DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE Idm-E NO._____ DMEA NO. 4968

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

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

Right Side

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

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

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

Additional Folders:

Left Side

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

Right Side

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

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

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty material

17963

Form MF-103
Revised Oct. 1957

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1035.3
Approval expires June 30, 1958

RECEIVED MAR 26 1958

APPLICATION FOR AID IN AN EXPLORATION PROJECT

PURSUANT TO DMEA ORDER I, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

NAME OF APPLICANT (Full legal name and mailing address as it should appear on contract if one is executed)

DONALD E. MAC DONALD
c/o V. C. JOHNSON
SUITE 807, 30 North LaSalle Street, Chicago, Ill.
(until work opens up in Alaska, then Alaska address will be given.)

APPLICANT NOT TO USE THIS BLOCK

Docket Number: 4968
Date Received: 3-26-58
Government Participation %: 75%
Region: I ALASKA
Division Code: 400

BUSINESS ORGANIZATION (Check one)

- Individual [X]
- Corporation [ ]
- Partnership [ ]
- Other (Specify) [ ]

State in which firm is organized

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

Name	Address	Title

Mineral(s) for which you wish to explore: Nickel

Estimated Cost of Project: $ 400,000.00 or $480,000.00

LOCATION OF PROPERTY

Name: Shore of Snipe Bay on Baranof Island in the St. Petersburg Recording District, Alaska
County:
State:

GENERAL INSTRUCTIONS

Before filling out this application, please read DMEA Order—I, Revised, "Government Aid in Defense Exploration Projects." To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit four copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 1, existing mine workings and geology in item 2, and the proposed exploration project in item 4. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 2(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals,* of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest DMEA Field Office.*

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.

March 15, 1958
Dated

Donald E. MacDonald
(Signature)

Donald E. MacDonald
Project Engineer, Sole Proprietor.
Title

A wilfully false statement or certification to any Department or Agency of the United States Government is a criminal offense. U. S. Code, Title 18, Sec. 1001.

INFORMATION REQUIRED WITH THIS APPLICATION

1. *Applicant's Property Rights:*

(a) State the legal description (section, township, and range; metes and bounds; patent number of claims) of the land upon which you wish to explore and all land adjacent to the proposed project area which you own or control. Describe any part of the project land or workings which should not be subject to Government lien for royalty payments. If the land consists of unpatented claims, state the book and page number for each recorded location notice, including amended locations, and the place where recorded (courthouse, recorder's office, county, and state).

(b) State all the names by which you know the property.

(c) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise. If you are not the owner, submit with this application one exact copy of the lease, contract, or other document (with address of owner) under which you control the property.

(d) Describe all liens, mortgages, or other encumbrances on the property.

2. *Physical Description:*

(a) Describe in detail and illustrate with maps or sketches all mining or exploration operations which you know have been or are being conducted upon the lands, including existing mine workings. Describe all production facilities.

(b) State your interest, if any, in operations stated in 2*(a)*.

(c) State, as far as you know, the past and current production, supporting your statement with copies of settlement sheets, mine records, or published data if available.

(d) Describe known ore reserves on the property giving quantities and grades and sampling methods used, supporting your statement with copies of assay certificates and assay maps if available.

(e) Describe by narrative and maps or sketches the geologic features of the property, including ore minerals, geologic formations if known, and type of deposit (vein, bedded, etc.).

(f) State your reasons for expecting to find ore, and if you have sampled the area you propose to explore, show where the samples were taken, describe sampling methods used, and provide copies of assay certificates.

(g) Send with your application at least *two* copies of all geologic or engineering reports, assay maps, or technologic information which you may have, indicating on each whether you require its return to you.

3. *Accessibility of Project:*

(a) To aid DMEA representatives who may be required to examine the property, state the name and address of the person who will meet the DMEA representative; give directions for reaching the property; and describe accessibility of the property including the mine workings.

(b) Name the shipping and supply points and places where employees reside and state the distances between them and the property.

4. *The Exploration Project:*

(a) Describe fully the proposed exploration project giving individual footages and sizes of openings *for each item of work.* Use narrative, maps, plans, and longitudinal and cross sections as necessary. Show the location of the proposed work as related to geologic features such as veins, ore-bearing beds, contacts of rock formations, etc. Show also the relation of the proposed work to any existing mine workings and to *property boundaries* or to the closest identifiable corner.

(b) If an access road to the project must be built, show the location on the property map and state the length, type, and construction methods proposed.

(c) In the event that an exploration contract with DMEA is executed, how soon will the work start and how many months will be required to complete it? State your anticipated average daily or monthly rate of progress for each type of work.

5. *Experience:*

State your operating experience and background with relation to your ability to carry out this exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of Costs:*

Furnish detailed estimates of the costs *for each item of the work proposed in 4(a)* under the headings listed below with a total for each heading and the estimated total cost of the project. Costs for any work to be performed by an independent contractor should be shown separately under category *(a)* below. Costs for any work that is not to be performed by an independent contractor should be given in detail under categories *(b)* through *(g)*.

(a) Independent contracts. State the cost of any proposed independent contract for the performance of all or any part of the work, expressed in units of work, such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved. Cost estimates should be supported by bids from three contractors if possible. *(Note* – If none of the work is to be contracted, write "none" after this item.)

(b) Personal services. For necessary supervision, engineering and geological services, and labor, include an itemized schedule of numbers, classes, rates of wages, salaries or fees, and periods of employment. State whether these technicians and employees are available.

(c) Operating materials and supplies. List items of material and supplies with their cost. Include under this heading power, water, and fuel, and units of equipment and tools costing less than $50 each.

(d) Operating equipment. List items of operating equipment to be used giving specifications and indicating how each item is to be acquired – i.e., rented, purchased, or provided by the applicant. If it is rented or purchased, state the estimated rental or purchase price. If it is to be furnished by the applicant, give its present fair market value.

(e) Initial rehabilitation and repairs. Describe the type and the cost of necessary *initial* rehabilitation or repair of existing buildings, fixtures, installations (exclusive of mine workings), and movable operating equipment now owned by the applicant, which will be used on the exploration project.

(f) New buildings, fixtures, installations. Describe each building, fixed improvement, and installation to be purchased, constructed, or installed for the exploration project stating specifications and cost including labor, materials and supervision.

(g) Miscellaneous. For the operating equipment listed in 6*(d)*, describe the type and estimate the cost of repairs and maintenance expected during project operations. Do not repeat initial repairs listed in 6*(e)*. Show also the costs of analytical work, accounting, workmen's compensation and employees' liability insurance, payroll taxes, and other required costs that do not fall within the previous categories.

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)* State whether you are prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation stated in Sec. 7 of DMEA Order–I, Revised.

(b) Explain to what extent you propose to furnish your share of the costs by providing money, by use of equipment owned by you, or otherwise.

* * * * *

INT.-DUP. SEC., WASH., D.C. 25960

WSM

APPLICATION FOR AID IN AN EXPLORATION PROJECT

OF DONALD E. MAC DONALD

(continued)

1. APPLICANT'S PROPERTY RIGHTS:

(a) Snipe Bay Lode Claims 1 to 7 inclusive, filed for record on October 28, 1957, in Volume 2 of Mines at pages 154 and 155 of Records of Petersburg Precinct, Territory of Alaska. All adjacent land is Public Domain. Applicant wishes to explore said claims. All will be subject to Government lien for royalty payments. The foregoing claims are unpatented on Public Domain.

(b & c) Snipe Bay Mining Claims, legal title to which is in V.C.Johnson, 943 Edgemere Court, Evanston, Illinois, as Trustee, under trust agreement dated October 15, 1957, known as Baranof Trust Number One, of which applicant is one of the beneficial owners (beneficiaries.) Copy of assignment of interest and subordination are attached as Exhibit One.

(d) There are no liens, mortgages or other encumbrances on the property.

2. PHYSICAL DESCRIPTION:

(a) There have been no mining operations to date on the land. The only exploration work done to date consists of 4 cross-cuts, indicating an igneous intrusion in excess of 1200 feet in length and in excess of 200 feet in width, and an assumed depth revealed by outcroppings in excess of one-half of the out crop plane, i.e. in excess of 600 feet below the lowest outcrop. The aggregate mass accordingly exceeds 21,600,000 tons of intrusive igneous content. Of that, according to existing reports of assays, 20% is estimated to be high-grade nickel ore, in excess of 4,320,000 tons. A map of this exploratory work is attached hereto, marked "Donald E. MacDonald's Exhibit Two."

(b) Applicant supervised (in person) all of the foregoing exploratory work.

(c) There has been no production from this property.

(d) Ore reserves on this property are described above under 2 a. judged by available assays, copies of the certificates of which are hereto attached, marked "Donald E. MacDonald's Exhibit Three to Six inclusive," the average grade of nickel in these reserves exceeds 2.5%.

(e) See 2 (a) above. A geophysical survey, supported by a moderate amount of surface stripping places a few diamond-drilled holes should determine the size and grade of the deposit.

(f) Reasons for expecting to find nickel are stated above. The fair assays referred to above were made from representative samplings as indicated in the aforementioned map. (Exhibit Two.)

(g) Applicant neither has nor possesses information other than what he has supplied above.

3. ACCESSIBILITY OF PROJECT:

(a) Applicant will personally meet the DMEA representative in Alaska. Applicant will be at the Juneau Hotel, Juneau, Alaska, by ~~April~~ May 15 next.

(b) Sitka, Alaska, 50 miles from the exploration project will serve as shipping and supply point. Employees will reside on the premises.

4. THE EXPLORATION PROJECT:

(a) Applicant proposes to procure a competent geophysical survey; to make a ground survey with transit of the property and tie the same to the coast and geodetic survey triangulations; and to make maps thereof to serve as an outline for subsequent stripping; diamond-drilling and other connected exploratory activity. Individual footages and sizes of openings for each item of work will necessarily be determined by the results obtained from foregoing preliminary procedure. Details to the extent that they are presently foreseeable are indicated on the map designated as Exhibit Two. Applicant proposes that the stripping will require 1500 hours of work with a D 8 Dozer; that cross-cutting and trenching in addition will require removal of 5000 cubic yards of overlying rock; 10,000 feet of diamond-drilling will be necessary.

(b) An access road must be built. The minimum requirement will be approximately 2000 feet of rock fill 20 feet wide, for bringing in equipment and supplies, together with a small anchored log-float for landing the same.

(c) Applicant will be ready to start work just as soon as a contract can be executed by DMEA. Ten months of work will be required to complete the proposed exploration. It will take the first month to complete the geophysical survey, the physical survey, build the road and log-float landing, and construct housing facilities for the period of the undertaking. Initially, applicant proposes to tow in for use for temporary housing a float-house which he already has available at Fort Malmsbury. Applicant proposes to use 2 diamond drills, each with a capacity of 50 lineal feet a day.. The D8-Dozer will be used a minimum of 10 hours a day, 7 days a week, for stripping. Trenching and cross-cuttings, entailing the removal of 5000 cubic feet of overlying material will consume approximately the last 2 months of the exploration project.

5. EXPERIENCE:

Applicant has been for approximately 15 years engaged continuously as operating supervisor on minerals, exploration projects, as field and project engineer on large construction jobs, and as supervisor of surveying crews in Alaska, California, Texas, Washington, Oregon, Arizona, Utah, and the Phillipines.

6. ESTIMATE OF COSTS:

(a) Independent contract for the geophysical survey and mapping itself a single item of work $10,000.00

(b) Personal services necessary are as follows:

Engineer @ $1,000.00 per mo. 8 or 10 mos.	$10,000.00
1 Geologist @ $1,000;00 per month for 10 mos.	10,000.00
1 Transit man @ $600.00 per mo.for 8 mos.	4,800.00
1 Rodman @ $500.00 per mo. for 8 months	4,000.00
1 Chainman @ $500.00 per mo.for 8 months	4,000.00
1 Geologist @ $500.00 per mo. for 8 months	4,000.00
1 Cat skinner @ $4.50 per hr.for 1600 hrs.	7,200.00
4 drillers @ $4.00 per hr., 5600 hours	22,400.00
12 laborers @ $3.25 per hr. 24,000 hours	78,000.00
1 mechanic @ $4.50 per hr. for 1600 hrs.	7,200.00
1 boat operator @ $6.00 per mo. for 10 mos.	6,000.00
1 Cook @ $6.00 per mo. for 10 months	6,000.00
1 Cook's assistant @ $4.50 per month 10 mos.	4,500.00
	$168,100.00

(c) Operating Materials and Supplies needed are as follows:

Powder - 20 tons @ $500.00 per ton	$10,000.00
Clothing supplies @ $5.00 per day per man	30,000.00
Gas, oil and fuel	18,000.00
Materials for boat landing	4,500.00
Tools and supplies costing less than $50.00 ea.	6,000.00
Total for operating materials, etc.	$68,500.00

(d) Operating equipment required:

1 No. 12-B Joy Diamond Drill, with accessories	$8,000.00
1 No. 22 Joy Diamond Drill, with accessories	12,600.00
2 Joy Hard Rock Drills for 40 ft. holes @ $2500.00 each	5,000.00
1 Caterpillar Compressor with accessories	15,000.00
1 D-8 Caterpillar Dozer	25,000.00
4 Water Pumps 1" @ $1,000.00 each for diamond drilling	4,000.00
6000 ft. of water hose @ 40 cents per foot, with connectors and fillings @ $100.00	2,500.00
1 100 K.W. light and power plant	3,600.00
1 boat rental @ $100.00 a day, 200 days	20,000.00
Total cost and rental of operating equipment	$94,500.00

Initial rehabilitation and repairs required are as follows: Applicant has no buildings on the premises. Mobile operating equipment now owned by applicant consists of a D-8 Caterpillar Dozer and miscellaneous drillings and hand tools. It will cost $10,000.00 for labor and $6,000.00 for parts to put same in proper condition, aggregate cost $16,000.00

(f) New buildings, fixtures and installations needed are as follows:

1. Powder magazine, utilizing an existing cave, the entrance of which is to be rock-lined and iron doors and shutters to be installed at a cost of $500.00 for material and $1500.00 for labor, in all $ 2,000.00

1 40' x 80' building, metal on outside, 1/4" plyboard inside, 2 stories high, 1/2 of 1st floor for mess hall, kitchen and cook's quarters, the other half to be divided for wash-shower-toilet room; a drying room; a room for engineer, geologist and assistant; the upstairs to be for bunk-house, cost of materials therefor will be $14,000.00, the labor $2,000.00, in all $16,000.00

Mess Hall equipment	2,500.00
Bunk equipment	1,000.00
1 Warehouse 30' x 60' metal sheet construction, material cost $6,000.00, labor cost $2,000.00, in all	8,000.00
Total cost of new buildings, installations & equipment	$29,500.00

(g) Miscellaneous additional costs will be:

Repair and maintenance of operating equipment in 6 (d) above (not included in 6 (e)	$24,000.00
Analytical work	30,000.00
Accounting	10,000.00
Workmens' Compensation, employees' liability, insurance, payroll taxes and proper contingent expenses and costs not above set out	40,000.00
Total Miscellaneous additional costs	$104,000.00

Total cost of Exploration: $480,600.00

7 (a) Applicant is prepared to furnish his share of the cost of the above project in accordance with Sec. 7 DMEA - Order - 1 Revised.

(b) Applicant proposes to furnish his share of costs by providing equipment owned by him and by rendering personal services on the project from beginning to end.

