UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

Terminated [✓] Cancelled [ ] Withdrawn [ ] DMEA No. 1463

This is the official contract file of a project closed without certification. It contains all official records of the project arranged in this manner:

Left Side

- ✓ Certificate of Audit (Final).
- ✓ Interim Audit(s).
- Report of Review.
- Closing Letter
- ✓ Termination Notice or Agreement.
- Recision Notice.
- Assignment of Contract.
- ✓ Contract Amendments (latest on top).
- ✓ Contract with all exhibits and annexes.
- Owner's Consent to Lien.
- ✓ Subordination Agreement.
- ✓ Leases and assignments of leases.
- ✓ Application and attachments.
- Schedule of Collections.
- ✓ Operator's monthly reports and all attachments (latest on top).

Right Side

- ✓ Project summary.
- ✓ Work completed analysis.
- ✓ All other material is filed in chronological order with correspondence including the following reports as checked:
  - ✓ Final Field Team Report. (Tab)
  - ✓ Operator's Final Report.
  - Interim Reports.
  - On-Site Exam Report(s). (Tab)
  - Settlement Sheets.

If additional folders are required because of volume of records, show folder numbers and contents below:

Maps in ~~folder~~ number 3 envelope
Operator's Monthly Reports in folder number 2

exhibits in envelope #3

ER
Reviewer's Initials and Date

10390

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

AUDIT CERTIFICATE

I have examined the records and transactions of:

Leadville Lead Corporation
2816 E. 6th Avenue
Denver, Colorado

pertaining to Exploration Contract Idm-X250, Docket No. DMEA 1463X including Amendments 1 through 13, and covering a project of exploration for Lead-Zinc, and located in Park County, Colorado, commonly known as the Hill Top and Last Chance mines, for the period February 1, 1952 to September 15, 1953 and subsequent settlement on July 6, 1954.

My examination was made in accordance with generally accepted standards applicable in the circumstances.

The audit disclosed the following facts in regard to the amount to be paid the Contractor:

Total Cost per MP-104		$71,313.99
Less Proceeds from Property Disposition		2,285.40
Net Balance Cost		$69,028.59
Exceptions: (See audit report for details)		
During this audit	$283.95	
Prior to this audit	613.14	897.09
Total Accepted Cost		$68,131.50

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Thirty-four Thousand Sixty-five and 75/100ths Dollars

- $34,065.75 -

is valid and proper.

This certificate is issued on the provision that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Dated: July 9, 1954

T. H. Brading
Auditor

AUDIT REPORT

I Introduction

On March 30 and 31, 1954, a final audit (covering the period from February 1, 1952 to March 15, 1953, including authorized recess from March 15, 1953 to September 15, 1953, and subsequent settlement on July 6, 1954) was made of the accounts and records of operations pertaining to Contract Idm-E250, Docket No. DMEA 1463X, including Amendments 1 through 13 and Termination Agreement with

Leadville Lead Corporation
2816 E. 6th Avenue
Denver, Colorado

covering a project of exploration for Lead and Zinc located in Park County, Colorado, commonly known as the Hill Top and Last Chance mines. Prior to the On Site audit, considerable time was devoted to preparing preliminary working papers in the office.

The records pertaining to this contract are in the offices of the Company: 2816 East 6th Avenue, Denver, Colorado. Sub contract, styled Tunnel Contract, dated March 19, 1952 between the operator and Duke Beals and William Van Cooten was approved by the Regional Executive Officer April 11, 1952. Sub contract for diamond core drilling dated October 23, 1952 between the operator and Wallace A. Rogers and Eugene J. Bishop was approved by the Regional Executive Officer December 4, 1952. Previous interim audits made by T. H. Brading covered the period from February 1, 1952 to June 30, 1952 and July 1, 1952 to October 31, 1952. Except as otherwise indicated this audit was restricted to the costs claimed by the operator since that latter date.

During the course of the audit the following officers and employees were consulted as required:

Mrs. Ben L. Wright, Jr., Secretary
Mrs. Maurine Beck, Bookkeeper

II General Information on Records

The source documents covering this project are recorded on Monthly Work Sheets which form the basis of the preparation of the Monthly MF-104 Reports. As noted on the previous reports, the records are in poor condition. No effort is made to segregate invoices and payroll records pertaining to costs of the project from invoices and charges assumed by the company. All costs except for depreciation are recorded on a cash basis.

The accounts of the company are audited each year by Peat, Marwick, Mitchell & Company, Certified Public Accountants, Denver, Colorado.

III Scope of Audit and Findings

The audit was limited to ascertaining the accuracy, propriety, and validity of the costs as shown in the "Totals to Date" column of Form MF-104, Operator's Monthly Report and Voucher for the month of March 1953. The extent of the audit and the findings under each of the "Items of Cost" follows:

(1) Independent Contracts

Diamond Drilling

Invoices from Sub contracts covering diamond drilling were examined. It was found that the total costs properly chargeable to and allowable under this item were:

931' AX drilling @ $4.75'	$4422.25
11' EX " @ 4.50'	49.50
20' BX " @ 5.25'	105.00
65' Reaming AX to BX @ 2.75'	178.75
Waiting Time	927.00
Casing left in Hole	8.85
Total Accepted Cost	$5,691.35

The Finance Officer disallowed an item of $6.25 charged by the sub contractor for cement furnished. A further disallowance of $31.25 is made by this audit for cement. These disallowances are made, as the contract provides that sub contractor will furnish all supplies.

Crosscutting

143' @ $35.00'	$5,005.00
700' @ 33.00'	23,100.00
30' timbering @ 2.00'	60.00
Total	28,165.00
Less disallowance 3' @ $33.00'	99.00
Total Accepted Cost	$28,066.00

At the time the final engineering check was made, it was noted that the operator had completed 840 feet of crosscutting and not 843 feet as claimed and also reported on Form MF-104 A. The examining engineer recommends a disallowance of 3 feet @ $33.00 per foot, or $99.00. The auditor concurs in this disallowance.

