinc)
Contract No. Idm-E228
Property: Lucile Mine
Stevens County, Washington

Operator: Stephen W. Zoldak, Joseph M. Zoldak
and Bette Jane Zoldak, Partners
401 Symons Building
Spokane 4, Washington

Operator's Property Rights: Owner
Assignment of Contract to:
Pacific Northwest Mining Company
dated May 7, 1952.
Owner's Consent to Lien - dated May 7, 1952.

2. Contract dated December 14, 1951. To complete - 10 months.

Work Authorized

Stage I

1. Rehabilitate the Operator's camp buildings and equipment at a cost not to exceed $500.00

2. Lay 900 feet of 1 inch pipe from a spring to the mine for a water supply. Estimated cost is $400.00

3. Construct, by contract bulldozing, approximately 500 feet of mine road to the portal site of a proposed adit. 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. The maximum time allowed for the proposed stripping is 100 hours. The hourly cost of the bulldozer is not to exceed $15.00.

5. Drive a 375 foot adit crosscut westerly from the adit site to a point approximately midway between the downward projections of the Lucille Nos. 1 and 2 orebodies located on the hanging wall of the limestone zone.

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.

Stage II

Stage II is dependent upon the results of Stage I.

1. Drill by contract a maximum of two shallow NX diamond drill holes, aggregating not more than 333½ feet at each of stripped areas to explore, where warranted, any mineralized structures that may be uncovered.

2. Drive a 165 foot raise from the south drift and a 220 foot raise the north drift on the downward extensions of the No. 1 and No. 2 Lucile ore bodies respectively, if warranted.

Estimated Cost of the Project

Fixtures and Improvements		$ 2,307.00
Operating Equipment to be purchased		7,233.00
Labor and Supervision		10,712.00
Rehabilitation and Repairs		500.00
Material and Supplies		8,942.00
Stripping by Contract		1,500.00
Diamond drilling by Contract		
NX hole, 940 feet @ $6.00/ft.	$5,640.00	
NX hole, 60 feet @ $7.50/ft. for stand pipe through overburden	450.00	6,090.00
Total Cost		$37,284.00
Government's participation, 50%		$18,642.00

Amendments

No. 1 Agreed January 14, 1952, effective January 4, 1952.

The beginning date is deferred from December 14, 1951, to not later than May 1, 1952.

No. 2 Agreed August 1, 1952, effective August 1, 1952.

Change in rate for labor for drifting and crosscutting.

No. 3 Agreed March 10, 1952, effective October 14, 1952.

Extends completion time from 10 months to 18 months.

No. 4 Agreed March 19, 1954, effective August 1, 1953.

Suspends work from August 1, 1953, to not later than July 1, 1954.

Extends Completion time from 18 months to 36 months.

If work is not resumed on or before July 1, 1954, the contract shall be terminated as of August 1, 1953.

Increases the royalty payment period from 10 years to 12 years.

Contains a "pseudo-certification" clause.

Amended Contract

Contract dated December 1, 1951 - to complete October 15, 1956.

Pacific Northwest Mining Company
415 South Cambrian Aveune
Bremerton, Washington

Royalty shall be payable under the Amended Contract without requiring that a Certification of Discovery or Development be made.

Suspends work from August 1, 1953 to not later than October 15, 1955.

If work is not resumed not later than October 15, 1955, that the contract shall be terminated as of Augustl, 1953.

The Operator shall make payment to the Government the amount of $1,453.00 for the value of equipment and supplies purchased under the prior contract before the execution of this Amended Contract.

Work Authorized

Stage I

The work that has been completed.

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.

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.

Estimated Costs of the Project.

Stage I

Work done prior to July 1, 1954 (subject to audit)		$15,473.72

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	10,490.00

Stage III

100 feet of raising @ $32.50/ft.		3,250.00
Total Estimated Cost of Project (Rounded to)		$29,210.00
Government's participation, 50%		$14,605.00

Amendments

No. 1 Agreed January 25, 1956.

Suspends work from November 21, 1955, to not later than May 1, 1956.

Completion time extended from October 15, 1956, to March 15, 1957.

Royalty payment period increased from 12 years to 13 years.

No. 2 Agreed June 4, 1956.

Under Stage II, allows for 250 feet of long hole drilling and 5 days less of consultant-geologist.

No. 3 Agreed November 9, 1956.

Suspends work from October 1, 1956 to not later than June 1, 1957.

Completion time extended from March 15, 1957 to August 15, 1957.

Work Completed

Stage I (Actual Costs)		
Rehabilitation	$ 479.44	$
Lay pipe line, 900 feet	464.92	
Bulldozing, 109 hours @ $10.00/hr.	1,090.00	
Crosscutting, 447 feet, unit cost $30.07/ft.	13,439.36	15,473.72
Stage II (Agreed Unit Costs		
Crosscut & drift, 276.7 feet @ $32.50/ft.	$8,992.75	
Long-hole drilling, 223 feet, @ $1.00/ft.	223.00	9,215.75
Stage III (Agreed Unit Cost)		
Raising, 51 feet @ $32.50/ft.		1,657.50
Total Cost of the Project		$26,346.97
Government's participation, 50%		$13,173.49

Work under the terms of the contract was started on May 24, 1952. Effective October 1, 1956, the Contract was mutually terminated.

3. Audit - Report of Review dated February 13, 1958.

Total Cost claimed by Operator	$26,346.97
No exceptions	
Total accepted claimed cost of project	$26,346.97
Government's participation, 50%	$13,173.49

Operator's final report was waived.
Field Team's final report dated November 1958

4. Certification - Pseudo-Certification dated and effective as of December 14, 1951.

No certification was made but a pseudo-certification is contained in Annex II of the Amended Contract.

5. Comments:

The Operator had difficulty in raising funds to complete the work with the result that the exploration headings were advanced only spordically. With the exception of the raise, which was driven off course, the work was completed in a minerlike manner. The Operator was very weak from an administrative and financial standpoint.

The results of bulldozing on the surface failed to disclose any significant mineralization; therefore, no diamond drilling was started. Crosscutting on the 3400 level intersected the phyllite-limestone contact which was followed by drifts to the north and to the south. Only small pockets and stringers of lead-zinc minerals were found along the contact until the south drift cut what was believed to be the extension of the No. 1 ore body. This ore shoot was to be explored by a raise for a distance of 100 feet, but the Operator advanced the raise only 51 feet.

Flexures in the marble-phyllite contact and pre-mineral faults cutting the contact are the apparent ore controls at the mine. The ore is always associated with and near highly altered lamprophy dikes; however, there are numerous dikes that have no associated ore.

It is possible that the DMEA south drift only reached the beginning of the flexure in the contact that is so pronounced on the upper Lucile adit. If this is true, then the Lucile No. 1 ore body has not been cut and the south drift should be advanced another 75 feet to test this possibility.

The DMEA north drift failed to cut the No. 2 ore body. It appears that this ore shoot rakes to the north which would place it an unknown distance ahead of the present face of the drift.

Government participation in a modest amount of drifting north and south along the marble-phyllite contact is warranted.

J. W. Alt

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

☒ Audited R.of R. 2/13/5[illegible] WORK ANALYSIS SHEET - DMEA PRO[illegible]T ☐ Actual Cost

☒ Certified PSU. 9/24/55. Analysis as of _____ ☒ Agreed Unit Costs

Incl. Voucher for August 1956

Name PACIFIC NORTHWEST MINING CO.(Formerly Stephen Zoldak et al.) Docket No. 2,123X

State WASHINGTON Commodity LEAD-ZINC Idm-E No. 228

AMENDED CONTRACT

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting Stage II. 6'x7½'	300' @ 32.50	$9,750.00	276.7'	8,992.75	
Raising Stage III 4'x7'	100' @ 32.50	3,250.00	51'	1,657.50	
Shafts					
Winzes					
Drilling (Specify) Long Hole	250' @ 1.00	250.00	223'	223.00	
Surface Excavation					
Underground Excavation					
~~Roads and Trails~~ Stage II Geologist 5 days @ 50.00		250.00			
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify) 800 assays @ 3.00 Stage II.		240.00			
Stage II & III — Totals		$13,740.00		10,873.25	

15,473.75
10,873.25
4,600.97 Checked the 4th

Plus Contract to date supplied. $29,210.00 Total Outlays

Total Royalties to date $13.89

Amend. No. 1. Recess from Nov. 21, 1955 - May 1, 1956.
Completion date changed from Oct 15, 1956 to March 15, 1957.
Royalty repayment period changed to 13 years to Dec. 14, 1964.

Prepared by W. K. Klugescheid

Amend. No. 2.
Incorporated.

Amend. No. 3. Recess: Oct 1, 1956 - June 1, 1957 Completion date changed to August 15, 1957.
Termination Agreement - dated October 16, 1957.

71626

☐ Audited

WORK ANALYSIS SHEET - DMEA PROJECT

☒ Actual Cost

☒ Certified PSO.

Analysis as of 4/11/55.
Incl. Voucher for Oct. Dec. 1954.

☐ Agreed Unit Costs

Name PACIFIC NORTHWEST MINING CO. (Formerly Stephen Zoldak et al).

Docket No. 2,123X

State WASHINGTON

Commodity LEAD-ZINC.

Idm-E No. 228

ORIGINAL CONTRACT.

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting 6'x7½'	500'	$20,440.15	498'	$11,391.11	13,439.36
Raising 4'x7'	165'		480? Footage	1,345.36	
Shafts					
Winzes					
Drilling (Specify) Standpipes	60'	450.00			
Diamond (NX)	940'	5,640.00			
Surface Excavation Stripping - Bulldozer		1,500.00		1,090.00	1,090.00
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased		7,233.00		4,954.25	2,048.25
Surface Rehabilitation & Repairs Bldgs		701.62		479.44	479.44
Underground Rehabilitation					
New Building, Improvements, etc.		1,319.23		464.92	464.92
Other (Specify)					
Totals		$37,284.00	Checks Audit	$18,379.72	$15,473.72

Date of Contract:- Dec 14, 1951,
Automatically terminated 8/1/53. under Amend. #1. (to expiate?)
Completion date extended by Amend. #4 to 12/14/54.
Proceeds from Property Disposition.
Total (Equipment Purchased) $2,906.00
½ = 1,453.00 was refunded under amended contract.

Prepared by W. P. Hugenscheid.

71626

Amended Contract

Stage I: Work done prior to July 1, 1954 (Original Contract.)
By Audit $15,473.72

Stage II

(6'x7½') 300' of Crosscutting & Drifting @ $32.50	9,750.00
Geologist - ~~10~~ 5 days @ 50.00	250.00 ~~500.00~~
250' Longhole Drilling @ $1.00	250.00
80 Assays @ 3.00 (Pb, Zn, Ag.)	240.00
Cost Stage II	$10,490.00

Stage III.

(4'x7') 100' Raising @ 32.50	$3,250.00
Total Cost Stage III	$3,250.00

Total Cost of Both Contracts (Rounded to.) $29,210.00

~~Aug.~~ ~~May~~ June
~~Nov.~~

~~Spent~~ Amended Contract. Oct. 1956.

~~114'~~ ~~196'~~ ~~226'~~ ~~3,105.00~~ 7,345.00
~~9742'~~ Drifting @ 32.5 ~~7365.00~~
~~5,655.00~~ ~~2,992.50~~

50.7' Crosscutting @ 32.5 1,647.75

Raising @ 32.5 ~~23.51'~~ 1657.50
~~147.50~~

Long Hole Drilling @ 1.00 223' 223.00

~~7,320.75~~ ~~5,353.75~~
~~8,224.75~~ ~~3,012.75~~
~~9,163.25~~ ~~1,948.25~~
10,873.25

Total

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
	Selfridge	120
4/9	Murphy	120M
"	Fumich	110
"	[illegible]	100
		220
		[illegible]

APR 9 [illegible]

Pacific Northwest Mining Company

GGK Files

Re: [illegible]-2121 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Amended Contract [illegible]

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 Dode 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.

23263

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

APR 9 1962

Pacific Northwest Mining Company

OME Files

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

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 Turnick L.
Acting Director

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
	[illegible]	120
4/9	[illegible]	120
"	[illegible]	110
[illegible]	[illegible]	100
		220

APR 9 1965

Mr. Joseph Zuldek
5670 South 6th Street West
Murray, Utah

Re: DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Amended Contract Idm-2248

Dear Mr. Zuldek:

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

This correspondence relates to the Consent to Lien executed by you in September 1955, under the Defense Minerals Exploration Administration program.

Sincerely yours,

George Fumich, Jr.

Acting Director

Enclosure

MMerrithew/mm (4/9/65)
cc: Director's Reading File
Region I
Docket
120M

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
	Fellowes	120
4/9	Murphy	120
"	Johnson	110
4-9	[illegible]	100
		220

APR 9 1965

Mr. Frank J. Mattig
Route 1, Box 382
Durango, Colorado 81301

Re: DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Amended Contract Idm-2128

Dear Mr. Mattig:

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

This correspondence relates to the Consent to Lien executed by you in September 1955, under the Defense Minerals Exploration Administration program.

Sincerely yours,

George Fumich, Jr.

Acting Director

Enclosure

MMurrithew/mm (4/9/65)
cc: Director's Reading File
Region I
Docket
120M

23263

DMEA

2123

2123

INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Deliver *ONLY* to addressee

☒ Show address where delivered

(Additional charges required for these services)

RECEIPT

Received the numbered article described on other side.

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

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED: 3-18-65

SHOW WHERE DELIVERED *(only if requested)*

C55—16—71548-5—F GPO

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

August 29, 1963

Re: DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Co.
Lucille Mine
Stevens County, Washington
Amended Contract Idm-E228

Mr. Frank Nettig
P. O. Box 343
Palm Harbor, Florida

Dear Sir:

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

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

Sincerely yours,

W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

OFFICIAL FILE COPY
RECEIVED NOV 19 1963

DATE	INITIALS	CODE
11/19		800
11-18		100
11/19		~~110~~
~~11/20~~		~~500~~
		220

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since December 14, 1962, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☑

2. Since December 14, 1962, has there been any production from the land subject to the contract? Yes ☐ No ☑

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

	Quantity	Value

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

Type	Quantity	Estimated Grade	Location
Ore	Tons		
Concentrates	Tons		
Other	Tons		

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name [illegible] Title Partner

Address Box 343 Pelican Harbor Ill. Date

4511

So. 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: DMMA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Amended Contract Ida-R228

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: OME
CA&A
CPF
Reading copies to:
Nolan
McKelvey

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 9 1963
DATE | INITIALS | CODE
Steinwold 500
220

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

JAN 8 - 1963

Memorandum

To: Acting Field Officer, Region I

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

Subject: DMRA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Amended Contract Idm-E228

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

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
	[illegible]	500
12/17	Talbot	800
	GCS	130
12/17	Johnson	110
12/17	[illegible]	100
		220

DEC 17 1962

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Operations

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

We presume you have had no reply to your October 31 letter to Frank Nettig concerning production data for the subject property. Would you be kind enough to try Joseph Zeldek or Stephen Zeldek of the Bureau of Mines. He could probably furnish some information.

George C. Selfridge (gla)

WRGriswold/mm
12-17-62
cc: Director's Reading
Review Committee
Docket
Code 500

43683

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 26 1962

DATE		
		120
		500
		500
		240

State of Washington

VICTOR A. MEYERS, Secretary of State

Olympia

October 25, 1962

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

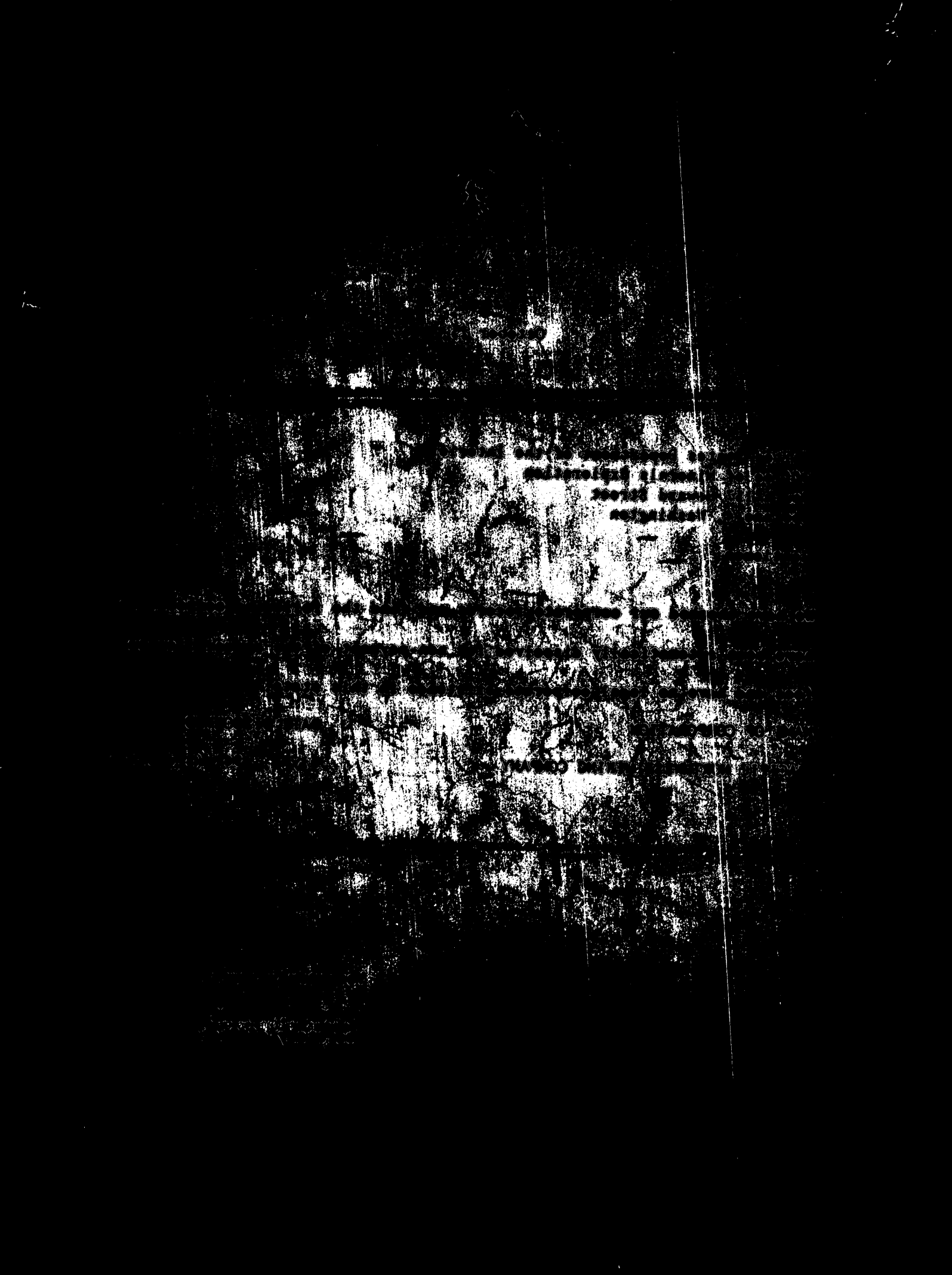
Gentlemen:

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 (Bremerton)

Very truly yours,

VICTOR A. MEYERS
Secretary of State



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION I

Division
of
Mineral Resources

Seattle Nonmetallics Lab
217 Roberts Hall
University Campus
Seattle 5, Washington

September 28, 1962

D. R. MacLaren
Acting Field Officer, DME
So. 157 Howard Street
Spokane 4, Washington

RE: DMEA 2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine, Stevens County, Wash.
Amended Contract IDM-E22B

Dear Mac:

I'm afraid I haven't been any more successful than you were in locating W. R. Stayer and am returning your letter to him. He is not listed in the Seattle or Bremerton telephone directories.

I'm sure the Pacific Northwest Mining Company has long since relinquished their lease on the Lucille, whether they are still in existance as a Company I don't know. However, it isn't to difficult to find out. If you write to the Secretary of State, State of Washington, Olympia, Washington he can tell you whether or not the Company still exists. Also he can give you the names and addresses of the officers of the Company. They have to report this information to the Secretary of State each year.

Sorry I couldn't be of more help.

Yours truly,

E. A. Magill,
Supervisory Mining Engineer

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 2 1962
DATE INITIALS CODE
11/2 800
500
220

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

Mr. Frank Nettig
Box 343
Palm Harbor, Florida

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

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
Meeting copies to: Nelson, McKelvey

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 22 1962

So. 157 Howard Street
Spokane 4, Washington
October 18, 1962

10/22 400 806
Greenfield 500

250

Secretary of State
State of Washington
Olympia, Washington

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

Dear Sir:

Would you kindly advise me as to the present corporate status of Pacific Northwest Mining Company. The last information in our files indicates that the company was in existence in December 1958.

If the company is still a corporate entity, will you also please furnish us with its official address, as well as the names and addresses of the company officers.

Sincerely yours,

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

DRMacLaren:my
cc: OME
Reading copies to:
Nolan
McKelvey

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

OFFICIAL FILE COPY
O. M. E
RECEIVED SEP 28 1962

DATE		
9/28	ama	800
"	Received	500
		220

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

Re: DMRA 2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Amended Contract Idm-R228

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, OMR
Region I

Enclosure

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

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 10 1962

9/10 800
500
210

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 Idm-R228

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:ny
cc: OME(2)
CPF
Reading copies to:
Nolan
McKelvey

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
8/16	Griswold	500
8/16	Talbert	800
8/16	On leave	130
"	Johnson	110
8/16	Turner	100
		220

AUG 17 1962

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

Subject: DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Amended Contract Idm-E228

Enclosed is a copy of MME Form 63 forwarded to the Pacific Northwest Mining Company, 619 Fourth Street, Bremerton, Washington, on June 11, 1962, and envelope returned by the post office, marked "Not here" and "Unknown."

Will you kindly check with Mr. S. W. Zoldok, who prepared the check sheet dated September 8, 1959, and submit information concerning the property since that date. The last information we have is that the Zoldoks own the property.

W. R. Griswold

Enclosures

GLAult/a
8-16-62
cc to: Director's Reading File
Review Committee
Docket

43683

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 12 1958

DATE	INITIALS	CODE
12/12	C	220
12/18	[illegible]	500

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

December 10, 1958

Re: DMEA 2123; Contract Idm E-228
Pacific Northwest Mining Co.
Lucille Mine, Northport Dist.,
Steven's County, Washington

Memorandum

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

From: Commodity Specialist, Branch of Base Metals

Subject: Final Report by Lickes, Waddell and Albee of November 1958 on Lucille Mines.

The project was well conceived, and as far as can be told from the interim and final reports progressed satisfactorily albeit no significant amount of ore was discovered. The final report is excellent and contains all pertinent facts of the exploration.

I agree with the authors of the final report that further exploration along the marble-phyllite contact exposed in the DMEA drift might increase the ore reserves. However evidence for this possibility is not very compelling.

O. M. Bishop

O. M. Bishop

Copy to: Division of Minerals
Mr. Kiilsgaard
Mr. Lamb
Mr. Bishop
F I L E S

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
November 20, 1958

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

DATE	INITIALS	CODE
11/24	C	220
11/24	[illegible]	130
"	[illegible]	110
11/28	[illegible]	130
11-28	C	220
12-1	[illegible]	500

Mr. George C. Selfridge, Chairman
Operating Committee, OME
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 (Amended)

Dear Mr. Selfridge:

Enclosed are three copies of a Field Team final report on this project.

Work completed included surface trenching, 724 feet of crosscutting and drifting, 51 feet of raising, and 223 feet of long-hole drilling. The total cost of the project was $26,346.97, of which the Government's share was 50 percent or $13,173.49.

A psuedo-certification is included in Annex II of the Amended Contract. Ore reserves at the mine are estimated to be 3,000 tons of indicated ore and about 7,000 tons of inferred ore. Additional drifting 200-300 feet to the north and 75 feet to the south might somewhat increase the reserves, but the Field Team does not recommend spending additional Government funds for further work at this time.

By Field Team, Region I

Wing G. Agnew

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

Donald R. MacLaren

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

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

Reviewed by
OME OPERATING COMMITTEE
11-28-58
(date)

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

DATE	INITIALS	CODE
11/28	HB	130
		220

FILE TM
FINAL REPORT

DEPARTMENT OF THE INTERIOR

OFFICE OF MINERALS EXPLORATION

FIELD TEAM, REGION I

FINAL REPORT

Amended Contract Idm-E228

by

Margaret R. Lickes and
Galen G. Waddell
Mining Engineers
U. S. Bureau of Mines

Howard F. Albee
Geologist
U. S. Geological Survey

PACIFIC NORTHWEST MINING COMPANY
415 South Cambrian Avenue
Bremerton, Washington

Docket No.:	DMEA-2123
Commodity:	Lead-Zinc
Prior and Amended Contract date:	December 14, 1951
Termination date:	October 1, 1956

LUCILE MINE
Northport Mining District
Stevens County, Washington

Reviewed by
OME OPERATING COMMITTEE
11-28-58
(date)

Spokane, Washington

November 1958

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INTRODUCTION	1
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Recommendations	2
LOCATION AND ACCESSIBILITY	2
PROPERTY	2
GEOLOGY	4
General Geology	4
Local Geology	5
THE PROJECT	6
Ore Reserves	9
Exploitation Possibilities	11
Summary of Factual Data	12
Discussion of Conclusions	13

ILLUSTRATIONS

Figure		Map in pocket
1	Location Map	
2	Assay Map	
Plate		
1	Geologic Plan and Section of Workings	

FINAL REPORT

PACIFIC NORTHWEST MINING COMPANY
Lucile Mine
Northport Mining District
Stevens County, Washington

Amended Contract Idm-E228

* * * * * *

INTRODUCTION

This report describes a project to explore for lead-zinc ore at the Lucile mine, north of Leadpoint, Stevens County, Washington. The project was conducted by the Pacific Northwest Mining Company under a Defense Minerals Exploration Administration contract.

Summary

The exploration project was designed to explore for lead-zinc ores on the surface by bulldozing and the downward extension of ore bodies mined from the Lucile upper levels by crosscutting and drifting.

The project work included rehabilitating the camp buildings, building a new road, piping water to the new adit, bulldozing trenches along the phyllite-limestone contact, crosscutting 498 feet to a phyllite-limestone contact, drifting 226 feet along the contact, raising in the footwall of the contact 51 feet, and longhole drilling a total of 223 feet. The total cost of the entire project was $26,346.97, of which the Government's participation at 50 percent was $13,173.49.

The results of bulldozing on the surface failed to disclose any significant mineralization; therefore, no diamond drilling was started. Crosscutting on the 3400 level intersected the phyllite-limestone contact which was followed by drifts to the north and to the south. Only small pockets and stringers of lead-zinc minerals were found along the contact until the south drift cut what was

believed to be the extension of the No. 1 ore body. This ore shoot was to be explored by a raise for a distance of 100 feet, but the Operator advanced the raise only 51 feet. The contract was terminated by mutual agreement effective October 1, 1956.

The ore reserves at the mine are estimated at about 3,000 tons indicated and about 7,000 tons inferred of mill-grade rock.

Recommendations

A pseudo-certification is included in Annex II of the Amended Contract.

Government participation in drifting along the marble-phyllite contact for about 75 feet to the south and between 200 and 300 feet to the north is warranted. The exploration might substantially increase or at least firm up present reserves.

LOCATION AND ACCESSIBILITY

The Lucile group of claims lies on the east slope of Red Top Mountain in the Northport Mining District 5 miles by road or 2 airline miles north of Leadpoint, Washington.

The property can be reached from Leadpoint by traveling northerly 2.5 miles over a fair graveled road, thence 2.5 miles easterly over a poor mountain road; however, a 4-wheel drive vehicle is not necessary.

Red Top Mountain is a fairly steep slope among summits that rise up to 4,500 feet. The altitude at the portal of the lower (DMEA) Lucile adit is 3,401 feet. The area through which the road to the mine passes is covered with second-growth pine, fir, and tamarack. The timber around the mine was burned in 1932 and the ground is barren except for buck brush.

The climate of the region is typical of northeastern Washington. Summers are cool and dry, but winters are often severe, with snow that blocks the road to the mine. From early November until late in May or early in June the last 2.5 miles to the property are inaccessible except for foot travel.

PROPERTY

The property explored under the contract consists of eight unpatented lode mining claims recorded in the Stevens County Courthouse, Colville, Washington, as follows:

Claim	Book No.	Page No.
Lucile	16	433
Tiptop	11	157
Winner	7	534
Comet	9	634
Silver Tip	11	147
Effie	18	412
Speculator	19	361 & 362
Speculator No. 2	19	363 & 364

The claims are known as the Lucile group and also as Owen's Camp and Boundary Silver-Lead. They are situated in secs. 19 and 30, T. 40 N., R. 42 E., W.M., Northport Mining District, Stevens County, Washington.

The property is controlled by a long-term lease from the present owners, Frank Nettig and Joseph M. Zoldok.

The Lucile claim was located by Elmer C. Owen in 1910. In the ensuing years five more claims were added; they were explored by surface trenching and test pitting. The Lucile adit was completed and stoping to the surface was done by 1924, although no shipments of ore were known to have been made before 1927. The mine was leased in 1926 to the Boundary Silver Lead Company who reportedly shipped 46.5 tons of ore to the Bunker Hill smelter that assayed 13.02 ounces silver per ton, 19.4 percent lead, and 11.5 percent zinc.

The property was idle until leased to Ashley and Meyer in 1942; little is known of this operation. The applicants under the original contract acquired the property in 1948. Two claims were added to the group, and development work was carried on until 1949. During the years 1948-49 about 600 tons of ore was mined. Of this, approximately 300 tons assaying 2.93 ounces silver, 3.83 percent lead, and 7.32 percent zinc was custom milled. According to the application, the tonnage and grade of concentrates were:

	Tons	Ag Oz./ton	Au Oz./ton	% Pb	% Zn	% Sb	% Cd
Lead	3.5395	55.0	0.015	74.7	2.3	1.0	--
Zinc	12.459	5.7	0.01	5.8	53.9	--	0.68

Operations were suspended in 1949 because of poor recovery by the custom mill.

Workings on the property prior to the contract were estimated in the application as 427 feet of drifts and crosscuts, 175 feet of raises, and 123 feet of winzes. These workings were driven in ground that required timber only in the vicinity of decomposed dikes and are still in good condition. During the term of the contract 757 feet of drifting and crosscutting and 51 feet of raises were completed. The upper workings are dry, and the DMEA workings encountered only a small seepage of water.

No mechanical ventilation has been necessary but should the two levels be connected by a raise, ventilation will be improved.

Mine facilities consist of a camp building sufficient to house six men, ore bunker, 315 cfm compressor, a Joy HL3 loader, two jackleg drills, and miscellaneous small tools.

GEOLOGY

General Geology

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

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

Locally, faulting, in places intense, has allowed ore-bearing solutions to enter and partially replace some beds in the marbles and form quartz veins in the argillite. Many of the deposits are essentially zinc with little lead and occur near the granodiorite

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

Local Geology

The rocks on the property are a sequence of beds of the Upper Maitlen phyllite that from bottom to top consist of quartz-mica schist, quartzite, marble, and phyllite. All of the ore bodies are confined to the marble unit at or near its contact with the phyllite contact. The marble unit is about 100 feet thick. The beds strike N. 15°-30° E. and dip 25°-45° NW.

The Lucile No. 1 ore body on the 3540 level of the property is a pipelike replacement approximately 40 feet long and up to 15 feet wide, the long axis nearly normal to the strike of the bedding. This zone dips very steeply to the southwest and may rake slightly to the west. The ore body underlies a slight flexure along the strike of the contact and may be, at least in part, controlled by it. The ore body has been nearly completely stoped out above the level where it apparently widened along the limestone-phyllite contact. Associated with this piplike body but more distinctly tabular in form are ore zones along the contact of the marble and overlying phyllite.

The Lucile No. 2 ore body is a replacement of the limestone by lead-zinc along a northwesterly trending pre-mineral fault. The north drift on the DMEA level was driven to intersect the possible downward extension of this mineralized material, but it did not do so.

The ore in the No. 1 ore body is a coarse aggregate of pyrite and resinous brown sphalerite cut by veinlets and larger masses of galena in a quartz gangue. Crystals and fine veinlets of scheelite occur in quartz lenses at both the footwall and hanging wall of the marble bed but not in sufficient quantity to be minable.

The lower or DMEA level, 139 feet below the Lucile adit, advanced through about 370 feet of argillic schist, quartz-mica schist and quartzite, and about 130 feet of marble to reach the marble-phyllite contact. The contact is gradational but is placed at a bedding plane fault along the base of the lowermost phyllite lamina.

This fault forms the hanging wall of some small pods of galena and sphalerite which apparently have a rake similar to the plunge of drag folds in the overlying phyllite. A small replacement body that consists mostly of thin bands of sphalerite was found at the intersection of the crosscut and drift and is associated with a 6-inch hanging-wall shoot of galena and sphalerite beneath the contact fault. The total thickness of the ore averages about 4.5 feet. The 6-inch shoot assayed 2.6 ounces of silver, 4.2 percent lead, and 31.3 percent zinc. The remaining 4 feet assayed 0.8 ounce of silver, 0.7 percent lead, and 4.5 percent zinc. This ore body does not extend to the back, and it pinches out within 20 feet both to the north and south from the centerline of the crosscut (fig. 2). No ore was found farther to the north. From 38 to 58 feet from the crosscut the south drift exposes a mineralized zone that, in places, is as much as 18 inches thick. This zone is relatively low grade and was not tested beyond the drift.

Farther to the south, between two altered dikes is a replacement zone of galena and sphalerite ore. This ore underlies a flexure in the contact similar to the Lucile No. 1 ore body, and it may be a downward continuation of the same structure. Part of the ore consists of thin stringers of sphalerite, galena, and pyrite that aggregate from 1 to 3 feet thick and dip 35° W. parallel to the bedding along the hanging-wall fault. A raise was collared about 20 feet east of the ore zone and advanced 51 feet. Some mineralized material was found at the head of the raise, but the overall results were discouraging and the correlation of the ore in the south drift with the main Lucile ore body is not proven.

THE PROJECT

In the Lucile mine lead-zinc ore occurs as a replacement of steeply dipping beds along portions of a contact between limestone and phyllite. The purpose of the exploration was to determine whether the No. 1 ore body, mined on the upper levels, and the No. 2 ore body, indicated by the surface exploration, continue with depth.

The program originally proposed was to drive a 450-foot crosscut to the contact and drift north and south a total of 300 feet along the contact.

The program authorized in the original contract was set up in two stages. Stage I was to consist of rehabilitating the camp buildings, laying water line from a spring to the mine, constructing approximately 500 feet of bulldozer road to the new portal, stripping by bulldozer in three areas, driving a 375-foot adit crosscut to a point approximately midway between the downward projection of the two ore bodies, and driving from the crosscut 125 feet of drift both northerly and southerly on the limestone-phyllite contact to intersect the projected positions of the two ore bodies.

Stage II was to be started only after completion of Stage I and required the approval of the Government. It consisted of drilling a maximum of two shallow NX diamond drill holes at each of the stripped areas and driving two raises, one from the south drift 165 feet to the No. 1 ore body on the upper adit level, and the other, from the north drift, 220 feet to the surface.

The effective date of the contract was December 14, 1951. Because of adverse weather conditions the beginning date was deferred to not later than May 1, 1952.

Before work was begun under the contract, on April 25, 1952, the property was leased to the Horseshoe Basin Mining & Development Company of Bremerton, Washington, under a long-term lease. On May 1, 1952, Horseshoe Basin Company assigned the lease to the Pacific Northwest Mining Company. On May 7, 1952, the applicant assigned the DMEA contract to the Pacific Northwest Mining Company; the Government consented to the assignment of the contract.

Work started on May 24, 1952, with bulldozing along the contact in the three designated areas and on a road to the new portal. Results of the trenching were inconclusive and diamond drilling in the trenches, as outlined in Stage II, was not warranted.

The new adit crosscut was started early in August 1952. Timber was required only in the first 40 feet of the tunnel and in one area where a decomposed dike was crossed. On September 6, 1952, a forest fire burned out the mine area; however, work was continued until some time in November. During 1952, a total of 411 feet of crosscutting was completed.

In June 1953, after the winter recess, work was resumed, but during the remainder of the summer it was continued only sporadically as the company was in financial difficulties. Thought was given to terminating the contract, but the Government desired to continue as the crosscut had penetrated the marble for about 45 feet and was approaching the phyllite-marble contact. By August 1, 1953, when the project was recessed under Amendment No. 4, the Operator had completed 447 feet of crosscutting. Work was resumed before the recess expired on July 1, 1954, and the crosscut was advanced 33 feet for a total of 480 feet. The Operator could not complete the project as required, and the contract was terminated under the provisions of Amendment No. 4. The Government did not participate in the cost of the last 33 feet of crosscutting.

The original or "prior" contract was amended four times.

Amendment No. 1, dated January 14, 1952, changed the starting date from December 14, 1951, to not later than May 1, 1952.

Amendment No. 2, dated August 1, 1952, permitted the Operator to contract the drifting and crosscutting at $10 per foot bald and $13 per foot where timbered.

Amendment No. 3, dated March 10, 1953, extended the completion date of the contract from 10 to 18 months.

Amendment No. 4, dated March 19, 1954, permitted a recess from August 1, 1953, to not later than July 1, 1954, extended the completion time to 36 months, incorporated a pseudo-certification, and extended the repay period to 12 years from the date of the contract.

Early in 1955, the Operator requested that the contract be reinstated as it had funds to continue the exploration. At the same time the company made a bid of $1,453 for the Government's equity in jointly-owned equipment. This bid was accepted.

During September 1955, an Amended Contract was written effective on December 14, 1951. Stage I of the Amended Contract comprised the work done prior to August 1, 1953, and included 447 feet of adit crosscut but did not include the 33 feet of crosscutting done between August 1, 1953, and September 1955. Total cost of the accepted work was $15,473.72. Stage II authorized 300 feet to crosscut to the contact and drift along it both northerly and southerly. Stage III authorized not more than 100 feet of raise to explore the contact further.

Work under the Amended Contract started on October 2, 1955, with the moving in of equipment and supplies. The crosscut was advanced from 480 to 534 feet. The phyllite-marble contact was intersected at 501 feet, and an ore lens was found to occur along it. Drifts to the north and south were started along the footwall side of the west-dipping contact. The north drift was advanced to 24 feet, and the south drift was advanced to 18 feet when winter conditions forced a shutdown. A recess until May 1, 1956, was permitted under Amendment No. 1.

Work was resumed on April 9, 1956. A transit-stadia survey was made on April 17, 1956, to determine the relationship of the upper and lower workings. The lower workings were found to be approximately 38 feet northeasterly from the position shown on the earlier maps and to have a portal elevation of 3,401 feet.

The north drift was driven to 77 feet and the south drift to 114 feet. Several seams and small pods of ore were encountered in the south drift. In order to test the showings, 250 feet of long-hole drilling was authorized under Amendment No. 2. Drilling showed that ore extended east from the south drift so a spur drift was driven S. 53° E. for 35 feet. The stringers of ore encountered in the spur drift all went into the back, and it was thought they might represent a downward extension of the main ore body on the upper level. Accordingly, raising under Stage III was begun at a recommended N. 85° E. bearing and +35°.

After a few rounds the raise was steepened to +40° to facilitate mucking. The Operator, however, drove the raise first at about N. 75° E. then turned to S. 55° E., instead of staying on the recommended bearing. The total advance was 51 feet.

At the end of this advance the Operator requested a winter recess, which was granted and which was to end not later than June 1, 1957. The work was not resumed and a Termination Agreement, dated October 16, 1957, with the effective date of October 1, 1956, was prepared and signed by the Government and the Operator.

The over-all results of the work were discouraging. One shipment of 3.29 tons of ore was made on July 23, 1956, for which a royalty of $13.89 was received by DMEA.

There were three amendments to the Amended Contract.

Amendment No. 1, dated January 23, 1956, permitted a recess from November 21, 1955, to May 1, 1956, and the completion date was extended to March 15, 1957. The royalty repay period was increased to 13 years or until December 14, 1964.

Amendment No. 2, dated June 4, 1956, transferred funds for 5 days' services of a consultant geologist at $50 per day to 250 feet of long-hole drilling at $1 per foot.

Amendment No. 3, dated November 9, 1956, authorized a recess from October 1, 1956, to not later than June 1, 1957, and extended the work completion date to August 15, 1957.

Ore Reserves

Lucile No. 1 ore body.--This ore body is about 50 percent stoped out between the upper adit and the surface, a distance of 60 feet. The ore body is quite irregular in shape and on the sill contains an area of 400 square feet or about 32 tons per vertical foot. The ore remaining in this shoot is estimated to be 960 tons having an indicated grade of 3.0 ounces of silver per ton, 2.8 percent lead, and 11.4 percent zinc.

