DOCKET
SURNAME
Holt
Martin
Nelson
Fisher

November 21, 1955

MEMORANDUM

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Certification and review of terminated project
Docket No. DMEA 2436 - Cobalt, Copper
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334

Operator: Northfield Mines, Inc.
Room 1841
230 Park Avenue
New York 17, N. Y.

Operator's
Property Rights:

The operator controls, by lease from the owners, F. W. Stevenson and Merle Stevenson, the following:
Unpatented lode mining claims

Merle, Merle Nos. 1 to 6, inclusive, David Nos. 16 to 23, inclusive, Woodtick, Woodtick No. 1, Euphemia, Bob No. 1, and Bob No. 2.

Patented lode mining claims

Tom Jefferson, No. 2, Diamond Queen, Little Queen, and Queen, all in U. S. Mineral Survey No. 2128.

Above claims are situated in unsurveyed T. 21 N., R. 18 E., Blackbird Mining District, Lemhi County, Idaho.

Contract:

Executed June 2, 1952, work started June 10, 1952, to be completed within 10 months.

Work authorized:

(1) Erection of tent houses.
(2) Construction of 2,500 feet of new road.

Work authorized continued

(3) Construction of 2,000 feet of new trails.
(4) Bulldozing 5,500 feet of trench.
(5) Preparing 10 diamond drill sites by bulldozer.
(6) Diamond drilling 10 AX holes not to exceed 2,000 feet in aggregate length.
(7) Construction of compressor house.
(8) Driving one or more adits not to exceed 1,000 feet in aggregate length.
(9) Construction of bunkhouse and of cookhouse.

Total estimated cost of project - $102,900.00.

Amendment No. 2 increased the total amount of diamond drilling to approximately 2,980 feet of drilling at a maximum cost of $19,357.00.

Amendment No. 7, adding new work on an agreed unit cost basis, was executed August 6, 1953, effective as of the date of the contract. Amendment 7 also increased from 10 to 15 years the period during which royalties should be paid if due. The change-over from actual to unit costs was made effective May 1, 1953. Through April 30, 1953, the following exploration had been completed:

Drifting and crosscutting, 766.2 feet; roads and trails, 141 hours (5,000 feet), trenching, 425½ hours (7,048 feet); diamond drilling 3,028 feet, New buildings erected, 3.

The same exploration work partially explored by surface trenching and diamond drilling three mineralized areas - the Queen, the Merle No. 3, and the Merle No. 5. In addition, drifting and crosscutting further explored the Merle No. 5 zone.

The following work was added by Amendment No. 7:

400 feet of crosscutting and drifting and 400 feet of diamond drilling on the Merle No. 5 zone.
300 feet of crosscutting and drifting and 200 feet of diamond drilling on any other mineralized zones encountered.
Contract increased to total of $233,150.00, with Government's share @ 70% equal to $163,205.00.

Basic unit cost for crosscutting and drifting $32.50/ft. plus additional for timbering. Diamond drilling @ $5.00/ft.

Only 74 feet of the drifting and 400 feet of diamond drilling authorized under Amendment 7 were completed prior to October

1953, when the project was recessed on account of inclement weather. Exploration work under the contract was not resumed during 1954 because the operator desired to first complete a geologic and geochemical investigation of the area that was then in progress, and by letter July 19, 1954 requested a recess for that purpose. Work was not resumed after the recess.

A mutual termination agreement, executed July 13, 1955, provided that the contract be terminated, effective October 1, 1953. The agreement also provided that the Government should contribute to costs prior to the effective date of the agreement, that the Operator's report of work completed to September 1, 1953, should be accepted in lieu of Operator's Final Report, that the Government's equity in property purchased and installations made under the contract should be valued at $6,002.50, deductible from any amount due the operator, and that the Government should have the right to make certification of discovery or development within six months after date of the agreement.

The Operator's report of work done through September 1, 1953, was accepted in lieu of Operator's Final Report.

Audits: A review in lieu of final audit was received August 1, 1955.

Total Accepted Cost of the Project, ...$96,862.62

Government Participation, at 70 percent. $67,803.83

Certification:

A certification of discovery was recommended by the Field Team.

A certification of discovery or development was issued by this office on December 21, 1955.

Comments:

The project was established to explore for cobalt and copper in the Stevenson Property in Lemhi County, Idaho. Cobalt-copper ore discovered by the project was estimated by this division at 82,500 tons of inferred ore, average assay about 0.33 percent cobalt and 0.62 percent copper.

SPHOLT/foc
11/23/55
cc to: Docket
Code 400
Admr. Read. File
Operating Comm.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

☐ Audited

☐ Certified

WORK ANALYSIS SHEET - DMEA PROJECT

Analysis as of 12-22-54
Incl. Voucher for May — Sept '53

☑ Actual Cost

☑ Agreed Unit Costs

Name Northfield Mines Inc

Docket No. 2436

State Idaho.

Commodity Cobalt-Copper

Idm-E No. 3.24

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	1000	53664.07			
Amend # 7	2750	111,375.00	actual 861.5	60976.35	60976.35
Raising					
Shafts					
Winzes					
Drilling D.D. Ax (Specify)	2980	19,357.00			
Amend # 7	1200	6525.00		21917.20	21917.20
Surface Excavation		5655.00		5700.50	5700.50
Underground Excavation					
Roads and Trails		1300.00		1832.50	1832.50
Operating Equipment Purchased		1840.00		1601.79	1601.79
Surface Rehabilitation & Repairs		923.00		3724.62	3724.62
Underground Rehabilitation					
New Building, Improvements, etc.		2500.00			
Amend # 7		12,350.00			
Other (Specify)		12660.93		9684.66	9684.66
Totals		233150.00		105437.62	105437.62

Mine Maintenance
Assays
Snow Removal
Freight on D.D. Equipment
Boarding House Loss
Analytical Work
Workmens Compensation
Repairs to Auto & Machines
Accounting, Tel. & Tel.
Travelling

OPERATOR REQUESTS TERMINATION, MCH. 55

Prepared by [signature]

71626

Mail to Mr. Johnson

IN REPLY REFER TO:
Office of Minerals Exploration

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

AIRMAIL

June 15, 1967

Mr. Roger V. Pierce
2302 University Club Tower
Salt Lake City, Utah 84111

Re: DMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract Idm-E334
(Patented Claims
Mineral Survey 2128)

OFFICIAL
COPY
O. M. E.
RECEIVED
JUN 26 1967

INITIALS	CODE
	100
	110
	120
	220

Dear Mr. Pierce:

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

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

Sincerely yours,

Frank E. Johnson

Frank E. Johnson
Chief, Office of
Minerals Exploration

MME Form 63
Revised 7-65

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since October 13, 1966, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. Since October 13, 1966, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

	Quantity	Value

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

Type	Quantity	Estimated Grade	Location
Ore	Tons		
Concentrates	Tons		
Other	Tons		

3. Since through workings (see of contract)? Yes ☐ No ☐

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

Disposition of Material	Quantity	Value

Submitted by:

Name Roger V Pucci Title Pres Machinery Center Inc.

Address 2302 University Club Tower Date 6/17/67

Salt Lake City Utah
84111

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/20		110
		220

Mr. Roger V. Pierce
Consulting Engineer
2302 University Club Tower
Salt Lake City, Utah 84111

Dear Mr. Pierce:

This is in reply to your letter of June 15, 1967, concerning the contract with Northfield Mines, Inc. (DMEA-2436), and other DMEA contracts in the Blackbird mining area.

The period covering production subject to payment of the Government's royalty under the above mentioned contract, expired June 6, 1967. As soon as information is received confirming that no production from the property under this contract has been made, we will be in a position to close our books and records thereon.

In response to your inquiry, other DMEA contracts for exploration in the Blackbird mining area, are the Calera contracts (DMEA-3143 and DMEA-5020), with which you are familiar, and the contract with the Montana Coal and Iron Company (DMEA-2499), which still has control of the property under its contract.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geology file
OME file 2436 - 5020 - 2499
OME reading file
OME Region I w/cy inc.ltr.

FEJohnson/bih 6/20/67

23263

ROGER V. PIERCE
CONSULTING ENGINEER
2302 UNIVERSITY CLUB TOWER
SALT LAKE CITY, UTAH 84111

June 15, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 19 1967
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gla | 120 m
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120 m
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United States Department of Interior
Geological Survey
Washington, D. C. 20242

Attention: Mr. Frank E. Johnson, Chief
Office of Minerals Exploration

Gentlemen:

I am wondering what the status is on your DMEA-2436 (Cobalt-Copper) Northfield Mines, Inc., Stevenson Property, Lemhi County, Idaho, contract Idm-E334 (Patented Claims Mineral Survey 2128). Has the time period on this DMEA expired as it has on DMEA 3739 that you notified me sometime back was expired? Were there any other DMEA contracts let in the Blackbird mining area?

Your help in this would be very much appreciated.

Yours very truly,

Roger Pierce

RVP:sld

Roger V. Pierce

50 20
2499

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/19/67		110
		120
		220

JUN 19 1967

AIRMAIL

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: DMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract Idm-E334
(Patented Claims
Mineral Survey 2128)

The royalty repayment period for the subject contract expired on June 2, 1967. Before closing the docket on this contract, will you please obtain any information on possible production since August 24, 1962, from the U. S. Bureau of Mines records, and advise.

FRANK E. JOHNSON (glA)

Frank E. Johnson

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
120M

GLAult/a 6-19-67

23263

DMEA-2436 Northfield Mines

INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Show to whom and when delivered ☐ Show to whom, when, and address where delivered ☐ Deliver ONLY to addressee

(Additional charges required for these services)

RECEIPT

Received the numbered article described below.

REGISTERED NO. 500753

CERTIFIED NO.

INSURED NO.

DATE DELIVERED OCT 10 19

1 SIGNATURE OR NAME OF ADDRESSEE (*Must always be filled in*) Roger V. Pierce

2 SIGNATURE OF ADDRESSEE'S AGENT, IF ANY Shirley D

SHOW WHERE DELIVERED (*only if requested*)

WASHINGTON, D.C. OCT 1963

c55—16—71548-8 GPO

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

OFFICIAL
IN REPLY REFER TO:
COPY
O. M. E.
RECEIVED
OCT 17 1966
ENTERED COPY

October 4, 1966

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Re: DMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract Idm-E334
(Patented Claims
Mineral Survey 2128)

Mr. Roger V. Pierce
2302 University Club Tower
Salt Lake City, Utah 84111

Dear Mr. Pierce:

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

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

Sincerely yours,

Frank E. Johnson

Frank E. Johnson
Chief, Office of
Minerals Exploration

MME Form 63
Revised 7-65

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since **September 1965**, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. Since **September 1965**, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

	Quantity	Value

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name Ted K. Farnsworth

Title **Vice President-Treasurer**

Address **Ted. K. Farnsworth**
Post Office Box 964
Salt Lake City, Utah 84110

Date **October 13, 1966**

ROGER V. PIERCE
CONSULTING ENGINEER
808 NEWHOUSE BUILDING
SALT LAKE CITY 11, UTAH

September 29, 1965

OFFICIAL
COPY
O. M. E.
RECEIVED
OCT 4 1965
INITIALS | CODE
JEJ | ~~110~~
M 10/14/65 | 120 M
| ~~120~~

Mr. Frank E. Johnson, Chief
Office of Minerals Exploration
United States Department of the Interior
Geological Survey
Washington, D. C. 20242

Dear Mr. Johnson:

RE: DMEA-2436 (Cobalt-Copper) Northfield Mines, Inc.
Stevenson Property, Lemhi County, Idaho
Contract Idm-E334 (Patented Claims Mineral
Survey 2128)

As per your request of September 23rd, in connection with the above, we have done no work on any of this property and are not planning anything at this time.

Trusting this will give you the information you need, I am

Yours very truly,

Roger V. Pierce

Roger V. Pierce

RVP/mlo
Attachments (2)

OFFICIAL
COPY
O. M. E.
RECEIVED
OCT 4 1965
INITIALS | CODE

IN REPLY REFER TO:

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

September 23, 1965

Mr. Roger V. Pierce
808 Newhouse Building
Salt Lake City 11, Utah

Re: DMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract Idm-E334
(Patented Claims
Mineral Survey 2128)

Dear Mr. Pierce:

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

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

Sincerely yours,

Frank E. Johnson

Frank E. Johnson
Chief, Office of
Minerals Exploration

MME Form 63
Revised 7-65

DMEA-2436
Idm-E334

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since **September 1964**, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. Since **September 1964**, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

	Quantity	Value

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name Roger V Pierce Title Cons. Eng.

Address 808 Newhouse Bldg Date 9/28/65

Salt Lake Utah

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

September 14, 1964

Re: DMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract Idm-E334
(Patented Claims
Mineral Survey 2128)

Mr. Roger V. Pierce
808 Newhouse Building
Salt Lake City 11, Utah

Dear Sir:

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

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

Sincerely yours,

George C. Selfridge

George C. Selfridge, Chief
Division of Exploration Operations

OFFICIAL FILE COPY
C. M. E.
RECEIVED SEP ... 19

DATE	INITIALS	
		100
9/21	RF	110
	mm	120 M
		120
		320

MME Form 63
Revised 3-62

DMEA-2436
Idm-E334

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since December 1963, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☑

2. Since December 1963, has there been any production from the land subject to the contract? Yes ☐ No ☑

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

	Quantity	Value

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name Roger V. Freni Title Cons. Eng.

Address 808 Newhouse Bldg. Date 9/29/64

No work

ROGER V. PIERCE
CONSULTING ENGINEER
808 NEWHOUSE BUILDING
SALT LAKE CITY 11, UTAH
December 19, 1963

OFFICIAL FILE COPY
O. M. E
RECEIVED DEC 26 1963
DATE

Re: DMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract Idm-E334
(Patented Claims
Mineral Survey 2128)

220

Mr. W. R. Griswold, Chief
Division of Minerals
United States Dept. of the Interior
Office of Minerals Exploration
Washington 25, D. C.

Dear Mr. Griswold:

As per your letter to me dated September 3, 1963 you'll recall that I wrote you in September to obtain a copy of DMEA Agreement No. 2436.

We have received this and we now return to you two copies of your September 3 letter with the forms filled out.

There has been no production from any of the claims involved.

I purchased in my name the patented claims that were owned by Northfield Mines. Northfield also transferred to me their ownership in the unpatented claims and we have recorded these and filed the annual assessment work for this last year.

Kind regards.

Yours very truly,

Roger Pierce

Roger V. Pierce

RVP/da
Encs. - 2

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

September 3, 1963

Re: DMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract Idm-E334
(Patented Claims
Mineral Survey 2120)

Idaho Mining Company
808 Newhouse Bldg.
Salt Lake City, Utah

Gentlemen:

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

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

Sincerely yours,

W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since **August 24, 1962**, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☑ No ☐

   Outright purchase of patented claims:
   Tom Jefferson No. 2
   Little Queen
   D Queen

2. Since **August 24, 1962**, has there been any production from the land subject to the contract? Yes ☑ No ☐

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

	Quantity	Value

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

Type	Quantity	Estimated Grade	Location
Ore	None Tons		
Concentrates	None Tons		
Other	Tons		

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name Roger V Pierce Title Consulting Engineer

Address 888 Newhouse Bldg Salt Lake City Utah Date 11/17/63

4512

Form 7
-58)

OFFICIAL FILE COPY

Date	Surname	Code
10/8	Murphy	500
10/8	on leave	500
10/8	Talbot	800
	Lefridge	120
10/9	Johnson	110
		100
		220

OCT 9 1963

Mr. Roger V. Pierce
Consulting Engineer
808 Newhouse Building
Salt Lake City 11, Utah

Re: DMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract Idm-E334
(Patented Claims
Mineral Survey 2128)

Dear Mr. Pierce:

In accordance with your request of September 18, 1963, to Mr. Griswold, enclosed are the following exhibits pertaining to the above-referenced exploration project contract:

1. One copy of the contract form.
2. One copy of Certification of Discovery or Development.
3. One copy of Annex I, listing the claims subordinated under the terms of the contract.
4. One copy of Annex II of Amendment No. 7.
5. One copy of a map showing the locations of the claims listed in Annex I.

By a special agreement the patented Queen claim was deleted from the subject contract.

Under the terms of the contract and the Certification of Discovery or Development issued December 21, 1955, production from all the claims listed in Annex I, excepting the Queen claim, is subject to the Government's percentage royalty from June 2, 1952, to June 2, 1967, or until the Government's participation of $67,803.83 has been repaid, whichever occurs first. The royalty period of the contract was increased from ten to fifteen years by Amendment No. 7. The Government has not received any royalty on production from the claims.

Sincerely yours,

George Fumich, Jr. (Ph)

Director

Enclosures

FMMurphy/mm 10/8/63

cc: Director's Reading File
Docket
Region I w/cy of incoming letter
Code 500

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Name	Code
10/7	Murphy	500
10/7	McClure	500
10/7	Talbot	800
		120
		110
		100
		220

Mr. Roger V. Pierce
Consulting Engineer
808 Newhouse Building
Salt Lake City 11, Utah

Re: DMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract Idm-E334
(Patented Claims
Mineral Survey 2128)

Dear Mr. Pierce:

In accordance with your request of September 18, 1963, to Mr. Griswold, enclosed are the following exhibits pertaining to the above-referenced exploration project contract:

1. One copy of the contract form.
2. One copy of Annex I, listing the claims subordinated under the terms of the contract.
3. One copy of a map showing the locations of the claims listed in Annex I.

By a special agreement the patented Queen claim was deleted from the subject contract ~~and added to the land under contract Idm-E645 (DMEA-3143), Calera Mining Company. The royalty obligation under this later contract was liquidated by payment in full during 1958.~~

Under the terms of the contract and the Certification of Discovery or Development issued December 21, 1955, production from all the claims listed in Annex I, excepting the Queen claim, is subject to the Government's percentage royalty from June 2, 1952, to June 2, 1967, or until the Government's participation of $67,803.83 has been repaid, whichever occurs first. The Government has not received any royalty on production from the claims.

I trust the above will serve your purpose; however, if you wish additional information I suggest that you call on Mr. D. R. MacLaren, Acting Field Officer, Region I, South 157 Howard Street, Spokane 4, Washington (Phone Temple 8-2084). By a copy of this letter he is authorized to show you all the material pertaining to this contract excepting such material as is considered confidential by the Government.

Sincerely yours,

Director

Enclosures

cc: Director's Reading File
Region I w/cy of incoming letter
Docket

FMMurphy/mm
10/7/63

43683

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

Mr. Roger V. Pierce
Consulting Engineer
808 Newhouse Building
Salt Lake City 11, Utah

Re: DMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract Idm-E334
(Patented Claims
Mineral Survey 2120)

Dear Mr. Pierce:

In accordance with your request of September 20, 1963, to Mr. Griswold, enclosed are the following exhibits pertaining to the above-referenced exploration project contract:

1. One copy of the contract form. 2. one copy of Certification of Discovery or Development
3. One copy of Annex I, listing the claims subordinated under the terms of the contract. 4. one copy of Annex II of Amendment No. 7
5. One copy of a map showing the locations of the claims listed in Annex I.

By a special agreement the patented Queen claim was deleted from the subject contract, ~~and added to the land under contract Idm-2045 (DMEA-3143), Calera Mining Company. The royalty obligation under this later contract was liquidated by payment in full during 1958.~~

Under the terms of the contract and the Certification of Discovery or Development issued December 21, 1959, production from all the claims listed in Annex I, excepting the Queen claim, is subject to the Government's percentage royalty from June 2, 1952, to June 2, 1967, or until the Government's participation of $67,803.83 has been repaid, whichever occurs first. The Government has not received any royalty on production from the claims. The royalty period of the contract was increased from 10 to 15 years by Amendment No. 7

I trust the above will serve your purposes. ~~However, if you wish additional information, I suggest that you call on Mr. D. R. MacLaren, Acting Field Officer, Region I, South 157 Howard Street, Spokane 4, Washington (Phone Temple 8-2084). By a copy of this letter he is authorized to show you all the material pertaining to this contract excepting such material as is considered confidential by the Government.~~

Sincerely yours,

Director

Enclosures

cc: Director's Reading File
Region I w/cy of incoming letter
Docket

RMurphy/mm
10/7/63

Re: DM&C-2436 Ltr. to Pierce

I have summarized but

① believe Annex II (attached to Amend. 7) should be included with enclosures.

② Doubt propriety of giving information on Cobra contract, sufficient to state merely that Queen claim was deleted by agreement.

Rls. note (see last page of 9/7/62 Rpt. of Rep. Rev.) that Idaho Mining Co. has only 3 claims under the contract (Tom Jefferson No. 2, Diamond Queen, & Little Queen)

Filled 10/8/63

ROGER V. PIERCE
CONSULTING ENGINEER
808 NEWHOUSE BUILDING
SALT LAKE CITY 11, UTAH

September 18, 1963

Re: DMEA-2436 (Cobalt-Copper)
Northfield Mines Inc.
Stevenson Property
Lemhi County, Idaho
Contract Idm-E334
(Patented Claims
Mineral Survey 2128)

Mr. W. R. Griswold, Chief
Division of Minerals
United States Dept. of the Interior
Office of Minerals Exploration
Washington 25, D. C.

Dear Mr. Griswold: MME-Form 63 (Copy)

In answer to a letter dated September 3 addressed to the Idaho Mining Company, I wonder if you could furnish me with a copy of DMEA-2436.

We have purchased several of the claims that were held by Idaho Metallurgical Company and even though we are not taking any production from these particular claims, I should have the documents so that I will be in the clear in case we do have an obligation to your Department.

Thank you and awaiting for your further advices.

Yours very truly,

Roger V. Pierce

Roger V. Pierce

RVP/da

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 23 1963

DATE	INITIALS	CODE
9/23	WOJ	800
	Griswold	500

So. 157 Howard Street
Spokane 4, Washington
September 13, 1962

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 17 1962
9/17 ~~800~~
9/18 ~~500~~
220

Memorandum

To: Chief, Fiscal Section, Division of Administrative Services, Office of the Secretary, Washington 25, D. C.

From: Acting Field Officer, Region I

Subject: DMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract Idm-E334

There is enclosed a Report of Royalty Review dated September 7, 1962, covering the subject contract for the period September 9, 1959, through August 24, 1962.

One copy of the Report has been retained in the Regional Office files. Since the Report is for record purposes only, no copy for the Operator was provided.

D. R. MacLaren

Enclosure

DRMacLaren:my
cc: CAAA Div., OME
OME, CFF
Reading copies to:
Nolan
McKelvey

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

SEP 7 1962

Memorandum

To: Acting Field Officer, Region I

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

Subject: DMRA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract Idm-E334

The original and one copy of a Report of Royalty Review covering the subject contract are enclosed. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.; and

(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

As evidence of your concurrence, a copy of your memorandum transmitting the original report to the Fiscal Section should be furnished this Division. If for any reason you do not concur, both copies of the report should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 9-7-62

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

43683

QUEBEC METALLURGICAL INDUSTRIES LTD.
2200-25 KING STREET WEST
TORONTO 1, CANADA

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 27 1962

DATE	INITIALS	CODE
8/28		800
		120
		100
8/29	on leave	110
		500
		300
		220

August 24, 1962

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

Attention: Mr. W. R. Griswold, Chief,
Division of Minerals

Re: Idaho Metallurgical Industries Inc.,
IMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc. Stevenson
Property, Lemhi County, Idaho
Contract Idm-E334

Dear Sir:

The information you have requested in your letter of July 26, 1962 has been obtained from the records of the above company available at this office and your letter is returned, herewith, in duplicate.

It should be noted that the charter of Idaho Metallurgical Industries Inc. has been allowed to lapse and all directors resigned.

Yours very truly,

QUEBEC METALLURGICAL INDUSTRIES LTD.

A. C. Callow
Secretary

ACC:IB
Enc.

cc to: OME-Region I

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

July 26, 1962

Re: DMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract Idm-E334

Idaho Metallurgical Industries, Inc.
Room 602, 88 Metcalfe Street
Ottawa, Canada

Gentlemen:

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

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

Sincerely yours,

W. R. Griswold, Chief
Division of Minerals

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since February 11, 1960, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes [x] No [ ]

All unpatented claims allowed to lapse. Patented claims in Mineral Survey #2128 sold to Idaho Mining Company, 808 Newhouse Building, Salt Lake City, Utah, February 27, 1961.

2. Since January 1, 1958, has there been any production from the land subject to the contract? Yes [ ] No [x]

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

	Quantity	Value

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

Type	Quantity	Estimated Grade	Location
Ore	Tons		
Concentrates	Tons		
Other	Tons		

3. Since , has any production been transported through workings (see of contract)? Yes [ ] No [x]

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

Disposition of Material	Quantity	Value

Submitted by:

Name _____ Title _____

Address _____ Date _____

Charter of Idaho Metallurgical Industries Inc. allowed to lapse. All directors resigned.

Frances Uebeler

Legal Division did not return the
original letter

M SELFRIDGE:

1. Raymond brought this in & said Mrs. Ault asked that you look it over.
2. You will note that:
   a. Has not been surnamed by Minerals Div.
   b. Routing is not set up yet.
   c. Copies for Messrs. Lamb & Kirkemo--is this a 120 or Committee case?

HBerry

2/26/60

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

Mr. Norman R. Davis
President
Idaho Metallurgical Industries, Inc.
[illegible] Street
[illegible], Canada

Re: Docket No. [illegible]-[illegible]36 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-2334
and
Docket No. DMEA-3739 (Cobalt-Copper)
Idaho Metallurgical Industries, Inc.
Timber's Pride, et al, Claims
Lemhi County, Idaho
Contract No. Idm-2334

Dear Mr. Davis:

Your letter of February 11 requests the Government to relieve your company from any contingent liability for royalty arising out of the subject contracts. In the absence of some consideration running to the Government, no administrative officer thereof could take such action.

However, we may point out that the liability you speak of is entirely contingent on production from property which you appear either to have abandoned or intend to abandon.

Sincerely yours,

Acting Director
Office of Minerals Exploration

[illegible]/[illegible]/2/23/60
cc: Secretary's Reading File
Mr. Hickman, Room 5224
Mr. Lamb, Room 3608
[illegible]
Mr. Sailer
Mr. Mayfield
Mr. Lynch
[illegible] Field Team, Region I (2) w/2 cys incoming letterfrom Norman R. Davis

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

Mr. Norman B. Davis
President
Idaho Metallurgical Industries, Inc.
[illegible] Street
[illegible], Canada

Re: Docket No. [illegible]-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Ida-3334
and
Docket No. [illegible]-3139 (Cobalt-Copper)
Idaho Metallurgical Industries, Inc.
Tinker's Pride, et al, Claims
Lemhi County, Idaho
Contract No. Ida-3334

Dear Mr. Davis:

Your letter of February 11 requests the Government to relieve your company from any contingent liability for royalty arising out of the subject contracts. In the absence of some consideration running to the Government, no administrative officer thereof could take such action.

However, we may point out that the liability you speak of is entirely contingent on production from property which you appear either to have abandoned or intend to abandon.

Sincerely yours,

Acting Director
Office of Minerals Exploration

[illegible]/2/23/60
Leasing File
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible], Legal [illegible] letter from Norman B. Davis

DMEA-2436
OFFICIAL FILE COPY

Date	Surname	Code
2/29	Tdyad	140
	Hofflund	140
2/29	Selfridge	120
2/29	Hyatt	500
	Fraunel	500
		110
2-29	gad	220
		225

MME Form 7
(10-58)

FEB 29 1960

Mr. Norman B. Davis
President
Idaho Metallurgical Industries, Inc.
88 Metcalfe Street
Ottawa, Canada

Re: Docket No. DMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334
and
Docket No. DMEA-3739 (Cobalt-Copper)
Idaho Metallurgical Industries, Inc.
Tinker's Pride, et al, Claims
Lemhi County, Idaho
Contract No. Idm-E884

Dear Mr. Davis:

Your letter of February 11 requests the Government to relieve your company from any contingent liability for royalty arising out of the subject contracts. In the absence of some consideration running to the Government, no administrative officer thereof could take such action.

However, we may point out that the liability you speak of is entirely contingent on production from the property.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director
Office of Minerals Exploration

JLHofflund:GMcC/jfg:2/25/60
CC: Director's Reading File
Mr. Kirkemo, Room 5224
Mr. Lamb, Room 3608
OME Docket, ~~Room~~ DMEA- 3739
Mr. Soller
Mr. Hofflund
Mr. Lynch
OME Docket, DMEA-2436
OME Field Team, Region I (2) w/2 cys incoming letr. from Norman B. Davis
Code 500

FROM SOLICITOR
FEB 2 3 96
FOR SIGNATURE

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
2/19	Holt	500
		~~500~~
	J Lynd	140
		500

19 FEB 1960

RECEIVED
FEB 19 1960
ASSOC. SOLICITOR
MINERAL RESOURCES

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: W. R. Griswold, Division of Minerals, Office of Minerals Exploration

Subject: Docket No. DMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334
and
Docket No. DMEA-3739 (Cobalt and Copper)
Idaho Metallurgical Industries, Inc.
Tinker's Pride, et al., Claims
Lemhi County, Idaho
Contract No. Idm-E884

Please prepare a reply for the signature of the Acting Director, to the attached letter of February 11, 1960, from the Operator of the subject contracts.

Attachment

43683

2-5701
HONE 5-4764

ROOM 602
88 METCALFE STREET
OTTAWA, CANADA

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 15 1960

DATE	INITIALS	CODE
2-15	gad	200
2/15	[illegible]	800
2/16	Hart S.P.H.	500
		225
	DMEA-2	436

February 11, 1960.