COSTS PER UNIT ESTIMATE

Geophysical Survey and Mapping	$14,000.00
Access Road 2000 @ $25.00 per ft.	50,000.00
Bunkhouse for 30 men, 40 x 80	21,000.00
Repair and storage warehouse, 30 x 60	8,000.00
Boat landing	6,000.00
Dozer @ $25.00 per hr.for stripping	35,000.00
Cross-cutting @ $10.00 per cu. yard	50,000.00
Powder storage	2,000.00
Engineering	20,000.00
Geologist	20,000.00
Boat @ $100.00 per day - 200 days	20,000.00
Diamond drilling	
(a) $12.00 per ft. first 500 ft.	
15.00 per ft. 500 to 1000 ft.	
4 - 1000 ft. holes	54,000.00
6 - 500 ft. holes	70,000.00
Miscellaneous	
Repair and maintenance	15,000.00
Analytical work	35,000.00
Accounting	10,000.00
Workmens' compensation, liability insurance, payroll taxes and other required cost and contingencies	50,000.00
Total	$486,000.00

26 1958

943 Edgemere Court
Evanston, Illinois

March 5, 1958

Mr. Donald E. MacDonald
72 American Bank Bldg.
Portland, Oregon

Dear Sir:

You are hereby authorized and directed to file a DMEA application with the U.S.Government for an exploration project on the 7 Snipe Bay lode mining claims which comprise the trust estate of the trust hereinafter described, and to agree on my behalf to subordinate the entire trust estate as security for such aid. I shall promptly execute such lien subordination agreements as the Government shall require.

Respectfully,

V.C.Johnson, as trustee under trust agreement dated October 15, 1958, known as Baranof Trust Number One, recorded on October 28, 1957, in Volume 2 of Mines at pages 154 and 155 of Records of Petersburg Precinct, Territory of Alaska.

RECEIVED MAR 26 1958

C O P Y

UNITED STATES DEPARTMENT OF JUSTICE

OFFICE OF

VERNON A. COUNTER
United States Commissioner
Petersburg, Alaska

March 10, 1958

Mr. D.E. MacDonald
Atlantic Hotel
314-318 S. Clark St.
Chicago 4, Illinois

Dear Sir:

All records in this office show "Baranof Trust Number One", the legal owners or owner of the Snipe Bay mining claims.

No record of liens, mortgages or other encumbrances against the above named property.

Very truly yours,

(Signed) Vernon A. Counter

The original letter is in my possession as of today, March 21, 1958 , as Trustee of the above trust.

V.C. Johnson
943 Edgemere Court
Evanston, Illinois

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

ORIGINAL FILE COPY
REGION IDMEA
RECEIVED MAY 26 1958
DATE | INITIALS | CODE

OFFICE OF Asst.
REGIONAL DIRECTOR
For Alaska

2688
P. O. BOX 2280
JUNEAU, ALASKA

September 4, 1957

Donald McDonald
Pelican, Alaska

Dear Mr. McDonald:

The samples you brought into this office for identification have been analysed with the following results.

Heavy sulfide sample - Port Malmsbury

Our petrographer tested this sample and found it was composed chiefly of arsenopyrite with small amounts of quartz, limonite and an unidentified bismuth mineral. Qualitative tests for nickel and selinium were negative. A quantitative determination indicated 0.23 percent bismuth. The specific gravity of the crude mineral was 5.2.

Schist from head of Snipe Bay, Hofstad

A gold silver analysis indicated no gold and only a minor amount of silver.

An analysis of the Geikie Inlet, Glacier Bay and Snipe Bay nickel copper samples is attached.

RLT-58-2 is the Snipe Bay sample.
RLT-58-3 is the banded Geikie Inlet sulfide.
RLT-58-4 is the Geikie Inlet even grained basic igneous rock containing sulfide blebs.

The odd crystals in the Geikie Inlet specimen were identified by the petrographer as staurolite, an iron aluminum silicate.

Yours very truly,

Robert L. Thorne

Robert L. Thorne,
Supervising Mining Engineer

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DATA
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R. L. Thorne

August 29, 1957

Supervising Metallurgist, Region I, Alaska

Glacier Bay and Snipe Bay Samples

Three samples of sulfide-bearing ore from Glacier Bay and Snipe Bay have been examined in accordance with your instructions. Results of chemical and semiquantitative spectrographic analysis are shown in the following tables.

Chemical Analysis

Sample	Assay			
	Percent		Oz. per ton	
	Cu	Ni	Au	Ag
RLT-58-2	5.1	2.22	*0.02	*0.02
RLT-58-3	0.4	*0.05	*0.02	0.28
RLT-58-4	*0.05	*0.05	*0.02	*0.02

* Less than

SPECTROGRAPHIC ANALYSIS, RLT-58-4

Ag	Al	As	Au	B	Ba	Be	Bi	Ca	Cd	Co
-	B	-	-	-	-	-	-	A	-	D
Cr	Cu	Fe	Ga	Ge	Hg	In	Li	Mg	Mn	
E	F	A	-	-	-	-	-	B	D	
Mo	Na	Nb	Ni	P	Pb	Pd	Pt	Sb	Si	Sn
E	C	-	D	-	-	-	-	-	A	-
Sr	Ta	Te	Ti	V	W	Zn	Zr	Y		
-	-	-	D	D	-	-	F	-		

Legend:

A-more than 10 percent
B-5 to 10 percent
C-1 to 5 percent
D-0.1 to 1 percent
E-0.01 to 0.1 percent
F-0.001 to 0.01 percent
G-less than 0.001 percent
- not detected

R. R. Wells

RRWells:mj

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Germany

Cu	2.15	2.0	2.0
Ni	4.10	1.7	2.9
Co	.25	.06	.10
Fe	52.2	20.2	
Mn	.08		
Al_2O_3	.29	5.3	—
CaO	.10	5.6	—
MgO	.25	13.3	—
S	38.6	11.3	—
SiO_2	1.45	34.7	—
Zn	.002		
Pb	.006		

Also Refer Bulletin 115 on
Pages 8 & 9

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SNIPE BAY NICKEL PROPERTY

At Snipe Bay, on the outer coast of Baranof Island, about 50 miles southeast of Sitka in Southeastern Alaska, is a nickel-copper deposit that consists of a mass of basic rock-intruded into quartzite and quartz schist. Neither the size nor the grade of the deposit is adequately known. Natural exposures and those in a few prospect openings indicate that to an assumed depth of 600 feet below the lowest point on the outcrop, there is a reserve of about 21,600,000 tons of nickel bearing material. It is estimated from available assays and from comparison with similar deposits in other places, that 20 per cent of this material is massive sulfides. Therefore about 4,320,000 tons should average more than 2.5 percent each of nickel and copper, 0.3 percent cobalt, with minor amounts of gold and silver, the copper and nickel vary in proportion but average 1 to 1. The basic Intrusive mass thus appears to be a large light grade nickel copper deposit.

As the location is favorable for large scale low cost mining, it is recommended that further exploration and development be made, in the belief a geophysical survey and a moderate amount of surface stripping plus a few diamond drill holes, might establish the deposit to be larger, and possibly of higher grade than it is safe to infer from information now available.

At present it is reasonable to assume that the volume of the deposit is, the depth below the lowest outcrop is equal to the difference in elevation between the highest and lowest known points on the outcrop. With a mean length of 1200 feet

U. S. Government Messenger Envelope

Standard Form No. 65 (Rev. 1/46)

1. Use blocks consecutively, one at a time.
2. Void previous block.
3. Write clearly.

NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM		NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM	
~~Mr John P Scott Jr~~	RUN / STOP		RUN / STOP
~~Mr. Hassett~~	RUN / STOP		RUN / STOP
~~Mrs Bach~~	RUN / STOP		RUN / STOP
~~Mr. Lockland~~	RUN / STOP		RUN / STOP
~~Mr Buckley~~	RUN / STOP		RUN / STOP
~~Mr. Kelly~~	RUN / STOP		RUN / STOP
~~Budget & Finance~~ ~~Branch, Payroll~~ Unit	RUN / STOP		RUN / STOP
~~Mrs Dove~~ ~~Financial Reports~~	RUN / STOP		RUN / STOP
Mr. Chamberlain Int Bldg. 4454	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP

Send surplus envelopes to supply room for reissue.

Use other side

Use RUN and STOP only when messenger service between Government buildings in Washington is required. Your mail room has RUN and STOP information.

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Use other side first

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

January 31, 1959

Memorandum for Docket

Subject: Withdrawal of Pending DMEA Applications

Effective this date, this pending DMEA application is considered withdrawn for statistical purposes.

If, at a later date, the applicant requests reconsideration under the OME program, all pertinent material in the DMEA file should be transferred to the new OME docket.

Frank E. Johnson
Frank E. Johnson
Acting Director

See also our letter of March 2, 1959, to MacDonald.

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
2/27	Holt	400
2/27	Martin	400
3/2	Selfridge	120
		110
3/4		220
		400

MAR 3 1959

Mr. Donald E. MacDonald
c/o Mr. V. C. Johnson
Suite 807, 30 North LaSalle Street
Chicago, Illinois

Re: Docket No. DMEA 4968 - Michel
and Copper
Snipe Bay, Baranof Island
Petersburg Recording District
Alaska

Dear Mr. MacDonald:

On January 29, 1959, when we wrote to you regarding the subject application, we also wrote to Mr. S. H. P. Vevelstad, whose inquiry of September 13, 1958, appeared to refer to the same property.

Inasmuch as Mr. Vevelstad's letter to us of February 11, 1959, acknowledged receipt of our "two letters", it is our understanding that his same letter can be accepted as a reply to our letter to you.

If we do not hear from you by April 1, 1959, we shall assume that our understanding as outlined above is correct.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

WSMARTIN:foc
2-27-59
cc to: Code 400
Director's Read. File
FT. REG. I
H. W. Davis, USBM
T. H. Kiilsgaard, USGS

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
1-16	Holt	400
1-16	Martin	400
1/22	Selfridge	120
		110
		400
1/30	C	225
		400

JAN 26 1959

Mr. Donald E. MacDonald
c/o Mr. V. C. Johnson
Suite 807, 30 North LaSalle Street
Chicago, Illinois

Re: Docket No. DMEA 4968 - Nickel
and Copper
Snipe Bay, Baranof Island
Petersburg Recording District,
Alaska

Dear Mr. MacDonald:

Enclosed is a copy of the new Office of Minerals Exploration regulations for obtaining Federal assistance in financing mineral exploration. The Office of Minerals Exploration is the successor agency to Defense Minerals Exploration Administration.

It will be appreciated if you will state whether you are now able to supply the necessary information in regard to your status as lessee, and wish to have your above-referenced application considered under the OME regulations. In that event it will be necessary for you to complete and return four copies of the attached application, MME Form 40, together with copies of the necessary title documents.

Please note that under the new program the Government can contribute no more than fifty (50) percent of the total allowable costs of the exploration specified in a contract if one should be approved.

Also please note that your signature on the new form certifies that you would not ordinarily undertake the proposed exploration at your sole expense under current conditions or circumstances. The information requested in Item 1(a) is used to determine your financial eligibility under the new exploration program. Data submitted with your DMEA application need not be repeated in the OME application, but should be revised or supplemented as necessary.

In your application, you do not state that you are prepared to furnish your share of the cost in cash, but you propose to provide equipment owned by you and to render personal services to the project. If a project should be approved we believe that

43683

the suggested items would be insufficient to cover your share. You would also need sufficient cash to cover the entire cost for approximately 3 months, as the Government pays for its share at the end of each month for the work completed during the month after you submit a voucher and the work is inspected.

If you do not wish to participate in the OME program, we shall appreciate being so informed.

Sincerely yours,

Frank E. Johnson (for)

Acting Director

Enclosures

WSMartin:foc
1-16-59
cc to: Code 400
Director's Read, File
FT. REG. I
Messrs. H. W. Davis, USBM
T. H. Kiilsgaard, USGS

JAN 29 1959

Mr. S. H. P. Vevelstad
The Sheridan Hotel
Marquette at Eleventh
Minneapolis 3, Minn.

Dear Mr. Vevelstad:

Enclosed is a copy of the new Office of Minerals Exploration regulations prescribing the manner for obtaining and conditions governing Federal assistance in financing mineral exploration.

Also enclosed are five copies of application, MME Form 40. Separate instructions are not available, but the form itself includes necessary directions under the headings "General Instructions" and "Information Required with this Application."

Sincerely yours,

Frank E. Johnson

Acting Director

Enclosure

WSMartin:foc 1-13-59
cc to: Code 400
Director's Read. File
FT. REG. I
H. W. Davis, BM
T. H. Kilsgaard, GS

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : MEMORANDUM to Files DATE: 10-20-58

FROM : W. S. Martin, Acting Chief, Iron and Ferro-Alloys, OME

SUBJECT: Docket No. DMEA 4968 - Nickel and Copper
Snipe Bay, Baranof Island
Petersburg Recording District, Alaska

WSM

The attached letter of September 19, 1958, to Mr. Donald E. MacDonald from the Acting Director, OME, has been returned to us by the Post Office with the notation: "Moved, left no address".

As October 17 has now gone by, our letter should be filed without further action.

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

SEP 19 1958

Mr. Donald E. MacDonald
Juneau Hotel
Juneau, Alaska

Re: Docket No. DMEA 4968 - Nickel
and Copper
Snipe Bay, Baranof Island
Petersburg Recording District
Alaska

Dear Mr. MacDonald:

As you have an application for exploration aid pending in our office, perhaps you may wish to study the proposed OME regulations and comment on them before October 17 as provided in the first paragraph of the enclosed notice reprinted from the Federal Register of September 17.

Some time after October 17 when the final regulations become effective, we will send you the new application form so you may furnish any additional information necessary to process your application for aid under the new program.

Sincerely yours,

O. Mitterdorf

ACTING Director

Enclosure

DEPARTMENT OF THE INTERIOR

INFORMATION SERVICE

OFFICE OF THE SECRETARY

For Release SEPTEMBER 13, 1958

INTERIOR DEPARTMENT ESTABLISHES OFFICE OF MINERALS EXPLORATION

Secretary of the Interior Fred A. Seaton announced today the establishment of the Office of Minerals Exploration to carry out the provisions of Public Law 701 (85th Congress) for Federal assistance in financing exploration for new or additional mineral reserves. The authorizing legislation had been submitted to the Congress as a part of the Administration's minerals program.

Proposed regulations governing the granting of Federal assistance will be published in the Federal Register. A 30-day period for comments, suggestions, or objections is provided.

The OME succeeds the Defense Minerals Exploration Administration. The exploration assistance program authorized by the new law is a continuation of the DMEA-type program which started in 1951 under the Defense Production Act of 1950. The DMEA program expired on June 30. The OME will also assume responsibility for the DMEA contracts still in force and for each project certified by the DMEA as a discovery or development. The Congress, in the 1959 Supplemental Appropriation Bill, approved funds in an amount of $4,000,000 for OME operations.

As a result of congressional action on the enabling legislation, the OME program will differ from the previous DMEA program in three important respects: (1) Applicants must provide evidence that funds cannot be obtained from commercial sources on reasonable terms; (2) interest will be charged from the dates Federal funds are disbursed to operators; and (3) Government participation in any one contract may not exceed $250,000.

The Secretary stated that the new program is not intended to provide Federal funds for exploration projects that would ordinarily be undertaken by the applicant, at his sole expense, under current conditions or circumstances. The primary purpose of the program is to share with private industry the risks involved in carrying out those exploration projects which have good potential but which normally would not be undertaken with private capital.

Section 8 of the proposed regulations lists the minerals or mineral products which are eligible for financial assistance at this time. The list is substantially the same as that used by the DMEA during the last year of its operations. The former 75 percent category has been eliminated and all commodities are now eligible for 50 percent Government participation, as a result of a recommendation by the House Appropriations Committee.

Section 12(a) provides that interest shall accrue on all Federal funds from the dates they are made available. The Secretary made it clear that such accrued interest would not become payable when due, but would be added to the amount of Government participation to be repaid by a five percent royalty on production.