On the DMEA adit level the ore body has an area of 544 square feet or 43 tons per vertical foot. The indicated block is assumed to extend from 25 feet above to 25 feet below the level and to contain 2,150 tons of ore. The indicated grade of this block is 4.3 ounces of silver per ton, 6.3 percent lead, and 5.3 percent zinc.

A block of inferred ore is assumed to extend from 25 feet above the DMEA adit to the upper level or 114 feet. This block contains 37.5 tons per vertical foot or a total of 4,300 tons. The indicated grade of this block is the average grade of the upper and lower blocks or 3.7 ounces of silver per ton, 4.8 percent lead, and 7.9 percent zinc.

Contact vein ore body.--This ore was cut on the DMEA level where the crosscut intersected the phyllite-limestone contact. It appears to correlate with the contact vein on the upper workings. The ore in the upper workings appears to be a fissure type with quartz-galena veinlets, and the ore on the DMEA level occurs mostly as discontinuous replacement pods of galena and sphalerite. Due to the pinching and swelling character of this ore shoot it is assigned to the inferred category. The average area of the ore shoot on the upper and lower levels is 158 square feet and contains 12.6 tons per vertical foot or 2,500 tons. The indicated grade is 5.9 ounces of silver per ton, 5.7 percent lead, and 5.8 percent zinc.

Lucile No. 2 ore body.--The DMEA work failed to cut this ore body which outcrops on the surface (pl. 1). Available evidence indicates that the intersection of the contact and the fault, where the ore occurs, rakes to the north beyond the present north drift.

In addition to the underground reserves there is between 1,000 and 1,500 tons of ore on the dump having a grade of about 2.0 ounces of silver per ton, 1.5 percent lead, and 8.5 percent zinc.

Summary of mine ore reserves

Block	Category	Tons	Grade Oz. Ag	% Pb	% Zn
No. 1 ore shoot above old Lucile adit	Indicated	960	3.0	2.8	11.4
No. 1 ore shoot off DMEA adit	Indicated	2,150	4.3	6.3	5.3
No. 1 ore shoot between upper and lower adits	Inferred	4,300	3.7	4.8	7.9
Contact vein between lower adit and surface	Inferred	2,500	5.9	5.7	5.8
Total indicated and inferred		9,900 tons			

Exploitation Possibilities

There are several factors that must be considered in exploiting the ore. The reserve is too small to amortize a small mill on the property; therefore, the mined ore must be hauled to a custom mill. The Admiral mill near Leadpoint is 4 miles from the mine and could handle 75 tons of ore per day. Much of the equipment in this mill is badly worn. Goldfield Consolidated Mines Company has a good 300-ton per day mill approximately 17 miles from the Lucile mine. All of the mine's estimated reserve could be milled by Goldfield in 1 month; however, this mill does not take custom ore.

The exploitation of the small ore reserve at the Lucile mine will be dependent upon the availability of adequate custom milling facilities within a reasonable distance from the mine. It is quite probable that further exploration of the Lucile and the adjoining Red Top mine would develop sufficient reserves of ore to justify a small mill.

Summary of Factual Data

Work completed under Stage I was done on an actual cost basis, and Stages II and III were on an agreed unit cost basis. The work performed consisted of the following:

Stage I

Item	Authorized	Completed	Unit cost	Total cost
Rehabilitation	Job	Job	$479.44	$ 479.44
Lay pipe line	900 ft.	900 ft.	464.92	464.92
Bulldozing	109 hrs.	109 hrs.	10.00/hr.	1,090.00
Crosscutting	375 ft.	447 ft.	30.07/ft.	13,439.36
Drifting	250 ft.	None	--	--
Total cost				$15,473.72

Stage II

Crosscut and drift	300 ft.	276.7 ft.	$ 32.50/ft.	$ 8,992.75
Consulting geologist	5 days	None	--	--
Long-hole drilling	250 ft.	223 ft.	1.00/ft.	223.00
Assaying	80 samples	None	--	--
Total cost				$ 9,215.75

Stage III

Raising	100 ft.	51 ft.	$ 32.50/ft.	$ 1,657.50
Total cost - Stages I, II, and III				$26,346.97

Total amount of contract	$29,210.00
Government's share at 50 percent	14,605.00
Total amount expended	$26,346.97
Government's participation	13,173.49
Total amount unexpended	$ 2,863.03
Government's share unexpended	1,431.51
Net value of production during contract period	$ 277.80
Royalty payments received	13.89

Under the original actual cost contract the following equipment was purchased and later the Government's equity was sold to the Operator.

No.	Equipment	Original cost
2	Atlas rock drills	$ 762.52
2	Pneumatic pushers, complete	361.73
1	Rotary grinder, complete	204.71
1	Raising feed leg	216.30
1	Pneumatic loading shovel, Joy ML3	3,093.00
1	Air receiver, 36 by 72 inches	313.99
	Total	$4,934.25
	Proceeds from disposition*	2,906.00
	Net purchase costs	$2,048.25
	Government's share of net costs at 50 percent	$1,024.13

*Operator's bid of $1,453 accepted for Government's equity in the equipment.

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

Discussion of Conclusions

There were no unusual operating difficulties encountered at the project. The distance to the limestone-phyllite contact was greater than at first thought, and it was not easily recognizable.

The Operator had difficulty in raising funds to complete the work with the result that the exploration headings were advanced only sporadically. With the exception of the raise, which was driven off course, the work was completed in a minerlike manner. The Operator was very weak from an administrative and financial standpoint.

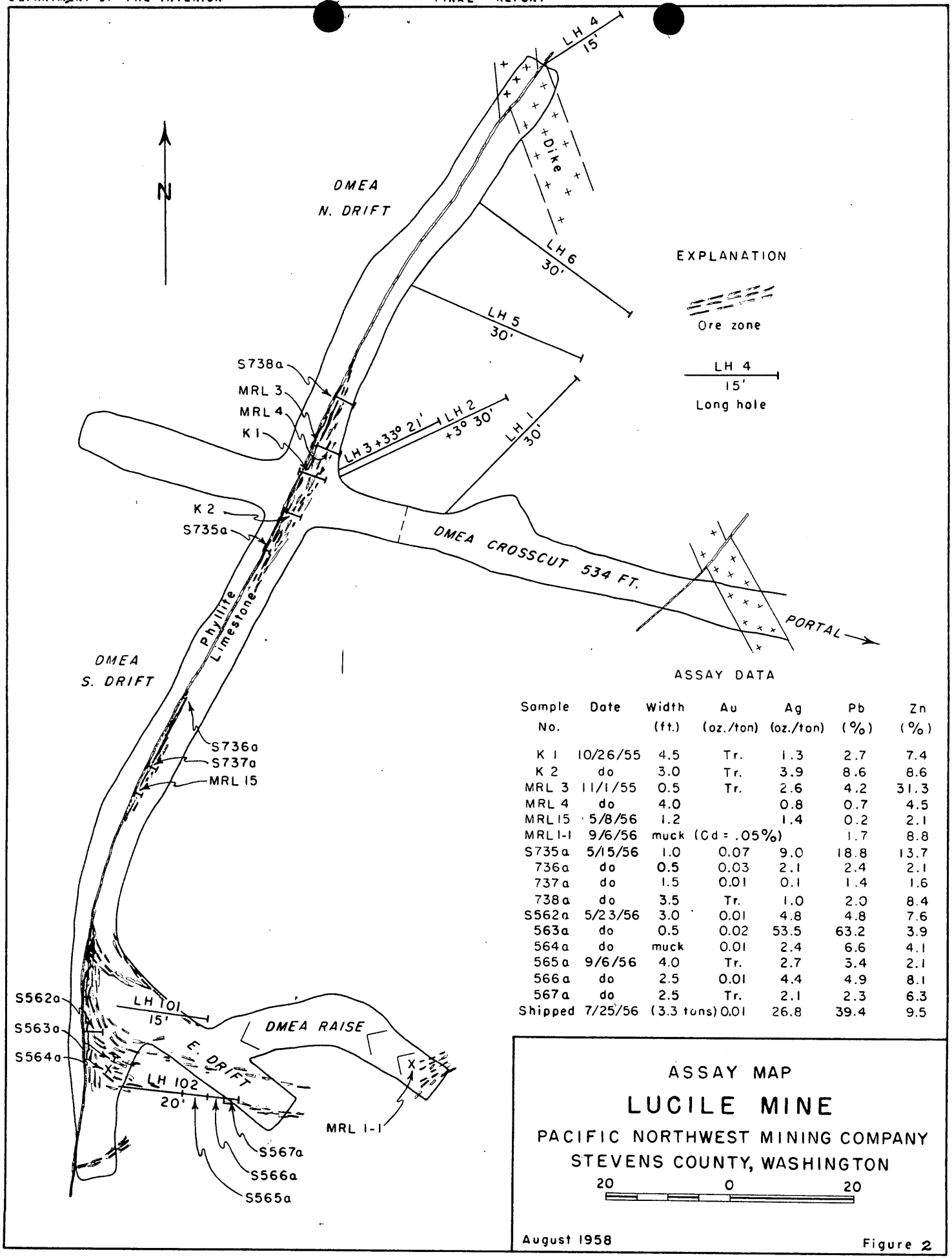
Flexures in the marble-phyllite contact and pre-mineral faults cutting the contact are the apparent ore controls at the mine. The ore is always associated with and near highly altered lamprophyre dikes; however, there are numerous dikes that have no associated ore.

It is possible that the DMEA south drift only reached the beginning of the flexure in the contact that is so pronounced on the upper Lucile adit. If this is true, then the Lucile No. 1 ore body has not been cut and the south drift should be advanced another 75 feet to test this possibility.

The DMEA north drift failed to cut the No. 2 ore body. It appears that this ore shoot rakes to the north which would place it an unknown distance ahead of the present face of the drift.

Government participation in a modest amount of drifting north and south along the marble-phyllite contact is warranted.

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



ASSAY DATA

Sample No.	Date	Width (ft.)	Au (oz./ton)	Ag (oz./ton)	Pb (%)	Zn (%)
K 1	10/26/55	4.5	Tr.	1.3	2.7	7.4
K 2	do	3.0	Tr.	3.9	8.6	8.6
MRL 3	11/1/55	0.5	Tr.	2.6	4.2	31.3
MRL 4	do	4.0		0.8	0.7	4.5
MRL 15	5/8/56	1.2		1.4	0.2	2.1
MRL 1-1	9/6/56	muck	(Cd = .05%)		1.7	8.8
S735a	5/15/56	1.0	0.07	9.0	18.8	13.7
736a	do	0.5	0.03	2.1	2.4	2.1
737a	do	1.5	0.01	0.1	1.4	1.6
738a	do	3.5	Tr.	1.0	2.0	8.4
S562a	5/23/56	3.0	0.01	4.8	4.8	7.6
563a	do	0.5	0.02	53.5	63.2	3.9
564a	do	muck	0.01	2.4	6.6	4.1
565a	9/6/56	4.0	Tr.	2.7	3.4	2.1
566a	do	2.5	0.01	4.4	4.9	8.1
567a	do	2.5	Tr.	2.1	2.3	6.3
Shipped	7/25/56	(3.3 tons)	0.01	26.8	39.4	9.5

ASSAY MAP

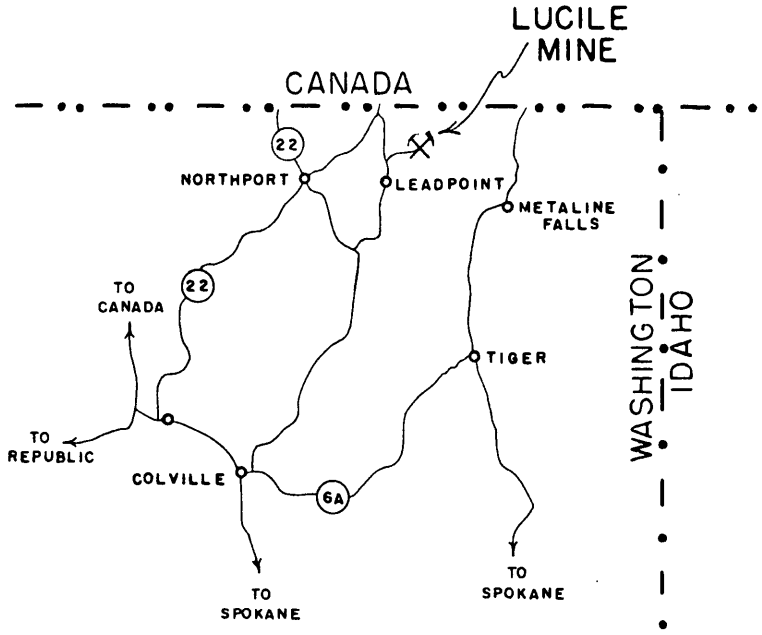
LUCILE MINE

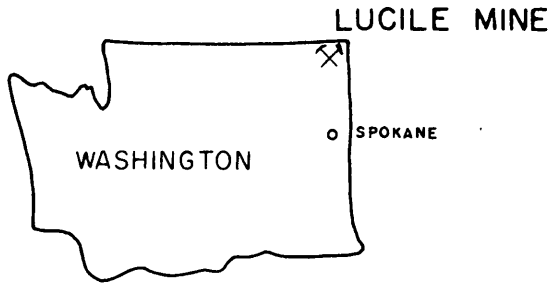
PACIFIC NORTHWEST MINING COMPANY
STEVENS COUNTY, WASHINGTON

20 0 20

August 1958

Figure 2

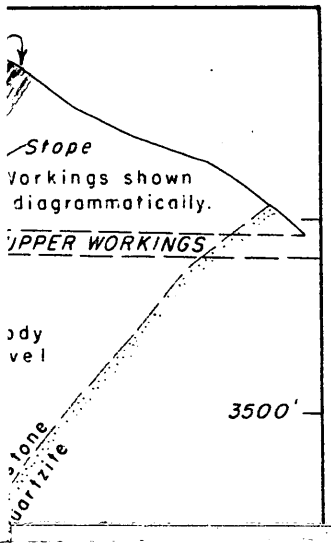




LOCATION MAP
Pacific Northwest Mining Company
LUCILE MINE
Stevens County, Washington
AUG. 1958
Fig. 1

UNITED STATES
DEPARTMENT OF THE INT[illegible]IOR

CODE



EXPLANATION

Ore zone

Lamprophyre

Contact, showing dip

Fault, showing dip

DMEA
RECEIVED MAR 20 1958

Date	Initials	Code
3/20	C	220
3/21	[illegible]	800
3/21	WRB	500

So. 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-2228

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 I

Enclosure

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

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
2/26	Talbert	800
2/27	C	220
2/28	[illegible]	500

FEB 27 1958

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

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

DMEA-4090, Idm-E991
LaSota-Jones Lead and Zinc Corp.

DMEA-4543, Idm-E1072
New Wellington Mines, Ltd.

Dear Mr. Turner:

Your Reports of Review covering the above-cited projects are acceptable. You are authorized to make normal distribution.

Sincerely yours,

Jay L. Chambers, Director
Contract Administration
and Audit Division

EDTalbert/wb
February 26, 1958

Copy to: Docket (3)
Admr. Reading File
Mr. Chambers

8623

DMEA
RECEIVED FEB 10 1958

DATE			
2/10	C		220
2/10	WRB		500

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

DMEA
RECEIVED FEB 10 1958

2/10	C	220
2/10	WRB	500

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-E228

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.

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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)

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 28 1958

1/28/58 C 220 806 500

So. 157 Howard Street
Spokane 4, Washington

January 21, 1958

G

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-E228 (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

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
1/13	Griswold	500
1/13	GCS	130
"	Johnson	110
"	[illegible]	100
		~~FAB~~
1/13	gb	220
		500

500

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

JAN 13 1958

Re: Docket No. DMEA-2123 (Lead-Copper)
Pacific Northwest Mining
Lucille Mine
Stevens County, Washington
Contract No. Idm-5228

Dear Mr. Weissenborn:

We have your letter of January 8, 1958, regarding an inadequate final report submitted by the cited Operator.

You are hereby authorized to waive the requirement for a more comprehensive report.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (FAB)

APPROVED:

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

Thor H. Kiilsgaard (FAB)
Member, Geological Survey

WRGriswold/er 1/13/58
Copy to: Docket
Admr R File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

8623

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 10 1958

DATE	INITIALS	CODE
1-10	C	220
1-10	WRB.	500

January 8, 1958

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Contract No. Idm-E228

Dear Mr. Selfridge:

As his final report, the Operator has submitted an original and four copies of forms MF-104, MF-104A, and a sketch of the mine workings on which he indicated the amount of drifting, crosscutting, and raising. This cannot be considered as an acceptable final report. However, we doubt very much if we can get anything more from the Operator. Unfortunately no funds due the Operator were withheld as there was nothing to indicate that the work stoppage was more than temporary. There is $250 under Stage II for a Consultant Geologist which could be applied to the cost of a final report but we doubt that the Operator will be willing to pay his share.

We have sufficient data in our files to prepare a Field Team final report. A pseudo-certification is incorporated in Annex II of the amended contract.

We, therefore, recommend that the requirement for an Operator's final report be waived.

By Field Team, Region I

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

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

cc: USBM (2)
USBM (AD)
Albee

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

DMEA
RECEIVED NOV 8 1957

DATE		CODE
11/8	C	220
11/8	~~[illegible]~~	500

November 4, 1957

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Amended Contract No. Idm-E228

Dear Mr. Selfridge:

Enclosed are the Government and Audit Copies of the Termination Agreement for this contract, signed by the Administrator and Mr. Wm. R. Steyer, president of the Pacific Northwest Mining Company. Other copies of this Termination Agreement have been distributed.

Also enclosed are two copies of a letter to Mr. Steyer in reply to his letter of October 31, 1957, sending the Termination Agreement to us.

Sincerely yours,

Donald R. MacLaren

Donald R. MacLaren
For: Wing G. Agnew, Acting Exec. Officer
DMEA Field Team, Region I

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

Termination

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.

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)
USBM(2)
USGS(AD)
Albee

P. T. WALKER, [illegible]
BREMERTON

Pacific Northwest MINING COMPANY
XXXXXXXXXXXXXXXX • BREMERTON, WASHINGTON
415 So. Cambrian Ave.

Inc
of
USBM
DMEA

October 31, 1957

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

Attn: Mr. C. O. Mittenbori

Dear Sir:

Enclosed find the four [illegible] copies which you requested signed and returned to you.

We are sorry that we were [illegible] to keep this contract in force under existing conditions.

As our last report to you [illegible] 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.

RECEIVED
DATE

Yours very truly

Pacific Northwest Mining Co.

By

Wm. R. Steyer, Pres.

DMEA
RECEIVED OCT 28 1957

DATE		CODE
10/28	C	2-0
10/28	4007	800
10/28	WRG	500

So. 157 Howard Street
Spokane 4, Washington

October 24, 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
Contract No. Idm-8228

Dear Mr. Steyer:

We have received no reply to our letters of April 18, 1957 and July 9, 1957.

Our engineers visited the Lucille mine on June 25, 1957 and August 14, 1957 and found no evidence of progress in the DMEA work. As contract work was not resumed by June 1, 1957, the contract has been in default since that date.

Enclosed are an original and four copies of a Termination Agreement signed by the Administrator for the Government. If the agreement is satisfactory, please sign all copies, keep the one marked Operator's copy and return the other four copies to this office.

If the terms and conditions of the agreement are not satisfactory, please return all five copies unsigned, with your comments.

A prompt reply will be appreciated.

By Field Team, Region 1

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

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

Enclosures

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

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
10/15	Tiarwell	500
		500
10-15	Chamber	800
10/16	GCS	130
	Johnson	110
	Butterworth	100
		HB
10/17	C	225
		500

500

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

OCT 17 1957

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Contract No. Idm-E228

Dear Mr. Weissenborn:

In accordance with the letter of Mr. Agnew, dated August 26, 1957, we are enclosing the original and four copies of a proposed Termination Agreement (one page) for the cited contract, signed by the Administrator. Also, we are enclosing two extra copies of the termination agreement for the use of the Field Team.

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

We agree that presenting the termination agreement to the Operator is the proper course to take under the circumstances.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (HB)
WPKlugescheid/er 10/3 & 15/57
Copy to: Docket
Admr R File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

Enclosures

APPROVED:

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

Thor H. Kiilsgaard (HB)
Member, Geological Survey

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
10/3	Klugescheid	500
10-4	Chambers	800
10/7	Greenwald	130
10/7	GCL	110
		100
		225
		500

500

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Contract No. Idm-E228

Dear Mr. Weissenborn:

In accordance with the letter of Mr. Agnew, dated August 26, 1957, we are enclosing the original and four copies of a proposed ~~Mutual~~ Termination Agreement (one page) for the cited contract, signed by the Administrator. Also, we are enclosing two extra copies of the termination agreement for the use of the Field Team.

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

We agree that presenting the termination agreement to the Operator is the proper course to take under the circumstances.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JLB)

Enclosures

WPKlugescheid/er 10/3/57
Copyto: Docket
Admr R File
Op. Committee
Mr. Bishop, USBM
Mr. Killsgaard, USGS
Chron.

APPROVED:

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

W. P. Williams (JLB)
Member, Geological Survey

8623

Government's Copy

Unsearched.
Selfridge

TERMINATION AGREEMENT

It is agreed this ___ day of _____, 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 ~~provided for in the Contract~~ with respect to ~~a certification of discovery or development,~~ 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 _____
Administrator, Defense Minerals Exploration Administration

PACIFIC NORTHWEST MINING COMPANY

By _____

Title _____

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
		130

October 15, 1957

Memorandum

To: Chairman, Operating Committee

From: Jay L. Chambers, Director
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

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code

500

September 23, 1957

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Director, Division of Base Metals

Subject: Docket No. DMEA-2123, Pacific Northwest Mining Company, Lucille Mine, Stevens County, Washington, Amended Contract No. Idm-E228 (Lead-Zinc)

Will you please prepare a Mutual Termination Agreement for the cited project. I believe that the effective date will be August 16, 1957. The amended contract contains a pseudo certification which should be preserved.

WPKlingecheid
for W. R. Griswold

WPKlingecheid/er
Copy to: Docket
Chron.

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
	Rubin	140
	Holland	140
7/20	Wagenheid	500
		130
		110
		100

Pacific Northwest Mining Company
415 South Cambrian Avenue
Bremerton, Washington

Re: Docket No. DMEA-2123 (Lead-Zinc)
Contract No. Idm-E228
Lucille Mine
Stevens County, Washington

225

Gentlemen:

You previously have been informed by the executive officer that by failing to resume work on July 1, 1957, you are in default under the subject contract. Accordingly, you are hereby notified that unless work is resumed by October 15, 1957, the Government's obligations under the subject contract thereupon will be terminated.

In the event that the Government's obligations are terminated by your failure to resume work as specified, your obligation to pay royalty as provided for in Annex II of the amended contract will continue.

Sincerely yours,

Administrator

HCRubin:ar 9/17/57
Copy to: Stephen W. Zoldok
DMEA Docket
Adm. Reading file
Field Team, Reg. I (2)
Mr. Griswold
Operating Com.
R. P. Dwyer
H. C. Rubin
Chron
Pending

Not sent

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code

500

September 11, 1957

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Director, Division of Base Metals

Subject: Docket No. DMEA-2123, Pacific Northwest Mining Company, Lucille Mine, Stevens County, Washington, Amended Contract No. Idm-E228 (Lead-Zinc)

Attention: Mr. Rubin

As we discussed a day or so ago, will you kindly prepare a letter to this Operator stating that he is in default on this contract and unless work is resumed by October 15 and carried to conclusion the contract is terminated, etc.

W. P. Klugescheid for
W. R. Griswold

WRG/er

Copy to: Docket
Chron.

8623

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

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 28 1957

DATE	INITIALS	CODE
8/29	C	220
		130
8/30	wcy	500

August 26, 1957

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Contract No. Idm-E228 (Amended)

Dear Mr. Selfridge:

Amendment No. 3 of the subject contract provided for a recess beginning October 1, 1956 and ending not later than June 1, 1957.

In a letter dated April 10, 1957, Mr. William R. Steyer, President, Pacific Northwest Mining Company, requested that the unused 23.3 feet of drifting and $250.00 for consultant geologist be converted to long holing, and stated that long holing had been costing $1.50 per foot. We replied on April 18, pointing out that the cost of $1.00 per foot for long holing had already been established by his acceptance of Amendment No. 2 and could not be changed; that 23.3 feet of drifting at $32.50 per foot would provide 757.25 feet of long-hole drilling which, with the remaining 27 feet would make a total of 784.25 feet and might be more than he would need; and that, as some long-hole drilling might be justified, we would be glad to consider his proposal if he would furnish us with a map showing the proposed locations of the holes and indicating the approximate bearing, inclination, and length of each hole. We have not received this information.

On June 25, 1957, G. G. Waddell, Mining Engineer, Bureau of Mines, visited the property. No one was there, but Waddell met Mr. Robert Rukke, Secretary of the company, in Northport, Washington. Mr. Rukke said that he intended to continue with the DMEA contract after he made a shipment of ore to obtain enough money to finance the project.

On June 9, 1957, we again wrote to Mr. Steyer advising him that we had not received a reply to our letter of April 18, 1957, regarding his proposed transfer of drifting funds to long-hole drilling. At this time we also advised him that if contract work had not been resumed by June 1, 1957, the contract was in default and asked him to give us a firm date by which work would be resumed so we could request an amendment extending the recess. Again, we have not received a reply.

On August 14, M. R. Lickes, Mining Engineer, Bureau of Mines, attempted to see Mr. Rukke in Northport, but he was reported to be in British Columbia; however, she talked with Mr. Koski, one of the miners, and Mr. Ben Drasky, a stockholder. It appears that some time since Mr. Steyer's letter of April 10, 1957 was written, an unnamed "doodle bug" from Seattle had been on the property and had told the Operators of a fabulous vein some distance ahead of the face of the crosscut and that since then they had been long holing on their own to probe this vein. Their efforts have been unsuccessful.

The contract has been in default since June 1, and we feel that further letters from us to Mr. Steyer will be futile; moreover, the results of the DMEA work has not been too encouraging, and we doubt that further work will be much more so. We, therefore, recommend that a termination by mutual agreement be prepared, and we will attempt to persuade him to sign it. The amended contract contains a psuedo-certification.

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: USBM (2)
USBM (AD)
Albee

OMEA 2)

OFFICIAL FILE COPY DMEA RECEIVED JUL 12 1957		
DATE	INITIALS	CODE
7-12	C	220
7/12		800
7/12	WRB	500

No. 157 Howard Street
Spokane 4, Washington

July 9, 1957

Mr. William R. Steyer, President
Pacific Northwest Mining Company
415 South Cambrian Avenue
Bremerton, Washington

Re: Docket No. DMEA-2123 (Lead- inc)
Lucille Mine
Stevens County, Washington
Contract No. Idm-F228 (Amended)

Dear Mr. Steyer:

In your letter of April 10, 1957, you asked for authorization to transfer 23.3 feet of drifting to long-hole drilling at $1.50 per foot. In our reply of April 18, 1957, we advised you that the price of $1.00 per foot for long-hole drilling had been established by your acceptance of Amendment No. 2 and could not be changed. We further advised you that if you would furnish us with a map showing your proposed locations of the long holes and indicating the approximate bearing, inclination, and length of each hole, and the total footage required, we would be glad to consider your proposal. As yet we have heard nothing further from you.

If contract work was not resumed by June 1, 1957, your contract is in default and an amendment to extend the release period must be prepared. Before we can recommend such an amendment to our Washington office, we must have a letter from you giving a firm date on or before which you will resume work.

We would appreciate an early reply.

By Field Team, Region I, Mt. Dist.

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

Donald H. MacLeod, Acting Member
U. S. Geological Survey

cc: DMEA(2)
DMEM(2)
DMEM(2)
Sl ee

OFFICIAL FILE COPY
DMEA
RECEIVED APR 22 1957

DATE	INITIALS	CODE
4/22	C	220
4/22	[illegible]	800
4/22	[illegible]	500

So. 157 Howard Street
Spokane 4, Washington

April 18, 1957

Mr. William R. Steyer, President
Pacific Northwest Mining Company
415 South Cambrian Avenue
Bremerton, Washington

Re: Docket No. DMEA-2123 (Lead-Zinc)
Lucille Mine
Stevens County, Washington
Contract No. Idm-E228 (Amended)

Dear Mr. Steyer:

This is in reference to your letter of April 10, 1957, in which you ask for transfer of 23.3 feet of drifting to long hole drilling at $1.50 per foot.

The cost of $1.00 per foot for long hole drilling has already been established by your acceptance of Amendment No. 2 and cannot be changed. However, 23.3 feet of drift at $32.50 per foot would provide 757.25 feet of long hole drilling. There remains unused 27 feet of long hole drilling, making a total of 784.25 feet, which may be more than you will need.

It is quite possible that some long hole drilling would be justified at the Lucille Mine, but you do not indicate how much long hole drilling you wish to do or where you propose to do it. If you will furnish us with a map showing your proposed locations of the holes and indicate the approximate bearing, inclination, and length of each hole and the total footage required, we would be glad to consider your proposal.

By Field Team, Region I, NW Dist.

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

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

cc: DMEA (2) w/2 copies of incoming
USBM (2)
USBM (AD)
Kellum

WM. R. STEYER, PRES.
SPOKANE

P. R. WALKER, SEC'Y.
BREMERTON

Pacific Northwest MINING COMPANY

415 So. Cambrian Ave. • BREMERTON, WASHINGTON

ae
Mac
Kellum
WPM
AD
DMEA

April 10, 1957

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

Dear ~~Mr. Weissenborn~~:

In December we had Mr. Everett Hougland, a geologist from Republic, Washington, inspect the Lucille property.

He recommended doing some long holing before we do any more raising. We have 23.5 feet of drifting left in the D.M.E.A. contract along with $250.00 for geology work. We would like to know if this can be changed to long holing.

The cheapest we have been able to get long holing done is $1.50 a foot.

Yours very truly,

Pacific Northwest Mining Co.,

By

Wm. R. Steyer, Pres.

DMEA

OFFICIAL FILE COPY
DMEA
RECEIVED 1957
DATE CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

December 26, 1956

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Amended Contract No. Idm-E228

Dear Mr. Selfridge:

Enclosed are the Government, Docket, and Division copies of Amendment No. 3 to the contract.

By copy of this letter other copies of the amendment are being distributed.

Sincerely yours,

A. E. Weissenborn

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

Enclosures

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

RECEIVED
DEC 31 1956
D.M.E.A.

RECEIVED
DEC 26 1956
D.M.E.A.

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

December 20, 1956

Mr. Wm. R. Steyer, President
Pacific Northwest Mining Company
415 So. Cambrian Ave.
Bremerton, Washington

Re: Docket No. DMEA-2123 (Lead-Zinc)
Lucille Mine
Stevens County, Washington
Contract No. Idm-E228 (Amended)

Dear Mr. Steyer:

With our letter of November 14, 1956, we enclosed the original and six copies of Amendment No. 3 to you for signature. To date we have not received the executed amendment.

We would appreciate your returning them to us as soon as possible. However, if the amendment does not meet with your approval, please return all copies including the Operator's copy to this office with your comments.

Sincerely yours,

A. E. Weissenborn

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

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

xxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

November 14, 1956

Mr. Wm. R. Steyer, President
Pacific Northwest Mining Company
415 So. Cambrian Ave.
Bremerton, Washington

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

Dear Mr. Steyer:

Enclosed are the original and six copies of Amendment No. 3 to this amended contract, signed by the Government, which has been prepared in accordance with the request contained in your letter dated October 12, 1956, for a recess during the winter months.

If it meets with your approval, please sign all the copies, retain the one marked for the Operator, and return the others to this office.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMA
Field Team, Region I
Northwest District

Enclosures

cc: DMA(2)
[illegible](2)
[illegible]
Fallum

RECEIVED
NOV 19 1956
DMEA

File Copy
Surname
Drawer
Champion
Selfridge
Johnson

500

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

NOV 8 1956

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Amended Contract No. Idm-E228

Dear Mr. Weissenborn:

Enclosed are the original and five copies of a proposed Amendment No. 3 to the cited amended contract, signed by the Government. Two extra copies are also enclosed for the use of the Field Team.

If it meets with your approval, please present it to the Operator for approval and signature and, when completed, distribute all copies in the usual manner. Otherwise, and if any proposed change should lie beyond your delegated authority, all copies should be returned to us with your recommendations.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (WRG)

WRGriswold/er 11/8/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

Enclosures

APPROVED:

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

Thor H. Kiilsgaard (WRG)
Member, Geological Survey

R.G.J.

File Copy

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

500

October 31, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of Amendment No. 3 to Docket No. DMEA-2123, Pacific Northwest Mining Company, Lucille Mine, Stevens County, Washington, Amended Contract No. Idm-E228, Lead-Zinc.

Will you please prepare an Amendment No. 3 to the cited contract which will:

1. Access from October 1, 1956 to June 1, 1957.

2. Work completion period to be extended from March 15, 1957 (see Amendment No. 1) to August 15, 1957.

W. R. Griswold

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

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

RECEIVED
OCT 29 1956

October 24, 1956

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Amended Contract No. Idm-E228

Dear Mr. Selfridge:

Enclosed are two copies of a letter dated October 12, 1956, from Wm. R. Steyer, president of the Pacific Northwest Mining Company, in which he requests a recess of this contract.

As of September 6, 1956, there remained to be completed:

23.3 feet of drifting and crosscutting
27? 25.0 feet of long-hole drilling
49.0 feet of raising

Little, if any, advance was made in September.

The Field Team recommends that the request be granted and that an amendment be prepared to authorize a period of recess to begin October 1, 1956, and to end on or before June 1, 1957. The completion date should be extended from March 15, 1957, to August 1, 1957.

By Field Team, Region I, NW District

A. E. Weissenborn

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

Wing G. Agnew

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

Enclosures
cc: USBM(2)
Kellum
USBM(AD)

RECEIVED
OCT 29 1956

xxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

October 24, 1956

Mr. Wm. R. Steyer, President
Pacific Northwest Mining Company
415 So. Cambrian Ave.
Bremerton, Washington

Re: Docket No. DMEA-2123 (Lead-Zinc)
Lucille Mine
Stevens County, Washington
Amended Contract No. idm-2228

Dear Mr. Steyer:

Thank you for your letter of October 12, 1956, in which you request a recess for the winter.

We have forwarded your request to our Washington office for its consideration.

By Field Team, Region I, NW District

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

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

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

Pacific Northwest MINING COMPANY
619 FULMER STREET W. BREMERTON, WASHINGTON

RECEIVED
OCT 29 1956

October 12, 1956

Mr. A. B. Weissenborn
Executive Officer
U. S. Geological Survey
Rm. 157 Howard St.,
Spokane 1, Washington.

Re: Docket No. DMEA-2123 (Lead-Zinc)
Bunker Mine
Stevens County, Washington
American Contract [illegible]

Dear Mr. Weissenborn:

[illegible] unable to [illegible] the miners we had [illegible]

[illegible] other work to carry on this [illegible] have learned that most of the miners in the area are working and that help is hard to obtain.

We, therefore, request that a recess from work be granted until Spring at which time we will resume work on the contract and carry on until its completion.

Very truly yours,

Pacific Northwest Mining Co.

Wm. R. Steyer
President

RECEIVED
SEP - 3 1956

XXXXXXXXXXXXXXXXXX
So. 157 Howard Street
Spokane 4, Washington

August 28, 1956

Mr. Robert A. Rukke, Vice-Pres.
Pacific Northwest Mining Company
Northport, Washington

Re: Docket No. DMEA-2123 (Lead-Zinc)
Lucile Mine
Stevens County, Washington
Contract No. Idm-2228

Dear Mr. Rukke:

This is to confirm the telephone conversation between E. F. Kellum, M. R. Lickes, and Mr. Rukke, on August 24, 1956. The angle at which the raise is being driven may be steepened to 40 degrees, but no steeper, the bearing is to be corrected to N. 85° E., and long holes should be drilled every fourth or fifth round in order to check the position of the phyllite contact with respect to the raise. The raise should not be driven closer than 15 feet to the contact.

Very truly yours,

D. R. MacLaren
for: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW District

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

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

RECEIVED
JUL 27 1956

Mr. Robert A. Rukke, Vice-Pres.
Pacific Northwest Mining Company
Northport, Washington

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

Dear Mr. Rukke:

In reference to your letter of June 29, requesting approval to enter Stage III of the contract which consists of not to exceed 100 feet of raising, your request is hereby approved.

Due to the complex geological factors involved, such as strike and rake of the ore shoot and flexures in the beds, we would like to know when you intend to start raising so that the location of the raise may be approved by our field men.

By Field Team, Region I, NW District

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

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

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

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

RECEIVED
JUN 18 '56

June 14, 1956

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Amended Contract No. Idm-E228

Dear Mr. Selfridge:

Enclosed are the Government, Docket, and Division copies of Amendment No. 2 to the contract.

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

Sincerely yours,

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

Enclosure

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

xxxxxxxxxxxxxxxxxxx

So. 157 Howard Street
Spokane 4, Washington

RECEIVED
JUN 15 1956

June 12, 1956

Mr. William R. Steyer, President
Pacific Northwest Mining Company
415 So. Cambrian Avenue
Bremerton, Washington

Re: Docket No. DMEA-2123 (Lead-Zinc)
Lucille Mine
Stevens County, Washington
Amended Contract No. Idm-E228

Dear Mr. Steyer:

In accordance with your request of March 18, 1956, our Washington office has prepared the enclosed Amendment No. 2 to provide for 250 feet of long hole drilling. It should be noted that the location, direction and inclination of the holes are to be approved by the Government.

If the amendment meets with your approval, please sign all copies, retain the one marked for the Operator, and return the rest to this office. If it does not meet with your approval, please return all copies with your comments.

Sincerely yours,

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

Enclosure

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

File Copy
Surname

Griswold
Talbot
Martin
Fishman

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

500

JUN - 4 1956

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Amended Contract No. Idm-2228

Dear Mr. Weissenborn:

Referring to your letter of May 3, covering work on the cited project, we are enclosing the original and five copies of Amendment No. 2 to the Amended Contract. We believe it covers the changes which you recommend.

If the amendment meets with your approval, please submit it to the Operator for signature and distribute the copies in the usual manner. If not, and if any changes should be beyond the range of your delegated authority, please return all copies to us with your comments.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

Enclosures

WRGriswold/er 6/4/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

/s/ Robert W. Geehan
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

P. S. We are enclosing two extra copies of the amendment for the use of the Field Team

R.G.L.

File Copy
Surname

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

500

May 28, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of An Amendment No. 2 for Docket No. DMEA-2123, Pacific Northwest Mining Company, Lucille Mine, Stevens County, Washington, Amended Contract No. Idm-E228, Lead-Zinc.

Will you please prepare an Amendment No. 2 to the Amended Contract which will make the following changes:

On page 1 of Exhibit "A" of the Amended Contract, under "Stage II", add the following sentence.

"250 feet of long hole drilling will also be done."

On page 2 of "Exhibit A", under the heading "Stage II" delete the following item:

"Consultant Geologist - 10 days at $50.00/day - $500.00"

In its place substitute -

"Consultant Geologist - 5 days at $50.00/day - $250.00"

and also add:
"250 feet of long hole drilling at $1.00/ft. $250.00"

W. R. Grimsrud

WRG/er

Copy to: Docket
Base Metals
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

1201 N. Division St.
Spokane 2, Washington
May 3, 1956

RECEIVED
MAY 7 - 1956

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

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

Dear Mr. Selfridge:

By letter of March 18, 1956, a copy of which is in your files, the Operator requested that $400 of the $500 authorized for a geological consultant be transferred to long hole drilling.

We are now of the opinion that some long hole drilling will be necessary and since the contract has not established a price for this work, we request that Washington write an amendment to the contract authorizing 250 feet of long hole drilling at a unit price of $1.00 per foot.

By Field Team, Region I, NW District

Wing G. Agnew

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

Verne C. Fryklund Jr.

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

cc: USGS (2)
USBM (AD)

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

RECEIVED
APR 23 1956

April 18, 1956

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Lucille Mine
Pacific Northwest Mining Co.
Stevens County, Washington
Amended Contract No. Idm-E228

Dear Mr. Selfridge:

Enclosed are copies of two letters received from officers of the Pacific Northwest Mining Company. They report that work was resumed at the Lucille mine on April 9 after a winter recess as provided for by Amendment No. 1.

Sincerely yours,

Wing G. Agnew
Acting Executive Officer, DMEA
Field Team, Region I, NW Dist.

Enclosures 2 (in dup.)

cc: USBM (2)
USBM (AD)
Kellum

WM. R. STEYER, PRES.
TACOMA

P. R. WALKER, SEC'Y.
BREMERTON

Pacific Northwest MINING COMPANY

619 FOURTH STREET • BREMERTON, WASHINGTON

5

DMEA

RECEIVED
APR 23 1956

April 16, 1956

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Lucille Mine
Stevens County, Washington
Amended Contract No. Idm-E228

Dear Mr. Weissenborn:

This is to inform you that work was resumed at the Lucille Mine as of April 9th. The mining crew is now extending the drifts that were started last fall before the work was stopped because of the extreme cold weather.