Defence Minerals Exploration Administration,
U. S. Department of the Interior,
Washington 25, D. C.

file

Gentlemen: Re: DMEA Docket No. 2436 - Contract No. IDM-E334 Northfield Mines
DMEA Docket No. 3739 - Contract No. IDM-E884 Idaho Metallurgical

Under the terms of the above contracts, Idaho Metallurgical Industries Inc. is liable for royalties from any production from the subject properties in the amount of $67,803.83 to June 2, 1967, and $41,713.67 to August 26, 1966, respectively.

Following a program of geological mapping, surface stripping, diamond drilling and underground exploration, which cost the Company in excess of $400,000.00, nothing of any value was discovered. Consequently, it was decided to allow all options on claims to lapse and to suspend further assessment work and fees on groups owned by the Company. At the present time, we hold only 3 patented claims in the Stevenson group, covered by Docket No. 2436. These are retained only because they require no assessment or other costs.

This Company is without assets as the enclosed balance sheet will reveal. In these circumstances, we would request the elimination of this contingent liability. Would you kindly advise us as to procedures to be followed to achieve this result?

Yours very truly,

IDAHO METALLURGICAL INDUSTRIES INC.

Norman B. Davis

Norman B. Davis,
President.

NBD:MB
Enc.

STATEMENT 1

IDAHO METALLURGICAL INDUSTRIES, INC.

(Incorporated under the laws of the State of Idaho)

BALANCE SHEET

DECEMBER 31, 1959

(Expressed in United States currency)

A S S E T S

Investment in International Cobalt Company Inc., a wholly-owned subsidiary company, at cost less amount written off		$ 1.00
Buildings and equipment, at cost less amount written off		1.00
Stevenson claims, at cost less amount written off		1.00
		$ 3.00

L I A B I L I T I E S

Payable to parent company - Quebec Metallurgical Industries Ltd.		$ 1,063.55
Shareholders' equity:		
Capital -		
Authorized:		
3,000,000 shares of 1¢ par value each		
Issued:		
1,600,000 shares	$16,000.00	
Deficit (statement 2)	17,060.55	(1,060.55)
		$ 3.00

Approved on behalf of the Board:

Director

Director

(See accompanying note to financial statements.)

AUDITORS' REPORT

To the Shareholders of
Idaho Metallurgical Industries, Inc.:

We have examined the balance sheet of Idaho Metallurgical Industries, Inc. as at December 31, 1959 and the related statements of contributed surplus and deficit for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of contributed surplus and deficit are properly drawn up so as to exhibit a true and correct view of the state of the affairs of Idaho Metallurgical Industries, Inc. at December 31, 1959 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 1, 1960.

Clarkson, Gordon & Co.
Chartered Accountants.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
6/20	Chapman	400
6/20	Martin	400
6/20	Dunger	~~120~~
6/22	Grimm	110
		~~100~~
6/23	C	220
6/23	Selfridge	120
		400

JUN 23 1958

Mr. W. J. Tough
Quebec Metallurgical Industries Ltd.
88 Metcalfe Street
Ottawa, Canada

Re: Docket No. DMEA 2436, Cobalt-Copper
Northfield Mines, Inc.
Stevenson property
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Tough:

Your letter of June 16, 1958, advises us that you desire to drop the two Duffy claims which lie to the southeast of the main claim group of the subject property. As these claims are not included in the land covered by the above-noted contract, there is no objection on our part to your dropping them.

We thank you, however, for informing us of your intention, and thus giving us an opportunity to comment on the proposal.

Sincerely yours,

C. O. Mittendorf (sfc)

Administrator

TLCHAPMAN:foc
6-20-58
cc to: Code 400
Admr. R. File
FT. REG. I
Messrs. H. W. Davis, USBM
T. H. Kiilsgaard, USGS

8623

QUEBEC METALLURGICAL INDUSTRIES LTD.

TELEPHONE
CENTRAL 2-5701

88 METCALFE STREET

OTTAWA, CANADA

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 18 1958

DATE	INITIALS	CODE
6 18	C	220
	WSM	400

June 16, 1958.

Mr. C. O. Mittendorf,
Defence Minerals Exploration Administration,
U. S. Department of the Interior,
Washington 25, D. C.

Dear Sir:

Re: Docket No. DMEA 2436
IDM (E ~~341~~) 334
Northfield Project Contract

We wish to inform you that we have made the final payment to the Stevensons for the Northfield group of claims in the Blackbird District of Idaho. We believe that the two Duffy claims do not form a part of the contract and as they have no mineral value we wish to drop them. The two claims in question lie about 2000 feet to the southeast of the main claim group.

These claims are listed on the Forest Service Waiver of Surface Rights recently issued to us.

As the assessment is due on these claims by the end of the present month, we plan to let these claims lapse. We trust this will meet with your agreement.

Yours very truly,

W. J. Tough.

WJT:MH
c.c. Shenon and Full
Charles Herndon
Floyd Iverson, Regional Forester

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
1-22	Chambers	800
		~~220~~
	Martin	400
1-22	g.b	220
		~~400~~
		225

JAN 22 1958

Clarkson, Gordon & Company
15 Wellington Street West
Toronto 1, Canada

Re: Docket No. DMEA-2436
Contract No. Idm-E334
Northfield Mines, Inc.
and
Docket No. DMEA-3739
Contract No. Idm-E884
Idaho Metallurgical Industries, Inc.

Gentlemen:

In reply to the request made in your letter of January 15, 1958, payments to Northfield Mines, Inc., Docket No. DMEA-2436, Contract No. Idm-E334, as of November 1, 1955, were $67,803.83. No payments by the Government have been made since that time. Payments to the Idaho Metallurgical Industries, Inc., Docket No. DMEA-3739, Contract No. Idm-E884, as of November 1, 1957, were $41,713.67. No payments by the Government have been made since that time. Therefore, your letter stated the accounts correctly.

According to our records the Government holds no equity in the buildings and equipment under either of the above contracts as at December 31, 1957.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

JLChambers/wb
January 21, 1958

Copy to: Docket (2)
Admr. Reading File
Mr. Chambers (2)

8623

Clarkson, Gordon & Co.
Chartered Accountants
18 WELLINGTON STREET WEST
Toronto 1
CANADA

MONTREAL, TORONTO, HAMILTON
LONDON, WINNIPEG, REGINA
CALGARY, EDMONTON, VANCOUVER

PRINCIPAL CITIES OF U.S.A.
ARTHUR YOUNG, CLARKSON, GORDON & CO.

TELEPHONE EM. 8-2751

EXTRA COPY
DMEA
RECEIVED
DATE
1/20 gb
220
225

January 15, 1958.

United States Department of the Interior,
Defence Minerals Exploration Administration,
Washington 25,
District of Columbia,
U.S.A.

Dear Sirs: Re: Idaho Metallurgical Industries, Inc.

In connection with our audit of the accounts of the above company, we should appreciate receiving from you confirmation of the following:

(1) The company's records show amounts received from you totalling $109,517.50 to December 31, 1957 as follows:

(Orig letter filed in DMEA-3739 which is consolidated file.)

Under Northfield Mines Inc. docket D.M.E.A. 2436 Idm E334 (transferred to the above company)	$ 67,803.83
Under Idaho Metallurgical Industries, Inc. docket D.M.E.A. 3739 Idm E884	41,713.67
	$109,517.50

(2) You have no equity in the buildings and equipment under either of these dockets as at December 31, 1957.

If this is correct, would you please sign this letter in the space below? If it is not correct, would you please note at the foot of this letter or on the reverse side the details of any differences? We shall appreciate it if you will return the letter directly to us in the enclosed envelope.

Yours faithfully,

CLARKSON, GORDON & CO.

per:

Please supply Messrs. Clarkson, Gordon & Co. with this information.

The above information is correct. _____

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

OFFICIAL FILE COPY
DMEA
RECEIVED APR 30 1957

DATE	INITIALS	CODE
4-30	C	220
		225

April 26, 1957

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

Re: Docket No. DMEA-2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334 (Terminated)

Dear Mr. Selfridge:

I am enclosing a copy of the assays of a diamond drill hole drilled by Northfield Mines, Inc. on the Stevenson property adjoining the Blackbird Mine in Lemhi County, Idaho. This is the property which DMEA explored under contract Idm-E334. The hole was drilled for assessment purposes long after the termination of the contract. You will note that several mineralized zones were cut in the hole, the one from 327½ feet to 339 feet being quite impressive.

We have always felt that this property deserved more work and were regretful that Northfield did not choose to go on with the final stage of the contract. As you recall Northfield maintained that no valid discovery had been made, but I think that this drill hole definitely indicates that the DMEA discovery is a valid one.

Should there be any further discussions with Northfield Mines, Inc., it would be well not to mention that we have these drill logs. These were obtained unofficially and it might be embarrassing if the company knew that we had them.

Sincerely yours,

A. E. Weissenborn

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

Enclosure

cc: USBM (2)

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4/2	Talbert	800
4/3	C	220
		225

APR 2 - 1957

Clarkson, Gordon & Co.
Chartered Accountants
15 Wellington Street West
Toronto 1, Canada

Re: DMEA-2436, Idm-E334
Northfield Mines, Inc.
and
DMEA-3739, Idm-E884
Idaho Metallurgical Industries, Inc.

Gentlemen:

In connection with your audit of the Idaho Metallurgical Industries, Inc., by letter dated March 22, 1957, you have requested confirmation of payments by the Government to December 31, 1956, under the referenced exploration project contracts.

According to our records advances by the Government under the Northfield Mines, Inc., contract aggregated $67,910.14, but $106.31 was refunded by company check No. C-1970 dated October 17, 1955, to bring the net payments by the Government to $67,803.83, the amount determined by our auditors to be allowable under the terms of the contract.

see ltr of Jan 11, 1955 to O'Connell re equipment

Under the Idaho Metallurgical Industries, Inc., contract our records disclose that the Government has advanced an aggregate of $40,796.17, and that payment of a balance due of $1,000.00 has been withheld pending resumption of work under the contract after a recess which started December 1, 1955. Both the payment and balance due are subject to adjustment after audit by the Government.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
April 2, 1957

Copy to: Docket (2)
Admr. Reading File
Mr. Chambers

8623

CW

400

DOCKET
SURNAME
Hoff
Martin
Burton
Sheppard
Selfridge

Wickes, Riddell, Bloomer,
Jacobi and McGuire
60 Broadway
New York 4, N. Y.

Re: Docket No. DMEA 2436 - Cobalt, Copper
Northfield Mines, Inc.
Merle et al. claims
Blackbird Mining District
Lemhi County, Idaho
Contract No. Idm-E334

FROM SOLICITOR
JAN 9 1957
FOR SIGNATURE

Gentlemen:

We thank you for your letter of December 19, 1956, transmitting as requested in our letter of July 25, 1956, a copy of the quitclaim deed transferring certain claims covered by the above-referenced contract from Northfield Mines, Inc., to Idaho Metallurgical Industries, Inc.

Sincerely yours,

[illegible]

Administrator

SPHolt:am 12-31-56
cc to: Docket
Code 400
Admr. Read. File
Messrs. M. W. Davis, USBM
T. H. Kiilsgaard, USGS
FT. REG. I, NWDist

CW

Docket

WICKES, RIDDELL, BLOOMER, JACOBI & McGUIRE

FORSYTH WICKES
HERMAN E. RIDDELL
MILLARD J. BLOOMER, JR.
HAROLD F. McGUIRE
HERBERT J. JACOBI
JOSEPH CURTIS WHITE
PHILIP BASTEDO
DONALD AGNEW
WILLIAM J. RENNERT

60 BROADWAY, NEW YORK 4, N.Y.

TELEPHONE
DIGBY 4-5500

CABLE: "FORSYWICK"

RECEIVED
DEC 21 1956

December 19, 1956

Idaho Metallurgical Industries, Inc.
Your Reference: Docket No. DMEA-2436 (cobalt-copper)
Northfield Mines, Inc.
Merle et al. claims
Blackbird Mining District
Lemhi County, Idaho
Contract No. Idm-E334

WGM

Dear Sirs:

In accordance with the request made in your letter of July 25, 1956, I enclose a conformed copy of the instrument transferring certain claims covered by Contract IDM-E334 from Northfield Mines, Inc. to Idaho Metallurgical Industries, Inc. That instrument entitled "Quitclaim Deed, Assignment and Agreement" is dated December 5, 1956.

Very truly yours,

Marcel H. Singer

United States Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Enclosure

RECEIVED
DEC 21 1956
O.M.E.A.

QUITCLAIM DEED, ASSIGNMENT and AGREEMENT, dated December 5, 1956, between NORTHFIELD MINES, INC., a Delaware corporation (hereinafter called "Northfield") and IDAHO METALLURGICAL INDUSTRIES, INC., an Idaho corporation (hereinafter called "I.M.I.").

In consideration of the sum of One Dollar ($1.00) in hand paid and other good and valuable consideration, the receipt of which is hereby acknowledged, Northfield hereby quitclaims and assigns to I.M.I. all its right, title and interest in and to a Lease and Option Agreement dated as of May 10, 1951, between F. W. Stevenson and Merle Stevenson (hereinafter called "the Stevensons") and Arnold Hoffman, a Supplementary Agreement to Lease and Option dated as of May 10, 1951, an Escrow Agreement between First Security Bank of Idaho, the Stevensons and Arnold Hoffman, executed July 24, 1951, an Agreement dated February 7, 1952, between Northfield and Arnold and Robert Hoffman, and an Agreement dated August 1, 1955, between Northfield and Calera Mining Company, to the leases, claims, options and other rights and interests contained or referred to in the above-mentioned Agreements and, without limiting the generality of the foregoing, in particular all of Northfield's right, title and interest pertaining or related in any manner whatsoever to the following mining claims located in Lemhi County, Idaho, and referred to or described in said Agreements:

RECEIVED
OCT 1 1985
O.M.E.A.

The unpatented mining claims designated as

Shady
Shady No. 2
Little Deer Creek
Euphemia
Euphemia No. 1
Euphemia No. 2
Euphemia No. 3
Merle
Merle No. 1
Merle No. 2
Merle No. 3
Merle No. 4
Merle No. 5
Merle No. 6
Cool Breeze
Woodtick
Woodtick No. 1
Duffy
Duffy No. 2

and the patented mining claims designated as

Tom Jefferson
Tom Jefferson No. 2
Little Queen
Queen
D. Queen (Diamond Queen)

collectively known as Little Queen Consolidated lode mining claims,

the mining claims, held on location, designated as

Bob Nos. 1 and 2
David Nos. 2 to 24, inclusive,

the mining claims (patented or unpatented) designated as

Big Mickle
Big Mickle No. 2, and

the unpatented mining claims designated as

Chelan No. 77
Chelan No. 78
Chelan No. 79

RECEIVED
DEC 21 1956
O.M.E.A.

Cougar No. 44
Cougar No. 45
Cougar No. 46
Cougar No. 47

Northfield does not in any manner whatsoever represent or warrant that it has any right, title and interest in the claims above assigned. I.M.I. hereby assumes all the obligations, liabilities, easements and other encumbrances referred to, resulting from, or in any manner connected with the above Agreements, including, but not limited to, the obligation to pay to the United States Government a royalty in accordance with the terms of Article 9, as amended from time to time of Exploration Project Contract Idm-XXX4, Docket No. DMEA 2436, Commodity Cobalt-Copper, entered into on June 2, 1952, between Northfield and the United States of America, Department of the Interior, Defense Minerals Exploration Administration and a Termination Agreement between the same parties dated as of July 13, 1955, and the lien granted to the United States Government by Article 9(c) of said Agreement. I.M.I. hereby agrees to exonerate, indemnify and hold harmless Northfield against any and all loss, damages, costs, expenses and liabilities hereby assumed.

This Quitclaim Deed, Assignment and Agreement shall be executed in two counterparts each of which so executed shall be deemed an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused

this Quitclaim Deed, Assignment and Agreement to be executed in their respective corporate names by their respective Presidents or respective Vice-Presidents, and their respective corporate seals to be hereunto affixed and to be attested by their respective Secretaries or their respective Assistant-Secretaries on the day and year first above written.

NORTHFIELD MINES, INC.

By T. Lindsley

Attest:

Paul W. Zeckhausen
Secretary

IDAHO METALLURGICAL INDUSTRIES, INC.

By John H. Baker

Attest:

J. M. Robinson
Ass't-Secretary

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

On the 5th day of December, nineteen hundred and fifty-six, before me personally came Thayer Lindsley, to me known, who, being by me duly sworn, did depose and say: That he resides at 710 Park Avenue, New York 21, N. Y.; that he is the President of Northfield Mines, Inc., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

Thos. Fr. Croke
Notary Public

THOS. FR. CROKE
Notary Public, State of New York
No. 03-0604503
Qualified in Bronx County
Certificate filed with:
County Clerk Borough of Manhattan
Commission Expires March 30, 1957.

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

RECEIVED

On the 5th day of December, nineteen hundred and fifty-six, before me personally came John M. Baker, to me known, who, being by me duly sworn, did depose and say: That he resides at 1680 York Avenue, Apt. 5B, New York 28, N. Y.; that he is the President of Idaho Metallurgical Industries, Inc., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

Thos. Fr. Croke
Notary Public

THOS. FR. CROKE
Notary Public, State of New York
No. 03-0804503
Qualified in Bronx County
Certificate filed with:
County Clerk Borough of Manhattan
Commission Expires March 30, 1957.

2436
Docket
Myrin
Chapman
Selfridge

SEP - 7 1956

Northfield Mines, Inc.
230 Park Avenue
New York 17, New York

Re: Docket No. DMEA-2436, Co-Cu
Northfield Mines, Inc.
Stevenson property
Lemhi County, Idaho
Contract No. Idm-E334

Docket No. DMEA-3143, Co-Cu
Calera Mining Company
Blackbird Mine
Lemhi County, Idaho
Contract No. Idm-E645

Gentlemen:

Enclosed for your files is copy of a "Special Agreement Concerning Land" (the Queen Claim), submitted to us by letter of August 23, 1956, by Calera Mining Company and executed by the Acting Administrator.

Your cooperation in this matter is appreciated.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosure

cc: Docket
Code 400
Adm. Read. File
T. Kiilsgaard, USGS
H. W. Davis, USBM
Oper. Committee
FT, Region I-NW Dist.

WSMartin/ls
8/29/56

R.C.H.

O.K. — HW
Hoffman

D R A F T

Northfield Mines, Inc.
230 Park Avenue
New York 17, New York

Re: Docket No. DMEA-2436, Co-Cu
Northfield Mines, Inc.
Stevenson property
Lemhi County, Idaho
Contract No. Idm-E334

Docket No. DMEA-3143, Co-Cu
Calera Mining Company
Blackbird Mine
Lemhi County, Idaho
Contract No. Idm-E645

Gentlemen:

Enclosed for your files is copy of a "Special Agreement Concerning Land" (the Queen Claim), submitted to us by letter of August 23, 1956, by Calera Mining Company and executed by the Acting Administrator.

Your cooperation in this matter is appreciated.

Sincerely yours,

Administrator

Enclosure

WSMartin/ls
8/27/56

RECEIVED
AUG 28 1956
ASSOC. SOLICITOR
MINERAL RESOURCES

3143
Docket
Chapman
Selfridge

SEP - 4 1956

Calera Mining Company
730 Fifth Avenue
New York 19, New York

Re: Docket No. DMEA-2436, Co-Cu
Northfield Mines, Inc.
Stevenson property
Lemhi County, Idaho
Contract No. Idm-E-334

Docket No. DMEA-3143, Co-Cu
Calera Mining Company
Blackbird Mine
Lemhi County, Idaho
Contract No. Idm-E645

Gentlemen:

This will acknowledge receipt of your letter of August 23, 1956, with enclosed copies of "Special Agreement Concerning Land" (the Queen Claim), together with photostatic copies of deeds to mining claims executed by Northfield Mines, Inc., and Floyd W. Stevenson and Merle Stevenson, conveying the Queen Patented Mining Claim #2128, in the Blackbird Mining District, Lemhi County, Idaho, to Calera Mining Company.

One copy of said agreement, executed by the Acting Administrator, is returned herewith, and one executed copy, as you requested, has been sent to Northfield Mines, Inc.

Your cooperation in this matter is appreciated.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosure

cc: Docket
Code 400
Adm. Read. File
Oper. Committee
T. Kiilsgaard, USGS

cc: H. W. Davis, USBM
FT, Reg. I-NW Dist.

WSMartin/ls
8/29/56

R.C.S.

OK — Hedg

D R A F T

Calera Mining Company
730 Fifth Avenue
New York 19, N. Y.

Re: Docket No. DMEA-2436, Co-Cu
Northfield Mines, Inc.
Stevenson property
Lemhi County, Idaho
Contract No. Idm-E-334

Docket No. DMEA-3143, Co-Cu
Calera Mining Company
Blackbird Mine
Lemhi County, Idaho
Contract No. Idm-E-645

Gentlemen:

This will acknowledge receipt of your letter of August 23, 1956, with enclosed copies of "Special Agreement Concerning Land" (the Queen Claim), together with photostatic copies of deeds to mining claims executed by Northfield Mines, Inc., and Floyd W. Stevenson and Merle Stevenson, conveying the Queen Patented Mining Claim #2128, in the Blackbird Mining District, Lemhi County, Idaho, to Calera Mining Company.

One copy of said agreement, executed by the Acting Administrator, is returned herewith, and one executed copy, as you requested, has been sent to Northfield Mines, Inc.

Your cooperation in this matter is appreciated.

Sincerely yours,

~~Acting~~ Administrator

Enclosure

WSMartin/ls 8/27/56

Rout Type

Docket 2436

CALERA MINING COMPANY

730 FIFTH AVENUE

NEW YORK 19, N. Y. August 23, 1956

3143 + 2436

2436

Defense Minerals Exploration Administration
Department of the Interior
Washington, D. C.

Dear Sirs:

Enclosed, herewith, are the original and eight copies of a "Special Agreement Concerning Land" (the Queen Claim), together with photostatic copies of deeds to mining claims executed by Northfield Mines, Inc., and Floyd W. Stevenson and Merle Stevenson, conveying the Queen Patented Mining Claim #2128, situated in the Blackbird Mining District, located in Lemhi County, Idaho, to Calera Mining Company.

The delay in returning this to you has been occasioned by the delay in having the above mentioned deeds executed and recorded.

It would be appreciated if you would return one copy of the enclosed agreement to us, and one copy of the Northfield Mines, Inc., after they have been executed by the government.

Very truly yours,

William T. Holmes

WTH/gk
encls.

RECEIVED
AUG 24 1956

Docket Copy
(Northfield Mines, Inc.)

EXPLORATION PROJECT CONTRACTS
NORTHFIELD MINES, INC.
DOCKET NO. DMEA-2436
and
CALERA MINING COMPANY
DOCKET NO. DMEA-3143

SPECIAL AGREEMENT CONCERNING LAND

WHEREAS:

1. The Government and Northfield Mines, Inc., are parties to Contract Idm-E334 (Docket No. DMEA-2436), dated June 2, 1952. The Queen claim (Survey No. 2128), is included as part of the land described in Article 2 of this contract, but no exploration was performed on or near this claim. This contract was terminated by an agreement dated July 13, 1955, which provides that a discovery or development was made under the contract and which preserves all the Government's rights with respect to royalty.

2. The Government and Calera Mining Company are parties to Contract Idm-E645 (Docket No. DMEA-3143), dated December 9, 1953. Annex I of this contract provides that should Calera acquire any interest in the Queen claim, which is contiguous to the land described in Annex I, it shall be included as part of the land under this contract.

3. Calera now desires to acquire the Queen claim from Northfield, provided that in so doing it does not assume any obligation for the payment of royalty under Northfield's contract. On the other hand, Northfield desires to transfer the Queen claim to Calera, provided that it will not be required to pay royalty under its contract for any production made from the Queen claim by Calera.

4. It is more likely that the Government will receive royalty on production from the Queen claim if it is transferred to Calera than if the transfer is not made.

NOW THEREFORE, effective August 1, 1955, it is agreed that:

1. The Queen claim is deleted from Annex I to Contract Idm-E334 (Docket No. DMEA-2436), and production from said claim is not subject to the Government's royalty under said contract.

2. The Queen claim is added to the land referred to in Article 2 of Contract Idm-2645 (Docket No. DMEA-3143), and the Consent to Lien of the owners is required on forms furnished by the Government.

Executed this 6th day of September, 1956.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Administrator, Defense Minerals Exploration Administration

NORTHFIELD MINES, INC.

By Paul W. Beckhausen
Treasurer

CALERA MINING COMPANY

By [illegible]
[illegible]

Rubin
Hoffman
"Appl. Sol. Off."
Talbot
Chapman
Selfridge
Martin

FORM No. 320—DEED TO MINING CLAIM.

DEED TO MINING CLAIM

THIS INDENTURE, made the 10th *day of* JANUARY, *1956*, *between*

NORTHFIELD MINES, INC., a corporation,

party of the first part, and

CALERA MINING COMPANY, a corporation,

party of the second part;

WITNESSETH: That the said party of the first part, for and in consideration of the sum of ONE DOLLAR ($1.00) and other valuable considerations---------- ~~Dollars,~~ *lawful money of the United States of America, to* it *in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, has granted, bargained, sold, remised, released* and confirmed *and forever quitclaimed and by these presents does grant, bargain, sell, remise, release* and confirm *and forever quitclaim unto said party of the second part,* its *heirs and assigns*

QUEEN Patented Lode Mining Claim, No. 2128, situate in the Blackbird Mining District, in the County of Lemhi, State of Idaho.

Together with all the dips, spurs and angles, and also all the metals, ores, gold and silver-bearing quartz rock and earth therein, belonging thereto, and all the rights, privileges and franchises thereto incident, appendent and appurtenant, or therewith usually had and enjoyed; and also all and singular the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining, and the rents, issues and profits thereof; and also all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in law as in equity, of the said party of the first part, of, in and to the said premises, and every part and parcel thereof, with appurtenances.

To Have and to Hold all and singular, the said premises, together with the appurtenances and privileges thereto incident, unto the said party of the second part, its *heirs and assigns forever. It is expressly covenanted that it is intended hereby to convey any and all right, title, interest and estate which may hereafter be acquired to said premises, or any part thereof, by virtue of any patent, which may hereafter be issued by the United States Government therefor under proceedings heretofore instituted in that behalf by the said party of the first part or* its *grantors.*

IN WITNESS WHEREOF, the said party of the first part has hereunto set its *hand and seal the day and year first above written.*

Executed and Delivered in the Presence of

ATTEST: Paul D. Beckhauser
Secretary

NORTHFIELD MINES, INC.
By T. Hurley (SEAL)
President
(SEAL)
(SEAL)
(SEAL)

STATE OF ~~IDAHO~~ New York

County of New York } ss.

On this 7th day of June, 1956, a Notary Public in and for said State, personally appeared the undersigned, Indiana, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

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

Ed. F. Rapp

Notary Public for the State of ~~Idaho~~ New York

Residing at New York, ~~Idaho~~

Deed to Mining Claim

(FORM No. 320)

TO

Dated ....., 19.....

STATE OF IDAHO,

County of Lemhi } ss.

I hereby certify that this instrument was filed for record at request of C. Walker Lyon at 1 minutes past 4 o'clock P. M., this 7t day of June, 195.., in my office, and duly entered in Book 45 of Deeds at page 498.

J. W. Simmonds
Ex-Officio Recorder.

By Opal Reddington
Deputy.

Fees, $ 1.50 Paid

Mail to .....

4911 STEVENS-NESS LAW PUB. CO.

FORM No. 800—WARRANTY DEED.

THIS INDENTURE, made this 3rd day of May, 19 56, between Floyd W. Stevenson and Merle Stevenson, also known as F.W. Stevenson and Merle Stevenson, husband and wife, of Richland, County of Benton, State of Washington, the part ies of the first part and Calera Mining Company, a corporation, of, County of Lemhi, State of Idaho, the part y of the second part,

WITNESSETH, that the said part ies of the first part, for and in consideration of the sum of ONE DOLLAR ($1.00) and other valuable considerations ---------- ~~Dollars~~ lawful money of the United States of America, to them in hand paid by the part y of the second part, the receipt whereof is hereby acknowledged, have granted, bargained, sold, and by these presents, do grant, bargain, sell and convey and confirm unto the said part y of the second part, and to its heirs and assigns, forever, all the following described real estate, situated in, County of Lemhi, State of Idaho, to-wit:

QUEEN Patented Lode Mining Claim No. 2128, situate in the Blackbird Mining District, in Lemhi County, State of Idaho.

TOGETHER with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, and rents, issues and profits thereof; and all estate, right, title and interest in and to the said property, as well in law as in equity, of the said part ies of the first part.

TO HAVE AND TO HOLD, all and singular the above mentioned and described premises together with the appurtenances unto the part y of the second part, and to its heirs and assigns forever. And the said part ies of the first part, and their heirs, the said premises in the quiet and peaceable possession of the said part y of the second part, its heirs and assigns, against the said part ies of the first part, and their heirs, and against all and every person and persons whomsoever, lawfully claiming or to claim the same shall and will warrant and by these presents forever defend.

IN WITNESS WHEREOF, the said part ies of the first part ha ve hereunto set their hand s and seal s the day and year first above written.

Executed and Delivered in the Presence of

F. W. Stevenson [SEAL]

Merle Stevenson [SEAL]

[SEAL]

[SEAL]

STATE OF ~~IDAHO~~
County of [illegible] } ss.

On this [illegible] day of [illegible] in the year 1956, before me the undersigned, a Notary Public in and for said State, personally appeared Floyd W. Stevenson and Merle Stevenson

known to me to be the person.s. whose name.s. are subscribed to the within instrument, and acknowledged to me that they executed the same.

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

[illegible]

Notary Public for the State of ~~Idaho~~
Residing at [illegible] ~~Idaho~~

No.

WARRANTY DEED

(FORM No. 200)

TO

Dated, 19

STATE OF IDAHO,
County of Lemhi } ss.

