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

RECEIVED
SEP 13 1955

September 13, 1955

Mr. Lowell A. Kaess
d.b.a. Kaess Mining Company
P. O. Box 116
Mount Vernon, Washington

Re: Docket No. DMEA-3954 (lead-silver)
Johannesburg (or Johnsburg) mine
Skagit County, Washington

Dear Mr. Kaess:

In compliance with your request we are returning the carbon copy of a Mining Lease between Mr. and Mrs. C. O. Davis and you which was sent to us in connection with your recent application.

Very truly yours,

James J. Quinlan
for A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

Enclosure

cc: DMEA (2)
USBM (2)

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

September 9, 1955

Memorandum

To: Administrator

From: Chief, Base Metals Division

Subject; Denial of Application Docket No. DMEA-3944 (Lead), Kaess Mining Company, Johannesburg or Johnsburg Mine, Skagit County, Washington.

The cited application, dated July 21, 1955, was forwarded by the Executive Officer, Region I, Northwest District, and received by this office on August 8.

The Applicant proposed to: Extend the present tunnel 1,000 feet along the vein through the Johannesburg property and into the Lookout property; to start another level from a point approximately 150 feet under present portal to extend 200 feet to cut presently exposed lens of ore at a point approximately 100 feet vertically below present level; and construct an underground room for compressor and equipment. The Applicant estimates that this proposed work will amount to $44,200.00.

This property had been examined and a contract was granted to C. O. Davis (Contract No. Idm-E242, Docket No. DMEA-1831). Under the terms of this contract, no work had been done. The contract was assigned to William Soren and an Amended Contract, dated October 15, 1953, was granted to William Soren.

Under the terms of the contract, the Operator, William Soren, completed 70 feet of drifting and 4 feet of crosscutting. From this drift, the Operator produced a shipment of 10 tons of hand sorted ore. The gross value of this ore was $162.82 per ton, and its net value was $151.82 per ton. The Government received $63.79 as its royalty from the sale of this ore.

All contract work was done during the summer season on 1953. Work was suspended during the period beginning November 1, 1953 and ending not later than July 1, 1954. The Operator failed to resume work on July 1, 1954, and the contract, under the terms of Amendment No. 1, was automatically terminated.

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

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

In connection with the present application, the Field Team states: "Examination of the surface has shown that ore minerals are not present along a weak shear zone south of the known ore shoot for a distance of some 500 feet. The Johnsburg drift is so close to the surface there seems little hope of finding another small ore body that does not crop in this area."

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

We concur with the recommendations of the Field Team and the Commodity members of the USGS and the USBM that this application be denied.

W. R. Griswold

W. R. GRISWOLD

File Copy
Surname
J. Ell

500

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

September 9, 1955

Memorandum

To: Administrator

From: Chief, Base Metals Division

Subject; Denial of Application Docket No. DMEA-3944 (Lead), Kaess Mining Company, Johannesburg or Johnsburg Mine, Skagit County, Washington.

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The Applicant proposed to: Extend the present tunnel 1,000 feet along the vein through the Johannesburg property and into the Lookout property; to start another level from a point approximately 150 feet under present portal to extend 200 feet to cut presently exposed lens of ore at a point approximately 100 feet vertically below present level; and construct an underground room for compressor and equipment. The Applicant estimates that this proposed work will amount to $44,200.00.

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

We concur with the recommendations of the Field Team and the Commodity members of the USGS and the USBM that this application be denied.

W. R. Griswold

W. R. GRISWOLD

Copy to: Docket
Base Metals
Chron.

JWAlt/bjl (9/6/55)

File Copy
Surname
J. Ell
Griswold
Nelson
Yoges
Selfridge

500

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

Mr. Lowell A. Kaess
Kaess Mining Company
P. O. Box 116
Mount Vernon, Washington

SEP - 7 1955

Re: Docket No. DMEA-3944 (Lead)
Kaess Mining Company
Johannesburg (or Johnsburg) Mine
Skagit County, Washington

Dear Mr. Kaess:

Your application for aid for an exploration project and other reports available to us in Washington concerning your application have been reviewed.

Projects approved by the Defense Minerals Exploration Administration must, in its judgment, show definite promise of yielding materials of acceptable grade in quantities that will significantly improve the mineral supply position for the National Defense Program.

Careful study of all our information, although noting a small amount of ore on your lease, indicates to us that the probability of disclosing minable ore reserves by your proposed program is not sufficiently promising to justify Government participation. We regret to advise you, under these circumstances, that your application for exploration assistance is denied.

If they have not already done so, the Field Team will return the copy of the Lease Agreement with William Soren on the Lookout property as requested in your letter of August 15, to Mr. Verne C. Fryklund, Jr.

We wish to thank you for your interest in the Defense Minerals Program and for bringing your property to our attention.