The interest rate will not be less than the rate the Department would be required to pay the Treasury, plus two percent in lieu of administrative costs to the Government.

During the seven years that the DMEA financed its operations under the borrowing authority provisions of the Defense Production Act the interest rate charged to the Department of the Interior by the Treasury ranged from 2 to 3-7/8 percent, and averaged 2.88 percent for the seven-year period. The rate for August 1958 was three percent.

x x x

Office of Minerals Exploration

[30 CFR Ch. III]

FEDERAL ASSISTANCE IN FINANCING EXPLORATIONS FOR MINERAL RESERVES, EXCLUDING ORGANIC FUELS, IN UNITED STATES, ITS TERRITORIES AND POSSESSIONS

NOTICE OF PROPOSED RULE MAKING

Pursuant to section 4 (a) of the Administrative Procedure Act (60 Stat. 238; 5 U. S. C. 1003), notice is hereby given that under authority contained in Public Law 701, 85th Cong., 2d sess. (72 Stat. 700), it is proposed to issue regulations in the Code of Federal Regulations, as set forth below.

Interested persons may submit, in triplicate, written comments, suggestions, or objections with respect to the proposed regulations to the Director, Office of Minerals Exploration, Washington 25, D. C., within 30 days after the date of publication of this notice in the FEDERAL REGISTER.

FRED A. SEATON,
Secretary of the Interior.

SEPTEMBER 11, 1958.

EXPLANATORY PROVISIONS

Sec.
1. Purpose.
2. Definitions.

APPLICATIONS

3. Form and filing.
4. Scope of application.

Sec.
5. Action on application.
6. Criteria.

EXPLORATION CONTRACTS

7. Government participation.
8. Eligible minerals or mineral products.
9. Operator's property rights.
10. Allowable costs.
11. Repayment by operator.
12. Interest on amount of Government participation.
13. Limitation on amount of Government participation.
14. Government not obligated to buy.
15. Title to and disposition of property.

EXPLANATORY PROVISIONS

SECTION 1. *Purpose.* The regulations in this part govern the obtaining of Federal financial assistance in conducting exploration for new or additional mineral reserves excluding organic fuels, in the United States, its territories or possessions.

SEC. 2. *Definitions.* (a) "Exploration" as used in this part means the search, including related development work, for new or unexplored mineral deposits within a specified area or parcel of ground where geologic conditions favor their occurrence. Exploration using recognized and sound procedures, including standard geophysical and geochemical methods, may be conducted from the surface or underground to obtain pertinent geological and mineralogical information. The work shall not go beyond a reasonable delineation and sampling of a mineral deposit, and shall not include work prosecuted primarily for mining or preparation for mining.

(b) "Operator" means an individual, partnership, corporation, or other legal entity that is party to an exploration contract with the Government.

(c) "Secretary" means the Secretary of the Interior, or his designee.

(d) "Government" and "Federal" mean the United States of America.

(e) "Commercial Sources" means a banking institution.

APPLICATIONS

SEC. 3. *Form and filing.* An application for Federal financial assistance must be submitted in quadruplicate on forms which may be obtained from and filed with either:

The Office of Minerals Exploration,
Department of the Interior,
Washington 25, D. C.

or, the Office of Minerals Exploration Executive Officers serving the areas indicated below:

Areas Served and Addresses

Region I: Idaho, Montana, Oregon, Washington, and Alaska—OME, South 157 Howard Street, Spokane 4, Washington. Applicants for Alaskan projects may file applications with the United States Bureau of Mines, P. O. Box 2688, Juneau, Alaska, for forwarding to the Executvie Officer, Region I.

Region II: California and Nevada—OME, 1605 Evans Avenue, Reno, Nevada.

Region III: Arizona, Colorado, Nebraska, New Mexico, North Dakota, South Dakota, Utah, and Wyoming—OME, 224 New Customhouse Building, Denver 2, Colorado.

Region IV: Arkansas, Kansas, Louisiana, Mississippi, Missouri, Oklahoma, and Texas—OME, Room 303, Post Office Building, P. O. Box 431, Joplin, Missouri.

Region V: Alabama, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, and Wisconsin—OME, Room 13, Post Office Building, Knoxville 2, Tennessee.

SEC. 4. *Scope of application.* (a) Each application shall fully describe the proposed exploration work, and shall be supported by detailed data as called for by the application form. The Secretary may require the filing of additional information, including financial statements, reports, maps or charts, and exhibits and such physical on-site examination as he deems necessary.

(b) The application must include evidence that funds for the exploration work are unavailable on reasonable terms from commercial sources. The evidence shall include information as to the names of banks (including applicant's bank of account) to which applications were made for loans, the amounts and terms requested, and the reasons why loans were not obtained.

SEC. 5. *Action on application.* If the application is approved, the Government may enter into an exploration contract with the applicant upon terms and conditions which the Secretary deems necessary and appropriate as set forth in the contract form furnished by the Government.

SEC. 6. *Criteria.* The following factors will be considered and weighed in passing upon applications:

(a) The strategic importance of the mineral involved and the criticalness thereof.

(b) The geologic probability of a significant discovery.

(c) The estimated cost of the exploration work in relation to the size and grade of the potential deposit.

(d) The plan and method of conducting the exploration work.

(e) The accessibility of the project area.

(f) The background and operating experience of the applicant.

EXPLORATION CONTRACTS

SEC. 7. *Government participation.* The Government will contribute fifty (50) percent of the total allowable cost of the exploration work specified by the terms of the contract.

SEC. 8. *Eligible minerals or mineral products.* The following are eligible for financial assistance:

Antimony
Asbestos (strategic)
Bauxite
Beryl
Cadmium
Chromite
Cobalt
Columbium
Copper
Corundum
Diamond (industrial)
Fluorspar
Graphite (crucible flake)
Kyanite (strategic)
Lead
Manganese
Mercury
Mica (strategic)
Molybdenum
Monazite
Nickel
Platinum group metals
Quartz Crystal (piezo-electric)
Rare Earths
Rutile—Bookite
Selenium
Talc (block steatite)
Tantalum
Thorium
Tin
Uranium
Zinc

SEC. 9. *Operator's property rights.* The operator must have and preserve the right to possession of the land (as owner, lessee, or otherwise) for a term at least sufficient to complete the exploration work. (See also paragraph (f), section 11, regarding repayment.) The operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances necessary to the purposes of the exploration work without any allowance for depreciation, depletion, or use thereof.

SEC. 10. *Allowable costs.* (a) The Government, to the extent provided in the exploration contract, will contribute to:

(1) The necessary, reasonable and direct actual costs of performing the exploration work, including the costs of: labor, supervision, and consultants; operating materials, supplies and equipment; initial rehabilitation or repair of existing building, installations, fixtures, and operating equipment; construction of buildings, fixed improvements, and installations; repairs and maintenance of operating equipment; analytical work, accounting, payroll and sales taxes, and employees' liability insurance; payments by the operator to independent contractors; and such other necessary, reasonable, and direct actual costs as may be approved by the Government in the course of work; and

(2) The fixed unit costs agreed upon by the operator and the Government in terms of units of work to be performed (per foot of drifting, per foot of drilling, etc.) in lieu of actual costs.

/Reprint from Federal Register of September 17, 1958/

(b) The Government will not contribute to: costs of acquiring land, or any cost incident to right of possession; costs of general overhead, corporate management, interest and taxes (other than payroll and sales taxes); insurance (other than employees' liability insurance), damages to persons or property (other than authorized repair to or replacements of equipment or other property used in the work); and costs incurred before the date of the contract.

SEC. 11. *Repayment by the operator.* (a) If the Secretary considers that, as a result of the exploration work, mineral or metal production from the area covered by the contract may be possible, he shall so certify in writing to the operator within the time specified in the contract.

(b) When the Secretary determines not to certify, he shall promptly so notify the operator provided the operator has completed all obligations under the contract.

(c) The operator shall pay the Government a royaty on all minerals or metals produced from the land described in the contract:

(1) Irrespective of any certification of possible production—from the date of the contract to the date of notice that certification will not be made, or until the total amount contributed by the Government with interest is fully repaid, whichever occurs first; or

(2) Irrespective of any certification of possible production—if the Secretary, deeming it necessary and in the public interest, enters into an agreement to provide for royalty payments.

(3) If a certification of possible production is issued—for a period of ten years (or other period fixed by the contract not exceeding 25 years) from the date of the contract, or until the total amount contributed by the Government, with interest, is fully repaid, whichever occurs first.

(d) The Government's royalty shall be five (5) percent of the "gross proceeds" (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, metal, or equivalent) at the point of delivery (the f. o. b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer (not the operator) to a carrier shall be allowed as deductions in arriving at the "gross proceeds" as that term is used in this part. Any costs of "treatment processes," sampling or assaying, or transportation performed or paid by the operator or by anyone other than the buyer are not deductible in arriving at the "gross proceeds" as that term is used in this part. The term "treatment processes", as used in this part, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form, excluding fabricating or manufacturing.

(e) If any production (ore, concentrate, metal, or equivalent) remains unsold or is not used by the operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled) after the lapse of six months from the date it is extracted from the ground, the Government, at its option, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in at the time the Government elects to exercise its option. If any production is used by the operator in integrated manufacturing of fabricating operations, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time when it is so used. "Value" as used in this part means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination or the market value, whichever is greater.

(f) (1) To secure the payment of the Government's percentage royalty, the contract shall provide for a lien upon the land, upon any production therefrom, and upon any interests in the land other than the operator's interest. However, the Secretary may accept the undertaking of a surety company or third person in lieu of a lien upon interests in the land other than the operator's interest. In circumstances where the Secretary deems it to be in the public interest, the requirement for a lien or other undertaking concerning interests in land, other than the lien upon the operator's interest, may be omitted from the Contract.

(2) If the operator is not the producer (for example, if the operator transfers or does not retain his interest in production or in the land), the operator shall remain liable for the payment of the Government's royalty.

(g) If, in any particular case, the Secretary finds that it would be more economical or practicable to compute the Government's royalty upon some basis other than "gross proceeds" or "value", as those terms are used in this part, or upon the production in some form other than that in which it is sold, held, or used in integrated operations, he may agree with the operator, either in the original exploration project contract or by an amendment thereof, upon some other basis of computation.

(h) The regulations in this part shall not be construed as imposing any obligation on the operator to engage in any mining or production operations.

(i) The Secretary may modify and adjust the terms and conditions of any contract to reduce the amount and terms of any royalty payment when he shall determine that such action is necessary and in the public interest.

SEC. 12. *Interest on amount of Government participation.* (a) Interest compounded annually shall accrue from the date Federal funds are made available until the period specified for royalty payment expires or until the amount of Federal funds contributed, including interest, is fully repaid by royalty on production.

(b) The rate of interest shall be fixed by the Secretary at a rate not less than the rate the Department of the Interior would be required to pay if it borrowed from the Treasury, plus a two percent interest charge in lieu of the actual cost to the Government of administering the contract.

SEC. 13. *Limitation on the amount of Government participation.* No single contract shall authorize Government participation in excess of $250,000.

SEC. 14. *Government not obligated to buy.* Nothing in this part or in any contract entered into pursuant to this part shall be construed as imposing any obligation on the Government to purchase any materials mined or produced from the property which is the subject of such contract.

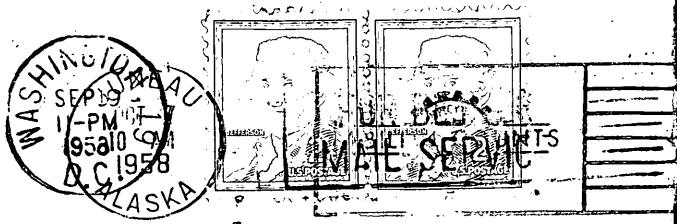
SEC. 15. *Title to and disposition of property.* All facilities, buildings, fixtures, equipment, or other items, or groups of items (such as pipe, rail, steel, etc.) costing more than $50.00 each paid for or purchased with funds contributed jointly by the operator and the Government, although title may be taken in the name of the operator, shall belong to the operator and the Government jointly, in proportion to their respective contribution and the exploration project contract shall make suitable provisions for their disposal for the joint account of the operator and the Government.

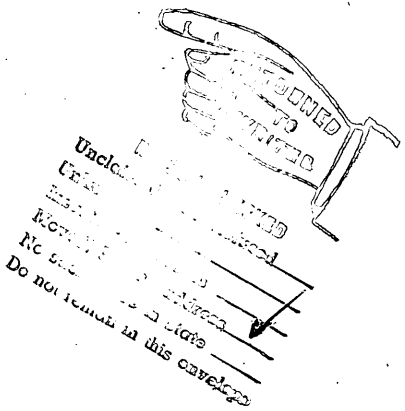
[F. R. Doc. 58-7550; Filed, Sept. 16, 1958; 8:46 a. m.]

INT.-DUP. SEC., WASH., D.C. 42946

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

OFFICIAL BUSINESS





Mr. Donald E. MacDonald
~~Juneau Hotel~~
~~Juneau, Alaska~~

400

JUNEAU
OCT 7
5 30PM
1950
ALASKA

ABILITY COUNTS

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

4968

SEP 22 1958

Dear Mr. Vevelstad:

You are correct in the understanding that the Congress recently enacted legislation for the continuation of the exploration aid program, as discussed in the enclosed copy of our information release of September 13, 1958. However, the regulations are still being considered and the related forms are being prepared.

Your letter of September 12, 1958, has, therefore, been referred to the Acting Director, Office of Minerals Exploration, who will send you the necessary copies of the application form and instructions as soon as these become available. The application form will indicate to you what information you should submit in order to have your nickel-copper prospects in Southeast Alaska considered for exploration assistance.

Sincerely yours,

(sgd) Ross Leffler

Assistant Secretary of the Interior

Mr. S. H. P. Vevelstad
The Sheridan Hotel
Marquette at Eleventh
Minneapolis 3, Minn.

Enclosure

WSMARTIN:foc 9-19-58
cc to: Code 400
Secretary's File
" Read. File
MDM
Director's Read.File-MDM
MR (2)
DCOO

cc to: FT. REG. I
HH. W. Davis, USBM
T. H. Kiilsgaard, USGS
Docket No. DMEA 4968

PRS 3830

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
9/19	Martin	400
		120
9	PBM	100
		220

SEP 19 1958

Mr. Donald E. MacDonald
Juneau Hotel
Juneau, Alaska

Re: Docket No. DMEA 4968 - Nickel
and Copper
Snipe Bay, Baranof Island
Petersburg Recording District
Alaska

Dear Mr. MacDonald:

As you have an application for exploration aid pending in our office, perhaps you may wish to study the proposed OME regulations and comment on them before October 17 as provided in the first paragraph of the enclosed notice reprinted from the Federal Register of September 17.

Some time after October 17 when the final regulations become effective, we will send you the new application form so you may furnish any additional information necessary to process your application for aid under the new program.

Sincerely yours,

G. O. Mittendorf

ACTING Director

Enclosure

WSMARTIN/dlm 9-19-58
cc to: Admr. R. File
Oper. Comm.
FT. REGION I

8623

DMEA FORM 6 REFERENCE SLIP

REV. 12-56 DEFENSE MINERALS EXPLORATION ADMINISTRATION

TO:	INITIALS	DATE
1. ~~Code 120~~		
2. ~~100~~		
3.		
4.		
5.		
FROM: W. S. MARTIN		9/18

FOR: Check items for action desired

____ Action ____ Reply for signature of _____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS:

The request for aid at Mirror Harbor is new. The request for aid at Snipe Bay is almost certainly the same as the application in Docket No. DMEA 4968, Donald E. MacDonald, which we are already holding in abeyance pending submission of satisfactory claim ownership evidence.

