UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

~~Terminated~~ (or cancelled) without certification. DMEA No. 2223

This is the official contract file containing all official records of the project. Duplicate material has been removed. The records contained in the files are checked and are arranged in this manner:

Left Side

Certificate of Audit (Final).

Interim Audit(s).

Report of Review.

Termination Notice or Agreement.

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.

Schedule of Collections.

Operator's monthly reports and all attachments (latest on top).

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.

Interim Reports.

✓ On-site Exam Report(s). (Tab)

Settlement Sheets.

If additional folders are required because of volume of records, show folder numbers and contents below:

Maps in folder number _____

Operator's Monthly Reports in folder number _____

CW
Reviewer's Initials

7973

DMEA-2223X

Docket No. ~~DMA~~ XXX

Commodity Lead-Zinc

IdmE-262

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

GOVERNMENT'S COPY

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 21st day of February, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and[2] Spokane-Idaho Mining Company - a Corporation
P. O. Box 930
Kellog, Idaho

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 following patented mining claims: In Sections Three (3), Four (4), Nine (9) and Ten (10), Township Thirty (30) North, Range Thirty-eight (38) East of the Willamette Meridian: The Ona and Etta, Mineral Survey No. 552: The Triangle Fraction, Lucky Boy, Stewart Fraction, Copper King, Copper Queen, Cleveland, and Etta Fraction, Mineral Survey No. 553; and the Olympia, Mineral Survey No. 554. Also the following described contiguous unpatented mining claims, to-wit: with respect to which the Operator represents and undertakes:[4] The Willow Claim No. 1 and the Willow Claim No. 2.

~~(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:~~

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

3. *Exploration project.* The Operator, within 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] fifteen (15) 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 [illegible] 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 $22,064.00, which is 50 percent of the agreed estimated total cost of this project, $44,128.00.

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.

Spokane-Idaho Mining Company
(Operator)

By _____

THE UNITED STATES OF AMERICA

By C D Mitchenor
Acting Administrator, Defense Minerals Exploration Administration

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

EXPLORATION PROJECT CONTRACT
SPOKANE-IDAHO MINING COMPANY
DOCKET NO. DMEA-2223X

EXHIBIT "A"

Statement of the Work

The purpose of this project is to explore the downward extension of the East Ore Body in the Cleveland Mine. The initial phase of the exploration is to consist of diamond drilling from the Lower Tunnel Level and is planned in two stages, Stage I and Stage II, as more fully described hereinafter. If, in the opinion of the Government, the drilling discloses evidence sufficiently favorable to warrant further exploration, then a program of sinking, drifting and crosscutting is to be undertaken as Stage III of the project, as more fully described hereinafter.

The project shall not be continued beyond Stage I without the written approval of the Government. Based upon the results of Stage I the Government shall either require the discontinuance of the project, the undertaking of Stage II or the omission of Stage II and the immediate undertaking of Stage III. If Stage II is authorized and performed, the Government shall, upon the basis of the results of Stage I and Stage II, either require the discontinuance of the project or authorize the performance of Stage III.

Attached is a map designated as Cleveland Mine near Hunters, Stevens County, Washington, showing a plan, a longitudinal section, and a cross section of the mine workings, with the East Ore Body referred to above, indicated thereon.

Estimate of General Costs

Fixtures and improvements

None

Operating Equipment

To be rented:

1—Jaeger U. P. - 18A diesel driven compressor	rental @	$415.00/mo.
1—Diesel Electric 75 hp unit	" "	$300.00/mo.
1—Underground electric hoist	" "	$200.00/mo.
1—Air Trammer	" "	$150.00/mo.

To be furnished by Operator

	Value	Depreciation Value per month
1—Diesel tractor bulldozer	$5,650.00	$94.00
(1) 2—Army (6X6) trucks	1,601.00	24.00
2—Machine drills (drifting) $1,000 each	2,000.00	33.00
1—Chevrolet pickup truck	1,652.00	27.00
2—Pumps electric motor driven	600.00	10.00
1—Air hoist	450.00	7.50
3—Machine drills (jackhammer) @ $373.00 each	1,125.00	18.00

The above items are to be depreciated only for the periods during which they are devoted to use on the project.

Rehabilitation and repairs

The following buildings are to be rehabilitated:

1—Frame house for office and dry room, material and labor	$ 600.00
1—Machine shop	300.00
1—Warehouse	200.00
2—Shacks for living quarters	500.00
	$1,600.00

Work and Estimates by Stages

Stage I (Time schedule 3 months)

Approximately 600 feet of diamond drilling is to be done in three holes which are to be collared near the face of the crosscut running northerly from the East Ore Body, as shown on the attached map, at cross section plane line C.D. A maximum total of 1,000 feet of drilling is to be allowed under this stage of the project work.

The holes are to be drilled at negative angles in a southerly direction to intersect the projected downward extension of the East Ore Body at about the 100 ft. horizon below the lower Tunnel Level.

The location, direction, length and attitude of these drill holes are to be agreed upon by the Operator and the Government.

Estimated Cost of Stage I 1/

First 500 feet of contract diamond drilling @ $4.00 per ft.		$ 2,000.00
Second 500 feet of contract diamond drilling @ $3.50 per ft.		1,750.00
Assaying		750.00
Core boxes		50.00
Labor		
1—mechanic @ ½ time for 3 months	$ 554.50	
1—Engineer @ ½ time for 3 months	562.50	1,117.00
Operating expenses		
Diesel fuel for compressor @ $12.00/day for 3 months	892.00	
Compressor rental @ $415.00/mo. for 3 months	1,245.00	2,137.00
		$ 7,804.00

Stage II (Time schedule 3 months) 1/

This work to consist of an additional 1,000 feet of diamond drilling is to be undertaken only if, in the opinion of the Government, the results of Stage I indicate that such additional drilling is warranted. The additional drilling is to be done in an attempt to further delineate the downward extension of the East Ore Body or the work may be undertaken in such other areas in the mine as appear to be favorable for exploration work.

The location, direction, length and attitude of the drill holes to be agreed upon by the Operator and the Government.

Estimated Cost of Stage II

An additional 1,000 ft. of contract diamond drilling @ $3.50/ft.	$3,500.00
Assaying	750.00
Core Boxes	50.00

1/ All of the above diamond drilling is to be done by the Havlick Diamond Drilling Company, Inc., Spokane, Washington, as provided in the drilling contract between the Operator and the drilling company, a copy of which is attached hereto.

Labor

1—Mechanic @ ½ time for 3 months	$ 554.50	
1—Engineer @ ½ time for 3 months	562.50	$1,117.00

Operating expenses

Diesel fuel for compressor @ $12.00 per day for 3 months	892.00	
Compressor rental for 3 months	1,245.00	2,137.00
		$7,554.00

Stage III (Time Schedule 8 months)

The following work is to be undertaken only if, in the opinion of the Government, the results of the prior work indicate that such undertaking is warranted. The work will consist of preparing a working station at a favorable point, south of the East Ore Body in the Lower Tunnel Level. At this location a winze is to be sunk to a depth of 130 feet and a working station sufficient for drifting and crosscutting prepared at that level. Upon completion of the sinking and preparation, a total of 300 feet of drifting and crosscutting is to be undertaken from this point, for the purpose of intercepting and delineating the downward extension of the East Ore Body.

The location of the winze and the length of drifts and crosscuts are to be agreed upon by the Operator and the Government.

Estimated Cost of Stage III (Time schedule 8 months)

(A) Working station on Lower Tunnel Level:

Labor and Supervision

2—Miners @ $15.00/day for ½ mo. 2/	$ 330.00	
2—Trammers @ $14.00/day for ½ mo. 2/	308.00	
1—Supervisor @ $350.00/mo. for ½ mo. 2/	175.00	$ 813.00

Operating supplies and expenses

Compressor rental @ $415.00/mo. for ½ mo.	207.50	
Compressor fuel @ $12.00/day for ½ mo.	132.00	
Allowance for use of equipment @ $129.00 per mo. for ½ mo.	64.50	
Supplies and replacements for ½ mo.	250.00	654.00
		$1,467.00

2/ Includes insurance and taxes.

(B) Sinking winze 130 feet and working station at 130 foot level (Time schedule 3½ months)

Labor and supervision		
2—Miners @ $15.00/day for 3½ mos. 3/	$2,310.00	
1—Hoistman @ $14.00/day for 3½ mos. 3/	1,078.00	
2—Trammers @ $14.00/day for 3½ mos. 3/	2,156.00	
1—Cager @ $15.00/day for 3½ mos. 3/	1,155.00	
1—Supervisor for 3½ mos. 3/	1,225.00	$ 7,924.00
Operating supplies and expenses		
Compressor rental @ $415.00/mo. for 3½ mos.	1,452.00	
Compressor fuel @ $12.00/day for 3½ mos.	924.00	
Allowance for use of equipment @ $129.00/mo. for 3½ mos.	451.50	
Supplies and replacements @ $600.00/mo. for 3½ mos.	2,100.00	4,927.50
		$12,851.50

(C) Drifting and crosscutting 300 feet from bottom of 130 foot winze (Time schedule 4 months)

Labor and supervision		
2—Miners @ $15.00/day for 3½ mos. 3/	$2,310.00	
1—Cager @ $15.00/day for 3½ mos. 3/	1,155.00	
1—Hoistman @ $14.00/day for 3½ mos. 3/	1,078.00	
2—Trammers @ $14.00/day for 3½ mos. 3/	2,156.00	
1—Supervisor @ $350.00/mo. for 3½ mos. 3/	1,225.00	$ 7,924.00

3/ Includes insurance and taxes.

Operating supplies and expenses

Compressor rental @ $415.00/mo. for 3½ months	$1,452.00	
Compressor fuel @ $12.00/day for 3½ months	924.00	
Allowance for use of equipment @ $129.00/mo. for 3½ months	451.50	
Supplies and replacements	2,100.00	$ 4,927.50
		$12,851.50

Summary of Estimated Costs

Rehabilitation and Repairs		$1,600.00	
Estimated Cost of Stage I		7,804.00	
Estimated Cost of Stage II		7,554.00	
Estimated cost of Stage III			
A. Working Station	$ 1,467.00		
B. Winze and Station	12,851.50		
C. Drifting and Cross-cutting	12,851.50	27,170.00	$44,128.00
Government participation (50%) of above			$22,064.00

MF-202

LANDLORD'S SUBORDINATION AGREEMENT

Know All Men By These Presents:

Whereas, the undersigned is the owner in fee simple of that certain parcel of ground in the county of Stevens, State of Washington, described in a certain Exploration Project Contract dated February 21, 195 2, between SPOKANE IDAHO MINING COMPANY, the Lessee of said property, and the United States of America;

NOW, THEREFORE, the undersigned, as Lessor of said property under lease dated September 14, 1951 does by these presents subordinate all of his right, title, and interest under the provisions of said lease to the right, title, and interest of the United States of America under the provisions of said Exploration Project Contract, and agrees that the lien and claim of the United States of America under the provisions of said contract shall be prior to the undersigned's rights to rentals or royalties under the terms of said lease; and

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

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

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

Dated this 7th day of November, 1951

Stuart Compton

Re: Spokane-Idaho Mining Company
Cleveland mine
Stevens County, Washington

EXHIBIT "A"

The purpose of this exploration program is to explore the downward extension of the East ore body. The project is to be a three phase program, each subsequent phase contingent upon the findings of the preceeding phase. Upon completion of Phase I, Phase II may be omitted and Phase III initiated if findings and conditions warrant.

Exploration Project:

Phase I

Phase I is to consist of a maximum of 1,000 feet of diamond drilling to be contracted by Havlick Diamond Drilling Company of Spokane, Washington. (See copy of this contract with original of this application.) Drilling is to be done using EX double-tube core barrel. Approximately 600 feet of the drilling is to be done in three holes collared near the end of the northerly crosscut off the East ore body, drilled at negative angles in a southerly direction to intercept the projected downward extension of the East ore body at about the minus 100 foot horizon below the lower level. Additional drilling will depend on results obtained in the first holes.

Cost of diamond drill holes:

Contractor's price, minimum of 500 feet at $4.00/foot	$ 2000.00
additional 500 feet at $3.50/foot	1750.00
Assaying	750.00
Core Boxes	50.00
Labor, Mechanic at half time -- (3 months)	554.40
Engineer at half time -- (3 months)	562.50
Diesel fuel for compressor, 50 gals/shift x $0.20/gal = 12.00/shift	780.00
TOTAL DIAMOND DRILLING COST, PHASE I	$ 6446.90

Phase II

Phase II is to consist of an additional 1,000 feet of diamond drilling or a part thereof if the findings of Phase I warrant such additional drilling. This drilling may be done either on the further downward extension of the East ore body or in other areas in the mine appearing to be favorable for prospecting.