Yours very truly,

Pacific Northwest Mining Co.

P. R. Walker

P. R. Walker
Sec.-Treas.

C
O
P
Y

Northport, Washington
April 9, 1956

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

(Received at
Bureau of Mines
Apr. 13, 1956)

RE: Lucille Mine
DMEA 2123--Contract E 228-Amended

Gentlemen:

This letter is to inform your office that work on above numbered project has again commenced for the coming season.

Mucking of two rounds from last year and start of drilling to the left drift started as of today after 13 days of preliminary work, opening the road with dozer, and moving to the Lucille site of mens living quarters, etc. Compressor at Lucille has been worked over and so far in the short time it has been run has performed very well. Providing no serious breakdown occurs in this particular piece of equipment we feel that we can work very efficiently from now on as all machinery and equipment is in very good shape. Drifting both right and left will be carried on with emphasis on the left drift as per your instructions. We will advise you of any important fact concerning these drifts at once.

For the benefit of any of your field party or parties who may be coming in very shortly, they will have to use the new road until snow melts on the old road. Four wheel drive is necessary as yet. Room at the mine is plentiful now in event anyone must stay over. Bedroll is all that is necessary.

Yours very truly,

Pacific Northwest Mining Compqny

Robert A. Rukke, Vice-President

Robert A. Rukke /s/

RECEIVED
APR 13 1956
U. S. G. S.
SPOKANE, WASH

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

March 23, 1956

Mr. Wm. R. Steyer, President
Pacific Northwest Mining Company
415 So. Cambrian Ave.
Bremerton, Washington

Re: Docket No. DMEA-2123 (Lead-Zinc)
Lucille Mine
Stevens County, Washington
Amended Contract No. Idm-2228

Dear Mr. Steyer:

Thank you for your letter of March 18, 1956.

Although long holes may be desirable at a later date there is no particular need for any at this time.

By Field Team, Region I, NW Dist.

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

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

cc: DMEA (2) w/inc.
USBM (2)
USBM (AD)
Kellum

WM. R. STEYER, PRES.
TACOMA

P. R. WALKER, SEC'Y.
BREMERTON

Pacific Northwest MINING COMPANY

615 FOURTH STREET • BREMERTON, WASHINGTON

RECEIVED
APR 2 - 1956

March 18, 1956

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Lucille Mine
Stevens County, Washington
Amended Contract No. Idm-E228

Dear Mr. Weissenborn:

In laying our plans to resume work at the Lucille Mine, we would like to ask if your geologist recommends that long holes be put in before continuing with the drifts.

If such is the recommendation, we would like to request that $400.00 of the $500.00 allowed for consultant geologist in the contract be designated for this work.

Yours very truly,

Pacific Northwest Mining Co.

Wm. R. Steyer

Wm. R. Steyer
President

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
FEB 21 1956

February 17, 1956

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Amended Contract No. Idm-E228

Dear Mr. Selfridge:

Enclosed are the Government, Docket, and Division copies of Amendment No. 1 to this contract.

By copy of this letter other copies of the amendment are being distributed.

Sincerely yours,

Verne C. Fryklund Jr.

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

Enclosures

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

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

So. 157 Howard Street
Spokane 4, Washington

RECEIVED
FEB 17 1956

February 13, 1956

Mr. Wm. R. Steyer, President
Pacific Northwest Mining Company
415 So. Cambrian Ave.
Bremerton, Washington

Re: Docket No. DMEA-2123 (Lead-Zinc)
Lucile Mine
Stevens County, Washington
Amended Contract No. Idm-E228

Attention: P. R. Walker, Secretary

Dear Sir:

Thank you for your letter of February 6.

You are correct in your assumption that you may resume work any time up to May 1, 1956.

Sincerely yours,

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

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

Wm. R. Steyer, Pres.
Tacoma

P. R. Walker, Sec'y
Bremerton

PACIFIC NORTHWEST MINING COMPANY
415 So. Cambrian Ave.
Bremerton, Washington

RECEIVED
FEB 17 1956

COPY

February 6, 1956

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

RE: Docket No. DMEA-2123 (Lead-Zinc)
Lucille Mine
Stevens County, Washington
Amended Contract No. Idm-E228

Dear Mr. Weissenborn:

Referring to Amendment No. 1 which provides for a recess from November 21, 1955 and ending not later than May 1, 1956.

Please advise if we are correct in our understanding that this recess may be terminated and work resumed prior to May 1, 1956 should conditions so warrant an earlier starting date.

We wish clarification on this point before we return the signed Amendment.

Very truly yours,

Pacific Northwest Mining Co.

/s/
P. R. Walker, Secretary

for
Wm R. Steyer, President

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

February [illegible], [illegible]

Mr. Wm. E. Steyer, President
Pacific Northwest Mining Company
415 So. Cambrian Ave.
Bremerton, Washington

Re: Docket N. [illegible] (Lead-Zinc)
Lockie Mine
Stevens County, Washington
Amended Contract No. [illegible]

Dear Mr. Steyer:

Enclosed are the original and six copies of Amendment No. 1 which provides for a recess from November 21, 1955 to May 1, 1956, extends the completion date to March 15, 1957, and extends the royalty repay period to 13 years. If this amendment meets with your approval would you please sign all copies and return all but the copy marked for the Operator.

If the amendment does not meet with your approval please return all copies with your comments.

Sincerely yours,

[illegible]
Executive Officer
Field Team Region [illegible]

Enc. Encs.

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

File Copy
Surname
Griswold
Talbot
Selfridge
Johnson

500

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

JAN 26 1956

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Amended Contract No. Idm-8228

Dear Mr. Weissenborn:

As recommended in your letter of December 21, 1955, we are enclosing the original and five copies of Amendment No. 1 to the cited amended contract. We are also enclosing two extra copies of the amendment for the use of the Field Team.

If it meets with your approval kindly present it to the Operator for approval and signature and, when completed, distribute the copies in the usual manner. Otherwise, all copies should be returned with your recommendations.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Enclosures

APPROVED:

/s/ Robert W. Geehan (GCS)
Member, Bureau of Mines

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

WRGriswold/bjl (1/24/56)

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

R.S.J.

File Copy
Surname

500

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

January 6, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Docket No. DMEA-2123 (Lead-Zinc), Pacific Northwest Mining Company, Lucile Mine, Stevens County, Washington, Amended Contract No. Idm-E228

Will you please prepare an Amendment No. 1 to the Amended Contract which will recess the project from November 21, 1955 to May 1, 1956. Also extend the completion time from October 15, 1956 to March 15, 1957.

The repayment period should be extended from twelve to thirteen years.

W. R. GRISWOLD

WRGriswold/bjl (1/6/56)

Copy to: Docket
Base Metals
Chron.

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

December 21, 1955

Mr. George C. 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

Dear Mr. Selfridge:

Enclosed is a self-explanatory letter dated December 14 from Mr. William R. Steyer, President of the Pacific Northwest Mining Company. We recommend that his request for a recess until May 1, 1956 be approved and that the completion date be appropriately extended.

By Field Team, Region I, NW Dist.

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

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

Enclosure 1 (in dupl.)

cc: USBM (2) w/incoming
USBM (AD) "
Kellum "

Wm. R. Steyer, Pres.
Tacoma

P. R. Walker, Sec'y
Bremerton

PACIFIC NORTHWEST MINING COMPANY
415 So. Cambrian Ave.
Bremerton, Washington

C O P Y

C O P Y

December 14, 1955

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

Gentlemen:

Due to the early severe winter, we request a recess on the DMEA Contract No. Idm-E228 until May 1, 1956, unless conditions are such that we may resume operations at an earlier date.

Yours very truly,

Pacific Northwest Mining Co.

/s/

Wm. R. Steyer, Pres.

XXXXXXXXXXXXXXXXXX
1201 N. Division St.
Spokane 2, Washington
December 19, 1955

Forwarded
Betty

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

Re: Contract Idm-E228
Docket No. DMEA-2123
Monthly operating report for
November 1955

Gentlemen:

The subject monthly operating report has been processed and forwarded to the Disbursing Officer in Portland, Oregon, for payment.

This is to inform you that payment could not be made in the full amount claimed. The amount deleted is explained in the attached copy of a memorandum to the Field Team from the DMEA Certifying Officer.

By Field Team, Region I, NW District

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

cc: DMEA (2)
USGS (2)

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

Repts

DEC 27 19

Field Team, Region I, NW District

December 19, 1955

Myrtle Hardy, DMEA Certifying Officer, Region I

Monthly operating report for November 1955, Pacific Northwest Mining Co., Contract Idx-1220.

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 Hardy

cc: Operator
DMEA (2)
USGS (2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
OCT 24 1955

October 19, 1955

Pacific Northwest Mining Company
115 So. Gambrier Ave.
Bremerton, Washington

Re: Docket No. [illegible]A-2123 (lead-zinc)
Lucile Mine
Stevens County, Washington
Amended Contract No. [illegible]-22[illegible]

Gentlemen:

Enclosed are copies of an Audit Certificate and an Audit Report dated September 7, 1955, by G. A. Turner, Auditor, on this contract. This audit covered the period December 14, 1951, to July 31, 1953, inclusive.

By Field Team, Region 4, [illegible] District

A. [illegible] Weissenborn, Exec. Officer
U. S. Geological Survey

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

Enclosures
cc: [illegible]
[illegible]
Turner
[illegible]

Talbert

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

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

OCT 14 1955 AIR MAIL

Re: Contract No. Idm-E228
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. 14-03-020-267 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

R.C.S.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
OCT 10 1955

October 4, 1955

Mr. George C. 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
Amended Contract No. Idm-E228

Dear Mr. Selfridge:

Enclosed are the Government, Docket, and Division copies of Amended Contract No. Idm-E228.

New Consent to Lien forms signed by Mr. Joseph Zoldok and Mr. Frank Nettig are attached to each copy of the contract. A check in the amount of $1,150.32 has been received from the Pacific Northwest Mining Company in full payment of the Government's equity in equipment purchased under the Prior Contract.

Distribution of this contract has been made.

Sincerely yours,

for Verne C. Fryklund
A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW District

Enclosures

cc: Finance Office wo/encl.
USBM(2)
Kellum

P.S. Also enclosed are two copies of a letter dated September 27, 1955, from the Pacific Northwest Mining Company.

C O P Y

Wm. R. Steyer, Pres.
Tacoma

P. R. Walker, Sec'y.
Bremerton

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

RECEIVED
OCT 10 1955

September 27, 1955

United States
Department of the Interior
Defense Minerals Exploration Administration
1201 North Division St.
Spokane 2, Washington

Gentlemen:

We are enclosing five signed copies of the Amended Contract No. Idm-E228.

We wish to inform you that Mr. Wm. Koski, Northport, Washington, was awarded the contract to do the drifting and crosscutting as required in State II of the Amended Contract.

Mr. Koski started work as of September 26th on the preliminary work which is necessary to get things in order for actual operation.

Sincerely yours,

Pacific Northwest Mining Co.

/s/ P. R. Walker
for: Wm. R. Steyer
President

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 1, Washington

RECEIVED
SEP 26 1955

September 23, 1955

Mrs. Myrtle Hardy, Certifying Officer
DMEA Field Team, Region 1, NW District
1201 North Division Street
Spokane 2, Washington

Re: Docket No. [illegible]A-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Amended Contract No. [illegible]-223

Dear Mrs. Hardy:

Enclosed is Check No. 4 dated September 21, 1955, from the Pacific Northwest Mining Company in full payment of the Government's equity in equipment purchased under the Junior contract.

This was in response to our letter of September 9 to Mr. [illegible] R. Stayer, President.

Sincerely yours,

Verne C. Frykland, Jr.
For: [illegible] Weissenborn
Executive Officer, [illegible]
Field Team, Region 1
Northwest District

Enclosure
cc: [illegible]A(2)
JAF(2)
Kellum

WM. R. STEYER, PRES.
TACOMA

P. R. WALKER, SEC'Y.
BREMERTON

Pacific Northwest MINING COMPANY

619 FOURTH STREET • BREMERTON, WASHINGTON

RECEIVED
SEP 26 1955

September 21, 1955

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team
Region 1, Northwest Dist.
So. 157 Howard St.,
Spokane, Washington

Dear Mr. Weissenborn:

With reference to your letter of September 8th, we are enclosing our check in the amount of $1,150.32 in full payment of our bid on mining machinery located at the Lucille mine.

It is our understanding that upon receipt of this check you will forward to us for our signatures, the amended contract for further exploration on the Lucille property.

Sincerely yours,

Pacific Northwest Mining Co.

P. R. Walker, Secretary

DMEA

RECEIVED
SEP 22 1955
U. S. G. S.
SPOKANE, WASH.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
SEP 26 1955

~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
September 22, 1955

Mr. Wm. R. Steyer, President
Pacific Northwest Mining Company
415 So. Cambrian Avenue
Bremerton, Washington

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

Dear Mr. Steyer:

This will acknowledge receipt of your letter of September 21 and enclosed check for $1,150.32. Thank you for the remittance.

Enclosed are six copies of your Amended contract. If this contract meets with your approval, please sign all copies, retain the one marked for the Operator, and return the other copies to this office.

Sincerely yours,

Stephen W. Zoldok
for: Wing G. Agnew, Member
DMEA Field Team, Region I
Northwest District

Enclosure

cc: Mr. R. A. Rukke, Vice-Pres.
Northport, Washington

DMEA (2)
USGS (2)
USBM (AD)

Talbert

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

RCh

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

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

SEP 1 4 1955

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

R.C.S.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

1201 N. Division St.
Spokane 2, Washington
September 8, 1955

RECEIVED
SEP 12 1955

Mr. George C. 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:

This will acknowledge receipt of your letter of August 31 and enclosed amended contract for the Lucile mine.

The new Consent to Lien forms sent with the contract can not be used as neither Stephen W. nor Betty Jane Zoldok are owners of the Lucile mine. Mr. Frank Nettig and Mr. Joseph Zoldok are the present owners. We have accordingly prepared new forms and forwarded them to Mr. Nettig and Mr. Zoldok for their signature.

Attached are copies of a letter to the Operator advising him of the amount of the payment that must be made to the Government before the contract is executed.

By Field Team, Region I, NW District

Thomas E. Howard
Thomas E. Howard
For: Wing G. Agnew, Acting Exec. Officer
U. S. Bureau of Mines

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

cc: USGS (2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
September 8, 1955

RECEIVED
SEP 12 1955

Mr. Wm. R. Steyer, President
Pacific Northwest Mining Company
415 So. Cambrian Avenue
Bremerton, Washington

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

Dear Mr. Steyer:

An Amended Contract for the exploration work at the Lucile mine has been received at this office. Before it can be forwarded to you for signature it will be necessary for you to make payment to the Government for the jointly-owned equipment you purchased. Your bid was in the amount of $1,453.00 but preliminary figures from the recent audit of your contract account show a balance due you from the Government of $302.68 in payment of the last voucher you submitted, reducing the amount due on the equipment to $1,150.32. Please send us a check for $1,150.32 at your earliest convenience. It should be made payable to Defense Minerals Exploration Administration.

New Consent to Lien forms signed by the owners must be attached to the contract before it is executed. These forms have been sent to Mr. Joseph Zoldok and Mr. Frank Nettig for their signature and immediate return.

By Field Team, Region I, NW District

Thomas E. Howard
for: Wing G. Agnew, Acting Exec. Officer
U. S. Bureau of Mines

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

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

cc: Mr. R. A. Rukke, Vice-President
Northport, Wash.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
September 8, 1955

RECEIVED
SEP 12 1955

VIA AIR MAIL

Mr. Frank Nettig
Palm Harbor, Florida

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

Dear Mr. Nettig:

An Amended Contract has been prepared for the Pacific Northwest Mining Company so that they can complete their exploration work at the Lucile mine. A Consent to Lien executed by the owners of the property must be attached to the contract before it is forwarded to the Pacific Northwest Mining Company for signature. Enclosed are seven copies of the form to be signed by you as one of the owners. Please return six signed copies, retaining one copy for your files.

Your immediate attention to this request will be appreciated so that there will be no delay in executing the contract.

Sincerely yours,

Thomas E. Howard
for: Wing G. Agnew
Acting Executive Officer
DMEA Field Team, Region I, NW District

Enclosure

cc: Mr. Joseph Zoldok
Murray, Utah

DMEA (2)
USGS (2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

1201 N. Division St.
Spokane 2, Washington
September 8, 1955

RECEIVED
SEP 12 1955

VIA AIR MAIL

Mr. Joseph Zoldok
% L. E. Stringham
5670 S. 6th, W.
Murray, Utah

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

Dear Mr. Zoldok:

An Amended Contract has been prepared for the Pacific Northwest Mining Company so that they can complete their exploration work at the Lucile mine. A Consent to Lien executed by the owners of the property must be attached to the contract before it is forwarded to the Pacific Northwest Mining Company for signature. Enclosed are seven copies of the form to be signed by you as one of the owners. Please return six signed copies, retaining one copy for your files.

Your immediate attention to this request will be appreciated so that there will be no delay in executing the contract.

Sincerely yours,

Thomas E. Howard
for: Wing G. Agnew
Acting Executive Officer
DMEA Field Team, Region I, NW District

Enclosure

cc: Mr. Frank Nettig
Palm Harbor, Florida

DMEA (2)
USGS (2)

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

RECEIVED
SEP - 6 1955

September 1, 1955

Mr. Wm. R. Steyer, President
Pacific Northwest Mining Company
415 So. Cambrian Avenue
Bremerton, Washington

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

Dear Mr. Steyer:

Inasmuch as no bids were received on the jointly-owned equipment which was advertised for sale in the Colville Statesman-Examiner, the Government hereby accepts the Pacific Northwest Mining Company's bid of $1,453.00 for the Government's equity in the jointly-owned equipment as per your letter of July 21, 1955.

Please make your check for $1,453.00 payable to Defense Minerals Exploration Administration and mail it to A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest District, South 157 Howard Street, Spokane 4, Washington.

As soon as we hear from Washington, D.C. concerning the reinstatement of your contract, we will notify you.

By Field Team, Region I, NW District

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

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

cc: Mr. R. A. Rukke, Vice-President
Northport, Washington

DMEA (2)
USGS (2)
USBM (AD)
Turner

WM. R. STEYER, PRES.
TACOMA

P. R. WALKER, SEC'Y.
BREMERTON

Pacific Northwest MINING COMPANY

619 FOURTH STREET • BREMERTON, WASHINGTON

RECEIVED
BUREAU OF MINES
SEP 1 - 1955
SPOKANE, WASH.

Northport, Washington
August 31, 1955

RECEIVED
SEP - 6 1955

United States Bureau Of Mines
Office of D.M.E.A.
1201 No. Division Street
Spokane, 2, Washington

RE: Lucille Mine - Stevens County
Equipment on hand under DMEA loan

Gentlemen:

We have not received any bids at our Northport office for the equipment jointly owned by your DMEA division and our concern. This is the equipment that was purchased under the Lucille DMEA contract and which is on hand here at Northport and at the Lucille Mine near Loadpoint.

Yours very truly,

Pacific Northwest Mining Company

Robert A. Rukke, Vice President

Robert A. Rukke

WM. R. STEYER, PRES.
TACOMA

P. R. WALKER, SEC'Y.
BREMERTON

Pacific Northwest MINING COMPANY

619 FOURTH STREET • BREMERTON, WASHINGTON

July 21, 1955

RECEIVED
SEP - 6 1955

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

Attn: Mr. A. E. Weissenborn
Exec. Officer

Dear Sir:

We hereby submit a bid as follows on the government's equity in the equipment located at the Lucille Mine.

Equipment	Bid
1-Joy Shovel Loader	$774.00
2-Atlas Rock Drills	190.00
2-Pushers	90.00
1-Raising Feed	54.00
1-Rotary Grinder W/ 5 Wheels	51.00
1-Air Receiver	78.00
Pipe and Fittings	102.00
Rail and Fittings	114.00
Total Bid	1,453.00

Yours Very Truly,

Pacific Northwest Mining Co.

By Wm. R. Steyer

Wm. R. Steyer, Pres.

RECEIVED
JUL 25 1955
U. S. G. S.
SPOKANE, WASH.

File Copy
Surname
Griswold
Talbutt
Selfridge

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

AUG 31 1955

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Contract No. Idm-E228

Dear Mr. Weissenborn:

In accordance with your letter of July 27 and your teletype of August 9, we are enclosing the original and 5 copies of an amended contract for the cited project. We are also enclosing a copy of a memorandum, dated August 23, from the Acting Assistant Solicitor, noting that a new Consent to Lien is required. The proper forms are attached for signature.

It is our understanding that, prior to execution of the amended contract, the Operator will make a payment of $1,453.00 as reimbursement to the Government for its equity in equipment purchased under the original contract. Presumably, the assigned equipment valuation is therefore, $2,906.00, which sum has been deducted from the total sum reported expended to date on the project.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (WB)

Enclosures

APPROVED:

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

Thor H. Kiilsgaard (WB)
Member, Geological Survey

WRGriswold/er 8/25/55
Copy to: Docket
Admr R File
Op, Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

R.C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
AUG 29 1955

August 25, 1955

Mr. William R. Steyer, President
Pacific Northwest Mining Company
415 South Cambrian Avenue
Bremerton, Washington

Re: Docket No. DMEA-2123 (lead-zinc)
Lucile Mine
Stevens County, Washington
Contract No. Idm-8228

Dear Mr. Steyer:

After our phone conversation on August 24 I checked into the matter of renewing the Exploration Project Contract on the Lucile mine. The matter is still being considered in Washington, and we will inform you when we receive further word from them.

Sincerely yours,

James J. Quinlan
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I
Northwest District

cc: DMEA (2)
[illegible] (2)
Hallum

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

AUG 23 1955

Memorandum

To: The Administrator, DMEA
Attention: Mr. W. R. Griswold

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-2123, Pacific Northwest Mining Company, Amended Contract

As requested in Mr. Griswold's memorandum dated August 12, we have prepared the attached Amended Contract. The Consent to Lien of the owners on the latest form is required prior to the execution of the Amended Contract, and the attached Consent to Lien form has been prepared for such purpose.

J. L. Hoffmund
Acting Assistant Solicitor
Defense Minerals

Attachments

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

August 17, 1955

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

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

Dear Mr. Selfridge:

We have found an error in the cost analysis for the Lucile mine work. The enclosed revised cost analysis by M. R. Lickes should be used instead of the one previously submitted with our letter of August 11, 1955.

By Field Team, Region I
Northwest District

Wing G. Agnew

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

Verne C. Fryklund Jr.

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

Enclosure

cc: USBM (2)
USBM (AD)
Kellum

RECEIVED
AUG 22 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
1201 N. Division St.
Spokane 2, Washington
August 17, 1955

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

From: M. R. Lickes, Mining Engineer, Bureau of Mines

Subject: Cost analysis, proposed drifting, crosscutting, and raising at the Lucile mine, Pacific Northwest Mining Company, Stevens County, Washington, Docket No. DMEA 2123 (lead-zinc), Contract No. Idm-E228

The following is a revised analysis for the cost of work to be undertaken under an amendment to the above-referenced contract. Labor cost in the original estimate has been deemed unrealistic because of wage raises granted at other mines in the district.

Equipment

The company has bid $1,453 for the Government's share in equipment jointly owned. This bid is acceptable to the Field Team, provided no higher bid is received. The equipment to be purchased, rented, and furnished is:

To be purchased:	none	
To be rented:	none	
To be furnished:	Value	Monthly Depreciation
(2) Atlas rock drills	$762.52	
(2) Pushers	361.73	
	1,124.25	$31.23
(1) Rotary grinder	185.00	3.08
(1) Raising feed	216.30	3.61
(1) Shovel loader	3,095.00	51.60
(1) Air receiver*	313.99	5.23
(1) 315 c.f.m. air compressor*	3,000.00	50.00

	Value	Monthly Depreciation
(1) Mine car*	$400.00	12.50
Total		$157.25

* Company-owned, no equity to Government

Estimated Costs of Project

Drifting and Crosscutting--4 months

1) Unit cost contracts:	none	
2) Labor and Supervision:		
(2) Miners @ $15.00 x 1.083	$3,249.00	
(1) Mechanic-compressorman, @ $15.00 x 1.083	1,624.50	
F.I.C.A., etc., 11%	536.09	$5,409.59
3) Operating Materials and supplies:		
Explosives, 3000# @ $21/cwt.	630.00	
Fuse, 9,000 ft. @ 2¢/ft.	180.00	
Caps, 1,500 @ 2¢ ea.	30.00	
Bits and steel	450.00	
Pipe:		
300' - 2" airline @ 34¢/ft.- 50%	51.00	
300' - 3/4" waterline @ 20¢/ft. - 50%	30.00	
Accessories - 20% of above	16.20	
Hose:		
100' - 3/4" waterhose @ 99¢/ft.	99.00	
100' - 3/4" air hose @ $76.56/100 ft.	76.55	
Track:		
600' - 16# rail @ $9.50/cwt.- 50%	152.00	
Frogs & Switches - 50%	50.00	
Accessories - 20% of above	41.40	
200 ties @ 30¢ ea.	60.00	
Repairs to equipment	400.00	
Tools	250.00	
Power:		
3,000 gals gasoline @ 20¢/gal.	600.00	
Grease, oil, filters, etc.	350.00	
Transportation of supplies	150.00	$3,616.15

4) Operating equipment:

To be purchased: none

To be rented: none

To be furnished:

Item	Monthly Depreciation	Use Period	Total	
(2) Atlas rock drills w./pushers	$31.23	4 mos.	$124.92	
(1) Rotary grinder	3.08	4 mos.	12.32	
(1) Raising feed	3.61	4 mos.	14.44	
(1) Shovel loader	51.60	4 mos.	206.40	
(1) Air receiver	5.23	4 mos.	20.92	
(1) Air compressor	50.00	4 mos.	200.00	
(1) Mine car	12.50	4 mos.	50.00	$629.00

5) Rehabilitation and repairs: none

6) New Buildings none

7) Miscellaneous:

Accounting - 4 mos. @ $25/mo	100.00
Total cost, drifting and crosscutting	$9,754.74
Cost per foot, $32.52, say	32.50

Also allowable as necessary are:	200' timbering @ $5/ft.	$1,000.00
	50 samples @ $2 ea.	100.00
	10 days consulting geol. @ $50/day	500.00
Allowable cost drifting and crosscutting		$11,350.00

Raising 100 feet - 33 days

1) Unit cost contracts: none

2) Labor and Supervision:

(2) Miners @ $15.00 x 1.083	$1,072.17	
(1) Mechanic-compressorman @ $15. x 1.083	536.09	
F.I.C.A., etc., 11%	176.91	$ 1,785.17

3) Operating materials and supplies:

Explosives, 1000# @ $21/cwt.	$210.00	
Fuse, 3,000 ft. @ 2¢/ft.	60.00	
Caps, 500 @ 2¢ ea.	10.00	
Bits and steel	150.00	
Pipe:		
100' - 2" airline @ 34¢ft - 50%	17.00	
100' - 3/4" waterline @20¢/ft.- 50%	10.00	
Accessories for above - 20%	5.40	
Repairs to equipment	150.00	
Power:		
950 gals. gasoline @ 20¢/gal	190.00	
Grease, oil, filters, etc.	100.00	
Hose:		
100' - 3/4" water hose @ 99¢/ft.	99.00	
100' - 3/4" air hose @ $76.56/ 100 ft.	76.56	$1,077.96

4) Operating equipment:

To be purchased: none

To be rented: none

To be furnished:

Item	Monthly Depreciation	Use Period	Total	
(2) Atlas rock drills w./pushers	$31.23	1-1/3 mo.	$41.64	
(1) Rotary grinder	3.08	1-1/3 mo.	4.11	
(1) Raising feed	3.61	1-1/3 mo.	4.21	
(1) Shovel loader	51.60	1-1/3 mo.	68.80	
(1) Air receiver	5.23	1-1/3 mo.	6.97	
(1) Air compressor	50.00	1-1/3 mo.	66.67	
(1) Mine car	12.50	1-1/3 Mo.	16.67	209.67

5) Rehabilitation and repairs: none

6) New buildings: none

7) Miscellaneous:

Accounting - 1-1/3 mo. @ $25/mo.	$33.33	
Report of project	150.00	183.33

Total cost of raising $3,256.13

Cost per foot, $32.56, say - 32.50

Allowable as necessary shall be:	100 ft. timbering @ $5 per ft.	500.00
	25 assays @ $2 each	50.00
	3 days consulting geologist, $50/day	150.00
Total allowable cost, raising		$3,950.00
Allowable cost, 300 ft. drifting and crosscutting		$11,350.00
Allowable cost, 100 ft. raising		3,950.00
Allowable cost of contract		$ 15,300.00
Government's share of allowable cost - 50%		7,650.00

M. R. Lickes

M. R. Lickes

Orig & 3 cys - Wash.
USGS (2)
DMEA (2)

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

August 17, 1955

Memorandum for the File

From: Chief, Base Metals Division

Subject: Docket No. DMEA-2123, Pacific Northwest Mining Company, Lucille Mine, Stevens County, Utah, Contract No. Idm-E228.

On this date, the undersigned phoned Mr. Fryklund at the Spokane Office. It was pointed out that the cost breakdwon submitted in the above project, dated August 11, was not clear.

An agreed unit proce of $32.50 per foot had been recommended by the field for drifting, crosscutting and raising. The cost breakdown (to substantiate such figure) contained a "contingency" item representating $2.96 per foot, whereas we may not give consideration to contingency provisions when working on an agreed unit cost base. Mr. Fryklund explained that it was an error on their part and a corrected breakdown would be sent us shortly.

W. R. Griswold

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

RECEIVED
AUG 1 9 1955

August 12, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Preparation of an Amended Contract for Docket No. DMEA-2123, Pacific Northwest Mining Company, Lucille Mine, Stevens County, Washington, Contract No. Idm-E228, Lead-Zinc.

Will you kindly prepare an amended contract (short form) along the outlines attached.

W. R. Griswold

W. R. Griswold

Attachment.

WRG/er

Copy to: Docket
Base Metals
Chron.

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

1201 N. Division St.
Spokane 2, Washington
August 11, 1955

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

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

Dear Mr. Selfridge:

Enclosed are the original and 3 copies of a cost analysis for the proposed work to be undertaken by the Pacific Northwest Mining Co., Docket No. DMEA 2123 (lead-zinc) under the reinstated contract Idm-E228 at the Lucile mine, Stevens County, Washington.

By Field Team, Region I, NW District

A. E. Weissenborn

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

Thomas E Howard

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

Enclosures
cc: USGS (2)

RECEIVED
AUG 15 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

1201 N. Division St.
Spokane 2, Washington
August 10, 1955

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

From: M. R. Lickes, Mining Engineer, Bureau of Mines

Subject: Cost analysis, proposed drifting, crosscutting, and raising at the Lucile mine, Pacific Northwest Mining Company, Stevens County, Washington, Docket No. DMEA 2123 (lead-zinc), Contract No. Idm-E228

Reinstatement of the above-referenced contract was requested by the company, recommended by the Field Team, and granted by the DMEA Operating Committee.

It is believed that 300 feet of drifting and crosscutting and 100 feet of raising will explore the target area adequately. The following analysis of costs is based on prices current in the district and is believed to be realistic for the proposed units of work.

Equipment

The company has bid $1,453 for the Government's share in equipment jointly owned. This bid is acceptable to the Field Team, provided no higher bid is received. The equipment to be purchased, rented, and furnished is:

To be purchased:	none	
To be rented:	none	
To be furnished:	Value	Monthly Depreciation
(2) Atlas rock drills	$762.52	
(2) Pushers	361.73	
	1,124.25	$31.23
(1) Rotary grinder	185.00	3.08
(1) Raising feed	216.30	3.61
(1) Shovel loader	3,095.00	51.60
(1) Air receiver*	313.99	5.23

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	Value	Monthly Depreciation
(1) 315 cfm air compressor*	$3,000.00	$50.00
(1) Mine car*	400.00	12.50
Total		$157.25

* Company-owned, no equity to Government

Estimated Costs of Project

Drifting and Crosscutting--4 months

1) Unit cost contracts:	none	
2) Labor and supervision:		
(2) miners @ $14.00 x 1.083	$3,032.40	
(1) mechanic-compressorman @ $14.00 x 1.083	1,516.20	
F.I.C.A., etc., 11%	500.35	$5,048.95
3) Operating materials and supplies:		
Explosives, 3000# @ $21/cwt.	630.00	
Fuse, 9,000 ft. @ 2¢/ft.	180.00	
Caps, 1,500 @ 2¢ ea.	30.00	
Bits and steel	450.00	
Pipe:		
300' - 2" airline @ 34¢/ft.- 50%	51.00	
300' - 3/4" waterline @ 20¢/ft. - 50%	30.00	
Accessories - 20% of above	16.20	
Track:		
600' - 16# rail @ $9.50/cwt. - 50%	152.00	
Frogs & switches - 50%	50.00	
Accessories - 20% of above	41.40	
200 ties @ 30¢ ea.	60.00	
Repairs to equipment	400.00	
Tools	250.00	
Power:		
2,500 gals. gasoline @ 20¢/gal.	500.00	
Grease, oil, filters, etc.	250.00	3,090.60
4) Operating equipment:		
To be purchased:	none	
To be rented:	none	

To be furnished:

Item	Monthly Depreciation	Use Period	Total	
(2) Atlas rock drills w./ pushers	$31.23	4 mos.	$124.92	
(1) Rotary grinder	3.08	4 mos.	12.32	
(1) Raising feed	3.61	4 mos.	14.44	
(1) Shovel loader	51.60	4 mos.	206.40	
(1) Air receiver	5.23	4 mos.	20.92	
(1) Air compressor	50.00	4 mos.	200.00	
(1) Mine car	12.50	4 mos.	50.00	$629.00

5) Rehabilitation and repairs: none

6) New buildings none

7) Miscellaneous:
Accounting - 4 mos. @ $25/mo. 100.00

8) Contingencies - 10% 886.85
Total cost, drift and crosscutting $9,755.40

Cost per foot - $32.52, say --- 32.50

Also allowable as necessary are:

200' timbering @ $5/ft.	$1,000.00
50 samples @ $2 ea.	100.00
10 days consulting geol. @ $50/day	500.00

Allowable cost drifting and crosscutting $11,350.00

Raising 100 feet - 33 days

1) Unit cost contracts: none

2) Labor and supervision:

(2) Miners @ $14.00 x 1.083	$1,000.70	
(1) Mechanic-compressorman, @ $14.00 x 1.083	500.35	
F.I.C.A., etc. 11%	165.12	$1,666.17

3) Operating materials and supplies:

Explosives, 100# @ $21/cwt.	$210.00
Fuse, 3,000 ft. @ 2¢/ft.	60.00
Caps, 500 @ 2¢ ea.	10.00
Bits and steel	150.00

Pipe:		
100' - 2" airline @ 34¢/ft. - 50%	$17.00	
100' - 3/4" waterline @ 20¢/ft. - 50%	10.00	
Accessories for above - 20%	5.40	
Repairs to equipment	150.00	
Power:		
950 gals. gasoline @ 20¢/gal.	190.00	
Grease, oil, filters, etc.	100.00	$902.40

4) Operating equipment:

To be purchased: none

To be rented: none

To be furnished:

Item	Monthly Depreciation	Use Period	Total	
(2) Atlas rock drills w./ pushers	$31.23	1-1/3 mo.	$41.64	
(1) Rotary grinder	3.08	1-1/3 mo.	4.11	
(1) Raising feed	3.61	1-1/3 mo.	4.81	
(1) Shovel loader	51.60	1-1/3 mo.	68.80	
(1) Air receiver	5.23	1-1/3 mo.	6.97	
(1) Air compressor	50.00	1-1/3 mo.	66.67	
(1) Mine car	12.50	1-1/3 mo.	16.67	209.67

5) Rehabilitation and repairs: none

6) New buildings: none

7) Miscellaneous:

Accounting - 1-1/3 mo. @ $25/mo.	$33.33	
Report of project	150.00	183.33

8) Contingencies: - 10% 296.16

Total cost of raising $3,257.73

Cost per foot, $32.58, say - 32.50

Allowable as necessary shall be:

100 ft. timbering @ $5 per ft.	500.00
25 assays @ $2 each	50.00
3 days consulting geologist, $50/day	150.00

Total allowable cost, raising $3,950.00

Allowable cost, 300 ft. drifting and crosscutting	$11,350.00
Allowable cost, 100 ft. raising	3,950.00
Allowable cost of contract	$15,300.00
Government's share of allowable cost - 50%	7,650.00

M. R. Lickes

M. R. Lickes

Orig & 3 cys - Wash.
USGS (2)
DMEA (2)

RECEIVED
AUG - 9 1955

AXXXXXXX-082K

XDXXXXXX-083K

YWB003 WAF SP 9 I-GS-C

SPOKANE WASH 8-9-55 940A

W. R. GRISWOLD, DEFENSE MINERALS EXPLORATION ADMIN., DEPT OF THE INTERIOR

WA

RE PACIFIC NORTHWEST MINING COMPANY DOCKET DMEA-2123. ALLOW 300 FT. OF DRIFT AND CROSS CUT AND 100 FT. OF RAISE, ALL AT $32.50 PER FOOT. RAISING TO BE IN FINAL STAGE AT DISCRETION OF FIELD TEAM AND A CONSULTANT GEOLOGIST FOR 10 DAYS AT $50.00 PER DAY. ANALYSIS OF COSTS WILL FOLLOW.

A E WEISSENBORN, USGS, SP

DMEA-2123 300 100 $32.50 10 $50.00

EKC 947A

XDXXXXXX-215K

YWA248 WAF SP 53 I- GS-G

SPOKANE WN 8-8-55 445P

GEO C SELFRIDGE CHAIRMAN OPERATING COMM DMEA DEPT OF INTERIOR

WA

REPHONE CALL FROM GRISWOLD, DOCKET DMEA-2123, PACIFIC NORTHWEST MINING CO, ACCEPTED COSTS FOR STAGE 1 $18,379.72. 447 FEET OF CROSSCUT WERE COMPLETED BEFORE AUGUST 1, 1953. 33 FEET COMPLETED SINCE.

A E WEISSENBORN

DMEA 2123 1 $18,379.72 447 1 1953 33

MAH 447P

RECEIVED
AUG - 9 1955

AUG 9 8 09 AM '55
BUREAU OF MINES
MAIL ROOM
WASHINGTON, D.C.

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

August 5, 1955

Memorandum for the Files

From: W. R. Griswold, Chief, Base Metals Division

Subject: Phone Conversation Re: Docket No. DMEA-2123, Pacific Northwest Mining Company, Lucille Mine, Stevens County, Washington, Contract No. Idm-E228, Lead-Zinc.

On this date, the undersigned talked over the phone with Mr. A. E. Weissenborn, Executive Officer, Region I, Northwest District, relative to his July 27 letter covering the cited application for contract renewal.

It was explained to Mr. Weissenborn that we would require precise information as to authorized expenditures to July 1, 1954. Also, we needed a delineation as to work presently planned, with a recommendation as to agreed unit costs for such work.

W. R. Griswold

W. R. Griswold

WRG/er 8/8/55

Copy to: Docket
Base Metals
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
AUG - 1 1955

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

July 27, 1955

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

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

Dear Mr. Selfridge:

Mr. W. R. Steyer, president of the Pacific Northwest Mining Company, has requested, (copies of his letter are enclosed), that Exploration Project Contract Idm-E228 be renewed as the company is prepared to go ahead with the work.

In addition the company has made a formal bid of $1,453.00 for the Government's equity in the equipment now at the Lucile mine. Mr. Steyer has been requested to advertise for bids on this equipment, but it is doubtful if a higher bid will be received. The present bid is considered adequate. Mr. Steyer has thus complied with the conditions we stated to him in our letter of July 11, 1955.

We recommend that the contract be reactivated.

A memorandum and map by W. P. Puffett, Geological Survey, dated April 5, 1955, copies of which have already been sent to Washington, show project work to date. We have no reason to believe that the original contract was not soundly conceived, and we suggest that the company should simply finish the original contract.

By Field Team, Region I
Northwest District

for: Thomas E. Howard
Wing G. Agnew, Acting Exec. Officer
U. S. Bureau of Mines

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

Enclosure

cc: USBM (2); USBM (AD); Kellum

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

RECEIVED
AUG - 1 1955

July 27, 1955

Mr. Wm. R. Steyer, President
Pacific Northwest Mining Company
415 So. Cambrian Avenue
Bremerton, Washington

Re: Docket No. DMEA-2123 (lead-zinc)
Lucile Mine
Stevens County, Washington
Contract No. Idm-2228

Dear Mr. Steyer:

This will acknowledge receipt of your letter of July 21, 1955, requesting renewal of Exploration Project Contract Idm-2228.

