MME Form 9
Rev. Mar. 59

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

OFFICIAL DOCKET FILE

Contract No. 14-23-6148 Docket No. MME-6148

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- [ ] Withdrawn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
- [x] ~~Certification of Discovery~~ Letr. 3/23/66 Royalty Agreement Item 4 Am. #2
- [ ] Closing Letter
- [x] Cost Audits 11/30/62 (Interim) Report of Review May 1966
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [x] Contract Amendments
- [x] Contract with all exhibits and annexes (Amended) 1-25-62
- [x] 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 Semiannual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [x] On-site Exam. Report (Tab) 9-28-61
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

**Left Side**

Folders No. 3 : Reports
- [ ] Analysis of Semiannual Inspection Reports
- [ ] Project Summary (Interim) by MME Engineers

**Right Side**

- [ ] Field Team Semiannual Report for Certified Project
- [x] Field Team Interim Reports
- [x] Operator's Monthly Reports with Transmittal, Narrative and Maps

Folders No. 2 : Maps (Use pocket folder ~~xxxxxxxxx~~)

Folders No. _____ : Settlement Sheets

Folders No. _____ : Drill Logs

Folders No. _____ : Royalty Material

52618

..ME FORM 6
REV. 2-59

REFERENCE ___P
OFFICE OF MINERALS EXPLORATION

TO:

| | DATE | INITIALS |
|---|---|---|
| 1. Chief, Divn. of Field Operations | 4/20/64 | |
| 2. | | |
| 3. | | |
| 4. | | |
| 5. D R MacLaren | | |
| FROM: D. R. MacLaren, Act. Fld. Offr. Region I | | |

FOR: Check items for action desired

X Action
___ Approval
___ Comment
___ Conference
___ Instructions
___ Reply for signature of _____
___ Investigate
___ Recommendations
___ Rewrite
___ Your information
___ Surname
___ Signature
___ File

REMARKS: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140 (Amended)

Government, Fiscal Section, and Audit copies of signed amended contract with three copies of work authorization dated April 11, 1963.

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

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MME Form 7
(2/63)

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MAR 23 1966

Mr. Earl W. Jaeger
President
Little Squaw Mining Company
209 Radio Central Building
Spokane, Washington 99204

Re: GME-4148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Amended Contract 3140

Dear Mr. Jaeger:

Pursuant to Article 4 of the subject contract, as amended, and Item 4 of Amendment No. 2 thereto, royalty shall be paid to the Government as provided in the contract on all production from the land described in the contract from January 25, 1961, to January 25, 1964, or until the sum of $40,725.50 (subject to audit) is fully repaid with interest at the rate of 4½ percent per annum. The payment of royalty is secured by a lien upon the land and on any production therefrom.

Royalty payments should be made in favor of the U. S. Geological Survey, and should be mailed or delivered to the Field Officer, Region I, Office of Minerals Exploration, U. S. Geological Survey, South 157 Howard Street, Spokane, Washington 99204. Each payment should be accompanied by two copies of settlement sheets or other suitable sales evidence showing the name of the purchaser, the quantity and grade of the production sold, the price per unit, and the gross proceeds and allowable deductions therefrom. The purchaser should be notified of the Government's royalty on production and directed to pay the royalty, computed as provided in the contract, directly to the Government.

The Field Officer should be promptly notified upon the commencement of any production, and upon any extended cessation thereof. Production unsold or unused six months after extraction from the ground should be reported promptly to the Field Officer.

Attention is specifically invited to the provisions of Article 2(e) of the contract referring to the preservation of the Government's royalty rights. Two true copies of any instrument transferring, surrendering, or encumbering any of said rights shall be furnished to the Field Officer.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc to: Mr. Eskill Anderson, President, Chandalar Gold Mines, Inc., 309 Radio Central Building, Spokane, Washington 99204
Mr. Eskil Anderson, 1204 West 18th Avenue, Spokane 41, Washington

cc to: Director's Reading File
Division File
Economic Geology File
Branch of Budget & Finance
OME File
OME Region I
OME Reading File
Mr. Selfridge (3)

GCSelfridge/gla 3-14-66

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Mr. Eskil Andersen
1204 West 18th Avenue
Spokane 41, Washington

MAR 23 1966

Re: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Amended Contract 2140

Dear Mr. Andersen:

Enclosed is a copy of a self-explanatory letter to the Operator under the subject contract. This relates to the two Lien and Subordination Agreements signed by you on April 26, 1961, under the Office of Minerals Exploration program.

The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advanced notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

cc to: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
OME Field Officer, Region I
Mr. Selfridge

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GCSelfridge/gla 3-14-66

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Mr. Eskil Anderson
President
Chandalar Gold Mines, Inc.
309 Radio Central Building
Spokane, Washington 99204

MAR 2 4 1966

Re: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Amended Contract 2140

Dear Mr. Anderson:

Enclosed is a copy of a self-explanatory letter to the Operator under the subject contract. This relates to the Lien and Subordination Agreements signed by you on April 26, 1961, under the Office of Minerals Exploration program.

The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advanced notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

cc to: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
OME Field Officer, Region I
Mr. Selfridge

RECEIVED

GCSelfridge/gla 3-14-66

23263

Docket Copy

United States
Department of the Interior

GEOLOGICAL SURVEY

OFFICE OF THE CHIEF AUDITOR

GEOLOGIC DIVISION

OFFICE OF MINERALS EXPLORATION

WASHINGTON, D.C.

# Report of Review - Amended Contract 2140
# Docket No. OME-6148 (Gold)
# Little Squaw Mining Company
# Chandalar Mining District
# Fairbanks Precinct, Alaska

Report Issued: May 1966

United States
Department of the Interior

GEOLOGICAL SURVEY

OFFICE OF THE CHIEF AUDITOR

GEOLOGIC DIVISION

OFFICE OF MINERALS EXPLORATION

WASHINGTON, D.C.

# Report of Review - Amended Contract 2140
# Docket No. OME-6148 (Gold)
# Little Squaw Mining Company
# Chandalar Mining District
# Fairbanks Precinct, Alaska

Report Issued: May 1966

Auditor-in-Charge: Clarence E. Fisher

Report Approved: William T. McClelland, Chief Auditor

Audit Performed During Period: April 6 to 8, 1966

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

OFFICE OF THE DIRECTOR

May 25, 1966

Memorandum

To: Director

From: Chief Auditor

Subject: Internal Audit of Amended Contract 2140
Docket No. OME-6148 (Gold)
Little Squaw Mining Company
Chandalar Mining District
Fairbanks Precinct, Alaska

We have made a cost review of Amended Contract 2140, examining the contract and accounting records and files of the Office of Minerals Exploration and the Branch of Budget and Finance.

Under the contract the Operator claimed $81,471 of reimbursable costs for Government participation. These have been approved by OME for 50 percent contribution by the Government, and $40,535.50 has been paid to the Operator. The unpaid balance of $200 is being withheld pending receipt from the Operator of a final report required under provisions of the contract.

William T. McClelland
William T. McClelland

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REPORT OF REVIEW - AMENDED CONTRACT 2140
DOCKET NO. OME-6148 (GOLD)
LITTLE SQUAW MINING COMPANY
CHANDALAR MINING DISTRICT
FAIRBANKS PRECINCT, ALASKA

## INTRODUCTION

On March 31, 1966, the Chief, Office of Minerals Exploration (OME), Geologic Division, requested a cost review of Amended Contract 2140. This review was authorized by the Chief Auditor on April 6, 1966, under Audit Assignment No. 64. A review of the OME contract files and an examination of the Bureau's disbursement records in the Branch of Budget and Finance, Administrative Division, was made at Washington, D.C., on April 6 to 8, 1966.

The amended contract, effective January 25, 1962, provided for Government participation in 50 percent of certain fixed unit costs of exploration work to begin on or before July 1, 1962. Also, the contract provided for the work to be completed within 30 months from the date of the contract. The purpose of the project was to explore for gold ores along the strike of the Little Squaw and Mikado vein zones. The mining was to be performed by bulldozer trenching and by crosscutting and drifting with attendant longhole drilling on 21 patented and 2 unpatented claims in the Chandalar mining district of the Fairbanks Mining and Recording Precinct of Alaska as more fully described in Annex I of the amended contract.

Amendment No. 2 provided for: (1) a suspension of work under the contract during the period beginning October 1, 1963, and ending not later than July 1, 1965; (2) extension of the time fixed for completion of the work to 48 months from the date of the contract; and (3) an

increase of the maximum period for royalty payments to 12 years from the date of the contract.

Also, Amendment No. 2 provided that should the work not be resumed on or before July 1, 1965, the contract shall be terminated effective October 1, 1963. If work should be resumed prior to the end of the suspension period, but not completed on or before January 25, 1966, the contract shall be terminated as of the latter date, with Government contribution to allowable costs being limited to those incurred prior to the relevent termination date. The amendment further provided that the Operator shall submit a final report as provided in the contract and that the Operator shall pay to the Government the royalty provided for in the contract in the same manner as if a certification of possible production had been made, such certification being waived by the Operator.

## SCOPE OF THE AUDIT

Our examination of Amended Contract 2140 included a review of the official accounting records and contract files, and an examination of the Operator's vouchers paid. All of the claimed costs were compared to the amounts allowed by the contract, and a determination was made as to the reasonableness and propriety of these costs.

The principal objective of our examination was to ascertain whether or not the Operator had complied with the provisions of the contract administration and supervision by OME as well as the degree of compliance with the laws, policy determinations, and administrative regulations and procedures governing the Geological Survey and its predecessor mineral exploration agencies.

## AUDIT FINDINGS

The following tabulation indicates the work contemplated by the contract, unit costs and amounts for Government participation; number of units of work found by the Field Officer, Region I, Spokane, Washington, to have been completed and accepted as conforming to contract specifications; and settlement made with the Operator.

| Estimated Costs per Amended Contract | | Accepted Costs (April 1962-Sept. 1963) | |
|---|---|---|---|
| Fixed Unit Costs | | Units | Amount |
| **Stage I** | | | |
| Bulldozing | | | |
| D-8 - 1200 hours @ $25/hr. | $30,000 | 740 hours | $18,500.00 |
| TD-18 - 500 hours @ $21.50/hr. | 10,750 | 500 hours | 10,750.00 |
| Assaying | | | |
| 300 determinations for gold @ $3 each | 900 | 107 deter. | 321.00 |
| Totals - Stage I | $41,650 | | $29,571.00 |
| **Stage II** | | | |
| Drifting and crosscutting 2,000 feet @ $61/foot | $122,000 | 842 feet | $51,362.00 |
| Timbering drifts and crosscuts 100 feet @ $12/foot | 1,200 | none | -0- |
| Longhole drilling 2,000 feet @ $1/foot | 2,000 | 241 feet | 241.00 |
| Assaying 300 determinations @ $3/each | 900 | 99 deter. | 297.00 |
| Totals - Stage II | $126,100 | | $51,900.00 |
| Total Costs | $167,750 | | $81,471.00 |
| Government Participation @ 50% | $83,875 | | $40,735.50 |
| Less: Amount withheld from settlement pending receipt of the acceptable final report provided by Article 5(c) of the amended contract | | | 200.00 |
| Net Amount Paid to Operator | | | $40,535.50 |

We find that the settlement made with the Operator to date conforms with the provision of the amended contract and the customary and usual procedures of OME. The payment to the Operator of the amount of $200 withheld will be in order when OME has received an acceptable final report.

Government's Copy

AMENDED EXPLORATION CONTRACT
LITTLE SQUAW MINING COMPANY
OME-6148

AMENDMENT NO. 2

It is agreed this 12th day of February, 1965, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government" and Little Squaw Mining Company, hereinafter referred to as the "Operator", that Amended Exploration Contract No. 2140 (OME-6148), dated effective January 25, 1962, as amended, is further amended effective October 1, 1963, as follows:

1. In Exhibit A, under the heading General Conditions, the fifth paragraph is revised to read as follows:

"All mineralized veins encountered in the drifting and crosscutting shall be sampled normal to their trends, at linear intervals not greater than ten feet. In instances where the mineralization may show 'banding' or 'concentrations' in certain portions of the veins, fractional sampling shall be done. In no event shall an individual sample represent more than five feet of vein width. In addition, a representative bulk sample may be taken of each round broken in mineralized areas."

2. (a) Work under the contract shall be suspended during the period beginning October 1, 1963, and ending not later than July 1, 1965.

(b) No costs incurred by the Operator during the period of suspension shall be allowed for contribution by the Government.

(c) The Government shall not contribute to any cost of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of work.

(d) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the contract work.

3. (a) The time fixed in Article I of the contract for completion of the work is extended from 30 months to 48 months from the date of the contract.

(b) The maximum period for royalty payments and for the lien to secure the payment thereof provided for in the contract is extended from ten (10) to twelve (12) years from the date of the contract.

4. It is the essence of this contract that the work be resumed on or before the termination of the period herein fixed for suspension, and be completed before the termination of the period fixed for completion; and if not so resumed and completed in the manner required by the contract, the following provisions shall thereupon become effective:

(a) The contract and all obligations of the parties thereunder, except as hereinafter otherwise provided, shall be and are hereby terminated as follows:

(i) Effective October 1, 1963, if the work has not been resumed on or before July 1, 1965.

(ii) Effective January 25, 1966, if the work has been resumed but not completed on or before that date.

(b) The Government will contribute only to allowable costs incurred prior to the relevant date set forth in 4(a) above.

(c) The Operator shall promptly perform all winding-up and settlement actions provided for in the contract, including the rendering of the final report and final account.

(d) The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain its interest in the land), shall pay to the Government the royalty provided for in the contract in the same manner and amount, for the same period, and subject to the same provisions as provided for in the contract as amended herein as if a certification of possible production has been made, such certification being hereby waived by the Operator. In addition, all rights of the Government provided for in the contract with respect to a certification of possible production, percentage royalty and liens to secure payment thereof, reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayments are hereby preserved.

(e) The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of the contract, except as provided for in this Amendment No. 2.

This amendment shall not be construed to increase the amount of any item designated as a maximum, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By George Turnich
Acting Director, Office of
Minerals Exploration

Long

App'd. Sol. Off.
Murphy
Selfridge
Johnson

LITTLE SQUAW MINING COMPANY

By Karl W. Jasper

Title President

Government's Copy

Long

App'd. Ex. Sec.

Guisness

Talbot

Selfridge

Johnson

AMENDED EXPLORATION CONTRACT
LITTLE SQUAW MINING COMPANY
OME-6148

AMENDMENT NO. 1

It is agreed this 12th day of May, 1963, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Little Squaw Mining Company, hereinafter referred to as the "Operator," that Amended Exploration Contract No. 2140 (OME-6148), dated effective January 25, 1962, is amended, effective December 1, 1962, as follows:

1. (a) Work under the contract shall be suspended during the period beginning December 1, 1962, and ending not later than June 1, 1963.

(b) No costs incurred by the Operator during the period of suspension shall be allowed for contribution by the Government.

(c) The Government shall not contribute to any cost of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of work.

(d) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

This amendment shall not be construed to increase the amount of any item designated as a maximum, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By George Turnich
Director, Office of Minerals Exploration

LITTLE SQUAW MINING COMPANY

By Karl W. Jaspel

Title President

RECEIVED
MAY 3 1963
U S. G. S.
SPOKANE, WASH.

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APR 16 1963
U S G. S.
SPOKANE, WASH.

MME Form 51
Feb. 1959

Government's Copy

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

**AMENDED**

EXPLORATION CONTRACT
(Short Form)

| Docket No. | Commodity | Contract No. | County | State |
|---|---|---|---|---|
| OME -6148 | Gold | 14-23-090-2140 | Fairbanks Precinct, Alaska | |

It is agreed effective January 25, 1962 (Date), between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and

Little Squaw Mining Company, an Alaska corporation

whose mailing address is 309 Radio Central Building, Spokane 4, Washington, hereinafter called the "Operator," as follows:

ARTICLE I. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before July 1, 1962 (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 30 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $167,750.00 The Government will contribute 50 percent of the total fixed unit costs of the work performed, not in excess of $83,875.00 in accordance with the provisions of Articles 4 and 5.

Amended Contract

(c) Interest computation.--Simple interest computed annually at the rate of 6¼ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

(d) The Operator shall not transfer or assign this contract or any right or obligation thereunder without the written consent of the Government.

ARTICLE 2. Operator's rights in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

Interests of Owners

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the Lien Agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

Three Lien and Subordination Agreements by Chandalar Gold Mines, Inc., and Eskil Anderson

RECEIVED
APR 8 1963
U. S. G. S.
SPOKANE, WASH.

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.--The Government will make its contribution on the basis of he monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, ubject to audit. Until the account between the Operator and the Government is finally audited and settled nd the Operator's final report has been received, the Government may withhold such sums as are necessary o protect its interests. To the extent that amounts in excess of fixed unit costs or in excess of the stimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such amounts for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator.

(b) Monthly reports.--The Operator shall provide the Government with five copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; and

(3) a narrative report of the work performed during the reporting period, including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground.

(Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's royalty relates, such as copies of smelter or concentrator settlement sheets and certified accounts of production and sale or other disposition of production.

(e) Compliance with requirements.--If the Government determines that any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the preparation or completion of same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the Government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the [redacted] 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 (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 6(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 7. Termination of the Government's Obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to pay on account of units of work not then performed; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 11.

ARTICLE 8. Notices to be given by the Government may be delivered to the Operator or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 10. Nondiscrimination.--In connection with the performance of work under this contract, the Operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the Government setting forth the provisions of the nondiscrimination clause.

The Operator further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

ARTICLE 11. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, Office of Minerals Exploration, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, Office of Minerals Exploration, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, Office of Minerals Exploration, a written appeal addressed to the Secretary. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, Office of Minerals Exploration," as used herein includes his duly authorized representative.

ARTICLE 12. Eight-Hour Law of 1912--Overtime compensation.--This contract, to the extent that it is of a character specified in the Eight-Hour Law of 1912, as amended (40 U. S. Code 324—326) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. Code 35—45), is subject to the following provisions and exceptions of said Eight-Hour Law of 1912, as amended, and to all other provisions and exceptions of said Law:

No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Operator or any independent contractor contracting for any part of said work contemplated, shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this clause. The wages of every laborer and mechanic employed by the Operator or any independent contractor engaged in the performance of this contract shall be computed on a basic day rate of eight hours per day; and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this clause a penalty of five dollars shall be imposed for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this clause, and all penalties thus imposed shall be withheld for the use and benefit of the Government.

ARTICLE 13. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 14. Changes and added provisions.--

**Article 10, Nondiscrimination, is changed and is attached hereto as Exhibit B and by reference thereto made a part of this Contract.**

Executed in quintuplicate the day and year first above written.

**LITTLE SQUAW MINING COMPANY**
(Operator)

By Karl W Jasper

Title President

THE UNITED STATES OF AMERICA

By George Turner Jeffrey

**Director, Office of Minerals Exploration**

I, J. C. Priano, certify that I am the asst. secretary of the corporation named as Operator herein; that Karl W Jasper (Name), who signed this contract on behalf of the Operator, was then President (Title) of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

J. C. Priano

CORPORATE SEAL



INT.-DUP. SEC., WASH., D.C. 52375

AMENDED EXPLORATION CONTRACT
LITTLE SQUAW MINING COMPANY
OME-6148

ANNEX I

The land referred to in Article 2 of the contract consists of a total of 21 patented and two unpatented claims, with all rights pertaining thereto, in the Chandalar mining district of the Fairbanks Mining and Recording Precinct of Alaska.

The claims are held under two separate leases, as follows:

Mikado-Star group of claims, owned by Eskil Anderson and held by the Operator under a lease dated April 29, 1959; and consisting of:

| Claim Name | U. S. Patent Number |
|---|---|
| Tobin | 1024558 |
| Little Mikado | 1024558 |
| Mikado | 1024558 |
| Star No. 1 | 1036359 |
| Star No. 2 | 1036359 |
| Star No. 3 | 1036359 |

Wolf, an unpatented claim recorded at Fairbanks, Alaska, in Volume 24 of Locations, page 330.

Little Squaw-Eneveloe group, owned by Chandalar Gold Mines, Inc., a Delaware corporation, leased under a Mining Lease and Option dated March 1, 1948, to Eskil Anderson who, in turn, leased to the Operator under a Mining Lease dated April 29, 1959, and consisting of:

| Claim Name | U. S. Patent Number |
|---|---|
| Bonanza | 1036358 |
| Eneveloe | 1036358 |
| Golden Eagle | 1036358 |
| Venus | 1085904 |
| Jupiter | 1085903 |
| Woodchuck | 1085903 |
| Little Squaw | 1022769 |
| Big Squaw | 1022769 |
| Sine | 1022769 |
| Cosine Fraction | 1022769 |
| Crystal | 1022769 |
| Cosine | 1036360 |
| Crystal No. 2 | 1036361 |
| Cosine No. 1 | 1088433 |
| Cosine No. 2 | 1088433 |

Chandalar, an unpatented mining claim recorded at Fairbanks, Alaska, in Volume 29 of Locations, page 206.

A mortgage dated November 2, 1935, exists against these claims, in favor of Clara Sulzer, and was recorded in the office of the United States Commissioner for the Chandalar Mining District in Volume 1 of Mortgagees, page 29. On April 18, 1947, Clara Sulzer assigned the mortgage to Eskil Anderson.

All claims pertaining to this contract are shown on the attached Figure 1.

AMENDED EXPLORATION CONTRACT
LITTLE SQUAW MINING COMPANY
OME-6148

## EXHIBIT A

The purpose of the project is to explore for gold ores along the strike of the Little Squaw and Mikado vein zones by bulldozer trenching and by crosscutting and drifting with attendant longhole drilling. The work under the project is divided into two stages. Stage I work shall be done as outlined herein and as much of Stage II work shall be done as is given approval by the Government. On either vein zone, Stage II work may be instituted before the full completion of Stage I, if deemed warranted.

### General Conditions

The trench intervals shall not be closer than 100 feet.

Crosscuts and drifts shall be of a minimum size of five by seven feet in the clear of timber and shall be timbered as necessary. Such timbering shall consist of standard drift sets, with a timber dimension of not less than 8" by 8" or equivalent round timber. The Government will contribute to the cost of not to exceed 100 feet of such timbering.

Mine rails shall be ~~not~~ less than 20-lb. size, compressed air lines ~~not~~ less than 3-inch size, water lines ~~not~~ less than 2-inch size, and ventilation line ~~not~~ less than 12-inch size.

?

see 8 Apr 63 memo from Solbridge

The veins exposed in the dozer trenches shall be sampled normal to their trends, using fractional sampling in instances where the mineralization shows "banding" or concentrations in certain portions of the veins. In no event shall an individual sample represent a vein width of greater than five feet.

All mineralized veins encountered in the drifting and crosscutting shall be sampled normal to their trends, at linear intervals not greater than ten feet. In instances where the mineralization may show "banding" or concentrations in certain portions of the veins, fractional sampling will be done. In no event shall an individual sample represent more than five feet of vein width.

All samples, from whatever source, shall be reduced by splitting, as necessary, and assayed for gold. One fraction of the sample shall be stored in a proper container, marked as to location and made available to the Government. The Operator may dispose of such stored samples after Government approval.

The Government will contribute to the assay costs only to the extent of 300 assay determinations under Stage I and 300 determinations under Stage II.

The work shall be supervised by an experienced engineer or geologist who shall devote his full time to the project work, or to work closely related thereto. The Operator shall also provide such other technical services and labor as are required to complete the project work in a satisfactory manner.

## Description of the Work

### Stage I

A series of trenches shall be bulldozed, at locations approved by the Government, along the Little Squaw and Mikado vein zones, to determine whether such veins are gold bearing to a significant degree, in addition to the gold ore shoots presently known to exist.

The trenches shall be excavated approximately normal to the vein strike. The bulldozers used shall be of D-8 size (or equivalent size of other make) and TD-18 size (or equivalent). Such trenching work shall not exceed the following:

1,200 hours with D-8 or equivalent

500 hours with TD-18 or equivalent

All trenching done and the assay results of all trench sampling shall be adequately shown on maps or sketches to accompany the monthly reports made to the Government.

Stage II

Not to exceed a total of 2,000 feet of crosscutting and drifting may be done, with locations and directions approved by the Government, to explore vein areas believed favorable.

Longhole drilling shall be done from the walls of the drifts to insure the testing of the full widths of the vein zones. Such longhole drilling shall not be done at closer than 50-foot centers. All cuttings of significantly mineralized vein material encountered in such drilling shall be sampled, with no sample representing a hole length of greater than five feet. The Government will contribute to the cost of not to exceed a total of 2,000 feet of such longhole drilling.

Advances of crosscuts and drifts, plus the longhole drilling, together with the assay results of all sampling, shall be adequately shown on maps or sketches submitted with the monthly reports to the Government.

## Estimated Costs of the Project

Stage I

Fixed Unit Costs

| | | |
|---|---|---|
| Bulldozing | | |
| D-8 - 1,200 hours @ $25.00/hr. | $30,000.00 | |
| TD-18 - 500 hours @ $21.50/hr. | 10,750.00 | |
| Assaying | | |
| 300 determinations for gold, including cost of sacks and air transport, @ $3.00 each | 900.00 | |
| Total Cost Stage I | | $41,650.00 |

## Stage II

### Fixed Unit Costs

| | | |
|---|---|---|
| Drifting and crosscutting, 2,000 feet at $61.00/ft. | $122,000.00 | |
| Timbering of drifts and crosscuts, 100 feet @ $12.00/ft. | 1,200.00 | |
| Longhole drilling, 2,000 feet at $1.00/ft. | 2,000.00 | |
| Assaying 300 determinations for gold, including costs of sacks and air transport, @ $3.00 each | 900.00 | |
| Total Cost Stage II | | $126,100.00 |
| Total Estimated Cost of Project, Stage I and II | | $167,750.00 |
| Government Participation at 50% | | $ 83,875.00 |

EXHIBIT B

NONDISCRIMINATION IN EMPLOYMENT

(Section 301, Executive Order 10925, March 6, 1961, 26 FR 1977)

"In connection with the performance of work under this contract, the contractor agrees as follows:

"(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

"(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

"(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the said labor union or workers' representative of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

"(4) The contractor will comply with all provisions of Executive Order No. 10925 of March 6, 1961, and of the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity created thereby.

"(5) The contractor will furnish all information and reports required by Executive Order No. 10925 of March 6, 1961, and by the rules, regulations, and orders of the said Committee, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Committee for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

"(6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled in whole or in part and the contractor may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order No. 10925 of March 6, 1961, and such other sanctions may be imposed and remedies invoked as provided in the said Executive order or by rule, regulation, or order of the President's Committee on Equal Employment Opportunity, or as otherwise provided by law.

"(7) The contractor will include the provisions of the foregoing paragraphs (1) through (6) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the President's Committee on Equal Employment Opportunity issued pursuant to section 303 of Executive Order No. 10925 of March 6, 1961, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: *Provided, however,* That in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States."

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

## INTERIM REPORT OF REVIEW

I have reviewed the Monthly Report of:

Little Squaw Mining Company
309 Radio Central Building
Spokane 4, Washington

pertaining to Exploration Contract 14-23-090-2140, OME No. 6148, for April to September 1962 covering work from July 31 through August 31, 1962, on a gold project at the Mikado, et al., Claims in the Chandalar Mining District, Fairbanks Precinct, Alaska.

My review included an examination of the Monthly Report (MME Form 60) and supporting documents, comparison of the claimed costs with the contract and pertinent schedules, confirmation of work performed by reference to Field Office reports and correspondence, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the reasons given in the attached schedule.

The findings of this review are stated in the following summary and the attached schedule and exhibit:

| | | |
|---|---|---|
| Total cost billed by Operator | | $20,268.15 |
| Exceptions: | | |
| Prior to this review | $ -0- | |
| Herewith | 1,359.67 | 1,359.67 |
| Acceptable cost | | $18,908.48 |

The contract calls for a 50 percent contribution of the allowable costs by the Government. Therefore, if the project is otherwise accepted as having met the terms of the contract, payments as follows are valid and proper:

| | |
|---|---|
| Payable on audited claim | $ 9,454.24 |
| Paid to date | -0- |
| Balance due Operator | $ 9,454.24 |

E. D. Talbert

E. D. Talbert, OME Auditor

November 30, 1962

Reasons for Report of Review in lieu of a final audit:

(a) a major portion of the acceptable costs are supported by adequate documentary evidence of the incurrence thereof;
(b) the administrative cost to the Government of an audit at this time would be excessive in relation to the estimated amount of possible further exceptions; and
(c) the findings of this review are subject to revision by future audit of the Operator's records, if deemed in the Government's interest.

Exceptions by this review:

Category (2) Supervision & Technical Services -
The Operator claimed $38.70, the average daily salary for July, for work on July 31, whereas, on the basis of only one of the three dozers being used on contract work, only $12.90 for one-third of a day is proper; difference disallowed ..... $ 25.80

Category (2) Labor -
The Operator claimed $164.13, erroneously computed as the average daily wage for four employees, for work on July 31, whereas only $56.83 for one-third of a day at the average rate of $170.48 is proper; difference disallowed ... 107.32

Category (3) Caterpillar Parts -
The claimed amount does not include an item of $14.40 for D-8 materials in the listing of stores withdrawals; additional allowance ..... -14.40

Category (3) Assaying -
The amount claimed, erroneously under this title rather than the proper title of Category (7), consists of $3.62 for typewriter ribbons, $6.20 for engineering supplies, and $72.67 for air freight of 51 packages of samples, all listed inexplicably as stores withdrawals, but undocumented by invoices, statements, or explanation; total suspended ..... 82.49

Category (7) Payroll Taxes -
The Operator computed the claimed $704.43 on the basis of 6[illegible]% for F.I.C.A. and 2.9% for Unemployment on the total claimed payroll of $7,698.93, whereas (1) the correct F. I. C. A. rate is 3 1/8%, (2) most of the acceptable wages were beyond the

taxable limits, and (3) the computation on the taxable portion of the acceptable wages for the period of contract work amounts to only $112.17; difference disallowed ..... $ 392.28

Category (7) Workmen's Compensation Insurance -
The claimed amount of $353.63 is computed as 3.3% of $10,139.35 and 1.83% of $1,039.58, whereas the acceptable share of the premium cost, based on acceptable wages and salaries, is 3.3% of $6,358.23 and 1.83% of $1,017.73 plus an 8% assigned risk surcharge, or $246.72; difference disallowed ..... 106.91

Category (7) Air & Jeep Transportation -
The Operator's claim for the contractual maximum of $1,500.00 is supported by a certified listing totalling $1,636.52, but only $891.48 is documented by invoices, sales tickets, or statements; difference disallowed ..... 608.52

Category (7) Board -
The Operator's claim includes an overcharge of $170.00 due to a transposition of the cook's wages, a charge of $32.78 for cook's wages on July 31 instead of the acceptable $10.93 for a one-third day, and a credit of $18.00 for payments by employees for July 31 instead of $6.00 for one-third; net difference disallowed ..... 279.85

Sub-total $1,788.77

Less: Excess over contractual maximum deducted by Operator 429.10

Net total $1,359.67

Acceptable costs:

See Exhibit A attached.

Note: For the purposes of this review, the Operator's claimed costs have been accepted for:

(1) Gasoline, lubricants, caterpillar parts, and cookhouse supplies on the basis of a listing of "Supplies Withdrawn From Stores and Used on Exploration Project OMM-6148, Period of August 1962", per se,

without documentation by invoices, statements, or sales tickets. This listing purports to show item costs including 12 cents a pound for freight, is certified by the Operator's president as being "priced at the actual delivered cost at the mine", and is further certified by the Operator's superintendent as being "used on the OMK Exploration Project";

(2) Diesel fuel on the basis of a consumption statement certified by the Operator's president as showing "the true and exact amounts used and priced per invoices rendered to us"; and

(3) Depreciation of dozers on the basis of a statement certified by the Operator's president to reflect "the actual hours the bulldozers were engaged in trenching operations".

Also, this review has accepted the Operator's distribution to the work items of D-8 trenching and TD-18 trenching by:

(1) Direct allocation for costs of diesel fuel, caterpillar parts, shop supplies, and depreciation; and

(2) A two-thirds and one-third apportionment, on the basis of 590 and 290 hours of contract work, respectively, for costs of supervision, labor, gasoline, lubricants, payroll taxes and insurance, air and jeep transportation, board, and accounting.

14-23-099-2140 | Little Sequoy Mining Company | OMB-6148 | Exhibit A

## Summary of Audit Findings

| Cat. | Item | Claimed by Operator Total | Claimed by Operator P-8 | Claimed by Operator YB-18 | Claimed by Operator Assaying | Audit Exceptions | Acceptable Costs Total | Acceptable Costs P-8 | Acceptable Costs YB-18 |
|---|---|---|---|---|---|---|---|---|---|
| (2) | Supvn. & Tech. | $ 1,238.70 | $ 825.80 | $ 412.90 | $ - | $ 25.80 | $ 1,212.90 | $ 808.60 | $ 404.30 |
| | Labor | 5,252.65 | 3,501.77 | 1,750.88 | - | 107.32 | 5,145.33 | 3,430.22 | 1,715.11 |
| (3) | Gas, Diesel, & Lub. | 8,699.63 | 7,048.77 | 1,650.86 | - | - | 8,699.63 | 7,048.77 | 1,650.86 |
| | Caterpillar Parts | 187.60 | 187.60 | - | - | -14.40 | 182.00 | 182.00 | - |
| | Shop Supplies | 72.90 | 72.90 | - | - | - | 72.90 | 72.90 | - |
| | Assaying | 82.49 | - | - | 82.49 | 82.49 | - | - | - |
| (4) | Dozer Depreciation | 1,070.20 | 820.20 | 250.00 | - | - | 1,070.20 | 820.20 | 250.00 |
| (7) | Payroll Taxes | 704.45 | 469.63 | 234.82 | - | 592.28 | 112.17 | 74.78 | 37.39 |
| | Workman's Comp. Inc. | 353.63 | 235.76 | 117.87 | - | 106.91 | 246.72 | 164.48 | 82.24 |
| | Air & Jeep Transp. | 1,500.00 | 1,000.00 | 500.00 | - | 608.52 | 891.48 | 594.32 | 297.16 |
| | Board | 1,387.80 | 924.67 | 462.33 | - | 279.85 | 1,107.15 | 738.10 | 369.05 |
| | Accounting | 168.00 | 112.00 | 56.00 | - | - | 168.00 | 112.00 | 56.00 |
| | Totals | $20,697.25 | $15,179.10 | $5,435.66 | $82.49 | $1,788.77 | $18,908.48 | $14,046.37 | $4,862.11 |
| | Excess Over Maximum | 429.10 | 429.10 | - | - | 429.10 | - | - | - |
| | Net Totals | $20,268.15 | $14,750.00 | $5,435.66 | $82.49 | $1,359.67 | $18,908.48 | $14,046.37 | $4,862.11 |
| | Work Units Completed | | 590 hrs. | 290 hrs. | | | | 590 hrs. | 290 hrs. |
| | Cost per Unit | | $ 25.00 | $ 18.74 | | | | $ 23.81 | $ 16.77 |

Government's Copy

EXPLORATION CONTRACT
LITTLE SQUAW MINING COMPANY
OME-6148

AMENDMENT NO. 1

It is agreed this 26th day of November, 1962, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Little Squaw Mining Company, hereinafter referred to as the "Operator," that Contract No. 2140 (OME-6148), dated January 25, 1962, is amended, effective January 25, 1962, as follows:

1. Under Exhibit A of the contract, the first paragraph is deleted and the following is substituted:

"The purpose of the project is to explore for gold ores along the strike of the Little Squaw and Mikado vein zones by bulldozer trenching and by crosscutting and drifting with attendant longhole drilling. The work under the project is divided into two stages. Stage I work shall be completed as outlined herein and as much of Stage II work as is given approval by the Government. Such Stage II work shall be contingent upon favorable results having been obtained under Stage I. However, on either vein zone, Stage II work may be instituted before the full completion of Stage I, if deemed warranted."

2. In Exhibit A of the contract, under the heading of "General Conditions," the first paragraph is deleted.

3. The last paragraph at the bottom of page one of Exhibit A is deleted and the following substituted:

"The work shall be supervised by an experienced engineer or geologist who shall devote his full time to the project work or to work closely related thereto. The Operator shall also provide such other technical services and labor as are required to complete the project work in a satisfactory manner."

4. On page two of Exhibit A, under sub-heading "Stage I" the first paragraph is deleted and the following substituted:

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U. S. G. S.
SPOKANE, WASH.

"A series of trenches shall be bulldozed, at locations approved by the Government, along the Little Squaw and Mikado vein zones, to determine whether such veins are gold bearing to a significant degree, in addition to the gold ore shoots presently known to exist."

5. On page two of Exhibit A, under the sub-heading "Stage I," the last paragraph is deleted and the following substituted:

"Upon conclusion of all Stage I work, a map or maps shall be provided to the Government showing the location of all trenches and all sampling results."

6. On page two of Exhibit A, under the sub-heading "Stage II," the first paragraph is deleted and the following substituted:

"Not to exceed a total of 2000 feet of crosscutting and drifting may be done, with locations and directions approved by the Government, to explore vein areas believed favorable as a result of Stage I work."

7. The provisions of Article 16 of the Contract are deleted and the following is substituted in lieu thereof as Article 12:

"Article 12. Nondiscrimination. The provisions governing performance of work under Government contracts, as set out in Section 301 of the Executive Order 10925, dated March 6, 1961 (a copy of which is attached hereto as Exhibit B and by reference hereby incorporated and made a part of this contract), shall be applicable to this contract.

"In compliance with the Rules and Regulations (41 CFR, Section 60-1.3(a)) issued under Executive Order 10925 of March 6, 1961, the Operator is hereby bound and agrees to include in each subcontract which it shall make with a subcontractor or supplier paragraphs (1) through (7) of Section 301 of said Executive Order, unless exempted pursuant to the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity.

"The Operator shall require each of its subcontractors (first tier) to include in every subcontract with each of its subcontractors (second tier) the following clause: The (here identify the second-tier subcontractor by name) shall incorporate by reference in each subcontract or purchase order with a subcontractor or supplier paragraphs (1) through (6) of Section 301 of Executive Order 10925 of March 6, 1961, unless exempted pursuant to the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity.

McSullivan
Arth. Col. 93
Maynard
Talbot
Selfridge
Johnson

This amendment shall not be construed to increase the amount of any item designated as maximum, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By George Turnich
Director, Office of Minerals Exploration

LITTLE SQUAW MINING COMPANY

By Karl Jasper

Title President

Cac

Government's copy

MME Form 50
Feb. 1959

RECEIVED
JAN 29 1962
U.S.G.S.
SPOKANE, WASH.

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

EXPLORATION CONTRACT
(Long Form)

FEB 7 1962
OME

| Docket No. | Commodity | Contract No. | County | State |
|---|---|---|---|---|
| OME-6148 | Gold | 14-23-090-2140 | Fairbanks Precinct, | Alaska |

It is agreed JAN 25 1962 (Date), between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and

Little Squaw Mining Company, an Alaska corporation

whose mailing address is 309 Radio Central Building, Spokane 4, Washington, hereinafter called the "Operator," as follows:

ARTICLE 1. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before July 1 1962 (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 30 months from the date of the contract or shall have incurred allowable costs (see Article 6) in a sum not less than the total cost set forth in Exhibit A.

(b) The total allowable cost of the work set forth in Exhibit A is $167,750.00. The Government will contribute 50 percent of the allowable costs as they are incurred, in a total sum not in excess of $83,875.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(c) Interest computation.--Simple interest computed annually at the rate of 6 ¼ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

(d) The Operator shall not transfer or assign this contract or any right or obligation thereunder without the written consent of the Government.

ARTICLE 2. Operator's rights in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

Interests of Owners

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the lien agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

Three Lien and Subordination Agreements by Chandalar Gold Mines, Inc., and Eskil Anderson

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 7 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Independent contracts.--To the extent that the allowable costs are estimated in Exhibit A with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed (see Article 6(a), Category (1)). Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract, the Government will participate in payments to the independent contractor only as to work performed in accordance with the provisions of this exploration contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.--(a) The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) Monthly reports.--The Operator shall provide the Government with five copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; and

(3) a narrative report of the work performed during the reporting period, including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground.

(Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the related costs.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's royalty relates, such as copies of smelter or concentrator settlement sheets and certified accounts of production and sale or other disposition of production.

(e) Compliance with requirements.--If the Government determines that any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the preparation or completion of the same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Costs.--(a) Allowable costs.--The allowable costs of the work to which the Government will contribute are limited to:

(1) the necessary, reasonable, and direct actual costs that are estimated in Exhibit A by categories as specified in this article; and

(2) fixed costs for units of work to be performed (per foot, per hour, etc.) agreed upon in lieu of actual costs and set forth in Exhibit A.

The Government will not contribute to costs under any category or subcategory omitted from the estimate of costs in Exhibit A. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost; any excess over a fixed unit cost; and any excess over the total allowable cost of the work are not allowable. The Operator shall incur such excesses for his own account without contribution by the Government, but the Operator is not obligated to incur more than his agreed percentage of the total allowable cost of the work.

Any category or subcategory or element thereof not designated as a maximum in this article or in Exhibit A may be exceeded, provided that the total allowable cost of the work, which is a maximum, is not exceeded.

CATEGORY (1)--INDEPENDENT CONTRACTS.--(See Article 3(b)). The total of this category and the average unit cost estimated for each type of work to be performed under an independent contract are maximums.

CATEGORY (2)--PERSONAL SERVICES.

Subcategory (a)--Supervision and Technical Services--All elements of this subcategory (number of supervisors, technicians, outside consultants, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)--Labor.

CATEGORY (3)--OPERATING MATERIALS AND SUPPLIES.--Includes such items as drill bits and steel, explosives, fuel, pipe, power, timber, rail, and small tools costing less than $50 each.

CATEGORY (4)--OPERATING EQUIPMENT.

Subcategory (a)--Rental.--The number of each rented item [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)--Purchases.--The total of this subcategory is a maximum.

Subcategory (c)--Depreciation.--All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)--INITIAL REHABILITATION AND REPAIRS.--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

Subcategory (a)--Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).--The total of this subcategory is a maximum.

Subcategory (b)--Initial rehabilitation and repairs of operating equipment.--The total of this subcategory is a maximum.

CATEGORY (6)--NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

CATEGORY (7)--MISCELLANEOUS.--Includes requirements and costs that do not fall within any of the first six categories, such as repairs other than initial and maintenance of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, and communications.

(b) Nonallowable costs.--The Government will not contribute to the following costs:

(1) Costs of the land, such as rental, depreciation, depletion, or other costs of acquiring, owning, or holding possession;

(2) Indirect costs, such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) Previous work performed or costs incurred before the date of this contract; and

(4) Deferred payments.--Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods, unless the purchase agreement is approved by the Government in writing.

(c) Reductions in costs.--The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original total cost. This provision does not apply to receipts from production which are subject to the Government's royalty under the provisions of Article 7.

ARTICLE 7. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the Government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract, or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the [redacted] 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 (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 7(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 8. Interests in purchased property.--(a) Title and ownership.--All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions although title thereto shall be taken in the name of the Operator.

(b) Preservation of property.--Until the final disposal of any property in which the Government has an interest, the Operator shall preserve and protect same for the best interest of the Government, and any reasonable and necessary cost thereof will be treated as an allowable cost of the exploration. After the completion of the work, termination of the Government's obligation to contribute, or when such property is not being used for the work, the Operator shall not use it elsewhere without the written consent of the Government and without paying a reasonable rental to be fixed by the Government for its proportionate interest.

(c) Disposal of property.--Upon the completion of the work, termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, sale to others, purchase by the Operator, or sale or transfer to the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government, the Operator shall not sell at any price any item of property that cost more than $500, and shall not sell at less than 25 percent of the purchase price any item of property that cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or offers. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, explosives, pipe, or rail), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item, the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the exploration.

(d) Default of the Operator re disposal.--If within 90 days after the completion of the work, termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may:

(1) in writing extend the time within which the Operator must dispose of or liquidate the property;

(2) by written notice to the Operator, place upon such property what it determines to be a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; and

(3) enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 9. Termination of the Government's obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 9 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 13.

ARTICLE 10. Notices to be given by the Government may be delivered to the Operator, or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 11. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

See Article 16

~~ARTICLE 12. Nondiscrimination.--In connection with the performance of work under this contract, the Operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the Government setting forth the provisions of the nondiscrimination clause.~~

~~The Operator further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.~~

ARTICLE 13. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, Office of Minerals Exploration, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, Office of Minerals Exploration, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, Office of Minerals Exploration, a written appeal addressed to the Secretary. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, Office of Minerals Exploration," as used herein includes his duly authorized representative.

ARTICLE 14. Eight-Hour Law of 1912--Overtime compensation.--This contract, to the extent that it is of a character specified in the Eight-Hour Law of 1912, as amended (40 U. S. Code 324—326) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. Code 35—45), is subject to the following provisions and exceptions of said Eight-Hour Law of 1912, as amended, and to all other provisions and exceptions of said Law:

No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Operator or any independent contractor contracting for any part of said work contemplated, shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this clause. The wages of every laborer and mechanic employed by the Operator or any independent contractor engaged in the performance of this contract shall be computed on a basic day rate of eight hours per day; and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this clause a penalty of five dollars shall be imposed for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this clause, and all penalties thus imposed shall be withheld for the use and benefit of the Government.

ARTICLE 15. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 16. Changes and added provisions.--

**The provisions of Section 301 of Executive Order No. 10925 of March 6, 1961, required to be included in every Government contract are by reference hereby and herein incorporated and made part of this contract. A copy of said Executive Order is attached to this contract as Exhibit B.**

Executed in quintuplicate the day and year first above written.

**LITTLE SQUAW MINING COMPANY**
(Operator)

By Karl W. Jasper

Title President

THE UNITED STATES OF AMERICA

By George Turnick C. Johnson
**Director, Office of Minerals Exploration**

Solly Brown
App'd. Sol. Off.
Leffingwell

I, E. K. Barnes (Name), certify that I am the secretary of the corporation named as Operator herein; that Karl W. Jasper (Name), who signed this contract on behalf of the Operator, was then President (Title) of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

E. K. Barnes

[CORPORATE SEAL]



INT.-DUP. SEC., WASH., D.C. 52370

EXPLORATION CONTRACT
LITTLE SQUAW MINING COMPANY
OME-6148

ANNEX I

The land referred to in Article 2 of the contract consists of a total of 21 patented and two unpatented claims, with all rights pertaining thereto, in the Chandalar mining district of the Fairbanks Mining and Recording Precinct of Alaska.

The claims are held under two separate leases, as follows:

Mikado-Star group of claims, owned by Eskil Anderson and held by the Operator under a lease dated April 29, 1959; and consisting of:

| Claim Name | U.S. Patent Number |
|---|---|
| Tobin | 1024558 |
| Little Mikado | 1024558 |
| Mikado | 1024558 |
| Star No. 1 | 1036359 |
| Star No. 2 | 1036359 |
| Star No. 3 | 1036359 |

Wolf, an unpatented claim recorded at Fairbanks, Alaska, in Volume 24 of Locations, page 330.

Little Squaw-Eneveloe group, owned by Chandalar Gold Mines, Inc., a Delaware corporation, leased under a Mining Lease and Option dated March 1, 1948, to Eskil Anderson who, in turn, leased to the Operator under a Mining Lease dated April 29, 1959, and consisting of:

| Claim Name | U.S. Patent Number |
|---|---|
| Bonanza | 1036358 |
| Eneveloe | 1036358 |

| Claim Name | U.S. Patent Number |
|---|---|
| Golden Eagle | 1036358 |
| Venus | 1085904 |
| Jupiter | 1085903 |
| Woodchuck | 1085903 |
| Little Squaw | 1022769 |
| Big Squaw | 1022769 |
| Sine | 1022769 |
| Cosine Fraction | 1022769 |
| Crystal | 1022769 |
| Cosine | 1036360 |
| Crystal No. 2 | 1036361 |
| Cosine No. 1 | 1088433 |
| Cosine No. 2 | 1088433 |

Chandalar, an unpatented mining claim recorded at Fairbanks, Alaska, in Volume 29 of Locations, page 206.

A mortgage dated November 2, 1935, exists against these claims, in favor of Clara Sulzer, and was recorded in the office of the United States Commissioner for the Chandalar Mining District in Volume 1 of Mortgages, page 29. On April 18, 1947, Clara Sulzer assigned the mortgage to Eskil Anderson.

All claims pertaining to this contract are shown on the attached Figure 1.

Item 2c-3

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

| FOR GOVERNMENT USE ONLY |
|---|
| Operator<br>Little Squaw Mining Company |
| Docket No.<br>OME – 6148 |
| Contract No.<br>14-23-090– 2140 |
| Contract Date JAN 25 1962 |

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the ~~County of~~ Fairbanks Mining and Recording Precinct, State of Alaska;

described ~~as follows:~~[2] in a lease dated March 1, 1948, and recorded in Vol. 8 of Leases, Page 321, official records of said precinct.

hereinafter called the "land", is the subject of a proposed exploration contract, hereinafter called the "Contract", between the United States of America, hereinafter called the "Government" and

Little Squaw Mining Company[3]

hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

1. (a) Being the owner of an interest in the land, hereby grants to the Government a lien upon all of his right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of the royalty on production provided for by the Contract, and agrees if the Operator's interest should be surrendered or terminated at any time prior to the expiration of the rights of the United States under said Contract to pay royalty to the Government according to the terms of said Contract; or

(b) Being the holder of a claim, lien, or encumbrance against the land, hereby subordinates his claim, lien, or encumbrance in or against the land and in any production therefrom to the rights of the Government under the Contract with respect to royalty on production and liens to secure same.[4]

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

3. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none". Do not leave blank.)

See Item 2c-2 and 2 a-4, former is Subordination of Mortgage, latter is copy of "Assignment of Mortgage and Bond" to Eskil Anderson. Present status of Mortgage described in Paragraphs Six and Fourteen of Item 2 a-3, Chandalar Gold Mines, Inc. lease to Eskil Anderson. Copy of original ~~mortgage attached.~~

1/ Production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease /or contract, deed, or other document/ dated _____, and recorded in Book _____, Page ____, official records of said county". If (b) is used, the book and page of recordation must be inserted above. If the space provided is insufficient, use an Annex and refer to the Annex in the space.

3/ Insert name exactly as it appears in the Application MME Form 40.

4/ Subparagraph 1(a) does not apply to the holder of a claim, lien, or encumbrance.

4. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land or any production therefrom, furnishing the Government with two true copies of such notice; and

5. Consents to all amendments (including an agreement of termination) and assignments of the Contract without notice thereof, and undertakes and agrees that this agreement shall extend and apply thereto.

6. Added provisions None (State "None" or "See Annex No._____".)

Dated this 26th day of April, 19 61.

CHANDALAR GOLD MINES, INC.
Eskil Anderson (Seal)
Eskil Anderson, President

309 Radio Central Bldg. (Street)
(City &)
Spokane, 4, Washington (State)

(Street)
(City &)
(Seal) (State)

(Street)
(City &)
(Seal) (State)

(Street)
(City &)
(Seal) (State)

(Street)
(City &)
(Seal) (State)

(Street)
(City &)
(Seal) (State)

I, Karl W. Jasper (Name), certify that I am the Vice-President (Title—Secretary, etc.) of the corporation named herein; that Eskil Anderson (Name), who signed this agreement was then President (Title—Pres., Vice-Pres., etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

Karl Jasper
(Corporate Seal)

Item 2c-2 Little Squaw [redacted]neveloe

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

| FOR GOVERNMENT USE ONLY |
|---|
| Operator Little Squaw Mining Company |
| Docket No. OME - 6148 |
| Contract No. 14-23-090- 2140 |
| Contract Date JAN 25 1962 |

LIEN AND SUBORDINATION AGREEMENTS 1/

To the United States of America:

That certain land in the ~~County of~~ Fairbanks Mining and Recording Precinct, State of Alaska;

described ~~as follows:~~ 2/ in a lease dated April 29, 1959, and recorded in Vol. 15 of ~~Book~~, Pages 254-263, official records of said precinct. (Lease mailed 4/26/61 for recording. Book and Page to be entered upon receipt); and in a mortgage dated April 18, 1947, and recorded in Vol. 15 of Real Mortgages, Page 600, official records of said precinct.

hereinafter called the "land", is the subject of a proposed exploration contract, hereinafter called the "Contract", between the United States of America, hereinafter called the "Government" and

Little Squaw Mining Company 3/

hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

1. (a) Being the owner of an interest in the land, hereby grants to the Government a lien upon all of his right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of the royalty on production provided for by the Contract, and agrees if the Operator's interest should be surrendered or terminated at any time prior to the expiration of the rights of the United States under said Contract to pay royalty to the Government according to the terms of said Contract; or

(b) Being the holder of a claim, lien, or encumbrance against the land, hereby subordinates his claim, lien, or encumbrance in or against the land and in any production therefrom to the rights of the Government under the Contract with respect to royalty on production and liens to secure same. 4/

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

3. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none". Do not leave blank.)

See Item 2c-3

1/ Production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease /or contract, deed, or other document/ dated _____, and recorded in Book _____, Page ____, official records of said county". If (b) is used, the book and page of recordation must be inserted above. If the space provided is insufficient, use an Annex and refer to the Annex in the space.

3/ Insert name exactly as it appears in the Application MME Form 40.

4/ Subparagraph 1(a) does not apply to the holder of a claim, lien, or encumbrance.

4. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land or any production therefrom, furnishing the Government with two true copies of such notice; and

5. Consents to all amendments (including an agreement of termination) and assignments of the Contract without notice thereof, and undertakes and agrees that this agreement shall extend and apply thereto.

6. Added provisions None (State "None" or "See Annex No.____".)

Dated this 26th day of April, 19 61.

| | | | |
|---|---|---|---|
| Eskil Anderson | (Seal) | 1204 W. 18th Avenue | (Street) |
| | | Spokane 41, Washington | (City & State) |
| ESKIL ANDERSON | | | |
| | (Seal) | | (Street) |
| | | | (City & State) |
| | (Seal) | | (Street) |
| | | | (City & State) |
| | (Seal) | | (Street) |
| | | | (City & State) |
| | (Seal) | | (Street) |
| | | | (City & State) |
| | (Seal) | | (Street) |
| | | | (City & State) |

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

_____
(Corporate Seal)

INT.-DUP. SEC., WASH., D.C. 48694

Item 2c-1 Mikado-Star Groups

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

| FOR GOVERNMENT USE ONLY |
|---|
| Operator Little Squaw Mining Company |
| Docket No. OME -6148 |
| Contract No. 14-23-090- 2140 |
| Contract Date JAN 25 1962 |

LIEN AND SUBORDINATION AGREEMENTS 1/

To the United States of America:

That certain land in the ~~xxxxxxx~~ Fairbanks Mining and Recording Precinct, State of Alaska; described as follows: 2/ in a lease dated April 29, 1959, and recorded in Vol. 15 of ~~xxxxxx~~, Pages 245-253, official records of said precinct. (Lease mailed 4/26/61 for recording. Book and page to be entered upon receipt of notice of recording.)

hereinafter called the "land", is the subject of a proposed exploration contract, hereinafter called the "Contract", between the United States of America, hereinafter called the "Government" and

Little Squaw Mining Company 3/

hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

1. (a) Being the owner of an interest in the land, hereby grants to the Government a lien upon all of his right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of the royalty on production provided for by the Contract, and agrees if the Operator's interest should be surrendered or terminated at any time prior to the expiration of the rights of the United States under said Contract to pay royalty to the Government according to the terms of said Contract; or

(b) Being the holder of a claim, lien, or encumbrance against the land, hereby subordinates his claim, lien, or encumbrance in or against the land and in any production therefrom to the rights of the Government under the Contract with respect to royalty on production and liens to secure same. 4/

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

3. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none". Do not leave blank.)

None

1/ Production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease /or contract, deed, or other document/ dated _____, and recorded in Book _____, Page ___, official records of said county". If (b) is used, the book and page of recordation must be inserted above. If the space provided is insufficient, use an Annex and refer to the Annex in the space.

3/ Insert name exactly as it appears in the Application MME Form 40.

4/ Subparagraph 1(a) does not apply to the holder of a claim, lien, or encumbrance.

4. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land or any production therefrom, furnishing the Government with two true copies of such notice; and

5. Consents to all amendments (including an agreement of termination) and assignments of the Contract without notice thereof, and undertakes and agrees that this agreement shall extend and apply thereto.

6. Added provisions ____ None ____ (State "None" or "See Annex No.____".)

Dated this 26th day of April, 19 61.

| | | |
|---|---|---|
| Eskil Anderson (Seal) | 1204 W. 18th Avenue | (Street) |
| ESKIL ANDERSON | Spokane 41, Washington | (City & State) |
| | | (Street) |
| (Seal) | | (City & State) |
| | | (Street) |
| (Seal) | | (City & State) |
| | | (Street) |
| (Seal) | | (City & State) |
| | | (Street) |
| (Seal) | | (City & State) |
| | | (Street) |
| (Seal) | | (City & State) |

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

_____ (Corporate Seal)

INT.-DUP. SEC., WASH., D.C. 48694

EXPLORATION CONTRACT
LITTLE SQUAW MINING COMPANY
OME-6148

## EXHIBIT A

The purpose of the project is to explore for gold ores along the strike of the Little Squaw and Mikado vein zones by bulldozer trenching and by crosscutting and drifting. The work under the project is divided into two stages. Stage I work shall be completed as outlined herein and as much of Stage II work shall be done as is given advance approval by the Government. Such Stage II work shall be contingent upon favorable results having been obtained under Stage I.

### General Conditions

The Government will not contribute to the cost of any work done closer than 100 feet to the property boundary.

The trench intervals shall not be closer than 100 feet.

Crosscuts and drifts shall be of a maximum size of five by seven feet in the clear of timber and shall be timbered as necessary. Such timbering shall consist of standard drift sets, with a timber dimension of not less than 8" by 8" or equivalent round timber, if available. The Government will contribute to the cost of not to exceed 100 feet of such timbering.

Mine rails shall be not in excess of 20-lb. size, compressed air lines not in excess of 3-inch size, water lines not in excess of 2-inch size, and ventilation lines not in excess of 12-inch size.

All samples, from whatever source, shall be reduced by splitting, as necessary, and assayed for gold. One fraction of the sample shall be stored in a proper container, marked as to location, and made available to the Government. The Operator may dispose of such stored samples after Government approval.

The Government will contribute to the assay costs only to the extent of 300 assay determinations under Stage I and 300 determinations under Stage II.

The work shall be supervised by an experienced engineer or geologist who shall devote his full time to the project work. The Operator shall also provide such other technical services and labor as are required to complete the project work in a satisfactory manner.

## Description of the Work

### Stage I

A series of trenches shall be bulldozed, at locations given prior approval by the Government, along the Little Squaw and Mikado vein zones, to determine whether such veins are gold bearing to a significant degree, in addition to the gold ore shoots presently known to exist.

The trenches shall be excavated approximately normal to the vein strike, cutting to bed rock, so as to expose the vein and make it available for sampling. The bulldozers used shall be of D-8 size (or equivalent) and TD-18 size (or equivalent). Such trenching work shall not exceed the following:

1,200 hours with D-8 or equivalent

500 hours with TD-18 or equivalent

The veins exposed in the dozer trenches shall be sampled normal to their trends, using fractional sampling in instances where the mineralization shows "banding" or concentrations in certain portions of the veins. In no event shall an individual sample represent a vein width of greater than five feet.

All trenching done and the assay results of all trench sampling shall be adequately shown on maps or sketches to accompany the monthly reports made to the Government.

Upon conclusion of all Stage I work, a map or maps shall be provided to the Government showing the locations of all trenches and all sampling results, so that a determination may be made as to the advisibility of proceeding with and to aid in determining where and how Stage II work should be done, if indicated.

### Stage II

Not to exceed a total of 2,000 feet of crosscutting and drifting may be done, with locations and directions having been given prior approval by the Government, to explore vein areas believed favorable as a result of Stage I work.

All mineralized veins encountered in the drifting and crosscutting shall be sampled normal to their trends, at linear intervals not greater than ten feet. In instances where the mineralization may show "banding" or concentrations in certain portions of the veins, fractional sampling will be done. In no event shall an individual sample represent more than five feet of vein width.

Long-hole drilling shall be done from the walls of the drifts to insure the testing of the full widths of the vein zones. Such long-hole drilling shall not be done at closer than 50-foot centers. All cuttings of mineralized vein material encountered in such drilling shall be sampled, with no sample representing a hole length of greater than five feet. The Government will contribute to the cost of not to exceed a total of 2,000 feet of such long-hole drilling.

Advances of crosscuts and drifts, plus the long-hole drilling, together with the assay results of all sampling, shall be adequately shown on maps or sketches submitted with the monthly reports to the Government.

## Estimated Costs of the Project 1/

### Actual Costs

#### Stage I 2/

| | | | |
|---|---|---|---|
| Category (1) | Independent Contracts | | |
| | None | | |
| Category (2) | Personal Services | | |
| (a) | Supervision and Technical Services | | |
| | Not to exceed $1,200.00/mo. for 4 mos. | $ 4,800.00 | |
| (b) | Labor | 14,200.00 | $19,000.00 |
| Category (3) | Operating Materials and Supplies | | 11,750.00 |
| Category (4) | Operating Equipment | | |
| (a) | Rental - None | | |
| (b) | Purchases - None | | |
| (c) | Depreciation 3/ | | |
| | Two D-8 dozers, good operating condition, fair market value warranted to be $24,000.00 each, 60-month life. Value $48,000.00, Depreciation monthly | 800.00 | |

Category (4) Operating Equipment

(c) Depreciation (con't) 3/

| | | |
|---|---|---|
| One TD-18 dozer, good operating condition, fair market value warranted to be $15,000.00, 60-month life. Value $15,000.00, Depreciation monthly | $ 250.00 | |
| | $ 1,050.00 | |
| Two months at $1,050.00 | | $ 2,100.00 |

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, and Installations

None

Category (7) Miscellaneous

| | | |
|---|---|---|
| Payroll taxes and insurance | $ 1,500.00 | |
| Air transport of personnel | 1,500.00* | |
| Board for employees, including cooks' services | 4,500.00* | |
| Accounting | 400.00* | |
| Assaying | 900.00* | 8,800.00 |
| Total of Stage I | | $41,650.00 |

Stage II 4/

Category (1) Independent Contracts

None

Category (2) Personal Services

(a) Supervision and Technical Services

| | |
|---|---|
| Not to exceed $1,200.00/mo. for 10 mos. | $12,000.00 |

| | | | | |
|---|---|---|---|---|
| Category (2) | | Personal Services (con't) | | |
| | (b) | Labor | $41,500.00 | $53,500.00 |
| Category (3) | | Operating Materials and Supplies 5/ | | 38,210.00 |
| Category (4) | | Operating Equipment | | |
| | (a) | Rental - None | | |
| | (b) | Purchases - None | | |
| | (c) | Depreciation | | |
| | | The following items, with their respective warranted fair market values, may be depreciated on a base of 60-month life. Depreciation may not be taken for a period in excess of ten months nor may exceed an amount of $800.00 monthly. | | 8,000.00 |
| | | Diesel units<br>Air compressors<br>Mucking machines<br>1 Truck<br>1 Radio transmitter and receiver<br>4 Rock drills<br>6 Mine cars<br>Blowers<br>Canton switches (car transfer)<br>Trammers | | |
| Category (5) | | Initial Rehabilitation and Repairs | | |
| | | None | | |
| Category (6) | | New Buildings, Fixtures, and Installations | | |
| | | None | | |

Category (7) Miscellaneous

| | | |
|---|---|---|
| Payroll taxes and insurance | $ 7,800.00 | |
| Air transport of personnel | 1,690.00* | |
| Board for employees, including cooks' services | 15,000.00* | |
| Accounting | 1,000.00* | |
| Assaying | 900.00* | $ 26,390.00 |
| Total of Stage II | | $126,100.00 |

## SUMMARY

| | |
|---|---|
| Total Estimated Cost of Stage I | $ 41,650.00 |
| Total Estimated Cost of Stage II | 126,100.00 |
| Total Estimated Cost of Project | $167,750.00 |
| Government's Participation at 50% | $83,875.00 |

* Indicates maximum allowable

1/ In the event any cost incurred applies to work other than that covered by this contract, cost will be allowed only to the extent of having been properly prorated.

2/ The Government will contribute to the allowable actual costs estimated herein for Stage I to the extent that the following maximum average unit costs for the performance of the work are not exceeded:

Bulldozing with D-8 dozer, $25.00/hour
Bulldozing with TD-18 dozer, $21.50/hour

3/ Depreciation may be charged only during time periods when equipment items are actually in use.

4/ The Government will contribute to the allowable actual costs estimated herein for Stage II to the extent that the following maximum average unit costs for the performance of the work are not exceeded:

Drifting and crosscutting, $61.00/foot
Timbering of drifts and crosscuts, $12.00/foot
Long-hole drilling, $1.00/foot

5/ The Government's contribution to the cost of the following materials and supplies may not exceed one-half of fifty percent of the actual cost of such items,

5/ (Continued)
and the Government will not acquire any salvage interest in materials and supplies used in connection with the project work. The Government will not contribute to the costs of any materials and supplies acquired by the Operator which are not used for the project work.

1. Track and fittings.
2. Compressed air lines and fittings.
3. Water lines and fittings.
4. Vent lines and fittings.

# Presidential Documents

## Title 3—THE PRESIDENT

### Executive Order 10925

### ESTABLISHING THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY

WHEREAS discrimination because of race, creed, color, or national origin is contrary to the Constitutional principles and policies of the United States; and

WHEREAS it is the plain and positive obligation of the United States Government to promote and ensure equal opportunity for all qualified persons, without regard to race, creed, color, or national origin, employed or seeking employment with the Federal Government and on government contracts; and

WHEREAS it is the policy of the executive branch of the Government to encourage by positive measures equal opportunity for all qualified persons within the Government; and

WHEREAS it is in the general interest and welfare of the United States to promote its economy, security, and national defense through the most efficient and effective utilization of all available manpower; and

WHEREAS a review and analysis of existing Executive orders, practices, and government agency procedures relating to government employment and compliance with existing non-discrimination contract provisions reveal an urgent need for expansion and strengthening of efforts to promote full equality of employment opportunity; and

WHEREAS a single governmental committee should be charged with responsibility for accomplishing these objectives:

NOW, THEREFORE, by virtue of the authority vested in me as President of the United States by the Constitution and statutes of the United States, it is ordered as follows:

PART I—ESTABLISHMENT OF THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY

SECTION 101. There is hereby established the President's Committee on Equal Employment Opportunity.

SEC. 102. The Committee shall be composed as follows:

(a) The Vice President of the United States, who is hereby designated Chairman of the Committee and who shall preside at meetings of the Committee.

(b) The Secretary of Labor, who is hereby designated Vice Chairman of the Committee and who shall act as Chairman in the absence of the Chairman. The Vice Chairman shall have general supervision and direction of the work of the Committee and of the execution and implementation of the policies and purposes of this order.

(c) The Chairman of the Atomic Energy Commission, the Secretary of Commerce, the Attorney General, the Secretary of Defense, the Secretaries of the Army, Navy and Air Force, the Administrator of General Services, the Chairman of the Civil Service Commission, and the Administrator of the National Aeronautics and Space Administration. Each such member may designate an alternate to represent him in his absence.

(d) Such other members as the President may from time to time appoint.

(e) An Executive Vice Chairman, designated by the President, who shall be *ex officio* a member of the Committee. The Executive Vice Chairman shall assist the Chairman, the Vice Chairman and the Committee. Between meetings of the Committee he shall be primarily responsible for carrying out the functions of the Committee and may act for the Committee pursuant to its rules, delegations, and other directives. Final action in individual cases or classes of cases may be taken and final orders may be entered on behalf of the Committee by the Executive Vice Chairman when the Committee so authorizes.

SEC. 103. The Committee shall meet upon the call of the Chairman and at such other times as may be provided by its rules and regulations. It shall (a) consider and adopt rules and regulations to govern its proceedings; (b) provide generally for the procedures and policies to implement this order; (c) consider reports as to progress under this order; (d) consider and act, where necessary or appropriate, upon matters which may be presented to it by any of its members; and (e) make such reports to the President as he may require or the Committee shall deem appropriate. Such reports shall be made at least once annually and shall include specific references to the actions taken and results achieved by each department and agency. The Chairman may appoint sub-committees to make special studies on a continuing basis.

PART II—NONDISCRIMINATION IN GOVERNMENT EMPLOYMENT

SECTION 201. The President's Committee on Equal Employment Opportunity established by this order is directed immediately to scrutinize and study employment practices of the Government of the United States, and to consider and recommend additional affirmative steps which should be taken by executive departments and agencies to realize more fully the national policy of nondiscrimination within the executive branch of the Government.

SEC. 202. All executive departments and agencies are directed to initiate forthwith studies of current government employment practices within their responsibility. The studies shall be in such form as the Committee may prescribe and shall include statistics on current employment patterns, a review of current procedures, and the recommendation of positive measures for the elimination of any discrimination, direct or indirect, which now exists. Reports and recommendations shall be submitted to the Executive Vice Chairman of the Committee no later than sixty days from the effective date of this order, and the Committee, after considering such reports and recommedations, shall report to the President on the current situation and recommend positive measures to accomplish the objectives of this order.

SEC. 203. The policy expressed in Executive Order No. 10590 of January 18, 1955 (20 F.R. 409), with respect to the exclusion and prohibition of discrimination against any employee or applicant for employment in the Federal Government because of race, color, religion, or national origin is hereby reaffirmed.

SEC. 204. The President's Committee on Government Employment Policy, established by Executive Order No. 10590 of January 18, 1955 (20 F.R. 409), as amended by Executive Order No. 10722 of August 5, 1957 (22 F.R. 6287), is hereby abolished, and the powers, functions, and duties of that Committee are hereby transferred to, and henceforth shall be vested in, and exercised by, the President's Committee on Equal Employment Opportunity in addition to the powers conferred by this order.

PART III—OBLIGATIONS OF GOVERNMENT CONTRACTORS AND SUBCONTRACTORS

SUBPART A—CONTRACTORS' AGREEMENTS

SECTION 301. Except in contracts exempted in accordance with section 303 of this order, all government contracting agencies shall include in every government contract hereafter entered into the following provisions:

"In connection with the performance of work under this contract, the contractor agrees as follows:

"(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

"(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor,

state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

"(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the said labor union or workers' representative of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

"(4) The contractor will comply with all provisions of Executive Order No. 10925 of March 6, 1961, and of the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity created thereby.

"(5) The contractor will furnish all information and reports required by Executive Order No. 10925 of March 6, 1961, and by the rules, regulations, and orders of the said Committee, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Committee for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

"(6) In the event of the contractor's non-compliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled in whole or in part and the contractor may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order No. 10925 of March 6, 1961, and such other sanctions may be imposed and remedies invoked as provided in the said Executive order or by rule, regulation, or order of the President's Committee on Equal Employment Opportunity, or as otherwise provided by law.

"(7) The contractor will include the provisions of the foregoing paragraphs (1) through (6) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the President's Committee on Equal Employment Opportunity issued pursuant to section 303 of Executive Order No. 10925 of March 6, 1961, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for non-compliance: *Provided, however,* that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States."

SEC. 302. (a) Each contractor having a contract containing the provisions prescribed in section 301 shall file, and shall cause each of its subcontractors to file, Compliance Reports with the contracting agency, which will be subject to review by the Committee upon its request. Compliance Reports shall be filed within such times and shall contain such information as to the practices, policies, programs, and employment statistics of the contractor and each subcontractor, and shall be in such form, as the Committee may prescribe.

(b) Bidders or prospective contractors or subcontractors may be required to state whether they have participated in any previous contract subject to the provisions of this order, and in that event to submit, on behalf of themselves and their proposed subcontractors, Compliance Reports prior to or as an initial part of their bid or negotiation of a contract.