Cost of diamond drill holes:

1000 feet at $3.50/foot	$ 3500.00
Assaying	750.00
Core Boxes	50.00
Labor, Mechanic at half time -- (3 months)	554.40
Engineer at half time -- (3 months)	562.50
Diesel fuel for compressor	780.00
TOTAL DIAMOND DRILLING COST, PHASE II	$ 6196.90

Phase III

Phase III will be initiated if the findings of Phase I and/or Phase II warrant such initiation. Phase III will consist of cutting a station and pocket on the main haulage level, sinking a shaft 130 feet, cutting a station and pocket at depth off the shaft, and driving 300 feet of drift and/or crosscut to intercept and develop the downward extension of the East ore body. The shaft will be located southwest of the East ore body.**

a. Cost of cutting a station and pocket on the main haulage level:
Pocket: (50 ton mill) 75 tons x 17 cu.ft./ton = 1275 cu.ft.
Station: 20' x 20' x 15' = 6000 cu.ft.
TOTAL 7275 cu.ft. at $0.50/cu.ft. ..... $ 3637.50

b. Cost of sinking 130 feet of shaft at $150/foot 19500.00

c. Cost of cutting station and pocket at depth:

Station: 20" x 20" x 15" =	6000 cu.ft.	
Pocket: 50 tons x 17 cu.ft./ton =	850 cu.ft.	
Total	6850 cu.ft. at $0.50/cu.ft.	3425.00

d. Cost of driving 300 feet of drift and/or crosscut:
300 feet x $35.00/foot 10500.00

Phase III (continued)

e. Cost of hoisting and miscellaneous on c and d: 10%	$ 1392.50
f. Diesel fuel for compressor	2080.000
TOTAL DIRECT DEVELOPMENT COST OF PHASE III	$40535.00

Note 1. These dimensions and measurements are the maximum intended to be covered by this contract, and may be lessened if conditions warrant.

**Note 2. Old shaft marked inacessible on map will be investigated for possible use prior to starting work on new shaft.

Note 3. In connection with and in conjunction with the phases of exploration work, repair and rehabilitation of mine facilities and buildings shall be initiated.

Total cost of project:

Phase I - Diamond Drilling including accessory labor costs	$ 6446.90
Phase II - Diamond Drilling including accessory labor costs	6196.90
Phase III - Direct Development	40535.00
Cost of Repair and Rehabilitation of Existing Mine Facilities and Structures	6174.00
Cost of Erecting New Structures	6337.00
Cost of Items to be Purchased:	
Underground sinker hoist with motor	4500.00
Mucking Machine	3500.00
Air Trammer	1200.00
Slusher, complete	795.00
Miscellaneous (steel, tools, hoses, etc.)	500.00
TOTAL:	$76184.80
Cost of Other Items:	
Electric Power for mine	$ 3724.03
Furnishings, office and dry room	500.00
TOTAL:	$ 4224.03
TOTAL COST OF PROJECT:	$ 80,408.83

Time required to complete project:

(Maximum time disregarding unforeseen delays)

Phase I - 1000 feet of diamond drilling at 10 ft/shift ...	3 months
Phase II - 1000 feet of diamond drilling at 10 ft/shift ...	3 months
Phase III - Upper pocket and station, 7275 cu.ft./200 cu.ft./shift	1.3 months
130 feet of shaft at 2 ft/shift.....	2.75 months
Lower pocket and station, 6850 cu.ft./200 cu.ft./shift	1 month
300 feet of drift and/or crosscut at 5 ft/shift	3 months
Approximate total time:	14 months

Rehabilitation or repairs to existing facilities, buildings, installations, and fixtures:

Cost of Materials:

Frame house (office and dry room)	$ 300.00
Machine shop	100.00
Warehouse	50.00
Two shacks (living quarters).....	50.00
Total cost of materials:	$ 500.00

Rehabilitation and Repairs:

Mine workings	----
Mine Road	----

Cost of Labor:

Overall rehabilitation and repair -- 4 months at $1418.50/month	$ 5674.00
TOTAL:	$6174.00

The above estimate of labor cost is based on a breakdown of labor costs as listed under Schedule of labor.

Note: Dump truck and bulldozer to be used in repair of mine road. Use of this equipment will cease as soon as the road is in useable condition.

Additional facilities, buildings, and fixtures to be purchased, installed, or erected:

Cost of Materials:

Boarding house and fixtures	$ 3000.00
Garage	500.00
TOTAL:	$ 3500.00

Cost of Labor:

See schedule of labor for breakdown.

Two months at $1418.50/month	$ 2837.00
TOTAL:	$ 6337.00

Operating equipment:

Items rented:

	Value	Rent
Jaeger Compressor, 365 cfm capacity, UD-18A diesel Int. engine	$8755.00	$ 415/month

Items to be purchased:

	Purchase Price
Underground sinker hoist with motor	$ 4500.00
Mucking Machine Eimco 12	$ 3500.00
Air Trammer	$ 1200.00
Slusher, complete	$ 795.00
Miscellaneous (steel, tools, hoses, etc.)	$ 500.00

Cost of other items:

Electric power for mine (diesel electric unit)

75 HP x 746 watts = 55.95 kw
8 months x 26 days = 208 days x 8 hours = 1664 hours
55.95 x 1664 = 93,100.8 kwh x $0.04/kw ..... $ 3724.03

Furnishings, office, and dry room ..... $ 500.00

Items to be furnished by operator:

	Value	Depreciation - 1/60 of value per month
Bulldozer	$5650.00	$ 94.00
Truck, army 6x6 with dump body	1601.50	24.00
2 drifters, with bar and arm at $1000 each	2000.00	16.50 each
1950 Chevrolet pickup	1652.00	27.00
2 stopers at $450	900.00	15.00
2 pumps at $300	600.00	10.00
1 GD air hoist	450.00	7.50
1 hand operated hoist	100.00	1.50
3 jackhammers at $375	1125.00	6.00 each

Note: Items are to be depreciated only during those months in which they are in use.

Schedule of Labor:

Phase I

	Rate
a. 1 mechanic at $13.20/shift (half time)	$ 184.80/month
b. 1 engineer (half time)	187.50/month
Total:	$ 372.30/month
3 months at $372.30/month	$1116.90

Phase II

Ditto Phase I

Schedule of Labor (continued):

Phase III

a.	2 shaft miners at $13.45/shift	) To be absorbed
b.	1 hoistman at $13.20/shift	)
c.	1 cager at $12.70/shift	) in sinking
d.	1 trammer at $12.45/shift	)
e.	1 shifter at $14.20/shift	) costs.

Rehabilitation and Repairs:

a.	1 mechanic at $13.20/shift (half time)	$ 184.80/month
b.	1 miner at $12.45/shift	348.60/month
c.	1 foreman at $14.20/shift	397.60/month
d.	1 engineer at half time	187.50/month
	Plus expense accounts of a, c, and d at $100/month	300.00/month
	TOTAL:	$1418.50/month
	Total for 6 months:	$8511.00

MINING LEASE

THIS INDENTURE, Made and entered into this 14th day of September, A.D. 1951, by and between STUART COMPTON and ZORA COMPTON, husband and wife, and WALTER S. JOHNSON and NONA MAY JOHNSON, husband and wife,

Parties of the First Part, hereinafter called the Lessors, and SPOKANE-IDAHO MINING COMPANY, an Idaho corporation, duly authorized to transact business in the State of Washington, Party of the Second Part, hereinafter called the Lessee,

WITNESSETH:

I.

DESCRIPTION OF PROPERTY:

The Lessors, for and in consideration of the royalties hereinafter reserved and the covenants and agreements of the Lessee hereinafter set forth, does hereby lease, demise and let unto the Lessee all the following described mining property located in Stevens County, State of Washington, to-wit:

The following described Patented Mining Claims in Sections Three (3), Four (4), Nine (9) and Ten (10), Township Thirty (30) North, Range Thirty-eight (38) East of the Willamette Meridian:

The Ona and Etta, Mineral survey No.552:

The Triangle Fraction, Lucky Boy, Stewart Fraction, Copper King, Copper Queen, Cleveland, and Etta Fraction, mineral survey No. 553; and

The Olympia, Mineral survey No. 554.

Also the following described contiguous unpatented mining claims, to-wit: The Willow Claim No. 1 and The Willow Claim No. 2.

II.

TERM OF LEASE:

TO HAVE AND TO HOLD unto said Lessee for the term of ten (10) years from the date hereof, and for a further term of ten (10) years at the option of the Lessee as hereinafter provided, unless sooner terminated by forfeiture, cancellation or surrender within said term or extended term as hereinafter provided. It is expressly understood and agreed that in the event the Lessee shall elect to exercise its option to extend said term it shall give written notice thereof to the Lessors on or before the 1st day of September, 1951.

III.

POSSESSION AND CONTROL OF PROPERTY:

The Lessors hereby give and grant to the Lessee the right immediately to enter upon and take over the sole and exclusive possession and control of the property and the whole and every part thereof, and during the effective term of this Lease the Lessee shall remain in the sole and exclusive possession and control thereof. The Lessee is also granted the right to investigate, measure, sample, examine, test, develop, work, mine, operate, use, manage and control said property, to erect, construct, use and maintain such buildings, structures, machinery and equipment as may be required by the Lessee for the conduct of its mining and milling operations; and to mine, extract and remove from said property the ores and minerals contained therein and to treat, mill, ship, sell or otherwise dispose of the same and receive the full proceeds therefrom, subject to the terms and conditions hereinafter set forth.

IV.

ENTRY, [illegible] WORK, POSTING NOTICE AND COMPLIANCE WITH LAWS:

The Lessee agrees to cause all exploration, development and mining work hereunder to be done in a careful and miner-like manner, and to conform in all respects to the mining laws and regulations of the State of Washington and of the United States of America, as more specifically outlined hereunder.

The Lessee shall post and keep posted written or printed notices in due form of law and in compliance with the requirements of the lien laws of the State of Washington, showing that the property is being worked by the Lessee under lease only and that the Lessors will not be subject to any lien whatever.

The Lessee shall observe and promptly comply with all local, county, state and federal laws, statutes, ordinances, rules, regulations, orders and requirements and those of any departments and bureaus of the Federal, state and local governments with reference to said property, buildings thereon, and any labor performed thereon, or to any operations thereunder; provided, however, that the Lessee shall have the right to contest the validity of any of the foregoing, taking all such steps as shall be reasonably required to protect the interests of the Lessors, and all expenses incurred or reserves established in complying therewith shall be capital expenditures to which the Lessee shall be entitled to reimbursement as hereinafter provided until the property is placed on a profitable operating basis and thereafter shall be charged to operations.

V.

WORK REQUIREMENTS:

The Lessee agrees to take immediate possession of the property and proceed with its rehabilitation and development. The Lessee agrees to explore by diamond core drilling and other methods in such manner and to such an extent as it in its sole judgment seems necessary or advisable to properly develop the property, subject to the limitations herein contained.

IT IS EXPRESSLY UNDERSTOOD and agreed, however, that the Lessee shall not be required or obligated to expend more than Thirty Thousand Dollars ($30,000.00) in the performance of the work outlined in the preceeding paragraph, or incident thereto; and furthermore, anything herein to the contrary notwithstanding, there shall be no obligation hereunder on the part of the Lessee to continue any of the work requirements specified herein if in the course of the Lessee's operations hereunder heavy ground or excessive water, or the like, shall be encountered, or when in the opinion of the Lessee such conditions shall render the undertaking economically unsound or impractical.

In the event the work requirements hereunder and the other terms of this lease are complied with by the Lessee during the original term thereof, and the Lessee exercises its option to renew the same, the work requirement during such renewed term shall be a maximum of Twenty-five Hundred ($2,500.00) Dollars per year expended for the further development of the property, which requirement can be complied with by the Lessee during any

one or more years, at its option, by the expenditure of such amounts during such year or years as will total Twenty-five Thousand Dollars ($25,000.00). It is understood and agreed that the sum of Twenty-five Thousand Dollars ($25,000.00) is the maximum work requirement obligation of the Lessee during the renewed term of this lease, which amount can be expended in one year or cumulated. Any work or expenditure by the Lessee on the unpatented mining claims shall be credited on the above work requirements.

VI.

TERMINATION BY LESSEE:

The Lessee reserves the right hereby expressly granted by the Lessors to terminate this lease and surrender the property to the Lessors during the term hereof or renewal thereof at any time when in the opinion of the Lessee the continuation of such work shall become economically unsound and impracticable, as hereinabove provided, upon thirty (30) days written notice to the Lessors of its intention to do so.

VII.

MINING OPERATIONS:

Upon completion of the exploration and development work required hereunder, unless this lease is sooner terminated as herein provided, and when profitable operations are conducted hereunder, the Lessee shall continue with reasonable diligence the development of the property, placing thereon or at other suitable location within a reasonable time all additional mining, milling and other equipment, buildings, etc., of the kind, type, character and quality deemed advisable in the Lessee's sole judgment, advancing all moneys required for that purpose, including working capital, subject, however, to the right of the Lessee to be reimbursed therefor as hereinafter provided.