I hereby certify that this instrument was filed for record at request of C. Walker Lyon at - minutes past 4 o'clock P. M., this 7th day of June, 19 56, in my office, and duly entered in Book 45 of Deeds at page 497.

J. J. Simmonds
Ex-Officio Recorder.

By Opal Reddington
Deputy.

Fees, $1.50 Paid

Mail to

552 STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

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

Bystrin
Lawyer
Marvin
Fleischman

JUL 25 1956

Wickes, Riddell, Bloomer, Jacobi
& McGuire
60 Broadway
New York 4, New York

Re: Docket No. DMEA-2436 (cobalt-copper)
Northfield Mines, Inc.
Marie et al. claims
Blackbird Mining District
Lemhi County, Idaho
Contract No. Ida-8334

Gentlemen:

Your letter dated July 12, 1956, informed us that your client, Northfield Mines, Inc., plans to transfer its interest in the land referred to in Article 2 of the subject contract to Idaho Metallurgical Industries, Inc., subject to the Government's rights to royalty and lien for payment thereof, and inquired whether the Government's consent to the transfer of the land is required.

This is to advise you that, in our view, the Government's consent to the transfer of the property is not required. It is requested, however, that the Government be furnished with a copy of the instrument of transfer.

We should like to point out that your letter also states your opinion, "that upon assumption by I.M.I. of the obligations referred to in Article 9, Northfield will not be further liable to the Government under said contract." This part of your interpretation is not in accord with our view of the requirements of the contract respecting payment of royalty. It is the Government's position that it may look to the Operator for payment of royalty in the event of nonpayment by the Operator's transferee of the land.

Sincerely yours,

C. O. Mittendorf

Administrator

HCRubin/emd 7/20/56
Copy to: DMEA Docket
Adm. Reading File
W. S. Martin
Field Team, Reg. I, NW Dist. (2)
Mr. Davis, USBM
Mr. Killsgaard, USGS
R. P. Dwyer H. C. Rubin chron. pending

R.C.K.

2436

7/25/56

Re: DMEA 2436 , Northfield

Mr. Singer, attorney, phoned Mr. Martin this afternoon to inquire as to response to letter about assignment proposed by Northfield.

Mr. Martin gave Mr. Singer the gist of letter Legal wrote saying Government consent to the assignment not required, but Northfield still liable for royalty should assignee not pay. Mr. Martin advised Singer he would receive the letter in a few days.

Docket
Chapman
Alvager

July 17, 1956

MEMORANDUM

To: Associate Solicitor, Division of Mineral Resources

From: Iron and Ferro-Alloys Division, DMEA

Subject: Assignment of Northfield Mines, Inc., lease and contract, in Stevenson property, Lemhi County, Idaho, to Idaho Metallurgical Industries, Inc.
Docket No. DMEA 2436, Cobalt-Copper
Contract No. Idm-E334

Attached find letter from Wickes, Riddell, Bloomer, Jacobi & McGuire, Attorneys, concerning transfer of lease on the Stephenson property and DMEA contract to Idaho Metallurgical Industries, Inc.

Please advise us whether the consent of the Government is necessary for transfer of lease and DMEA contract.

Thos. L. Chapman, Acting Chief
Iron and Ferro-Alloys Division

Attachments

cc: Docket
Code 400

TLChapman/ls

RECEIVED
JUL 1 6 1956

WICKES, RIDDELL, BLOOMER, JACOBI & McGUIRE

FORSYTH WICKES
HERMAN E. RIDDELL
MILLARD J. BLOOMER, JR.
HAROLD F. McGUIRE
HERBERT J. JACOBI
JOSEPH CURTIS WHITE
PHILIP BASTEDO
DONALD AGNEW
WILLIAM J. RENNERT

60 BROADWAY, NEW YORK 4, N.Y.

TELEPHONE
DIGBY 4-5500

CABLE: "FORSYWICK"

RECEIVED
JUL 1 [illegible]

July 12, 1956

Northfield Mines, Inc.
Docket No. DMEA 2436

Copy retained

Dear Sir:

We are counsel for Northfield Mines, Inc., which on June 2, 1952, entered into Exploration Project Contract Idm-E334, Docket No. DMEA 2436, Commodity Cobalt-Copper. That contract as amended from time to time was terminated by an Agreement dated as of July 13, 1955.

It is planned that Northfield's interest in the properties referred to in Article 2 of the contract be transferred to Idaho Metallurgical Industries, Inc. (hereinafter called "I.M.I."), an Idaho corporation which, we are advised, has entered into Exploration Project Contract Idm-E884, Docket No. DMEA 3739, Commodity Cobalt-Copper.

Under the terms of Article 9 of the contract of June 2, 1952, Idm-E334, as amended by Annex II and amendment 7, Northfield (therein referred to as "Operator") or its successor in interest shall pay to the United States Government a royalty on all minerals mined or produced from the land which was the subject of the contract until the total amounts contributed by the Government is fully repaid

or the period specified in Article 9 as so amended shall have elapsed.

Pursuant to Article 10 of said contract, the Operator (i.e., Northfield) "shall not make any voluntary * * * transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; * * *". Article 10 further provides

> "* * * Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production."

Upon transfer of the mining claims referred to in Article 2 of Contract Idm-E334 I.M.I. will assume all obligations relating to said claims, including the royalties and lien provided in Article 9.

It is our interpretation of Article 10 of Contract Idm-E334 that the consent of the Government (Defense Minerals Exploration Administration) will not be required for the transfer of the rights which Northfield may have in and to the properties referred to in Article 2 and that upon assumption by I.M.I. of the obligations referred to in Article 9, Northfield will not be further liable to the Government under said contract.

We believe that our interpretation is further supported by the first sentence of Article 10 which provides that the Operator shall not assign or otherwise transfer "this contract or any rights thereunder" without the written consent of the Government. Since the contract has been terminated by Agreement dated July 13, 1955, we believe that Northfield has no further rights thereunder which it could or will transfer.

We would appreciate being advised whether you agree with our interpretation of Article 10. If you should not agree, will you kindly advise us of the instruments to be submitted for obtaining the consent of the Government.

Very truly yours,

Marcel W. Singer

C. O. Mittendorf, Esq., Administrator
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

March 15, 1956

SUMMARY OF CERTIFIED PROJECT

Docket No. DMEA-2436 (Cobalt-Copper)
Contract No. Idm-E334

Operator: Northfield Mines, Inc.
230 Park Avenue
New York, N. Y.

Property: Stevenson Property
Lemhi County
Idaho

Landlord's Subordination Agreement May 10, 1951 -

Special Agreement as of August 1, 1955 - Queen claim is deleted from subject contract and added to Calera Mining Company. Docket No. DMEA-3143, Contract No. Idm-E645.

Contract: Dated June 2, 1952

Terminated by agreement July 13, 1955.

Effective October 1, 1953, provides Operator's Report of "Work Completed" through September 1953, accepted in lieu of Operator's Final Report.

Work Authorized:

Exhibit A (Actual Cost)

Compressor, tool and bunk house - temporary tent	$ 7,500.00
Construction of new roads by bulldozer - 137 hrs. @ $15.00 per hr.	2,055.00
Road rehabilitation by bulldozer - 112 hrs. @ $15.00 per hr.	1,680.00
Trenching by bulldozer - 5,500 feet - 500 hrs. @ $15.00 per hr.	7,500.00
Diamond Drill sites by bulldozer - 10 sites - 21 hrs. @ $15.00 per hr.	315.00
Diamond Drilling - 2,000 ft. @ $8.00 per ft.	16,000.00
Sub total -	$35,050.00

Docket No. DMEA-2436 continued

Contract continued:

Work Authorized continued:

Driving one or more adits - 1000 feet -

Labor - supervision and consultants	$31,863.55
Operating material and supplies	13,083.62
Operating equipment to be rented	8,401.90
Operating equipment to be purchased	1,840.00
Miscellaneous	12,660.93
Sub total -	$67,850.00
Total estimated cost	$102,900.00
Government's participation at 70%	$72,030.00

Amendment No. 1 - August 11, 1952 - Effective June 2, 1952

Add rental for cabin	$ 400.00
Reduce boarding house loss	400.00
	000.00

Amendment No. 2 - September 15, 1952 - Effective same date

(a) Substitute - new road construction - 2500 feet - 100 hrs. @ $13.00 per hr.	$ 1,300.00
(b) Substitute - trenching - 8,000 feet - 435 hrs. @ $13.00 per hr.	$ 5,655.00
(c) Substitute - road rehabilitation - 71 hrs. @ $13.00 per hr.	$ 923.00
(d) Substitute - Diamond Drilling - 2980 ft. @ $6.49 per ft.	$19,357.00

(Justification - to provide flexibility without increasing costs.)

Amendment No. 3 - November 7, 1952 - Effective June 2, 1952

Consents to independent contracts for driving adits, including snow removal as part of drifting cost.

Amendment No. 4 - November 19, 1952 - Effective June 2, 1952

Delete engineer part time @ $186.00 per month	$ 1,295.00
Substitute engineer 5 months @ $500 per month	$ 2,500.00

Docket No. DMEA-2436 continued

Contract continued:

Work Authorized continued:

Amendment No. 5 - March 10, 1953 - Effective ~~June 2~~ Apr. 2, 1952

Extends time for completion from 10 months to 14 months.

Amendment No. 6 - June 9, 1953 - Effective June 2, 1952

The following shall not be allowable maximums:

Total labor	$21,685.83
Bonus for miners	$ 1,960.00
Cook	$ 2,722.72
Operating material and supplies	$13,083.62

(Justification - that operator may be reimbursed for cost of drifting not provided for in original contract.)

Amendment No. 7 - August 6, 1953 - Effective June 2, 1952

(1) Adds Annex II and III
(2) Extends time for completion to 30 months
(3) Increases total estimated cost from $102,900 to $233,150.
(4) Increases time for repayment from 10 years to 15 years. Cost of "Additional Work" set forth as "Agreed Unit Costs" are in lieu of actual costs that would otherwise be allowable costs, under provisions of Article 6(a) of contract form.
(5) All work referred to in Exhibit A having been completed or in process of completion. The "Additional Work" shall be performed as indicated in Exhibit B as follows:

Agreed Unit Costs in lieu of Actual Costs

Merle No. 5 Zone

Drifting & Crosscutting - 400 ft. @ $43.75 p/ft.	$17,500.00
Diamond Drilling - 400 ft. @ $5.00 per ft.	2,000.00
Diamond drilling stations - 5 stations @ $25 each	125.00
	$19,625.00

Docket No. DMEA-2436 continued

Contract continued:

Work Authorized continued:

Agreed Unit Costs in lieu of Actual Costs

Merle No. 3 Zone

Drifting, crosscutting & timbering 2,050 ft. @ $34.33 per ft.	$81,375.00
Diamond drilling stations - 12 stations @ $25.00 ea.	300.00
Diamond drilling - 600 ft. @ $5.00 per ft.	3,000.00
	$84,675.00

Further Work

Drifting and crosscutting and timbering - 300 ft. @ $41.66 per ft.	$12,500.00
Diamond drilling - 1,000 ft. @ $5.00 per ft.	1,000.00
Diamond drilling stations - 4 stations @ $25.00 each	100.00
	$13,600.00
Total agreed unit costs	$117,900.00

Exhibit "B" - Actual Costs

Mine Maintenance	$ 5,000.00
Assays - 600 @ $6.00 each	3,600.00
Snow removal - 250 hrs. @ $15.00 per hr.	3,750.00
	$12,350.00

SUMMARY

Actual Cost of Work in Exhibit "A"	$102,900.00
Actual Cost of Work in Exhibit "B"	12,350.00
Agreed Unit Costs - Additional Work	117,900.00
Total Estimated Cost of Project	$233,150.00
Government's participation @ 70%	$163,205.00

Docket No. DMEA-2436 continued

Contract continued:

Work Completed - Operator's Report - June 1952 thru Sept. 1953

Drifting - 840.2 ft. @ $64.15 per ft.	$ 49,149.23
Diamond drilling - 3428 ft. @ $6.39 per ft.	19,357.00
Trenching - 425½ hrs. @ $13.40 per hr.	5,700.50
Roads trails and drilling sites - 141 hrs. @ $13.00 per hr.	1,832.50
Equipment purchased	1,601.79
Buildings	3,724.62
Miscellaneous allowables	26,749.72
Total reported cost	$108,115.36

Audit Certificate: November 27, 1953

Exceptions to the above	Less -	($9,353.74)
Total accepted - Actual costs		$98.761.62
Total accepted - Unit costs		6,676.00
Total accepted costs		$105,437.62
Proceeds from property disposition	Less -	(8,575.00)
Total accepted costs of project		$ 96,862.62
Government's participation @ 70%		$ 67,803.83

Certification of Discovery: December 21, 1955

Cobalt and copper occur in wide, persistent mineralized shear zones traceable on the surface over extensive lengths, proved by Diamond Drilling to continue to depth.

Cobalt-copper ore discovered was estimated by this office (DMEA Ferro-Alloy Division) as 825,000 tons of inferred ore with an average assay of about 0.33 percent cobalt and 0.62 percent copper. X 82,500

Production -

None

Docket No. DMEA-2436 continued

Certificate of Discovery continued

Estimated Ore Reserves -

Operator's Final Report - received

Field Team's Final Report - Memorandum, October 26, 1955. No formal Final Report.

Operator's report of work completed through September 1953 was accepted in lieu of a Final Report submitted June 1954 in which it was stated:

"No attempt has been made to estimate ore tonnage because of erratic nature of mineralization and limited exposures of vertical extent, which would result only in classification of possible ore. However, work in Merle No. 5 zone outlined a zone 300 feet in length with a maximum width of 30 feet. From drill hole assays this would probably run 0.35 to 0.40 percent cobalt and about 1.0 percent copper."

Field Team's memorandum - "Recommendation for Certification" - October 26, 1955 reports:

Surface bulldozing exposed 6 mineralized zones of which;

Merle No. 3 zone exposed for 1,200 feet.
Merle No. 5 zone exposed for 1,000 feet.
Diamond Drilling proved these zones to depth of 200 to 600 feet.
Merle No. 3 zone was oxidized to a depth of 200 feet.
Merle No. 5 zone was oxidized to a depth of 150 feet.
Crosscutting and drilling in Merle No. 5 zone explored only a relatively small part of this zone.
Assays on east side of crosscut for 62 feet averaged 0.373 percent cobalt equivalent (cobalt plus 1/8 of the copper.)
Assays on west side of crosscut for 61 feet averaged 0.477 cobalt equivalent.

"In view of the above plus a large possible tonnage of mineralized rock (over a million tons in Merle No. 3 zone, assuming a 10 foot average width and 200 feet of oxidation) in the whole area in which it is very probable there are lenses of ore grade material."

Docket No. DMEA-2436 continued

Comments:

There having been no estimates of ore reserves submitted by either Operator or Field Team, DMEA, Ferro-Alloys Division provided the following estimate:

Merle No. 5 zone

Oxidized from surface evaluation of 7,300 ft. to elevation 7100 ft. -	200 ft.
Unoxidized from 7,100 elevation to main crosscut at 7,000 ft. elevation -	100 ft.
One-half distance above main crosscut level -	50 ft.
On equal distance below main crosscut level -	50 ft.

Assuming:

Average width of 33 ft., strike length of 300 ft. and a factor of 12 cu. ft. per ton of ore in place -

equals $\frac{33 \times 300 \times 100}{12}$ = 82,500 tons of inferred ore

Average value per ton, 0.327% Co - 0.619% Cu.

A. G. Keating

Docket

CALERA MINING COMPANY

730 FIFTH AVENUE

NEW YORK 19, N. Y.

RECEIVED
JAN 18 1956

January 17th, 1956

Mr. C. O. Mittendorf, Administrator
U. S. Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

(Your No. 400) WSM

Re: Exploration Project Contracts
Northfield Mines, Inc.
Docket No. DMEA 2436 - Cobalt & Copper
Contract No. Idm-E334

Calera Mining Company
Docket No. DMEA 3143 - Cobalt & Copper
Contract No. Idm-E645
Lemhi County, Idaho

Dear Mr. Mittendorf:

This morning, we received your letter of January 16th in which you inquired about the delay on our part in completing the Special Agreement on the Queen Claim.

As you point out, we have received signed copies of the Special Agreement from Northfield Mines, Inc. on which we were to affix our signatures and forward to your office. We have, unfortunately, not been able to consummate our agreement with Northfield on the Queen Claim up to date. We have been extremely disappointed that such a simple affair should require such an extended period of time to reach an agreement. I am advised by our attorney in Salmon, Idaho that he has attempted several times to expedite matters with the Northfield representative, but for one reason or another completion has been continuously delayed.

Since the "Special Agreement Concerning Land" requires evidence that we have come to agreement with Northfield Mines, Inc. on the Queen Claim, I have not signed the above and will retain them here until our negotiations have been completed.

We will, of course, continue to press this matter, and I remain

Yours sincerely,

CALERA MINING COMPANY

VICE-PRESIDENT

Copy made for Bryce Lee

VHC:RF

400

DOCKET
SURNAME
Non Ferrous

JAN 16 1956

Mr. Vinton H. Clarke, Vice President
Calera Mining Company
730 Fifth Avenue
New York 19, New York

Re: Exploration Project Contracts
Northfield Mines, Inc.
Docket No. DMEA 2436 - Cobalt & Copper
Contract No. Idm-E334

Calera Mining Company
Docket No. DMEA 3148 - Cobalt & Copper
Contract No. Idm-E645
Lemhi County, Idaho

Dear Mr. Clarke:

By letter of August 29, 1955, we transmitted to Northfield Mines, Inc., the original and eight copies of a "Special Agreement Concerning Land" (the Queen claim). We requested that Northfield sign the document and forward it to Calera Mining Company for signature and subsequent return to this office, for signature in behalf of the Government.

Northfield Mines reports that the agreement was signed and forwarded to you, but we have not heard from you regarding the matter. Please advise us any reason you may have for not signing, or notify us if the agreement has become misplaced or lost in the mail.

Sincerely yours,

C. O. Mittendorf

Administrator

WSMartin/foc
1-13-56
cc to: Docket
Code 400
Adm. Read. File
FT. REG. 1 - NW Dist.
Messrs. HWDavis, USBM
THKiilsgaard, USGS

R.S.J.

230 PARK AVENUE
NEW YORK 17, N. Y.

January 9th, 1956

RECEIVED
JAN 11 1956

Mr. C. O. Mittendorf, Administrator,
Defense Minerals Exploration Administration
U. S. Department of the Interior
Washington 25, D. C.

WSM

Re: Exploration Project Contracts
Northfield Mines, Inc.
Docket No. DMEA 2436 Co and Cu
Contract No. Idm-E334
Calera Mining Company
Docket No. DMEA 3143-Co and Cu
Contract No. Idm-E645
Lemhi County, Idaho

Dear Mr. Mittendorf:

This will acknowledge receipt of yours of the 6th inst. in reference to a "Special Agreement Concerning Land" (The Queen Claim).

The mentioned agreement and all copies were executed by Northfield Mines, Inc. and forwarded to Calera Mining Company under date of September 13, 1955.

Yours sincerely,

William C. Schmidt

William C. Schmidt

WCS/lm

400 DOCKET SURNAME Chapman Martin

JAN 6 1956

2436

Mr. William C. Schmidt
Northfield Mines, Inc.
230 Park Avenue
New York 17, New York

Re: Exploration Project Contracts
Northfield Mines, Inc.
Docket No. DMEA 2436-Cobalt & Copper
Contract No. Idm-E334

Calera Mining Company
Docket No. DMEA 3143 - Cobalt & Copper
Contract No. Idm-E645
Lemhi County, Idaho

Dear Mr. Schmidt:

Reference is made to our letter of August 29, 1955, with which we enclosed the original and eight copies of a "Special Agreement Concerning Land" (the Queen Claim).

It was requested that you sign and forward the original and all copies to the Calera Mining Company, 731 Fifth Avenue, New York 19, New York, for signature. All copies were than to be returned to us for signature, but have not yet been received here. It will be appreciated if you will advise us at your early convenience whether this same agreement has been signed by you and forwarded to the Calera Mining Company.

Sincerely yours,

Administrator

TLChapman:foc
1-5-56
cc to: Docket
Code 400
Adm. Read. File
FT. REG. 1 - NW Dist.
Messrs. Davis, USBM
Kiilsgaard, USGS

9

230 PARK AVENUE
NEW YORK 17, N. Y.

December 28, 1955

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
U.S. Department of The Interior
Washington 25, D.C.

Re: Docket No. DMEA 2436, Cobalt-Copper
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Mittendorf:

This will acknowledge with thanks receipt of yours of the 22nd inst. addressed to Northfield Mines, Inc. transmitting a certification of discovery or development issued under the subject contract, and giving certain instructions in connection with any possible production from this property.

These matters will be discussed here when Mr. O'Donnell returns and if there are any points not quite clear, further communication with you will follow.

Yours sincerely,

William C. Schmidt

William C. Schmidt

WCS:b

IN REPLY REFER TO:

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

RECEIVED
DEC 28 1955

December 22, 1955

Re: DMEA 2436, Idm-E334
Northfield Mines, Inc.
Stevenson property
Lemhi County, Idaho
Cobalt-Copper

Memorandum

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

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

Subject: Review of memorandum recommending issuance of a Certificate of Discovery.

The accounts with the applicant having been cleared, the Field Team recommends that a certificate of discovery be issued. Amounts agreed upon are not given.

In an engineer's memorandum dated July 26, 1955, the work units completed to April 30, 1953, are given as:--

Crosscutting and drifting	766.2 feet
Diamond drilling	2,028.0 "
Trenching	425.5 hours
Roads and trails	141.0 "

The geologist's memorandum of October 26, 1955, says:--

"The bulldozing exposed at least six mineralized zones; of these, the Merle 3 zone is exposed for about 1,200 feet, the Merle 5 zone for about 1,100 feet. The diamond drilling proved that the zones are present at least to depths of from 200 to 600 feet. Assays from the surface drilling were relatively poor, but this is to be expected because of deep oxidation and resultant leaching; the drilling showed that complete oxidation of the ore minerals extends as deep as 200 feet and partial oxidation is present at a depth of at least 300 feet.

"Crosscutting and diamond drilling underground on the Merle 5 zone explored only a relatively small part of that zone; it was partly in oxidized material and partly in fresh,

relatively unoxidized material. Assays of the east side of the main crosscut average 0.373 cobalt equivalent (cobalt plus 1/8 of the copper) over 62 feet, and assays of the west side showed 0.477 cobalt equivalent over 61 feet. Averaged assays of the underground diamond drilling are listed below:

"Hole No.	Distance	Cobalt Equivalent	
700-1	51 feet	0.435	(included one 15.5-foot section averaging .738 cobalt equivalent.)
701-3	3 feet	0.86	
	17 feet	0.675)	(these two with a low-
	10 feet	0.682)	grade 3-foot section averaged 0.62 cobalt equivalent over 30 feet.)
701A-1	47.5 feet	.326	
701-1	24 feet	.293	
	26 feet	.376	

"In view of the facts mentioned above, plus the large possible tonnage of mineralized rock (over a million tons in the Merle 3, down to altitude 6700, assuming 200 feet of oxidation, and a 10-foot average width) in the whole area in which it is very probable there are lenses of ore-grade material, a Certification of Discovery should be issued."

I concur with the conclusions and recommendations of the examiners and Field Team.

N. E. Nelson

N. E. Nelson

DOCKET
Surname: Holt
Martin
Fisher
Selfridge

DEC 22 1955

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

Re: Docket No. DMEA 2436, Cobalt-Copper
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Weissenborn:

Enclosed are copies of a certification of discovery or development for the above-named property, and of related correspondence.

Sincerely yours,

Chairman, Operating Committee

Enclosures

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

cc: Docket
Code 400 (2 cc)
Adm. Read. File
Oper. Committee
Mr. Johnson, Code 110
Mr. Chambers, Code 800
R. W. Geehan, USBM
Helena Meyer, USBM
H. W. Davis, USBM
Thor Kiilsgaard, USGS
FT, REG. I-NW District

SPHolt/ls
11/28/55

DOCKET
Surname:
Holt
Martin
Nelson
Fisher
Kielsgaard
Geehan
Selfridge
Hofstrand

DEC 22 1955

Mr. Clarence A. Fredell, Acting Director
Materials Div., Emergency Procurement Service
General Services Administration
Washington 25, D. C.

Re: Docket No. DMEA 2436, Cobalt-Copper
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development issued under the subject contract.

Contract No. Idm-E334 for the exploration of the Stevenson property's cobalt-copper deposits was executed June 2, 1952.

Expenditures authorized	$102,900.00
Government participation at 70% . . .	72,030.00

Amendment No. 7 to the contract authorized an increase in total cost to $233,150.00, with Government participation increased to $163,205.00.

Work authorized under the contract consisted of erection of tent houses, compressor house, bunkhouse, cookhouse, construction of 2,500 feet of road and 2,000 feet of trail, excavation of 5,500 feet of bulldozer trenches, 1,000 feet of drifting and crosscutting, and 2,000 feet of diamond drilling. Amendments Nos. 2 and 7 increased the totals of drifting and crosscutting to 3,750 feet and of diamond drilling to 3,580 feet.

Work completed consisted of:

Drifting and crosscutting	840.2 feet	
Roads and trails	141.0 hours	(5,000 feet)
Trenching	425½ hours	(7,048 feet)
Diamond drilling	3428 feet	
New buildings erected	3	

Total cost of the completed work . . .	$96,862.62
Government participation at 70%. . . .	$67,803.83.

R.C.H.

The project was established to explore for cobalt and copper in the Stevenson property by surface trenching, diamond drilling, drifting and crosscutting. Cobalt-copper ore discovered by the project was estimated by this office as 82,500 tons of inferred ore, average assay about 0.33 percent cobalt, and 0.62 percent copper.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

cc: Docket
Code 400 (2 copies)
Adm. Read. File
Oper. Committee
FT, Reg. I-NW Dist.

cc: Mr. Johnson, Code 110
Mr. Chambers, Code 800
R. W. Geehan, USBM
Helena Meyer, USBM
H. W. DAVIS, USBM
Thor Kiilsgaard, USGS

SPHolt/ls
11/28/55

400

DOCKET
Surname:
Holt
Martin
Nelson
Fisher
Kiilsgaard
Geehan
Selfridge
Johnson

DEC 22 1955

Mr. and Mrs. F. W. Stevenson
332 G Street
c/o General Delivery
North Richard, Washington

Re: Docket No. DMEA 2436, Cobalt-Copper
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-1334

Dear Mr. and Mrs. Stevenson:

Transmitted herewith for your information is a copy of the certification of discovery or development issued as a result of the exploration program under the above-referenced contract. Part of the property as set forth in the contract was leased to Arnold Hoffman by F. W. Stevenson and Merle Stevenson, his wife, under a certain indenture dated May 10, 1951. The same property was also referred to in an assignment dated March 14, 1952, executed by Arnold Hoffman to Northfield Mines, Inc., and in a Landlord's Subordination Agreement, dated May 28, 1952, executed by the above-named F. W. Stevenson and Merle Stevenson.

Also enclosed is a copy of a letter to Northfield Mines, Inc.

Sincerely yours,

C. O. Mitmeidert

Administrator

Enclosures

cc: Docket
Adm. Read. File
Code 400 (2 copies)
Oper. Committee
FT, Reg. I, Spokane

cc: Mr. Johnson, Code 110
Mr. Chambers, Code 800
R. W. Geehan, USBM
Helena Meyer, USBM
H. W. Davis, USBM
Thor Kiilsgaard, USGS

SPHolt/ls
11/28/55

P.C.F.

400

DOCKET
Surname:
Holt
Martin
Meyer
Dawson
Nelson
Fisher
Rutin
Kilsgaard
Geehan
Selfridge
F.E. Johnson

DEC 22 1955

Northfield Mines, Inc.
Room 1841, 230 Park Avenue
New York 17, New York

Re: Docket No. DMEA 2436, Cobalt Copper
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334

Gentlemen:

Transmitted herewith is a certification of discovery or development issued under the subject contract, which was executed June 2, 1952.

By the terms of the exploration project contract and of the certification, all production from the lands described in the referenced contract from the date of the exploration project contract is subject to the Government's percentage royalty as set forth in the contract until the sum of $67,803.83 is paid, or until June 2, 1967, whichever occurs first.

Payments should be made to Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I, Northwest District, South 157 Howard Street, Spokane 4, Washington. Checks should be made payable to the Defense Minerals Exploration Administration. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward check direct to the Executive Officer. Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets, showing quantity and grade of the products sold, the name of the purchaser, and the price and charge certified to be correct by the purchaser.

You are requested to notify Mr. Weissenborn of any changes in ownership or production rights that might have any effect on the Government's right to its percentage royalty. Also, if production ceases at any time for any extended period, please notify Mr. Weissenborn at 6-month intervals that no production has been made, when that is the case.

Sincerely yours,

C. O. Mittenderf

Administrator

SPHolt/ls
11/28/55

Enclosure

cc: Docket
Mr. Chambers, Code 800

cc: Code 400 (2 cc)
Adm. Read. File
Oper. Committee
Mr. Johnson, Code 110
Helena Meyer, USBM

cc: H.W. Davis, USBM
T. Kiilsgaard, US GS
FT, Reg. I-Spokane
R.W. Geehan, USBM

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

RECEIVED
DEC 19 1955

So. 157 Howard Street
Spokane 4, Washington

December 16, 1955

Air Mail

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

Re: Docket No. DMEA-2436 (cobalt-copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Selfridge:

In our letter of October 27, 1955, the Field Team recommended that a Certification of Discovery or Development be issued covering the Stevenson property of Northfield Mines, Inc. We enclosed a memorandum by John S. Vhay supporting our recommendation.

We have not yet received the certification, and if it is the intention of Washington to so certify, under the terms of the Termination Agreement we have only until January 13, 1956 to do so. No doubt this is being considered in Washington but is being called to your attention because of the time element involved.