(c) Whenever the contractor or subcontractor has a collective bargaining agreement or other contract or understanding with a labor union or other representative of workers, the Compliance Report shall include such information as to the labor union's or other representative's practices and policies affecting compliance as the Committee may prescribe: *Provided,* that to the extent such information is within the exclusive possession of a labor union or other workers' representative and the labor union or representative shall refuse to furnish such information to the contractor, the contractor shall so certify to the contracting agency as part of its Compliance Report and shall set forth what efforts he has made to obtain such information.

(d) The Committee may direct that any bidder or prospective contractor or subcontractor shall submit, as part of his Compliance Report, a statement in writing, signed by an authorized officer or agent of any labor union or other workers' representative with which the bidder or prospective contractor deals, together with supporting information, to the effect that the said labor union's or representative's practices and policies do not discriminate on the grounds of race, color, creed, or national origin, and that the labor union or representative either will affirmatively cooperate, within the limits of his legal and contractual authority, in the implementation of the policy and provisions of this order or that it consents and agrees that recruitment, employment, and the terms and conditions of employment under the proposed contract shall be in accordance with the purposes and provisions of the order. In the event that the union or representative shall refuse to execute such a statement, the Compliance Report shall so certify and set forth what efforts have been made to secure such a statement.

SEC. 303. The Committee may, when it deems that special circumstances in the national interest so require, exempt a contracting agency from the requirement of including the provisions of section 301 of this order in any specific contract, subcontract, or purchase order. The Committee may, by rule or regulation, also exempt certain classes of contracts, subcontracts, or purchase orders (a) where work is to be or has been performed outside the United States and no recruitment of workers within the limits of the United States is involved; (b) for standard commercial supplies or raw materials; or (c) involving less than specified amounts of money or specified numbers of workers.

SUBPART B—LABOR UNIONS AND REPRESENTATIVES OF WORKERS

SEC. 304. The Committee shall use its best efforts, directly and through contracting agencies, contractors, state and local officials and public and private agencies, and all other available instrumentalities, to cause any labor union, recruiting agency or other representative of workers who is or may be engaged in work under government contracts to cooperate with, and to comply in the implementation of, the purposes of this order.

SEC. 305. The Committee may, to effectuate the purposes of section 304 of this order, hold hearings, public or private, with respect to the practices and policies of any such labor organization. It shall from time to time submit special reports to the President concerning discriminatory practices and policies of any such labor organization, and may recommend remedial action if, in its judgment, such action is necessary or appropriate. It may also notify any Federal, state, or local agency of its conclusions and recommendations with respect to any such labor organization which in its judgment has failed to cooperate with the Committee, contracting agencies, contractors, or subcontractors in carrying out the purposes of this order.

SUBPART C—POWERS AND DUTIES OF THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY AND OF CONTRACTING AGENCIES

SEC. 306. The Committee shall adopt such rules and regulations and issue such orders as it deems necessary and appropriate to achieve the purposes of this order, including the purposes of Part II hereof relating to discrimination in government employment.

SEC. 307. Each contracting agency shall be primarily responsible for obtaining compliance with the rules, regulations, and orders of the Committee with respect to contracts entered into by such agency or its contractors, or affecting its own employment practices. All contracting agencies shall comply with the Committee's rules in discharging their primary responsibility for securing compliance with the provisions of contracts and otherwise with the terms of this Executive order and of the rules, regulations, and orders of the Committee pursuant hereto. They are directed to cooperate with the Committee, and to furnish the Committee such information and assistance as it may require in the performance of its functions under this order. They are further directed to appoint or designate, from among the agency's personnel, compliance officers. It shall be the duty of such officers to seek compliance with the objectives of this order by conference, conciliation, mediation, or persuasion.

SEC. 308. The Committee is authorized to delegate to any officer, agency, or employee in the executive branch of the

Government any function of the Committee under this order, except the authority to promulgate rules and regulations of a general nature.

SEC. 309. (a) The Committee may itself investigate the employment practices of any government contractor or subcontractor, or initiate such investigation by the appropriate contracting agency or through the Secretary of Labor, to determine whether or not the contractual provisions specified in section 301 of this order have been violated. Such investigation shall be conducted in accordance with the procedures established by the Commitee, and the investigating agency shall report to the Committee any action taken or recommended.

(b) The Committee may receive and cause to be investigated complaints by employees or prospective employees of a government contractor or subcontractor which allege discrimination contrary to the contractual provisions specified in section 301 of this Order. The appropriate contracting agency or the Secretary of Labor, as the case may be, shall report to the Committee what action has been taken or is recommended with regard to such complaints.

SEC. 310. (a) The Committee, or any agency or officer of the United States designated by rule, regulation, or order of the Committee, may hold such hearings, public or private, as the Committee may deem advisable for compliance, enforcement, or educational purposes.

(b) The Committee may hold, or cause to be held, hearings in accordance with subsection (a) of this section prior to imposing, ordering, or recommending the imposition of penalties and sanctions under this order, except that no order for debarment of any contractor from further government contracts shall be made without a hearing.

SEC. 311. The Committee shall encourage the furtherance of an educational program by employer, labor, civic, educational, religious, and other nongovernmental groups in order to eliminate or reduce the basic causes of discrimination in employment on the ground of race, creed, color, or national origin.

SUBPART D—SANCTIONS AND PENALTIES

SEC. 312. In accordance with such rules, regulations or orders as the Committee may issue or adopt, the Committee or the appropriate contracting agency may:

(a) Publish, or cause to be published, the names of contractors or unions which it has concluded have complied or have failed to comply with the provisions of this order or of the rules, regulations, and orders of the Committee.

(b) Recommend to the Department of Justice that, in cases where there is substantial or material violation or the threat of substantial or material violation of the contractual provisions set forth in section 301 of this order, appropriate proceedings be brought to enforce those provisions, including the enjoining, within the limitations of applicable law, of organizations, individuals or groups who prevent directly or indirectly, or seek to prevent directly or indirectly, compliance with the aforesaid provisions.

(c) Recommend to the Department of Justice that criminal proceedings be brought for the furnishing of false information to any contracting agency or to the Committee as the case may be.

(d) Terminate, or cause to be terminated, any contract, or any portion or portions thereof, for failure of the contractor or subcontractor to comply with the nondiscrimination provisions of the contract. Contracts may be terminated absolutely or continuance of contracts may be conditioned upon a program for future compliance approved by the contracting agency.

(e) Provide that any contracting agency shall refrain from entering into further contracts, or extensions or other modifications of existing contracts, with any non-complying contractor, until such contractor has satisfied the Committee that he has established and will carry out personnel and employment policies in compliance with the provisions of this order.

(f) Under rules and regulations prescribed by the committee, each contracting agency shall make reasonable efforts within a reasonable time limitation to secure compliance with the contract provisions of this order by methods of conference, conciliation, mediation, and persuasion before proceedings shall be instituted under paragraph (b) of this section, or before a contract shall be terminated in whole or in part under paragraph (d) of this section for failure of a contractor or subcontractor to comply with the contract provisions of this order.

SEC. 313. Any contracting agency taking any action authorized by this section, whether on its own motion, or as directed by the Committee, or under the Committee's rules and regulations, shall promptly notify the Committee of such action or reasons for not acting. Where the Committee itself makes a determination under this section, it shall promptly notify the appropriate contracting agency of the action recommended. The agency shall take such action and shall report the results thereof to the Committee within such time as the Committee shall provide.

SEC. 314. If the Committee shall so direct, contracting agencies shall not enter into contracts with any bidder or prospective contractor unless the bidder or prospective contractor has satisfactorily complied with the provisions of this order or submits a program for compliance acceptable to the Committee or, if the Committee so authorizes, to the contracting agency.

SEC. 315. Whenever a contracting agency terminates a contract, or whenever a contractor has been debarred from further government contracts, because of noncompliance with the contractor provisions with regard to nondiscrimination, the Committee, or the contracting agency involved, shall promptly notify the Comptroller General of the United States.

SUBPART E—CERTIFICATES OF MERIT

SEC. 316. The Committee may provide for issuance of a United States Government Certificate of Merit to employers or employee organizations which are or may hereafter be engaged in work under government contracts, if the Committee is satisfied that the personnel and employment practices of the employer, or that the personnel, training, apprenticeship, membership, grievance and representation, upgrading and other practices and policies of the employee organization, conform to the purposes and provisions of this order.

SEC. 317. Any Certificate of Merit may at any time be suspended or revoked by the Committee if the holder thereof, in the judgment of the Committee, has failed to comply with the provisions of this order.

SEC. 318. The Committee may provide for the exemption of any employer or employee organization from any requirement for furnishing information as to compliance if such employer or employee organization has been awarded a Certificate of Merit which has not been suspended or revoked.

PART IV—MISCELLANEOUS

SECTION 401. Each contracting agency (except the Department of Justice) shall defray such necessary expenses of the Committee as may be authorized by law, including section 214 of the Act of May 3, 1945, 59 Stat. 134 (31 U.S.C. 691): *Provided*, that no agency shall supply more than fifty per cent of the funds necessary to carry out the purposes of this order. The Department of Labor shall provide necessary space and facilities for the Committee. In the case of the Department of Justice, the contribution shall be limited to furnishing legal services.

SEC. 402. This order shall become effective thirty days after its execution. The General Services Administration shall take appropriate action to revise the standard Government contract forms to accord with the provisions of this order and of the rules and regulations of the Committee.

SEC. 403. Executive Order No. 10479 of August 13, 1953 (18 F.R. 4899), together with Executive Orders Nos. 10482 of August 15, 1953 (18 F.R. 4944), and 10733 of October 10, 1957 (22 F.R. 8135), amending that order, and Executive Order No. 10557 of September 3, 1954 (19 F.R. 5655), are hereby revoked, and the Government Contract Committee established by Executive Order No. 10479 is abolished. All records and property of or in the custody of the said Committee are hereby transferred to the President's Committee on Equal Employment Opportunity, which shall wind up the outstanding affairs of the Government Contract Committee.

JOHN F. KENNEDY

THE WHITE HOUSE,
*March 6, 1961.*

[F.R. Doc. 61-2093; Filed, Mar. 7, 1961; 10:06 a.m.] 90048

MORTGAGE

THIS MORTGAGE made the second day of November, 1937, between the CHANDALAR GOLD MINES, INC., a Corporation duly organized and existing under and by virtue of the laws of the State of Delaware, hereinafter called the Mortgagor, and [illegible], of the City, County, and State of New York, hereinafter called the Mortgagee.

WHEREAS, the said Mortgagor is, upon an Account [illegible] of this date, justly indebted to the said Mortgagee in the sum of One hundred and thirty two thousand, [illegible] seventy-three dollars, and forty eight cents, ($132,[illegible].48), lawful money of the United States, secured to be [illegible] certain bond, or obligation, bearing even date herewith, conditioned for the payment of the said sum of ($132,[illegible].48), on the second day of November, one thousand nine hundred and thirty-seven, with interest thereon, computed from the date thereof, at the rate of six (6%) per cent per annum, and to be paid semi-annually, on the second day of May, and on the second day of November, in each and every year, as in the said bond mentioned and conditioned; it being expressly agreed that the whole of the said principal sum shall become due after default in the payment of interest, taxes, liens, assessments, or judgments, as hereinafter provided.

NOW, THIS INDENTURE WITNESSETH, that the said Mortgagor for the better securing the payment of the said sum of money mentioned herein, and in the condition of the said bond, with interest thereon, and also for and in consideration of One ($1.00) Dollar, lawful money of the United States, paid by the said Mortgagee, to the said Mortgagor, the receipt thereof is hereby acknowledged, do hereby give, grant, bargain, sell, convey, release and lease unto the said Mortgagee, and to her heirs and [illegible] forever -

DVIE
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MME FORM 6 REFERENCE SLIP

REV. 2- OFFICE OF MINERALS EXPLORATION 19/61

| TO: | DATE | INITIALS |
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| 1. Chief, Div. of Field Operations | | |
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O. M. E.

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Re: OME-6148 (Gold-Silver)
Little Squaw Mining Co.
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

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Donald R. MacLaren

D. R. MacLaren

FROM: Acting Field Officer, Region I

FOR: Check items for action desired

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| X Action | Reply for signature of | |
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REMARKS:

Returning Lien and Subordination Agreements (MME Form 52) with item 3 completed in accordance with your memo of 10/9/61 together with Thermofax copy of Mortgage between Chandalar Gold Mines, Inc., and Clara Sulzer submitted by Eskil Anderson with the Lien and Subordination Agreements.

INT.-DUP. SEC., WASH., D.C. M56300-59

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All those certain lode mining claims more particularly described as follows: Little Squaw Lode Claim; Big Squaw Lode Claim; Sine Lode Claim; Cosine Lode Claim; Cosine Fraction Lode Claim; Crystal Lode Claim; Crystal No. 2 Lode Claim; Cosine No. 1 Lode Claim; and Cosine No. 2 Lode Claim, and known as the "Little Squaw Group."

Also the following, viz: Bonanza Lode Claim; Eneveloe Lode Claim; Golden Eagle Lode Claim; Venus Lode Claim; Jupiter Lode Claim; and Woodchuck Lode Claim, and known as the "Bonanza Group", all located in the Chandalar Mining District, Alaska, and heretofore duly patented, or duly surveyed, and for which patents are pending, as shown by the location notices and the records thereof, in the office of the U. S. Commissioner for the said Chandalar Mining District, and to which location notices and [illegible] reference is hereby made for a more accurate description of the same, and all of which said location notices, records, surveys, and patents are hereby made a part hereof.

Also the three millsites; the Mills-Chalmers Stamp Mill; all water rights; all buildings and equipments; and each and every part thereof.

TOGETHER with all the metals, ores, gold, and silver bearing quartz, rock and earth thereon, and all the rights, privileges, and franchises thereto incident, appendant, and appurtenant, or therewith usually had and enjoyed; and also all and singular the [illegible] tenements, and [illegible] appertaining, and [illegible] and all the estate, [illegible] possession, claim, and [illegible] as in equity, of the said [illegible] said mines and premises, [illegible] with the appurtenances thereto belonging.

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TO HAVE AND TO HOLD, all and singular, the said granted mines and premises, together with the appurtenances and rights and privileges thereto incident and belonging unto the said Mortgagee, her heirs and assigns forever; provided, however, that if the said Chandalar Gold Mines, Inc., the said Mortgagor, its successors, or assigns, shall well and truly pay to the said Mortgagee, the said Clara Sulzer, her heirs, executors, administrators, or assigns, the said sum of money mentioned herein, and in the condition of the said bond, with the interest due thereon, at the time and in the manner mentioned in the same, that then this Mortgage, and the estate hereby granted, shall cease, determine, and be void:

AND IT IS HEREBY EXPRESSLY AGREED between the said parties hereto, that the whole of the said principal sum shall become due, at the option of the said Mortgagee, after default in the payment of the interest, or any lien, judgment, or assessment, after notice and demand; and that the said Mortgagee shall thereupon have the right, without notice, after any such default to enter upon and take possession of the said mortgaged mines and premises, and work the same, and receive the rents, issues, and profits thereof, and apply the same, after payment of charges and expenses, on account of the principal and interest of the said Bond and Mortgage; and the said Mortgagee, or her agents, or representatives, or assigns, shall have the further right, immediately after any such default, to commence foreclosure proceedings of the said Mortgage; and shall be entitled, as a matter of right, and without regard to the value of the mines and premises, or the solvency, or insolvency, of the said Mortgagor, [illegible] of the said mortgaged premises [illegible] in any Court of competent [illegible]

Receiver appointed of the rents, issues, and profits of the said mortgaged mines and premises, with power to sell, or work, or lease, the said mortgaged mines and premises, on terms to be approved by the Court, with power to pay taxes, interest, assessments, debts, and judgments, which are or may become a lien on the said premises, and with power to take proceedings to disposess lessees, claimants, or tenants, and make all necessary repairs, and improvements, and with such other rights and powers as may be deemed necessary, and after deducting all charges and expenses attending the execution of the said Receiver, to apply the residue of the said rents and profits to the payment and satisfaction of the said Bond and Mortgage, or to any deficiency which may arise after applying the proceeds of the sale of the said mines and premises to the amount due, including interest, and the costs and expenses of the said foreclosure and sale.

IN WITNESS WHEREOF, the said Mortgagor, the said Chandalar Gold Mines, Inc., has caused this Mortgage to be duly executed, on the day and year first above written, in its corporate name, and under its corporate seal, by its President, and attested by its Secretary, thereunto duly authorized by resolution of its Board of Directors, regularly adopted at a duly called meeting for that purpose.

Attest Harold Glazer
Secretary

by

President

Signed, sealed, and delivered in the presence of
Anna Demblung

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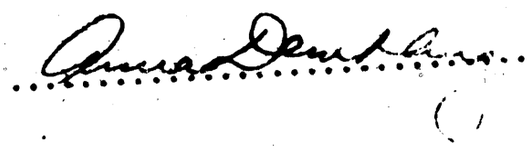
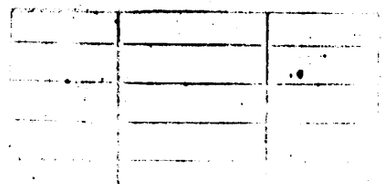
STATE OF NEW YORK }
CITY AND COUNTY OF NEW YORK } SS

I, the undersigned, a Notary Public, in and for the City, County, and State of New York, do hereby certify that on this second day of November, 1935, before me personally appeared the above named Edward C. Kovarik, and Harold Glazer, to me known, and known to me, to be respectively the President, and the Secretary, of the CHANDALAR GOLD MINES, INC., the Corporation that executed the foregoing instrument, and they, and each of them, duly acknowledged to me, the execution of the same for the purposes therein mentioned, and that the said instrument is the free and voluntary act and deed of the said Corporation for the uses and purposes therein mentioned; and each on oath stated that he was the President, and the Secretary, of the said Chandalar Gold Mines, Inc., and that they were duly authorized, by resolution of the Board of Directors of the said Chandalar Gold Mines, Inc., to execute the said instrument, and that the seal affixed thereto is the corporate seal of the said Corporation.

IN WITNESS WHEREOF I have hereunto set my hand, and affixed my official seal, the day and year first above written.





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MAY 18 1961

Memorandum

To: W. R. Griswold, Chief
Division of Minerals

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

Subject: Application (Gold-Silver)
Little Squaw Mining Company
Chandalar Property
Fairbanks Precinct, Alaska

As the evidence required by item 1(a) of the subject application, there has been submitted the following:

(a) Copies of identical letters dated April 26, 1961, to the Washington Trust Bank and the First National Bank in Spokane, both of Spokane, Washington, requesting a conference for the discussion of a $250,000 loan; and

(b) Replies dated April 27, 1961, from the banks denying the loan for the respective reasons that "the operation is considerably out of our territory, and the nature of the project is not one which we feel we can finance" and "we regret we would not be able to assist".

This correspondence does not fulfill specifically certain requirements set forth by the Acting Director in the July 14, 1960, staff meeting, namely that bank correspondence must indicate the terms requested and show the proposed use of the funds. Furthermore, the applicant's letters to the banks estimate its requirements as "$250,000 additional matching funds", whereas the project cost is estimated as $278,975 in total.

As the correspondence indicates not only denials of the requested loan, but also of the opportunity of presenting requirements, it appears that the applicant is financially eligible for federal assistance in the proposed exploration work, provided that the Acting Director waives the technical requirements mentioned in the

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preceding paragraph. However, in accordance with another of the Acting Director's decisions at the July 14, 1960, staff meeting, if the project is to be recommended, the regional Acting Field Officer should be requested to obtain a financial statement from the applicant.

EDTalbert/ama
May 17, 1961

Copy to: Docket
Director's Reading File
CA & A Division

Telephone: MA 4-2501

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LITTLE SQUAW MINING COMPANY
Suite 309-312 Radio Central Building
Spokane 4, Washington


July 11, 1961

W. R. Griswold, Chief
Division of Minerals
Office of Minerals Exploration
Washington 25, D. C.

Re: Application for loan
Little Squaw Mining Company and
your letter of May 23, 1961

Dear Mr. Griswold:

We have received the information from the recorder at Fairbanks which we left blank on Items 2 C-1 and 2 C-2 until the documents had been recorded.

Item 2 C-1 Mikado-Star groups. Recorded in Book 15, Pages 245-253, Fairbanks Serial No. 61-3168 on May 18, 1961

Item 2 D-2 Little Squaw Eneveloe, Recorded in Book 15, pages 254-263, Fairbanks Serial No. 61-3169 on May 18, 1961.

Enclosed is a copy of our letter to the First National Bank of Fairbanks with their reply and a copy of the Little Squaw financial statement. It is generally true that private sources will not consider loans for prospects at this stage of development so that no discussion of terms has been reached.

All charges in the Little Squaw financial statements apply to 900 feet of drifting on the Mikado which is all the work done so far. Overhead charges and supervisary charges are not included and would add substantially to the costs.

The enclosed lists of items purchased during 1959 and 1960 plus freighting costs of $16,941.44; contract exploration costs of $38,038.00 for the underground work and non-productive time including surface preparations at portal, sampling, surveying, and timbering at the portal and in raises; and fuel costs, included under supplies, together comprise the bulk of the costs incurred to the end of 1960.

We agree with your suggestions on elimination of diamond drilling from the application. Until a larger footage is justified the per foot costs are so high that drifting would be more satisfactory.

It is satisfactory to us to cut the bull dozing in item 7A to 1200 hours with D'8s and 500 hours with the TD-18. By eliminating the 330 feet of drifting and raising on the Chandalar Lode, and increasing the Mikado 100' sublevel east drifting to 300 feet from 200 feet, and the Mikado main level drifting east from 300 feet to 400 feet, 130 feet of drifting can be eliminated and the remainder concentrated on a more clearly defined target.

The total under the application thus would be reduced from $278,975 to $210,500 with the government participation of $105,250.

As noted in the original application, included in the costs of bulldozing and underground work would be thorough surveying and mapping, sampling and assaying, blasting and clearing of surface trenches across quartz veins and mineralized zones, long hole drilling, timbering, supervisory and overhead costs. These are items most of the cost of which it is not possible to estimate with any degree of accuracy in a new and remote area.

Yours very truly,

LITTLE SQUAW MINING COMPANY

Eskil Anderson

ESKIL ANDERSON

EA/jcp

# FIRST NATIONAL BANK
OF FAIRBANKS

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FAIRBANKS, ALASKA
June 20, 1961

Mr. Karl W. Jasper, President
Little Squaw Mining Company
Suite 309-312 Radio Central Bldg.
Spokane 4, Washington

Dear Mr. Jasper,

We refer to your letter regarding loan for exploration and gold mining. As you know our legal limit is $100,000 and in addition we cannot loan for exploration purposes.

Very truly yours,

E. F. Stroecker
President

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May 31, 1961

E. F. Stroecker, President
First National Bank of Fairbanks
Fairbanks, Alaska

Dear Mr. Stroecker:

You are familiar with the efforts of our company, Little Squaw Mining Company, to explore and develop patented mining claims for the production of gold in the Chandalar Mining District of Alaska.

Approximately $250,000 will be required for exploration work on these deposits to determine their potential. This work would consist of 2250 hours of bulldozer stripping, 2585 feet of drifting on the Mikado and Little Squaw veins, and about 3000 feet of diamond drilling.

Enclosed is a financial statement which gives the amounts spent by us up to the first of 1961 on the property.

We would like to know if you would consider a loan for this purpose and on what terms. We would not be able to begin repayment from production for three years.

Yours very truly,

LITTLE SQUAW MINING COMPANY

KARL W. JASPER, President

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LITTLE SQUAW MINING CO. 1957 Purchases

ATLAS COPCO PACIFIC, INC. Inv. # 1588-9

| | | @ | Amount |
|---|---|---|---|
| 20 | 2" I.D. - 20' lengths Alvenius Pipe | $ 13.20 | $ 264.00 |
| 30 | 2" I.D. - 10' Lengths Alvenius Pipe | 8.90 | 267.00 |
| 2 | 2" I.D. - 5' Lengths Alvenius Pipe | 5.00 | 10.00 |
| 3 | 90 Degree bend 2" | 5.10 | 15.30 |
| 3 | T Pipe to 2" Thread | 5.40 | 16.20 |
| 3 | Connection Pipe to 2" Thread | 4.20 | 12.60 |
| 10 | 2" #10 Couplings | 1.40 | 14.00 |
| 20 | 2" Rugger Gaskets | .35 | 7.00 |
| | | | $ 606.10 |

ATLAS COPCO PACIFIC, INC. Inv. 1589 3/18/52

| | | | |
|---|---|---|---|
| 1 | ✓ Portable Compressor, Serial # F 130680 | 5500.00 | 5500.00 |
| | Necessary parts for operation for six months: | | |
| 2 | Filtering Pads | 3.55 | 7.10 |
| 2 | Crankshaft Bearing | 18.15 | 28.30 |
| 1 | Oil Seal | 1.30 | 1.30 |
| 2 | Small End Bush | 1.40 | 2.80 |
| 4 | Big End Bearings | 3.30 | 13.20 |
| 4 | Connecting Rod bolt | .80 | 3.20 |
| 1 | S.P. Compressor Ring | | 2.85 |
| 2 | L.P. Scrapper Ring | 3.65 | 7.30 |
| 2 | H.P. Compressor Ring | 1.20 | 2.40 |
| 2 | H.P. Scraper Ring | 2.20 | 4.40 |
| 1 | O Ring Mat: Aeryl 239,3 ny 7,5 | | 3.55 |
| 1 | Rubber Material | | .65 |
| 2 | Rubber Ring | .60 | 1.20 |
| 1 | O Ring Mat: Aeryl 149,3 e 5,7 | | 1.75 |
| 1 | Rubber Material | | .65 |
| 1 | Delivery Valve Seat | | 25.85 |
| 1 | Suction Valve Seat | | 30.70 |
| 6 | Buffer Plate #54 | 1.05 | 6.30 |
| 6 | Buffer Plate # 80 | 1.65 | 9.90 |
| 6 | Buffer Plate # 106 | 1.85 | 11.10 |
| 6 | Valve Plate # 54 | 1.45 | 8.70 |
| 6 | Valve Plate # 80 | 1.95 | 11.70 |
| 6 | Valve Plate #106 | 2.10 | 12.60 |
| 36 | Helical Spring 0,85/11,1 x 17,7 | .10 | 3.60 |
| 3 | Locating Pins | .20 | .60 |
| 1 | Central Stud | 3.40 | 3.40 |
| 2 | Lock Springs | .35 | .70 |
| 6 | Copper Joint | .55 | 3.30 |
| 6 | O Ring Mat; Silikon | 1.00 | 6.00 |
| 6 | Diaphragm | .15 | .90 |
| 1 | Circlip Internal Type | | .40 |
| 6 | O Ring Mat: synth Rubber | .55 | 3.30 |
| 4 | O Ring Mat: Silikon | 1.20 | 4.80 |
| 1 | Gasket for Oil Pump | | .10 |
| 1 | Oil Seal | | [illegible] |
| 1 | Flexible Tube, reg. valve to air damper | | 1.40 |
| 1 | Flexible tube, air damper to L P Cover | | 2.00 |
| 1 | Flexible tube, air damper to H P cover | | 1.35 |
| 4 | O Rings | | 1.60 |
| 1 | Valve Screw | | 2.50 |

[illegible]

1992 Purchases - Little Rock Hinge Co.

Page 2

Model Harvest Extension Rod 1" Base Thread

| | | | |
|---|---|---|---|
| 1 | Extension Rods 4' 0" | | 14.30 |
| 3 | Extension Rod 4' 0" | 14.30 | 42.90 |
| 2 | Extension Rod 8' 0" | 22.10 | 44.20 |
| 6 | Couplings | 5.00 | 30.00 |
| 1 | Cross Bit, 1 - 5/8" | | 17.25 |
| 3 | 2" Pipe Sleeve Couplings | 1.30 | 3.90 |
| | | | $ 304.73 |

[illegible] Inc. [illegible] 1992 [illegible]

| | | | |
|---|---|---|---|
| 3 | [illegible] | 16.00 | $ [illegible] |
| 1 | [illegible] | | [illegible] |
| 4 | 4" pipe | .75 | [illegible] |
| 1 | Cap | | [illegible] |
| 3 | deposit on 3 tanks to be refunded when tanks are returned | [illegible] | [illegible] |
| 50 | green Coleman [illegible] | [illegible] | [illegible] |
| 1200 | [illegible] mantle caps | [illegible] | [illegible] |
| 21 | Gas Carbide | .35 | 11.[illegible] |
| 5 | [illegible] ft. rugby water proof fuse (billed by Sattle) | | |
| 1 | 5 ton jack (Old Simplex) | | [illegible] |
| 1 | Funnel | | [illegible] |
| 1 | Gallon can | | [illegible] |
| 1 | 5 gallon can | | [illegible] |
| 2 | 6 ft. tapes | 2.00 | [illegible] |
| | | | $ 1[illegible].77 |

[illegible] Inc. [illegible] 4/15/92

| | | | |
|---|---|---|---|
| 1 | [illegible] | [illegible] | [illegible] |
| 1,000 lin. ft. (50 pcs @ 20') [illegible] rails 16 ga. [illegible] lb. | [illegible] | [illegible] |
| 50 pr. 16 ga. fish plates w/bolts | .35 | [illegible] |
| 1 | only [illegible] 3 [illegible] roll bender | | [illegible] |
| | | | $ [illegible].37 |

[illegible] Inc. [illegible] 1992 [illegible]

| | | |
|---|---|---|
| 1 | [illegible] | $ [illegible] |
| 1 | [illegible] | [illegible] |
| | | [illegible] |

[illegible] March 31, 1992 Inv. [illegible] incl., [illegible], [illegible], [illegible], [illegible]

| | | | |
|---|---|---|---|
| 1 | 3/8" grab hook | | $ [illegible] |
| 1 | 3/8" pistol hook | | [illegible] |
| 2 | 3/8" grab chain | .50 | [illegible] |
| 1 | [illegible] ft. Nylon [illegible] | | [illegible] |
| 2 | [illegible] | [illegible] | [illegible] |
| 3 | [illegible] | [illegible] | [illegible] |
| 2 | [illegible] | [illegible] | [illegible] |
| 1 | [illegible] | [illegible] | [illegible] |
| 1 | [illegible] | | [illegible] |
| 1 | [illegible] | | [illegible] |
| 2 | [illegible] | | [illegible] |
| 1 | [illegible] | | [illegible] |

| | | | | |
|---|---|---|---|---|
| 1 | 1 x 1/2 galv. ball reducer | | | |
| 1 | #18-10" Vise grip pliers | | 6 | .56 |
| 1 | L26 6" Crescent pliers | | | 1.75 |
| 1 | #1950 - 8" ditto | | | 1.88 |
| 1 | AC16 Crescoloy wrench | | | 1.27 |
| 1 | AC110 ditto | | | 1.69 |
| 1 | AC112 ditto | | | 2.51 |
| 1 | #5400 GS Proto tool kit | | | 3.68 |
| 1 | #923 10" Stanley Brace | | | 36.54 |
| 1 | #718 Expansion bit | | | 8.33 |
| 10 | GSM11-1" Dixon stone | | | 4.57 |
| 10 | SL128 1" wing nuts | 1.00 100 | | 3.00 |
| 4 | GSL 10 1" Male spuds | .36 100 | | 2.41 |
| 1 | Barrel pump | 1.32 100 | | 4.75 |
| 1 | FS 1415 Campbell chain | | | 35.50 |
| 4 | #111 Carbide lamps | | | 3.60 |
| 1 | tube Carbine reamers | 23.30 dz. | | 3.88 |
| 6 | Carbide Flints | | | .75 |
| 6 | Carbide Felts | .17 | | 1.02 |
| 2 | #66 Bestfoe Respirators | | | |
| 2 | #216 6" Rope blocks | 4.68 | | 9.36 |
| 1 | #1000XX Alemite Grease gun | 4.35 | | 8.70 |
| 1 | 24" Stanley level | | | 12.50 |
| 1 | 1" chip auger | | | 2.67 |
| 1 | wrench set allen | | | 2.27 |
| 1 | 6" Proto screwdriver | | | 1.60 |
| 1 | Stanley screwdriver | | | 1.75 |
| 6 | 12" Mill bastard files Nich. | 1.09 | | 6.54 |
| 1 | File card | | | .35 |
| 1 | Spirne brush | | | .45 |
| 1 | 3/8 Proto Center Punch | | | .65 |
| 4 | 1 x 3/4 Galv. bushing | 26.10 c | | 1.04 |
| 7 | 1" GSL-8 Dixon spuds female | [illegible] | | 6.77 |
| 4 | 1" # 129 Dixon male plug valves | 5.75-[illegible] | | [illegible] |
| 1 | Repair cap gripper #4 | | | [illegible] |
| 1 | JL-17 Tool box | | | [illegible] |
| 1 | #[illegible] Dixon hacksaw | | | [illegible] |
| 12 | HS12X2 Hacksaw blades Sub SH-12X2 | .50 | | [illegible] |
| 2 | #24 3/8" Stanley cold chisels | .57 | | 1.14 |
| 1 | #[illegible] 4# Stanley hammer w/handle | | | [illegible] |
| 50 ctns (5 oz) | of [illegible] MM Filgure | .48 | | [illegible] |
| 1 | 12x [illegible] LAUNDRY SOAP | | | [illegible] |
| | M-2 BUCKET FOR PRESSURE GAS | | | 100.00 |
| | 18" Rope - Ship Assembled | | | |
| 1 | Janitorial cont. kit | | | [illegible] |
| 1 | Shopkeeper cont. kit | | | 35.00 |
| 1 | Water Tank cont. | | | [illegible] |
| 1 | Jackdrill # 74577 | | | 115.00 |
| 1 | 4" Std. Leg | | | 175.00 |
| 2 | [illegible] Cables | | | [illegible] |
| 2 | [illegible] Cables | 6.00 | | 12.00 |
| 1 | [illegible] Cable repair links | 6.14 | | 12.28 |
| 6 | [illegible] | | | 1.[illegible] |
| 1 | [illegible] Chainsaw | [illegible] | | [illegible] |
| 300 ft. | [illegible] Manila rope [illegible] | | | [illegible] |
| 150 ft. | [illegible] 1" [illegible] hose [illegible] | [illegible] | | [illegible] |
| 1 | [illegible] | | | [illegible] |
| 1 | [illegible] Heating bar | | | [illegible] |

| | | | |
|---|---|---|---|
| 2 | Water Tubes | 3.50 | 7.00 |
| 1 | Rifle Nut | | 10.25 |
| 1 | Batter Connection | | 13.20 |
| 2 | Leathers | 3.00 | 6.00 |
| 1 | Shank Aligner | | 16.75 |
| 1 | Chuck Driver | | 14.50 |
| 1 | Garlock Kleasure | | .65 |
| | | | $ 2042.40 |

**Western Machinery Co. Inv. 4028 7/23/59**

| | | | |
|---|---|---|---|
| 1 | Used mine car, 18" gauge, 15 cu. ft. capacity | $ | 110.00 |

**Patrick Trailer Sales Invoice 4/24/59**

| | | | |
|---|---|---|---|
| 1 | General Trailer No. 914-2056-28 ft. 1951 | $ | 1400.00 |

**Miller & Hartley Equipment Co. Inv. # 12088 4/27/59**

| | | | |
|---|---|---|---|
| 1 Roll (300 ft) Cable, 1/2" IWRC | .277 ft/less 10% | | 74.79 |

**Fairchild Lumber Supply, Inv. # 14[illegible] 4/27/59**

| | | | |
|---|---|---|---|
| Miscellaneous lumber and nails | | $ | 484.49 |
| | | | 18.00 |

**E. O. [illegible] Inv. # 3024 3/20/59**

| | | | |
|---|---|---|---|
| 150 | 12 x 15 White Bags | $ | 75.00 |
| 75 | 14 x 18 Heat Duck Bags | | 93.75 |
| | | | 168.75 |
| | plus parcel post | | 15.45 |
| | | $ | 184.20 |

1 Red Trailer House
1 K & E Transit
300' steel tape & Reel

16,901.88

# ITEMS BILLED TO LITTLE SQUAW MINING COMPANY, 1960

| | | | | | |
|---|---|---|---|---|---|
| 1 | 590 | Bucking Saw | | 7.30 | 87.30 |
| 250 ft. | 3/8" | 6 x 19 Preformed Monarch Whyte strand IWRC for dasher hoist | | .16 | 40.00 |
| 1 | ✓ [illegible] | Feed Leg | | 305.00 | 305.00 |
| 2 | cyl. | 220 cu. ft. Oxygen | | 15.95 | 31.90 |
| 1 | cyl. | Acetylene | 232 | .13 | 30.16 |
| 2 | cyl. | Oxy. (Liquition) | | 35.00 | 70.00 |
| 1 | bottle | Acetylene | | 40.00 | 40.00 |
| 3 | Stencilings | | | 1.00 | 3.00 |
| 1 | Oxy. Acetylene Handbook | | | | 3.00 |
| 1 | [illegible] | Allen Super Sabre Drill [illegible] | | | [illegible] |
| 4 | 724-[illegible] | Series 21 1½" | | 13.00 | 52.00 |
| 4 | 724-[illegible] | Series 21 2½" | | 14.50 | 58.00 |
| 4 | 724-1228 | Series 21 4½" | | 15.40 | 61.60 |
| 2 | 724-1227 | Series 21 6½" | | 16.30 | 32.60 |
| 1 | 5210 [illegible] | Rock Carry Frame Size 354A | | | 23.75 |
| 1 | ✓ BP 125 | Copper compressed air driven vent blower complete with supporting foot Diffuser 8" dia beaded outlet | | | 234.00 |
| 1 | 8" | beaded inlet adapter 75-100 PSIG air pressure | | | 22.00 |
| 1 | T-4 Copper | compressed air driven ventair blower complete diffuser having 8" dia beaded outlet 75-100 PSIG air pressure | | | 300.00 |
| 4 | [illegible] | sections Blastube 8 dia x 25' vent duct | | 27.55 | 110.20 |
| 2 | [illegible] | sections ditto x 100' | | 50.00 | 100.00 |
| 14 | [illegible] | sections ditto x 50' | | 49.50 | 693.00 |
| 1 | 978 | Barton gas engine washingmachine (list 224.95) | | | 199.00 |
| 2 | Used | 20 cu ft. mine cars 18" gauge R.S. wheels | | 100.00 | 200.00 |
| 1 | 488 | 4' x 8' ASME air receiver tank 100# PSI complete w/fittings ASME data report attached | | | [illegible] |
| 5000# | [illegible] | Oil [illegible] x 8 | per cwt | 21.75 | [illegible] |
| 500# | [illegible] | Oil [illegible] x 8 | " " | [illegible] | [illegible] |
| 1600 | [illegible] | Black [illegible] | " " | [illegible] | [illegible] |
| 21000' | | Black [illegible] fuse | " " | [illegible] | [illegible] |
| 20 | [illegible] | 10' [illegible] Pipe 2" | | 8.15 | [illegible] |
| 20 | [illegible] | 10' [illegible] Pipe 2" | | 11.[illegible] | [illegible] |
| 40 | [illegible] | [illegible] | | 2.[illegible] | [illegible] |
| 6 | [illegible] | [illegible] | | 4.75 | [illegible] |
| 6 | [illegible] | [illegible] | | 4.60 | [illegible] |
| 4 | | Propane | | 16.50 | [illegible] |
| 4 | | Acetylene | | 25.00 | [illegible] |
| 3 | | Propane lights | | 13.75 | [illegible] |
| 50 | [illegible] | [illegible] | | .24 | [illegible] |
| 6 | 3/8 | Cyclone [illegible] | | .30 | [illegible] |
| 6 | | 1/4 inch x [illegible] Cyclone | | [illegible] | [illegible] |
| 6 | | 3/8 inch x [illegible] Cyclone | | [illegible] | [illegible] |
| 6 | | 1/2 inch x [illegible] Cyclone | | [illegible] | [illegible] |
| 6 | | 5/8 inch x [illegible] Cyclone | | [illegible] | [illegible] |
| 6 | | [illegible] | | [illegible] | [illegible] |
| 10 | | [illegible] | | [illegible] | [illegible] |
| 10 | | [illegible] | | [illegible] | [illegible] |
| 1 | | [illegible] | | | [illegible] |

| | | | | |
|---|---|---|---|---|
| 2 | #24H | Shovels | 5.80 | 11.60 |
| 1 | #2 rd. | D/I shovel | | 4.80 |
| 1 | #2 rd. | L/H shovel | | 6.75 |
| 2 | | Snow Shovels | 5.35 | 10.70 |
| 1 | | Hand saw | 5.50 | 5.50 |
| 1 | | Bench Vise | | 23.60 |
| 1 | | Anvil | | 12.50 |
| 1 | 8" | Crescent | | 3.35 |
| 1 | 12" | Crescent | | 6.25 |
| 2 | 8" | Pliers | 1.50 | 3.00 |
| 3 | 4 lb. | Rolls wire | 1.65 | 4.95 |
| 1 | CC-R | Ratchet Hole | | 7.90 |
| 1 | 3/4 | Die Head | | 9.90 |
| 1 | | Pipe Cutter | | 18.30 |
| 1 | | Rake | | 4.00 |
| 50 ft. | | Hose | | 16.50 |
| 5 | | Pipe to hose adptrs | .60= | 3.00 |
| 1 | | pr. goggles | | 4.40 |
| 3000 lbs. | | Rock Salt | cwt. 7.00= | 210.00 |
| 1 | | Single Mantle lantern | | 17.[illegible] |
| 3 | 10# | cans carbide | 3.55 | 10.[illegible] |
| 1 | | Coleman Generator Dble. | | 1.[illegible] |
| 2 | 3/4 | Shackles | 2.[illegible] | 5.[illegible] |
| 2 | 1/2 | Shackles | 1.10 | 2.20 |
| 4 | 80 lb. | Bags Nygren | 11.00 | 44.00 |
| 36 ft. | | brass screen | .90 | 32.40 |
| 5# | | Brass rod | .85 | 4.25 |
| 5# | | Steel Rod | .45 | 2.25 |
| 1 | Can | Brazing flux | | 1.40 |
| 25# | #9 | Wire | .28 | 7.00 |
| 1 | | Propane Reg. | | 5.25 |
| 10 Rolls | K135-20 | E4P | 2.65 | 26.50 |
| 1 | | Cot and Mattress | | 12.00 |
| 1 | pr. | snow shoes | | 41.15 |
| 1 | | Pack board | | 17.00 |
| 2 | | folding chairs | 5.00 | 10.00 |
| 2 | | 10 x 21 tarps | 25.25 | 50.50 |
| 3 | | Deposits (Credit) | | (75.00) |
| 2# | | Finish nails | .50 | 1.00 |
| 6 cans | | Varnish | 2.50 | 15.00 |
| 1 gal. | | Linseed Oil | | 4.[illegible] |
| 1 gal. | | Roof Cement | | 10.[illegible] |
| 1 can | | Contact Cement | | 1.[illegible] |
| 2 | 4" | C Clamps | 2.60 | [illegible] |
| 2 | 6" | C Clamps | 3.[illegible] | [illegible] |
| 2 | 5 ft. | Pump hoses | 8.[illegible] | 16.[illegible] |
| 2 | 5 gal. | Gas cans | 3.[illegible] | 7.[illegible] |
| 1 | 16 x 22 | (Window glass, and labor | | |
| 2 | 16 x 42 | (on frames | | 37.16 |
| Parcel Post Charges | | | | [illegible] |
| 2 | [illegible] | Chevron white gas 106 Gal. | .495 | [illegible] |
| 18 | [illegible] | Chevron Alaska Diesel 954 gal. | .457 | [illegible] |
| 1 | [illegible] | RPM Dal Special HD 30 53 gal. | 1.[illegible] | [illegible] |
| 1 | [illegible] | Chevron Soluble Oil 55 gal. | 1.15 | [illegible] |
| 5 | 2/5 | Chevron Avia Gas 80/87 50 gal. | .[illegible] | [illegible] |

Stamped Hdlr. Fairbanks Alaska

981.92

622.98

**Miller & Bentley Equipment Co.**

| | | | | |
|---|---|---|---|---|
| 6 | 1" x close | Nipples, blk. | .17 | 1.02 |
| 6 | 1¼" x close | Nipples, blk. | .22 | 1.32 |
| 6 | 1½" x close | Nipples, blk. | .27 | 1.62 |
| 6 | 2" x close | Nipples, blk. | .37 | 2.22 |
| 6 | 1½ - 1¼ | Bushings, blk | .45 | 2.70 |
| 6 | 2 - 1½ | Bushings, blk | .53 | 3.18 |
| 6 | 1¼ - 1 | Bushings, blk | .35 | 2.10 |
| 2 | CO2 | Fire Extinguishers, complete newly filled | 37.50 | 75.00 |
| 2 | 1½ qt. | Pyrene fire extinguishers | 7.00 | 14.00 |
| 1 | #110 | First Aid Kit | | 8.95 |
| 6 | 1" | Plugs, pipe | .15 | .90 |
| 6 | 1¼" | Plugs, pipe | .20 | 1.20 |
| 6 | 1½" blk | Plugs, pipe | .30 | 1.80 |
| 6 | 2" | Plugs, Pipe | .45 | 2.70 |
| 4 | 1" | Plugs, pipe | .15 | .60 |
| 2 | 6 x 6 | Nipples, blk | 7.15 | 14.30 |
| 4 | 4" | Couplings, blk | 4.27 | 17.08 |
| 4 | 4" - 3" | Bushings, blk | 1.95 | 7.80 |
| 4 | 3" - 2½ | Bushings, blk | 1.00 | 4.00 |
| 4 | 2½ - 2" | Bushings, blk | .75 | 3.00 |
| 4 | 2" - 1½ | Bushings, blk | .53 | 2.12 |
| 4 | 1' - 1" | Bushings, blk | .45 | 1.80 |
| 1 | | Water tank, hi pressure, blk, steel 1550 lbs. | .20 | 310.00 |
| 1 | Roll | Cable, IWC 3/8" 6 x 19 500 ft. | .212 | 106.00 |

**Fairbanks Lumber Supply**

| | | | | |
|---|---|---|---|---|
| 2 x 8 | 100/16 | Rgh Native Lumber 2133 ft. | .145 | 309.35 |
| 2 x 10 | 219/16 | " " " 5840 ft. | .145 | 846.80 |
| | | (above from Independent Lumber) | | |
| 2 x 12 | 48/16 | 2/14 Rough Native Lumber 1592 ft. | .125 | 199.00 |
| 2 x 10 | 16/16 | 1 1/4 " " " 450 | .125 | 56.25 |
| 4 x 8= | 6 | 1/2 Ext. Plywood 192 | .22 | 42.24 |
| 4 x 8 | 14 | 1/4 Masonite 448 | .12 | 53.76 |
| 2 x 4 | 18/16 | 46/8 40/10 4/12 Gem Spruce 736 | .140 | 103.04 |
| 1 x 12 | 24/16 | 56/8 " " 352 | .140 | 49.28 |
| 1 x 8 | 400 | Pm " " 267 | .140 | 37.38 |
| 1 x 4 | 400 | Pm " " 133 | .140 | 18.62 |
| 4 x 4 | 4/8 | 4/14 25/16 " " 800 | .160 | 128.00 |
| 1 5/8 | | Post Round 300 | .25 | 75.00 |
| 45# | 3 | Roll Roof Paper | 5.85 | 17.55 |
| 3 Pr. | 6" | Strap Hinges | 1.25 | 3.75 |
| 2 pr. | 4 x 4 | Butts | 1.30 | 2.60 |
| 50 | 25# | Gem Nails 25# | .22 | 5.50 |
| 60 | 5# | Gem Nails 5# | .22 | 1.10 |
| 16 | 30# | Gem Nails 30# | .22 | 6.60 |
| 8 | 5# | B. G. Nails 5# | .17 | 1.35 |
| 40 | 50# | Gem Nails 50# | .22 | 11.00 |
| 60 | 100# | Gem Nails 1 | 22.00 | 22.00 |
| 8 | 5# | 3/8 spike 50 | .22 | 11.00 |
| 1 | 5 gal. | Alum. Roof Coating 1 | 27.50 | 27.50 |
| 40" | 10 | Lin. 10 mil. Flex O Glass 40 | .22 | 8.80 |

585.41

2047.62

Interior Equipment Co.

| | | | | |
|---|---|---|---|---|
| 50 ft. | 3/8" Air Hose 60¢ ft. @ .25 Net | | | 12.50 |
| 2 | Hose to 1/2 Pipe adapters 60¢ @ .40 | | | .60 |
| 2 Sets | Boss 3/4 Couplings 1.60 @ 1.00 | | | 2.00 |
| 6 | 1" Nipples | | .35 | 2.10 |
| 30 | 3/4" Pipe Sleeves | | .20 | 6.00 |
| 4 | Bell reducers and Nipples | | .30 | 1.20 |
| 6 | Air cocks 3/4" $6.60, less 1/3 | | 4.40 | 26.40 |
| 6 | 1/2 x 3/4 Bushings | | .40 | 2.40 |
| 6 | 1/2" Nipples | | .25 | 1.50 |
| 6 | 3/4 Nipples | | .30 | 1.80 |
| 6 | 3/4 Unions | | 1.05 | 6.30 |
| 6 | 1/2 x 3/8 Bushings | | .20 | 1.20 |
| 6 | 3/8 Nipples | | .20 | 1.20 |
| 6 | 3/4 x 1 Bushings | | .45 | 2.70 |
| 6 | 3/8 x 3/4 Bushings | | .30 | 1.80 |
| 1500 ft. | 3/4 pipe 2nd hand | | .10 | 150.00 |

219.70

The Carrington Co.

| | | | | |
|---|---|---|---|---|
| 120 pcs. | New 16# ASCE rail 20' 12800# | 9.00 cwt | | 1152.00 |
| 120 prs. | New 15# ASCE fish plates w/bolts | .85 | | 102.00 |
| 1 keg | 3/8 x 2½ Track Spikes 200# | 21.20 " | | 42.40 |
| 1 only | #6 Jim Crow rail bender | | | 45.00 |
| 100 ft. | 1½" forestry hose, cotton rubber lined with couplings | | | 63.00 |
| 1 | ✓ ASHOCH Model # 7556, 1100# capacity, 50 FPM 80 PSI, double drum | | | 1545.00 |
| 1 | W-201 welding and cutt. outfit # 41L30 complete with tips and regs. | | | 2175.00 |
| 1 | #198A C & L blow torch | | | 14.50 |
| 1 | T-20 Tanner tank | | | [illegible] |
| 2 | 54 gal drum tanners gas | 117.00 | | [illegible] |
| 2 | 54 gal drum deposits | 10.00 | | 20.00 |
| 1 | 2A2S 26" Pacific scraper | | | 312.00 |
| 3 | 5K 8" blocks, swivel shackle | 56.50 | | 169.50 |
| 1 | T4X 1½" self-priming contractors pump, base mount # [illegible] | | | 122.50 |
| 1 | T4X traffic mounting | | | 20.00 |

4205.90

Deed 1960 $14,844.15

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 24 1961

| DATE | INITIALS | CODE |
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# LeMaster & Daniels

CERTIFIED PUBLIC ACCOUNTANTS

EUSTACE LeMASTER, C. P. A.
E. C. DANIELS, C. P. A.
FIRTH J. CHEW, C. P. A.
T. R. SAMPSON, C. P. A.
FLOYD H. SMITH, C. P. A.
DONALD W. HAMMERSLEY, C. P. A.
GLENN E. MICKELSON, C. P. A.

PHONE MA 4-4315
SYMONS BUILDING
SPOKANE 4, WASHINGTON

CORRESPONDENTS
IN PRINCIPAL CITIES
OF THE UNITED STATES

January 27, 1961

Little Spokane Mining Company
Spokane, Washington

Gentlemen:

In connection with an examination of the records of Little Spokane Mining Company for the purpose of preparing income tax returns, we have prepared the accompanying balance sheet as December 31, 1960, and statement of expenses and deficit for the year then ended.

Since we did not audit the accounts, we are prevented from expressing an opinion on the representations contained in the statements made.

Yours very truly,

LeMaster & Daniels

# LITTLE SQUAW MINING COMPANY

## Balance Sheet at December 31, 1960

### ASSETS

**CURRENT ASSETS:**

| | | |
|---|---|---|
| Cash in banks | $ 266.11 | |
| Unexpired insurance premiums | 82.20 | |
| Total current assets | | 348.31 |

**FIXED ASSETS:**

| | Cost | Depreciation Reserve | Depreciated Cost | |
|---|---|---|---|---|
| Mineral rights and leases | $71,742.31 | $ - | $71,742.31 | |
| Mining equipment | 22,000.68 | 3,775.84 | 18,224.84 | |
| Other equipment | 1,126.68 | 1,018.03 | 108.65 | |
| | [illegible] | [illegible] | | 92,499.80 |

**DEFERRED CHARGES:**

| | |
|---|---|
| Organization expense | 309.66 |

**OTHER ASSETS:**

| | |
|---|---|
| Mill plans | 242.72 |
| | $93,906.72 |

### LIABILITIES

**CURRENT LIABILITIES:**

| | |
|---|---|
| Accounts payable | $ 7,[illegible] |

**CAPITAL STOCK AND DEFICIT:**

| | |
|---|---|
| Capital stock--6,000,000 shares authorized, 10¢ par share; 879,040 shares issued and outstanding | [illegible] |
| Deficit--exhibit B | [illegible] |

## [illegible] MINING COMPANY

### [illegible] at December 31, 1952

### ASSETS

**CURRENT ASSETS:**

| | |
|---|---|
| Cash in bank | $ 5.00 |
| Inventory mining supplies | [illegible]2.63 |
| Prepaid equipment rent | [illegible]0.00 |
| Prepaid insurance premiums | [illegible]56.12 |
| Total current assets | [illegible]14.38 |

**FIXED ASSETS:**

| | Cost | Depreciation reserve | Depreciation cost |
|---|---|---|---|
| Mineral rights and leases | $ 23,842.81 | $ - | $ 23,[illegible] |
| Mining equipment | 14,215.32 | 1,344.78 | 12,870.5[illegible] |
| Other equipment | 2,8[illegible].18 | 3[illegible].31 | 2,506.[illegible] |
| | $ 40,[illegible].31 | $ 1,[illegible].11 | [illegible].80 |

**DEFERRED CHARGES:**

| | |
|---|---|
| Organization expenses | [illegible].17 |

**OTHER ASSETS:**

| | |
|---|---|
| Mill plans | [illegible].75 |
| | $ [illegible].13 |

### LIABILITIES

**CURRENT LIABILITIES:**

| | | |
|---|---|---|
| Advances from affiliated companies: | | |
| Greenview Mines | | $ 172.80 |
| Metalmo Mining & Leasing [illegible] | | 3.95 |
| Total current liabilities | | 176.75 |

**CAPITAL STOCK AND DEFICIT:**

| | | |
|---|---|---|
| Capital stock--6,[illegible] shares authorized, 10¢ per share; 441,300 shares issued and outstanding | $ 44,130.00 | |
| Deficit--exhibit B | 427.65 | |
| | | 43,702.35 |
| | | $ 43,879.10 |

EXHIBIT B

# LITTLE SQUAW MINING COMPANY

## Statement of Expenses and Deficit
## Year Ended December 31, 1980

**EXPENSES OF PROPERTIES:**

| | | |
|---|---|---|
| Contract exploration | $25,696.00 | |
| Supplies | 16,999.19 | |
| Travel | 1,090.98 | |
| Insurance | 334.95 | |
| Depreciation | 3,077.96 | |
| Miscellaneous | [illegible] | |
| | 47,[illegible] | |
| Less: Expenses allocated to mineral rights and leases | 47,[illegible] | |

**ADMINISTRATIVE EXPENSES:**

| | | |
|---|---|---|
| Professional services | 425.00 | |
| Telephone | 20.90 | |
| Taxes | 15.00 | |
| Organization expenses | 96.51 | |
| Miscellaneous | 211.16 | |
| | | [illegible] |
| **NET LOSS** | | [illegible] |
| **DEFICIT AT JANUARY 1, 1980** | | [illegible] |
| **DEFICIT AT DECEMBER 31, 1980** | | $1,[illegible] |

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 14 1960

| DATE | INITIALS | CODE |
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| | | |

# LITTLE SOUAW MINING COMPANY

## Financial Statements

## Year Ended December 31, 1959

# LEMASTER & DANIELS

CERTIFIED PUBLIC ACCOUNTANTS

LEMASTER, C.P.A.
DANIELS, C.P.A.
CHEW, C.P.A.
SON, C.P.A.
SMITH, C.P.A.

CORRESPONDE
IN PRINCIPAL C
OF THE UNITED STA

SYMONS BUILDING
SPOKANE 4, WASHINGTON

February 12, 1960

Little Squaw Mining Company
Spokane, Washington

Gentlemen:

In connection with an examination of the records of Little Squaw Mining Company for the purpose of preparing income tax retu we have prepared the accompanying balance sheet at December 31, 1 and statement of expenses and deficit for the year then ended.

Since we did not audit the accounts, we are precluded fro expressing an opinion on the representations contained in the st ments.

Yours very truly,

## [illegible] GOLDEN [illegible]

### Statement of [illegible] and Deficit
### Year Ended December [illegible]

**MINERAL PROPERTIES:**

| | |
|---|---|
| [illegible] exploration | [illegible] |
| [illegible] | [illegible] |
| [illegible] | [illegible] |
| [illegible] | [illegible] |
| Depreciation | [illegible] |
| | [illegible] |
| Less: Expenses allocated to mineral rights and leases | [illegible] |

**ADMINISTRATIVE EXPENSES:**

| | |
|---|---|
| Professional services | [illegible] |
| Telephone | [illegible] |
| Taxes | [illegible] |
| Organization expenses | [illegible] |
| Miscellaneous | [illegible] |
| | [illegible] |

**NET LOSS AND DEFICIT AT DECEMBER [illegible]** $ [illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
May 12, 1961

OFFICIAL FILE COPY
O. M. E
RECEIVED MAY 15 1961

| DATE | INITIALS | CODE |
|---|---|---|
| | | 120 |
| | | 560 |
| | | |
| | | |
| | | |
| | | |
| | | |

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: Transmittal of OME application
Little Squaw Mining Co. (Gold-Silver)
Chandalar Property
Chandalar Mining District
Fairbanks Precinct, Alaska

Enclosed is an application from Little Squaw Mining Company, 309 Radio Central Building, Spokane 4, Washington, for OME assistance to explore for gold and silver on four claim groups in the Chandalar District, Alaska.

The applicant proposes to explore by doing 2,250 hours of surface trenching, 1,500 hours with a D-8 dozer, and 750 hours with a TD-18 dozer; by driving a total of 2,555 feet of drifting, cross-cutting and raising; and by diamond drilling from the surface 19 holes totaling 2,910 feet. The applicant estimates that the total cost of his proposed program will be $278,975.00, of which the Government's share would be 50 percent or $139,487.50.

Accompanying the application are reports based on field work done by E. A. Broadway in 1937 and by C. W. McKee in 1939, each report containing descriptions of the claim groups and assays and each accompanied by maps. Work done by the applicant in 1960 is indicated in geologic and assay maps and plans. From the material accompanying the application it appears that exploration on each of the four groups by trenching and underground methods is justified, and should it be deemed more advisable to limit the exploration to one or two of the claim groups at least for the present, it is difficult to rule out any particular group. However, if such a reduction is expedient, it appears that more preliminary work has been done on the Mikado and Little Squaw groups than on the other two and on this basis they would at present be recommended.

As there is still some question whether gold and silver will be added to the list of eligible minerals, I do not believe I would be justified in working up a case further, but should they be included and as soon as I receive your comment and suggestions, I can do so without having to go into the field, particularly if Eskil Anderson is still in Spokane.

On the Lien and Subordination forms marked Item 2c-1, Mikado-Star Groups, and 2c-2, Little Squaw-Eneveloe, the book and page are omitted. Mr. Anderson will supply this information as soon as the copies of the notice of recording of the respective leases is received.

D. R. MacLaren

D. R. MacLaren

Enclosures

MME Form 40
Dec. 1958

RECEIVED
MAY 8 1961
U.S.G.S.
SPOKANE, WASH.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Budget Bureau No. 42-R1368
Approval expires Dec. 31, 1963

# APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

Pursuant to Public Law 85-701 (72 Stat. 700; 30 U.S.C. 641)

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

LITTLE SQUAW MINING COMPANY
309 Radio Central Building
Spokane 4, Washington

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: OME-6148
DATE RECEIVED: 7-25-61
REGION: I
DIVISION CODE: 500

BUSINESS ORGANIZATION *(Check one)*

- INDIVIDUAL [ ]
- CORPORATION [X]
- PARTNERSHIP [ ]
- OTHER *(Specify)* [ ]

STATE IN WHICH FIRM IS ORGANIZED: ALASKA

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

| NAME | ADDRESS | TITLE |
|---|---|---|
| Karl W. Jasper | 309 Radio Central Bldg. Spokane 4, Wash. | President |
| Eskil Anderson | " " | Vice-Pres. |
| E. K. Barnes | " " | Secy.-Treas. |

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE: Gold - Silver

ESTIMATED COST OF PROJECT: $ 278,975.00

| PROPERTY NAME | LOCATION COUNTY | STATE |
|---|---|---|
| Chandalar | Chandalar Mining District, Fairbanks Precinct, | Alaska |

## GENERAL INSTRUCTIONS

Before filling out this application, please read the *OME Regulations for Obtaining Federal Assistance in Financing Explorations for Mineral Reserves* (30 CFR Chap. III). 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 2, existing mine workings and geology in item 3, and the proposed exploration work in item 5. 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 3(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 Office of Minerals Exploration, Department of the Interior, Washington 25, D. C., or with the nearest OME 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, and that he would not ordinarily undertake the proposed exploration under current conditions and circumstances at his sole expense.

May 8, 1961
DATED

Karl W. Jasper
BY (Signature)

President
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. Financial Eligibility:

(a) Submit evidence of efforts made within 90 days preceding the filing of this application to obtain credit from your bank of account and at least one other banking institution or other private source of credit. Such evidence shall include true copies of correspondence which show: (1) date of loan request, (2) amount and terms requested, (3) proposed use of loan funds, and (4) the replies from credit sources. If the loan was offered under terms which you consider unreasonable, state why you consider them so.

(b) List names and addresses of affiliated, parent, or controlling companies or organizations and state extent and nature of their interest.

(c) State how you propose to furnish your share of the cost of the exploration work.

## 2. Applicant's Rights in Land:

(a) State your interest in the land and mineral rights, whether owner, lessee, purchaser under contract, or other. If you are not the owner, submit one true copy of the lease, contract, or other document (with address of owner) under which you control the property. Describe all liens, mortgages, or other encumbrances on the land and state book and page number and official place where recorded.

(b) 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 adjacent land which you own or control. Describe any part of the land or workings which should not be subject to Government royalty and liens. If the land consists of unpatented claims, state book and page number for each recorded location notice, including amended locations, and official place where recorded. State all the names by which you know the property.

(c) For all land or mineral rights encumbered or not owned, submit five copies of Lien and Subordination Agreements on MME Form 52. If the agreements cannot be obtained, state reasons and provide copies of letters of refusal.

## 3. 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 land. Include existing mine workings and all production facilities.

(b) State your interest, if any, in operations described in (a).

(c) State, if 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, giving quantities and grades and sampling methods used. Support 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 have, indicating whether you require their return.

## 4. Accessibility of Property:

(a) To aid the OME representative who may examine the property, state name and address of person who will meet him; give directions for reaching the property; and describe accessibility of property and of any mine workings.

(b) Name the shipping and supply points and state the distances to the property.

## 5. Exploration Work:

(a) Describe fully the proposed exploration work giving individual footages and sizes of openings *for each item of work.* Use narrative, maps, plans, and sections as necessary. Show 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 *land boundaries* or to the closest identifiable corner.

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

(c) If an OME contract is executed, state how soon thereafter work would be started and finished. State your anticipated average daily or monthly rate of progress for each type of work.

## 6. Experience:

State your operating experience and background to conduct this exploration work and also that of the person who will supervise the work.

## 7. Estimate of Costs:

Furnish detailed estimates of the necessary costs *for each item of the work proposed in 5(a)* under the headings listed below with a total for each heading and the estimated total cost of the work. Costs for any work to be performed by an independent contractor should be listed separately under category (a) below. Costs for any work that is not to be performed by an independent contractor should be listed under categories (b) through (g).

(a) Independent contracts. State the total cost of any proposed independent contract for all or any part of the work, and the number of units and the unit cost for each type of work, such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, or 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. The cost of supervision, engineering and geological services, outside consultants, and labor should be itemized by numbers and classes of employees; rates of wages, salaries or fees; and periods of employment. State whether these services are available.

(c) Operating materials and supplies. List items of material and supplies giving quantity and cost of each. 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 equipment and tools costing $50 or more per unit. Give specifications and indicate how each item is to be acquired—i.e., rented, purchased or provided by the applicant. If rented or purchased, state the estimated rental or purchase price. If furnished by the applicant, state condition and present fair market value.

(e) Initial rehabilitation and repairs. Describe the type and the cost of *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 in the exploration work.

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

(g) Miscellaneous. Describe the type and estimate the cost of repairs and maintenance of the operating equipment listed in 7(d). Do not repeat initial repairs listed in 7(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*—The Government will not contribute to costs incurred before the date of the contract, or to costs of or incident to: (1) acquiring, using, or possessing land and any existing improvements, facilities, buildings, installations, and appurtenances, or the depreciation and depletion thereof; (2) general overhead, corporate management, interest and taxes (other than payroll and sales taxes); (3) insurance (other than employees' liability insurance); and (4) damages to persons or property (other than authorized repair to or replacement of equipment or other property used in the work).]

INT.-DUP. SEC., WASH., D.C. 50399

Little Squaw Mining Company
309 Radio Central Building
Spokane 4, Washington

Attached Page 1. Application to OME

Item 1.

(a) Items 1 a - 1 and 1 a - 2 attached.

(b) Grandview Mines, 309 Radio Central Building, Spokane 4, Washington, owns approximately 60% of the outstanding stock of Little Squaw Mining Company. Metaline Mining & Leasing Company, same address, owns approximately 40%. No other stockholders.

(c) Partly from continued financing by Grandview Mines and Metaline Mining and Leasing Company, and partly from private or public sale of stock, or by participation with a mining company able to finance the project beyond the exploration stage and into production. The latter of the last two methods of financing would be preferable if it is necessary.

Item 2.

(a) Little Squaw Mining Company holds the property by lease. Included are 21 patented lode mining claims, three millsites, and two unpatented lode claims. Copies of the two leases covering these properties are attached as Item 2 a-1 and 2 a-2. Lessor is Eskil Anderson, 1204 W. 18th Avenue, Spokane 41, Washington. The owner of the Mikado-Star groups of claims is Eskil Anderson. The owner of the Little Squaw group and the Eneveloe group is a Delaware Corporation, Chandalar Gold Mines, Inc., which leased its properties in 1948 to Eskil Anderson, who in turn sub-leased to Little Squaw Mining Company in 1959. Copies of the Chandalar Gold Mines lease to Eskil Anderson, and a mortgage against the Chandalar Gold Mines property held by Eskil Anderson are also enclosed as Items 2 a-3 and 2 a-4.

(b) Complete legal descriptions of all lands involved are contained in items 2 a-1 and 2 a-2.

The properties in the Chandalar District here involved are the Little Squaw group, the Eneveloe Group, the Star Group, and the Mikado Groups of lode mining claims. Patent plats are enclosed in the folder "Patent Plats" and district claim map in the folder "General and Misc., Summary, Reports and Maps."

(c) Attached: Item 2 c-1 . Mikado-Star groups
2 c-2 Little Squaw - Eneveloe Groups and Mortgage
2 c-3 Chandalar Gold Mines, Inc.

Item 3.

(a) MIKADO GROUP - about 1500 feet of underground workings including 500 foot adit, 100 foot raise to the bottom of a 100' shaft, 275 feet of drifts and 450 feet of prospect crosscuts to the walls of a shear zone about 40 feet thick within which the mineralization is confined. Hand dug open cuts made before 1915 exposed the mineralization at intervals for more than 3,000 feet along the strike of the shear zone. These cuts as well as most of the open cuts in the district are almost all filled as a result of the quite rapid Arctic solifluction on both the steep and gradual slopes.

More of the surface and underground workings were open for inspection before 1913 than have been available for examination since that time. As a result, the best general description of the area still is to be found in U. S. Geological Survey Bulletin 532, 1913, by A. G. Maddren. An abstract from that bulletin describing the Chandalar gold district and workings as observed at that time is enclosed with the general claim map "Chandalar Lode and Placer District" and "Abstracts of Chandalar Lode Reports" in the accompanying folder labeled "General and Miscellaneous."

Detailed assay maps of the new underground workings and ore reserve estimates are in the folder "Birch, 1960". Detailed underground assay and geological maps and sketchy surface maps, together with good verbal descriptions of the Mikado are contained in the folders labeled "Boadway, 1933" and "McKee, 1939". The Boadway report is the most thorough of the early private reports made on the Mikado shaft and tunnel. Sketch maps in the McKee Field Notes portion of the McKee folder show the general surface configuration in the Mikado shaft area.

The folder entitled "Patent Plats" contains the mineral survey maps of each of the patented lode claims or groups with workings open at that time indicated.

STAR GROUP - Several shallow shafts, and about 750 feet of partially filled hand dug open cuts. See "Patent Plats" for Mikado Star Group; also Page 2 paragraph 2, of U. S. G. S. Bulletin 532 abstract; "Abstracts of reports", and "Vein chart", all in "General and Miscellaneous" folder.

ENEVELOE GROUP - Seven claims. About 165 feet of tunnel partially filled with ice, two sluffed open-cut adits, a shallow ice-filled shaft, and several hundred feet of partially filled hand dug cuts along and across veins. The tunnel is on the unpatented "Chandalar Lode Claim", described in U.S.G.S. Bulletin 532 as "Last Chance and First Chance Claims" and shown on the patent plats included in the Eneveloe Group. Boadway, McKee and the "Abstracts" also describe various pits on claims in the Eneveloe group. A plan and vertical section of the Chandalar Lode tunnel is enclosed in the folder "General and Miscellaneous", with assays of samples taken at the almost entirely covered and caving outcrop of the vein section toward which the tunnel was directed.

Item 3.

(a) cont.

LITTLE SQUAW VEIN AND GROUP - 9 claims - approximately 325 feet of underground workings in adits, raise and winze and several hundred feet of partially filled hand dug open cuts across vein. Detailed descriptions, and maps with assay maps and estimated ore reserves are contained in the folders labeled Boadway, 1933 and McKee, 1939. Other reserve estimates are in the "Abstracts" referred to above.

(b) During 1959 and 1960 Frank Birch contracting work for Little Squaw Mining Company, reopened the Mikado adit and raised, drifted, and crosscut about 900 feet from the Mikado adit.

(c) Practically no production from lodes.
$1,000.00 hand mortared from Mikado dump and small amounts from others in early days.
Few tons milled with makeshift mill at millsite on Little Squaw Creek by 1910.
A little over $1,000,000 in total placer production from Little Squaw and Big Creek to the present.

(d) Indicated reserves:

Mikado - $885,000 in 11,660 tons @ $76.00 per ton with a mining thickness of 10 feet. Sampled by bulk carload sampling, drill cuttings, and chip sampling. Bulk sampling results were lowest and were used in estimate.

See "Birch, 1960".

Little Squaw - Reserve estimates vary from $100,000 to $400,000 - see "Abstracts" in "General and Misc. file". Boadway estimate of expected minimum of 4,000 tons with a thickness of four feet, and value of $33.80 (at $20 gold) or about $200,000 is best reasoned estimate. See Boadway 1933 and McKee 1939 for maps, assays, and verbal descriptions of channel sampling on Little Squaw vein.

(e) The best description of the general geological features of the district and of the Little Squaw Mining Company properties is contained in the abstract from U.S.G.S. Bull. 532 in the folder "General and Miscellaneous". Maps and descriptions of individual veins are contained in the Birch, Boadway and McKee reports.

To summarize:

There are four major shear zones in the district averaging perhaps 30 or 40 feet in thickness. They are known to contain gold bearing quartz veins along their exposed portions for from one to three miles each. They strike roughly east-west. The zones and the veins within the zones generally dip from 60° to vertical.