Your request has been forwarded to Washington, and you should receive a decision shortly. It is our understanding that Mr. Zoldak has discussed advertising for additional bids on the equipment now at the Lucile mine with you.

By Field Team, Region I
Northwest District

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

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

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

WM. R. STEYER, PRES.
TACOMA

P. R. WALKER, SECY.
BREMERTON

Pacific Northwest MINING COMPANY

819 FOURTH STREET • BREMERTON, WASHINGTON

RECEIVED	ENTERED	NOTED	DATE

July 21, 1955

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

RECEIVED
AUG - 1 1955

Attn: Mr. A. E. Weissenborn
Exec. Officer

DMEA

Dear Sir:

We respectfully request that the Exploration Project Contract, Idm-E228, be renewed as we are now prepared to go ahead with this work.

It is our understanding from conversations with your engineers, that the work will require extending the drift approximately forty feet to the indicated contact zone and then cross-drifting one hundred feet each way at right angles to the drift.

It is our intentions to follow this plan or any subsequent recommendations of your engineers.

Yours very truly,

Pacific Northwest Mining Co.

By Wm. R. Steyer

Wm. R. Steyer, Pres.

JUL 25 1955
U.S.G.S.
SPOKANE, WASH.

WM. R. STEYER, PRES.
TACOMA

P. R. WALKER, SEC'Y.
BREMERTON

Pacific Northwest MINING COMPANY

BREMERTON, WASHINGTON
415 So. Cambrian Ave.

RECEIVED
JUL 11 1955

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

2123

DMEA

Dear Mr. Weissenborn:

Our filing with the Securities and Exchange Commission and the Department of Licenses, State of Washington, has finally been cleared.

We are starting on a stock selling program and with the money to be released from the escrow, believe it should not take too long before we can get into the Lucille property.

I am planning to be in Spokane the first week of July, or before if possible, to work out a new contract. Also, to submit a bid on the machinery.

Hoping to see you at that time.

Sincerely,

Wm. R. Steyer

Wm. R. Steyer, Pres.

RECEIVED
JUN 14 1955
U. S. G. S.
SPOKANE, WASH.

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

RECEIVED
JUL 18 1955

So. 157 Howard Street
Spokane 4, Washington

July 11, 1955

Mr. Wm. H. Steyer
Pacific Northwest Mining Company
415 So. Cambrian Ave.
Bremerton, Washington

Re: Docket No. DMA-2125 (lead-zinc)
Lucile Mine
Stevens County, Washington
Contract No. Idm-528

Dear Mr. Steyer:

With reference to your letter of June 28, 1955, and your phone conversation of July 8, 1955, with Mr. Weissenborn, we will be glad to accept a formal request from you to reinstate the Lucille contract after the machinery problem has been cleared up. This request, of course, will have to be forwarded to our Washington office for final consideration.

Your inquiry of June 28, 1955, is not a formal request for reinstatement of the contract since it merely asks if the contract can be reinstated; neither do you state that you are prepared to do the work.

By Field Team, Reg. I, Mt. District

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

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

cc: DMA (2) w/c, & attachments
[illegible]
[illegible]
[illegible]

WM. R. STEYER, PRES.
TACOMA

P. R. WALKER, SEC'Y.
BREMERTON

Pacific Northwest MINING COMPANY

~~[illegible]~~ BREMERTON, WASHINGTON
415 So. Cambrian Ave.

June 28, 1955

RECEIVED
JUL 18 1955

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

Attn: Mr. A. E. Weissenborn
Exec. Officer

Dear Sir:

I wrote to you the first part of this month that I would be in Spokane around July 1st.

However, the releases of the money held in escrow, from out of state, have not come in as fast as we had anticipated, so will not know by that time just where we stand. We have better than $4,000.00 of released escrowed money in now and have reason to believe the rest of the members will go along with us.

When I was in Spokane the last time I met with you, you turned me over to an engineer by the name of Anderson. He estimated it would take approximately $7,200.00 to do the job on the Lucille.

If we can raise $5,000.00 or more and submit a bid on the machinery at the same time will you renew the Lucille contract, as Mr. Anderson says, on a per foot basis?

We find, if we are doing some work on the property, our stockholders are more willing to support us.

If this is agreeable with you, I will be over as soon as we get the money released.

Yours very truly,

Wm. R. Steyer

Wm. R. Steyer, Pres.

RECEIVED
JUN 30 1955
U. S. G. S.
SPOKANE, WASH

500

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Defense Minerals Administration
RECEIVED
APR 22 1955

April 5, 1955

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

From: Willard P. Puffett, Geologist, Geological Survey

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

William R. Steyer, president of the Pacific Northwest Mining Company, Operator of the Lucile mine, visited our office on March 21, 1955, to discuss procedures to reactivate the DMEA contract under which an exploration project at the Lucile mine was outlined. The contract has been automatically terminated, because the Operator did not resume exploration during the summer of 1954. In the correspondence between our Washington office and the Operator there is the suggestion that the contract would be reactivated if certain conditions are met by the Operator. Mr. Steyer is going to attempt to meet these conditions and, if successful, will probably request that the contract be reinstated. No final report of the terminated project has been received from the Operator, and no final Field Team report describing the work has been prepared to date.

Attached to this memorandum is a map showing the work which has been completed at the Lucile mine. This map is being submitted now so that this information will be on record, should the Operator request reinstatement of the contract.

It can be seen on the Vertical Section A-A' on the attached map that one of the objectives of the exploration work has nearly been reached. The DMEA adit was a crosscut to intersect the phyllite-marble contact which is believed to represent the hanging-wall boundary of the ore zone. A certain amount of drifting to explore the contact area and some raising on any ore exposed by the drifting, are items which remain to be completed should the contract be reinstated.

A number of lamprophyre dikes have been intersected near the west end of the DMEA adit. One small lens of disseminated galena and sphalerite has been exposed on the footwall side of one of the

dikes. In the workings on and above the Lucile adit, the ore zone occurs within an area in which there are many lamprophyre dikes; therefore, it seems likely that at least some pods of lead-zinc ore may be found if the contract work is continued. Whether they will be large enough, rich enough, or sufficiently abundant to be of economic importance still remains to be determined.

Attachment (1)
Distribution:
DMEA(Orig.&3)
USBM(2)
USBM(AD)
Docket
Puffett

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

March 9, 1955

Mr. William R. Steyer
619 Fourth Street
Bremerton, Washington

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

Dear Mr. Steyer:

In reply to your recent letter, because of other commitments I will be available in Spokane on March 21 only before 10:00 a.m. or after 4:00 p.m.; however, Mr. Vhay could see you at the Geological Survey office on that day or Mr. Howard would be able to talk with you at the Bureau of Mines office.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I
Northwest District

cc: USBM (2)
DMEA (2)
Puffett

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

Spoonold
Billy

DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS
RECEIVED
MAR 3 - 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. E. Weissenborn, Executive Officer
U. S. Geological Survey

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

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

File Copy
Surname

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

Hon. Henry M. Jackson
United States Senate
Washington, D. C.

FEB 2 1955

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Contract No. 1dm-E228

My dear Senator Jackson:

This is with reference to the February 1 phone conversation with Mr. S. S. Monroe, of your office, regarding a letter from Mr. Wm. R. Steyer, president of the Pacific Northwest Mining Company.

To summarize, this exploration project had been in a semi-dormant condition for a long period of time due to lack of adequate financing. I wish to assure you that we all realize the lead-zinc industry has been harassed by many problems during the past couple of years, and we assuredly have no desire to add to their troubles by ever taking harsh or arbitrary actions.

However, with various nonactive projects there eventually comes a time when there appears to be little hope of their being reactivated. In such instances, since Government funds are committed and tied up, we must finally make a formal project termination to enable us to close our books and release unexpended Government funds.

Nevertheless, in spite of the termination, your constituent should have little trouble in reactivating this exploration project if his company will soon be in a position to finance its share of the project costs. He should get in touch with Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest District, South 157 Howard Street, Spokane 4, Washington, requesting an amended contract which would have the effect of reinstating the former contract. We are very sure that if Mr. Steyer can give Mr. Weissenborn reasonable assurance that the necessary funds will be available, he would be glad to cooperate with him in every proper manner.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

WRGriswold/er 2/2/55
Copy to: Docket
Region I (2) N.W. District
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

R.C.J.

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

February 1, 1955

Memorandum for the File

From: Chief, Base Metals Division

Subject: Congressional inquiry regarding Docket No. DMEA-2123, Pacific Northwest Mining Company, Lucile Mine, Stevens County, Washington, Contract No. Idm-E228, Lead-Zinc

On this date we received a phone inquiry from Mr. S. S. Monroe, of the office of Senator Henry M. Jackson, as to the cited project. The Operator had written the senator's office, requesting assistance in reinstating his contract.

We explained to Mr. Monroe that, assuming this Operator could raise the necessary funds, he should have little difficulty obtaining an amended contract. We had previously discussed this question with Mr. Weissenborn during his recent visit to Washington.

W R Griswold

W. R. Griswold

File Copy
Surname

Griswold
Newcomb
Hedges
Selbridge
Jordan

500

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

JAN 31 1955

Hon. Warren G. Magnuson
United States Senate
Washington, D. C.

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Contract No. [illegible]-220

My dear Senator Magnuson:

I have your memorandum of January 26, enclosing a letter dated January 21, from Mr. [illegible]. Steyer, president of the Pacific Northwest Mining Company.

To summarize, this exploration project had been in a semi-dormant condition for a long period of time due to lack of adequate financing. I wish to assure you that we all realize the lead-zinc industry has been harassed by many problems during the past couple of years, and we assuredly have no desire to add to their troubles by ever taking harsh or arbitrary actions.

However, with various nonactive projects there eventually comes a time when there appears to be little hope of their being reactivated. In such instances, since Government funds are committed and tied up, we must finally make a formal project termination to enable us to close our books and release unexpended Government funds.

Nevertheless, in spite of the termination, your constituent should have little trouble in reactivating this exploration project if his company will soon be in a position to finance its share of the project costs. He should get in touch with Mr. [illegible] F. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest District, South 157 Howard Street, Spokane 4, Washington, requesting an amended contract which would have the effect of reinstating the former contract. We are very sure that if Mr. Steyer can give Mr. Weissenborn reasonable assurance that the necessary funds will be available, he would be glad to cooperate with him in every proper manner.

As requested, I am returning Mr. Steyer's letter.

Sincerely yours,
C. O. Mittendorf
Administrator

WRGriswold/bjl (1/27/55)
Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kiilsgaard
Region I (2) (N.W.District)
Chron.

R.C.S.

Enclosure

500

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 7 1955

United States Senate

January 26, 1955

Respectfully referred to

Administrator
Defense Minerals Exploration Adm.
~~Department of the Interior~~

with thanks for such favorable consideration as the communication herewith submitted warrants, and for a report thereon, in duplicate to accompany return of inclosure.

By direction of

Magnuson

WARREN G. MAGNUSON, U. S. S.

P.S. Please note the desire to have information for a February 11th meeting. Hope every consideration possible will be given.

WGM

Wm. R. Steyer, Pres.
Tacoma

C O P Y

P. R. Walker, Sec'y
Bremerton

PACIFIC NORTHWEST MINING COMPANY
619 Fourth Street - Bremerton, Washington

January 21, 1955

The Honorable Don Magnuson
Senate Office Building
Washington, D. C.

Dear Sir:

We respectfully present an urgent problem of a small business. The Pacific Northwest Mining Company, 619 Fourth Street, Bremerton, Washington, entered into a DMEA contract with the government October 16, 1952, to develope the Lucille Mine, located in Stevens County, State of Washington. This contract, No. Idm-228, called for $37,284.00 to be expended, whereby the government would share one half of the expense. To date, approximately $16,000.00 has been spent by both the government and our company. We have just been informed that the contract has been cancelled. This on the recommendation of the Spokane office.

We hasten to say that we have only the highest regards for everyone that we have come in contact with in the Spokane office. We have received every consideration that they could extend. The problem is entirely ours. We have not been able to fulfill our commitment.

However, behind the simple stated facts, there are about as many unfortunate circumstances as could beset an enterprise. To start the chain of damaging events was a forest fire on the property which ate up money and time that was not allowed for in the budget. The Government felt it necessary to push and punish for fire which resulted in the government filing a lien against the company.

Then the company was unfortunate in the selection of a mining engineer. Actual mining operations were commenced and ore was shipped from the property immediately adjoining the property which is the subject of discussion. There was such poor milling separations that 50% or better of the ore was lost in the tailings. These are among the factors that caused a split in the board and stockholders.

We have sketchily told of some of the deterent factors but it is not our purpose to use them in presenting our case. A new board of directors, all of whom are working men, are taking money out of their own pockets to do those things that are necessary to keep the company going. Through the efforts of the new board, some new confidence has begun to spring up. The new board has a keen and persistant feeling of responsibility to the stockholders and it in their behalf that we set forth the following statements.

By reason of our past experience, the board felt that all interest would best be served if an escrow fund was set up. Some stockholders have been contributing to this escrow fund with the full understanding that none of the money would be used until an agreed sum has been deposited. This fund is supervised by the Securities Division of the State of Washington and is not to be released without their approval. As all funds received from the stockholders have been deposited in this escrowed account, there has been inadequate funds available to complete this DMEA contract on schedule. However, the exploration program for our properties has been carried to a pointwhere the dead work is just about at an end and the real exploration begins.

As we understand the DMEA program, it is to stimulate and encourage new capital in the exploration of needed metals. That fits the case of our stockholders as most of these people have invested for the first time in a speculative enterprise. They have invested their money in good faith. We feel it would be a betrayal of that faith should we not do everything in our power to bring this venture to a successful conclusion.

Earlier in this letter, we were completely honest in stating that the faults have been ours, some were human and are found in most enterprises. For a new group of stockholders it has been a shocking experience. This experience is valuable and should be a great factor in the moulding of a stronger company.

We are aware that business is thought of in terms of, hard facts, no sentiment and the survival of the fittest. We feel, particulary in the case of mining, where the risk is great and where a small percentage even get their money back, that some further thought be given those who continue to strive in the face of great odds. Here is invaluable experience gained the hard way. This has been a hard and slow road back. However, the new group of officers have made some real progress in bringing back reasoning and harmony.

Our stockholders invested in this venture because the DMEA was back of it. That meant that there was a better chance that ore was there. Now that the DMEA has cancelled the contract, the chances of these stockholders profiting by their investment is very small. Their money in this venture will be lost plus the good chance that they will never invest in anything again, mining or otherwise.

Had this venture been carried to its end and ore not found, that would have been the breaks in the game. Here is a development carried to the point where the goal is in sight and then it is dropped. We have lost and we cannot see where the government will profit either.

Because of the consideration that has already been extended us by the DMEA, we feel that we have little right to ask for a further extension of this contract. However, since the project was not concluded and ore could yet be developed, a very different conclusion could be written if we together continued the project.

We realize that these contracts cannot be carried on without some limitation but we would appreciate having the opportunity to present to our stockholders a plan under which the contract might be continued.

We have said earlier in our letter that we have money in escrow in the bank. If we could at a meeting of the stockholders, which has been called for February 11th, tell them that the contract could be reopened, provided they did certain things within a specified time, we feel sure we would get the support that is needed to carry our end to a successful conclusion.

In behalf of our stockholders and the chance that they will now get behind their company and make the best possible venture of this property, we respectfully ask your assistance in requesting that this contract be extended.

Mr. Tom Voyce told me to write you and see if you would help us.

Yours very truly,

Pacific Northwest Mining Co.

sgnd/ Wm R. Steyer, President

File Copy
Surname

500

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

JAN 31 1955

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Contract No. Idm-E228

Dear Mr. Weissenborn:

Enclosed are copies of letters to the Administrator from Congressman Pelly and Senator Magnuson, and also copies of the Administrator's replies to them. We believe the letters are self-explanatory.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures

WRGriswold/bjl (1/27/55)

APPROVED:

J. H. Hedges

Member, Bureau of Mines

E. L. Newcomb

Member, Geological Survey

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

C
O
P
Y

CONGRESS OF THE UNITED STATES

House of Representatives

Washington, D. C.

January 25, 1955

Mr. W. R. Griswold
Chief of the Base Metals Division
Defense Minerals Exploration Admin.
Department of the Interior
Washington 25, D. C.

Sir:

The attached communication is sent for your consideration. Please investigate the statements contained therein and forward me the necessary information for reply, returning the enclosed correspondence with your answer.

Yours truly,

Thomas M. Pelly, M. C.
1st District, Washington

Wm R. Steyer, Pres.
Tacoma

C O P Y

F. E. Walker, Sec'y
Bremerton

PACIFIC NORTHWEST MINING COMPANY
619 Fourth Street - Bremerton, Washington

January 21, 1955

The Honorable Thomas M. Pelly
House Office Building,
Washington, D. C.

Dear Sir:

We respectfully present an urgent problem of a small business. The Pacific Northwest Mining Company, 619 Fourth Street, Bremerton, Washington, entered into a DMEA contract with the government on October 16, 1952, to develop the Lucille Mine, located in Stevens County, State of Washington. This contract, No. Idm-4228, called for $37,284.00 to be expended, whereby the government would share one half of the expense. To date, approximately $16,000.00 has been spent by both the government and our company. We have just been informed that the contract has been cancelled. This on the recommendation of the Spokane office.

We hasten to say that we have only the highest regards for everyone that we have come in contact with in the Spokane office. We have received every consideration that they could extend. The problem is entirely ours. We have not been able to fulfill our commitment.

However, behind the simple stated facts, there are about as many unfortunate circumstances as could beset an enterprise. To start the chain of damaging events was a forest fire on the property which ate up money and time that was not allowed for in the budget. The government felt it necessary to push and punish for the fire which resulted in the government filing a lien against the company.

Then the company was unfortunate in the selection of a mining engineer. Actual mining operations were commenced and ore was shipped from the property immediately adjoining the property which is the subject of discussion. There was such poor milling separations that 50% or better of the ore was lost in the tailings. These are among the factors that caused a split in the board and stockholders.

We have sketchily told of some of the deterent factors but it is not our purpose to use them in presenting our case. A new board of directors, all of whom are working men, are taking the money out of their own pockets to do these things that are necessary to keep the company going. Through the efforts of the new board, some new confidence has begun to spring up. The new board has a keen and persistant feeling of responsibility to the stockholders and it is in their behalf that we set forth the following statements.

By reason of our past experience, the board felt that all interest would best be served if an escrow fund was set up. Some stockholders have been contributing to this escrow fund with the full understanding that none of the money would be used until an agreed sum has been deposited. This fund is supervised by the Securities Division of the State of Washington and is not to be released without their approval. As all funds received from the stockholders have been deposited in this escrowed account, there has been inadequate funds available to complete this DMEA contract on schedule. However, the exploration program for our properties has been carried to a point where the dead work is just about at an end and the real exploration begins.

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We realize that these contracts cannot be carried on without some limitation but we would appreciate having the opportunity to present to our stockholders a plan under which the contract might be continued.

We have said earlier in our letter that we have money in escrow in the bank. If we could at a meeting of the stockholders, which has been called for February 11th, tell them that the contract could be reppened, provided they did certain things within a specified time, we feel sure we would get the support that is needed to carry our end to a successful conclusion.

In behalf of our bewildered stockholders and the good chance that they will now get behind their company and make the best possible venture of this property, we respectfully ask your assistance in requesting that this contract be extended.

Yours very truly,

Pacific Northwest Mining Company

sgnd/ Wm R. Steyer
Wm. R. Steyer, President

C
O
P
Y

UNITED STATES SENATE

January 26, 1955

Respectfully referred to

Administrator
Defense Minerals Exploration Adm.
Department of the Interior

with thanks for such favorable consideration as the communication herewith submitted warrants, and for a report thereon, in duplicate to accompany return of inclosure.

By direction of

Sgnd Magnuson

WARREN G. MAGNUSON, U. S. S.

P. S. Please note the desire to have information for a February 11th meeting. Hope every consideration possible will given.

WGM

Wm. R. Steyer, Pres.
Tacoma

C O P Y

P. R. Walker, Sec'y
Bremerton

PACIFIC NORTHWEST MINING COMPANY
619 Fourth Street - Bremerton, Washington

January 21, 1955

The Honorable Don Magnuson
Senate Office Building
Washington, D. C.

Dear Sir:

We respectfully present an urgent problem of a small business. The Pacific Northwest Mining Company, 619 Fourth Street, Bremerton, Washington, entered into a DMA contract with the government October 16, 1952, to develope the Lucille Mine, located in Stevens County, State of Washington. This contract, No. Idm-228, called for $37,284.00 to be expended, whereby the government would share one half of the expense. To date, approximately $16,000.00 has been spent by both the government and our company. We have just been informed that the contract has been cancelled. This on the recommendation of the Spokane office.

We hasten to say that we have only the highest regards for everyone that we have come in contact with in the Spokane office. We have received every consideration that they could extend. The problem is entirely ours. We have not been able to fulfill our commitment.

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We have sketchily told of some of the deterent factors but it is not our purpose to use them in presenting our case. A new board of directors, all of whom are working men, are taking money out of their own pockets to do those things that are necessary to keep the company going. Through the efforts of the new board, some new confidence has begun to spring up. The new board has a keen and persistant feeling of responsibility to the stockholders and it in their behalf that we set forth the following statements.

By reason of our past experience, the board felt that all interest would best be served if an escrow fund was set up. Some stockholders have been contributing to this escrow fund with the full understanding that none of the money would be used until an agreed sum has been deposited. This fund is supervised by the Securities Division of the State of Washington and is not to be released without their approval. As all funds received from the stockholders have been deposited in this escrowed account, there has been inadequate funds available to complete this DMEA contract on schedule. However, the exploration program for our properties has been carried to a pointwhere the dead work is just about at an end and the real exploration begins.

As we understand the DMEA program, it is to stimulate and encourage new capital in the exploration of needed metals. That fits the case of our stockholders as most of these people have invested for the first time in a speculative enterprise. They have invested their money in good faith. We feel it would be a betrayal of that faith should we not do everything in our power to bring this venture to a successful conclusion.

Earlier in this letter, we were completely honest in stating that the faults have been ours, some were known and are found in most enterprises. For a new group of stockholders it has been a shocking experience. This experience is valuable and should be a great factor in the moulding of a stronger company.

We are aware that business is thought of in terms of, hard facts, no sentiment and the survival of the fittest. We feel, particulary in the case of mining, where the risk is great and where a small percentage even get their money back, that some further thought be given those who continue to strive in the face of great odds. Here is invaluable experience gained the hard way. This has been a hard and slow road back. However, the new group of officers have made some real progress in bringing back reasoning and harmony.

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Had this venture been carried to its end and ore not found, that would have been the breaks in the game. Here is a development carried to the point where the goal is in sight and then it is dropped. We have lost and we cannot see where the government will profit either.

Because of the consideration that has already been extended us by the DMEA, we feel that we have little right to ask for a further extension of this contract. However, since the project was not concluded and ore could yet be developed, a very different conclusion could be written if we together continued the project.

We realize that these contracts cannot be carried on without some limitation but we would appreciate having the opportunity to present to our stockholders a plan under which the contract might be continued.

We have said earlier in our letter that we have money in escrow in the bank. If we could at a meeting of the stockholders, which has been called for February 11th, tell them that the contract could be reopened provided they did certain things within a specified time, we feel sure we would get the support that is needed to carry our end to a successful conclusion.

In behalf of our stockholders and the chance that they will now get behind their company and make the best possible venture of this property, we respectfully ask your assistance in requesting that this contract be extended.

Mr. Tom Voyce told me to write you and see if you would help us.

Yours very truly,

Pacific Northwest Mining Co.

sgnd/ Wm A. Steyer, President

File Copy
Surname
Newcomb
Selfridge
Hedges
Johnson

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

Jan. 31, 1955

Hon. Thomas M. Pelly
House of Representatives
Washington, D. C.

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Contract No. Idm-E228

My dear Mr. Pelly:

I have your memorandum of January 25, enclosing a letter dated January 21, from Mr. Wm. R. Steyer, president of the Pacific Northwest Mining Company.

To summarize, this exploration project had been in a semi-dormant condition for a long period of time due to lack of adequate financing. I wish to assure you that we all realize the lead-zinc industry has been harassed by many problems during the past couple of years, and we assuredly have no desire to add to their troubles by ever taking harsh or arbitrary actions.

However, with various nonactive projects there eventually comes a time when there appears to be little hope of their being reactivated. In such instances, since Government funds are committed and tied up, we must finally make a formal project termination to enable us to close our books and release unexpended Government funds.

Nevertheless, in spite of the termination, your constituent should have little trouble in reactivating this exploration project if his company will soon be in a position to finance its share of the project costs. He should get in touch with Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest District, South 157 Howard Street, Spokane 4, Washington, requesting an amended contract which would have the effect of reinstating the former contract. We are very sure that if Mr. Steyer can give Mr. Weissenborn reasonable assurance that the necessary funds will be available, he would be glad to cooperate with him in every proper manner.

As requested, I am returning Mr. Steyer's letter.

Sincerely yours,
C. O. Mittendorf
Administrator

WRGriswold/bjl(1/27/55)

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

Enclosure

Mr. Kiilsgaard Reg. I (N.W.Dist.)
Chron.

R.C.S.

Congress of the United States

House of Representatives

Washington, D. C.

January 25 1955

Mr. W. R. Griswold
Chief of the Base Metals Division
Defense Minerals Exploration Admin.
Department of the Interior
Washington 25, D. C.

Sir:

The attached communication is sent for your consideration. Please investigate the statements contained therein and forward me the necessary information for reply, returning the enclosed correspondence with your answer.

Yours truly,

Thomas M. Pelly, M. C.
1st District, Washington

Wm R. Steyer, Pres.
Tacoma

COPY

P. R. Walker, Sec'y
Bremerton

PACIFIC NORTHWEST MINING COMPANY
619 Fourth Street - Bremerton, Washington

January 21, 1955

The Honorable Thomas M. Pelly
House Office Building,
Washington, D. C.

Dear Sir:

We respectfully present an urgent problem of a small business. The Pacific Northwest Mining Company, 619 Fourth Street, Bremerton, Washington, entered into a DMEA contract with the government on October 16, 1952, to develop the Lucille Mine, located in Stevens County, State of Washington. This contract, No. Idm-E228, called for $37,284.00 to be expended, whereby the government would share one half of the expense. To date, approximately $16,000.00 has been spent by both the government and our company. We have just been informed that the contract has been cancelled. This on the recommendation of the Spokane office.

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We realize that these contracts cannot be carried on without some limitation but we would appreciate having the opportunity to present to our stockholders a plan under which the contract might be continued.

We have said earlier in our letter that we have money in escrow in the bank. If we could at a meeting of the stockholders, which has been called for February 11th, tell them that the contract could be reopened, provided they did certain things within a specified time, we feel sure we would get the support that is needed to carry our end to a successful conclusion.

In behalf of our bewildered stockholders and the good chance that they will now get behind their company and make the best possible venture of this property, we respectfully ask your assistance in requesting that this contract be extended.

Yours very truly,

Pacific Northwest Mining Company

sgnd/ Wm R. Steyer
Wm. R. Steyer, President

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

January 27, 1955

Memorandum for the File

From: Chief, Base Metals Division

Subject: Docket No. DMEA-2123, Pacific Northwest Mining Company, Contract No. Idm-E228, Lucille Mine, Stevens County, Washington

A phone call was received on January 24, 1955, from the office of Congressman Thomas M. Pelly (State of Washington) referring to a letter received from Mr. Wm. R. Steger, president of the Pacific Northwest Mining Co. I advised that if this letter was forwarded to us we would try to explain the situation.

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

C

DMEA

xxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

January 11, 1955

Mr. Robert A. Rukke, Vice-President
Pacific Northwest Mining Company
Northport, Washington

Re: Docket No. DMEA-2123 (lead-zinc)
Lucille Mine
Stevens County, Washington
Contract No. Idm-R228

Dear Mr. Rukke:

A field inspection of the Lucille mine made December 14, 1954, reveals that only about 30 feet of work has been accomplished since July 1, 1954, when work was supposed to have been resumed in a manner required to bring the project to a conclusion by December 14, 1954, following the recess provided for in Amendment No. 4 to your DMEA contract. In view of the small amount of footage accomplished, it is, of course, manifest that the work was not resumed and carried on in a manner required which would bring the project to completion by December 14, 1954.

The Field Team has been greatly concerned with the lack of progress on the project and has repeatedly urged you to improve the situation. In our letter of November 29, 1954, we specifically told you that if enough work had not been done by December 14, 1954, so that at least an evaluation of the ore potentialities of the property could be made, it was our interpretation that all obligation of the Government to contribute to costs not incurred before August 1, 1953, would be terminated. This is in accordance with Amendment No. 4 which states clearly that resumption of the work "in a manner required to bring the project to completion as required . . ." (by December 14, 1954) is of the essence of the contract, and that if it is not resumed ". . . all obligation of the Government to contribute to costs not incurred before August 1, 1953, shall be and is hereby terminated . . ."

We have reviewed the situation with our Washington office and have been advised that we have no alternative but to invoke the provisions of Amendment No. 4, and we have been instructed to inform you that on account of your default in the resumption and performance of work as required by Amendment No. 4 of the contract, the Government is not obligated to contribute and will not make any contribution to costs incurred by you beginning August 1, 1953, except for necessary and reasonable costs and expenses incurred in preserving and disposing

of property to the cost of which the Government has contributed, and for winding-up and settlement actions, including preparation of your final report.

You should, therefore, immediately take the steps required by section 4b of Amendment No. 4 for winding up the contract, disposing of jointly-owned property, making a final accounting to the Government, and submitting your final report on the project.

We sincerely regret that failure to comply with the terms of the contract has made this action necessary.

By Field Team, Region II

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

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

cc: William Steyer, President
Pacific Northwest Mining Co.
3740 E. Roosevelt
Tacoma, Washington

DMEA (2)
USBM (2)
USGS (AD)
Turner
Puffett

File Copy
Surname

500

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

DEC 29 1954

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Contract No. Idm-F228

Dear Mr. Weissenborn:

Referring to your telephone calls of November 30 and December 17, to the Administrator, regarding certain details of the cited project, we are enclosing a memorandum prepared by the Acting Assistant Solicitor, Defense Minerals, which should clear up the matter for you.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee (JHB)

Enclosure

WRGriswold/bjl (12/29/54)

APPROVED:

/s/ Robert W. Geehan
Member, Bureau of Mines (JHB)

E. L. Newcomb
Member, Geological Survey (JHB)

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

R.C.S.

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

DEC 20 1954

Memorandum

To: The Administrator, DMEA

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-2123, Pacific Northwest Mining Company (Lead-Zinc)

In your memorandum to me of December 20 you inquire if it would be proper to pay to the operator the sum of $833 currently withheld by the Government on account of default by the operator in the performance of the work.

In my opinion, neither this sum of $833 nor any other sum on account of costs incurred after August 1, 1953, should be paid.

Amendment No. 4 provides for the suspension of the work ". . . during the period beginning August 1, 1953, and ending not later than July 1, 1954;", that resumption of the work ". . . in a manner required to bring the project to completion as required," i.e., by December 14, 1954, is of the essence of the contract, and that if it is not so resumed ". . . all obligation of the Government to contribute to costs not incurred before August 1, 1953, shall be and is hereby terminated . . ."

Since it is manifest that the work was not resumed and carried on in the manner required, it is equally manifest that the Government is not obligated on account of any costs incurred (except for winding-up) after August 1, 1953.

You say: "Al . . . has now decided to terminate the contract under the provisions of Amendment 4." No such action should be taken. The obligation of the Government to contribute is already terminated, as indicated above, and the operator should simply be notified as follows:

> "On account of your default in the resumption and performance of work as required by Amendment No. 4 to the contract, the Government is not obligated to contribute and will not make any contribution to costs incurred by you beginning August 1, 1953.

DMEA Docket

You should, therefore, immediately take the steps required by section 4b of Amendment No. 4 for winding-up, disposing of property, accounting to the Government, and making your final report."

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

JLHofflund/emd
Copy to: DMEA Docket
Solicitor's Docket
W. R. Griswold
J. L. Hofflund
chron.

Memorandum December 20, 1954

To: Mr. J. L. Hafflund
Acting Associate Solicitor,
Defense Minerals

From: Administrator

Subject: DMEA-2123 - 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 taken 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

From Mr. Mitte[illegible]rf's Diary, 11/30/54

~~Brewster~~
Betty

Al Weissenborn phoned from Spokane. His first problem was in connection with DMEA-2123 - Pacific Northwest Mining Co. I recall that we had recently written Al advising that he could terminate the contract any time he saw fit, under the express language of Amendment 4, and instructing him to use his own good judgment as to whether or not he wished to exercise those rights at this time.

Al is reluctant to terminate the contract, and is very anxious for the company to complete a small amount of footage which will prove or disprove the target. He has a recent letter from the operator which lists considerably more hard luck but states their plan to resume operations very shortly. Al proposes to play along with the company, at least until Dec. 14.

He is holding back $833 to cover our equity in equipment. This sum represents our participation in 25 ft. of work which the operator performed since July. Al proposed to advise the company that if they do not resume work by Dec. 14 he will invoke our rights under Amendment 4 and will not pay the $833 for the 25 ft. of work done. I could not see where we could support such a position under the terms of the contract.

Al's next question was whether or not we would lose our rights to terminate under Amendment 4 if he played along with the company until some date later than Dec. 14. It was my off-hand opinion that we should have an amendment extending the deadline date of Dec. 14, provided we intend to play along with them for an additional period of time. I agreed to check on this point with Legal.

His next problem was general in character, but it might apply to the Sunset Minerals project, for which we have just executed an amended contract. He asked if DMEA can collect royalty on ores which dip into ground not included in the contract, but which ores were the property of the operator by virtue of his extralateral rights.

It seems that we have approved a project on the Sunset Minerals ground and that most of the work will be done on the 900 ft. level. If the work is successful and finds the vein structure anticipated, there is the likelihood that this vein will dip into the Liberal King claim, at a depth of about 1200 ft., which claim is not included in the ground listed in Article 2 of the contract. It appears that Sunset Minerals - the operator - plans to do some work in the Liberal King claim at its own expense, but is reluctant to do so if the Government will claim royalty on any ore mined.

It was my off-hand opinion that any extralateral rights which might accrue to any of our operators by virtue of the customs of the particular district would also accrue to DMEA. I could not recall any precedents for answering his question, but Martin, who was in the room and overheard my end of the conversation, thought otherwise. He recollects that Legal has ruled that all lands included in DMEA contracts are acknowledged to have vertical sidelines and, therefore, waive any extralateral rights. I agreed to review this matter with Legal.

Al said he was writing us a memo. on another possible extralateral problem. He hears rumors that a lawsuit is brewing which will involve the Bunker Hill project on the Crescent Mine. He says that the outcrop of the Syndicate fault, which we are exploring on the 3200, occurs on

State-owned ground which is not included in the contract. He says all State-owned ground has vertical sidelines by law and, therefore, is without apex rights. The problem is complicated, however, by the fact that certain mining locations were made on this ground before the ownership passed to the State.

He does not anticipate any bad problem because he feels that the lawsuit is necessary to quiet title, but that it will be decided to the benefit of Bunker Hill.

He reports the rumor that American Alloy (Eichelberger) has sold out completely to the Minerals Engineering Co.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
1201 N. Division St.
Spokane 2, Washington
November 29, 1954

DEPARTMENT OF THE INTERIOR
Office Check Mailroom
RECEIVED
DEC 3 1954

Mr. Robert A. Rukke, Vice-President
Pacific Northwest Mining Company
Northport, Washington

Re: Docket No. DMEA 2123 (lead-zinc)
Lucile Mine
Stevens County, Washington
Contract No. Idc-E228

Dear Mr. Rukke:

This letter will confirm your telephone conversation of this date with Mr. Tom Howard of the Bureau of Mines, concerning reimbursement for work completed under the cited contract after August 1, 1953.

Your attention is called to paragraph 4 of Amendment No. 4 which specifically states the Government's obligation in this respect.

Our interpretation of paragraph 4 is that if work is not resumed within the time limited (July 1, 1954 to December 14, 1954) in a manner required to bring the project to completion as required, then all obligation of the Government to contribute to costs not incurred before August 1, 1953 is terminated. This provision automatically becomes effective on December 14, 1954 provided there has been insufficient work done to evaluate the ore potentialities of the property. Some drifting on the contact and on the ore presently exposed in the crosscut might accomplish this. Should this be accomplished by December 14, 1954, then the matter of reimbursement would be referred to the Washington office; however, even favorable action by Washington would not release all funds as a certain amount would be withheld to protect the Government's equity in jointly-owned equipment.

By Field Team, Region II

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

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

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

cc: Mr. William Steyer, President
3740 East Roosevelt
Tacoma, Wash.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
1201 N. Division St.
Spokane 2, Washington
November 29, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 3 1954

Mr. Robert A. Rukke, Vice-President
Pacific Northwest Mining Company
Northport, Washington

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

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Your attention is called to paragraph 4 of Amendment No. 4 which specifically states the Government's obligation in this respect.

Our interpretation of paragraph 4 is that if work is not resumed within the time limited (July 1, 1954 to December 14, 1954) in a manner required to bring the project to completion as required, then all obligation of the Government to contribute to costs not incurred before August 1, 1953 is terminated. This provision automatically becomes effective on December 14, 1954 provided there has been insufficient work done to evaluate the ore potentialities of the property. Some drifting on the contact and on the ore presently exposed in the crosscut might accomplish this. Should this be accomplished by December 14, 1954, then the matter of reimbursement would be referred to the Washington office; however, even favorable action by Washington would not release all funds as a certain amount would be withheld to protect the Government's equity in jointly-owned equipment.

By Field Team, Region II

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

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

cc: Mr. William Steyer, President
3740 East Roosevelt
Tacoma, Wash.

DMEA, Wash. (2)
USGS (2)
Certifying Officer

File Copy
Surname

Resumed
Chamberlin
Selfridge
Johnson
Whitehead

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

500

NOV 17 1954

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Contract No. Idm-E228

Dear Mr. Weissenborn:

We have noted the recommendation made in the September 17 memorandum of Mr. W. S. Andersen, covering the cited project, in which he recommends that the contract be terminated if work is not resumed in a proper manner by November 1, 1954.

We wish to point out that no additional terminating provisions are necessary to bring this contract to an end. Amendment No. 4 states: "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:", etc.

The mere fact that an unsignificant amount of work may have been done since the date of July 1 does not void the stipulations of the amendment.

Therefore, assuming that work is not resumed in a business-like manner you may close out the project whenever you consider it to be desirable, using Amendment No. 4 as your authority.

Sincerely yours,

George C. Selfridge by ESS
Chairman, Operating Committee
WRGriswold/er (11/8/54 & 11/15/54)

APPROVED:

J. H. Hedges by ESS
Member, Bureau of Mines

E. L. Newcomb by ESS
Member, Geological Survey

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

RCS.

File Copy
Surname
Griswold
Chamberlin

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

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Contract No. Idm-E228

Dear Mr. Weissenborn:

We have noted the recommendation made in the September 17 memorandum of Mr. W. S. Anderson, covering the cited project.

Since it appears that there is little likelihood of work being resumed in the near future, in a businesslike manner, it would probably be advisable to arrange a mutual termination, if it is possible to do so.

Upon advise from you we shall prepare such a termination agreement.

Sincerely yours,

Chairman, Operating Committee

Copy to: Docket WRGriswold/er 11/8/54
Admr R File
Operating Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

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

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Contract No. Idm-E228

Dear Mr. Weissenborn:

We have noted the recommendation made in the September 17 memorandum of Mr. W. S. Anderson, covering the cited project, in which he recommends that the contract for

Since it appears that there is little likelihood of work being resumed in the near future, in a businesslike manner, it would probably be advisable to arrange a mutual termination, if it is possible to do so.

Upon advise from you we shall prepare such a termination agreement.

Sincerely yours,

Chairman, Operating Committee

APPROVED:

Terminated if work is not resumed in a proper manner by Nov. 1.

Member, Bureau of Mines

We wish to point out that no additional terminating provisions are necessary to bring this contract to an end.

Member, Geological Survey

Amendment No 4 states" (Betty, copy No 4 from amendment) The mere fact that an insignificant amount of work may have

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
1201 N. Division St.
Spokane 2, Washington
November 10, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 15 1954

Mr. Robert A. Rukke, Vice-President
Pacific Northwest Mining Company
Northport, Washington

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

Dear Mr. Rukke:

We note from reports by Field Team representatives that no advance has been made in the crosscut at the Lucile mine since September 8, 1954. In our letter to you of July 30, 1954, it was stated that payment for completed work would not be made until the project work was placed on a full-time basis. It is necessary to do this to protect the Government's equity in jointly-owned equipment. Upon the resumption of full-time work and the receipt of your MF-104 for the month's work, we can process the vouchers we are holding for payment, provided, however, that we are assured that the work will be carried forward without interruption.