JWAlt/bjl (9/6/55)

Sincerely yours,

C. O. Mittendorf (fw)

Administrator

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kiilsgaard
Reg. I (NW Dist.) (2)
Chron.

R.C.K.

File Copy
Surname

500

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

SEP - 7 1955

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

Re: Docket No. DMEA-3944 (Lead)
Kaess Mining Company
Johannesburg (or Johnsburg) Mine
Skagit County, Washington

Dear Mr. Weissenborn:

This is with reference to the letter from Lowell A. Kaess to Verne C. Fryklund, Jr., dated August 15, regarding the cited application, in which he requests the return of the Lease Agreement with William Soren on the Lookout property. If you have not returned this Lease Agreement to Mr. Kaess, will you please do so.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GCS)

APPROVED:

P. F. Yopes (GCS)
Member, Bureau of Mines

(S) N. E. Nelson (GCS)
Member, Geological Survey

JWAlt/bjl (9/6/55)

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

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

RECEIVED
SEP - 1 1955
Alt

September 1, 1955

Re: DMEA-3944
(Lead-Silver, $44,200)
Lowell A. Kaess
Johnsburg Mine
Skagit County, Wash.

Memorandum

To: W. R. Griswold, DMEA

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

Subject: Review of application of August 8, 1955 and recommendation for denial

The Johannesburg or Johnsburg property described under this application is that explored under Contract Idm-E242 (Docket No. DMEA-1831), except that the present application also includes the Lookout patented claim.

Under the previous contract 70 feet of drifting on the vein indicated an oreshoot 62.5 feet long, and 1.5 feet wide which assayed 9.6 percent lead, 0.128 ounces of gold and 8.9 ounces of silver per ton.

The present applicant proposes to extend this 70-foot drift along the structure through the Johannesburg claim into the Lookout claim seeking other oreshoots; he also proposes a 200-foot adit drift at 100 feet below the present drift and an underground compressor room.

The field team in reporting on the work performed under Contract Idm-E242 stated that the oreshoot presently known had been completely explored along strike on the adit level, and that additional exploration involving Government participation was not warranted.

The data presented in the application confirm the statement of the field team that "although the oreshoots contain ore that can be sorted to a shipping grade product, the vein is too narrow and the oreshoots are too short to justify Government participation .."

I concur with the field team in recommending denial of the application.

O. M. Bishop

O. M. Bishop
PF

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

Files

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

RECEIVED
SEP - 1 1955

September 1, 1955

Re: DMEA-3944
(Lead-Silver, $44,200)
Lowell A. Kaess
Johnsburg Mine
Skagit County, Wash.

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I concur with the field team in recommending denial of the application.

O. M. Bishop

O. M. Bishop

Copy to - Div. of Minerals
Mr. Killsgaard, Room 5222
O. M. Bishop
Files

IN REPLY REFER TO:

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

August 22, 1955

Re: DMEA 3944
Lowell A. Kaess
Johnsburg Mine
Skagit Co., Wash.
$44,200 - Lead

Memorandum

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

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

Subject: Review of application.

The application asks for assistance in further exploring the Johnsburg vein by extending the present adit level 1,000 feet and driving 200 feet on a new level 100 feet below the present adit.

The property was the subject of work under amended contract Idm-E242, DMEA 1831, automatically terminated as of November 1, 1953, due to the failure of the Operator to resume exploration work prior to July 1, 1954.

The July 1955 Final Report of the Field Team on this project says, page 2, "On March 24, 1954 a Certification of Discovery or Development was issued as a result of the exploration work. It is believed that the ore shoot has been completely explored along the strike on the one adit level. Additional exploration to test the extension of the oreshoot in the Johnsburg vein at a lower elevation is warranted. Government participation in additional exploration at the property, however, is not recommended." The total cost of the work was $2,590.00 of which the Government's share at 50 percent participation is $1,295.00. Royalties in the amount of $63.79 were received from 9.8 tons of sorted ore shipped. The shipment assayed:-- 0.067 Au oz/ton, 40.4 Ag oz/ton, 56.9% Pb. The average width and grade of the vein as indicated by 7 samples in the back of the adit is:-- 1.5' width, 0.128 Au oz/ton, 8.9 Ag oz/ton, and 9.6% Pb, so the concentration ratio was approximately 6 to 1. The Field Team estimates there are 450 tons of indicated ore above the adit and 315 below the adit. No grade is assigned to 315 tons of inferred ore below the level. Assuming a 6 to 1 ratio, the 450 tons of indicated ore above the adit would

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AUG 2 2 1955

yield 75 tons of sorted ore. The net value, based on the settlement for 9.8 tons, might be, roughly, $\frac{75}{9.8}$ x $1,275.77 = $9,700 on which the royalty would be $485.00. The conclusions and recommendations of the examiners are well taken as for the project under Idm-E242, and may well be applied to the present application.

Denial of the application is recommended.