Very truly yours,

A. E. Weissenborn

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

cc: USBM (2)
USBM (AD)
Nickelson

Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
OCT 31 1955

October 27, 1955

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

Re: Docket No. DMEA-2436
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Selfridge:

We have cleared our accounts with Northfield Mines, Inc., and we now feel that we should make a formal recommendation for issuing a Certificate of Discovery or Development.

In our letter of July 29, 1954, we wrote, "however, as stated previously, not enough work has been done to really appraise the copper-cobalt potential of the Northfield property, yet enough has been found so that there would be a legitimate basis for Certification of Discovery or Development, and such certification could be made if it were desirable to do so in order to protect the Government's interest."

Enclosed are copies of a memorandum by John S. Vhay, Geological Survey, that summarizes the evidence in favor of certification. We concur in his recommendation because we feel that ore-grade material was exposed by the exploration work even though we do not feel that the mineralized zones were adequately explored at depth.

By Field Team, Region I, NW Dist.

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

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

Enclosures

cc: USBM (2)
USBM (AD)
Nickelson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
OCT 31 1955

October 26, 1955

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

From: John S. Vhay, Cobalt Commodity Geologist, U. S. Geological Survey

Subject: Recommendations for Certification of Stevenson Property, Docket No. DMEA-2436 (cobalt-copper), Northfield Mines, Inc., Lemhi County, Idaho, Contract No. Idm-E334.

The work done under Contract No. Idm-E334 on the Stevenson property, Blackbird district, Lemhi County, Idaho, represents a decidedly incomplete job of exploration, but it is recommended that a Certification of Discovery or Development be issued because of the number and size of the mineralized zones so far exposed.

The bulldozing exposed at least six mineralized zones; of these, the Merle 3 zone is exposed for about 1,200 feet, the Merle 5 zone for about 1,100 feet. The diamond drilling proved that the zones are present at least to depths of from 200 to 600 feet. Assays from the surface drilling were relatively poor, but this is to be expected because of deep oxidation and resultant leaching; the drilling showed that complete oxidation of the ore minerals extends as deep as 200 feet and partial oxidation is present at a depth of at least 300 feet.

Crosscutting and diamond drilling underground on the Merle 5 zone explored only a relatively small part of that zone; it was partly in oxidized material and partly in fresh, relatively unoxidized material. Assays of the east side of the main crosscut average 0.373 cobalt equivalent (cobalt plus 1/8 of the copper) over 62 feet, and assays of the west side showed 0.477 cobalt equivalent over 61 feet. Averaged assays of the underground diamond drilling are listed below:

Hole No.	Distance	Cobalt Equivalent	
700-1	51 feet	0.435	(included one 15.5-foot section averaging .738 cobalt equivalent.)
701-3	3 feet	0.86	
	17 feet	0.675)	(these two with a low-
	10 feet	0.682)	grade 3-foot section averaged 0.62 cobalt equivalent over 30 feet.)
701A-1	47.5 feet	.326	
701-1	24 feet	.293	
	26 feet	.376	

The following quotations from the company's final report by John K. Brozo, geologist for Northfield Mines, Inc., show in part what he thought of the property at the end of the job:

> "The 'Merle 3 Zone' -- a strong persistent mineralized shear zone that has been exposed by trenching some 1,200 feet along its strike . . . "; (and under Recommendations) "a re-examination of all geologic data from trenching and diamond drilling should be made to ascertain why at depth the zone appears to show mineral impoverishment. If a well-founded reason can be established and if the zone is still a good geologic prospect an X-cut can be driven from the 7000 Level closer to the zone's 7000 Adit elevation projection, and a series of diamond drill holes be put out to prospect the zone. The drill holes would delineate the mineralized zone and indicate the direction in which to further X-cut to the most promising ground."

> "The 'Merle 5 Zone' -- a relatively broad mineralized shear zone, traceable on the surface for 1,100 feet . . . "; (and under Recommendations) "test by drilling, the continuity at depth of the zone outlined by previous underground work on the 7000 Level and explore that portion of the zone to the south of the 7000 Adit.

In view of the facts mentioned above, plus the large possible tonnage of mineralized rock (over a million tons in the Merle 3, down to altitude 6700, assuming 200 feet of oxidation, and a 10-foot average width) in the whole area in which it is very probable there are lenses of ore-grade material, a Certification of Discovery should be issued.

Distribution
- DMEA (orig. & 3)
- USBM (2)
- USBM (AD)
- Docket
- Nickelson

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

RECEIVED
OCT 31 1955

October 27, 1955

Mrs. Myrtle Purdy
Certifying Officer, DMEA
Region I, Northwest District
1201 North Division
Spokane 2, Washington

Re: Docket No. DMEA-2436 (cobalt-copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mrs. Purdy:

Attached is check No. C-1970 dated October 17, 1955, in the amount of $106.31, received from Northfield Mines, Inc. This money is the liquidation of an overpayment by the Government to the Operator according to the audit review by Mr. George Mayor dated June 14, 1955.

The report received from the Operator June 8, 1954, covering the work completed through September 1, 1953, has been accepted by the Government in lieu of the final report required by the contract.

The Field Team, in its letter to the Operating Committee dated October 27, 1955, has recommended that a Certification of Discovery or Development be issued. By terms of the Termination Agreement, dated July 13, 1955, certification must be made within six months after the date of the Termination Agreement, or by January 13, 1956.

Very truly yours,

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

Enclosure

cc: DMEA (3)
USBM (2)
Nicholson

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

No. 157 Howard Street
Spokane 4, Washington

October 12, 1955

Mr. William C. Schmidt
Northfield Mines, Inc.
230 Park Avenue
New York 17, New York

Re: Docket No. DMEA-2636, Co-Cu
Stevenson Property
Lemhi County, Idaho
Contract No. Ida-K334

Dear Mr. Schmidt:

A review of the Northfield contract shows that we did not reply to questions in your letters of June 7 and July 26 about making final settlement of the account.

According to our records $166.31 is still due the Government from Northfield Mines, Inc. The check should be made payable to the "Defense Minerals Exploration Administration" and mailed to this office.

Sincerely yours,

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

cc: DMEA (3)
DMEA (2)
DMEA (AB)
Michelson

XDMXXXXX-177K

YWA184 WAF SP 37 I-GS-G

SPOKANE WASH 9-1-55 303P

MR. GEORGE C. SELFRIDGE

CHAIRMAN, PERATING COMMITTEE

DMEA, DEPARTMENT OF INTERIOR

WA 25 DC

RECEIVED
SEP - 2 1955

RECEIVED
SEP 2 7 46 AM '55
GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
SMP - COMMUNICATIONS

REIDA METALURGICAL INDUSTRIES INC., PROPOSED CONTRACT NORTHFIELD MINES INC., DOCKET NUMBER DMEA 2436 CONTRACT IDM-E334 OWES GOVERNMENT $106.31. SUGGEST THIS BE COLLECTED BEFORE NEW CONTRACT IS SIGNED.

A E WEISSENBORN, EXECUTIVE OFFICER DMEA FIELD TEAM REGION 1 NORTH-WEST DISTRICT

DMEA2436 IDM-E334 $106.31

VA 306P

AXXXXXXXX-179K

AXXXXXXXX-180K

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AXXXXXXXX-182K

XDXXXXXXX-183K

YWA192 WAF SP 37 SVC

ROM 37 I-GS-G

TO GEO C. SELFRIDGE SGD WEISSENBORN. 1ST LN SHD RD

"REIDAHO METALLURGICAL INDUSTRIES "

SP 9-1

VA 342P

RECEIVED
SEP - 2 1955

RECEIVED
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BHP - COMMUNICATIONS

DOCKET
SURNAME

400

Holt
Chapman
Talbut
Killsgaard
Hoover
Selfridge

AUG 2 9 1955

Mr. William C. Schmidt
Northfield Mines, Inc.
230 Park Avenue
New York 17, New York

Re: Exploration Project Contracts
Northfield Mines, Inc.
Docket No. DMEA 2436 - Cobalt and Copper
Contract No. Idm-F334
and
Calera Mining Company
Docket No. DMEA 3143 - Cobalt and Copper
Contract No. Idm-E645
Lemhi County, Idaho

Dear Mr. Schmidt:

Enclosed are the original and eight copies of a "Special Agreement Concerning Land" (the Queen claim), included in the referenced contract of Northfield Mines, Inc.

It is requested that you sign all copies and forward them to Calera Mining Company, 731 Fifth Avenue, New York 19, New York, for signature. All copies are then to be returned to us for signature of the Administrator for the Government and distribution.

We will require a copy of the document transferring Northfield's interest in the Queen claim to Calera Mining Company.

Sincerely yours,

C. O. Mittendorf

Administrator

Cc to: Docket
Code 400
Adm. Read. File
FT. REG. 1 - NW DIST
Messrs. H. W. Davis, USBM
T. H. Killsgaard, USGS
Calera Mining Co., NYC

RCH

RECEIVED
AUG 12 1955

XXHXXXXX-193K

XDXXXXXX-194K

YWB120 WAF SP 19 (SUS DUPE)

SPOKANE WASH 8-11-55 400P

W S MARTIN, ACTG CHAIRMAN OPERATING COMMITTEE, DMEA DEPT OF THE INTERIOR

WA

REURLET AUGUST 10, DOCKETS DMEA 2436 AND 3143, NORTH FIELD MINES INC. AND CALERA MINING COMPANY, RESPECTIVELY. FIELD TEAM HAS NO OBJECTION TO PROPOSED TRANSFER OF QUEEN CLAIM FROM CONTRACT E334 TO E645 AS THIS APPEARS TO BE IN INTEREST OF GOVERNMENT.

A E WEISSENBORN, USGS, SP

10 DMEA 2436 3143 E334 E645

EKC 410P

AUG 12 9 40 AM '55

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

DOCKET SURNAME: Martin Talbot J. Herman Weissenborn

400

AUG 10 1955

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

Re: Docket No. DMEA-2436, Co-Cu
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334

and Docket No. DMEA 3143, Co-Cu
Calera Mining Company
Blackbird Mine
Lemhi County, Idaho
Contract No. Idm-E645

Dear Mr. Weissenborn:

Enclosed is the unsigned extra copy of a proposed 3-party agreement deleting the Queen claim from Annex I of the first-captioned contract and adding the same claim to the land referred to in Article 2 of the second-captioned contract.

To expedite execution, we plan to send the above-mentioned agreement directly to New York for the two operators' signatures. It will be appreciated, therefore, if you will wire us your comments and recommendations and return the copy to us by air mail at your convenience.

This agreement will not be executed for the Government until it has been executed by the two operators. A landlord's subordination agreement was submitted for the Queen and other claims in connection with the execution of the Northfield contract, Northfield holding this and other claims under an option to purchase which requires annual payments until 1958. We assume that Calera will be acquiring less than full ownership of the claim at this time and have provided in the attached agreement that a consent to lien be furnished for the Queen claim under the Calera contract. A form for this purpose will be sent to Calera for execution. We shall also request a copy of the document transferring Northfield's interest in the Queen claim to Calera.

Sincerely yours,

/s/ W. S. Martin

ACTING Chairman, Operating Committee

Enclosures

APPROVED:

Robert W. Geehan

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

cc: Docket DMEA 2436
Docket DMEA 3143
Code 400
Operating Committee
Adm. Reading File
Thor Kiilsgaard, USGS
H. W. Davis, USBM
FT, Reg. I-Spokane

R. C. L.

WSMartin/ls
8/9/55

Alexandria Jones

Check every page of these initial [illegible] and finish work!

Checked, & initialled 3/21/06
file with doc

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~~400~~
~~3428~~

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12,498.0

DOCKET
Surname:
Rutledge
Talbert

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

Re: Docket No. DMEA 2436, Co-Cu
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334

and Docket No. DMEA 3143, Co-Cu
Calera Mining Company
Blackbird Mine
Lemhi County, Idaho
Contract No. Idm-E645

Dear Mr. Weissenborn:

Enclosed is the unsigned extra copy of a proposed 3-party agreement effecting transfer of the Queen claim from the first-captioned operator to the second.

To expedite execution, we plan to send the above-mentioned agreement directly to New York for the two operators' signatures. It will be appreciated, therefore, if you will wire us your comments and recommendations and return the copy to us by air mail at your convenience.

This agreement will not be executed for the Government until it has been executed by the two operators. A landlord's subordination agreement was submitted for the Queen and other claims in connection with the execution of the Northfield contract, Northfield holding this and other claims under an option to purchase which requires annual payments until 1958. We assume that Calera will be acquiring less than full ownership of the claim at this time and have provided in the attached agreement that a consent to lien be furnished for the Queen claim under the Calera contract. A form for this purpose will be sent to Calera for execution. We shall also request a copy of the document transferring Northfield's interest in the Queen claim to Calera.

Sincerely yours,

Chairman, Operating Committee

Enclosures

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

cc: Docket DMEA 2436
Docket DMEA 3143
Code 400
Operating Committee
Adm. Read. File
Thor Kiilsgaard, USGS
H. W. Davis, USBM
FT, REG. I-Spokane

WSMartin/ls 8/8/55

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

400

2436

AUG 5 1955

Memorandum

To: The Administrator, DMEA
Attention: Mr. W. S. Martin

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-2436, Northfield Mines, Inc.
Contract Idm-E334 (cobalt-copper)
Docket No. DMEA-3143, Calera Mining Company
Contract Idm-E545 (cobalt)

Mr. Martin informally requested that we review the subject dockets to determine whether the Queen claim could be deleted from the Northfield contract and made a part of the Calera contract without subjecting either Calera or Northfield to any liability for royalty under the Northfield contract, but requiring payment of royalty, on production from said claim, under the Calera contract. It was stated that no exploration was made on or has benefited the Queen claim, and it is to the Government's advantage that the transfer of the claim be made.

We have determined that the proposed transfer is appropriate and have worked out the attached three-party agreement to accomplish the desired result.

This agreement should not be executed for the Government until it has been executed by the two operators.

A Landlord's Subordination Agreement was submitted for the Queen and other claims in connection with the execution of the Northfield contract, Northfield holding this and other claims under an option to purchase which requires annual payments until 1958. We assume that Calera will be acquiring less than full ownership of the claim at this time, and have provided in the attached agreement that a Consent to Lien be furnished for the Queen claim under the Calera contract. A form for this purpose is attached.

A copy of the document transferring Northfield's interest in the Queen claim to Calera is required.

J. L. Hoffmund

J. L. Hoffmund
Acting Assistant Solicitor
Defense Minerals

HCRubin/emd
Copy to: DMEA Docket (2)
Solicitor's Docket
W. S. Martin (2)
J. L. Hoffmund
Attachments

H. C. Rubin chron.

Division copy

400

EXPLORATION PROJECT CONTRACT
NORTHFIELD MINES, INC.
DOCKET NO. DMEA 2436

AMENDMENT NO. 8

It is agreed this 26th day of October, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government", and Northfield Mines, Inc., hereinafter called the "Operator", parties to that certain Exploration Project Contract Idm-K334, dated June 2, 1952, as amended, hereinafter called the "Contract", that:

1. (a) Work under the Contract shall be suspended during the period beginning October 1, 1953, and ending not later than July 1, 1955.

   (b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government, and the Government shall not contribute to any costs of rehabilitation or repair which, in its opinion, would not have occurred if there had been no suspension of the work.

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

2. The amount of the Government's equity in all property procured and installations made under the Contract is agreed upon as being $6,002.50. The Operator shall pay this amount to the Government promptly, and the Government may deduct this amount or any part of it from moneys due the Operator under the Contract.

3. In Article 3 of the Contract, the period "30 months" provided by Amendment No. 7 is deleted, and the period "not later than August 1, 1957," is substituted.

4. Annex II to Amendment No. 7 is cancelled and Annex IV, attached hereto and made a part hereof, is substituted for the provisions of Article 9 of the Contract.

Not used

5. That part of the second sentence in Article 10 of the Contract beginning with the word "Provided," is deleted.

6. It is of the essence of the Contract that the work be resumed before the termination of the period here fixed for suspension; and if it is not so resumed in the manner required by the Contract, the following provisions shall thereupon become effective:

(a) Effective October 1, 1953, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

(b) The Government shall contribute only to the allowable costs incurred prior to October 1, 1953.

(c) Any work or operations prosecuted or costs incurred by the Operator after October 1, 1953, shall be for the sole account of the Operator without contribution by the Government.

(d) If the Government has made no certification of discovery or development before the termination of the period fixed for suspension, the total net amount contributed by the Government shall nevertheless be repayable in the form of a percentage royalty on any minerals mined or produced from the land described in Article 2 of the Contract, in the manner and amount provided in the Contract, certification of discovery or development in such case being hereby waived.

(e) The maximum period for royalty payments and lien for the payment thereof, provided for in the contract is increased to seventeen (17) years.

(f) 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 otherwise provided herein.

Not used

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By C O Mitchell
Administrator, Defense Minerals
Exploration Administration

Northfield Mines, Inc.

By _____

_____

Robert
H Gifford
Newton
Chamberlin
Selfridge

Not Needed

EXPLORATION PROJECT CONTRACT
NORTHFIELD MINES, INC.
DOCKET NO. DMEA 2436

ANNEX IV

The following provisions are in lieu of Article 9:

Repayment by Operator.--a. Certification.--If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Royalty on production.--The Operator, as principal, if the Operator is the producer, or as surety, if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land* as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years* from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

c. Basis for computation.--The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the

*The word land refers to the land described in Article 2 of the contract.

the period "seventeen years" is substituted for the period "ten years."

34

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the raw ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

e. Percentages of royalty.--The percentages of the Government's royalty shall be as follows:

> One and one-half ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.
>
> (For instance: the royalty on an amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

35

f. Lien for payment.--To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

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

h. No obligation to produce.--Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

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

58694

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Talbert

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

AUG - 3 1955

Mr. George Mayer
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Northfield Mines, Inc.
Idm-E334, DMEA-~~3739~~
2436

Dear Mr. Mayer:

Receipt is acknowledged of your Report of Review covering the subject Exploration Project Contract.

After deletion of the word "all" in reason (b), this Report of Review is satisfactory and normal distribution may be effected. This word is deleted because it appears that part of the costs reviewed by you are on an actual cost basis.

This correction has been made on the Washington copies.

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/wb
August 2, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.S.S.

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

July 28, 1955

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

Re: Docket No. DMEA-2436 (cobalt-copper)
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Selfridge:

Enclosed are the Government, Docket, and Division copies of a mutual termination agreement signed by Paul W. Zeckhausen for Northfield Mines, Incorporated. Other copies are being distributed in the usual manner.

Sincerely yours,

A. E. Weissenborn

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
JUL 25 1955

July 22, 1955

Mr. William C. Schmidt
Northfield Mines, Inc.
230 Park Avenue
New York 17, New York

Re: Docket No. DMEA 2436 (cobalt-copper)
Northfield Mines, Inc.
Stevenson property
Lemhi County, Idaho
Contract No. Idm-K334

Dear Mr. Schmidt:

Enclosed are the original and six copies of a proposed termination agreement under the subject contract signed by the Administrator for the Government. This mutual termination agreement takes into consideration points mentioned in previous correspondence, and particularly in your letter of June 2, 1955.

If the terms and conditions of this proposed termination agreement are satisfactory to you, will you sign all seven copies and return all but the Operator's copy to this office.

As soon as our DMEA auditor has completed his report, settlement of the account can be made.

Very truly yours,

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

Enclosure as above

cc: DMEA (2) √
USBM (2)
USBM (AD)
Nickelson

400

DOCKET
Surname:
Rutledge
Davis
Talbutt
Nelson
Martin
Selfridge
Stephenson

JUL 13 1955

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

Re: Docket No. DMEA 2436 (Cobalt-Copper)
Northfield Mines, Inc.
Stevenson property
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Weissenborn:

Enclosed are the original and five copies of a proposed termination agreement under the subject contract signed by the Administrator for the Government.

If the terms and conditions of this proposed termination agreement are satisfactory to you and the operator, all six copies should be signed and the usual distribution made.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JB)

Enclosures

APPROVED:

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

Thor H. Kiilsgaard (JB)
Member, Geological Survey

cc: Docket
Code 400
Oper. Comm.
Adm. Reading File
Mr. Thor Kiilsgaard, USGS
Mr. H. W. Davis, Usbm
FT, Reg. I-Spokane

FARutledge/ls
7/11/55

R.C.S.

Fulton
Nelson

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

JUL 1955

Memorandum

To: The Administrator, DMEA
Attention: W. S. Martin

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-2436 (Cobalt and Copper), Northfield Mines, Inc., Stevenson properties, Lemhi County, Idaho, Contract No. Idm-E334

Pursuant to a memorandum from Mr. Martin received in this office on June 29, we have prepared the attached Termination Agreement.

We did not substitute the latest Royalty Annex for the Annex II attached to the last amendment because this lessee furnished a Landlord's Subordination Agreement, which contains provisions for personal assumption by the landlord of the obligation to pay royalty in the event of abandonment by the lessee, and to again amend the royalty provisions would further jeopardize the Government's security.

However, if you believe that a Consent to Lien on the latest form is obtainable, and determine that it should be obtained, we shall revise the Termination Agreement and prepare the Consent to Lien form.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

HCRubin:gjb 7/6/55
Copy to: DMEA Docket
Sol. Docket
W. S. Martin (2)
J. L. Hofflund
H. C. Rubin
Chron. File

DOCKET
SURNAME
400 Rutledge
Martin
Nelson

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Iron and Ferro-Alloys Division, DMEA

Subject: Preparation of Termination Agreement
Docket No. DMEA 2436 - Cobalt and Copper
Northfield Mines, Inc.
Stevenson properties
Lemhi County, Idaho
Contract No. Idm-E334

Transmitted herewith is a rough draft of a proposed termination agreement for your use in preparing the final draft.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

Attachment

FARutledge:foc
6-29-55
cc to: Docket
Code 400

COPY

230 Park Avenue

New York 17, N. Y.

June 2, 1955

Mr. A. E. Weissenborn, Executive Officer
U. S. Geological Survey
So. 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 2436 (Cobalt-Copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Weissenborn:

In the following I will try to clear up the problems that have come up in reference to the last paragraph of your letter of May 25, 1955.

Inasmuch as Northfield Mines, Inc., an American company, and Quebec Metallurgical Industries, Ltd., a Canadian company are two distinct entities with different boards of directors, officers and shareholders and different head offices, it is necessary for us to keep the operations of each entirely separate. In addition to this there has been organized in Idaho an American wholly owned subsidiary of Quebec Metallurgical Industries, Ltd., known as Idaho Metallurgical Industries, Inc. which, of course, if fully qualified to operate in Idaho. At present the properties in the Deer Creek area are in the name of this Idaho corporation and it is our intention to request that the application made in the name of Quebec Metallurgical Industries, Ltd. be changed to Idaho Metallurgical Industries, Inc. so that one company will be handling all the work in that area. There are also certain tax problems that make it advisable to keep matters relating to the individual companies entirely distinct.

In reference to Amendment 8 to Contract Idm-E334 which accompanied your letter of November 10, 1955 we had delayed having it signed while awaiting the Shenon & Full report on the Stevenson property. When it was received some time later it was found to be unfavorable toward further work (especially as it was Shenon & Full's opinion that the Deer Creek area was a much better bet). After much discussion here we finally decided to ask for termination of Contract No. Idm-E334 between Northfield and DMEA. To this end, Mr. Neil O'Donnell and I went to Washington, D.C. on March 1st, 1955 and presented the matter to Messrs. Mittendorf and Martin and shortly thereafter had further discussions with Messrs. Martin, Selfridge and Chapman. This request for cancellation was confirmed officially by letter of March 8th, 1955, copy of which is attached, and we understood was to be submitted to you. We have not received word of the decision in this matter.

In view of this request for cancellation, it was our belief that the terms for cancellation when arrived at would replace the terms of Amendment No. 8. We are keeping the property in good order and it is our intention to continue doing so. Our lawyer in Salmon, Idaho has presented the required affidavit covering the assessment work based on work done by Shenon & Full under our contract with them. This covered all claims except the two Duffy claims which are at a distance from the main Stevenson group. Arrangements were made some time ago through Mr. Herndon to have the assessment work done on these two Duffy claims.

In the event that Paragraph 6 of Amendment 8 should be considered sufficient for the purposes of cancellation of this contract as indicated under sub-paragraph (a), we would want to discuss some of the conditions imposed. For example, sub-paragraph (e) increases the maximum lien period to seventeen (17) years. We are at a lose to find any explanation for this increase, in fact, in our letter of March 8th, 1955 we expressed the opinion that cancellation should be without lien for the reasons given therein. Shall we return the five copies of Amendment 8 to you or hold them until a decision is reached? We now have under consideration the matter of giving up the Stevenson option and thus returning the properties to the Stevensons. In this event, we feel that returning the properties with a lien on them would be a very strong deterrent toward Stevensons obtaining financing from other sources for any further exploration work.

In reference to the Government's equity in property and installations, we are in agreement with the amounts stated in your letter of January 11, 1955 addressed to Mr. A. J. O'Connell, copy of which was received here, and in which the balance due the Government is stated as $106.31. If you will advise me as to whom the check should be made payable, this matter can be cleared up at once.

Thanking you for your many attentions in this matter.

Yours sincerely,

/s/ William C. Schmidt

William C. Schmidt

WCS:b

400

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

WASHINGTON 25, D. C.

[illegible] Towers Building
[illegible] 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
[illegible]

MAY 21 1955

[illegible] 1955

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

WSM

Re: Docket No. DMEA-[illegible] ([illegible])
Quebec Metallurgical Industries, Ltd.
Tankers Prize Claims
Lemhi County, Idaho
and
Docket No. DMEA-[illegible] ([illegible])
Northfield Mines, Inc.
Stevenson Property
Lemhi County, Idaho
Contract No. [illegible]

Dear Mr. [illegible]:

In reply to your request of May [illegible], 1955, [illegible] recommendations for continuation or non-continuation of discovery or development of work under contract [illegible] by Northfield Mines, Inc., at the Stevenson property in Lemhi County, Idaho, we have reviewed the information on this project.

The [illegible] on the [illegible] and the Merle [illegible] zones, for which the copper [illegible], the course of work under this contract. At the point where the [illegible] and the Merle [illegible] zone, exploration was still [illegible] the [illegible] been learned of whether copper and cobalt minerals in any [illegible] Thus, although the [illegible] and [illegible] strong structure which should be investigated further, [illegible] show the presence of any ore and therefore [illegible] in the [illegible] for stating that we have made a recommendation on the [illegible]. Since the main objective [illegible] Contract, which would have cut the Merle [illegible] zone at depth, was never undertaken and in view of the results of the exploration [illegible] to regard as [illegible].

The situation with respect to the Merle [illegible] is unfortunately, however. According to the statements made by Mr. George Mitchell of Northfield Mines, Inc., [illegible] May [illegible], it would certainly appear that sufficient [illegible] of mineral certification of a discovery.

Mr. Mitchell states on the third page of his report:

"The 7000 drift crosscuts the Merle #5 formation through the structure outlined in the diamond drill holes. The shear of very soft biotite schist, from 180 to 240 from the portal, was 60 feet wide. Average assays were 0.[illegible]% cobalt and 0.81% copper from 26 cut samples equally divided between each wall. No oxidation is present in this material.

"In 70[illegible] drift, turned south west from a point 88 feet from the portal of the 7000 drift, a similar zone was cut. Its true width is 30 feet and assays from 80 to 120 feet from the turn out averaged 0.15% cobalt and 0.[illegible]% copper. Reactive stain and other evidences of oxidation are present but the degree of oxidation was not determined. Cobalt values are almost certain to be higher than the assays. A turn in the shear to the east is indicated though the two zones appear connected. . . ."

After the above was written the zone was cut again by underground diamond drill holes, Nos. 700-1, 701-[illegible], 701a-1, and 701-1, 701-5. These holes confirm the results of the crosscut. The drill holes and their assays are plotted on drawing 7 (scale, 1-inch equals 20 feet) of the final report submitted by Northfield Mines, Inc., in June of 1954. Without attempting detailed analysis of the drill hole assays, some simple averaging will show that in Hole 700-1, 64 feet averaged 0.32 percent cobalt and 0.64 percent copper. Ten feet of this averaged 0.67 percent cobalt and 1.[illegible] percent copper. In Hole 701-5, 30 feet of the presumed ore zone averaged 0.50 percent cobalt and 0.[illegible]8 percent copper. There is then a gap of 20 feet which is not assayed, and then there is a 3-foot sample which assays a little over 0.8 percent cobalt and 0.3 percent copper. The sludge from this interval, however, runs 1.06 percent cobalt and 1.24 percent copper. In general the sludge assays run much higher than the core. In Hole 701a-1, the presumed mineralized zone has a width of 47 feet and averages 0.25 percent cobalt and 0.58 percent copper. Eighteen feet of this, however, runs 0.30 percent cobalt and 0.75 percent copper. The remaining two drill holes do not show as much, it is true, but they do indicate that the mineralized zone is there. The only sample taken in Hole 701-5, for instance, assays 0.54 percent cobalt over a 4-foot width.

Although a good deal of money was spent in attempting to explore the Merle #5 zone out, a relatively small stretch of the zone was actually explored, something in the neighborhood of about 350 feet of strike length. Even though the zone where cut in the 7000 drift was in places still partly leached and oxidized, yet the results clearly show that enough cobalt and copper is present to justify

certification of a discovery. Thus, by the company's own figures we cannot agree with their contention that no discovery has been made, although we recognize that much more work will have to be done before the importance of the discovery can be appraised.