As you know, the contract expires on December 14, 1954, and unless project work is placed on a full-time basis before this date it is doubtful that the DMEA will favorably consider another extension.

In submitting your monthly MF-104 you have included supervision in an amount which is considered in excess of what should be allowed. In your September MF-104 you submitted supervisor's salary as $125.00 even though no advance was made in the crosscut. The contract states that a monthly salary of $500.00 will be allowed for a supervisor-engineer, but as there has been no engineer on your payroll this year it is deemed advisable to prorate the supervisor's salary on a footage basis. This is done by assuming an average advance of 104 feet per month, which is normal on projects such as yours. On this basis, the prorated supervisory costs would be $4.81 per foot. Therefore, the Government will not participate in supervisory costs exceeding $4.81 per foot up to a total of $500.00 per month, which is the maximum allowable.

It would be appreciated if you would advise the Field Team of your plans and the possibility of completing a portion of the exploration program before the expiration date of the contract.

By Field Team, Region II

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

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

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

DMEA

2123

Willard
Jack
al

Northport, Wash.
August 4, 1954

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

AUG 16 1954

Mr. A.E. Weissenborn
Dear Sir:

Enclosed please find Certified Copy of payroll as per your request. This necessitated a round trip to Kettle Falls to get a notary public as our local representative in that line recently left for Spokane.

For the record, the month of July was non-productive as far as footage was concerned. Several days after your three field men were in here to check, we were back to work but found all our oil barrels, gasoline and other necessities at the bottom of the hill. Several kids had been in there and rolled everything down. This naturally stopped us until all was returned. We found the guilty parties and because the parents were very good in bringing in the guilty ones I did not feel like carrying the case too far. I told them very strongly that if all the material thrown overboard were returned properly that we would not prosecute. This was done accordingly but not before a delay of almost 10 days. After the return of the material we were about to resume work when we found to our dismay that porcupines had chewed up all the compressor wires, hose, etc. This caused further delay as all these parts had to be ordered new and took some time to replace. After all was complete we commenced work on mucking out the last round. Almost complete with this chore when the ore car and myself were rudely thrown over the dump by a callapse of the end rail on the dump. The ore car was not as yet retrievable as it went down the mountain side almost 6 or 7 hundred feet. We have since made arrangements to get another ore car from the Red Top property and as of this date work will commence again.

While waiting for our money to be released from escrow by the state I have personally tried to carry on the work. The delay thruout July was entirely unlooked for and seems exorbitant but I wanted you to know the facts. We expect our funds to be released soon and from then on work will carry on uninterrupted.

Because of the lack of progress thru July I will withhold any report for that month as all that was accomplished was replacement of parts, etc as explained above. Unless you want a report I will wait for your word.

Yours very truly,

Robert A. Rukke, V.Pres.
Pacific Northwest Mining Co.

Rec'd Allowed

RECEIVED
AUG 6 1954
U.S.
SPOKANE, WASH.

PAYROLL SHEET——LUCILLE MINE——DEA 2123 X Contract E228

PACIFIC NORTHWEST MINING COMPANY

JULY —1953—		1	2	3	4	5	6	7	8	9	10	11	12	13	1
Name of Employee:	Rate:														
Ed. Alban	1.725	3hrs.		4 hrs.		4hrs.	8hr.	8hr.							
Geo. Jensen	1.725			4 hr.		4hr.	8hr.	8hr.							
Robert A. Rukke	1.725	3hr.													

Total labor	Alban	$46.58
	Jenson	41.40
	Rukke	5.18
		$93.16

JUNE——1954——		20	21	22	23	24	25
Name of Employee:	Rate						
Harry Kneib	1.50	2hr	6hr	6hr			
Robert A. Rukke	1.50	2hr	6hr	6hr			
Ed Alban	1.50	0	0	6hr			

Total Labor	Alban	$ 9.00
	Kneib	21.00
	Rukke	21.00
		$ 51.00

Total footage included in this report 49 feet @ $10.00 per foot $490.00
Total contract 490.00

I hereby certify that the above is a correct and true copy of the payroll.

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

Subscribed and sworn to before me this 4th day of August 1954

Notary Public in and for the State of Washington, residing at Kettle Falls, Wash.

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

1201 N. Division St.
Spokane 2, Washington
July 30, 1954

Mr. Robert A. Rukke, Vice-President
Pacific Northwest Mining Company
Northport, Washington

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

Dear Mr. Rukke:

Reference is made to your letter of July 20, 1954 and to the June MF-104 submitted by you for work completed under the exploration project contract.

The June MF-104 cannot be processed for payment until a certified true copy of the payroll is submitted. We are returning herewith the payroll sheet you enclosed so that you can note on it that it is a certified true copy. This should be noted above your signature.

You state that it is your belief that payment has been held up on the last MF-104 submitted before work was recessed in December 1952. Our records show that the MF-104 for November 1952 was the last voucher submitted. It was received on January 15, 1953 and paid on January 19, 1953.

As soon as the certified true copy of the payroll is submitted and we are notified that work under the exploration program contract is being done other than at sporadic intervals, payment will be made.

By Field Team, Region II

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

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

Enclosure

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

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

July 12, 1954

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucille Mine
Stevens County, Washington
Contract Idm-E228

Dear Mr. Selfridge:

I am enclosing a copy of a letter from Mr. Rukke, secretary, of the Pacific Northwest Mining Company, announcing that they have begun work on the subject contract. We will have our field men visit the property in the near future and check on the progress of the work.

Sincerely yours,

A. E. Weissenborn

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

Enclosure
cc: USBM(2)
Puffett

COPY COPY

Northport, Wash.
June 23, 1954

United States Department of the Interior, Office of DMEA
Spokane,Wash.

RE: Docket No. DMEA 2123 Lead Zinc,
Lucille Mine, Stevens Co.

Gentlemen:

As per the extension granted under the above Docket, work has commenced at the Lucille Mine as of Monday June 21st. Actually some work was done on Sunday preparing for the work.

As of last evening the first round of some 5½ to 6 feet was drilled and mucked out. In the face of this round some mineralization appeared. This is the most that we have encountered so far. The showing is not too much but shows some mill feed ore. A round or two more may open this up so that a better examination may be made of this showing.

I am leaving for the Cascades and our mine above Lake Chelan and will be gone until July 1st. I would very much like it if your field examiners can wait until some time after that date to come up here as I would like to accompany them on any trip to the Lucille they may make at that time. If this is possible I would appreciate it. There are a few things I would like to talk to them also in regard to this project.

Altho our work in June will not be too much we are under way and our financial problems are looking brighter. We have considerable money raised, in fact more than enough to complete the program but there are the matters of release of these funds by the state and settlements with some of our creditors to be considered before we can proceed as we would like to. However good progress should be accomplished in July.

Yours very truly,

Robert A. Rukke, Secretary,
Pacific Northwest Mines

/s/ ROBERT A. RUKKE

Northport, Wash.
April 23, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 7 - 1954

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

DMEA

RE: Docket No. DMEA-2123(lead-zinc)
Lucille Mine
Stevens County, Washington
Contract No. Idm-1228

Mr. Thor H. Killsgaard

Dear Sir:

In regards to the copies of the proposed amendment No. 4, on above contract.

I signed these papers and forwarded them to the Bremerton office for the signatures of the other# officers and directors as needed. No doubt a board meeting was held or will be held very shortly and you should be in receipt of of the signed documents.

We have finally received the o.k. from the State of Washington Securities Division for our fund raising plan and came has been set in motion, by all shareholders in our concern being notified. We expect the results to enable us to fulfill our contract.

Yours very truly,

Pacific Northwest Mining Company
Robert A. Nikke, Secretary

RECEIVED
APR 26 1954
U. S. G. S.
SPOKANE, WASH.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

[redacted]
So. 157 Howard Street
Spokane 4, Washington

April 21, 1954

Mr. George C. 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:

Enclosed are the original and two signed copies of Amendment No. 4 to the above-referenced contract.

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

Sincerely yours,

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

Enclosure

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

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

April 20, 1954

Mr. Robert A. Rukke, Secretary
Pacific Northwest Mining Co.
Northport, Washington

Re: Docket No. DMEA-2123 (lead-zinc)
Lucile Mine
Stevens County, Washington
Contract No. Idm-2228

Dear Mr. Rukke:

Reference is made to our letter of March 30, 1954, forwarding copies of proposed Amendment No. 4 to your DMEA contract. If the terms and conditions of this amendment meet with your approval, we would appreciate your forwarding the signed copies to this office as soon as possible.

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

Sincerely yours,

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

cc: DMEA (2)
USBM (2)
Puffett

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

March 30, 1954

Mr. Robert A. Rukke, Secretary
Pacific Northwest Mining Co.
Northport, Washington

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

Dear Mr. Rukke:

Reference is made to your letter of February 22 requesting a time extension of the subject contract, and our letter to you of March 1, 1954, informing you that we were referring your request to our Washington office for their decision. They have given your request due consideration and have prepared Amendment No. 4 enclosed (original and 6 copies) to cover your situation. Therefore, if the terms and conditions of this amendment meet with the company's approval, would you please have the authorized officials sign all copies, retain that copy marked for the Operator and return the rest to this office.

The amendment allows for a recess period from August 1, 1953, to not later than July 1, 1954. During this period, of course, the Government will not participate in any costs incurred by the Operator, nor will it contribute to any costs of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of work. The amendment also extends the life of the contract by 18 months, or until December 14, 1954. If work is not resumed by July 1, 1954, there is a provision in the amendment whereby the contract is terminated. You will note, also, that Annex I is substituted for Article 15 of the contract and the repayment period is extended from 10 to 12 years. We hope this extension will allow you sufficient time to get your finances arranged so the contract work can be resumed and brought to a successful conclusion.

Sincerely yours,

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

Enclosure

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

FILE COPY
SURNAME:

500

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

Griswold
Chairman
Selfridge
Hedges

MAR 22 1954

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

Re: Docket No. DMA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Contract No. Idm-2223

Dear Mr. Weissenborn:

Referring to your letter of March 1, 1954, we are enclosing the original and five copies of Amendment No. 4 to the subject contract. If it meets with your approval, please present it to the Operator for signature and distribute the copies in the usual manner. If it is not satisfactory, and if any desired changes should lie beyond the range of your delegated authority, please return all copies to this office with your recommendations.

Sincerely yours,

George C. Selfridge (JB)

Chairman, Operating Committee

Enclosures 6

WRGriswold/bjl (3/17/54)

APPROVED:

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

Philip W. Guild
Member, Geological Survey (JB)

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

R.C.S. 3-22-54

FILE COPY
SURNAME:

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

N.S. in R.R.

March 10, 1954

Memorandum

To: Chief Counsel

From: Chief, Base Metals Division

Subject: Docket No. DMFA-2123, Pacific Northwest Mining Company, Stevens County, Washington, Contract No. Idm-E228

Will you please prepare an amendment to the above contract which will allow the project to be recessed until June 1, 1954. We believe no work has been done since December 1, 1952. Completion time should be extended to 36 months from date of the contract.

Will you also kindly provide that, if work is not started by June 1, this year, the contract is thereby terminated. Likewise, we should include a "pseudo" certification provision so that if work is not started on June 1, the Government is protected. However, if work should be properly started, we would then make the routine certification if ore was found. Hence, the so-called "pseudo" is only intended to be effective in case of failure to resume work.

If possible, we should like to also tie up the Zoldaks, who are the owners of the property.

W. R. Griswold

W. R. Griswold

WRGriswold/bjl

Copy to: Docket
Base Metals
Chron.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 5 1954

March 5, 1954

Mr. George C. 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:

With reference to your letter of February 23, 1954, on the referenced contract, I wish to direct your attention to the Executive Officer's letter of March 1, 1954, to your office. It is hoped that this letter will answer any questions you have concerning the status of the subject contract.

Sincerely yours,

Thor H. Kiilsgaard

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

cc: USBM (2)
Puffett

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

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

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

Dear Mr. Weissenborn:

This will refer to your letter, with enclosures, of March 1, 1954, regarding this project.

Since the Operator appears to believe that he has some chance of securing additional funds to continue the work, we will be prepared to allow a recess until June 1, 1954, if you care to make such a recommendation.

Sincerely yours,

Chairman, Operating Committee

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

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

March 1, 1954

Mr. Robert A. Rukke, Secretary
Pacific Northwest Mining Company
Northport, Washington

Re: Docket No. DMEA 2123 (lead-zinc)
Lucile Mine
Pacific Northwest Mining Company
Stevens County, Washington
Contract No. 14m-2258

Dear Mr. Rukke:

In reply to your letter of February 22 we sympathize with the position you are in and appreciate your efforts to resume the project. However, we are referring this matter to our Washington office for their decision since they have inquired as to the status of your contract.

Sincerely yours,

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

cc: USBM (2)
DMEA (2)
Puffett

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

RECEIVED
MAR 5 1954

March 1, 1954

Mr. George C. Selfridge, Chairman
DMEA Operating Committee
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:

Enclosed are copies of a letter of February 22 from Mr. Robert A. Rukke, secretary of the Pacific Northwest Mining Company, in reply to my letter of February 19 inquiring about the company's plans, a copy of which you should already have.

We have some doubts as to whether the company will ever be able to complete the contract; however, if the contract is to be continued, it must be amended as the contract expired in November 1953.

Sincerely yours,

A. E. Weissenborn

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

Enclosure

cc: USBM (2)
Puffett

(5)

Northport, Wash.
Feb. 22, 1954

Wilkes
Al
Tom
USBM cc(r)
DMEA cc(r)

United States Department of the Interior
Defense Minerals Exploration Administration
Spokane 4, Washington

Attention Mr. A.E. Weissenborn

RE; Docket No. DMEA-2123
Lucille Mine, Stevens County
Contract ID -2288

Dear Mr. Weissenborn:

Regarding your letter of February 19th on above Docket Number.

As anticipated in my letter to you in December of 1953 I fully believed that we would by this time have been able to get out our newsletter to the stockholders on the money raising question. Several long delays have occurred in this instance due to the demands of the State of Washington Licensing Department for a new metalliferous report and a financial report, both coming as seperate requests and very necessary before they would o.k. any offering of stock such as we proposed. The time of the request came after a prelininary delay so ccimere along the line and also at a time that our accountant, who is not reveeiving any cash pay for his services was so swamped with his regular paying patrons that he was unable to get it out until sometime the latter part of January. On or about January 25th. those papers had been made out, and were sent to me for signature. I returned them promptly as requested and then wrote to the Bremerton office to keep me informed as much as possible on the progress as I had promised to inform your office on our progress. These papers have been in the state of Washingtons licensing department for some time and at thisdate have not been acted upon. They take their time in cases such as these where a stock issue is the question. I feel certain that they will be acted upon at their very earliest convenience and also that the result thereby thru our newsletter will furnish the necessaryfunds to carry out our planned completion of the program.

As I mentioned to you in my letter of December (copy of which was sent to Bremerton for their files) we must get this letter out first before we can raise this money but as I repeat, I also feel certain that the results will justify any extension you may offer us. Work could not possibly go on at the Lucille until the road were in shape, which I anticipate to be some time the middle or latter part of April.

We want to complete this contract and only hope that you will see our condition and bide with us while we try to expedite the matter. This is not an attempt to get extension after extension but a sincere effort to get all files complete for the State of Washington as they requested. We need this program to complete our plans.

Yours very truly,

Pacific Northwest Mining Company

Robert A. Rulke, Secretary
Robert A. Rulke

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

FEB 23 1954

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

Re: Projects believed to be of
indefinite status

Dear Mr. Eisenhorn:

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

We realize that you are well aware of these problems and in part to some you have already written recommendations which you contemplate taking. However, we list all such projects as a matter of record.

[illegible] Mines Co., Docket [illegible]-[illegible], Contract [illegible]-[illegible]
William [illegible], Docket [illegible]-[illegible], Contract [illegible]-[illegible]
[illegible] Mines, Docket [illegible]-[illegible], Contract [illegible]-[illegible]
Pacific Northwest [illegible] Co., Docket [illegible]-[illegible], Contract [illegible]-[illegible]
[illegible] Mines Co., Docket [illegible]-[illegible], Contract [illegible]-[illegible]

Sincerely yours,

George C. Selfridge (JHB)
Chairman, Operating Committee

Concurrence:

J. H. Hedges (JHB)
Director, Bureau of Mines

Philip W. Guild (JHB)
Director, Geological Survey

WRGriswold/bjl (2/18/54)

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

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 23 1954

February 19, 1954

Mr. Robert A. Rukke, Secretary
Pacific Northwest Mining Company
Northport, Washington

Re: Docket No. DMA-2133 (lead-zinc)
Lucile Mine
Stevens County, Washington
Contract Idm-[illegible]

Dear Mr. Rukke:

You indicated in your letter of December 7, 1953, in which you requested a recess of the above-captioned contract, you would have definite information by February 16, 1954, concerning plans for financing the continuation of the contract work at the Lucile mine. It was also intimated in your letter that you may have more definite information regarding the satisfaction of a number of liens which have been filed against the Lucile mining property.

We have delayed making any definite recommendations to Washington on your request for recess until the sixty-day waiting period which you requested had expired. Now that this period has elapsed, it is important that we receive definite word from your company as to their plans for continuing work at the Lucile.

Therefore, please notify us at once whether you have been successful in obtaining financing so that we can proceed with whatever recommendations we will make.

Yours very truly,

[illegible] E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: Martin A. Morrison
USBM (2)
DMEA (2)
Puffett

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

RECEIVED

December 16, 1953

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

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

Dear Mr. Selfridge:

We have delayed taking action according to the suggestions in your letter of November 5, 1953, in order to complete correspondence with the Operator concerning his specific plans for future work at the Lucile mine. You should have copies of this correspondence in your files.

Enclosed with this letter is a copy of our most recent letter from the Pacific Northwest Mining Company dated December 7, 1953, in which the company presents plans for raising finances to satisfy outstanding obligations and to complete the exploration project contract.

Our immediate recommendations are to withhold any action on this contract for at least 60 days, at the end of which the Operator should be able to inform us of definite results of the refinancing program. If, at the end of that time, it is learned that this financing program has been successful, we will recommend an extension of time for completion of the contract and also that approval be given the Operator's request for a recess until May 30, 1954. If, on the other hand, it is learned that the financing program has not been successful and the Operator is not prepared to resume project work, then we shall proceed with termination negotiations as outlined in your letter of November 5, 1953.

By Field Team, Region II

A. E. Weissenborn

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

Thomas E. Howard

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

Enclosure
cc: USBM (2); Puffett

Northport, Wash.
Dec. 7, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 21 1953

United States Department of Interior
D.M.E.A. So.157 Howard Street
Spokane, 4, Washington

Mr. A. E. Weissenborn

RE: Docket No. DMEA 2123-Lead, Zinc, Lucille Mine, Stevens Co. Washington.

Dear Sir:

I mentioned in my last letter to you that upon my return from Bremerton I would inform you of our success in financing our future program.

The group interested in joining forces with us, with a substantial amount of cash are still interested. However at a board meeting it was decided not to wait indefinitely for them. We have decided to go ahead with a money raising program thru a direct appeal to all our shareholders (some 800) and to this end a letter is being prepared or has been by this time, I believe, that will no doubt bring to light the urgency of all shareholders getting behind the plan. The plan is a bonus plan and should appeal to all stockholders as their investment at this time will be repaid out of net smelter returns over a period of time. We took our problem to the Securities Division of the State for suggestions and approval. They have signified their willingness to go along with us on the letter and its plan. One stipulation is that a minimum of $15,000.00 must be raised or subsribed to before this fund can be touched. This fund will be placed in a SPECIAL DEPOSITARY and the State Securities Division will have the full say on when it shall be released to the general fund. A sixty day period from the date of the mailing of the letter has been set. We have had some initial success even before the letter has gone out and from the reaction of the few who heard about it before receiving the letter we have no doubt that we shall reach our minimum goal within that time and that will insure us the funds to pay any outstanding obligations and leave enough on hand to complete the Lucille Contract.

At this time we would like to make this a formal letter of request, that the above mentioned contract be recessed until May 30, 1954. By that date the funds should be available and conditions ready for full work at the property.

On the Forest Service lien. The Lumber Company fighting the case in Bellingham won their case some time ago, but the Forest Service had appealed to the higher court. That is the information I have gathered. Upon this appeal rests our case. If the Forest Service lose their appeal our case will be dropped. If they win ours can be reopened, and then they will have to prove that we were at fault.

Yours very truly,
Pacific Northwest Mining Co.
Robert A. Tukko, Secretary.

Robert A. Tukko

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

December 16, 1953

Mr. Robert A. Rukke, Secretary
Pacific Northwest Mining Company
Northport, Washington

Re: Docket No. DMEA-2183 (lead-zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Contract No. Ium-2228

Dear Mr. Rukke:

We have received your letter of December 7, 1953, wherein you discuss plans of your company for financing to pay your outstanding obligations and to complete the DMEA exploration project contract at the Lucile mine. In this letter you have also requested a recess of the project until May 30, 1954.

We do not have authority to grant extensions of contract time beyond a two-year period from the beginning contract date. Also, requests for recession must be acted on by the Washington office. We are therefore forwarding your request to the Washington office with the recommendation that no further action be taken until we know of the results of your company's attempt to obtain financing. According to your letter, you will know these results within 60 days.

We will appreciate your notifying us at the end of the 60-day period as to the degree of success you have had in your program. If you should become financially able to resume project work, we shall recommend to Washington that the contract be extended to allow sufficient time to complete the project. If, on the other hand, you are unsuccessful, we shall recommend termination of the contract.

By Field Team, Region II

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

Thomas A. Hopping, Mining Engineer
(U. S. Bureau of Mines)

cc: USBM (2)
DMEA (2)
Puffett

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 23 1953

November 18, 1953

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

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

Dear Mr. Selfridge:

Reference is made to a Field Team letter dated November 13, 1953, to Mr. Robert A. Rukke, an official in the above company, copies of which were recently forwarded to your office. For your information, copies of Mr. Rukke's reply to this letter are enclosed.

We wrote the previously referred to letter to Mr. Rukke on the assumption that Mr. Morrison, president of Pacific Northwest Mining Company and the man we have previously corresponded with, had not made the contents of our letters known to other company officials. The withholding of much of this information appears to have happened for we note in Mr. Rukke's prompt reply that he is attempting to reactivate project work.

We shall await further information from Mr. Rukke before proceeding further with mutual agreement contract termination negotiations. You shall be advised of this information as it becomes available.

Sincerely yours,

Thor H. Kiilsgaard

Thor H. Kiilsgaard
for A. E. Weissenborn, Exec. Officer
DMEA Field Team, Region II

Enclosure 1 (in dupl.)
cc: USBM(2)
Puffett

Thor
al
Wilson e c
USBM cc(2)
DMEA cc(2)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 23 1953

Northport, Wash.
November 17, 1953

United States Department of the Interior
D.M.E.A. So.157 Howard Street
Spokane 4, Washington

RE: Docket No.DMEA-2123-Lead Zinc—Lucille Mine, Stevens County, Washington
Contract No.IDM-E228

Attention: Mr. Weissenborn
Mr. M.E.Volin

Dear Sirs:

I am in receipt of your letter of November 13, referring to above DMEA contract.

In regards to the three copies of letters which you sent to Mr. Morrison in Bremerton, I was fully aware of the first copy, having read the original during one of our meetings in Bremerton. The other two copies I have not seen before and had only an inkling of their content from phone conversations with the home office.

I do not believe that the negative attitude shown by the home office is an indication that we are not interested in continuing the contract to completion. I know on my part and of the majority of the directors, if not all, that we want to complete this contract to its fullest, but that we have been led into our present situation by some unscrupulous engineering by one of our recent employees. This employee, after his discharge, saw fit to further embarrass and harass us by a suit and a slanderous letter to our stockholders, which in turn took away our financial support from these same stockholders. It has been our earnest endeaver the past spring and summer to return the confidence of these shareholders so that we may continue our development program. This has taken time and at the present has not had too much success, altho an agreement has been signed at this time whereby several of us, who are the main stockholders have willingly agreed to meet certain conditions, regarding our holdings, to interest a group of investors to invest quite heavily in our concern. If and when this agreement is fully met by both parties, we shall have sufficient funds to complete the program and carry on any mining that we may want to do. This agreement is pending right now and that is one of the reasons I am making a trip to Bremerton this coming week. I will be able to report to you more fully on the situation upon my return, which shall be around the first of December.

Regarding the liens you mentioned. One of these, with the labor suit, was settled out of court in Colville recently and that should be out of the way shortly. The other, as regards the fire and the Forest Service, has been held up for the following reason. The Forest Service is involved in a very similiar case in Bellingham, Wash. A mutual understanding between our attorney and theirs, reached while in Colville recently, is to the effect—that if the Forest Service lose their case in Bellingham, then they will call off their suit against us. If they win then our case will go to court and they will have to prove that we were negligent in the starting of the fire. This they will have difficulty in doing as so many factors can enter into a fire case, especially the time that this fire happened last year. We should know on this case before too long.

I sincerely hope that you will in the light of these explanations, find it possible to have this contract extended. We will not however be able to do any more work on it this fall as the road is not in too good shape and we must of necessity get the necessary funds together to complete same. This we expect to be able to do.

For your information, we are mining and milling at the Red Top and making some money, but this of necessity must go to pay off certain vital pieces of equipment. As soon as these indebtednesses are cleared, money from this operation can go into the Lucille contract. We expect to be mining all winter at the Red Top and by spring will be fairly well in the clear on this equipment.

I will write you upon my return from Bremerton and as soon as the Forest Service case is heard from.

Yours very truly,

Pacific Northwest Mining Company
Robert A. Rukke
Robert A. Rukke, Secretary

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
~~XXXXXXXXXXXXXXXXXX~~
No. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
NOV 23 1953

November 13, 1953

Mr. Robert Fulke
c/o Pacific Northwest Mining Company
New Zealand Hotel
Northport, Washington

Re: Docket No. DMEA-2123 (lead-zinc)
Lucile Mine
Stevens County, Washington
Contract No. Iim-[illegible]

Dear Mr. Fulke:

We have recently been advised that you are influential in conducting affairs of the Pacific Northwest Mining Company; consequently we wish to direct your attention to the DMEA contract currently held by that company. Our reason for taking this action is that during the past summer we have sent a number of letter to Mr. Martin A. Morrison, President of the Pacific Northwest Mining Company, none of which have been answered. This negative attitude has led us to believe the company is no longer interested in their DMEA contract and we have therefore taken measures to terminate the contract by mutual agreement. However, before sending this termination document to the field for signature by company officials, we thought it might be mutually advantageous to acquaint another company official with the aforementioned letters, acting on the supposition that information in those letters has not been made common knowledge to other company officials.

Enclosed are copies of letters to Mr. Morrison dated June 19, July 6, and August 27, 1953. Perusal of these letters will give insight to our concern over the status of the contract and the completion of DMEA project work. The contract expiration date has, of course, been exceeded; however, it might be possible to amend the contract by extending the expiration date, thus providing time to complete the work should the company wish such an extension. In the event such an extension is requested we will need assurance that the company is financially capable of participating in their share of the exploration costs.

We would appreciate your informing us of the company's current plans regarding their DMEA contract. If the company is financially capable of completing project work and desires to do so, we would be willing to discuss an amendment. If, on the other hand, the company would prefer to terminate the contract by agreement, before completion of the work, please advise and we shall send this termination agreement to you for signature. If you do not care to terminate by agreement and cannot complete project work, it may be necessary to close out the contract by unilateral action by the Government; however, we prefer not to use such action if it can be avoided.

Your immediate reply will be appreciated.

DMEA Field Team, Region II

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

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

Enclosures

cc: DMEA (2)
USBM (2)
Puffett

R. Maurice Cooper

ATTORNEY AT LAW

CERTIFIED PUBLIC ACCOUNTANT

TELEPHONE RIVERSIDE 4146

408 HUTTON BLDG., SPOKANE 4, WASH.

November 5, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 12 1953

Mr. A. E. Weissenborn, Executive Officer
South 157 Howard
Spokane, Washington

Re: Norman D. Lindsley v. Pac. Northwest Mining Co., et al, #14262, and State of Washington, Div. of Forestry v. Pac. Northwest Mining Co., et al, #14324

Dear Mr. Weissenborn:

I am writing to you to advise you of the status of the above cases as you, having a D.M.E.A. loan on the property, are naturally interested in knowing what has developed.

In reference to the case of Lindsley v. Pacific Northwest Mining Co., et al, the matter was tried on October 20, 1953, and after the plaintiff had placed their party on the witness stand and had been cross-examined, the judge hearing the matter recommended that a settlement be reached, and in accordance with the judge's recommendation a settlement was reached and the case was dismissed with prejudice.

In the matter of the State of Washington, Forestry Division v. Pacific Northwest Mining Co., et al, the matter has been continued indefinitely pending the outcome of a similar case in Bellingham, Washington. We are not in possession of all the facts but believe they are similar to the case at hand. In that case the superior court judge dismissed the action against the defendants and the State of Washington has appealed to the supreme court. This case has been indefinitely suspended until a decision has been reached by the supreme court in that case.

Very truly yours,

R. MAURICE COOPER

RMC:dm

CC: M. E. Bolin
1201 North Division
Spokane, Washington

2123

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FILE COPY
SURNAME: 113

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

Keating
McKeand
Burton
Fallquist
Savage
Weissenborn

NOV 5 1953

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Stevens County, Washington
Contract No. Idm-1223

Dear Mr. Weissenborn:

This refers to your letter of August 27, 1953, to the above company in which you call attention to the fact that continuation of the exploration project seemed doubtful, and you asked to be advised if there was any plan for the future which would permit the work to proceed. It appears that you have had no answer to your inquiry.

Data available in our files indicate that no work has been done at the property since November 1952, and that the Operator is faced with debts and obligations totalling an amount greater than will be possible for him to satisfy.

The Operator is found to be in grave financial difficulties with little or no chance of proceeding with the exploration work, and there has been ample opportunity to correct the situation. It is evident that the company has no definite plans, and cannot proceed. Therefore, it appears to be to the best interest of the Government to terminate the work, and we concur with your recommendation to that effect.

We suggest that you endeavor to arrange termination of the work by mutual consent. There is enclosed for

R.C.S.
11-5-53

execution, such an agreement to be signed by the three Zoldoks, the original Operators, and by the Pacific Northwest Mining Company. When this agreement has been executed as requested, please return it for the signature of the Administrator. If through lack of cooperation you are unable to accomplish the execution of this document, please advise us so that unilateral action by the Government may be considered.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Approved:

J. H. Hedges (JHH)

Member, Bureau of Mines

A. R. Kinkel, Jr. (ARK)

Member, Geological Survey

AEKane/ema 10-29-53
cc: Mails & Files
Adm. R. File
Op. Comm.
Mr. Thayer
Mr. Hedges
J. L. Hofflund
W. R. Griswold
A. E. Kane
Chron.
Pending

FILE COPY
SURNAME

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

N.S. in R.P.

October 29, 1953

AEKane
Antin

Memorandum

To: The Administrator

Through: W. R. Griswold

From: Chief Counsel

Subject: Pacific Northwest Mining Company - Docket No. DMEA-2123 (lead-zinc) Contract Idm-E228

The Base Metals Division has requested this office to draw up an agreement with the Assignee terminating the latter's obligation to complete the work under the contract. If we did this, the Assignors, Stephen W., Betty Jane, and Joseph M. Zoldok, might perhaps also be relieved from their obligation to complete the work under the contract. However, the Base Metals Division has stated that it is not advisable to request the Assignors to complete the work but that they should be responsible for royalties in case of future production. Consequently, we have drawn an agreement between the Operator, the Assignee, and the Government for termination of the work but for the payment of any royalties in the event of future production.

Albert E. Kane

for J. L. Hofflund
Chief Counsel

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

Attachments

FILE COPY
SURNAME:

500 918

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

N.S. in K.R.

October 19, 1953

Memorandum

To: Chief Counsel

From: Base Metals Division

Subject; Docket No. DMA 2123, Pacific Northwest Mining Company (Assignee) Stephen W. Zoldok, Betty Jane Zoldok and Joseph M. Zoldok (Co-partners - Assignor) Lucile Mine, Stevens County, Washington

The Field Team recommends that the above project be terminated to which the Base Metals Division concurs. There are certain legal conditions not included in our regular form but which may be required in this instance.

Attached is a brief digest of the project, and a letter to the Field Team suggesting termination by mutual consent, if this is possible. There is a question as to what legal rights the Government may have to equipment purchased under the contract. The Zoldoks, as owners, executed the consent to lien.

The exploration work has not so far disclosed mineralization, but the target has not been reached. The Field Team consider the project favorably. Therefore the termination should include a clause guaranteeing repayment of Government's participation on a royalty basis on future production as though the project had been certified.

Preparation of a proper termination agreement is requested.

A. G. Keating

Attachment

CC to: Docket
Base Metals
Chron.

FILE COPY
SURNAME: 500

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

N.S.in R.R. October 19, 1953

Summary

Docket No. DMA 2123 - Stephen W. Zoldok, Joseph M. Zoldock and Betty Jane Zoldock, Co-Partners, Lucile Mine, Stevens County, Washington Contract No. Idm-E228 (assigned to Pacific Northwest Mining Company). (Lead-Zinc)

Contract dated December 14, 1951, Form MF-200 June 1951 to be completed within 10 months - October 14, 1952 - extended by amendment to June 14, 1953.

Exhibit "A" Digest

Fixtures and improvements	$ 2,307.00
Equipment to be purchased	7,233.00
Labor and supervision	10,712.00
Rehabilitation and repairs	500.00
Material & Supplies	8,942.00
Bulldozer stripping	1,500.00
Diamond drilling 940 ft. NX @ $6.00 per foot	5,640.00
" " 60 ft. NX @ 7.50 per foot	450.00
Total estimated cost of project	$ 37,284.00
Government participation at 50 %	$ 18,642.00
July 27, 1953 - Expenditures allowed by Audit	$ 17,637.88
Contract fund remaining unexpended	$ 19,647.12

June 30, 1952 - Government consent to assign mining lease between Operator as owner and Horseshoe Basin Mining and Development Co., and in turn assigned to Pacific Northwest Mining Co.

January 4, 1953-Amendment No. 1 - Time for commencement of work extended to May 1, 1952.

August 1, 1952 -Amendment No. 2 Labor rates specified for drifting and crosscutting.

March 10, 1953 -Amendment No. 3 - Extends time for completion of work from 10 months to 18 months - June 14, 1953.

Last MF-104 - Operator's report for November 1952

Crosscutting 411 ft. at $25.32 per foot	$ 10,409.58
Stripping (70%)	800.00
Operating equipment purchased	4,491.42
Rehabilitation and repairs	701.62
Building and improvements	1,319.23
	$ 17,721.85

Suspension of work due to Operator's lack of funds resulting in various liens and attachments of equipment. The company is in serious financial difficulties with no definite plan to proceed. Field Team recommends termination.

A. G. Keating.

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

Op. Com., D.C.

1201 N. Division St.
Spokane 2, Washington
August 27, 1953

Keating
Betty

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-E228

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.

your letter 7/15/53 to the Field Team, Reg. II. Emf.

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)

C
O
P
Y

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

August 21, 1953

Memorandum

To: Regional Director, Region II

From: Director

Subject: Legality of interest held in Pacific Northwest Mining Company by Stephen W. Zoldok, an employee of the Bureau of Mines, in relation to Docket No. DMEA-2123 (Lead-zinc), Pacific Northwest Mining Company, Stevens County, Washington, Contract Idm-E228.

Mr. Volin's letter of July 30, addressed to the Chairman of the Operating Committee of the Defense Minerals Exploration Administration, has been referred to me to consider whether it is legal for Mr. Stephen W. Zoldok, an employee of the Bureau of Mines, to hold certain private interests. Mr. Zoldok is at times assigned to duties concerning DMEA work.

Mr. Volin's letter indicates that Mr. Zoldok is a joint owner of the mining property leased to the Pacific Northwest Mining Company which leases the mine with respect to which Contract Idm-E228 was made, and with respect to which the Bureau of Mines has conducted or is conducting investigations, and that Mr. Zoldok also owns stock in that company. According to Mr. Volin's letter, Mr. Zoldok's activities, since he began work for the Bureau of Mines, have been honest and above reproach and his work for the Government has in no way been connected with the administration of Contract Idm-E228 or the property to which it relates.

Inasmuch as the Bureau conducts investigations and inquiries concerning this mine, I believe that Mr. Zoldok's private interests in the mining property and stock mentioned above, bring him within the scope of section 4 of the Act of February 25, 1913 (37 Stat. 681, 682, 30 U.S.C., sec. 6) which provides as follows in part:

". . . in conducting inquiries and investigations authorized by this Act, neither the Director nor any member of the Bureau of Mines shall have any personal or private interest in any mine or the products of any mine under investigation, . . ."

In Solicitor's Opinion M-32038 of February 25, 1943 (58 I.D. 354, 359), the Solicitor ruled that if the Bureau of Mines undertakes any investigation of a particular mining enterprise or conducts any economic or other inquiry concerning it, no employee of the Bureau of Mines may hold any interest in that mining enterprise and, therefore, that if the employee desires to remain with the Bureau, he must divest himself of any interest therein which he holds. The Solicitor also stated: "The fact that he would take no part in such official investigation is irrelevant." In his subsequent Opinion of May 26, 1943, to the Director of the Bureau of Mines, the Solicitor further stated that it is immaterial whether the mine is or is not in operation and that "If a company is a mining company, the amount of stock held in it by a Bureau employee is immaterial, since the statute prohibits any personal or private interest in a mine." See also Solicitor's Opinion M. 33835 of November 3, 1944, attached to Bureau of Mines Business Order 836 (November 11, 1944).

Accordingly, irrespective of whether or not the retention by Mr. Zoldok of his interests in the mining property leased to the Pacific Northwest Mining Company and in the stock of that company could be said to conflict with his public duties, it appears that such retention is now in violation of section 4 of the Act of February 25, 1913. Mr. Zoldok should therefore be requested promptly to dispose of his interests in such mining property and stock, and to report to you concerning such divestiture, or to resign from the Bureau. Please send this Office a full report of your and Mr. Zoldok's action in this matter.

A copy of this letter is being sent to the Administrator, Defense Minerals Exploration Administration.

/s/ J. J. Forbes

Director

PIndritz/gs

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

AUG 17 1953

Keating
Chambers
Boffin
Hoffman
Martin
Selfridge
Mattendorf

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

Re: Docket No. DMEA 2123 (Lead-Zinc)
Pacific Northwest Mining Co.
Lucile Mine
Stevens County, Washington
Contract No. Idm-6228

Dear Mr. Weissenborn:

This is in reply to your letter of July 30, 1953, in which you advise us of the results of recent investigations to determine the advisability of continuing the project.

Reviewing the report dated July 27, 1953, by Mr. Hull, DMEA auditor, it is evident that the Operator is faced with debts and obligations totalling an amount greater than it will be possible for him to satisfy. There appears to be no definite plan for the future which would permit a continuance of the operation.

The time for completion of the work has been extended, by amendment, from October 14, 1952 to June 14, 1953. The last Operator's Monthly Report received by this office is for the month of October 1952. You advise us that although some work has been accomplished after the amendment was allowed, it is of little significance.

We concur with your conclusions that there is small chance for completion of the project and also with your recommendation for termination, but it is suggested that you first communicate with the Operator to see if he has any dependable plan for continuance since considerable money has been expended and the work appears to be near the target.

If it develops that the Operator will be unable to continue, then it appears that it would be in the best interest of the Government to terminate the contract. You should prepare a draft of a termination by agreement for execution by the Administrator. The agreement should cover disposition of equipment and materials in which the Government has an interest. We will insert a provision that the Government's contribution is repayable in the same manner and to the same extent as if the Government had certified a discovery under the terms of the contract. The original Operator, the four Zoldoks, should be requested to execute the agreement, when it is ready for execution, as they were not released from the contract when they assigned it to the present Operator.

The last paragraph of your letter asks the question whether the Government is obligated to contribute to the costs of the contract work which is performed after the date specified in the contract for the completion of such work, but prior to termination of the work. This question is specifically answered in the affirmative in DMEA Circular 21, Supplement 1. However, although the Government is obligated to pay, it should not, in a case such as this, make immediate payment where recovery of the Government's interest in equipment and materials is in doubt. Therefore, all money due the Operator should be withheld.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

APPROVED:

J. H. Hedges
Member, Bureau of Mines

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

AGKeating/hmj
(8/14/53)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals Div.
Mr. Kinkel
Mr. Bishop
Chron.

HHK 8-17-53

500

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

Keating

ns in RR

August 11, 1953

Memorandum

To: Administrator

From: Base Metals Division

Subject: Stephen Zoldok and his relation to Docket No. DMEA 2123 (Lead-Zinc) Pacific Northwest Mining Company, Stevens County, Washington Contract Idm-E228

The attached letter, sent to this office separately, requests our consideration of the relationship of Stephen Zoldok and the above named company and the question of his further assignment to DMEA duties.