VIII.

ADDITIONAL WORK:

Nothing herein shall be construed to prevent the Lessors, if they so desire, from advancing additional funds for the exploration and development of the property after the Lessee has expended the sum of Thirty Thousand Dollars ($30,000.00) for that purpose, either during the original term of this lease or the renewal thereof, subject to the right of reimbursement as hereinafter provided.

Nothing herein contained shall be construed to prevent the Lessee from conducting any and all such exploration, development or mining work on the property in addition to the maximum work requirements hereunder as may seem advisable to the Lessee in its sole judgment, advancing all moneys required in connection therewith, and subject to the right for reimbursement as hereinafter provided.

The Lessors reserve the right to suggest or recommend exploration or development projects hereunder after the expenditure of the Thirty Thousand Dollars ($30,000.00) maximum work requirement funds by the Lessee. If the Lessee does not desire to join the Lessors in such undertaking, it agrees to perform the same on behalf of the Lessors, and the Lessors agree to advance the Lessee funds for that purpose. Funds so advanced by the parties under this provision are subject to the reimbursement requirements hereinafter outlined.

IX.

TREATMENT OF PRODUCT:

All ores won from the demised premises may either be shipped or concentrated by the Lessee as hereinafter provided, and the concentrates shipped to the smelter or reduction works offering the best terms. The ore or concentrates shall be shipped in the name of the Lessee and the net smelter returns received for the same accounted for as hereinafter provided.

Until such time as the production of milling ores shall warrant in the Lessee's sole judgment the installation of a mill on the property or other suitable location and such mill shall be placed in operation, the Lessee shall have the right at its option to treat all milling ore produced from the property at its own concentrator or at a custom mill. When the milling ores are treated at the concentrator of the Lessee, the Lessee shall be entitled to be reimbursed for the cost of milling such ores in an amount of $4.50 per ton of ore treated.

The term "net smelter returns" shall be interpreted to mean the net amount received from the smelter in payment for direct smelting ores and concentrates less cost of transportation from the mine or mill to the smelter and smelter charges.

X.

ROYALTIES:

The Lessee shall pay to the Lessors as royalty on all ores and concentrates produced and sold fifty (50) per cent of the net profits derived from the extraction and sale of such ores and concentrates. Such royalties or net profits shall be applied as hereinafter provided.

XI.

DETERMINATION OF NET PROFITS:

"Net profits" shall be determined by deducting from the proceeds derived from the sale of ores and concentrates the total costs or expenses incurred in producing the same, excluding depreciation and depletion. Any premium or subsidy payments received from the production of ores shall be considered as part of the proceeds derived from the sale of the product produced.

The expenses deductible shall include insurance, property taxes, administrative expense, overhead and other expenses properly chargeable against the operations conducted hereunder. The expenses outlined are purely illustrative and are not to be construed as limiting the costs or expenses deductible.

In the event the parties cannot agree upon the proper deductions chargeable against the operations for the purpose of determining net profits the matter shall be referred to arbitration. Each party shall select one arbitrator and the two thus chosen shall select a third arbitrator. If the two selected cannot agree upon the third arbitrator, such third arbitrator shall be selected by the American Arbitration Association under the rules of this latter organization. The decision rendered by the arbitrators in the event of a dispute shall be final and binding upon the parties to this agreement.

XII.

APPLICATION OF PROFITS:

Any and all net profits derived and determined as hereinabove provided shall be applied as follows:

1. To reimburse the Lessee for all its advances or expenditures incurred under this lease, not otherwise deducted in determining net profits. In the event the Lessors have also made advances hereunder, the Lessee and Lessors shall be reimbursed out of net profits in the same proportion as their respective advances bear to the total advances made by both parties.

2. To establish and maintain working capital in addition to that provided by the Lessee in the total amount not to exceed $50,000.00.

3. Any such net profits as may be in excess of the foregoing reimbursement and working capital requirements shall be divided equally between the Lessors and the Lessee.

XIII.

LOSSES IN OPERATION:

Any loss sustained in the operation of the property during any month shall be a charge upon first net profits thereafter derived.

XIV.

ADDITIONAL ADVANCES; REPLACEMENTS:

If at any time during the period of this lease capital expenditures, in addition to those made before the property shall be placed on an operating basis, shall be required in the Lessee's sole judgment for the benefit of the operations conducted hereunder, either for increased mill capacity, substitution or replacement of equipment, or machinery, or otherwise, or to continue operation when working capital has been exhausted, the parties hereto agree that reimbursement shall be made for such expenditures out of the first net profits thereafter derived.

When the Lessee has been so reimbursed and working capital again restored, profits shall then again be divided equally between the Lessors and Lessee.

XV.

MAPS AND SURVEYS:

The Lessee shall at all times have sufficient surveys and maps made and kept subject to inspection by the Lessors so that the Lessors may be fully informed of the nature and character of the mine workings and operations performed hereunder. The Lessee shall furnish the Lessors from time to time with the monthly operating reports of the superintendent or manager of the property, and, at quarterly periods, if the Lessors so desire, with copies of the logs of all diamond drill holes which have been drilled by the Lessee within the property.

XVI.

STATEMENT OF ACCOUNT:

As soon as conveniently possible after the termination of each quarterly period of each calendar year, the Lessee will render to the Lessors a statement of account in reasonable detail, which quarterly statement shall be accompanied by a payment of the profits or royalties to be accounted for hereunder, if any; and the Lessors shall have sixty (60) days from the date of mailing the said statements within which to examine the same and object thereto in writing if any error is found therein, it being understood and agreed that failing such objection within said period the statment shall be considered as correct.

XVII.

RECORDS:

The Lessee agrees that it will keep and maintain at the property or its office correct and complete books of account and records showing truthfully and accurately and in all reasonable detail the amount of all metals, minerals or ores mined or recovered and/or milled on the property, the weight and assay value of all products shipped therefrom, the names and addresses of the parties to whom shipments of product are made, any and all returns received therefrom, the gross proceeds thereof, the cost of mining operations and capital expenditures and working capital advances from time to time, and all other particulars necessary and proper for the true and accurate ascertainment of royalties or net profits; and to enable the Lessors to be currently informed and assured as to the correctness of the statements of account to be rendered by the Lessee from time to

time as herein provided, their accredited representatives at all reasonable times shall have full and free access to the property and to the plants on the property handling the ores at the sole risk and expense of the Lessors and also the right to inspect and audit all such records and books of account kept by the Lessee relating to any matters in this agreement referred to; and to inspect, check and if deemed advisable or desirable make copies of any extracts from all reports, records, memoranda, books of account, assay or sampling, smelting, milling or concentrating returns, or other documents, vouchers or memoranda in any way relating to or referring to the matters in this agreement; provided, however, that such inspection, audit, checking and/or copying shall not unreasonably interfere with the business requirements of the Lessee.

XVIII.

ENCUMBRANCE:

The Lessors agree that during the period of this lease or extension thereof they will not mortgage, sell or otherwise encumber or dispose of the property subject to this lease without giving the Lessee previous written notice of their intention to do so, and further, that any such encumbrance or disposition of the property or any part thereof shall be made expressly subject to the rights of the Lessee hereunder in such a manner as may be approved by the Lessee with the advice of counsel.

XIX.

PAYMENT OF TAXES:

The Lessee shall pay, or if the Lessors shall have paid, the Lessee shall reimburse the Lessors for all property taxes upon said property falling due during the term of this lease and while the same is in force and effect prorated from and after the date hereof, and shall also pay, when due and before delinquent, all taxes levied or assessed against any and all personal property, machinery and equipment placed upon said property by the Lessee during the term of this lease. The Lessee shall be liable for and undertakes to pay all sales taxes and other taxes of every kind, character and description levied or imposed during the term of this lease upon the ores, minerals, concentrates or products of ores produced, sold or otherwise disposed of by the Lessee, and all taxes levied against the Lessee as an employer of labor, all such taxes to be promptly paid when due and before delinquent; and the Lessee shall be entitled to reimbursement of all taxes paid hereunder as provided herein until the property shall be placed on a profitable operating basis when the same shall be deducted in determining net profits as herein provided. However, nothing herein contained shall be construed as obligating the Lessee to pay any taxes payable by the Lessors and which shall be for the Lessors' sole account.

XX.

INSURANCE:

The Lessee, at all times during the term of this lease, shall:

(1) Keep the leased property and all structures at any time thereon, or at any time being erected thereon, adequately insured against loss or damage by fire, lightning, tornado, cyclone, explosion and/or other risks against which insurance is usually carried by mining companies operating in the same vicinity, by a reputable insurance company or companies in an amount equal to the insurable value thereof; any loss in respect of any property so insured to be made payable to the Lessors and Lessee, as their interest may appear, and any proceeds of insurance in excess of the amount necessary for the cost of repairs, restorations and replacements to the property shall be applied as provided in the provision herein governing the application of net profits; it being also agreed that if the proceeds of insurance shall be insufficient to provide the cost of repairs, restorations and replacements, the amount of the deficit shall be charged to operations or advanced by the Lessee if operations shall not have been commenced;

(2) Take out and pay the premiums upon general and public liability insurance policy or policies whereby the insurance company will agree to defend, indemnify and hold harmless the Lessors and/or Lessee against and from any and all claims for damage by reason of injuries to person or loss of life sustained from any cause whatsoever by anyone other than an employee in or about or in connection with the property or the property adjacent thereto; and

(3) Carry Workmen's compensation and such other insurance as may be required by the laws and mining regulations of the State of Washington.

Should the Lessee fail to effect or maintain insurance as provided in this agreement, the Lessors may, but shall not be required to, take out insurance or additional insurance; and the Lessors shall be entitled to receive reimbursement from the Lessee.

The Lessee shall be entitled to reimbursement for all expenses incurred under this provision of the agreement as provided herein until the property shall be placed upon a profitable operating basis, at which time such expense shall be deducted as operating expenses.

XXI.

PROTECTION FROM LIENS AND DAMAGES:

The Lessee shall keep said property and the whole and every part thereof free and clear of liens for labor done or work performed upon such property, or materials furnished to it for development or operation thereof under this lease and while the same is in force and effect, and the Lessee will save and keep harmless the Lessors from all costs, loss or damage which may arise by reason of injury to any persons employed by the Lessee in or upon said property or any part thereof, or which may arise by reason of injury to any persons, livestock or damage done to any other property as the result of any work or operations of the Lessee or of its possession and occupancy of the property.

XXII.

FORFEITURE:

The failure of the Lessee to make or cause to be made any payment herein provided for, or to keep or perform any agreement on its part to be kept and performed according to the terms and provisions of this lease shall, at the election of the Lessors, and upon giving notice thereof to the Lessee, constitute a forfeiture of this lease; provided, however, that in the event of a default on the part of the Lessee, and the election of the Lessors to terminate this lease on account thereof, the Lessors shall give the Lessee a written notice of its intention to declare a forfeiture of this lease and to terminate the same on account thereof, specifying the particular default or defaults relied upon by it. The Lessee shall have ninety (90) days after the receipt of such notice in which to cure such default or defaults, and if such default or defaults are fully cured, there shall be no forfeiture of this lease with respect to such default or defaults. No waiver of and no failure or neglect on the part of the Lessors to give notice of a default or defaults shall affect any subsequent default or impair the Lessors' rights resulting therefrom.

XXIII.

SURRENDER OF PROPERTY:

Upon the termination of this lease either by limitation or as is otherwise provided herein, the Lessee shall evidence such termination by recordable document, surrender possession of the property and pay all bills or other obligations incurred by it in connection therewith and all royalties or profits due to the Lessors up to the date of such termination.

In the event that such termination shall occur before the property is placed upon a profitable operating basis, the Lessee shall have the right to remove from the property the equipment, materials and supplies placed thereon by it, subject, however, to the right of the Lessors to purchase the removable equipment and supplies at their fair market value.

In the event, however, that such termination shall occur after the property shall have been placed upon a profitable operating basis, but before the Lessee shall have been fully reimbursed for its expenditures hereunder, then any cash available in the working capital account shall be applied to so reimburse the Lessee, and the Lessee shall have the further right to remove from the property, equipment, materials, and supplies at a fair market value not exceeding the amount required for such reimbursement, subject, however, to the right of the Lessors to purchase any of such equipment, materials and supplies at the then fair market value.

If, however, the Lessee shall have been previously so fully reimbursed, or shall be so fully reimbursed through the application of working capital as hereinabove provided, then the amount of any remaining working capital shall be divided equally between the Lessors and Lessee, and for that purpose the equipment, materials and supplies remaining on the property shall be sold or otherwise disposed of on the basis of the best terms available.