We do not agree with the company's contention that the Merle 5 zone is not worth further exploration at this time; we feel that so little work was done that the results are entirely inconclusive and we point to the history of the Calera property where the first drilling was very disappointing. If, because of geophysical and geochemical evidence the company prefers to explore the Big Deer Creek area rather than the Stevenson property, we would have no objections and we believe that very likely a program could be worked out, although, until the company presents a detailed program, we cannot judge whether or not this would fit into a DMEA contract. We believe, however, that the company should be required to repay the usual royalties from any ore produced from the Stevenson area, both because a genuine discovery has been made on the Merle 5 zone and because the exploration of the Merle 5 zone was stopped short of completion. Inasmuch as the ore bodies in the Big Deer Creek area are distinct from those in the Stevenson area, at least as far as we know, perhaps the Big Deer Creek area could be explored under a separate DMEA contract having no direct connection with the Stevenson area contract, but before entering into another contract the Northfield Mines, Inc., or its successors should agree to repayment of the Government's contribution to the exploration of the Stevenson area should any ore be produced from that property.

We had told you previously that Mr. Vhay would prepare a memorandum in which he would comment on Full's report. We think that this is now unnecessary, and we will not prepare this memo until we receive a formal proposal for the Big Deer Creek work.

See letter 3739

By Field Team, Region 1, NW District

. F. Weissenborn, Executive Officer
U. S. Geological Survey

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

cc: USGS (2)
USBM (2)
Nickelson

DOCKET
DMEA 2436
Martin

MAY 12 1955

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

Re: Docket No. DMEA 3739 (Cobalt-copper)
Quebec Metallurgical Industries, Ltd.
Tinkers Pride claims
Lemhi County, Idaho
and
Docket No. DMEA 2436 (Cobalt-copper)
Northfield Mines, Inc.
Stevenson property
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Weissenborn:

This will acknowledge receipt of your letter of April 27, 1955, enclosing a proposed letter to be sent to Mr. William C. Schmidt regarding the subject properties.

The proposed letter is returned herewith to be sent by you to Mr. Schmidt after deleting all that part of the third paragraph which follows the date, "November 10, 1954," and substituting therefor the sentence: "If you would prefer, instead of signing the amendment, to have substantially the same provisions incorporated in the proposed termination agreement, please return all copies of the amendment to this office."

For our information, please send us, without waiting to prepare a formal and complete report, a short summary expression of your recommendations for certification or non-certification of a discovery or development at the captioned project of the Northfield Mines, Inc.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GCS)

Enclosure

APPROVED:

/s/ C. N. Johnson (CNJ)
Member, Bureau of Mines

Thor H. Kiilsgaard (THK)
Member, Geological Survey

cc: Docket DMEA 3739
Docket DMEA 2436
Code 400
Operating Committee
Adm. Reading File
Thor Kiilsgaard, USGS
H. W. Davis, USBM
Field Team, Reg.I-Spokane

WSMartin/ls
5/10/55

R.C.G

P.S.--We note from your letter of May 6 that Mr. Vhay is now studying this matter. Please give us his preliminary conclusions as soon as available.

MR. SELFRIDGE:

Mr. Martin asked that attached letter from Field be called to your attention in connection with case going to Committee.

Mr. Martin recd. Field's ltr. 5/10/55 p.m. Did not want to withdraw case for Committee, but thought perhaps a "P.S." might be added to effect that

"You will note we have in effect answered your letter of May 6, 1955."

added

Hazel

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

MAY 1 1955

May 6, 1955

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

Re: Docket No. DMEA-2436 (cobalt-copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Selfridge,

This will acknowledge receipt of your letter of April 25, 1955, together with copies of two letters from Zeckhausen to Mittendorf and a letter and preliminary report by Full dealing with the above contract.

We are in complete agreement with the Administration regarding the cost of the bulldozing done by Shenon and Full under their contract with Northfield Mines, Inc. We have a very high regard for Mr. Full's ability and are sure that the work was well planned and effectively carried out; however, we were not consulted about the work, there was no agreement that it should be part of the contract, and we see no reason why it should now be included as part of the contract.

At the present time we do not want to take a definite stand on Northfield's request to cancel Contract Idm-E334 without certification. Mr. J. S. Vhay of this office, who is familiar with the Blackbird district, will make a careful study of all available data upon his return next week from a field trip to Montana, and will prepare a memorandum report by the middle of May. Our present thinking, in view of the fact that the DMEA has signed Amendment No. 8 to the contract and the operator has not, is that the termination should include at least a pseudocertification, but we wish to reserve opinion until we have full information from Vhay's study.

By Field Team, Region I, NW District

A. E. Weissenborn

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

Wing G. Agnew

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

cc: USBM (2)
Nickelson

400

DRAFT 5/4/55
WSMartin/ls

5/4/55 To Legal for suggestions

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

Re: Docket No. DMEA 3739 (cobalt-copper)
Quebec Metallurgical Industries, Ltd.
Tinkers Pride claims
Lemhi County, Idaho
and
Docket No. DMEA 2436 (cobalt-copper)
Northfield Mines, Inc.
Stevenson property
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Weissenborn:

This will acknowledge receipt of your letter of April 27, 1955, enclosing a proposed letter to be sent to Mr. William C. Schmidt regarding the subject properties.

The proposed letter is returned herewith to be sent by you to Mr. Schmidt after deleting all that part of the third paragraph which follows the date, "November 10, 1954," and substituting therefor the sentence: "If you would prefer, instead of signing the amendment, to have substantially the same provisions incorporated in the proposed termination agreement, please return all copies of the amendment to this office."

For our information, please send us, without waiting to prepare a formal and complete report, a short summary expression of your recommendations for certification or non-certification of a discovery or development at the captioned project of the Northfield Mines, Inc.

Sincerely yours,

Chairman, Operating Committee

Enclosures

APPROVED:

etc.

Draft

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

April 27, 1955

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

Re: Docket No. DMEA-3739 (cobalt-copper)
Quebec Metallurgical Industries, Ltd.
Tinkers Pride Claims
Lemhi County, Idaho
and
Docket No. DMEA-2436 (cobalt-copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Selfridge:

Enclosed is a proposed Field Team letter (undated) which, if satisfactory to you, should be forwarded to Mr. William C. Schmidt. We are sending it to you for clearance because it is evident from the correspondence that Mr. Schmidt and the Quebec Metallurgical Industries, Ltd., have had several conferences with you and we want to be sure that nothing we have said in the letter is contrary to any understanding that may have been reached between you and the Quebec Metallurgical Industries, Ltd. If there is any part of the letter which is in conflict we suggest that you rewrite the letter and send it under the Administrator's signature to Quebec Metallurgical Industries, Ltd.

By Field Team, Region I, NW District

A. E. Weissenborn

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

Thomas E Howard
for: Wing G. Agnew, Member
U. S. Bureau of Mines

Enclosure
cc: USBM (2)
Nickelson

P.S. We have not dated the letter to Schmidt. If the letter is acceptable, would you please do so and return the two copies marked for us.

DOCKET
Surname:
Rutledge
Martin
Selfridge
Mittendorf

400

APR 2 1955

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

Re: Docket No. DMEA 2436 - Cobalt and Copper
Northfield Mines, Inc.
Stevenson property
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Weissenborn:

Reference is made to the subject docket and your teletype of April 21, 1955.

Enclosed for your files are two copies of each of the exhibits listed in our teletype of April 21, 1955, as follow:

(1) Zeckhausen's letter of March 8, 1955, to Mittendorf, with attached letter Full to O'Donnell dated March 4, 1955

(2) Zeckhausen's letter of March 8, 1955, to Mittendorf, with attached progress report for February 1955 by Full.

Sincerely yours,
George C. Selfridge
(659)
Chairman, Operating Committee

Enclosures

APPROVED:

J. H. Hedges 659
Member, Bureau of Mines

Thor H. Killsgaard 659
Member, Geological Survey

cc: Docket
Adm. Read. File
Oper. Committee
Code 400
FT, Reg. I - Spokane
T. Killsgaard, USGS
H. W. Davis, USBM

FARutledge/ls
4/25/55

R.C.S.

AXXXXXXX-107K

XDXXXXXX-108K

YWA173 WAF SP 25 I-GS-G

SPOKANE WASH 4-21-55 327P

GEORGE C. SELFRIDGE

CHAIRMAN OPERATING COMMITTEE, DMEA

DEPT. OF INTERIOR WA 25 DC

RE DOCKET NUMBER DMEA-2436, NORTHFIELD MINES INCORPORATED CONTRACT IDM, E334, WE DID NOT RECEIVE LETTERS WITH ATTACHMENTS MENTIONED IN YOUR TELETYPE OF APRIL 21ST. WE DID RECEIVE TWO COPIES OF LETTER MITTENDORF TO ZECKHAUSEN DATED MARCH 28, 1955, WHICH MENTIONS THE CORRESPONDENCE.

A. H. [illegible], DMEA REGION 1, NORTHWEST DISTRICT.

2436 E334 21 22 1955

VA 329P

Department of the Defense Minerals Administration
RECEIVED
APR 22 1955

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APR 22 9 02 AM '55
BUREAU OF NAVAL
MAIL ROOM
WASHINGTON D C.

DOCKET
Surname:

Rutledge
Selfridge
Johnson
Mittendorf

APR 21 1955

Interior Department
Defense Minerals Exploration
Administration
14X4401(01) Revolving Fund,
Defense Production Act,
Interior (Allocated Working Fund
to the Office of the Secretary)

T E L E T Y P E

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

Re Docket DMEA 2436, Northfield Mines, Inc., Contract Idm-E334. Please advise if Field Team received copies of following letters: (1) Zeckhausen to Mittendorf dated March 8, 1955, with attached letter Full to O'Donnell dated March 4, 1955; (2) Zeckhausen to Mittendorf dated March 8, 1955, with attached progress report for February 1955 by Full.

George C. Selfridge

Chairman, Operating Committee (JB)

cc: Docket
Adm. Read. File
FT, Reg. I - Spokane
Code 400
HW Davis, USBM
Thor Kiilsgaard, USGS
Operating Committee

FARutledge/ls
4/21/55

R.C.S.

Memorandum to File

April 20, 1955

Northfield call

Re: Docket No. DMEA-2436
Cobalt and Copper
Northfield Mines, Inc.
Stevenson properties
Lemhi County, Idaho
Contract No. Idm-833

Mr. Weissenborn telephoned me today to ask if Washington had made any kind of agreement with the Operator regarding the subject contract in view of the fact that a new application for cobalt had been received. The writer told him that the Ferro-Alloy division had had a conference with Northfield at which the company had requested the termination of the contract because of the poor results obtained during the summer of 1954 so it could do work in a new area. Mr. Weissenborn was also told that nothing definite was decided and that the company was requested to submit a report or letter by Mr. Shenon which would set forth the reasons why no more work was warranted under the contract. If DMEA and the field team concurred in the conclusions and recommendation, then the contract could probably be terminated.

Mr. Weissenborn then read part of a letter he was writing the company about the present contract, pending Amendment No. 8 to the contract, and requesting data concerning the new application. As the matter appeared rather indefinite, it was suggested he route his letter through Washington just in case it contained something not conformable with what may have been discussed here.

George C. Selfridge

George C. Selfridge

GCSelfridge/esf
4/21/55
cc to: Docket
Admr. R. File
Messrs: Mittendorf
Johnson
Martin
Selfridge

400

DOCKET
SURNAME
Rutledge
Martin
Chamber
F.G. Russo

MAR 2 8 1955

Mr. Paul W. Zechhausen
Northfield Mines, Inc.
230 Park Avenue
New York 17, New York

Re: Docket No. DMEA 2436 - Cobalt
and Copper
Northfield Mines, Inc.
Stevenson properties
Lemhi County, Idaho
Contract No. Idm-2334

Dear Mr. Zechhausen:

Reference is made to your letter of March 8, 1955, requesting that bulldozing in the amount of $8,085.00 be allowed under the subject contract in lieu of the work and costs specified therein. Your other letter of the same date concerning the conversations here on March 1, 1955, is under consideration and will require a separate reply.

A review of the docket has indicated the following:

1. Mr. George W. Mitchell by letter of July 19, 1954, requested a recess of the work under the subject contract until June 1955.

2. Amendment No. 8 to the Northfield Mines contract was transmitted to Mr. George W. Mitchell, manager, Northfield Mines, Inc., Eureka, Nevada, by Mr. Weissenborn's letter of November 18, 1954. This amendment authorized a recess for the period October 1, 1953, until not later than July 1, 1955. The letter also stated that: "If it (the amendment) does not meet with your approval, please return all copies to this office with your comments."

3. Mr. A. J. O'Connell by undated letter received in Spokane December 2, 1954, requested a breakdown of the valuation of $6,002.50 stated in Amendment No. 8 as being the Government's equity in the property procured and installations made under the contract.

R.C.S.

4. Mr. Weisenborn acknowledged Mr. O'Connell's letter under date of December 10, 1954, and stated that the matter had been referred to Washington for reply.

5. Mr. William C. Schmidt under date of December 9, 1954, also requested the same information as had Mr. O'Connell.

6. Mr. Schmidt was advised by Mr. Weisenborn on December 13, 1954, that the matter had been referred to Washington.

7. Mr. Weisenborn's letter of January 11, 1955, directed to Mr. O'Connell with copies to Messrs. Mitchell and Schmidt gave a breakdown on the property and installations at the Stevenson property in which the Government has an equity and further stated: "You will note that under Amendment No. 8 no costs incurred between October 1, 1953 and July 1, 1955 shall be allowable."

To date (March 28, 1955) Amendment No. 8 to Contract No. Ida-2334 has not been returned to the Government.

However even though Amendment No. 8, embodying the reasons, has not been executed, the Government recognizes that the project was in fact processed and finds that the Government's participation in the costs of the buildings is not allowable under the contract. The Government's contribution to the costs of the work is limited to the work set forth and the actual costs for which estimates are made in Exhibit "A".

Sincerely yours,

Administrator

FARutledge:fec
3-25-55
cc to: Docket
Code 400
Adm. Reading File
FT. REG. I - [illegible]
H. W. Davis, [illegible]
Thor H. Hillsgaard, USGS

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

Rubin

MAR 24 1955.

Memorandum

To: The Administrator, DMEA
Attention: W. S. Martin

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-2436 (Cobalt-Copper) Northfield Mines, Inc., Stevenson Properties, Lemhi County, Idaho, Contract No. Idm-E334

Mr. Martin's memorandum dated March 17 transmitted a letter dated March 8 from the Operator to the Administrator and requested our views concerning it.

It appears that during the 1954 open season at the Stevenson properties of the Operator, the Operator's technical consultants caused a total of $8,085.00 to be expended in connection with exploration by means of a bulldozer. This work was not described in Exhibit "A" of the contract and no costs thereof are estimated in the Exhibit. The Operator's letter requests that the amount be allowed on the basis that information was gained which saved the Operator and the Government money in connection with other work that was set forth in the contract, apparently work that might have been undertaken if the bulldozer work had not been done.

The contract is on the long form (Revised Feb. 1952). The Government's contribution to the costs of the work set forth in Exhibit "A" of a long form contract is limited to the actual costs for which estimates are made in Exhibit "A". In these circumstances, as the costs in question were not included in the contract and the work is already done, there is no consideration to the Government for contributing to them.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

HCRubin:gjb 3/23/55

Copy to: DMEA Docket
Sol. Docket
W. S. Martin (2)
J. L. Hofflund
H. C. Rubin
Chron. File

400

DOCKET
Chapman
Martin

March 17, 1955

MEMORANDUM

To: Acting Assistant Solicitor, Defense Minerals

From: Iron and Ferro-Alloys Division, DMEA

Subject: For your review - letters, geologist's report
Docket No. DMEA 2436, Cobalt-Copper
Northfield Mines, Inc.
Stevenson Properties
Lemhi County, Idaho
Contract No. Idm-E334

Transmitted herewith are two letters from Northfield Mines, Inc., a review of work done, and a progress report by Shenon and Full, geologists.

Your recommendations are requested.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

Attachments

cc: Docket
Code 400
Adm. Read. File

March 8, 1955

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
Department of The Interior
Washington 25, D.C.

Re: Docket No. DMEA 2436
Northfield Mines, Inc.
(Stevenson Properties)
Lemhi County, Idaho
Contract No. Idm-E334

Dear Sir:

During the 1954 open season at the Stevenson properties, Messrs. Shenon & Full, in the course of their detailed studies found it indispensable to do considerable bulldozer work, amounting to $8,085.00 in total cost. (See attached letter).

Since this bulldozer work permitted them to gain the knowledge of the ground on which our request for cancellation is mainly based, and is therefore a key factor in determining a considerable saving to both the U.S. Government and ourselves over the cost of the work outlined in the contract, we respectfully request that this amount be allowed under the contract in lieu of the costs specified.

Yours very truly,

NORTHFIELD MINES, INC.

Paul W. Zeckhausen

Paul W. Zeckhausen

PWZ:b

SHENON AND FULL
MINING GEOLOGISTS
SALT LAKE CITY, UTAH

PHILIP J. SHENON
1339 THIRD AVENUE
PHONE 5-5627

ROY P. FULL
3945 SOUTH 11TH EAST
PHONE 67-1840

March 4, 1955

Mr. Neil O'Donnell
Room 1841
230 Park Avenue
New York 17, New York

Dear Mr. O'Donnell:

The following summary is of the payments that were made to Morrison-Knudsen Company for bulldozer work on the Stevenson property in Lemhi County, Idaho during 1954. This work was done with two D-8 Caterpillar tractors under rental agreement, at $14 per hour operating time. The operators were included in the rental cost:

June	240 hours	$3,360.00
July	293.5 hrs.	4,109.00
August	44 hours	616.00
		$8,085.00

All of the work was done on trenches and cuts on the Stevenson property to get more detailed geologic data and to more completely expose the Merle 3 and 5 mineralized zones.

Sincerely yours,

Roy P. Full

Roy P. Full

RPF/s

March 8, 1955

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
Department of The Interior
Washington 25, D.C.

Re: Docket No. DMEA 2436
Northfield Mines, Inc.
(Stevenson Properties)
Lemhi County, Idaho
Contract No. Idm-E334

Dear Sir:

This will confirm the conversations held on March 1, 1954 between our Messrs. Neil O'Donnell and William C. Schmidt with you and your Mr. William Martin and later with Messrs. Martin, Selfridge and Chapman in reference to the captioned contract.

We have been very much disappointed that in spite of all the work done to date no orebody has been disclosed nor do the assays give us any encouragement that an orebody exists. This conclusion is not only based on the opinions of Messrs. O'Donnell and Schmidt and others of our staff who have visited the property, but more especially on the opinion of the independent consulting geologists, Messrs. Shenon and Full of Salt Lake City, Utah who were engaged to make a detailed study of the properties as well as the surrounding area. Copy of their opinion is attached hereto.

In view of the above conclusion this is to request that the captioned contract be cancelled. It is our considered opinion that since nothing indicates the existence of an orebody, there cannot possibly be any future production, and therefore, such cancellation should be without any lien on the properties based on that possibility. Will you kindly give this point consideration.

We trust the above will meet with your approval, especially as it will leave more funds available for work in more promising areas.

Yours very truly,

NORTHFIELD MINES, INC.

Paul W. Zeckhausen

Paul W. Zeckhausen

PWZ:b

SHENON AND FULL
MINING GEOLOGISTS
SALT LAKE CITY, UTAH

PHILIP J. SHENON
1339 THIRD AVENUE
PHONE 5-5627

ROY P. FULL
3945 SOUTH 11TH EAST
PHONE 87-1840

March 4, 1955

Northfield Mines, Inc.

Stevenson Property
Lemhi County, Idaho

Progress Report
February 1955

The final report on the Stevenson property in the Blackbird District, Idaho, will not be completed for several months, but compilation work has been advanced to permit recommendations for the area.

Detailed trenching during the past summer was extended over most of the Stevenson property with closely spaced trenches along the Merle 3 and Merle 5 mineralized zones. Both zones can be correlated north to the property boundary, but the southern limits are far more restricted or indefinite.

The Merle 3 zone, which is marked by a series of lenses of quartz, iron stained schist, silicification and metamorphosed basic dike rock can be traced from a weak structure at its southern limit to the North Fork of Little Deer Creek. The strike changes from N 60 W at the south end to N-S at the north end. Individual mineralized lenses can in some cases be traced for several hundred feet, but a number of exposures can not be correlated between trenches which are less than 100 feet apart. The zone in places is over 100 feet wide; however, the individual mineralized structures are generally under 10 feet in width. A full evaluation of the original mineral content of the structure is difficult from trench exposures, as a result of deep weathering. Cobaltite appears to remain only in those rocks where silicification is intense and gives protection from surface leaching. Five diamond drill holes have intersected the Merle 3 zone to depths up to 650 feet below the surface, but the results were discouraging. Very low cobalt values were recorded in assays on the vein intersections.

The Merle 5 zone, on which the Northfield 7000 tunnel was driven, terminates 500 feet south of the tunnel at a northeast trending fault. This fault is exposed in several trenches, and its pre-mineral origin indicated by stringers of cobaltite within the gouge. No evidence of the Merle 5 zone could be recognized to the southeast of the fault. Metamorphosed basic dike rock and sheared biotite schist mark the zone to the north of the existing underground workings. Very little evidence of cobalt mineralization could be found where the structure was exposed in the trenches. The structure is extremely soft, even in deep cuts, and it indicates that ground conditions similar to those in the 7000 tunnel might be expected in underground work. Eight hundred feet of underground exploration on the 7000 tunnel level indicated widths of cobalt mineralization up to 60 feet, but no commercial grade zones were encountered. Surface evidence indicates that the most highly mineralized area along the Merle 5 zone

is over the 7000 tunnel level and south to the limiting fault. Eight surface diamond drill holes in this area did not show commercial grade mineralization.

Geochemical soil sampling by the U. S. Geological Survey and Northfield Mines, Inc., indicated extremely high values in the vicinity of the Merle 3 zone. Careful correlation with trench data does not indicate that these values are associated with the Merle 3 zone. One anomaly is as much as 400 feet west of the Merle 3 zone and higher on the slope of the hill. The second anomaly is about 300 feet east of the mineralized zone and lower on the slope. This could represent a down-hill migration of the cobalt from the weathered outcrop above but trenching did not indicate more intense mineralization along that part of the structure. Soil sampling over part of the Merle 5 zone did not show high values, and a marked decrease to the north is indicated.

Self-potential surveys over the Northfield area have quite clearly defined the Merle 3 zone, but only very weak anomalies were observed on the Merle 5 zone, and then only over the tunnel area. Cross-lines were run at 200-foot intervals with readings taken at 50-foot intervals along the lines. A 250-millivolt anomaly was obtained on one line near the north end of the Merle 3 zone, but adjoining lines show lower anomalies. All of the anomalies on the Merle 3 zone were very broad and open, as contrasted with the sharp character of those obtained on test lines over the Calera ore bodies. Lines were run over the Chicago and Brown Bear ore bodies. An anomaly of over 450 millivolts was recorded over the Chicago ore body in which the vein is principally pyrite, pyrrhotite and chalcopyrite,. with minor amounts of cobaltite. A second line was run over the Brown Bear ore zone in which the ore mineral is disseminated cobaltite, with very minor amounts of iron and copper sulphides. An anomaly of 350 millivolts was recorded over this structure. By comparison of self-potential anomalies over the known ore bodies at Calera with those over the Northfield structures, the results do not look encouraging for either the Merle 3 or Merle 5 zones.

Giving full consideration to geologic possibilities, as established from trench mapping, geochemical results and self-potential surveys, and to the cost involved to explore them, the Northfield property does not present a very attractive outlook for future exploration. The possibility of developing this property to production looks extremely discouraging. The Merle 3 zone gives some encouragement toward the north end of the property, but not sufficient to justify the expense of costly exploration. Structures with the lensy character as indicated on the Merle 3 zone, do not offer attractive targets for diamond drilling. Exploration from the existing 7000 level would be very expensive, and also would be under very low backs toward the north end of the Merle 3 zone where the more favorable self-potential anomalies were recorded. Deeper exploration of the Merle 3 zone may be justified at some future date when deeper levels from the Calera mine are available, but the cost of such a project can not at this time be justified or recommended.

Respectfully submitted,

Roy P. Full

Roy F. Full

RPF/s

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D.C.
1201 N. Division St.
Spokane 2, Washington
January 11, 1955

Mr. A. J. O'Connell
Northfield Mines, Inc.
Eureka, Nevada

Re: Docket No. DMEA 2436 (cobalt-copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. Idm-5334

Dear Mr. O'Connell:

This is in further reference to our letter of December 10, 1954, concerning the $6,002.50 valuation placed on the Government's equity in all property and installations at the subject property. The Washington, D.C. office of DMEA has supplied us with the following information in this connection:

Items listed as of audit of April 30, 1954	Accepted cost	Salvage value to Operator by this office
Bunk house furnishings	$ 768.25	$ 250.00
Cook house furnishings	1,020.38	500.00
Explosives (1 ton unused)	1,546.67	100.00
Steel	867.89	100.00
Pipe and fittings	1,643.66	800.00
Mine rail	1,894.11	1,200.00
Ventube	488.65	400.00
Diesel fuel, etc.	2,350.94	nil
Gasoline	1,128.58	nil
Tools	862.98	350.00
Eng'r. & geological supplies	728.07	150.00
Medical supplies	113.30	nil
Core boxes	235.20	nil
Mine timber	2,143.87	nil
Operating equipment purchases	1,601.79	1,000.00
New buildings & improvements, etc.	3,724.62	3,725.00
Totals	$21,118.96	$8,575.00

Government's share of $8,575.00 or 70 percent equals $6,002.50

Our books show that we are presently withholding $5,896.19 (subject to final audit) on your April through September 1953 MF-104's. The difference between the value of the Government's equity in property and installations ($6,002.50) and the amount withheld ($5,896.19) or $106.31 must be paid to the Government in order to liquidate this equity under Amendment No. 8.

Concerning your claim for mine maintenance at $1.37 per foot, Amendment No. 7 authorizes $5,000.00 for this on an actual cost basis instead of a unit cost. Consequently, mine maintenance charges, when claimed on your MF-104's, must be properly supported by certified copies of invoices and/or payrolls. You will note that under Amendment No. 8 no costs incurred between October 1, 1953 and July 1, 1955 shall be allowable.

We trust this will clarify your inquiries in connection with the provisions of Amendment No. 8.

By Field Team, Region II

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

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

cc: Mr. George W. Mitchell, Manager
Northfield Mines, Inc.
Eureka, Nevada

Mr. William C. Schmidt
Northfield Mines, Inc.
230 Park Avenue
New York 17, N. Y. -- via air mail

DMEA, Wash. (2)
USGS (2)
Certifying Officer

DOCKET
SURNAME
Chapman
Martin
Chandler
Selfridge
Johnson
Whittenberg

400

DEC 20 1954

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

Re: Docket No. DMEA 2436 - Cobalt
and Copper
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Weissenborn:

This will acknowledge receipt of your letter of December 10, 1954, to Mr. George C. Selfridge, with copies of letter you received December 2 from Northfield Mines, Inc., and copies of your reply of December 10 to Northfield.

The last paragraph of your letter to Northfield states very clearly the status of the jointly owned equipment and supplies on the project, and as on resumption of operation the project will be on a unit basis, the Operator should re-imburse the Government for its share in equipment and supplies on hand.

The evaluation was made by using the inventory of July 31, 1954, by Mr. V. E. Johnson, Mining Engineer, on his inspection of that date. Mr. Johnson arrived at the following evaluations:

1. Original cost of equipment and supplies on hand $21,118.96
2. Salvage value to Operator 10,445.00
3. Probable market salvage value 3,050.00

Our office, expecting the Operator to take over the equipment and supplies and using Mr. Johnson's inventory, arrived at the evaluation as follows:

Items listed as of audit of April 30, 1954	Accepted Cost	Salvage value to operator by Mr. Johnson	Salvage value to operator by this office.
Bunk house furnishings	$ 768.25	$ 400.00	$ 250.00
Cookhouse furnishings	1,020.38	600.00	500.00
Explosives (1 ton unused)	1,546.67	400.00	100.00

R.C.S.

Steel	$ 867.89	$ 100.00	$ 100.00
Pipe and fittings	1,643.66	820.00	800.00
Mine rail	1,894.11	1,200.00	1,200.00
Ventube	488.65	400.00	400.00
Diesel fuel, etc.	2,350.94	nil	nil
Gasoline	1,128.58	nil	nil
Tools	862.98	700.00	350.00
Eng'r. & Geological supplies	728.07	150.00	150.00
Medical supplies	113.30	nil	nil
Core boxes	235.20	200.00	nil
Mine timber	2,143.87	750.00	nil
Operating equipment purchases	1,601.79	1,000.00	1,000.00
New buildings and improvements, etc.	3,724.62	3,725.00	3,725.00
Totals	$21,118.96	$10,445.00	$8,575.00

Government share of $8,575.00 of 70 percent equal $6,002.50

According to the above data the Operator owes the Government the sum of $6,002.50 and this more than balances the sum owed the operator for the May, June, July and August operation, plus the $1.37 per foot for maintenance.

The foregoing should clarify the question raised by the operator.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

APPROVED:

/s/ Robert W. Geehan (GCS)

Member, Bureau of Mines

Thor H. Kiilsgaard (GCS)

Member, Geological Survey

TLChapman:fec
12-15-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. II
H. W. Davis, USBM
Thor H. Kiilsgaard, USGS

XXXXXXXXXXXXXXXXXX
So. 157 Howard Street
Spokane 4, Washington

December 13, 1954

Mr. William C. Schmidt
Northfield Mines, Inc.
230 Park Avenue
New York 17, N. Y.

Re: Docket No. DMEA-2436 (cobalt-copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. Idm-2334

Dear Mr. Schmidt:

We wish to acknowledge your letter of December 9, 1954, concerning the delay in the signing of Amendment No. 8 to the above-cited contract.

Enclosed is a copy of our letter of December 10, 1954, to Mr. A. J. O'Connell of your Eureka, Nevada, office, which is self-explanatory. You will note that the matter of the $6,002.50 evaluation placed on the equipment has been referred to our Washington office. Just as soon as we receive an answer from them we will write you again.

