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BRIEF OF THE CONTRACT BETWEEN THE NEVADA CONSOLIDATED
AND THE CONSOLIDATED COPPERMINES
OF JUNE 16, 1926

by
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Whereas the Nev. Con. now proposes to complete open pit mining at the Liberty pit and start underground mining and neither party has the right to disturb the lateral support or boundaries of the other party, both desire that the other mine ore for it. The Con. Copper desires its ores treated by the Nevada Con.
In the most economical opening up and mining the ore bodies of both parties
Now, therefore, in consideration of \$10.00 paid by the Nev. Con to the Con. Copper.

Article 1. Copper claims involved.

Article 2. The Nev. Con. shall pit mine within the next 6 months, 200,000 tons of Con. Copper ore from the Emma Nevada and Ora claims and within two years, 200,000 tons more, both as minimums. The Con. Copper estimates it has 850,000 tons of ore above the tenth level of the pit, this is to be removed after two years time at a minimum rate of 666 tons a day by open pit or underground methods at the same cost.

If The open pit work goes below the 10th level there will be more Con Copper ore on those levels to mine.

Article 3. The Nev. Con. is to mine below the tenth level by underground methods 225,000 tons a year from the Emma Nevada and Ora claims of a Con. Copper estimate of 3,000,000 tons, beginning ^{and} not later than 5 years at a rate of 400 tons a day, ~~and~~ 400,000 tons of ore of the Minnesota claim by mining through the Ruth shaft ~~beginning not later than 5 years~~. The Nevada Con. is to give 30 days notice and do the necessary development work.

Article 4. The Con. Copper is to sink a 4 compartment shaft to 600 foot depth and is to mine from the Nevada Con. ground 5,350,000 tons of merchantable ore west of a vertical plane ^{between} by the northeast corner of Westphalia and the southwest corner of the Emma. The Con. Copper is to start stoping in 5 years time and proceed with reasonable diligence to mine 350,000 tons a year from the Champion and Liberty claims. The development work by the Con. Copper is to be done under the Nev. Con. directions.

For mining this ore the Nev. Con. is to pay the Con. Copper the actual cost of mining including development and the usual and normal overhead charges, plus 16¢ a ton.

Article 5. What is merchantable ore should be judged by the respective owners and each is to mine in the others ground so as not to cause waste or permanent injury or inconvenience or hinderance to the others subsequent operations, but each in mining his boundary ore has the right to cave down on the line of the boundary and mine the others ore that comes into the draw points.

Article 6. Con. Copper has the right to sell to Nev. Con other porphyry ores but total of all ore not to exceed 6000 tons a day, and not over 600 tons of oxidized ore ³⁰⁰⁰ sulphide direct smelting ore.

Article 7. The Con. Copper shall have th right when copper drops below 14¢ a pound in New york to suspend operations and the Nevada Con. likewise,

on whenever the net profit per pound is under 2¢, but either must mine the ore of the other if so requested and the Nevada Con. can continue to mine the shovel ore of the Con. Copper.

Article 8. The Nevada Con. will, within six months, start and sink a shaft on the Wedge claim or other claims close to the pit for underground mining, and the Con. Copper grants the surface rights necessary for the same but free from liabilities from caving due to mining ore. These surface rights to cease if the shaft is not used for a period of a year, with a right to remove the buildings.

Article 9. The Nevada Con. agrees to tram up to 3000' and to hoist Con. Copper ore for 12¢ per wet ton.

Article 10. The Nevada Con. is to furnish the cars and the Con. Copper the trackage.

Article 11. Provides for prompt haulage and treatment.

Article 12. Provides that they shall mutually cooperate and each shall have the right to drive drifts in the holdings of the other, if it shall not result in unreasonable inconvenience or unnecessary damage, ~~for the~~ for the purpose of connections for ventilation.

The Con. Copper gives the Nevada Con. the right to remove the overburden on the Con. Copper ground necessary ^{to} mine either's ore.