N. E. Nelson

N. E. Nelson

IN REPLY REFER TO:

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

August 22, 1955

Re: DMEA 3544
Lowell A. Keene
Johnsburg Mine
Skagit Co., Wash.
$44,200 - Lead

Memorandum

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Denial of the application is recommended.

N. E. Nelson

N. E. Nelson

NENelson:iml
G-8/22/55

cc: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
O. M. Bishop, 3617

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 8/29

REFERRED TO:

1. ~~H. Berry~~
2. ~~Operating Committee~~
3. ~~Miss Curtin~~
4. 500

FOR:

..... Action	..... Recommendation
..... Approval	..... Record of .....
..... Comment	..... Referring to .....
..... Conference	..... Reply for signature of .....
..... Consideration	..... Rewriting
..... Filing	..... Signature
..... Instructions	..... Suggestions
..... Investigation	..... Your information
..... Initials	
..... Mailing	
..... Previous correspondence	

REMARKS:

Hazel only 3 cys. of map & 3 cys. Fryklund letr. rec'd, send div. the other copy. c Field Report

~~For Agenda 9/2/55~~

Check (X) before the items needing attention.

ROBERT E. ADAMS
Initials of sender.

GPO 16—63815-1

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

RECEIVED
AUG 29 1955

August 23, 1955

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

Re: Docket No. DMEA-394 (lead-silver)
Kaess Mining Company
Johannesburg (or Johnsburg) mine
Skagit County, Washington

Dear Mr. Selfridge:

The final report on the Johnsburg mine (Docket No. DMEA-1831, lead, Amended Contract No. Idm-E242) was sent you August 11, 1955. We can now, in light of this report, discuss the application of Mr. Lowell A. Kaess to do further work in the Johnsburg mine.

The original contract Idm-242 contained two stages. Stage I provided for 150 feet of drifting in the Johnsburg drift. Stage II provided for an additional 200 feet of drifting in the Johnsburg drift and 500 feet of drifting in a new adit to be opened 100 to 500 feet below the Johnsburg drift. The objective of Stage I of the contract was attained by 70 feet of drifting that passed through a small ore shoot. The Operator did not wish to do Stage II, and the contract automatically terminated July 1, 1954.

Mr. Kaess wishes to extend the present drift 1,000 feet and drive a second adit to a point below the ore shoot explored during the recent DMEA contract work.

It seems that the ore shoot may extend to 150 feet below the Johnsburg drift, but Government participation in such work does not seem warranted if the only objective is opening up the known ore shoot at that level.

Examination of the surface has shown that ore minerals are not present along a weak shear zone south of the known ore shoot for a distance of some 500 feet. The Johnsburg drift is so close to the surface there seems little hope in finding another small ore body that does not crop in this area.

Reviewed by
DMEA OPERATING COMMITTEE
9-2-55
(date)

We believe we must agree with the conclusions of Magill and Puffett: "Although it is believed that further exploration of the Johnsburg vein will discover other ore shoots having similar characteristics to the one already exposed, the tonnage that might be developed will not be large. The exploration costs, in all probability, will exceed the value of any ore discovered."

We therefore recommend that the application be denied.

By Field Team, Region I, NW District

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

James J. Quinlan, Acting Member
U. S. Geological Survey

Distribution:
DMTA (orig. & 3)
USBM (2)
USGS (SRO)
Fryklund
Kellum

C O P Y

P. O. Box 116
Mount Vernon, Washington

RECEIVED
AUG 29 1955

August 15, 1955

Mr. Verne C. Fryklund, Jr.
Defense Minerals Exploration Administration
So. 157 Howard Street
Spokane 4, Washington

Re: Application for exploration
assistance -- Johnsburg Mine
Skagit County, Washington
DMEA-3944 Base Metals Division

Dear Sir:

I am enclosing the following information which you requested in your letter of August 4, 1955:-

(1) Four copies of a map showing the positions of the claims and showing the proposed drift.

(2) Six copies of the Owner's Consent to Lien signed by C. O. Davis and Hattie Davis.

(3) Six copies of the Owner's Consent to Lien signed by William Soren and Wilhemina Zoa Soren.

I will appreciate it very much if you will return the copy of the Lease agreement with William Soren on the Lookout property so that I can have it properly signed for your use. I do not have available another copy of that lease to send to you.

Information from Washington, D. C. indicates that this application has been assigned Docket Number DMEA-3944 in the Base Minerals Division.

I will appreciate any help you can give in facilitating action on this application.