Very truly yours,

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

Enclosure

cc: DMEA (2)
USBM (2)
Nicholson

NORTHFIELD MINES, INC.
230 PARK AVENUE
NEW YORK 17, N. Y.

December 9, 1954

Mr. A. E. Weissenborn, Executive Officer
U. S. Geological Survey
Defense Minerals Exploration Administration
So. 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-2436 (Cobalt-Copper)
Contract No. Idm-2334
(Stevenson Cobalt - Idaho)

Dear Mr. Weissenborn:

Your letter of November 10, 1954, addressed to Mr. George W. Mitchell at Eureka, Nevada, with original and five copies of Amendment No. 8 to the Northfield Mines contract enclosed, has been forwarded to this office for action.

Delay in signing this amendment is being caused by a lack of information on the item of $6,002.50 mentioned in Article 2 as the Government's equity.

It will greatly expedite the matter if you kindly send a detailed explanation of this item, to this office. If you are already writing to Mr. G. W. Mitchell on this subject, a copy airmailed directly here will further speed up action.

Thanking you,

Yours sincerely,

William C. Schmidt

WCS:b
cc: G.W.M.
P.W.Z.
L.J.L.
N.O'D.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D. C.~~

1201 N. Division St.
Spokane 2, Washington
December 10, 1954

RECEIVED
DEC 13 1954

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

Re: Docket No. DMEA 2436 (cobalt-copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Selfridge:

Enclosed are two copies of a recent letter from Northfield Mines, Inc., together with copies of our reply. As we are unable to state definitely how you arrived at the figure of $6,002.50, we are referring the Operator's question to you for a reply.

By Field Team, Region II

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

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

Enclosure

cc: USGS (2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
December 10, 1954

Northfield Mines, Inc.
Eureka, Nevada

Attn: Mr. A. J. O'Connell

Re: Docket No. DMEA 2436 (cobalt-copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. O'Connell:

This will acknowledge receipt of your undated letter concerning the cited contract, which was received at this office on December 2, 1954.

With reference to the $6,002.50 valuation placed on the Government's equity in all property and installations, this valuation was made by the Washington, D.C. office of DMEA and this matter is therefore being referred to them for a reply.

Concerning reimbursement of your claims for the months of May-June-July and August 1953, as you no doubt know there was considerable difficulty in processing your MF-104's. When this difficulty was finally straightened out and these vouchers were resubmitted in acceptable form in June 1954 the project was in recess as no work had been done on the project since September 1953. Inasmuch as the project was in recess and an amendment was under consideration authorizing further work on a unit cost basis, it was necessary to withhold payment on these vouchers to protect the Government's equity in jointly-owned equipment. It is standard procedure on recessed projects to withhold up to 10 percent of the Government's contribution.

Since Amendment No. 7 changes the additional work from an "actual cost" to a "unit cost" basis and does not contemplate the use of jointly-owned equipment in this work, it is necessary that the Government be repaid a fair valuation for its equity in salvageable items of equipment, materials and supplies before further payments can be made to you. As stated in Article 2 of Amendment No. 8, this valuation has been set at $6,002.50.

By Field Team, Region II

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

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

cc: DMEA, Wash. (2)
USGS (2) — Certifying Officer

Northfield Mines, Inc.

~~Cobalt, Idaho~~

Eureka, Nevada

Mr. A. E. Weissenborn
Executive Officer, U. S. Geological Survey
South 157 Howard Street
Spokane 4, Washington

RE: Docket No. DMEA 2436 (Cobalt-Copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract Idm E334

Dear Mr. Weissenborn:

I have a copy of Amendment No. 8 of the above contract and I refer you to Item No. 2 which reads in part, that the Government's equity in the property procured and installations made under the contract is agreed upon as being $6,002.50.

I am unable to pick out this amount in my records and will appreciate your having the detail as to how your office arrives at this amount forwarded to me at Eureka, Nevada.

In my last letter to you, dated June 16, 1954, our company resubmitted our May, June, July and August MF 104s along the lines that you suggested in your letter dated May 26, 1954. At this time our records showed that the DMEA owed Northfield Mines, Inc. $4,673.20 for work performed plus a claim of $1.37 per foot for mine maintenance on the drifting completed.

We have not received reimbursement for our claim for the months of May, June, July and August, nor have we been advised as to why this settlement is being held up.

We shall appreciate your prompt attention to these matters so that proper attention may be given before signing amendment.

Very truly yours,

NORTHFIELD MINES, INC.

A. J. O'Connell

AJO'C/m

RECEIVED
DEC 9 1954

xxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

November 10, 1954

Mr. George W. Mitchell, Manager
Northfield Mines, Inc.
Eureka, Nevada

Re: Docket No. DMEA-2436 (cobalt-copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Mitchell:

Enclosed are the original and five copies of Amendment No. 8 to the Northfield Mines contract. The effect of this amendment is to permit a recess for the period October 1, 1953, until not later than July 1, 1955. If, at that time, work is not resumed, the contract will be automatically terminated; if work is resumed on the contract it will be on a unit-cost basis. Therefore, whatever happens, the Government should be reimbursed at this time for its equity in all property procured and installations made under the contract. According to the provisions of Article 2 of the amendment, the Government's equity has been fixed as $6,002.50 and the Government is authorized to deduct this from monies due Northfield Mines, Inc., under the contract. Upon receipt of the signed amendment, your vouchers will be scheduled for payment.

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

By Field Team, Region II

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

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

Enclosure

cc: DMEA (2); USBM (2); USBM(AD); Nickelson

400 DOCKET
SURNAME
Martin
Reckler
Newcomb
Selfridge
Johnson

OCT 26 1954

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

Re: Docket No. 2436 - Cobalt & Copper
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Weissenborn:

Enclosed are the original and five copies of a proposed amendment, Amendment No. 8, to the above-referenced contract signed by the Administrator for the Government, providing, among other things, that work under the contract shall be suspended during the period beginning October 1, 1953, and ending not later than July 1, 1955.

If the terms and conditions of this proposed amendment are satisfactory to you and the Operator, all six copies should be signed and the usual distribution made.

If any part of this proposed amendment does not have either your approval or that of the Operator and cannot be amended within your delegated authority, the original and all copies of the proposed amendment are to be returned to this office, together with the proposed changes for consideration.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

Enclosures

APPROVED:

J. H. Hedges (JHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (JHB)
Member, Geological Survey

WSMartin:foc 10-20-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. II
H. W. Davis, USBM
Thor H. Kiilsgaard, USGS

P.S. Please note that numbered paragraph 2 of the enclosed amendment authorizes the Government to apply any monies due the operator to liquidating the Government's equity in all property procured and installations made under the contract, which was agreed upon as being $6,002.50.

R.C.S.

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

Memorandum October 20, 1954

To: Chairman, Operating Committee

From: Jay L. Chambers, Chief
Contract Administration and Audit Division

Subject: Amendment No. 8 - Northfield Mines, Inc.
Docket DMEA-2436 (Cobalt & Copper)
Lemhi County, Idaho, Contract No. Idm-E334

Wouldn't it be a good idea to put a P.S. to letter to Mr. Weissenborn as follows:

"P.S. Please note that numbered paragraph 2 of enclosed amendment authorizes Government to apply any monies due the operator to liquidating equipment purchased for project."

$6,002.50."

Government's copy

EXPLORATION PROJECT CONTRACT
NORTHFIELD MINES, INC.
DOCKET NO. DMEA 2436

AMENDMENT NO. 8

It is agreed this 26th day of October, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government", and Northfield Mines, Inc., hereinafter called the "Operator", parties to that certain Exploration Project Contract Idm-E334, dated June 2, 1952, as amended, hereinafter called the "Contract", that:

1. (a) Work under the Contract shall be suspended during the period beginning October 1, 1953, and ending not later than July 1, 1955.

   (b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government, and the Government shall not contribute to any costs of rehabilitation or repair which, in its opinion, would not have occurred if there had been no suspension of the work.

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

2. The amount of the Government's equity in all property procured and installations made under the Contract is agreed upon as being $6,002.50. The Operator shall pay this amount to the Government promptly, and the Government may deduct this amount or any part of it from moneys due the Operator under the Contract.

3. In Article 3 of the Contract, the period "30 months" provided by Amendment No. 7 is deleted, and the period "not later than August 1, 1957," is substituted.

4. Annex II to Amendment No. 7 is cancelled and Annex IV, attached hereto and made a part hereof, is substituted for the provisions of Article 9 of the Contract.

5. That part of the second sentence in Article 10 of the Contract beginning with the word "Provided," is deleted.

6. It is of the essence of the Contract that the work be resumed before the termination of the period here fixed for suspension; and if it is not so resumed in the manner required by the Contract, the following provisions shall thereupon become effective:

   (a) Effective October 1, 1953, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

   (b) The Government shall contribute only to the allowable costs incurred prior to October 1, 1953.

   (c) Any work or operations prosecuted or costs incurred by the Operator after October 1, 1953, shall be for the sole account of the Operator without contribution by the Government.

   (d) If the Government has made no certification of discovery or development before the termination of the period fixed for suspension, the total net amount contributed by the Government shall nevertheless be repayable in the form of a percentage royalty on any minerals mined or produced from the land described in Article 2 of the Contract, in the manner and amount provided in the Contract, certification of discovery or development in such case being hereby waived.

   (e) The maximum period for royalty payments and lien for the payment thereof, provided for in the contract is increased to seventeen (17) years.

   (f) 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 otherwise provided herein.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By C O Mittendorf
Administrator, Defense Minerals
Exploration Administration

Northfield Mines, Inc.

By _____

_____

EXPLORATION PROJECT CONTRACT
NORTHFIELD MINES, INC.
DOCKET NO. DMEA 2436

ANNEX IV

The following provisions are in lieu of Article 9 :

Repayment by Operator.--a. Certification.--If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Royalty on production.--The Operator, as principal, if the Operator is the producer, or as surety, if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land,* as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years* from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

c. Basis for computation.--The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the

*The word land refers to the land described in Article 2 of the contract.

* the period "seventeen years" is substituted for the period "ten years."

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the raw ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

e. Percentages of royalty.--The percentages of the Government's royalty shall be as follows:

> One and one-half ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.
>
> (For instance: the royalty on an amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

5

f. Lien for payment.--To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

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

h. No obligation to produce.--Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

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

58694

400

Docket
Surname
Rutledge
Martin

September 30, 1954

MEMORANDUM

To: Acting Assistance Solicitor, Defense Minerals

From: Iron and Ferro-Alloys Division, DMEA

Subject: Preparation of Suspension-Termination Agreement
Docket No. DMEA 2436 - Cobalt, Copper
Northfield Mines, Inc.
Stevenson property
Lemhi County, Idaho
Contract No. Idm-E334

Transmitted herewith is a rough draft of a Suspension Termination Agreement for your use in preparing the final form.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

Enclosure

FARutledge:foc
cc to: Docket
Code 400
Adm. Reading File

R.C.J.

SUSPENSION-TERMINATION AGREEMENT
NORTHFIELD MINES, INC.
DOCKET NO. DMEA 2436

It is agreed this _____ day of ~~September~~ October, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government", and Northfield Mines, Inc., hereinafter called the "Operator", parties to that certain Exploration Project Contract Idm-E334, dated June 2, 1952, as amended, hereinafter called the "Contract", that:

1. (a) Work under the Contract shall be suspended during the period beginning October 1, 1953, and ending not later than July 1, 1955.

   (b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government, and the Government shall not contribute to any costs of rehabilitation or repair which, in its opinion, would not have occurred if there had been no suspension of the work.

   (c) The Operator at his own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work and any property in which the Government has an interest.

2. The Government's equity in material, supplies, equipment, and installations procured under the subject contract shall be promptly liquidated. This equity is 70 percent of the estimated valuation of $8,575.00 or $6,002.50.

3. The time fixed for the completion of the work is extended to August 1, 1957.

4. It is of the essence of this Contract that the work be resumed before the termination of the period here fixed for suspension; and if it is not so resumed in the manner required by the Contract, the following provisions shall thereupon become effective:

(a) Effective July 1, 1955, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

(b) The Government shall contribute only to the allowable costs incurred prior to said effective date in accordance with the contract.

(c) Any work or operations prosecuted or costs incurred by the Operator beginning with said effective date, shall be for the sole account of the Operator without contribution by the Government.

(d) The total net amount contributed by the Government shall be repayable in the form of a percentage royalty on any minerals mined or produced from the land described in Article 2 of the Contract, in the manner and amount provided in the Contract, certification of discovery or development being hereby waived.

(e) The maximum period for royalty payments and lien for the payment thereof, provided for in the contract is increased to seventeen (17) years.

(f) The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract, except as otherwise provided in this termination agreement.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By_____
Administrator, Defense Minerals
Exploration Administration

Northfield Mines, Inc.

By_____

_____

FARutledge:foc
9-30-54
cc to: Docket
Code 400
Adm. Reading File

400

Docket
Surname

Ruthledge
Martin
Mulcher
Kilsgaard

September 30, 1954

MEMORANDUM

To: Administrator, DMEA

From: Chief, Iron and Ferro-Alloys Division

Subject: Review of contract prior to preparation of Recess Agreement
Docket No. DMEA 2436 - Colbat, Copper
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. Idm-E334

A description of the property, the work done, and the results obtained follow:

1. Operator - Northfield Mines, Inc., a corporation organized and existing under the laws of Delaware, Room 1841, 230 Park Avenue, New York 17, New York.

2. Operator's property rights - Unpatented lode mining claims, Merle, Merle Nos. 1 to 6, inclusive, David Nos. 16 to 23, inclusive, Woodtick, Woodtick No. 1, Euphemia, Bob No. 1, and Bob No. 2 and the patented Tom Jefferson No. 2, Diamond Queen, Little Queen, and Queen claims.

3. Contract executed June 2, 1952.

4. Work authorized:

   (1) Erection of tent houses.

   (2) Construction of 2,500 feet of new road.

   (3) Construction of 2,000 feet of new trails.

   (4) Bulldozing 5,500 feet of trench.

   (5) Preparing 10 diamond drill sites by bulldozer.

   (6) Diamond drilling 10 AX holes not to exceed 2,000 feet in aggregate length.

   (7) Construction of compressor house.

R.C.S.

(8) Driving one or more adits not to exceed 1,000 feet in aggregate length.

(9) Construction of bunkhouse and of cookhouse.

Total estimated cost of project - $102,900.00

5. Amendment No. 2 increased the total amount of diamond drilling to approximately 2980 feet of drilling at a maximum cost of $19,357.00.

6. Amendment No. 7 adding new work on an agreed unit cost basis was executed August 6, 1953, effective as of the date of contract. The change over from actual to unit costs was made effective May 1, 1953. Through April 30, 1953, the following exploration had been completed:

Drifting - 1,000 feet authorized

7000 adit	265.0 feet		
701 drift north	196.5 feet		
702 drift south	272.0 feet		
701a xcut	39.5 feet		
Total	773.0 feet	$60,464.95	$78.22/ft.
Diamond drilling	3,028 feet	$23,823.73	$ 7.87/ft.
New Roads	149½ hrs.	$ 2,398.93	$16.05/hr.
Trenching	425½ hrs.	$ 6,868.21	$16.14/hr.
New Buildings		$ 3,724.62	
Analyses		$ 1,481.18	
	Total	$98,761.62	

7. The exploration completed through April 30, 1953, partially explored by surface trenching and diamond drilling three mineralized areas - the Queen, the Merle No. 3, and the Merle No. 5. In addition, drifting and crosscutting further explored the Merle No. 5 zone.

8. The following work was added by Amendment No. 7:

400 feet of crosscutting and drifting and 400 feet of diamond drilling on the Merle No. 5 zone.

300 feet of crosscutting and drifting and 200 feet of diamond drilling on any other mineralized zones encountered.

Contract increased to total of $233,150.00 with Government's share @ 70%, $163,205.00.

Basic unit cost for crosscutting and drifting $32.50/ft. plus additional for timbering. Diamond drilling @ $5.00/ft.

9. Only 74 feet of the drifting and the 400 feet of diamond drilling authorized under Amendment No. 7 were completed prior to October 1953 when the project was recessed on account of inclement weather. Exploration work under the subject contract was not resumed during 1954 because the Operator desired to first complete a geologic and geochemical investigation of the area that was then in progress.

10. The Operator by letter of July 19, 1954, requested a recess of the referenced project in order that the geological investigation may be completed prior to resumption of any further work.

11. The Field Team on July 29, 1954, recommended that a Suspension Agreement be prepared. They further recommended that such an agreement obligate the company to complete the work as now outlined or to undertake some other equally desirable program and in addition, that the Government's equity in any material, supplies, and equipment be settled.

12. A memorandum dated September 8, 1954, by V. Z. Johnson, Mining Engineer, Bureau of Mines, listed the items in which the Government has an equity with probable salvage value to the Operator and probable marketable salvage value.

13. This Division recommends that the following amount be assumed for salvage value of the material, supplies, equipment, and installations in which the Government has an equity - $8,575.00.

FARUTLEDGE:foc
9-30-54
cc to: Docket
Code 400
Adm. Reading File

W. S. Martin, Chief
Iron and Ferro-Alloys Division

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

1201 N. Division St.
Spokane 2, Washington
September 9, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 13 1954

VIA AIR MAIL

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

Re: Docket No. DMEA 2436 (cobalt-copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Selfridge:

Enclosed are four copies of a memorandum by V. Z. Johnson, U. S. Bureau of Mines, which gives the physical inventory and estimated salvage value of equipment, operating materials and supplies at the subject property.

The delay in transmitting this memorandum is due to Mr. Johnson's absence on an extended field trip. In order to avoid further delay, Mr. Stephen W. Zoldok, U. S. Bureau of Mines, has made minor revisions in the estimated salvage values. The enclosed memorandum incorporates these revisions.

By Field Team, Region II

A. E. Weissenborn

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

Wing G. Agnew

~~Wing G. Agnew, Member~~
(U. S. Bureau of Mines)

Enclosure

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

1201 N. Division St.
Spokane 2, Washington
September 8, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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SEP 13 1954

MEMORANDUM

To: DMEA Field Team, Region II

From: V. Z. Johnson, Mining Engineer, Bureau of Mines

Subject: Inspection and inventory, Northfield Mines, Inc., Lemhi County, Idaho, Contract No. Idm-E334, Docket No. DMEA 2436 (cobalt-copper)

General

The inspection was made July 31, 1954 with Mr. Roy Full, consulting geologist. There has been no project activity at this property since September of 1953. Underground workings are in good condition.

Mr. Full is doing surface geologic mapping with the assistance of aerial photography and bulldozer trenching. Bulldozer trenching has exposed the Merle No. 5 zone to the north property line, but dikes have made it difficult to determine extensions to the south. Base lines are being laid out for a self-potential survey.

The camp and access road remain in good shape and project work could readily be resumed.

Camp Inventory

The buildings which were built under DMEA participation are the items of greatest value. They are generally in good repair.

The inventory in which the Government has an equity is as follows:

Buildings and Fixtures

5 tent house frames 16'x18'
2 frame cabins 15'x16'
1 frame cabin of rough lumber 15'x16'
1 cook shack 14'x26'
1 aluminum-covered shed 8'x12' (generator shed), skid-mounted, double doors
1 shop building
2 frame powder houses 6'x8'
3 frame back-houses, 4'x6'

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Buildings and Fixtures - continued

1 wooden skid-mounted tool box 3½'x7'
5 oil stoves
1 tent
2 sinks
2 rolls linoleum
6 cots with springs and mattresses
4 quilts
pots, pans, dishes, tables, benches, garbage pails
2 hot water heaters
1 shower, complete
15 50-gal. oil barrels
2 50-gal. gas barrels
12 5-gal. oil cans
1 fuel tank, 4' dia. 6¼' long
1 fuel tank, 4' dia. 12' long

1 jammer, 15' boom from 10' mast, skid-mounted, steel reinforced

Timbers - 60 stulls 8" - 10", 4 ft.
½ cord or 3 round spreaders
100 3x12 - 16 ft.
12 2x12 - 16 ft.
24 6x8 - 16 ft.
10 4x6 - 16 ft.
6 10x10 - 16 ft.
6 bundles of wedges
1 cord 10" blocks, 1 ft. long
14 post 8"x8" horn, 7½ ft.
6 caps 8"x8" horn, 6½ ft.
18 girts 8"x8" horn, 6½ ft.
12 2x12 - 10 ft.
6 6"x10" poles - 30 ft.

Track (DMEA) with fish plates

12 pieces 12 to 15 lb., 10' to 15' long
24 " 20 lb. 15' to 20' long
6 " 20 lbs. 4' to 6' long
2 20-lb. switches with points

Pipe, etc. (DMEA)

2-in. air line - 240 ft.
1¼-in. plastic tubing, 800 ft.
1-in. pipe, 30 ft.
1/2 keg 1¼-in. couplings

Pipe, etc. - continued

2-in. air hose, 50 ft.
1/2-in. pipe, 50 ft.
1 galvanized water tank 3'x3'x8'
1 - 1' dia. receiver, 7 ft.
1 - 4' dia. receiver, 12 ft.

Equipment - DMEA

1 Peerless hacksaw for 1-ft. blade, 8-in. power pulley attached
1 Leyner bar, 5 ft.
1 Generator unit light plant for miner's lamps
#N2G12004 with 2 cyl. gas engine, two Delco batteries, connections and controls for 4 lamps
2 mine type basket stretchers
1 blower used with 8-in. pulley for 4 V-belts, 3' dia. vane wheel on steel skids
1 anvil
1 forge with hand blower and 3'x3' bench

Supplies - DMEA

12 pieces 16"x32" fiber board
1 powder box track, bolts and nuts
2 fan belts
600 ft. ½-inch cable 6x19 reel #405
1 1-in. logging choker, 20 ft.
1 3/8-in. muck sheet 4'x8'
fan bag, 12 in. - 250 ft.
fan bag wire, 500 ft.
40 cases Ajax No. 2 40% dynamite
40 lbs. misc. nails
3 - 7.00x16 truck tires (fair shape)

Small tools

1 garden rake, 3 shovels, 12 picks, 2 timber saws, 2 cant hooks
1 Lincoln grease gun, 1 Alemite gun
2 pipe wrenches, 2 end wrenches
3 tamping sticks, 6 ft.
2 axes
1 blowpipe, 5 ft.
3 tongs
1 hand pump for fuel barrels
6 small fire extinguishers

Operating equipment purchased but not found at the property is as follows:

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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1 pipe die
1 gas welding outfit
1 chain saw
1 bench grinder
6 miners lamps

These items have probably been removed to Eureka, Nevada for safekeeping. It is also believed that about one-half of the pipe and track which was jointly owned has also been removed. The above listed track and pipe as inventoried would not be adequate for the work that has been completed. Engineering and geological supplies, certain small tools, supplies and furnishings have been taken to Eureka for safekeeping.

Salvage

The accepted costs as allowed in the (final) audit (for) April 30, 1953, for different categories are given below, with their estimated value to the Operator and their probable marketable salvage value.

Items as listed on audit of April 30, 1953	Accepted cost	Salvage value to Operator	Probable marketable salvage value
Operating Materials & Supplies:			
Bunk house furnishings	$ 768.25	$ 400.00	$ 100.00
Cookhouse "	1,020.38	600.00	300.00
Explosives (1 ton unused)	1,546.67	400.00	200.00
Steel	867.89	100.00	50.00
Pipe and fittings	1,643.66	820.00	200.00
Mine rail	1,894.11	1,200.00	800.00
Ventube	488.65	400.00	200.00
Diesel fuel, etc.	2,350.94	nil	nil
Gasoline	1,128.58	nil	nil
Tools	862.98	700.00	100.00
Engr. & geol. supplies	728.07	150.00	100.00
Medical supplies	113.30	nil	nil
Core boxes	235.20	200.00	nil
Mine timber	2,143.87	750.00	600.00
Operating equipment purchased	1,601.79	1,000.00	400.00
New buildings & improvements, etc.	3,724.62	3,725.00	nil
Totals	$21,118.96	$10,445.00	$3,050.00

The Government has an equity of 70% in the above estimated salvage.

The equipment and installations at the property in the purchase of which the Government did not participate include the following:

6 - 8'x21' trailer houses in fair shape
2 - complete Matteson end dump cars, 20 cu. ft.
1 - complete Anaconda type end dump car, 15 cu. ft.
1 - box only " " " " " " "
1 - mine timber truck
1 - 6'x9' stone boat
170' 4-in. victaulic coupled pipe
1530' 30-lb. rail with ties
4 - 30 lb. switches
15' 6-in. I beam with mounted chain hoist
20' 8-in. I beam

Orig. & 3 cys - Wash.
USGS (2)
DMEA
AD
Auditor
VZJ/he

DOCKET
DMEA 2436

See 2267 for summary

Interior Department

Defense Minerals Exploration Administration

14X4401(01) Revolving Fund, Defense Production Act,
Interior (Allocated Working Fund to the Office of the Secretary).

TELETYPE

SEP 3 1954

To: A. E. Weissenborn, Executive Officer, DMEA Field Team, Region II, Spokane, Washington

Reurlet August 31 requesting status information for following dockets:

1. West Slope Mining Company, DMEA 2267-Tungsten. Contract was mailed to you for execution September 2.

2. Twin Sisters, DMEA 3412-Chromite. We anticipate mailing contract next week.

3. Northfield Mines, DMEA 2436-Cobalt & Copper. Amendment authorizing recess being held in abeyance pending receipt of equipment and supply inventory. Your July 29 letter indicated inventory giving realistic appraisal of possible salvage values would follow shortly.

4. Boulder Ores, Inc., DMEA 2973-Tungsten. You are hereby authorized and requested to prepare amendment covering payment for Mr. Fairweather's services, removing limitation on time but not the other restrictions, as recommended in your letter of August 27.

George C. Selfridge

Chairman, Operating Committee

cc: Docket
Code 400
FT, Reg. 2 - confirmation
Oper. Committee
R. W. Geehan, USBM
Thor. Kiilsgaard, USGS
Adm. Reading File

WSMartin/ls
9-3-54

COPY

So. 157 Howard Street
Spokane 4, Washington

August 31, 1954

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

2436

Dear Mr. Selfridge:

We are being pressed for decision on the following matters which have been submitted to the Operating Committee:

1. West Slope Mining Company, Birdie Mine, Silver Bow County, Montana, Docket No. DMEA 2267 (tungsten), Contract Idm-E249. A request for an amendment to permit resumption of work was contained in our letter to you of August 5, 1954. A decision on this is extremely urgent as work is actively in progress.

2. Prompt action is needed on the Twin Sisters application, Docket No. DMEA-3412 (chromite) Skagit County, Washington. Field Team recommendations were submitted August 9, 1954. Drilling (on company account) is in progress and, unless the contract is received very soon, it will be of little benefit to the company.

3. Northfield Mines, Docket No. DMEA-2436 (cobalt-copper), Lemhi County, Idaho, Contract Idm-E334. A Field Team memorandum, dated July 21, 1954, transmitted a request from the company for a recess until next spring. Certain aspects of the recess were discussed by the Field Team and the advice of the Operating Committee was requested. Some decision is needed as the contract is now neither active nor officially recessed.

4. Of more recent date is the Field Team's letter of August 27, 1954, concerning Boulder Ores, Inc., Docket No. DMEA 2975 (tungsten), Powell County, Montana, Contract Idm-E588. The matter is of considerable importance to Mr. Fairweather, add the Field Team would appreciate as early a decision as possible on the matter of Mr. Fairweather's salary so that he may be informed.

We will appreciate anything you can do to expedite decision on the above.

By the Field Team, Region II

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

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

cc: USBM (2)
Certifying Officer

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

2

July 29, 1954

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

Re: Docket No. DMEA-2436 - Cobalt & Copper
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Selfridge:

With reference to your letter of July 12, the Field Team has also been very much concerned about the lack of activity at the Northfield project, and the Executive Officer has talked to Mr. Mitchell on the phone concerning the matter. Reply to your letter was deferred until receipt of a promised letter from Mr. Mitchell officially putting his intentions in writing. This letter was expected some time ago, but was received only yesterday. A copy of this letter dated July 19, 1954, is enclosed.

Mr. Mitchell has advised us that the Northfield Company has employed Shenon and Full, well-known consulting geologists, to make a thorough geologic study of the Northfield property and the surrounding area. We understand that this is to be a rather comprehensive study of the Blackbird District--in fact, Shenon and Full have told us in a personal conversation that arrangements had been made for them to have full access to all information in the possession of the Howe Sound Mining Company. We would judge, however, from a conversation with Mr. Clarke, vice-president of the Howe Sound Mining Company, that the Howe Sound Company will cooperate to some extent but will by no means go this far. In any event, Mitchell announced that the Northfield Company wishes to recess further exploration under Contract Idm-E334 until the Shenon-Full studies have been completed. As the results of the field work will not be made available until fall, too late to undertake work this season, it was Mitchell's wish to recess the contract until the following spring, and in his letter he has now officially requested that the contract be recessed until June of 1955. It is the Executive Officer's understanding from conversation with Mr. Mitchell that this

postponement is merely a recess--that the company will resume work next year; however, this is not stated specifically in Mr. Mitchell's letter.

The Field Team is disappointed that work on the project will be further delayed. Nevertheless, we cannot logically object to a careful appraisal of the area by an independent firm of geologic consultants--in fact, the information which they should be able to develop could be most valuable and could conceivably lead to some significant changes in the DMEA program and more effective exploration. The Field Team, however, is extremely reluctant to recommend a recess at this time unless we can be sure that the company has the full intention of resuming work when the additional information by Shenon and Full is made available. Work to date has by no means been unsuccessful, but it has not gone far enough to show unequivocably that the area contains commercial deposits of cobalt, and until this is determined in a definitive fashion one way or another, the money which has been invested by the Government in this project would be largely wasted. The recommendations of the Field Team in approving the project were made after careful consideration and were based on results of geochemical prospecting by the Geological Survey, long familiarity with the district by both the Survey and the Bureau of Mines, and full access to all of the information in the possession of the Howe Sound at the neighboring Calera property. The Executive Officer thinks it highly likely that Shenon and Full after careful examination will recommend continuation of the work, but because they may not have access to all of the Howe Sound information, there is the possibility, at least, that they may recommend that no further work be done. The Field Team strongly urges, therefore, that if a recess be granted it should obligate the company in one way or another to complete the work as now outlined or to undertake some other equally desirable program.