Until last year work had been confined to individual veins averaging three or four feet in thickness and on shoots with from $50 to $100 a ton ore. In crosscuts from a drift on a narrow vein to the walls of the Mikado shear zone, the southernmost zone in the group, it was found that there was a composite vein system at that place closest to the hanging wall of the shear zone which averaged about $75 a ton across a width of over ten feet. Surface indications at outcrops at elevations of between 3000 and 5000 feet are that ore of that type might be found for considerable distances along three or four of these shears, namely, the Mikado-Star, Jupiter-Summit, Chandalar-Eneveloe-Golden Eagle, and the Little Squaw shear zones.

Item 3.

(f) Quartz containing high values in gold has been found at intervals on the surface along the Mikado shear zone for about 400 feet west of the Mikado shaft to almost 3,000 feet to the east. See the reports previously referred to: U. S. G. S. Bulletin 532 abstract, Abstracts of Chandalar Lode reports, reports and maps by McKee 1939 and Boadway 1933. The veins are usually of minable width and there are indications along the shear zones that there will be other wider minable zones, similar to that found underground at the Mikado. The Star group, which has been assumed to be on the Mikado shear zone, the Jupiter-Summit, the Eneveloe, and the Little Squaw all have tepeated occurrences of high grade quartz outcroppings along their lengths, and all have enough work done on individual veins of substantial thickness, length, and values, to indicate a probability that small gold mines will be found by additional exploration work, and perhaps large ones.

(g) Retain the two sets of reports.

Item 4.

(a) Eskil Anderson, 309 Radio Central Bldg., Spokane 4, Washington

The Chandalar district is 190 miles north of Fairbanks, Alaska by plane. There are three land airports and two lakes used for access to the district. The Mikado underground workings are open now, the Little Squaw partly open, the Chandalar lode tunnel closed by ice without some digging. Surface examination is best after July 1 because of snow in hollows and cuts. The various prospects are accessible on foot from the closest landings, shown on the enclosed 1" = 4 mi. U.S.G.S. Chandalar Quadrangle map, by

Attached Page 5 - Application to OME

Item 4 (a) cont.

snowmobile or bulldozer road from Chandalar Lake or Squaw Lake in the winter, and by helicopter. For the first heavy freighting a 120 mile winter trail from Beaver was used.

(b) Fairbanks, Alaska - 190 miles.

Item 5

(a) What seems to be the most effective exploration work possible in the district is here separated into three major steps, as follows:

Bulldozing

Using two D-8 bulldozers, and one TD-18 bulldozer, strip the Mikado shear zone to bedrock at intervals of 100 to 200 feet from near the center of the Tobin claim about 400 feet west of the Mikado shaft to near the east end of the Mikado Lode claim about 3,000 feet to the east of the Mikado shaft. (See "Patent Plats" - Mikado-Star group and McKee Mikado Maps). This stripping would uncover the old workings previously described as having exposed high grade veins and in favorable zones could be used to expose the shear zone completely by stripping along its length.

In the same way a stripping program on the 3-claim Star group, reopening and working away from the old pits, shallow shafts, and open cuts to determine the extent of the mineralized zones would be an effective means of determining the mineralization there. Overburden on the three Mikado claims should not average over four feet deep and on the Star Group not over six feet in depth.

On the Eneveloe Group ( see "Patent Plats" and U.S.G.S. Bull. 532 abstracts, McKee field notes, Boadway et al) stripping at intervals wherever feasible from the west end of the Chandalar Lode over the pass through the Eneveloe claim and onto the Bonanza claim would uncover for sampling at least six places in which high grade gold bearing veins were at various times exposed by pits. It would also determine the extent of the shear zones in this area in which they appear to be quite extensive. Spectacular high grade in bedrock and in float has been found from the west end of the Chandalar Lode at least as far as the east end of the Bonanza claim (See also two "Chandalar Lode Sketches" in "General and Misc." folder).

Stripping for continuation of the Little Squaw Vein, both east and west (surface is best shown on Little Squaw maps accompanying McKee report

Item 5

(a) cont.

and on page 25 of McKee "Field Notes") should be of great importance on the Little Squaw, Sine, and Cosine Fraction Claims (see "Patent Plats") of the Little Squaw Group. For verbal descriptions see Boadway report, McKee report, McKee "Field Notes" pages 8, 24, 25, Abstracts of Chandalar Reports and U.S.G.S. Bulletin 532 abstract.

The vein was said by Marsh, 1909, to have been exposed for 428 feet west of the tunnel portal and was re-exposed by pits for a distance of 330 feet in 1939. Stripping to the west should determine its extension in that direction and to the east its downhill extension which appears to be indicated by float extending to Little Squaw Creek many hundreds of feet lower along the strike. The crosscuts made by the bulldozer would determine whether or not there are parallel veins here as there are in other places and would help determine sites for lower tunnels to explore the Little Squaw vein below present workings.

Underground work - 5' x 7' openings.

Mikado - see Birch 1960 and Boadway 1933 maps.

From the 100' sublevel, drifting west to the surface (See P. 37, McKee Field notes) (or from the surface east to the 100' level) with long hole drilling to the walls of the shear at 25 foot intervals, combined with the surface stripping, would thoroughly explore that section of the vein system with approximately 300 feet of drift and also provide additional ventilation for the mine workings. ?

A drift to the Eastfrom the shaft on the 100' sublevel for 200 feet, with long hole drilling to the walls of the shear at 25 foot intervals, plus cross cuts of approximately 75 foot lengths at 100' intervals, if valuable mineralization is found going east, would with about 350 feet of workings prospect thoroughly that zone. According to Boadway and also as indicated by McKee, the ore found in the shaft to the 100 foot level rakes at about 35° to the east and should be found east of the shaft.

On the main level, or 200 level, a drift 300 feet east within the shear, long hole drilling at 25 foot intervals to walls to help guide the drifting and for sampling, and about 225 feet of cross cuts at three 100 foot intervals would prospect that zone thoroughly.

On the main level going west, 200 feet of drifting and 150 feet of cross cuts would prospect that area below the present blocked out ore. ?

This would total 1525 feet of drift and crosscut. As in all proposed exploration suggested here, the entire program should be considered to be flexible and dependent on related information developed at the surface or in other parts of the mine.

Item 5

(a) cont.

Little Squaw - See Boadway and McKee Little Squaw maps.

700 feet of drifting and raising along the Little Squaw vein, through the fault, and into the vein beyond the fault, starting from Tunnel No. 3 114 feet below the present tunnel level would indicate the possible horizontal and vertical extent of the Little Squaw ore shoots. The location of the new tunnel might be changed somewhat as a result of information from stripping. A raise to the winze from the present main level would be driven. Depending on information developed at the surface by stripping, long hole drilling would be used at intervals to check for any parallel veins within the shear zone.

Chandalar Lode - see two "Chandalar Lode Sketches" in folder "General and Miscellaneous"

Approximately 50 feet of tunnel, 80 feet of raise, and 100 feet of drift east and west on the mineralized structure, for a total of 330 feet, with long hole drilling to prospect to the walls if the mineralized zone is wider than the drift, would indicate the possible extent of the very rich mineralization on the surface here. (See U. S. G. S. Bull. 532 abstract "Last Chance and First Chance" claims and "Abstracts" in the General and Miscellaneous folder) Stripping results might indicate some change in plans.

Diamond Drilling

After the stripping and underground work proposed above, diamond drilling would be justified where satisfactory results had been obtained.

Five diamond drill holes would be drilled from the surface to check the main level extension of the Little Squaw vein beyond the fault to the west to about half way between the surface and the proposed new level. These holes drilled south at - 40° from about 100 feet north of the vein at the surface would average about 150 feet in length and total about 750 feet.

At the Chandalar Lode a similar program from the surface using six holes, three each to the east and west of the end of the proposed drifting at 100 foot intervals and drilling south at about -35° to about 50 feet below the tunnel level should average about 160 feet in length for a total of 960 feet. It would be necessary to acquire an additional claim to do the drilling towards the west. That claim could be included under this program by letter agreement.

On the Star Group assuming satisfactory outlining of an ore shoot on the surface, drilling at - 45° from the surface to intersect the veins at about 100 feet in depth could be used as a preliminary to shaft sinking

Item 5

(a) cont.

which would be necessary because of the topography. Eight holes averaging about 150 feet in length and totaling 1200 feet should be sufficient to justify such work if satisfactory results were obtained.

Diamond drilling could be considered as a second and separate stage in the program and would not be done unless warranted by results of earlier work, agreed to by both parties, and until detailed maps had been submitted. It is only included here to facilitate such a program if it should seem advantageous. No drilling plan has been included for the Mikado Group. Drilling below the present tunnel level and to the east of the proposed workings might appear to be desirable after the proposed work has been done.

(b) Base camp for the bulldozers and surface equipment is at the mouth of Pedro Creek on upper Big Creek (See "Chandalar Lode and Placer District" map). A bulldozer road already extends from the camp to the west end of the unpatented Summit Claim on the divide between Big and Little Squaw Creeks. It will be necessary to connect the Star and Mikado groups and the Eneveloe and Little Squaw groups by a bulldozer road working downhill gradually from this point. Going south, the Star Group is about 1,000 feet from the Summit Claim and the Mikado Group about 3,500 feet from the Star Group. Going north it is about 1,500 feet to the Eneveloe Group and 3,500 feet from that group to the Little Squaw Group. From the Summit to the Mikado and Eneveloe the road is on moderately sloping grassy hillsides. Steep slopes where some rock work may be necessary occur in the pass between St. Mary's and Tobin Creeks and between the Eneveloe group and Little Squaw group near the Venus Lode Claim.

Needs
1000
3500
1000
3500
9000 ft

Equipment for rock work is on hand and would be used in conjunction with the bulldozers for that work and for blasting and sampling surface cuts across the shear zones.

A bulldozer road now extends from Squaw Lake to a supply base about one-fourth mile above No. 1 Above Discovery Placer Claim on Little Squaw Creek. Diesel fuel, rails, lagging, and heavy equipment for the Little Squaw mine will be brought up from Squaw Lake. An old government pack road from this supply base three-fourths of a mile to the Little Squaw Mine can be made into a good year-round road at a cost estimated by McKee at $1500.00 with light equipment and working uphill. It probably can be done for that much or less with the equipment available now.

3/4 miles

(c) Seasonal factors and the time of approval of this application will determine what type of work will begin first and whether it can be begun this year or next year.

Item 5

(c) cont.

Bulldozer stripping is only feasible during July, August and in part of September, because of permafrost conditions. The underground work on the Little Squaw should be done after the stripping. At the Mikado stripping beforehand is not essential but it will be better if it is done before underground work is resumed.

? As soon as it is possible to begin stripping the two or three bulldozers would be worked at least one shift a day. The entire stripping program could be completed in one season under only the most favorable circumstances.

Underground work at the Mikado and Little Squaw could proceed at about 200 feet a month once started. Little Squaw Mining Company would expect to complete the Mikado underground work in 1962, and possibly the Little Squaw work the same season.

The entire program can be completed by the fall of 1963, and under the most favorable circumstances, may be completed a year earlier except for underground work on the Chandalar Lode and the diamond drilling.

Item 6

Eskil Anderson and Frank Birch, the former a 1941 graduate of the U. of Alaska with Bachelor of Science and Bachelor of Geology and Mining degrees, the latter a 1948 graduate of the Missouri School of Mines in Mining Engineering, have been in charge of the work done to date and will be in charge of the proposed work. Anderson has spent 15 years in Alaskan mining, beginning work there at the Independence Gold Mine near Anchorage in 1937 and beginning work in the Chandalar District on gold placer in 1946. Birch has worked continuously at hard rock mining since his graduation, also first working at the Independence Gold Mine, and has spent the last two years in charge of the Mikado work.

Zinc-Lead DMEA programs in Stevens County, Washington were conducted under the direction of Eskil Anderson

Item 7

All of the work will be contracted and, except for diamond drilling, will be done with equipment owned or to be purchased by Little Squaw Mining Company. There is no other equipment suitable for the work in the district and it would not be possible to obtain reasonable bids in the usual manner except for the diamond drilling. A proposal from Boyles Bros. on the diamond drilling is attached.

To avoid the extra costs of taking care of the mass of detail which would be involved in any program other than a unit cost plan, the Little Squaw Company

Item 7 cont.

proposes unit costs for the bulldozing and underground work which are less than rates that could be obtained from any one else for the same work. To attempt to value individually all items in Item 7 (b) to (g) involved in a new and remote district such as this would be more burdensome than the actual work to be performed.

(a) Bulldozing

There has never been any bulldozer work done on any claim involved in this application except for a road, up to the Mikado portal from below, which does not approach the mineralized part of the Mikado zone. Metered time on the cats, signed monthly certifications by the drivers or contractor, and observation of the work accomplished would provide a three-way check on bulldozing work done.

Stripping will be concentrated on the Mikado and Little Squaw zones as soon as feasible, with the Eneveloe and Star Groups to be prospected with a relatively minor proportion of the proposed work. The TD-18 will be used interchangeably with the D-8's in case of breakdowns and in certain places where it might be more practical. It is not possible to predict accurately the time to be spent on each group of claims, as that will be determined by results. Probably less than 10% of the time will be spent on the Star Group, about 20% on the Eneveloe and over 70% on the Little Squaw and Mikado groups.

The 1959 Alaska General Contractors rental scale for a TD-18 at Fairbanks was $19 per hour without fuel or operator. Diesel fuel for the Chandalar district is flown in from Fairbanks and hauled by cat train to the place of use. Labor costs and repair costs are higher for the same reason. Heavy parts carry a freight rate of about 5¢ a pound - emergency parts at least 15¢ a pound if brought in on a pontoon or small plane and freighted in by themselves. Fuel and operator costs alone are about $10 per hour.

?

Costs

| | | | | |
|---|---|---|---|---|
| 1500 hours with D-8 | @ | $25/hr. | | $37,500 |
| 750 " " TD-18 | @ | 21.50/hr. | | 16,125 |
| | | Total | | $53,625.00 |

50% Government portion - $26,812.50

If this appeared to be an excessive amount of stripping, Little Squaw Mining Company would prefer to stop as soon as it became evident that more work were not warranted.

Surveying and mapping, sampling and assaying, of a thoroughness comparable to that done in the Birch 1960 report, blasting and clearing out of trenches and all other rock work would be done by Little Squaw Mining Company as a part of this job and at its own expense.

Item 7

(a) cont.

Underground work.

Including all costs Little Squaw's 900 feet of underground work in 1959 and 1960 cost $108 per foot. With deductions for all capitalized items the cost was $80 per foot. It may be possible to do the underground work proposed here for $70 a foot as we expect the costs in the district to drop gradually. Little Squaw would at its own expense do all supervising, surveying and mapping, sampling and assaying in a manner similar to that done in the previous Mikado underground work. Birch and McKee maps show the present extent of the underground workings.

Costs

| | | |
|---|---|---|
| Mikado: | 1525 feet @ $70 | $106,750 |
| Little Squaw: | 700 feet @ $70 | 49,000 |
| Chandalar Lode: | 330 feet @ $70 | 23,100 |
| | Total | $178,850 |
| 50% Government portion | | 89,425.00 |

Stage 2 - Diamond Drilling - dependent on earlier work.

Based on the enclosed bid from Boyles Bros. over-all costs of drilling, including supervision, logging, sampling and assaying, mapping and all other expenses, would total an estimated $16 per foot recovering BX core. Other bids will be obtained if the drilling program becomes an actuality. If results of the earlier work indicate diamond drilling to be desirable, an expansion of the drilling program would lower the per foot costs rapidly. High mobilization costs add nearly $3 a foot to the per foot costs at the present total footage.

Costs:

| | | |
|---|---|---|
| Little Squaw: | 750 feet @ $16 | $12,000 |
| Chandalar Lode: | 960 feet @ $16 | 15,360 |
| Star Group: | 1200 feet @ $16 | 19,200 |
| | Total | $46,500 |

Little Squaw would like to have this part of the project considered completely flexible as earlier work might even suggest that all of the drilling be done at one place.

(b) (c) (d) (e) (f) (g) All costs borne by Little Squaw Mining Co.

Item 1a-1

WASHINGTON TRUST BANK Spokane, Washington

April 27, 1961

Mr. Karl W. Jasper, President
Little Squaw Mining Co.
Suite 309 - 312 Radio Central Building
Spokane, Washington

Dear Mr. Jasper:

Your request on behalf of the Little Squaw Mining Co. for a loan of $250,000 for development work on your property has been rejected. The operation is considerably out of our territory, and the nature of the project is not one which we feel we can finance.

Yours very truly,

W. K. Scammell Jr.

W. K. Scammell, Jr.
Vice President

WKS:jb

April 26, 1961

Fred Stanton, President
Washington Trust Company
Spokane, Washington

Dear Mr. Stanton:

You, no doubt, have heard of the efforts of our company, Little Squaw Mining Company, to explore and develop patented mining claims for the production of gold in the Chandalar Mining District of Alaska.

Additional financing of this project is required to bring the property to a point of production.

An estimated $250,000 additional matching funds are required to meet our present program. I would appreciate a conference with officers of your loan department in order to disclose our detailed program. At that time I will bring a current Statement of Financial Condition of Little Squaw Mining Company, a summary of proposed exploration plans, maps of work completed during the past two years, geological reports, both current and of earlier examinations, true copies of leases held by us, and any other pertinent data that may enlighten your bank on this project.

I will phone you tomorrow afternoon to arrange a meeting at your earliest convenience.

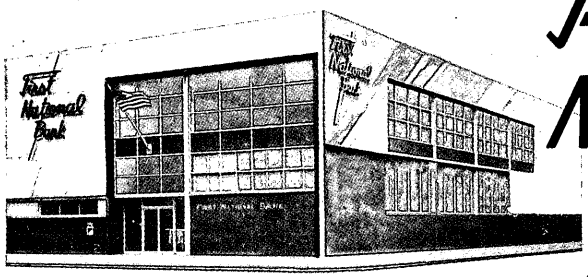
Best personal regards.

LITTLE SQUAW MINING COMPANY

KARL W. JASPER, President

KWJ-jcp

Item 18-2



# First National Bank IN SPOKANE

JAMES BRENNAN
PRESIDENT

SPOKANE 10, WASHINGTON

April 27, 1961

Mr. Karl Jasper
Little Squaw Mining Co.
Radio Central Building
Spokane 4, Washington

Dear Mr. Jasper:

Many thanks for your presentation of the financing necessary for the further development of the Little Squaw Mining Company.

I have had an opportunity to discuss your presentation of the requirements with our people, and we regret that we would not be able to assist.

Yours very truly,

James Brennan

JB:MLB

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

April 26, 1961

James Brennan, President
First National Bank in Spokane
Spokane, Washington

Dear Mr. Brennan:

You, no doubt, have heard of the efforts of our company, Little Squaw Mining Company, to explore and develop patented mining claims for the production of gold in the Chandalar Mining District of Alaska.

Additional financing of this project is required to bring the property to a point of production.

An estimated $250,000 additional matching funds are required to meet our present program. I would appreciate a conference with officers of your loan department in order to disclose our detailed program. At that time I will bring a current Statement of Financial Condition of Little Squaw Mining Company, a summary of proposed exploration plans, maps of work completed during the past two years, geological reports, both current and of earlier examinations, true copies of leases held by us, and any other pertinent data that may enlighten your bank on this project.

I will phone you tomorrow afternoon to arrange a meeting at your earliest convenience.

Best personal regards.

LITTLE SQUAW MINING COMPANY

KARL W. JASPER, President

KWJ-jcp

Item 7

DIAMOND CORE DRILLING
MINING
QUARRIES
SHAFT SINKING
TUNNEL DRIVING
GROUTING
FOUNDATION TESTING
MINE PLANT DESIGN
AND FABRICATION

**Boyles Bros. DRILLING COMPANY**

CONTRACTORS-ENGINEERS-GEOLOGISTS
General Offices
1321 South Main Street Phone HUnter 7-7595
SALT LAKE CITY 15, UTAH

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO

East 3408 Main Avenue
Spokane 24, Washington

Reply to: Spokane, Washington

April 26, 1961

Mr. Eskil Anderson, Geologist
Grandview Mines
Radio Central Bldg.
Spokane, Washington

Dear Eskil:

The following rates for your proposed drilling program in the Chandalar, Alaska area are for estimating purposes only, should your program become a reality we would want to have our district manager at Ketchikan, Alaska Mr. Frank Kness, examine the sites to be drilled, and give you a firm bid at that time.

1. Mobilization of crews & equipment from Salt Lake City, Utah $8500.00 if we can Mobilize & demobolize from Ketchikan the price would be $6500.00.

| | AX | BX |
|---|---|---|
| 2. Drilling Rates: 0 to 500ft. | $8.00 per ft. | $8.00 per ft. |
| 3. Reaming: | | $4.00 per ft. |

4. Cementing will be at the rate of $15.00 per hour plus the cost of cement or cement substitute including drilling and necessary additives, for drilling frozen ground.

5. Board & room to be furnished to our crews at no cost.

6. Means for transporting crews & equipment from site to site & zone to zone to be at your expense.

7. Moving including tearing down & setting up will be at the rate of $15.00 per hour for each two man crew.

8. Surveying and other delays requested by your company will be at the rate of $15.00 per hour for each two man crew.

Sincerely yours,

O. C. Bouquot

O. C. Bouquot

cc: R. F. Durfee, Ass't Mgr. Drilling Division.

Item 2a -

# MINING LEASE

THIS INDENTURE made this 29th day of April, 1959, between ESKIL ANDERSON of Spokane, Washington, hereinafter called Lessor, and THE LITTLE SQUAW MINING COMPANY, an Alaskan corporation, hereinafter called Lessee,

W I T N E S S E T H :

That for and in consideration of the option herein granted and of the sum of One Dollar lawful money of the United States of America, in hand paid by Lessee to the Lessor, receipt thereof by the latter is hereby acknowledged, and in further consideration of the royalties, covenants and agreements hereinafter contained and by the Lessee to be paid, kept, observed and performed, Lessor has leased and let and by these presents does lease and let unto Lessee the hereinafter described patented lode mining claims, for the exclusive right of investigation, exploration, development, and exploitation for all minerals in and upon hereinafter named mining claims lying and being in Chandalar Mining District of the Fairbanks Mining and Recording District of the Fourth Judicial Division of the State of Alaska, and more particularly described as follows, to-wit:

(a) Patented Mining Claims comprising the "MIKADO GROUP," viz:

TOKIN QUARTZ CLAIM,
LITTLE MIKADO,
MIKADO, U. S. Patent No. 1094558, U. S. Mineral Survey No. 1745.

(b) Patented Mining Claims comprising the "[illegible] GROUP," viz:

[illegible] No. 1 LODE,
[illegible] No. 2 LODE,
[illegible] No. 3 LODE, U.S. Patent No. 1036[illegible], U. S. Mineral Survey No. 1[illegible].

(c) WOLF LODE, an unpatented lode claim recorded at Fairbanks, Alaska, on May 6, 1948, by Instrument No. 107925 in Volume 24 of Locations, Page 330.

(d) THE ST. MARY'S GULCH MILL SITE and THE CHANDALAR FALLS MILLSITE, unpatented millsites originally located by Chandalar Gold Mines, Inc.

Together with all the rights and privileges thereunto belonging or in any way appertaining or therewith usually had and enjoyed, and together with the rights and privileges to prospect and mine the said claims for gold and other minerals and metals for a term of thirty-five (35) years from the date hereof, and, at the option of Lessee, for an additional term of twenty-five (25) years, which option shall be exercised by notice in writing given to Lessor by Lessee not less than one year prior to expiration of the initial term hereof, unless sooner terminated or forfeit through, or by reason of the violation or nonobservance of any agreements or covenants hereinafter set forth on the part of the Lessee to be kept, observed and performed.

As partial consideration for this lease, Lessee hereby grants to Lessor an option to purchase at its ten cent par value, 300,000 shares of the capital stock of Lessee. This option may be exercised in whole or in part by notice in writing mailed as hereinafter provided at any time on or before April 30, 1963. The exercise of this option as to less than the full number of shares optioned shall not preclude the subsequent exercise of the option as to additional shares until either the full number of shares optioned has been purchased by Lessor or the time for the exercise of this option has expired. Lessee covenants that until the full number of shares optioned have been purchased or until this option has expired, it will not, without the consent of Lessor, amend Article Four of its Articles of Incorporation nor issue shares of its capital stock except upon receipt of full value for such shares in money, labor or property.

This lease is subject to the following covenants and conditions to be performed and kept by each party as follows:

1. Lessor shall be entitled to receive seven per cent (7%) of the mint returns, net smelter returns, and any other receipts from all metals or minerals produced and sold. Lessee shall, on behalf of both parties, sell all metals or minerals promptly upon their extraction from the property leased hereunder and shall arrange that such mint or smelter returns be paid promptly by the smelter or mint to the account of Anderson and Hoch in the First National Bank in Spokane, Washington, or as hereafter directed by Lessor, his heirs, executors, administrators or assigns.

2. Lessee shall keep accurate and correct books of account showing gross receipts from the sale of ore, concentrates and bullion from the said premises and showing the amount of all costs of production. Lessee shall permit Lessor, at reasonable times, to examine Lessee's books and records relating to its operations under the terms of this lease.

3. Lessee agrees to perform the annual assessment work required by law for each unpatented claim now or later to be included in this lease and must file proof of labor not later than August 1st of each year, immediately supplying Lessor with a copy of such recorded proof of labor. If either Lessor or Lessee stakes any mining claims in the area which in any way affect the properties listed herein, such staking must be done in the name of and on behalf of Lessor and any such claims staked hereafter by either Lessor or Lessee shall be included under the terms of this lease and if patented, shall be patented in the name of Lessor.

4. It is understood and agreed that the patented mining claims comprising the "Mikado Group" hereinabove described want,

on the 9th day of May, 1940, leased by William Sulzer as Lessor to Karl J. Springer as Lessee. Lessee under said lease may claim some right, title or interest to said properties by virtue of the above described lease. Lessor has instituted an action to quiet title to said property and he covenants and agrees that he will prosecute such action to a final decision. In the event it should be determined by the court that lessee under said lease has a valid and presently operative lease and that Lessor herein does not have a right to lease said property to Lessee herein, it is agreed that Lessee may offset double the amount of any expenditures made on said property against any payments due Lessor under this lease.

5. Lessee agrees that in each contract year it will expend on the property in direct labor and materials costs a minimum sum of Five Thousand Dollars ($5000.00) and to the extent Lessee does not expend such sum on the property, will pay to the Lessor the difference between Five Thousand Dollars ($5000.00) and the amount actually expended in cash, such payment to be made within thirty (30) days after the end of the contract year. Any payments under this lease shall be made to the account of Anderson and Hoch in the First National Bank in Spokane, Washington, or as hereafter directed by Lessor, his heirs, executors administrators or assigns.

6. The continuance of this lease is optional with the Lessee except as to performance of the work agreed to be done during the first contract year. Lessee may at any time withdraw from this agreement by written notice given to Lessor not less than ninety (90) days prior to the commencement of a new contract year. This agreement shall then terminate upon the expiration of the contract year in which the notice is given, without liability attaching to either party, except that Lessee shall have the obligation of paying all debts incurred by it in

connection with its work on said property, which, if unpaid, would become a lien on the property, and except that Lessee must pay Lessor any and all royalties then due and must pay all taxes then due and payable as herein provided.

7. The Lessor or his representatives will be permitted to enter upon said mining claim at any time and on any and all parts thereof for the purpose of inspecting operations carried on by the Lessee, provided such rights of entry shall not hinder in any way Lessee's operations.

8. Lessee agrees to pay with its own funds promptly all taxes levied during the term of this lease on the property herein described or on any improvements on or any personal property located on said property or on the product and/or proceeds from the operation of said property.

9. Lessee shall perform all work in a good and miner-like fashion, obeying all laws applicable to its operations, and shall at the end of each year supply to Lessor copies of all maps, assay sheets and other reports resulting from the exploration, development and exploitation of said mining claims.

10. Lessee shall incur no indebtedness for labor or materials furnished or for any other cause which might become a lien on the property, and shall post and keep posted in three conspicuous places on each group of claims, notices to the effect that Lessor will not be liable in any way for wages contracted by Lessee or for goods, merchandise or machinery furnished to Lessee in connection with the operation of said premises.

11. The Lessor hereby agrees with Lessee that the Lessee may construct roads, lay pipe lines, construct warehouses, mills, work shops and other buildings, fixtures and appurtenances on said premises hereby leased as may be necessary for the successes-

ful conduct and operation of said mining business; provided, that such installations do not present a substantial hindrance to any reasonably foreseeable operation. No machinery, apparatus, tools, buildings, structures, or appurtenances or equipment placed on said mining claims by the Lessee shall be deemed fixtures, but the same shall be and remain personal property of the Lessee. In the event of any termination of this Agreement Lessee may, within ninety (90) days after the date of such termination, remove from said mining claims all such property placed thereon and pending removal, use and occupy only as much of said claims as shall be reasonably necessary for the protection of said property, but not so as to interfere with mining operations thereon. All such property not removed from Lessor's property within ninety (90) days after termination of this lease shall be and become at once the property of the Lessor.

12. The Lessor warrants that so long as the Lessee faithfully performs the covenants hereunder, he shall have quiet enjoyment and possession of said property without hindrance, interference, or dispossession by Lessor.

13. Neither this lease nor any part thereof is transferable or assignable unless written consent is first obtained from the Lessor.

14. Lessee agrees to indemnify and hold harmless the Lessor from all claims of all persons arising out of the operation of the premises, including claims for personal injury, death, or property damage.

15. It is agreed that time and performance are the essence of this lease and in the event of a failure of the Lessee to comply with the stipulations and conditions as set forth or to make payment or payments as herein provided within the time or times herein designated, Lessor may declare a forfeiture here-

of; provided, that he shall give written notice to Lessee of any matter or matters in default or failure hereunder and require Lessee to remedy such breach or failure hereunder within a period of sixty (60) days from the date of said notice, and upon the expiration of said 60-day period the said default not having been remedied, this lease shall automatically terminate. In case of termination of this lease for any reason whatsoever, Lessee agrees to yield possession of the premises within the time herein specified and to give to Lessor upon request a good and sufficient release of this lease.

16. Notice given pursuant to this agreement shall be deemed complete when deposited in the United States mail with postage prepaid and addressed as follows:

Lessor - Eskil Anderson
1204 West 18th Avenue
Spokane 41, Washington

Lessee - The Little Squaw Mining Company
Radio Central Building
Spokane 1, Washington

Either party may change the above address by notice in writing mailed as herein provided.

17. This agreement shall inure to the benefit of and bind, as the case may be, the heirs, personal representatives, successors in interest, assigns, and all other persons claiming under the respective parties.

IN WITNESS WHEREOF, the parties hereto have caused this indenture to be executed the day and year first hereinabove written.

LESSOR

THE LITTLE SQUAW MINING COMPANY

By [illegible]

Its [illegible]

LESSEE

We, the undersigned, hereby waive any pre-emptive rights we may have to the issuance of stock to Lessor under the terms of the option herein granted.

Karl W. Jasper

E. K. Barnes

GRANDVIEW MINES, INC.

By Karl W. Jasper

METALINE MINING AND LEASING CO.

By Karl W. Jasper

STATE OF WASHINGTON }
COUNTY OF SPOKANE } ss.

I, the undersigned, a Notary Public in and for the State of Washington, hereby certify that on this 29th day of April, 1959, personally appeared before me ESKIL ANDERSON, to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that he signed and sealed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal the day and year last above written.

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

- - - - -

STATE OF WASHINGTON }
COUNTY OF SPOKANE } ss.

On this 29th day of April, 1959, before me, a Notary Public in and for the above named County and State, personally appeared _____, to me known to be the _____ of the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

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

Item 2a-2

# MINING LEASE

THIS INDENTURE made this 29th day of April, 1959, between ESKIL ANDERSON of Spokane, Washington, hereinafter called Lessor, and THE LITTLE SQUAW MINING COMPANY, an Alaskan corporation, hereinafter called Lessee,

W I T N E S S E T H :

That for and in consideration of the option herein granted and of the sum of One Dollar lawful money of the United States of America, in hand paid by the Lessee to the Lessor, receipt whereof by the latter is hereby acknowledged, and in further consideration of the royalties, covenants and agreements hereinafter contained and by the Lessee to be paid, kept, observed and performed, Lessor has leased and let and by these presents does lease and let unto Lessee the hereinafter described patented lode mining claims, for the exclusive right of investigation, exploration, development, and exploitation for all minerals in and upon hereinafter named mining claims lying and being in Chandalar Mining District of the Fairbanks Mining and Recording District of the Fourth Judicial Division of the State of Alaska, and more particularly described as follows, to-wit:

(a) Patented Mining Claims comprising "THE BONANZA GOLD GROUP," viz:

BONANZA LODE QUARTZ MINING CLAIM,
KNEVELOK LODE QUARTZ MINING CLAIM,
GOLDEN EAGLE LODE QUARTZ MINING CLAIM,
each having an area of 20 acres, more or less, being more particularly described in U. S. Patent No. 1036358, dated the 19th day of April, 1930, and recorded in the office of the U. S. Commissioner for the Chandalar Mining District, Alaska, on the 17th day of July, 1930, in Volume 1, page 137 of Deeds.

VENUS LODE QUARTZ MINING CLAIM,
having an area of 20 acres, more or less, being more particularly described in U. S. Patent No. 1085304, dated the 25th day of September, 1936,

and recorded in the office of the U. S. Commissioner for the Chandalar Mining District, Alaska, on the 24th day of April, 1937, in Volume 1, page 179 of Deeds.

JUPITER LODE QUARTZ MINING CLAIM,
WOODCHUCK LODE QUARTZ MINING CLAIM, each having an area of 20 acres more or less, being more particularly described in U. S. Patent No. 1085903, dated the 25th day of September, 1936, and recorded in the office of the U. S. Commissioner for the Chandalar Mining District, on the 27th day of January, 1937, in Volume 1, page 176 of Deeds.

(b) Patented Mining Claims comprising the "LITTLE SQUAW GOLD GROUP," viz:

LITTLE SQUAW LODE QUARTZ MINING CLAIM,
BIG SQUAW LODE QUARTZ MINING CLAIM,
SINE LODE QUARTZ MINING CLAIM,
COSINE FRACTION LODE QUARTZ MINING CLAIM,
CRYSTAL LODE QUARTZ MINING CLAIM, each having an area of 20 acres, more or less, being more particularly described in U. S. Patent No. 1022769, dated the 23rd day of January, 1929, and recorded in the office of the U. S. Commissioner for the Chandalar Mining District, on the 20th day of July, 1929, in Volume 1, page 90 of Deeds.

COSINE LODE QUARTZ MINING CLAIM, having an area of 20 acres more or less, being more particularly described in U. S. Patent No. 1036360, dated the 19th day of April, 1930, and recorded in the office of the U. S. Commissioner for the Chandalar Mining District, on the 17th day of July, 1930, in Volume 1, page 141 of Deeds.

CRYSTAL NO. 2 LODE QUARTZ MINING CLAIM, having an area of 20 acres more or less, being more particularly described in U. S. Patent No. 1036361, dated the 19th day of April, 1930, and recorded in the office of the U. S. Commissioner for the Chandalar Mining District, Alaska, on the 17th day of July, 1930, in Volume 1, Page 144 of Deeds.

COSINE NO. 1 LODE QUARTZ MINING CLAIM,
COSINE NO. 2 LODE QUARTZ MINING CLAIM, each having an area of 20 acres more or less, being more particularly describedin U. S. Patent No. 1088433, dated the 16th day of February, 1937, and recorded in the office of the U. S. Commissioner for the Chandalar Mining District, Alaska, on the 24th day of April, 1937, in Volume 1, Page 181 of Deeds.

(c) SPRING CREEK MILLSITE, more particularly described in U. S. Patent No. 1094946, dated the 6th day of January, 1938, and duly recorded in the office of the U. S. Commissioner for the Chandalar Mining District, Alaska, in Volume 1, page 186 of Deeds, on the 6th day of July, 1938.

(4) CHANDALAR LODE CLAIM, an unpatented claim recorded at Fairbanks, Alaska, November 19, 1958, by Instrument No. 184,867, in Volume 29 of Locations, Page 206.

Together with all the rights and privileges thereunto belonging or in any way appertaining or therewith usually had and enjoyed, and together with the rights and privileges to prospect and mine the said claims for gold and other minerals and metals for a term of thirty-five (35) years from the date hereof, and, at the option of Lessee, for an additional term of twenty-five (25) years, which option shall be exercised by notice in writing given to Lessor by Lessee not less than one year prior to expiration of the initial term hereof, unless sooner terminated or forfeit through, or by reason of the violation or nonobservance of any agreements or covenants hereinafter set forth on the part of the Lessee to be kept, observed and performed.

As partial consideration for this lease, Lessee hereby grants to Lessor an option to purchase, at its ten cent par value, 300,000 shares of the capital stock of Lessee. This option may be exercised in whole or in part by notice in writing mailed as hereinafter provided at any time on or before April 30, 1963. The exercise of this option as to less than the full number of shares optioned shall not preclude the subsequent exercise of the option as to additional shares until either the full number of shares optioned has been purchased by Lessor or the time for the exercise of this option has expired. Lessee covenants that until the full number of shares optioned have been purchased or until this option has expired it will not, without the consent of Lessor, amend Article Four of its Articles of Incorporation nor issue shares of its capital stock except upon receipt of full value for such shares in money, labor or property.

This lease is subject to the following covenants and conditions to be performed and kept by each party as follows:

1. Lessor shall be entitled to receive seven per cent (7%) of the mint returns, net smelter returns, and any other receipts from all metals or minerals produced and sold. Lessee shall, on behalf of both parties, sell all metals or minerals promptly upon their extraction from the property leased hereunder and shall arrange that such mint or smelter returns be paid promptly by the smelter or mint to the account of Andersen and Noah in the First National Bank in Spokane, Washington, or as hereafter directed by Lessor, his heirs, executors, administrators or assigns.

2. Lessee shall keep accurate and correct books of account showing gross receipts from the sale of ore, concentrates and bullion from the said premises and showing the amount of all costs of production. Lessee shall permit Lessor, at reasonable times, to examine Lessee's books and records relating to the operations under the terms of this lease.

3. Lessee agrees to perform the annual assessment work required by law for each unpatented claim now or later to be included in this lease and must file proof of labor not later than August 1st of each year, immediately supplying Lessor with a copy of such recorded proof of labor. If either Lessor or Lessee stakes any mining claims in the area which in any way affect the properties listed herein, such staking must be done in the name of and on behalf of Lessor and any such claims staked hereafter by either Lessor or Lessee shall be included under the terms of this lease and if patented, shall be patented in name of Lessor.

4. It is understood and agreed that except for the Chandalar Lode Claim described under (d) above, this lease is a sublease, subject to lease between Chandalar Gold Mines, Inc. and Lessor hereunder dated March 1, 1948. It is the intent of

the parties hereto that Lessor shall receive from such properties not less than the ten percent (10%) profits reserved to Chandler Gold Mines, Inc. as provided in said lease, and Lessee agrees that the payments hereunder shall in no case be less than the payments due Chandler Gold Mines, Inc. Lessee further agrees to provide Lessor with a certified profit and loss statement for any period of any year or years upon request of Lessor of its operation under this lease on the property of Chandler Gold Mines, Inc.

5. Lessee agrees that in each contract year it will expend on the property in direct labor and material costs a minimum sum of Five Thousand Dollars ($5000.00) and to the extent Lessee does not expend such sum on the property, will pay to the Lessor the difference between Five Thousand Dollars ($5000.00) and the amount actually expended in cash, such payment to be made within thirty (30) days after the end of the contract year. Any payments under this lease shall be made to the account of Anderson and Koch in the First National Bank in Spokane, Washington, or as hereafter directed by Lessor, his heirs, successors, administrators or assigns.

6. The continuance of this lease is optional with the Lessee except as to performance of the work agreed to be done during the first contract year. Lessee may at any time withdraw from this agreement by written notice given to Lessor not less than ninety (90) days prior to the commencement of a new contract year. This agreement shall then terminate upon the expiration of the contract year in which the notice is given, without liability attaching to either party, except that Lessee shall bear the obligation of paying all debts incurred in connection with his work on said property, which, if unpaid, would become a lien on the property, and except that [illegible]

pay Lessor any and all royalties then due and must pay all taxes then due and payable as herein provided.

7. The Lessor or his representatives will be permitted to enter upon said mining claim at any time and on any and all parts thereof for the purpose of inspecting operations carried on by the Lessee, provided such rights of entry shall not hinder in any way Lessee's operations.

8. Lessee agrees to pay with its own funds promptly all taxes levied during the term of this lease on the property herein described or on any improvements on or any personal property located on said property or on the product and/or proceeds from the operation of said property.

9. Lessee shall perform all work in a good and miner-like fashion, obeying all laws applicable to its operations, and shall at the end of each year supply to Lessor copies of all maps, assay sheets and other reports resulting from the exploration, development and exploitation of said mining claims.

10. Lessee shall incur no indebtedness for labor or materials furnished or for any other cause which might become a lien on the property, and shall post and keep posted in three conspicuous places on each group of claims, notices to the effect that neither Lessor nor Chandalar Gold Mines, Inc. are or will be liable in any way for wages contracted by Lessee or for goods, merchandise or machinery furnished to Lessee in connection with the operation of said premises.

11. The Lessor hereby agrees with Lessee that the Lessee may construct roads, lay pipe lines, construct warehouses, mills, work shops and other buildings, fixtures and appurtenances on said premises hereby leased as may be necessary for the successful conduct and operation of said mining business; provided, that such installations do not present a substantial hindrance

to any [illegible] apparatus, tools, [illegible] equipment [illegible] on said mining claims [illegible] and fixtures, but the same shall [illegible] property of the Lessee. In the event of any [illegible] Agreement Lessee may, within ninety (90) days after the [illegible] of such termination, remove from said mining claims [illegible] placed thereon and pending removal, use and keep [illegible] of said claims as shall be reasonably necessary for the protection of said property, but not so as to [illegible] operations thereon. All such property not removed from Lessee's property within ninety (90) days after the [illegible] of this lease shall be and become at once the property of the [illegible].

[illegible] The Lessor [illegible] that [illegible] the Lessee faithfully performs the covenants [illegible] shall have quiet enjoyment and possession of said [illegible] without hindrance, interference, or molestation [illegible].

[illegible] Neither this lease nor any [illegible] thereof is transferable or assignable unless [illegible] first obtained from the Lessor.

[illegible] Lessee agrees to indemnify and hold harmless the Lessor from all claims of all persons arising out of the operation of the premises, including claims for personal injury, death, or property damage.

[illegible] It is agreed that [illegible] the terms of this lease and the [illegible] of the Lessee to comply with the stipulations and [illegible] set forth or to make payment of payments [illegible] within the time or times herein designated, Lessor may [illegible] forfeiture hereof, provided, that he shall give written notice to Lessee of any matter or matters in default or failure [illegible] due and require

Lessee to remedy such breach or failure hereunder within a period of sixty (60) days from the date of said notice, and upon the expiration of said 60-day period the said default not having been remedied, this lease shall automatically terminate. In case of termination of this lease for any reason whatsoever, Lessee agrees to yield possession of the premises within the time herein specified and to give to Lessor upon request a good and sufficient release of this lease.

16. Notice given pursuant to this agreement shall be deemed complete when deposited in the United States mail with postage prepaid and addressed as follows:

Lessor - Eskil Anderson
1204 West 18th Avenue
Spokane 41, Washington

Lessee - The Little Squaw Mining Company
Radio Central Building
Spokane 1, Washington

Either party may change the above address by notice in writing mailed as herein provided.

17. This agreement shall inure to the benefit of and bind, as the case may be, the heirs, personal representatives, successors in interest, assigns, and all other persons claiming under the respective parties.

IN WITNESS WHEREOF, the partieshereto have caused this indenture to be executed the day and year first hereinabove written.

[illegible] LESSOR

THE LITTLE SQUAW MINING COMPANY

By [illegible] President

LESSEE

STATE OF WASHINGTON )
: SS.
COUNTY OF SPOKANE )

I, the undersigned, a Notary Public in and for the State of Washington, hereby certify that on this 29th day of April, 1959, personally appeared before me ESKIL ANDERSON, to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that he signed and sealed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal the day and year [illegible] written.

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

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STATE OF WASHINGTON )
: SS.
COUNTY OF SPOKANE )

On this 29th day of April, 1959, before me, a Notary Public in and for the above named County and State, personally appeared _____, to me known to be the _____ of the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and [illegible] above written.

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

We, the undersigned, hereby waive any pre-emptive rights we may have to the issuance of stock to Lessor under the terms of the option herein granted.

Karl R. Jasper

E. K. Barnes

GRANDVIEW MINES, INC.

By Karl R. Jasper

METALINE MINING AND LEASING CO.

By Karl R. Jasper

Item 2a-3

# MINING LEASE AND OPTION

THIS AGREEMENT, by and between CHANDALAR GOLD MINES, INC., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, Lessor, hereinafter called "the Company", party of the first part and Ruhil Andersen, Anchorage, Alaska, Lessee, party of the second part, hereinafter called "the Lessee".

WITNESSETH:

ONE: For and in consideration of the sum of One Dollar ($1.00), lawful money of the United States, receipt whereof from the Lessee is herein acknowledged by the Company, and in consideration also of the mutual obligations herein contained, the Company hereby leases to the Lessee for a term of fifty (50) years from the date hereof, subject to termination and renewal as herein provided, all the lode claims whether patented or unpatented, and millsites owned or held by the Company in the CHANDALAR MINING DISTRICT, Territory of Alaska, together with all improvements thereon and thereto in any way pertaining or belonging, including but not limited to the lode claims and millsites which are particularly described as follows:

(a) Patented Mining Claims comprising "THE DOMINA GOLD GROUP", viz:

DOMINA LOST CHANCE MINING CLAIM,
DOMINA LOST CHANCE MINING CLAIM,
GOLDEN NUGGET LOST CHANCE MINING CLAIM, each [illegible] in area of 20 acres more or less, being more [illegible] described in U.S. Patent No. [illegible], dated the [illegible] day of April, 1910, and recorded in the office of the U.S. Commissioner for the Chandalar Mining District, Alaska, on the 27th day of July, 1910, in Volume I page 197 of Deeds.

VENUS LODE QUARTZ MINING CLAIM having an area of 20 acres more or less, being more particularly described in U.S. Patent No. 1086904, dated the 25th day of September, 1936, and recorded in the office of the U.S. Commissioner for the Chandalar Mining District, Alaska, on the 24th day of April, 1937, in Volume 1 Page 179 of Deeds.

JUPITER LODE QUARTZ MINING CLAIM
WOODCHUCK LODE QUARTZ MINING CLAIM, each having an area of 20 acres more or less, being more particularly described in U.S. Patent No. 1086903, dated the 25th day of September, 1936, and recorded in the office of the U.S. Commissioner for the Chandalar Mining District, on the 27th day of January, 1937, in Volume 1, page 178 of deeds.

(b) Patented Mining Claims comprising the "LITTLE SQUAW GOLD GROUP", viz:

LITTLE SQUAW LODE QUARTZ MINING CLAIM,
BIG SQUAW LODE QUARTZ MINING CLAIM,
SIWE LODE QUARTZ MINING CLAIM,
COSINE FRACTION LODE QUARTZ MINING CLAIM,
CRYSTAL LODE QUARTZ MINING CLAIM, each having an area of 20 acres more or less, being more particularly described in U.S. Patent No. 1082769, dated the 22nd day of January, 1930, and recorded in the office of the U.S. Commissioner for the Chandalar Mining District, on the 20th day of July, 1930, in Volume 1, Page 93 of Deeds.

COSINE LODE QUARTZ MINING CLAIM, having an area of 20 acres more or less, being more particularly described in U.S. Patent No. 1086880, dated the 19th day of April, 1930, and recorded in the office of the U.S. Commissioner for the Chandalar Mining District, on the 17th day of July, 1930, in Volume 1 Page 142 of Deeds.

CRYSTAL NO. 2 LODE QUARTZ MINING CLAIM, having an area of 20 acres more or less, being more particularly described in U.S. Patent No. 1086881, dated the 19th day of April, 1930, and recorded in the office of U.S. Commissioner for the Chandalar Mining District, Alaska, on the 17th day of July, 1930, in Volume 1 Page 144 of Deeds.

COSINE No. 1 LODE QUARTZ MINING CLAIM
COSINE No. 2 LODE QUARTZ MINING CLAIM, each having an area of 20 acres more or less, being more particularly described in U.S. Patent No. 1088848, dated the 19th day of February, 1937, and recorded in the office of the U.S. Commissioner for the Chandalar Mining District, Alaska, on the 26th day of April, 1937, in Volume 1 Page 181 of Deeds.

(c)

SPRING CREEK MILL SITE, more particularly described in U.S. Patent No. 1094946, dated the 6th day of January, 1938, and duly recorded in the office of the U.S. Commissioner for the Chandalar Mining District, Alaska, in Volume 1 Page 186 of Deeds, on the 6th day of July, 1938.

THE ST. MARY'S GULCH MILL SITE AND THE CHANDALAR FALLS MILL SITE, applications for patents to which are pending; the Government has been paid for the land and patents will be issued for these two mill sites as soon as either one, or both, are in use. The papers and records of which are on file in the office of the Register in Fairbanks, Alaska, and also in the office of the Commissioner of the General Land Office in Washington, D. C.

TWO: The Lessee shall pay to the Company as royalty ten percent (10%) of the net profits, computed as hereinafter provided, received by him from the operation of said mining premises. For purposes of this agreement, net profits shall be the excess of gross receipts received by the Lessee from the sale of all ore, concentrates and bullion mined and shipped from the leased premises over costs of such production. Costs of production shall include but are not limited to the following: labor costs together with related insurance and social security taxes; the cost of materials and supplies; the cost of resident supervision and the cost of travel and transportation incident to mining and development work. It is mutually understood and agreed that production at the premises will involve the expenditure of large sums of money for equipment, for the transport of same to the premises and

for other work prior to production. Such costs shall be regarded as part of the costs of production. Depreciation on buildings, plant and equipment shall be included in the costs of production but at a rate not to exceed fifteen per centum (15%) per annum. If in any year gross receipts from production shall be less than the total costs of production, the amount of such excess shall be carried forward to the ensuing year or years and shall be added to costs of production in such year or years in determining net profits for purposes of this Article.

[illegible]: The lessee shall keep accurate and correct books of account showing gross receipts from the sale of ore, concentrates and bullion from the said premises and showing the amount of all costs of production.

FOUR: Payments required by the terms hereof to be made to the Company shall be made by check drawn to the order of the Company and shall be made annually in the month of December.

FIVE: The Lessee agrees in addition to its other obligations hereunder to put the Company in funds to pay or, if the Company shall request, to pay directly the annual Corporation License Tax and annual filing fees due from the Company to the State of Delaware and/or to the Territory of Alaska. The Lessee also agrees to put the Company in funds to pay or, if the Company so requests, to pay directly the amount due at the date hereof ($225.00) and the amount hereafter annually coming due to the Company's resident agent in the State of Delaware. The Lessee shall have no obligation to pay any taxes assessed against the Company which are

or on behalf of the Company hereunder on account of royalties or otherwise shall be considered as payments against the purchase price. Upon exercise of such option by the giving of written notice to the Company, the Company agrees to execute in favor of the Lessee a good and sufficient warranty deed or deeds, clear of all liens and encumbrances.

NINTH: The Lessee shall have the right to assign or transfer this lease and option as an entirety to any person or corporation or to sublease to any other person or corporation any of the claims, mill sites or properties covered hereby provided that no such assignment or sublease shall relieve the Lessee of his obligations to the Company hereunder unless the Lessee shall advise the Company in writing of the assignment or sublease and furnish evidence that the assignee or sublessee has assumed such obligations.

TENTH: The Company grants to the Lessee the right to extend this Mining Lease and Option for an additional term of twenty-five (25) years upon like terms and conditions, by giving of written notice to the Company within three (3) months of the date on which the term herein set forth shall expire.

TEN: Upon sixty (60) days notice given in writing to the Company, the Lessee may terminate this lease and option but, notwithstanding any such notice of termination, the Lessee shall have the right to enter upon the premises or any of them for a period of six (6) months following the effective date of such notice for the purpose of removing any buildings, plant, equipment, tools or appliances which the Lessee may have erected or installed thereon or thereat during the term of this agreement. Any such buildings, plant, equipment, tools or appliances which the Lessee shall not remove within such period, shall become and remain the absolute property of the Company.

ELEVEN: The Lessee agrees to be personally present or to maintain a representative in the Territory of Alaska for at least four (4) months in each year and to exercise reasonable diligence in exploring the premises and in commencing and prosecuting development work. It is mutually understood and agreed, however, that the sequence of exploration and development work at the various properties covered hereby and the rate at which same shall be prosecuted, shall be matters resting in the sole discretion of the Lessee and the Company agrees that it will not question or dispute the judgment of the Lessee on those matters or any of them.

TWELVE: The Lessee hereby agrees to indemnify and hold harmless the Company from any and all claims arising out of operation of the premises, including claims for personal injury or death, and shall permit the Company to post notices at the several mill sites and claims that it shall have no liability for goods, wares or merchandise furnished to the Lessee.

THIRTEEN: All notices and payments to the Company hereunder shall be given or sent by mail addressed to E. J. O'Brien, 701 E. Third Street, Room 646, Bethlehem, Pennsylvania and the Company shall address notices to the Lessee hereunder to Anchorage, Alaska, Box 1059.

FOURTEEN: The Lessee agrees and covenants with the Company that during the period of this lease, he shall take no action looking towards collection of the note or foreclosure of the mortgage referred to in Article Six hereof, both of which have been assigned to him and which to the date hereof remain unpaid and unsatisfied, provided, however, that

this agreement to forebear shall be void and of no force or effect if, during the term of this lease, any person or corporation shall assert a contract, lease, option or encumbrance covering all or any of the premises or if any such lease, contract, option or encumbrance shall be found to exist although not asserted. If any such adverse claim shall be asserted or be discovered, the Lessee shall be free, notwithstanding this contract, to take any and all action deemed by him to be necessary to collect the said note including foreclosure of the said mortgage. Nothing in this article shall preclude the Company from paying to the Lessee the amount of the said note debt, plus interest during the term of this mining lease and option but such payment shall not in any way affect the rights of the Lessee hereunder.

FIFTEEN: This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators and assigns.

IN WITNESS WHEREOF, the parties hereto have set their respective hands and seals this 1st day of March, 1968.

GUADALAR GOLD MINES, INC.

by Earl J. O'Brien
President

ESKIL ANDERSON

by Eskil Anderson, Lessee

COMMONWEALTH OF PENNSYLVANIA, }
: ss.:
COUNTY OF NORTHAMPTON, }

On the 1st day of March, 1948, before me, the undersigned, a notary public for the said commonwealth, residing in the City of Bethlehem, in the said county, personally appeared the above named N. J. O'Brien, President of the Chandalar Gold Mines, Inc., the corporation described in and which executed the above instrument, and acknowledged the above and foregoing indenture to be the act and deed of the said Chandalar Gold Mines, Inc. to the end that the same might be recorded as such; and also acknowledged that the seal thereto affixed is the common and corporate seal of the said corporation and that the said indenture was signed by him and that the said seal was thereto affixed by him as President by order and authority of the said corporation.

In testimony whereof I have hereunto set my hand and affixed my seal the day and year aforesaid.

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State of Pennsylvania,
County of Northampton, } ss.

I, A. THURMAN SCHLABACH, Prothonotary of said County and Clerk of the Court of Common Pleas, in and for said County, do hereby certify, that said Court is a Court of Record. That B. Leona Quinn Esq., whose name is subscribed to the certificate or proof of acknowledgment of the annexed instrument, was at the time of taking the same a NOTARY PUBLIC in and for said County and a resident of said County, duly commissioned and sworn, and qualified to act as such; that as such NOTARY PUBLIC he was at the time of taking such acknowledgment duly authorized by the laws of the State of Pennsylvania, to take such acknowledgments and proofs of deeds or conveyances for lands, tenements or hereditaments in the State of Pennsylvania, that I am well acquainted with the handwriting of said NOTARY PUBLIC and verily believe that his signature to the same is genuine. No impression of Notary Public seal is requested by laws of this State to be filed in my office.

That his commission is dated March 24, 1947, and will expire March 24, 1951.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of said office at Easton, this 1st day of March A. D. 1948.

Prothonotary

measured by income nor to pay any other costs or expenses of the Company. The Company represents that all license taxes and filing fees have been paid to the date hereof.

SIX: The Company agrees that during the term hereof the Lessee shall have exclusive possession of the premises covered hereby with full and exclusive rights to explore, develop and mine the said premises. The Company represents and warrants that it is the sole owner of the said premises and that there are no outstanding leases, contracts, options or encumbrances relating to the properties herein described or any of them except a mortgage duly recorded in the office of the U. S. Commissioner for the Chandalar Mining District, Alaska, on the 30th day of November, 1935, in Volume 1, page 29 of mortgages, given by the Company and now held by the Lessee hereunder to secure a note covering advances made to the Company by Clara Sulzer and interest thereon. The Company agrees that if any contract, lease, option or other encumbrance shall ever be asserted against the said properties or any of them, it shall and will promptly take steps to have the same declared null and void and further agrees, at the request of the Lessee to take such action as the Lessee may request to clear the properties or any of them of any such contract, lease, option or encumbrance whether or not the same is actually asserted.

SEVEN: The Company hereby grants to the Lessee the option at any time to purchase the premises covered hereby for the sum of three million dollars ($3,000,000) United States funds provided that any monies paid by the Lessee to

Item 2a-4

ASSIGNMENT OF MORTGAGE AND BOND

Know all men by these presents that CLARA SULZER of 6479 Morris Park Road, Overbrook, Philadelphia, assignor, in consideration of One Dollar ($1.00) lawful money of the United States and of other good and lawful consideration paid to her by Eskil Anderson, College, Alaska, assignee, receipt of which is hereby acknowledged, hereby assigns unto the said Eskil Anderson a certain mortgage made by Chandalar Gold Mines, Inc., a Delaware Corporation, and given by it to secure payment of $132,673.48 and interest, dated the 2nd day of November, 1935, recorded on the 30th day of November 1935 in the office of the United States Commissioner for the Chandalar Mining District in Volume 1 of Mortgages, page 29, together with the bond or obligation described in said mortgage and the monies due and to grow due thereon together with the interest, to have and to hold the same unto the said Assignee, his successors, legal representatives and assigns forever.

IN WITNESS WHEREOF the assignor has hereunto set her hand and seal this 18th day of April 1947.

Clara Sulzer

Witness
Jessie [illegible]

[illegible]

[illegible]

[illegible]

[illegible] undersigned, a Notary Public in and for the [illegible], Alaska, duly commissioned, sworn as such Notary Public, [illegible] day personally appeared, at Anchorage, Alaska, [illegible], to me personally known and known to me to be the person described in and who executed the above instrument and he acknowledged to me that he executed said instrument freely and voluntarily, with knowledge of its contents, for the uses and purposes [illegible].

WITNESS my hand and Notarial Seal this 9th day of March, 1948.

Ralph H. Cotkis
Notary Public in and for Alaska.
My Commission expires: 10/7/51

[illegible]

[illegible] DEPARTMENT OF MORTGAGE AND [illegible]

[illegible] THIS PRESENTS that CLARA BURKE of [illegible]
Park Road, Overton, Middlesex, conveying the consideration of
the Policy (No. [illegible]) issued [illegible] of the United States and of other [illegible]
and legal considerations paid to her by Kelli Insurance Company,
[illegible] receipt whereof is hereby acknowledged, hereby
assigns unto the [illegible] Insurance Company a certain mortgage made by Clara
Burke Stone [illegible] Insurance Corporation, and given by it to secure
payment of $[illegible] and interest, dated the [illegible] day of November,
1935, recorded on the [illegible] day of November 1935 in the office of the
United States Commissioner [illegible] the Cambridge Filing District in
Volume [illegible] of Mortgages, [illegible], together with the bond or obligation
described in said mortgage [illegible] the monies due and to grow due thereon
together with the interest [illegible] have and to hold the same unto the said
[illegible] Insurance Corporation its successors and assigns forever.

[illegible]

[illegible]

[illegible]

Tel. [illegible] 4-2501

LITTLE SQUAW MINING COMPANY
Suite 309-312 Radio Central Building
Spokane 4, Washington

April 10, 1963

D. R. MacLaren
Acting Field Officer, OME
Region 1
S. 157 Howard St.
Spokane 4, Washington

Re: OME 6148 (Gold) Amended
Little Squaw Mining Company
Mikado, et al, claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Dear Mr. MacLaren:

The amended contract submitted to us should greatly simplify the work of all of the government agencies involved and to us will mean a saving of thousands of dollars in direct extra outlay and an [illegible] amount of [illegible] expenditure.

The Little Squaw [illegible] has begun its annual airlift and will [illegible] the middle of July approximately [illegible] [illegible] in the [illegible] underground [illegible] drifting on the Mikado mine, with supplies [illegible] the Mikado drift [illegible] two to three hundred feet along the [illegible] the 100 level east from the raise and two to three hundred feet [illegible] west end of the 100 level are [illegible]. All of this work should [illegible] before the trenching is completed in August and will not [illegible] results in any [illegible] on such [illegible] is at the [illegible] end of the high [illegible] are short developed to date on the 100 level. Bulldozer trenching done to date has already exposed the mineralized zone farther west and west of the surface [illegible] proposed work. State law requires an additional adit to the mine and the drift to the west would [illegible] provide [illegible] without the danger of reopening the old-time filled shaft and risking [illegible] of the underground workings from surface drainage.

Under the contract Stage II work may be instituted before the full completion of Stage I if [illegible] warranted. We, therefore, now request approval of a modified [illegible] of drifting on the Mikado 100 level as described above to be [illegible] beginning in May and to be completed as soon as possible.

Approval of any longer amount would leave an entire crew in one of the remote regions of the world without knowledge of whether they should or should not continue working and would discard an entire summer's work. Failure to approve the work would set the project back a year unnecessarily as the remainder of Stage I surface trenching in the Arctic cannot be begun and be effective before late July with maps and reports perhaps not reaching Washington before September when the best working season is at an end.

Very truly yours,

ERKIL ANDERSON

DMEA Form 7
(12-56)

OFFICIAL FILE
Date | Surname

APR 1 2 1963

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Enclosed is a proposed Amendment No. 1 (original and four copies) to the amended contract to give formal approval to the winter recess of the Little Squaw project. All copies have been signed by the Director for the Government. An extra copy of the amendment is enclosed for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by you and an authorized representative of the company. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

The proposed amendment should not be presented for signature until the amended contract has been signed by the Operator.

Enclosures
WRGriswold/mm
cc: Director's Reading File
Review Committee
Docket

George C. Selfridge (gla)

OME-6140 amend

I have summaned but consider sec. 1(c) very inappropriate in this case. The Operator may insist that we contribute to rehabilitation or repair not due to the suspension.

I suggest deletion of all words following "repair", to eliminate this inference.

Talbut
4/12/69

We can say "no" to his insistence. Has amended contract been signed by Operator?

YE

OFFICIAL FILE COPY

So. 157 Howard Street
Spokane 4, Washington
April 11, 1963

~~500~~

Mr. Karl Jasper, President
Little Squaw Mining Company
Suite 309-312 Radio Central Building
Spokane 4, Washington

Work Authorization

Re: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140 (Amended)

Dear Mr. Jasper:

Authorization is hereby given, effective September 1, 1962, to do the following underground work:

On the Mikado 200 level, drift westerly not to exceed 100 feet. Crosscut 18 feet southerly near the start of the new westerly drifting and drill one long-hole not more than 50 feet deep northerly from the drift at 55 feet west of the start of the new drifting.

Sincerely yours,

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

DRMacLaren:my

cc: OME(3)
Docket
MacLaren

Telephone: MA 4-2501

LITTLE SQUAW MINING COMPANY
Suite 309-312 Radio Central Building
Spokane 4, Washington

OFFICIAL FILE COPY
O. M. E
RECEIVED APR 17 1963
DATE
CODE
500

April 11, 1963

George Fumich, Jr., Director
Office of Minerals Exploration
Washington 25, D. C.

Dear Mr. Fumich:

Enclosed are signed copies of the Amended OME Little Squaw contract together with a covering letter to Mr. D. R. MacLaren.

Without the approval requested in that letter the contract will be worthless to us as we shall by September have incurred seventy-five to one hundred thousand dollars worth of bills and will also have had to pay the bills for all those expenses. There is no possibility of a foot by foot approval basis, or of a 100 foot at a time approval basis being of any value in that district.

Best wishes.

Very truly yours,

LITTLE SQUAW MINING COMPANY

Karl W Jasper

KARL W. JASPER, President

j
encl.

April 10, 1963

D. R. MacLaren
Acting Field Officer, OME
Region 1
S. 157 Howard St.
Spokane 4, Washington

Re: OME 6148 (Gold) Amended
Little Squaw Mining Company
Mikado, et al, claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Dear Mr. MacLaren:

The amended contract submitted to us should greatly simplify the work of all of the government agencies involved and to us will mean a saving of thousands of dollars of direct extra outlay and an untold amount of unnecessary friction.

The Little Squaw Company has begun its annual airlift and will have spent between now and about the middle of May approximately $35,000 to establish a surface crew of three or four men in the district and an underground crew of three men drifting at the Mikado mine, with supplies for the season. The Mikado drifting will include two to three hundred feet along the hanging wall ore shoot on the 100 level east from the raise and two to three hundred feet west from the west end of the 100 level ore shoot. All of this work should be done before the trenching is completed in August and will not be affected by the results in any case as each heading is at the exposed end of the high grade ore shoot developed to date on the 100 level. Bulldozer trenching done to date has already exposed the mineralized zone farther east and west at the surface than the proposed work. State law requires an additional exit to the mine and the drift to the west would also provide that without the danger of reopening the old ice filled shaft and risking more icing of the underground workings from surface drainage.

Under the contract, Stage II work may be instituted before the full completion of Stage I if deemed warranted. We, therefore, now request approval of a maximum of 600 feet of drifting on the Mikado 100 level as described above to be done beginning in May and to be completed as soon as possible.

Approval of any lesser amount would leave an entire crew in one of the remote regions of the world without knowledge of whether they should or should not continue working and would disrupt an entire summer's work. Failure to approve the work would set the project back a year unnecessarily as the remainder of Stage I surface trenching in the Arctic cannot be begun and be effective before late July with maps and reports perhaps not reaching Washington before September when the best working season is at an end.

Very truly yours,

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 4/7 | GCS | ~~120~~ |
| 4/8 | [illegible] | ~~110~~ |
| 4/8 | [illegible] | 100 |
| 4/9 | Talbot | 800 |
| | [illegible] | 500 |
| | | |
| | | |
| | | |
| | | |

April 8, 1963

Memorandum

To: The File

From: Chief, Division of Field Operations

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Mr. MacLaren telephoned today to say that the rewritten subject contract was not in keeping with the mine conditions in regard to rail, pipe, et cetera. The original contract called for "not in excess of" while the rewritten contract stated "not less than." The Operator had placed 16-pound rail in the mine and smaller pipe which would not meet the stipulations in the rewritten contract. Mr. MacLaren was authorized to delete "not" in order that the mine condition would agree with the rewritten contract. Both the Operator and he will initial the change.

Mr. Frank Burch is leaving tomorrow to go to Alaska. The company plans to do some underground work until such time as they can work outdoors. Mr. MacLaren also asked what had happened to the recess amendment he mentioned in his memorandum of February 5, 1963.

George C. Selfridge.

GCSelfridge/gla
4-8-63
cc to: Mr. Selfridge
Docket

43683

DRAFT 3/5/63
[illegible]rieweld/mm

EXPLORATION CONTRACT
LITTLE SQUAW MINING COMPANY
OME-6148

AMENDMENT NO. 3

It is agreed this _____ day of _____, 1963, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Little Squaw Mining Company, hereinafter referred to as the "Operator," that Exploration Contract No. 2140 (OME-6148), dated January 25, 1962, as amended, is further amended, effective December 1, 1962, as follows:

1. (a) Work under the contract shall be suspended during the period beginning December 1, 1962, and ending not later than June 1, 1963.

(b) No costs incurred by the Operator during the period of suspension shall be allowed for contribution by the Government.

(c) The Government shall not contribute to any cost of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of work.

(d) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

2. ~~The date fixed by Article I of the contract for completion of the work is extended to July 1, 1965.~~

~~3. The maximum period for monthly payments and for the lien to secure the payment thereof provided for in the contract is extended from ten (10) years to eleven (11) years.~~

This amendment shall not be construed to increase the amount of any item designated as a maximum, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Director, Office of Minerals Exploration

LITTLE SQUAW MINING COMPANY

By _____

Title _____

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| | Mundy | 500 |
| 4/2 | Talbert | 800 |
| | [illegible] | 130 |
| 4/2 | Johnson | 110 |
| 4/2 | [illegible] | 100 |
| 4/2 | Cole | 220 |
| | | 300 |
| | | |
| | | |

APR 2 1963

**Memorandum**

**To:** Acting Field Officer, Region I

**From:** Chief, Division of Field Operations

**Subject:** GME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

We need not go into detail with you concerning the accounting and auditing difficulties encountered pertaining to the above project. Therefore, to simplify matters, we have written an amended contract, placing all work on an agreed unit cost base. The unit prices are the same as the allowed average maximums under the actual cost procedure.

The amended contract consists of the original and four copies of MME Form 51, Annex I (2 pages), Exhibit A (4 pages), Exhibit B, and one map (attached to original contract). An extra copy is enclosed for your use.

If the proposed amended contract is satisfactory to you and the Applicant, all five copies should be signed by an authorized representative of the company. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amended contract does not have your approval or that of the Applicant and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

Enclosures

George G. Selfridge (glb)

WRGriswold/mm
4/2/63
cc: Director's Reading File
Review Committee
Docket

8623

DRAFT
WRGriswold/gla
3-22-63

Form 51
1959

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

**AMENDED** EXPLORATION CONTRACT
(Short Form)

| Docket No. | Commodity | Contract No. | County | State |
|---|---|---|---|---|
| OME -6148 | Gold | 14-23-090- 2140 | Fairbanks Precinct, Alaska | |

It is agreed effective January 25, 1962 (Date), between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and

Little Squaw Mining Company, an Alaska corporation,

whose mailing address is 309 Radio Central Building, Spokane 4, Washington, hereinafter called the "Operator," as follows:

ARTICLE I. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before July 1, 1962 (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 30 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $ 167,750.00 The Government will contribute 50 percent of the total fixed unit costs of the work performed, not in excess of $ 83,875.00 in accordance with the provisions of Articles 4 and 5.

(c) Interest computation.--Simple interest computed annually at the rate of 6½ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

(d) The Operator shall not transfer or assign this contract or any right or obligation thereunder without the written consent of the Government.

ARTICLE 2. Operator's rights in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

Interests of Owners

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the Lien Agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

Three Lien and Subordination Agreements by Chandalar Gold Mines, Inc., and Eskil Anderson

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.--The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. To the extent that amounts in excess of fixed unit costs or in excess of the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such amounts for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator.

(b) Monthly reports.--The Operator shall provide the Government with five copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; and

(3) a narrative report of the work performed during the reporting period, including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground.

(Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's royalty relates, such as copies of smelter or concentrator settlement sheets and certified accounts of production and sale or other disposition of production.

(e) Compliance with requirements.--If the Government determines that any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the preparation or completion of same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the Government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five 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 (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 6(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 7. Termination of the Government's Obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to pay on account of units of work not then performed; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 11.

ARTICLE 8. Notices to be given by the Government may be delivered to the Operator or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 10. Nondiscrimination.--In connection with the performance of work under this contract, the Operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the Government setting forth the provisions of the nondiscrimination clause.

The Operator further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

ARTICLE 11. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, Office of Minerals Exploration, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, Office of Minerals Exploration, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, Office of Minerals Exploration, a written appeal addressed to the Secretary. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, Office of Minerals Exploration," as used herein includes his duly authorized representative.