Very truly yours,

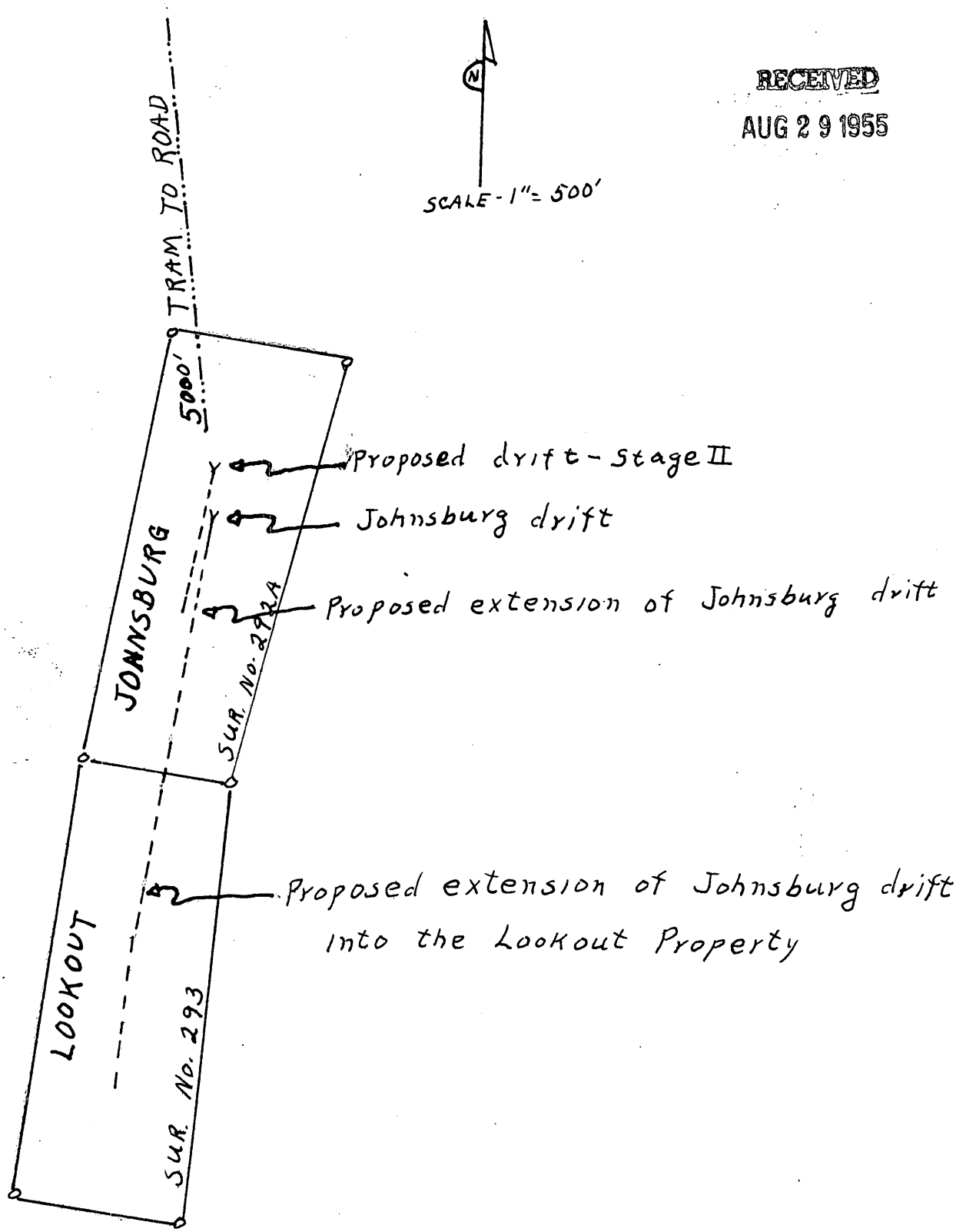
/s/ Lowell A. Kaess

Lowell A. Kaess,
dba Kaess Mining Company

Reviewed by
DMEA OPERATING COMMITTEE
9-2-55
(date)

LAK/rk

RECEIVED
AUG 29 1955



MAP OF JOHNSBURG AND LOOKOUT MINES - SKAGIT COUNTY

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 8/29

REFERRED TO:
1. 500
2.
3.
4.

FOR:

- ____ Action
- ____ Approval
- ____ Comment
- ____ Conference
- ____ Consideration
- ____ Filing
- ____ Instructions
- ____ Investigation
- ____ Initials
- ____ Mailing
- ____ Previous correspondence
- ____ Recommendation
- ____ Record of ____
- ____ Referring to ____
- ____ Reply for signature of ____
- ____ Rewriting
- ____ Signature
- ____ Suggestions
- ____ Your information

REMARKS:
Betty I am using this as field team rpt.
I asked Hazel about it. cc

Check (X) before the items needing attention.

ROBERT E. ADAMS
Initials of sender.

GPO 16—63815-1

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

RECEIVED
AUG 29 1955

August 23, 1955

alt

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

Re: Docket No. DMEA-39~~4~~ (lead-silver)
[illegible] Mining Company
Johannesburg (or Johnsburg) mine
Skagit County, Washington

Dear Mr. Selfridge:

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We therefore recommend that the application be denied.