Nothing herein contained shall be construed to permit the removal from the property of mine timbers, mine tracks, ties and pipe lines in place or other permanent improvements on the property the title of which is hereby vested in the Lessors.

Upon termination of this lease either by limitation or otherwise the Lessee shall deliver up the property to the Lessors in good order and condition with all mine workings currently used by the Lessee in its mining operations in condition suitable for continued operations, to the end that the Lessors may operate the property if they so elect; provided, however, that unless the Lessors shall notify the Lessee that they intend to operate the property, the Lessee shall surrender the property only in such condition as good mining practice requires upon abandonment of operations.

XXIV.

NOTICES:

Any notice provided for herein shall be sufficiently given if posted by registered mail addressed to the party entitled to receive the same as follows:

To: Stuart Compton, Bayview, Idaho

And copy to: Wm. E. Cullen
Lawyer
726 Paulsen Bldg.
Spokane, Washington

To: Spokane-Idaho Mining Company
611 Peyton Bldg.
Spokane, Washington.

except as either party hereto shall otherwise instruct the other party by written notice to be appended to this lease, Stuart Compton, one of the Lessors, is hereby appointed the representative of the Lessors with full power and authority to act for and bind the Lessors as their attorney-in-fact on all matters arising between the Lessors and the

Lessee in connection with this lease, and with full power and authority to receive and receipt for, on behalf of the Lessors, all sums payable by the Lessee to the Lessors on royalties, reimbursement or otherwise under the terms of this lease, and the Lessors agree that this authority shall remain and be in full force and effect and the Lessee may rely on the same until notified in writing that said authority has been revoked by all of the other Lessors.

XXV.

COST OF LITIGATION:

All costs of litigation, including counsel fees, incurred by the Lessee, in and about the conduct of its operations hereunder, and in the examination of titles and preparation of this lease, shall be deemed an operating expense and deductible in determining net profits hereunder, and all such costs in defending the Lessee's right to proceed under this lease, unless the Lessee shall be in default hereunder, shall be for the Lessors' account and shall be deducted from that portion of the first royalty or net profits which the Lessors shall be hereafter entitled to receive hereunder; provided, however, that this paragraph shall not apply to any litigation brought by the Lessee against the Lessors under this agreement unless and until a final judgment shall have been rendered against the Lessors by a court of competent jurisdiction and the time to appeal therefrom has expired.

XXVI.

INUREMENT:

This lease and agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto, and the Lessee may assign this lease only with the written consent of the Lessors first had and obtained, which consent shall not be unreasonably withheld.

XXVII.

FORCE MAJEURE:

If the Lessee shall be delayed at any time during the period of this lease in keeping or performing any agreement on its part to be kept or performed according to the terms and provisions hereof, except the payment of royalties or profits and taxes, by any act or neglect of the Lessors, or by strikes, lockouts, fire, unusual delay in transportation, orders of the Government, or any duly constituted instrumentality thereof, unavoidable casualties, or any causes beyond the control of the Lessee, such delay shall not be deemed a breach of this lease or a default on the part of the Lessee constituting a cause for forfeiture; and the Lessee agrees to use reasonable diligence to remove such causes of disability as may occur from time to time. The Lessee shall not be required to mine, mill, or otherwise dispose of the products from said property during periods of financial crises or when the metals produced are saleable only at abnormally low prices.

It is expressly understood and agreed that the Lessee will promptly notify the Lessors in writing of the commencement or termination of any such delays or suspensions of performance hereunder, and that the term of this lease shall be extended for a term equal to the period or periods thereof.

XXVIII.

CONSTRUCTION:

It is expressly understood and agreed that the titles to the respective provisions herein shall not be deemed a part of this lease and agreement, having been used for convenience only.

IN WITNESS WHEREOF, the parties hereto have caused their names to be hereunto subscribed, and the corporated seal of the Lessee to be hereunto affixed and attested by its duly authorized officers, in duplicate counterparts, as of the day and year first above written which shall be the effective date of this lease.

STUART COMPTON

ZONA COMPTON

WALTER S. JOHNSON

NONA MAY JOHNSON

LESSORS.

SPOKANE-IDAHO MINING COMPANY,

By FRANK N. MARR
President.

LESSEE.

ATTEST:

E. BROYLES
Secretary.

(Corporate Seal)

STATE OF WASHINGTON)
: SS
County of Spokane

I, the undersigned, a Notary Public in and for the above named County and State, do hereby certify that on this 10th day of September 1951, personally appeared before STUART COMPTON, WALTER S. JOHNSON and NONA MAY JOHNSON, husband and wife, to me known to be the individuals described in and who execute 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 theday and year last above written.

William E. Cullen
Notary Public in and for the State of Washington, residing at Spokane

My commission expires: October 31, 1953

STATE OF WASHINGTON)
: ss.
County of Spokane

I, the undersigned, a Notary Public in and for the State of Washington, do hereby certify that on this 14th day of September 1951, before me personally appeared FRANK N. MARR and E. Broyles, to me known to be the President and Secretary of SPOKANE-IDAHO MINING COMPANY, the corporation that executed the within instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the said corporation for the uses and purposes therein mentioned, and on oath stated that they were duly authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

Given under my hand and seal this 14th day of September 1951.

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

My Commission expires: 2/6/54.

STATE OF IDAHO)
:ss.
County of Kootenai)

I, the undersigned, a Notary Public in and for the above named County and State, do hereby certify that on this 10 day of September, 1951, personally appeared before me

ZORA COMPTON

to me known to be the individual— described in and who executed the within instrument, and acknowledged that s he signed and sealed the same as her 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.

L. F. ENGEN
Notary Public in and for the State of Idaho, residing at SPIRIT LAKE Idaho.

My Commission expires: Feb. 15, 1954

COPY

AGREEMENT

THIS AGREEMENT made and entered into this 12th day of October 19 51 by and between SPOKANE-IDAHO MINING COMPANY of KELLOGG, IDAHO hereinafter referred to as "THE COMPANY" and HAVLICK DIAMOND DRILLING CO., INC., diamond drilling contractors, whose address is ~~1509 West Second Ave.~~ 2703 No. Pittsburg St., Spokane, Wash., hereinafter referred to as "THE CONTRACTOR".

In consideration of certain payments hereby agreed to be made by the Company, the Contractor agrees to drill FIVE HUNDRED lineal feet at or near HUNTERS, WASHINGTON and more especially known as the CLEVELAND MINE at drill sites to be selected by the Company, subject to the terms and conditions hereinafter set forth, provided this agreement is accepted within fifteen days of the above date.

1. LABOR AND MACHINERY: The Contractor undertakes to supply all the necessary diamonds, diamond drill machinery and men skilled in the operation thereof.

2. SIZE OR CORE AND RECOVERY: All holes under this agreement shall be drilled with standard size EX double tube swivel tube core-barrel producing a core about 7/8 inches in diameter, the drill crew shall exercise every care and precaution to recover as high a percentage of core as the core-barrels used and the nature of the ground drilled will permit, and to deliver all such core to the person or persons designated by the Company, the Company shall determine the depth and angle of each hole, make provisions for the safe keeping of all cores recovered and keep such records as it may deem advisable in respect to them.

3. DEPTH OF MEASUREMENT OF HOLES AND COMPLETION THEREOF:

(a) No one hold shall exceed a depth of 250 feet; the Contractor shall use his best endeavors to complete all holes according to the wishes of the Company, but should cavaties or loose and caving material be encountered of such a nature as to prevent successful completion of any hole, the Contractor does not guarantee to drill to any certain depth, but shall drill as far as practicable under the conditions and shall be paid for such hole or holes at the rate herein specified for all footage completed.

(b) All measurements of holes shall be from the floor, the top of the casing or collar of holes.

4. DRILLING UNDER EXTRAORDINARY CONDITIONS: In the event that deeper drilling be found necessary, or drilling of concrete, drilling of extra large holes or drilling of holes not provided for in this agreement, it shall be performed at a special rate to be agreed upon between the parties hereto.

5. COMMENCEMENT AND EXECUTION OF WORK: Work under this agreement shall commence on or about the 22nd day of October 1951, with one drill~~s~~, with minimum of one shift~~s~~ and shall continue with all due diligence until completed, provided always the Contractor shall not be liable for any loss or damage suffered by the Company by reason of strikes, accidents, acts of God, war, or action of the elements.

6. RATES FOR DRILLING: The Company agrees to pay for all drilling according to the following base drilling price schedules: This schedule is for EX holes where the Company supplies compressed air power.

From a depth of	0	feet to a depth of	100	feet	$4.00	per foot.
From a depth of	100	feet to a depth of	200	feet	4.25	per foot.
From a depth of	200	feet to a depth of	300	feet	4.50	per foot.
From a depth of		feet to a depth of		feet		per foot.
From a depth of		feet to a depth of		feet		per foot.
From a depth of		feet to a depth of		feet		per foot.
From a depth of		feet to a depth of		feet		per foot.
From a depth of		feet to a depth of		feet		per foot.
From a depth of		feet to a depth of		feet		per foot.
From a depth of		feet to a depth of		feet		per foot.

7. STANDPIPING, CASING AND CEMENTING OF HOLES: In the event of driving standpipe through overburden or casing being found necessary or advisable, or should cementing of any hole be deemed advisable, the Contractor shall be paid additional to the above base drilling price, in Clause Six, for such work as performed at the following schedule:

(a) STANDPIPING to be priced from a depth of XXXX to XXXX feet XXXX per foot.
STANDPIPING to be priced from a depth of XXXX to XXXX feet XXXX per foot.
STANDPIPING to be priced from a depth of XXXX to XXXX feet XXXX per foot.

(b) CASING HOLES: When it becomes necessary to put casing in any hole, the price per lineal ft. for reaming the hole shall be at the following rates:

$ 1.00 per ft. for E.X. Casing — $ XX per ft. for B.X. Casing
$ XX per ft. for A.X. Casing — $ XX per ft. for N.X. Casing

plus a charge of $ .25 per lineal ft. for inserting and removing each line or size of casing. Casing left in the hole at the Company's request, will be priced at cost - plus 10%.

(c) The price of cementing holes shall be $6.50 per hour for delayed time putting in cement and for drilling out cement and furnishing cement.

8. DELAYS: Delays for which the Company is responsible, the Company shall pay the Contractor $6.00 per hour, except where the Company gives the Contractor 24 hours written notice, in which event there will be no delayed-time charges.

9. SET-UPS AND WATER: The Company agrees to prepare set-ups and supply sufficient water and sufficient compressed air at the drill and to prepare necessary space to pull 5 feet of rods where holes do not exceed 100 feet in depth, and where holes exceed a depth of 100 feet, shall prepare enough space to pull 10 feet of rods.

10. PAYMENT: The Company hereby agrees to make payments at the rates and according to the terms hereinbefore specified, on or before the fifteenth day of each month for all footage drilled between the first and thirty-first days of the preceding month. On accounts unpaid thirty days from invoice date, interest will be charged at the rate of 10% per annum.

11. The Contractor agrees to take care of all Compensation, Taxes and Insurance on all men employed on the above work.

12. ~~The Company agrees to transport the drilling equipment from the nearest freight terminal to the mine and return to the freight terminal on completion of the contract.~~

13. ~~The Company will endeavor to provide meals and accommodations for the drill crew at prevailing rates.~~

14. ~~The Company shall furnish satisfactory evidence of ability to pay for all work completed under this agreement or the Company agrees to place in escrow a copy of this agreement with the Washington Trust Company, Spokane, Washington together with sufficient funds to cover cost of drilling under this agreement. The Contractor is to be paid for the drilling completed each month from these escrow funds upon presentation of invoices for the month, approved by the Company's official in charge of the operations.~~

SPECIAL CLAUSES

A. Upon completion of the minimum footage, 500 lineal feet of core drilling, the base price of the drilling, paragraph #6, will be reduced $.50 (fifty cents) per foot for all core drilling completed above the 500 foot minimum.

B. If AX size hole is required, the base price in paragraph 6 will be increased $.75 (Seventy-five Cents) per foot to take care of the increased cost of drilling the larger sized hole.

NOTICE: Any notice to be given hereunder shall be properly given if delivered in writing to the:

COMPANY'S ADDRESS AS FOLLOWS:	CONTRACTOR'S ADDRESS AS FOLLOWS:
SPOKANE-IDAHO MINING CO.	HAVLICK DIAMOND DRILLING CO., INC.
Box 930	~~1509 West Second Avenue~~ 2703 No. Pittsburg Street
Kellogg, Idaho	Spokane, ~~Wa~~ Washington

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IN WITNESS WHEREOF these presents have been executed by the parties hereto the day and year first above written.