ARTICLE 12. Eight-Hour Law of 1912--Overtime compensation.--This contract, to the extent that it is of a character specified in the Eight-Hour Law of 1912, as amended (40 U. S. Code 324—326) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. Code 35—45), is subject to the following provisions and exceptions of said Eight-Hour Law of 1912, as amended, and to all other provisions and exceptions of said Law:

No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Operator or any independent contractor contracting for any part of said work contemplated, shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this clause. The wages of every laborer and mechanic employed by the Operator or any independent contractor engaged in the performance of this contract shall be computed on a basic day rate of eight hours per day; and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this clause a penalty of five dollars shall be imposed for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this clause, and all penalties thus imposed shall be withheld for the use and benefit of the Government.

ARTICLE 13. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 14. Changes and added provisions.--

**(Article 10 - and add Exhibit B and C covering subcontractos and nondiscrimination)**

Executed in quintuplicate the day and year first above written.

**LITTLE SQUAW MINING COMPANY**
(Operator)

By _____

Title _____

THE UNITED STATES OF AMERICA

By _____
**Director, Office of Minerals Exploration**

I, _____ (Name), certify that I am the _____ secretary of the corporation named as Operator herein; that _____ (Name), who signed this contract on behalf of the Operator, was then _____ (Title) of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____

[CORPORATE SEAL]



INT.-DUP. SEC., WASH., D.C. 52375

EXPLORATION CONTRACT
LITTLE SQUAW MINING COMPANY
ONR-6148

ANNEX I

The land referred to in Article 2 of the contract consists [illegible] of 21 patented and two unpatented claims, with all rights [illegible] thereto, in the Chandalar mining district of the Fairbanks [illegible] and Recording Precinct of Alaska.

The claims are held under two separate leases, as follows:

[illegible] group of claims, owned by Rakil Anderson [illegible] under a lease dated April 29, 1959; and [illegible]

| Claim Name | U.S. Patent Number |
|---|---|
| Tobin | 1024558 |
| Little Milmdo | 1024558 |
| Milmdo | 1024558 |
| Spar No. 1 | 1036359 |
| Spar No. 2 | 1036359 |
| Spar No. 3 | 1036359 |

[illegible], an unpatented claim recorded at Fairbanks, Alaska, [illegible] [illegible] Mineticns, page 330.

Little Squaw-Ramaloe group, owned by Chandalar Gold [illegible] Delaware corporation, leased under a Mining Lease and Option [illegible] 1, 1948, to Rakil Anderson who, in turn, leased to the Operator [illegible] a Mining Lease dated April 29, 1959, and consisting of:

| Claim Name | U.S. Patent Number |
|---|---|
| Ramaloe | 1036358 |
| Ramaloe | 1036358 |

| Claim Name | U.S. Patent Number |
|---|---|
| Golden Eagle | 1036358 |
| Venus | 1085904 |
| Jupiter | 1085903 |
| Mastodonk | 1085903 |
| Little Squaw | 1022769 |
| Big Squaw | 1022769 |
| Nine | 1022769 |
| Cosine Fraction | 1022769 |
| Crystal | 1022769 |
| Cosine | 1036360 |
| Crystal No. 2 | 1036361 |
| Cosine No. 1 | 1088433 |
| Cosine No. 2 | 1088433 |

Chandalar, an unpatented mining claim recorded at Fairbanks, Alaska, in Volume 29 of Locations, page 206.

A mortgage dated November 2, 1935, exists against these claims, in favor of Clara Sulzer, and was recorded in the office of the United States Commissioner for the Chandalar Mining District in Volume 1 of Mortgages, page 29. On April 18, 1947, Clara Sulzer assigned the mortgage to Ralph Anderson.

All claims pertaining to this contract are shown on the attached Figure 1.

DRAFT
Wiederwald/mm
3/20/63

AMENDED EXPLORATION CONTRACT
LITTLE SQUAW MINING COMPANY
CMR-6143

EXHIBIT A

The purpose of the project is to explore for gold ores along the strike of the Little Squaw and Mikado vein zones by bulldozer trenching and by crosscutting and drifting with attendant longhole drilling. The work under the project is divided into two stages. Stage I work shall be done as outlined herein and as much of Stage II work shall be done as is given approval by the Government. On either vein zone, Stage II work may be instituted before the full completion of Stage I, if deemed warranted.

General Conditions

The trench intervals shall not be closer than 100 feet.

Crosscuts and drifts shall be of a minimum size of five by seven feet in the clear of timber and shall be timbered as necessary. Such timbering shall consist of standard drift sets, with a timber dimension of not less than 6" by 8" or equivalent round timber. The Government will contribute to the cost of not to exceed 100 feet of such timbering.

Mine rail shall not be of less than 20-lb. size, compressed air lines of not less than 3-inch size, water lines of not less than 2-inch size, and ventilation line of not less than 12-inch size.

[illegible] ning fractional sampling in instances where the mineralization shows "banding" or concentrations in certain portions of the veins. In no event shall an individual sample represent a vein width of greater than five feet.

crosscutting shall be sampled normal to their trends, at linear intervals not greater than ten feet. In instances where the mineralization may show "banding" or concentrations in certain portions of the veins, fractional sampling will be done. In no event shall an individual sample represent more than five feet of vein width.

All samples, from whatever source, shall be reduced by splitting, as necessary, and assayed for gold. One fraction of the sample shall be stored in a proper container, marked as to location and made available to the Government. The Operator may dispose of such stored samples after Government approval.

The Government will contribute to the assay costs only to the extent of 300 assay determinations under Stage I and 300 determinations under Stage II.

The work shall be supervised by an experienced engineer or geologist who shall devote his full time to the project work, or to work closely related thereto. The Operator shall also provide such [illegible] technical services and labor as are required to complete the project [illegible] in a satisfactory manner.

## Description of the Work

### Stage I

A series of trenches shall be bulldozed, as [illegible] by the Government, along the [illegible] and [illegible] determine whether such veins are gold bearing to a significant [illegible] in addition to the gold ore shoots presently known to exist.

The trenches shall be excavated approximately normal to the vein strike. The bulldozers used shall be of D-8 size (or equivalent size of other make) and TD-18 size (or equivalent). Such trenching work shall not exceed the following:

1,200 hours with D-8 or equivalent

All trenching done and the assay results of all trench sampling shall be adequately shown on maps or sketches to accompany the monthly reports made to the Government.

Stage II

Not to exceed a total of 2,000 feet of crosscutting and drifting may be done, with locations and directions approved by the Government, to explore vein areas believed favorable [redacted]

Longhole drilling shall be done from the walls of the drifting to insure the testing of the full width of the vein zones. Such longhole drilling shall not be done at closer than 50-foot

**Stage II**

**Final Exploration**

| | | |
|---|---|---|
| Drifting and crosscutting, | | |
| 2,000 feet at $61.00 ft. | $122,000.00 | |
| Timbering of drifts and crosscuts, | | |
| 100 feet HM @ $12.00/ft/ | 1,200.00 | |
| Longhole drilling, | | |
| 2,000 feet at $1.00/ft. | 2,000.00 | |
| Assaying 300 determinations for gold, including costs of crushs and air transport, @ $3.00 each | 900.00 | |
| Total Cost Stage II | | $126,100.00 |
| Total Estimated Cost of Project, Stage I and II | | $167,750.00 |
| Government Participation at 50% | | $ 83,875.00 |

DOCKET MEMORANDUM
Little Squaw, OME 6148
Justification for short form amended contract

With various actual cost contracts, in the past, we have found it advantageous and to the best interest of the Government, to change from an "actual cost" to an "agreed unit cost" base.

Two notable examples would be the American Smelting & Refining Co.'s East Page project (DMEA 4712) and the New Park Mining Co.'s Mayflower project (DMEA 4981). In both cases we were participating in the actual costs of the work, as proven by proper vouchers, etc., but up to only a pre-established "maximum" cost figure. All costs, though warranted and fully substantiated, with proper documentation, beyond the maximum figure were for the sole account of the Operator. In both instances, after the contracts had been in effect for a while, our Contract Administration and Audit Division said to us, in effect, "We are wasting a lot of time, energy and expense in holding these contracts on a so-called "actual cost" base. The true costs are running so far in excess of the allowed maximums that we are merely wasting good energy in checking and auditing them. Let the Operators have their maximum figures as "agreed unit costs" and we will all save time and money thereby. In both instances, and in various others, the suggested changes were made.

In this present instance of Little Squaw we have essentially the same situation; an actual cost contract, with allotted maximums, where the true costs are in substantial excess over such maximums. We are thereby merely wasting good time and energy, plus expense, in trying to maintain a running audit and a technical justification covering all disbursements. Note docket memos of Talbert dated March 11 and 18, 1963.

At times we have felt that the Operator might have done a better job, as applied to its warehousing and accounting methods, and quite probably any such criticism would have been warranted. Yet we must bear in mind that a small and inexperienced concern, trying to operate on the fringe of the Arctic Circle, truly does have plenty of problems and plenty of harassing situations.

At the time the initial contract was made there had been some thought of a fixed unit contract, however it was contended that the necessary background data were skimpy, as pertaining to the area under consideration. However we now have a lot more material to use as guidelines so that now we can establish the various work units on an "agreed" base with much more assurance than we could have done previously; and with much more assurance that the best interests of the Government are not being placed in jeopardy.

W P Fussell

MME Form 7
(10-58)

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MAR 1 8 1963

Memorandum

To: Director

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

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

The penultimate paragraph of my March 11 memorandum recommends that the subject contract be retroactively amended to a fixed unit cost basis for contribution by the Government and states "the indications are that the actual reasonable, necessary, and direct costs of both Stage I and Stage II work have been far in excess of the maximum unit costs provided by the contract". On March 15 you informally requested that I justify this statement. My justification follows by stages of work.

## Stage I

My November 30 Interim Report of Review covering the Operator's "April-September incl." claim found acceptable costs of $18,908.48 applicable to an aggregate of 880 hours of dozer trenching performed from July 31 through August 31. The Operator's reclaim and documentation of some audit exceptions resulted in the subsequent acceptance of an additional $618.22 applicable to trenching, making a total of $19,526.70 actually approved as trenching costs for contribution by the Government.

Mr. Birch's February 26 letter submits a revised "July & Sept." claim indicating an additional $9,050.59 in trenching costs. The July portion covers the cost of access trails to the trenching sites. Some difference of opinion exists as to whether such are necessary and direct costs of the contractual trenching work. The September portion, however, covers only personal services and related costs for mapping and sampling the trenches and repairing

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under consideration. For instance, with one minor exception, costs of repair parts have not been claimed. The Operator states the parts were taken from cache and documentation is not readily available. Such costs may be considerable with respect to heavy dozer parts, particularly when the air-freight rate of 13 cents a pound from Fairbanks is considered. The Stage II board costs are not fully claimed because bills for groceries had not been received at the time the voucher was prepared. Although claimed by the Operator, Stage II depreciation costs have been eliminated in my summary because fair market values have not been warranted by the Operator and, further, some items of equipment differ from those authorized by the contract.

I am convinced that the true actual costs incurred by the Operator in performing the various items of work, for which the contract provides "maximum average unit costs", can never be accurately determined. I am sure that an audit of the Operator's records would result only in confirmation of this conviction.

It is apparent from the numerous vouchers, narratives, and letters of the Operator that neither stores nor cost accounts are maintained and that the project is operated on a cash rather than accrual basis. In other words, all cash outlays are considered current expenditures and immediately written off as exploration costs. This is quite common practice with small Operators and, despite the Operator's apparent large investment in the project, it is a small operation. The maximum number of employees at the site were six, including a supervisor and cook. From the last part of September through November only the supervisor and two miners were at the project site.

An opening inventory at the beginning of the 1962 season, a record of stores withdrawals during the season, and a closing inventory at the end of the season are not available according to the Operator. Without such information, particularly when consideration is given to the high freight rates to Chandalar, an audit of the Operator's records could not possibly furnish true and complete costs of the contract work. Furthermore, an audit would be both time-consuming and expensive. The auditor, in effect, would be required to set up a cost accounting system, post all of the Operator's basic documents, and make arbitrary and unsupported distributions not only to the several units of work established by the contract, i.e., D-8 trenching, TD-18 trenching, drifting and crosscutting, timbering, long-hole drilling, and assaying, but also to the controversial non-contract work performed concurrently.

cc: Docket
Director's Reading File
CA & A Division
Mr. Johnson
Mr. Selfridge
Mr. Griswold
Mr. Talbert

EDTalbert/ama
3-18-63

equipment following the actual trenching work. It appears that a minimum of $2,245.35 may be acceptable as additional costs applicable to the 880 hours of trenching work performed.

On a most conservative basis the minimal actual costs of the 880 hours of dozer trenching, as adequately documented to date, amount to $21,772.05 in the aggregate. At the maximum average unit costs, as provided by the contract, the maximum actual costs acceptable for contribution by the Government aggregate $20,985.00 for the completed 590 hours of D-8 and 290 hours of TD-18 dozing of trenches.

## Stage II

The "Sept.-Nov., inclusive" voucher submitted by the Operator indicates total costs of $10,443.91 applicable to 76 feet of drifting and crosscutting and 33 feet of long-hole drilling. Probably little, if any, of the portion for September and October costs may properly be considered necessary and direct costs of the contractual Stage II work. It appears, however, that all of the November costs may be applicable to the performance of contract work.

On a conservative basis the minimal actual costs of the 76 feet of drifting and crosscutting and 33 feet of long-holing amount to $5,958.10 in the aggregate. This includes some costs, such as the November payroll, which technically are not adequately documented at present but undoubtedly are correct. At the maximum average unit costs, as provided by the contract, the maximum actual costs acceptable for contribution by the Government aggregate $4,669.00 for the Stage II work completed to date.

## Additional Comments

Enclosed is a thermofax copy of a statement by contractual categories and voucher sources of the "Minimum Actual Costs of Contract Work - 1962 Season" for this project. This statement, which supports the foregoing findings, is a summary of my reviews to date; however, insofar as the revised "July & Sept." and the "Sept.-Nov., inclusive" claims are concerned, such reviews have not been in full detail. Some suspensions for technically inadequate documentation and some revisions may result from a full-fledged detailed audit review and arithmetical verification.

On the other hand, some otherwise acceptable actual costs of the contract work have not been included in the Operator's claims

[redacted] Mining Co. — Summary — Total Costs of Contract

Stage I

| Category | Item | Completely described Qty. of Rec. | Completely described Infrequently Suff. Data | Opinion of Engineer Suff. Data | Complete Cost |
|---|---|---|---|---|---|
| (2) | Info. + Tech. | $121290 | — | $40000 | $161290 |
| | Other | 514833 | — | 128683 | 643216 |
| (3) | Fuel + Lub. | 869963 | — | — | 869963 |
| | Equip. Parts | 18200 | — | ? | 18200 |
| | Shop + Mine Sup. | 7290 | — | — | 7290 |
| | Sundry Sup. | — | 970 | — | 970 |
| | Explosives | — | — | — | — |
| | Pipe | — | — | — | — |
| | Rail | — | — | — | — |
| (4) | Equip. Depreciation | 107020 | — | — | 107020 |
| (7) | Equip. Rpr (outside) | — | — | ? | ? |
| | Payroll Taxes + Ins. | 35889 | — | 8051 | 43940 |
| | Transp. of Personnel | 89148 | 60852 | — | 150000 |
| | Board | 110715 | — | 47801 | 158516 |
| | Accounting | 16800 | — | — | 16800 |
| | Sub-total | 1890848 | 61822 | 224535 | 2177205 |
| (7) | Analytical Work | — | 7267 | — | 7267 |
| | Total | $1890848 | $69089 | $224535 | 2184472 |
| D-8 | 590 hrs. @ $25.00 = | $1475000 | | | $2098500 |
| TD-18 | 240 hrs. @ 21.50 = | 623500 | | | |
| Drift/Tent | 76 ft. @ $6.00 = | | | | |
| Rig-Moving | 33 ft. @ $1.00 = | | | | |

| Category | Item | Complete Cost | | | |
|---|---|---|---|---|---|
| (2) | Info. + Tech. | [illegible] | [illegible] | 120000 | |
| | Other | [illegible]66 | 172500 | 174266 | |
| (3) | Fuel + Lub. | [illegible]92 | — | 130492 | |
| | Equip. Parts | [illegible]55 | 7755 | — | |
| | Shop + Mine Sup. | [illegible]33 | 33353 | 13180 | |
| | Sundry Sup. | [illegible]887 | -553 | 8440 | |
| | Explosives | [illegible]145 | — | 43145 | |
| | Pipe | [illegible]425 | — | 2425 | |
| | Rail | [illegible]252 | — | 9252 | |
| (4) | Equip. Depreciation | [illegible]78 | 59378 | ? | |
| (7) | Equip. Rpr (outside) | [illegible]0033 | 40033 | — | |
| | Payroll Taxes + Ins. | [illegible]210 | 28433 | 27777 | |
| | Transp. of Personnel | [illegible]126 | 2293 | 49833 | |
| | Board | [illegible]464 | -39464 | ? | |
| | Accounting | [illegible]553 | 553 | 20000 | |
| | Sub-total | [illegible]391 | 448581 | 595810 | |
| (7) | Analytical Work | — | — | — | |
| | Total | $1044391 | $448581 | $595810 | |
| | [illegible] | | | $448900 | |

MME Form 7
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March 11, 1963

Memorandum

To: Director

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

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

During the past week, while awaiting the meeting which you intended to call on Monday or Wednesday, I have had an opportunity to examine the enclosures, i.e., both (1) Mr. Birch's February 26 letter with its enclosed "July & Sept. 1962" claim for additional Stage I costs and (2) Mr. MacLaren's February 27 memorandum with its enclosed "Sept.-Nov. 1962, inclusive" claim for Stage II costs. Both claims, as well as the letter and the memorandum, are full of errors and inconsistencies. Exceptions by audit would only drag us deeper into this mess, which Mr. Griswold so aptly describes as being like quicksand and Mr. Birch, in one of his few truths, likens to little more than a back-fence argument.

An example of the discrepancies in Mr. Birch's letter is his insistence that bulldozer work vouchers were attached to all of the various claims submitted and that we retained copies. The fact of the matter is that only the "Mar. & Apr. 1962" voucher had copies of bulldozer work vouchers attached. In that instance, I retained one set of thermofax copies because of the availability of numerous extra copies. None of the other claims included copies of bulldozer work vouchers, not even the "April-September 1962, inclusive" claim, which was paid in part and is now on file in the Fiscal Section. Other than this one paid voucher, the originals (and copies when submitted to Washington) of all vouchers, together with all attachments, were forwarded to Mr. MacLaren for return to the Operator.

Another example is Mr. Birch's statement that "We have no record or recollection of claiming 7.8 gallons of fuel per hour for any one

on the subject contract), that Stage I be restricted to the work accomplished to date. Also, in order that Stage II work may be approved, if that is the intent, all references to "results", "bad rock" and "vein" exposure should be omitted from the specifications for Stage I.

**Enclosures**

EDTalbert/ama 3-11-63

cc:
Docket
Director's Reading File
CA & A Division
Mr. Johnson
Mr. Selfridge
Mr. Griswold
Mr. Talbert

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

MAR 18 1963

Memorandum

To: Director

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

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
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Stage I

My November 30 Interim Report of Review covering the Operator's "April-September incl." claim found acceptable costs of $18,908.48 applicable to an aggregate of 880 hours of dozer trenching performed from July 31 through August 31. The Operator's reclaim and documentation of some audit exceptions resulted in the subsequent acceptance of an additional $618.22 applicable to trenching, making a total of $19,526.70 actually approved as trenching costs for contribution by the Government.

Mr. Birch's February 26 letter submits a revised "July & Sept." claim indicating an additional $9,050.59 in trenching costs. The July portion covers the cost of access trails to the trenching sites. Some difference of opinion exists as to whether such are necessary and direct costs of the contractual trenching work. The September portion, however, covers only personal services and related costs for mapping and sampling the trenches and repairing

equipment following the actual trenching work. It appears that a minimum of $2,245.35 may be acceptable as additional costs applicable to the 880 hours of trenching work performed.

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## Additional Comments

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On the other hand, some otherwise acceptable actual costs of the contract work have not been included in the Operator's claims

under consideration. For instance, with one minor exception, costs of repair parts have not been claimed. The Operator states the parts were taken from cache and documentation is not readily available. Such costs may be considerable with respect to heavy dozer parts, particularly when the air-freight rate of 13 cents a pound from Fairbanks is considered. The Stage II board costs are not fully claimed because bills for groceries had not been received at the time the voucher was prepared. Although claimed by the Operator, Stage II depreciation costs have been eliminated in my summary because fair market values have not been warranted by the Operator and, further, some items of equipment differ from those authorized by the contract.

I am convinced that the true actual costs incurred by the Operator in performing the various items of work, for which the contract provides "maximum average unit costs", can never be accurately determined. I am sure that an audit of the Operator's records would result only in confirmation of this conviction.

It is apparent from the numerous vouchers, narratives, and letters of the Operator that neither stores nor cost accounts are maintained and that the project is operated on a cash rather than accrual basis. In other words, all cash outlays are considered current expenditures and immediately written off as exploration costs. This is quite common practice with small Operators and, despite the Operator's apparent large investment in the project, it is a small operation. The maximum number of employees at the site were six, including a supervisor and cook. From the last part of September through November only the supervisor and two miners were at the project site.

An opening inventory at the beginning of the 1962 season, a record of stores withdrawals during the season, and a closing inventory at the end of the season are not available according to the Operator. Without such information, particularly when consideration is given to the high freight rates to Chandalar, an audit of the Operator's records could not possibly furnish true and complete costs of the contract work. Furthermore, an audit would be both time-consuming and expensive. The auditor, in effect, would be required to set up a cost accounting system, post all of the Operator's basic documents, and make arbitrary and unsupported distributions not only to the several units of work established by the contract, i.e., D-8 trenching, TD-18 trenching, drifting and crosscutting, timbering, longhole drilling, and assaying, but also to the controversial non-contract work performed concurrently.

tractor". However, the costs which the Interim Report of Review accepted for Stage I included $6,280.08 for 4,602 gallons of diesel fuel computed and certified by Mr. Jasper as consumed on the basis of 78 gallons for each of 59 ten-hour dozer shifts. Correction to 4 gallons an hour results in a big dollar difference.

In Mr. MacLaren's memorandum a full page is devoted to discussing a discrepancy between the 46 days (92 man shifts) claimed for Stage II labor and the 44 days (88 man shifts) supported by the uncertified transcript of the payrolls. He does not mention that the Operator's narrative states 48 working days were spent on the Stage II work nor does he indicate, as is his responsibility, what is reasonable and necessary. The computation of the footage bonus, however, shows that the drifting and crosscutting was actually accomplished in only 13 days (26 man shifts) of the 20 days (40 man shifts) supported by the November payroll.

Mr. MacLaren's memorandum demonstrates further confusion in suggesting the disallowance of costs of airplane repairs and the estimates and plans for a cyanide mill. These costs are not claimed by the Operator. Further, Mr. MacLaren confuses the repair and freight of mine car wheels, which the Operator has claimed, with the airplane parts. The cost of the mine car wheels is not allowable because it is an unauthorized initial repair.

The above discrepancies are merely examples. If a complete review was made, the differences and questions would fill a book. The Operator's vouchered claims, although inconsistent with Mr. Birch's letter, are very definite. Contribution to Stage I is requested by the vouchers on the basis of a total of 1,238 "bulldozing hours", which includes 338 hours in bulldozing access trails to the trenches. The contract provides for hours of "trenching work". In Stage II the vouchered claim is on the basis of 33 feet of long-hole drilling and 76 feet of drifting and crosscutting.

Although we don't have the documentary evidence, and probably never will be able to obtain fully satisfactory proof, the indications are that the actual reasonable, necessary, and direct costs of both Stage I and Stage II work have been far in excess of the maximum unit costs provided by the contract. Accordingly, in order to avoid sinking further into the "mire", I strongly recommend an amended contract, on the short form with fixed unit costs at the present maximum unit costs, effective as of the date of the present contract.

I further recommend, on the premise that further Stage I work may be of no benefit (as was mentioned by Mr. Selfridge in our last meeting

| Category | Item | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|---|---|---|---|
| (2) | Supp. & Tools | $ 121890 | — | $ 400 00 | 121890 | [illegible] | [illegible] |
| | Labor | 514833 | — | 125683 | 639216 | [illegible] | [illegible] |
| (3) | Fuel & Lub. | 869963 | — | — | 869963 | — | 180972 |
| | Equip. Parts | 18200 | — | ? | 18200 | [illegible] | — |
| | Shop & Mine Sup. | 7290 | — | — | 7290 | [illegible] | 131 80 |
| | Sundry Sup. | — | 970 | — | 970 | [illegible] | [illegible] |
| | Explosives | — | — | — | — | — | 131 45 |
| | Pipe | — | — | — | — | — | [illegible] |
| | Rail | — | — | — | — | — | 72 52 |
| (4) | Equip. Depreciation | 107020 | — | — | 107020 | [illegible] | ? |
| (5) | Equip. Repair (outside) | — | — | ? | ? | | |
| | Payroll Taxes & Ins. | 35889 | — | 8051 | 43940 | [illegible] | [illegible] |
| | Transp. of Personnel | 89148 | 608 52 | — | 1500 00 | [illegible] | [illegible] |
| | Bond | 110715 | — | 47801 | 158516 | [illegible] | ? |
| | Accounting | 16800 | — | — | 16800 | [illegible] | 200 00 |
| | Sub-total | 1890848 | 61922 | 224535 | 2177205 | [illegible] | 5958 10 |
| (7) | Analytical Work | — | 7267 | — | 7267 | — | — |
| | Total | $ 1890848 | $ 69089 | $ 224535 | 2184472 | $ [illegible] | $ 5958 10 |
| -8 | Sto. Inc. @ [illegible] = | $ 14750 00 | | | $ [illegible] | | |
| -18 | [illegible] | [illegible] | | | | | |

3-11-63

Frank: Give me your opinion on this. BL

110
120

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

March 11, 1963

Memorandum

To: Director

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

E D Talbert

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

During the past week, while awaiting the meeting which you intended to call on Monday or Wednesday, I have had an opportunity to examine the enclosures, i.e., both (1) Mr. Birch's February 26 letter with its enclosed "July & Sept. 1962" claim for additional Stage I costs and (2) Mr. MacLaren's February 27 memorandum with its enclosed "Sept.-Nov. 1962, inclusive" claim for Stage II costs. Both claims, as well as the letter and the memorandum, are full of errors and inconsistencies. Exceptions by audit would only drag us deeper into this mess, which Mr. Griswold so aptly describes as being like quicksand and Mr. Birch, in one of his few truths, likens to little more than a back-fence argument.

An example of the discrepancies in Mr. Birch's letter is his insistence that bulldozer work vouchers were attached to all of the various claims submitted and that we retained copies. The fact of the matter is that only the "Mar. & Apr. 1962" voucher had copies of bulldozer work vouchers attached. In that instance, I retained one set of thermofax copies because of the availability of numerous extra copies. None of the other claims included copies of bulldozer work vouchers, not even the "April-September 1962, inclusive" claim, which was paid in part and is now on file in the Fiscal Section. Other than this one paid voucher, the originals (and copies when submitted to Washington) of all vouchers, together with all attachments, were forwarded to Mr. MacLaren for return to the Operator.

Another example is Mr. Birch's statement that "We have no record or recollection of claiming 7.8 gallons of fuel per hour for any one

3/12/63

Unless a visit and review of company records by Mr. Fisher would give more support for converting the contract to fixed unit costs, I believe we should amend the contract as soon as possible.

Mr. Talbert indicates that actual costs are in excess of the maximum unit costs. These latter costs are probably the same as originally ~~proposed~~ proposed for fixed unit costs under a short form.

FEJohnson

tractor". However, the costs which the Interim Report of Review accepted for Stage I included $6,280.08 for 4,602 gallons of diesel fuel computed and certified by Mr. Jasper as consumed on the basis of 78 gallons for each of 59 ten-hour dozer shifts. Correction to 4 gallons an hour results in a big dollar difference.

In Mr. MacLaren's memorandum a full page is devoted to discussing a discrepancy between the 46 days (92 man shifts) claimed for Stage II labor and the 44 days (88 man shifts) supported by the uncertified transcript of the payrolls. He does not mention that the Operator's narrative states 48 working days were spent on the Stage II work nor does he indicate, as is his responsibility, what is reasonable and necessary. The computation of the footage bonus, however, shows that the drifting and crosscutting was actually accomplished in only 13 days (26 man shifts) of the 20 days (40 man shifts) supported by the November payroll.

Mr. MacLaren's memorandum demonstrates further confusion in suggesting the disallowance of costs of airplane repairs and the estimates and plans for a cyanide mill. These costs are not claimed by the Operator. Further, Mr. MacLaren confuses the repair and freight of mine car wheels, which the Operator has claimed, with the airplane parts. The cost of the mine car wheels is not allowable because it is an unauthorized initial repair.

The above discrepancies are merely examples. If a complete review was made, the differences and questions would fill a book. The Operator's vouchered claims, although inconsistent with Mr. Birch's letter, are very definite. Contribution to Stage I is requested by the vouchers on the basis of a total of 1,238 "bulldozing hours", which includes 358 hours in bulldozing access trails to the trenches. The contract provides for hours of "trenching work". In Stage II the vouchered claim is on the basis of 33 feet of long-hole drilling and 76 feet of drifting and crosscutting.

Although we don't have the documentary evidence, and probably never will be able to obtain fully satisfactory proof, the indications are that the actual reasonable, necessary, and direct costs of both Stage I and Stage II work have been far in excess of the maximum unit costs provided by the contract. Accordingly, in order to avoid sinking further into the "mire", I strongly recommend an amended contract, on the short form with fixed unit costs at the present maximum unit costs, effective as of the date of the present contract.

I further recommend, on the premise that further Stage I work may be of no benefit (as was mentioned by Mr. Selfridge in our last meeting

on the subject contract), that Stage I be restricted to the work accomplished to date. Also, in order that Stage II work may be approved, if that is the intent, all references to "results", "bed rock" and "vein" exposure should be omitted from the specifications for Stage I.

Enclosures

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

March 11, 1963

Memorandum

To: Director

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

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Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

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Enclosures

Mr. Fumich;

I really think we have wasted enough time and energy "beating the devil around a stump" on this deal. MacLaren says that he has just wasted the better part of three days on it and Talbert tells me that he would require the better part of a week to go into it fully at this time. Its like being in quicksand, the more we flounder around the worse off we are.

I think we all have an uneasy feeling that maybe everybody is a trifle at fault; the contract, as we wrote it, may have been a shade too exacting and the Operator, on its part, has not shown a very marvelous degree of bookkeeping or accounting ability.

It would be my thought to so amend the contract as to put everything back on a unit cost base, retroactive as to the date of the contract. When I proposed this originally Mr. Selfridge did not feel that we had sufficient cost data at hand, on which to properly base a unit cost deal. His point may have been very well taken, at the time. Yet I fancy we all feel now that, from the apparently inefficient and wasteful manner in which these people operate, as judged by the mass of data received in the past few months - we can now say with some assurance that they would not get fat on the unit costs formerly proposed.

Otherwise I can see nothing ahead but a continuing mess of accounting snarls, recriminations and all around ill will.

Yours

3-4-68

We will call a meeting either this afternoon or Wednesday. BH

OMB-6148

This Stage II (Sept-Nov) voucher and revised addtl Stage I (July & Sept) vouchers have been reviewed only to the extent necessary to put ~~the~~ in a somewhat sensible order.

MacLaren states he has spent the best part of 3 days on the Stage II work. Before I spent a week or more of detailed analysis, tabulation, and review, some decisions should be made, such as:

(1) Are we going to convert contract to fixed unit cost?

(2) Is Stage II going to be authorized

(3) If contract remains as is, shall the access trails be considered part of costs? (etc, etc!)

Need meeting
JEA

Talbert
7/6/63

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 2/27 | Johnson | 110 |
| | Selberg | 120 |
| 2/27 | Talbert | 800 |
| | [illegible] | 500 |
| 2-27 | Fumich | 100 |
| 2/28 | Cal | 220 |
| | | 500 |
| | | |
| | | |

AIRMAIL

FEB 27 1963

Mr. E. K. Barnes
President
Northwest Mining Association
522 West First Avenue
Spokane, Washington

Re: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Dear Mr. Barnes:

We have been giving consideration to the suggestion in your February 12 letter that the referenced contract be amended to provide for contribution by the Government on the basis of fixed costs for units of work performed. The lack of adequate information as to actual costs impedes such consideration at this time just as it precluded the offer initially of a fixed unit cost contract.

In order to give full consideration to your suggestion, additional information as to the authorized work performed, the results thereof, and the actual costs of the work are needed. Our Spokane office has been requested to obtain this information and, undoubtedly, by this time has relayed our requirements to the Little Squaw Mining Company.

As soon as the information is received we will give further consideration to your suggestion.

Incidentally, I have been associated with the mining industry for many years and I have found that although mining procedures vary, the inherent problems are largely the same.

Sincerely yours,

George Fumich, Jr.

Director

FEJohnson/EDTalbert/GFumich,Jr./bih/gla
2-27-63
cc to: Director's Reading File
CA&A Division
Docket
Region I (2) w/2 copies Mr. Barnes' letr. 2/12/63

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
February 27, 1963

OFFICIAL FILE COPY
O. M. E
RECEIVED MAR 1 1963

| DATE | INITIALS | CODE |
|---|---|---|
| 3/1 | | 800 |
| 3-1 | | 100 |
| 3/4 | | 110 |
| | | 120 |
| | | 500 |

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

As requested in your memorandum of February 13, 1963, there is enclosed the original and supporting data of the voucher for Stage II work which I have been holding pending authorization of some Stage II work.

I have spent the best part of three days attempting to reconcile the payroll, invoices and narrative report to the various cost distribution sheets and have found several points that required clarification. This was attempted with partial success during a two and one-half hour session in this office with Frank Birch, the operator's supervisor, who prepared the voucher. There are doubtless other points that I have missed.

1. Certification

Not necessary to be signed by President

Mr. Jasper is out of town and signed the certification on the main cost distribution sheet before he left, so it still contains the phrase which you have said is not acceptable. Birch points out that the phrase "to the best of my knowledge" appears in the certification on the application form and in two places on the Operator's Progress Report. I could only point out to him that it does not appear on the voucher form and repeat your statement that it is not acceptable. Is there some further explanation I can give as to why the phrase is acceptable on two documents but not on the third?

Certification should be verified on the payroll or transmittal

The payroll and the other accounting sheets are not certified by the operator, but rather than wait until Jasper returns they are sent along for your information. As some of the data on the payroll and other summary sheets are not included in the voucher, and since the cost distribution sheet on which the voucher is based has been certified, as has the voucher form, Birch has asked why additional certification is required.

2. Category (2)--Supervision

The time distribution sheet indicates no OME work October 1-9, inclusive, but supervision is claimed for the full month. Birch explains that while work at the property was shut down he made a trip to Fairbanks to order supplies and spent the balance of the time posting progress maps and planning future work, all of which was necessary to carry on the contract work.

Similarly, the time distribution sheet indicates that work at the property ceased November 25th, but supervision is claimed for the full month of November. Birch explains that during the period November 26-30, inclusive, he was winding up affairs pertinent to the project in Fairbanks and Spokane.

Labor:

November The time distribution sheet shows that two miners each worked

| | | | |
|---|---|---|---|
| 17 regular shifts at | $32.00/shift = | $544.00 x 2 = | $1,088.00 |
| 4 overtime shifts at | $48.00/shift = | 192.00 x 2 = | 384.00 |
| | | | $1,472.00 |
| | | Plus bonus | 366.66 |
| | | | $1,838.66 |

However, the payroll and overtime computation shows that each man worked

| | | | |
|---|---|---|---|
| 17 regular shifts at | $32.00/shift = | $544.00 x 2 = | $1,088.00 |
| 3 overtime shifts at | $48.00/shift = | 144.00 x 2 = | 288.00 |
| | | | $1,376.00 |
| | | Plus bonus | 366.00 |
| | | | $1,742.66 |

Apparently the $1,838.66 was used in arriving at the vouchered cost of labor. Birch stated that neither he nor the miners noted the discrepancy, but that they were paid the amounts shown on the payroll, $1,742.66. Thus the vouchered total should be:

Equals 44 days
Nov. after 48 days
Bonus calculated on 13 days
22

| | | |
|---|---|---|
| September | 10 man days at $32.00/day = | $ 320.00 |
| | 2 man days at $48.00/day = | 96.00 |
| October | 38 man days at $32.00/day = | 1,216.00 |
| November | 34 man days at $32.00/day = | 1,088.00 |
| | 6 man days at $48.00/day = | 288.00 |
| | Bonus | 366.66 |
| | | $3,374.66 |

and not $3,470.66 as claimed.

wrong! payroll shows:
32 man days at $32.00
4 " " " 48.00
2

Bonus computation:

In order to facilitate mucking, the operator has always driven his crosscuts inclined at 40°-50°. The 18 feet of raise included in the bonus computation is such a "crosscut" southerly from the drift, as shown on the plan and section. The 8 feet of widening comprises a 5-foot long hole station at the drift face and the equivalent of more than 3 feet of slabbing the south side of the drift at the starting point to get on the vein. It is recommended that these footages be accepted, as the slabbing and drill station are reasonable and the raise instead of a crosscut is more a matter of terminology than an attempt to subvert the intent of the contract.

Bonus on 79' Op. claims 76' ?

Category (3)

Invoices:

Gendron and Company, July ~~11~~ 10 and ~~12~~ 11, 1962, for maps to accompany narrative reports, for Company use in laying out OME work, and for posting progress.

EIMCO, August 29, 1962. Total amount is $10.00, not $10.20, as shown on Category (3) distribution sheet.

Wien Airlines, October 2. Some portion of the $15.08 should be charged to cost of transporting "stove-capital items." There appears to be no practical means of securing the exact weight. According to Birch, it is a small stove weighing not more than 50 pounds. It is suggested that the claimed $15.08 be reduced by 50 pounds x $0.13 (invoiced cost per pound of freight), or $6.50, and that $8.58 be accepted.

Gendron and Company, October 4 and 5, 1962, for prints of maps. (See above.) It is difficult to say how many prints of any given map are necessary. If the propriety of this item is question, I suggest that the acceptable number of prints of any map should be at least 5 for voucher purposes and 2 for company use. It should also be recognized that often certain prints will be required for field use but will never appear with a voucher.

Samson Hardware, October 30, 1962, for drawbars. Total on invoice should be $10.40, not $10.50. The incorrect total shown on the invoice was paid by the operator.

Various items, November 30:

Carrington invoice, March 31, 1960, shows unit price for track spikes as $0.212, not $0.21 shown on Category 3 summary sheet; $4.20 claimed should be $4.24.

Samson Hardware invoice, April 28, 1960, shows unit price for salt is $0.07 per pound, not $0.09 per pound shown on Category 3 summary sheet; $27.00 claimed should be $21.00.

Unit price is $6.08 for 1 flag of 5 gals.

Standard Oil of California invoice, May 27, 1959, shows unit price $0.608, not $0.61 shown on Category 3 summary sheet; $3.05 claimed should be $3.04.

Invoices for various freight charges claimed are missing. Rate of $0.12 per pound for freight from Fairbanks to mine air strip (which does not include any cost of hauling from the air strip to mine) has been accepted subject to audit. It is suggested that a rate of $0.16 per pound for freight from Seattle to the mine also be accepted subject to audit.

Under November 30 on Category 3 summary sheet, price for ties at $165 per M board feet was paid in 1959 when ties were brought in. Invoice for lumber is said to be in the hands of the company auditors, LeMaster and Daniels, Spokane. It is suggested that this claim be accepted subject to audit.

Freight charge of $0.96 per gallon for Vistac oil is said to be the rate from Seward to the mine air strip. Acceptance subject to audit is suggested.

Thirty gallons of Delo gas, 15 barrels of diesel oil, and 2 barrels white gas were shipped in last spring and were included in the first voucher submitted. The voucher and all invoices were returned, but in your memorandum of June 13, 1962, you advise that the Contract and Audit Division has kept copies.

The Category (3) summary sheet shows total cost of items listed in footnote 5 of Exhibit "A" of the contract. Only 50 percent of the total cost for these items is shown on the certified distribution of costs sheet.

Category 4(c)--Depreciation

The narrative report lists the following as not included in items depreciated:

| Item | | Auditor's Total Value 12/31/60 |
|---|---|---|
| Hoist | | $2,226.56 |
| Scraper | | 453.96 |
| Blocks | | 244.27 |
| Cobra drill | | 1,267.77 |
| | Total | $4,192.56 |

He has computed depreciation as follows:

1959 + 1960 costs not "warranted" fair market values

| | |
|---|---|
| Auditor's 12/31/60 total | $7,790.36 |
| Less items listed above | 4,192.56 |
| | $3,597.80 |
| Auditor's 12/31/59 total | $14,215.32 |
| | $17,813.12 |

1/60 x $17,813.12 = $296.89 x 2 mos. = $593.78

I am not sure how the following items fit into the items of operating equipment specified in Exhibit "A", Stage II, Category 4(c):

Not under voucher

Welding and cutting outfit
Tanner gas tank
Self-priming pump with trailer mounting
Hi-pressure water tank

The first two items are necessary for making equipment repairs locally, especially in view of the isolated location of the property. The other two items are necessary to gain and maintain adequate water supply for drilling and camp use. It thus appears that these items are necessary and directly contribute toward efficient carrying out of the program.

Category (7)--Miscellaneous

Not claimed

Birch explained the claim for airplane parts as follows: The plane belongs to him and was often used to bring in supplies and, on some trips, personnel. No claim was made against the contract for these trips. Repairs after a crack-up, and the installation of skis were paid for by the company and for that reason are claimed. I told him that I had some doubts that the claim could properly be charged to the contract. The cost of flying mine car wheels to Fairbanks and return by Wien Airlines is $235.43, or 60 percent of the total cost of $389.99 for airplane repair parts, including freight.

?

As explained in the narrative report, the invoice for groceries was not yet available. The airline invoice for flying in groceries and produce is included.

The time distribution sheet indicates that a total of 50 days board for two miners should have been deducted for November. However, the payroll shows that only 40 days board was deducted. The payroll deductions totalling $417.00 are the figure used on Certified Distribution of Costs sheet and the voucher form.

Not claimed

Birch was advised that certain items vouchered under Category (7) would certainly be disallowed, as they in no way bear on the legitimate cost of exploration; such items as: color film, cost estimate and plan of cyanide mill, prints of cyanide plant drawing.

No! Page was omitted

I have not checked the horizontal and vertical totals on the various summary sheets to any extent, although inspection of the total cost column on page 2 of the Category 3 distribution sheet indicates that arithmetical inaccuracies exist.

It is hoped that the foregoing will clarify some points that otherwise would cause confusion.

D. R. MacLaren

Enclosures

P.S. Birch has just brought in the July-September voucher, which he said is corrected as requested in my letters of February 21 and 25, 1963. The original and all documents are also enclosed.

Telephone: MA 4-2501

LITTLE SQUAW MINING COMPANY
Suite 309-312 Radio Central Building
Spokane 4, Washington

February 26, 1963

OFFICIAL FILE COPY
O. M. E
RECEIVED MAR 1 1963

| DATE | INITIALS | |
|---|---|---|
| 3/1 | CAW | 800 |
| | | 100 |
| | | 110 |
| | | 120 |
| | | 500 |
| | | |
| | | |

Mr. George C. Selfridge
Chief, Division of Field Operations
Office of Mineral Exploration
Department of Interior
Washington 25, D. C.

Dear Mr. Selfridge:

With regard to OME letters dated February 21 and 25 from the Spokane field office, and OME questions concerning the costs submitted for work done during July and September, and suggestions of what should be done with these costs, it has become apparent that some change in viewpoint may be necessary for harmonious completion of this project.

actually submitted; Mar & Apr. Apr-Aug Apr-Sept July & Sept July & Sept (Aug) Sept-Nov.

We have submitted to the OME reports, invoices and work vouchers at separate times for work performed in April; in May; April thru August; in August; and now the months of July and September. Work vouchers for bulldozer time for April through August were submitted with these reports. Repeatedly we have tried to convey to the OME that there is no road into our Big Creek base camp; that one of our large problems in this district is high cost winter freight because there is no road into the camp. We have repeated again and again that all dozer work charged was directed toward freighting, gaining access to trenching sites, and actual trenching. We have submitted signed vouchers and statements as proof. The OME rejected but retained copies of reports for April, for May, and for April thru August. Now the OME requests a statement showing for each month from April thru September for each bulldozer used the actual operating hours for freighting, access roads to camp, access roads to millsite, access trails to trenching sites, any other work, and total hours. Mar & Apr. Only

It becomes extremely discouraging to have lengthy detailed reports which have been documented and compiled at considerable expense repeatedly rejected as inapplicable by the OME, but now, after nine months' time, to have the OME request a re-compilation of data that has been repeatedly submitted and rejected surpasses comprehension. Begin time sheets only on last one.

You mention discrepancies between the operator's narrative report, MME form 61, and an interim inspection report. We have no copy of this interim inspection report, but should like to point out that this inspection was made during September, and any information acquired at that time concerning hours of bulldozer operation would have had to have been obtained from our Chandalar file of copies of reports sent to this office, and we would not rely on the completeness of information filed in the old powder box we use for a cabinet in the Chandalar.

The enclosed sheet showing bulldozer hours, April thru September, is, for all but the month of September, repetition of information previously submitted, and could have been compiled in your office. No.

Access work done during September between the Little Squaw mine and Squaw Lake is essential to exploration of the Little Squaw mine, connecting the mine to the Squaw Lake landing area and supply dump of rails, lagging and fuel, thus eliminating more than ten miles of winter freight route. Not claimed

The OME has asked that we distribute September 3 - 27 equipment repair costs between D-8 and TD-18 dozers and secondly between trenching, access road, and other work. The total sum to be distributed is $1,076.00. Perhaps the OME has a staff, paid for by the taxpayers, playing at pencil games, but we have neither the time nor information to warrant such a distribution. It would cost more than the small amount which might eventually be received from the OME as a return loan of taxpayer money at 6 1/4% interest.

Our OME contract calls for a maximum of 1200 hours of D-8 bulldozing and 500 hours of TD-18 bulldozing. It further states in footnote #2, page 6, that "the government will contribute to the allowable actual costs estimated herein for Stage I to the extent that the following maximum average unit costs for the performance of the work are not exceeded:

Bulldozing with D-8 bulldozer - $25.00/ hr.

Bulldozing with TD-18 bulldozer - $21.50/ hr."

? OME has no right under the contract to disallow any (allowable) actual costs submitted by the operator for reason of these costs being in excess of $25/hr. and $21.50/hr. of bulldozing done during any one month, but should allow these costs until either the maximum costs under the contract are reached or the maximum required hours of work performed, at which time the average cost can be determined, and adjustment made upon final payment. Can allow only to maximum on accumulative basis

yes

The unworkable nature of this contract as it has been interpreted is illustrated by the suggestion that sampling and mapping costs incurred during the month of September, during which period no trenching was done, should be charged against trenching done in August. Yet the statement for August work had already been submitted and accepted, and the cost of mapping and sampling, which is required under the terms of the contract, would have to be applied to this August statement following whatever amending action and delay would be required to recalculate this August statement; and then, adding insult to injury, this mapping cost would be disallowed as an excess cost because it would be in excess of the amount of $25 per D-8 bulldozer hour performed during August. Right!

When this operator first suggested $25/hr/D-8 and $21.50/hr/TD-18 as a reasonable and conservative cost of the bulldozing operation on a unit cost basis, this figure included all necessary and incidental costs to the operation such as freighting, personnel transportation, supervision, normal equipment wear and tear, repairs, accounting, technical and labor, labor other than the tractor operator as required for servicing the machines, hauling fuel, blasting rock, etc. It was never suggested that the actual tractor operator and fuel cost would approximate the total cost of operation. Yet it is quite

conceivable that during many short periods of time these costs would be the only allowable costs shown by the operator, and the operator's allowable costs for the period could be less than the hourly maximum allowed for that particular period, as illustrated by the case of the TD-18 in August. Yet, should the operator's costs attributed to this same TD-18 next July exceed the amount of $21.50/hr. for the month, by the government's present interpretation everything in excess of $21.50/hr. during the month will be disallowed. no! cumulative basis

The current continuous exchange of statements and applications with the government has degenerated to little more than a back-fence argument. Our claim for $8950 of allowable maximum costs for the months of July and September were just returned to us for recalculation because of discrepancies which total less than $300 of involved government funds, which would have been corrected on final audit, if not picked up sooner by the government accounting office. This amount adequately represents the relative amounts of money that has resulted in the continuing differences between our Spokane office and Washington. The operator would like the OME to reconsider its present interpretation of the contract and make a sincere effort to fulfill its obligations and the purpose for which it was formed as was intended by Congress when the OME was begun.

With regard to the 51 samples shipped from the Chandalar, Numbers 1 thru 4 and 10 thru 38 were taken in the Mikado trenches, and shown on the map and accompanying notes. The rest of the samples shipped were grabs taken from other dumps and outcrop in the district and not chargeable to the contract. Therefore, the sum of 18/51 times the freight bill of $72.67 is subtracted from the excess costs shown on the distribution costs sheets for Stage I, July and September. Amount subtracted = $25.60.

As pointed out previously changing the charges for mapping and sampling during September to August trenching would seem ridiculous. ?

Concerning Mr. Jasper's signature on the distribution of cost statement to be true and correct to "the best of my knowledge", we refer you to the certifying statement for government and operator on MME form 61 - "hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief." The "Distribution of Costs" sheet is made up from the same source as MME form 61, and any other statement here would be contradictory. "Presidential" certification not necessary

Invoices and work vouchers for the months of April, May, June, July, and August have been submitted to the government with progress reports sent in for the month of April, the months April thru August, and the month of August. The government retained a set of each of these reports in its files. No! (not in Washington)

With regard to lettered items in the government ocrrespondence:

a) One day supervisory salary already charged in July, deducted from July and September Excess Costs - $38.70.

b) Supervisory and Technical - July $172.80 above maximum. Deduct from July and September excess costs $172.80.

c) Diesel fuel. We have no record or recollection of claiming 7.8 gallons of fuel per hour for any one tractor. The August fuel statement was based on the actual inventory of fuel used in dozing during the month of August. The estimated 4/gal/hr. used in figuring fuel consumed on access trails during June is evidently less than fuel actually consumed, and on the basis of total hours during August against total fuel, this estimated consumption would more properly have been some fraction of a gallon in excess of 4 gallons per hour.

4,602 gals claimed for 590 hrs.

?

d) No parts claim was made for Jacobson's September 3 - 27th repair work because parts used were from supplies already on hand from previous years, and the operator considered the effort, negotiation and documentation required to explain such costs to you people would not offset the small cash return and immense confusion that would result.

e) When it was learned in August that the government would insist upon itemization of parts used for repairs, parts required for repairs made to that date were checked against invoices of spares and supplies purchased for the season and those parts and supplies used that showed up on the invoices were listed for OME record. The operator elected to omit claims for repair parts and supplies drawn from stocks already owned at the beginning of the season due to the complication of furnishing adequate documentation for the government. And, though you people continue to profess that there are no such unreasonable complications, the present required correspondence stands as proof to the contrary. Any man that has to spend his time writing letters concerning work done six months ago is not a productive unit, and this time spent is a flagrant waste of human productivity.

f) The previously charged 10/198 x $400 for July depreciation was overlooked, and this $20.20 is subtracted from excess costs on the July and September cost statement.

g) The $3/day board charge for 76/man shifts in July and 47/man shifts in September was overlooked, and is deducted as in (f) above - $369.00.

h) Payroll taxes for July were distributed on a 50-50 basis between contract and non-contract costs, as were liability insurance and cookhouse costs, since contract hours amounted to half the total working hours for the month. The $18.10 payroll taxes for September charged to the contract was the FICA on Grybeck and the cook. Grybeck's total time in camp was on contract work. Cook's total time in camp was about 1/3 of a month, which was less than the fraction of contract time worked out of total hours worked, and was considered chargeable to the contract. Liability insurance for September was calculated at the rate of 1.83% of the cook's gross wage and 3.3% of supervisory and technical time charged to the contract. The 3.3% of Jacobson's gross wage of $1076 shown as labor costs for September were overlooked, and this charge of $35.51 has been added to the excess costs shown on the accompanying Distribution Sheet. - $35.51.

Little Squaw Mining Company Bulldozer

| | | Clearing Snow fo Landing Sta | September, | Road Access Place Lance Sa Mill Sawdust Supply Sites Mill | (None) | Access Trail to Trench Sites | Trenching | Other Work | Totals |
|---|---|---|---|---|---|---|---|---|---|
| **D-8 #1** | | | | | | | | | |
| April | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| May | | 0 | 0 | 0 | 0 | 20 Hrs | 0 | 0 | |
| June | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| July | | 0 | 0 | 0 | 0 | 160 Hrs | 10 Hrs. | 0 | |
| August | | 0 | 0 | 0 | 0 | 0 | 290 Hrs | 0 | |
| September | | 0 | 0 | 0 | 160 Hrs | 0 | 0 | 0 | |
| | Totals: | 0 | 0 | 0 | 160 Hrs | 180 Hrs | 300 Hrs | 0 | 640 Hrs. |
| **D-8 #2** | | | | | | | | | |
| April | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| May | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| June | | 0 | 0 | 0 | 0 | 20 Hrs | 0 | 0 | |
| July | | 0 | 0 | 0 | 0 | 198 Hrs | 0 | Unchanged Mill Hrs. - Camp Maintenance | |
| August | | 0 | 0 | 0 | 0 | 0 | 290 Hrs | 0 | |
| September | | 0 | 0 | 0 | 150 Hrs | 0 | 0 | 0 | |
| | Totals | 0 | 0 | 0 | 150 Hrs | 218 Hrs | 290 Hrs | ? | 658+ Hrs. |
| **D-8 #3** | | | | | | | | | |
| April | | 40 Hrs | 82 Hrs | 0 | 0 | 0 | 0 | 0 | |
| May | | 6 Hrs | 16 Hrs | 0 | 0 | 0 | 0 | 0 | |
| June | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| July | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| August | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| September | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | Totals: | 46 Hrs | 98 Hrs | 0 | 0 | 0 | 0 | 0 | 144 Hrs. |
| **TD-18 #1** | | | | | | | | | |
| April | | 24 Hrs | 0 | 0 | 0 | 0 | 0 | No record. | |
| May | | 12 Hrs | 8 Hrs | 0 | 0 | 0 | 0 | Used mill. | |
| June | | 0 | 0 | 0 | 0 | 0 | 0 | Hrs. in shop Landing strip & camp area, & vicinity. | |
| July | | 0 | 0 | 0 | 0 | 0 | 0 | | |
| August | | 0 | 0 | 0 | 0 | 0 | 0 | | |
| September | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | Totals: | 36 Hrs | 8 Hrs | 0 | 0 | 0 | 0 | ? | 44+ Hrs. |
| **TD-18 #2** | | | | | | | | | |
| April | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| May | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| June | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| July | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| August | | 0 | 0 | 0 | 0 | 0 | 290 Hrs. | 0 | |
| September | | 0 | 24 Hrs | 0 | 0 | 0 | 0 | Camp 40 Hrs. | |
| | Totals: | 0 | 24 Hrs | 0 | 0 | | 290 Hrs. | 40 Hrs | 354 Hrs. |
| | T | 82 Hrs | 130 Hrs | | | | [illegible] Hrs | 40+ Hrs | 1840+ Hrs |

So. 157 Howard Street
Spokane 4, Washington
February 25, 1963

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O. M. E
RECEIVED FEB 27 1963

| DATE | INITIALS | CODE |
|---|---|---|
| 2/27 | 4007 | 800 |
| | Forward | 500 |

Mr. Karl W. Jasper, President
Little Squaw Mining Company
Suite 309-312 Radio Central Building
Spokane 4, Washington

Re: OME-6148 (Hom)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Dear Mr. Jasper:

In my letter of February 21, 1963, I inadvertently neglected to mention that apparently only the July costs are properly chargeable to "access to sites." The September 1 to 11 costs of mapping and sampling appear to be additional charges against the 590 hours of D-8 and 290 of TD-18 trenching.

Sincerely yours,

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

DMMacLaren:ny

cc: OME(2)
CFF
Reading copies to:
Nelson
McKelvey

So. 177 Howard Street
Spokane 4, Washington
February 21, 1963

800
~~500~~
120
500

Mr. Karl W. Jasper, President
Little Squaw Mining Company
Suite 309-312 Radio Central Building
Spokane 4, Washington

Re: OMM-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Dear Mr. Jasper:

While considering your claim for costs of access trails, our file has disclosed discrepancies between the Operator's narrative reports, the MMM Forms 61, and an interim inspection report as to the actual hours of bulldozer operation. In order to clarify the matter, we must request a statement showing, for each month from April through September and for each of the D-8 and TD-18 dozers, the actual operating hours for each of the following classes of work:

1. Freighting-in.
2. Access roads (to camp).
3. Access roads (to mill site).
4. Access trails (to trenching sites).
5. Trenching.
6. Any other work (specify).
7. Total hours.

Similarly, the September 3-27 equipment repair costs apparently should be distributed, first, between the D-8 and TD-18 dozers, and secondly, between trenching, access road and/or trail, and other work.

The files also disclose discrepancies as to the number of assays. You claimed and the Government contributed to the air freight of 51 samples; reports of assays submitted with the July and September vouchers cover 47 samples; your "Mikado Trench Sampling report" identifies only 33 samples; and the Mikado map locates only 17 samples. This discrepancy should be reconciled or explained. The fourth paragraph, page 2, Exhibit "A" of the contract states that the assay results of all trench sampling shall be adequately shown on maps accompanying the Operator's monthly report.

A detailed audit review of the July-September voucher has not been made and cannot be until the following items, especially c, d, e, and f, are clarified:

a) Birch's salary of $1,200.00 per month is claimed in full for the month of July, although the previously reported totals include $38.70 for July 31.

b) The total claimed for supervision and technical services for July is in excess of the $1,200.00 per month contractual maximum.

c) Diesel fuel for the D-8 has been computed on a consumption basis of four gallons an hour for the trail work, whereas consumption at the rate of 7.8 gallons an hour was claimed for trenching in the prior voucher.

d) Jacobson's wages for September 3 through 27 are claimed for the repair of equipment, although no parts or materials are claimed.

e) The narrative indicates that no record is maintained of materials issued from stores, yet repair parts and other supplies for the trenching period were claimed on the basis of a listing of "Supplies Withdrawn from Stores and Used on Exploration Project OHK-6148, Period of August 1968," certified by the superintendent as being "used on the OHK project."

f) Depreciation for each of the D-8 dozers has been claimed for July at the full monthly rate, although the July 31 depreciation of one D-8 was included in the "Previously Reported Totals" and furthermore that D-8 apparently was not used full time on work for which Government contribution is claimed.

g) Credit has not been given for the $3.00 per day deducted from each employee's pay for board.

h) The claimed payroll taxes and insurance cannot be reconciled with claimed wages using the established rates.

i) Casualty insurance, other than liability insurance covering employment, is not an allowable cost under the contract.

Finally, certification on various documents accompanying a voucher that the costs are correct and just "to the best of my knowledge" is not acceptable. You will notice that the certification at the bottom of NNK Form 60, Operator's Monthly Voucher, does not include the words in quotes.

The above matters were discussed with Mr. Birch during a two-hour session on the morning of February 19, 1963, and are presented here for his reference and your files.

Sincerely yours,

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

DRMacLaren:ny

cc: CMH(2)
CFF
Reading copies to:
Malan
McKelvey

TRUSTEES:
ROBERT AUSTIN
E. K. BARNES
L. G. GAFFNEY
HERBERT HARPER
K. W. JASPER
JENS JENSEN
J. C. KIEFFER
E. H. LOVITT
JOHN S. MCINTOSH
HARRY F. MAGNUSSON
F. N. MARR
W. D. NESBEITT
P. E. OSCARSON
A. R. PATTERSON
JAMES A. PIKE
CHARLES E. SCHWAB
E. C. STEPHENS
D. E. WATSON
RALPH WATSON

ESTABLISHED AUGUST 20, 1895

# Northwest Mining Association

INCORPORATED OCTOBER 23, 1916

MONTANA, IDAHO, WASHINGTON, OREGON
BRITISH COLUMBIA, ALASKA AND THE YUKON

522 WEST FIRST AVENUE
SPOKANE, WASHINGTON

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O. M. E.
RECEIVED FEB 1963
DATE INITIALS CODE
2/14 800
2-19 100
120
500
410
100
500

OFFICERS:
E. K. BARNES
PRESIDENT
M. C. BROWN
VICE-PRESIDENT
R. D. LEISK
VICE-PRESIDENT
F. N. MARR
TREASURER
ROBERT TOWNE
SECRETARY
AMY SATTERSTROM
OFFICE SECRETARY

February 12, 1963

George E. Fumich, Jr., Director
Office of Minerals Exploration
Washington 25, D. C.

Re: OME 6148 (gold)
Little Squaw Mining Co.
Chandalar, Alaska
Contract # 2140

Dear Mr. Fumich:

I was fully informed of details of the Little Squaw Mining Company application for an OME loan and had no misconceptions at any time as I was a close observer of the proceedings. I have also been familiar for years with similar proceedings when they were carried out by the Defense Minerals Exploration Administration.

In summary, the Little Squaw contract preparations took only a little more than eight months with interruptions. The resulting contract, however, was so complex as to be unworkable from any sensible standpoint. The companies concerned have always employed one of the most reputable accounting firms in this area for handling of their accounts. When regular employees found it was not possible to satisfy the innumerable technicalities in the contract, a retired Defense Minerals Exploration Administration auditor was employed for that purpose. As familiar as he is with those contracts, after about a week of trying to figure it out satisfactorily he recommended an amendment to a unit cost basis and estimated that to keep a complete record of actual costs in the manner demanded would cost the company an estimated $10,000 for extra bookkeeping work. To date the company has spent about 1/3 of the approximate $9500 received under the contract as extra costs resulting from unnecessary detailed requirements in the contract. The government costs of administering its end of the agreement must be proportionately high.

This company and other companies here in the west prefer unit cost agreements under which a company will know what it is going to get if it does a certain number of units of work, such as hours of work with a bulldozer, or a certain number of feet of tunneling. The companies usually do not expect that government participation should come up to 50% of the total costs. They do want it to be something near that proportion. Most of all they want to know that they will get paid promptly when the work is completed so that their credit rating in the area in which they work may be kept perfect. Actually these companies, together with other tax payers, pay your salary, that of each of your employees, and furnish the funds which you loan back to them at 6 1/4% interest. They expect to have your functions taken care of at as low a cost as possible, and to have no measurable increase in their overall costs as a result of such a loan. If under existing technicalities you are not able to do this in a clear,

honest, and simple way, you should see to it that legislation is passed which will enable you to do it efficiently. We would do all we can to help obtain such a result.

We are aware of the past experience, integrity, and dedication of your staff. We also have often observed the appointment of bureau directors whose past experience lies in other fields and have watched those directors become in effect prisoners of their inherited staffs.

Some of the ridiculous aspects of the Little Squaw contract are items such as one in which the operator is allowed a depreciation total of 1/2 of $800 a month on a D-8 bulldozer. In a high cost Arctic region where effective trenching and road building can be done for only two months of the year surface equipment is often used three shifts or 24 hours a day to take advantage of the thaw and total day light. This already inadequate depreciation maximum remains the same whether the equipment is kept in operation for 198 hours a month or 744 hours a month. However, if used less than an arbitrarily established OME month of 198 hours, the $400 is prorated downward. Similarly, equipment must be in top shape before the short season begins so there will be no stops for repairs. Repair costs are not considered proper, however, except during the period when the equipment must be kept in operation. The contract was also arbitrarily divided into two separate stages both of which should have been conducted at the same time to prevent excessive time and cost losses.

The Little Squaw inventory was much less at the end of the 1962 season than at the beginning. There was on hand at the beginning of 1962 a large amount of diesel oil, lubricating oil and other types of supplies which were used during 1962, together with almost all of what was purchased in 1962.

In its original application the company emphasized the difficulties which would be encountered because of unusual conditions in supplying this Arctic venture as follows:

> "To avoid the extra costs of taking care of the mass of detail which would be involved in any program other than a unit cost plan, the Little Squaw Company proposes unit costs for the bulldozing and underground work which are less than rates that could be obtained from any one else for the same work. To attempt to value individually all items in item 7 (b) to (g) involved in a new and remote district such as this would be more burdensome than the actual work to be performed."

Although in this particular case the applicant wanted a simple unit cost basis applicable to definite hours of trenching, and feet of tunneling and long hole drilling, the OME took the route which involved them in the great detail and months of winter freighting, repair work and other preliminary preparations, and then complained about it. In addition to that, the company from an already prepared base camp and blacksmith shop built access road without which not an item of heavy equipment could have been used or maintained, or men and fuel transported the approximately five miles

by road to either work site. The exploration work could not have even begun without that access. Any representative you may have had who actually visited the area would be certain to have recognized that fact. If you had such a representative at the site his recommendations should have been given due consideration.

The only way innumerable misunderstandings and extra expense can be avoided in this and in many other cases to come is to adopt a simple basis on which to work which is clear to the applicant as well as to your highly specialized office personnel. In the case of the Little Squaw Company I believe it would be to both of your advantages to reach an acceptable unit cost basis for the relatively small amounts of bulldozer work remaining, and to adopt a footage basis for payment on underground work so there will be no question in anyone's mind what amount is due and when.

Sincerely yours,

E. K. Barnes

E. K. BARNES

J

After everyone reads this we will discuss it and see what can be done.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
February 5, 1963

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O. M. E
RECEIVED FEB 7 1963

| DATE | | |
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| | | ~~120~~ |
| | Griswold | 500 |

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

In a telephone conversation on February 5, 1963, Frank Birch, the Operator's supervisor-engineer in charge of the contract work, requested authorization of a recess period to start December 1, 1962, and end on or before May 15, 1963.

It is recommended that an appropriate amendment be prepared.

D R MacLaren

D. R. MacLaren

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| Date | Surname | Code |
|---|---|---|
| 2/13 | GCL | 130 |
| 2-13 | [illegible] | 500 |
| 2/13 | Talbot | 800 |
| 2/13 | [illegible] | 110 |
| 2-13 | [illegible] | 100 |
| 2/13 | cal | 220 |
| | | |
| | | |
| | | 500 |

FEB 13 1963

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

In reference to your memorandum of January 31, 1963, subject above, we have reviewed the incomplete information available to us and find some of it conflicting. Therefore we are requesting additional information.

Tentatively, we are inclined to favor your recommendation authorizing 100 feet of drifting, 54 feet of crosscutting, and 60 feet of long-hole drilling based on the increased values of the samples taken in Trenches 1 and 2 West. However, before making a final decision, please send us the original and supporting data of the voucher you are holding for Stage II work.

In connection with our consideration of the Operator's claim for costs of access trails, a review of the file has disclosed discrepancies in the Operator's narratives, the MME Forms 61, and Kimball's October 5 memorandum as to the actual hours of bulldozer operations. In order to clarify the matter, please request the Operator for a statement showing, for <u>each</u> month from April through September and for <u>each</u> of the D-8 dozers and the TD-18 dozer, the actual operating hours for <u>each</u> of the following:

1. Freighting-in
2. Access roads (to camp) (to mill site)
3. Access trails (to trenching sites)
4. Trenching
5. Other work (specify)
6. Total hours

Our files also disclose discrepancies as to the number of assays. The Operator claimed and the Government contributed to the air-freight of 51 samples; reports of assays submitted with the "July & Sept." voucher cover 47 samples; the Operator's "Mikado Trench Sampling" report identifies only 33 samples; and the Mikado map

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| Date | Surname | Code |
|---|---|---|
| 2/13 | GCB | 130 |
| 2-13 | [illegible] | 500 |
| 2/13 | Talbot | 800 |
| 2/13 | [illegible] | 110 |
| 2/13 | [illegible] | 100 |
| 2/13 | Cal | 220 |
| | | |
| | | |
| | | 500 |

FEB 13 1963

Memo Acting Field Officer, Region I

Chief, Division of Field Operations

: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

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3. Access trails (to trenching sites)
4. Trenching
5. Other work (specify)
6. Total hours

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43683

locates only 17 samples. Please request the Operator for an explanation. Also, attention should be invited to the requirement (in 4th paragraph of page 2, Exhibit A of the contract) that the assay results of all trench sampling shall be adequately shown on maps accompanying the Operator's monthly report.

The copy of the "July & Sept." voucher, together with attachments, is enclosed for return with the original and other copies to the Operator for revision. It appears that only the July costs are properly chargeable to "access to sites". The September 1 to 11 costs of mapping and sampling appear to be additional charges to the 590 hours of D-8 and 290 hours of TD-18 trenching. The September 3 to 27 equipment repair costs appear to be for distribution, first, between D-8 and TD-18 and, secondly, between trenching, access trails, and other work on an equitable basis. Furthermore, Mr. Jasper's certification that the costs are correct and just "to the best of my knowledge" is not acceptable.

A detailed audit review of this voucher has not been made, but certain other discrepancies are obvious, even though documentation is not at hand. Although you state "all supporting documentation was sent in with the April-September voucher" and the Operator states "all invoices for items charged in categories 3 and 7" were submitted with previous reports, except for a copy of the April through September payroll, no adequate documentation was submitted to or is available in Washington. For this reason the Interim Report of Review specifically states that: (1) the findings are subject to audit of the Operator's records; (2) certain costs have been accepted on the basis of the Operator's listings, "per se"; and (3) other costs have been accepted on the basis of certain certified statements.

Some of the obvious discrepancies in the costs claimed in this "July & Sept." voucher follow:

(a) Birch's salary of $1,200.00/mo. is claimed in full for the month of July, although the "Previously Reported" totals include $38.70 for July 31;

(b) The total claimed for supervision and technical services for July is in excess of the $1,200.00/mo. contractual maximum;

(c) Diesel fuel for the D-8 has been computed on a consumption basis of 4 gallons an hour for the trail work, whereas consumption at the rate of 7.8 gallons an hour was claimed for the trenching in the prior voucher;

(d) Jacobsen's wages for September 3 through 27 are claimed for the repair of equipment, although no parts or materials are claimed;

(e) The narrative indicates that no record is maintained of materials issued from stores, yet repair parts and other supplies for the trenching period were claimed on the basis of a listing of "Supplies Withdrawn From Stores and Used on Exploration Project OME-6148, Period of August 1962," certified by the Operator's superintendent as being "used on the OME Project";

(f) Depreciation for each of the D-5 dozers has been claimed for July at the full monthly rate, although the July 31 depreciation of one D-8 was included in the "Previously Reported Totals" and, furthermore, that D-8 apparently was not used full time on work for which Government contribution is claimed;

(g) Credit has not been given for the $3.00/day deducted from each employee's pay for board;

(h) The claimed payroll taxes and insurance cannot be reconciled against claimed wages using the established rates;

(i) Casualty insurance, other than liability insurance covering employment, is not an allowable cost under the contract.

While some of the above discrepancies could be resolved and adjusted in an audit review, some (c, d, e, and f) definitely require explanation by the Operator before an audit review of this supplemental claim can be attempted. In fact, at least two of the discrepancies (c and e) reflect detrimentally on the adequacy and accuracy of the Interim Report of Review dated November 30, 1962.

George C. Selfridge/gla

Enclosure

EDTalbert/GCSelfridge/gla
2-13-63
cc to: Director's Reading File
CA&A Division
Review Committee
Docket

EDTalbert/ama
2-12-63
ROUGH DRAFT

WPM 2-12 ~~500~~
~~100~~
~~110~~
120

Re: OME-6148 (Gold)
Little Squaw Mining Company
Mikado et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Suggested Audit Comments
for inclusion in reply to MacLaren's January 31 memorandum

In connection with our consideration of the Operator's claim for costs of access trails, a review of the file has disclosed discrepancies in the Operator's narratives, the MME Forms 61, and Kimball's October 5 memorandum as to the actual hours of bulldozer operations. In order to clarify the matter please request the Operator for a statement showing, for each month from April through September and for each of the D-8 dozers and the TD-18 dozer, the actual operating hours for each of the following:

1. Freighting-in
2. Access roads (to camp) (to mill site)
3. Access trails (to trenching sites)
4. Trenching
5. Other work (specify)
6. Total hours

Our files also disclose discrepancies as to the number of assays. The Operator claimed and the Government contributed to the air-freight of 51 samples; reports of assays submitted with the "July & Sept." voucher cover 47 samples; the Operator's "Mikado Trench Sampling" report identifies only 33 samples; and the Mikado map locates only 17 samples. Please request the Operator for an

explanation. Also, attention should be invited to the requirement (in 4th paragraph of page 2, Exhibit A of the contract) that the assay results of all trench sampling shall be adequately shown on maps accompanying the Operator's monthly report.