(2) Labor and Supervision

Balance per previous audit	$6,090.36
Accepted Costs November 1952-March 1953	4,520.09
Total Accepted Labor Costs	$10,610.45

All charges for labor were checked against the amounts shown on Monthly Work Sheets. Payrolls for the months of November 1952 through March 1953 were checked in detail, all calculations verified and rates checked to contract and Amendments. The operator has consistently followed the practice of including both company and exploratory operations on one payroll. It is necessary to verify time charged for each individual against payroll memoranda showing nature of his duties and then, in collaboration with the examining engineer, make a decision as to whether the charge made pertained to project work. Numerous errors both in hours reported and rates of pay appear in payroll records. All disallowances heretofore made by the examining engineer were accepted by the operator and necessary corrections made in succeeding MF-104 Reports. All disallowances were checked and approved by this audit.

Supervision

Balance previous audit		$133.33
Duke Beals — Shifter,	November	324.00
W. E. Van Cooten "	"	200.00
W. E. Van Cooten "	December	200.00
W. E. Van Cooten "	January	
through March 15, @ $400 per month		1000.00
Total Accepted Supervision Costs		$1857.33

Examining engineer disallowed $200.00 charged for services of W. E. Van Cooten in the month of December 1952. After reviewing the matter with the examining engineer and the Executive Officer, DMEA Field Team, Region IV disallowance of $200.00 made was reinstated by the auditor. The Executive Officer has approved Supervision charges as shown above.

Technical Services

Balance Previous audit		$5049.00
Services H.W.C.Prommel		
Consulting Engineer		
$50.00 per day as follows:		
November — 3 days	$150.00	
December — 3 days	150.00	
January — 3 days	150.00	
February — 3 days	150.00	* 600.00
*Accepted cost - Technical Services		
November 1952 through February 1953		
Total Accepted Cost - Technical Services		$5649.00

(3) Operating Materials and Supplies

All invoices covering charges for Operating Materials and Supplies were inspected and totals traced to Monthly Work Sheets.

The audit disclosed that the costs of Materials and Supplies properly chargeable and allowable under the terms of the contract to be:

	Adjusted Balances 10/31/52	Totals MF-104 March 1953	Dis-allow-ances	Property Settle-ment	Allow-able Charges
Timber	$78.56	$78.56			$78.56
Explosives	335.55	335.55		$193.70	141.85
Pipe	1183.20	1805.30	$311.10	545.00	949.20
Track	935.42	935.42		410.00	525.42
Miscellaneous Supplies	2053.74	4109.38	649.49	1136.70	2323.19

Miscellaneous Supplies are further classified as follows:

	MF-104 Net of Disallow-ances	Property Settle-ment	Net Allowed
Welding Rod	$158.21	$53.63	$104.58
Oxygen and Acetylene	87.32		87.32
Gasoline and Oil	2001.28	427.87	1573.41
Small Tools	493.87	317.00	176.87
Electrical Supplies	519.17	267.60	251.57
Drill Bits	110.00	54.60	55.40
Miscellaneous Supplies	90.04	16.00	74.04
Total	$3459.89	$1136.70	$2323.19

In January a disallowance of $306.68 was made by the Finance Officer for Gasoline and Oil on hand when the project was terminated. In view of the fact that subject MF-104's were filed for February and March and charges were included on these reports for Gasoline and Oil, the amount disallowed is reinstated by the auditor. The Gasoline and Oil on hand at the time work was discontinued was included in the final settlement of supplies in which the Government has an equity. This action has the approval of the Executive Officer, DMEA Field Team, Region IV.

Following disallowances made by the Finance Officer are approved by the auditor:

January -- $0.60 Walker Welding Company, not properly documented.
605.05 Beals and Van Cooten -- Drill Steel, not necessary for project at present time.
1.24 South Park Lines -- not properly documented.
Total Disallowances by Finance Officer -- $913.57
Reinstated by Auditor 306.68
Net Disallowance by Finance Officer $606.89

In addition the following disallowances were made during the course of the audit:

Deposits on bottle for Distilled water	$ 2.00
Drum for Acetylene	15.00
Oil Drum	6.00
	$23.00

Charge from Alskogs in March in the amount of $19.60, supplies, not considered pertinent to project. Total disallowed -- $42.60. Pipe purchased from Harvey Tedrow in November 1952 in the amount of $311.10 was not used in project and is disallowed.

(4) Operating Equipment

Rental

Balance prior audit	$178.00
Total Accepted Cost	178.00

Depreciation

All charges for operating equipment were checked against the Monthly Work Sheets and rates specified in the contract. There were no daily logs or other records covering the use on the project of Company owned equipment. Reference to examining engineer's Narrative Report confirmed the fact that the equipment was used as claimed.

The proper and allowable charges under the contract for depreciation were found to be:

	Rates per Month	Total Previous Audit	Nov. 1952 to March 1953	Allowable Cost
7 D Caterpillar	$76.00	$304.00	$266.00 (6)	$570.00
Dodge Power Wagon	51.00	459.00	153.00 (1)	612.00
215 G.D.Compressor	116.00	729.00	462.00 (2)(A)	1191.00
365 G.D.Compressor	81.00	1044.00		1044.00
25 K.W.Diesel Generator	66.00	594.00	264.00 (2)	858.00
12- 30 cu.ft. Side Dump Cars	65.00	585.00	65.00 (3)	650.00
2- Air Locomotives	60.00	540.00	120.00 (4)	660.00
Canton Car Transfer	7.50	67.50	—	67.50
20- Edison Cap Lamps	7.50	67.50	30.00 (2)	97.50
Deming Pump	6.00	54.00	24.00 (2)	78.00
Cleveland Drill Jumbo	21.00	189.00	21.00 (5)	210.00
2- 6 F- 79 Air Drills	25.00	225.00	25.00 (5)	250.00

(A) Prior error of $2.00 corrected by operator.