COMPANY J. L. Kieser

WITNESS Evelyn Redding

CONTRACTOR J. L. Havlick

WITNESS J. W. Mosteng

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. DMA 2-2-2-3
Metal or Mineral
Date Received 11-12-51
Amount $
Participation (Government %)

Spokane-Idaho Mining Co.
Box 930
Kellogg, Idaho

Name and address of applicant

Date October 27, 1951

If you have already filed MF-100, give date filed _____, type of assistance requested _____,

DMA Docket Number (if available) _____

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.

Spokane-Idaho Mining Co.
(Name of company)

By R. C. Kiebler
(Signature of authorized official)

October 27, 1951
(Date)

General Manager
(Title)

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

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

APPLICATION FORM MF 108

1. a. The Cleveland Mine and surface plant is located in the Huckleberry Mountains of Stevens County, Washington, about twenty (20) miles by road west of Springdale, and ten (10) miles by road east of Hunters.

The old workings in the mine consist of approximately 4500 total feet of development openings: i,e., shafts, winzes, raises, drifts, and crosscuts, and stopes from which about 50,000 tons of ore have been mined.

The surface plant consists of several dilapidated shacks and structures, including a small frame house, a small warehouse, a machine shop and compressor shack, a boarding house, a shell of a 75 ton flotation mill, and two- one room living quarters, serviced by two miles of mine road.

b. SEE copy of mining lease attached.

c. The Cleveland Mine, owned by Stuart and Zora Compton and W.S. and Nona May Johnson, leasors, and operated by the Spokane-Idaho Mining Company, leasee, is all of the following named mining property located in Stevens County, State of Washington, to-wit:

The following described Patented Mining Claims in Sections Three (3), Four (4), Nine (9), and Ten (10), Township Thirty (30) North, Range Thirty-eight (38) East of the Willamette Meridian:

The Ona and Etta, mineral survey No. 552;

The Triangle Fraction, Lucky Boy, Stewart Fraction, Copper King, Copper Queen, Cleveland, and Etta Fraction, mineral survey No. 553;and

The Olympia, mineral survey No. 554.

Also the following described contiguous unpatented mining claims, to-wit:

The Willow Claim No. 1 and the Willow Claim no. 2.

Note 1 - [illegible]
Note 2 - SEE Form MF-202 attached.

2. (a) Lead, zinc, copper, silver, gold, antimony, arsenic, and iron from the minerals galena, boulangerite, jamesonite, sphalerite, tetrahedrite, arsenopyrite, chalcopyrite, pyrite, and siderite.

(b) SEE:

1. Attached map (DO NOT RETURN)

2. Bulletin No. 31 (Geological Series) 1924, Lead Deposits of Pend O'reille and Stevens Counties, Washington, by Olaf P. Jenkins, pp. 127-132, inclusive.

3. Bulletin No. 20, Washington Geological Survey, 1919, The Mineral Resources of Stevens County, By Charles E. Weaver, pp. 204-209, inclusive.

4. Mr. Manning W. Cox, Geologist, Federal Mining Company, Wallace, Idaho, has written a report on the geology of the Cleveland Mine, as have Mr. Steele and Mr. Stephens of Spokane, Washington.

Our work will consist primarily of finding the downward extension of the east ore body, and subsequently of finding the downward extensions of the west ore shoot and the central ore shoot on the intermediate level of the east ore body.

All these extensions appear favorable. See map attached and aforementioned reports for data to support this conclusion.

3. (a) The exploration project is to be a three phase program, each subsequent phase to be initiated or deleted depending upon the findings of the preceeding phase. Upon completion of Phase I, Phase II may be omitted and Phase III initiated if findings and conditions warrant.

Phase I.

Phase I is to consist of a maximum of 1000 feet of diamond drilling to be contracted by Havlick Diamond Drilling Company of Spokane, Washington. (See copy of this contract with original of this application.) Drilling is to be done using EX double-tube core barrel. Approximately 600 feet of the drilling is to be done in three holes collared near the end of the northerly crosscut off the east ore body, drilled at negative angles in a southerly direction to intercept the projected downward extension of the east ore body at about the minus 100 foot horizon below the lower level. Additional drilling will depend on results obtained in the first holes.

Cost of diamond drill holes:

Contractor's price, minimum of 500 feet at $4.00/foot.....	$ 2000.00
additional 500 feet at $3.50/foot.....	1750.00
Assaying	750.00
Core Boxes	50.00
Labor, Mechanic at half time ...(3 months).....	554.40
Engineer at half time ...(3 months).....	562.50
Diesel fuel for compressor, 50 gals/shift x 20¢/gal=$10/shift	780.00
TOTAL DIAMOND DRILLING COST PHASE I	$ 6446.90

Phase II

Phase II is to consist of an additional 1000 feet of diamond drilling or a part thereof if the findings of Phase I warrant such additional drilling. This drilling may be done either on the further downward extension of the east ore body or in other areas in the mine appearing

to be favorable for prospecting.

Cost of diamond drill holes:

1000 feet at $3.50/foot	$ 3500.00
Assaying	750.00
Core Boxes	50.00
Labor, Mechanic at half time for three months	554.40
Engineer at half time for three months	562.50
Diesel fuel for compressor	780.00
TOTAL DIAMOND DRILLING COST PHASE II	$ 6196.90

Phase III

Phase III will be initiated if the findings of Phase I and/or Phase II warrant such initiation. Phase III will consist of cutting a station and pocket on the main haulage level, sinking a shaft 130 feet, cutting a station and pocket at depth off the shaft, and driving 300 feet of drift and/or crosscut to intercept and develop the downward extension of the east ore body. The shaft will be located southwest of the east ore body.**

a. Cost of cutting a station and pocket on the main haulage level:
Pocket: (50 ton mill) 75 tons x 17 cu.ft./ton= 1275 cu.ft.
Station: 20' x 20' x 15'= 6000 cubic feet
TOTAL 7275 cu.ft. at $.50/cu.ft. ..... $ 3637.50

b. Cost of sinking 130 feet of shaft at $150/foot 19500.00

c. Cost of cutting station and pocket at depth:
Station: 20' x 20' x 15'= 6000 cu.ft.
Pocket: 50 tons x 17 cu.ft./ton= 850 cu.ft.
Total 6850 cu.ft. at$.50/cu.ft. 3425.00

d. Cost of driving 300 feet of drift and/or crosscut:
300 feet x $35.00/foot..... 10500.00

e. Cost of hoisting and miscellaneous on c and d: 10%... 1392.50

f. Diesel fuel for compressor 2080.00

TOTAL DIRECT DEVELOP COST OF PHASE III .....$ 40535.00

NOTE 1. These dimensions and measurements are the maximum intended to be covered by this contract, and may be lessened if conditions warrant.
** Note 2. Old shaft marked inaccessible on map will be investigated for possible use prior to starting work on new shaft.

In connection with and in conjunction with the phases of exploration work, repair and rehabilitation of mine facilities and buildings shall be initiated.

Total Cost of Project:

Phase I Diamond Drilling including accessory labor costs....	$ 6446.90
Phase II Diamond Drilling including accessory labor costs...	6196.90
Phase III Direct Development	40535.00
Cost of Repair and Rehabilitation of Existing Mine Facilities and Structures	6174.00
Cost of Erecting New Structures	6337.00
Cost of Items to be Purchased:	
Underground sinker hoist with motor	4500.00
Mucking Machine	3500.00
Air Trammer	1200.00
Slusher, complete	795.00 ?
Miscellaneous (steel, tools, hoses, etc.)	500.00
Total	$76184.80
Cost of Other Items:	
Electric Power for mine	$3724.03
Furnishings, office and dry room	500.00
Total	$4224.03
TOTAL COST OF PROJECT	$ 80,408.83

(b) Time required to start and complete the project:

(Maximum time disregarding unforeseen delays)

Phase I- 1000 feet of diamond drilling at 10 ft/shift.....	3 months
Phase II- ditto Phase I	3 months
Phase III- Upper pocket and station,7275 cu.ft./200 cu.ft./shift..	1.3 mp.
130 feet of shaft at 2 ft/shift	2.75 mo.
Lower pocket and station,6850cu.ft./200 cu.ft./shift	1 month
300 feet of drift and/or crosscut at 5 ft/shift.....	3 months
Approximate total time	14 months

4. SEE MAP ATTACHED.

5. Cost of Rehabilitation and Repair of Existing Mine Facilities and Buildings:

Cost of Materials:

Frame house (office and dry room)	$300.00
Machine Shop	100.00
Warehouse	50.00
2 shacks (living quarters)	50.00
Boarding house (to be torn down and lumber salvaged)	------
Mine workings	------
Mine road	------
Materials cost of repair	$500.00

Cost of Labor:

See Question 8 for breakdown

4 months at $ 1418.50/month .....$	5674.00
TOTAL	$6174.00

Note: Dump truck to be used to repair road to mine.

6. Cost of New Structures to be Built:

Cost of Materials:

Boarding House and Fixtures	$3000.00
Garage	500.00
Total	$ 3500.00

Cost of Labor:

See Question 8 for breakdown

2 months at $1418.50/month	$ 2837.00

[illegible]/day [illegible]

TOTAL $6337.00

7. a.

Items rented	Value	Rent
Jaeger Compressor, 365 cfm capacity, UD-18A diesel Int. engine	$8755	$415/month

b.

Items to be purchased	Purchase Price
Underground sinker hoist with motor	$ 4500.00
Mucking Machine Eimco 12	3500.00 no
Air Trammer	1200.00 no
Slusher, complete	795.00 no
Miscellaneous (steel, tools, hoses, etc.)	500.00

c. Items furnished by us:

Items	Value	Depreciation
Bulldozer	$5650.00	1/60 of value per month
Truck, army 6x6 with dump body	1601.50	"
2 drifters, with bar and arm at $1000 each	2000.00	"
1950 Chevrolet pickup	1652.00	"
2 stopers at $450	900.00	"
2 pumps at $300	600.00	"
1-GD air hoist	450.00	"
1 hand operated hoist	100,00	"
3 jackhammers at $375	1125.00	"

Note: Items are to be depreciated only during those months in which they are in use.

8. Itemized Schedule of Labor

Phase I

a.	1 mechanic at $1320/shift (half time)	$ 184.80/mo.
b.	1 engineer (half time)	187.50/mo.
	Total	$ 372.30/mO.
	3 months at $372.30/mo	$1116.90

Phase II

ditto phase I

Phase III

a. 2 shaft miners at $13.45/shift	To be
b. 1 hoistman at $13.20/shift	absorbed
c. 1 cagerat 12.70/shift	in
d. 1 trammer at 12.45/shift	sinking
e. 1 shifter at 14.20/shift	costs.

Rehabilitation and Repair

a.	1 mechanic at $13.20/shift (half time)	$184.80/mo.
b.	1 miner at 12.45/shift	348.60/mo.
c.	1 foreman at 14.20/shift	397.60/mo.
d.	1 engineer at half time	187.50/mo. 375.00
	Plus expense accounts of a, c, and d at $100/mo.	300.00/mo.
	Total	$ 1418.50/mo.
	Total for 6 months	$ 8511.00

9. Cost of Other Items:

Electric power for mine (diesel electric unit)

75 HP x 746watts= 55.95 kw
8 months x 26 days= 208 days x 8 hours= 1664 hours
55.95 x 1664= 93,100.8 kwh x $.04/kwh ..... .$ 3724.03

Furnishings, office and dry room 500.00

Total $ 4224.03

10. a. The Spokane-Idaho Mining Company is prepared to meet their half ($40,204.42) of the total cost.

b. Yes.

11. There are no conditions nor circumstances regarding the property that are not sufficiently brought out by the foregoing answers.

Form MF-100
(May 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

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

NOT TO BE FILLED IN BY APPLICANT

Docket No. dma 2223

Date received 11-12-51

Spokane-Idaho Mining Co.
Box 930
Kellogg, Idaho

Name and address of applicant

Date October 27, 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.

er of years in production _____

production or operation, estimated date when production will begin _____

f operators:

he mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who manage the

ment, as complete as possible, of previous exploration, development, operation, and production of property, for suspension of operation.

e known history and production of adjoining and neighboring properties.

vailable (private) reports that may apply to this application, including results of mine examinations, d exploration and development, and metallurgical investigations.

8. Names corport

16—63792-2

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

Name and Address (a)	Official Title (If officer is also director indicate by "D") (b)	Total of Annual Salary, Commissions, Bonuses, Etc., Received From Applicant and Affiliates During Last Fiscal Year (c)	Estimated Net Worth Outside of Interest in Applicant (d)	Number of Shares Held in Applicant Corporation: Common (e)	Number of Shares Held in Applicant Corporation: Preferred (f)	Life Insurance Carried for Benefit of Applicant: Amount (g)	Life Insurance Carried for Benefit of Applicant: Net Cash Surrender Value After Loans (h)
Frank N. Marr	President Director	$7,200	Not known	227,000	*none	none	
Sam H. Clinedinst	Vice pres. Director	None	Not known	142,900	none	none	
Seattle 1st Nat'l. Bank, Spokane & Eastern Branch, Guardian Estate		of Bruce					
Graves, a minor		None	not known	16,500	none	none	
Ann B. Lovelace		None	not known	16,500	none	none	
Arthur C. Karr		None	not known	8,000	none	none	
*These shares belong to the Estate of Charles E. Marr.							
	Total		x x x x x	410,900		x x x x x	x x x x x

If more lines are needed continue on separate sheet.