The copy of the "July & Sept." voucher, together with attachments, is enclosed for return with the original and other copies to the Operator for revision. It appears that only the July costs are properly chargeable to "access to sites". The September 1 to 11 costs of mapping and sampling appear to be additional charges to the 590 hours of D-8 and 290 hours of TD-18 trenching. The September 3 to 27 equipment repair costs appear to be for distribution, first, between D-8 and TD-18 and, secondly, between trenching, access trails, and other work on an equitable basis. Furthermore, Mr. Jasper's certification that the costs are correct and just "to the best of my knowledge" is not acceptable.

A detailed audit review of this voucher has not been made, but certain other discrepancies are obvious, even though documentation is not at hand. Although you state "all supporting documentation was sent in with the April-September voucher" and the Operator states "all invoices for items charged in categories 3 and 7" were submitted with previous reports, except for a copy of the April through September payroll, no adequate documentation was submitted

to or is available in Washington. For this reason the Interim Report of Review specifically states that: (1) the findings are subject to audit of the Operator's records; (2) certain costs have been accepted on the basis of the Operator's listings, "per se"; and (3) other costs have been accepted on the basis of certain certified statements.

Some of the obvious discrepancies in the costs claimed in this "July & Sept." voucher follow:

(a) Birch's salary of $1,200.00/mo. is claimed in full for the month of July, although the "Previously Reported" totals include $38.70 for July 31;

(b) The total claimed for supervision and technical services for July is in excess of the $1,200.00/mo. contractual maximum;

(c) Diesel fuel for the D-8 has been computed on a consumption basis of 4 gallons an hour for the trail work, whereas consumption at the rate of 7.8 gallons an hour was claimed for the trenching in the prior voucher;

(d) Jacobsen's wages for September 3 through 27 are claimed for the repair of equipment, although no parts or materials are claimed;

(e) The narrative indicates that no record is maintained of materials issued from stores, yet repair parts and other supplies for the trenching period were claimed on the basis of a listing of "Supplies Withdrawn From Stores and Used on Exploration Project OME-6148, Period of August 1962", certified by the Operator's superintendent as being "used on the OME Project";

(f) Depreciation for each of the D-8 dozers has been claimed for July at the full monthly rate, although the July 31 depreciation of one D-8 was included in the "Previously Reported Totals" and, furthermore, that D-8 apparently was not used full time on work for which Government contribution is claimed;

(g) Credit has not been given for the $3.00/day deducted from each employee's pay for board;

(h) The claimed payroll taxes and insurance cannot be reconciled against claimed wages using the established rates;

(i) Casualty insurance, other than liability insurance covering employment, is not an allowable cost under the contract.

While some of the above discrepancies could be resolved and adjusted in an audit review, some (c, d, e, and f) definitely require explanation by the Operator before an audit review of this supplemental claim can be attempted. In fact, at least two of the discrepancies (c and e) reflect detrimentally on the adequacy and accuracy of the Interim Report of Review dated November 30, 1962.

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| | | |
| | | 100 |
| 2/8 | Johnson | 110 |
| | Selfridge | 120 |
| | | |
| | | |
| 2/8 | Coe | 220 |
| | | 500 |
| | | |

FEB 8 1963

Docket No. 6148

Hon. Henry M. Jackson
United States Senate
Washington 25, D. C.

Dear Senator Jackson:

Enclosed for your information is a copy of our reply of January 28, 1963, to a letter dated January 3, 1963, from Mr. E. K. Barnes, president of the Northwest Mining Association, on which you requested us to comment in your letter of January 31, 1963. Also, in response to your request is a copy of the current OME Regulations.

The OME uses two different types of contract forms in its exploration program. One is the short form under which the costs of the exploration are set forth as fixed units upon which the operator and OME have agreed. It is a simple form usually used for small projects or those with only one or two types of work where we have sufficient information on which to base fixed units of cost.

The other type is the long form contract used for larger and more complex projects where good cost data are unavailable or accurate cost estimates are difficult to make. This type of contract may embody both actual and fixed unit costs. The actual costs are set forth on estimates agreed upon by the operator and OME. The OME determines the type of contract and cost basis that will be used. This determination is made to suit each individual project, but of course, is subject to the operator's acceptance.

Under fixed unit costs the operator does not need to keep elaborate accounting records. He submits a monthly voucher for the work performed and whenever possible the work is measured and inspected by the OME representative for conformance with the contract specifications. Payment is made for the units of work completed and accepted.

Under actual costs the operator must follow good accounting practice and furnish support for the expenditures claimed. The OME representative inspects the work for conformance with contract specifications. Payment is made for the allowable actual costs incurred and accepted.

43683

Regardless of whether the costs claimed are on an actual or fixed unit basis, they are subject to audit and acceptance by OEE.

We sincerely regret any delay that may have been incurred in the case of Little Squaw and any misunderstanding that may have arisen. However, the record clearly indicates that the operator failed to furnish adequate information during the processing of its application and also during the operation of the project. It has failed to furnish adequate support for authorized expenditures or the results of work completed on which approval of further work is based. Although we have tried to cooperate we cannot give a blank check to an operator or pay for work not authorized under the contract.

We do not have the finances to maintain a field force in Alaska to inspect the operations at regular intervals, so we must rely on the operator to furnish proper support for its claims for payment, the same as required by any other operator under the same circumstances. We do not wish to place a hardship on any operator. Instead, we do all we can to expedite our actions and make it easy for him to meet our requirements. At the same time, however, we must protect the Government's interest.

We are very much interested in working with Mr. Barnes to eliminate any misunderstanding and expedite payment for acceptable work authorized under the contract.

Sincerely yours,

George Fumich, Jr.

Director

Enclosures (2)

FEJohnson/GFumich,Jr./bih
2/8/63
Copy to: Docket (No. 6148)
Dir. reading file
Region I (2)

CLINTON P. ANDERSON, N. MEX., CHAIRMAN
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JERRY T. VERKLER, CHIEF CLERK

# United States Senate

COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS

January 31, 1963

OFFICE OF THE SECRETARY
RECEIVED FEB 4 1963
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500
800
200

Mr. George Fumich, Jr.
Director, Office of Minerals Exploration
Department of the Interior
Washington 25, D. C.

Dear Mr. Fumich:

I have had a disturbing report from the President of the Northwest Mining Association concerning what the Association's president charges is excessive delay and lack of cooperation in the application of the Little Squaw Mining Company, of Spokane, for assistance in a gold exploration project in northern Alaska.

Of course my only present knowledge of this matter is the presentation to me by the Association.

Would you please be good enough to give me your comments on the letter to you dated January 3, 1963, of Mr. E. K. Barnes, and also let me have a general statement on OME's policies, together with pertinent regulations.

I have asked the Committee's Counsel, Stewart French, to follow up on this matter for me, so if there are any questions concerning this request, please get in touch with Mr. French on Capitol extension 4971.

Sincerely yours,

Henry M. Jackson

Henry M. Jackson, U. S. S.

HMJ:Frd

OME-6148 Little Squaw Mining Company Contract 2140

Questions in re Stage I Work
and
Approval of Stage II Work

1. Were trenches "excavated approximately normal to the vein strike, cutting to bed rock, so as to expose the vein and make it available for sampling", as required by par. 2 of Stage I Description of the Work?

2. Were assayed samples taken from "the veins exposed in the dozer trenches", as required by par. 3 of Stage I Description of the Work?

3. Has the requirement (par. 4 of Stage I Description of the Work) that "the assay results of all trench sampling shall be adequately shown on maps or sketches" accompanying the Operator's monthly report been fulfilled?

4. Has a determination been made that the /Mikado/ vein is "gold bearing to a significant degree", as set forth in par. 1 (as amended) of Stage I Description of the Work?

5. Have "favorable results" been obtained under Stage I /Mikado/ work, a prerequisite for approval of Stage II /Mikado/ work according to par. 1 (as amended) of Exhibit A?

Operator states:

(a) In September narrative, that none of the Mikado trenches "had been taken down through decomposed bedrock and sheared material to fresh solid bedrock or quartz. * * * No solid quartz masses or solid bedrock was encountered. As a result the sampling probably will not be representative until next July when the trenches are expected to be taken down to solid material, * * * and proper sampling completed".

(b) In July-September narrative, "Accompanying maps show location of trenches * * *, with report of sampling done of the incompleted trenches on the Mikado. Early freeze-up prevented completion of any of the trenches".

(c) In sampling report, "The above samples taken from incompleted trenches on the Mikado Claims were not taken to determine the value of underlying rock in place, but to illustrate the

continuity of mineralization and strength of structure in this area" and samples are stated as being taken in "frozen zone of crushed quartz and gouge", "in deep, frozen overburden", "frozen muck", etc., from "cut not yet to bedrock" or "overburden not yet completely removed".

MacLaren states:

(a) In January 31 memorandum, "The assay of samples taken from the trenches are, with two exceptions, not too encouraging at this stage of the surface work".

(b) In same memorandum, "The contemplated approval /of Stage II work/ is based on the indicated improvement in grade in those trenches where deeper sampling has shown an increase of values over shallower samples of the same structure and the grades of underground samples submitted with the application".

Number of samples:

| | |
|---|---|
| Operator claimed air-freight on | 51 |
| Reports of Assay cover | 47 |
| Operator's sampling report identifies | 33 |
| Operator's map shows | 17 |

Bulldozing hours:

| | Roads | Trenches | |
|---|---|---|---|
| | D-8 | D-8 | TD-18 |
| Kimball's Oct. 5 memo | 620 | 600 | 290 |
| MME Form 61, July & Sept. | 358 | 590 | 290 |
| Operator's Sept. narrative | --- 958 | --- | 290 |
| Contract Maximums | 0 | 1200 | 500 |

Bulldozing costs:

(1) Operator's September narrative states "in our modest request for government participation in this exploration program the dozer hours spent in gaining access to the trenching sites from camp were assumed an integral part of this program".

(2) MacLaren's January 31 memorandum states "If an amendment is necessary for the acceptance of this /access roads/ cost, which is due entirely to the difficult terrain, it is recommended that such an amendment be prepared".

(3) Application of May 8, 1961, requests 1500 hrs. D-8 dozing @ $25/hr. and 750 hrs. TD-18 dozing @ $21.50/hr., total $53,625.00, including some work on Eneveloe and Star Groups and possibly $1500.00 "or less" for road work.

(4) Application also states that "Survey and mapping, sampling and assaying, * * * blasting and clearing out of trenches and all other rock work would be done by Little Squaw Mining Company as a part of this job and at its own expense".

(5) MacLaren's Sept. 28, 1961, report on proposed project states "The trenching is estimated to require 1,200 hours of D-8 work at $25.00 per hour and 500 hours of TD-18 work at $21.50 per hour".

(6) Applicant's Oct. 24, 1961, letter states "The relative cost to the government is small. The actual costs of bulldozer work will exceed our estimate considerably * * * ".

(7) Applicant's Dec. 7, 1961, letter revises application and requests surface trenching of 1200 hrs. D-8 dozing @ $25/hr. and 500 hrs. TD-18 dozing @ $21.50/hr., total $40,750.00, and details estimated actual costs totalling $45,333.00.

(8) Applicant's Dec. 7, 1961, letter further states "We believe actual costs will exceed twice these amounts. Our request is for government participation at rates of $25.00 per hour for D-8s, $21.50 per hour for TD-18s, * * * ".

(9) Contract dated Jan. 25, 1962, provides that trenching work shall not exceed 1,200 hours with D-8 and 500 hours with TD-18 and that Government will not contribute to allowable actual costs in excess of $25/hr. and $21.50/hr., respectively, or a total of $40,750.

Vouchers submitted:

(1) On May 25, 1962, claim for $17,878.68 as costs during March and April of "mobilization, supplies, equipment, personnel".

(2) On September 18, 1962, claim for $58,412.48 (far in excess of allowable costs for completion of all Stage I work) as costs for April through August.

(3) On November 14, 1962, claim for $20,268.15 for trenching and sampling from July 31 through August 31.

(4) On January 25, 1963, claim for $8,950.00 for 358 hours of D-8 dozing @ $25/hr. on access roads; but documentation (as certified true and correct "to the best of my knowledge" by Karl W. Jasper) indicates claimed actual costs of $9,641.38 for access road work in July, mapping and "attempted sampling" Sept. 1 to 11, and repairing equipment Sept. 3 to 27.

(5) A September-November claim for costs of Stage II work.
Note: Contract requires submission of monthly vouchers, progress reports, narratives, maps, etc.

Vouchers paid:

(a) On Dec. 21, 1962, $9,454.24 as 50% of $18,908.48 (the allowable portion of $20,268.15 claimed).

(b) On Feb. 1, 1963, $41.18 as 50% of $82.37 (re-claimed portion of $20,268.15 claim).

EDTalbert/ama
2-7-63

Talbert - I want to check with you on this after my hearing tomorrow Wed. 5-7

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
January 31, 1963

OFFICIAL FILE COPY
RECEIVED 4 1963

| DATE | | FUND |
|---|---|---|
| 2/4 | | 800 |
| 2/5 | | 120 |
| | Griswold | |

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: Supplemental voucher for July and September, 1962
OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

The subject Operator submitted a voucher for the period April-September 1962, which, after an Interim Report of Review, was paid during December last.

Enclosed is a recently received copy of a voucher for July and September with all presented supporting documents, narrative report, list of sample assays, and maps of the trenching so far completed under Stage I. There were several points regarding this voucher which I did not understand. One was the reason for further vouchering for July and September, as both months were included in the last voucher processed. For clarification I talked by telephone to Karl Jasper, president, and Frank Burch, engineer, who prepared the enclosed voucher in its entirety.

In item 3 of Amendment No. 1, the last sentence of the new paragraph of Exhibit A states, "The Operator shall also provide such other technical services and labor as are required to complete the project work in a satisfactory manner." The second paragraph in Burch's narrative report attempts to justify the necessity of access trails to carry out the trenching. I read to Burch and Jasper the pertinent part of the fourth paragraph of your October 17 memorandum and item 2 of your October 31 memorandum and said that I doubted the acceptability of the enclosed voucher. However, in view of Burch's claim and the remarks of Art Kimball in the second from the last paragraph of his October 5 memorandum to J. A. Herdlick, I believe that reconsideration of this question is justified. The rugged topography and steep slopes made the problem considerably more complex than one of simply walking the dozers to the trenches, and without trails delivery of fuel to the dozers could not have been made. Under these conditions it would seem that the cost of getting

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT — For Month [illegible] — Docket No. [illegible] 614c

Operator's Name [illegible] — Contract No. 14-22-090-[illegible]140

| OPERATION | [illegible] | [illegible] | FOR OPERATOR USE: UNITS TO DATE | FOR OPERATOR USE: COSTS TO DATE | [illegible] | FOR GOVERNMENT USE: APPROVED UNITS TO DATE | FOR GOVERNMENT USE: APPROVED COSTS TO DATE |
|---|---|---|---|---|---|---|---|
| Drifting | | | | | | | |
| Crosscutting | | | | | | | |
| Raising | | | | | | | |
| Shafts | | | | | | | |
| Winzes | | | | | | | |
| Other Underground | | | | | | | |
| Drilling, Core-Diamond | | | | | | | |
| Rotary | | | | | | | |
| Drilling, Non-core-Diamond | | | | | | | |
| Rotary | | | | | | | |
| [illegible] | | | | | | | |
| [illegible] | | | | | | | |
| Roads and Trails | | | | | | | |
| Trenching | | | | | | | |
| Test Pitting | | | | | | | |
| Other Surface Work | | | | | | | |
| Total Rehabilitation [illegible] | | | | | | | |
| Rehabilitation of Plant [illegible] | | | | | | | |
| New Buildings, [illegible] | | | | | | | |
| Operating Equipment [illegible] | | | | | | | |
| Analytical Work | | | | | | | |
| TOTAL TO DATE | | | | | | | |

REMARKS

REMARKS

Continue on back

Continue on back

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

I hereby certify that the information above is complete and accurate to the best of my knowledge and belief.

Date [illegible] Operator [illegible] Date [illegible] Signature [illegible]

For [illegible] Title [illegible]

Government Representative

[illegible]

needed by the people that need them. This is possible in a small camp because $2,000 of groceries are earily stored in a small pantry, and $10,000 worth of caterpillar parts don't cover much ground. The major items such as tracks, sprockets, idlers, and rollers are dumped in the yard where the mechanic can see them when he wants them, and the remainder of small parts take very little shelf space in the shop. If this mechanic had to check out the items as he used them it would be to no one's benefit and a loss of his time. These people are not extremely literate, they work fast, and I'm too busy keeping work laid out ahead of them to be able to tabulate the moment every washer or seal goes into a machine. Our warehouse is the supplier in Fairbanks, and their record is our record of stores. We can't afford to check anything out of our supplier's stores that we don't need, since what is checked out, must be paid for. The reason a supplier keeps on hand a large and closely accounted inventory is because a small operator cannot afford a large enough inventory and the accounting involved to operate his equipment, and these suppliers stay in business because the country is filled with small operators such as ourselves, availing ourselves of their services.

All items claimed for July are items that have not been claimed on the previous report. Hours claimed total 50% of the total working hours for the camp and for that month, excluding the cook, and cookhouse expenses were allocated on that basis.

The eleven days charged in September for technical work cover final mapping and attempted sampling of the frozen, snow-filled cuts. The labor charged is for the machanic's time spent repairing equipment that went to pot during the season; items under Category 7 were calculated as the proportion of time spent on the contract against total hours for the entire camp, or 1/3, as indicated.

In summation, by the end of August we had logged a total of 958 D-8 hours and 290 TD-18 hours in direct performance of this contract, at an actual cash outlay of $60,000. For these hours, government participation pledged under terms of the contract would amount to 50% of $30,185. We recently received a conditional approval of approximately $18,000 of this expense. Approval of the enclosed claimed $8,950 would be a large advance toward reasonable fulfillment of an honestly contracted obligation.

Accompanying maps show location of trenches on the Mikado and Little Squaw properties, with a report of sampling done of the incompleted trenches on the Mikado. Early freeze-up prevented completion of any of the trenches. None of the trenching on the Little Squaw got close enough to bedrock to show any structure that could be sampled, although frozen quartz and gouge in the bottom of the trenches shows evidence of a mineralized, zone, as at the Mikado. All trenching can be completed during the summer of 1963.

STAGE I Categories 2, 3, 4, and 7.

Documentation:

Payroll for July and September submitted with previous reports, as were all invoices for items charged in Categories 3 and 7.

Category 4 - Depreciation is at the rate of $400/mo. for each of the two D-8s used. Work vouchers for month of July dozer work were submitted with original application.

# MIKADO TRENCH SAMPLING

**TRENCH # 1W:** Samples taken in frozen zone of crushed quartz and gouge. Cut not yet to bedrock.

| | | | | | |
|---|---|---|---|---|---|
| Sample #19 | 2½' | Crushed qtz and gouge | 0.28 oz. Au | 0.04 oz. Ag | $9.84 |
| 20 | 2½' | Crushed Qtz and gouge | 0.08 oz. Au | Trace Ag | 2.80 |

**TRENCH # 2W:** Samples taken in frozen zone of crushed quartz and gouge. Cut not yet to bedrock.

| | | | | | |
|---|---|---|---|---|---|
| Sample #15 | 2' | Crushed weathered qtz & arsenopyrite | .28 oz. Au | .04 oz. Ag | $9.84 |
| 16 | 3' | qtz, schist and gouge | .10 oz. Au | Tr Ag | 3.50 |
| 17 | 2' | qtz and gouge | .02 oz. Au | Nil Ag | .70 |
| 18 | 1½' | Crushed & weathered Qtz & arsenopyrite | .02 oz. Au | Nil Ag | .70 |

**TRENCH # 3W:** No samples taken. Apparent evidence of shear zone in frozen muck, but insufficient overburden removed to show any definite structural outlines.

**TRENCH # 4W:**

Trench as # 1W and 2W above.

Sample # 37 - 2' of crushed and weathered quartz showing as indistinct streak of frozen overburden 0.04 oz. Au 0.14 oz. Ag $1.56

Sample # 38 - 1½' Quartz, similar to # 37 Tr Au Nil Ag

**TRENCH # 5W:**

No samples. Cut appears similar to #3W above.

**TRENCH #1E:** Samples taken of distinct zones showing in deep, frozen overburden. All material crushes and highly weathered.

| | | | | | |
|---|---|---|---|---|---|
| Sample # 21 | 1' | Yellow stained material with 3" quartz. | 0.36 oz. Au | 0.08 oz. Ag | $12.68 |
| Sample # 22 | 1' | Quartz, mostly gouge | .02 oz. Au | Nil ag | .70 |
| Sample # 23 | 4' | Mostly gouge | .02 oz. Au | Nil Ag | .70 |
| Sample # 24 | 3' | Mostly gouge | .02 oz. Au | Nil Ag | .70 |
| Sample # 25 | 3' | Mostly gouge | 0.14 oz. Au | 0.16 oz. Ag | 5.08 |
| Sample # 26 | 2' | Quartz | 0.08 oz. Au | Tr Ag | 2.80 |
| Sample # 27 | 5' | Mostly gouge | Tr Au | Nil Ag | |

MIKADO TRENCH SAMPLING cont.

TRENCH # 2E: Samples taken of indistinct zones showing in frozen overburden. All material crushed and highly weathered.

| | | | |
|---|---|---|---|
| Sample # 28 - 4' Qtz. some gouge | 0.02 oz. Au | 0.18 oz. Ag | $ .80 |
| Sample # 29 - 2' Qtz and abundant Arsenopyrite | 0.02 oz. Au | Nil Ag | .70 |
| Sample # 30 - 5' Frozen overburden with Qtz | 0.02 oz. Au | 0.14 oz. Ag | .85 |
| Sample # 31 - 4' Frozen overburden with Qtz | 0.02 oz. Au | 0.48 oz. Ag | 1.23 |
| Sample # 32 - 1' Qtz with Arsenopyrite | 0.04 oz. Au | Nil Ag | 1.40 |

TRENCH # 3E: Samples taken of material as in 2E above.

| | | | |
|---|---|---|---|
| Sample # 33 - 1' Crushed Qtz and gouge | 0.04 oz. Au | Nil Ag | 1.40 |
| Sample # 34 - 5' Boney Qtz | 0.02 oz. Au | Nil Ag | .70 |
| Sample # 35 - 1½' Quartz | 0.18 oz. Au | 0.20 oz. Ag | 6.52 |
| Sample # 36 - 2' Crushed Qtz | 0.02 oz. Au | Nil Ag | .70 |

TRENCH # 4E: As in above trenches # 1E, 2E, and 3E, Frozen overburden not yet completely removed. Evidence of sheared and mineralized area is apparent in frozen muck. Two samples were of indistinct structure showing in the frozen muck, which appears to be weathered and frozen in place.

| | | | |
|---|---|---|---|
| Sample # 13 - 2' Quartz | 0.04 oz. Au | Trace Ag | 1.40 |
| Sample # 14 - 1½' Quartz | 0.02 oz. Au | Nil Ag | .70 |

TRENCH # 5E: Condition of trench similar to that of # 4E, as described above. All the Mikado sampling was done in frozen ground thru thick layers of ice during a heavy snowstorm in early September.

| | | | |
|---|---|---|---|
| Sample # 10 - 2' Crushed Qtz and Gouge | 0.02 Au | Nil Ag | .70 |
| Sample # 11 - 3' Quartz | 0.16 Au | .04 Ag | 5.64 |
| Sample # 12 - 3' Crushed Qtz & Gouge | 0.04 Au | Trace Ag | 1.40 |

TRENCH # 6E: Still in deep frozen overburden, no structure yetuuncovered.

The above samples taken from incompleted trenches on the Mikado Claims were not taken to determine the value of underlying rock in place, but to illustrate the continuity of mineralization and strength of structure in this area. When the first 4' of thawed overburden was removed from trenches 1E, 1W, and 2W, four samples were taken from mineralized zones showing in the frozen muck. At the close of the season an additional 3' of overburden had been removed, and the same zones resampled, showing an increase from 0.14 oz. Au to 0.28 oz., (Samples # 1 & 15); 0.02 oz. to 0.10 oz., (samples #2 & #16); 0.12 oz. to 0.28 oz., (Samples #3 & 19); and 0.06 oz. to 0.36 oz., (samples #4 and 21).

State of Alaska
Department of Natural Resources
Division of Mines and Minerals

From M-1-5-59-3M

# REPORT OF ASSAY

On samples received from Little Squaw Mining Co.

Address Chandalar, Alaska

| Assay No. | Sample Marked | Ounces Per Ton | | Value per Ton | Percentage of |
|---|---|---|---|---|---|
| | | Gold | Silver | | |
| August 26, 1962 | | | | | |
| 26996 | #1 | 0.14 | trace | $ 4.90 | |
| 26997 | 2 | 0.02 | nil | 0.70 | |
| 26998 | 3 | 0.12 | trace | 4.20 | |
| 26999 | 4 | 0.06 | nil | 2.10 | |
| October 18, 1962 | | | | | |
| 27291 | 5 | 0.04 | nil | 1.40 | |
| 27292 | 6 | 0.02 | nil | 0.70 | |
| 27293 | 7 | 0.10 | trace | 3.50 | |
| 27294 | 8 | 0.02 | nil | 0.70 | |
| 27295 | 9 | 0.04 | nil | 1.40 | |
| 27296 | 10 | 0.02 | nil | 0.70 | |
| 27297 | 11 | 0.16 | 0.04 | 5.64 | |
| 27298 | 12 | 0.04 | trace | 1.40 | |
| 27299 | 13 | 0.04 | trace | 1.40 | |
| 27300 | 14 | 0.02 | nil | 0.70 | |
| 27301 | 15 | 0.28 | 0.04 | 9.84 | |
| 27302 | 16 | results later | | | |
| 27303 | 17 | 0.02 | nil | 0.70 | |
| 27304 | 18 | 0.02 | nil | 0.70 | |
| 27305 | 19 | 0.28 | 0.04 | 9.84 | |
| 27306 | 20 | 0.08 | trace | 2.80 | |
| 27307 | 21 | 0.36 | 0.08 | 12.68 | |
| 27308 | 22 | 0.02 | nil | 0.70 | |
| 27309 | 23 | 0.02 | nil | 0.70 | |
| 27310 | 24 | 0.02 | nil | 0.70 | |
| 27311 | 25 | 0.14 | 0.16 | 5.08 | |
| 27312 | 26 | 0.08 | trace | 2.80 | |
| 27313 | 27 | trace | nil | -- | |
| 27314 | 28 | 0.02 | 0.18 | 0.80 | |
| 27315 | 29 | 0.02 | nil | 0.70 | |
| 27316 | 30 | 0.02 | 0.14 | 0.85 | |
| 27317 | 31 | 0.02 | 0.48 | 1.23 | |
| 27318 | 32 | 0.04 | nil | 1.40 | |
| 27319 | 33 | 0.04 | nil | 1.40 | |
| 27320 | 34 | 0.02 | nil | 0.70 | |

State of Alaska
Department of Natural Resources
Division of Mines and Minerals

Form M-1-5-59-3M

REPORT OF ASSAY

On samples received from Little Squaw Mining Co.

Address Chandalar, Alaska

| Assay No. | Sample Marked | Ounces Per Ton | | Value per Ton | Percentage of |
|---|---|---|---|---|---|
| | | Gold | Silver | | |
| October 18, 1962 (continued) | | | | | |
| 27321 | #35 | 0.18 | 0.20 | $ 6.52 | |
| 27322 | 36 | 0.02 | nil | 0.70 | |
| 27323 | 37 | 0.04 | 0.14 | 1.56 | |
| 27324 | 38 | trace | nil | -- | |
| 27325 | 39 | trace | nil | -- | |
| 27326 | 40 | 0.02 | 0.16 | 0.88 | |
| 27327 | 41 | 0.02 | nil | 0.70 | |
| 27328 | 42 | 0.02 | nil | 0.70 | |
| 27329 | 43 | 0.02 | nil | 0.70 | |
| 27330 | 44 | 0.02 | 0.12 | 0.83 | |
| 27331 | 45 | trace | nil | -- | |
| 27332 | 46 | 0.02 | nil | 0.70 | |
| 27333 | 47 | trace | 0.28 | 0.31 | |
| October 31, 1962 | | | | | |
| 27302 | 16 | 0.10 | trace | 3.50 | |

/s/ Donald Stein
Assayer.

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 1/31 | coe | 220 |
| / | | 500 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

January 31, 1963

Memorandum

To: Chief, Fiscal Section
Division of Administrative Services
Office of the Secretary

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

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

In accordance with your informal request I have reviewed the subject Operator's recent reclaim of the amounts of $82.49 for sundry supplies and air-freight of samples and $608.52 for transportation of personnel. These amounts were included in your December 27, 1962, Administrative Suspension Statement covering deductions taken in the approval for payment of the Operator's April-Sept. 1962 MME Form 60. Such deductions were in accord with my November 30, 1962, Interim Report of Review validating the costs of Stage I work performed during the period of July 31 through August 31, 1962.

The reclaim of $82.49 is adequately documented by copies of invoices and air-freight bills and the items appear to be reasonable, necessary, and direct costs of Stage I work. Accordingly, $9.70 is acceptable as Sundry Supplies under Category (3) and $72.67 is acceptable as Analytical Work under Category (7). Payment of $41.18 as the Government's 50% contribution is valid and proper.

The reclaim of $608.52 is documented by copies of a September 2, 1962, airway bill and an October 25, 1962, statement of the Wien Alaska Airlines, Inc. The airway bill is in the amount of $324.50 and covers charter transportation of unnamed "five passengers and gear" from Chandalar to Bettles (rerouted from Fairbanks on account of weather). The statement includes flights (1) at $88.00 each for Frank Birch, Halvor Englstad, and Bob Potrat from Chandalar to Fairbanks and return on September 29, 1962, (2) at $164.43 for

Cliff Jacobsen from Chandalar to Spokane via Fairbanks and Seattle on September 29, 1962, and (3) at $49.50 for Myrt Berry from Chandalar to Hughes (?) on October 16, 1962.

Pending identification of the five passengers covered by the airway bill and justification of all six charges as necessary, reasonable, and direct costs of the Stage I work, the reclaim of $608.52 is not an allowable cost for contribution by the Government. The suspension of $608.52 should be continued.

Stage I work under the contract was discontinued for the season on August 31, 1962. The institution of Stage II work has not been given approval by the Government.

EDTalbert/ama 1-31-63

cc:
Docket
Director's Reading File
CA & A Division
Region I (2) (w/cys of reclaim ltr.)
Mr. Talbert

Docket

LITTLE SQUAW MINING COMPANY
309 Radio Central Bldg.
Spokane 4, Washington

OME 6148

Contract 2140

Opal A. Shelton
U. S. Dept. of the Interior
Office of the Secretary - Accounting Unit
Washington

With regard to Administrative Suspension Statement dated December 27, 1962. Item 4. Assaying: The sum of $82.49 was suspended due to lack of documentation. Enclosed are invoices regarding these items which include copies of two invoices from Fairbanks Office Supply Company for $3.50 and $6.20, and two copies of airway bills from Wien Alaska Airlines for freight on 22 and 29 ore samples at $34.19 and $38.48, respectively. These are the 51 samples and the $72.67 for which payment was suspended.

Item 7 on the Suspension Statement - Air and Jeep Transportation, disallowed, $608.52: Enclosed is a copy of the airway bill from Wien Alaska Airlines for a charter flight from Chandalar to Fairbanks. This flight was re-routed to Bettles due to weather. In our April - September report on Page 2 of "Air and Jeep Transportation" this item is erroneously listed as $185.44 - Cook and Grybeck to Fairbanks. Actual cost was $324.50 as stated on the bill. Other previously undocumented costs disallowed under this item are covered by the enclosed Wien Alaska Airline statement dated October 25, 1962, copy enclosed. Items in question are outlined in red. As has been explained in previous correspondence, Wien has never given us any invoice on personnel. The only billings we get for these items is the name of passenger and routing as shown on the enclosed copy of statement.

This documentation is submitted to cover the $608.52 which was disallowed due to lack of documentation.

We hope that this is sufficient evidence for reinstatement of the $691.01 suspended under items 4 and 7.

Little Squaw Mining Co.

Karl W. Jasper

KARL W. JASPER, President

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 1/24 | [illegible] | 120 |
| | [illegible] | 500 |
| 1/25 | Talbert | 800 |
| 1/29 | Johnson | 110 |
| 1/28 | [illegible] | 100 |
| 1/28 | [illegible] | 220 |
| | | 500 |
| | | |
| | | |

JAN 28 1963

Mr. E. K. Barnes
President
Northwest Mining Association
522 West First Avenue
Spokane, Washington

Re: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Dear Mr. Barnes:

As a result of your letter of January 3, 1963, we have made a complete review of the circumstances relating to the OME exploration contract with the Little Squaw Mining Company.

Before proceeding further, however, your misconceptions concerning "unnecessary hindrances and delays" and "too much red tape" should be clarified immediately, especially where they by innuendo are represented to be typical.

The application of the Little Squaw Mining Company was received in mid-May 1961. Within a week the Applicant was informed that no action could be taken until the order adding gold and silver to the list of eligible commodities became effective by appearing in the Federal Register. At the same time the Applicant was advised that time could ultimately be saved if certain information were furnished. The machinery was also set in motion for a field examination as soon as gold and silver were eligible.

Gold and silver, among others, became eligible for exploration assistance on July 27, 1961, and the Applicant was so advised on July 31. At the same time it was also informed that the Regional Office would make arrangements for a field examination. This was made on August 23 and 24, only shortly after a company representative was available at the property.

It was only after further correspondence and a conference in Spokane in early November that a reasonably satisfactory cost breakdown in keeping with the application form was received by Washington on

December 11, 1961. The contract was presented to the Applicant at the beginning of February. Considering the intervening holidays and the questionableness of available information, but little time was lost in presenting it.

We realize the difficulty of contract administration in Alaska because of the remoteness of the projects, our limited staff, and the wide variance in costs on comparable Alaskan projects. However, in spite of these handicaps, approximately one-half of all the DMEA contracts granted on Alaskan projects were on an actual cost basis similar to the one granted the Little Squaw Mining Company. In the latter case this was done, in part, because some of the information submitted was at variance with information available to OME through various sources and thus did not substantiate the fixed unit cost estimate requested. Here it might also be said that the members of our Washington Office staff who worked on this project are professional mining engineers and geologists with northwestern United States and Alaskan mining experience.

Originally, all DMA and DMEA contracts were on an actual cost basis. As reliable cost data were accumulated, unit cost contracts were adopted, starting with the smaller, simpler contracts, thus eliminating bookkeeping on the part of the operator. This appears to be one of the chief irritants under this contract but should not be had cost documentation been prepared and presented in keeping with the practices of good mine accounting. We have found individual operators keeping good accounts for extensive projects. The type of contract form used has the approval of the General Accounting Office and cost documentation follows usual Government practice.

Without knowing what inventory exists at the project, we cannot say too much concerning the expenditure of the more than $80,000 you mention. Long ago it was learned that it was not in the best interest of the Government to have equities in inventories or equipment that might never be used on a project. Should the Little Squaw inventories cover only Stage I of the contract, the Company will be reimbursed the Government's share within the contract limitations as they are withdrawn from stock. Should they also cover Stage II, reimbursement will depend upon the approval of Stage II which in turn depends upon favorable results being obtained under Stage I.

We know that a goodly part of the expenditure reportedly includes the costs of May and June for rehabilitating tractors which by the bases of depreciation allowed in the contract should have been in first-class condition at the start of the project. Although the original application mentioned a limited amount of road work, the revised program and costs submitted in December 1961 made no specific mention of road work but only trenching. The contract allowed the trenching hours requested.

We have seen notices in mining periodicals mentioning that 7, 9, or 11 miles of road work had been done on the property this past season. The cost of this work probably accounts for a goodly share of the over- all

expenditure you mention. Under the OME criteria road work can be only a small part of a project, both in magnitude and cost.

To date we have not received any assay information on the samples taken in the Mikado trenches. This will have a bearing on the amount of work done under Stage II in either area under the contract.

We always welcome constructive criticism of the OME operations as it is our desire to make the program as beneficial to the mining industry as possible without sacrificing efficiency or jeopardizing the interest of the public or the Government. We sincerely hope that further misunderstanding can be avoided. You as an officer of the Little Squaw Mining Company may inform your other officers that we are willing to discuss the problem areas in the hope of arriving at a mutually satisfactory accord. Our working relationship with other operators participating in the OME program has generally been excellent and marked with harmony.

Sincerely yours,

George Fumich, Jr. (pt)

Director

*GCSelfridge/gla (1-24-63) *GFumich,Jr./FEJohnson/

cc to: Director's Reading File
Region I (2) w/2 cys incoming letter
G.C.Selfridge
Docket

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| | | |
| 1-11 | Fumich | 100 |
| | | |
| | | |
| | | |
| | | 220 |
| | | |
| | | |
| | | |

JAN 1 1 1963

Mr. E. K. Barnes, President
Northwest Mining Association
522 West First Avenue
Spokane, Washington

Re: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Dear Mr. Barnes:

This is to acknowledge your letter of January 3, 1963.

Since your letter contained some serious allegations we are checking the file to explore the matter more completly. You will hear from us in the near future.

Sincerely yours,

George Fumich, Jr.

Director

GFumich,Jr./bih
1/11/63

cc to: Files (docket)
Dir. reading file
500

43683

equipment and supplies to the job site is just as legitimate and necessary a cost of the project as is the cost of getting the same equipment and supplies to the property. If an amendment is necessary for the acceptance of this cost, which is due entirely to the difficult terrain, it is recommended that such an amendment be prepared.

The Distribution of Costs sheet and the sheets copied from Burch's time book, accompanying the enclosed voucher, are solely relative to the necessary access trail work and are supplemental to the Distribution of Costs and other data accompanying the April-September voucher. I was perplexed by the absence under Categories (2) through (6) of noncontract costs and their appearance under Category (7). As I understand Burch, the noncontract costs of Categories (2) through (6) relative to the noncontract cost shown here are listed in the prior Distribution of Costs, and those under Category (7) represent prorated charges against the cookhouse costs.

Burch also stated that the documentation relative to Assaying mentioned in the Interim Report of Review under Category (3) were mailed directly to your office last week.

I cannot check this out any further, as all supporting documentation was sent in with the April-September voucher. Based on the Interim Report of Review, total approved costs to date for which the Operator has been paid 50 percent, or $9,454.24, are:

| | |
|---|---|
| 590 hours D-8 dozing at average cost of $23.81/hr. | $14,046.37 |
| 290 hours TD-18 dozing at average cost of $18.74/hr. | 4,862.11 |
| | $18,908.48 |

Therefore, if part of the "engineering and access to sites" and/or assaying claims is valid, I will show only the approved and paid dozer costs on the Form 61, with an appropriate statement under Remarks, and whatever may be considered acceptable for engineering and assaying.

The assays of samples taken from the trenches are, with two exceptions, not too encouraging at this stage of the surface work. The situation is summarized by Burch in the last paragraph of his section on Mikado Trench Sampling. In order to get the most out of transportation of personnel costs, the Operator in all prudence was obliged to start underground work in September after the surface became too frozen for further trenching. I have received his September-November voucher for Stage II work, although it has not yet been officially authorized as the assays of surface samples were just received. By the time it was necessary to pull out near the end of November, the following had been completed:

| | |
|---|---|
| Drifting | 58 feet NW on the 200 level |
| Crosscutting | 18 feet S at 0 feet |
| Long-hole drilling | 33 feet N at 55 feet |

all on 200 L?

MMS FORM 5[illegible]
(Oct. 1[illegible])

STAR[illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. OME 614[illegible]
Contract No. 14-23-090-2140
Contract Amount $ 167,[illegible]
Gov't Participation % 50 $ 83,[illegible]
Mineral(s)

# OPERATOR'S MONTHLY VOUCHER

For Month of July & Sept. 1963

Operator's Name Little Squaw Mining Co.
Address 307 Radio Central Bldg., Spokane 4, Washington

| COST CATEGORIES | FOR OPERATOR'S USE: MONTHLY TOTAL | PREVIOUSLY REPORTED | TOTALS TO DATE | FOR GOVERNMENT APPROVAL ONLY: MONTHLY TOTAL | PREVIOUSLY REPORTED | TOTALS TO DATE |
|---|---|---|---|---|---|---|
| Fixed Unit Costs and | | | | | | |
| (1) Independent Contracts | | | | | | |
| Bulldozing | | | | | | |
| Drifting | | | | | | |
| Crosscutting | | | | | | |
| Drilling | | | | | | |
| | | | | | | |
| | | | | | | |
| (2) Personal Services: | | | | | | |
| Supervision & Technical | 1983.63 | 1238.70 | 3222.33 | | | |
| Outside Consultants | | | | | | |
| Labor | 2966.00 | 5252.65 | 8218.65 | | | |
| (3) Operating, Mat'l. & Supplies | | | | | | |
| Timber | | | | | | |
| Explosives | 99.80 | - | 99.80 | | | |
| Pipe | | | | | | |
| Rail | | | | | | |
| Fuel & Lubricants | 2161.71 | 8699.63 | 10,861.34 | | | |
| Cat Parts | - | 167.60 | 167.60 | | | |
| Shop | - | 72.90 | 72.90 | | | |
| Assay | - | 82.49 | 82.49 | | | |
| | | | | | | |
| (4) Operating Equipment | | | | | | |
| Rental | | | | | | |
| Purchase | | | | | | |
| Depreciation dozers | 800.00 | 1070.20 | 1870.20 | | | |
| (5) Initial Rehab. & Repairs | | | | | | |
| Buildings, Fixtures, etc. | | | | | | |
| Operating Equipment | | | | | | |
| (6) New Buildings, Fixtures, etc. | | | | | | |
| (7) Miscellaneous | | | | | | |
| Repairs to Equipment | | | | | | |
| [illegible] accounting | - | 168.00 | 168.00 | | | |
| Payroll Taxes | 44.58 | 704.45 | 749.03 | | | |
| Employee's Liability Ins. | 154.87 | 353.63 | 508.50 | | | |
| Min-shop trans. | - | 1500.00 | 1500.00 | | | |
| Board | 1430.73 | 1387.00 | 2817.73 | | | |
| Lease Cost | - 691.38 | - 429.10 | - 1120.48 | | | |
| TOTAL | 8950.00 | 20,268.15 | 29,218.15 | | | |

I certify that the above [illegible] and just and that payment therefor has not been received.

Date Jan. 25, 1963 Employee Little Squaw Mining Co.

Per [illegible] Title President

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

$ _____

Signature _____
(Authorized Certifying Officer)

Date _____ Vou. No. _____

(SEE OTHER SIDE)

* When a voucher is signed [illegible] the name of a company or [illegible]ration, the name of the person writing [illegible] as well as the capacity in which he signs must appear. [illegible] "Smith, Secretary" or "Treasurer," as the [illegible]

A [illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT — For Month ..... Docket No. [illegible] 614c

Operator's Name ..... Contract No. 14-22-090-[illegible]140

| OPERATION | [illegible] | [illegible] | FOR OPERATOR USE: UNITS TO DATE | [illegible] | [illegible] | FOR GOVERNMENT USE: APPROVED UNITS TO DATE | APPROVED COSTS TO DATE |
|---|---|---|---|---|---|---|---|
| Drifting | | | | | | | |
| Crosscutting | | | | | | | |
| Raising | | | | | | | |
| Shafts | | | | | | | |
| Winzes | | | | | | | |
| Other Underground | | | | | | | |
| Drilling, Core Diamond | | | | | | | |
| Rotary | | | | | | | |
| Drilling, Non-Core Diamond | | | | | | | |
| Rotary | | | | | | | |
| [illegible] | | | | | | | |
| [illegible] | | | | | | | |
| Undelineated [illegible] | | | | | | | |
| Roads and [illegible] | | | | | | | |
| Sampling | | | | | | | |
| Geophysics | | | | | | | |
| Test Pitting | | | | | | | |
| Other Surface Work | | | | | | | |
| Initial Rehabilitation [illegible] | | | | | | | |
| Rehabilitation of [illegible] | | | | | | | |
| New Buildings, Structures [illegible] | | | | | | | |
| Operating Equipment Purchases | | | | | | | |
| Analytical Work | | | | | | | |
| TOTAL TO DATE | | | | | | | |

REMARKS

REMARKS

Continue on back

Continue on back

The undersigned [illegible] executing [illegible] on behalf, [illegible] information contained in this report is correct and complete to the best of their knowledge and belief.

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Date ..... Operator ..... Title ..... Signature .....

By ..... Title .....

Government Representative

C
O
P
Y

LITTLE SQUAW MINING COMPANY
309 Radio Central Bldg.
Spokane 4, Wash.

Contract #2140

OME 6148

The enclosed distribution of costs statement for Stage I, July and September, 1962, with the following explanation, is submitted for your approval consequent to the recent amendment in our Contract #2140 (OME Contract 6148). All work described as performed in July was directly and entirely essential to completion of this contract as required of the Operator in the last paragraph at the bottom of page one of Exhibit A, and as amended.

The terrain in the area we are working is rugged, with extremely steep mountain slopes. There was no physical possibility of placing any dozer or equipment at the locations to be trenched, or to service the equipment, without first pioneering an access trail of minimum width required to get the dozers and service truck to the trenching sites. The thought of any disconnection between this access trail and the actual trenching operation in the Chandalar was inconceivable here, and in our modest request for government participation in this exploration program the dozer hours spent in gaining access to the trenching sites from camp were assumed an integral part of this program.

The bulldozer costs per hour computed as you request for the purpose of this contract is an unrealistic figure. Our operation is a very small operation, and the sole purpose of our existence in the area at this time is for the fulfillment of this exploration program. All our costs fall directly on this work; we have no time or money for additional accomplishments. To keep one bulldozer operating it is necessary to have available at all times the skills of a master mechanic, welder-blacksmith, and an operator. In a remote and isolated area such as we are in these men must be kept available in the camp, yet only the operator is considered as a cost during operating hours. The blacksmith and mechanic are kept busy; when they aren't operating a dozer their time is spent repairing and rebuilding machines to be used when machines operating are down for repairs. These repairs and rebuilding and replacement of wearing parts and surface are a constant and continuous process, but there is no allowance made for this wear and tear in the government contract. Category 4 covers depreciation, which is the loss of capital first cost due to age, obsolescence and interest on this first cost. It can in no way be construed to cover normal wear and tear of replaceable working parts.

Ours is a small operation in the Chandalar, and a major consideration of economy in a small operation is minimizing of camp overhead and inactive personnel. We have a working camp. There are no bookkeepers, warehousemen, or warehouse facilities. During the working day everyone is in the field or shop working. Supply requirements are dumped as near as possible to the place where they will be required, and used as they are

needed by the people that need them. This is possible in a small camp because $2,000 of groceries are earily stored in a small pantry, and $10,000 worth of caterpillar parts don't cover much ground. The major items such as tracks, sprockets, idlers, and rollers are dumped in the yard where the mechanic can see them when he wants them, and the remainder of small parts take very little shelf space in the shop. If this mechanic had to check out the items as he used them it would be to no one's benefit and a loss of his time. These people are not extremely literate, they work fast, and I'm too busy keeping work laid out ahead of them to be able to tabulate the moment every washer or seal goes into a machine. Our warehouse is the supplier in Fairbanks, and their record is our record of stores. We can't afford to check anything out of our supplier's stores that we don't need, since what is checked out, must be paid for. The reason a supplier keeps on hand a large and closely accounted inventory is because a small operator cannot afford a large enough inventory and the accounting involved to operate his equipment, and these suppliers stay in business because the country is filled with small operators such as ourselves, availing ourselves of their services.

All items claimed for July are items that have not been claimed on the previous report. Hours claimed total 50% of the total working hours for the camp and for that month, excluding the cook, and cookhouse expenses were allocated on that basis.

The eleven days charged in September for technical work cover final mapping and attempted sampling of the frozen, snow-filled cuts. The labor charged is for the machanic's time spent repairing equipment that went to pot during the season; items under Category 7 were calculated as the proportion of time spent on the contract against total hours for the entire camp, or 1/3, as indicated.

In summation, by the end of August we had logged a total of 958 D-8 hours and 290 TD-18 hours in direct performance of this contract, at an actual cash outlay of $60,000. For these hours, government participation pledged under terms of the contract would amount to 50% of $30,185. We recently received a conditional approval of approximately $18,000 of this expense. Approval of the enclosed claimed $8,950 would be a large advance toward reasonable fulfillment of an honestly contracted obligation.

Accompanying maps show location of trenches on the Mikado and Little Squaw properties, with a report of sampling done of the incompleted trenches on the Mikado. Early freeze-up prevented completion of any of the trenches. None of the trenching on the Little Squaw got close enough to bedrock to show any structure that could be sampled, although frozen quartz and gouge in the bottom of the trenches shows evidence of a mineralized, zone, as at the Mikado. All trenching can be completed during the summer of 1963.

STAGE I Categories 2, 3, 4, and 7.

Documentation:

Payroll for July and September submitted with previous reports, as were all invoices for items charged in Categories 3 and 7.

Category 4 - Depreciation is at the rate of $400/mo. for each of the two D-8s used. Work vouchers for month of July dozer work were submitted with original application.

TRUSTEES:
ROBERT AUSTIN
E. K. BARNES
L. G. GAFFNEY
HERBERT HARPER
K. W. JASPER
JENS JENSEN
J. C. KIEFFER
E. H. LOVITT
JOHN S. MCINTOSH
HARRY F. MAGNUSSON
F. N. MARR
W. D. NESBEITT
P. E. OSCARSON
A. R. PATTERSON
JAMES A. PIKE
CHARLES E. SCHWAB
E. C. STEPHENS
D. E. WATSON
RALPH WATSON

ESTABLISHED AUGUST 20, 1895 INCORPORATED OCTOBER 23, 1916

# Northwest Mining Association

MONTANA, IDAHO, WASHINGTON, OREGON
BRITISH COLUMBIA, ALASKA AND THE YUKON

522 WEST FIRST AVENUE
SPOKANE, WASHINGTON

OFFICERS:
E. K. BARNES
PRESIDENT
M. C. BROWN
VICE-PRESIDENT
R. D. LEISK
VICE-PRESIDENT
F. N. MARR
TREASURER
ROBERT TOWNE
SECRETARY
AMY SATTERSTROM
OFFICE SECRETARY

OFFICIAL FILE COPY
O. M. E.
RECEIVED 1963
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1/8

January 3, 1963

George E. Fumich, Jr., Director
Office of Minerals Exploration
Washington 25, D. C.

Dear Mr. Fumich:

We are familiar with the difficulties which the Little Squaw Mining Company of Spokane has had with contract number OME 6148 in which the OME presumably is to participate on a basis approaching 50% of actual costs of a gold exploration project in the northern Alaska.

After several months of delay beyond the time that reasonably should be required for preparation of such an agreement, the contract was presented to the company in February, 1962, just before work must begin in any Arctic operation dependent on ice freighting. The company signed the agreement then in hopes of having something like a reasonable interpretation made of its confusing and contradictory provisions.

The company has now spent more than $80,000 for the sole purpose of completing that exploration work. The OME after nine months of work and expenditures by the company has just approved something less than $10,000 as what it considers to be its 50% share of those expenses.

The Office of Minerals Exploration was set up to help small companies in their exploration work, not to finance the exploration work of huge mining companies who with the help of tax deductions are able to do exploration work which eventually costs them only about half of their actual expenditures without OME aid. The Little Squaw Company at the above OME participation rate in expenditures would have to spend on exploration work about $750,000 to collect from the OME approximately $80,000 of what are supposed to be 50% matching funds. In this case the Little Squaw Mining Company had a minimum of high grade reserves very nearly sufficient to repay the proposed OME loan at 6 1/4% interest before the OME project was ever considered, so this aid at best is little more than a loan of taxpayers' money at a high rate of interest.

We approve the OME concept in general if federal funds are used for the small and struggling companies which in the future will provide the only possible internal competition the giants of mining are ever again to encounter. We do not approve OME projects which greatly increase the costs of the recipient by requiring masses of detail in book work and which increase costs because office workers in Washington, D. C. attempt to direct a type of work (in this case at an Arctic operation 5,000 miles away) with which those

office workers have no familiarity. It appears likely that in this case the recommendations of the Alaskan field examiners familiar with Arctic conditions and with the particular project itself were ignored by the office staff.

The purpose of this letter is to attempt to prevent unnecessary hindrances and delays from being carried over to still other small mining companies, as it is the small mining company for which the Office of Minerals Exploration was originally formed. The Northwest Mining Association is interested in the most economical and efficient development of the mineral resources of the northwest and Alaska. As President of that organization and in hopes that too much red tape will not delay or unnecessarily increase the costs of future projects, either to the government or to the companies involved, individuals most closely connected with the program will be informed of our hopes for substantial simplifications of procedures.

Very truly yours,

E. K. Barnes

E. K. BARNES, President
NORTHWEST MINING ASSOCIATION

J

This will require a factual, careful reply. We should confer on this after you get back read the letter and checked your files. B

MME Form 7
(10-58)

file in 6148

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JAN 4 - 1963

AIR MAIL

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

Subject: Request by Alaska representative, ARA, for copies of file material (OME-6148)

In reply to your inquiry of December 28, 1962, subject above, our policy regarding the availability of DMEA-OME files has remained the same over the years.

The dockets have always been available for review by duly authorized representatives of other Government agencies, but only on an informal office basis with the understanding that the information contained therein is for their confidential use only and none of it is to be released. While notes may be taken on any of the material, we do not, however, permit the removal or duplication of anything in the files.

In this particular instance, the requested copies seem far in excess of anything needed in processing an ARA application; and as you mention, repeated requests could become a serious, time-consuming problem. For the present we believe it best to allow only the taking of notes with the understanding mentioned above. If it is necessary for the ARA, or any others, to have copies of any of the file material, requests for such should be directed to Washington with some explanation for the request. By following this procedure, we can call attention to the nature of the copies furnished and can first clear their release with the Geological Survey and Bureau of Mines where pertinent.

We suggest that Mr. Herdlick be furnished a copy of this memorandum.

George C. Selfridge

GCSelfridge:egk (1-4-63)
cc: Director's Reading File
R. A. Weeks (Rm 5223)
G.C. Selfridge

43683

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

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 2 1963
DATE

December 28, 1962

Memorandum

To : Chief, Division of Field Operations

From : Acting Field Officer, Region I

Subject: Request by Alaska representative, ARA, for copies of file material. (OME-6148)

Mr. Tom Bichsel, Field Coordinator, ARA, Juneau, Alaska, called at the office December 26, 1962, to learn what information on the Little Squaw Mining Company's property we have that might be pertinent and of value to ARA in processing a loan request for aid in mill and surface plant construction.

I told him that I had not been on the property but that U. S. Bureau of Mines personnel from the Juneau office had made an inspection for us last fall. Bichsel has already discussed the problem at some length with Herdlick and Malone in Juneau but wanted to see what we had in our files. I let him go through the files. He was also interested in the nature of the OME project and the possible amount of Government aid involved as well as the amount already contributed. He is neither an engineer nor a geologist; therefore I went into some detail as to why the contract was set up in two stages, and showed him the Interim Report of Review. In essence, I told him that OME believed there was a sufficiently good chance of making a significant discovery to warrant some exploration; that before the underground work provided in the Second Stage could be considered as justifiable, more information regarding the continuity, grade, and width of the mineral-bearing zones was necessary, and that as yet we had not received the assays of any of the samples taken from the surface trenches.

After going through our files Bichsel requested copies of the following:

1. Operator's narrative report of September 1962
2. Operator's narrative report for June, July, and August 1962
3. Interim Report of Review
4. Exploration contract, with Annex, Lien and Subordination Agreements, Exhibits and Fig. 1
5. Work Authorization letter dated February 27, 1962, and maps
6. Copies of future inspection reports, reports of review, amendments, etc.

I told him that I was sure there would be no problem, except for the time involved in making the copies, but that although I could let him see the files and take whatever notes he wished, I would have to get authorization to provide him with copies of the file material.

The field office has received much of the requested material in duplicate, but since the Bureau of Mines will be asked from time to time to service the project, I have sent the extra copies to Herdlick. Thus it will be necessary to make ThermoFax copies of all but the fiscal items and future reports, amendments, etc.

Should similar requests for file duplication be received from other ARA Coordinators, this could become a seriously time-consuming problem.

Please advise whether we should set the precedent of copying file material for ARA, or should limit our cooperation to permitting their representatives to make copies in Spokane, or merely to take such notes as they may desire from our files.

D. R. MacLaren

D. R. MacLaren

So. 157 Howard Street
Spokane 4, Washington
December 6, 1962

OFFICIAL FILE COPY
O. M. E
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| 12/10 | 400 | 800 |
| 12/27 | Received | 500 |

Mr. Karl W. Jasper, President
Little Squaw Mining Company
Suite 309-312 Radio Central Building
Spokane 4, Washington

Re: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Dear Mr. Jasper:

There is enclosed a copy of an Interim Report of Review dated November 30, 1962, covering work under the subject contract from July 31 through August 31, 1962.

Sincerely yours,

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

Enclosure

DRMacLaren:my

cc: OME
CA&A
CFF
Reading copies to:
Nolan
McKelvey

So. 157 Howard Street
Spokane 4, Washington
December 6, 1962

Memorandum

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

From: Acting Field Officer, Region I

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

There is enclosed an Interim Report of Review dated November 30, 1962, covering work under the subject contract from July 31 through August 31, 1962. A copy of the report has been supplied to the Operator.

Also enclosed are the original and two copies of the Operator's MME Form 60, with all documentation of costs attached to the original voucher. This form covers the period April-September, inclusive, 1962.

D. R. Maclaren

Enclosures

DRMaclaren:ay

cc: OME
CA&A Divn.
CFF
Reading copies to:
Nelan
McKelvey

Form 7
(58)

OFFICIAL FILE COPY

| Date | Surname | Code |
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| 12/5 | GCS | 120 |
| " | Johnson | 110 |
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December 5, 1962

Memorandum

To: The File

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

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Mr. MacLaren called the writer on the morning of December 5 in regard to the Interim Report of Review and transmittal memorandum dated November 30.

He stated that, in view of the subject Operator's feelings regarding the Government's participation in the subject contract (as partially expressed in the last two paragraphs of its September narrative) he did not wish to approach them for more than minimum requirements in further documentation. Accordingly, he wished to know if a statement, which was in his files and had been initialed by Birch (the supervising engineer), would be sufficient for allowance of the $150.00 per diem charge. Inasmuch as Jasper (the president) had certified the transportation listing included with the MME Form 60, I advised that the initialed statement containing the $150.00 would be sufficient.

Mr. MacLaren then questioned the need for a statement showing the computation of 12 cents a pound freight surcharge on stores withdrawal. (Note: The 12 cents a pound rate was correctly stated in the Report of Review, but erroneously stated as 10 cents in my memorandum.) I told him that the minimum requirement in this instance would be a general statement of the aggregate costs of freighting-in and the gross weight of all materials brought in.

Mr. MacLaren also was further confused rather than helped by the penultimate paragraph of my memorandum. He also misunderstood my reasons for the assaying suspensions. I believe my further explanations in these matters cleared the air.

43683

He also said that several other contracts were bothering him and wished to know if submission for pre-payment review would be permissible. I told him to fire them in and I would do what I could to help him.

EDTalbert/ama 12-5-62

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

OFFICIAL FILE COPY

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| 11/30 | [illegible] | 300 |
| | Selfridge | 120 |
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NOV 30 1962

Memorandum

To: Acting Field Officer, Region I

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

Subject: OMX-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

The subject Operator's April-September 1962 MMX Form 60 and attachments, as submitted with your November 21 memorandum to the Chief, Division of Field Operations, has been given a detailed review by this Division. In order to facilitate payment to the Operator of the Government's contribution to work performed and, at the same time, relieve the Department's Fiscal Section of the necessity for administrative examination of the Operator's claim, an Interim Report of Review has been prepared. The original and two copies thereof, together with all documents submitted with your memorandum, are enclosed.

Distribution of this Interim Report of Review is authorized provided that the following conditions are fulfilled:

(1) You concur in the facts stated therein;
(2) You consider the accepted costs to be reasonable, necessary, and direct actual costs of performing the 590 hours of D-8 trenching and the 290 hours of TD-18 trenching;
(3) You sign the certification and approval on the reverse of the original MMX Form 60;
(4) You obtain from the Operator, and attach to the documentation, a copy of Frank Birch's certification of a $150.00 charge for per diem of three men for five days from Spokane to Chandalar; and
(5) You obtain from the Operator, and attach to the documentation, a statement showing the computation of the 10 cents a pound surcharge which has been added to the invoiced costs of stores withdrawals.

Upon fulfillment of the above conditions distribution should be made as follows:

(1) Original to the Department's Fiscal Section with original and two copies of the [redacted] Form 60 (with all documentation of costs attached to the original voucher);
(2) A copy to the Operator; and
(3) A copy for your files.

In regard to the $150.00 charge for per diem, referred to above, the Operator states on page 2 of the listing of air and jeep transportation that such was included in the April summary. As I have a recollection of such being with a prior submission, the accepted costs contain this item although it is not included with the enclosed documentation.

In connection with transportation, it is to be noted that the exceptions for such, as well as for the freight of samples, are "suspensions" for lack of documentation rather than outright "disallowances". Such costs may be reclaimed on a future voucher if properly documented. It is noted that the Operator states on the transportation listing that Wien Airlines does not issue invoices but only monthly statements. However, $354.00 of the accepted costs are documented by a Wien Airlines bill and the single monthly statement submitted includes none of the suspended items.

The second paragraph of your memorandum indicates a possible misunderstanding of costs under the long form of contract. Article 1(b) provides for contribution to the allowable costs "as they are incurred". Accordingly, freight costs on samples ordinarily may be allowed under this contract even though assay reports have not been received. Under this particular long form contract, however, all costs except assaying are subject to maximum average unit costs and therefor can be allowed only to the extent of actual units of work completed.

A copy of this memorandum is being sent to the Department's Fiscal Section.

Enclosures

EDTalbert/ama 11-30-62

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

Telephone: MA 4-2501

LITTLE SQUAW MINING COMPANY
Suite 309-312 Radio Central Building
Spokane 4, Washington

OFFICIAL FILE COPY
O. M. E
RECEIVED DEC 7 1962

| DATE | INITIALS | CODE |
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| | Gerald | 500 |

December 4, 1962

Mr. George Fumich, Jr.
Director Office of Minerals Exploration
Washington, D. C.

Re: Contract No. 2140 (OME 6148)

Dear Mr. Fumich:

We are enclosing the signed amendment to the Little Squaw Exploration contract in order to expedite payment of sums due to date.

According to an ex-DMEA accountant whom we have hired at extra expense solely for the purpose of attempting to satisfy the bookkeeping requirements, the contract as written is still unworkable without a common sense interpretation.

Very truly yours,

LITTLE SQUAW MINING COMPANY

Karl W. Jasper

KARL W. JASPER, President

kwj j
encls.

So. 157 Howard Street
Spokane 4, Washington
November 30, 1962

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RECEIVED DEC 3 1962

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Mr. Karl W. Jasper, President
Little Squaw Mining Company
Suite 309-312 Radio Central Building
Spokane 4, Washington

Re: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Dear Mr. Jasper:

We are enclosing the original and four copies of a proposed Amendment No. 1 to the subject contract, signed by the Director of OME for the Government.

If the amendment is satisfactory, please sign all copies, retain the Operator's copy, and return the other copies to this office.

If the amendment is not satisfactory, please return all copies unsigned with a statement of your proposed changes for consideration.

Sincerely yours,

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

Enclosures

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

Form 7
(10-58)

OFFICIAL FILE COPY

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NOV 26 1962

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

Subject: CMC-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

With reference to the recommendations in your October 24 memorandum, we are enclosing the original and four copies of a proposed Amendment No. 1 (3 pages) to the subject contract, which we trust is in compliance with your ideas. All copies have been signed by the Director for the Government. Also enclosed is an extra copy for your use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by you and the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

George C. Selfridge (glu)

Enclosure

WRGriswold/mm
cc: Director's Reading File
Review Committee
Docket
11-26-62

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
November 21, 1962

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Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Fairbanks Precinct, Alaska
Contract 2140

Enclosed is a new voucher for April-September, 1962, from the subject operator, for pre-audit. Last Saturday noon, November 17, I returned from an eleven and one-half-day, 2600 mile field trip necessary at this time to beat the heavy winter snow that has since started. In order to get back on examination reports, one of which (OME-6248, Helena Minerals) may recommend a contract and will be prepared first, I have spent only about two hours on the voucher, mostly checking the voucher against the Distribution of Costs sheet and some of the items in the latter against the payroll and other summary sheets.

Except for two items, other claims appear to be correct. A vouchered claim for assaying in the amount of $82.49 is shown on the Distribution of Costs under Category 3 as comprising $72.67, which is further shown on "Supplies withdrawn from Stores" list, page 11, as being the total cost of two shipments of samples to "College at Fairbanks" for assaying and $9.82 for engineering, for which I can find no explanation. When queried by telephone, Anderson said he was not sure what the latter amount was for, and Turner could not recall the purpose but was sure there is an invoice explaining the charge. In any case, as no assays have been received, it seems to me that no assaying costs are as yet claimable. When the assays are received, I will again advise Anderson and Turner that the claim should be made under Category 7, and will at that time attempt to determine what the so-called engineering charge is for. I should think if it refers to sampling or drafting it would properly be part of the "Supervision and Technical" charge in Category 2.

In view of the statements in the last two paragraphs of the September narrative, I am deleting the amount vouchered for assaying and hope the rest of the voucher is properly supported.

The question at the end of the first paragraph on page ~~2~~ 3 of your memorandum of October 31, 1962, is partially answered in the September

narrative. On the Mikado claim, a southerly-dipping shear zone of considerable width contains lenses of quartz of various lengths, some of which split, others en echelon arrangement. Trenches were dug by the "old timers" on outcrops of quartz, some of which appear to be outside of the major shear zone. The longer trenches were for the most part shallow, looking for evidence of splits or possible offset segments of the shear zone, as the zone itself was completely covered by overburden.

D. R. MacLaren

D. R. MacLaren

Enclosures

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OCT 31 1962

AIR MAIL

Memor

Acting Field Officer, Region I

To: Chief, Division of Field Operations

Subject: OMK-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Your October 24 memorandum requests clarification of certain of the exceptions, as noted in my October 17 memorandum, to the costs claimed by the subject Operator's April through August voucher. Before answering your specific questions, however, it appears advisable to re-emphasize the essential requirement for the Operator to distribute costs in a manner similar to that exemplified by the attachment to my June 13 memorandum.

All items of costs must be distributed, by direct allocation or on some reasonable and equitable basis, in the following progressive steps:

1. Between "non-contract" and "contract" costs;
2. "Contract" costs, in turn, between Stage I and Stage II;
3. Stage I costs between D-8 trenching, TD-18 trenching, and assaying; and
4. Stage II costs between drifting and crosscutting, timbering, long-hole drilling, and assaying.

The following paragraphs, numbered 1 through 4, apply in sequence to the paragraphs bearing the same numbers in your October 24 memorandum. The paragraphs thereafter apply to the matters discussed in the antepenultimate and last paragraphs of your memorandum.

1. Time of the engineer-supervisor directly connected with the trenching and assaying work, both before and after the actual trenching work, is allowable

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r Category (2) of Stage I for a maximum of 4 ths at not to exceed $1,200.00 a month. The time pplicable to freighting-in of supplies and materi-Als may be considered a part of the warehousing costs and recoverable through a surcharge at time of issue of such materials and supplies. In this connection, please refer to paragraph 3(a) on pages 1 and 2 and the second paragraph under Category (2) on page 3 of my June 13 memorandum.

2. As indicated in the fourth paragraph of my October 17 memorandum, no costs allocable to access roads, rehabilitation of buildings, or initial repairs to equipment are allowable costs. All costs of freighting-in, including necessary and reasonable repairs to the haulage tractors, may be considered a part of the warehousing costs referred to in paragraph numbered 1 above. Reasonable repairs cannot include initial repairs and rehabilitation, or complete overhauls prior to start of the trenching work, particularly when the dozers were warranted to be in "good operating condition".

3. Depreciation under exploration contracts, both RMKA and OMK, customarily has been based on calendar months or portions thereof. No authority exists under this contract for allowing more than the maximums of $400.00 a calendar month for D-8 depreciation and $250.00 a calendar month for TD-18 depreciation. If used part time on "non-contract" work, only a pro-rated share is allowable. On the basis of the time slips submitted with the Operator's voucher, one D-8 was used 198 hours during July, but only 10 hours was on "contract" work, the "10/198ths" used in my computation.

4. It is not necessary to allocate costs separately to each of the D-8 dozers. As re-emphasized in the second paragraph of this memorandum, Stage I costs must be distributed between D-8 trenching and TD-18 trenching. Accordingly, if actual records are not maintained, fuels and lubricants may be allocated between the D-8 and TD-18 dozers on the basis of operating hours with due consideration to differences in hourly consumption of the two sizes. It appears from your comments that the Operator's records contain sufficient data for allocation of the repair parts between D-8 and TD-18.

As you have stated that you believe the Operator has complied with the intent of your authorization, the location of the trenches will not be questioned further. With regard to the 100-foot limitation, we shall write an amendment eliminating it. Without seeing the ground and going by Figure 2 - Tobin claim - of Kimball's report, it is hard to imagine why trenches 3W, 4W, and 5W are so long. Do you think the trenching as a whole indicates a series of relatively short quartz veins somewhat en echelon instead of a single vein?

In reading Kimball's report the second paragraph states the months of May and June were spent maintaining equipment. Apparently only 30 hours of D-8 work was done those months. It is a lot of time spent just on equipment that had freighted a single month or less.

With reference to Stage II work, we shall include in the aforesaid amendment a revision which will allow underground work at the Mikado, if Stage I warrants, independent of the Little Squaw trenching.

George C. Selfridge (gla)

EDTalbert/GCSelfridge/ama
10-30-62

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
October 24, 1962

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

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Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Your memorandum of October 17, 1962, was received October 22, passing in the mail mine of October 19.

The morning of October 23, I conferred at the Grandview Mines office in Spokane with Karl Jasper, Eskil Anderson, and Charles Turner, accountant, regarding the Little Squaw voucher for April through August. The exceptions noted in your memorandum were discussed step by step. Several questions were raised, on which clarification is requested.

1. The exception under Category 2(a), as stated in your memorandum, appears to indicate that no payroll or engineer-supervisor claims for reimbursement for work done prior to July 31 (the date trenching started) will be allowed. Time spent on (1) getting to the property supplies and equipment necessary to conduct the trenching program, and (2) time required to locate trenches and at least to walk the dozers to the trench area would seem to be reasonable and necessary, though possibly indirect, actual costs of trenching. Are they allowable, and if so under which category--Category 2 as supervision and labor, or Category 3 as part of the cost of operating materials and supplies in the first instance and Category 2 as supervision and labor in the second instance?

2. Referring to the exceptions you have listed under Category 3(a) and (c), before trenching could be started, dozers were used to haul supplies and break trail to the trench sites over difficult virgin terrain, resulting in the need for some dozer repair prior to starting to trench. Is a reasonable charge for repairs at this point allowable? I agree that the amount previously vouchered seems high, but on what criteria other than the Operator's certification can a "reasonable charge" be based?