Since this is a matter of policy your recommendation is requested.

W. R. Griswold

W. R. Griswold

Attachement

AGKeating/hmj
(8/10/53)
CC to: Docket
Base Metals
Chron.

HHH
8-18-53

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG - 3 1953

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. Volin, 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 3 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. E. Lee Company, Inc.	515.10
Andrews Equipment Service	130.77
Barmans Department Stores	559.81
Bitco, Inc.	34.45
Lynn Farm Supply	48.13
Colville Auto Parts	37.74
Tuttle Repair Shop	45.60

Zeodsam, Inc.	$ 53.50
V. R. Douglas Lumber Co.	350.00
Tony's Market	475.00
Union Oil Co. of California	630.53
Harold S. Kimes	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 Drosky (%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 R. 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. Morrison, 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. Zoldok, Betty Jane Zoldok and Joseph M. Zoldok, 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. Dresky ($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
BUREAU OF MINES

1201 N. Division St.
Spokane 2, Washington
July 30, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG - 3 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:

Reference is made to the Field Team letter of July 30, 1953 regarding the financial difficulties of the subject Operator and recommending termination of the contract.

One point that may not be clear from the file is the fact that Stephen W. Zoldok, one of the owners of the property with whom the contract was originally negotiated, is now employed by the Bureau of Mines under temporary appointment and was assigned to DMEA work from January 1 to July 1 of this year. Now he is temporarily assigned to other Bureau activities but he will be returned to DMEA duties if funds permit and your office does not object. His services have been excellent, and we would have some difficulty finding a replacement of equal engineering calibre.

Since September 1, 1952 Mr. Zoldok has had no active connection with the operations at the Lucile mine, and his work since his entrance on duty with the Bureau has been for the most part in southern Idaho. He has had nothing to do with the administration of the subject contract or any others located in that general area.

Mr. Zoldok has retained his interest in the Lucile property, which was leased to the Horseshoe Basin Mining Company and that lease assigned to the Pacific Northwest Mining Company, the present DMEA Operator. As a result, Mr. Zoldok was named as owner in the liens referred to in previous correspondence and is co-defendant in suits pending against the company in connection with the liens.

As a consideration of the lease Zoldok received stock in the Pacific Northwest Mining Company which, as far as we know, he still retains.

Mr. Zoldok's activities since coming to work for the Bureau of Mines have been honest and above reproach. In any event, there has been no chance for his connection with the Operator to work to the disadvantage of the Government. His position with respect to the Pacific Northwest Mining Co. is brought to your attention at this time, however, for your full cognizance of that position and consideration of his further assignment to DMEA duties.

Sincerely yours,

M. E. Volin, Chief
Mining Division
Region II

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
No. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 13 1953

July 8, 1953

Griswold
Keating
Betty

Mr. Martin A. Morrison, President
Pacific Northwest Mining Company
619 Fourth Street
Bremerton, Washington

Re: Docket No. DMEA-2125 (lead-zinc)
Lucile Mine
Stevens County, Washington
Contract Idm-5226

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 L. Howard, Acting Director
(Bureau of Mines)

cc: USGS (2)
DMEA (2)
Hull
Puffett

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

RECEIVED
JUL 13 1953

Kirkwold
Keating
Betty

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

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

cc: USBM (2)
Puffett

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

500

N.S. in R.R.

July 7, 1953

Memorandum for the Files

From: Base Metals Division

Subject: Docket No. DMEA-2123, Pacific Northwest Mining Company, Stevens County, Washington, Contract No. Idm-E228

During a telephone conversation with A. E. Weissenborn, the unsatisfactory situation which had developed at this project was discussed. USGS and USBM engineers visited the property on June 16, 1953 and reported no evidence of recent work at the property (report received July 15, 1953); the head of the compressor had broken last fall and had not been replaced, and much equipment had been removed from the ground (see our letter to field July 3, 1953).

It was decided that the situation required prompt action and Weissenborn stated that he would check immediately, and if results were negative, would determine status of the equipment removed and take action for termination of the contract.

/S/

A. G. Keating

AGKeating/bjl

Copy to: Docket
Admr. R. File
Op. Committee
Chron.

FILE COPY
SURNAME:
500

Keating
Zaffaut
Brown
Selfridge
Mittendorf

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

JUL 3 1953

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

Re: Docket No. DMA-2123 (Lead-Zinc)
Pacific Northwest Mining Company
Lucile Mine
Stevens County, Washington
Contract No. Idm-2228

Dear Mr. Weissenborn:

This will acknowledge receipt of a copy of your letter of June 19, 1953, to Mr. Martin A. 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

(GCS)

Chairman, Operating Committee

APPROVED:

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

A. R. Kinkel, Jr.
Member, Geological Survey (ARK)

AGKeating/hmj
(7/1/53)
CC to:

Docket
Adm. R. File
Op. Committee
Base Metals Div.
Mr. Kinkel
Mr. Bishop
Chron.

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

So. 157 Howard Street
Spokane 4, Washington

June 19, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
Received
JUN 22 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-2228

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. Rokke, 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 E. 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 crosscut.

Before we can consider 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)
DMEM (2)
Puffett

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

April 24, 1953

RECEIVED
APR 27 1953

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

Re: Docket No. DMEA 2471 (Lead-Zinc)
Albert F. Carlson
Basin County, Montana
Contract Idm-E313

and

Docket No. DMEA ~~2131X~~ 2123 (Lead-Zinc)
Pacific Northwest Mining Company
Stevens County, Washington
Contract Idm-E228

Dear Mr. Selfridge:

Yesterday, there was sent to you amendments extending the time for completing both of the above contracts. Although these amendments were authorized by the Executive Officer in apparent violation of Memorandum 18, this is not the case. Both amendments were sent to the Operator before receipt of Memorandum 18 in this office, and in both cases the Operator delayed in signing and returning the amendment to us. Also in both cases the Operating Committee has been fully informed by previous correspondence of the reasons for extending the time on the above contracts.

In all new cases of this kind we shall inform you of our recommendation, but will refer the matter to you for action as provided for in Amendment 18.

Sincerely yours,

A. E. Weissenborn

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

cc: USBM(2)

Docket Copy

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

April 22, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 27 1953

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

Re: Docket No. DMEA-~~2131X~~ 2133 (lead-zinc)
Pacific Northwest Mining Company
Stevens County, Washington
Contract Idm-E22~~8~~ 27

Dear Mr. Selfridge:

Attached are the original and two signed copies of Amendment No. 3 to the subject contract, with attached justification.

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

Sincerely yours,

A. E. Weissenborn

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

Attachment

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

RECEIVED
JUN 12 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

~~Grasewold~~
Keating
Betty

March 10, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 16 1953

Mr. Martin A. Morrison, President
Pacific Northwest Mining Company
619 Fourth Street
Bremerton, Washington

Re: Docket DMEA-2123 (lead-zinc)
Lucile Mine
Contract Ida-5248

Dear Mr. Morrison:

In response to your request of February 25, 1953, we have prepared an amendment to extend the subject contract to June 14, 1953. During this three month period, we expect you to make financial arrangements which will satisfy the liens that have been filed against your company and to resume the exploration work at the Lucile Mine. We can extend the contract further if exploration work has been diligently undertaken but is not completed by June 14, 1953.

Our primary desire is to reach the target area because we are unable now to judge whether the work to date has been contributary to a successful exploration program.

Enclosed is Amendment No. 5 which extends the completion date of the contract. If this meets with your approval, please sign all copies, retain the "Operator's Copy" and return the rest to this office for further distribution.

By DMEA Field Team, Region II

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

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

Enclosure

cc: DMEA (2)
USBM (2)
Kirkemo

C
O
P
Y

PACIFIC NORTHWEST MINING COMPANY
619 Fourth Street, Bremerton, Washington

U. S. Department of Interior
DMEA Administration
So. 157 Howard St.
Spokane 4, Washington

February 25, 1953

Gentlemen:

This will acknowledge your letter of January 30, 1953, in which, you show an awareness of our financial situation as it may be according to the liens that have been filed against us.

The stockholders that we are continually contacting have accepted the reverces and we are continuing to sell stock. Under no circumstance do we intend to drop the contract, despite our reverces. However, to guarantee beyond all contingencies would be negligent, but each day we are building the assurances that will be needed to carry on this contract.

With regard to the $2035.00 claim by the government, we are prepared now to reduce that amount considerably and arrangements are being made to substantially reduce this claim systematically along with another amount that is due the government.

As for the lien by the Forestry, it will be realized that it will only become a charge against us when it has been perfected. We have just learned that even though a decision might be rendered against us, the Forestry will work out a payment plan whereby the first payment does not fall due until one year after the first negotiations and the balance in 4 yearly installments. In the event the Forestry insists on foreclosure of their lien, the outcome would depend on the courts decision and due to the considerable doubt as to the origin of the fire, we most certainly could not justify the acceptance of full responsability.

In this request for an extension of time under our contract, we do not mean to imply that we intend to start work immediately after the 1st. of March. We have had to close down our operations of mining and milling the Red Top ore because the bottom is out of the road. This apparently is caused by unseasonal weather where there has not been the usual freezing. It has been estimated by the loggers, who suffer the same hinderance, that the roads will not be ready to use for 6 to 8 weeks yet.

Yours truly,
/Sgd./
Martin A. Morrison

FILE COPY
SURNAME:

500

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

Keating
Counsel

February 20, 1953

Memorandum

To: Chief Counsel n.s. in R.&R.

From: Base Metals Division

Subject: Liens filed against Pacific Northwest Mining, Lucille Mine, Stevens County, Washington, Docket No. DMEA 2123, Contract No. Idm-E228 (Lead-Zinc)

Attached is a letter dated February 6, 1953 from A. E. Weissenborn, Executive Officer, Region II, regarding three liens filed against the above cited company in December 1952 and January 1953.

Your opinion and instructions as to the legal position of the Government are requested.

/s/ A. G. Keating
A. G. Keating

AGKeating/hmj
(written February 20, 1953)
CC to: Docket File Copy
Admr. Reading File
Mr. Keating
Chron.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 13 1953

February 6, 1953

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

Re: Docket No. DMEA-2123 (Lead-Zinc)
Pacific Northwest Mining Co.
Lucille Mine
Stevens County, Washington
Contract Idm-E228

Dear Mr. Selfridge:

In reply to Mr. Hofflund's memorandum concerning the troubles with the lien against the Pacific Nortwest Mining Company, I am enclosing a memorandum from Mr. Kirkemo regarding the present situation on this property. As you will note, the situation is considerably worse than it was when we first wrote you, and it appears that it will take something like a minor miracle to permit the company to maintain operation. We are enclosing a copy of a letter from Mr. Morrison of the Pacific Northwest Mining Company in which he states that the company hopes to continue work this spring.

Following the instructions in Mr. Hofflund's memorandum, we shall make no further payment until this matter is cleared and we are informing the various lien holders of record of the Government's interest in the equipment. We presume that there is nothing further that can be done at this time except to sit tight and see what happens. Snow conditions make operation of the mine difficult and expensive at the present time and does provide a logical excuse for the Operator to recess the work. However, the contract will expire on March 1, 1953, and if the Operator by that time has failed to show he can continue the operation, there would seem to be no recourse but to consider it terminated and to salvage whatever can be retrieved from the wreck.

RECEIVED
FEB 26 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

By Field Team, Region II

A. E. Weissenborn

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

M. E. Volin

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

Enclosures
cc: USBM (2)
Kirkemo

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

February 3, 1953

MEMORANDUM

To: A. E. Weissenborn, Executive Officer
DMA Field Team, Region II

From: Harold Kirkemo, Geologist
U. S. Geological Survey

Subject: Docket No. DMA-2123 (Lead-Zinc), liens filed against the Pacific Northwest Mining Company, Operator of the Lucile mine, Stevens County, Washington, Exploration Contract Idm-2228.

SUMMARY

The Pacific Northwest Mining Company, Operator of the subject DMA contract at the Lucile mine, is faced with three liens totalling $8,470.11, and there is a possibility that a fourth lien may be filed. These liens are:

(1) Lien for $5,309.61 filed December 23, 1952, by the State of Washington, Division of Forestry, for expenses incurred in fighting a forest fire at the Lucile mine September 6-10, 1952.

(2) Lien B-10703 for $1,125.00 filed December 30, 1952, by Norman T. Lindsley, formerly engineer in charge, for unpaid salary.

(3) Lien for $2,035.50 filed January 20 and 28, 1953, by the U. S. Internal Revenue Department for withholding and employment taxes for the third quarter of 1952.

(4) The U. S. Internal Revenue Department will file a lien for withholding and employment taxes for the fourth quarter of 1952 if these taxes are not paid.

In the Spokane Chronicle of January 29, 1953, there appeared an article regarding a lien filed in Federal District Court against the Pacific Northwest Mining Company in the amount of $2,035.50 for

withholding and employment taxes during 1952. I phoned the District Court clerk's office on January 30 to inquire about this lien, and I was referred to the Internal Revenue Department. I talked with Mr. Robinson, Director of the Spokane office, Internal Revenue Department, and obtained the following information.

The lien was filed January 20 in Colville, Washington, and on January 28 in Federal District Court in Spokane, Washington. The lien amounts to $2,035.50 for income tax withheld by the employer, Social Security and employment taxes due for the third quarter of 1952. The lien attaches to any property real or personal, and money due or becoming due to the company, and any money payable to the company would be taken by the Internal Revenue Department toward payment of this lien.

I discussed with Mr. Robinson the DMEA contract with the Pacific Northwest Mining Company and explained to him the general program of the DMEA. I asked him what affect the lien would have on disposition of equipment in which the Government has an equity with the Operator by reason of participation in purchase of the equipment with funds contributed jointly by the Operator and the Government.

Mr. Robinson asked what we had to show to prove our equity in the equipment, and I read to him Article VII in the contract with the Pacific Northwest Mining Company which describes title to and disposition of property. Mr. Robinson thought we have no more interest in the property than does the company itself and any money derived from the sale or disposal of such items would be applied toward settlement of the lien; and we, therefore, have no prior claim to revenue derived from sale of such equipment.

Mr. Robinson inquired how payment is made to the Operator by the Government under terms of this contract. I described to him that any money paid to the Operator by the Government was paid on the basis of vouchers submitted by the Operator and approved by the Government, and Mr. Robinson inquired if any payment was anticipated in the near or foreseeable future. I told him I did not think so. He said if any work had been done by the company during the fourth quarter of 1952, a lien would be applied against that period as well as the third quarter unless payment was made on these taxes. He said, too, that any money we might pay in the future should go to the Internal Revenue Department to settle this lien.

A total of $17,637.88 had been paid on the contract through November 30, 1952, and the Government had contributed $8,818.94 of this amount. Perhaps the sum of $2,035.50 claimed in the Internal Revenue Department's lien for the third quarter of 1952 was not wholly incurred with work on the DMEA project at the Lucile mine. The Pacific

Northwest Mining Company operated the Red Top mine and the Admiral mill concurrently with work at the Lucile Mine. The lien of course is against all operations of the company during that period.

Following are the taxes charged to the MMA contract at the Lucile mine May through November 1952. These figures were obtained by W. S. Anderson, Engineer, U. S. Bureau of Mines, from vouchers submitted by the Operator.

1952 Month	Social Security	Unemployment Compensation	Industrial Insurance & Medical Aid	Total
May & June	$ 11.34	$ 20.39	$ 77.46	$ 109.19
July	8.67	15.60	45.66	69.93
August	10.38	18.67	56.04	85.09
September	18.69	33.63	69.68	122.00
October	30.20	54.36	36.19	120.75
November	17.09	33.43	53.50	104.02
Total	$ 96.37	$176.08	$338.53	$ 610.98

The Government of course does not participate in the payment of income taxes incurred by the Operator and his employees.

The November voucher submitted by the Operator has been paid. The Operator has been paid for a total advance of 411 feet in the crosscut. Since November an additional advance of 16 feet was made in the crosscut and the total length is now 427 feet.

I phoned Mr. R. J. Hindman, Certifying Officer, Region II, as you instructed, and asked him to defer payment of any unpaid vouchers submitted by the Pacific Northwest Mining Company until the lien difficulties are settled.

Mr. T. E. Howard, Engineer, U. S. Bureau of Mines, calls attention to Article 9 of the mining lease granted by the owners of the Lucile mine, Stephen W. Zoldok, Betty Jane Zoldok, and Joseph M. Zoldok, to the lessees, the Horseshoe Basin Mining and Development Company. This article states:

> "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 lien 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."

The Horseshoe Basin Mining and Development Company sold this mining lease on the Lucile mine to the Pacific Northwest Mining Company and assigned and transferred "all the rights, benefits, covenants and stipulations therein contained and provided."

Stephen W. Zoldok, Betty Jane Zoldok, and Joseph M. Zoldok and the Pacific Northwest Mining Company are named as owners in the lien filed by the State of Washington, Division of Forestry.

It is unknown what effect terms of the lease quoted above may have in absolving Stephen W. Zoldok, Betty Jane Zoldok, and Joseph M. Zoldok from responsibility for payment of liens filed against the Pacific Northwest Mining Company.

If the Pacific Northwest Mining Company is bankrupt and these liens are not paid, it is likely that the equipment in which the Government has an equity with the company will be sold. It must be determined how the Government will participate in returns from such sale to satisfy the equity.

Harold Kirkemo

Distribution:
DMEA(2)
USFS(2)

Pacific Northwest MINING COMPANY
619 FOURTH STREET • BREMERTON, WASHINGTON

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

January 23, 1953

Gentlemen: Att: Mr. A.E. Weissenborn & Mr. M.E. Volin

We had been informed that a request had been sent in to your office for both an extension of time and a winter time suspension on our contract. It was our impression, gathered from the same sources, that these requests at least had been verbally O. K'ed by your agency.

We are sorry that this matter has been confused for everyone. We wish to make a request now for an extension of time on our contract. We first were delayed when our mucking machine was damaged by the trucker enroute to the property. Our second delaying factor was the fire. This fire ate up both time and money. We had to pay out a very substantial amount of money over and above the amount that is now levied by the lien.

The lien is having a serious effect on the people who have been putting up the matching money. We are a new company and a small one. To have a lien filed before the present development, on the Lucille, has been carried out far enough to tell whether we have commercial ore or not is a serious handicap. The adverse publicity has its effect on the public and on our material suppliers.

Our attorney is contacting the U. S. Forest Service who have filed the lien. We should have some answers to this problem as a result of this contact.

It is our hope that we can continue the exploration under the contract in the early spring or as soon as weather and road conditions make it possible.

Yours truly,

Martin A. Mannerson

February 20, 1953

Memorandum

To: Chief Counsel

From: Base Metals Division

Subject: Liens filed against Pacific Northwest Mining, Lucille Mine, Stevens County, Washington, Docket No. IMC. 2123, Contract No. Idm-E228 (Lead-Zinc)

Attached is a letter dated February 6, 1953 from A. E. Weissenborn, Executive Officer, Region II, regarding three liens filed against the above cited company in December 1952 and January 1953.

Your opinion and instructions as to the legal position of the Government are requested.

/s/ lyf
A. G. Keating

AGKeating/hmj
(written February 20, 1953)
CC to: Docket File Copy
Admr. Reading File
Mr. Keating
Chron.

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

January 30, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 3 1953

Mr. Martin A. Morrison, President
Pacific Northwest Mining Company
619 Fourth Street
Bremerton, Washington

Re: Docket No. DMEA-2123 (Lead-Zinc)
Lucille Mine
Contract Ida-E228

Dear Mr. Morrison:

Prior to receipt of your letter of January 23, 1953 we had not been informed by any representative of your company verbally or by letter that you wished to suspend winter operations on the exploration contract at the Lucille Mine or that you requested an extension of time for completion of the contract.

We are aware and much concerned with your financial difficulties; first, by a lien for $5,309.61 filed against your company by the State Division of Forestry December 23, 1952, and, second, by a lien for $2035.00 claimed due on 1952 withholding and employment taxes filed in Federal District Court in Spokane January 28, 1953.

You expressed concern about the adverse publicity amongst present and prospective stockholders because of the first lien, and now the company is faced with a second lien which, too, could seriously affect your financial position. We are concerned with the possibility that these liens may so exhaust your funds that you will be unable to bring the contract to completion. We are much interested in the results of your attorney's discussion with the State Division of Forestry and would appreciate hearing from you as soon as possible regarding the discussion.

If you can resolve the company's present financial difficulties so that it can provide its share of the money necessary to continue work on the exploration contract, we can prepare an amendment to extend the completion date beyond March 1, 1953 on which date the present contract expires. These financial arrangements may

not be possible immediately, but if you have any assurance they can be made before March 1, please notify us to this effect so we can extend the time. There is no point in extending the contract unless we have assurance that the work can be completed.

The exploration crosscut is so near the target now we would like to see the work brought to a successful conclusion if it is at all possible to do so.

Yours truly,

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

cc: DMEA (2)
USBM (2)
Kirkemo

FILE COPY
SURNAME:

FEJohnson
Keating
Chambers
Hofflund
Selfridge
Hedges

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

73W.

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 8, Washington

JAN 28 1953

Re: Docket No. DMEA-2123 (Lead-Zinc)
Contract No. Idm-E228
Pacific Northwest Mining Company

Dear Mr. Weissenborn:

J.C. 1/28/53

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
(246)
Chairman, Operating Committee

APPROVED:

J. H. Hedges (246)
Member, Bureau of Mines

A. R. Kinkel, Jr. (246)
Member, Geological Survey

Enclosures (1)

FEJohnson/bih 1/23/53
cc to: Docket
Admr. Reading File
Region II
Operating Committee
Hedges - Thayer
Hofflund - Chambers
Keating - FEJohnson

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR 140
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

January 21, 1953

BW

Memorandum

To: The Administrator

From: Chief Counsel

Subject: Pacific Northwest Mining Company, Docket No. DMA-2123, Contract IDM-E228

Reference is made to two letters, dated January 5 and January 8, respectively, from the Executive Officer, Region II, to the Chairman of the Operating Committee, to the first of which is attached a "Notice of Claim of Lien" by the State of Washington on the property involved in the exploration project contract, including certain equipment in which the Government has an equity. The State's lien is on account of damages said to have been caused by a forest fire which was started by the negligence of the Operator.

M.S. in R.

Inasmuch as we do not record our exploration project contracts, the State of Washington has no legal notice of the Government's claim against or interest in either the real or personal property. The possibility of intervening claims which might interfere with the Government's rights has always been foreseen, but we long ago determined that the detriment to the Government arising out of attempting to place its claims of record would outweigh the benefits.

J.C.H.

The exploration project contract was entered into with a partnership composed of three persons bearing the surname of Zoldok. After the project was under way, the partnership assigned its interests to Pacific Northwest Mining Company, a corporation. The assignment, of course, required the consent of the Government, and the Government's consent particularly recites that it is given "without releasing the Operator." Mr. Weissenborn's letter of January 5, indicates that work on the project has been suspended since about December 5, 1952.

The ultimate rights of the parties, including the State of Washington, upon the settlement of this exploration contract, will depend upon the laws of the State of Washington where the State's lien has been filed. If no certification of discovery or development is made, the Government's only concern will be to recover its equity in the equipment which is subject to the State's lien. If there is sufficient money due or to become due to the Operator from the Government under the exploration contract to cover the Government's interest in the equipment, the Government does not stand to lose anything on account of the State's claim, except possibly in the event of a certification of discovery or development. In view of the suspension of operations, we cannot determine here at this time what the state of the account between the Operator and the Government may be. In any case, until the State's lien is released, sufficient money should be withheld (if there is any due or to become due to the Operator) to cover the Government's interest in the equipment. Of course, the Operator may contest the State's lien and may succeed in defeating it. If this should occur, the Government's position will be the same as if the lien had not been filed. In any case, both the corporation and the partnership (the original operator) will remain liable to the Government for its equity in the equipment.

Pending the final disposition of this matter the Field Team Executive Officer should notify the State of Washington, by and through the Division of Forestry (the lien claimant) of just what items of equipment that have been covered by the lien the Government claims an interest in under the exploration project contract, and just what the Government claims its interest to be. A draft of a form of a suitable notice for the use of the Executive Officer is attached.

Mr. Weissenborn states: "We have the odd situation here that one branch of the Government is putting a lien on equipment in which another branch of the Government has an equity. This is erroneous, inasmuch as two Governments are involved: a State and the Federal Government.

If Mr. Weissenborn comes to the conclusion that the Government may not be able to realize upon its interest in the equipment except through the sale of the equipment itself, he should so notify us so that we can make a thorough examination of the laws of the State of Washington with respect to this matter. It is difficult for this office to make such a study now, on short notice.

The questions asked in Mr. Weissenborn's letter of January 8 may be answered as follows: Any costs or damages which the Operator may be required to pay on account of fires would not be allowable costs of the exploration contract in which the Government would participate.

I suggest that a copy of this memorandum be forwarded to Mr. Weissenborn forthwith.

J. L. Hofflund

J. L. HOFFLUND
Chief Counsel

Attachment

JLHofflund/em

Copy to: Mails and Files
A. G. Keating
A. E. Kane
J. L. Hofflund
chron.

State of Washington
Division of Forestry
/address/

Reference is made to Notice of Claim of Lien dated December 23, 1952, covering certain property known as the Lucille Mine in the County of Stevens, State of Washington, and certain mining equipment located thereon. This is to advise you that the United States of America, acting by and through the Defense Minerals Exploration Administration, Department of the Interior, under and by virtue of a certain Exploration Project Contract, dated December 14, 1951, DMA-2123X, Idm-B228, is a co-owner, in the amount of fifty percent thereof, of the following described equipment:

/List the equipment/

Dated January ____, 1953.

THE UNITED STATES OF AMERICA

By _____
Executive Officer, DMEA
Field Team, Region II

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 12 1953

Hearing
Betty

So. 157 Howard Street
Spokane 4, Washington

January 8, 1953

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

Re: Docket No. DMEA-2123 (Lead-zinc)
Pacific Northwest Mining Co.
Lucille Mine
Stevens County, Washington
Contract No. Idm-E288

Dear Mr. Johnson:

In my letter to you of January 5, I mentioned some problems that have arisen with regard to the forest fire at the Lucille Mine. I particularly mentioned the fact that a lien had been placed upon the property and equipment. On reading my copy of the letter I see that there are two other questions in this connection which I have not brought to your attention. The first of these is that suppose the claim by the State Division of Forestry against the Pacific Northwest Mining Company were taken to court and an adverse decision made against the Pacific Northwest Mining Company, would the bill then presented by the Division of Forestry be a legitimate charge against the exploration contract in which the DMEA would share? Of course no provision is made in the contract for losses from forest fire but it could be argued that the cost is one of the unforeseen hazards of operating an exploration project in a timbered country and as such could be considered as a real, though unforeseen cost of the exploration. Or is this overhead?

The second problem arises from the fact that in order to save its equipment and property, the company spent something around $2,000 of its own money in labor, supplies, etc. in fighting the forest fire. Should the company present an invoice including this cost, would it be legitimate to pay it on the basis that this is also an unforeseen but

valid cost of exploration or should it be disallowed on the basis that fighting a forest fire is not a part of the contract even though it was necessary to fight the fire to save the property and equipment that was on it. Or is this also overhead?

These matters should have been brought up in my previous letter. In that letter, however, I was thinking only the direct effect of the lien not of the other results of the forest fire last summer.

Sincerely yours,

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

cc: USBM(2)
Kirkemo

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

So. 157 Howard Street
Spokane 4, Washington

2123

January 5, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 12 1953

Mr. Martin A. Morrison
Pacific Northwest Mining Co.
610 Fourth Street
Bremerton, Washington

Dear Mr. Morrison:

It has come to our notice that a lien for approximately $5,300.00 has been placed on the Lucille Mine and on the equipment and installation that are on the property. We are also informed by the field men that there has been no further work on the DMA contract at the Lucille Mine since about the 5th of December. Our records do not indicate that we have received from you any request for a suspension of work on the contract.

Will you kindly advise us immediately as to the effect of this lien, if any, on the carrying out of the DMA contract, and also when you intend to resume work on the property?

By Direction Secretary of

[illegible]
(Geological Survey)

[illegible]
(Bureau of Mines)

cc: DMA (2)
USBM (2)
Kirkemo

Le Berry

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 12 1953

January 5, 1953

Airmail

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

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

Dear Mr. Johnson:

Mr. Stephen W. Zoldok, one of the owners of the Lucille Mine, came to the office this morning to discuss a lien (copies of Notice of Claim enclosed) which had been placed against the Lucille Mine and all equipment, buildings, tools, etc. which are on the property. This lien has been placed by the U. S. Forest Service acting as agent for the Superintendent of Forestry of the State of Washington, and is a result of the costs of controlling a forest fire which it is alleged was the result of negligence on the part of the operators of the property. The DMEA contract was originally made out to Stephen W. Zoldok, Betty Jane Zoldok, and Joseph M. Zoldok, but the contract was assigned to the Pacific Northwest Mining Company.

We have attempted to contact the Pacific Northwest Mining Company in order to discuss the matter with Mr. Morrison, President, but have been unable to reach him by phone. Consequently, I have written the attached letter to Mr. Morrison.

When the Lucille mine was visited on December 3 by Mr. Webb Anderson, Bureau of Mines engineer, work was progressing on the contract. We have learned, however, that there has been no work carried out since about the 5th of December. We have, however, received no notice of suspension of operations nor any request for permission to extend the time of the contract. We do not know whether the suspension of work is the result of the heavy snow which now covers the area, the effect of the lien, or the result of an internal difficulty in the company which resulted in the resignation or firing of Mr. Lindsley who was formerly the superintendent, or a combination of all three. We shall endeavor to find this out as

soon as we can contact one of the officials of the company.

It will be very much to the Government's interest to have the work brought to completion. The crosscut has advanced approximately 400 feet and is near the limestone-quartzite contact which is supposed to be the favorable locus for ore bodies on this property. Work to date has been merely to provide access to the target area and has neither proved nor disproved the presence of ore.

In addition to the possible effect of the lien on the shutting down of the property, there is also another problem which results from the fact that the lien has been placed upon the property and all equipment, facilities, etc., and the Government has an equity in some of the equipment on which the lien has been placed. The Government has an equity in two Swedish drills with jack legs, air line, water line, reels, hoses, air receiver, and probably most important, a mucking machine. Should the lien stand, and the contract be terminated because the company is unable to work, it would be very awkward for us to finally close out the contract because it would be difficult or perhaps impossible for us to dispose of the equipment. We have the odd situation here that one branch of the Government is putting a lien on equipment in which another branch of the Government has an equity. The complications are such that we feel that this should be referred to the Legal Division for advice.

In our opinion, there is some doubt as to the company's liability to the Forest Service or to the State. I do not know the basis of the charge that the fire was a result of negligence on the part of the company. I have heard that the fire was supposed to have originated from a cigarette dropped by one of the workmen and that it is alleged also to have been the result of the failure of the company to put a spark arrester on the exhaust of the compressor. It would appear to me that there might be some difficulty in establishing in a court just what the cause of the fire was let alone that this could be attributed to the company's negligence. We do not know of any case where a similar action against a mining company has been actually made to stick. In the case of the Bradley Mining Company versus the Forest Service I believe that the court decision was in favor of the company.

We can only regret that our problems are not all engineering or geologic as these are more susceptible to solution by the Field Team. We would, therefore, greatly appreciate the comments and advice of the legal staff on this matter.

Sincerely yours,

A. E. Weissenborn

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

Enclosures
cc: USBM(2)
Kirkemo

STATE OF WASHINGTON, by and through the Division of Forestry, Claimant, -vs- PACIFIC NORTHWEST MINING CO., a corporation; STEVEN V. ZOLDOK and BETTY JANE ZOLDOK, his wife, and JOSEPH V. ZOLDOK, a bachelor, Owners.	NOTICE OF CLAIM OF LIEN

NOTICE IS HEREBY GIVEN that the State of Washington, by and through the Division of Forestry, has and claims a lien in the sum of $5509.51 against 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 10, page 433; Wayne, located January 1, 1911, recorded in Book 11, page 157; Winner, located February 1, 1909, recorded in Book 9, page 534; Comet, located August 20, 1909, recorded in Book 9, page 534; Silver Tip, located December 12, 1910, recorded in Book 11, page 157; and Lucile, located April 30, 1915, Book 15, page 414; Speculator, located April 30, 1915, recorded in Book 15, page 351 and 352; Speculator No. 2, located May 1, 1916, recorded in Book 15, page 353 and 354.

Also one Chicago Pneumatic compressor, size 9 3/8 x 5½ x 5½, and all other tools, equipment, fixtures, appliances, buildings, structures and improvements of every nature and description situated on the above described mining property, of which property the owners or reputed owners are Pacific Northwest Mining Co., a corporation; Steven V. Zoldok and Betty Jane Zoldok, his wife, and Joseph V. Zoldok, a bachelor.

Said claim arose by reason of a fire negligently started on or about September 26, 1952, which burned uncontrolled and without proper precautions being taken to prevent its spread on forest land, which was suppressed by the U. S. Forest Service as agent for the Division of Forestry of the State of Washington, as authorized by the State Supervisor of Forestry, or by one of his duly appointed and acting District Fire Wardens.

Said claim is for the following expenses incurred by said U. S. Forest Service in suppressing said fire during the period between September 26, 1952, and September 27, 1952, to-wit:

Labor	$2672.17
Subsistence cost	172.20
Other supplies	121.44
Transportation (Government Equipment)	251.24
Equipment rental and operation	1196.39
Salaries and expenses of Forest Officers	247.33
	$5509.51

DIVISION OF FORESTRY OF THE STATE OF WASHINGTON,

By George F. Christensen
Acting Supervisor U. S. Forest Service
an agent for the Sup. of Forestry

Post Office Address:
Colville, Washington

STATE OF WASHINGTON)
) ss.
County of Stevens)

George F. Christensen, being first duly sworn on oath deposes and says:

That he is the acting Supervisor of the U. S. Forest Service at Colville, Washington, and is agent for the Supervisor of Forestry of the State of Washington, and makes this verification in his behalf; that he has read the foregoing notice of claim of lien, knows the contents thereof, and believes the same to be true and just.

GEORGE F. CHRISTENSEN

Subscribed and sworn to before me this 23rd day of December, 1952.

DEWANT R. [illegible]
Notary Public in and for the State of Washington, residing at Colville.

STATE OF WASHINGTON, by and through the Division of Forestry,

Claimant,

-vs-

PACIFIC NORTHWEST MINING CO., a corporation; STEVEN W. ZOLDOK and BETTY JANE ZOLDOK, his wife, and JOSEPH M. ZOLDOK, a bachelor,

Owners.

NOTICE OF CLAIM OF LIEN

NOTICE IS HEREBY GIVEN that the State of Washington, by and through the Division of Forestry, has and claims a lien in the sum of $[illegible] against 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 453; Tip Top, located January 1, 1901, recorded in Book 11, page 197; Winner, located February 1, 1899, recorded in Book 7, page 134; Comet, located August 20, 1899, recorded in Book 9, page 594, Silver King, located December 12, 1898, recorded in Book 11, page [illegible]; and Effie, located April 20, 1911, Book 16, page [illegible]; Speculator, located April 23, 1945, recorded in Book 19, page 361 and 362; Speculator No. 2, located May 1, 1945, recorded in Book 19, page 363 and 364.

Also one Chicago Pneumatic compressor, size 9 3/8 x 5½ x 5½, and all other tools, equipment, fixtures, appliances, buildings, structures and improvements of every nature and description situated on the above described mining property, of which property the owners or reputed owners are Pacific Northwest Mining Co., a corporation; Steven W. Zoldok and Betty Jane Zoldok, his wife, and Joseph M. Zoldok, a bachelor.

Said claim arose by reason of a fire negligently started on or about September 26, 1952, which burned uncontrolled and without proper precautions being taken to prevent its spread on forest land, which was suppressed by the U. S. Forest Service as agent for the Division of Forestry of the State of Washington, as authorized by the State Supervisor of Forestry, or by one of his duly appointed and acting district fire wardens.

Said claim is for the following expenses incurred by said U. S. Forest Service in suppressing said fire during the period between September 26, 1952, and September 27, 1952, to-wit:

Labor	$2879.17
Subsistence Cost	372.52
Other supplies	121.41
Transportation (Government Equipment)	241.98
Equipment rental and operation	1146.50
Salaries and expenses of Forest Officers	247.23
	5009.61

DIVISION OF FORESTRY OF THE STATE OF WASHINGTON,

By George F. Christensen
Acting Supervisor U. S. Forest Service
as agent for the Div. of Forestry

Post Office Address:
Colville, Washington

STATE OF WASHINGTON)
: ss.
County of Stevens)

George F. Christensen, being first duly sworn on oath deposes and says:

That he is the acting Supervisor of the U. S. Forest Service at Colville, Washington, and is agent for the Supervisor of Forestry of the State of Washington, and makes this verification in his behalf; that he has read the foregoing notice of claim of lien, knows the contents thereof, and believes the same to be true and just.

GEORGE F. CHRISTENSEN

Subscribed and sworn to before me this 23rd day of December, 1932.

(Seal)

ROBERT R. SEOMAS
Notary Public in and for the State of Washington, residing at Colville.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

November 10, 1952

No reply necessary

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 1 7 1952

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

Re: Docket No. DMEA-2123 - Lead-Zinc
Contract No. Idm-E228
Pacific Northwest Mining Co., Inc.

Dear Mr. Johnson:

In acknowledgment of your letter of November 5, please be advised that all copies of the "Consent to Assignment" were without surname. It is for that reason that we did not return surnamed copies to you.

Sincerely yours

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

cc: USBM (2)

FILE COPY
SURNAME:

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

Keating
Miller

NOV 5 1952

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

Re: Docket No.-2123 (Lead-Zinc)
Contract No. Idm-E228
Pacific Northwest Mining Co., Inc.

Dear Mr. Weissenborn:

This is in response to your letter of October 29, 1952, in which you enclose the original "Consent to Assignment" of the above-numbered contract. As requested in the telephone conversation of this date, please also send us the Division and Docket surnamed copies of the "Consent to Assignment" and we will return to you the copies which we received from you.

As you request, the second page of our letter of October 20, 1952 relative to Docket No. 2719, Day Mines, Inc. is enclosed.

Sincerely yours,

(signed) FRANK E. JOHNSON (GHB)
Chariman, Operating Committee

Enclosure

APPROVED:

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

A. R. Kinkel, Jr. (GHB)
Member, Geological Survey

AGKeating/bw (written 11/4/52)
Copy to: Docket
Adm. R. File
Op. Comm.
H. F. Keller (2)
A. G. Keating
Mr. Bishop
Mr. McKnight
Chron.

11-5-52

2/23

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 10 1952

November 3, 1952

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

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

Attention: Mr. Keating

Dear Mr. Johnson:

This is in reply to a phone call from Mr. Keating in which he refers to my letter of October 16. Mr. Keating points out that a document referred to in that letter is a "Consent to Assignment" and not a "Consent to Lein" as stated. This change has been made in all our copies of the letter here so that there will be no confusion. Mr. Keating also points out that the original copy of the new Consent to Assignment which was supposed to be attached to my letter of October 16 was not received. In a letter dated October 29 which probably had not been received by Mr. Keating at the time of his phone call, Mrs. Raymond of this office explains that the original copy of the "Consent to Assignment" was misattached to another letter. This original was sent to your office with Mrs. Raymond's letter of October 29, and you should have it by now.

Mr. Keating also said that the two copies of the Consent to Assignment which were sent to him were not the right copies. That is, they were not the copies which were labeled for the Washington files. On checking here I find, however, that none of the copies of the Consent to Assignment were labeled. That is, they were not labeled Operator's copy, Field Team copy, etc. as is usually the case. It is for that reason that the copies which we returned to him did not carry the connotation that they usually do.

I trust that this will clear up the matter.

Sincerely yours

A. E. Weissenborn

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

cc: USBM (2)

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 1952

Keating

So. 157 Howard Street
Spokane 4, Washington

October 29, 1952

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

Re: Docket No. 2123X
Pacific NW Mining Co.,Inc.
Contract Idm-E228

Dear Mr. Johnson:

You no doubt have discovered that you did not receive the original of the Consent to Assignment on the contract referenced above. For some unexplained reason, I discovered it attached to the Operating Committee's letter dated October 20, Docket No. 2719, Day Mines, Inc., Shoshone Co., Idaho, the second page of which is missing. I suppose this second page is back in your office, taking the place of the attached Consent!

If it doesn't entail a lot of research, would you please return the second page to us? It isn't necessary though for we made a copy for our files from the carbon copy that was sent to the Bureau.

I'm very sorry to trouble your office with this, and hope you have not been inconvenienced and are still looking for the original Consent.