Description	Rates per Month	Total Previous Audit	Nov. 1952 to March 1953	Allowable Cost
G.D.Jack Hammer	$6.00	$54.00		$54.00
G.D.Mucking Machine	34.00	306.00	$102.00 (1)	408.00
#2 Roots High Pressure Blower	13.33	93.31		93.31
D.A. 35 Drifter	10.83	43.32		43.32
D.2- Caterpillar	83.33	83.33	291.65 (6)	374.98
Studebaker Weasel	54.16	189.56		189.56
Buffalo Blower	3.00	6.00		6.00
Total		$5633.52	$1823.65	$7457.17

(1) November-December-January
(2) November-December-January-February
(3) 6 Cars in November, 3 - December-January
(4) 2 Locomotives - November, 1 - December-January
(5) November
(6) November-December-Jan ary - 1/2month March

(5) Initial Rehabilitation and Repairs

Not applicable to this contract.

(6) New Buildings and Improvements

Not applicable to this contract.

(7) Miscellaneous

Repairs to Equipment

All charges under this caption were traced to Monthly Work Sheets. All invoices were examined for propriety and validity of charges made.

Balance previous audit	$3134.19
Compressor	269.24
Dodge Power Wagon	140.25
D-7 Tractor	208.17
Total Accepted Cost - Repairs	$3751.85

Bookkeeping

Balance previous audit		$405.00
Total charge for Bookkeeping services were as follows:		
January	$20.00	
February	50.00	
March	25.00	95.00
Total Accepted Cost - Bookkeeping Services		$500.00

(8) Contingencies - Transportation

Balance previous audit	$282.74
Net accepted charges - November 1952-March 1953	69.39
Total Accepted Cost - Transportation	$352.13

IV Conclusions

On May 14, 1954 the operator submitted a bid for supplies and materials on hand in which the Government had an equity. In view of the fact that this bid in the amount of $2,285.40 was the most favorable of three bids received, it was accepted by the Executive Officer, DMEA Field Team, Region IV, on July 6, 1954.

This audit has disclosed that all costs, as charged to this subject, with the exception of the disallowances itemized under Item (1) Independent Contracts, Item (2) Labor and Supervision, and Item (3) Operating Materials and Supplies, of the preceding section of this report, and giving effect to settlement of property in which the Government has an equity; are reasonable and proper under the terms of the contract.

The adjustments between Items of Costs as shown on the March 1953 MF-104, the recommended disallowances, reinstatements, property settlements, and approved amounts, are summarized as follows:

	Totals MF-104 March 1953	Distribution Corrected	Disallowances Finance Officer	Disallowances This Audit	Disallowances Property Settlement	Allowed by Audit
1. Independent Contracts						
Drilling	$5,728.85	$5,728.85	$ 6.25	$ 31.25		$5,691.35
Crosscutting	28,165.00	28,165.00		99.00		28,066.00
2. Labor & Supervision						
Labor	12,134.45	10,610.45				10,610.45
Supervision	133.33	1,657.33		200.00		1,857.33
Technical Services	5,649.00	5,649.00				5,649.00
3. Operating Materials & Supplies						
Timber	78.56	78.56				78.56
Explosives	235.55	335.55			$193.70	141.85
Pipe	1,494.30	1,805.30		311.10	545.00	949.20
Track	935.42	935.42			410.00	525.42
Miscellaneous	4,520.38	4,109.38	606.89	42.60	1136.70	2,323.19
4. Operating Equipment						
Rental	178.00	178.00				178.00
Depreciation	7,457.17	7,457.17				7,457.17
5. Miscellaneous						
Repairs to Equipment	3,751.85	3,751.85				3,751.85
Bookkeeping	500.00	500.00				500.00
6. Transportation	352.13	352.13				352.13
Totals	$71,313.99	$71,313.99	$613.14	$283.95	$2285.40	$68,131.90

At the conclusion of the audit, the findings were discussed with the Secretary, Ben L. Wright, Jr.

There were no unused materials, supplies, or other property to be disposed of for the joint account of the operator and the Government other than that covered by waiver or liquidation. The final inventory of supplies and materials was approved by the examining engineer.

Dated: July 9, 1954

T. H. Brading
Auditor

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

AUDIT CERTIFICATE

I have examined the records and transactions of:

Leadville Lead Corporation

Denver, Colo.

pertaining to Exploration Project Contract No. E250, Docket No. 1463X for the period of February 1, 1952 to June 30, 1952.

My examination was made in accordance with generally accepted standards applicable in the circumstances.

The audit disclosed the following facts in regard to the amount to be paid the contractor:

Total Cost as billed by Contractor			$27,216.65
Exceptions (See Audit Report for) (details)			
During this Audit		$646.30	
Prior to this Audit	$982.52		
Less Amounts determined to be allowable	None	982.52	1,628.82
			$25,587.83

The contract calls for a 50 per cent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Twelve Thousand seven-hundred ninety-three dollars and 92/100

- $12,793.92 -

is valid and proper.

Payment Authorized	$12,793.92
Payment to Date	9,436.98
Due Contractor	$ 3,356.94

This Certificate is issued on the provision that the Regional Executive Officer, the Administrator, or other competent Official has accepted or will accept the project as having otherwise met the terms of the contract.

L. H. Broadway
Auditor, Region IV

August 14, 1952

Leadville Lead Corporation
Exploration Project
Contract E250
Docket No. 1463X

I. INTRODUCTION

An Audit was made on August 11 and 12, 1952 of Defense Minerals Exploration Contract No. E250, Leadville Lead Corporation. The records pertaining to this contract are at the office of Leadville Lead Corporation, 2812 East Sixth Avenue, Denver, Colorado. The mine is located near Fairplay, Colorado, approximately one hundred miles from Denver. The audit covered the period from February 1, 1952 through June 30, 1952, of the contract that continues until July 31, 1953. The secretary, Mr. Ben L. Wright, Jr. and the bookkeeper, Mrs. Maurice Beck were present and consulted when necessary.