WSM

INT.-DUP. SEC., WASH., D.C. M25803

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

Sept. 22, 1958

Dear Mr. Vevelstad:

You are correct in the understanding that the Congress recently enacted legislation for the continuation of the exploration aid program, as discussed in the enclosed copy of our information release of September 13, 1958. However, the regulations are still being considered and the related forms are being prepared.

Your letter of September 12, 1958, has, therefore, been referred to the Acting Director, Office of Minerals Exploration, who will send you the necessary copies of the application form and instructions as soon as these become available. The application form will indicate to you what information you should submit in order to have your nickel-copper prospects in Southeast Alaska considered for exploration assistance.

Sincerely yours,

(S)

Assistant Secretary of the Interior

Mr. S. H. P. Vevelstad
The Sheridan Hotel
Marquette at Eleventh
Minneapolis 3, Minn.

Enclosure

C O P Y
PRS 3830

THE SHERIDAN HOTEL
Marquette at Eleventh
Minneapolis

Sept. 12, 1958

Hon. Fred A. Seaton
Secretary of the Interior
Interior Department
Washington, D. C.

Dear Sir:

I have been informed that U. S. Congress passed a bill and the President Eisenhower signed authorizing the Interior Department to land a prospect or company up to $250,000.00 to explore for strategic metals and minerals.

We have a large deposit of nickel-copper ore at Snipe Bay on Baranof Island, S. E. Alaska about 200 feet wide length unknown, but we have trenched it over 1,000 feet in length. We can use $250,000.00 on this property and should be able to prove up by diamond drilling about 80,000,000 tons of ore. The ore opened up last year and this year averages about 3% Ni 0.3% cobalt and 2.5% copper.

There are no engineers reports on these later discoveries.

We can also use at least $250,000.00 on diamond drilling the Mirror Harbor Nickel Copper ore deposits where we now have a length of about 12 miles located.

Channel sampling of the ore underground on this property averaged over 3% nickel, 1.5% copper plus iron and sulphur.

That would be $250,000.00 on each property.

The Snipe Bay group of 9 claims is owned by the Baranof Trust No. 1.

The Mirror Harbor property is partly owned by the Alaska Trust No. 1 by Carl Vevelstad location 1958 and S. H. P. Vevelstad locations 1958. There are about 37 claims on this property. Part of the 12 miles in length is covered by tideland.

Thanking you for an early answer.

I am yours very truly,
/s/ S. H. P. Vevelstad

During the first 6 months of 1958 Canada exported 96385 tons of nickel against 90751 the first 6 months of 1957. According to the records this depression is now the 4th Nickel Trust has put over on the American people (1929-1930) 1947-1948), (1953-1954), (1957-1958).

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
7/7	WSM on leave	400
7/7	Chapman	400
7/9	Schlesinger	130
7/11	Gilman	110
	Mittendorf	100
		220
7/9	Lamb	130
7/9	Kiilsgaard	130
7/11	Coppers	225
		400
		P.F.

JUL 9 1958

Mr. Donald E. MacDonald
Juneau Hotel
Juneau, Alaska

Re: Docket No. DMEA 4968 - Nickel & Copper
Snipe Bay, Baranof Island
Petersburg Recording District,
Alaska

Dear Mr. MacDonald:

Early in June we sent you the Department of the Interior Information Service Release dated June 6th which announced that no new Defense Minerals Exploration Administration contracts could be executed after June 30th because of the ending of the present program for exploration assistance.

We regret to inform you that your application, identified above, could not be completely processed before June 30th because the necessary information regarding your status as lessee of the Snipe Bay claims was not supplied.

However, we will be glad to hold your application until the Congress acts on pending legislation to continue exploration aid. If it is continued, we will then ask you to state whether you wish us to consider your application under the regulations established for the new program.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

WSMARTIN/dl 7-7-58
cc to: Code 400
Admr. R. File
Oper. Comm.
Field Team, Region I
Messrs. H. W. Davis, USBM
T. H. Kiilsgaard, USGS

P.S. It will still be necessary to supply the requested information in regard to your status as lessee.

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
Sc. 127 Howard Street
Spokane 1, Washington
July 3, 1958

7/7

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

Re: Memorandum No. 38

Dear Mr. Selfridge:

In compliance with Item 1 of Memorandum No. 38, no on-site examination has been made for the following applications:

Docket No. DMEA-	Name	Commodity	County	State
400 4968	Donald E. MacDonald	Nickel		Alaska
500 4977	Erwin R. McPheters	Copper-Titanium	Blaine	Idaho
500 5053	Charles Hugh Heisen	Lead-Zinc	Custer	Idaho
500 5054	Crystal City Mining Co.	Silver-Lead	Lincoln	Wash.
400 5060	Valley Evaporating Co.	Molybdenum	Okanogan	Wash.

Two additional applications were received June 30, 1958, but in accordance with your teletype of July 1, 1958, they are being held. They are:

Hera Exploration Co.	Copper-Silver-Gold-Lead	Missoula	Montana
Glacier Mining Company	Copper	Whatcom	Washington

Referring to Item 2, 2 examination reports are in process of final typing, 3 are in draft form, and 11 are in various stages of preparation. Eight of the 11 were examined during the period June 5 to 18. Of the 16 reports to be submitted, 2 Golden Copper Queen (Docket No. DMEA-5032) and probably Sawyer Petroleum Co. (Docket No. DMEA-5043) will recommend approval; 11 will recommend denial; and 3 require assays of the samples before final recommendations can be made. These reports will be submitted as soon as possible.

Referring to Item 4, we are preparing the estimate requested and will forward it as soon as we can.

Sincerely yours,

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

cc: USBM(2)

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 30 1958

DATE	INITIALS	CODE
6/30	C	220
	WSM	400

So. 157 Howard Street
Spokane 4, Washington

June 27, 1958

Mr. Donald E. MacDonald
Juneau Hotel
Juneau, Alaska

Re: Docket No. DMEA 4968 - Nickel
Snipe Bay, Baranof Island
Petersburg Recording District,
Alaska

Dear Mr. MacDonald:

Because we did not think the various documents you and Mr. V. C. Johnson sent us sufficiently clarified the legal status of the Snipe Bay claims for the purpose of a DMEA contract, we sent them to our Washington office for study by the attorneys so we could advise you what we will require.

We have been advised that, based on the papers submitted, the applicant's title to the property is too doubtful to be accepted as a basis for a DMEA contract.

Until your interest has been made clear by suitable recorded documents, such as a lease or an assignment, from the holder of the legal title, we can proceed no further with processing your application.

By Field Team Region I

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

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

cc: DMEA (2)
USBM (2)

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
6/17	Martin	400
6/17	RWL w/CLH initialed draft	Legal
6/18	GCS	130
"	Johnson	110
"	Bartendorf	100
6/19	C	320
		400

JUN 19 1958

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

Re: Docket No. DMEA 4968 - Nickel and Copper
Donald E. MacDonald
Snipe Bay, Baranof Island
Petersburg Recording District, Alaska

Dear Mr. Weissenborn:

Your letter of June 4, 1958, requested the comments of our attorneys on the subject applicant's property rights.

You may advise all concerned that, based on the papers submitted, the applicant's title to the property is too doubtful to be acceptable as a basis for a DMEA contract. You should, therefore, continue to be guided by the suggestion in our teletype of April 16, 1958, that you make no examination until the interest of Donald E. MacDonald has been made clear by suitable recorded documents from the holder of the legal title.

For your own information, we enclose copies of a relevant Memorandum of June 12, 1958, to the Administrator, DMEA from the Acting Associate Solicitor, Division of Mineral Resources.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (46)

Enclosure

APPROVED:

Frank D. Lamb (46)
Member, Bureau of Mines

Thor H. Kiilsgaard (46)
Member, Geological Survey

cc to: FT. REG. I
H. W. Davis, USBM
T. H. Kiilsgaard, USGS

WSMARTIN:foc 6-17-58
cc to: Code 400
Admr. R. File
Oper. Comm.

8623

2 [illegible] 9 28 4

Cr H
R.W.L.

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

Re: Docket No. DMEA 4968 - Nickel
and Copper
Donald E. MacDonald
Snipe Bay, Baranof Island
Petersburg Recording District, Alaska

Dear Mr. Weissenborn:

Your letter of June 4, 1958, requested the comments of our attorneys on the ~~legal status of the~~ subject applicant's property rights. Viz.

You may advise all concerned that, based on the papers submitted, the applicant's title to the property is too doubtful to be acceptable as a basis for a DMEA contract. You should, therefore, continue to be guided by the suggestion in our teletype of April 16, 1958, that you make no examination until the interest of ~~the applicant~~, Donald E. MacDonald has been made clear by suitable recorded documents from the holder of the legal title.

For your own information, we enclose copies of a relevant Memorandum of June 12, 1958, to the Administrator, DMEA from the Acting Associate Solicitor, Division of Mineral Resources.

Selfridge
Op Com.

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

JUN 12 1958

Memorandum

To: Administrator, DMEA
Attention: Director, Division of Iron and Ferro-Alloys Division

From: Acting Associate Solicitor, Division of Mineral Resources

Subject: Docket No. DMEA-4968 - Nickel - Donald E. MacDonald
Snipe Bay Lode Claims, St. Petersburg Recording District, Alaska

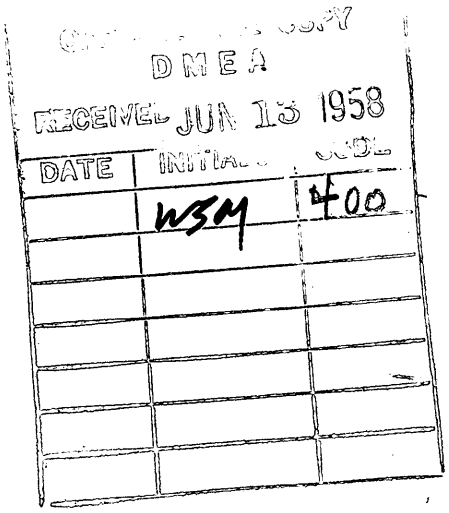
By memorandum dated June 10, 1958, Mr. Martin has asked us to review the application of Donald E. MacDonald with respect to the sufficiency of his interest in the property.

In our opinion, based upon the papers submitted, title to the property is too doubtful to be acceptable as a basis for a DMEA contract.

The document entitled "Baranoff Trust Number One" seems intended to operate as a full power of attorney from S.H.P. Vevelstad to V. C. Johnson. Vevelstad's interest in the property is not disclosed, and the document referred to is of doubtful validity, in our opinion, either as a declaration of trust or as a power of attorney.

Even if the interest of V. C. Johnson was clear, the interest of Donald E. MacDonald, created by an instrument dated March 15, 1958, would remain too doubtful to be a suitable basis for a DMEA contract.

In short, until the interest of the applicant, Donald E. MacDonald, is made clear by suitable recorded documents from the holder of the legal title, we would be unable to accept them as a basis for a DMEA contract.



J. L. Hofflund

Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
6/10	Martin	400
		140
		140

June 10, 1958

MEMORANDUM

To: Associate Solicitor, Division of Mineral Resources

From: Division of Iron and Ferro-Alloys, DMEA

Subject: Docket No. DMEA 4968 - Nickel
Donald E. MacDonald
Snipe Bay Lode claims
St. Petersburg Recording District, Alaska

Attached is letter of June 4, 1958, regarding subject application, addressed to Chairman, Operating Committee, DMEA, from Executive Officer, DMEA Field Team, Region, I, with four paragraphs providing information and a fifth paragraph asking questions.

We propose to draft a reply recommending that the Field Team make no examination until the applicant presents satisfactory evidence of land ownership and explains clearly with whom it is dealing.

Please comment on the legal questions raised either in the form of a draft paragraph for inclusion in our letter or by memorandum.

W. S. MARTIN

W. S. Martin, Director
Division of Iron and
Ferro-Alloys

Attachment

WSMartin/foc
6-10-58
cc to: Docket
Code 400

8623

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

CENTRAL FILE COPY
DMEA
RECEIVED JUN 9 1958

6-9	C	220
	WSM	400

June 4, 1958

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

Re: Docket No. DMEA-4968 (Nickel)
Donald E. MacDonald
Snipe Bay Lode Claims
St. Petersburg Recording District,
Alaska

Dear Mr. Selfridge:

Enclosed is a thermofax copy of a letter dated May 5, 1958, from the referenced applicant to V. C. Johnson, Trustee of Baranoff Trust No. 1, and a similar copy of an agreement dated March 15, 1958 between MacDonald and Johnson. Because we received only one copy of each of the enclosures, which are not reproducible, we have not retained copies for our files.

Mr. MacDonald apparently considers the agreement with Mr. Johnson as a lease whereby he controls the Snipe Bay claims. It appears to us that by the agreement MacDonald undertakes to apply for DMEA aid and to carry out a contract if one is made. Johnson agrees to execute a Consent to Lien and Subordination Agreement if requested to do so by the Government, and to give MacDonald a one-tenth interest in the Baranoff Trust if the terms of the agreement are met.

If we are correct, MacDonald would be, in fact, an agent for Baranoff Trust or Johnson, although his application is in his name as an individual.

We have explained to MacDonald by letter and by telephone that before we can deal with him, he must have a lease or option on the claims. We have also explained to Johnson by letter and by telephone that if he is unwilling or unable to lease the claims to MacDonald, we could deal with Baranoff Trust as operator. Johnson replied that Baranoff Trust did not desire a contract, that he had authorized MacDonald to apply for DMEA aid and that he requested us to proceed with processing the application.

We are still confused as to whom we are dealing with and are reluctant to make an examination until this confusion is cleared up. Please advise us if we should proceed with an examination. Also, will you please have the attorneys comment on the legal status of the property so that we can transmit some official word to Mr. MacDonald and to Mr. Johnson. We have told them all we can think of but neither one seems to understand our position.

Sincerely yours,

D. R. Macbaren
for A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I

Enclosures

cc: USBM (2)
MacKevett

P. S. Also enclosed are one thermofax copy each of letters dated May 19 and May 22 from Bogle, Bogle & Gates to V. C. Johnson which we have just received from Donald MacDonald.

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 9 1958
DATE | INITIAL | CODE

RECEIVED
JUN 2 1958
U. S. G. S.
SPOKANE, WASH.

March 15, 1958

To V. C. Johnson, as Trustee under a trust agreement dated October 15, 1957, known as Baranof Trust Number One, legal title-holder of the seven lode mining claims of record comprising said trust estate:

I offer to apply to the United States Department of Interior, Defense Minerals Exploration Administration, within 30 days for aid in an exploration project on the mining claims now held in said trust; to undertake to carry out said project forthwith upon acceptance by the Government of my application; provided I obtain commitment from the Government of such aid within 90 days from date; to develop said project in good workmanlike manner and to complete the same at my own expense with said Government aid, without interruptions or delays, except such as may be occasioned by acts of God, within not to exceed eighteen months from date, free and clear of claims for liens or liens for labor or material, except liens under DMEA contracts; to carry adequate workmens' compensation and liability insurance to save you harmless from damages or claims for damages arising from said exploratory activity; provided, however, that all such insurance shall be subject to your approval; to turn over and deliver to you all information obtained from said exploration and make available and transfer to you any and all further lode claims and mill sites that I may locate adjacent to said trust estate between Snipe Bay and Sandy Bay on Baranof Island; to assist you to complete location of, staking and obtaining title to such additional lode claims and to aid you in securing such mill sites.

On your part, you will promptly execute such lien agreements as the Government may request to subordinate the trust estate as security to the Government for said aid. You will concurrently, with the acceptance of this offer, assign to me an undivided one-tenth interest in the beneficial interest in said trust estate; subject to its forfeiture and cancellation in the event I shall not file said application within 30 days from date or shall not obtain commitment of aid from the Government within 90 days from date or fail forthwith to accept said commitment of aid or shall not complete said project in the manner or within time above specified and according to the DMEA contracts.