3. Referring to exceptions listed under Category 4, Mr. Turner has suggested that it is customary in industry to base depreciation on a 40-hour week, or 2,080 hours per year (40x52), or 173.75 hours per month (2080/12), hence his use of the figure 173. In your factor of 10/198ths, is the 198 derived from an estimate of 24-3/4 days per month? I could not otherwise explain it to the Operator. Because of the extremely short season, it was necessary to work a 10-hour day, seven days a week. As the longer work week was necessitated by the short, rigorous season, the question was raised as to the fairness of allowing only one month's depreciation for the equivalent of 1.75 months' actual work (70-hour week/40-hour week) for August.

4. Referring to exceptions under Category 3(d): No record of gas or lubricants drawn was kept for each individual tractor, although there is a record of the total amounts of each used for dozer work. There is also a record of the number of hours each machine was used for trenching and bulldozing roads. Will proration of gas and lubricants on an hourly basis be acceptable? There is likewise no record of which parts went to each dozer, but there is a record of parts used for "D-8 dozer." There are other dozer parts shown as withdrawn, but it can only be surmised that these parts were used for the TD-18. Anderson said it is also possible that a second TD-18 was stripped for repair parts for the one in use. Where the list of parts is headed "D-8," can these parts be divided between the two D-8's?

In order that any trenching could be done, it was required by the terms of the contract that I give prior approval to their locations, even though I did not have an opportunity to go on the property to learn what problems might be encountered due to irregularities in the terrain and in the overburden. Accordingly, I prepared a Work Authorization dated February 27, 1962, in what I then had no reason to consider as other than reasonable and workable terms. With my memorandum of October 19, I enclosed copies of the map which accompanied the Work Authorization, on which I had plotted the trenches as shown on Kimball's map. Had I had the benefit of seeing the property, I would certainly have indicated a different bearing for the trenches indicated in the Work Authorization and probably would have indicated others westerly on the Tobin claim. Under the circumstances, I feel very strongly that in locating the trenches, the Operator has complied with the intent of the Work Authorization. I feel equally strongly that to disallow an entire trench because its extremities, out of which the dozer had to climb, are within 100 feet of a boundary would be most unfair. I suggest in these cases that total trenching time, since there is no available record of time for each trench, be reduced by an amount equal to the total trench footage less the footage within 100 feet of the outside boundaries divided by the total footage.

As soon as these questions are clarified, I will again confer with the Operator and will endeavor to assist him in the preparation of a voucher acceptable under the terms of the contract and in accordance with your memoranda of June 13 and October 17.

Regarding authorization of Stage II, I would appreciate your comments on my plan to give such authorization if the trench assays indicate promise of encountering gold ore shoots by the underground work as mentioned in the next to last paragraph of my October 19 memorandum. If Exhibit A of the contract is to be interpreted as meaning that no part of Stage II can be started before all of Stage I is completed, then, of course, no Stage II work under the contract could be authorized at this time. In view of the climatic conditions at the property which limit the available work period in each year, the Operator is obliged to stop surface trenching some time in September, and in order to use his labor, which was brought in at some expense, as long as possible is essentially compelled by economics to go underground. Weather conditions also cause delays in communication between the property and Spokane. Thus, as the contract requires prior approval for Stage II, the Operator has no choice but to start underground work without such prior approval. Can this situation be alleviated?

D R MacLaren

D. R. MacLaren

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
October 19, 1962

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

10/22 800 ~~820~~ Greenwald 500

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

In checking over the April-August voucher which I sent to the Chief, Fiscal Section, on October 3, 1962, I find that I have approved payment for considerably more than the amount authorized under Stage I. The difference is in the Operating Equipment Purchases, as I approved the hours of bulldozing at the maximum contract price as set forth in Exhibit A, footnote 2. Although I completely overlooked the fact that the total exceeded the Stage I authorized total cost, I am still completely confused as to the manner of equably reducing the total claimed for Operating Equipment Purchases. Can the overage be charged against Stage II Operating Equipment Purchases?

Eskil Anderson was in the office yesterday and said that maps showing the summer's trenching and assay results would soon be submitted. In the meantime, I have transferred the data from Kimball's sketches which accompanied his interim report to my sketch showing the approximate locations of the authorized trenches. Copies are enclosed. On the Little Squaw claim, the letters E and W following the trench numbers appear to be reversed, but that is the way they appear on Kimball's sketches, which were traced from the Company maps. The vein indicated on this sketch is based upon quartz float found in trenches 1E and 2E. Trenching on this claim was apparently started so late that none of the trenches were completed to bedrock, due to permafrost slowing the bulldozing.

On the Tobin and Little Mikado claims, trenches 1W, 1E, 2E, and 3E indicate a zone 5 to 9 feet wide that extends from about 200 feet west to about 600 feet east of the 200 level crosscut. Within the zone there appear to be quartz lenses 2 to 4 feet wide of various indeterminate lengths. The zone can apparently be traced from trench to trench, but the quartz lenses appear to be irregularly spaced within the zone. The value of the zone cannot be appraised until the assays are received.

Frank Birch, engineer-supervisor of the project, is expected in Spokane shortly, after which he will return to Chandalar and start underground work on the Mikado claims. If assays of the trench exposures are encouraging, I will authorize Stage II work on the Mikado claims. Trenching has not progressed far enough on the Little Squaw claims to authorize work in that area.

From Kimball's description of permafrost conditions, I do not believe it would be fair to hold the operator to strict compliance with the manner in which the trenching is laid out in the Work Authorization dated February 27, 1962.

D R MacLaren

D. R. MacLaren

Enclosures

So. 157 Howard Street
Spokane 4, Washington
October 23, 1962

O. M.
RECEIVED OCT 25 1962

| DATE | INITIALS | CODE |
|---|---|---|
| 10/25 | [illegible] | 800 |
| | | [redacted] |
| | [illegible] | 470 |
| | | 900 |

Mr. Karl W. Jasper, President
Little Squaw Mining Company
309 Radio Central Building
Spokane 4, Washington

Re: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Dear Mr. Jasper:

Your voucher for April-August, 1962, for work performed under Stage I of the subject contract has been returned to me and is herewith returned to you for correction.

A cursory preaudit of the voucher by the Contract Administration and Audit Division has disclosed that the voucher is not acceptable for processing for payment. The total claimed costs of $58,412.48 apparently contain costs chargeable to noncontract work. The only costs to which the Government may contribute under Stage I are "the reasonable, necessary, and direct actual costs" of (1) not to exceed 1,200 hours of D-8 and 500 hours of TD-18 trenching work at maximum average costs of $25.00 and $15.00 an hour, respectively, and (2) not more than 300 assay determinations up to a $900.00 maximum total cost. The costs of access roads, rehabilitation of buildings, initial repairs to equipment, etc., are not allowable for contribution by the Government.

Preaudit of this voucher did not include the verification of computations, the checking of stores withdrawals against acquisition documents, or the complete matching of the detailed documentation against summary sheets, as such exhaustive treatment would be of no value at this time because of the indicated exceptions which are shown below under category headings.

Category (2):

(a) The entire payroll, except for one month's salary of the engineer-supervisor, for April through August has been charged to contract work, whereas the Stage I trenching did not start until July 31, according to the work vouchers for dozer operating time.

(b) Accounting and cook's services should be charged to Category (7) instead of Category (2).

(c) Payroll copies (or transcripts) have not been certified "True Copy" (or transcripts).

Category (3):

(a) Entire stores withdrawals for April through August are charged to and certified by Frank Burch as being used on the contract work, although such work did not begin until July 31.

(b) No dates, not even as to months, are indicated on the listings of withdrawal.

(c) A charge of $13,808.51 for dozer repair parts, in addition to $6,363.01 for fuel and lubricants, withdrawn from stores seems unreasonable for a total of 880 hours of trenching by dozers in "good operating condition" as set forth in the contract.

(d) Not even the dozer repair parts and fuel, which are readily susceptible to direct allocation, have been distributed to the D-8 or the TD-18 dozers.

(e) Charges for cook house supplies withdrawn from stores, as well as credits for payroll deductions, should be under Category (7) instead of under Category (3).

(f) No part of the charge of $2,381.26 for building materials, apparently for initial repairs to cook and bunk houses, is an allowable contract cost.

Category (4):

(a) The $1,783.23 charged for depreciation is computed for each dozer on the basis of trenching hours divided by 173 (an unexplained figure) multiplied by the contractual maximum rates per month. On the basis of operating time on contract trenching, it appears that the allowable maximum is $1,070.20, computed as follows:

| | | |
|---|---|---|
| July: | one D-8--10/198 times $400.00 = | $20.20 |
| August: | one D-8 | 400.00 |
| | second D-8 | 400.00 |
| | TD-18 | 250.00 |
| | | $1,070.20 |

198 is the average number of hours per month based on 24-3/4 eight-hour days.

(b) The depreciation statement has not been certified as being true and correct.

Category (7):

(a) Payroll taxes, both F.I.C.A. and unemployment, have been computed on the entire payroll instead of the portion applicable to trenching only.

(b) Workmen's Compensation Insurance has also been computed on the entire payroll.

(c) The sum of $914.81 claimed for insurance covering unemployment includes $28.05 for comprehensive liability insurance which is not an allowable cost under the contract.

(d) The $891.48 charge for transportation of personnel includes apparently undocumented costs of $150.00 for expenses of three men for five days at $10.00 per day from Spokane to Chandalar and $44.00 for transportation of Donald Grybeck from Fairbanks to Chandalar.

(e) Apparently all costs of transporting personnel have been charged to contract costs, whereas a pro rata share is chargeable to non-contract work.

(f) None of the statement for taxes, insurance, or transportation has been certified true and correct.

Although the contract requires that the monthly report be accompanied by maps or sketches showing all trenching done and assay results, no maps or sketches accompanied this voucher and progress report. I understand they will soon be available. Maps reportedly traced from company maps were included with an interim inspection report recently received. These maps indicate that some trenching was done closer than 100 feet to the property boundary and that trenching was done at locations other than those given prior approval in a Work Authorization dated February 27, 1962.

I believe that the various exceptions noted above can be clarified at our meeting scheduled for 10:00 A.M. October 23, 1962, at your office.

Sincerely yours,

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

Enclosures

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

P.S. Also enclosed is an extra set of voucher forms.

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 24 1962

So. 157 Howard Street
Spokane 4, Washington
October 19, 1962

10/22 800
~~Granted~~ 120
500

Mr. J. A. Nordlick, Chief
Alaska Office of Mineral Resources, Region I
U. S. Bureau of Mines
P. O. Box 2688
Juneau, Alaska

| | | |
|---|---|---|
| | | |
| | | |
| | 6148 | |

Re: OME-6148 (Gold)
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140
and
OME-6241 (Gold)
E. E. Saxton
Valdez Creek (Denali) Placers
Talkeetna Recording District, Alaska

Dear Jerry:

This letter is to confirm my telephoned request of September 6, 1962, that you arrange if possible to have made an interim inspection of the Little Squaw Mining Company's claims in the Chandalar District and an on-site examination of the E. E. Saxton claims at Valdez Creek.

Out-of-pocket expenses for these jobs not exceeding $350.00 and $200.00, respectively, have been authorized by the Director, OME, in a teletype received at this office September 6, 1962, a copy of which is enclosed.

Sincerely yours,

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

Enclosure

DRMaclaren:ny
Original w/cy TT to:
W. Rulon Lee, Finance Officer, Region I
U. S. Bureau of Mines
Box 429
Albany, Oregon
cc: J. A. Nordlick w/cy TT
OME w/cy incoming letter

Reading copies to: Nolan, McKelvey

October 17, 1962

Mr. D. R. MacLaren
Acting Field Officer
OME Region I
South 157 Howard Street
Spokane 4, Washington

Dear Mac:

The only authorization we have for the recovery of out-of-pocket expenses connected with the Valdez Creek and Chandalar OME examinations is my record of your telephone call of September 5, 1962.

We would greatly appreciate a work order or letter, bearing your signature, requesting the examinations and authorizing the expenditure of out-of-pocket expenses not to exceed $350.00 and $200.00 for the Chandalar and Valdez Creek examinations respectively; actual charges will be about $191.00 and $52.50 for the respective trips. Please send the original signed work order or letter to:

W. Rulon Lee, Finance Officer, Region I
Bureau of Mines
Box 429
Albany, Oregon

with a copy to this office.

Thanks.

Sincerely yours,

J. A. Hardlick
Chief, Alaska Office of
Mineral Resources, Region I

CC:
W. Rulon Lee

RECEIVED
Air mail
OCT 19 196
U. S. G. S.
SPOKANE, WA

Box 6708
Letter from

No. 237 Second Street
Spokane 4, Washington
October 24, 1962

Mr. J. L. Burlick, Chief
Alaska Office of Mineral Resources, Region I
U. S. Bureau of Mines
P. O. Box [illegible]
Juneau, Alaska

Re: [illegible] (Juneau)
Alaska Mines and Minerals Investment
Red Devil Mine
Bethlehem Recording District
Fourth Division, Alaska

Dear Jerry:

Before going into the matter at hand, I want to thank you for your very fine and greatly appreciated cooperation and help on the Richard H. Rose, E. E. Burton, and Red Devil applications, as well as the Little Squaw Lateral inspection. I should have acknowledged such fine as the reports were received, but I have been on such a confusion-in-the-office-and-out-in-the-field problem that I have kept putting off writing to you until I could include them all in one letter. The Little Squaw report arrived last week while I was in the field. Please extend our thanks to Bruce Thomas and Art Spinelli.

Bringing you up to date, the Director advised Rose that the complete file could be completed by October 1, 1962, but that, regrettably, no funds would be found for executing the contract to cover the work involved during the Spokane application is still under consideration. Likewise, and a proposed contract was sent to Ray Wolfe for a program on Red Devil.

Enclosed are a copy of a letter I have written to Ray Wolfe and a photostatic copy of Exhibit A of the proposed contract. If the proposed contract is accepted, we will have the problem of establishing a [illegible] points for the workers with chainsaws. The first phase of the program was all two and subsequent three are to carried out concurrently or not, as the operator may desire. For the drilling under the program one and two, interesting points should be established and the distance from each point to the respective focus determined. For subsequent three, the operator should have the Government's

approval of his proposed shaft site. Can you help us in determining the starting points in conjunction with Mr. Wolfe?

I hope to see you at the Northwest Mining Association meetings the first weekend in December if you can make it.

Sincerely yours,

D. R. Shelleven
Acting Field Officer, [redacted]
Region I

Shelleven:vs

[redacted]
cc: [redacted]
Sending copies to:
[redacted]
[redacted]

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 10/17 | Talbot | 800 |
| | | ~~500~~ |
| | in lease | 500 |
| 10/17 | ECS | 130 |
| " | Johnson | 110 |
| 10/17 | Tuma | 100 |
| 10/17 | Cae | 220 |
| 10/24 | NPY | 500 |
| | | |

OCT 17 1962

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

On October 3 you certified, approved, and forwarded to the Department's Fiscal Section the subject Operator's MME Forms 60 and 61 for the period of April through August 1962. The Fiscal Section did not consider this voucher to be amenable to the normal administrative examination which is necessary prior to certification for payment. Accordingly, the Contract Administration and Audit Division was requested to pre-audit the voucher.

A cursory pre-audit of this voucher has disclosed that it is not acceptable for processing for payment. The total claimed costs of $58,412.48 apparently are well padded with non-contract costs despite the Operator's certification that the bill is "correct and just". The reference to U. S. Code, Title 18, Sec. 1001, as it appears below the certification space, may have been overlooked.

Furthermore, the approval of costs aggregating $45,034.08, as set forth above your signature on the MME Form 61, is not understood. This is in excess of the total contractual amount of $41,650.00 for completion of all Stage I work. Your approval includes $24,049.08, indicated as "Operating Equipment Purchases", but actually stores withdrawals of fuels, lubricants, dozer parts, shop supplies, and building materials. Such items, when allowable, are part of the maximum unit costs of $25.00/day for D-8 and $21.50/day for TD-18 dozers as covered by your approved costs of $14,750.00 and $6,235.00, respectively.

The only costs to which the Government may contribute under Stage I are "the reasonable, necessary, and direct actual costs" of (1) not to exceed 1,200 hours of D-8 and 500 hours of TD-18 trenching work

43683

at maximum average costs of $25.00 and $15.00 an hour, respectively, and (2) not more than 300 assay determinations up to a $900.00 maximum total cost. The costs of access roads, rehabilitation of buildings, initial repairs to equipment, etc., are not allowable for contribution by the Government.

Enclosed with my June 13 memorandum, on the subject of this Operator's previously submitted voucher for April and May, was an example of an acceptable summary statement showing the distribution of incurred costs. This statement provided: (1) a column for the deletion of non-contract costs; (2) three columns for the Stage I work items; (3) four columns for the Stage II work items; (4) a column for total incurred [redacted] costs to be transcribed to [redacted] Form 60; (5) an appropriate lineal listing of the costs by categories and items; and (6) a line for the adjustment of total work item costs in excess of the contractual maximums. The so-called distribution statement submitted by the Operator furnishes some of this information. It is merely a listing of claimed costs and reads the same horizontally as vertically.

Pre-audit of this voucher has not included the verification of computations, the checking of stores withdrawals against requisition documents, or the complete matching of the detailed documentation against the summary schedules. Such exhaustive treatment would be of no value at this time because of numerous indicated exceptions to the costs as claimed by the Operator. These exceptions follow under category headings.

Category (2)

(a) The entire payroll, excepting one month's salary of the engineer-supervisor, for April through August has been charged to contract work, whereas the Stage I trenching did not start until July 31 (per work vouchers for dozer operating time).

(b) Accounting and cook's services should be charged to Category (7) instead of Category (2).

(c) Payroll copies (or are they transcripts?) have not been certified "True Copy (or Transcript)".

Category (1)

(a) Entire stores withdrawal for April through August charged to and certified by the Operator's

superintendent as being used on the contract work, although such work didn't begin until July 31.

(b) No dates, not even as to months, indicated on listings of withdrawals.

(c) A charge of $13,808.51 for dozer repair parts, in addition to $6,363.01 for fuel and lubricants, withdrawn from stores seems unreasonable for a total of 880 hours of trenching by dozers in "good operating condition" as set forth in the contract.

(d) Not even the dozer repair parts and fuel, which are readily susceptible to direct allocation, have been distributed to the D-8 or TD-18 dozers.

(e) Charges for cook house supplies withdrawn from stores, as well as credits for payroll deductions, should be Category (7) instead of Category (3).

(f) No part of a charge of $2,381.26 for building materials, apparently initial repairs to cook and bunk houses, is an allowable contract cost.

Category (4)

(a) The $1,783.23 charged for depreciation is computed on the basis (for each dozer) of trenching hours divided by 173 (an unexplained figure) multiplied by the contractual maximum rate per month, whereas, on the basis of operating time on contract trenching, the allowable maximum appears to be $1,070.20 ($250.00 for the TD-18 and $400.00 for each D-8 during August plus $20.20, i.e., 10/198ths of $400.00, for pro-rated depreciation on one D-8 during July).

(b) The depreciation statement has not been certified as being true and correct.

Category (7)

(a) Payroll taxes, both F.I.C.A. and Unemployment, have been computed on the entire payroll instead of the portion applicable to contract trenching only.

(b) Likewise, the Workmen's Compensation Insurance has been computed on the entire payroll.

(c) The $914.81 charge for insurance covering employment includes $28.05 for comprehensive liability insurance, which is not an allowable cost under the contract.

(d) The $891.48 charge for transportation of personnel includes apparently undocumented costs of $150.00 for expenses of 3 men for 5 days @ $10.00/day from Spokane to Chandalar and $44.00 for transportation of Donald Grybeck from Fairbanks to Chandalar.

(e) Apparently all costs of transporting personnel have been charged to contract costs, whereas a pro-rata share is properly chargeable to non-contract work.

(f) None of the statements for taxes, insurance, or transportation have been certified true and correct.

It also has been noted that, although the contract requires that the monthly report be accompanied by maps or sketches showing all trenching done and assay results, no sketches or maps were submitted with this voucher and progress report. However, the maps submitted with Art Kimball's October 5 report of his September inspection indicate that (1) some trenches are closer than 100 feet to the property boundary, and (2) trenching was done at locations other than those given prior approval by your February 27 letter to the Operator. His report and also the Operator's narrative indicate that Stage II work will begin during October, whereas the contract requires advance approval by the Government for Stage II work after conclusion of all Stage I work.

The original and two copies of MMX Forms 60 and 61 and all attached documentation are enclosed for return to the Operator for revision. In addition to the foregoing comments, reference should be made to my June 13 memorandum, the last page in particular and the last paragraph even more specifically.

Enclosures

George C. Selfridge

EDTalbert/ama 10-17-62

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

Spokane Daily Chronicle, Thursday, Oct. 4, 1962.

# Northwest Mine News

## Chill Stalls Gold Hunt in Alaska

Alaskan gold miners have had an exceptionally short working season this summer, Frank E. Birch, Spokane mining engineer, said here today.

Birch, who is in charge of the Chandalar District operations of Little Squaw Mining Co. of Spokane, is home on a short vacation before starting underground development work at the firm's Mikado mine.

Surface trenching of ore-bearing veins had to be suspended recently because of freezing ground, he said. The ground stopped thawing in mid-August, when bulldozing of the Little Squaw vein system was started, he said.

**Consequently, none of 10 cuts reached bedrock, he said, and this phase of the work will have to be completed next summer.**

Bulldozer trenching of the Mikado vein was started Aug. 1 after construction of 9 miles of access roads over steep hill slopes. About half of a dozen cuts on the Mikado vein reached bedrock, exposing some free gold in quartz, he said.

A five-man crew and three dozers worked 70 hours a week during the short season for surface work, he said.

Little Squaw, controlled by Grandview Mines, Inc., and Metaline Mining & Leasing Co. of Spokane, is doing the work with aid from the federal Office of Minerals Exploration.

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O. M. E.
RECEIVED OCT 8 1962

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| 10/8 | | ~~110~~ |
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500

OME-6148

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O. M. E.
RECEIVED SEP 19 1962

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48 Spokane Daily Chronicle, Thurs., Sept. 13, 1962

# Alaskan Mill Aid Favored

FAIRBANKS, Alaska—Alaska's 16th District Economic Development Committee has approved and passed on to state authorities a request by a Spokane, Wash., mining firm for financial aid in building a gold mill in Alaska's Chandalar Mining District.

The Spokane firm, Little Squaw Mining Co., requested $600,000. If approved by state officials, the application will be forwarded to Area Redevelopment Administration headquarters in Washington, D.C., for consideration.

The proposed project would provide jobs for more than 50 natives from villages in the northern part of the election district.

Little Squaw, controlled by Grandview Mines and Metaline Mining & Leasing Co. of Spokane, was awarded one of the first loans made by the United States Office of Minerals Exploration for gold mine exploration. The 30-month project, started last spring, calls for expenditure of $167,750, with the federal agency paying half the bills.

6148

From: D. R. MacLaren 9/17/62
Newspaper clipping re:
OME-6148 (Gold
Little Squaw Mining Co.
Mikado, et al Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

Northwest Mine News

# Spokane Firm Tells of Alaska Gold Find

Quartz containing visible gold was uncovered at a number of locations during bulldozer trenching work this summer at the Alaskan properties of Little Squaw Mining Co. of Spokane, an official said today.

Eskil Anderson, company mining engineer and geologist back from a three-week visit to the properties, said many samples were taken but that no assay returns are in yet.

A six-man crew headed by Frank E. Birch, Spokane mining engineer, worked 70 hours weekly during July and August to take advantage of thawed ground, he said.

**Road Built**

Seven miles of road were built to connect work sites and 3,000 feet of trenching was done across and along the Mikado vein to depths up to 12 feet, he said. Trenching of the Little Squaw vein was started recently and will continue until halted by frost and freezing ground about the middle of this month.

Underground work then will be started, he said. Drifting will be resumed along the Mikado vein. A total of 950 feet of crosscutting, drifting and raising on this vein has been done over the last two years, he said.

**Old Shafts Found**

The road-building exposed a vein and two ice-plugged mine shafts long buried under placer tailings, he said. Old maps indicate the work was done in 1908, he said.

The current work is being done under a $176,750 gold exploration contract approved by the federal Office of Minerals Exploration. The Little Squaw firm is controlled by Grandview Mines, Inc., and Metaline Mining and Leasing Co., both of Spokane.

OME-6148

(Memo from Spokane)

Received 9/17/62 with
Mr. Selfridge's memo re:
DMEA-2764 Bunker Hill Company
OME-6225 Zontelli Brothers
OME-6264 Sunshine Mining Company

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| | | |
| 9/5 | Selfridge | 220 |
| 9/5 | Fumich | 100 |
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SEP 5 1962

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

X

14X0108 S&E, OME, INTERIOR, 1962

**TELETYPE**

D. R. MacLAREN
OME ACTING FIELD OFFICER, REGION I
SOUTH 157 HOWARD STREET
SPOKANE 4, WASHINGTON

RE OME 6148 AND 6241. YOU ARE AUTHORIZED TO REQUEST EXAMINATIONS DISCUSSED TODAY, COSTING $350 AND $200, RESPECTIVELY. OME 6185 MATTER REMAINS PENDING.

George Fumich, Jr.

DIRECTOR

GCSelfridge/bih
cc to: Files
Dir. reading file
Region I (2)
Mr. Griswold, Mr. Selfridge, Mr. Johnson

1 1

George C. Selfridge, Chief, Div. Field Oper. RE 7-1820 X5372 September 5, 1962

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION I

ALASKA OFFICE OF
MINERAL RESOURCES

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 13 1962

P.O. BOX [illegible]
JUNEAU, ALASKA

July 10, 1962

Mr. D. E. Nielsen
Acting Field Officer, Region I
Office of Minerals Exploration
Rm. 137 Howard Street
Spokane 4, Washington

Dear Sir:

We were sorry to hear that the applicationder work on the Lucky Devil copper prospect nipped the deadline.

Regarding the other OME contracts mentioned in your letter of July 3rd, information on all except the Little Squaw Mining Co. can be obtained by our engineers with but little extra trouble and expense.

As indicated in my recent letter to George Punick, Irene Thomas (our engineer in the Fairbanks district) will try to obtain all available information on Richard Ivo's placer mining difficulties. Unless access to the Chena River area is impossibly difficult, arrangements can be made for Mr. Ivo to visit Ivo's placer later in the season--if he gets going on the proposed work.

We have no record of any production during 1961 from the properties of the Alaska Mineral Mining Co., Wm. Whiley, and Wolfe, or Williams Mining Co. and have had no reports of mining activity at any of these properties; however, Bob Thomas is on a field trip at present and will check with other sources of information.

Regarding the Little Squaw Mining Company's operations involved the problem of difficult access that certainly considerably off the beaten track in any of our currently active projects. Checking with Bob Thomas, I find that the round trip fare from Boston to the Little Squaw Mining field and return was $[illegible] the round trip fare from Juneau to Boston is $[illegible]. The above transportation costs plus [illegible] per diem $[illegible] per day at $[illegible] by about $330.00 in the [illegible] of-pocket expense for the trip. I am sure an engineer can be made available for the only second the end of the field season, but the transportation expenses would be disproportionate because all of our boys are fully engaged on projects at present. Unless the work at the Little Squaw Mining Company appears to be in the hands of a fully responsible and capable engineer, I would think an inspection at the end of the season would suffice.

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Will let you know what Thomas and Thomas come up with in the way of additional information as soon as I hear from them.

Best regards,

J. A. Hardick, Chief
Alaska Office of
Mineral Resources

OB:
O. M. Bishop

MME Form 7
(10-58)

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| Date | Surname | Code |
|---|---|---|
| 7/5 | Colbert | 800 |
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| " | Johnson | 110 |
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JUL 5 1962

Mr. Eskil Anderson
Little Squaw Mining Company
Suite 309-312 Radio Central Bldg.
Spokane 4, Washington

Re: DMR-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Dear Mr. Anderson:

Receipt is acknowledged of your June 29 letter protesting the accounting requirements of the referenced contract. We cannot understand your statement that the documentation requirements will necessitate the employment of an additional employee at the project site. Likewise, we fail to see how this contract, as compared to a fixed unit cost contract, can have an adverse effect on your Alaskan credit rating.

This contract limits the Government's contribution to incurred costs, as opposed to the cash expenditures claimed on your first voucher. Nevertheless, no accounting is required at the project site other than the issuance of unpriced stores withdrawal slips, payroll time cards, and equipment time records to indicate quantities and time applicable to the various cost accounting classifications set forth in the footnotes on page 6 of the contract's Exhibit A. All pricing, computation, and distribution of costs could be performed in your Spokane office under normal cost accounting practices.

Under a fixed unit cost contract the Government's contribution is based on the specified unit costs of work actually performed, regardless of whether such costs are more or less than actual costs. Under the present contract the Government's contribution is limited to actual costs incurred not in excess of the maximum unit costs set forth in Exhibit A. In either type of contract the Government's contribution is payable only upon the acceptable performance of the units of work specified in the contract's Exhibit A; therefore, the cash or credit requirements of an Operator prior to the actual performance of units of project work are identical under either type of contract.

43683

In essence, nothing is required beyong that which good business practice dictates for any concern, whether or not it happens to have a minerals exploration contract with the Government.

Sincerely yours,

(signed) FRANK E. JOHNSON

ACTING Director

WRGriswold/ama 7-3-62
Rewritten EDTalbert/ama 7-5-62
cc:
Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region I (2)
Code 500

Telephone: MA 4-2501

LITTLE SQUAW MINING COMPANY
Suite 309-312 Radio Central Building
Spokane 4, Washington

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| DATE | INITIAL | [illegible] |
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June 29, 1962

George Fumich, Jr., Director
Office of Minerals Exploration
Department of Interior
Washington 25, D. C.

Dear Mr. Fumich:

We this week employed a retired DMEA auditor, Charles Turner, specifically for the purpose of handling the extra bookkeeping which would be required for the proper itemizing of details involved in the Little Squaw Exploration Contract, Docket No. OME - 6148.

After spending two days on the project Mr. Turner recommended that rather than to try to handle the mass of detail which would be required under the contract as interpreted by its follow-up letter of June 13, it would be best if we would request that the contract be amended to a unit-cost basis with per hour and per foot costs, as shown in items 2/and 4/ on page 6 of the contract. Mr. Turner believes that to keep a complete record of actual costs of all supplies used and consumed "an employee competent and capable who has the time to keep a record of the supplies used and to price them so that they can be supported by documentary evidence" would have to be hired, flown in, and kept in that remote district for the duration of the contract. Total additional costs to us would then approach or exceed $10,000.00.

As it is, actual costs will exceed the estimated costs for both Stage I and II. We have just incurred and have already paid costs of approximately $40,000.00 in preparation for the Stage I surface work and before the actual trenching has even begun. We originally requested a unit cost contract under which the government's participation would begin in July or August. Under the present contract we expected to be reimbursed for some of the costs as they were incurred and paid for by us and did not plan to wait until fall for government participation. In other words our chief immediate worry is our credit record in Alaska which until now we have kept perfect.

If you need more information from us write or phone Karl W. Jasper, or myself, and we will try to get it to you promptly.

Best regards.

Very truly yours,

LITTLE SQUAW MINING COMPANY

Eskil Anderson
ESKIL ANDERSON

ea j

MME Form 7
(10-58)

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| 6/25 | [illegible] | 120 |
| 6/25 | WRG | 500 |
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| 6/27 | (S) Tolehit | 800 |
| " | [illegible] | 110 |
| 6/27 | [illegible] | 100 |
| | | |
| | | 225 |
| | | 500 |

June 25, 1962

Memorandum

To: The File

From: Chief, Division of Field Operations, OME

Subject: OME-6247 (Silver-Gold-Copper)
Chicago-Alaskan Mining Corp.
Lucky Devil Claims
Chichagof Island, Alaska

OME-6148

Mr. MacLaren called the writer on the afternoon of June 21 to ask what he should do about some Lien or Subordination Agreement forms he had received from the Applicant as they had been completed erroneously. The writer told him that he had just finished going over the entire docket and could not see how OME could process the application and have it executed before July 1. He also told him it was doubtful that if more time were available OME could consider more than a few drill holes through the section partly explored by the Bureau of Mines. Mr. MacLaren stated that he would send the forms to the Washington Office in order to have all the material together.

Mr. MacLaren then discussed our letter returning the Little Squaw (OME-6148) voucher and bills to him. He thought that the best way to handle the matter was to take all of the material, including our letter, to the parent companies and discuss the details with them. He had already received a second voucher. He was also planning on making another field trip, returning some time in July.

The writer informed him that he planned to spend the month of September in the field, particularly visiting the Taylor-Knapp mine at Philipsburg, Montana, and the Crescent mine in Idaho.

The writer also informed Mr. MacLaren that he had discussed the Alaskan projects with Mr. C. H. Johnson of the Bureau in regard to interim and final inspections. It was suggested that Mr. MacLaren take the matter up with Mr. Herdlick to see what out-of-pocket expenses might be involved in making at least one inspection of each project just prior to their closing down for the winter.

George C. Selfridge

GCSelfridge/hb (6/25/62)
cc to: Docket OME-6247
Docket OME-6148
Director's Reading File
G. C. Selfridge
Code 500

(248)

43683

JUN 18 1962

# UNITED STATES
# DEPARTMENT OF THE INTERIOR
## OFFICE OF MINERALS EXPLORATION

SPOKANE WASH.

**OPERATOR'S PROGRESS REPORT** For Month of May, 1962 Docket No. 6148

Operator's Name Little Squaw Mining Company Contract No. 14-23-090- 2140

| OPERATION | UNITS | FOR OPERATOR'S USE: UNITS THIS MONTH | UNITS TO DATE | COSTS TO DATE | FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH | APPROVED UNITS TO DATE | APPROVED COSTS TO DATE |
|---|---|---|---|---|---|---|---|
| Drifting | | | | | | | |
| Crosscutting | | | | | | | |
| Raising | | | | | | | |
| Shafts | | | | | | | |
| Winzes | | | | | | | |
| Other Underground | | | | | | | |
| Drilling, Core-Diamond | | | | | | | |
| Rotary | | | | | | | |
| Drilling, Non-core-Diamond | | | | | | | |
| Rotary | | | | | | | |
| Churn | | | | | | | |
| Percussion | | | | | | | |
| Miscellaneous Rehabilitation | | | | 26,388.81 | | | |
| Underground | | | | | | | |
| Roads and Trails | | | | | | | |
| Stripping | | | | | | | |
| Trenching | | | | | | | |
| Test Pitting | | | | | | | |
| Other Surface Work | | | | | | | |
| Initial Rehabilitation and Repairs | | | | | | | |
| Rehabilitation of Mine Workings | | | | | | | |
| New Buildings, Fixtures, etc. | | | | | | | |
| Operating Equipment Purchases | | | | | | | |
| Analytical Work | | | | | | | |
| TOTAL TO DATE (per MME Form 60) | | | | $26,388.81 | | | |

REMARKS

May work consisted of freighting, maintenance on equipment, and essential camp preparations necessary to have completed before two and one-half month thawing season begins.

Surveying and access road preparations begun.

(Continue on back)

REMARKS

(Continue on back)

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

Date June 15, 1962 Operator Little Squaw Mining Co.

For [illegible] Title President

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature

Title

Government Representative

Date

LITTLE SQUAW MINING COMPANY

OPERATOR'S NARRATIVE REPORT

MAY, 1962

Project No. OSE 6148

Contract No. 14-23-050-2140

Connelly-Reid

During May work as described in enclosed work report by Frank Birch was performed, consisting mainly of work on equipment, freighting, repairs on bunkhouse and lodgings, surveying, and beginning on a service road through brushing areas. According to Birch "The dozer repairs, replacement of tracks, rollers, sprockets, idlers, pony bearings, seals, gaskets, and all such things are all in the course of normal repairs for normal wear and tear and can be expected every season a machine is used. Since we will have to repeat all these things after a normal season's work, our loss should cover this work now. It's our season's wear and tear in advance." The reason for brushing is to start that it is essential for surface equipment to be put in the best shape possible so as to prevent breakdowns during the time when surface excavations can be made.

No charge for bulldozer use in May is included.

A working hour payroll sheet for May is also enclosed, as well as an estimation by Birch for April freighting costs, Fairbanks to Old Crooks, and April fuel freighting costs per gallon. Only about half of the usual 100 tons or so of freight was brought in and bulldozer freighting costs are considerably higher per unit this year as a result.

JUN 18 19[illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S MONTHLY VOUCHER For Month of May, 1962

Contract No. 14-23-090-2740
Contract Amount $ [illegible]
Gov't. Participation $ [illegible]
Mineral(s) GOLD

Operator's Name LITTLE SQUAW MINING COMPANY
Address 309 Radio Central Bldg., Spokane 4, Wash.

| COST CATEGORIES | FOR OPERATOR'S USE | | | FOR GOVERNMENT APPROVAL ONLY | | |
|---|---|---|---|---|---|---|
| | MONTHLY TOTAL | PREVIOUSLY REPORTED | TOTALS TO DATE | MONTHLY TOTAL | PREVIOUSLY REPORTED | TOTALS TO DATE |
| Unit Costs and Contracts: | | | | | | |
| [illegible] | | | | | | |
| [illegible] | | | | | | |
| [illegible] | | | | | | |
| [illegible] | | | | | | |
| [illegible] | [illegible] | 1200.00 | 2,400.00 | | | |
| [illegible] | 3021.00 | 2241.00 | 5,262.00 | | | |
| [illegible] | | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | | | |
| [illegible] | | [illegible] | [illegible] | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | | | |
| TOTAL | [illegible] | [illegible] | [illegible] | | | |

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 6/12 | Talbot | 800 |
| | Bryanski | 500 |
| 6/13 | GCS | 130 |
| 6-13 | Brown | 100 |
| 6/13 | Cae | 220 |
| | | 500 |
| | | |
| | | |
| | | |

JUN 13 1962

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Each paragraph of your May 28 memorandum, with which you submitted the original and four complete copies of the subject Operator's MME Form 60 for March and April 1962, requires either comments or answers. Accordingly, the following paragraphs numbered 1 through 8 apply in order to the eight paragraphs of your memorandum. Thereafter, the sufficiency of the Operator's documentary evidence of claimed costs is reviewed by contractual categories.

1. The original and three copies of the voucher and all attachments are returned. One copy has been retained by the Contract Administration and Audit Division for reference purposes in case of further inquiry by you or the Operator. Incidentally, only the original voucher is required to be supported by documentation of costs.

2. None of the costs claimed by this voucher are allowable for contribution by the Government at the present time. The contract specifically provides for Government contribution only to the extent that stated maximum average unit costs of work are not exceeded. Therefore, no contribution may be made until units of contract work actually are performed. Furthermore, the contract form itself provides for contribution to allowable costs "as they are incurred". As discussed hereafter, with the exception of the expenses of transporting personnel, no costs actually have been incurred under the exploration contract, although the Operator has made cash expenditures for materials and services.

3(a). Spare parts for the dozers, as well as all other materials and supplies, should be charged to contract costs only when used. All materials and supplies not put in use immediately upon purchase

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should be warehoused with costs being charged to the contract on the basis of warehouse requisitions at the time of withdrawal for use. Appropriate surcharges, possibly on a percentage basis, should be added to the unit purchase costs to cover all expenses of freight and haulage to the warehouse. Accounting-wise, the costs of all stores should be recorded as assets (inventories) on the Operator's books; transfer to cost accounts should be made only on issue for use.

3(b). The cost of neither the lumber nor the typewriter is allowable. The contract specifically provides that no costs will be allowed for Categories 4(b), (5), and (6). The $400.00 maximum indicated for accounting under Category (7) of Stage I covers necessary accounting services and supplies only. A typewriter is an item of equipment.

4. The estimated costs of $11,750.00 indicated in the contract for Category (3) of Stage I are based on the estimated requirements for deisel fuel, grease and lubricants, and repair parts, etc., as stated in the application. The costs of sample sacks and chemical supplies, when issued from warehouse stores for use, are proper charges against the $900.00 maximum provided for assaying under Category (7) of Stage I. Equipment (i.e., any single item costing more than $50.00 each) is not an allowable cost.

5. The maximums provided in Category (4)(c) of Stage I for dozer depreciation are applicable solely to the periods of use for authorized contract work. Charges for dozer depreciation, as well as the wages of the operator and the operating and maintenance expenses, during periods of use in transporting materials to be stored or warehoused are not incurred costs under the exploration contract, but properly are allocable to the freight and haulage of warehouse inventories.

6. The problem of proper accounting for materials and supplies is discussed in paragraph numbered 3(a) above.

7. The cost of transporting personnel by jeep equitably may be charged to the $1,500.00 maximum provided for air transport of personnel under Category (7) of Stage I. It is to be noted, however, that this maximum is based on the estimate in the application for round-trip transportation of 4 men from Seattle to Fairbanks and 6 men from Fairbanks to Chandalar. Furthermore, it appears that a portion of the $910.18 claimed as costs should be allocated to the freighting of warehoused materials and supplies.

8. All food, cooking fuel, and other commissary supplies properly should be warehoused and carried on the Operator's books in an

inventory account in the same manner as outlined in paragraph numbered 3(a) above. Charges to project costs should be made only at the time of withdrawal for consumption or use. The total charges based on warehouse requisitions plus the cook's wages, but less a credit for the aggregate payroll deductions for board (stated by the Operator to be $3.00 a day for each employee), are allowable in Stage I up to the $4,500.00 maximum set forth therein for Category (7).

Although, for the reasons stated in paragraph numbered 2 above, none of the claimed costs may be accepted for contribution by the Government at this time, the documentation submitted by the Operator has been reviewed by the Contract Administration and Audit Division to determine its sufficiency. The basic documentation requirements are set forth in the penultimate paragraph of the instructions on the reverse of MME Form 60 and, a bit more specifically, in an attachment to my January 25 memorandum concerning this contract. It is hoped that the following comments will be of some help to you in the administration of this contract. Of course, the primary responsibility of determining that each item of cost claimed represents a necessary, reasonable, and direct actual cost of the authorized project work is in your hands as Acting Field Officer.

Cat. (2) Claimed costs aggregating $3,241.00 are supported solely by a thermofax copy of a statement of amounts paid to four named individuals. This category is required to be documented by certified copies or transcripts of the actual payrolls. Each employee's name, wage rate, paid time, gross earnings, itemized deductions (F.I.C.A., withheld taxes, board, etc.), and net pay must be shown. The allocation of payroll costs to the types of contract work and non-contract work should be indicated by annotations or attached memoranda. Such allocation should be based on employees' time cards or similar records amenable to audit.

Aside from the lack of proper support, most of the personal services claimed appear to be properly allocable to freight and haulage of warehoused materials rather than authorized contract work. A portion may be for allocation to initial repair of the dozers; if so, such costs are not chargeable, either directly or indirectly, to the contract. The Operator warranted that the three dozers to be used for contract work were in good operating condition and the contract specifically provides that no costs of initial rehabilitation and repair are allowable.

Cat. (3) Most of documentation submitted in support of the $10,295.17 claimed in this category consists of carbon, thermofax,

and photostat copies of invoices, delivery tickets, and statements. Such are ordinarily acceptable as evidence of costs incurred, but, as set forth in paragraphs numbered 2 and 5(a) above, the items involved are not contract costs at the present time. If, however, the costs properly were allowable at this time the following exceptions would be required:

(a) Dozer parts are not identified as to whether D-8 or TD-18;

(b) Dozer parts used for initial repairs are not allowable costs;

(c) Refundable deposits on cylinders and drums are not allowable as costs incurred;

(d) Standard Oil invoice A545329 claims unit prices of $.766 for Chevron gasoline and $.707 for Aviation gasoline, whereas other invoices indicate $.411 and $.392, respectively;

(e) Thermofax copy of The Carrington Company's May 7 statement in amount of $360.92 is neither itemized nor supported by delivery tickets;

(f) The $1,851.50 claimed as an air-freight charge of M & F, Inc., is supported only by an uncertified typed copy of a May 1 invoice; and

(g) Claimed costs of $80.00 for "Snogo & Toboggan use", $90.00 for 7 trips of Piper Cub from Fairbanks to Chandalar and return, and $24.50 for gas at Fairbanks and Beaver are not supported by documentary evidence.

Cat. (4)(c) The reproduced copies of signed work vouchers showing the daily operating time of the dozers are acceptable as part of the required documentation; however, a certified summary showing the computation of claimed depreciation costs in the amount of $342.50 also would be required if the charges were otherwise acceptable. As indicated in paragraphs numbered 2 and 5 above, these are not incurred costs of the contract work at this time. It is to be noted that depreciation allowances may not exceed the maximums specified in the contract or the depreciation costs recorded in the Operator's accounts, whichever are lower.

Cat. (7) The $219.79 claimed for F.I.C.A. taxes and unemployment compensation insurance is supported by a thermofax copy of an

uncertified typed memorandum and the amounts claimed apparently are computed on a base in excess of the claimed payroll. If this charge was acceptable at the present time, a certified memorandum showing the computations would be required.

The claim of $742.45 for employer's liability insurance is supported by a thermofax copy of the insurer's declaration. Accounting-wise, the amount claimed is a cost of neither the insured nor the contract at this time. The deposit premium is a deferred charge (asset). Monthly costs chargeable to the contract should be supported by a certified memorandum showing computations based on claimed payrolls for the month at the rates plus surcharge shown in the declaration.

The $910.18 claimed for transport of personnel is not supported by documentary evidence; therefore, the entire amount would be disallowed, even if it otherwise was acceptable at the present time as a cost of the contract. As noted in paragraph numbered 7 above, probably a portion of this claimed amount is properly allocable to freighting of materials and supplies rather than transporting personnel.

Purchases aggregating the $1,494.76 claimed for board are adequately documented by itemized delivery tickets, except for an April 19 purchase in the amount of $24.06, which is not itemized but identified only as "groceries". Some of the items claimed (such as an aggregate of $18.78 for work gloves) do not appear to be properly classified as "board" and some items are possibly not reasonable or necessary. The proper handling of this item of cost is set forth briefly in paragraph numbered 8 above.

The documentation for the $434.83 claimed for sampling and assaying supplies and materials is adequate as evidence of purchase. However, the items are not at this time acceptable as incurred costs of the contract. A possible method of handling is set forth in paragraphs numbered 3(a) and 4 above.

It is suggested that this voucher and all attachments be returned to Mr. Anderson and the foregoing matters be discussed with him. Furthermore, as it appears that the Operator is maintaining neither stores inventory nor cost distribution accounts, it might be appropriate to suggest the employment of an accountant on a fee or part-time basis to establish such a system and to prepare a cost distribution summary to support each monthly AEC Form 60. The contract provides for Government contribution to accounting services within certain maximums under both Stages I and II. Possibly, the matter

should be discussed with the Operator's parent companies, which undoubtedly maintain appropriate accounting systems.

Enclosed for your guidance in this matter are thermofax copies of an entirely fictitious example of an acceptable cost type of distribution summary for this project at about the half-way point in the Stage II work. A cost distribution summary should be attached to each monthly MME Form 60 and supported by certified copies or transcripts of payrolls, copies of stores requisitions, memoranda, and other documents as discussed in the foregoing sections of this memorandum.

Explanations of the amounts included in various columns of the example follow:

(1) Totals of all items recorded on the accounts of the Operator as costs of this project;

(2) Costs not allocable to the work under the OME exploration contract; non-allowable costs set forth in Article 6(b) of the contract; costs in excess of the maximums provided by the contract for certain categories, sub-categories, and items (supervision & technical services, depreciation, transport of personnel, board, accounting, and assaying); and 50% of the cost of items listed in footnote 5 of the contract.

(3) - (9) Distribution of costs to the various types of work provided by the contract; and

(10) Totals of columns (3) through (9) for transcribing to the "Totals to Date" column of MME Form 60.

To the fullest extent possible all costs should be allocated directly to the type of work involved on the basis of payroll time cards, stores requisitions, etc. Items which cannot be allocated directly should be distributed on some reasonable or equitable basis. The summary distribution of costs should be accompanied by a memorandum explaining the methods used in distributing the categories and items of cost to the several types of work under the contract.

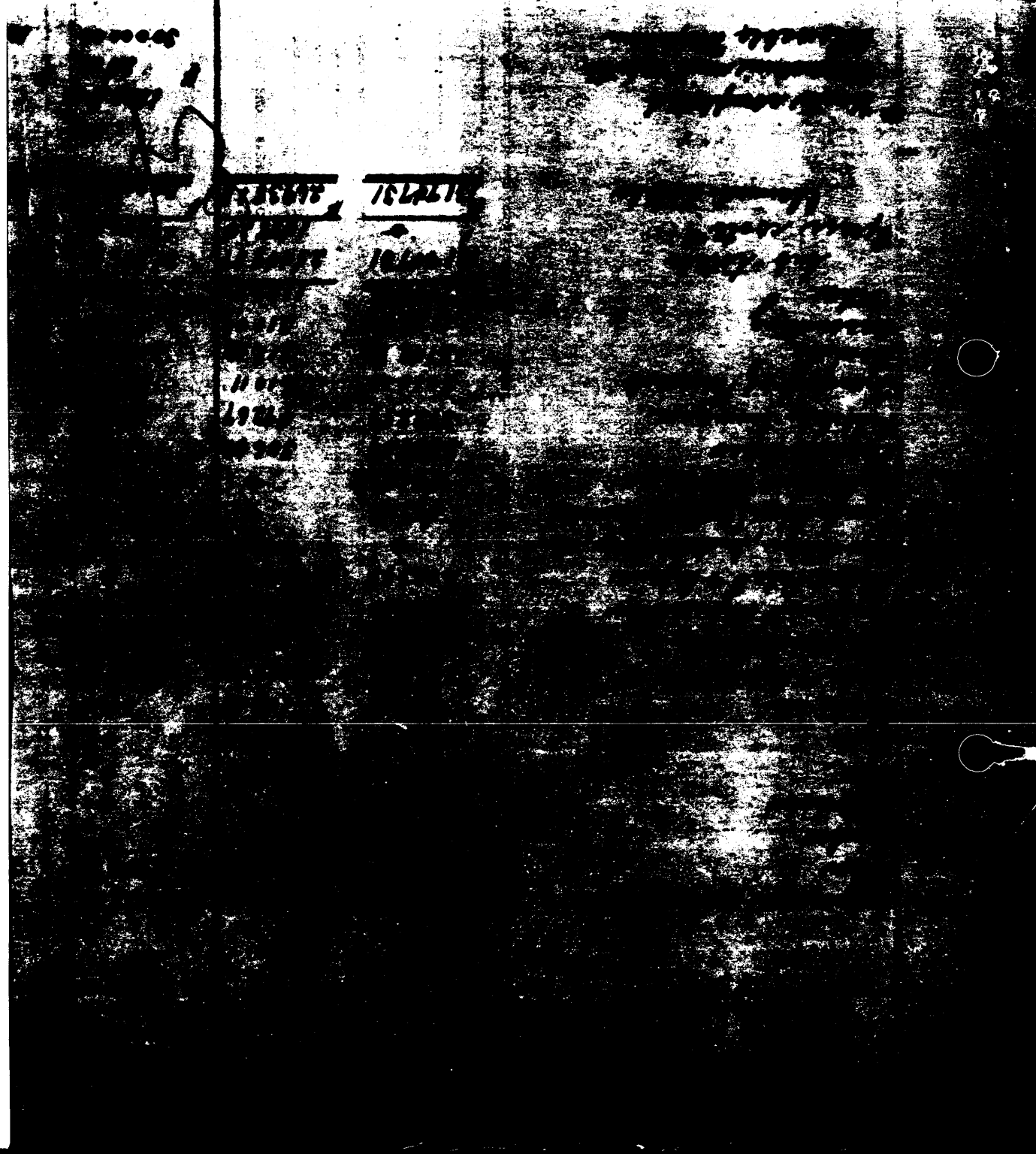
George C. Selfridge

(GCS)

Enclosures

EDTalbert/ama
6-12-62

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



UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
May 28, 1962

OFFICIAL FILE COPY
O. M. E
RECEIVED MAY 31 1962

| DATE | INITIALS | CODE |
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| | | 120 |
| | | 500 |

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

1 In accordance with our telephone conversation on May 25, 1962, I am enclosing all five copies of the subject operator's voucher for March and April. Please return one copy for our file after it is determined which claims are acceptable so I will know what has been approved.

2 I found it confusing in several respects and had Eskil Anderson come in Friday morning to try to clear them up, but I am still not sure just what should be allowed now and what should be prorated to this and future vouchers.

3 Spare parts for the two D-8 dozers and the TD-18 dozer are included under Category 3. Should these be charged when used, or are they included in Category 4? Lumber and a typewriter are included in items listed in the Summary of Expenditures--OME-6148 but are not included in the amount claimed, although invoices for these items are offered. As neither repair nor construction of buildings is provided for in the contract, the lumber is properly omitted, but the typewriter could possibly be justified, at least in part, as an adjunct to bookkeeping.

4 Under Category 7, sample sacks and chemical supplies and equipment are included. Whether these are properly chargeable as Category 3 items or should be considered as part of the $900 designated as a maximum for assaying I am not sure.

5 The sum of $342.50 in Category 4, shown as depreciation on the list accompanying the operator's narrative, is for use of the cats to transport supplies from the air strip to the property.

Note;

It would appear that Eskil Anderson is blindly ignorant of the most basic and fundamental elements of simple business procedure. Apparently his idea of accounting is to throw all bills and invoices into a cracker box and then empty the box on our desk at month's end.

He should be told that when we allocate $100 [redacted] for "accounting" we were not merely setting up a straw man - but that we really meant it. Certainly $400 [redacted] should be adequate for a part time accountant to create some order out of this mess.

Jurnod

4/11/62

MME FORM 6 REFERENCE SLIP
REV. 2-59 OFFICE OF MINERALS EXPLORATION

| TO: | DATE | INITIALS |
|---|---|---|
| 1. Mr. Selfridge | | |
| 2. | | |
| 3. | | |
| 4. | | |
| 5. | | |
| FROM: Talbert | | |

Re: OME-6148

FOR: Check items for action desired

____ Action ____ Reply for signature of ____
____ Approval ____ Investigate ____ Surname
____ Comment ____ Recommendations ____ Signature
____ Conference ____ Rewrite ____ File
____ Instructions ✓ Your information

REMARKS: On the assumption that I am expected to be the "goat" on this unholy mess, I have put the original in some order. I have the other four copies. Pls. keep papers in order. Return to me with attached docket. for audit review

Rec'd 6/5/62 Talbert 5/30/62

INT.-DUP. SEC., WASH., D.C. M66300-59

6 In Category 3 on the voucher, the $10,293.17 includes the cost of the various items listed with the narrative, plus freight. Much of these materials will be used piecemeal during the life of the contract but were of necessity acquired and brought to the property at this time. I am at a loss whether to charge them all now or as used.

7 A jeep was driven from Spokane to Fairbanks loaded with equipment and three men, and the supervisor flew his own plane to Fairbanks. The cost of moving the men and supplies by jeep ($910.18) is charged under Category 7, as the cost was cheaper than it would have been if the jeep, men, and supplies had been flown to Fairbanks. I recommend that this charge be allowed.

8 In Category 7, $1,494.76 is charged to board and is the cost of food items. Is this properly chargeable now, or should the charge be made on an "as used" basis?

D R MacLaren

D. R. MacLaren

Enclosures

OFFICIAL FILE COPY
O. M. E
RECEIVED MAR 2

3/5 [illegible] 500

No. 157 Howard Street
Spokane 4, Washington
February 27, 1962

Mr. Karl W. Jasper, President
Little Squaw Mining Company
Suite 309-312 Radio Central Building
Spokane 4, Washington

Work Authorization

Re: OME-6148 (Gold
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Dear Mr. Jasper:

Enclosed are two sketches showing the proposed locations of trenches to be bulldozed on the Mikado and Little Squaw Claim Groups, respectively, as presented by Eskil Anderson.

The proposed locations are approved with the following provisions:

1. The trenching may begin on either claim group or may be done on both groups simultaneously.

2. Trenching will start on either side of any known gold-bearing occurrence, either exposed on the surface or exposed by prior exploration work, and shall proceed in each direction from that occurrence. Starting exposures may be selected in any order convenient for efficient field operation.

3. Trenching away from a known gold-bearing occurrence shall be stopped if two consecutive trenches are unsuccessful in exposing a continuation of the gold-bearing structure being traced.

For example, referring to the Mikado claim, suppose trenching started on each side of Pits No. 3 and 4, and suppose the second and third trench to the northwest did not expose the vein, the fourth trench would not be authorized. However, supposing the next point of exposure should be the no. 1 discovery pit, if the first and second trenches to the southeast were successful, then the next trench, the third to the southeast (that is the fourth one northwest of Pits No. 2 and 3) would be authorized, but only then.

The necessity for documenting all costs when submitting your monthly vouchers was explained to Mr. Anderson and is repeated here for the record.

Sincerely yours,

D. R. Maclaren
Acting Field Officer, ONE
Region I

Enclosures

DRMaclaren:mls
cc: ONE(3) w/enclosures
Maclaren
Reading copies to:
Nolan
Hobbs
Guild

MME Form 7
(10-58)

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| Date | Surname | Code |
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| 2/12 | [illegible] | 120 |
| | | |
| 2/12 | Murphy | 500 |
| 2/12 | Talbot | 800 |
| " | Johnson | 110 |
| 2/12 | Parmer | 100 |
| | | |
| 2/12 | Lee | 220 |
| | Original 500 | |

FEB 1962

**Memorandum**

**To:** Acting Field Officer, Region I

**From:** Chief, Division of Field Operations

**Subject:** OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Reference is made to your letter of February 8 to Mr. Karl W. Jasper, President, Little Squaw Mining Company. We take it for granted that the Company understands the necessity for documenting all costs when submitting its monthly voucher.

George C. Selfridge

GCSelfridge/hb (2/12/62)
cc to: Docket DME-6148
Director's Reading File
G.C.Selfridge
Review Committee

43683

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERAL EXPLORATION

| TO: | DATE | INITIALS |
|---|---|---|
| 1. Mr. Selfridge | | |
| 2. | | |
| 3. | | |
| 4. | | |
| 5. | | |
| FROM: | | |

FOR: Check items for action desired

____ Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS: Re: OME-6148

Pls. note MacKaren's 2/8 ltr. to Opr. does not mention necessity for documenting costs. I gave Griswold a listing of requirements for transmittal to Opr. thru MacKaren.

Talbert
2/12/62

INT.-DUP. SEC., WASH., D.C. M56300-59

One

So. 157 Howard Street
Spokane 4, Washington
February 8, 1962

Mr. Karl W. Jasper, President
Little Squaw Mining Company
Suite 309-312 Radio Central Building
Spokane 4, Washington

Re: OME-6148 (Gold)
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Contract 2140

Dear Mr. Jasper:

We are forwarding a 3-month supply of Operator's Monthly Voucher and Progress Report, MME Forms 60 and 61.

The completed report forms MME 60 and 61, as well as the narrative, maps, assays and all technical data, should be submitted in quadruplicate for each month in which costs have been incurred under the contract.

Delay in processing can be avoided if reports are submitted promptly to this office.

Sincerely yours,

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

Enclosures

MLSmelser:mls
cc: OME; MacLaren
Reading copies to:
Nolan
Nobbs
Guild

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No. 157 Howard Street
Spokane 4, Washington
February 1, 1962

Mr. Earl W. Jasper, President
Little Squaw Mining Company
Suite 309-312 Radio Central Building
Spokane 4, Washington

Re: OME-6148 (Gold)
Nikolai, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

Dear Mr. Jasper:

Enclosed are the original and four copies of a proposed contract for the subject property, signed by the Director for the Government. The contract consists of MME Form 51 (Short Form), Annex I (two pages), three Lien and Subordination Agreements, Exhibit A (seven pages), Exhibit B, and one map.

If the contract meets with your approval, kindly insert in Article 1 the date on or before which work will commence and sign the original and all copies; keep the Operator's Copy and return the original and remaining three copies to this office.

If any part of the contract does not have your approval, please return all copies unsigned with a statement of the proposed changes for consideration.

The 6¼ percent interest mentioned in Article 1(e) accrues from the dates upon which individual payments are made by the Government and, like the principal, is repayable from royalty on production.

In Exhibit A, page 5, Stage 2, Category (4)(e), you will note that no values are included for the various items of equipment. OME will accept reasonable sums which you warrant are fair market values up to a total depreciation limit of $800. These values can be determined after the equipment is purchased and transportation costs are known.

I have discussed with Mr. Anderson the question of approval for the locations for trenches. If the contract is acceptable,

we will have a conference and indicate such locations on suitable maps.

Sincerely yours,

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

Enclosures

DRMacLaren:mls
cc: OMK
Reading copies to:
Nolan
Hobbs
Guild

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

Form (-58)

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JAN 31 1962

TO: D. R. MAC LAREN, ACTING FIELD OFFICER
OME, REGION I
SOUTH 157 HOWARD STREET
SPOKANE 4, WASHINGTON

SUBJECT: OME-6148 (GOLD)
LITTLE SQUAW MINING COMPANY
MIKADO, ET AL., CLAIMS
CHANDALAR MINING DISTRICT
FAIRBANKS PRECINCT, ALASKA

REURTEL JANUARY 29, LITTLE SQUAW, OME-6148, OPERATOR HAS STATED MANY OF SUCH ITEMS TO BE PURCHASED; HENCE, ONLY AFTER PURCHASE AND EXPENSE OF TRANSPORT TO JOB COULD FAIR MARKET VALUE BE ESTABLISHED. WE WILL ACCEPT REASONABLE SUMS WHICH THE OPERATOR WARRANTS ARE FAIR MARKET VALUES, UP TO MONTHLY DEPRECIATION LIMIT OF $800. YOU MAY PRESENT CONTRACT FOR SIGNATURE.

/s/ George C. Selfridge

(GCS)

GEORGE C. SELFRIDGE, CHIEF
DIVISION OF FIELD OPERATIONS

WRGriswold/gla
1-30-62
cc to: Director's Reading File
Review Committee
Docket

1 1

W. R. Griswold, Chief
Division of Minerals

2971 1/30/62 4:25 p.m.

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SPOKANE WASH 1-29-62 1508U

GEORGE C SELFRIDGE CHIEF DIVISION OF FIELD OPERATIONS

OFFICE OF MINERALS EXPLORATION DEPT OF INTERIOR WASH D C

RE DOCKET OME 6148 LITTLE SQUAW MINING COMPANY CONTRACT 2140, EXHIBIT A, PAGE 5, STAGE 2, CATEGORY /4/ /~~A~~ C/ DEPRECIATION, STATES IN PART,: "THE FOLLOWING ITEMS WITH THEIR RESPECTIVE MARKET VALUESN ETC." NO VALUES ARE INDICATED FOR ANY OF THE ITEMS LISTED. SHOULD NOT THESE VALUES BE INSERTED BEFORE PRESENTING CONTRACT TO PROSPECTIVE OPERATOR/QM/

D R MAC LAREN ACTG FIELD OFFICER REGON 1 OME SP

CFM 6148 2140 A 5 2 /4/ /C/

MME Form 7
(10-58)

OFFICIAL FILE

| Date | Surname | |
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| 1/11 | [illegible] | 50 |
| ~~[illegible]~~ | ~~[illegible]~~ | ~~[illegible]~~ |
| 1/25 | [illegible] | 130 |
| " | Johnson | 110 |
| 1/28 | Turnly | 100 |
| 1/25 | [illegible] | 220 |
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JAN 25 1962

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

Enclosed are the original and four copies of a proposed contract for the subject property, signed by the Director for the Government. The contract consists of MME Form 51 (Short Form), Annex I (two pages), three Lien and Subordination Agreements, Exhibit A (seven pages), Exhibit B, and one map. As requested in your January 4 memorandum, also enclosed is an "Extra copy for Field Officer" (MME Form 51, Annex I, and Exhibit A) for your use.

If the contract is satisfactory to you and the Applicant, kindly insert the starting date in the contract form and have an authorized representative of the subject company sign the original and all copies. Thereafter, distribute the copies in the usual manner.

Please advise the Applicant that the 6½ percent interest accrues from the dates on which the individual payments are made by the Government and like the principal is repayable from royalty on production.

If any part of the proposed contract does not have your approval or that of the Applicant and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

You will note that the project has been set up in two stages; this is along the line of the Applicant's letter received by you December 11 which stated, "This trenching would also serve as a guide for much of the proposed underground work." We are in complete accord with the opinion of Mr. Anderson's financial backers

43683

(intimated if not expressed directly) that piddling around with underground work in the immediate vicinity of the couple of small ore lenses presently known is not apt to produce a company-size operation.

Let's first get the Stage I work done then, with proper maps showing trench locations and assay results, an appraisal can be made to determine if Stage II work is warranted and where and how it should be done.

Concerning the trench locations, we could not possibly follow the suggestion in your September 28 memorandum that "the locations of the trenches be left to the Applicant's discretion." We never write "blue-sky" or open-end contracts. Neither did we wish to incorporate into the contract the trenches outlined in your December 19 letter as we believe you had not cleared it with Mr. Anderson. We hope to avoid any more incidents where an operator, after a project has been completed, screams to high heaven that we forced him to work at locations not satisfactory to him.

We, therefore, suggest that you get together with Mr. Anderson, or his representatives, and mutually agree upon a scheme or pattern to be followed in the work of trenching. Certainly nothing should be made so rigid or inflexible that reasonable and sensible adjustments could not be made in the field; nevertheless, the over-all pattern must be adhered to. Major changes in scheme or pattern, if appearing desirable, would require your prior approval.

In all sampling we urge careful fractioning, when indicated. Otherwise, an inch or so of quartz with coarse gold could create bad distortions.

Some changes have been made from the recommendations in the preparation of the contract. We feel that a total of 2,000 feet allowed in Stage II should be sufficient to give a reasonable idea on ore occurrence, if Stage II work seems warranted. We have used the suggested bulldozing costs; however, we cannot agree with the Applicant's estimate of $70.00 per foot for crosscutting and drifting. Using its own figures but eliminating excess personnel, we get a cost figure of $61.00 per foot. The following is lifted from the Applicant's estimate, but we contemplate 4 feet advance per shift instead of 3 feet, and supernumeraries are eliminated.

2,000 feet total

| | | | |
|---|---|---|---|
| 4 miners (2 per shift) | | | |
| 500 shifts, 1,000 man shifts @ $40.00 | | $40,000.00 | |
| Supervising mining engineer, 10 months @ $1,200/month | | 12,000.00 | |
| Unemployment insurance, 15% x 52,000 | | 7,800.00 | |
| Board (including cook @ $30.00/day) 1500 x $10.00 | | 15,000.00 | |
| Personnel transport | | 1,690.00 | $76,490.00 |
| Material and Supplies | | | |
| Track | | | |
| Ties per foot | $0.65 | | |
| Rail and Accessories 2.35 x 50% (salvage) | 1.18 | | |
| | $1.18 | | |
| 2,000 feet | | $ 3,660.00 | |
| Pipe | | | |
| Air line 3" | $1.25 per ft. | | |
| Water 1" | 0.50 " " | | |
| Vent line 12" | 1.25 " " | | |
| | $3.00 | | |
| Salvage 50% x 2,000 feet | | 3,000.00 | |
| Power, $3.40 per ft. x 2,000 | | 6,800.00 | |
| Drill accessories, $2.00 per ft. 2,000 feet | | 4,000.00 | |
| Explosives, $5.00 per ft. 2,000 feet | | 10,000.00 | |
| Repair parts, $2.00 x 2,000 feet | | 4,000.00 | |
| Miscellaneous supplies, $3.00 x 2,000 feet | | 6,000.00 | |
| Depreciation, $4.00 x 2,000 feet | | 8,000.00 | 45,460.00 |
| Total estimated cost 2,000 feet | | | $121,950.00 |

equals $60.98 per foot

Round to $61.00 per foot.



WRGriswold/gla
1-11-62
cc to: Director's Reading File
Review Committee
Docket

You understand, of course, that the above cost outline is for Government use only.

You will note that the contract, for administrative purposes, is of the long form, actual cost variety, with a maximum price set on the various work units.

Please note that documentation with reference to costs claimed should not be waived. All such costs must be documented as specified in the penultimate paragraph of the instructions on the reverse of MME Form 60 and detailed in the attached instruction "Documentary Support of MME Form 60." We have no desire to impose any undue hardships on the Operator but, nevertheless, its accounts must be kept in a reasonable form so as to permit of an audit, if and when considered advisable.

For your information you might review the Bradley Mining Company, Ima Mine project (DMEA-1285 and DMEA-2635) for documentation background. *

/s/ George C. Selfridge

Enclosure

(Added to3 pages written 1-11-62)
WRGriswold/gla
1-18-62
cc to: Director's Reading File
Review Committee
Docket

* Not applicable; documentation was waived and site audits were mandatory. [illegible] My summary on file of this letter did not include this 4th page. At that time [illegible] was so short form.
Talbot
9/12/62

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

January 24, 1962

Memorandum

To: Director - OME

From: Deputy Director - OME

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

As a result of our discussion with OME Review Committee on the subject docket, there appears to be no basis at this time for reconciling the differences expressed with respect to approval of a Fixed Unit Cost Contract or an Actual Cost Contract for the proposed exploration.

Because of the lack of sufficient information as to actual costs for operations of this type in the particular area, we are unable to agree on fixed unit costs that would reasonably approximate actual costs. I suggest, therefore, that we forward the contract as drafted on an actual cost basis to the applicant for his consideration. In view of the lack of support data for cost estimates, maximum unit costs have been set up for each unit of work at figures so as to have some control over costs.

We realize the difficulty of administering actual cost contracts because of the lack of auditing and accounting help but hope this can be overcome in the future. This actual cost contract requiring supporting documentation for costs will help us establish fixed unit costs in Alaska for other contracts that may be made in the future. It will also help us in converting this contract to a fixed unit cost on a reasonable basis as the work progresses, if we find the administration of the actual cost contract becomes too burdensome, impracticable, or expensive.

Frank E. Johnson
Deputy Director

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

JAN 22 1962

Memorandum

To: Director

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

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

On January 12 I surnamed a proposed MME Form 51 (Short Form) contract on the subject docket. The contract has been redrafted on MME Form 50 (Long Form). Although, upon request, I assisted in revising the estimated costs portion of the Exhibit A, I do not believe that this revision is proper.

In my opinion, after consideration of numerous factors involved, the contribution by the Government in this case to allowable "actual costs" instead of "fixed unit costs" for acceptable work performed is neither appropriate, practical, justified, nor in the Government's interest. The more important of these considerations are: the remoteness of the project; the small size of the Operator and its weak financial position; the need for distributing actual costs over several types of work and, possibly, other than project work; the probability of inadequate or insufficient interim inspections of work progress; the inexperience of the present OME field representative and the Department's fiscal personnel in administering "actual cost" contracts; the position we have taken in the past with GAO in the matter of "fixed unit costs"; and, of the utmost importance to this Division, the complete lack of audit help.

Every comprehensive audit by GAO has included criticism of the "fixed unit cost" contracts. In justification we always have countered with arguments that such contracts promote operating efficiency, simplify and reduce administrative costs, and facilitate reimbursement of the Operators. Furthermore, throughout the last few years of the DMEA, our operations generally were restricted to "fixed unit costs" and independent contract costs. This policy was carried forward to the OME program on even a more stringent basis. The budgetary restrictions made this policy practically mandatory.

At one time this Division had nine employees, six of who were available for field audits, and four of those six were actually stationed in the field. At present we have two employees, only one of who (the writer) is qualified to perform audits and, even with his "nose to the grindstone" continuously, he cannot cope adequately with the present audit review and other work demands. A glance at the Division's correspondence reading file will show that the correspondence load alone during the past year has been greater than any year since the Division was set up. This is certainly indicative of the overall workload of the Division.

The old DMEA Field Teams and the regional fiscal personnel "cut their teeth" on contracts of the "actual cost" type. That was all we had originally. Budgetary allotments permitted monthly inspections of projects and enabled the examining engineers to determine not only the progress of the work but also the propriety of charges, including the distributive proration where required for supervision, labor, materials, and equipment. The fiscal personnel were conveniently accessible to the engineers for discussion of questionable items and in the major regions audit personnel were available for consultation. The present organizational, procedural, and budgetary situations are not conducive to adequate or proper administration of "actual cost" contracts.