II. EXTENSION AND SCOPE OF AUDIT

1. Independent Contract - Drifting

Total advance of 443 feet was paid as follows:

Under Sub-Contract dated October 22, 1951	
43 feet in February @ $35.00 per foot	$1505.00
100 feet completed April 12 @ $35.00 per foot	3500.00
Under Sub-Contract dated March 17, 1952	
100 feet completed about April 30, 1952 @ $33.00 per foot	3300.00
100 feet completed in May, 1952 @ $33.00 per foot	3300.00
100 feet completed June, 1952 @ $33.00 per foot	3300.00
30 feet timbering completed June, 1952 @ $2.00 per foot	60.00
Total 443 feet Advance	$14,965.00

Footage as reported is confirmed by narrative reports of engineers who inspected project.

2 (a) Labor

Payroll sheets are prepared at the mine under supervision of foremen and forwarded to bookkeeper in Denver, who checks calculations and prepares checks. Payrolls were checked in detail, time as reported multiplied by rate shown to prove total due, deductions checked and net amount proven. Cancelled checks were examined and traced through Check Register. Rates paid were in line with those authorized by contract.

2(b) Supervision

Represents payments to W. E. Van Cooten, one of the partners who has the drilling contract. Receipts from Van Cooten for total payments claimed were in the file.

2(c) Technical Services

Receipts acknowledging payment for services of H. W. C. Prommel, Consulting Engineer, were examined to substantiate payment of amount claimed on Forms MF-104. Payments are approved by contract.

3(a) Supplies - Pipe

Invoice from vendor in the amount of $979.20 covering the purchase of 800 feet of 14 inch vent pipe was examined, as was cancelled check evidencing payment of invoice.

3(b) Track

The purchase of 6.1/20 tons of 40 pound used Mine Rail Splice Bars was verified by examination of vendor's invoice; payment of invoice substantiated by examination of cancelled check payable to vendor.

3(c) Supplies

Other supplies are charged direct to expense as invoices are paid. Invoices for supplies were scrutinized as to propriety, extensions and footings were checked and cancelled checks evidencing payment checked to individual invoices. The attention of Mr. Wright was directed to the fact that allocation of charges to other supplies was not always proper. He agreed to try to exercise better judgement in distributing charges in the future.

4. Operating Equipment - Depreciation

Charges for depreciation for operating equipment furnished by contractor are in line with contract or amendments. Usage of equipment was reported in narrative of engineer who inspected property.

5. Initial Rehabilitation and Repairs

Amount of $20.00 shown on Form MF-104 was disallowed by Finance Officer on recommendation of inspecting engineer.

7. Miscellaneous

(a) Repairs to Equipment - Some errors in distribution to this account have been made. However, all charges as shown were verified by examination of vendors' invoices, and payment substantiated by examination of cancelled checks covering payment of invoices.

(b) Bookkeeping Charges are in line with those authorized by amendment to contract and cover part-time services of bookkeeper.

(c) Transportation - Invoices from carriers for freight and haulage charges to the mine were verified by examination, and payment by examination of cancelled checks covering these invoices.

8. Contingencies

(a) Repair Parts - Proper allocation of charges of this nature were reviewed with Mr. Wright who has agreed to make necessary corrections. Invoices covering charges were examined, extensions and footings verified, and cancelled checks scrutinized to verify payment of respective invoices.

(b) Insurance - Charges for liability insurance were disallowed by Finance Officer.

III. FINDINGS

The records of Leadville Lead Corporation were in poor condition. Invoices for purchases made were filed in a folder the month in which they were paid. Payrolls as prepared by mine forman were in same folder. All invoices, including those of sub-contractor, were in these monthly folders. Mr. Wright, secretary, prepares the monthly MF-104 reports. It was necessary for him to identify some of the vouchers, especially those on which a portion of the charge was for supplies for the sub-contractor. He was able to do this by referring to a memorandum sheet which he alone could interpret. Check numbers were not always cross-referred to invoices, which were filed in a hap-hazzard fashion. Payroll records are maintained by the bookkeeper and were fairly adequate. Two bank accounts are maintained; one at the Bank of Fairplay, checks on this bank were not entered in the check register but handled as an Imprest Fund by the bookkeeper. These checks were for supplies purchased locally and pay-roll advances, and were signed by W. E. Van Cooten, Superintendent. Cancelled checks of Denver Bank were filed with bank statements by months; check register is maintained by bookkeeper in a satisfactory manner. Mr. Wright has agreed to see that

the records are maintained in an improved manner, and as commented on hereinbefore, to make an honest effort to properly allocate charges.

Exceptions have previously been taken by the DMEA Finance Officer as follows:

Public Liability Insurance - General Overhead		
February	$47.20	
March	47.20	
April	47.20	$141.60
March		
Depreciation on Bulldozer (not in use during any part of month)	76.00	
Building Repairs (Excluded by contract)	20.00	
Overcharge Van Cooten's salary	66.67	
Wyco Flex Shaft Set (equipment not covered by contract)	100.42	
Error in payroll computation	.13	
Repair parts - no invoice	.27	263.49
April		
Error on blower depreciation	.84	
Items not substantiated by invoice	30.01	
Transportation Weasel	55.62	86.47

Transportation from Pueblo to Fairplay on weasel should be considered as part of cost.

May

Rehabilitation, repair and transportation on Blower and Motor

April	$100.00	
May	390.96	$490.96

Operating equipment furnished by operator with depreciation charge to the project should be in working condition at time it is delivered to project. Above charges are, therefore, disallowed

TOTAL		$982.52

Exceptions taken during audit are:

Charges for supplies and services prior to date of contract	$95.20	
Stationery-Record books - overhead charge	3.84	
Supervision-No Voucher	25.00	
March charges not substantiated by invoice	19.23	
May-charge-Gately Motor Co. Prior to contract date	31.87	175.14
June:		
Charge for container on which refund is due when returned	2.04	
Deal Service-error in addition	1.00	
Repair parts - error in copying	.01	
796X Hole Spotter Equipment not in contract	75.89	
Supervision-W.C. Van Cooten	392.22	471.16
TOTAL		$ 646.30

W. C. Van Cooten is a partner in the firm ofBeals & Van Cooten who have tunnel drilling contract. He submitted receipts all dated June 27, 1952 as follows:

11 days - supervision -	March	$169.18
one week "	April	100.00
4 days each May & June		123.04
		$392.22

In view of the fact that Beals & Van Cooten were paid $13,460.00 for advancing tunnel 400 feet in this same period, payment is disallowed until evidence of actual supervisory services performed is furnished. The matter was discussed with Mr. W. H. King, Executive Officer and this as well as other disallowances has his approval.