In the event of your acceptance of my offer, and my undertaking and completing said exploration, you are to hold this agreement as a lien in my favor on your trust estate to the same extent, and of the same character, as you will grant the lien to the Government by subordination, to protect it for the aid it will furnish, except that the amount of the lien in my favor shall only be for the percentage of the

ment of the exploration required by the Government to be paid by me as grantee of its aid.

Further, you are to amend said trust agreement to authorize the holder or holders of the majority interest therein to control, sell, lease and manage the entire trust assets.

Kindly indicate your acceptance or rejection of the foregoing offer on the terms stated above in writing below, on each of the quadruplicate originals thereof.

Respectfully,

I accept the foregoing offer on the terms specified above.

W. C. Johnson

3/16/58

cost of the exploration required by the Government to be paid by me as grantee of its aid.

Further, you are to amend said trust agreement to authorize the holder or holders of the majority interest therein to control, sell, lease and manage the entire trust estate.

Kindly indicate your acceptance or rejection of the foregoing offer on the terms stated above in writing below, on each of the quadruplicate originals thereof.

Respectfully,

D.E. MacDonald

I accept the foregoing offer on the terms specified above.

Theresa Kiesler Ogden

V.C. Johnson

2/12/58

RECEIVED
JUN 4 1958
U. S. G. S.
SPOKANE, WASH.

LAW OFFICES OF
BOGLE, BOGLE & GATES
6TH FLOOR CENTRAL BUILDING
SEATTLE 4

CABLE ADDRESS: "BOGLE SEATTLE"
MUTUAL 2-[illegible]

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 9 1958
DATE | INITIAL | CODE

May 22, 1958

Mr. V. C. Johnson
Suite 807
30 North LaSalle Street
Chicago, Illinois

Re: Snipe Bay [illegible] Claims
Petersburg Recording District, Alaska

DMER

Dear Mr. Johnson:

Thank you for your post card dated May 20, 1958. We are pleased to learn that you have directed the Defense Minerals Exploration Administration to proceed immediately with Mr. MacDonald's application.

Will you kindly send us a copy of your letter, telegram or other directive to the DMEA so that we may be assured that this application is now being processed. We would also appreciate receiving, on behalf of Mr. MacDonald, a copy of the trust deed which you mentioned.

To our knowledge, the DMEA has specifically requested a copy of the trust agreement. We believe you should forward a copy immediately to Mr. MacDonald in support of his application. We believe it is for the DMEA to determine whether or not the trust agreement is relevant to the application.

We do not by this letter waive any claims which were set forth in our letter to you dated May 19, 1958; but we trust that with your assistance, this application will be expedited and favorably acted upon so that Mr. MacDonald will be enabled to fulfill his commitments under the agreement with you as Trustee dated March 15, 1958.

Very truly yours,

BOGLE, BOGLE & GATES

By J. KENNETH BRODY

JKB:co

COPY

LAW OFFICES OF

BOGLE, BOGLE & GATES

6TH FLOOR CENTRAL BUILDING

SEATTLE 4

CABLE ADDRESS: "BOGLE SEATTLE"

MUTUAL 2-5151

A. H. BOGLE 1927
WARREN BROWN JR. 1941
RA DUMETT 1947

LAWRENCE BOGLE
LASSIE B. GATES
EDWARD G. DOBRIN
CLAUDE G. WAKEFIELD
STANLEY S. ONG
GEORGE F. RACHLEIN, JR.
FRANK L. MECHEM
DONALD E. LELAND
ROBERT W. GRAHAM
CHARLES P. OSBORN
EDW. B. FRANKLIN
TOM M. ALDERSON
THOMAS L. MORROW
ORLO B. KELLOGG

MAX RAMINGER
ARTHUR J. HUNDY
ROBERT L. HUDSON
J. TYLER H. L.
M. BAYARD CRUTCHER
EDWARD C. BELL
WALTER B. WILLIAMS
J. KENNETH BRODY
C. CALVERT KNUDSEN
RONALD E. MCCLINTOCK
GEORGE H. PRINCE
ROBERT A. STEWART
PAUL A. WALLACE JR.
RONALD MCMULLEN
RICHARD B. SPRAGUE
RONALD L. JOHNSON

May 19, 1958

EXTRA COPY
DMEA
RECEIVED JUN 9 1958

DATE	INITIALS	CODE

RECEIVED
JUN 4 1958
U. S. G. S.
SPOKANE, WASH.

Mr. V. C. Johnson
Suite 807
30 North LaSalle Street
Chicago, Illinois

Re: Snipe Bay Lode Claims
Petersburg Recording District, Alaska

Dear Mr. Johnson:

Mr. Donald E. MacDonald has been negotiating with our client, C. T. Takahashi Company, concerning the development of the Snipe Bay Claims, as to which he has filed an application with the Defense Minerals Exploration Administration for assistance.

Mr. MacDonald has shown to us his Agreement with you as Trustee, dated March 15, 1958. By the terms of this Agreement, he offered to make the necessary application to the DMEA and to carry out the necessary development work, provided that the application was made within thirty days from the date of the Agreement and a commitment was obtained from the DMEA within ninety days from the date of the Agreement.

The application was filed within the time limitation set forth in the Agreement of March 15, 1958. The ninety-day period would expire on June 13, 1958. Mr. MacDonald has been attempting to expedite the processing of the DMEA application and has been negotiating with our client for assistance in the development of the Snipe Bay Claims and certain other claims.

Mr. MacDonald has now shown us a letter dated May 1, 1958 from Mr. A. E. Weissenborn, the executive officer of the DMEA Field Team for Region [illegible] We are enclosing a copy of this letter which is addressed to you. It is apparent from this letter that you have both by telephone and in writing advised the DMEA to hold Mr. MacDonald's application in abeyance until further instructions are received from you.

On behalf of Mr. MacDonald, we must inform you that such instructions constitute a breach of your Agreement of March 15, 1958. It is clear that you have granted to Mr. MacDonald the right to make this application and to proceed with further development work, and at the same time you have attempted to put a stop to the consideration of his application by the DMEA. Such action is entirely contrary to both the letter and spirit of the Agreement of March 15, 1958 and may, if this action continues on your part, result in a substantial claim of damages on behalf of Mr. MacDonald.

We must therefore insist that you inform Mr. Weisenborn of the DMEA that your instructions to hold Mr. MacDonald's application in abeyance are cancelled, and that Mr. MacDonald has full right to proceed with the application on your behalf as trustee, all in accordance with the Agreement of March 15, 1958. In determining the ninety-day period set forth in the Agreement, following the withdrawal of your instructions, it is our opinion that all time lost because of your action in the consideration by the DMEA of Mr. MacDonald's application, cannot be charged to MacDonald and that Mr. MacDonald has ninety full days, excluding this period, in which to fulfill his contract commitments. We understand that a possible termination of the activities of the DMEA on June 1, 1958 may make this question academic. In the event that it does, it will still, however, bear upon the question of damages for your breach and interference with Mr. MacDonald's performance of his contractual obligations.

We expect that you will promptly inform us that you have instructed Mr. Weisenborn that the DMEA is to proceed with the consideration of Mr. MacDonald's contract. Please forward to us a copy of your instructions to Mr. Weisenborn.

Very truly yours,

BOGLE, BOGLE & GATES

By J. KENNETH BRODY

cc: Mr. Donald E. MacDonald

RECEIVED
JUN 2 1958
U.S.G.S.
SPOKANE, WASH.

May 5, 1958

EXTRA COPY
DMEA
RECEIVED JUN 9 1958
DATE | INITIALS | CODE

Mr. V. C. Johnson
Suite 807, 30 No. LaSalle St.
Chicago, Illinois

Dear Mr. Johnson:

In reply to your post cards dated April 29, 1958.

If you will draw up an agreement of the same general tenor of the contract between us dated March 15, 1958, to include the Baranof Trust Number One claims, the Mirror Harbor claims and the Wood Lake claims with the following exceptions:

1. The period for filing a new application with DMEA to be 30 days from the date of the new agreement.

2. The forfeiture and cancellation of the 1/10 interest you assign to me shall be in the event that I do not get a commitment from DMEA within 90 days from the date of the new contract between us or for as much longer than 90 days as DMEA has my application under consideration.

3. The period of completion of work shall not be limited to 18 months but shall be the term specified in my contract with DMEA.

I will consider the draft you submit and if it satisfactorily meets my ideas I will sign it and return the agreement of March 15, 1958 to you.

The DMEA does not pay any funds in advance therefore I will have to show ability to meet the 37½% of the exploration cost personally as well as ability to meet at least 60 days operating expense before reimbursement of 62½% will be forthcoming from DMEA monthly.

I suggest that the company you have lined up to undertake this work agree to loan me up to $200,000.00 for which I will sign a note or loan agreement stating the funds are available only for payment to them for exploratory work under my DMEA agreement at the schedule of rates listed in my application to the DMEA. It should be further agreed with this company that they will put $100,000.00 of this loan to my credit in a bank of their choice with proper safe guards for them so I can satisfy DMEA that I have the necessary finances to take care of the first two months exploratory work.

In addition to the above I want a contract of employment with the company you have lined up which will pay me $833.33 per month for 24 consecutive months from the date the exploratory work is scheduled to begin plus adequate living expenses while away from my base at Juneau, Alaska, on behalf of the company.

- cont'd -

May [illegible], 1[illegible]

Mr. V. E. Johnson -

On Mirror Harbor exploration will be the same except:

1. No road necessary.
2. No housing necessary only storage shed.
3. Would have to de water and re timber old mine shaft. I e stimate this will take 4 men working 2 weeks with air compressor and all necessary tools and equipment which should be done for a total cost of $12,000.00

On Wood Lake the cost would be double the estimated cost for Snipe Bay except that there would be 5 miles of road at a unit cost of $25.00 per foot.

Until further notice I can be reached at the address given below.

Very truly yours,

Donald E. MacDonald
c/o Tweedle Brothers, Inc.
725 American Bank Building
Portland 5, Oregon

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 5 1958

DATE	INITIAL	CODE
6/5	C	220
	WSM	400

So. 157 Howard Street
Spokane 4, Washington

June 2, 1958

MEMORANDUM

To: The Files

From: D. R. MacLaren, Geologist, U. S. Geological Survey

Subject: Docket No. DMEA-4968 (Nickel), Donald E. MacDonald, Snipe Bay Claims, St. Petersburg Recording District, Alaska.

Mr. C. B. Hoskins called May 29, 1958, primarily to permit MacDonald, who was in Hoskins' office, to ask if we had received an assignment of the Snipe Bay claims by Baranoff Trust to MacDonald. MacDonald said that he had two copies of such an assignment and would send one to us.

I asked regarding the status of Carl Vevelstad. According to MacDonald, Carl and his brother, S. H. P. Vevelstad, staked the claims a long time ago but did not keep up the assessment work. In 1954 and 1957, MacDonald and S. H. P. Vevelstad relocated the claims in the latter's name. MacDonald also said that Carl Vevelstad had promised him about May 1 that he would call the Executive Officer and tell him that he no longer had any interest in the claims.

D. R. MacLaren

cc: DMEA (2)
USBM (2)
MacKevett

D.M.A.
RECEIVED JUN
DATE
6/2 C 220
WSM 40C

So. 157 Howard Street
Spokane 4, Washington

May 29, 1958

MEMORANDUM

To: The Files

From: D. R. MacLaren, Geologist, U. S. Geological Surve,

Subject: Docket No. DMEA-4968 (Nickel), Donald E. MacDonald, Snipe Bay Lode Claims, St. Petersburg Recording District, Alaska

Mr. C. B. Hoskins called May 26, 1958, to learn what we were doing about MacDonald's application. I told him that we still had an applicant with no property and an apparent reluctance on the part of V. C. Johnson, Trustee of Baranoff Trust No. 1 to lease the claims to MacDonald. He said they were having the same sort of difficulties with Johnson but hoped to make some headway in the next week. He will call again.

cc: DMEA (2)
USBM (2)
MacKevett

DMEA
RECEIVED 28 1958
CODE
5/28 C 220
WSM 400

So. 157 Howard Street
Spokane 4, Washington

Air Mail

May 26, 1958

Mr. V. C. Johnson
Suite 807
30 North LaSalle Street
Chicago, Illinois

Re: Docket No. DMEA-4968 (Nickel)
Donald E. MacDonald
Snipe Bay Lode Claims
St. Petersburg Recording Dist.,
Alaska

Dear Mr. Johnson:

Thank you for your postal card of May 22, 1958, in which you advise us that Mr. MacDonald is applying as an individual and not as an agent of Baranoff Trust No. 1.

We regret that we can take no further action on his application until Mr. MacDonald sends us copies of a lease showing that he controls the ground on which he wishes to explore. The permission to submit an application to explore on the Snipe Bay claims granted him by Baranoff Trust No. 1 in no way gives him control of the property.

Sincerely yours,

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

cc: DMEA (2) w/2 copies of incoming
USBM (2) " " " "
MacKevett w/copy " "

COPY

Air Mail Postal Card

DMEA
RECEIVED MAY 28 1958
DATE | TIME | CODE

COPY

5/22/58

Dear Sir-

Mr. MacDonald is applying as an individual under written authorization from the trustee, dated March 15 last. That was given to him to deliver to the DMEA and to photostat for extra copies. He is acting for himself under specific agreement -- not as agent.

Sincerely yours,

/s/ V. C. Johnson

Proceeding (processing ?) is not my request -- I only want to make clear that I am occasioning for him no delay.

Copy

BARANOFF TRUST NUMBER ONE

THIS INDENTURE WITNESSETH, That the Grantor, S.F.P.VEVELSTAD, a bachelor, of Juneau, Alaska, U.S.A. for and in consideration of Ten ($10.00) Dollars, and other good and valuable considerations in hand paid, conveys and quit claims and sells, assigns, transfers and sets over unto V. C. Johnson, 943 Edgemere Court, Evanston, Illinois, not ~~individually but~~ as Trustee under the provisions of a trust agreement dated the fifteenth day of October, 1957, known as Baranoff Trust Number One, the following described real and personal estate, namely, mining claims located and recorded in the Petersburg Recording District, Division Number One, in the Territory of Alaska, to wit:

	Location Date	Recording Date	Recording Book & Page
Snipe Bay Lode I	May 12,1955	May 31,1955	Vol. 2- 134
Snipe Bay Lode II	May 12,1955	May 31, 1955	Vol.2-134,135
Snipe Bay Lode 3	May 12,1955	May 31,1955	Vol. 2 - 135
Snipe Bay Lode 4	July 10,1957	Aug. 22, 1957	Vol. 2- 152
Snipe Bay Lode 5	July 10,1957	Aug.22, 1957	Vol. 2- 152
Snipe Bay Lode 6	July 10,1957	Aug.22,1957	Vol. 2- 153
Snipe Bay Lode 7	July 10,1957	Aug.22,1957	Vol. 2-153

TO HAVE AND TO HOLD the said premises and property with the appurtenances upon the trusts and for the uses and purposes herein and in said trust agreement set forth.