Very truly yours,

Eva M. Raymond

Eva M. Raymond, Secretary
For:A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosure (1)
As above

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 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 O P Mitchell

~~Acting~~ Administrator
Defense Minerals Exploration Administration (formerly Defense Minerals Administration)

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

October 17, 1952

Mr. Martin A. Morrison
Pacific Northwest Mining Company
619 - 4th Street
Seattle, Washington

Re: Docket DMEA-2123X (Lead-Zinc)
Lucile Mine, Stevens Co., Wash.
Amendment No. 2

Dear Mr. Morrison:

Enclosed herewith is your copy of Amendment No. 2 to be appended to your copy of Contract Idm-8228.

Sincerely yours,

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

Enclosure

cc: DMEA (2)
USBM (2)
Puffett

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

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

October 17, 1952

Mr. Frank E. Johnson, Chairman
Operating Committee, DMEA
Washington 25, D. C.

Re: Docket DMEA-2123X (Lead-Zinc)
Pacific Northwest Mining Co.
Lucile Mine, Contract Idm-3226
Stevens County, Washington

Dear Mr. Johnson:

Enclosed are the original and two signed copies of Amendment No. 2 to the subject contract, with attached justification.

A copy of the amendment has been forwarded to the Operator, a copy is being retained for the files of this office, and by a carbon copy of this letter, the Regional Finance Officer's copy is being sent to him.

Sincerely yours,

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

Enclosure

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

RECEIVED
NOV - 4 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 20 1952

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
OCT 27 1952

October 16, 1952

Mr. F. E. Johnson, Chairman
Operating Committee, DMEA
Washington, D. C.

Re: Docket DMEA 2123 - Lead-zinc
Contract E228
Pacific NW Mining Co.
(S. W. Zoldok)

Dear Mr. Johnson:

Reference is made to your letter of October 7 giving copy to a revised Consent to Lien agreement signed by Mr. Mittendorf. Original and two copies are returned herewith dated as of today. A copy is being mailed to the Operator and by carbon of this letter, a copy is being mailed to the Fiscal officer at Albany. In your letter of October 7, you stated that "if the original consent to the assignment . . . has not been delivered to the original operator the enclosed Consent . . . may be used." There is nothing in our records to show or cause us to believe that the original consent was delivered to Mr. Zoldok, and a search of Mr. Zoldok's files with one of our engineers also did not reveal a copy. We feel quite assured, therefore, that Mr. Zoldok had not received a copy. We have obtained from the Operator an agreement signed by Zoldok and dated May 12, 1952 in which he waives his rights to any checks or moneys received from the Government for exploratory work. Three copies of this is enclosed for your information.

2 COPIES RECEIVED

Sincerely yours

A. E. Weissenborn

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

Enclosures 2

See file memo 11/3/52

cc: USBM (2)
Mr. Lee, Albany (1) w/encls.
Kirkemo

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.

Memorandum for the Files

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

Re: Docket No. DMEA 2123 (Lead-Zinc)
Contract No. E228
Pacific N. W. Mining Co.
(S. W. Zoldok)

Dear Mr. Weissenborn:

In response to your letter of October 16, 1952, in which you advised us that you were returning the original and two copies of an executed revised "Consent to Lein". In order that the files may be correct, we call your attention to our letter of October 7, to which you refer, and from this you will note that "Consent to Lein" as described in your letter should read "Consent to Assignment". Also, we find that only two copies of the "Consent to Assignment" have been returned instead of the original and two copies as stated in your letter, and the copies which you have returned are not the division and docket copies which have been surnamed. We also find inclosed in your letter the second page of a letter from this office which has inadvertantly been enclosed in your letter since it refers to another case, which we are enclosing.

Will you please forward us the original and surnamed copies of the "Consent to Assignment" and upon receipt of these, we will return the copies we have.

11/3/52 (Telephone conversation with Weissenborn - says he will make necessary corrections and that his letter of October 16, 1952, does not now need answering since it has been determined that Operator has correct copy of "Consent to Assignment" with cut off date as of May, 1952.)

Keating

140

FILE COPY
SURNAME:

Keating
Oakes
Hofflund

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

OCT 7 1952

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 8, Washington

Subject: Pacific Northwest ~~Mining Co.~~
(S. W. Zoldok, et al)
Docket No. DMEA-2123
Lead-Zinc

Dear Mr. Weissenborn:

Reference is made to your memorandum of September 29 with reference to the Government's consent to the assignment of the subject contract.

If the original consent to the assignment which fixes the cut-off date at August 1, 1952, has not been delivered to the original operator, the enclosed consent in which the cut-off date is fixed as May 8, 1952, may be used. If the original consent was delivered to the original operator, this new consent may not be used without the original operator returning the original document of consent. If the original operator will not do so, then payment may not be made to the assignee, the Pacific Northwest Mining Company, of any monies due under the contract prior to August 1, 1952, and the assignee will have to make its arrangement with the original operator so that it may receive any money to be paid to the original operator to which it claims to be entitled.

Sincerely yours,

(signed) FRANK E. JOHNSON (JHB)

Chairman, Operating Committee

F.H. 10-7-52

Enclosures
AEKane/em written 10/6/52

Approved:

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

T. P. Thayer (JHB)
Member, Geological Survey

Copy to: Mails and Files
Adm. Reading File
C. O. Mittendorf
Op. Comm.
Mr. Thayer
Mr. Hedges
H. F. Keller
A. E. Kane
J. L. Hofflund
chron
pending

(Copy sent Mr. Halbert 10/2/52)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION 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 2123X (lead-zinc)
Lucile 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. E. Weissenborn
A. E. Weissenborn, Exec. Officer
(U. S. Geological Survey)

Glen C. Reed
For: M. E. Volin, Member
(U. S. Bureau of Mines)

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

SPECIAL

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

RECEIVED
OCT 2- 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

FILE COPY
SURNAME:

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

Keating
C E Kane
Hofflund
~~Hedges~~
Thayer
F E Johnson

OCT 7 1952

140

DMEA

A.E.Kane
2919 4627

14X3923.970 Working Fund, Interior, DMEA

Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region II
Spokane, Washington
Pacific Northwest Mining Company, Docket No. DMEA-2123

If original consent to assignment was not delivered to original operator, you may use substitute consent which has been signed by Administrator. If original consent was delivered to operator, substitute consent must not be used until first consent cancelled. Letter follows.

(signed) FRANK E. JOHNSON

F. E. Johnson, Chairman
Operating Committee
Defense Minerals Exploration
Administration

AEKane/em
10/6/52
Copy to: Mails and Files
Confirmation
Adm. R. File
C. O. Mittendorf
Operating Comm.
Mr. Hedges
Mr. Thayer
A. E. Kane
J. L. Hofflund
H. F. Keller
chron.
pending

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 6 1952

October 1, 1952

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

Re: Docket DMEA-2123X (Lead-Zinc)
Pacific Northwest Mining Company
Stevens County, Washington
Contract Idm-E228

Dear Mr. Johnson:

Enclosed herewith are the original and two signed copies of an Approval of Subcontract between Pacific Northwest Mining Company and the Boundary Lumber Company for bulldozing at $10 per hour.

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

Sincerely yours,

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

Enclosure

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

RECEIVED
OCT 9 - 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

2236-2

DOCKET 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. Leffler
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,

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 6 1952

So. 157 Howard Street
Spokane 4, Washington

October 1, 1952

Dmea 2123

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

Gentlemen:

Enclosed herewith is your copy of Approval of Subcontract between Pacific Northwest Mining Company and Boundary Lumber Company for bulldozing at $10 per hour. This is to be attached to your copy of Exploration Project Contract Idm-E228.

Sincerely yours,

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

Enclosure

cc: DMEA (2)
USBM (2)
Puffett

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

So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 15 1952

September 8, 1952

DMEW 2123

Mr. Norman D. Lindsley
Pacific Northwest Mining Company
608 South Cedar Street
Colville, Washington

Dear Mr. Lindsley:

This will acknowledge receipt of the contract agreement between the Pacific Northwest Mining Company and Mr. E. W. Alban and Norman Hartbauer. This contract has been reviewed at this office and found to be satisfactory.

Sincerely,

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

cc: DMEA (2)
USBM (2)

2123

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 8 1952

September 5, 1952

Mr. C. D. Mittendorf, Acting Administrator
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Dear Mr. Mittendorf:

Reference is made to your telegram received at this office on August 18, 1952, concerning payment for labor at $8.00 per foot by Mines Management on Contract E-308, as versus payment for the same type of work at $10.00 per foot by Zoldok, Contract E-228. Our answer to this telegram has been delayed because of time involved in obtaining pertinent information from the field.

In neither the Mines Management Contract (E-308) or the Zoldok Contract (E-228) is labor a fixed item. Therefore, it is reasoned that as long as the work is done in a workmanlike manner and within the estimated costs of the project, the Government would have little cause to interfere in the payment of labor rates. It would seem that such differences of opinion could more ably be settled between the operators themselves.

We have reviewed a copy of the contract agreement between the Lucille mine (Zoldok-E228) and the miners who are doing the work for a compensation of $10.00 per foot with an added rate of $3.00 per foot for timbering. This seems to be a satisfactory contract and one not unlike many other labor contracts in this region. We have also been informed by our field engineer in the area concerned that $10.00 per foot for labor is a going rate and one more widely used than $8.00 per foot.

It is recommended that no further consideration be given this matter.

Sincerely,

Thor H. Hildegaard
For: A. E. Olsenborn
Executive Officer, DMEA
Field Team, Region II

cc: USBM, Spokane (1)

FILE COPY
SURNAME:

140

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

OK Kane
Hofflund
Keating
Mills

JUL 3 - 1952

Mr. A. E. Weissenborn
Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 8, Washington

Dear Mr. Weissenborn:

Reference is made to your letter to me dated May 12, 1952, with regard to Exploration Project Contract, Docket No. DMA-2123X (Idm-K228), Stephen W. Zoldok, Betty Jane Zoldok and Joseph M. Zoldok, and the enclosures therein mentioned.

Attached is the Consent ~~to~~ to Assignment ~~of~~ by the Government of the subject contract to the Pacific Northwest Mining Company.

Your letter did not indicate any specific cut-off date as between Assignor and Assignee so we have set it at August 1, 1952, for the convenience of the Government.

Very truly yours,

(signed) FRANK E. JOHNSON, 7/3

Chairman, Operating Committee

Enclosures

Approved:

J. H. Hedges

For Bureau of Mines

D. M. Lemmon

For Geological Survey

AEKane/em
Copy to: Mails and Files
Adm. Reading File
H. F. Keller
Operating Com.
J. H. Hedges, B.M.
T. P. Thayer, G.S.
A. E. Kane
J. L. Hofflund
chron.
pending

FILE COPY
SURNAME:

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

Defense Minerals Exploration Adm.
A.G. Keating
3669
2616
1420137 - Salaries & Expenses, Defense Production Activities, Interior 1952
June 30, 1952

Keating
Keller (mef)

A. E. Weissenborn, Exec. Officer, DMEA Field Team, Region II, South 157 Howard Street, Spokane 4, Washington
Docket No. DMEA 2123, S. W. Zoldak, Idm-E228

Answering your letter re Lucile Mine, Chief Counsel has approved assignment and ~~approval~~ consent mailed to your office forthwith.

Docket

AGKeating/mef
6/30/52
cc to: Docket File
Adm. R. File
Mr. Keating
Mr. Keller

Not stripped in R & R (mef)

H. F. Keller (mef)
H. F. Keller, Chief
Base Metals Division

2061

BL

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

So. 157 Howard Street
Spokane 4, Washington

June 24, 1952

Air Mail

By telephone from Hoffland
had approved assignment
today 6/27/52

Chairman, Operating Committee
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: Docket DMA-2123X (lead-zinc)
Lucile Mine, Stevens Co., Wash.
Contract Idm-E228

Dear Sir:

On May 12, 1952, we submitted to your office for approval, copies of an assignment of the above-captioned contract from S. W. Zoldok, J. M. Zoldok, and Betty Jane Zoldok, to Pacific Northwest Mining Company, with acceptance of that assignment by Pacific Northwest Mining Company. Accompanying this assignment were copies of other documents wherein the owners of the Lucile mine had made certain leasing arrangements regarding work to be done on the Lucile property. The reason for the above assignments and leases was to put the actual operation of the exploration on the property under control of a company financially capable of completing the project.

To date we have not received notice from your office as to whether the assignment is to be approved. Inasmuch as exploration has been initiated, and nearly three weeks of work completed in doing surface trenching and preparing a portal for an adit, it is important to the operators and the owners of the property that they be notified concerning the action to be taken on the assignment of the contract.

Therefore, we are requesting that final action concerning the assignment be expedited so that final word on it can be conveyed to the operators as early as possible.

Very truly yours,

Willard P. Puffett

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 27 1951

cc: USBM

500
FILE COPY
SURNAME:

Keating
Moulds

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

May 16, 1952

Memorandum

To: John L. Hofflund

From: Base Metals Division

Subject: Docket No. DMEA 2123, Contract No. Idm-E228, Lucille Mine Stevens County, Washington.

Attached is a letter from the Field Office, Region II, in which they request approval to assign exploration contract Idm-E228.

The following instruments related to the assignment accompany the above letter.

1. Original and five copies of assignment of contract Idm-E228.
2.
2. Original and five copies of a mining lease.
3. Six copies of assignment of above lease.
4. Six copies of "Owner's Consent to Lien".

We concur with the Field Team in their recommendation for approval of the request for assignment and transmit the above instruments to you for consideration and opinion as to their legal sufficiency.

D. E. Moulds
D. E. Moulds (mef)

D. E. Moulds

AGKeating/hm
5-16-52
CC to: Adm. Reading File
Docket File Copy
Mr. Keating
Mr. Moulds

M.S. in R. & R.

Sol

OFFICE OF THE ADMINISTRATOR

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 14 1952

May 12, 1952

Air Mail

Chairman, Operating Committee
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: Docket DMA-2123X (Lead-Zinc)
Lucile Mine, Stevens County,
Washington, Contract Idm-E228

Dear Sir:

Submitted herewith for your approval are the following:

Original and five copies of an assignment of contract Idm-E228 by Stephen W. Zoldok, Joseph M. Zoldok, and Betty Jane Zoldok to Pacific Northwest Mining Company, with acceptance of that assignment by Pacific Northwest Mining Company.

Original and five copies of a mining lease wherein Stephen W. Zoldok, Betty Jane Zoldok and Joseph M. Zoldok are owners and Horseshoe Basin Mining and Development Company, Bremerton, Washington, is the lessee.

Six copies of an assignment of above lease by Horseshoe Basin Mining and Development Company to Pacific Northwest Mining Company.

Six copies of Owner's Consent to Lien, signed by Stephen W. Zoldok, Betty Jane Zoldok, and Joseph M. Zoldok.

The above instruments are the result of an arrangement whereby it will be possible for a financially capable company to initiate the exploration project at the Lucile Mine, Stevens County, Washington. The papers seem to be in order and this office does not have available any information that would tend to prejudice it against recommending that approval be granted by the Government.

Work is soon to be initiated at the Lucile, so, therefore, it is requested that action be taken to most quickly expedite the approval.

Yours very truly,

Willard P. Puffett

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

Enclosures
cc: USBM

2123

WASHINGTON

STEVENS COUNTY

February 1, 1952

S. W., J. M., and B. J. Zoldok, Idm-E228, Pb-Zn

50-50 of $37,284.00

10 months

The exploration program includes driving a 375-foot adit to intersect downward extension of hanging wall structure of the Lucile no. 1 ore body. A 125-foot drift is to be driven along this structure to intersect downward extensions of Lucile no. 1 and Lucile no. 2 ore bodies. A 165-foot raise from the south end of the drift and a 220-foot raise from the north end of the drift will be driven if findings in the drift warrant such raising.

Surface work includes bulldozing other favorable areas, and, if ore is exposed, subsequent work includes a maximum of 1,000 feet of diamond drilling.

A deferment has been granted until spring because of heavy snow.

Rm 2612

Contracts & Audits
Docket 2123

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 21 1952

January 15, 1952

Dmea
2123

C. O. Mittendorf
Acting Administrator
Defense Minerals Exploration Administration
Washington 25, D. C.

Dear Mr. Mittendorf:

Enclosed are the original and ~~three~~ 2 signed copies of Amendment No. 1 to Exploration Project Contract Idm-E228. This amendment defers the starting date of the contract on the Lucile Mine, Stevens County, Washington, from December 14, 1951, to not later than May 1, 1952.

A copy of the Power of Attorney from Joseph M. Zoldok to his brother Stephen W. Zoldok is also enclosed for the completion of your files as per your request of January 11, 1952.

Sincerely yours,

Willard P. Puffett

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

Enclosures

FILE COPY
SURNAME:

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

Selfridge.

JAN 11 1952

Mr. A. M. Weissenborn
Executive Officer, Region II
South 157 Howard Street
Spokane 8, Washington

Re: DMA 2123X - Lead-Zinc
The Imelle Mine
Stevens County, Washington
Exploration Project Contract
Idm-X228

Dear Mr. Weissenborn:

Please refer to your letter of January 4, forwarding the four signed copies of the subject contract with attached amendment.

Please have your office prepare six copies of an amendment covering the delayed starting date in accordance with the instructions given in DMA Circular No. 8 and send us the original and 3 signed copies.

Please send us a copy of the Power of Attorney from Joseph M. Zeldak to complete our file.

Sincerely yours,

C. O. Mittendorf

Acting Administrator
Defense Minerals Exploration
Administration

GDSelfridge'lm
1/10/52

cc: Admn. Reading File
O. Bishop, USBM
E. T. McKnight
Field Team Reg. II
Docket
G. C. Selfridge

1-14-52
J.D.

BU

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane 4, Washington

January 4, 1952

Frank M. Johnson
Chairman, Operating Committee
Defense Minerals Exploration Administration
Washington 25, D. C.

Docket DMA-21232
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,

William M. Puffett, [illegible]
For: A. [illegible] Weissenborn
Executive Officer, [illegible]
Field Team, Region II

Enclosures

cc: [illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane 4, Washington

January 4, 1952

Stephen W. Zoldak
401 Symons Building
Spokane 4, Washington

Docket [illegible]A 2123A
Exploration Contract Idm-[illegible]-228
The Lucile Mine
Stevens County, Washington

Dear Mr. Zoldak:

Your written request of January 2, 1952 is hereby granted. Due to present adverse weather conditions the beginning date of Exploration Contract Idm-[illegible]-228 for the Lucile Mine, Stevens County, Washington is to be deferred to not later than May 1, 1952.

Very truly yours,

Willard H. Puffett, [illegible]
For: A. [illegible] Weissenborn, Executive Officer
[illegible] Field Team, Region [illegible]

cc: [illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane 4, Washington

January 4, 1952

Frank E. Johnson
Chairman, Operating Committee
Defense Minerals Exploration Administration
Washington 25, D. C.

Docket DMA-2123A
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. Buffett, U.S.G.S.
For: A. M. Weissenborn
Executive Officer, DMEA
Field Team, Region III

Enclosures

cc:

401 Symons Building
Spokane 4, Washington
January 2, 1952

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

Re: Docket No. DMA 2123X - Lead-Zinc
The Lucile Mine
Stevens County, Washington
Exploration Contract Idm-E-228

Dear Mr. Weissenborn:

Enclosed are five signed copies of Exploration Contract Idm-E-228, together with a properly signed and notarized power of attorney from Joseph M. Zoldok to Stephen W. Zoldok.

Due to extremely adverse weather conditions, it is respectfully requested that the starting date of Exploration Contract Idm-E-228 be deferred to May 1, 1952. I believe the work will thus be greatly facilitated and costs will be less.

Very truly yours,

Stephen W. Zoldok

Stephen W. Zoldok

swz mew
enc.

COPY

400

FILE COPY
SURNAME:

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

Selfridge
Johnson

DEC 20 1951

Mr. A. E. Weissenborn
Executive Officer, Region II
South 157 Howard Street
Spokane 8, Washington

Re: Docket No. DMA 2123X - Lead-Zinc
S. W. Zeldek
The Lucile Mine
Stevens County, Washington
Exploration Contract Idm-E228

Dear Mr. Weissenborn:

We are enclosing the original and five copies of the above referenced exploration contract signed by this office for the Government, together with Exhibit "A" (4 pages) and one map.

If the terms and conditions of this contract are satisfactory to you and the Operator, all six copies should be signed by the partners. One copy is to be given to the Operator, one copy retained by your office and the original and three copies returned to this office.

If any part of this contract does not have either your approval or that of the Operator and cannot be amended within your delegated authority, then the original and all copies of the contract are to be returned to this office together with the proposed changes for consideration.

Please note that the following major changes have been made in the contract as originally outlined:

(1) The item for supervision has been reduced from $600 to $500 per month.

(2) The item for travel of the engineer amounting to $3.00 daily was eliminated. Housing facilities are available on the property.

The above changes, with an arithmetical error in the submitted data, have reduced the total estimated cost of the project from $38,664.50 to $37,284.00.

B 8

We were wondering whether or not sufficient data were available to try and intersect the Lucile No. 1 orebody with the adit. Driving 250 feet of drift northward to the No. 2 body, which seemingly was not of sufficient interest to be tested by a short shaft, would be dependent on what was found at depth on the No. 1 body and the surface work to the north.

Sincerely yours,

(signed) FRANK E. JOHNSON (fw)

Chairman, Operating Committee
Defense Minerals Exploration
Administration

Enclosures

Approved:

_____
Member, Bureau of Mines

_____
Member, Geological Survey

GCSelfridge'lm
12/17/51

cc: Admn. Reading File
Mails and Files Br.
C. O. Mittendorf
E. T. McKnight, USGS
O. M. Bishop, USBM
Field Team Reg. II
Docket
G. C. Selfridge

JCD 12-20-

FILE COPY
SURNAME:

Guthrie

140

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

December 13, 1951

S.C.

Memorandum

To: Director, Production Expansion Division

From: Chief Counsel

Subject: Stephen W. Zoldok, Joseph M. Zoldok and Bette Jane Zoldok, co-partners in Exploration Project Contract DMA-2123X

The draft of the exploration project contract in this case, submitted to us on December 12, is approved as to legal form and sufficiency for signature on behalf of the Government, subject to:

1. Proper signature by the applicants.

2. Proper dating perior to delivery.

3. Government approval of all subcontracts.

Exhibit "A" attached to this contract contains nearly all of the elements that may go into Exhibit "A", and is a fine piece of work. The statement of the work corresponds to the estimated costs, and the estimated costs are set up in first class form to show how the total is arrived at. It would be much appreciated if this Exhibit "A" could be reproduced by photostating or some other means, distributed to all members of the staff who are engaged in drafting contracts, and several copies sent to this office. Please have this done as soon as possible as it may help to save a great amount of unnecessary work in reviewing and revising Exhibit "A" as attached to other contracts. Also, if copies could be distributed to the field it might serve better than anything we can say in circular letters to enable the field to supply the necessary details for properly drafting an Exhibit "A" in the Washington office.

Your file in this case is returned.

J. L. Hofflund

J. L. Hofflund
Chief Counsel

N.S
R&R

Attachment
JLHofflund/bjl
Copy to: Repts. & Records
J. L. Hofflund
R. R. Guthrie
Chron.

STEPHEN W. ZOLDOK
MINING ENGINEER
SPOKANE, WASHINGTON

401 Symons Building
Spokane 4, Washington
December 3, 1951

A I R M A I L

DEPARTMENT OF THE INTERIOR
RECEIVED
DEC 7 1951
Defense Minerals Administration,
Production Expansion Division.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 7 1951

Mr. C. O. Mittendorf, Acting Administrator
Defense Minerals Exploration Administration
Washington 25, D. C.

Dear Mr. Mittendorf:

Subject: Docket No. DMA 2123 Lead-Zinc, Lucile Mine, Stevens County, Washington

This answers your letter of November 30.

There are no liens or encumbrances against the subject property. Consequently, no copies of subordination form were enclosed in the original application under Note (2), Section I of Form MF-103.

Sincerely yours,

S. W. Zoldok

S. W. Zoldok

swz mew
cc Mr. Frank Eichelberger

FILE COPY
SURNAME 400

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

Selfridge
Mitt

NOV 30 1951

Mr. S. W. Zoldek
401 Symons Building
Spokane 4, Washington

Re: Docket No. DMA 2123 Lead-Zinc
Lucile Mine
Stevens County, Washington

Dear Mr. Zoldek:

Will you please inform us whether or not there are any liens or encumbrances against the subject property. If there are, please furnish us with six signed copies of the appropriate subordination form as mentioned in Note (2), Section I of form MF-103. If needed, copies of the form can be secured from the field office at south 157 Howard Street, Spokane 8, Washington.

Sincerely yours,

C. O. Mittendorf (for) J.W. 11-30

Acting Administrator,
Defense Minerals Exploration
Administration.

GCSelfridge/hmj
cc to: Adm. Reading File
Reports and Records
Mr. Mittendorf
Mr. Selfridge
Docket

BE

FILE COPY
Surname:

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

M
Newcomb
McKnight
Bishop

November 23, 1951

Re: DMA-2123
Lucile Mine
Northport Mining District
Stevens County, Washington
Exploration loan, $38,664.50
Lead-zinc

Memorandum

To: Mr. C. O. Mittendorf

From: E. L. Newcomb, Geological Survey

Subject: Geological recommendation

The applicant's property has been examined by a field team and they recommend approval of the application.

After reviewing the application and the field team report, I concur with their conclusions and recommend that the proposed work should be approved.

Transmitted herewith are:

3 Forms MF-103
1 Form MF-100
1 Field team report

N.S
R+R

E. L. Newcomb
Geologist

ELNewcomb:emp
Copies to: A. E. Weissenborn Region II (2)
E. T. McKnight 4204 GSA
O. M. Bishop
Directors r. files 4214 GSA
Br. r. files 4214 GSA
Administrators r. files
Geol. Files

BL

350

FILE COPY
SURNAME:

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

Hamilton
Johnson
McKnight
Bishop

DMA-2123
Application for Exploration Loan
$2,664.50 for Zinc-Lead on
participating basis

Mr. W. S. Baldock
101 Symons Building
Spokane 4, Washington

Dear Mr. Baldock:

Your letter of September 26, 1951 to George E. Holderer, Chief, Tungsten Branch DMA has been referred to the Lead-Zinc Branch for acknowledgment.

We note that your new application has already been received, filed and given Docket Number DMA-2123 in accordance with letter to you from Robert W. Adams, Chief, Reports and Records Unit, and also an acknowledgment letter signed by A. S. Parsons for Tom Lyon, Director, Supply Division, dated October 17, 1951.

When we receive the field report, you will hear from us further.

Very truly yours,

W. G. Johnson, BJ 10-31

W. G. Johnson, Acting Chief
Lead-Zinc Branch

JC HAMILTON:ks
10/30/51

cc: Administrator
Tungsten Branch Chief
Docket File DMA-2123
Bishop
McKnight
GWJOHNSON

FRANK EICHELBERGER ASSOCIATES
CONSULTING ENGINEERS
401 SYMONS BUILDING • WASHINGTON, D. C.
MA. 2756

DEFENSE MINERALS ADMINISTRATION
WASHINGTON, D. C.
SEP 28 9 01 AM '51
OFFICIAL FILE COPY

FRANK EICHELBERGER
J. W. MELROSE
JACOB SCHODER
C. R. RANNEY
S. W. ZOLDOK
E. E. EDDY

September 26, 1951

A I R M A I L

To	Init.	Date
340	G-E.C	9-28
210		

Mr. George B. Holderer, Chief
Tungsten Branch, Defense Minerals Administration
Washington 25, D. C.

Re: DMA No. 1882

Dear Mr. Holderer:

I am in receipt of a letter written September 4, 1951, by Mr. Tom Lyon, Director, Supply Division of the Defense Minerals Administration, denying my application for an exploration loan for tungsten. I am therefore filing another application for a zinc-lead loan.

Although the ore is a complex mixture of lead, zinc and tungsten, no metallurgical difficulty is anticipated, since the tungsten occurs as individual crystals, some times several inches across. My associates and myself are leasing an adjoining property, which has indicated reserves in excess of 50,000 tons of zinc-lead-tungsten ore. We plan to construct a mill having 100 tons daily capacity, which will include a tungsten circuit. This mill will process ores from the Lucile, as well as the property under lease.

In my new application for a zinc-lead exploration loan, I have included two maps showing the location of the proposed exploration.

Although I have included 1,000 feet of diamond drilling at the property, it is impossible at this time to give the location, depth, and inclination of the proposed diamond drill holes, since these diamond drill holes will not be drilled unless the proposed bulldozing, as outlined on the map, uncovers favorable ore structures. The structural conditions on the Lucile No. 1 and No. 2 orebodies are favorable for their extension at depth. Should these orebodies continue below the present Lucile adit level, it is believed that an additional 16,000 tons of ore will be developed by the proposed underground exploration program. As stated in my new application, the gross value of this ore should exceed $800,000. At this time it is impossible to say how much additional ore might be developed by the proposed bulldozing and diamond drilling program. However, the structural conditions are favorable for the occurrence of additional orebodies.

Very truly yours,

S. W. Zoldok

S. W. Zoldok

swz mew

OCT 1 1951

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane 4, Washington

October 19, 1951

Memorandum

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

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

Subject: Lucile Mine, Stevens County, Washington
Docket DMA-2123
Commodity: Lead-Zinc

ON-SITE RPT.

RECOMMENDATION

It is recommended that favorable consideration be given the application for government aid on an exploration project at the Lucile mine, Stevens County, Washington, as submitted by S.W. Zoldok, Spokane, Washington. This project will explore downward extensions of the known lead-zinc ore bodies, Lucile No. 1 and Lucile No. 2, and will also explore surface areas where geological conditions indicate other ore zones may outcrop.

SUMMARY OF APPLICATION AND FIELD EXAMINATION

On June 29, 1951 Mr. S.W. Zoldok submitted an application for aid on an exploration project to explore for tungsten ore at the Lucile mine, Stevens County, Washington. This application was assigned docket DMA-1882. A field examining team, E.A. Youngberg and myself, inspected the property August 1, 1951, to determine feasibility of the project. As a result of a negative report from this examination, the application was denied with the suggestion that a subsequent application for exploration for lead-zinc ore might merit further consideration.

Mr. Zoldok submitted an application for aid on an exploration for lead-zinc ore at the Lucile mine, September 25, 1951. This application has been assigned docket DMA-2123.

The Lucile mine was re-inspected October 16, 1951. The portal of the main adit is at an elevation of approximately 3,550 feet on the east slope of Red Top Mountain, in northeast Stevens County, Washington. The sediments in the vicinity of the mine are a series

of quartzites, limestones, schists, and phyllites assigned to the Cedar Creek Argillites of Cambrian age 1/, striking nearly north-south and dipping 35°-50° to the west. These rocks may be the correlative of the Maitlen phyllite of the Metaline quadrangle. The main ore bodies are confined to a hundred-foot thick limestone member which has a phyllitic hanging-wall and a quartz-mica-schist footwall.

The Lucile No. 1 ore body is a pipe-like replacement approximately forty feet long and fifteen feet wide, the long axis nearly at right angles to the strike of the bedding. This zone dips very steeply to the southwest and indications are that it may rake slightly to the west. It has been nearly completely stoped-out above the main level where it apparently widened along the limestone-phyllite contact. A section through the long axis of the ore body has an approximate mushroom-like shape. The ore is a mixture of dark brown sphalerite and fresh-looking galena, the zinc mineral being the most predominant. The applicant indicates this ore zone assays 11.4 percent zinc, 2.8 percent lead and 3.0 ounces of silver to the ton. An unpublished U.S. Bureau of Mines War Minerals Report of July 1943 concerning this property indicates a weighted average of 8.7 percent zinc, 2.34 percent lead, and 1.38 ounces of silver per ton. Ore remaining in pillars and stope walls appears to be sufficiently high grade to approximate 10 percent zinc and 2 to 3 percent lead. Associated with this pipe-like body but more distinctly tabular in form are ore zones along the footwall and hanging wall contact of the limestone beds. The hanging wall zone is two to three feet thick and aside from the lead-zinc mineralization contains sporadic stringers of scheelite. This is lower grade ore than the pipe-like body but appears to be of commercial grade. The footwall zone is a one to two foot zone of oxidized low-grade lead-zinc ore containing some scheelite that by itself could not be considered promising but in conjunction with the other nearby ore occurrences of high grade, might conceivably be considered ore. These contact zones dip with the bedding and give evidence of being continuous ore zones. There are a number of lamprophyre dikes crosscutting the main ore body possibly indicating some genetic relationship of these dikes to the ore occurrence.

The Lucile No. 2 ore body is a surface showing on which some bulldozing has been done. At the time of the field inspection, very little actual ore in place could be observed. The applicant states that his bulldozing exposed an ore zone in excess of six feet wide along the hanging wall contact of the limestone beds. Overburden has sloughed

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1/ Campbell, C. D., Cambrian rocks of northeastern Stevens County, Washington, U. S. Geological Survey Bulletin 58, pp. 609-611, July 1947.

into this bulldozed pit making examination of the exposure impossible but there is no reason to doubt the veracity of the applicant's statement as it seems quite probable that the hanging wall ore zone exposed in the underground workings is continuous along strike and up-dip to the surface.

Nearly fifteen hundred feet to the northeast of the bulldozed pit, there is another surface exposure of lead ore in the steep face of a limestone cliff. This is associated with a lamprophyre dike which strikes at nearly right angles into the cliff face. The ore is parallel to the bedding of the limestone, is nearly four feet thick at the dike and thins to nearly six inches twenty feet from the dike suggesting a genetic relationship with the dike. The applicant proposes bulldozing in this area in an effort to find other surface showings that may be related to this exposure, which is very near the footwall contact of the limestone.

The applicant has mapped other indicated faults along the strike of the limestone beds in the vicinity of which more bulldozing is anticipated. It is believed by the applicant that these faults may represent flexures about which the structural conditions are favorable for ore deposition. The proposed exploration includes bulldozing and if ore is exposed, subsequent diamond-drilling is to be done to probe the downward extensions of the showings. This seems to be a feasible exploration project inasmuch as the main known ore occurrence on the property is at a bend or flexure in the limestone beds.

The proposed underground exploration is to drive a cross-cut at an elevation 100 feet lower than the present main level of the Lucile mine from the surface to intersect the hanging wall contact of the limestone beds. This will explore downward extensions of the footwall and hanging wall contact ore zones and also will determine in part the rake of the main ore pipe now exposed in the main workings of the Lucile mine. Drifting along the contact and raising on either end of the drift to the main level on one end of the drift and to the surface to the Lucile No. 2 ore body on the north end of the drift will explore 250 feet along the strike and upwards of 220 feet along the dip of the limestone-phyllite contact. There is a good possibility that this exploration will be successful in contacting downward extensions of exposed ore zones in the present Lucile workings and if the contact should be slightly contorted with depth, it is probable that the thickness and grade of the ore zone will increase at such flexures. Diamond drilling is not contemplated here as an exploratory medium, as the holes would be long and possibly would give inconclusive results. One of the conclusions of the War Minerals Reports of July, 1943, states, "Because the ore occurs near intersections, diamond drill holes could easily miss ore occurrences and give false impressions." (The intersections referred to are the flexures in the beddings.) A few short surface diamond drill holes, however, are contemplated to test possible discoveries in the bulldozer trenches.

The applicant is a mining engineer who has practiced his profession in this area first with the U. S. Bureau of Mines and later with a reputable mining consultant firm of Spokane, for a number of years. He has made careful studies of the ore occurrences on the Lucile property and it is believed that his analysis as to their occurrence and control is reasonable. Mr. Zoldok should be a very capable operator who can adequately supervise the proposed exploration project on his property.

It is believed that the proposed exploration project is sufficient to explore the downward extensions of the now known lead-zinc ore bodies and that the surface exploration to explore for other outcrops of ore zones is feasible. If the underground exploration is successful, the amount of ore to be indicated from the exploration should be sufficient to merit the proposed exploration costs.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEPARTMENT OF THE INTERIOR
RECEIVED
NOV 1 1951
Defense Minerals Administration,
Production Expansion Division.

So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
RECEIVED
NOV 19 1951
Defense Minerals Administration,
Production Expansion Division.

October 19, 1951

OFFICIAL FILE COPY

To	Init.	Date
210		

Memorandum

To: Tom Lyon, Director Supply Division

From: Field Team, Region II

Subject: Docket DMA-2123, Lucile Mine, Stevens County, Washington

Enclosed herewith are one copy each of From MF-103 and MF-100, and four copies of the field examiner's memorandum report on the application of S. W. Zoldok, Spokane, Washington, for aid on exploration project at the Lucile Mine, Stevens County, Washington.

The Field Team concurs with the field examiner's recommendation that favorable consideration be given this application.

No contract is being forwarded from this office. It is believed that if this application should obtain final approval, adequate information is contained in form MF-103 to complete the exhibits on the contract. If more information is desired, this office will furnish it at your request.

By Field Team, Region II. DMA

A. E. Weissenborn

A. E. Weissenborn, Executive Officer

M. E. Volin

M. E. Volin, Member

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 5 1951

Enclosures

FILE COPY
SURNAME:

35

Newcomb (ETN)
McKnight
Bishop
Bishop
AAP

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

OCT 12 1951

Re: DMA-2123

A.E.P.

Mr. S. W. Zoldok
401 Symons Building
Spokane 4, Washington

Dear Mr. Zoldok:

Your application for an exploration loan on the Lucile Mine property, Stevens County, Washington, has been received by the Lead-Zinc Branch of the Defense Minerals Administration. We have been advised by our field office, Spokane, Washington, that a field examination will be made on your property in the near future. A complete appraisal of your application will be made after we receive their field report.

Very truly yours,

A. B. Parsons

for Tom Lyon, Director
Supply Division

10/12

ELNewcomb:emp
G 10-5-51
Copies to: A. E. Weissenborn Region II (2)
Chief, Lead-Zinc Branch
E. T. McKnight 4204 GSA
O. M. Bishop
Directors r. files 4214 GSA
Br. r. files 4214 GSA
Administrators r. file
DMA docket files

10/2/51

S.W. Zoldok
401 Symons Building
Spokane 4, Washington

Subject: Exploration
Re: DMA-2123

My dear Mr. Zoldok;

This will acknowledge receipt of your application dated September 25, 1951 for a loan under the Defense Production Act of 1950.

Your application was assigned Docket Number DMA-2123 and referred to the Lead-Zinc Branch.

Kindly refer to DMA-2123 in any future correspondence relating to your application.

Sincerely yours,

Robert E. Adams

Robert E. Adams, Chief
Reports and Records Unit

2463

OCT 2 1951

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

So. 157 Howard Street
Spokane 4, Washington

September 26, 1951

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 1 1951

Executive Secretary
Defense Minerals Administration
Department of the Interior
Washington 25, D. C.

Dear Sir:

Enclosed are three completed sets of forms MF-100 and MF-103 which are applications submitted by S. W. Zoldok, Spokane 4, Washington, for exploration work in search of lead-zinc ore on the Lucile Mine Property, Stevens County, Washington. One copy of each completed form is being retained at this office to be used by the field team for referral in making an examination of the property.

Previously Mr. Zoldok submitted an application for exploration for tungsten ore at the Lucile. A field examination indicated that the Lucile did not have promising possibilities as a tungsten producer but the lead-zinc showings in the mine indicated that an exploration program for these metals could be justified. Mr. Zoldok was informed of this by the Washington office and as a consequence the enclosed application has been made out.

Another field examination is being planned in the near future to check the feasibility of the proposed exploration project and the report of this examination will be forwarded as soon as it is ready.