Since the remaining work to be done is to be on a unit-cost basis, the recess should also obligate the Northfield Company to settle the Government's equity in any material, supplies and equipment which now are on hand. A substantial sum has been withheld to protect the Government's equity. It would be highly desirable to make it one of the conditions of the recess that Northfield liquidate the supplies and equipment now at hand and reimburse the Government for its equity. An inventory of the equipment and supplies remaining on hand with a realistic appraisal of their possible salvage value will follow shortly.

The "Final Report" submitted by Mitchell apparently is not intended as a final report on the project, although it could serve as such should the project not be resumed. However, as stated

previously, not enough work has been done to really appraise the copper-cobalt potential of the Northfield property, yet enough has been found so that there would be a legitimate basis for Certification of Discovery or Development, and such certification could be made if it were desirable to do so in order to protect the Government's interest.

We think that you will be interested to know that it is our impression that the geological investigation by Shenon and Full was decided on by the New York office of the Northfield Company and we have the distinct feeling that Mr. Mitchell is not fully in acoord with this.

By Field Team, Region II

A. E. Weissenborn

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

Wing G. Agnew

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

Enclosure

cc: USBM (2)
Nickelson

EUREKA CORPORATION, LTD.
RICHMOND-EUREKA MINE
EUREKA, NEVADA
July 19, 1954

Gl
Look
Mike

Mr. A. E. Weissenborn
Executive Officer DMEA
S 157 Howard Street
Spokane, Washington

Dear Mr. Weissenborn:-

Re: Docket DMEA 2436
Contract 1dm - E-334

This letter will confirm our telephone conversation of July 7, 1954 regarding the above mentioned contract.

Northfield Mines Inc. has employed Shenon and Full, consulting geologists from Salt Lake City, to make a thorough geologic study of the Stevenson property and adjacent area. At the present time Dr. Full and two geologists are on the property using two D8 bulldozers for trenching and other work. It is expected that the cost of the work will be about $45,000.

It is the desire of Northfield that work under Amendment #7 of the contract be postponed until some of the results of the work now in progress are available. Though the work may not be completed, sufficient information will be available to start the contract work at the beginning of the 1955 season.

Please accept this letter as an application to (1) postpone commencement of work under the contract until June 1955 and (2) extend the time limit of the contract 12 months.

If the above meets with your approval please prepare an amendment to the contract to cover and forward it to me for execution.

Sincerely yours,

NORTHFIELD MINES INC.

George W. Mitchell

GWM/pj

cc: W. C. Schmidt
L. J. Lichty
T. Lindsley

RECEIVED
JUL 26 1954
SPOKANE, WASH.

400
DOCKET
SURNAME
Rutledge
Martin
Selfridge
Hoffman
Mitchendorf

JUL 12 1954

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

Re: Docket No. 2436 - Cobalt & Copper
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Weissenborn:

Reference is made to the subject docket and the memorandum of June 29, 1954, to the DMEA Field Team, Region II, from Howard B. Mickelson, Geologist, U. S. Geological Survey.

The referenced memorandum stated:

1. No attempt has been made as yet to start the DMEA crosscut to the Merle 3 zone.

2. A final report submitted by the Eureka office has been received in this office.

The last monthly report on form MF-104 received by our office was for the month of April, 1953, although later work has been mentioned in correspondence. It would be appreciated, therefore, if you would ascertain if the Operator considers the work under the contract completed and whether the referenced report is to be considered the "Final Report." Under the amended contract, we have six months after the Operator has rendered the final report to certify if a discovery has been made.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (24B)

APPROVED:

J. H. Hedges
Member, Bureau of Mines (24B)

Philip W. Guild
Member, Geological Survey (24B)

FARUTLEDGE:foc 7-8-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. Reg. II
H. W. Davis, USBM- Rm. 3519
Phillip Guild, USGS, Rm. 4205

R.C.R.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
No. 157 Howard Street
Spokane 4, Washington

May 26, 1954

Mr. . J. O'Connell
Northfield Mines, Inc.
Eureka, Nevada

Re: Docket No. DME-436 (cobalt-copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract Idm-2334

Dear Mr. O'Connell:

Progress Reports with maps for the months of May, June, July and August 1953 have been received with your letter of May 10, 1954, but some clarification is needed to process these invoices.

By previous letters of September 22, 1953, and April 6, 1954, a payroll distribution was requested to support your May 1953 invoice. As this distribution has not been received it is suggested that settlement be made under the terms of the Amended Contract for work during the month of May as it is evidently difficult for you to detail a proration of the May payroll and other costs. The Progress Report for May 1953 gave only 11 feet of advance in a project heading, along with 195 feet of diamond drilling.

The diamond drilling done in May 1953, as well as most of the subsequent diamond drilling, is essentially in accord with drilling specified for the Merle No. 5 zone in the Amended Contract. Unfortunately the contract allows only approximately 400 feet of drilling for the Merle No. 5 zone; therefore, any drilling in excess of this figure will have to be on company account. The underground advance mentioned in the Progress Report for May 1953 is acceptable as it appears to be in line with that specified in the "Description of the Additional Work" for the Merle No. 5 zone.

Mr. Robert Hull completed an audit for DME which covers work through April 30, 1953. Therefore May 1 would be a convenient date for transferring to the Amended Contract. It is believed such a transfer would be less awkward to both parties than to accept May 1953 drilling on the Amended Contract while accepting excavation on the original contract. Your sanction of this procedure is solicited, and if it is satisfactory you are requested to resubmit the June-September invoices with the inclusion of May 1953 work, all in accord with Exhibit "B" of the Amended Contract.

Some duplication of advance seems to be present in the Progress Reports. The project crosscut, 703, is at only 22 feet from the old ground lines of 702 drift, both by the location on your submitted map and by our field engineer's report. It may have been necessary to redrive 6 feet or more through 702 drift as part of your enlarging, but only 22 feet can be approved units for payment under the "Agreed Unit Costs."

The Progress Report for April 1953 gave the face of 701 drift north as 197.1 feet from the 7000 adit. A review of your submitted map and that of our field engineer places the present face of the 701 drift at 249 feet from the 7000 adit, which indicates 52 feet of advance that could be approved for the Merle No. 5 zone under the "Description of the Additional Work." The Progress Reports give the advances for 701 drift as 11 feet in May and 51.3 feet in June, to total 62.3 feet which must include work other than advance at the face of this drift. An advance of 52 feet is more in accord with the work acceptable for Merle No. 5 zone.

The Merle No. 5 zone portion of the "Description of the Additional Work" is now considered to be completed.

Herewith are returned the invoices for June-September 1953. It is suggested that they be prepared to include May 1953 with work on "Agreed Unit Costs" as follows:

Diamond drilling 400 feet @ $5.00/ft.	$2,000.
Drift and crosscut 74 feet @ $32.50/ft.	2,405.
Normal timber 74 feet @ $5.00/ft.	370.
Heavy timber 54 feet @ $5.00/ft.	270.
Spiling 54 feet @ $20.00/ft.	1,080.
	$6,125.

By Field Team, Region II

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

cc: DMEA (2)
USBM (2)
Nickelson

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

Enclosures

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

1201 N. Division St.
Spokane 2, Washington
April 21, 1954

Mr. George W. Mitchell, Gen. Mgr.
Northfield Mines, Inc.
Eureka, Nevada

Re: Docket No. DMEA 2436 (cobalt-copper)
Contract Idm-E344
Northfield Mines, Inc.
Lemhi County, Idaho

Dear Mr. Mitchell:

Reference is made to your letter of April 6, 1954 concerning units completed during May through August 1953. A claim has already been submitted for May 1953; however, it was not supported by narrative or payroll distribution, and our letter of September 22, 1953 to Mr. A. J. O'Connell requested supporting information which the Certifying Officer will require to process this voucher.

In a like manner, the other work completed during 1953 can be reviewed for payment only if it is accompanied by narrative and maps which indicate where and how the work was done. Your attention is called to Article 7 (a) "Progress Reports" of the subject contract.

The "Description of Additional Work," Exhibit B of Amendment No. 7 to the subject contract provides that short diamond drill holes amounting to approximately 400 feet, at locations to be approved by the Field Team, shall be allowed in the Merle No. 5 zone. It would appear, therefore, that the Government may participate in a maximum of only 400 feet of diamond drilling at this time. Furthermore, if some of the locations cannot be reasonably justified, such diamond drilling would be disallowed.

Obviously, the Regional Office must have maps and geologic data to review the work, and it will be appreciated if your staff will refer to the contract and amendments while preparing reports and vouchers.

A Bureau of Mines engineer visited your project on October 4, 1954 and reported only 22 feet of advance in the westerly crosscut from the 702 drift. It is believed the 42 feet of crosscut listed in your letter of April 6, 1954 includes 20 feet of work on the north end of 701 drift which was done during the summer of 1953. Any work which was required because of your decision to use larger equipment and track of wider gauge cannot be accepted for payment. The Government is participating in the reasonable requirements of an exploratory project only.

The Regional office appreciates the excellent geologic and engineering information that has been received during the past, and it is hoped that you can start further work in the near future.

By Field Team, Region II

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

Thor H. Kiilsgaard, Acting Member
(U. S. Geological Survey)

cc: DMEA, Wash. (2)
USGS (2)
Certifying Officer

Northfield Mines, Inc.

Cobalt, Idaho

April 6, 1954

Mr. A. E. Weissenborn
Executive Office DMEA
S 157 Howard Street
Spokane, Washington

Re: Docket DMEA 2436
Contract Idm-E 334

Dear Mr. Weissenborn:-

During May, June, July and August of 1953, when our Amendment #7 was pending, Northfield Mines, Inc. performed the following work:-

May	-	Diamond Drilling	-	325	feet
June	-	Diamond Drilling	-	519	feet
July	-	Diamond Drilling	-	582.5	feet
		Crosscutting	-	14	feet
August	-	Diamond Drilling	-	294	feet
		Crosscutting	-	28	feet
Total		Diamond Drilling	-	1,724.5	feet
Total		Crosscutting	-	42	feet

During our discussion in Spokane in June you stated that the work we were then doing would be applicable to the amendment when and if it were approved. We have made no claim on this work to date because of other pressing business, principally at our Eureka Corporation Limited property at Eureka, Nevada. Our new shaft sinking job in Eureka is now underway so I am instructing our chief accountant to place a claim for the work.

The crosscutting done was in very heavy spiling ground, in fact I sent our mine foreman from Nevada to do the job because the local miners in the Blackbird district did not seem able to cope with it. We are claiming, therefore, the top allowance for it, namely $62.50 per foot.

The diamond drilling will be claimed at the amendment unit price of $5.00 per foot. No drill stations were cut.

The total claim will be approximately $11,000. The additional cost to us will, of course, be absorbed by us.

With best personal regards.

Sincerely yours,

NORTHFIELD MINES, INC.

George W. Mitchell

George W. Mitchell

RECEIVED
Air Mail
APR 12 1954

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

1201 N. Division St.
Spokane 2, Washington
April 15, 1954

Mr. A. J. O'Connell, Accountant
Northfield Mines, Inc.
Eureka, Nevada

Re: Docket No. DMEA 2436 (cobalt-copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract Idm-E334

Dear Mr. O'Connell:

Reference is made to your letter of April 8, 1954 which states that you have received no word concerning processing of your claim for work completed during May 1953.

Enclosed is a copy of a letter addressed to you, dated September 22, 1953, from the Field Team, which specifies the supporting information that will be required by the Certifying Officer to process the May 1953 invoice.

The Government auditor has prepared an Interim Audit Certificate to include April 1954 charges, and the Certifying Officer will process the balance due you when project work is resumed. It is presumed that work will start in a few weeks.

By Field Team, Region II

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

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

Enclosure

cc: DMEA, Wash. (2)
USGS (2)
Certifying Officer

DEPARTMENT OF ...
Bureau Mines Information
RECEIVED
APR 19 1954

1201 N. Division St.
Spokane 2, Washington
September 22, 1953

Mr. A. J. O'Connell, Accountant
Northfield Mines, Inc.
Eureka, Nevada

Subject: Docket No. DMEA 2436 (cobalt-copper)
Contract No. Ida-1334

Dear Mr. O'Connell:

The monthly report and voucher for May 1953 submitted under the subject contract has been received and reviewed by the Field Team. The voucher cannot be processed further until we receive a narrative and maps describing project work during the period.

In addition, our field representatives report a small advance in the project drift during the reporting period, which is not consistent with the high labor cost claimed. The program of enlarging and rehabilitation that was conducted during May is not a part of the contract and the cost of this work would not be allowable. Therefore, we must have a labor distribution sheet for the period showing the time spent by each man on the payroll on DMEA and non-DMEA work.

By DMEA Field Team, Region II

Thor Kiilsgaard, Acting Exec. Officer
U. S. Geological Survey

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

cc: DMEA, Wash. (2)
USGS (2)
Certifying Officer

DMEA
VZJ
Mdf

TEH/he

Northfield Mines, Inc.

Cobalt, Idaho

April 8, 1954

Mr. A. E. Weissenborn, Executive Officer
D. M. E. A. Field Team, Region II
157 South Foward Street
Spokane, Washington

Re: Docket DMEA 2436
Contract Idm-E 334
Cobalt-Copper

Dear Mr. Weissenborn:

In checking our records we note that we have not received word from your office as to your decision in processing our claim for the month of May 1953 amounting to $4,745.74.

Our records show that we have received a total of $67,910.14 in payment of the Government's portion of the original contract. We believe that the May 1953 claim plus the $1,222.99 (balance held up on April 1953 claim) will entitle us to the $4,119.86 which in turn will pay the Government's portion of the total commitment of $72,030.00.

We shall appreciate advising us on this matter so that we can go ahead and make claim on work completed in reference to Amendment No. 7 of the above contract.

Yours very truly,

NORTHFIELD MINES, INC.

A. J. O'Connell

AJO/d

RECEIVED
air mail
APR 12 1954
U. S. G. S.
SPOKANE, WASH.

FILE COPY
SURNAME:

Chambers

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

FEB 10 1954

Mr. Robert M. Hull
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Contract Idm-E334
Docket DMEA-2436
Northfield Mines, Inc.
Lemhi County, Idaho

Dear Mr. Hull:

Receipt is acknowledged of your Audit Report and Audit Certificate as transmitted by your letter of February 5, 1954.

The Audit Report as revised is an exceptionally well written report. Distribution may be made in the normal manner.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

WBorovies/wb
February 10, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C. 2-10-54

FILE COPY
SURNAME:

Chambers

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

DEC 14 1953

Mr. Robert M. Hull
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Idm-E334, DMEA-2436
Northfield Mines, Inc.

Dear Mr. Hull:

Reference is made to your letter of December 7, 1953, in regard to the above-cited project.

I am pleased to hear that you are attempting to write your audit report on the backlog work. This is a desirable task. I wish to call your attention, however, to a point which has been made in many of my letters, namely, if the Executive Officer deems it more advantageous to make an audit of a project on which he has questions than to complete your audit reports on audited projects, you should make the audit. I would appreciate your advising me of such requests.

In regard to your question as to whether you should obtain a statement of approval from the Executive Officer on items which were not included in the contract but which were allowed as necessary and reasonable costs, wish to say that such a statement is necessary if you do not have confirmation made by the Executive Officer to the Certifying Officer. It is necessary for you to so state in your audit report that the Executive Officer has approved such items.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
December 14, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

12-14-53

FILE COPY
SURNAME:

Talbert
Chaney

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

DEC 4 - 1953

Mr. Robert M. Hull
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Idm-F334, DMEA-2436
Northfield Mines

Dear Mr. Hull:

Returned herewith are the copies of your Interim Audit Report and Certificate, which were forwarded by your letter of November 27, 1953, covering your audit of the referenced project.

It is requested that this Report be revised to clarify certain particulars as follows:

(1) It is stated under Section III of the Report that the audit is based on the Operator's claim as evidenced by the "Totals to Date" column of the April, 1953, MF-104. However, i n reconciling your narrative with the summary (on page 17), it is apparent that the Operator's claim did not include certain disallowances previously made by the Certifying Officer, which, however, your narrative implies were included in the amount under audit. The amounts referred to are $446.60 for diamond drilling (page 3), $1,116.00 for technical services (page 7) and $45.30 for tent houses (page 11).

In order to clarify your narrative, either all reference to such disallowances should be deleted or an explanation should be added to each that the Operator had accepted the disallowances and reduced his claimed costs on the April MF-104.

(2) It is impossible to determine from your narrative or the summary which of the disallowances, aggregating $9,616.53, were made by the Certifying Officer and which resulted from your audit. Your Certificate gives a segregation of $5,437.56 and $4,178.97, respectively, but your narrative and summary cannot be checked to these amounts.

The narrative and summary both should indicate this segregation of disallowances. Also your narrative should indicate either your concurrence with, or your reinstatement of, each of the Certifying Officer's disallowances.

(3) The first sentence under "Independent Contracts", on page 2, tends to indicate that only the road work and trenching are chargeable and allowable under this title, but then on subsequent pages you discuss and allow drilling, drifting and snow removal.

A better presentation could be made by listing all of the "Independent Contracts" costs in the first paragraph under that title, followed by a narrative paragraph for each of the items.

(4) On page 3, 3rd line from the bottom, there should be a "+" sign before the $1.00 amount rather than a "-" sign.

(5) On page 7 you give the reasons for disallowing $88.79 for a rail-bender and $130.08 for tools as "not covered by the contract" and "not specified in the contract", respectively. These are not sufficient reasons for disallowance, since none of the individual items under Operating Materials and Supplies or Purchased Equipment were designated as allowable maximums in Exhibit "A" of the contract.

For proper disallowance of these items there must be a determination by the Executive Officer that they were not reasonable, necessary direct costs of the exploration work.

(6) On page 8, in the opening paragraph under "Operating Equipment" you state that "The costs of Operating Equipment rented consisted of depreciation on equipment furnished by the Operator * * *." However, throughout the following tabulation you use the words "rent" and "rental" and in the summary of your audit the costs are listed as "Operating Equipment-Rented".

This certainly needs clarification, since the contract provided for the equipment "to be rented", and under "to be furnished by Operator" specified "none". Also, if this equipment was furnished by the Operator, there must be a determination of the reasonableness of the charges, and, if the rates are in excess of the usual depreciation allowance of 1/60th of the values of the equipment items a full justification is necessary.

(7) On page 9 a disallowance of $52.00 for Equipment Rental shown under Dec., 1952 appears to pertain to Nov., 1952. It is suggested that a summary statement, showing the number of months charged for each item, rather than the detailed month by month tabulation would be more appropriate for purposes of the Audit Report.

(8) On page 11, a disallowance of $174.00 for miners lamps is made for the reason that "item was not authorized by the contract." My comments under (5), above, also apply to this item.

(9) On page 12, the summary of your findings under "Miscellaneous" indicates no disallowances for automotive repairs, but your grand summary (page 17) indicates disallowances of $31.80 for this item and on page 14 of the narrative you discuss the items disallowed. Furthermore, in this "Miscellaneous" summary, you have combined the payroll taxes and employer's liability insurance under the heading of "Payroll taxes". Revision of this summary is required.

(10) This "Miscellaneous" summary illustrates another discrepancy which occurs in your Report. The opening paragraph of Section III states "The findings, after correction of the cost distribution follow:", but what follows, including your summary of snow removal, the supervision shown as labor, the summaries for Operating Materials and Supplies, Equipment Rented (if actually depreciation) and Miscellaneous, has been presented on a basis of the Operator's claim (plus prior disallowances accepted by him) prior to correction of the distribution. Revision to reflect consistency is necessary.

(11) The item of "Travel for engineer" under "Miscellaneous" on page 12 is another illustration of inconsistency. The summary in the first paragraph indicates Costs Claimed of $1,000.00, Disallowed nothing, and Accepted Costs $1,000.00; however, the detail listing in the fourth paragraph indicates Claimed $1,453.25, Disallowed $453.25, and $1,000.00 Allowed. This should be clarified.

(12) In the summary of the status of allowable maximums (on page 16) you have compared the costs claimed by the Operator (and apparently without even a reduction for the Certifying Officer's disallowances accepted by the Operator) with the allowable maximums specified in the contract. This summary should indicate the status of the allowable maximum after audit to prove that your accepted costs do not include any excesses over such allowable maximums and, therefore, the summary should be a comparison of the accepted costs with the contractual allowable maximums.

(13) One allowable maximum, i. e., the total of the Miscellaneous category of costs, has been omitted from your summary of the status of the allowable maximums.

Please review this Audit Report thoroughly and revise it in such a manner as to clarify your findings beyond any chance of misinterpretation. Also, with its return, please advise the reasons for the delay in its preparation and submission.

This is a very poorly prepared report, especially considering the elapse of time since the Operator brought his records to your office in the month of May, 1953. Furthermore, I understand that Mr. Talbert discussed some of the audit problems (particularly the supervision disallowance of $6,055.97) with you during his visit to Spokane in the first part of August, 1953. I, of course, understand that final preparation of the report had to be withheld until a determination was made as to termination or amendment of the contract, but this question was resolved with the

signing of Amendment No. 7 on August 6, 1953. It appears, therefore, that the Audit should have been prepared and submitted within a few weeks thereafter.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

EDTalbert/wb
December 4, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

12-4-53

DMEA - 2436
Northfield dokot

November 18, 1953

MEMORANDUM

To: Administrator, DMEA

From: T. L. Chapman, Mining Engineer
Iron and Ferro-Alloys Division

Subject: Information on various properties visited between October 18, 1953, and November 7, 1953, in Lemhi County, Idaho, Granite and Silver Bow Counties, Montana, and Salt Lake City, Utah

Left Washington, D. C., by train on October 18, 1953, at 5:30 p.m., and arrived Spokane, Washington, on October 20, at 10:45 p.m.

On October 21, conferred with various DMEA Team members, of the U. S. Geological Survey and the U. S. Bureau of Mines, concerning various contracts in operation and pending on DMEA projects.

On October 22, left Spokane at 1:00 p.m., accompanied by Mr. Nicholson of the Geological Survey, in a Government owned car, and arrived at Missoula, Montana, at 7:00 p.m. On October 23 we were joined by Mr. Johnson of the Bureau of Mines and proceeded to the Calera Mine at Cobalt, Idaho. Here we met Mr. Douglas, Manager of Calera Mines, and after a short conference Mr. Douglas and the Mine Superintendent accompanied us around the mine to the various operations.

Again on October 28 we made a short trip to the mine and through the various surface operations. Then we conferred with Mr. Douglas on mining costs and he opened up their books for our inspection.

The inspection of the underground workings shows that, while as a whole the ground was not heavy, for safety timbering was required in 70 to 80 percent of the drifting and crosscutting. At some fault areas the ground is somewhat heavy and requires close timbering. The one small heading in operation on the 7100 level was passing through a fault zone and little drilling was being done and sets were placed close together. Sills were being used which I believe are inadvisable as they will probably hump up on the middle and cause track trouble.

In a 9' X 9' tunnel on the 6850 level a jumbo set-up was being used with two drifters (two machine men and a helper). They were breaking 5½- to 6-foot rounds with 28 holes. In all drifting the burn-cut was used exclusively.

In regular drifting and crosscutting off the main haulage level (6850 level) jackleg machines were being used. All drilling was done with tungsten carbide bits, either detachable or integral with the steel. Alloyed steel was being used and steel breakage coincided with the life of the bit, which averaged about 350 feet of hole.

Regular drifts for 5' X 7' in the clear of timbering, require from 22 to 24 holes according to the standards of the district. The large number of holes used is due to the ease of putting in holes with the present machines and tungsten carbide bits. The ground could be easily broken with about 15 holes. As all holes are fully loaded with powder, the result is that 30 to 50 percent more powder is used than should be necessary. The operator has been using electric blasting but is changing back to fuse and caps. With 22 to 24 holes, the cost of electric caps is about $1.00 per foot, or about $5.00 to the round, and with fuse and caps it is about $0.75 per round. It is claimed that with electric blasting there are fewer missed holes, which may be true. With fuse and cap blasting, a number of the misses are probably due to holes being cut off on account of the excessive number of holes.

One of the main bottlenecks in the operation is the labor problem. First class miners are difficult to obtain, but the writer believes with a good instructor or shift boss the men could be easily taught to handle the work in this area. The Union leaders discourage men from making too high a footage.

All drifting and crosscutting is carried on by contract, except where ground needs timbering or spiling, which is done on a daily wage basis. The average rate amounts to about $9.00 per foot. Men on this work usually make about $20.00 per day or $5.00 above the regular scale of $15.04 per day for miners. In addition to this are holiday pay, vacation pay, and other fringe benefits.

At the time of this visit the Unions were asking another pay raise and negotiations were being carried on. The Company was not inclined to give a raise as they were following the Coeur d'Alene scale.

Due to the troubles at the Garfield, Utah, refinery, the mine is now operating at about 20 percent of capacity. The following men were employed:

24 staff men
41 men underground
10 men in the shops ($\frac{1}{6}$ to mine)
26 men on surface ($\frac{1}{6}$ to mine). This appears high for mine.
12 men on transportation (hauling out concentrates and bringing in supplies)

Total 113 men

For the present operation the staff force is high. Also other key men are being retained on the payroll. As a result the costs on the present operation are high.

The cost for 358 feet of drifting on the 7100 level in the past 4 months is as follows:

	Cost	Cost per foot
Labor	$3,061.91	$8.55
Labor bonus	957.12	2.67
Explosives	984.09	2.75
Nipper and hoistman	968.97	2.71
Drill repairs	331.15	.93
Steel and bits	438.60	1.23
Air	607.80	1.70
Air and water pipe	195.58	.54
Other	82.65	.23
Sub-total	7,627.87	21.31
Traming	$ 558.56	$1.56
General (Mine)	5,246.36	14.65
Sub-total	5,804.92	16.21
Timboring		
Labor	$1,000.25	$2.79
Supplies	983.74	2.75
Framing and handling	549.30	1.53
Sub-total	2,533.29	7.07
Total	$15,966.08 . . .	$44.59

All timber used is peeled round for drift sets. The peeling costs about 4 cents per running foot. This peeling could be eliminated with no deleterous results. With a few scabs the framing could be eliminated and smaller timber could be used (8-inch timber unframed would be as strong as 10-inch framed). Framing is done with skill saws and hand tools.

The lack of footage is one of the main reasons for high costs. A 6- to 7-foot round could be easily obtained. At present mucking time is 1½ to 2 hours and the same for drilling. Hence the round can be completed in 4 hours or less. If longer steel were furnished, longer rounds could be drilled. The miner would make more money, but the ultimate costs would be decidely less.

The high general costs of $14.65 per foot are mainly due to the property being operated on a 20 percent of capacity basis. I believe these costs would be cut in half by a full time operation.

Supply costs are as follows:

Lumber	$60.00	M
Round timber, peeled. Average	.20	per running foot
Powder	18.45	cwt.
Fuse	1.01	per 100 feet
Caps 6X	1.70	per hundred
Electric caps. Average	.22	each
Rail	160.00	per ton (45# & 24# used in mine)
Rail spikes	13.00	cwt.
Rail bolts	18.00	cwt.
Pipe		
3/4"	.11	per foot
1"	.17	" "
1½"	.30	" "
2"	.33	" "
3"	.88	" "
4"	1.35	" "
2" Unions	1.34	each
2" couplings	.40	each
2" tees	.86	each
2" plug cocks	5.91	each
2" gate valves	10.80	each
2" check valves	10.34	each
1" air hose	49.40	for 50-ft. length with connections
½" air hose	16.00	for 50-ft. length with couplings
Nails and spikes	12.00	cwt.
Drift picks, 4#	1.93	each
Pick handles	.80	each
Hammer, 4#	1.90	each
Hammer handles	.70	each
Mine axes	3.17	each
Mine saws	4.70	each

The handling of the labor situation is the vital point in the possible lowering of costs. I believe this can be done with the proper supervision.

Costs will be mainly relative to the footage obtained. An increase of 1-foot-per-day should be easily obtained. The miners would make a relatively high wage, but the decrease in overhead costs would be high.

Under the present operation the cost of a bald drift should not exceed $35.00 per foot. On a full operation basis the cost should be around $32.00 per foot.

Apparently one of the main difficulties, and a common one in present day operations, is that the high cost machines such as mucking machines, trammers, etc., are idle during too high a percentage of the time.

The equipment and set-up of this operation is first class in every way.

Northfield Mines, Inc.

On October 24, 1953, accompanied by Mr. Nicholson and Mr. Johnson, an inspection was made of the camp and workings of the Northfield Mines. There was no one at the property at the time of our visit.

The ground in this area was somewhat heavier than that of the Calera Mine, but with proper supervision and good workmen should present no real difficulties. Apparently one of the main difficulties was in making openings larger than necessary. Smaller drifts and crosscuts would serve the purpose just as well as the larger one and would suffice for an operation up to 1,000 tons per day.

Some work has been done on a turn-off for the proposed crosscut in the amended contract. This work while well done is oversize and, due to this, extra heavy timber is being used. After passing out of this shear zone, the going should be better.

Peeled timber is being used, while unpeeled timber would do just as well. Timber is contracted peeled, framed and delivered at the mine at $10.00 per set. The posts are 9 feet long and the caps are 8 feet; the timber is 12 to 14 inches in diameter; 7½ foot posts and 6½-foot caps, 8 to 10 inches in diameter and unpeeled, would serve just as well or better. The framing is unnecessary. This type of timber should be delivered for $6.00 to $7.00 per set. Pole lagging is being used as a general rule. Lumber costs $80.00 per thousand delivered at the mine.