Full power and authority is hereby granted to said trustee to improve, manage, protect and subdivide said premises or property, any part thereof, to dedicate parks, streets, highways or alleys and to vacate any subdivision or part thereof, and to resubdivide said property as often as desired, to contract to sell, to grant options to purchase, to sell on any terms, to convey either with or without consideration, to convey said premises or any part thereof to a successor or successors in trust and to grant to such successor or successors in trust all of the title, estate, powers and authorities vested in said trustee, to donate, to dedicate, to mortgage, pledge or otherwise encumber said property, or any part thereof, to lease said property, or any part thereof, from time to time, in possession or reversion, by leases to commence in praesenti or futuro, and upon any terms and for any period or periods of time, not exceeding in the case of any single demise the term of 198 years, and to renew or extend leases upon any terms and for any period or periods of time and to amend, change or modify leases and the terms and provisions thereof at any time or times hereafter, to contract to make leases and to grant options to lease and options to renew leases and options to purchase the whole or any part of the reversion and to contract respecting the manner of fixing the amount of present or future rentals; and royalties, to partition or to exchange said property, or any part thereof, for other real or personal property, to grant easements or charges of any kind, to release, convey or assign any right, title or interest in or about or easement appurtenant to said premises or any part thereof, and to deal with said property and every part thereof in all other ways and for such other considerations as it would be lawful for any person owning the same to deal with the same, whether similar to or different from the ways above specified, at any time or times hereafter.

RECEIVED
air mail
MAY 20 1958
2:20 p.m.
U. S. G. S.
SPOKANE, WASH.

In no case shall any party dealing with said trustee in relation to said premises or property, or to whom said premises or any part thereof shall be conveyed, contracted to be sold, leased or mortgaged by said trustee, be obliged to see that

the application of any purchase money, rent, royalties or money borrowed or advanced on said premises, or be obliged to see that the terms of this trust have been complied with, or be obliged to inquire into the necessity or expediency of any act of said trustee, or be obliged or privileged to inquire into any of the terms of said trust agreement; and every deed, trust deed, mortgage, lease or other instrument executed by said trustee in relation to said real estate shall be conclusive evidence in favor of every person relying upon or claiming under any such conveyance, lease or other instrument, (a) that at the time of the delivery thereof the trust created by this indenture and by said trust agreement was in full force and effect, (b) that such conveyance or other instrument was executed in accordance with the trusts, conditions and limitations contained in this indenture and in said trust agreement or in some amendment thereof and binding upon all beneficiaries thereunder, (c) that said trustee was duly authorized and empowered to execute and deliver every such deed, trust deed, lease, mortgage or other instrument and (d) if the conveyance is made to a successor or successors in trust, that such successor or successors in trust have been properly appointed and are fully vested with all the title, estate, rights, powers, authorities, duties and obligations of its, his or their predecessor in trust.

In the event of the death, resignation, refusal or inability to act of the trustee named above, then E. A. Johnson of Houston, Texas, is hereby appointed first successor trustee hereunder, and in the event of the death, resignation, refusal or inability of said first successor trustee to act whenever he shall be required to do so hereunder, then R. M. Johnson, formerly of 943 Edgemere Court, Evanston, Illinois, now of Woodside, California, is hereby appointed second successor trustee hereunder. Every successor trustee shall be and is hereby vested with the same rights, powers and privileges as the original trustee and shall be subject to the same limitations.

Any recital in any certificate of either successor trustee of the death, resignation, refusal or inability to act of any prior named trustee hereunder shall be valid and binding and shall entitle him to act as successor trustee in the sequence above recited and all persons dealing with him shall be entitled to rely on his capacity and authority to act as trustee hereunder.

The interest of each and every beneficiary hereunder and of all persons claiming under them or any of them shall be only in the earnings, avails and proceeds arising from the sale or other disposition of said real estate, and such interest is hereby declared to be personal property, and no beneficiary hereunder shall have any title or interest, legal or equitable, in or to said real estate as such, but only an interest in the earnings, avails and proceeds thereof as aforesaid.

And the said grantor hereby expressly waives and releases any and all right or benefit under and by virtue of any and all statutes of the Territory of Alaska, now or hereafter, providing for the exemption of homesteads from sale on execution or otherwise.

IN WITNESS WHEREOF, the grantor aforesaid has hereunto set his hand and seal this fifteenth day of October, 1957.

S.H.P. Vevelstad (SEAL)

S.H.P. Vevelstad

"Translation"

EMR-Spokane

C O P Y

C O P Y

(The following is penned on the bottom of the copy sent to Washington.)

"Filed for record at request
of V. C. Johnson
On 10/28/57 at 10:01 A.M.
and recorded in Vol. 2 of Mines at pages 154-155, Records of
Petersburg Precinct, Territory of Alaska.

Vernon A. Co_____(Undecipherable)

Recorder"

Mr. A. E. Weissenborn --

The foregoing is a true and corr copy of the deed in trust on the property referred to in your ler of May. The collateral trust agreement is not recorded and n required.

/s/ V. C. Johnson
5/19/58

Copy

RECEIVED 24

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Victor Allring a Notary Public in and for said County, in the state aforesaid, do hereby certify that V. Johnson personally known to me to be the same person whose name is subscribed in the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and notarial seal this 24th day of October, 1957.

Victor Allring
Notary Public.

Filed for record at request of V. Johnson On Oct 28, 57 at 10:01 A.M. and recorded in Vol 2 of Deeds of pages 154, 155, Records of Petersburg Precinct, Terrebonne Alaska

Vernon G. Cowles
Recorder

Mr. A. E. Weissenberg —
The foregoing is a true and correct copy of the deed in trust on the property referred to in your letter. May you called for full agreement is not recorded and not required.
Oct 19, 58 V. Johnson

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

OFFICIAL FILE COPY
DMEA
RECEIVED 24

Date		
5/28	H.G.	225
	WSM	400

Air Mail

May 21, 1958

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

Re: Docket No. DMEA-4968 (Nickel)
Donald E. MacDonald
Snipe Bay Lode Claims
St. Petersburg Recording Dist.,
Alaska

Dear Mr. Selfridge:

This is in further reference to a Memorandum to the Files dated April 25, 1958, from the Executive Officer regarding telephone conversations with Carl Vevelstad and the applicant and a similar Memorandum to the Files dated April 30, 1958, regarding a telephone conversation with V. C. Johnson, Trustee of the Baranoff Trust, copies of which were sent you.

On May 1, 1958, we sent you copies of a postal card from Mr. Johnson in which he requested us to hold in abeyance any action on the referenced application.

Enclosed are two copies each of two postal cards dated May 16 and May 19, 1958 from V. C. Johnson, and a document called "Baranoff Trust Number One." The contents of the document are quite meaningless to us, other than that S. H. P. Vevelstad has apparently turned over his interest in Snipe Bay Lode Claims 1 through 7 to V. C. Johnson, Trustee. No mention is made of Carl Vevelstad who told the Executive Officer that he was the owner of the claims, nor is there anything to indicate that the claims have been assigned to MacDonald, the applicant.

Also enclosed are two copies of a letter we have written to Mr. Johnson.

Sincerely yours,

A. E. Weissenborn

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

Enclosures

cc: USBM (2)
MacKevett

OF
D
RECEI 24

So. 157 Howard Street
Spokane 4, Washington

Air Mail

May 21, 1958

Mr. V. C. Johnson
Suite 807
30 North LaSalle Street
Chicago, Illinois

Re: Docket No. DMEA-4968 (Nickel)
Donald E. MacDonald
Snipe Bay Lode Claims
St. Petersburg Recording Dist.,
Alaska

Dear Mr. Johnson:

We have received your postal cards dated May 16 and May 19, 1958, in which you ask us to proceed with the processing of the Snipe Bay application, and advise us that you are sending us a copy of "Baranoff Trust Number One." We have also received the copy of the "Baranoff Trust Number One." We have forwarded this instrument to our Washington office.

In a letter dated April 25, 1958, a copy of which was sent to you, we advised Mr. MacDonald that as he applied for DMEA aid as an individual, we will also have to have a reproducible copy, or three photostat copies showing signatures, of a lease or other instrument by which control of the claims is assigned to him from the Baranoff Trust. As matters stand now, the application is made by Mr. MacDonald but control of the property apparently is held by Baranoff Trust.

If Mr. MacDonald is acting as an agent for Baranoff Trust then the application should be made on the enclosed forms in the name of Baranoff Trust. Four copies of the application should be returned to this office, the fifth copy is for your files.

Please clarify this matter as soon as possible. Until this is settled, we cannot continue to process the application.

Sincerely yours,

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

Enclosures

cc: DMEA (2)
USBM (2)
MacKevett

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 24 1958
DATE | INIT.
COPY
5/19/58

COPY

Air Mail Postal Card

Re Docket DMEA 4968 (Ni)

Dear Sir:

Under separate cover trust deed copy is going forward. The trust agreement is the kind that the trustee has no right to do anything with. Hence, do not in any way hold completion of MacDonald's requirements in abeyance and call on me for any help I can give.

Respectfully,

/s/ V. C. Johnson

DMEP(2)

COPY Air Mail Postal Card COPY

May 16, 1958

Dear Sir: Responsive to your letter of April 30, do not hold up anything if MacDonald is ready or gets ready. I do not want to delay him. I'll send copy of deed next week anyway. I have not yet heard that he is ready.

Sincerely,

/s/ V. C. Johnson
30 N. LaSalle
Chicago 2, Ill.

19 May 61

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

May 1, 1958

FILE COPY
DMEA
RECEIVED 5
DATE
1/5 C 220
WSM 400

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

Re: Docket No. DMEA-4968 (Nickel)
Donald E. MacDonald
Snipe Bay Lode Claims
St. Petersburg Recording Dist.
Alaska

Dear Mr. Selfridge:

The attached memorandum to the files dated April 30, 1958, records a telephone conversation with Mr. V. C. Johnson. Enclosed are copies of a postal card he sent to us requesting us to hold the Snipe Bay application "in abeyance" until we hear further from him.

Enclosed also are copies of a letter we have written to Mr. Johnson.

Sincerely yours,

A. E. Weissenborn

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

Enclosures as above

cc: USBM (2)
Gates & MacKevett
Kiilsgaard

DMEA FORM 6 REFERENCE SLIP

REV. 12-56 DEFENSE MINERALS EXPLORATION ADMINISTRATION

TO:	INITIALS	DATE
1. ~~120~~		
2. ~~110~~	TJ	3/12
3. ~~100~~	Conn	3/12
4. 400	WSM	
5.		

FROM: ~~W. S. MARTIN~~

FOR: Check items for action desired

____ Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS:

Believe we should hold this for 30 days, and then write a letter saying that it is considered withdrawn if we have not heard more from the applicants

INT.-DUP. SEC., WASH., D.C. M8278

OFFICE FILE COPY
DMEA
RECEIVED 5
DATE
WSM

So. 157 Howard Street
Spokane 4, Washington

May 1, 1958

Mr. V. C. Johnson
Suite 807
30 North LaSalle Street
Chicago, Illinois

Re: Docket No. DMEA-4968 (Nickel)
Snipe Bay Lode Claims
St. Petersburg Recording Dist., Alaska
Donald E. MacDonald

Dear Mr. Johnson:

This letter is in reference to our telephone conversation of April 30, 1958. We have received the postal card you said that you would send to us and in accordance with the instructions on that card we will hold your application for a DMEA contract on the Snipe Bay claims in abeyance until we hear further from you.

Sincerely yours,

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

cc: D. E. MacDonald
c/o Windsor Hotel
6th and Union
Seattle, Wash.

DMEA (2)
USBM (2)
Gates & MacKevett
Kiilsgaard

So. 157 Howard Street
Spokane 4, Washington

April 30, 1958

WSM

DMEA

Memorandum

To: The Files

From: Executive Officer, DMEA Field Team, Region I

Subject: Docket No. DMEA-4968 (Nickel), Donald E. MacDonald, Snipe Bay Lode Claims, St. Petersburg Recording District, Alaska

At 1:45 p.m. today, Mr. V. C. Johnson called me from Chicago. He stated that he had just received the telegram we had sent him re the Trust Agreement.

With respect to the Trust Agreement, Mr. Johnson was somewhat vague but he stated that although Mr. MacDonald was "very useful" they were dealing with another person or concern who was "more reliable" than Mr. MacDonald and would be better able to represent them with the Government and others. For this reason, he wished that we would take no action on the application until he had settled this. I presume that he may be referring to the C. T. Takahashi and Co., Inc., whose address is 220 Third Avenue South, Seattle, Washington.

I told him that because of the possible termination of the DMEA program he should get this matter straightened out as soon as possible if he wanted us to proceed and I emphasized that we might not be able to help him later. I am not sure that this point got across, but he said that he wanted to delay consideration until they had everything straightened out. I also said that to process the application we would require a copy of the Trust Agreement so that we could see what the relation of the various claims that are included in the Trust Agreement are. Mr. Johnson said that he could send a photostat copy of the Agreement but presumably will not do so until he wishes us to proceed with the application.

I asked what was the status of the Vevelstads and he said they had no connection with the property. This puzzles me as Carl Vevelstad states that he owns the Snipe Bay claims.

In any event, at my request, Mr. Johnson said that he would send us an air mail postal card requesting us to hold their application in abeyance. As a result of this conversation, there is a very considerable amount of uncertainty in my mind as to who actually are the owners of the Snipe Bay claims. It seems even more essential than ever that we have a copy of the Trust Agreement before we take any action.

A. E. Weissenborn

cc: DMEA (2) airmail
USBM (1)
Kiilsgaard
Gates & MacKevett

C O P Y

C O P Y

(AIR MAIL - POSTAL CARD)

April 29, 1958

Dear Sir:

Responsive to your telegram of today, kindly hold DMEA-4968 in abeyance. I am not ready to go through at this time.

Respectfully,

/s/

V. C. Johnson
943 Edge_____ Ct.
Evanston, Illinois

Tele: University 4-6272

(Copies to:
DMEA (3)
USBM (2)
Gates & MacKevett
Kiilsgaard)

So. 157 Howard Street
Spokane 4, Washington

April 25, 1958

5/1 C 22C
WSM 40C
Air Mail

Memorandum

To: The Files

From: Executive Officer, DMEA Field Team Region I

Subject: Docket No. DMEA-4968 (Nickel), Donald E. MacDonald, Snipe Bay Lode Claims, St. Petersburg Recording District, Alaska

On April 15, 1958, following receipt of a letter from George O. Gates, Chief of the Alaskan Branch of the Geological Survey, I called Carl Vevelstad at the Windsor Hotel in Seattle. Mr. Vevelstad stated that he was the owner of the claims on Snipe Bay, that MacDonald was not authorized to make any negotiations, and had apparently made these negotiations with the expectation that he would be able to make an agreement with Vevelstad for the claims. The situation appears confused because H. P. Vevelstad apparently has been dealing with MacDonald. H. P. Vevelstad is a brother of Carl Vevelstad and apparently is part owner of the Snipe Bay claims.

On April 15 or 16 Mr. MacDonald called me from Seattle from the Windsor Hotel. I questioned him about the claim situation and was told that he was the owner of the claims and that the Vevelstads had nothing to do with them.

On April 16, Mr. C. B. Hoskins called me from Seattle, stating he and Mr. Halland would like to talk to me on Monday, April 21, regarding the Snipe Bay claims. They stated simply that they were representing parties who were interested in these claims. D. R. MacLaren and I talked with Mr. Hoskins and Mr. Halland on the twenty-first at 2:00 p.m. Mr. Hoskins stated that they represented C. T. Takahashi and Company, Inc. The Takahashi Company interest in the Snipe Bay claims is in the hope of obtaining ore to ship to Japan. Mr. Hoskins said that if a contract were obtained, the Takahashi Company would take it over and they would be the ones who would actually do the work. I pointed out to them, as I had in my previous telephone conversation, that we had some uncertainties regarding the ownership of the claims. They said that they had the same uncertainties and that their lawyer was investigating. We called the lawyer in Seattle (Mr. J. K. Brody); he stated that he had written to Mr. V. C. Johnson in Chicago, the trustee of the Baranof Trust, requesting a copy of the trust agreement but that he had not yet received an answer.