By Field Team, Region I, NW District

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

James J. Quinlan, Acting Member
U. S. Geological Survey

Distribution:
DMEA (orig. & 3)
USBM (2)
USGS (SRO)
Fryklund
Kellum

C O P Y

P. O. Box 116
Mount Vernon, Washington

August 15, 1955

RECEIVED
AUG 29 1955

Mr. Verne C. Fryklund, Jr.
Defense Minerals Exploration Administration
So. 157 Howard Street
Spokane 4, Washington

Re: Application for exploration
assistance -- Johnsburg Mine
Skagit County, Washington
DMEA-3944 Base Metals Division

Dear Sir:

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Information from Washington, D. C. indicates that this application has been assigned Docket Number DMEA-3944 in the Base Minerals Division.

I will appreciate any help you can give in facilitating action on this application.

Very truly yours,

/s/ Lowell A. Kaess

Lowell A. Kaess,
dba Kaess Mining Company

LAK/rk

MF-203
Revised March 24, 1955

(5)

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E
Contract Date

CONSENT TO LIEN

RECEIVED
AUG 29 1955

To the United States of America:

Referring to that certain land in the County of Skagit, State of Washington, described as follows:1/

The Lookout Patented Mining Claim owned by William Soren,
Survey No. 293, Patent No. 23492

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

None

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

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: None

Dated this 10th day of August, 1955.

William Soren [Seal]

Wellehmina Zoa Soren [Seal]

[Seal]

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

[Corporate Seal]

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator_____
Docket No. DMEA-_____
Contract No. Idm-E_____
Contract Date_____

CONSENT TO LIEN

RECEIVED
AUG 29 1955

To the United States of America:

Referring to that certain land in the County of Skagit, State of Washington, described as follows:1/

The Lookout Patented Mining Claim owned by William Soren,
Survey No. 293, Patent No. 23492

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

None

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

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4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: None

Dated this 10th day of August, 195 5.

William Soren [Seal]

Wilhelmina Zoa Soren [Seal]

[Seal]

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

[Corporate Seal]

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Operator _____
Docket No. DMEA- _____
Contract No. Idm-E _____
Contract Date _____

CONSENT TO LIEN

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To the United States of America:

Referring to that certain land in the County of Skagit, State of Washington, described as follows:1/

The Lookout Patented Mining Claim owned by William Soren,
Survey No. 295, Patent No. 23492

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

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5. Added provision: None

Dated this 10th day of August, 195 8.

William Doren [Seal]

Wilhelmina Zoa Doren [Seal]

_____ [Seal]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

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[Corporate Seal]

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Operator_____
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5. Added provision: None

Dated this 10th day of August, 1955.

William Soren [Seal]

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[Corporate Seal]

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Dated this 10th day of August, 1955.

[Seal]

[Seal]

[Seal]

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[Corporate Seal]

MF-203
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(5)

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EXPLORATION PROJECT CONTRACT
Operator_____
Docket No. DMEA-_____
Contract No. Idm-E_____
Contract Date_____

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of Skagit, State of Washington, described as follows:1/

Johnsburg Mine, Survey No. 292A (Patented Claim)

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

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Exploration Project Contract Docket No. DMEA-1831X

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

None

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5. Added provision: None

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C. O. Davis [Seal]

Hattie V. Davis [Seal]

[Seal]

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1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

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Exploration Project Contract Docket No. DMEA-1831X

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None

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Exploration Project Contract Docket No. DMEA-1831X

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5. Added provision: None

Dated this 10th day of August, 1956

C. A. Davis [Seal]

Hattie V. Davis [Seal]

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Exploration Project Contract DMEA-1831X (Docket No.)

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Exploration Project Contract Docket No. DMEA-1831X

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Operator _____
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Exploration Project Contract DMEA-1931K (Docket No.)

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None

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3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: None

Dated this 10th day of August, 195 5

C. Q. Davis [Seal]

Hattie V. Davis [Seal]

[Seal]

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

[Corporate Seal]

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator _____
Docket No. DMEA- _____
Contract No. Idm-E _____
Contract Date _____

CONSENT TO LIEN

RECEIVED
AUG 29 1955

To the United States of America:

Referring to that certain land in the County of Skagit, State of Washington, described as follows:1/

Johnsburg Mine, Survey No. 292A (Patented Claim)

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

Exploration Project Contract DMEA-1831X (Docket No.)

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

None

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

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: None

Dated this 10th day of August, 1956

C. O. Davis [Seal]

Hattie V. Davis [Seal]

[Seal]

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

[Corporate Seal]

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

500

AUG 1 6 1955

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

Re: Docket No. DMEA-3944 (Lead)
Kaess Mining Company
Johannesburg Mine
Skagit County, Washington

Dear Mr. Weissenborn:

With reference to the cited property we will hold this application in abeyance until we receive your report and recommendations.