9. Capital Stock Issues:

For Corporate Applicants

Item	Authorized (a)	Outstanding (b)	Par Value (c)	Number of Shares Outstanding (d)	Dividend Rate Last Paid* (e)
Common stock	$ 45,000	$ 45,000	$ 0.10	450,000	12¢/share (1950)
Preferred stock	$ None	$ None	$	None	

*Indicate period covered.

10. Production: Not applicable.

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

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

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.

MF 100

1. Materials produced:

   a. Chief mine products are lead, zinc, and silver.

   b. Byproducts are gold, copper, antimony, and arsenic.

2. Name of mine is the Cleveland Mine. It is a hard-rock mine with past production from pipe-like ore shoots in limestone.

   a. There are 400 feet of old shafts and winzes.

   b. There are 1400 feet of drifts and crosscuts.

   c. There are 1900 feet of tunnels or adits.

   d. There are 500 feet of raises.

   NOTE: These measurements are from old maps, and are the best source of information available.

   It is no particular problem to pump the mine out. Only the two winzes off the lower level require any pumping. Past size and productive capacity has been limited to supplying a 75 ton mill. Present operations are confined to prospecting and diamond drilling, with no production.

3. a. The mine lies 10 miles east of Hunters, Washington.

   b. The mine lies in the Springdale Mining District.

   c. The mine lies in Sections 3,4,9 and 10, T. 30 N., R 38 E.

   d. The mine lies in Stevens County, State of Washington.

4. a. The property is now in operation through prospecting only, by the Spokane-Idaho Mining Company.

   b. The Spokane-Idaho Mining Company is operating this property as lessee.

5. This mine has had intermittent production since 1897. The estimated date when production begins, pending fulfillment of our anticipation of ore reserves in sufficient quantity, will not

be for at least one year from the present date.

6. Experience of operators:

a. The Spokane-Idaho Mining Company, since being incorporated in 1940, has very successfully operated the Constitution Mine near Kellogg, Idaho. The Constitution Mine has a total payroll not exceeding 100 men, keeps a 200 ton mill running 7 days a week, and recently has ranked among the 10 top lead-zinc producers in the State of Idaho. The company also operates the Paymaster Mine near Arco, Idaho, which mine is in the process of exploration anddevelopment.

b. Mr. J. C. Kieffer, the General Manager of the Spokane-Idaho Mining Company, who manages the Cleveland operation, has had many successful years of experience in minimg and milling.

7. History:

a. Since its location in 1892, the mine has been worked spasmodically to date, from several surface pits, and two major glory holes underground. For all practical purposes, the mine appears to be worked out above the lower level. Records of past production are difficult to secure, but it is evident that several hundred thousand dollars' worth of ore have been shipped, a large part in the form of concentrates. The most recent suspension of operations (1947) was due to internal disorder and lack of funds in the Base Metals, Inc., who last operated this property. Any further ore must be developed by a shaft and drift below the lower level, and this is another reason for suspension of operations in 1947.

A 55 foot winze was sunk on the northeast end of the

main ore shoot shows an RFC assay (1943) for the first 27 feet of 3.1 % Pb, 14.3 % Zn, 7.2 oz. Ag.

b. There are no adjoining base metal properties, but there are several magnesite quarries to the northeast, and the Deer Trail, Queen and Seal, and High Grade, past producers of silver, copper, lead, and zinc, are a few miles to the southwest.

c. Bulletin #20, the Mineral Resources of Stevens County, by C.E. Weaver, Washington Geological Survey.

Bulletin #31 (Geological Series) 1924, Lead Deposits of Pend O'reille and Stevens Counties, Washington, by Olaf P. Jenkins, pp. 127-132, inclusive.

Private reports on the Cleveland Mine have been written by Manning Cox, Geologist, Federal Mining Company, Wallace, Idaho. Messrs. Steele and E.C.Stephens, geologists of Spokane, Washington, Have each written a report also.

Letter from S.K. Garrett to Mr. Frank Marr, in our files.

8, 9, 10. See form.

11. See form.

12. a. The ore minerals are galena, boulangerite, sphalerite, tetrahedrite, and chalcopyrite. The ore occurs in pipe-like masses in dolomitic limestone, at or near the major faults. Cross-sectional area of main shoot is about 2400 square feet, for over 100 feet vertically from lower level upwards. See 7-c for reports on geology and possible ore reserves.

b. 1. See attached map.

2. a. There are no proved (measured) ore reserves. Probable (indicated) ore reserves consist at present of about

7000 tons. Ore shoot on lower level is about 80 feet long x 30 feet wide (average) = 2400 square feet. For every foot of depth 2400 square feet/ 12 cubic feet/ton = 200 tons. Ore in winze 35 feet down and assays in old diamond drill holes indicate ore to the minus 35 foot horizon. Assuming same cross-sectional area, 35 x 200= 7000 tons. (2000 pounds to the ton)

b. RFC samples(1943) show 12% combined Pb-Zn on lower level.

c. Gross value per ton to the company is 12 x $1.75= $21.00.

d. Figuring penalty on Sb and As, mill recovery, etc., unit combined Pb-Zn is worth $1.75 with Pb @19¢/lb. and Zn @ 19½¢/lb.

e. Cost of mining= $5.00/ton.
Cost of milling= 2.50/ton.
Total $7.50/ton.

NOTE: There are other possible reserves that exploration work shall investigate (see map), but not enough data is available as yet to enter them on this form.

13. Access Roads

Hunters is the nearest supply,residence, and auto freight shipping point. By good paved road 6 miles, good dirt road 2 miles, mine road 2 miles, total 10 miles.

Nearest railroad shipping point is Springdale, about 20 miles by fair dirt road.

14. Water Supply

Mine is self-sufficient for adequate water.

Surface and mill supply comes from stream running through surface plant in sufficient quantity in all seasons of the year.

15. Power

No electric power at mine. Contemplate a diesel power unit. Washington Water Power Company has indicated a willingness to supply

power if the proposed development project is successful.

16. Labor:

1 mechanic

1 miner

1 foreman

1 engineer

17. Equipment and Facilities

1 machine shop

1 warehouse

1 frame house

1 mill skeleton

1 boarding house

2 shacks

NOTE: All structures in poor shape.

1- 365 cfm Jaeger Compressor (rented)

1 stoper

4-3/4 ton mine cars

1-6x6 army truck equipped with dump body

1- 1950 Chevrolet pickup truck

1- G-D air hoist

Assorted machine shop tools

18. The company took this property over on a lease only a few weeks ago. Present operation is repair of surface plant and mine workings to facilitate a diamond drilling program of exploration which is scheduled to start immediately.

(*b*) If deposit is other than [illegible]er:

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

2000#

(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 2000# (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)	None				
Indicated (probable)	7000	12% comb. Pb-Zn	$21.00	$1.75	$7.50

(*c*) If placer: Not applicable

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

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

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

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

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

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

13. Access Roads:

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

14. Water Supply:

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

15. Power:

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

16. Labor:

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

17. Equipment and Facilities:

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

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

CERTIFICATION

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

Spokane-Idaho Mining Company
(Name of company)

By J. C. Kiesser
(Signature of authorized official)

October 27, 1951
(Date)

General Manager
(Title)

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

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

OFFICE OF THE ADMINISTRATOR

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

So. 157 Howard Street
Spokane 4, Washington

May 8, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 12 1952

Chairman, Operating Committee
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Dear Sir:

Enclosed are the original and four unsigned copies of Exploration Project Contract Idm-E262, Spokane-Idaho Mining Company, Cleveland mine, Stevens County, Washington. The Field Team's copy has been retained in the Region II files but will be forwarded to Washington, D. C., upon request.

Spokane-Idaho officials reason that it would be unfeasible for them to sign this contract at the present time. Since submitting application for DMEA assistance, the company has completed the exploration work called for in Stage I of the contract. Ore was intersected in diamond drill holes put down from the main haulage level showing that the ore body to be explored did extend to that level; however, the width of it was not as great as had been expected.

Company officials still plan to explore the lower sections of the Cleveland mine; however, they are of the opinion that since the first stage of the present contract has been completed, an entirely new exploration program would have to be drawn up to be feasible. Furthermore, company officials state that they are already engaged in extensive exploration work in other mining properties and that those exploration programs should be completed before initiating work at the Cleveland mine. Concern is also voiced by the Spokane-Idaho people on the falling prices of lead and their desire not to overextend exploration finances in the face of such falling markets.

Sincerely,

Thor H. Kiilsgaard

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

cc: USBM

Enclosures

FILE COPY
SURNAME:

Keating
Moulds

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

FEB 21 1952

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

Re: Docket No. DMEA ~~2073~~ 2223, Lead-Zinc
Spokane-Idaho Mining Co.
Exploration Project Contract

Dear Mr. Weissenborn:

Enclosed are the original and five copies of the subject contract which have been signed for the Government. We find that the required subordination agreement has been signed only by Mr. Stuart Compton, while the lease to which the subordination agreement is related has been signed by four persons, namely: Mr. Stuart Compton and his wife, and Mr. Walter S. Johnson and his wife.

Before completing the contract please obtain additional signatures to six copies of the subordination agreement, or in lieu thereof, six executed copies of a Power of Attorney authorizing Mr. Powers to sign the subordination agreement for them. Then if you find the provisions of the contract satisfactory for starting work at the project, present the agreement to the Operator for approval and signature.

Upon obtaining the signature of the Operator, one copy is to be given to him and one copy retained for your files. The original and three copies are to be returned to this office as quickly as possible. One copy for your Regional Finance Section will be transmitted direct by the Washington Finance Section.

Sincerely yours,

(signed) FRANK E. JOHNSON (HB)

Chairman, Operating Committee
Defense Minerals Exploration
Administration

Enclosures - 6
APPROVED:

C N Johnson (HB)
Member, Bureau of Mines

J P Thayer (HB)
Member, Geological Survey

AGKeating/hmj 2 - 8 - 52
cc to: Adm. R. File
Mr. Bishop
Region II
Mr. Moulds
Docket File Copy
Mr. McKnight
Mr. Keating

506 COPY
SURNAME:

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

February 15, 1952

Memorandum

To: Mr. Frank E. Johnson, Chairman

From: Base Metals Division

Subject: Spokane-Idaho Mining Company DMEA-2223

This refers to your memorandum of February 11, 1952 with reference to an item of rental charge of $415.00 per month for a compressor in the proposed contract for Spokane-Idaho Mining Company DMEA 2223. This Division allowed the rental charge for the following reasons:

1. The compressor Jaeger UD 184 diesel driven (theoretical delivery of 365 CFM) has a present value of $9,220.00, factory.

2. This rental is considered by responsible machinery companies as reasonable for such equipment. One machinery rental agency quotes a rent of $515.00 per month for a portable diesel compressor of 315 CFM capacity and $375.00 per month for one of 210 CFM capacity. Another agency quotes a 210 compressor at rental of $415 per month and one of 315 CFM at $600 per month.

3. For efficient operation of the project in sinking and drifting a minimum of two machines would be used and depending on the hardness of the ground encountered and, therefore, the type of machinery necessary, from 225 CFM to 325 CFM would be required. For drifting the Jaeger UD 184 would supply sufficient air for 1 jackhammer @ 110 CFM and one drifter @ 215 CFM, a total of 325 CFM. This machine is not considered large enough for two drifters. It has been found in actual mining operations that some reasonable tolerance of reserve capacity is advisable.

4. The compressor is on the ground and to provide a smaller unit for temporary diamond drilling would necessitate renting an additional one or paying transportation back and forth on UD 18 if Stage III were to be undertaken.

5. The drilling work in Stage I - time schedule 3 months would probably be conclusive and from a practical view point Stage II will probably never be undertaken.

6. If the total time allowance of all three Stages (14 months) were to be consumed the compressor rental would amount to $5,810.00, considerably less than the full purchase price of approximately $9,600.00 including freight and transportation.

7. It was first proposed that the equipment required for the project be purchased. In a subsequent telephone conversation with the Operator it was agreed that, in view of the nature of the program, it appeared to be more desirable to rent rather than undertake a large sum expenditure for the purchase of equipment.