TOTAL DISALLOWANCE $1,628.82

IV. RECOMMENDATIONS

The audit certificate prefacing this report reflects the amount of the costs properly chargeable to this project through June 30, 1952.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

INTERIM AUDIT CERTIFICATE

I have examined the records and transactions of:

Leadville Lead Corporation
2812 E-6th Avenue
Denver, Colorado

pertaining to Exploration Contract Idm-E250, Docket No. 1463X, including amendments No. 1 to No. 9, covering a project for exploration of lead and zinc for the period of Februarylto October 31, 1952.

My examination was made in accordance with generally accepted standards applicable in the circumstances.

The audit disclosed the following facts in regard to the amount to be paid the contractor:

Total Cost as billed by Contractor	$55,943.56
Exceptions (per Audit Report)	2,385.95
Total Accepted Cost	$53,557.61

The contract calls for a 50 per cent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Twenty six thousand seven hundred seventy-eight and 80/100

-$26,778.80-

is valid and proper.

This certificate is issued on the provision that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

February 4, 1953

T. H. Brading
Auditor

I. INTRODUCTION

On January 7 to 9, 1953, a second interim audit (covering the period July 1 through October 31, 1952) was made of the records and accounts of operations pertaining to Contract No. Idm-E250, Docket No. DMEA 1463X, with the

Leadville Lead Corporation
2812 E-6th Avenue
Denver, Colorado

covering a project of exploration for lead and zinc. The records pertaining to this contract are in the office of the company, 2812 East 6th Avenue, Denver, Colorado. The project is located approximately 100 miles from Denver, Colorado, and is about 15 miles from Fairplay, in Park County, Colorado.

The contract is dated February 2, 1952, and at the present time two sub-contracts have been entered into and the following listed amendments have the approval of the Regional Executive Officer or the Administrator, DMEA, Washington.

No. 1 - dated March 12, 1952, effective Feb. 2, 1952
No. 2 - dated April 4, 1952 , effective Feb. 2, 1952
No. 3 - dated May 26, 1952, effective Feb. 2, 1952
No. 4 - dated May 26, 1952, effective Feb. 2, 1952
No. 5 - dated May 26, 1952, effective Feb. 2, 1952
No. 6 - dated May 26, 1952, effective Feb. 2, 1952
No. 7 - dated Aug. 15, 1952, effective Aug. 1, 1952
No. 8 - dated Oct. 16, 1952, effective Feb. 1, 1952
No. 9 - dated Oct. 9, 1952, effective Oct. 2, 1952

Sub-Contract, styled Tunnel Contract, dated March 19, 1952 between Operator and Duke Beals and William Van Cooten was approved by the Regional Executive Officer April 11, 1952. Sub-Contract for diamond core drilling, dated October 23, 1952 between the Operator and Eugene D. Bishop and Wallace A. Rogers was approved by the Regional Executive Officer December 4, 1952.

A previous audit covered the period from February 1, 1952 to June 30, 1952, while the present audit covered the period from July 1, 1952 to October 31, 1952.

During the course of the audit, the following officers and employees were consulted as required:

Mr. Ben L. Wright, Jr., Secretary
Mrs. Maurine Beck, Bookkeeper

II. GENERAL INFORMATION ON RECORDS

The original records covering the costs of this project are recorded on Monthly Work Sheets, which form the basis of the preparation of the Monthly MF-104 reports. As noted in the previous report, the records are in poor condition and no effort is made to segregate invoices and payroll records reflecting the costs of the project from invoices and charges assumed by the company direct. A cash journal and general ledger are maintained, however insofar as the audit is concerned, the only reference to the general ledger was to reconcile the amount shown in an account captioned "Dauntless Tunnel Account" with the total shown on Form MF-104. All costs except for depreciation are recorded on a cash basis.

III. SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety, and validity of the costs as shown on the "Totals to Date" column of MF-104, Operator's Monthly Report and Voucher for the month of October 1952. In view of the previous audit, covering the period from February 1, 1952 to June 30, 1952, except as otherwise indicated,

this audit was restricted to the costs claimed by the operator since that latter date. The extent of the audit and the findings under each of the "Items of Cost" follow:

(1) Independent Contracts:

Balance October 31, 1952	$28,165.00
Balance June 30, 1952	14,965.00
Expended July 1-Oct. 31, 1952	$13,200.00

Total advance of 400 feet for the period under review and covered by sub-contract dated March 17,1952 were paid for as follows:

July - 100 feet at $33.00'	$3,300.00
Aug. - 100 feet at $33.00'	3,300.00
Sept.- 100 feet at $33.00'	3,300.00
Oct. - 100 feet at $33.00'	3,300.00
Total	$13,200.00

The total costs as shown above are considered as properly chargeable to, and allowable under the sub-contract as approved by the Executive Officer.

(2) Labor and Supervision:

All charges for labor were checked against the amounts shown on the Monthly Work Sheets. Payrolls for the months of July through October, 1952 were checked in detail, all calculations verified, and cancelled checks for net amounts checked against the payroll.

Schedule A-1 attached shows details of disallowances made by the Finance Officer on October 1952 payrolls in the amount of $917.54, the correct disallowance and reinstatement of $10.04, or a net amount applicable to the October payroll of $907.50 which is approved. Additional disallowances of $262.00 applicable to the October payroll, as disclosed by the audit also are shown on Schedule A-1.