The Con. Copper gives the Nevada Con. the surface right to keep pit spirals unbroken and to provide for a continued pit haulage, provided the Con. Copper shall reserve the right to mine ore on its own claims.

Article 13. The Nevada Con. shall give the Con. Copper surface rights subject to Nevada Con.'s use with provisions for joint use of railroad.

Article 14. Con. Copper to have equal milling facilities and extraction results as Nevada Con. obtains on its own ore.

Article 15. The copper content of all the Con. Copper ore and concentrate to be determined electrolytically, and the gold and silver by fire assay. The weighing and sampling of ore by the Nevada Con. is to be in accordance with the usual commercial methods. Umpire provisions follow.

Article 16. Payment for the gold in the ore or concentrate is to be at \$20 an ounce for the entire contract. The silver to be paid on the New York quotation 60 days after the sampling, at 95% of the quotation. Copper in the form of blister copper equal to 95% of the copper contents ~~of~~ the ore concentrate shall be delivered to the Con. Copper at McGill, or to the A.S.&R. at Baltimore with the transportation paid by the Con. Copper.

Con. Copper is to settle ^{with} the Nevada Con. for the gold and silver in the blister copper.

The Con. Copper is to pay a "shovel charge" for all pit ore delivered to the top of the pit including development and removal of waste at the rate of 40¢ per ton on ore; and to pay the Nevada Con. for underground mining the actual cost plus development and including overhead and in addition 16¢ per dry ton.

The Con. Copper is to pay for the delivery of the ore from the pit to McGill, 20¢ per wet ton.

The charge to the Con. Copper for concentrating the ore shall be the actual cost including the usual and normal overhead plus an extra 15¢ for profit.

Con. Copper shall pay a smelting charge on the concentrates of the actual cost including usual and normal overhead plus \$1.00 per ton of concentrates.

The depreciation and amortization charge to the Con. Copper to cover the use of plant and equipment at the mine, mill, smelter and power plant, shall be, when copper is 15 to 16¢, 7½¢ per dry ton, up to 20¢ per ton when copper is above 18¢.

The Con. Copper reserves the right to erect its own reduction plant on 2 years notice to the Nevada Con., but from the time of such notice the Nevada Con. is under no obligation to treat Con. Copper ore.

Article 17. Nevada Con. shall furnish the Con Copper all ^{electrical} ~~extra~~ power for all its mining operations. The charge shall be the actual cost including the usual and normal overhead plus 1/3¢ per kilowatt hour for profit, however it shall be a maximum of 1250 kilowatts.

Development work done by one for the other shall be at cost including usual and normal overhead charge plus \$2.50 a foot, churn drill and diamond drill footage likewise but plus 35¢ per foot.

The definition of a ton shall be 2000 lbs. avoirdupois, and the ounce shall be the troy ounce and the "actual cost" shall be the monthly average of all direct operations including the administrative, fixed and general expenses, chargeable specifically or by customary allocation to department operations, as useage and necessary expenses involved in ordinary conduct of business, but shall not include depreciation, amortization, or federal income or profits tax, or Nevada bullion tax.

Article 18. Provides for causes for which the agreement can be suspended. Con. Copper can sell outside if the Nevada Con. closes, or cause the Nevada Con. to operate for Con. Copper ores only.

Article 19. Provides that ~~the~~ in case of selling or transfer, contract is binding on new party.

Article 20. In case of difference of interpretation either can demand arbitration by a third party.

Article 21. Provides for the serving of notices.

Article 22. The agreement shall terminate on May 1, 1946, or 20 years hence.

Article 23. All terms and provisions shall be deemed to be interdependent and this agreement shall be deemed to be one under the laws of Nevada and shall be construed and given effect under the laws of that State.

All covenants, grants, stipulations and conditions herein expressed shall run with the land.

Article 24. This agreement shall be binding upon the successors and assigns of both parties.

The above contract was signed by the Presidents of each company.