D. E. Moulds meh

D. E. Moulds

AGKeating/hmj
2-15-52
cc to: Docket File Copy
Mr. Moulds
Mr. Keating

FILE COPY
SURNAME:

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

February 11, 1952

Memorandum

To: Mr. Donald E. Moulds, Chief, Base Metals Division
Attention: Mr. A. G. Keating

From: Operating Committee, Defense Minerals Exploration Administration

Subject: Proposed contract for Spokane-Idaho Mining Company, DMEA-2223 (Lead, Zinc), Stevens County, Washington

The monthly rental charge for the compressor appears to be excessive. If the contract is carried through for the full eight months, the rental will amount to nearly $6,000.00, which seems to be out of proportion to the estimated cost. A compressor that would rent for that amount of money, it appears to us, would be larger than is required to operate one diamond drill in the first two stages, and probably also for Stage 3.

(signed) FRANK E. JOHNSON
(HB)

Operating Committee
Defense Minerals Exploration
Administration

/hb

Copy to Mr. Keating
✓Docket
DMEA Operating Comm. File

FILE COPY
SURNAME:

Guthrie

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

February 6, 1952

BL

Memorandum

To: Acting Administrator

From: Chief Counsel

Subject : Spokane-Idaho Mining Company exploration project — Docket No. DMEA-2223X

The draft of the Exploration Project Contract in this case, submitted to us on February 1, has been revised in certain respects, and seven copies of the contract in what we now consider to be satisfactory legal form are attached together with your file on the case.

The subordination agreement in the file at present is signed by only one person, whereas the lease agreement is executed by four persons. A new subordination signed by all four lessors should be obtained.

J. L. Hofflund

J. L. Hofflund
Chief Counsel

Attachments

RRGuthrie/bjl

Copy to: Repts. & Records
J. L. Hofflund
R. R. Guthrie
Chron.

BUSINESS OFFICE: PEYTON BUILDING
SPOKANE, WASHINGTON

MINE: BOX 930
KELLOGG, IDAHO

SPOKANE - IDAHO MINING CO.

P. O. BOX 930
KELLOGG, IDAHO

January 29th, 1952

DMEA
Department of the Interior
18th and C Streets
Washington, D. C.

Attn: Mr. George Keating

Gentlemen:

Reference is made to our request for government aid for an exploration project for the Cleveland Mine, near Hunters, Washington.

On January 23rd we wrote making estimates on the cost of rental for certain equipment. We wish to revise these estimates as follows:

Diesel-electric generator. Reduce rental to $300.00 per month.

Underground hoist. Reduce rental to $200.00 per month.

Air trammer. Reduce rental to $150.00 per month.

Yours very truly,

SPOKANE-IDAHO MINING CO.

J. C. Kieffer

J. C. Kieffer
General Manager

JCK:es

DEFENSE MINERALS
ADMINISTRATION
WASHINGTON, D. C.
JAN 31 1 47 PM '52

BUSIN[illegible] OFFICE: PEYTON BUILDING
SPOKANE, WASHINGTON

MINE: BOX 930
KELLOGG, IDAHO

SPOKANE - IDAHO MINING CO.

P. O. BOX 930
KELLOGG, IDAHO

January 23rd, 1952

DMEA 2223

DMEA
Department of the Interior
18th and C Streets
Washington, D. C.

Attn: Mr. George Keating

Gentlemen:

Relative to your inquiry of today, please be advised that we are agreeable to revising our request for government aid for the exploration project proposed for the Cleveland Mine, near Hunters, Washington, as follows:

Change the request for a diesel-electric generator from purchase to rental. Estimated rent per month, $1,000.00.

Change the request for an underground hoist from purchase to rental. Estimated rent per month, $300.00.

Change the request for an air trammer from purchase to rental. Estimated rent per month, $175.00.

Revise estimated cost of repairing surface buildings to the following:

Dwelling	$600.00
Machine Shop	300.00
Warehouse	200.00
2 Shacks	300.00
Total	$1400.00

Reduce estimated cost of station cutting as discussed.

Letter to follow agreeing to reduce estimated rental,

Yours very truly,

SPOKANE-IDAHO MINING CO.

J. C. Kieffer

J. C. Kieffer
General Manager

JCK:es

U.S. DEPT. OF THE INTERIOR
Division of Mineral Administration
RECEIVED
JAN 28 1952

January 29. 59

Spokane Idaho Mining Co
Kellog Idaho
J. C. Kieffer gen. mgr

Telephone 3-F.33 Kellog

Talked with Kieffer telephone.
He agrees reduction of equipment rental as follows.

Diesel Electric Generator from $1000.00 per mo to $900.00
Under ground Hoist from 900 " " to 900.00
Mechanical Trammer from 175 " " to 150.00

K

January 23. 1952

Telephone conversation with J. C. Kieffer Gen. Mgr. Ind. 3.F. 33 Kellog
Spokane - Idaho Mining Co.
Kellog Idaho.

I requested more info re purchase operating equipment
Kieffer agrees to rent instead of purchase. also agrees
reduce cost of buildings to actual cost substitution of
buildings to make them useful temporary purposes.
Size of project does not warrant big certain expenditure
which would be use for the mine operations later.

K

Defense Minerals Administration

Review of Application for Exploration Assistance

Docket No. DMA-2223

To: Mr. C. O. Mittendorf

Commodity Lead, zinc

Total Amount $80,408.83

Govt. Participation 50%, $40,204.42

1. Name and Address of Applicant Mr. J. C. Kieffer, General Manager, Spokane-Idaho Mining Co., Box 930, Kellogg, Idaho

2. Location of Property Cleveland Mine, Secs. 3, 4, 9 and 10, T. 30 N., R. 38 E., Springdale District, Stevens County, Washington. Company operates the Paymaster mine, (DMA-3914) near Arco, Idaho, and the Constitution mine near Kellogg, Idaho

3. Mineral or metal Lead, zinc, silver Is it listed in Section 9 of MO-5? Yes

If not, application will be rejected.

4. Geologic probability of discovery—based on data in application (question #16, 17, 18, 20 and 22)*

Mines or Survey reports, etc., do you rate chances:

a) Good x See 16

b) Poor

c) None

d) Don't know—needs field examination

e) Is there an alternative and favorable project?
(If so, attach an explanation)

5. Is the applicant's right to the property clearly stated? Yes
(question 5, 6, 7)*

6. If applicant is a lessee, is a copy of the lease attached? Yes

Does the lease have sufficient time to run to cover a future productive period? Yes

*question numbers are those of MF-103

7. Are subordination agreements necessary? **Yes**

a) MF-201? _____

b) MF-202? **Attached to application and signed by one of the owners, who has power of attorney to act for others.**

8. From the data presented, does the proposed project appear feasible from the point of view of:

a) Available manpower **Yes**

b) Equipment and supplies **Yes**
(question 14 plus general knowledge of availability)*

c) Accessibility (question 12)* **Yes**

d) Water (question 13)* **Yes**

e) Power (question 13)* **Yes**

Is a field check needed on any of these points? **No**

9. Does the experience of the applicant appear to be adequate to assure that he can properly conduct the proposed project? (question 4)* **Yes**

Is a field check needed on this point? **No**

10. Exhibit A. (question 21 and 22)*

a) Is the project adequately described? **Yes**

If not, are there sufficient data given so that you can describe the project? _____ If so, attach a draft.

b) Is there an adequate map or sketch of the proposed work? **Yes**

c) Is the proposed work "exploration" under the definition of Section 8, MO-5? **Yes**

If not, what part of it is? _____

Is this part a worthwhile exploration project? _____

d) Are the cost estimates detailed? Yes

Can they be summarized, as on page 2 of Procedural Instruction 5-A, from the available data? Yes If so, attach a draft. See MF-200

e) Are the cost estimates reasonable? Yes

f) Should more information be requested from applicant? No

g) Is a field examination necessary to complete Exhibit A? No

11. Exhibit B (question 23-d)*

a) Is it applicable? Yes

b) If so, are sufficient data furnished? Yes If so, attach a draft. See page 8 of MF-103

c) Is a field check needed? No

12. Exhibit C (question 23-e, f and g)*

a) Is it applicable? Yes

b) Sufficient data? Yes If so, attach a draft. See p. 9 of MF-103

c) Are rents and charges reasonable? Yes

d) Is a field check needed? No

13. Exhibit D (question 23-a, b)*

a) Are there sufficient data? Yes

b) Is the schedule adequate for the work proposed? Yes

c) Is the schedule excessive for the work proposed? No

d) Are the proposed wages and salaries reasonable? Yes

e) Is a field check needed? No

14. Exhibit E (question 23-c)*

a) Is it applicable? Yes

b) Sufficient data? Yes

c) Reasonable? Yes

d) Field check needed? No

15. In your judgment, can the proposed work be done in the proposed time? Yes

(All exploration must be completed within two years)

16. If field examination is not needed, attach your recommendation. **See attached**

17. If field examination is needed, do you have any special instructions for the field team not indicated by your answers to the foregoing question?

Reviewed by: E.L. Newcomb GS 1-14-52

E. L. Newcomb

O.M. Bishop BM

L. L. Farnham

Date 1-15-52

Recommendations

16. Judged from available data, the Cleveland mine, under lease to the Spokane-Idaho Mining Company, will warrant further exploration.

The field team who visited the property, prior to the submission of the loan application, thought that the geologic probability of ore discovery was good.

The orebody whose downward extension is sought is large enough to present a good target for the proposed diamond drilling.

The applicant company is evidently a successful and well managed organization. Although some of the past operations of the property have not been profitable, it appears likely, that in the hands of competent operators, the mine could develop into a creditable producer of lead and zinc.

The exploration program as proposed by the applicant, wherein the work is divided into stages, each of which is contingent upon the success of the former phase, is both sound and logical. Therefore, it is recommended that the application for an exploratory loan be granted.

O. M. Bishop, B.M.

L. L. Farnham, B.M.

In connection with this application, a search was made in RFC mining loan files for RFC assay data presented on the applicant's map. Though the assays were not found, they may repose in some unknown file at Washington or Spokane office of RFC.

The Cleveland mine in 1943, was operated by the Zenith Mines, Inc., which received a preliminary development loan of $4,000, pending approval of an additional $20,000. The preliminary and later loans were cancelled because operators did not carry out the agreed upon program.

At the time of the RFC application, the 35' inclined winze was in existence, having been driven in 1941. Also at 35', a 26' crosscut was driven between hanging wall and part way to foot wall. The ore width was given as 26' of 17% Zn, 15% Pb, and 15 oz. Ag per ton by the applicant. The purpose of the $20,000, RFC loan requested by Zenith Mines was for an inclined winze to be driven from the lower tunnel (referred to at No. 4 tunnel in RFC application) at a point 80' SW of 35' winze on a 50° inclination to a depth approximately 100' vertically from lower tunnel and under 35' winze.

The RFC application states that the shaft, which is marked "inaccessible" on Spokane-Idaho map, was inaccessible in 1943. However, they understood on good authority that the shaft continued approximately 90' below lower tunnel and that a drift 125' long extends toward 35' winze. This shaft and drift when plotted on Spokane-Idaho map connect with the shaft proposed by Spokane-Idaho in Phase III of their project. Assays presented in the RFC application, which were taken in upper parts of the mine, average approximately 9% Pb-Zn. (Zn = 1%, Pb = 8%). Also, ore obtained when 35' winze was sunk, amounted to 79 tons (12 tons of 56% Zn concentrates and 6 tons of 71% Pb concentrates). The workings above lower tunnel are essentially mined out.

No mention of D.D.H. was made in RFC application, so it is possible that horizontal holes given on map as below lower tunnel were drilled between applications.

In No. 18 on Form MF-103, the applicant states that he only recently leased the property. Application may, as a result, be a rushed job.

It is possible that rehabilitation of old shaft and drift may be a better proposition than sinking new shaft and drift, if Phase I drilling disclosed commercial ore.

Differentiating east, west, and intermediate ore bodies is not apparent on map. However, the ore occurrences along several fissures parallel to fault zone could account for these designations.

I consider this project has merit geologically. Phase I is definitely in order and, even though Phases II and III were incorporated in a contract, the project could be stopped after Phase I if the drilling results did not warrant further Governmental assistance.

E.L. Newcomb, GS

Spokane-Idaho Mining Co.

DMA 2223
M-E262

There was no seventh copy of the contract in the docket at the time it was sent to the field. There was an eighth copy of the contract in the legal division.

S. D. S. 2-21-52

OFFICE OF THE ADMINISTRATOR

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

So. 157 Howard Street
Spokane 4, Washington

November 8, 1951

MEMORANDUM

To: Tom Lyon, Chairman, Coordinating Committee

From: Field Team, DMA, Region II

Subject: Application for an exploration loan submitted by Spokane-Idaho Mining Company concerning the Cleveland mine, Stevens County, Washington

Enclosed are four copies of forms MF-103 and MF-100 submitted by the Spokane-Idaho Mining Company concerning the Cleveland mine, Stevens County, Washington. Also enclosed are four copies of a DMA field examination report by Thor H. Kiilsgaard, geologist, U. S. Geological Survey, and six copies of an Exploration Project Contract with appended Exhibit "A", and six copies of Form MF-202, Landlord's Subordination Agreement.