Payroll disallowances amounting to $327.25 in addition to the foregoing were revealed by the audit as follows:

P. K. Woodward--July salary paid Aug.2, 1952	$187.25
No explanation of work performed	
week ended Aug. 9	70.00
week ended Aug. 16	70.00
	$327.25

Buildings and Building Toilets-Repair----------
Not covered by contract

Total Disallowances:

By Finance Officer	$917.54	
By Audit	589.25	
Total	$1506.79	
Reinstated by audit	10.04	
	$1496.75	

Balance-October 31, 1952	$6090.36
Less Balance June 30, 1952	2308.66
Net Verified by Audit	$3781.70

The total as verified by audit is a proper and reasonable cost of operation for the period July 1-October 31, 1952.

Supervision:

No supervision was charged for the period under review.

Technical Services:

An analysis of charges under subject item for the period under review is presented herewith:

Balance-October 31, 1952	$5049.00
Balance-June 30, 1952	736.50
Charges for Period	$4312.50

H. C. W. Prommell-Consulting Geologist and Mining Engineer 67.26 days at $50.00	$3,363.00	
Hopkins, Junior Engineer-Assisting Prommell		
July-16 days at $350.00 per mo.	$186.67'	
Aug.-31 days at $350.00 " "	350.00	
Sept.-19 days at $350.00 " "	198.33	735.00
McNair-Special Survey		214.50
		$4,312.50

The figures shown on the preceding page are considered as proper charges to the project in line with contract and amendment No. 7.

During October, the Finance Officer disallowed $236.70-services of Mr. Prommell, as this amount is in excess of the total amount allowed for technical services for three stages of the contract.

In addition, a correction in payroll distribution transferring the following amounts from labor charge to technical services was made, as the person named was shown on the payroll records as "Assisting Prommell."

Richard Gheelbach:

week ended Aug. 2--------	$38.96
week ended Aug. 9--------	38.96
	$77.92

Inasmuch as after this transfer, the total amount allowable was exceeded by $77.92, this amount is disallowed.

Total amount Disallowances:

Finance Officer	$236.70	
During Audit	77.92	$314.62

(3) Operating Material and Supplies:

All invoices covering charges for Operating Materials and Supplies were inspected, and totals traced to Monthly Work Sheets. Cancelled checks covering payment of related invoices were examined. The Finance Officer made a disallowance, in the amount of $286.06 for supplies purchased which were not considered as being allowable under the contract. This disallowance is approved by the Auditor. In addition, the following disallowances were made during the audit: Ten dollars each month during July, September and October for cash deposit on gas and oil drums and $47.32 for gasoline charges in October that

are not considered as being properly chargeable to the project.

Total disallowances are:

By Finance Officer----------	$286.06
By Auditor----------	77.32
Total	$363.38

The audit disclosed that the costs under Materials and Supplies according to the terms of the contract are:

	Balance 10-31-52	Balance 6-30-52	Allowable Charge
Timber	$ 78.56	------	$ 78.56
Explosives	235.55	------	235.55
Pipe	1183.20	$979.20	204.00
Track	935.42	462.83	472.59
Miscell. Supplies	2053.74 *	674.87	1378.87
	$4486.47	$2116.90	$2369.57

* Principally small tools and gasoline and oil.

(4) Operating Equipment:-Rental

Rental of Bulldozer for 13 hours at $6.00 per hour, $78.00, used for snow removal while company equipment was being repaired is considered a reasonable and proper charge to the project.

Operating Equipment:-Depreciation

All charges for use of operating equipment were checked against the Monthly Work Sheets and the monthly rates specified in the contract. No records indicating the time company equipment was used on the project were maintained. The proper and allowable charges for usage of company equipment were as follows:

DEPRECIATION

Description	Rate per Month		Total
1- 7D Caterpillar	$76.00	Sept. & Oct.	$152.00
Dodge Power Wagon	51.00	July through Oct.	204.00
215 GD Compressor	81.00	July through Oct.	324.00
365 GD Compressor	116.00	July through Oct.	464.00
25 KW Diesel Generator	66.00	July through Oct.	264.00
12- 30 Cu' Side Dump Cars	65.00	July through Oct.	260.00
2 - Air Locomotives	60.00	July through Oct.	240.00
Canton Car Transfer	7.50	July through Oct.	30.00
20- Edison Camp Lamps	7.50	July through Oct.	30.00
1 - HP Deming Pump	6.00	July through Oct.	24.00
Cleveland Drill Jumbo	21.00	July through Oct.	84.00
2 - 6F 79 Air Drills	25.00	July through Oct.	100.00
GD Jack Hammer	6.00	July through Oct.	24.00
GD Mucking Machine	34.00	July through Oct.	136.00
#2 Roots High Pressure Blower	13.33	July through Oct.	53.32
DA 35 Drifter	10.83	July through Oct.	43.32
DE Caterpillar	83.33	October only	83.33
			$2515.97

The Finance Officer disallowed $.02 in October due to a mathematical error. Disallowance is approved.

(5) Initial Rehabilitation and Repairs:

Not applicable to this contract.

(6) New Buildings, Improvements, etc.:

Not applicable to this contract.

(7) Miscellaneous:

Repairs to Equipment:

All charges under subject caption were traced to Monthly Work Sheets. All invoices were inspected for propriety of charge and cancelled checks matched with related invoices. The proper and allowable charges for the period under review were found to be as follows:

Compressor ------	$108.82
Mucker----------	621.03
Caterpillar------	40.85
Power Wagon------	173.03
Trammer----------	189.67
Total	$1,133.40

Disallowances were made by the Finance Officer as follows:

Supplies- October----------$ 70.18
Not applicable to project, approved by audit

July-South Park Motor Co.---------- 55.47
not properly documented

September- South Park Motor Co.---- 293.93
not properly documented

These last two disallowances were accepted by the contractor, however, during the audit, invoices covering the above items were inspected. Should the contractor wish to reclaim these items, it will be necessary for him to file a supplementary claim.

Sampling and Analysis:

The entire amount claimed for sampling and analysis, $141.00, was disallowed by Finance Officer. The allowable maximum for technical services, sampling and analysis, and bookkeeping was reached during October.