On Thursday, April 24, Mr. Hoskins called me from Seattle again concerning the possibility of DMEA assistance on an iron ore deposit in Alaska. I told him, of course, that iron ore was not on the eligible list. He had not yet heard from Chicago regarding the Baranof Trust agreement.

On Thursday, April 24, we wrote a letter to Mr. MacDonald in Chicago telling him that it would be necessary for us to have a copy of the Baranof Trust agreement and also, since he had made out the application as an individual, we would have to have a copy of the assignment of the trust claims to him. This letter was addressed to Chicago. On Friday, April 25, Mr. MacDonald called from Seattle. I asked him at the time then for a copy of the Baranof Trust agreement. He told me that I should write to Mr. V. C. Johnson in Chicago. I also asked him for a copy of the assignment, assigning the Baranof Trust claims to him. Mr. MacDonald cited a letter (attached to the application) from Mr. V. C. Johnson, trustee of the Baranof Trust, authorizing him to deal with the DMEA. I then asked Mr. MacDonald whether he was dealing as an individual or as a representative of the Trust. Mr. MacDonald said he was dealing as an individual. I told him that in that case it would be necessary for him to have a document assigning the Trust claims to himself. Apparently there is no such document and Mr. MacDonald failed completely to understand the difference between his position as a member of the Trust and as an Individual. After a somewhat pointless discussion, it was decided that I would write Mr. V. C. Johnson in Chicago.

The Trust agreement, if it exists, should clarify the position of the Vevelstads and other people concerned in the claims and we should not proceed to make the examination until we have this and can determine whether the Trust agreement does indeed clarify the uncertainties of the ownership. It does not appear essential at this time that we have copies of the assignment of the Trust claims to MacDonald. If a contract should result from the examination, the contract could be with either the Baranof Trust or with MacDonald, depending on the circumstances.

It would appear that if the examination results are favorable and a contract is recommended, the contract probably would be with the Takahashi Company, which would require the assignment of the claims to this company. The work would be under the direction of Hoskins and Halland, who, from a brief interview, appear to be competent people.

In any event, no field examination is recommended until copies of the Trust agreement are received and we can appraise the ownership situation.

A. E. Weissenborn

cc: DMEA (2) airmail
USBM (1)
Kiilsgaard
Gates & MacKevett

DMEA
RECEIVED
28 1958
CODE
4/28 WSM 220 400

So. 157 Howard Street
Spokane 4, Washington

April 24, 1958

Air Mail

Mr. Donald E. MacDonald
c/o V. C. Johnson
Suite 807
30 North LaSalle Street
Chicago, Illinois

Re: Docket No. DMEA-4968 (Nickel)
Snipe Bay Lode Claims
St. Petersburg Recording District,
Alaska

Dear Mr. MacDonald:

Before we can proceed with processing your DMEA application, it will be necessary that we have a reproducible copy or three photostat copies showing signatures of the trust agreement dated October 15, 1958, known as Baranof Trust Number One. As you have applied as an individual, we will also have to have a reproducible copy or three photostat copies showing signatures by which control of the claims is transferred to you as an individual by the trustee of Baranof trust agreement. This information is essential before we can schedule an examination.

It is most urgent that we have the information as soon as possible as we are now arranging schedules for our field men who tentatively plan to leave for Alaska around May 8, 1958.

Sincerely yours,

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

cc: DMEA (2)
USBM (2)
MacKevett

DMEA

FILE COPY
DMEA
RECEIVED APR 28 1958

FILE	INITIALS	CODE
738	C	220
	WSM	400

So. 157 Howard Street
Spokane 4, Washington

April 23, 1958

Mr. Donald E. MacDonald
c/o Windsor Hotel
6th & Union
Seattle, Washington

Re: Docket No. DMEA-4968 (Nickel)
Snipe Bay Lode Claims
St. Petersburg Recording District,
Alaska

Dear Mr. MacDonald:

Before we can proceed with processing your DMEA application, it will be necessary that we have a reproducible copy or three photostat copies showing signatures of the trust agreement dated October 15, 1958, known as Baranof Trust Number One. As you have applied as an individual, we will also have to have a reproducible copy or three photostat copies showing signatures by which control of the claims is transferred to you as an individual by the trustee of Baranof trust agreement. This information is essential before we can schedule an examination.

It is most urgent that we have the information as soon as possible as we are now arranging schedules for our field men who tentatively plan to leave for Alaska around May 8, 1958.

Sincerely yours,

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

cc: V. C. Johnson (via Air Mail)
Suite 807
30 North LaSalle Street
Chicago, Illinois

DMEA(2)
USBM(2)
MacKevett

(This letter re-addressed per MacDonald's telephone conversation with Weissenborn this date.)

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4/16	Martin	400
4/16	[illegible]	130
4/16	[illegible]	130
4/16	[illegible]	130
"	[illegible]	110
"	[illegible]	100
4/17	[illegible]	225
		400

APR 16 1958

INTERIOR

DMEA

14X4401(01) REVOLVING
FUND, DEFENSE PRODUCTION ACT, INTERIOR
(TRANSFER TO OFFICE OF SECRETARY

T E L E T Y P E

MR. A. E. WEISSENBORN, EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION I
SOUTH 157 HOWARD STREET
SPOKANE 4, WASHINGTON

RELET APRIL 10, 1958, TO THOR KIILSGAARD FROM GEORGE O. GATES INDICATING CARL VEVELSTAD MAY HAVE INTEREST IN CLAIMS AT SNIPE BAY, BARANOF ISLAND, COVERED BY APPLICATION OF DONALD E. MACDONALD, DOCKET NO. DMEA 4968 - NICKEL-COPPER. IN CASE YOU CONTEMPLATE MAKING FIELD EXAMINATION, WE SUGGEST THAT YOU DETERMINE BEFOREHAND WHETHER APPLICANT'S INTEREST IN LAND WOULD BE SUFFICIENT FOR PURPOSES OF A CONTRACT, IF ONE SHOULD BE RECOMMENDED.

George C. Selfridge

CHAIRMAN, OPERATING COMMITTEE

WSMARTIN/foc
4-16-58
cc to: Code 400
Admr. R. File
Oper. Comm.
FT. REG. I. cc to: H.W. Davis, USBM
T. H. Kiilsgaard, USGS

8623

RECEIVED
APR 14
D.M.E.A.

Production

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF DEFENSE MOBILIZATION
WASHINGTON 25, D. C.

APR 11 1958

DMEA
RECEIVED APR 14 1958
DATE | INITIALS | TIME
4/14/58 | JH | 225
4/21 | CBW | 100
WSM | 400

Honorable Edward J. Thye
United States Senate
Washington 25, D. C.

Dear Senator Thye:

Mr. Gray has asked me to provide further information for you concerning the proposal by Mr. Vevelstad to obtain a loan of $100 million for the purpose of developing a nickel copper property.

It appears that Mr. Vevelstad wrote to the Office of Defense Mobilization on the same day he wrote you. We acknowledged his letter and referred him to the Defense Minerals Exploration Administration which is responsible for loans for mineral development. On April 4, Mr. C. O. Mittendorf, Administrator, DMEA, communicated with Mr. Vevelstad indicating that an application had been filed with his agency for assistance on this project. DMEA has given this application of March 15, 1958 Docket No. DMEA 4968.

The application has been filed by a Mr. Donald E. McDonald whom DMEA believes to be associated with Mr. Vevelstad and DMEA is processing the application under Mr. McDonald's name.

If you desire further information, you may want to communicate with Mr. Mittendorf.

Sincerely yours,

Russell M. Hughes

Russell M. Hughes
Assistant Director

cc:Mr. Mittendorf, DMEA

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Alaskan Geology Branch
4 HOMEWOOD PLACE
MENLO PARK, CALIFORNIA

IN REPLY REFER TO:
G-Alas-GOG

April 11, 1958

WSM

Mr. Thor Kiilsgaard
Staff Assistant for DMEA
U. S. Geological Survey
Washington 25, D. C.

Dear Thor:

After writing you concerning Snipe Bay nickel, I learned more about MacDonald's recent activities from Don Eberlein. Last summer he was in the employ of Carl Vevelstad doing assessment work on the nickel deposits at Yakobi Island. Don says that he thinks that Carl sent MacDonald down to Snipe Bay last summer to do assessment work there. Neither Mr. Eddy or Carl Vevelstad knew that MacDonald had filed claims at Snipe Bay.

This pattern of operation is not new to MacDonald. For example, after uranium was discovered at Bokan Mountain MacDonald attempted to jump into the picture by claiming he had made the discovery a few years before with ground geiger counter.

I met him once very briefly but I don't recall much about him. Don tells me that two different times Bob Velikanue went out with MacDonald to examine new and wonderful discoveries. In each case there was absolutely nothing.

Sincerely,

George O. Gates
Chief
Alaskan Geology Branch

IN REPLY REFER TO:
6-Alas-[illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Alaskan Geology Branch

4 HOMEWOOD PLACE
MENLO PARK, CALIFORNIA

April 10, 1978

Mr. Thor Hillegaard
[illegible] Assistant for BLM
U. S. Geological Survey
Washington 25, D. C.

Dear Thor:

Questions began to rise in my mind as soon as I saw the name, Donald R. MacDonald, on the application for BLM assistance on exploration of nickel deposits at Snipe Bay. I questioned, as others I think already had, the information he gave in describing the deposit. He mentions in the application that he is the sole owner. This surprised me as I knew at least as of last summer Carl Vevelstad was involved in ownership of nickel deposits at Snipe Bay. About the same time I received a copy of the application from you, Hallgarett received a request from Al Weissenborn to make an examination of the property early in May.

In view of my questions and the timing of a possible examination by Hallgarett, I called Carl Vevelstad. He was not aware that MacDonald was claiming ownership of any nickel showings in the Snipe Bay area. Carl told me that his group has discovered bodies of nickel ore on the beach than those examined by John Reed and myself in 1976. He says the new showing reveals about 100' wide ore body. From analyses that have been made, Carl quoted a nickel content of 1 to 2% and higher about the same. As he told me last summer, he plans to do trenching on the property this summer to meet assessment requirements. Last summer I told Carl if he did this, either I or Ben Eberlein would plan to visit the property.

Carl says that his group held claims that cover all of the showings John Reed and I examined plus all of the new showings in the Snipe Bay area. I cannot tell from the application whether MacDonald's claims include all of the new showings Carl referred to. At any rate it seems clear that both MacDonald and Carl's group contend that they hold claims covering the showings John Reed and I examined.

In view of all of this, I question going ahead with the application to the extent of making a field examination. Enclosed is a letter from Mr. Garrett Eddy, who, as you will note, has an interest in the Snipe Bay claims. He mentions his interest is with Svere Vevelstad. I presume this is a brother of Carl but I do not know. If a DMEA examination is not made this spring, either Don or I will plan to visit the property this summer. Mr. Eddy will learn of this through Carl. I will delay a written reply to Eddy until I know whether or not a DMEA field examination is planned.

Carl Vevelstad's current address is P. O. Box 286, Seattle, Washington. He is staying at the Windsor Hotel, 6th and Union.

Sincerely,

George C. Gates
Chief
Alaskan Geology Branch

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4-4	Chapman	400
4-4	Martin	400
4/4	Selfridge	130
4/4	Lamb	130
4/4	Gilogan	130
"	Johnson	110
"	Rottendorf	100
4/4		220

Noted

APR 4 1958

Mr. Donald E. MacDonald
% V. C. Johnson
Suite 807, 30 North LaSalle Street
Chicago, Illinois

Dear Mr. MacDonald:

Your application for exploration assistance for nickel-copper ores has been referred to Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, South 157 Howard Street, Spokane 4, Washington, for review and possibly a field examination of the property, if considered necessary. Any assistance you may give the members of the Field Team would be appreciated.

Review of your application, completed since you telephoned on March 28, 1958, to ask Mr. W. S. Martin what further information would be required, indicates that the matters discussed below should be brought to your attention.

You should complete the map submitted with your application so that it shows the locations and dimensions of the four trenches (called cross-cuts in the application) that you report having supervised. You should also submit a sketch of each trench showing where samples were taken, with the assay results that you rely on to justify your assumption that 20% of the mass of basic rock consists of high grade nickel-copper ore. Consideration of your proposed work will be expedited if you will send the maps directly to Mr. Weissenborn at the above address.

Your application states that you plan to finance your share of the cost of the proposed work by providing your own equipment on a rental basis and by charging for your personal services. Please note that the Government, in contributing to the approved costs of DMEA exploration projects, does not provide funds for the work in advance. Under the terms of our contracts the operator is required to complete each month's work, whereupon the Government makes reimbursement for its approved share of the cost, which for nickel-copper projects is 62½ percent. As reimbursement for the Government's share of such costs takes from three to four weeks after the operator submits a properly supported voucher, an applicant should have sufficient funds to wholly finance at least the first two months' exploration work.

8623

You should also furnish directly to Mr. Weissenborn a list, in quadruplicate, of your equipment which you propose to use on the project, giving a description of each item, its make, model number, condition and fair value.

It is important that you provide the information requested herein as soon as possible so that a field examination, if justified, can be made at an early date, because the authority on which the IMRA program depends is due to expire on June 30, 1958, unless extended by law.

Sincerely yours,

(for)

Administrator

WSMARTIN:foc
4-4-58
cc to: Code 400
Admr. R. File
Oper. Comm.
FT. REG. I
Messrs. H. W. Davis, USBM
T. H. Kiilsgaard, USGS

Donald E. MacDonald
% C. T. Tagahashi & Company
220 - 3rd Avenus South
Seattle, Wash.

1) Maps or sketches showing locations & dimensions of 4 cross cuts, indicating where samples were taken & results to justify assumption that 20% of mass is high grade nickel ore

2) Money angle — lack equipment — Time lag in payment, etc — must carry for 2 months.

3) Point out that authority for program [illegible] due [illegible] prior to 1958 [illegible] evidenced by letter —

3) Point out importance of supplying data as early as possible in order to justify field examination since authority for program due to expire June 30 unless extended by law

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4-2	Chapman	400
4-2	Martin	400
Noted 4/2	Selbrede	130
4/2	Jones	130
4/2	Wilson	130
"	Johnson	110
		100
		220

Mr. Donald E. MacDonald
% W. C. Johnson
Suite 807, 30 North LaSalle St.
Chicago, Illinois

Re: Docket No. DMEA 4968, Nickel-Copper
Snipe Bay, Baranof Island
Petersburg Recording District, Alaska

Dear Mr. MacDonald:

The above referenced application for exploration assistance for Nickel-Copper ores has been referred to Mr. A. Weissenborn, South 157 Howard Street, Spokane 4, Washington, for a field examination of the property.

Any assistance you can give the members of the Field Team will be appreciated.

Sincerely yours,

Administrator

TLCHAPMAN/dlm 4-2-58
cc to: Code 400
Admr. R. File
Oper. Comm.
Region I
Messrs. H. W. Davis, USBM
T. H. Kiilsgaard, USGS

Donald E. MacDonald
% C. T. Tagahashi & Co.
Seattle, Wash.

8623

Correction
First paragraph
Page 2 of letter
FEJ

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4-4	Chapman	400
4-4	Martin	400
4/4	[illegible]	130
"	Johnson	110
"	Rattendorf	100
		220

APR 4 [illegible]

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

Re: Docket No. DMEA 4968 - Nickel and Copper
Donald E. MacDonald
Snipe Bay, Baranof Island
Petersburg Recording District, Alaska

Dear Mr. Weissenborn:

The above-docketed application for exploration assistance is being referred to your office for review and for a field examination of the property, if considered necessary.