We hope that you will be able to send us your report and recommendations soon in order that we may expedite the processing of this application.

As this property had been examined and a contract was granted to C. O. Davis (Docket No. DMEA-1831) which later was transferred to William Boren, who was given an amended contract, we do not recommend another field examination.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JWB)

JWAlt/er 8/12/55

APPROVED:

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

Thor H. Kiilsgaard (JWB)
Member, Geological Survey

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

See Final Field Examiner Report for DMEA-1831.

August 9, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region I & NW

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

There is listed below the assigned docket number to an application recently received from Region I & NW.

DMEA-3944 Kaess Mining Company

Robert E. Adams,
Chief, Operation's Control
and Statistics Division

Kaess Mining Co.
Box 116
Mount Vernon, Washington

August 9, 1955
Subject: DMEA-3944
Re: Exploration Assistance
Johannesburg Mine

Gentlemen:

The receipt of your application dated July 21, 1955 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3944 and referred to the Base Metals Division.

Kindly identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

60932

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

RECEIVED
AUG - 8 1955

August 5, 1955

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

Re: Application for exploration
assistance (lead-silver)
Johannesburg Mine
Skagit County, Washington

Dear Mr. Selfridge:

Enclosed are three copies of an application by Mr. L. A. Kaess for an exploration project at the Johannesburg mine. This property was explored by William Soren (Docket No. DMEA-1831).

We have asked Mr. Kaess for additional information (copies of our letter enclosed), but the application should probably be denied.

The final report on the property is now being typed by a W. A. E. typist who can work only a few hours a week, and it will be sent to you as soon as possible.

Conclusions in the report are: "Although the ore shoots contain ore that can be sorted to a shipping grade product, the vein is too narrow and the ore shoots are too short to justify Government participation in exploration for additional ore shoots on the Johnsburg property."

A field examination will not be made unless requested as the final report, when ready, should be adequate.

Sincerely yours,

Verne C. Fryklund Jr.

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

Enclosure as indicated

cc: USBM (2)
Kellum

RECEIVED
AUG - 8 1955

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

August 4, 1955

Mr. Lowell A. Kaess
d.b.a. Kaess Mining Company
P. O. Box 116
Mount Vernon, Washington

Re: Application for exploration assistance (lead-silver)
Johannesburg Mine
Skagit County, Washington

Dear Mr. Kaess:

This will acknowledge receipt of your application for exploration assistance at the Johannesburg (or Johnsburg) Mine. It has been forwarded to Washington, but in order to process it further it will be necessary for you to provide the following:

(1) Four copies of a map showing the positions of the claims and showing the proposed drift;

(2) Owner's Consent to Lien signed by C. O. Davis and Mattie Davis for the Johannesburg Mine and Mill Site claims. The necessary consent to lien forms are enclosed; six copies of each should be returned;

(3) A valid (signed) copy of a lease agreement between you and William Soren on the Lookout claim; and

(4) Owner's Consent to Lien from William Soren for the Lookout claim.

Sincerely yours,

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

cc: DMEA (2)
USBM (2)
geologist

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Form Approved.
Bureau of Budget No. 42-R1035.2.

RECEIVED
AUG - 8 1955

RECEIVED
JUL 25 1955
U. S. G. S.
SPOKANE, WASH.

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Not to be filled in by applicant

Docket No. 3944
Metal or Mineral Lead-Silver
Date Received 8-8-55
Estimated Cost $44,200
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address:

Lowell A. Kaess, DBA Kaess Mining Company
P. O. Box 116
Mount Vernon, Washington

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized. Individual

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract

(*b*) State any mine name by which the property is known.

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property.

(*e*) If you own the land, describe any liens or encumbrances on it

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice.

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes.

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore .....

.....

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc.

(*c*) The work will start within ..... days and be completed within ..... months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project:

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)?

(*b*) How do you propose to furnish your share of the costs?

☐ Money ☐ Use of equipment owned by you ☐ Other

Explain in detail on acompanying paper.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated July 21, 1955

Lowell A. Kaess
(Applicant)

By .....

.....

.....

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—66551-1

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AUG - 8 1955

3. APPLICANT'S PROPERTY RIGHTS

a. Location: On the North Fork of the Cascade River in Skagit County, Washington. The property is known as the Johannesburg Mine and Mill Site, Patented Mining Claim Survey No. 292A and 292B and the adjoining claim known as The Lookout Patented Mining Claim Survey No. 293. The first claim is owned by Mr. C. O. Davis and the Second claim is owned by Mr. William Soren.

b. The mine is known as the Johnsburg or Johannesburg Mine.

c. My interest in the land is as lessee. Copies of the Leases are attached to this application.

d. Lease copies attached.

e. I do not own the land.

f. The land consists of Patented Claims.