Bookkeeping:

Invoices for $155.00 total amount charged for bookkeeping services since June 30, 1952, were inspected. The amount charged is considered to be an allowable and proper cost to the project.

Transportation:

Charges from recognized carriers in the amount of $92.80 make up the cost of transportation from July 1-October 31, 1952. This item is considered as an allowable charge to the project.

IV. CONCLUSIONS AND RECOMMENDATIONS

The totals as shown on MF-104A, are in agreement with those shown on MF-104.

Stage I of the contract provides for 900' of drifting at $45.00 per foot or a total of $40,500.00. MF-104A shows that 843' of drifting has been accomplished at a reported cost of $42,093.42 or an excess of $1593.42 with a shortage of 57' in drifting. Footnote on MF-104A for October states that the 900' of drifting has been completed of which 57' are entirely at the cost of the operator.

Amendment #5 provides that maintenance of the access road and of the Dauntless Tunnel are allowable costs of the project. This same amendment provides that the rehabilitation and repair of the Cato Crosscut and the Hilda Tunnel are allowable costs of the project. No definite sums are assigned to these portions of the project. To October 31, 1952, the MF-104A shows the following expenditures:

Stage II-Preparation ----------	$7,879.01
Roads and Trail Maintenance-----	4,141.12
Tunnel Maintenance ----------	1,830.01
	$13,850.14
Less Disallowances	2,488.99
Net	$11,361.15

According to the contract, Stage II allows the following amounts:

470' of raising at $40.00'--------	$18,800
3000' of Diamond Drilling at $7.00'	21,000
Equipment to be purchased	3,300
	$43,100

With a preparatory expenditure of $11,361.15, it would appear doubtful if the contractor can complete Stage II with the present funds allotted unless new economies are effected. In addition to the foregoing facts, the contractor has expended the total allowable for Engineering, Sampling and Office Expense at this time.

This audit has disclosed that all costs, as charged to the project with the exception of disallowances itemized under items (2) Labor and Technical Services, (3) Miscellaneous Supplies, (4) Operating Equipment, Depreciation, (7) Repairs to Equipment, and Sampling and Analysis, of the preceding section of this report, are reasonable and proper under the terms of the contract.

The adjustments between Items of Cost, as shown on the October MF-104, the recommended disallowances, and approved amounts, are summarized as follows:

	Totals Oct.31 MF-104	Corrected	DISALLOWED Finance Officer	DISALLOWED Audit	Reinstated	Accepted
(1)Independent Contracts:						
Drilling	$28165.00	$28165.00				$28165.00
(2)Labor & Supervision:						
Labor	7665.03	7587.11	$917.54	$589.25	$10.04	6090.36
Supervision	133.33	133.33				133.33
Technical Services	5285.70	5363.62	236.70	77.92		5049.00
(3)Operating Material & Supplies:						
Timber	78.56	78.56				78.56
Explosives	235.55	235.55				235.55
Pipe	1183.20	1183.20				1183.20
Track	935.42	935.42				935.42
Misc. Supplies	2417.12	2417.12	286.06	77.32		2053.74
(4)Operating Equipment:						
Rental	178.00	178.00				178.00
Depreciation	5633.54	5633.54	.02			5633.52
(7)Miscellaneous:						
Repairs to Equip.	3204.37	3204.37	70.18			3134.19
Sampling & Anal.	141.00	141.00	141.00			----
Bookkeeping	405.00	405.00				405.00
(8)Contingencies:						
Transportation	282.74	282.74				282.74
	$55943.56	$55943.56	$1651.50	$744.49	$10.04	$53557.61

At the conclusion of the audit, the findings were discussed with Mr. Ben L. Wright, Jr., Secretary.

February 4, 1953

T. H. Brading, Auditor

EXHIBIT B

The audit also disclosed that the status as of October 31, 1952 of the "Allowable Maximum" under this contract was as follows:

Engineering, Sampling and Office Expense, including all expenses in the preparation of reports as required by this contract, are allowable not in excess of the following:

For Stage I-Drifting------	$1602.00
For Stage II-Rasing ------	836.60
II-Diamond Drilling----	2250.00
Stage III----------	765.40
	$5454.00

TOTAL COSTS

Technical Services---------	$5049.00
Bookkeeping----------	405.00
	$5454.00

Available Balance---------- None

LEADVILLE LEAD CORPORATION
PAYROLL DISALLOWANCES-OCTOBER, 1952

SCHEDULE A-1

	TOTAL PAYROLL	TOTAL CLAIMED	DISAL-LOWED FINANCE OFFICER	CORRECT DISALLOW-ANCE	DIFFER-ENCE	NET ALLOWED	DISALLOW-ED BY AUDIT
WEEK ENDED OCT. 6							
C. E. Van Hoosen	$117.00	$117.00	$117.00	$117.00(1)	------	-----	--------
Ed Knisley	42.00	42.00	42.00	42.00(3)	------	-----	--------
Francis Blaney	56.00	56.00	56.00	56.00(3)	------	-----	--------
Ed Knisley	125.00	125.00	-----	125.00(2)	$125.00	-----	--------
Clarence Donaher	42.00	------	-----	------	------	-----	--------
John O'Malia	31.50	19.00	-----	19.00(3)	19.00	-----	--------
John O'Malia	30.00	30.00	-----	-----	-----	$ 30.00	$ 30.00(6)
William O'Malia	14.00	14.00	-----	-----	-----	14.00	------
William O'Malia	56.00	56.00	-----	-----	-----	56.00	56.00(6)
WEEK ENDED OCT. 11							
C. E. Van Hoosen	117.00	117.00	72.00	72.00(1)	-----	45.00	------
Ed Knisley	150.00	150.00	38.00	38.00(2)	-----	112.00	--------
Francis Blaney	100.00	100.00	30.00	30.00(2)	-----	70.00	-------
William O'Malia	48.00	48.00	-----	-----	------	48.00	48.00(6)
William O'Malia	5.25	5.25	5.25	5.25(4)	------	-----	-----
Jack Burton	48.00	48.00	-----	-----	------	48.00	48.00(6)
Jack Burton	5.25	5.25	5.25	5.25(4)	------	-----	-----
Clarence Donaher	61.25	-----	-----	-----	------	-----	-----
WEEK ENDED OCT. 18, 1952							
Charles Van Hoosen	45.00	45.00	45.00	45.00(1)	------	-----	-----
Ed Knisley	100.00	100.00	100.00	100.00(2)	------	-----	-----
Francis Blaney	90.00	90.00	90.00	90.00(2)	------	-----	-----
Clarence Donaher	63.00	63.00	-----	------	------	63.00	-----
Porter Kirkwood	64.75	64.75	-----	------	------	64.75	-----
W. L. Wells	150.00	-----	-----	------	------	-----	------