Pressure appears to be mainly from the sides. With proper lagging the side pressures could be easily relieved and it appears that after the ground is open for awhile the pressures and swelling stop.

We believe with good supervision and good workmen the costs as submitted in the amended contract can be met.

On our return to Cobalt we met Mr. Milo Mann, who was in charge of the operation and had just returned from Eureka, Nevada. He advised that they were closing down for the winter and that all rental machinery was being removed. The closing down for the winter had been cleared with the Government.

Montana Coal and Iron Company
Black Pine Mine

On October 25, 1953, accompanied by Mr. Nicholson and Mr. Johnson, an inspection was made of the Black Pine Mine. The work was being carried out by the sub-contractor with a crew of two men in the upper level headings and one man was being used to prepare the lower level for operation.

Five to five and one-half feet were being broken per round, using column-mounted drifters. The drifts were carried about 5' X 7' in the clear and timbered where necessary. A mucking machine was used but all tramming was done by hand. Seven holes were used to break the ground in the drifts along the veins and up to 12 holes in crosscutting. The miners used a V cut and apparently were good at breaking ground, taking advantage of all cracks and slips. The average for powder was about 5 pounds per foot.

While about 60 percent of the ground was timbered, it was mainly necessary for safety and except for some fault zones the ground was not heavy.

The work was being carried out in a miner-like fashion and it is doubtful if the ground breaking and footage could be improved very much.

A consulting geologist available to inspect the work about once a week could be used to advantage to check on the numerous faults that cut the veins.

It is quite probable that when the lower tunnel is in about 500 feet a Mancha Mule will be requested. In an operation of this type a horse or mule will be just as efficient and much cheaper.

Herb St. Clair is contracting the work and is part owner of the property.

The Bradley Mining Company
Ima Mine

On October 27, 1953, accompanied by Mr. Nicholson, the Ima Mine was inspected. Mr. Charles Hathhorn is Manager at the property and assisted us in every way in inspecting the workings and opened up his books for the cost accounting.

All mine work is being carried out in a good workmanlike manner. Drilling is being carried out with column mounted drifters and the average round broke is 5½ feet. The ground is hard and 22 to 24 holes are used per round with a 3 to 5 finger burn cut. Nine to ten pounds of powder per foot are used with fuse and 6X blasting caps.

Timbering is required for about 33 percent of the drifts and crosscuts. The ground except at some fault intersections is not heavy and most of the timbering is for safety from falling rock. About 10" unpeeled round timber is used and is framed in their mill with a standard framing set. The cost for framing is about 80 cents per set. The timber laid down at the mine costs 15 cents per running foot. Sawed lumber costs $60.00 per thousand board feet.

Tungsten carbide bits are used for drilling with standard carbon steel. The bits average about 300 feet of hole and the steel stands up to about the same footage. They get results from carbon steel about equal to the alloy steels used by other operators. It is claimed this is due to the fact that they have an extra good man on handling this type of steel. The average bit costs $12.50 and hollow carbon steel costs 18 cents per pound.

Twenty pound rail is used in regular drifts and 30 pound rail on the main haulage level. In much of the older work 12 and 16 pound rail was used. Rail costs $157.00 per ton in carload lots; track spikes $14.00 per cwt.; and track bolts $20.00 per cwt.

General costs

Powder	$19.00 cwt.
Fuse	1.12 per hundred feet
Caps 6X	1.87 per hundred
Electric caps, average	.22 each
Pipe	
1"	10.75 per hundred feet
3/4"	13.09 " " "
2"	42.72 " " "
3"	90.00 " " "
4"	137.00 " " "
3" iron cocks	19.50 each

All work is carried out on a day's-pay basis and a 6-day week. No contracts are let and no bonuses are paid. The daily wage is as follows:

Miners	$14.68 per shift
Helpers	13.76 " "
Muckers	12.93 " "
Motormen	14.68 " "
Shiftbosses	525.00 per month
Engineers	452.00 per month

The following costs for 301.5 feet of drifting are taken from the Operator's Monthly Report for September 1953, on Contract No. Idm-8427, Docket No. DMEA 2635:

	Cost	Cost per foot
Labor	$3,119.59	$10.35
Supervision	811.96	2.69
Explosives	1,080.95	3.58
Timber	20.70	0.07
Pipe	81.61	0.27
Track	251.52	0.83
Drill steel & bits	689.25	2.29
Other supplies	702.67	2.33
Depreciation	1,052.85	3.49
Payroll taxes, FICA	71.56	0.24
Liability Insurance	60.14	0.20
Workmens Compensation	253.41	0.84
Total operating cost	$8,196.20	$27.18

The charge of $3,507.50 for "New Buildings and Improvements" for 3,000 feet of drifting and crosscutting amounts to $1.17 per foot, or a total of $28.35 per foot for the operation. This operation indicates that under similar conditions a good operator can handle labor situations and other difficulties and keep the costs down to a reasonable figure.

No major suggestions can be made to improve the conditions at Ima. The cost of explosives and drill steel and bits are high and might be cut.

The cost allowance in the above contract is $32.0325 per foot for 3,000 feet of drifting and crosscutting.

Taylor-Knapp
True Fissure and Durango Mines

On October 28, 1953, at 4:00 p.m., accompanied by Mr. Quinlan of the U. S. Geological Survey, I arrived in Philipsburg, Granite County, Montana. Mr. Don Johnson, Manager of the Taylor-Knapp operations, was contacted and arrangements were made to visit the True Fissure workings on the morning of October 29. Mr. Zoldak of the U. S. Bureau of Mines joined us on the evening of the 28th.

On October 30, Mr. Johnson accompanied by Mr. Quinlan, Mr. Zoldak, and myself, went through the workings of the True Fissure Mine. Outside of being somewhat rough and sloppy on the bottoms, the mine was in fair condition. Only one heading was being driven at the time. A

Jackleg drill was being used and a 5-foot round was being put in with one piece of steel. The ground was easily drilled and a 22 hole round could be drilled in 2 hours or less. The ground breaks good and clean, a burn cut being used. Tungsten Carbide bits are used integral with alloy steel. The bits average 500 feet of hole or better.

The lack of footage is the main reason for high costs. Using a longer piece of steel, a longer round could be readily broken and mucked out. Miners are paid $9.50 per foot for drilling and mucking out a round. If timbering is necessary, the men work on day's pay. From 10 to 20 percent of the openings need timber. In DMEA work performed in the past there was only one short area of heavy ground encountered. This necessitated retimbering and the swelling has stopped.

The DMEA work in the past has been carried out inefficiently. The main reason is due to the labor situation. The Philipsburg District has become pretty much a leasing area and the resident miners do not do well on day's pay. As leasers they do well enough by working short hours and as a whole it is difficult to get them to put in a full shift at day's pay or on contract. With the closing down and curtailing of the lead-zinc districts, it is possible there may be more miners available for this area. In the past the labor cost has been about $23.00 per foot. With better footage which is possible this should not exceed $18.00 per foot.

The other reason for high costs is inefficient use of high cost machinery, such as trammers and mucking machines. The ground as a whole is easy breaking, but easy drilling has caused the use of an excessive number of holes and hence a high cost for drill steel, bits and explosives.

As a whole our allowance for timbering has been low at $5.00 per foot and with efficient work will run around $7.00 per foot.

With good supervision there is no reason that the cost of a bald drift should exceed the $32.20 per foot as presented in the contract, now in the hands of the applicant. If objections are made to the timbering costs, an allowance to $7.00 per foot should be made with a small increase in the feet of timbering allowed.

The standard wage for miners is $14.71 per shift or $15.74 on a 6-day week basis. In addition are the fringe benefits of holiday pay and vacation pay, and taxes.

The average cost of timber is $47.50 per thousand board feet for sawed or round unpeeled.

The cost of tungsten carbide bits integral with alloy steel is as follows:

1-7/16" bit, 6' steel	$23.70
1-15/32" bit, 4' steel	22.05
1-1/2" bit, 2-1/2' steel	20.55
Detachable bits (tungsten carbide)	
1-3/4"	15.60
1-1/2"	13.85
1-3/8"	12.10

Rail	$160.00 per ton
1" pipe	.2237 per foot
2" pipe	.47 per foot
Vent tube: 8"	69.35 per hundred feet
12"	90.25 per hundred feet
Ingersoll Jackleg machine	575.00

American Machine and Metals, Inc.
Trout Mining Division

On October 30, 1953, Mr. Quinlan, Mr. Zoldok, and I, accompanied by Mr. Roy McCloud, Manager of the Trout Mining Division, visited the operating properties of this company at Philipsburg.

The operations are carried out entirely on a leasing basis and for this reason it is difficult to arrive at costs of the various operations.

The work is carried out in usual leasing style. The drifts are rather dirty and sloppy and rather small when vent pipe, etc., is installed.

Two drifts were being driven by leasers at the time of the visit. These drifts on different levels were in the same type of rock, a garnetized limestone. The ground is hard and does not require any timbering. Stoping machines were being used for drifting with detachable carbide bits. Fifteen holes were drilled per round with V cuts and an average break of 3 feet per round. On one level a mucking machine was used and on the other level the work was done by hand mucking, with the time of mucking being nearly the same in each heading. The average for the carbide bits was only 98 feet per bit. The bits broke at the bit shoulder and the carbide inserts held up well. This is probably due to the use of the stoping machines which, due to their unsupported weight, throw heavy side pressures on the steel and bits. There is little doubt that with a Jackleg or mounted drifter a 5-foot round could be drilled with a good efficiency from the bits.

About 30 percent of the ground is timbered. Sawed lumber costs $55.00 per thousand board feet, and round timber unpeeled costs $36.00 per thousand board feet.

Timber is framed, which is unnecessary when drifts are not in ore but necessary when in ore so that square setting can be carried above the drift sets in the stopes. The mine has a regular framing setup.

The Mullin Mine was visited, which is the property covered by the company in its application for DMEA assistance. No equipment or buildings are on the property and it will have to be entirely equipped for the operation.

The shaft cellar is in bad condition and as far as could be seen the rehabilitation work would be somewhat difficult. It appears that the rehabilitation cost of the applicant of $68.88, less depreciation costs of head frame, power line and buildings, is justified.

It will be necessary to erect a head frame, a building for hoist, compressor and shop (about 16' X 24'), and 2,000 feet of power line with transformers. This is not included in contract as written.

Mr. McCloud still maintains that it takes two men one day to frame a set of timber for a 2-compartment shaft. This work should be easily done by two men in 4 hours or one man in 8 hours.

Making a disallowance for depreciation on installations, it is probable that the costs will run close to those presented by Mr. McNabb ($112.48), or those of Mr. Zoldok ($114.44).

Making a disallowance for depreciation, it is probable that the drifting costs should be about the same as that presented to Taylor-Knapp of $32.00 for a bald drift. Allowance for timbering should be increased from $5.00 per foot to $7.00 per foot.

The answer to the problems at the operations of The Trout Mining Division of the American Machine and Metals Company depends on how well the management and supervisory staff can handle labor.

Irving and Nelson
Plutus Mine

On October 31, 1953, accompanied by Mr. Zoldok, we drove to Butte from Philipsburg and met Mr. McNabb of the U. S. Bureau of Mines. Mr. McNabb accompanied me to the Plutus Mine where we met Mr. Nelson who supervises the operation. The surface setup at the mine is good, and no money has been wasted.

The underground workings are clean and being carried out in a workmanlike manner. The drifts and crosscuts are oversize, being 8' high and 9' wide in the clear. All the openings to date have necessitated timbering. The ground is rather soft and sluffs badly, though with the exception of fault zones it is not heavy. A considerable saving could be made by driving smaller openings.

They were just starting DMEA work and expected to drive two headings, one east and one west. This work will not be too fast as they save ore while drifting, which at times necessitates shooting out the waste and then stripping the ore. In this way the operators will probably pay their share of the operation.

Jacklegs are used in all the drifting and crosscutting. Usually more holes are drilled than are necessary. The crosscut to the Norwich Mine [GSA Contract GS-10P(D)-3] is a good example of difference in miners. Working two shifts, one miner puts in 20 six-foot holes and breaks about 5 feet. The other miner puts in 17 holes and breaks over 6 feet. This is good proof that as a general rule more holes are used than are necessary. As a burn cut is used, one hole is not shot. With a 5' X 7' drift it would not require more than 12 holes to break the ground. In drifts the ground probably could be broken with 8 or 9 holes.

In order to obtain the better miners in the area, $1.00 per day is paid above the Butte scale, making the wage $17.80 per day on a 6-day week.

The labor costs for crosscut, with miners on contract for breaking the ground and day's pay for timbering, are as follows per shift: (All ground is timbered and the average is 3½ feet per shift.)

	Per Shift	
2 miners	$43.24	
Trammer, trackman, etc.	17.80	
½ hoistman and topman	16.77	
Total		$77.81
Taxes		9.72
Supervision		9.75
Total labor cost for 3½ feet crosscut		$97.28
Cost per foot for labor and supervision		$27.79

With two headings under the DMEA contract and two headings (one on vein and crosscut on GSA contract), the overhead costs will be cut from one-half to three-fourths.

Costs for supplies for a 6-foot round are as follows:

Powder	$8.85				
Fuse and caps	2.08	Explosives per foot			$1.82
Steel and bits	5.76	Cost per foot			.96
Power (Hoist, compressor)	7.50	"	"	"	1.25
Pipe, second-hand 2"	2.50	"	"	"	.42
Track, 30#	4.00	"	"	"	.67
Ties	.60	"	"	"	.10
Hose	1.28	"	"	"	.21
Repairs Shovel, etc.	5.00	"	"	"	.83
Timber	23.55	"	"	"	3.93
Service cost timber	2.35	"	"	"	.39
Miscellaneous supplies	6.50	"	"	"	1.08
Total supplies	$69.97	"	"	"	$11.66

Total cost labor and supplies for single heading operating through shaft. $39.45

Posts and caps are bought framed; $1.85 each, 12" round, unpeeled.
Girts cost $1.00 each.
Sawed lumber $60.00 per thousand board feet.

Mr. Nelson handles the operation for the partnership and Mr. Irving the business end. Mr. Nelson is a good operator on the job. Mr. Irving is good at handling the business end of the operation.

Except for reducing size of openings, there is little that could be done to improve operations.

- - -

Entrained from Butte, Montana, the evening of November 2 and arrived in Salt Lake at 9:00 a.m. November 3. During November 3 and 4 I conferred with members of the DMEA Team of the U. S. Geological Survey and the U. S. Bureau of Mines and Mr. M. Snyder of the Combined Metals.

A difficult thing to explain was why such companies as the U. S. Smelting with a good sized operation had higher costs than a number of the small operators.

After a lengthy interview with Mr. Ed Snyder of the Combined Metals the fact seemed to be that a large part of the trouble depends on management and supervision. The tendency is to follow along with the labor and little effort is made to correct this tendency.

The inability to handle men seems to be the main drawback; that it can be done is proved by the management at Ima. It appears that the management and supervisory crews like to follow the tendency of the laborer and take it somewhat easy.

Many thanks are due to the U. S. Geological Survey and the U. S. Bureau of Mines members of the DMEA Teams and to the management of the various mines visited for their complete cooperation and assistance in arriving at costs and methods of operation.

Entrained at Salt Lake at 6:20 a.m. November 5, and arrived in Washington on November 7 at 8:40 a.m.

As the operation of the projects is in the hands of the operator, it is difficult to say how the operations may be improved. One possible answer is for the Government to set unit costs at which they will enter into contracts and then it will be up to the operator to try to meet these costs.

Thos. L. Chapman
Mining Engineer

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

No. 157 Howard Street
Spokane 4, Washington

November 17, 1953

Memorandum

To: DMEA Auditors, Region II

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA 2436 (cobalt-copper), Northfield Mines, Inc., Lemhi County, Idaho, Contract No. Idm-K334; clarification and revision of Amendment No. 6

Upon reviewing Amendment No. 6 it has been brought out that in removing certain maxima in Exhibit "A" that were causing administrative difficulty, it was the intention of the Field Team to have removed the monthly maximum from two items under (7), Miscellaneous, as follows:

Travelling for engineer @ $150.00 per month, 7 months	$1,050.00*
Telephone and telegraph @ $50.00 per month, 7 months	350.00*

This memorandum is to advise you that only the total amount of the above two items is to be considered as a maximum allowable.

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

cc: DMEA, Wash. (2)
Contr. Admin. & Audit Div.
Certifying Officer
USGS (2)

FILE COPY
SURNAME

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

Rewritten by

N.S. in R.R.

Rutledge
Martin
Talbot
Kane
Rubin
Martin
Rutledge
Lockabor
Hedges
Selfridge
Williams
Rutledge

140

NOV 10 1953

DMEA

F.A.Rutledge/AEKane
2919 4627

14X3923.970--Working Fund--DMEA

A. E. Weissenborn, Executive Officer, DMEA Field Team, Reg. II, Spokane, Washington

Reurlet October 27. Recess of Contract Idm-E334, Northfield Mines, Inc., DMEA-2436, is approved for reason cited by Operator. Release of funds withheld under original contract is also approved, but $2,100.00 should still be withheld until Region III Executive Officer advises you that that Region's claim against Northfield Mines has been satisfied, and the Government's equity in the equipment purchased should also be protected.

George C. Selfridge (JHB)
G. C. Selfridge, Chairman
Operating Committee
Defense Minerals Exploration
Administration

FARutledge/
AEKane/emd
11/9/53
Copy to: Docket
Adm. R. File
Op. Comm.
W. S. Martin
H. W. Davis, USBM
Phillip Guild, USGS
Audits, USBM
J. L. Hofflund
A. E. Kane
chron.
Confirmation

400

FILE COPY
SURNAME:

Rutledge
Martin

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

November 6, 1953

MEMORANDUM

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Recession of contract
Docket No. DMEA 2436 - Cobalt and Copper
Northfield Mines, Inc.
Stevenson property
Lemhi County, Idaho
Contract No. Idm-E334

The original contract provided for an exploration project estimated to cost $102,900; Government participation at 70 percent, $72,030.00. This program was substantially completed by May 1953 on an actual cost basis.

A request by the Operator for additional exploration was received on June 12, 1953. A question of ownership held up until October 1953 the execution of the Amendment No. 7, adding the additional work to the program. The proposed work was estimated to cost $130,250.00, raising the total estimated cost of the project to $233,150.00; Government participation at 70 percent, $163,205.00. All additional work is to be on the unit cost basis except mine maintenance, assays, and snow removal.

The Operator has now requested a recession of work until spring because of inclement weather which is expected to increase the operational expenses. This Division concurs with the Field Team that the new request is logical and should be granted.

SIGNED
W. S. Martin, Chief
Iron and Ferro-Alloys Division

FARutledge/ls
cc: Docket
Adm. Read. File
Code 400
Oper. Comm.
FARutledge/ls

R.C.G.
11-12-53

FILE COPY
SURNAME:

Talbert

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

Department of Interior
Defense Minerals Exploration Admin.
1/13923.070 Working Fund,
DMEA

Mr. Robert M. Hull
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

November 4, 1953

Reference Idn-334, DMEA-2436, Northfield Mines. Your Work Report for May-June indicated audit had been made. Please advise present status of Audit Report; also advise why payments of MT-104's subsequent to March are being withheld.

(Signed) E. D. Talbert

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

EDTalbert/wb
November 4, 1953

Copy to: Docket
Admr. Reading File
Mr. Talbert

R.E.D. 11-4-53

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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GENERAL SERVICES ADMIN.
PUBLIC BLDGS. SERVICE
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SPOKANE 11-4-53 207P

E. D. TALBERT, ACTING CHIEF CONTRACT ADMINISTRATION AND AUDIT DIVISION
DEFENSE MINERALS EXPLORATION ADMIN

DEPARTMENT OF INTERIOR WA 25 DC

RETEL NOVEMBER 4 REFERENCE IDM-E334, DMEA-2436, NORTHFIELD MINES AUDIT REPORT WILL BE FORWARDED WITHIN NEXT WEEK. ONLY 2 MF-104-S BEING WITHHELD APRIL AND MAY 1953. MAY INVOICE SUBJECT TO CORRESPONDENCE BETWEEN FIELD TEAM AND NORTHFIELD. NO PAYMENTS COULD BE MADE UNTIL SETTLEMENT OF REGION III CLAIM AGAINST NORTHFIELD AND A DETERMINATION AS TO WHETHER OR NOT THE PROJECT WAS TO BE TERMINATED OR WASHINGTON APPROVAL GRANTED TO SUSPEND OPERATION UNTIL SPRING. HAVE BEEN ADVISED BY MR. MILLER OF REGION III THAT REGION III CLAIM WILL BE SETTLED IN SANFRANCISCO.

R. M. HULL

4 IDM-E334 2436 MF-104-S 1953 III

VA 209P

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 2 1953

October 31, 1953

Mr. George W. Mitchell
Northfield Mines, Inc.
Ruralm, Nevada

Re: Docket No. DMEA 9436 (cobalt-copper)
Blackbird Mining District
Northfield Mines, Inc.
Lemhi County, Idaho
Contract Ida-E334

Dear Mr. Mitchell:

This is to inform you that I have been advised by Mr. H. C. Miller, Executive Officer of the DMEA Field Team, Region III, that Mr. Miller has rescinded his request to deduct $2,102.67 for overpayment claimed on a contract (Ida-E325) in Region III.

Sincerely yours,

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

cc: Hindman
Hull
DMEA (2)
USBM (2)

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

October 27, 1953

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

Re: Docket No. DMEA 2436 (cobalt-copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract Idm-E334

Dear Mr. Selfridge:

Enclosed herewith is a copy of a self-explanatory letter from Mr. Mitchell of the Northfield Mines, Inc., requesting permission to suspend his operations on the Stevenson property in Lemhi County until spring because of the expense of winter operations. We feel that this is a logical request and that it should be granted.

Will you please advise us immediately whether this meets with your approval and also advise us whether we may pay the amount which is due the company for work done under the old contract. This may be somewhat less than the $9,000 mentioned by Mr. Mitchell. We will not, under any circumstances, release the $2,100 which we are withholding at the request of Region III until we are advised by Mr. Miller that this claim has been satisfied.

By Field Team, Region II

A. E. Weissenborn

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

M. E. Volin

M. E. Volin, Member
(U. S. Bureau of Mines)

Enclosure

cc: USBM (2)
Hindman
Miller

Northfield Mines, Inc.

Cobalt, Idaho

October 20, 1953

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

Docket #DMEA 2436
Contract #Idm E334
Northfield Mines, Inc.

Dear Mr. Weissenborn:

Because of the lateness of the season and the probability of snow falls heavier than those last season, a decision has been tentatively made to allow the Stevenson property to remain idle until next spring. Thus, the added espense of winter operation will be avoided permitting us to more nearly meet the unit costs set up for the work.

We have made claims for a total of approximately $9,000 on the old contract which your accounting office has allowed but is withholding. We shall appreciate receiving the money so we may repay some of the funds borrowed to complete the work last spring. In this regard we believe San Francisco will collect the $2,100 they claim on our Bishop, California DMEA project thus making it unnecessary for you to do so.

Sincerely yours,

NORTHFIELD MINES, INC.

George W. Mitchell

GWM/m

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
No. 157 Howard Street
Spokane 4, Washington

October 27, 1953

Mr. George W. Mitchell
Northfield Mines, Inc.
Cobalt, Idaho

Re: Docket No. DMEA 8436 (cobalt-copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract Ida-435A

Dear Mr. Mitchell:

In reply to your letter of October 20, we are writing our Washington office recommending approval of your plan to allow the Stevenson property to remain idle until next spring. Our justification is the one you present which is that the expense of winter operation will result in unnecessarily high costs. We are also making permission to release whatever funds due you on the old contract; however, we will still have to withhold the $2,100 until the San Francisco office informs us that this claim has been settled.

Sincerely yours,

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

cc: Miller
UFGM (2)
DMEA (2)
Hindman

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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October 16, 1953

10-19

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

Re: Docket No. DMEA-2436, Cobalt-Copper
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. Idm-E334

Dear Mr. Selfridge:

Enclosed are the original and two signed copies of Amendment No. 7 to the subject contract. Distribution of this amendment is being made in the usual manner.

Also enclosed are three copies of a letter from Mr. George W. Mitchell to A. E. Weissenborn dated October 3, 1953, with indicated attachment, which is self explanatory.

Sincerely yours,

A. E. Weissenborn

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

Enclosures

cc: Finance Officer w/encls.
USBM (2)
Nickelson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
No. 157 Howard Street
Spokane 4, Washington

October 8, 1953

Mr. George W. Mitchell
Northfield Mines, Inc.
Eureka, Nevada

Re: Docket No. DMEA-2436 (cobalt-copper)
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. Idm-E554

Dear Mr. Mitchell:

I have just received your letter of October 3 with which you have enclosed a notarized copy of a letter from Mr. Sharp of the Calera Mining Company giving you permission to cross with underground workings any or all claims that lie between the Merle No. 5 and Merle No. 3 claims. This permission would appear to satisfy the requirements laid down by the Administrator of the DMEA and I am, therefore, very pleased to forward to you all copies of the amended contract, which permits the continuation of the Northfield project. If this amended contract meets with your approval, please sign all copies, retain the one marked "Operator's Copy" and return all of the others to us. If it does not, please return all copies to this office with your comments.

If you have any questions, please do not hesitate to get in touch with me.

Sincerely yours,

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

Enclosure Amend. No. 7.

cc: USBM (2)
DMEA (2)
Nicholson

Eureka, Nevada
October 3, 1953

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

Docket #DMEA 2436
Contract Ida-M334

Dear Mr. Weissenborn:-

The attached certified copy of a letter from Mr. H. H. Sharp, President of The Calera Mining Company, concerns the subject of the letter from your office signed by Mr. Howard and Mr. Kiilsgaard and dated August 27, 1953.

In the attached letter Calera Mining Company agrees to allow Northfield Mines, Inc. to cross any fractions, the title to which is in dispute, between our Merle #5 and Merle #3 claims to carry out the work outlined in the Northfield's application for a continuance of the above contract.

We believe the attached satisfies the requirements of the DMEA. We shall be pleased to receive the contract for signature in due course.

Sincerely yours,

NORTHFIELD MINES, INC.

George W. Mitchell

GWM/m
ENCL

CALERA MINING COMPANY

730 Fifth Avenue

New York 19, N. Y. September 29, 1953

Mr. Neil O'Donnell,
Northfield Mines, Inc.,
230 Park Avenue,
New York 17, N. Y.

Dear Mr. O'Donnell:

Upon returning to New York yesterday I found your letter of September 17th in regard to permission from us for you to cross with underground workings any and all claims which may be in conflict between us which lie between your Merle 5 and Merle 3 claims in the Blackbird Mining District of Idaho.

This permission is granted herewith and it is our understanding it will be accepted by you without prejudice to any rights either company may have in the property in question.

We have noted your further agreement that as a consideration for granting this request you will give our engineers access to this tunnel in its entire length in order to inspect it during ordinary working hours.

It is my understanding that there are a number of claims in the area which may be in conflict between our companies. I would suggest that it might be advantageous if you would arrange to have your Mr. Mitchell, or some duly authorized person, sit down with our Mr. Douglas at the Blackbird and endeavor to come to an agreement in regard to these conflicts. If both parties will enter into such a discussion, with an open minded determination to settle these disputes on a give and take basis, I have no doubt that these pending matters may be arranged to our mutual satisfaction.

Yours sincerely,
CALERA MINING COMPANY

/S/ H. H. Sharp

President

HHS:MP
cc: HHDouglas

RECEIVED
OCT 1953

Certification

The above letter is a true and exact copy of the original letter manually signed by Mr. H. H. Sharp, President of the Calera Mining Company.

A. J. O'Connell
Notary

My commission expires
7/24/54

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

1201 N. Division St.
Spokane 2, Washington
September 22, 1953

Mr. A. J. O'Connell, Accountant
Northfield Mines, Inc.
Eureka, Nevada

Subject: Docket No. DMEA 2436 (cobalt-copper)
Contract No. Idm-X334

Dear Mr. O'Connell:

The monthly report and voucher for May 1953 submitted under the subject contract has been received and reviewed by the Field Team. The voucher cannot be processed further until we receive a narrative and maps describing project work during the period.

In addition, our field representatives report a small advance in the project drift during the reporting period, which is not consistent with the high labor cost claimed. The program of enlarging and rehabilitation that was conducted during May is not a part of the contract and the cost of this work would not be allowable. Therefore, we must have a labor distribution sheet for the period showing the time spent by each man on the payroll on DMEA and non-DMEA work.

By DMEA Field Team, Region II

Thor Kiilsgaard, Acting Exec. Officer
U. S. Geological Survey

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

cc: DMEA, Wash. (2)
USGS (2)
Certifying Officer

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

September 8, 1953

Mr. Ernest W. Ellis, Acting Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA 2436
Northfield Mines, Inc.
Lemhi County, Idaho
Contract No. IDm-E334

Dear Mr. Ellis:

We are in receipt of a letter from Mr. George W. Mitchell, Northfield Mines, Inc., in which it is stated that Northfield Mines, Inc., is taking necessary action to establish their ownership of the David No. 18 claim.

Mr. Mitchell further states that he has advised the Calera Mining Company that they are in trespass on the disputed claim and that it may take some time to settle this matter with the Calera Company. In the meantime, Mr. Mitchell says that they are investigating alternative No. 2 as proposed in our letter to the Operator dated August 27.

We are retaining the Amended Northfield Contract at this office pending further clarification from Mr. Mitchell. We shall keep you advised of any further development in the disputed property ownership problem.

Sincerely yours,

Thor H. Kiilsgaard

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

cc: USBM(2)