Field examination of the Cleveland mine suggests that there are several exploration possibilities available in the mine. Of these, exploration for the downward extension of the East ore body is the more feasible and it is this target at which the proposed exploration project is aimed. The mine examination report recommends that the Spokane-Idaho Mining Company be granted an Exploration Project Contract to explore the East ore body area of the Cleveland mine and the Field Team concurs with this recommendation.

Attention is called to the subject Form MF-103, to items 5 and 6 which deal with repair and rehabilitation of facilities, buildings, etc., and the construction of additional facilities, buildings, etc. Form MF-103 shows high labor costs, considering the amount of work to be done. However, it is believed that the applicant has assessed labor costs of other phases of the exploration project including rehabilitation of mine workings to the

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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aforementioned rehabilitation and repair part of the project, thus overemphasizing the labor costs. The labor costs are high but do not appear to be out of line considering the overall exploration project.

Thor H. Kiilsgaard
for A. E. Weissenborn
Executive Officer, DMA
Field Team, Region II

for M. E. Volin
Member, DMA
Field Team, Region II

cc: USBM, Spokane

OFFICE OF THE ADMINISTRATOR

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

WASHINGTON 25, D. C.

So. 157 Howard Street
Spokane 4, Washington

November 1, 1951

Memorandum

To: A. E. Weissenborn, Executive Officer, DMA Field Team, Region II

From: Thor H. Kiilsgaard, Geologist, U. S. Geological Survey

Subject: Report on Cleveland mine, Stevens County, Washington

RECOMMENDATIONS

It is recommended that the application for an Exploration Project Contract submitted by the Spokane-Idaho Mining Company on the Cleveland mine, Stevens County, Washington be favorably considered. The Cleveland mine presents a reasonable exploration target and could become a substantial producer of lead and zinc.

INTRODUCTION

On October 11, 1951 the writer accompanied Mr. Frank Marr, President of the Spokane-Idaho Mining Company, to the Cleveland mine, Stevens County, Washington, about ninety miles northwest of Spokane. Mr. Marr had previously notified the Field Team that he intended to apply for DMA exploration assistance, provided the Field Team deemed the Cleveland mine worthy of exploration; therefore, the field examination was made prior to submittal of a formal application.

PROPERTY and LOCATION

The Cleveland mine is comprised of the following patented claims: Ona and Etta, mineral survey No. 552; Triangle Fraction, Lucky Boy, Steward Fraction, Copper King, Copper Queen, Cleveland, and Etta Fraction, mineral survey No. 553; and the Olympia, mineral survey No. 554. Also included are contiguous unpatented mining claims, Willow Creek No. 1 and Willow Creek No. 2. The aforementioned claims are in secs. 3, 4, 9, and 10, T. 30 N., R. 38 E; Willamette Meridian, Stevens County, Washington. The property is on the west side of Huckleberry Mountain about seventeen miles northwest of Springdale, Washington, a shipping point on the Great Northern Railroad.

on-site sum rpt.

MINE BUILDINGS

A few dilapidated shacks are on the property, which will require considerable repair before they are useable. There is also an old mill building that has been robbed of much of the useable machinery.

MINE WORKINGS

Most of the mine workings are on two main levels about 110 feet vertically apart. Other workings include several raises, intermediate levels, and shafts. Some of these workings extend to the surface (see longitudinal section on the map accompanying Exploration Project Contract). Of the aforementioned workings, only the lower or main level is now accessible. A large stope on the East ore body is open above this level and two winzes extend below, both of which were being de-watered at the time of the visit. One winze is down 55 feet in the East ore body and was pumped down to the sump; however, the other winze, extending from a branching drift off the main drift southeast of the east stope, was inaccessible.

GEOLOGY

Geology of the Cleveland mine and adjacent areas is described in:

> The Mineral Resources of Stevens County by C.E. Weaver, Bulletin 20, Washington Geological Survey.
>
> Lead Deposits of Pend O'Reille and Stevens Counties, Washington, by Olaf P. Jenkins, Bulletin 31, 1924, (Geological Series).

The principal mine workings are in the Stensgar dolomite, a member of the Deer Trail group of Cambrian age. Previous ore mined at the Cleveland came largely from two pipe-like ore bodies, both of which occurred in the hanging walls of major faults. A third and smaller ore body, mined from the upper levels, is reported to have been more of a fissure vein. This ore body was mined from the surface to below an intermediate level underlying the upper level, but it was not found on the lower or main level (see longitudinal section accompanying contract). The one pipe-like ore body, mined largely from the upper level and hereafter referred to as the Northwest ore body, also did not project to the lower level. Some mineralized stringers, which suggest the possible periphery of the Northwest ore body, show in the face of the northwest crosscut off the East ore body stope on the lower level, but exploration work has thus far failed to disclose that ore body.

The East ore body, which has been the principal producer, and which is the only one now accessible, is explored by several working places leading from near the northeast face of the lower level. In this area the ore body is roughly 80 feet in strike length and 30 feet wide. Some horses of waste are included in this area. The ore body has been mined for about 100 feet above the level and is exposed to a depth of 35 feet below the level in a winze sunk on the northeastern limits of the ore body. Two horizontal diamond drill

holes drilled under the ore body from the minus 35-foot level are reported to have encountered ore, although no core records are available, (see longitudinal section accompanying contract). If the East ore body holds to the dimensions it has on the lower level, there are 7,000 tons of inferred ore between the minus 35-foot level and the lower level.

Ore in the East ore body makes as a replacement body in the Stensgar dolomite. The ore body is bounded on the northwest by a major unmineralized fault, but other controlling factors of the ore body are indefinite. Several northeast-trending faults with low angle southeast dips pass through the ore body and abut the major fault on the northwest side of the ore body. The junction of these fracture patterns may be the controlling features of the ore body. On the other hand, a tightly folded syncline in the hanging wall of the major northwest fault, which is reported to be plainly discernible in the upper workings at the East ore body, may also affect control on the ore body.

On the lower level the ore minerals in the East ore body include galena, sphalerite, tetrahedrite, chalcopyrite, and faint and discontinuous showings of a lead-antimonide probably boulangerite or jamesonite. Ore from above the lower level is reported to average about 7 percent antimony. The antimony content was a major detriment in previous mining operations.

ORE RESERVES

There is some ore in the East ore body above the lower level as pillars and fringes on stopes; however, this area may be considered to be mined out.

On the lower level the East ore body is about 80 feet long and 30 feet wide. Allowing for 12 cubic feet per ton, this body should contain 200 tons per vertical foot. By using these factors it is possible to infer 7,000 tons of ore between the site where ore was found in the diamond drill holes from the minus 35-foot level and the overlying lower level. By using these same factors, and by projecting the East ore body to the minus 100-foot level, it is possible to infer 20,000 tons. This tonnage would lie in the block of ground that is to be explored by a diamond drilling program proposed by the Spokane-Idaho Mining Company.

The East ore body has been extensively sampled although few assay reports are available. Some assay data are shown on the accompanying plan map. Generally, the ore assays 10-12 percent combined lead-zinc, and 2-3 ozs. silver. Allowing for 90 percent recovery of the contained metals, the inferred block of 20,000 tons would have a gross value of $842,400 at current market values. The penalty levied against the ore for the antimony content, coupled with transportation and smelter costs will lower the gross value considerably; however, the Spokane-Idaho Company believes they can get a net smelter return of $1.75 per unit for contained metals.

PAST PRODUCTION

A private report on the Cleveland mine written in 1923 states that the property was intermittently active for about 30 years prior to that date, but that production records for that period were not available. A 3 month operation in 1923 produced 223.5 tons of concentrate that assayed:

	Percent Pb	Percent Zn	Ozs. Ag.	Ozs. Au.	Percent Sb	Percent Fe
Heads	8.8	9.1	3.3	.01	6.2	8.3
Conc.	36	8.5	16.8	.03	12.8	8.7
Tails	0.90	9.2	0.8	.01	3.9	8.0

This concentrate netted $5,381.57. Operation costs for that period were $9,591.30, showing a loss of $4,209.73.

In 1946-47 the mine shipped 660 tons of lead concentrate and 260.75 tons of zinc concentrate. Of this, 583.575 dry tons of lead concentrate, which went to Midvale, Utah, averaged .04 oz. Au., 29 ozs. Ag., 49.85 percent Pb., 3.46 percent Zn., and 12.92 percent Sb. Concentrates from this operation are reported to have been worth $87,263.66; however, the company working the property at that time reported a loss of $50,000.

PROPOSED EXPLORATION PROGRAM

The Spokane-Idaho Company proposes to explore the East ore body by diamond drilling off the lower level from the northwest crosscut off the East ore body stope (see accompanying plan map). The holes will be fanned out at negative angles under the ore body and will explore the ore body on and near the minus 100-foot level. The holes are soundly located in regard to both drilling site and proposed target.

Contingent upon the success of the drilling program, a winze will be sunk from a point on the lower level southeast of the East ore body and a crosscut driven on the minus 100-foot level to come into the East ore body.

CONCLUSIONS

The Cleveland mine has been an intermittent producer of lead and zinc during the past 50 years but has not proved successful from an operating standpoint. Its failure to operate successfully might be attributed to:

(1) Antimony content in the lead ore.

(2) Improper management and ill-advised mining procedures.

(3) Presence of zinc with what was formerly regarded as low-grade lead ore.

(4) Relatively small size and discontinuity of the ore bodies.

The exploration program proposed by the Spokane-Idaho Mining Company is logically sound. There is every indication that the East ore body will continue below the lower level, thus warranting exploration. There is also the possibility of other ore bodies occurring in adjacent areas that would warrant exploration should further exploration of the East ore body prove successful.

The mine should not be viewed as a potential large producer, but if the exploration program is successful it could adequately produce ore for a small 50 to 100-ton floatation mill. At present market prices and under sound management, which it should receive from Spokane-Idaho personnel, there is a good possibility that the mine might become a successful lead-zinc producer.

Subject: DMA-2223
Re: Exploration Loan
Cleveland Mine

Spokane-Idaho Mining Co.
Box 930
Kellogg, Idaho

My dear Sirs:

This will acknowledge receipt of your application dated October 27, 1951 for a loan under the Defense Production Act of 1950.

Your application was assigned Docket Number DMA-2223 and referred to the Base Metals Branch.

Kindly refer to DMA-2223 in any future correspondence relating to your application.

Sincerely yours,

ROBERT E. ADAMS

Robert E. Adams, Chief
Reports & Records Unit

7862

Mr. J.C. Kieffer, General Manager

Spokane-Idaho Mining Company

Box 930

Kellogg, Idaho

Letter of Deficiency Dmcm 2/4/63

Re: Docket No. DMA 2223X-Lead-Zinc
The Cleveland Mine
Stevens County, Washington

Dear Mr. Kieffer:

In keeping with exploration project contracts requirements as interpreted by the Legal Department it is necessary that you furnish additional data for the subject application.

We shall need a break down of the various overall costs in such a manner as to substantiate the cost. For example: the cost of sinking the shaft is given as $150.00 a foot. The time and the number of men with wages per shift are given and that is all. The $150.00 should be broken down into total labor, supervision, timber, power, materials and supplies as powder, fuse, caps, pipe, etc., so that when the various items are added the sum will be $150.00. This is necessary as the Government pays on the basis of the items mentioned in the contract and not on a footage basis.

The same procedure should be followed for the drifting and the rehabilitation. The application does not mention specifically, which it should, the size of the shaft and the number of compartments, the feet of road rehabilitation with a description of the job, the amount of underground rehabilitation and of just what it consists.

In the labor schedule under Phase III-Rehabilitation and Repairs there are listed a mechanic, a miner, a foreman and an engineer at ½ time. Are these the men that will rehabilitate the camp and the mine and erect the new structures?

What is the size and type of the sinker hoist? Is the 50 gallons of Diesel fuel per shift only for the compressor?

We cannot allow the stations and ore pockets as proposed on an exploration loan. since they primarily apply to mining and come under production loans. There is no objection to the size of the stationsproposed and the underground ore pockets

We cannot allow, on an exploration loan, the proposed stations and the ore pockets for the shafts since they primarily apply to mining and not exploration. There is no objection to the construction in conjunction with the shaft sinking if they can be financed by other than exploration funds. The usual procedure is to allow funds purely for exploration and when production is indicated further funds can be obtained from Defense Materials Procurement Agency if conditions warrant.

~~We are returning herewith the copies of the Landlords Subordination Agreement which also should be signed by Mr. Walter S. Johnson.~~

D.M.E.A. 2223x

CLEVELAND MINE
NEAR HUNTERS
STEVENS COUNTY, WASHINGTON

Scale 1" = 50' June 1948

E.C. Stephens & H. Kirkema

Tracing by Spokane-Idaho Mining Co.

GTM