Copies of memoranda dated March 28 and 31, 1958, by H. W. Davis, Bureau of Mines, and N. E. Nelson, Geological Survey, respectively, relating to the project are enclosed. Also enclosed is an extra copy of the application for the use of the Field Team.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (HB)

APPROVED:

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

"Noted" by Thor H. Kiilsgaard HB
Member, Geological Survey

TLCHAPMAN/dlm/foc 4-4-58
cc to: Code 400
Admr. R. File
Oper. Comm.
FT. REG. I
Messrs. H. W. Davis, USBM
T. H. Kiilsgaard, USGS

Enclosures

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4-2	Chapman	400
4-2	Martin	400
4/2	[illegible]	130
"	Johnson	110
		100
		JHB 220

Noted

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

Re: Docket No. DMEA 4968, Nickel-Copper
Donald W. MacDonald
Snipe Bay, Baranof Island
Petersburg Recording District, Alaska

Dear Mr. Weissenborn:

The above-docketed application for exploration assistance is being referred to your office for a field examination of the property.

Copies of memoranda dated March 28 and 31, 1958, by H. W. Davis, Bureau of Mines, and N. E. Nelson, Geological Survey, respectively, relating to the project are enclosed. Also enclosed is an extra copy of the application for the use of the Field Team.

Sincerely yours,

Enclosures

"Noted" by

George C. Selfridge

APPROVED:

Chairman, Operating Committee (JHB)

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

N. E. Nelson JHB
Member, Geological Survey

TLCHAPMAN/dlm 4-2-58
cc to: Code 400
Admr. R. File
Oper. Comm.
FT. REG. I
Messrs. H. W. Davis, USBM
T. H. Kiilsgaard, USGS

8623

No supporting evidence in light of previous information

Applicant states he will furnish his share of cost of $480,600 project with equipment he owns (not specified) and his personal services. In view of limited time and possible inaccessibility of property, he should be advised of possibility of no funds obligated after 6/30/58 FEJ

Applicant states he will furnish his share of cost of 480,600 project with equipment he owns (not specified) and his personal services.

In view of limited time and possible inaccessibility of property, he should be advised of possibility of no funds obligated after 6/30/58.

FEJohnson

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4-2	Martin	400
4/2	Selfridge	130
4/2	Yager	130
4/2	Nelson	130
"	Johnson	110
"	Mottesdorf	100
		220

4/4 Kiilsgaard (130)
4/4 Lamb (130)

Mr. S. H. P. Vevelstad
Hotel Atlantic, Room 1343
Clark near Jackson Blvd.
Chicago 4, Illinois

Dear Mr. Vevelstad:

With a copy of his letter to you of March 27, 1958, Mr. Russell H. Hughes, Assistant Director, Office of Defense Mobilization, sent to us your letter of March 15, 1958, to Mr. Gordon Gray, Director, ODM, in which you requested a loan for production from a nickel-copper ore body at Snipe Bay, Baranof Island, S. E., Alaska.

We have been informed orally by Mr. Donald E. MacDonald, c/o V. C. Johnson, Suite 807, 30 North LaSalle Street, Chicago, Illinois, that you are associated with him in the proposed work. By application to Defense Minerals Exploration Administration dated March 15, 1958, Docket No. DMEA 4968, Mr. MacDonald has requested assistance in exploring nickel-copper deposits on Snipe Bay Lode Claims Numbers 1 through 7, recorded in Petersburg Precinct, Territory of Alaska.

Unless we hear from you to the contrary, we shall continue to rely on our present understanding that both you and Mr. MacDonald are concerned with the same group of claims in this instance.

Sincerely yours,

(for)

Administrator

WSMartin/foc
4-2-58
cc to: Docket
Code 400
Admr. R. File
Oper. Comm.
FT. REG. I
Messrs. H. W. Davis, USBM
T. H. Kiilsgaard, USGS

Gordon Gray
Attn: Mr. Russell H. Hughes, ODM

8623

MAP LOANED TO MR. NELSON

3-28-58

dlm

Mr Donald Phoned 3/28/58

Yo
C.T. Tagahashi & Co

220
3rd Ave So

Seattle

Send courtesy copy
of field report &
90 of above
address.

IN REPLY REFER TO:

DMEA
RECEIVED APR 1 1958

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

March 31, 1958
Re: DMEA 4968
Donald E. MacDonald
Baranof Island
St. Petersburg District, Alaska
$480,000.00 - Nickel

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

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

Subject: Review of application

The applicant requests assistance in exploring a mass of basic rock intrusive into biotitic quartzite and biotite-quartz schist. As described by John C. Reed and George O. Gates* of the U. S. Geological Survey, the mass is at least 265 feet long and 125 feet wide. Since that time, work may have been done as the applicant by connecting scattered outcrops now assumes the mass is 1200 feet long and over 200 feet wide. That the assumption is valid is not too patent as large areas are covered.

Whereas Reed and Gates estimate there are 430,000 tons of 0.3% copper and nickel in the mass, the applicant's figures are 21,600,000 tons, of which 4,320,000 tons is taken to be high grade nickel ore. One identified sample from Snipe Bay as reported by R. L. Thorne of the U. S. Bureau of Mines, showed 5.1% copper and 2.22% nickel. The assay and an unsigned report are used in establishing the grade of the 4 million plus tons of high grade as in excess of 2.5% nickel. Three other samples are listed but, as given, they are not definitely related to the Snipe Bay deposit.

Perhaps enough work has been done to indicate the estimate of the geologists is conservative, but the estimate of the applicant is probably liberal.

The cost estimate of the applicant is also liberal as for most of the items. If the applicant or others have done work that tends to increase the surface area of the basic rock body approximately 7 times and its tonnage 50 times above the area and tonnage estimated in 1942, an examination is warranted.

Referral of the application to the Field Team is recommended.

N. E. Nelson

N. E. Nelson

* Nickel-Copper Deposit at Snipe Bay, Baranof Island, Alaska. 1942.

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

RECEIVED MAR 28

March 28, 1958

Re: DMEA-4968
Donald E. MacDonald
Snipe Bay Lode Claims 1-7
Snipe Bay, Alaska
$400,000
Nickel

Memorandum

To: W. S. Martin, Director, Division of Iron and Ferro-Alloys, Defense Minerals Exploration Administration

From: Hubert W. Davis, Branch of Ferrous Metals and Ferroalloys

Subject: Review of Application

The applicant's proposal pertains to a loan of $400,000 to explore for nickel on the Snipe Bay Lode Claims 1-7 on the shore of Snipe Bay on Baranoff Island in the St. Petersburg Recording District, Alaska.

According to the applicant, "the only exploration done to date consists of 4 cross-cuts, indicating an igneous intrusion in excess of 1,200 feet in length and in excess of 200 feet in width, and an assumed depth revealed by outcroppings in excess of one-half of the outcrop plane, i.e., in excess of 600 feet below the lowest outcrop. The aggregate mass accordingly exceeds 21,600,000 tons of intrusive igneous content. Of that, according to existing reports of assays, 20 percent is estimated to be high-grade nickel ore, in excess of 4,320,000 tons."

U. S. Geological Survey Bulletin 936-M gives information on nickel copper deposits at Snipe Bay, Baranoff Island, Alaska.

Inasmuch as applicant has furnished insufficient information on which to base an opinion concerning the loan, it is

Copy to: Ferrous Metals
Div. of Minerals
Frank D. Lamb
Thor H. Kiilsgaard, U. S. Geol.Survey
Files

recommended that the application be referred to the Field Team for its review and recommendation.

Hubert W. Davis

Hubert W. Davis

Attachment

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF DEFENSE MOBILIZATION
WASHINGTON 25, D. C.

OFFICIAL FILE COPY
DMEA
RECEIVED 28
WSM

Production

MAY 27 1958

Mr. S. H. P. Vedelstad
Hotel Atlantic, Room 1343
Clark near Jackson Blvd.
Chicago 4, Illinois

Dear Mr. Vedelstad:

Mr. Gray has asked me to reply to your letter of March 15 requesting a loan of $100,000,000 for the purpose of developing a nickel-copper property.

The Defense Minerals Exploration Administration is the agency of the Government responsible for providing assistance in the development and exploration of new minerals deposits. Therefore I am taking the liberty of forwarding your letter to Mr. C. G. Mittendorf, Administrator, Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C.

A defense expansion program to provide increased nickel supplies in time of emergency was announced by this Office in 1956. However, by the middle of 1957 this program had been fulfilled and therefore is no longer available to provide loan or contract assistance in developing new ore bodies.

Mr. Mittendorf will provide information directly to you concerning the assistance his agency can extend.

Sincerely yours,

Russell H. Hughes
Assistant Director

Mr. Mittendorf
Encl. 1 ltr

Conveniently located in the L

Hotel Atlantic

CLARK NEAR JACKSON BLVD.

PHONE WABASH 2-2646

Chicago 4

ERNEST C. ROESSLER
FREDERICK C. TEICH
MANAGING DIRECTORS

No. Pyr-27
Date 3-17
Fritz

March 15th 1958

Noted by Mr. Gray

Mr Gordon Gray, Director
Office of Defense Mobilization
Washington D.C.

Dear Sir

During June & July 1957 we found a large nickel-copper ore deposit at Snipe Bay Barnum Island N.E. Alaska. We exposed a width of 225 feet and a length of about 2000 ft extending from tidewater to an elevation of about 700 feet.

There is at least 25,000,000 in the deposit which can be mined by open pit. 60% of this on should average over 3½% nickel 2% copper 0.25% cobalt 36% iron 22% sulphur the balance about 2% nickel — 2% copper 0.15% cobalt 20% iron 14% sulphur.

This property showed production about 1,260,000 tons of nickel 900,000 tons of copper. 90,000 tons of cobalt & plus iron sulphur to each 1000 ft depth.

PM 3058

Conveniently located in the Lo

Hotel Atlantic

CLARK NEAR JACKSON BLVD.

Chicago 4

ERNEST C. ROESSLER
FREDERICK C. TEICH
MANAGING DIRECTORS

PHONE WABASH 2-2646

In January 1956. The nickel platers had their orders for nickel cut 70% the electronic industry 50% & you are now getting the result of idle plants and idle labor.

If you will lend us $100,000,000 we can get in operation from this property and produce about 100,000,000# of nickel annually. As we can produce nickel from this property at a cost of about 25¢ per pound. We do not ask for any guarantee of sales of nickel or any other metals and we do not want any bonus or any other form of donation as the nickel Trust of Canada obtains it an amount of about $300,000,000.

Hoping you for an early answer I remain yours very truly

E. H. Vevelstad

Vedelstad?
Vevelstad

GARRETT EDDY
6100 ARCADE BUILDING
SEATTLE 1, WASHINGTON

March 25, 1958.

Mr. George Gates,
Alaska Geology Branch,
U.S. Geological Survey,
4 Homewood Place,
Menlo Park, California.

Dear Mr. Gates:

Can we assist you in any way that you are interested in visiting the [illegible] claims at Snipe Bay, [illegible], Alaska. [illegible] with Steve [illegible] these [illegible] and would appreciate any advice you can give. We would like to know what your plans, if any, might be in visiting this area this summer. Our present plans are to have Carl do the assessment work some time this summer on both Snipe Bay and Mirror Harbor claims. If you are interested in visiting either, or both, perhaps we could join forces for some of it.

We, of course, would be interested if you wish to do any drilling or other mechanization work. We would be most happy to give you any assistance that you might wish.

Looking to hear from you shortly.

Sincerely yours,

GE:fd.

RECEIVED
MAR 26 1958
WASHINGTON, D.C.
MENLO PARK

NOTED
MAR 28 1958
GATES

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

March 26, 1958

Mr. Donald E. MacDonald
c/o V. C. Johnson
Suite 807, 30 North LaSalle
Chicago, Illinois

Subject: DMEA-4968

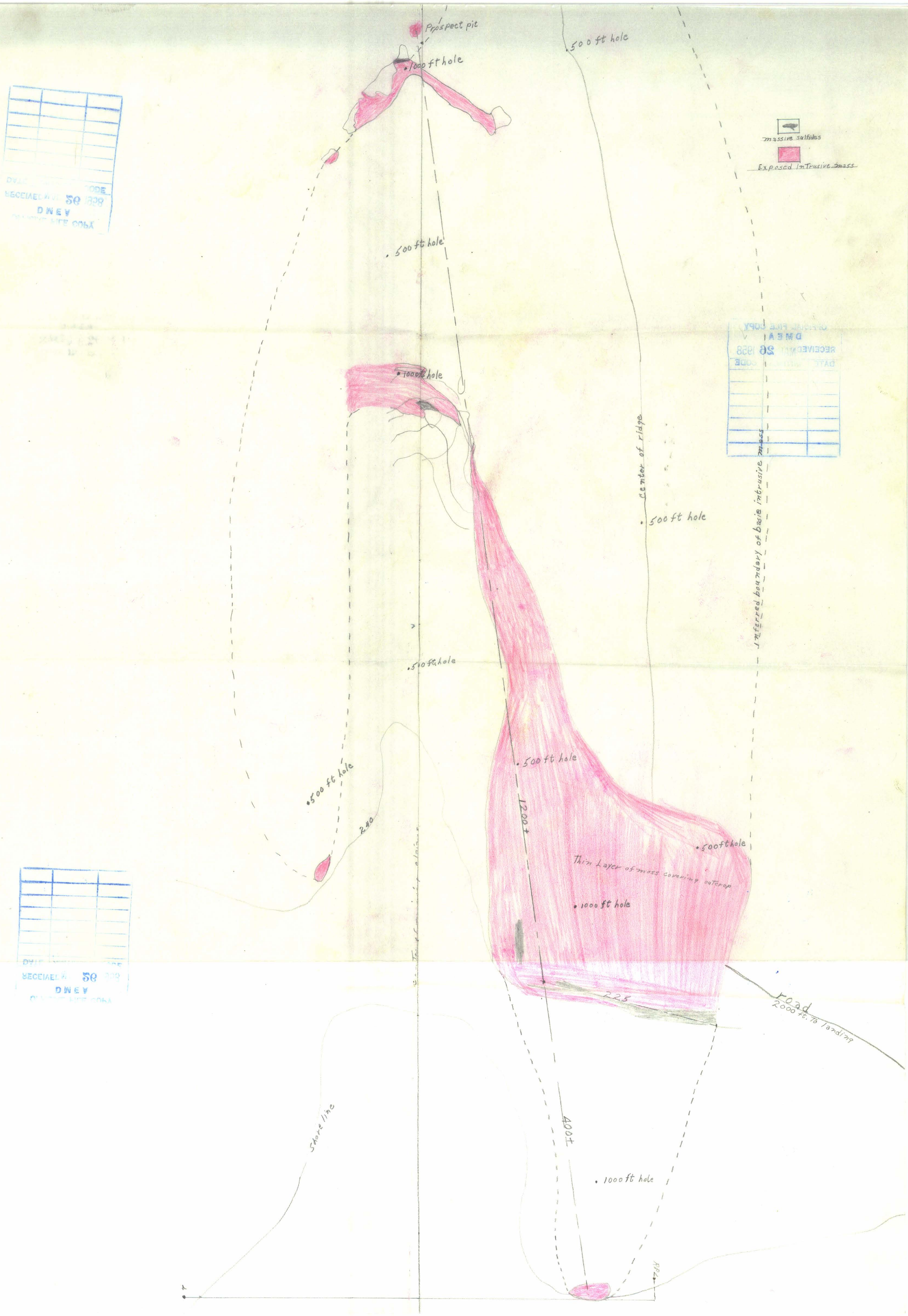
Dear Mr. MacDonald:

Your application for exploration assistance, dated March 15, 1958 submitted to our office at Washington, D. C. has been assigned Docket Number DMEA-4968 and referred to the Iron & Ferro Alloys Division in the Washington office. Kindly identify all future correspondence relating to your application by this Docket Number.

Sincerely yours,

Allen S. Dakan, Director
Operations Control and
Statistics Division

Copy to: Region I



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DMEA
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DATE CODE