Yours very truly,

Willard P. Puffett rc

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

OFFICIAL FILE COPY

Enclosures

To	Init.	Date
350	[illegible]	10-22-51
210		

EXPLANATION

ORE ZONE

LAMPROPHYRE

MARBLE
QUARTZITE

CONTACT, SHOWING DIP

FAULT, SHOWING DIP

STRIKE AND DIP OF BEDS

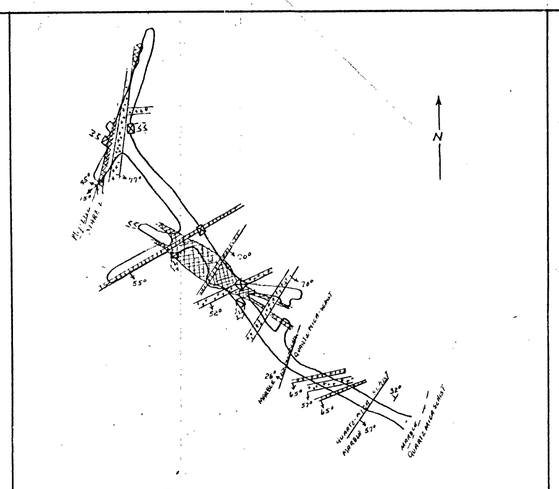
STRIKE AND DIP OF JOINTS

BEARING AND PLUNGE OF LINEATION

FOOT OF RAISE OR WINZE

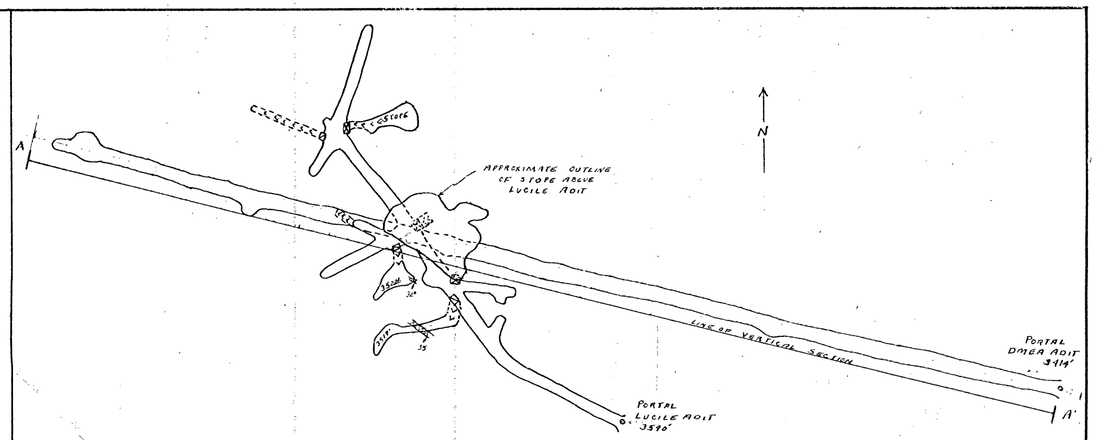
HEAD OF RAISE OR WINZE

INCLINED WORKINGS, CHEVRONS POINT DOWN

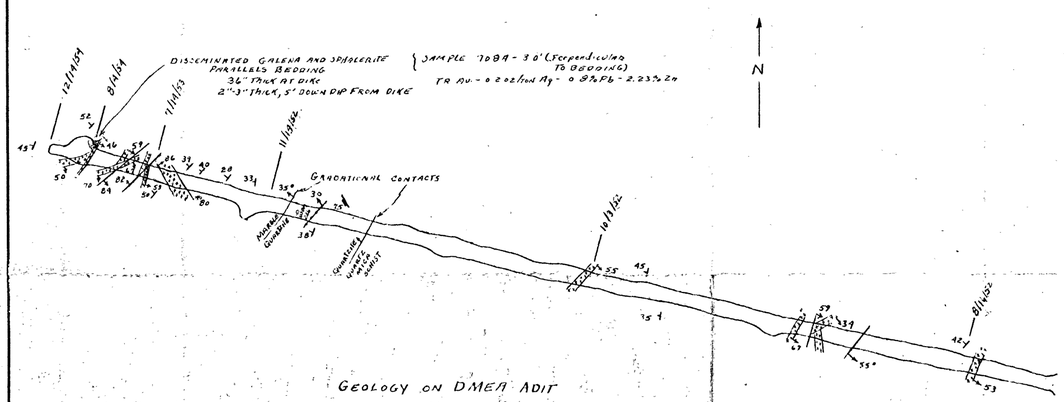


GEOLOGY ON LUCILE ADIT

ADAPTED FROM MAP by:
S.W. ZOLOGY, USBM

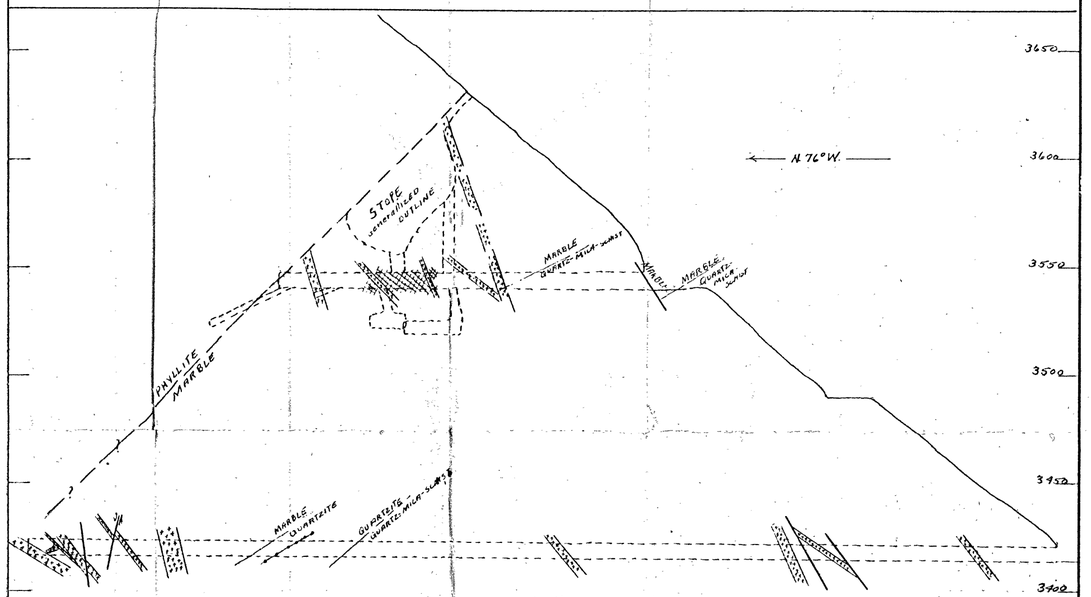


COMPOSITE PLAN MAP of UNDERGROUND WORKINGS



GEOLOGY ON DMEA ADIT

TAPE AND BRUNTON TRAVERSE:
W.S. ANDERSON, USBM
GEOLOGY by
W.A. PUFFETT, USGS.

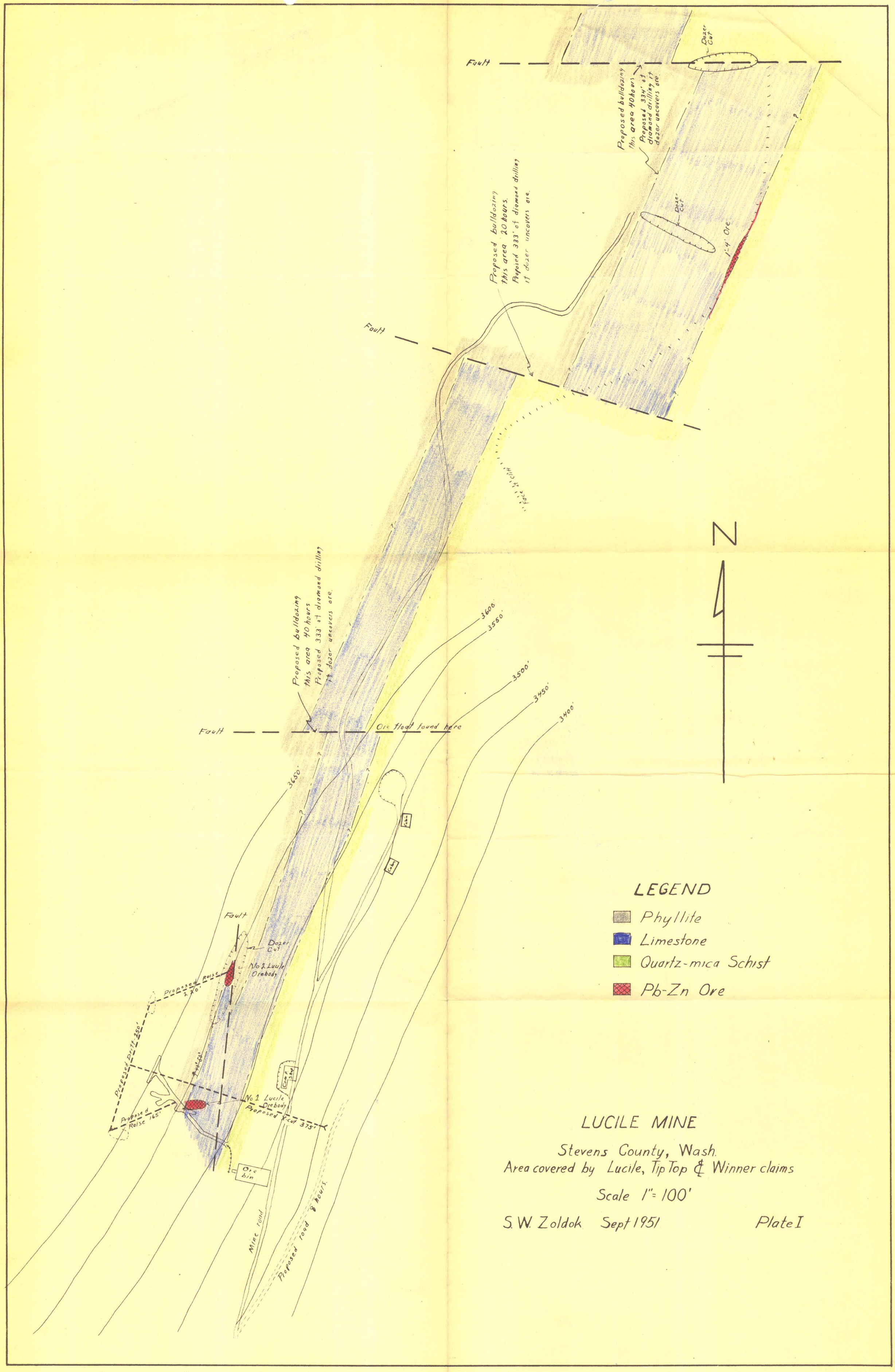


VERTICAL SECTION A-A'

PLAN MAPS AND SECTION OF UNDERGROUND WORKINGS
LUCILE MINE

SECS. 19 and 30, T.40N., R.42E.
STEVENS COUNTY, WASHINGTON

SCALE 50 40 30 20 10 0 50 100 150 FEET



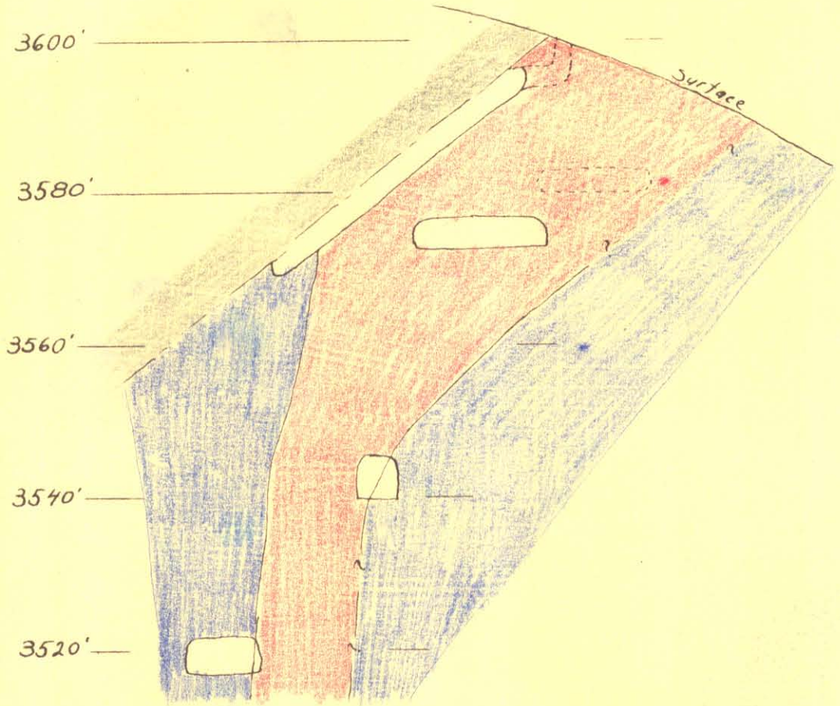
LUCILE MINE

Stevens County, Wash.

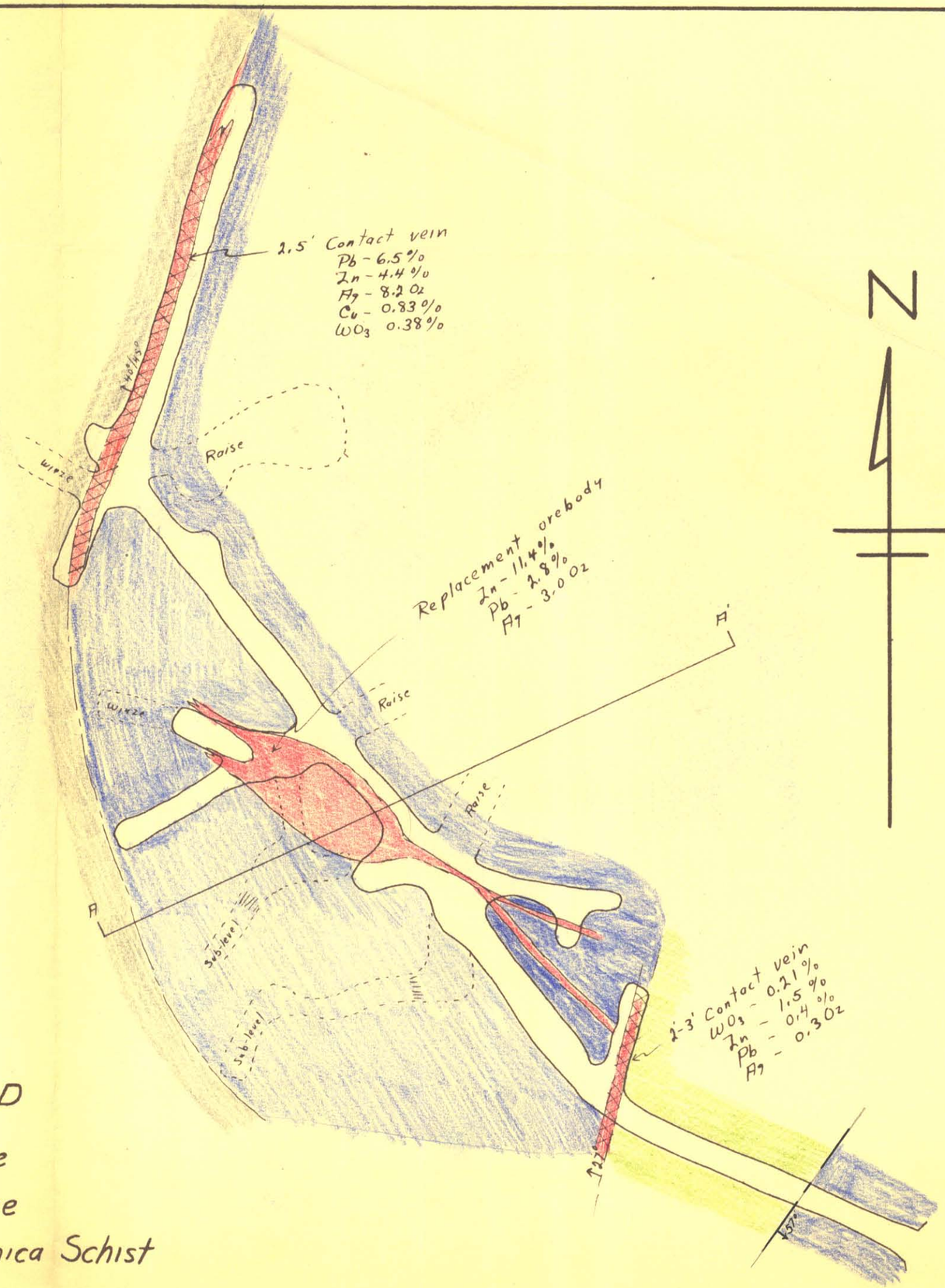
Area covered by Lucile, Tip Top & Winner claims

Scale 1" = 100'

S. W. Zoldok Sept 1951 Plate I



Sec A-A'



LUCILE MINE

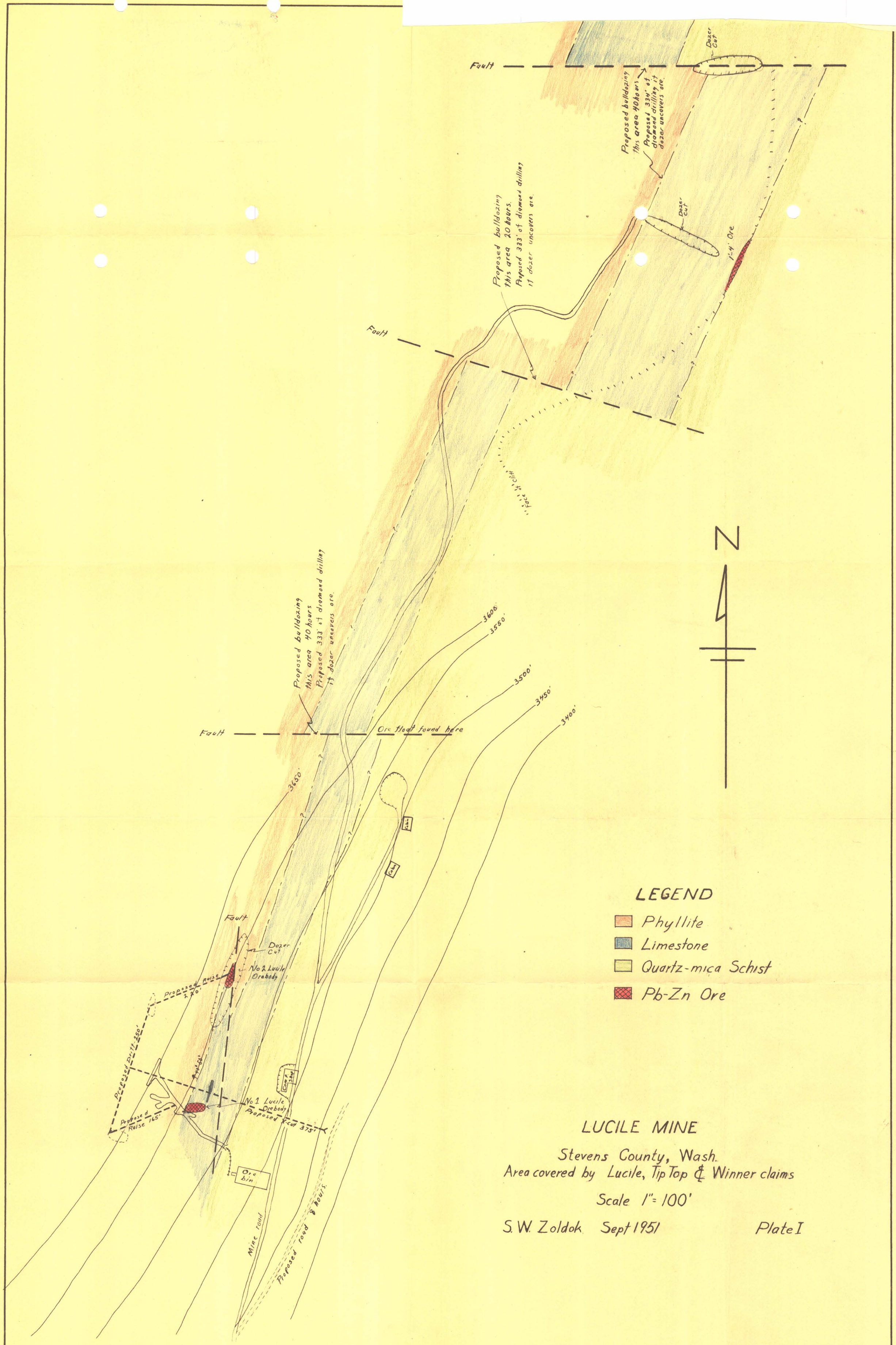
Stevens County, Wash.

Scale: 1"=20'

LEGEND

- Phyllite
- Limestone
- Quartz-mica Schist
- Pb-Zn Ore

S. W. Zoldok Sept 1951 Plate II



LUCILE MINE

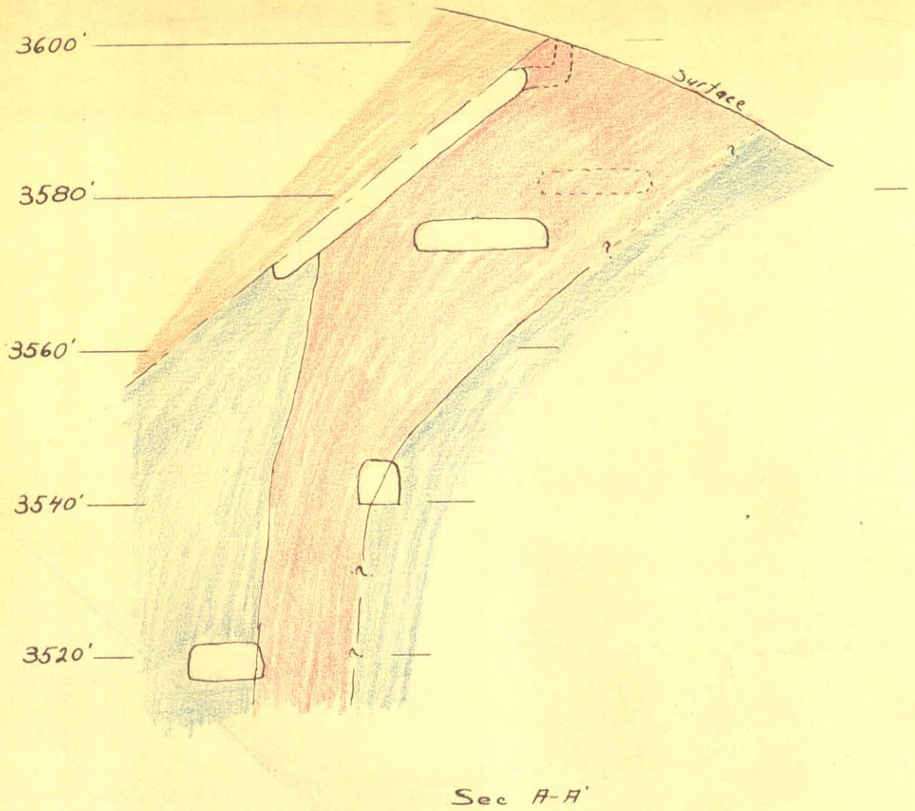
Stevens County, Wash.

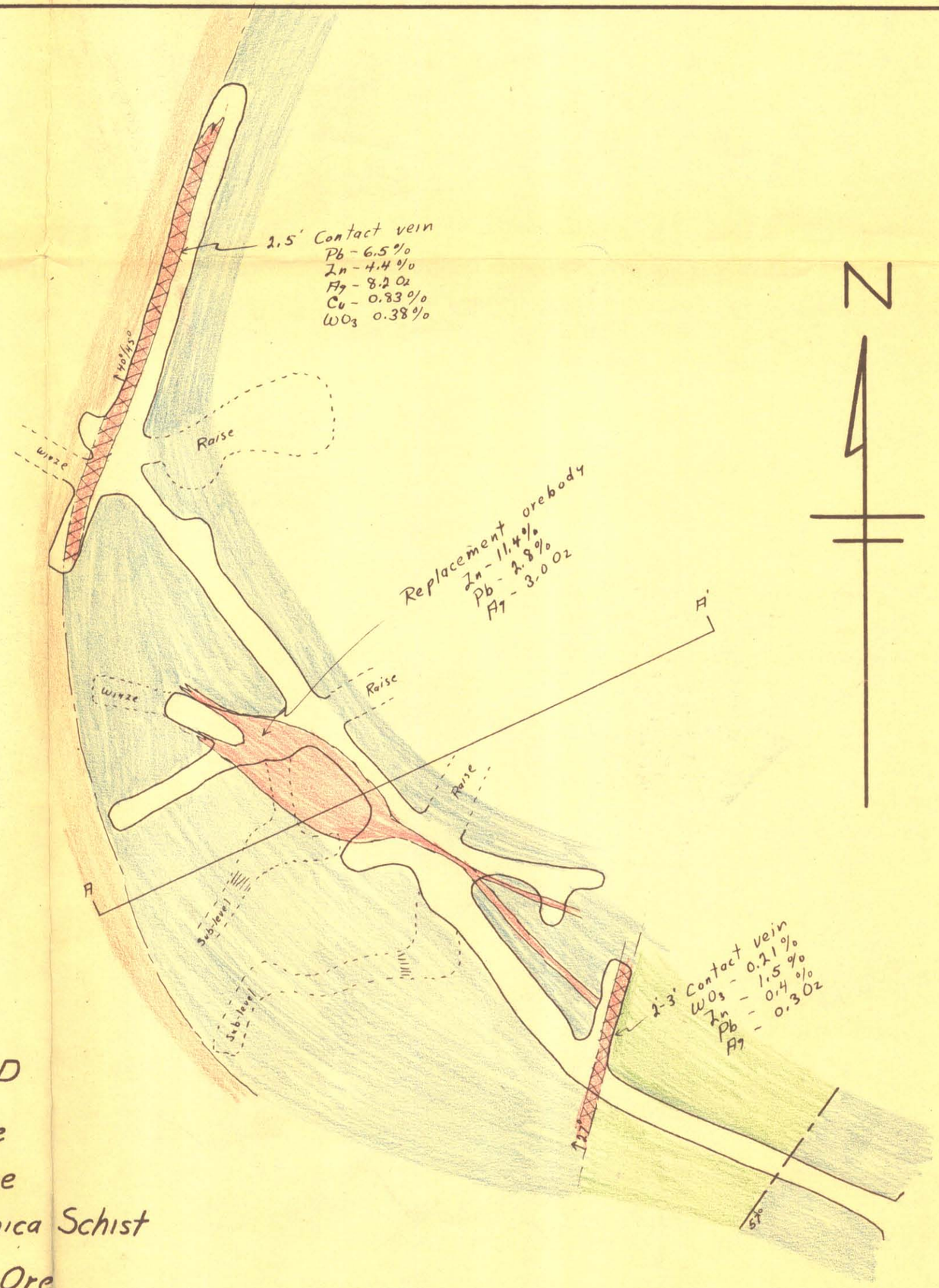
Area covered by Lucile, Tip Top & Winner claims

Scale 1" = 100'

S. W. Zoldok Sept 1951

Plate I





LUCILE MINE

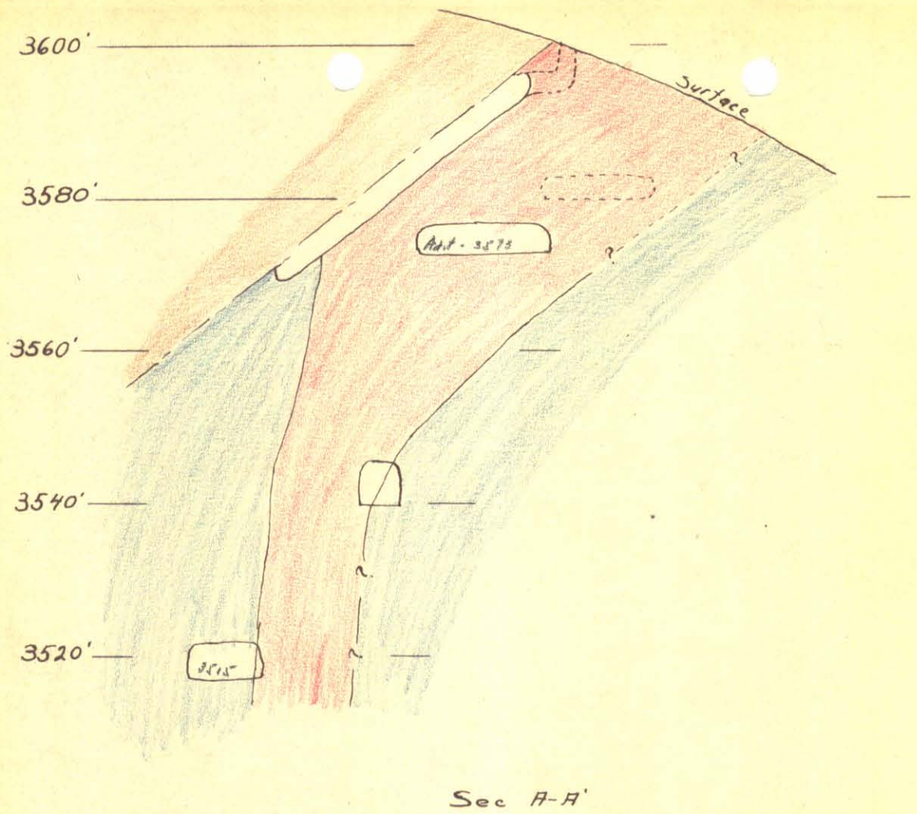
Stevens County, Wash.

Scale: 1"=20'

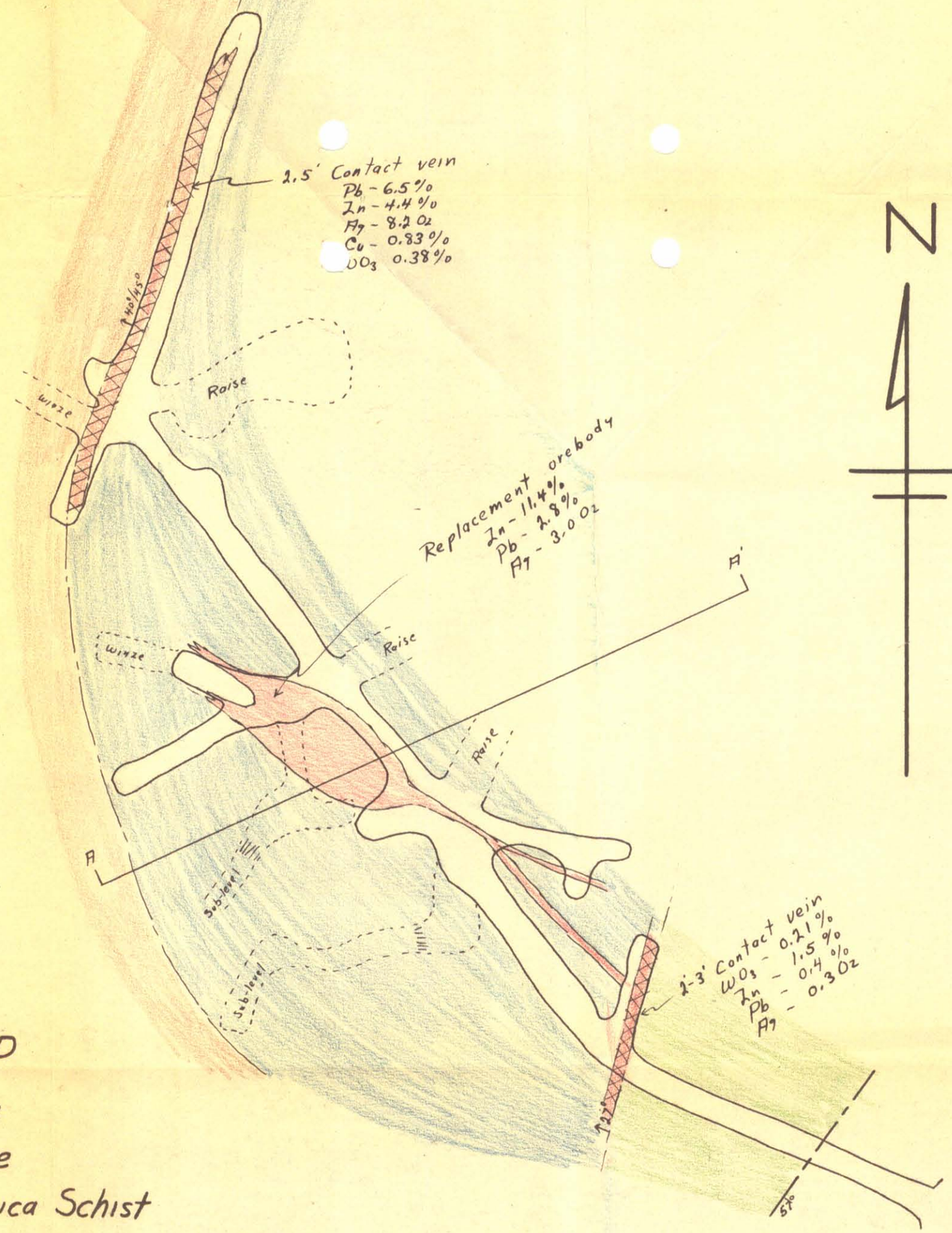
LEGEND

- Phyllite
- Limestone
- Quartz-mica Schist
- Pb-Zn Ore

S. W. Zoldok Sept 1951 Plate II



Sec A-A'



LUCILE MINE

Stevens County, Wash.

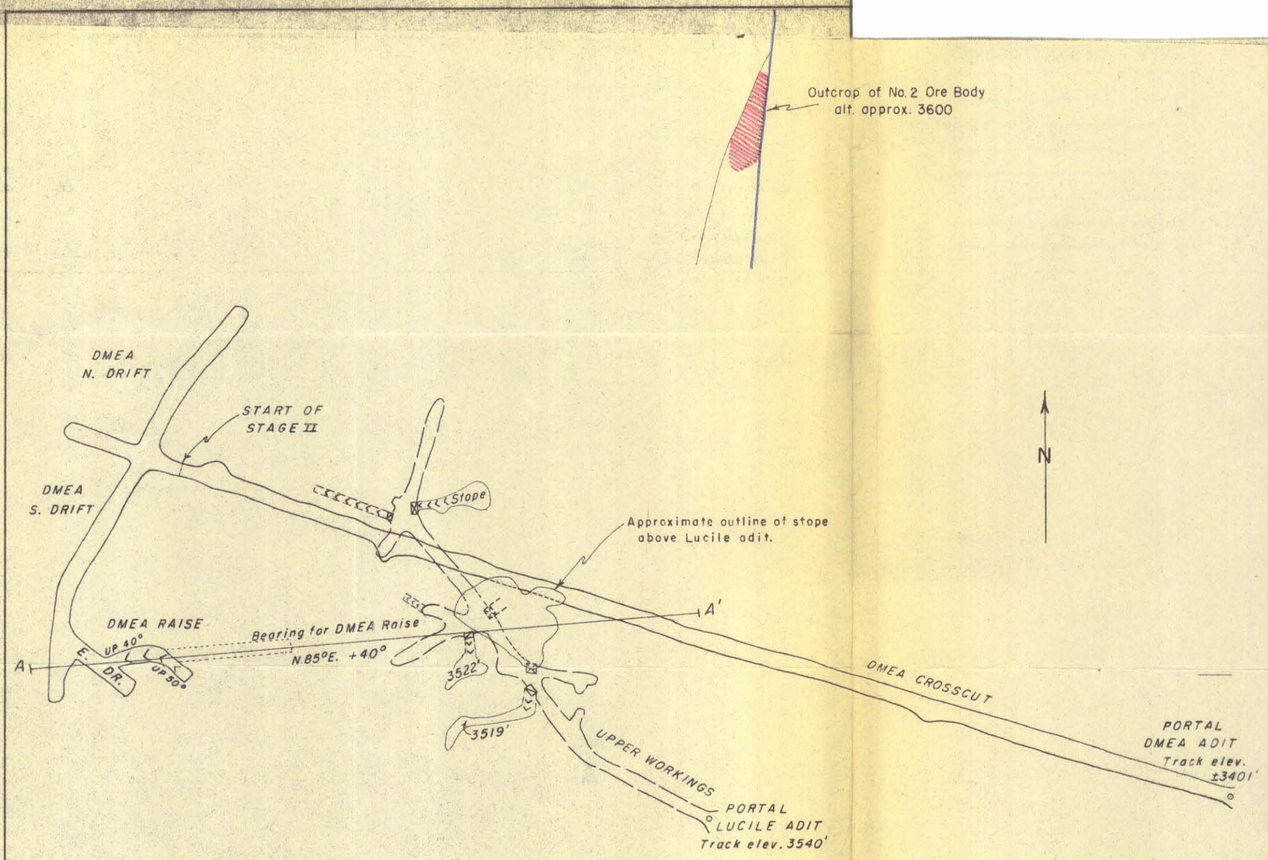
Scale: 1" = 20'

LEGEND

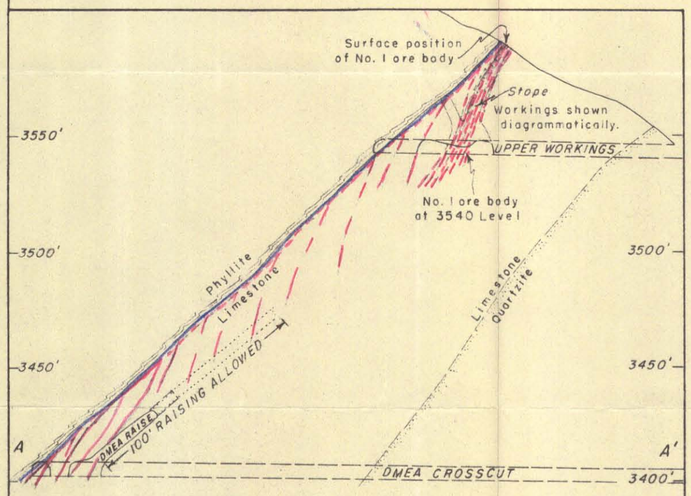
- Phyllite
- Limestone
- Quartz-mica Schist
- Pb-Zn Ore

S. W. Zoldok Sept 1951 Plate II

UNITED STATES
DEPARTMENT OF THE INTERIOR



SURFACE OUTCROP AND
COMPOSITE PLAN MAP OF UNDERGROUND WORKINGS



CROSS SECTION OF LUCILE AND DMEA ADITS
IN PLANE OF DMEA RAISE

EXPLANATION

Ore zone

Lamprophyre

Contact, showing dip

Fault, showing dip

Strike and dip of beds

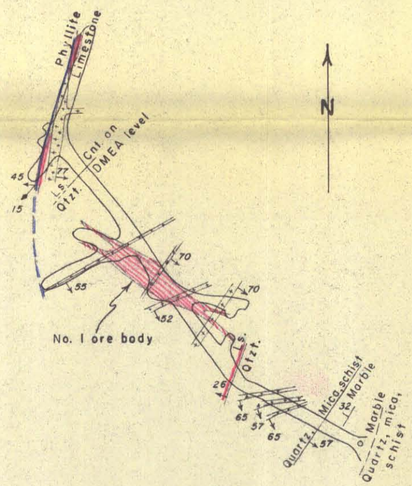
Strike and dip of joints

Bearing and plunge of lineation

Foot of raise or winze

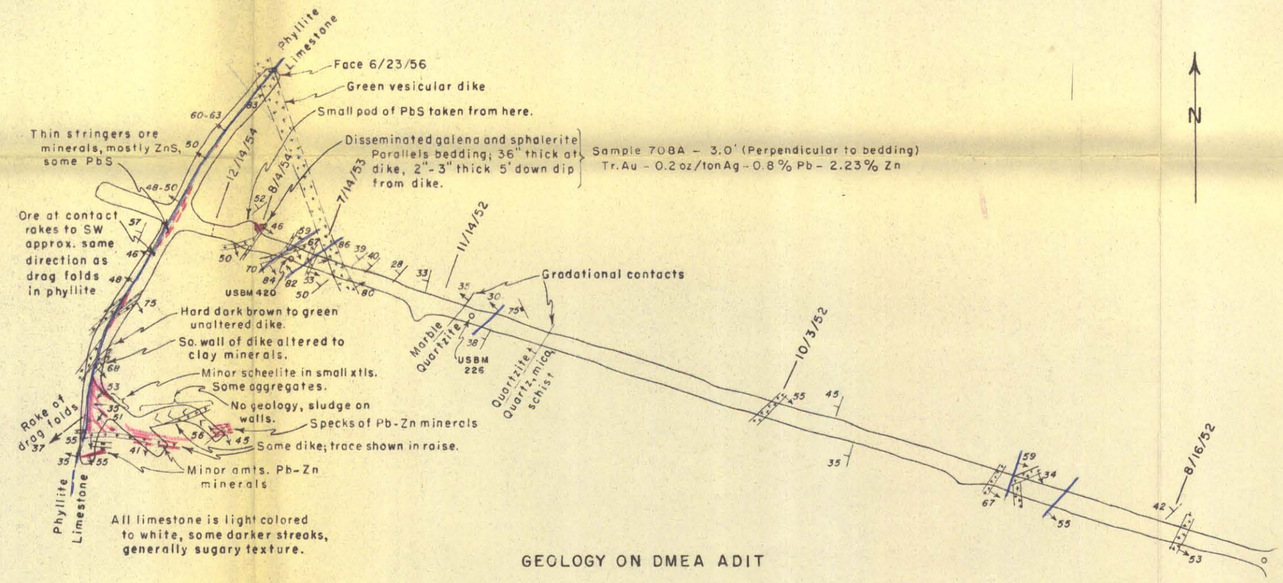
Head of raise or winze

Inclined workings, chevrons point down



GEOLOGY ON LUCILE ADIT

Adapted from map by
S.W. Zoldok, USBM.



GEOLOGY ON DMEA ADIT

Transit survey by M. R. Lickes.
Geology by W. P. Puffett and
D. F. Kellum.

LUCILE MINE

PACIFIC NORTHWEST MINING COMPANY
STEVENS COUNTY, WASHINGTON

50 0 50 100 Feet

H.F. ALBEE

Oct. 1958 Docket No. DMEA-2123

PLATE I