The experience of this Division during the past ten years has disclosed that few mining companies (and then only the most cost conscious of the larger ones) maintain good accounting systems. This proposed contract requires distribution of costs between project and non-project work. In Stage I a further distribution of Categories (2), (3), and (7) costs between D-8 and TD-18 operations will be mandatory. In Stage II a further distribution of Categories (2), (3), (4), and (7) costs between drifting and crosscutting, timbering, and long-hole drilling will be required. Maintenance of equipment logs, time cards, and possibly stock records will be necessary. In view of the complex distribution required by the contract and considering the OME dissatisfaction with the applicant's cost estimates, as disclosed by the docket file, the Operator's maintenance of cost distribution records adequate for audit purposes or its presentation of monthly vouchers sufficiently documented for payment authorization appears to be most improbable. In fact, past experience has shown that even the major operators found the documentation of distributed costs impractical and, for that reason, our procedures provide for waiver of documentation and mandatory audit.

Even with timely examinations, administration by experienced personnel, and final site audits, all past contracts covering remote

projects and particularly those in Alaska have been "headaches". This contract has a built-in "headache", in addition to the complexity of the cost distribution requirements. At the conclusion of the project work, disposition of pipe, rail, and other unexpended materials and supplies, including commissary items, will be required.

It is my understanding that at least one of the reasons for placing this project on an "actual cost" basis, with maximum average unit costs, is a belief that contemplated "fixed unit costs" of $25.00/hour for D-8 dozers and $21.50/hour for a TD-18 dozer are excessive. I do not agree with this thinking.

Comparison of the contemplated costs with those disclosed during my audit of the 1954 operations of Idm-E667, DMEA-3288, Alaska Copper Mines, Inc., seems to indicate that the contemplated costs are reasonable. This DMEA contract allowed $18.00/hour for D-8 dozers under Category (1) Independent Contracts, plus freight of dozer to the project site, which is not as remote as the location under the proposed contract. The Operator, instead of sub-contracting, performed the work on its own account using equipment owned by its parent company, Alaska Freight Lines, Inc.

The maximum of $18.00/hour (plus freight of $1,236.94 from Fairbanks to Paxson and return of one of two dozers) was allowed on the basis that actual maintenance and operating costs were disclosed to be in excess of that figure. Furthermore, the going rate for rental by the parent company was $25.00/hour at that time. Another equipment company's rate on the D-8, without cat-skinner, was found to be $656.75/week, plus repairs and maintenance. This is the equivalent of $16.42/hour on a 40 hour/week basis with no consideration of actual operating time (exclusive of down time for repairs, maintenance, and delays) and exclusive of wages, repairs, maintenance, payroll taxes and insurance, etc.

The actual costs <u>eight years ago</u> under this DMEA contract averaged $22.34/hour, including <u>only</u> part-time supervision, other labor, and freight on one dozer. The $25.00/hour rate under the proposed contract includes full-time supervision, other labor, board, payroll taxes and insurance, air transport of personnel, and accounting. Accordingly, a "fixed unit cost" of $25.00/hour covering <u>all</u> costs of D-8 trenching appears to be not excessive but, in fact, most conservative.

I also understand that another reason for placing this contract on an "actual cost" basis is a desire for information as to present-day costs in Alaska. I doubt the availability of such information from any monthly vouchers which this Operator may submit. Assuming

that the Operator can and does submit adequate documentation with the monthly vouchers, such documentation need only support claimed costs up to the average maximum unit costs and not beyond. Likewise, if audited, the Operator cannot be required to present records other than those needed to justify and authenticate the claimed costs.

On the basis of the foregoing considerations, I do not feel that I should surname the proposed "actual cost" contract.

Government's Copy

MME Form 51
Feb. 1959

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

EXPLORATION CONTRACT
(Short Form)

| Docket No. | Commodity | Contract No. | County | State |
|---|---|---|---|---|
| OME -6148 | Gold | 14-23-090- | Fairbanks Precinct, | Alaska |

It is agreed _____ (Date), between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and

Little Squaw Mining Company, an Alaska corporation

_____,

whose mailing address is 309 Radio Central Building, Spokane 4, Washington, hereinafter called the "Operator," as follows:

ARTICLE I. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before _____ (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 30 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $166,550.00 The Government will contribute 50 percent of the total fixed unit costs of the work performed, not in excess of $83,275.00 in accordance with the provisions of Articles 4 and 5.

(c) Interest computation.--Simple interest computed annually at the rate of _____ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

(d) The Operator shall not transfer or assign this contract or any right or obligation thereunder without the written consent of the Government.

ARTICLE 2. Operator's rights in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

Interests of Owners

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the Lien Agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

Three Lien and Subordination Agreements by Chandalar Gold Mines, Inc., and Eskil Anderson

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.--The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. To the extent that amounts in excess of fixed unit costs or in excess of the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such amounts for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator.

(b) Monthly reports.--The Operator shall provide the Government with five copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; and

(3) a narrative report of the work performed during the reporting period, including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground.

(Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's royalty relates, such as copies of smelter or concentrator settlement sheets and certified accounts of production and sale or other disposition of production.

(e) Compliance with requirements.--If the Government determines that any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the preparation or completion of same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the Government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the [redacted] 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 (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 6(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 7. Termination of the Government's Obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to pay on account of units of work not then performed; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 11.

ARTICLE 8. Notices to be given by the Government may be delivered to the Operator or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

See Article 14

ARTICLE 10. Nondiscrimination.--In connection with the performance of work under this contract, the Operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the Government setting forth the provisions of the nondiscrimination clause.

The Operator further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

ARTICLE 11. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, Office of Minerals Exploration, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, Office of Minerals Exploration, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, Office of Minerals Exploration, a written appeal addressed to the Secretary. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, Office of Minerals Exploration," as used herein includes his duly authorized representative.

ARTICLE 12. Eight-Hour Law of 1912--Overtime compensation.--This contract, to the extent that it is of a character specified in the Eight-Hour Law of 1912, as amended (40 U. S. Code 324—326) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. Code 35—45), is subject to the following provisions and exceptions of said Eight-Hour Law of 1912, as amended, and to all other provisions and exceptions of said Law:

No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Operator or any independent contractor contracting for any part of said work contemplated, shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this clause. The wages of every laborer and mechanic employed by the Operator or any independent contractor engaged in the performance of this contract shall be computed on a basic day rate of eight hours per day; and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this clause a penalty of five dollars shall be imposed for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this clause, and all penalties thus imposed shall be withheld for the use and benefit of the Government.

ARTICLE 13. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 14. Changes and added provisions.--

The provisions of Section 301 of Executive Order No. 10925 of March 6, 1961, required to be included in every Government contract are by reference hereby and herein incorporated and made part of this contract. A copy of said Executive Order is attached to this contract as Exhibit B.

Executed in quintuplicate the day and year first above written.

LITTLE SQUAW MINING COMPANY
(Operator)

By _____

Title _____

THE UNITED STATES OF AMERICA

By _____

Director, Office of Minerals Exploration

App'd. Col. Off.

I, _____ (Name), certify that I am the _____ secretary of the corporation named as Operator herein; that _____ (Name), who signed this contract on behalf of the Operator, was then _____ (Title) of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____

[CORPORATE SEAL]



INT.-DUP. SEC., WASH., D.C. 52375

EXPLORATION CONTRACT
LITTLE SQUAW MINING COMPANY
OME-6148

## EXHIBIT A

The purpose of the project is to explore for gold ores along the strike of the Little Squaw and Mikado vein zones by bulldozer trenching and by crosscutting and drifting. The work under the project is divided into two stages. Stage I work shall be completed as outlined herein and as much of Stage II work shall be done as is given advance approval by the Government. Such Stage II work shall be contingent upon favorable results having been obtained under Stage I.

### General Conditions

The Government will not contribute to the cost of any work done closer than 100 feet to the property boundary.

The trench intervals shall not be closer than 100 feet.

Crosscuts and drifts shall be of a minimum size of five by seven feet in the clear of timber and shall be timbered as necessary. Such timbering shall consist of standard drift sets, with a timber dimension of not less than 8" by 8" or equivalent round timber. The Government will contribute to the cost of not to exceed 100 feet of such timbering.

Mine rails shall not be of less than 20-lb. size, compressed air lines of not less than 3-inch size, water lines of not less than 2-inch size, and ventilation lines of not less than 12-inch size.

All samples, from whatever source, shall be reduced by splitting, as necessary, and assayed for gold. One fraction of the sample shall be stored in a proper container, marked as to location, and made available to the Government. The Operator may dispose of such stored samples after Government approval.

The Government will contribute to the assay costs only to the extent of 300 assay determinations under Stage I and 300 determinations under Stage II.

The work shall be supervised by an experienced engineer or geologist who shall devote his full time to the project work. The Operator shall also provide such other technical services and labor as are required to complete the project work in a satisfactory manner.

Long-hole drilling shall be done from the walls of the drifts to insure the testing of the full widths of the vein zones. Such long-hole drilling shall not be done at closer than 50-foot centers. All cuttings of mineralized vein material encountered in such drilling shall be sampled, with no sample representing a hole length of greater than five feet. The Government will contribute to the cost of not to exceed a total of 2,000 feet of such long-hole drilling.

Advances of crosscuts and drifts, plus the long-hole drilling, together with the assay results of all sampling, shall be adequately shown on maps or sketches submitted with the monthly reports to the Government.

## Estimated Costs of the Project

### Stage I

#### Fixed Unit Costs

| | | |
|---|---|---|
| Bulldozing | | |
| D-8 or equivalent - 1,200 hours @ $25.00/hr. | $30,000.00 | |
| TD-18 or equivalent - 500 hours @ $21.50/hr. | 10,750.00 | |
| Assaying | | |
| 300 determinations for gold, including cost of sacks and air transport, @ $3.00 each | 900.00 | |
| Total cost Stage I | | $41,650.00 |

### Stage II

#### Fixed Unit Costs

| | | |
|---|---|---|
| Drifting and crosscutting, 2,000 feet at $61.00/ft. | $122,000.00 | |
| Timbering of drifts and crosscuts, 100 feet @ $12.00/ft. | 1,200.00 | |

| | | |
|---|---|---|
| Long-hole drilling 2,000 feet at $1.00/ft. | $ 2,000.00 | |
| Assaying 300 determinations for gold, including costs of sacks and air transport, @ $3.00 each | 900.00 | |
| Total Cost Stage II | | $126,100.00 |
| Total Estimated Cost of Project, Stages I and II | | $167,750.00 |
| Government Participation at 50% | | $ 83,875.00 |

Form 7
(10-58)

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January 15, 1962

Memorandum

To: Director, Office of Minerals Exploration

From: Chief, Division of Field Operations

Subject: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

The writer has not surnamed this proposed contract for several reasons. While the costs may not be so far out of line, they are based in part on information which should have engendered some questions.

In Mr. Malone's report of September 8, 1961, he mentions that the going rate for a D-8 bulldozer in the Fairbanks area is $25.00 an hour, a figure with which the writer has no quarrel for Independent Contracts. Under our contracts the operator-owner is not supposed to make a profit. Mr. Malone also mentions that one of the three D-8's had been cannibalized. When this was discussed with Mr. Anderson in Spokane, he stated that it would cost from $14,000 to $15,000 to repair it.

Speaking with Mr. Kaufman of the Bureau of Mines who returned recently after 5 years in Alaska, the writer was told that last year the Japanese were landing the equivalent of D-8's at Anchorage for $18,000 compared to D-8's at $25,000. Parts are interchangeable.

In Mr. Anderson's letter of December 1961, the total and hourly costs for bulldozing are outlined. The value of each D-8 bulldozer is given as $24,000 even though they are secondhand of unknown age and were used the year before at least on the placer work in the area and may be used again this year. The costs given by Mr. Anderson when calculated on a yearly basis in part are as follows for one D-8:

| Item | Month | Year |
|---|---|---|
| Depreciation at 1/60 | $ 400 | $ 4,800 |
| Overhaul ($1.00/hr.) | 300 | 3,600 |
| Repair, etc. ($3.00/hr.) | 900 | 10,800 |
| Taxes, etc. ($1.00/hr.) | 300 | 3,600 |
| Mechanic | 250 | 3,000 |
| Total | $2,150 | $25,800 |

43683

Repair alone amounts to $17,400 a year for each D-8 or roughly 75% of the original value given. This is high when one considers the trenching removes only a few inches of thawed ground with each pass, and under our contracts the tractors should be in good repair prior to starting the work. In addition, the item for Taxes, insurance, etc., is not allowable.

With reference to the driving of the 5x7 drifts, Mr. Anderson listed an advance of 3 feet a day. The proposed contract advance is listed at 4 feet a day. Maps (folded ones) showing the work done last year indicate that 6-foot rounds were pulled and one map has the notation " ... sample accumulated for each 6-foot round." They will have a mechanical mucker and it would seem that a 5-foot round at least should have been the basis of costs.

One other cost listed by Anderson is $10.00 a day (including cook's salary) for maintaining each man. Kaufman thought that $5-7 a day would be a good figure.

In the December issue of Mining Engineering some costs of doing business in Alaska are given. Reference is made to a paper by R.H.W. Chadwick, geologist, Bear Creek Mining Company, on exploration in the Ruby Creek area which is 100 miles farther from Fairbanks than the subject property. On page 4 of the paper there is the statement, "We've given the cook carte-blanche in ordering both in quantity and quality and yet our commissary expenses are not high, perhaps $4.60 per man per day, including cook, fuel, and air freight from Fairbanks." The $10.00 cost would seem high.

For future reference 35 AX diamond drill holes totalling 27,000 feet and averaging 770 feet with some to 1,600 feet were drilled at a cost of about $7.00 a foot, including fuel, transportation, and board and room for the drillers. There was no permafrost and costs were paid on a fixed price per shift plus a small footage charge.

Bear Creek also figures that it will cost 1.5 times more to operate in Alaska with reasonable access to the Coast than in the States.

Based on the information submitted, the history of the subject area, and probable costs, there is a serious doubt in the writer's mind that the mineralization meets the criterion "The estimated cost of the exploration in relation to the size and grade of the potential deposit." There is also the question whether the project could be certified on the bulldozing alone if the Government felt some underground work should be done and the operator didn't or didn't have the money to do it.

Possibly the equivalent of 8" by 8" timber cannot be cut in the area.

While 2,000 feet of drifting and crosscutting is set up in the contract, it is not presently contemplated that all of it will be driven from one site. The Applicant could object to the 3" air line and especially to the 2" water line.

This proposed project will have little or no policing unless more travel money is available. If a contract is to be given, possibly better control over costs and work done where there will be a dual operation would be by an actual cost contract with maximums and any prorating of split services.

GCSelfridge/hb
1/15/62
cc: Docket OME-6148
Director's Reading File
G. C. Selfridge

P.S. Because Mr. Kaufman quoted the price of $25,000 for a D-8 which was the price of a few years ago, the writer called a Mr. Singer of the Caterpillar Tractor Company. The call was returned late in the afternoon after this memorandum had been written. Mr. Singer gave the following information:

The cheaper D-8 tractor with blade costs approximately $37,000. Under average conditions and amortizing on a 10,000-hour basis, the Company calculates that it costs an operator $11.50 an hour for all costs including insurance and taxes, wages at $3.00, and fuel and lubricants at a little over a dollar. The average operator charges from $15.00 to $18.00 an hour, thus, making a profit from $3.50 to $6.50 an hour. The amortization basis of 10,000 hours is equivalent to slightly more than 3 years. He further stated that the new D-7 tractor with 128 draw bar horse power is approximately equivalent to the old D-8. The cost of this tractor is approximately $25,000.

Mr. Anderson lists fuel at $3.30 an hour and grease and lubricants at 70¢ an hour, or $4.00 an hour. This is approximately 4 times the figure given the writer by Mr. Singer.

On page 9 of Mr. Chadwick's paper on the Bear Creek Mining Company's activities in the Ruby Creek area of Alaska the following statement appears: "Freight on Fuel--This added item would run slightly over 10% of total Stateside operating costs."

George C. Selfridge

MME Form 7
(10-58)

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December 26, 1961
as supplemented January 11,1961
(page 2)

Memorandum to the File

From: W. R. Griswold, Chief, Division of Minerals

Subject: OME-6148 (Gold-Silver)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

The contract is being set up in two stages--bulldozing of trenches along the outcrops, and later to do underground work if indicated.

The Applicant had previously requested all such work as a one-stage project, but in a letter received December 11, 1961 it is stated that the financial backers want to trench first and then use such trenching "as a guide for much of the proposed underground work."

We are in full accord with the above; we very much doubt that a company-sized operation could ever be warranted by underground work in or near the couple of small ore lenses presently known. On the other hand, if the dozer trenches give indications of ore bodies of any significance, Stage II would become operative and underground work of crosscuts and drifts laid out to explore areas of the favorable showings.

If the trenching gave only generally negative results, the project would be terminated.

The question of costs in an area as isolated, and with so many handicaps, as this, is never an easy determination. The Applicant requests an allowance of $25.00 per hour for the D-8 costs and $21.50 per hour for the TD-18 dozer. Probably this is a fair figure; D-8 costs often carry a $15.00-$16.00 hourly cost in our projects in the West and Northwest and we are advised by Kevin Malone that $25.00 is the going rate for D-8's in the Fairbanks area.

However, we cannot agree with the Applicant's estimate of $70.00 per foot for crosscutting and drifting. Using its own figures but eliminating excess personnel, we get to a cost figure of $61.00 per foot. The following is lifted from the Applicant's estimate, but we contemplate 4 feet advance per shift instead of 3 feet, and supernumeraries are eliminated.

2,000 feet total

| | |
|---|---|
| 4 miners (2 per shift)<br>500 shifts, 1,000 man shifts @ $40.00 | $40,000.00 |
| Supervising mining engineer, 10 months<br>@ $1,200/month | 12,000.00 |

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| | | | |
|---|---|---|---|
| Unemployment insurance, 15% x 52,000 | | $7,800.00 | |
| Board (including cook @ $30.00/day) 1500 x $10.00 | | 15,000.00 | |
| Personnel transport | | 1,690.00 | $76,490.00 |
| Material and Supplies | | | |
| Track | | | |
| Ties per foot | $0.65 | | |
| Rail and Accessories | | | |
| 2.35 x 50% (salvage) | 1.18 | | |
| | 1.83 | | |
| 2,000' | | $3,660.00 | |
| Pipe, air line 3" | $1.25 per ft. | | |
| " water 1" | 0.50 " " | | |
| " vent line 12" | 1.25 " " | | |
| | $3.00 | | |
| Salvage 50% x 2,000 feet | | 3,000.00 | |
| Power $3.40 per ft. x 2,000 | | 6,800.00 | |
| Drill accessories, $2.00 per ft. x 2,000 | | 4,000.00 | |
| Explosives, $5.00 per ft. x 2,000 | | 10,000.00 | |
| Repair parts, $2.00 x 2,000 feet | | 4,000.00 | |
| Miscellaneous supplies, $3.00 x 2,000 ft. | | 6,000.00 | |
| Depreciation, $4.00 x 2,000 feet | | 8,000.00 | 45,460.00 |
| Total estimated cost 2,000 feet | | | $121,950.00 |

equals $60.98 per foot

Round to $61.00

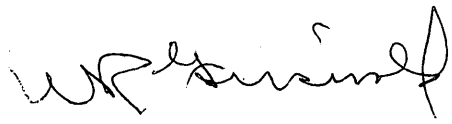
Supplemented January 11, 1962:

It has been suggested that perhaps the estimated cost of $25.00 per hour for bulldozing (D-8 size ) might be more than is really necessary. Speaking frankly, the undersigned cannot maintain that he is a qualified expert on estimating northern Alaska costs; hence has had to guide by the evidence submitted. Years of operating experience teaches humility; it is so easy to sit in a warm office, far removed from the scene of operations, and pontificate about what an operator should be able to do out on the job.

But the operator, sweating it out and trying to keep the wheels turning, soon learns some of the hard facts of life; he learns that delays are inevitable and that delays cost money. He learns that sometimes materials and supplies do not arrive as scheduled, that men sometimes fail to show up for work when needed, that storms can hamper operations, that equipment can break down at a critical moment.

In an attempt to get a little background information, the writer consulted with Charles H. Johnson, Bureau of Mines, concerning the Bureau's Alaskan engineers who made the examination and wrote the report for us on this project. He stated, "I am not personally acquainted with Malone who made the examination, though it is my understanding that he is considered capable. In any event, anything he may have written would first have been reviewed by his boss, Herdlick. If this report, as you say, was reviewed and endorsed by Herdlick, I think you may consider it as reliable."

Therefore, it is the opinion of the undersigned that the estimates of the Alaskan engineers of the Bureau, who are actually on the ground and are familiar with Alaskan conditions, should be of considerably more value than the more or less off-the-cuff estimates of any of us in the Washington office.



Re: OMC-6148

Why should 3rd item be in General Conditions? Is food and quarters any of our concern?

Shouldn't first words at top of page 2 of Exh A read "All samples from mineralized zones" or something similar?

Pencil strike-outs and changes have been made on page 1 of Annex I and pages 2 and 3 of Exh. A.

Talbut
12/20/61

DRAFT
12/26/61
WRGriswold/gl

MME Form 51
Feb. 1959

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Draft of contract for docket, as corrected from original showing Mr. Talbert's and Mr. Selfridge's notations

EXPLORATION CONTRACT
(Short Form)

| Docket No. | Commodity | Contract No. | County | State |
|---|---|---|---|---|
| OME -6148 | Gold-[redacted] | 14-23-090- | Fairbanks Precinct, | Alaska |

It is agreed _____ (Date), between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and

**Little Squaw Mining Company, an Alaska corporation**

whose mailing address is **309 Radio Central Building, Spokane 4, Washington**, hereinafter called the "Operator," as follows:

ARTICLE I. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before _____ (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within **30** months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $~~166,550.00~~ 167,750.00. The Government will contribute 50 percent of the total fixed unit costs of the work performed, not in excess of $83,875.00 in accordance with the provisions of Articles 4 and 5.

(c) Interest computation.--Simple interest computed annually at the rate of _____ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

(d) The Operator shall not transfer or assign this contract or any right or obligation thereunder without the written consent of the Government.

ARTICLE 2. Operator's rights in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

**Interests of Lessors.**

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the Lien Agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

**Three Lien and Subordination Agreements, ~~dated April 26, 1961,~~ by Chandalar Gold Mines, Inc., and Eskil Anderson**

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.--The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. To the extent that amounts in excess of fixed unit costs or in excess of the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such amounts for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator.

(b) Monthly reports.--The Operator shall provide the Government with five copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; and

(3) a narrative report of the work performed during the reporting period, including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground.

(Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's royalty relates, such as copies of smelter or concentrator settlement sheets and certified accounts of production and sale or other disposition of production.

(e) Compliance with requirements.--If the Government determines that any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the preparation or completion of same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the Government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the [redacted] 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 (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 6(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 7. Termination of the Government's Obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to pay on account of units of work not then performed; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 11.

ARTICLE 8. Notices to be given by the Government may be delivered to the Operator or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

**See Article 14**

ARTICLE 10. Nondiscrimination.--In connection with the performance of work under this contract, the Operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the Government setting forth the provisions of the nondiscrimination clause.

The Operator further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

ARTICLE 11. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, Office of Minerals Exploration, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, Office of Minerals Exploration, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, Office of Minerals Exploration, a written appeal addressed to the Secretary. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, Office of Minerals Exploration," as used herein includes his duly authorized representative.

ARTICLE 12. Eight-Hour Law of 1912--Overtime compensation.--This contract, to the extent that it is of a character specified in the Eight-Hour Law of 1912, as amended (40 U. S. Code 324—326) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. Code 35—45), is subject to the following provisions and exceptions of said Eight-Hour Law of 1912, as amended, and to all other provisions and exceptions of said Law:

No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Operator or any independent contractor contracting for any part of said work contemplated, shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this clause. The wages of every laborer and mechanic employed by the Operator or any independent contractor engaged in the performance of this contract shall be computed on a basic day rate of eight hours per day; and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this clause a penalty of five dollars shall be imposed for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this clause, and all penalties thus imposed shall be withheld for the use and benefit of the Government.

ARTICLE 13. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 14. Changes and added provisions.--

**The provisions of Section 301 of Executive Order No. 10925 of March 6, 1961, required to be included in every Government contract are by reference hereby and herein incorporated and made a part of this contract. A copy of said Executive Order is attached to this contract as Exhibit B.**

Executed in quintuplicate the day and year first above written.

**LITTLE SQUAW MINING COMPANY**
(Operator)

By _____

Title _____

THE UNITED STATES OF AMERICA

By _____
**Director, Office of Minerals Exploration**

I, _____, certify that I am the
(Name)

_____ secretary of the corporation named as Operator herein; that

_____, who signed this contract on behalf of the Operator, was then
(Name)

_____ of said corporation; that said contract was duly signed for
(Title)

and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____

[CORPORATE SEAL]



INT.-DUP. SEC., WASH., D.C. 52375

DRAFT
12/26/61
WRGriswold/gla

EXPLORATION CONTRACT
LITTLE SQUAW MINING COMPANY
OME-6148

ANNEX I

The land referred to in Article 2 of the contract, with all rights pertaining thereto, consists of a total of 21 patented and two unpatented claims located in the Chandalar Mining District of the Fairbanks Mining and Recording Precinct of Alaska.

The claims are held under two separate leases, as follows:

Mikado-Star group of claims, owned by Eskil Anderson and held by the Operator under a lease, dated April 29, 1959.

| Claim Name | U. S. Patent Number |
|---|---|
| Tobin | 1024558 |
| Little Mikado | 1024558 |
| Mikado | 1024558 |
| Star No. 1 | 1036359 |
| Star No. 2 | 1036359 |
| Star No. 3 | 1036359 |
| [redacted] | [redacted] |

Wolf, an unpatented claim recorded at Fairbanks, Alaska, in Volume 24 of Locations, page 330.

Little Squaw-Eneveloe group, owned by Chandalar Gold Mines, Inc., a Delaware corporation. Claims were leased by the owner under a Mining Lease and Option, dated March 1, 1948, to Eskil Anderson who, in turn, leased to the Operator under a Mining Lease, dated April 29, 1959.

A mortgage exists against these claims, made November 2, 1935, in favor of Clara Sulzer, and recorded in the office of the United States Commissioner for the Chandalar Mining District in Volume 1 of Mortgages, page 29. On April 18, 1947, Clara Sulzer assigned the mortgage to Eskil Anderson.

| Claim Name | U. S. Patent Number |
|---|---|
| Bonanza | 1036358 |
| Eneveloe | 1036358 |
| Golden Eagle | 1036358 |
| Venus | 1085904 |
| Jupiter | 1085903 |
| Woodchuck | 1085903 |
| Little Squaw | 1022769 |
| Big Squaw | 1022769 |
| Sine | 1022769 |
| Cosine Fraction | 1022769 |
| Crystal | 1022769 |
| Cosine | 1036360 |
| Crystal No. 2 | 1036361 |
| Cosine No. 1 | 1088433 |
| Cosine No. 2 | 1088433 |

Chandalar, an unpatented mining claim recorded at Fairbanks, Alaska, in Volume 29 of Locations, page 206.

All claims pertaining to this contract are shown on the attached Figure 1.

EXPLORATION CONTRACT
LITTLE SQUAW MINING COMPANY
OME-6148

## EXHIBIT A

The purpose of the project is to explore for gold ores along the strike of the Little Squaw and Mikado vein zones by bulldozer trenching and by crosscutting and drifting, with attendant longhole drilling. The work under the project is divided into two stages. Stage I work shall be ~~completed~~ done as outlined herein and as much of Stage II work shall be done as is given ~~advance~~ approval by the Government. (Such Stage II work shall be contingent upon favorable results having been obtained under Stage I.) not On either vein zone, Stage II

### General Conditions

The Government will not contribute to the cost of any work done closer than 100 feet to the property boundary.

The trench intervals shall not be closer than 100 feet.

not (Adequate living quarters and food shall be provided for the employees.)

Crosscuts and drifts shall be of a minimum size of five by seven feet in the clear of timber and shall be timbered as necessary. Such timbering shall consist of standard drift sets, with a timber dimension of not less than 8" by 8" or equivalent round timber. The Government will contribute to the cost of not to exceed 100 feet of such timbering.

Mine ~~track~~ rail shall not be of less than 20-lb. size, compressed air lines of not less than 3-inch size, water lines of not less than 2-inch size, and ventilation line of not less than 12-inch size.

Insert, see page 3

All samples, from whatever source, shall be reduced by splitting, as necessary, and assayed for gold. One fraction of the sample shall be stored in a proper container, marked as to location and made available to the Government. The Operator may dispose of such stored samples after Government approval.

The Government will contribute to the assay costs only to the extent of 300 assay determinations under Stage I and 300 determinations under Stage II.

The work shall be supervised by an experienced engineer or in work closely related thereto, or geologist who shall devote his full time to the project work. The Operator shall also provide such other technical services and labor as are required to complete the project work in a satisfactory manner.

## Description of the Work

### Stage I

A series of trenches shall be bulldozed, at locations approved by the Government, along the Little Squaw and Mikado vein zones, to determine whether such veins are gold bearing to a significant degree, in addition to the gold ore shoots presently known to exist.

The trenches shall be excavated approximately normal to the vein strike, (cutting to bed rock, so as to expose the vein out and make it available for sampling.) The bulldozers used shall be of D-8 size (or equivalent size of other make) and TD-18 size (or equivalent). Such trenching work shall not exceed the following:

1,200 hours with D-8 or equivalent

500 hours with TD-18 " "

The veins exposed in the dozer trenches shall be sampled normal to their trends, using fractional sampling in instances where the mineralization shows "banding" or concentrations in certain portions of the veins. In no event shall an individual sample represent a vein width of greater than five feet.

All trenching done and the assay results of all trench sampling shall be adequately shown on maps or sketches to accompany the monthly reports made to the Government.

Upon conclusion of ~~all~~ Stage I work, a map or maps shall be provided to the Government showing the locations of all trenches and all sampling results, so that a determination may be made as to the advisability of proceeding with [redacted] and to aid in determining where and how Stage II work should be done, if indicated. ) out

<u>Stage II</u>

Not to exceed a total of 2,000 feet of crosscutting and drifting may be done, with locations and directions ~~having been sincerely approved~~ approved by the Government, to explore vein areas believed favorable as a result of Stage I work.

All mineralized veins encountered in the drifting and crosscutting shall be sampled normal to their trends, at linear intervals not greater than ten feet. In instances where the mineralization may show "banding" or concentrations in certain portions of the veins, fractional sampling will be done. In no

Delete out and put at top of page 2

vent shall an individual sample represent more than five feet of vein width.

Long-hole drilling shall be done from the walls of the drifting to insure the testing of the full widths of the vein zones. Such long-hole drilling shall not be done at closer than 50-foot centers. All cuttings of mineralized vein material encountered in such drilling ~~would~~ be sampled, with no sample representing a hole length of greater than five feet. The Government will contribute to the cost of not to exceed a total of 2,000 feet of such long-hole drilling.

Advances of crosscuts and drifts, plus the long-hole drilling, together with the assay results of all sampling, shall be adequately shown on maps or sketches submitted with the monthly reports to the Government.

## Estimated Costs of the Project

### Stage I

#### Fixed Unit Costs

| | | |
|---|---|---|
| Bulldozing | | |
| D-8 - 1,200 hours @ $25.00/hr. | $30,000.00 | |
| TD-18 - 500 hours @ $21.50/hr. | 10,750.00 | |
| Assaying | | |
| 300 determinations for gold, including cost of sacks and air transport, @ $3.00 each | 900.00 | |
| Total cost Stage I | | $41,650.00 |

## Stage II

### Fixed Unit Costs

| | | |
|---|---|---|
| Drifting and crosscutting, | | |
| 2,000 feet at $61.00/ft. | $122,000.00 | |
| Timbering of drifts and crosscuts, | | |
| 100 feet @ $12.00/ft. | 1,200.00 | |
| Long-hole drilling, | | |
| 2,000 feet at $1.00/ft. | 2,000.00 | |
| Assaying 300 determinations for | | |
| gold, including costs of sacks | | |
| and air transport, @ $3.00 each | 900.00 | |
| Total Cost Stage II | | $126, 100.00 |
| Total Estimated Cost of Project, | | |
| Stages I and II | | $167,750.00 |
| Government Participation at 50% | | $83,875.00 |

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
December 19, 1961

OFFICIAL FILE
O. M. E.
RECEIVED DEC 26 1961

| DATE | INITIALS | CC |
|---|---|---|
| 12/26 | [illegible] | 500 |

Air Mail

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6148 (Gold-Silver)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

Enclosed are three copies each of plates 1 and 2 to accompany my memorandum of September 28, 1961, regarding the subject application. The two plates combine recommendations made in my memorandum with alternatives that were suggested in correspondence and conversations with you and with the applicant. The latter's letter enclosing his cost justification was received December 11, 1961, while I was in the field and was forwarded to you on that date.

There are outcrops at varying intervals along both the Mikado and Little Squaw veins that contain gold of economic grade. The underground work completed to date indicates that the values continue to the present depth of exploration on each vein but that they occur in disconnected shoots of varying size. Because of this and the isolated location of the property, a mill will be necessary for economic production. The problem is therefore how best to arrive at an estimate of the frequency, size, and grade of the lenses as quickly and economically as possible. Eskil Anderson has spent considerable time studying the occurrence of gold in the two vein zones and is convinced that the trenching and underground work proposed in the application and reproposed in his last letter will furnish enough information to determine whether an economic operation can be expected. Mr. Malone of the Bureau of Mines apparently concurs. The people involved are responsible operators and can be relied upon to spend money for exploration wisely. Therefore, I urge that the proposed trenching along the two vein zones be reconsidered.

On plate 1 I have indicated as a minimum six trenches across the Mikado zone. Underground, I have indicated on the 100 and 200 levels drifts easterly along the hanging-wall vein and crosscuts southerly

to cross the zone. To the west, I have indicated on the 200 level drifts westerly on the hanging-wall and footwall veins with crosscuts respectively south and north. I do not recommend all this work but have included it so that you can indicate which you believe preferable. I recommend drifting on the 200 level easterly and westerly along the hanging-wall vein with crosscuts to the south across the vein zone.

On plate 2 I have indicated as a minimum seven trenches across the Little Squaw zone, and the general location of the underground work. The actual altitude of the tunnel portal will be determined by the results of the trenching. The raise connecting with the winze from the existing tunnel in conjunction with the raise from the existing tunnel should indicate the vertical continuity or irregularity of the ore lenses.

D. R. MacLaren

D. R. MacLaren

Enclosures

U. S. Department of the Interior

LITTLE SQUAW MINING COMPANY

Suite 309-312 Radio Central Building

Spokane 4, Washington

Telephone: MA 4-2501

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 11 1961

| DATE | INITIALS | CODE |
|---|---|---|
| | | 500 |
| | | 500 |

Mr. George C. Selfridge
Chief, Division of Field Operations
Office of Mineral Exploration
Department of Interior
Washington 25, D. C.

Re: OME - 6148 (Gold-Silver)
Mikado, Little Squaw, Eneveloe Groups
Chandalar Mining District
Fairbanks, Precinct, Alaska

Dear Mr. Selfridge:

We have recently talked to persons interested in helping us finance our part of the work proposed in our loan application. They believe that the maximum amount possible of effective surface work consisting of bulldozer trenching and sampling on the Mikado, Little Squaw and Chandalar Groups will determine more about the potential of the district at less expense than any other work. Unless there should be a rise in the price of gold they first want a program of bulldozer trenching and sampling of the stripped veins and mineralized zones carried out during June to September using two D-8's and a TD-18. This trenching would also serve as a guide for much of the proposed underground work. There would be no wildcat work in the trenching as traces of the shear zones within which the valuable mineralization is confined are visible, and laterally, east-west, along the shear zones trenching will be confined in and between zones where sulfides with free gold in the quartz outcrops and in float have been known for many years.

The government participation in the proposed trenching program would total a maximum of $20,375.00. Government participation in the underground work would reach a maximum of $84,875.00. We believe actual costs will exceed twice those amounts. Our request is for government participation at rates of $25.00 per hour for D-8s, $21.50 for TD-18's, and $70/foot for drifting and crosscutting. The total cost of the program at these unit cost figures is $210,500.00. The government loan one-half portion would be $105,250.00.

The requested break down of costs for the trenching program and for the underground work follows. These estimates will more closely approach actual costs.

SURFACE TRENCHING

| | |
|---|---|
| 1200 hours with D-8 caterpillars @ $25/hr. | $ 30,000.00 |
| 500 " " TD-18 " @ $21.50/hr. | 10,750.00 |
| | $ 40,750.00 |

2 D-8 caterpillars - 60 ten-hour shifts each.

1. LABOR, FUEL, PARTS, ETC.

| | | |
|---|---|---|
| Labor - 2 cat skinners, 60 days each @ $50/day ($5/hour) | $ 6,000.00 | |
| Diesel fuel -33 gals./ 10-hr. day/cat @ $1.00/gal. (Diesel costs approximately $1.00/gal. after air and tractor transportation) $3.30/hr. | 3,960.00 | |
| Grease and lubricants @ 70¢/hr. | 840.00 | |
| ✓ Repair, parts, etc. @ $3.00/hr. | 3,600.00 | |
| Total $12.00/hr. | | $14,400.00 |

2. Fixed Costs @ $24,000.00 per D-8

| | | |
|---|---|---|
| ✓ Depreciation - 1/60th or $400/month ($1.33/hour) | $ 1,600.00 | |
| ?✓ Overhaul - 15%/yr. or $300/month ($1.00/hr.) | 1,200.00 | |
| ✓ Taxes, insurance, etc. 15%/yr. or $300/month ($1.00/hr) | 1,200.00 | |
| Total $3.33/hr. | | $ 4,000.00 |

3. Overall Charges applicable to D-8's and TD-18's - 1700 hours.

| | |
|---|---|
| Supervision - 1 mining engineer - 4 months (includes surveying before bull-dozing, mapping, and sampling trenches, and extra help necessary.) | $ 6,000.00 |
| Blasting, plugging, and mucking out an estimated 50 trenches for sampling. Blasting and plugging on access routes. | 3,000.00 |
| Air freight and assaying of samples - estimate 300 samples. Air freight @ $1.70 each. (Includes costs of some rough check assays at camp) | 1,500.00 |
| ?✓ Mechanic - 2 months @ $1500.00 | 3,000.00 |
| Board, including cook and camp supplies - 75 days @ $10/day/man (6 men) | 4,500.00 |

Personnel transportation
(at the above wages top flight men are not available at Fairbanks for only 2½ summer months)

| | | |
|---|---|---|
| 4 men -round trip Seattle-Fairbanks | $250 | 1,000.00 |
| 6 men - " " Fairbanks-Chandalar | 88 | 528.00 |
| | | $ 1,528.00 |

| | | |
|---|---|---|
| Supply Truck - 500 gallons gasoline (@ $1.00 per gallon | $ 500.00 | |
| Total $11.78/hour | | $20,028.00 |

N.B. Snow clearing of landing strip, air freighting, and bulldozer freighting of fuel oil, lube, groceries, parts, and supplies begins at the end of April. About ten C-46 loads of freight at about $660 perload are required. About 220 hours of bulldozer freighting are required to land freight at points of use. These costs are responsible for the higher landed value of fuel, parts, and for a small part of the $10/day board charge. No accounting or similar overhead charges are included; no provision made for contingencies or emergency charter flights; no charges for living quarters, buildings, or fuel for buildings either in cook shack or in living quarters. not negligible

- - -

TD-18 50 ten-hour shifts.

4. Labor, fuel, parts, etc.

| | | |
|---|---|---|
| Labor - 1 cat skinner, 50 days @ $50/00 day ($5.00/hr.) | $ 2,500.00 | |
| Diesel fuel - 30 gal/10 hr./day @ $1.00/gal. x 50 ($3.00 hour) | 1,500.00 | |
| Grease and lubricants @ 70¢/hr. | 350.00 | |
| Repair parts, etc. @ $3.00 hour | 1,500.00 | |
| Total $11.70/hr. | | $5,850.00 |

5. Fixed costs @ $15,000 per TD-18

| | | |
|---|---|---|
| Depreciation 1/60th or $250/mo. (1 2/3 months $0.83/hr. | $ 415.00 | |
| Overhaul 15%/yr. or $190.00/mo. (1 2/3 months $0.64/hr. | 320.00 | |
| Taxes, insurance, etc. 15%/yr. or $190.00/mo. $0.63/hr. | 320.00 | |
| Total $2.10/hr. | | $ 1,055.00 |

Total estimated actual cost $ 45,333.00

Summary of costs for 1200 hours with D-8s:

| | | | |
|---|---|---|---|
| 1. | Labor, fuel, grease, repairs, parts | $12.00/hr. | |
| 2. | Fixed costs | 3.33/hr. | |
| 3. | Supervision, blasting & sampling, check assaying, mechanic, board, personnel transportation, etc. | 11.78/hr. | |
| | Total | $27.11/ hr. | Approx.$32,532.00 |

Summary of costs for 500 hours with TD-18:

| | | | |
|---|---|---|---|
| 3. | Overall charges - supervision, etc. | $11.78/hr. | |
| 4. | Labor, fuel, grease, parts | 11.70/hr. | |
| 5. | Fixed costs | 2.10/hr. | |
| | Total | $25.58/hr. | Approx. $12,790.00 |

Requested government participation:

| | |
|---|---|
| 1200 hours with D-8s @ 1/2 of $25.00/hr. -flat unit cost. $12.50/hr. | $15,000.00 |
| 500 hours with TD-18 @ 1/2 of $21.50/hr. -flat unit cost. $10.75/hr. | 5,375.00 |
| Total requested government participation | $20,375.00 |

2425' of drifting and cross cutting - 5' x 7' in clear
Estimated daily advance, including dead work time, 3 feet per day. Two crews 6 feet per day.

(Dead work time includes logging for posts, caps, stulls and their freighting; timbering of snow sheds, portals, raise; housing for equipment at portals, help in surveying, mapping, assaying sampling, camp preparations, etc. Occasional bulldozer use for heavy moving, installation of track and of air, water, vent lines, with antifreezing precautions, etc.)

1. Labor, supervision, etc.

| | | |
|---|---|---|
| Labor: 4 miners x 400 days x $40/day including overtime | $64,000.00 | |
| 2 assistants x 400 days x $30/day including overtime | 24,000.00 | $88,000.00 |
| Supervision: | | |
| Mining engineer, 15 months @ $1200/mo. (Includes surveying, mapping, rough preliminary assaying, sampling, reports, overall direction of operation) | | 18,000.00 |
| Consultants: | | |
| Engineer-geologist 25 days @ $100 | | 2,500.00 |
| Bookkeeping: | | 1,500.00 |
| Miscellaneous: | | |
| Board (including cook @ $30/day) 2850 man days @ $10 | | 28,500.00 |
| Assaying: | | |
| 1,000 samples @ $3 (should be able to move some out on charter backhaul) | | 3,000.00 |
| Unemployment insurance: | | |
| Alaskan insurance taxes, etc. 15% of $106,000.00 | | 15,900.00 |
| Personnel transportation (required by Alaskan law) | | |
| 5 men-round trip Seattle-Fairbanks @ $250 | $1,250.00 | |
| 9 men- " " Fairbanks-Chandalar @ $88 | 792.00 | 2,042.00 |
| (easily doubled by operation in two separate years and by illness, accidents, dropouts) | | |
| TOTAL | | $ 159,442.00 |

2. OPERATING MATERIALS AND SUPPLIES:

| | | | | |
|---|---|---|---|---|
| Track: | Rail - $0.90/ft. F.O.B. Seattle | | | |
| | 1.10/ft. Freight to Chandalar | | | |
| | $2.00/ft. of drift for rail | $2.00 | | |
| | Fishplates, bolts, spikes (frt. included) | | | |
| | $0.35/ft. of drift | .35 | | |
| | Ties (4 x 6, 3' long $300/1000 bd. ft. delivered) | .65 | | |
| | Cost for drifting | $3.00/ft. | | $ 7,275.00 |
| Pipe: | Water Line-special antifreezing installations necessary for lines | $0.50/ft. | | |
| | Air line | 1.25/ft. | | |
| | Vent line | 1.25/ft. | | |
| | Cost for drifting | $3.00/ft. | | 7,275.00 |
| Power: | Diesel fuel and lube @ $1.00/gal. | $3.00/ft | $7,275.00 | |
| | 1000 gals. gas (truck) @ $1.00/gal. | .40/ft | 1,000.00 | |
| | Cost for drifting | $3.40 ft | | 8,275.00 |
| Drill accessories: | | | | |
| | Drill steel & bits | $2.00/ft. | | 4,850.00 |
| Explosives: | | | | |
| | 24,000# Dynamite @ $25/100 plus freight from Seattle @ 17¢ lb. (Normal total freight from Seattle to Mikado is 10-11¢/lb. Explosives require special rates.) | | $10,080.00 | |
| | 10,000 caps @ $28.25/1000 plus 550# @ 17¢ frt. | | 376.00 | |
| | 100,000 ft. fuse @ $14/1000 plus 1700# @ 17¢ frt. | | 1,689.00 | |
| | Total @ $5.00/ft. | | | 12,145.00 |
| Repair Parts @ $2.00/ft. | | | | 4,850.00 |
| Miscellaneous Supplies: | | | | |
| | Carbide, switches, tanner gas @ $200.00/bbl., antifreeze, misc. fittings, oxygen, acetylene, welding rod, propane, etc. @ $3.00/ft. | | | 7,275.00 |
| Longhole drilling and sampling, 2500' @ $3.00/ft. $3.10/ft. of drifting | | | | 7,500.00 |
| Lagging 10,000' with freight $300/M $1.25/ft. of drifting | | | | 3,000.00 |
| | | | Total | $62,445.00 |

3. DEPRECIATION ON EQUIPMENT:

Depreciable equipment on hand (See 1960 Financial report) roughly $25,542.56

(New equipment - duplicate set of equipment to be purchased for work on Little Squaw included in use period. To be purchased are mucking machine, compressor, drills, mine cars, housing, truck, radio transmitter, complete outfit for separate underground operations. Estimate $20,000 mining equipment with use period of 30/months.

$4.00/ft. 10,000.00

TOTAL $ 231,887.00

Summary of costs for 2,425 feet of drifting:

| | | | |
|---|---|---|---|
| 1. | Labor and associated costs | $159,442.00 | |
| 2. | Operating materials and supplies and misc. | 62,445.00 | |
| 3. | Depreciation | 10,000.00 | |
| | Total estimated actual cost | | $ 231,887.00 |

Estimated approximate actual cost per foot $95.62.

Requested government loan participation 1/2 of $70.00 per foot or $35.00 per foot flat unit cost for 2,425 feet of drifting and a total of $84,875.00.

Yours very truly,

Eskil Anderson

ESKIL ANDERSON

CC - Donald R. MacLaren, Acting Field Officer
Office of Mineral Exploration, Region 1
S. 157 Howard St.
Spokane 4, Washington

MME Form 7
(10-58)

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| Date | Surname | Code |
|---|---|---|
| 11/22 | [illegible] | 120 |
| 11/22 | Talbot | 800 |
| " | Johnson | 110 |
| | | |
| 11/ | Kennedy | 100 |
| 11/27 | [illegible] | 100 |
| | | |
| 11/27 | gad | 220 |
| 11/24 | Mr. Sheerer | |

OME-6148

November 22, 1961

Memorandum

To: Director, Office of Minerals Exploration

From: Chief, Division of Field Operations

Subject: November Field Trip to Region I

The writer arrived in Spokane, Washington, at 11:30 p.m., November 5, 1961. Mr. MacLaren and he left Spokane by car at 6:30 a.m. the following morning to visit the Crescent mine near Kellogg, Idaho. The visit to the mine and to the Bunker Hill office is discussed in a separate memorandum in Docket DMEA-2764.

The writer spent Tuesday morning consolidating the notes he took at the Crescent mine and in the mine office, acquainting himself with Docket OME-6148, Little Squaw Mining Company, in order to confer with Mr. Eskil Anderson that afternoon, and discussing the OME program in general with Mr. MacLaren who had a number of questions regarding policy and procedures which the writer answered. The matter of costs was discussed. Mention was made that the probable length of rounds could be determined in mine workings by noting the bootlegs left in the trimmer holes at the backs of the drifts and crosscuts. Mr. MacLaren mentioned that he would have to get the cost book information which the Region compiled some years back up to date. He mentioned that he realized that his experience on costs was limited although he had been fortunate enough at one time to do some engineering with a mining company. He also mentioned that it took from one to two hours of his day to confer with applicants, and that in his absence Mrs. Smelser had become quite proficient in answering questions regarding the OME program. The writer suggested that the cost book could be brought up, in part, by just telephoning to equipment and supply houses in Spokane whenever some specific question came up. He promised help for Mr. MacLaren with regard to cost information.

The writer reviewed OME-6178, E. E. Lewis, Inc., as he had been asked by Mr. Griswold to discuss it with Mr. MacLaren. Mr. Lewis had submitted some revised costs which still seemed to be high.

There was also a question regarding the sinking of a winze within the ore zone because of changes of dip. Apparently the Region's docket was not complete, and Mr. MacLaren mentioned that the application had not been referred to him as yet. The writer told him that he would review the matter in Washington.

After lunch Mr. MacLaren and the writer met with Mr. Anderson to discuss the Little Squaw Mining Company projects. It was suggested that at the Mikado work might be better concentrated on one level than to do it on two, the purpose being to learn the rate of repetition of the ore shoots longitudinally. Regardless of how rich an ore shoot may be and even though it continues for an appreciable distance in depth, it would take a number of them to provide sufficient feed for a 100- to 200-ton-a-day mill. Mr. Anderson thought that it would still be best to do the work on the two levels, mentioning something about an 80-ton mill. Seemingly, there would be little question but that Mr. Anderson wishes to develop at least some reserve for himself in case the property wasn't of sufficient potential to interest the parent mining companies.

He would like to bulldoze the entire outcrop of the Mikado vein--over 3,000 feet in length. The writer explained that it would be impossible under an OME contract, but that some bulldozing could be provided for the immediate extension of the vein in the vicinity of the present workings. He was then asked about doing a little work at trenches Nos. 2 and 6 as recommended in previous examinations. Seemingly, Anderson was not interested.

When discussing costs, it was learned that the bulldozers had been used this last season in the nearby placer mine operations, which will be continued this coming season. Regarding specific costs, Mr. Anderson was quite evasive. It was suggested that probably a crew that would stay in all season could be secured from the Alaska School of Mines. He mentioned that they had done this, using students from the Idaho School of Mines. Apparently, they paid their fare and keep and $500.00. When discussing meals, Mr.Anderson stated that one of the men had taken his wife along and she had done all of the cooking. He also mentioned that Birch did a great deal of the underground work in addition to the engineering and had cleared in excess of $15,000.00 this last season, part of which, at least, would be included in the estimated costs for the coming season. To counteract all of the excuses given by Mr. Anderson that a cost breakdown was infeasible, the writer told him that the OME could not make an exception of the cost justification and breakdown required of all applicants. It was suggested that at least the costs of the major items be given, the number of men employed, the daily

rates for advances, the equipment required, etc. Mention was made that any of the companies supplying a major amount of material would be glad to determine what the freight rates might be. The matter of depreciation was also discussed along with allowable repair costs. At the present time there is only a 105 cu. ft. compressor at the Mikado property. This will probably be moved to the Little Squaw property and a larger compressor secured for the Mikado. In closing, the writer told Mr. Anderson that OME would continue processing of the application when the missing information was supplied, and that Mr. MacLaren would be glad to help him in any way he could.

After Mr. Anderson left, the two level maps of the Mikado workings were studied. Seemingly, there has been sufficient work done on the lower level to indicate that the ore above does not continue at least vertically downward. The best ore is along the hanging wall. Ordinarily, ore lenses are considered to have less depth than horizontal length. It is possible that the ore zone rakes flatly. There is some question in the writer's mind just how much attention was given to the detailed geology during the last season's work. Apparently the main thing of interest is the quartz lenses. The remainder of the afternoon was spent in general conversation regarding the program, Region I workload, and the coming visit of the Korean Trainee Yoon.

George C. Selfridge.

GCSelfridge/hb (11/22/61)
Copy to: Docket DMEA-2764
Docket OME-6148
Docket OME-6178
Director's Reading File
G. C. Selfridge

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
October 27, 1961

| OFFICIAL FILE COPY O. M. E RECEIVED OCT 30 1961 | | |
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Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6148 (Gold-Silver)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

This is in reference to your memorandum of October 9, 1961, regarding a cost breakdown showing how the applicant arrived at his estimate of $70.00 per foot for drifting and crosscutting.

Our format for such a breakdown was presented to Eskil Anderson during a visit to this office. He indicated several factors which in this case would make a cost breakdown along these lines extremely costly and time consuming. In the first place, all labor, supervision, surveying, sampling and assaying was done in 1960 by Frank Birch under contract. Freight charges involve rail, steamship, and airline rates and vary not only with weight per cubic feet but even shape of package. The company accounting records show total charges for each shipment and total over-all charges for all equipment and supplies. To go back through the various invoices and distribute the transportation costs to each item then reassemble the item cost to the complete piece of equipment which was disassembled for shipment would be a tremendous and costly undertaking. The company paid only half of the transportation of personnel cost and Birch was fortunate in that his people stayed in for the entire season. In future work the company would have to pay the full cost of personnel transportation $6.70 per foot, in and out and will have some turnover in personnel which will further increase the figure used in his cost estimate.

Enclosed is a copy of a letter dated October 24, 1961, in which Eskil Anderson gives the total cost for various items involved in the 1960 work on the property, and the cost per foot of underground work for each item. Most of the supplies have been exhausted. The equipment is in the Mikado area and for work in the Little Squaw area duplicate equipment will have to be provided.

Unless sufficient tonnage and grade can be indicated to justify construction of a 100- to 150-ton mill, there will never be much production from this property. The underground work will form a basis on which to estimate vertical continuation of ore zones. The purpose of trenching along a strike length of possibly 3,400 feet is to determine the lateral continuity of the ore. By trenching in areas of shallow overburden and weighing the results with those obtained underground, the applicant believes the known potential reserve will be greatly augmented much more rapidly and economically than by limiting the trenching to 400 feet or so beyond the limits of the underground work. While the prudence of putting up a mill justified largely by surface work is certainly open to question, his proposed trenching apparently is considered by Malone of the Bureau of Mines to be sound exploration in this case. However, if OME is unwilling to consider the entire trenching proposal, the applicant will accept a program including limited trenching, say 4 trenches at 100-foot intervals beyond each working face on the Mikado and Little Squaw veins or 16 trenches at 8 hours per trench totalling 128 hours with a D-8 cat at $25.00 per hour. If the trenching is done with a TD-18, the rate would be $21.50 per hour.

Also enclosed are statements from Grandview Mines and Metaline Mining and Leasing Company that they will not contribute more than their share of the project costs.

The corrected Lien and Subordination Agreements have been forwarded. I have not yet had time to prepare the maps. These will be forwarded as soon as they are available.

D R MacLaren

D. R. MacLaren

Enclosures

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October 24, 1961

Donald R. MacLaren, Acting Field Officer
Office of Mineral Exploration
Region 1
S. 157 Howard St.
Spokane 4, Washington

Re: OME -6148 (Gold-Silver)
Mikado, et al., claims
Chandalar Mining District
Fairbanks Precinct, Alaska

Dear Mr. MacLaren:

A breakdown of costs for the 900 feet of drifting done during 1959 and 1960 at the Mikado mine follows. This represents all the work done and we believe the additional exploration work proposed would cost approximately as much. After a more permanent type of operation is established we expect that it should be possible to lower costs in the district.

| | | |
|---|---|---|
| Contract Exploration | $38,038.00 | $42.25/foot |

This total was paid to Frank Birch and assistants for completion of all the work necessary to accomplish the drifting, sampling, surveying, mapping and incidentals essential to obtaining the information shown on his report and for no other purpose.

| | | |
|---|---|---|
| Supplies | $24,666.48 | $27.40/foot |
| Travel | 3,011.26 | 3.35/foot |
| Insurance | 550.20 | 0.61/foot |
| Depreciation on equipment | 4,794.87 | 5.33/foot |
| Miscellaneous | 699.50 | 0.78/foot |
| | Total | $79.72/foot |

37.47

Freight on mining equipment and supplies totaled $16,941.44 not including freight charges to Fairbanks on items, such as diesel oil, which were purchased at Fairbanks. Mining equipment purchased in the states carries variable freight rates including railroad rates to Seattle, ship to Seward, rail to ~~Anchorage~~ Fairbanks, air from Fairbanks to Chandalar and bulldozer freighting from the landing place to the Mikado. These rates also vary with the weight per cubic foot and shape of the material and the extra cost of taking care of this mass of detail is avoided by use of general overall figures.

Two copies of the Little Squaw 1959 financial statement and two of the 1960 statement are enclosed.

No administrative expenses, overhead or supervisory charges are included in the above rates. In future work they will add substantially to total costs.

The generally shallow overburden and known continuity of the mineralized shear zones in the Chandalar district are ideally suited to bulldozer stripping on a large scale. There is no other method of indicating the probable potential of the district and of the Mikado, Little Squaw, and Chandalar shear zones as quickly and cheaply as by a thorough summer bulldozer stripping program.

The bulldozer equipment has not been available for summer use before or stripping would have been the first step in our program of exploration. It would be difficult for someone who has not been in the district to estimate any optimum amount of stripping for the zones. The relative cost to the government is small. The actual costs of bulldozer work will exceed our estimate considerably and we would prefer to stop as quickly as possible if it should appear that the amount of bulldozer work proposed is excessive.

Yours very truly,

Eskil Anderson

ESKIL ANDERSON

EA jcp

encls.

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[redacted]

[redacted]

[redacted]

# LeMASTER & DANIELS

CERTIFIED PUBLIC ACCOUNTANTS

EUSTACE LeMASTER, C. P. A.
E. C. DANIELS, C. P. A.
FIRTH J. CHEW, C. P. A.
T. R. SAMPSON, C. P. A.
FLOYD H. SMITH, C. P. A.
DONALD W. HAMMERSLEY, C. P. A.
GLENN E. NICKELSON, C. P. A.

PHONE MA 4-4319
SYMONS BUILDING
SPOKANE 4, WASHINGTON

CORRESPONDENTS
IN PRINCIPAL CITIES
OF THE UNITED STATES

January 27, 1961

Little Super Mining Company
Spokane, Washington

Gentlemen:

In connection with an examination of the records of Little Super Mining Company for the purpose of preparing income tax returns, we have prepared the accompanying balance sheet as December 31, 1960, and statement of expenses and deficit for the year then ended.

Since we did not audit the accounts, we are prevented from expressing an opinion on the representations contained in the attached.

Very truly yours,

Exhibit A

[illegible]

CURRENT ASSETS

| | | |
|---|---|---|
| Cash in bank | $ 266.11 | |
| Unexpired Insurance Premium | 82.20 | |
| Total current assets | 348.31 | |

FIXED ASSETS

| | Cost | Depreciation to date | Depreciated Cost | |
|---|---|---|---|---|
| Mineral rights and leases | $71,742.31 | $ - | $71,742.31 | |
| Mining equipment | 22,005.68 | 3,776.64 | 18,228.04 | |
| Other equipment | 3,536.85 | 1,018.00 | 2,518.85 | |
| | $97,284.87 | $4,794.87 | | 92,490.00 |

DEFERRED CHARGES:

| | |
|---|---|
| Organization expense | 305.66 |

OTHER ASSETS:

| | |
|---|---|
| Mill plant | 242.79 |
| | $93,386.72 |

[illegible]ILITIES

| | | |
|---|---|---|
| [illegible] | | 7,074.93 |
| [illegible] | | |
| Capital [illegible] shares authorized, 1¢ par value, 875,080 shares issued and outstanding | $87,908.00 | |
| [illegible] | 1,196.2[illegible] | |
| | | 86,311.79 |
| | | $93,386.72 |

EXHIBIT A

# LITTLE SOMAN MINING COMPANY

## Balance Sheet at December 31, 1959

### ASSETS

**CURRENT ASSETS:**

| | |
|---|---|
| Cash in bank | $ 5.00 |
| Inventory mining supplies | 2,092.63 |
| Prepaid equipment rent | 1,860.00 |
| Unexpired insurance premiums | 56.75 |
| Total current assets | 4,014.38 |

**FIXED ASSETS:**

| | Cost | Depreciation Reserve | Depreciated Cost | |
|---|---|---|---|---|
| Mineral rights and leases | $ 23,842.81 | $ - | $ 23,842.81 | |
| Mining equipment | 14,215.32 | 1,344.78 | 12,870.54 | |
| Other equipment | 2,878.78 | 372.33 | 2,506.45 | |
| | $ 40,936.91 | $ 1,717.11 | | 39,219.80 |

**DEFERRED CHARGES:**

| | |
|---|---|
| Organization expenses | 402.17 |

**OTHER ASSETS:**

| | |
|---|---|
| Mill plant | 242.75 |
| | $ 43,879.10 |

### LIABILITIES

**CURRENT LIABILITIES:**

| | | |
|---|---|---|
| Advances from affiliated companies: | | |
| Grandview Mines | | $ 172.80 |
| Metaline Mining & Leasing Company | | 3.95 |
| Total current liabilities | | 176.75 |

**CAPITAL STOCK AND DEFICIT:**

| | | |
|---|---|---|
| Capital stock--6,000,000 shares authorized, 10¢ per share; 441,300 shares issued and outstanding | $ 44,120.00 | |
| Deficit--exhibit B | 587.65 | |
| | | 43,532.35 |
| | | $ 43,879.10 |

EXHIBIT B

# LITTLE BOHAN MINING COMPANY

## Statement of Expense and Deficit
## Year Ended December 31, 1969

**EXPENSE OF PROPERTIES:**

| | |
|---|---|
| Contract exploration | 325,696.00 |
| Supplies | 16,999.19 |
| Travel | 1,090.50 |
| Insurance | 334.35 |
| Depreciation | 3,077.76 |
| Miscellaneous | [illegible] |
| | 47,[illegible] |
| Less: Expenses allocable to mineral rights for lease | [illegible] |

**ADMINISTRATIVE EXPENSE:**

| | |
|---|---|
| Professional services | 423.[illegible] |
| Telephone | 20.[illegible] |
| Rent | 1[illegible].00 |
| Organization expense | [illegible].51 |
| Miscellaneous | [illegible].16 |
| | [illegible] |

**NET LOSS** . . . . . [illegible]

**DEFICIT AT JANUARY 1, 1969** . . . . . [illegible]

**DEFICIT AT DECEMBER 31, 1969** . . . . . [illegible]

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[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

| | | |
|---|---|---|
| [illegible] | [illegible] | |
| [illegible] | 7,667.2[illegible] | |
| [illegible] | 1,[illegible]02.[illegible] | |
| [illegible] | 215.6[illegible] | |
| [illegible] | [illegible] | |
| | 23,[illegible]42.[illegible] | |
| Less: Expenses allocated to mineral rights and [illegible] | [illegible] | |

**[illegible]**

| | | |
|---|---|---|
| [illegible] services | 175.00 | |
| Telephone | 105.37 | |
| Rent | 15.00 | |
| [illegible] expenses | 80.40 | |
| Miscellaneous | [illegible] | [illegible] |
| [illegible] AT DECEMBER 31, 1954 | | $ 427.[illegible] |

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October 25, 1961

Mr. Donald R. MacLaren
Acting Field Officer
Office of Mineral Exploration
Region 1
S. 157 Howard, Spokane, Wash.

Re: OME 6148 (gold-silver)
Mikado, et al., claims
Chandalar Mining District
Fairbanks Precinct, Alaska

Dear Mr. MacLaren:

Metaline Mining & Leasing Company owns or controls approximately one-half of the outstanding or optioned stock of the Little Squaw Mining Company, an Alaskan corporation.

Metaline Mining & Leasing Company would not under present circumstances advance additional funds on this project exceeding one-half of its proportionate ownership of stock in the Little Squaw Mining Company.

Very truly yours,

KARL W. JASPER, President
METALINE MINING & LEASING CO.

kwj j

OCT 27 '61

EXTRA COPY
O. M. E
RECEIVED OCT 30 1961
DATE | INITIALS | CODE

October 25, 1961

Mr. Donald R. MacLaren
Acting Field Officer
Office of Mineral Exploration
Region 1
S. 157 Howard, Spokane 4, Wash.

Re: OME 6148 (gold-silver)
Mikado, et al., claims
Chandalar Mining District
Fairbanks Precinct, Alaska

Dear Mr. MacLaren:

Grandview Mines owns or controls approximately one-half of the outstanding or optioned stock of the Little Squaw Mining Company, an Alaskan corporation.

Grandview Mines would not under present circumstances advance additional funds on this project exceeding one-half of its proportionate ownership of stock in the Little Squaw Mining Company.

Yours very truly,

KARL W. JASPER, President
GRANDVIEW MINES

KWJ J

OCT 2

MME Form 7
(10-58)

OFFICIAL FILE COPY

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| 10/9 | Vinson | 500 |
| 10/9 | Talbert | 800 |
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OCT 9 1961

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

Subject: GMK-6148 (Gold-Silver)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

With reference to your September 28 memorandum report and recommendation covering the referenced application, we would greatly appreciate having you forward us illustrations covering the proposed underground work (as suggested) when convenient for you to do so.

It would seem that the proposed 1700 hours of bulldozing (nine months' work for one dozer) is excessive in comparison to the contemplated underground work. Ordinarily, we only plan on such work as a preliminary guide for later drilling or, possibly, later underground openings. However, it would seem that in this instance much of the proposed surface trenching would have little relationship to the proposed drifting and crosscutting. Obviously, it would be to the Applicant's convenience that the Government contribute to the costs of trenching along a strike length of 3400 feet and, if we contemplated drilling or drifting along such a strike length, the proposed dozer program would be logical. However, in this instance, it is out of balance. May we have your suggestions? It is our thought that, if any dozing at all is allowed, it should provide only for trenching a few hundred feet ahead of the terminal points of the proposed drifting.

We are enclosing the four copies of the Lien and Subordination Agreements of Chandalar Gold Mines, Inc. Under item 3 they should give full detail concerning the existing mortgage.

Inasmuch as Grandview Mines and Metaline Mining and Leasing Company are the owners of the Little Squaw stock, we should have statements from both of the two holding companies that they will not undertake more than their share of half of the costs of an exploration program.

43683

We could not possibly allow a fixed unit cost of $70.00 per foot for crosscutting and drifting without a cost breakdown, more or less along the lines we always require. Certainly Mr. Anderson can provide you with this; he must have some basis for the $70.00 figure. Please note that we do not allow depreciation on track and pipe lines already installed.

We must likewise have a logical breakdown covering bulldozing costs. We do not allow contractors' rates when the equipment is owned by an operator. Certainly we wish to allow what is fair and proper, but figures must be supported by a reasonable breakdown.

/s/ George C. Selfridge

(GB)

Enclosures

WRGriswold/gla
10-9-61
cc to: Director's Reading File
Review Committee
Docket

One (3)

OFFICIAL FILE COPY
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UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
September 28, 1961

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6148 (Gold-Silver)
Little Squaw Mining Co.
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct Alaska

Enclosed are copies of a letter dated September 8, 1961, from J. A. Herdlick, Chief, Alaska Office of Mineral Resources, U. S. Bureau of Mines, Region I, and a report on the subject property by Kevin Malone. No maps indicating the location of the recommended work accompanied Mr. Malone's report.

Mr. Malone recommends, and Mr. Herdlick concurs, that the applicant's proposed work on the Little Squaw and Mikado zones as amended by Eskil Anderson's letter of July 11, 1961, to Mr. Griswold, be approved and that the applicant's estimated cost is reasonable and should be accepted.

After reviewing the application and Mr. Anderson's letter just mentioned, Mr. Malone's recommendation is:

Mikado Zone:

Drift east and/or west from the breasts of present 100-level workings, a combined total of 600 feet. From the east drift drive 2 crosscuts at distances of approximately 125 feet and 250 feet, respectively, from the start of the drifting; the crosscuts will be about 75 feet long and the combined total crosscutting shall not exceed 150 feet.

On the 200-level drift 400 feet easterly and 200 feet westerly from the present drift faces. From the east drift drive 3 crosscuts each about 75 feet long, at distances of approximately 50 feet, 200 feet, and 350 feet from the start of the OME drifting.

REPORT

From the west drift drive 2 crosscuts each about 75 feet long, at distances of approximately 100 feet and 200 feet from the start of the CME drifting. The total drifting and crosscutting is 1,725 feet which, at $70.00 per foot will cost $120,750.00.

?

Little Squaw Zone:

Continue the No. 3 tunnel which has been collared 114 feet below the portal of the main tunnel; drift and raise a total of 700 feet. At $70.00 per foot this will cost $49,000.00.

?

Surface Trenching:

Trace the Mikado and Little Squaw zones by surface trenching with a D-8 and a TD-18 bulldozer. The Mikado zone would be traced by trenches 100 to 200 feet apart over a strike length of about 3,400 feet. The Little Squaw zone would be similarly traced over an unstated strike length. The trenching is estimated to require 1,200 hours of D-8 work at $25.00 per hour and 500 hours of TD-18 work at $21.50 per hour.

Comments:

The Mikado 100-level drift west would be driven to the surface. Due to the steep surface slope all but the final 50 feet or so would be justifiable exploration of the vein. At present the shaft from the surface to the 100-level is filled with ice so that the only access to the level is through a raise from the 200-level. Driving the drift the final 50 feet to the surface would provide access and ventilation and would probably not cost much more than reopening and keeping open the ice-filled shaft. However, to explore this portion of the vein more completely, I recommend that provision be made for one 75-foot crosscut at about 125 feet from the start of the drift.

?

The proposed raise from the new level on the Little Squaw vein would connect with the bottom of the winze from the existing level and would be about 45 feet. With the high gold values as spotty as they are at least 1 raise should be driven to test the vein between levels and this would be accomplished by this proposal with a minimum of raising; thus, the actual drifting would be 655 feet. At about 330 feet the drift would encounter a fault that has offset the vein to the south requiring a crosscut about 60-70 feet long.

Because of the steep slopes and varying amounts of overburden it does not appear to be practical to locate precisely where each trench should be made, nor to foretell how much trenching should be done on each vein zone, nor to say where a D-8 will be necessary and where a TD-18. It is therefore recommended that 1,200

?

hours of D-8 and 500 hours of HD-18 dozer work for trenching be provided and that the locations of the trenches be left to the applicant's discretion.

No.

In the past the applicant's crosscuts have been driven as raises. This was so the muck from the heading could be removed by gravity to the level from which a slusher mucked it into the raise from the lower level. In the future he intends to drive all crosscuts horizontally, muck by slusher to the drift and from there by mucking machine.

The applicant proposes that long hole drilling on 25-foot centers, supervision, sampling, assaying and other related charges will be for company account. In a telephone conversation with Eskil Anderson he advised me that it is difficult to estimate just how much these items would cost but that at $70.00 per foot for underground work the company, by assuming the total cost of these items, would be paying more than 50 percent of the actual cost of the project but probably not too much more. I suggest that if a contract is approved, it include provision for long holing at 50-foot centers. In the Mikado vein this would require 21 long holes each 75 feet in depth or a total of 1,575 feet. In the Little Squaw vein this would require 26 long holes (13 in each wall) about 15 feet in depth or a total of 390 feet. It is estimated that this drilling could be done for $1.00 per foot.

?

Recapitulation:

In general concurrence with Mr. Malone's report and recommendations and incorporating the above comments, the following program is recommended:

1. Trenching the Mikado and Little Squaw Zones:

| | | |
|---|---|---|
| 1,200 hrs bulldozing with D-8 cat at $25/hr | $30,000.00 | |
| 500 hrs bulldozing with TD-18 cat at $21.50/hr | 10,750.00 | |
| Total | | $ 40,750.00 |

2. Mikado Zone:

| | | |
|---|---|---|
| 1,800 ft drift and crosscut at $70/ft | $126,000.00 | |
| 1,575 ft long hole drilling at $1.00 | 1,575.00 | |
| Total | | 127,575.00 |

3. Little Squaw Zone:

| | | |
|---|---|---|
| 700 ft drifting, crosscutting, and raising at $70/ft | $49,000.00 | |
| 390 ft long hole drilling at $1/ft | 390.00 | |
| Total | | 49,390.00 |
| Total for project | | $217,715.00 |
| Government's contribution at 50 percent | | $108,857.50 |

Analyze carefully

1575
390
1965

If you wish, I will prepare illustrations indicating the proposed underground work from the maps accompanying the application. As underground work could not start much before June nor surface work before July, I would prefer to postpone their preparation until some of the more pressing backlog is cleared up. Meanwhile, I would appreciate hearing your thoughts on this proposed work so that I can adjust the illustrations accordingly.