4. PHYSICAL DESCRIPTION

a. A 70 foot drift along the vein cutting a 35 foot lens of ore which is approximately 30 inches wide.
Production facilities include a single cable tram approximately 5000 feet long; a log cabin for housing labor; and various items of mining equipment.
My interest in these facilities is as lessee.
Mine workings are accessible by road to the cabin then by trail or tram to the mine.

b. Past Production-- One shipment of 10 tons 500 lbs. of ore testing 57% lead and 44 oz. silver. Shipment made in 1953. Current production expected to begin about August 1, 1955. There are no mined ore reserves although there is a considerable amount of ore showing.

c. The ore lies in a broken vein similar to other deposits in Western Washington.
My reasons for desiring to explore this site are to locate additional lens of ore.

d. Access Roads -- Public Highways and 8.5 miles of Mine to Market road completed by the State Conservation and Development Department.
The ore will be shipped by truck approximately 450 miles to the Bunker Hill Smelter in Kellog Idaho.
Residence facilities are located at the mine. Supplies are available at Marblemount, Washington about 20 miles distant.

e. Manpower, materials, supplies, equipment, and power are all available.

RECEIVED
AUG - 8 1955

5. a. Minerals sought --- Lead and Silver

b. Proposed work --- Extending the present tunnel 1000 feet along the vein through the Johannesburg property and into the Lookout property; and start another level from a point approximately 150 feet under present portal to extend 200 feet to cut presently exposed lens of ore at a point approximately 100 feet vertical distance below present level; and construct an underground room for compressor and equipment.

c. Work will start within ten days and be completed within 24 months from the date of an exploration contract.

d. Lowell A. Kaess, the operator, has had 12 years leasing experience in Cripple Creek, Colorado gold mines and 4 years leasing experience in the Southern Colorado plateau uranium district.

6. ESTIMATE OF COSTS:

1200 ft. Drifting at $36.00 per foot - - - -	$43,200
Underground room - - - - - - - - - - - - - - - - - -	1,000
TOTAL ESTIMATED COST - - - - - - - - - -	$44,200

7. a. I am prepared to furnish my share of the cost of the proposed project.

b. 1. Personal work
2. Use of equipment owned by me.
3. Money to hire needed help.

My entire time will be devoted to this operation including the exploration project.
I own all necessary tools for the operation including a new Jack Hammer, a Pneumatic Hoist (Slusher), and have leased other equipment needed.
I will hire help as needed using current capital and income from ore mined on the project.

RECEIVED
AUG - 8 1955

MINING LEASE

THIS INDENTURE OF LEASE Made and entered into this 1st day of July, 1954, by and between C. O. DAVIS and HATTIE DAVIS, his wife, as lessors, and LOWELL A. KAESS, of Route 1, Marysville, Washington, as lessee,

WITNESSETH: The lessors let and lease unto the lessee, and the lessee takes and rents from the lessors the following described property situated in Skagit County, State of Washington, to-wit:

> The Johannesburg Patented Mine and millsite owned by the lessors, acquired originally under Entry No. 76, Survey No. 292A and 292B, bearing Auditor's File No. 436936 in the office of the Auditor of Skagit County, Washington, which property is situated in the Easterly part of Skagit County, Washington;
>
> TOGETHER WITH the appurtenances and exclusive right and privilege to take possession of and mine valuable ore from the same and deliver it to market, together with the right to use the surface thereof to construct all such works, buildings, plants, mills, structures and appliances as may be necessary or convenient for the purpose of the lessee in carrying out the rights and privileges granted and leased to the lessee herein, together with the right to use and operate the tramway constructed by the lessors thereon, and such equipment as is now on said premises, but the equipment shall be returned to the lessors at the end of the term of this lease in as good condition as the same now is, ordinary wear and tear from the reasonable use thereof excepted;

for the term of five years commencing on June 30, 1954, and ending on June 29, 1959.

The marketable and valuable minerals mined and recovered from said mine by lessee shall be delivered by the lessee to the smelter and refining plant at Kellogg, Idaho, or such other place as the lessors and the lessee in writing agree and shall arrange at said plant, wherever the same may be, for the plant to deduct the milling, smelting, and transportation charges, and transmit the transportation charges to the carrier, and pay 25% of the balance of returns from said ore to lessors as rental, and the balance of said returns to the lessee. Such returns shall be paid as frequently and at such times as the plant usually makes

such distribution after determination of recovery is had by it.