Enclosures
Distribution:
CWE(3)
USGS(SRO)
Decker
MacLaren

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION I

ALASKA OFFICE OF
MINERAL RESOURCES

P.O. BOX 2[illegible]
JUNEAU, ALASKA

September 8, 1961

Mr. D. R. MacLaren
Acting Field Officer
OME, Region I
South 157, Howard Street
Spokane 4, Washington

Re: OME-6148(Gold-Silver)
Mikado Gral., Claims
Chandalar Mining District, Alaska

Dear Mac:

The examination of the referenced claims and evaluation of the proposed exploration program was assigned to Kevin Malone, a mining engineer on our staff who has had major experience in gold mine exploration development and operation. His memorandum to me describing the results of his examination and evaluation is attached for your consideration in recommending such further action as you may consider appropriate.

I have complete confidence in Mr. Malone's ability and judgement and fully endorse his recommendations.

The docket and supporting evidence (7 envelopes) is returned herewith. We hope this necessarily limited examination will serve your purpose.

Best regards.

Sincerely yours,

/S/ J. A. Herdlick
J. A. Herdlick
Chief, Alaska Office of
Mineral Resources, Region I

RECEIVED
Air Mail
SEP [illegible]
Reg[illegible] - R. R. M
SPOKANE, WASH.

Attachments

Letter sent Air Mail 9/11/61

What are equivalent rental [illegible] 6 8" + 8" posts?

Wire fence — all 8" ?

Cost of 1 T & 18 Buildings ?
" " 2 8 " ?

Annual upkeep of each ?
Cost of guarding each ?
Wages of Operator ?

200 [illegible] 2 1. & Xe: — 6' pair [illegible] ?

# LeMASTER & DANIELS

CERTIFIED PUBLIC ACCOUNTANTS

EUSTACE LeMASTER, C.P.A.
E. C. DANIELS, C.P.A.
FIRTH J. CHEW, C.P.A.
T. R. SAMPSON, C.P.A.
FLOYD N. SMITH, C.P.A.

CORRESPONDENTS
IN PRINCIPAL CITIES
OF THE UNITED STATES

SYMONS BUILDING
SPOKANE 4, WASHINGTON

February 12, 1960

Little Squaw Mining Company
Spokane, Washington

Gentlemen:

In connection with an examination of the records of Little Squaw Mining Company for the purpose of preparing income tax returns, we have prepared the accompanying balance sheet at December 31, 1959, and statement of expenses and deficit for the year then ended.

Since we did not audit the accounts, we are precluded from expressing an opinion on the representations contained in the statements.

Yours very truly,

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION I

ALASKA OFFICE OF
MINERAL RESOURCES

P.O. BOX 2688
JUNEAU, ALASKA

September [illegible], 1961

Memorandum

To: J. A. Herdlick, Chief, Alaska Office of Mineral Resources, Region I

From: Project Coordinator

Subject: Little Squaw Mining Co. - OME 6148

On August 23 and 24 I visited the Chandalar lode properties of Little Squaw Mining Co. in connection with the latter's application for an OME loan (Docket No. 6148). Because travel in and out of Chandalar is time consuming and the mines are remote from the [illegible] Creek campsite now used by the applicant, only a limited time was available on the lode properties.

The gold lodes of the Chandalar have been known for more than 50 years. Maddren (USGS Bull. 532) described the geology of the area and the exposures that were open at the time of his visit in 1909. It should be noted that exposures available to Maddren - with the exception of recent underground work on the Mikado group - were greater than those now open for inspection; ice-filling, soil-creep, slouching, and caving have obscured much of the early surface and underground prospecting. Engineering reports by Boadway (1933), McKee (1939), and Birch (1960) describe the deposits, the work done, and the reporting engineer's judgement of ore in sight. Copies of these reports are a part of the OME application. Birch, estimating ore reserves on the Mikado vein system only, shows 11,[illegible] tons at $76/ton, gold. Mining widths are 5 to 15 feet. Because of the nature of the ore occurrences and the methods used for exploration and development work by Birch, a precise check on Birch's figures was not attempted. A rapid check on the middle block (1,[illegible]0 tons at $78), comparing car and cut samples on the 100 level and using car samples for the raises, indicates Birch's figures are reasonable.

Applicant proposes to explore the Mikado and Little Squaw vein systems by trenching, drifting, crosscutting, raising, and long-holing. The Little Squaw deposit (not visited) lies 3 miles northeast of the Mikado. On the Mikado, 1,725 feet of drifting

and crosscutting is proposed (revised program, Little Squaw letter to OME, 7/11/61) with longholing on 25-foot centers along the drifts. Crosscut surface bulldozer trenches on 100 to 200-foot centers over a strike length of 3,400 feet are also proposed for the Mikado group. On the Little Squaw, 700 feet of drifting and raising, also with longholing, is proposed. Dozer trenching to expose the Little Squaw vein both east and west of existing workings are a part of the proposal; no definite strike length for exploration is given. Total cat work (revised program, letter 7/11/61) calls for 1,200 hours with D-8's and 500 hours with a TD-18. The 2,910 feet of diamond drilling, listed by applicant in the original application, was stricken in the revised program.

Total cost for 900 feet of underground work (100 feet of raise, 275 feet drift, 450 feet of crosscut raise, balance not listed) done by Little Squaw Mining Co. in 1959-60 is given as $108/foot; reduced to exclude capital items, the figure is $80/foot. Applicant estimates a cost of $70/foot for the proposed underground work. From discussions with operators in the Fairbanks area and with Bureau engineers familiar with Alaska operations, and on the basis of other data, the $70/foot estimate is considered reasonable. Applicant proposes cat work at a cost of $25/hour for D-8's and $21.50/hour for the TD-18. Going rate for a D-8 in the Fairbanks area is $25/hour. Therefore applicant's figures are considered reasonable. Total cost of the proposed exploration - with 2,425 feet of drift, crosscut, and a minor footage of raise at $70/foot or $169,750, and 1,200 hours of D-8 work and 500 hours with the TD-18 at $25 and $21.50 respectively or $40,750 - is $210,500; with OME participation at 50 percent, the Government loan requested is $105,250. Longholing, supervision, sampling, assaying, and other related charges are for company account only.

Applicant is an experienced mining organization with competent engineering and geological personnel. Recent underground work has been done in a miner-like fashion. The Mikado 200 adit (main entry) and underground workings, except for some minor timbering needed at the collar of the raise to the 100, are in good shape and ready to go. Underground gear and equipment for the Mikado work appears to be in first class shape and adequate, although some scheduling of work cycles may be needed because of limited compressor and line capacity. The old Mikado shaft is ice-filled from above the 100 to within 4 feet of the collar. Present plans are not to reopen the shaft; additional ventilation gear - a few small blowers - may be needed. Mining gear for the Little Squaw part of the program is reported available at Toussaint's Summit operation.

[illegible] and [illegible] year [illegible] [illegible]. For [illegible], three [illegible] which is partially [illegible] and two [illegible]'s, all [illegible] from Matheson's [illegible] lease operation, are available. [illegible], year is adequate and suitable for the proposed work.

[illegible] plan submitted by applicant is well conceived; [illegible] establish whether [illegible] Little [illegible] [illegible] ned into mines. [illegible] past work [illegible] the [illegible] exploration outlay. While [illegible] uncovered so far are [illegible] pretty, the number of [illegible] assays is impressive [illegible] indicate vertical and lateral range of high-grade [illegible] give good [illegible] for [illegible] ore. Exploration [illegible] are as remote as Chantalen are relatively difficult and [illegible] applicant's estimate [illegible] completion of the program by [illegible] questionable, if work is done on a seasonal basis; [illegible] considerable [illegible] mining experience, and [illegible] to cope with [illegible] difficulties [illegible] [illegible] reserves.

[illegible] that [illegible] at [illegible] exploration [illegible] these [illegible] approved.

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So. 157 Howard Street
Spokane 4, Washington
August 4, 1961

Mr. Eskil Anderson
Vice President
Little Squaw Mining Company
309 Radio Central Building
Spokane 4, Washington

Re: OMK-6148 (Gold-Silver)
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

Dear Eskil:

With Karl Jasper's concurrence, I have written Jerry Herdlick of the Juneau office of the Bureau of Mines sending him the docket file relative to the OME application of the Little Squaw and advising him that you would meet with him in Juneau August 14 to make final plans for an examination of the property.

Should some unforeseen event make it impossible for you to meet Jerry on that date, will you please advise him and set a time when you can meet him, sending me a copy of your letter. If he does not hear from you, he will expect you on August 14.

Sincerely yours,

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

cc: O. M. Bishop
U. S. Bureau of Mines
Albany, Oregon

MacLaren:mls
cc: OME
Reading copies to: Nolan, Hobbs, Guild

One

| OFFICIAL FILE COPY O. M. E RECEIVED AUG 7 1961 | | |
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No. 157 Howard Street
Spokane 4, Washington
August 4, 1961

Air Mail

Mr. J. A. Herdlick, Chief
Alaska Office of Minerals Resources
Region I
U. S. Bureau of Mines
P. O. Box 2688
Juneau, Alaska

Re: OMR-6146 (Gold-Silver)
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

Dear Jerry:

Enclosed is an OMR application from Little Squaw Mining Company proposing an exploration project on the Mikado and other claims in the Chandalar Mining District, Fairbanks Precinct, Alaska. Also enclosed are copies of all pertinent correspondence between Washington, the applicant, and this office. From correspondence and telephone conversations with the OMR Washington Office I believe you are expecting this data.

In one or another of six appropriately labeled manila envelopes you will find the application, reports by Ramsdell (1953), McRae (1959), and Birch (1960), general and miscellaneous summary reports and general maps, and patent plats. Please return all this material to this office when it has served its purpose.

After I received Selfridge's memorandum of May 25, 1961, I went over to Eskil Anderson's office to discuss the proposal and try to come to a meeting of the minds on a reduced program. We tentatively agreed on a reduction along the lines suggested in the last two paragraphs of the first page of Eskil's letter of July 11 to Griswold. However, it is quite possible that after an on-site examination and discussion with Eskil on the property the examining engineer may come up with something better, or possibly even a recommendation for denial. In any case conclusions based on a visit to the property will be much better founded than any I could reach in an office in Spokane.

I called Eskil yesterday morning, but he is out of town. However, I talked to Earl Jasper who said to arrange a meeting with you in

Juneau on August 14, adding that if, when Eakil returns to Spokane, he finds he cannot make it on that date, he will advise you. For the record I am writing Eakil a letter to that effect--copy enclosed.

Needless-to-say, we are very grateful to you for your help on this deal, Jerry, as my budget for "field and other" expenses for fiscal 1962 is $1,800, of which I have already used a little over $300 in these four states. Also applications have taken quite a spurt and now that gold, silver, and iron have been added to the list, I look for an extremely busy year.

With many thanks and kindest personal regards.

Sincerely yours,

D. R. Maclaren
Acting Field Officer, CMK
Region I

Enclosures
cc: O. M. Bishop
Albany, Oregon

DRMaclaren:mls
cc: CMK
Reading copies to:
Nolan, Kobbe, Guild

MME Form 7
(10-58)

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| 7-31 | Fumich | 100 |
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AIR MAIL

JUL 3 1 1961

Mr. Eskil Anderson
Vice President
Little Squaw Mining Company
309 Radio Central Building
Spokane 4, Washington

Re: OME-6148 (Gold-Silver)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

Dear Mr. Anderson:

Under the amended regulations which became effective on July 27, gold and silver are now eligible for exploration assistance. Your application, dated May 8, 1961, has been assigned Docket Number OME-6148. Kindly identify all future correspondence relating to your application by this docket number.

The application has been reviewed by the Division of Minerals of the Office of Minerals Exploration and referred to Mr. D. R. MacLaren, Acting Field Officer, OME, Region I, South 157 Howard Street, Spokane 4, Washington.

The Regional Office will notify you with respect to arrangements for a field examination.

Sincerely yours,

George Fumich, Jr.

Director

WRGriswold/gla
7-30-61
cc to: Director's Reading File
Review Committee
Region I (2)
Docket

43683

MME Form 7
(10-58)

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**AIR MAIL**

JUL 31 1961

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

Subject: OMK-6148 (Gold-Silver)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

In connection with our memorandum to you of May 23 and your phone conversation with the undersigned on July 28, the application is now being referred to you for a field examination and recommendations. Arrangements for the examination should be made with Mr. Herlich, at Juneau, for the week of August 14, since we understand Mr. Anderson will then be at the property.

We are enclosing two copies of a letter from the Applicant, dated July 11; you will note the company agrees that diamond drilling is not advisable, at least at the present time. We understand that you already have two copies of all other pertinent material; if not, advise by wire.

/s/ George C. Selfridge (JHB)

Enclosures

WRGriswold/gla
7-28-61
cc to: Director's Reading File
Review Committee
Docket

P.S. Attached are two copies of a self-explanatory teletype dated July 28, 1961, from Mr. C. H. Johnson to Mr. O. M. Bishop relating to the examination of the subject property.

43683

| OFFICIAL FILE COPY O. M. E RECEIVED AUG 4 1961 | | |
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~~C H Johnson~~, 200

Mr. Selfridge, OME
Room 4459

July 28, 1961

Memorandum

To: O. M. Bishop, Chief, Division of Mineral Resources, Region I

From: Chief, Alaska Office of Mineral Resources, Region I

Subject: Examination of Little Squaw Mining Co. gold prospect for O.M.E.

OME-6148

A phone call from Eskil Anderson disclosed the following:

There is no one at the mine in the Chandalar district at present.

Condition of the underground opening is unknown -- maybe blocked with ice.

He is going to the property about August 15th.

There is no urgency about a report to O.M.E. because it is too late to start operations this year anyway.

This is fine with us as we will be able to arrange for the examination after August 15th with considerably more convenience than at present.

J. A. Herdlick

JAHerdlick:mj

CC: Thorne
Malone
File OME
✓ C H Johnson
MacLaren, OME, Spo-

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O. M. E.
RECEIVED AUG 4 1951

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NAME OF AGENCY

MINES

ACCOUNTING CLASSIFICATION

41.4024 P8

THIS BLOCK FOR USE OF COMMUNICATIONS UNIT

PRECEDENCE

ACTION:

INFO.:

TYPE OF MESSAGE

☐ SINGLE ☐ BOOK

☐ MULTI-ADDRESS

SECURITY CLASSIFICATION

STANDARD FORM 14 REV. MARCH 15, 1957
GSA REGULATION 2-IX-203.04

# TELEGRAPHIC MESSAGE

OFFICIAL BUSINESS
U. S. GOVERNMENT

MESSAGE TO BE TRANSMITTED (Use double spacing and all capital letters)

THIS COL. FOR AGENCY USE

START MESSAGE ADDRESS HERE

JULY 28, 1961

O. H. BISHOP
ALBANY, OREGON

REFERRING TO TELEPHONE AND TELETYPE KAUFFMAN RE LITTLE SQUAW GOLD MINE EXAMINATION FOR OMS NO ONE IS AT PROPERTY NOW, BUT THE APPLICANT'S REPRESENTATIVE ESKIL ANDERSON EXPECTS VISIT PROPERTY WEEK OF AUGUST 14. MC LAREN, OMS, ACTING FIELD OFFICER SPOKANE WILL COMMUNICATE DIRECT WITH HERDLICK TO TRY TO ARRANGE FOR EXAMINATION IF IT CAN BE WORKED IN AT THAT TIME.

C. H. Johnson

C. H. JOHNSON

CHJohnson/fdk
Copy to: CONFIRMATION
Files
G. C. Selfridge, OMS, Washington
C. H. Johnson

SENT

JUL 28 1961

Clerical Service Section

J.F.H.

OFFICIAL FILE COPY
O. M. E
RECEIVED JUL 31 1961

| DATE | INITIALS | CODE |
|---|---|---|
| 7-31 | gad | NVO |
| | | NVO |
| | | ~~NOO~~ |
| " | Dressvold | NOO |

DO NOT TYPE MESSAGE BEYOND THIS LINE

OME-6148

PAGE NO. | NO. OF PAGES

NAME AND TITLE OF ORIGINATOR (Type)

C. H. JOHNSON
EXEC. ASST. FOR REGIONAL ACTIVITIES

ORIGINATOR'S TEL. NO.

4286

DATE AND TIME PREPARED

7/28/61 3:15 PM

SECURITY CLASSIFICATION

I certify that this message is official business, is not personal, and is in the interest of the Government.

(Signature)

GPO : 1957 O-F—423399

Herdlick
PO Box 2688 Juneau
Chief, Alaska Office Mineral Resources, Bur. of Mines

THIS IS BUR OF MINES ALBY ORE 379 7/28/61 8/09 AM TWX 32

C H JOHNSON

REUR REQUEST EXAMINATION OF LITTLE SQUAW MINING CO. PROPERTY FOR O. M. E. HERDLICK CAN HAVE IT DONE NEXT WEEK. NEEDS COPY OF APPLICATION ON PERTINENT DETAIL. ADVISABLE FOR OWNER TO BE AT PROPERTY. THE STATE MAN THINKS NO ONE IS THERE. IF SO, SLEEPING EQUIPMENT AND FOOD WILL HAVE TO BE PACKED IN FROM PLANE DROP. IT IS XXXXXXXX A LONG, ROUGH HAUL. PLEASE GET ANY INFO YOU HAVE DIRECTLY TO HERDLICK BY MONDAY, IF POSSIBLE.

A J KAUFFMAN JR
ACTING CHIEF, DIV OF MIN RES

which is necessary for the work under the exploration project. The allowed depreciation charge is on a five-year base; you should therefore estimate a present fair market value of such equipment. All of the various cost items should be expressed in terms as applied to foot of advance of heading. Give expected rate of advance per shift. We require a minimum of two bids for diamond drilling and any other work to be contracted.

Sincerely yours,

W. R. Griswold, Chief
Division of Minerals

WRGriswold/gla
5-23-61
cc to: Director's Reading File
Region I (2)
Mails and Files
Code 500

MME
(10-58)

| Date | Surname | Code |
|---|---|---|
| 5/18 | [illegible] | 500 |
| 5/23 | [illegible] | 130 |
| | on leave | ~~110~~ |
| 5/23 | gad | 220 |
| | | |
| | | |
| | | |
| | | |
| | | |

MAY 2 3 1961

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

Subject: Application 5/8/61
(Gold-Silver)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

We have your memorandum transmitting the subject application, together with material provided by the Applicant. You, of course, understand that we must hold such applications pending until the order becomes effective by final publication in the Federal Register.

While, obviously, we can make no formal field referral at this time, yet perhaps there would be no harm done in giving you our preliminary views on this proposed project. We would not be inclined to enter into a very large-scale program as outlined by the Applicant. Both examining engineers, McKee and Boadway, have given us essentially the same summation. McKee states, "the general impression was obtained that the ore sections of the quartz veins are lenticular and development costs between shoots will be high." Boadway, while more noncommittal, conveys the same impression in saying, "The conclusion drawn from the examination of the vein and fault as exposed in the Mikado workings and from the best reports and information obtainable is that the lenses may be expected to be repeated at unknown intervals for a considerable length and depth along this east-west zone."

We are in full accord with both summations; very probably there would be a series of ore lenses, at unknown and erratic intervals and, most assuredly, such a condition would spell high development costs in all probability, prohibitively high. Spotty, lensy, erratic ore shoots very rarely make substantial mines, though at times operation can be maintained on a diminutive scale.

In considering any possible method of exploration we should be guided accordingly. Information gained from diamond drilling would only be of doubtful value if we could not feel safe in making projections from one hole to another. Likewise, results from bulldozing at intervals across a vein, while perhaps indicating areas of interest, could not be considered as establishing ore continuity. Drifting would probably be the safest method, perhaps preceded by enough bulldozing to determine areas of promise. This is assuming that the proposed drifting cost of $70 per foot could be reduced to a more reasonable figure, comparable to costs under generally similar conditions in past exploration projects in which the Government has been concerned.

In any event, if later on we should feel inclined to offer some assistance, we should not get involved too deeply in a project when possibilities appear sharply limited.

We can see no harm in your discussing the project informally at this time with Mr. Anderson, while he is still in Spokane, so that you may be possessed of all available information for possible later use.

WRGriswold/gla
5-18-61
cc to: Director's Reading File
Review Committee
Mails and Files
Code 500

George C. Selfridge

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 5/23 | [illegible] | 500 |
| 5/23 | [illegible] | 130 |
| | on [illegible] | ~~110~~ |
| 5/23 | gad | 220 |
| | | |
| | | |
| | | |
| | | |
| | | |

MAY 23 1961

Mr. Karl W. Jasper
President
Little Squaw Mining Company
309 Radio Central Building
Spokane 4, Washington

Re: Application 5/8/61
(Gold-Silver)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska

Dear Mr. Jasper:

We have your application of May 8 for Government assistance in an exploration project on the referenced property. We will have to hold it pending until the order adding gold and silver to the list of eligible minerals becomes effective by final publication in the Federal Register.

However, meanwhile, if you wish, you may supplement your application so that we would be able to process it without delay when gold might become eligible. Your letters to the banks did not show the terms requested for the loan; furthermore, we should have at least one letter from an Alaskan bank. Therefore, will you please apply to a principal bank in Alaska, stating the amount of the loan you need for the proposed exploration work and the purpose for which it is to be used, (2) providing the bank with a recent financial statement showing the assets and liabilities of your company, and (3) requesting them to inform you upon what terms they would be willing to make the loan. Copies of your letter to the bank and its reply, together with a copy of the above-mentioned financial statement, should then be sent to this office.

You give us little in the way of cost estimates other than lump sums. Please provide a full breakdown of these costs; show independent contracts (if any), labor and supervision, the various items of materials and supplies, such as timber, fuel, explosives, track, pipe, steel and bits, et cetera; also power and equipment charges. You may charge depreciation on equipment owned by you

(See Applicant's further letter July 11, 1961, and attachments, left-hand side; also Mr. Talbert's memo on financial eligibility)

43683

DMEA FORM 6 REFERENCE SLIP

REV. 12-56 DEFENSE MINERALS EXPLORATION ADMINISTRATION

| TO: | INITIALS | DATE |
|---|---|---|
| 1. 100 | [illegible] | 7-24 |
| 2. 500 | | |
| 3. | | |
| 4. | | |
| 5. | | |
| FROM: NNO | gad | 7-24 |

FOR: Check items for action desired

____ Action ____ Reply for signature of _____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS:

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

MME FORM
REV. 2-59

REFERENCE SLIP
OFFICE OF MINERALS EXPLORATION

| TO: | | DATE | INITIALS |
|---|---|---|---|
| 1. | Chief, Div. of Fld. Operations | 5/4/64 | |
| 2. | | | |
| 3. | | | |
| 4. | | | |
| 5. | D. R. MacLaren | | |

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 8 1964

| DATE | INITIALS |
|---|---|
| 5/8 | DJ |

FROM: Acting Fld. Officer, Reg. I

FOR: Check items for action desired

____ Action ____ Reply for signature of
____ Approval ____ Investigate
____ Comment ____ Recommendations
____ Conference ____ Rewrite
____ Instructions X Your information

Surname
Signature
____ File

REMARKS: OME-6148 (Gold)
Little Squaw Mining Co.
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Amended Contract 2140

Eskil Anderson brought these in -- thought you would find them of interest.

Mr. Selfridge:

5/18/64

Amended contract supersedes prior contracts including all amendments. Project now in use to 6/1/64. Probably can't get altered by Jones, McLaren engr. 7/1/64

Amended contract should cover completion date (36 months from date of contract), engineering fee (12 years) service, and resumption of work date.

Murphy should clear fee with McLaren - Dodd Wall and Sculpture fee. X-ray charges if bills not available for Murphy should obtain bids for minimum cost building (AK)

Parking charges must be included for employees area, not for visitors and deposits.

Mr. Lefroy (Cries)

[illegible] at least [illegible] circumstances [illegible] the payment should be made for uncompleted [illegible] i.e. holes that do not [illegible] the gone target.

Particularly the thing should require not building for sites. Pile and should work in some cases.

OMC-6141

~~2 Opr. letterhead indicates street address as "K" rather than "Key".~~

② In the estimates of costs shouldn't "casing" be "reaming & casing"? "Casing" could be interpreted a applying to the pipe alone rather than installation.

③ Why include mobilization & demobilization costs not requested by Opr.?

④ Why not put Cat. (7) items under Fixed Unit Costs? We had to amend prior contract to do this.

⑤ If ④ is not done, insert "None except" in Cat. (7).

⑥ Why give Opr. $1.20/ft for incidental allowance when Opr. requested only $.85/ft.? He didn't request bulldozing costs to be included.

why include work done under other contract. Talbert

cost too small. 5/15/64

doesn't one can drill 180 or more feet at each A.X. no bids

Why need more than one ~~engineer~~ geologist.

DESTROY
COPY
JUN
INITIAL

JUN

100' Level Drift:

Bulk samples - 60' of 5'x 7'- $62 per ton.

Chip samples 15" width - 80' - $360 per ton; or 5' at $90 per ton.

100' level, #1 x-cut rse:

Bulk samples for 10' horiz. width = $31.39 per ton
Chip sample for same 10' = 88.00 per ton

Weighted average from bulk sample across 17' horiz.width projected to drift level, including drift: $40 per ton

Weighted average of chip samples across same section 55 per ton

100' level #2 rse:

Drill cutting samples for 10' width projected to drift level - $143 per ton

Chip samples for same area higher in value, but the total value is indeterminate due to loss of one sample in shipping.

100' level Highgrade raise:

64 tons in stockpile, total raise muck broken, average $150 per ton
Top 20' of rse. chip samples show average 16" qts averaging $557 per ton
Next 25' shows average 10" qts & gouge averaging $15.85 per ton

This raise shows vertical continuity of values found in #2 x-cut rse, but was not used in reserve estimate, since it does not show cut-off widths of ore zone.

100' level #3 rse.

From drill cuttings: 10' horiz. width projected to drift level averages - $18.50 per ton.

From chip samples, same 7' width shows $69 per ton, or graduated to include 3' of waste, its 10' wide @ $48 per ton

This discrepancy probably largely due to the fact that the high-grade qtz had already shown up at the end of the previous unsampled round, before cuttings were taken, so a good part of this highgrade material did not get into the cuttings. The lower value is used in my estimates.

MIKADO 1960 - FRANK BIRCH

ORE RESERVE ESTIMATES:

Ore indicated by work on the 100' level is divided into three adjacent zones of 5', 10', and 15' mining widths.

SE 30' of ore chute, outlined by the original Mikado shaft (100' vertically) and the 100' level drift, assuming 100' vertical extent of ore body, 30' long and 5' wide. Values from Boadway's 1933 report are used for upper 66' of this block. Lower 34' taken from values in drift. Boadway's shaft 5' wide @ $47 for 66'.

1,250 tons @ $48 per ton = $ 60,000

Middle block, including #1 x-cut rse, extending to #2 rse. Bulk samples used in determining grade of section thru #1 rse, and cutting samples used at #2 rse - Bulk sample average of drift used in determining value of drift section. Block 50' long, 100' vertically, and 15' wide:

6,250 tons @ $78 per ton = $ 488,000

End block, extending NW from #2 rse thru #3 rse. Samples from drill cuttings in both raises used in estimating this 50' long, 100' high, and 10' wide block.

4,160 tons @ $81 per ton = $ 337,000

TOTAL 11,660 tons @ $76 per ton = $ 885,000

ORE RESERVES ON 100' level using chip samples:

Drift - $90/ton - 5' widths 450

#1 rse $88/ton - 10' width 880

1330 ÷ 15 = $88.67

#2 rse (from drill cuttings no chips available) 143 - 10' wide 1430

Drift 90 - 5' wide 450

1880 ÷ 15 = 125.00

213.67 ÷ 2 = $106.83 per ton

Middle Block - 6,250 tons @ $106.83 - - - - - - - - - $666,000

Shaft Block - $47 for 66' = 3100
$90 for 34' = 3060

6160 ÷ 100' = $61.60 per ton

1250 tons @ $61.60 - - - - - - - - - $ 77,000

End Block:
#3 Rse Chip samples show 10' width @ $48
#2 Rse chip samples show 10' @ 143

$191 ÷ 2 = $95.50 average

4160 tons @ $95.50 per ton - - - - - - - - - - - - $398,000

TOTAL 11,660 tons @ $98 - - - - - - - - - - - - - - - $1,141,000

1,141,000
885,000
2,026,000 ÷ 2 $1,013,000 average of two estimates

11,660 tons @ $87

1963 MIKADO 101 Oreblock. New Proven Reserves:
Block extends 90' west of #3 W Ftwl Rse.

| | Sample No. | Width | Value | |
|---|---|---|---|---|
| 100 Drift: Hangingwall vein | 150 | 24" | $109.66 | = 2630 |
| | 151 | 24" | 344.87 | = 8260 |
| | 152 | 14" | 746.34 | = 10480 |
| | 153 | 18" | 236.75 | = 4260 |
| | | 80" ÷ 4 = 20" | | 25,630 ÷ 80 = $320 @ 20" |
| Next vein south | 154 | 18" | 84.79 | 1528 |
| | 155 | 48" | 72.80 | 3499 |
| | 156 | 48" | 37.19 | 1783 |
| | 157 | 36" | 213.76 | 7690 |
| | 158 | 12" | 58.58 | 7040 |
| | | 162 ÷ 5 = 32" | | 21,540 ÷ 162= $133 @ 32" |
| | extension 159 | 6" | 41.89 | $42 @ 6" |

X-Section value of block shown in drift

| | | | |
|---|---|---|---|
| 20" | x | $320 | 6400 |
| 32" | x | 133 | 4251 |
| 6" | x | 42 | 252 |
| 58" | | | 10,903 ÷ 58 = $188 @ 58" |

3W Ftwl Rse: (1961 Assay map)

| | | | |
|---|---|---|---|
| 6" | x | $225 | 1350 |
| 12" | x | 548 | 6580 |
| 18" | | | 7930 ÷ 18 = $440 @ 18" |

101 X-cut:

| | | |
|---|---|---|
| 24" | $126.74 | = 3040 |
| 12" | 85.82 | = 1030 |
| 36" | | 4070 ÷ 36 = $113 @ |

3W Ftwl Rse is 30' above ore showing in W drift.
Back at 101 X cut is about 50'
Assuming 55' of back above 3W Ftwl rse. at points of interest; extend orebody 15' below drift level. Drift sample controls 1/2 way to 3W rse (15') & 15' below sill. 3W Rse controls 15' below to 55' above. X-cut values control 50 at that end of block, and are projected 30' Westward for a 25' vertical extent.
Using 5' interval factor:

| | | factor | | | factor | |
|---|---|---|---|---|---|---|
| Drift: | 58" x 6 | = | 348 | 10,903 | x 6 | = 65,500 |
| Rse: | 18" x 14 | = | 252 | 7,930 | x 14 | = 111,000 |
| X-cut: | 36" x 10 | = | 360 | 4,070 | x 10 | = 40,700 |
| | 30 | | 960 ÷ 30 = 32" | | | 217,200 |

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

Mr. Karl W. Jasper
President
Little Squaw Mining Company
309 Radio Central Building
Spokane, Washington 99204

Re: OME-6148 (Gold)
Little Squaw Mining Company
Mikado, et al., Claims
Chandalar Mining District
Fairbanks Precinct, Alaska
Amended Contract 2140

Dear Mr. Jasper:

Pursuant to Article 6 of the subject contract, as amended, and Item 4 of Amendment No. 2 thereto, royalty shall be paid to the Government as provided in the contract on all production from the land described in the contract from January 25, 1962, to January 25, 1974, or until the sum of $40,735.50 (subject to audit) is fully repaid with interest at the rate of 6½ percent per annum. The payment of royalty is secured by a lien upon the land and on any production therefrom.

Royalty payments should be made in favor of the U. S. Geological Survey, and should be mailed or delivered to the Field Officer, Region I, Office of Minerals Exploration, U. S. Geological Survey, South 157 Howard Street, Spokane, Washington 99204. Each payment should be accompanied by two copies of settlement sheets or other suitable sales evidence showing the name of the purchaser, the quantity and grade of the production sold, the price per unit, and the gross proceeds and allowable deductions therefrom. The purchaser should be notified of the Government's royalty on production and directed to pay the royalty, computed as provided in the contract, directly to the Government.

The Field Officer should be promptly notified upon the commencement of any production, and upon any extended cessation thereof. Production unsold or unused six months after extraction from the ground should be reported promptly to the Field Officer.

MME FORM 61
SEPT. 1959

# UNITED STATES
# DEPARTMENT OF THE INTERIOR
## OFFICE OF MINERALS EXPLORATION

**OPERATOR'S PROGRESS REPORT** For Month of [illegible], 1963 Docket No. [illegible]

Operator's Name LITTLE SUAR MINING COMPANY Contract No. 14-23-090- [illegible]

| OPERATION | UNITS | FOR OPERATOR'S USE: UNITS THIS MONTH | UNITS TO DATE | COSTS TO DATE | FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH | APPROVED UNITS TO DATE | APPROVED COSTS TO DATE |
|---|---|---|---|---|---|---|---|
| Drifting | Feet | [illegible] | [illegible] | [illegible] | | | |
| Crosscutting | " | [illegible] | [illegible] | [illegible] | | | |
| Raising | | | | | | | |
| Shafts | | | | | | | |
| Winzes | | | | | | | |
| Other Underground | | | | | | | |
| Drilling, Core-Diamond | | | | | | | |
| Rotary | | | | | | | |
| Drilling, Non-core-Diamond | | | | | | | |
| Rotary | | | | | | | |
| Churn | | | | | | | |
| Percussion | Feet | [illegible] | [illegible] | [illegible] | | | |
| Miscellaneous | | | | | | | |
| | | | | | | | |
| Roads and Trails | | | | | | | |
| Stripping | | | | | | | |
| Trenching | Cu. Yd. | [illegible] | [illegible] | [illegible] | | | |
| Test Pitting | | | | | | | |
| Other Surface Work | | | | | | | |
| Initial Rehabilitation and Repairs | | | | | | | |
| Rehabilitation of Mine Workings | | | | | | | |
| New Buildings, Fixtures, etc. | | | | | | | |
| Operating Equipment Purchases | | | | | | | |
| Analytical Work | | | | [illegible] | | | |
| TOTAL TO DATE *(per MME Form 60)* | | | | [illegible] | | | |

REMARKS

*(Continue on back)*

REMARKS

*(Continue on back)*

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

Date [illegible] 11, 1963 Operator LITTLE SUAR MINING COMPANY

Per _____ Title President

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature _____

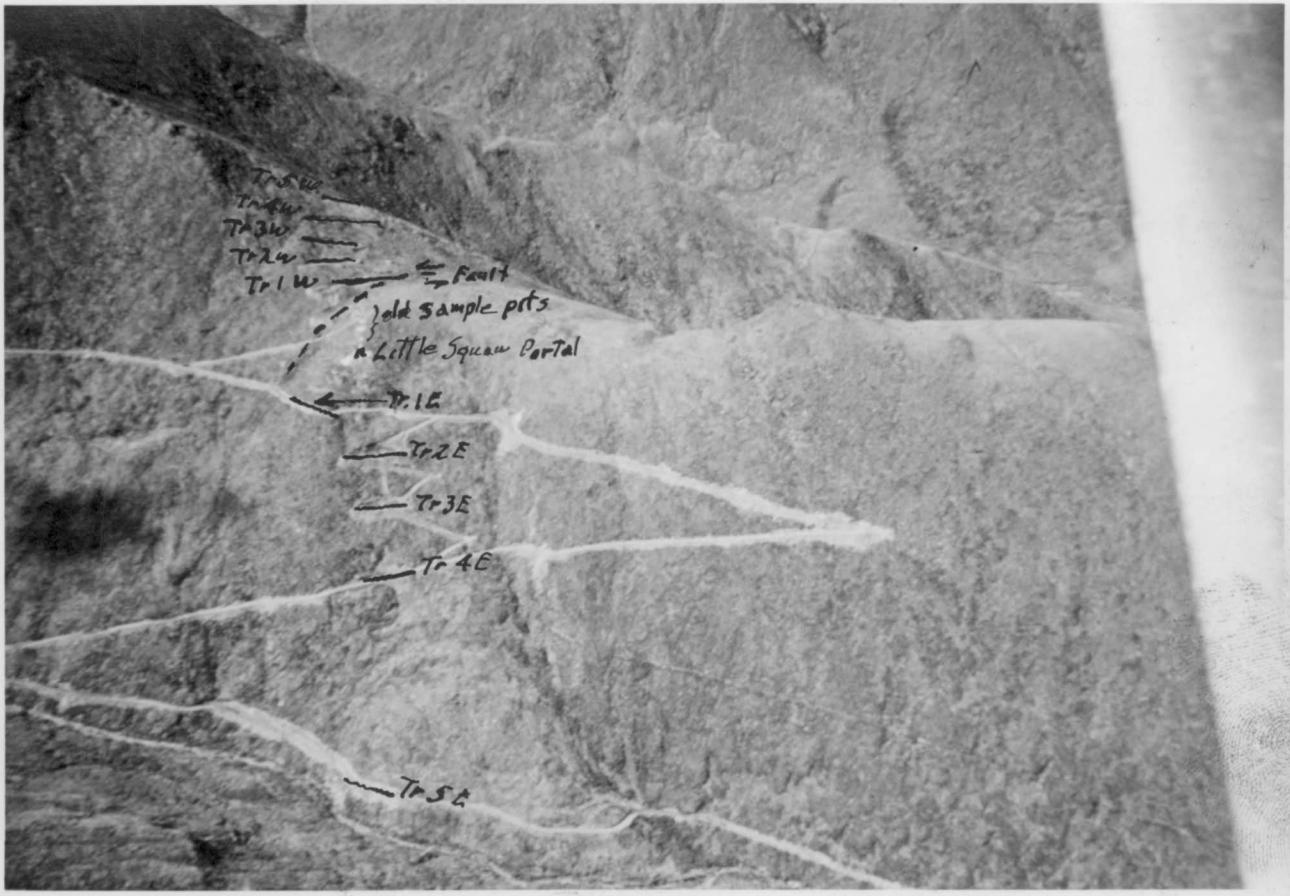
Title _____
Government Representative

Date _____

(INSTRUCTIONS ON REVERSE)

Access road from pass between heads of Little Squaw and Big Creek.
Sampling in Tr #1 W.

RECEIVED
APR 24 1954
O.M.E.
SPOKANE, WASHINGTON


Tr 5W
Tr 4W
Tr 3W
Tr 2W
Tr 1W
Fault
old sample pits
Little Squaw Portal
Tr 1E
Tr 2E
Tr 3E
Tr 4E
Tr 5E

Little Squaw [illegible]

Slide area to right (N.) of Tr. 1, 2, 3, & 4 E. indicates probable difficulty in getting through overburden - contains much quartz - probably float

Talus & solifluction material sliding down mountain has moved creek & forced road to the east near the creek, to west near upper ends

Vein outcrop above tunnel & portal, lie between spur road and next lower road

1 W just above end of spur

THIS IS A
KODACHROME
ENLARGEMENT
Made by Kodak
APRIL 1964 TA

RECEIVED
APR 24 1964
O M E
SPOKANE, WASHINGTON

Lake Spokane - F & N Tramway Bridge
Fault segment at river and from 7B-16
S & N. in a fun above tunnel going
East to




RECEIVED
APR 24 1964
OME
SPOKANE, WASHINGTON

Access road coming through Tobin St. Maries Gr pass.

Look SE, from road above Tobin hole at Trench 2E, 3E, 4E, 5E, and pass 6E to 10E on very steep slope over Tobin pass

NTE hole 12' wide benches

KODACHROME
ENLARGEMENT
Kodak

RECEIVED
APR 24 1964
O M E
SPOKANE, WASHINGTON

## 1963 SURFACE ASSAYS

| Sample Number | Sample Width, inches | Ounces Au per ton | Ounces Ag per ton | Value (Au @ $35) |
|---|---|---|---|---|
| 80 | 60 | trace | nil | — |
| 81 | 60 | 0.02 | 0.02 | .35 |
| 82 | 60 | 0.06 | nil | 2.10 |
| 83 | 12 | 0.01 | nil | .35 |
| 84 | 48 | 0.10 | nil | 3.50 |
| 85 | 60 | 0.02 | trace | .70 |
| 86 | 2 | 0.18 | 0.16 | 6.30 |
| 87 | 48 | nil | nil | — |
| 88 | 24 | 0.04 | nil | 1.40 |
| 89 | 24 | 0.02 | nil | .70 |
| 90 | 36 | 0.01 | trace | .35 |
| 91 | 24 | 2.48 | 0.80 | 127.82 |
| 92 | 30 | 0.39 | 0.20 | 13.65 |
| 93 | 60 | 0.01 | nil | .35 |
| 94 | 60 | 0.01 | nil | .35 |
| 95 | 20 | 0.02 | .06 | .70 |
| 96 | 60 | 0.60 | trace | 21.00 |
| 97 | 36 | 0.01 | .02 | .35 |
| 98 | 48 | 0.18 | trace | 6.30 |
| 99 | 36 | 0.04 | nil | 1.40 |
| 100 | 36 | 0.04 | nil | 1.40 |
| 101 | Picked | 0.04 | nil | 1.40 |
| 102 | 54 | 0.02 | nil | .70 |
| 103 | 30 | .02 | trace | .70 |
| 104 | 24 | 0.06 | 0.04 | 2.10 |
| 105 | 30 | 0.01 | 0.25 | .96 |
| 106 | 24 | 0.04 | trace | 1.40 |
| 107 | 6 | 0.01 | trace | .35 |
| 108 | 12 | 0.04 | 0.10 | 1.63 |
| 109 | 12 | 0.02 | nil | .70 |
| 110 | 8 | 15.55 | 2.97 | 544.30 |
| 111 | 12 | 10.01 | 2.70 | 350.23 |
| 112 | 12 | 7.07 | 1.98 | 247.48 |
| 113 | 12 | 0.07 | trace | 1.75 |
| 114 | 4 | 0.05 | trace | 1.75 |
| 115 | 60 | 0.03 | nil | 1.05 |
| 116 | 60 | 0.05 | nil | 1.75 |
| 118 | 24 | 0.03 | nil | 1.05 |
| 119 | 24 | 1.85 | 0.18 | 2.98 |
| 120 | 36 | 0.32 | trace | 11.20 |
| 121 | Picked | 0.09 | trace | 3.15 |
| 122 | 30 | 0.04 | nil | 1.40 |
| 147 | 8 | 0.20 | trace | 7.00 |
| 160 | 36 | 0.02 | nil | .70 |
| 161 | 12 | trace | nil | — |
| 162 | 24 | 0.01 | nil | .35 |
| 163 | 6 | 1.15 | 0.32 | 40.60 |

Quartz shown in red.
Steep zone on it appears to be delineated in trenches, shown in blue
Country rock in both walls is a mica-schist
Show zone contains crushed schist in quartz, much fault gouge, lenses, sections of sheared schist, and many quartz veins

# LITTLE SQUAW MINING CO.
# CHANDALAR, ALASKA

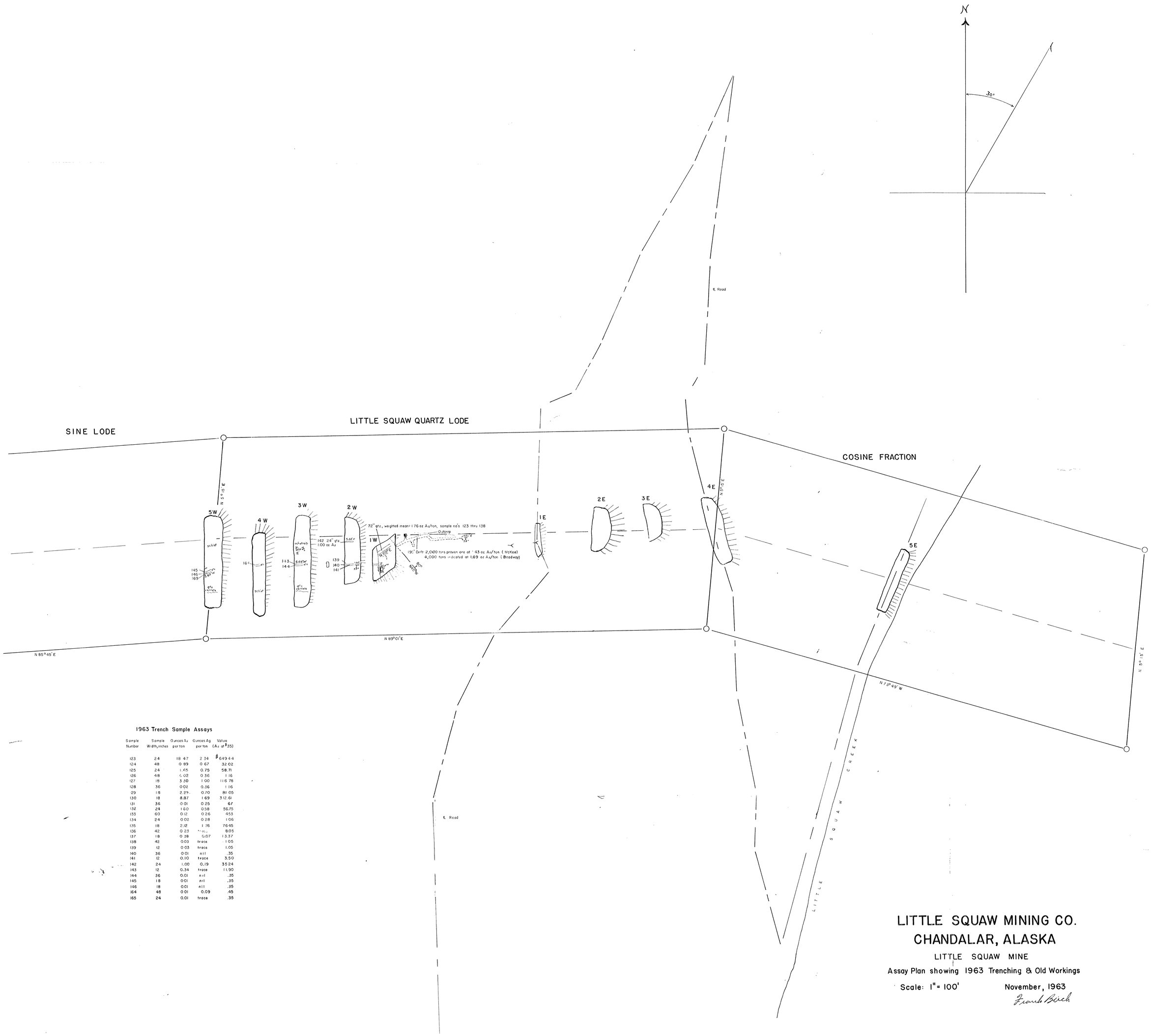
## MIKADO MINE

Assay Plan showing surface & underground work to date.

Scale: 1" = 100'

November, 1963

Frank Birch




## 1963 Trench Sample Assays

| Sample Number | Sample Width, inches | Ounces Au per ton | Ounces Ag per ton | Value (Au at $35) |
|---|---|---|---|---|
| 123 | 24 | 18.47 | 2.34 | $649.44 |
| 124 | 48 | 0.89 | 0.67 | 32.02 |
| 125 | 24 | 1.65 | 0.75 | 58.71 |
| 126 | 48 | 0.02 | 0.36 | 1.16 |
| 127 | 18 | 3.30 | 1.00 | 116.78 |
| 128 | 36 | 0.02 | 0.36 | 1.16 |
| 129 | 18 | 2.29 | 0.70 | 81.05 |
| 130 | 18 | 8.87 | 1.69 | 312.61 |
| 131 | 36 | 0.01 | 0.25 | .67 |
| 132 | 24 | 1.60 | 0.58 | 56.75 |
| 133 | 60 | 0.12 | 0.26 | 4.53 |
| 134 | 24 | 0.02 | 0.28 | 1.06 |
| 135 | 18 | 2.12 | 1.76 | 76.45 |
| 136 | 42 | 0.23 | [illegible] | 8.05 |
| 137 | 18 | 0.38 | 0.07 | 13.37 |
| 138 | 42 | 0.03 | trace | 1.05 |
| 139 | 12 | 0.03 | trace | 1.05 |
| 140 | 36 | 0.01 | nil | .35 |
| 141 | 12 | 0.10 | trace | 3.50 |
| 142 | 24 | 1.00 | 0.19 | 35.24 |
| 143 | 12 | 0.34 | trace | 11.90 |
| 144 | 36 | 0.01 | nil | .35 |
| 145 | 18 | 0.01 | nil | .35 |
| 146 | 18 | 0.01 | nil | .35 |
| 164 | 48 | 0.01 | 0.09 | .45 |
| 165 | 24 | 0.01 | trace | .35 |

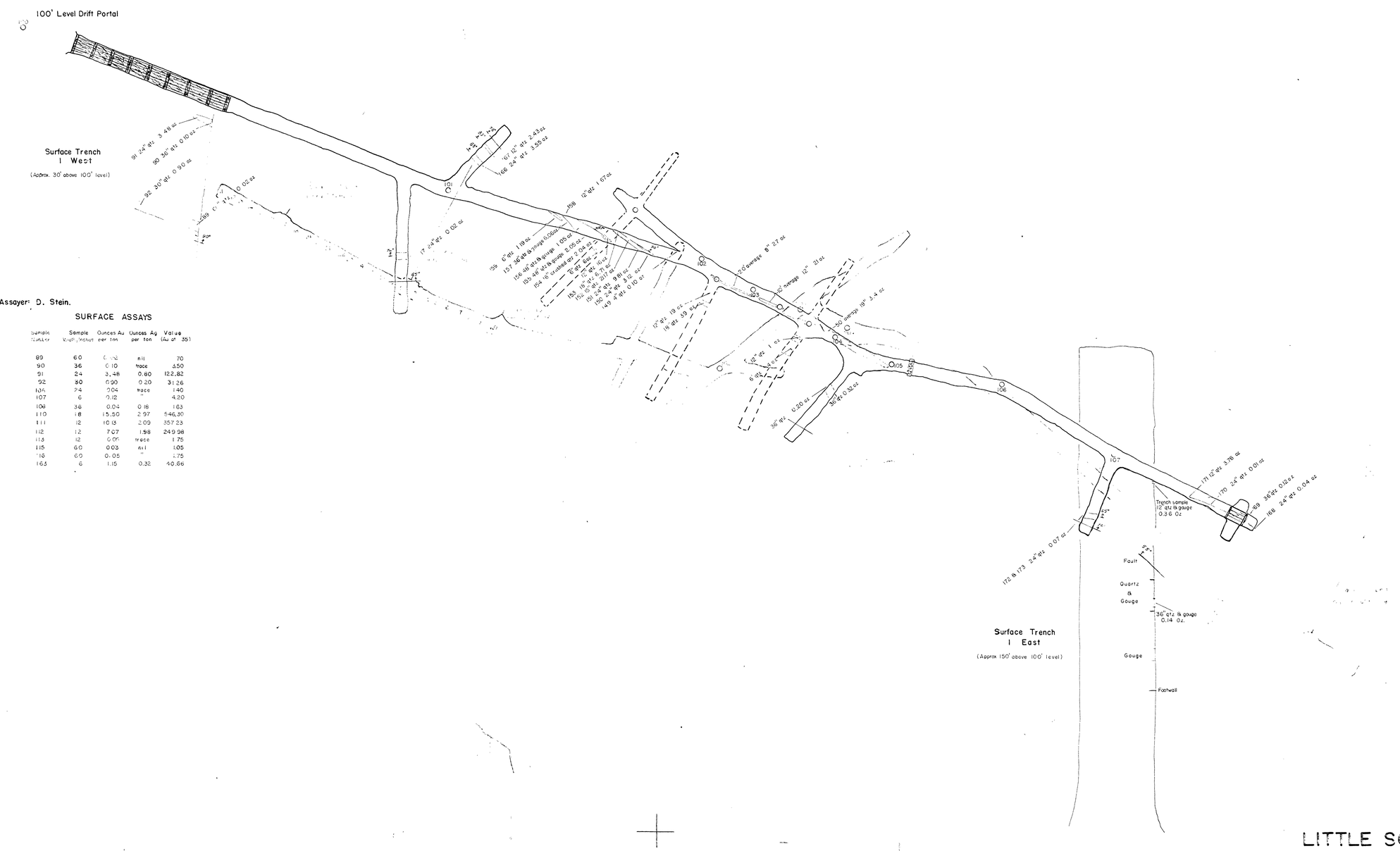
# LITTLE SQUAW MINING CO.
# CHANDALAR, ALASKA

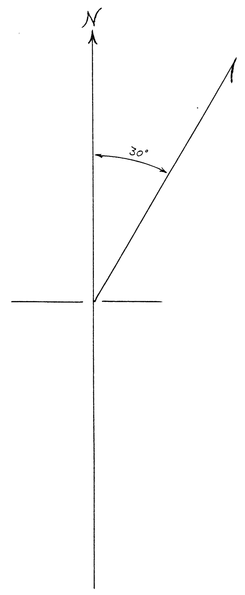
LITTLE SQUAW MINE

Assay Plan showing 1963 Trenching & Old Workings

Scale: 1" = 100'  November, 1963

Frank Birch




1963 Assays from State of Alaska, Division of Mines, Fairbanks, Alaska. Assayer: D. Stein.

200' LEVEL ASSAYS

100' LEVEL ASSAYS

| Sample Number | Sample Width, inches | Ounces Au per ton | Ounces Ag per ton | Value (Au at 35) |
|---|---|---|---|---|
| 117 | 24 | 0.02 | nil | .70 |
| 149 | 4 | 0.1 | trace | 3.50 |
| 150 | 24 | 3.12 | 0.36 | 109.66 |
| 151 | 24 | 3.81 | 1.19 | 144.87 |
| 152 | 14 | 21.17 | 4.21 | 740.24 |
| 153 | 18 | 6.71 | 1.48 | 236.75 |
| 154 | 18 | 2.40 | 0.62 | 84.79 |
| 155 | 48 | 2.05 | 0.83 | 72.80 |
| 156 | 48 | 1.05 | 0.34 | 37.19 |
| 157 | 36 | 6.06 | 1.30 | 213.76 |
| 158 | 12 | 1.67 | 0.10 | 58.58 |
| 159 | 6 | 1.19 | 0.19 | 41.89 |
| 166 | 24 | 3.51 | 1.95 | 120.74 |
| 167 | 12 | 2.43 | 0.10 | 81.82 |
| 168 | 24 | 0.04 | 0.06 | 1.46 |
| 169 | 36 | 0.12 | 0.13 | 4.27 |
| 170 | 24 | 0.01 | trace | 0.35 |
| 171 | 12 | 3.78 | 1.07 | 132.47 |
| 172 | 24 | 0.10 | 0.06 | 3.57 |
| 173 | 24 | 0.03 | 0.07 | 1.13 |

SURFACE ASSAYS

| Sample Number | Sample Width, inches | Ounces Au per ton | Ounces Ag per ton | Value (Au at 35) |
|---|---|---|---|---|
| 89 | 60 | 0.02 | nil | .70 |
| 90 | 36 | 0.10 | trace | 3.50 |
| 91 | 24 | 2.48 | 0.80 | 122.82 |
| 92 | 80 | 0.90 | 0.20 | 31.26 |
| 106 | 24 | 0.04 | trace | 1.40 |
| 107 | 6 | 0.12 | " | 4.20 |
| 108 | 36 | 0.04 | 0.16 | 1.63 |
| 110 | 18 | 15.50 | 2.97 | 546.30 |
| 111 | 12 | 10.13 | 2.09 | 357.23 |
| 112 | 12 | 7.07 | 1.98 | 249.98 |
| 113 | 12 | 0.05 | trace | 1.75 |
| 115 | 60 | 0.03 | nil | 1.05 |
| 118 | 60 | 0.05 | " | 1.75 |
| 163 | 6 | 1.15 | 0.32 | 40.66 |

# LITTLE SQUAW MINING CO.

CHANDALAR, ALASKA

## MIKADO MINE

Assay Plan

Scale: 1" = 20'

Values shown represent ounces of gold per ton.

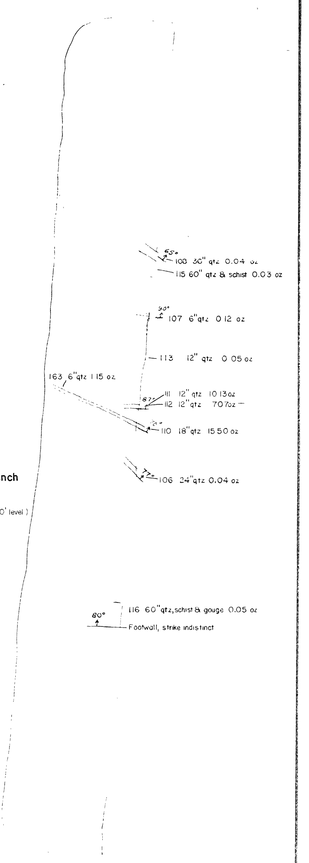
Sample values shown without assay numbers are from 1960 Assay maps.

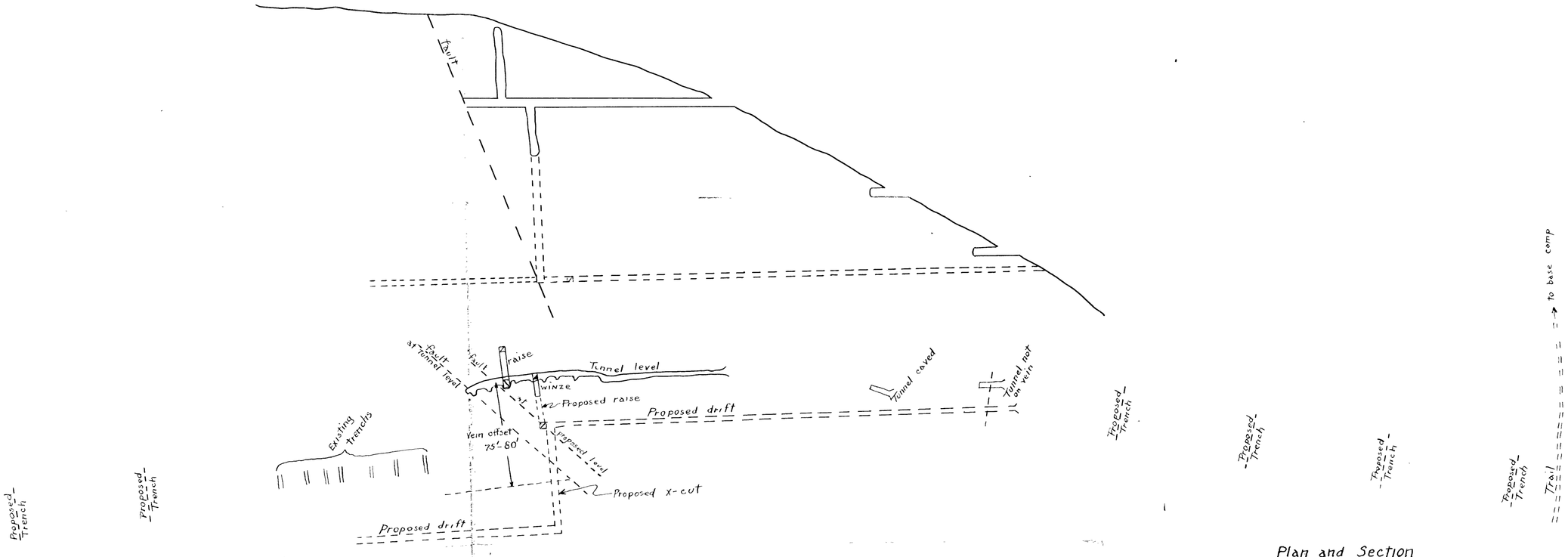
100' Level shown in black

200' Level in brown.

October, 1963

Frank A. Birch






Note: Basic data compiled from Company maps

Plan and Section
Existing and Proposed Surface and Underground Workings
Little Squaw Mine
Little Squaw Mining Company
Fairbanks Precinct Alaska

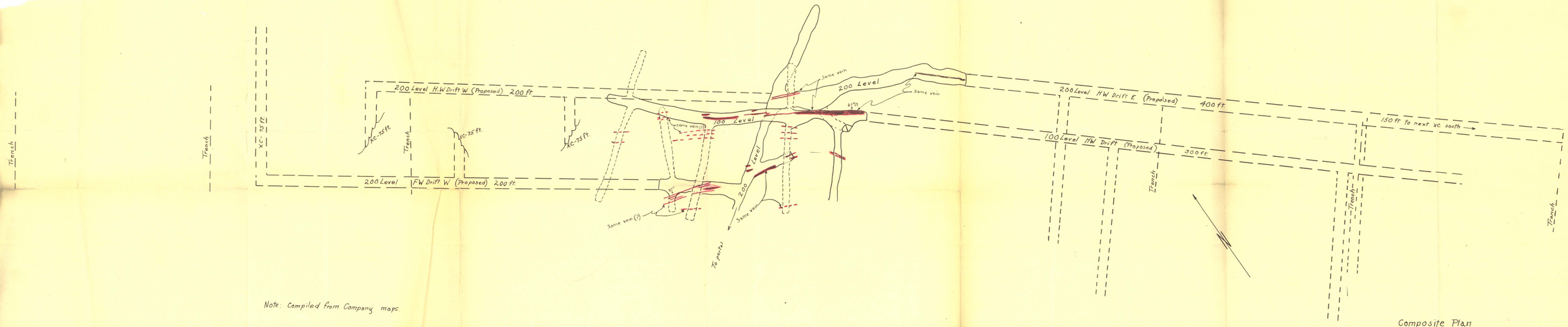
60 40 20 0 60 feet

November 1961
Plate 2

Reg. I memo 12/19/61

Office of Minerals Exploration
Examination Report

OME-6148




Note: Compiled from Company maps.

Composite Plan
100 and 200 Level Workings
Little Mikado Mine
Little Squaw Mining Company
Fairbanks Precinct Alaska

20 10 0 20 feet

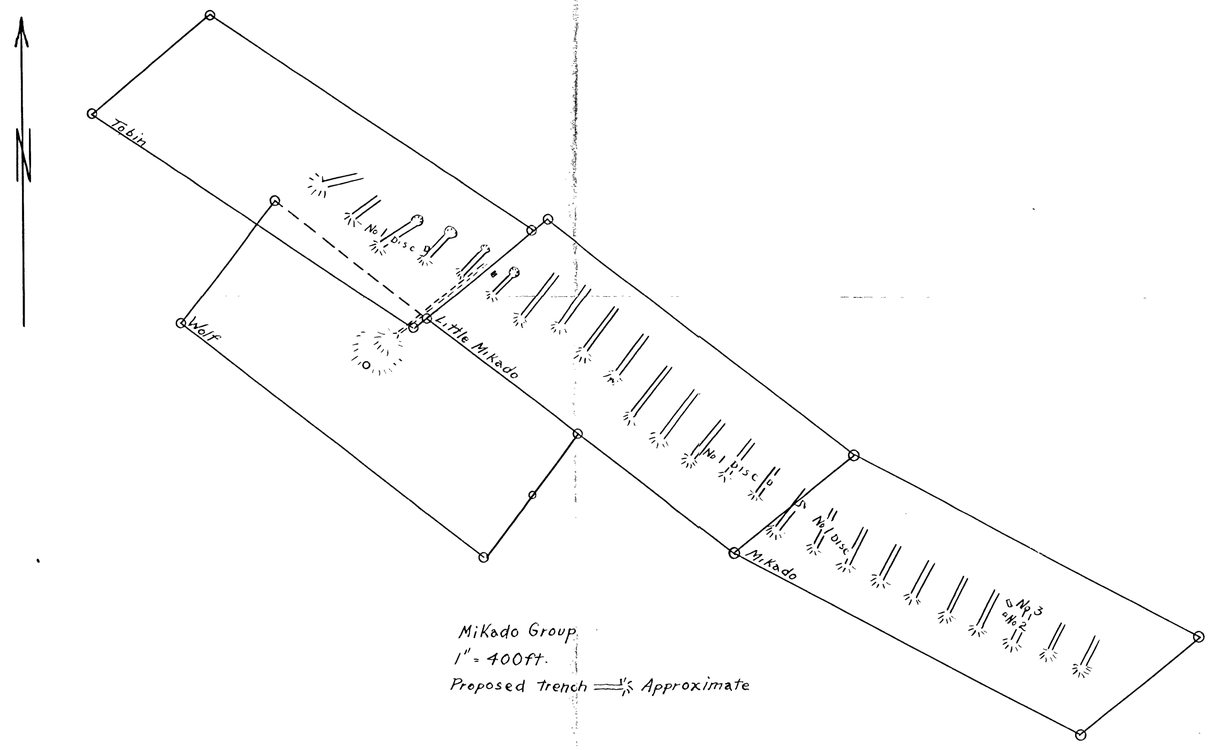
November 1961
Plate I

Reg. I approved 12/19/61

U. S. Department of the Interior

Office of Minerals Exploration
Work Authorization

O.M.E-6148




Mikado Group
1" = 400ft.
Proposed trench ═══ Approximate

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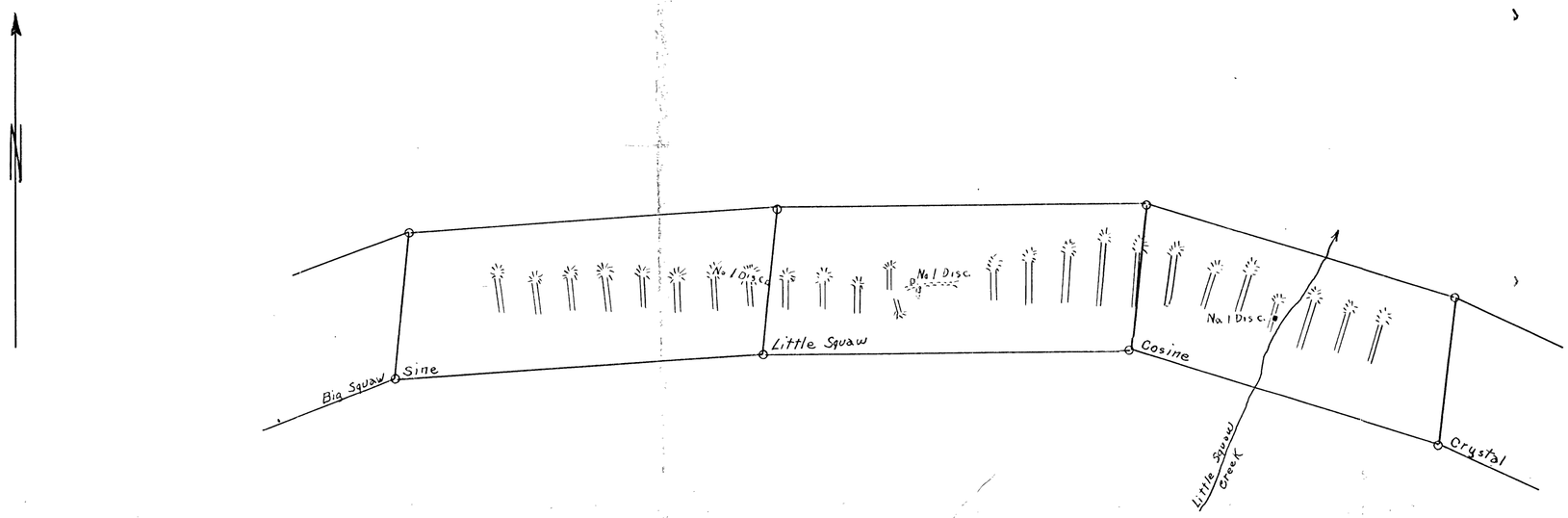
O.M.E.

U.S. Department of the Interior

Office of Minerals Exploration
Work Authorization

O.M.E- 614-8




Little Squaw Group
1" = 400'
Proposed trenches ═══ Approximate

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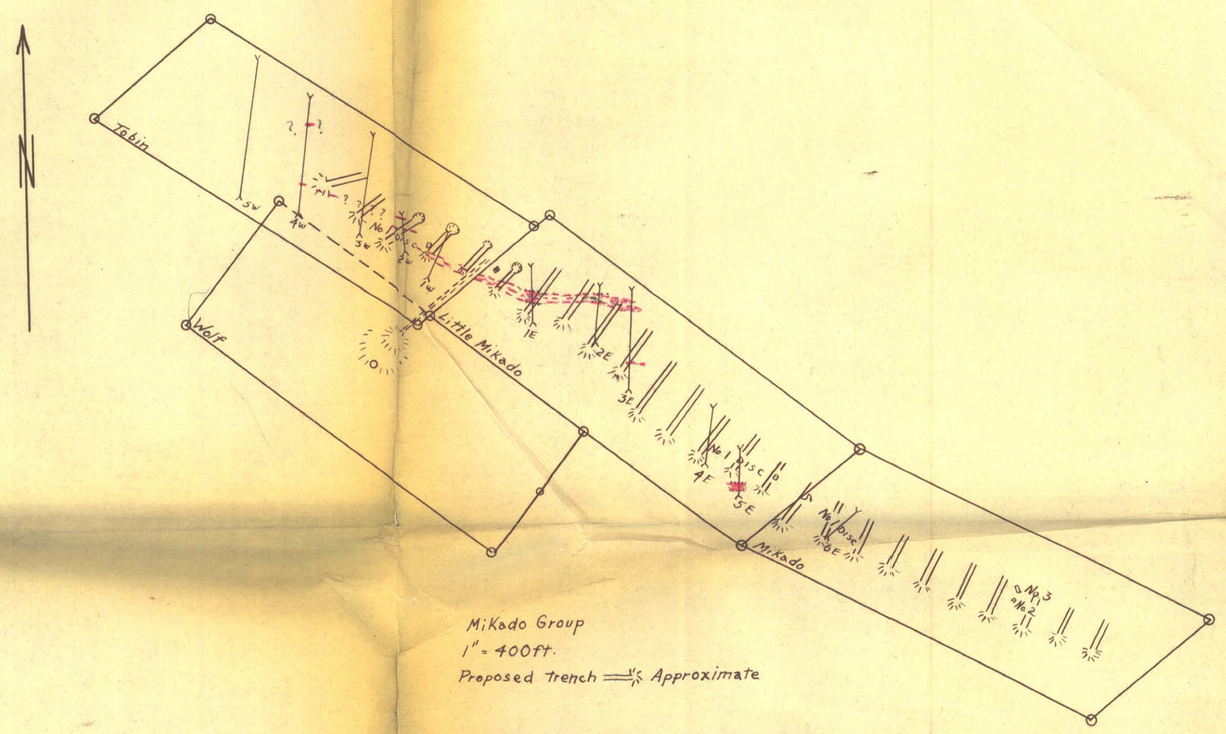
U. S. Department of the Interior

Office of Minerals Exploration
Work Authorization

O.M.E-6148




Mikado Group
1" = 400ft.
Proposed trench ═══ Approximate

Explanation

General location of Authorized Trenches

1E Actual location of trenches started and/or completed 1962 season

McNett Fork
BIG SQUAW PEAK
LITTLE SQUAW PEAK
CRYSTAL PEAK
VENUS PEAK
NEWTON PEAK
Little McClellan Creek
McClellan Creek
Prospector
Extension
Grubstake
Jackpot
Lit. Square Deal
Big Mick
Golden Vale
Outlaw
Drumlu
Pioneer
Extension
Summit
Eastern
Shamrock
Shamrock Ext.
Black Rock
Belcher
Belcher Ext.
Bolero
Diablo
Airfield
COSINE LODE
SINE LODE
LITTLE SQUAW
CRYSTAL LODE
VENUS LODE
GOLDEN EAGLE
Figure 1
OME 6148