The lessee shall commence mining operations as soon as weather conditions permit, shall pay all expense of mining and mine operation as those obligations fall due, shall not allow the cost of such operations to become delinquent in payment, and shall conduct such mining operations continuousely, weather conditions, Acts of God, strikes, lockouts, and economic conditions on ore prices permitting; it being understood that the lessee shall not be obligated to ship ore and shall not do so unless economic conditions and prices be such that a profitable sale is made, and lessee shall hold lessors harmless against all expenses of operation of every nature whatsoever, shall pay before delinquency all tax items, governmental or agency charges in connection with such operation, shall keep the employees covered by industrial insurance, and proper and timely reports to be made, and in conducting such mining operations, shall do so in accordance with the customary standards and requirements for full and proper development of such mine, and shall not strip the same of high grade or high-paying ore. He shall at all times use a crew of not less than three men on said development, including the driving of the existing tunnel.

The lessee shall cause to be furnished to the lessors a copy of all delivery slips or instruments issued by the receiving company and plant on all ore delivered and sold, and shall keep accurate books of account showing the amounts and quantities of all ores, minerals, metal, and mining products mined, and the disposition of the same, and sale price thereof and cost of transportation, milling and smelting, to which books the lessors shall have access at any and all reasonable times, individually or by their agents or accountants, and shall have the right at all reasonable times to inspect and survey the mining premises, measure the quantities of ores, minerals, metals, or mining

products that shall have been removed or mined therefrom, and may do so either in person or by their agents or employees, but such inspection shall not unnecessarily or unreasonably hinder or interrupt the work or operation of the lessee; and the lessee shall furnish the lessors with full monthly statements of the operation, including all receipts and expenditures.

This lease and the rights hereunder and any interest therein shall not be sold, transferred, or assigned by the lessee without the written consent of the lessors, except it is agreed that the lessee may sublease all or a portion of said premises or property but any said sublease shall be subject to the terms and conditions contained in this lease, and the lessee shall at all times guarantee the faithful performance of all the conditions, covenants, and obligations herein contained to be kept on the part of the lessee, whether the same be subleased or not.

The lessee agrees to observe and comply with all rules, regulations, and laws now in effect or which may be enacted during the continuance of this lease or any extension hereof by any county, state, or federal authority or agency having jurisdiction over the subject matter and the mining premises leased herein.

It is agreed between the parties hereto that if the lessee has faithfully and strictly complied with all of the terms, conditions, and covenents contained in this lease, and the lessee is actively engaged in removing ore from said premises, either himself or through a sublessee or subcontractor, the lessee shall have the option of extending the term of this lease for an additional five-year period under the same terms and conditions as contained herein. Such option to extend this lease shall be exercised by the lessee giving to the lessors written notice of his intention to so extend the term hereof, at least 30 days prior to the termination of the term specified in this lease.

It is further agreed between the parties hereto that if the lessee has fully complied with the terms, covenants, and conditions contained in this lease to be kept and performed on the part of the lessee and the lease is in full force and effect, the lessee shall at the expiration of the original term of this lease, have the option to purchase a one-third interest in the above described leased property for the sum of $30,000.00. Said option shall be exercised by the lessee giving to the lessors written notice of his intention to exercise said option at least 30 days prior to the expiration of the original term of this lease. In the event the lessee exercises said option, the said sum of $30,000.00 shall be paid by the lessee to the lessors upon tender of good and sufficient instruments conveying said one-third interest to the lessee.

Any notice required to be given to the lessors under the terms of this lease may be given by either personally delivering the same to the lessors or by mailing the same by registered mail, addressed to the lessors at Route 6, Mount Vernon, Washington. Any notice required to be given to the lessee under the terms of this lease may be given by either personally delivering the same to the lessee or by sending the same by registered mail, addressed to the lessee at Route 1, Box 823, Marysville, Washington.

Time and faithful performance of each and every covenant and condition of this lease and agreement is of the essence hereof, and should the lessee fail to do any act or thing required to be done in this lease as specified herein, or do or perform any acts or things improperly as specified herein, then the lessors may at their option give written notice of such delinquency, specifying the same and give to the lessee a period of 30 days within which to cure such delinquency, and failing which, the lessors may at their option terminate and cancel this lease, whereupon all rights of the lessee hereunder shall immediately cease and terminate.

The lessee further agrees that at the expiration of the said term or any extension thereof, if he has not exercised the right to purchase a one-third interest in said property as hereinabove provided, he will quit, vacate, surrender and yield up possession of the said premises and all improvements in as good condition as the same are at the time of the commencement of this lease, damage by fire or unavoidable casualty excepted. It is understood and agreed that no extension of time or waiver of performance of the terms of this lease shall be deemed a waiver of any subsequent default nor estop the lessors from the strict performance of any and all of the terms and provisions herein contained. The right to terminate this lease in event of default of performance by the lessee is without prejudice to any other right or remedy which the lessors may have with respect to the breach of any covenant herein contained.

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

C. O. Davis

Hattie Davis

LESSORS

Lowell A. Kress

LESSEE

STATE OF WASHINGTON)
: SS
COUNTY OF SKAGIT)

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

GIVEN Under my hand and official seal this 7th day of July, 1954.

Ben Lackstro

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