SCHEDULE A-1 (CON'T)

	TOTAL PAYROLL	TOTAL CLAIMED	DISAL-LOWED FINANCE OFFICER	CORRECT DISALLOW-ANCE	DIFFER-ENCE	NET ALLOWED	DISALLOW-ED BY AUDIT
WEEK ENDED OCT. 25, 1952							
Charles Van Hoosen	$117.00	$ 54.00	$ 99.00	$ 36.00	$(63.00)*	$ 18.00	-------
Ed Knisley	100.00	100.00	100.00	100.00(2)	----	------	-------
Francis Blaney	56.00	28.00	28.00	------	(28.00)*	28.00	-------
Porter Kirkwood	70.00	28.00	42.00	------	(42.00)*	28.00	-------
Wayne Rankin	91.04	70.00	21.04	------	(21.04)*	70.00	-------
John Burton	70.00	-----	-----	------	-------	----	-------
Clarence Donaher	56.00	56.00	-----	------	-------	56.00	-------
Duke Beals	117.00	117.00	27.00	27.00(5)	-------	90.00	-------
William O'Malia	56.00	56.00	-----	------	-------	56.00	
William O'Malia	40.00	40.00	-----	------	-------	40.00	$40.00(6)
Jack Burton	42.00	42.00	-----	------	-------	42.00	
Jack Burton	40.00	40.00	-----	------	-------	40.00	40.00(6)
	$2416.04	$1926.25	$917.54	$907.50	$(10.04)	$1018.75	$262.00

1 - Work on road in excess of that deemed necessary for project
2 - Contract work on Hilda Tunnel at rates not established in contract
3 - No discription of work performed
4 - Moving Building-Not project cost
5 - 40 Hours - Not 48 reported - 8 hours overtime disallowed
6 - Cutting Ice at $2.00' not covered in contract

* Disallowances made due to poor explanation on payroll. Corrected after conference with Mr. Wright who furnished additional acceptable explanation.

GOVERNMENT COPY

TERMINATION OF EXPLORATION PROJECT CONTRACT BY
AGREEMENT AFTER COMMENCEMENT BUT BEFORE COMPLETION OF THE WORK

It is agreed this 30th day of December, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government", and Leadville Lead Corporation, hereinafter called the "Operator", parties to that certain Exploration Project Contract No. Idm-E250, Docket No. DMEA 1463X, dated February 1, 1951, that the said contract shall be and is hereby terminated as of the first date above written.

Any work prosecuted or costs incurred by the Operator after the date first above written shall be for the sole account of the Operator, except for (a) such necessary and reasonable costs and expenses as may be incurred in preserving and disposing of any facilities, buildings, fixtures, equipment, or other items, to the cost of which the Government has contributed and in which the Government has an equity, and (b) the costs of any reports, accounts, and winding-up and settlement actions provided for in the contract.

The undersigned Operator hereby releases and agrees to save harmless the Government from all claims and demands under or arising out of said Exploration Project Contract, except as herein expressly otherwise provided.

Witness the following signatures as of the day and year first above written.

LEADVILLE LEAD CORPORATION

By Ben L. Wright, Jr.
Ben L. Wright, Jr., Secretary

UNITED STATES OF AMERICA

By W. H. King
W. H. King, Executive Officer
DMEA Field Team, Region IV

Seal

December 9, 1953

Mr. W. H. King
Executive Officer
DMEA, Field Team
Region 4
224 New Customs House
Denver, Colorado

Re: Docket No. DMEA 1463 - Lead-Zinc

Dear Mr. King:

Your letter of October 30, 1953 has been called to the attention of the Directors of Leadville Lead Corporation. On December 1, 1953 the Board of Directors instructed me to notify you that we desire to close up our contract by mutual agreement before the balance of the authorized work is completed.

We have obtained leases to uranium properties in Utah. These properties do have excellent possibilities. The possibility of getting into production and making a profit from production appears to be much greater on our Utah properties than the property upon which we have obtained a DMEA loan.

It appears to us that even if we undertake a core drilling program on our Lake and Park Counties properties that a huge amount of development work would still be necessary to develop the ores found by the drilling at current prices for lead and zinc. Considerable time and expense would be involved in developing the properties. We have heretofore moved our equipment and supplies from the area of the Dauntless Tunnel. We are using our machinery in Utah. The supplies and most of the items in which the government have participated have been stored in Fairplay. Some rail and pipe has been left in the Dauntless Tunnel.

Yours very truly,

LEADVILLE LEAD CORPORATION

By: Ben Lovejoy
Secretary

BL:d:rd

September 28, 1953

Mr. W. H. King, Executive Officer
DMEA Field Team
Region 4
224 New Customs House
Denver 2, Colorado

RE: Docket DMEA 1463X - contract IDM E250

Dear Mr. King:

Leadville Lead Corporation has heretofore requested that the term of its contract be extended. Our request set forth our reasons fordesiring that extension.

Among the reasons given was that core drilling from the surface is impractical during the winter months. Rather than have our machinery lie idle during the winter and spring we have attempted to obtain a lease on mining property which can be worked this year. We are presently negotiating for a lease on uranium properties in Utah.

We will wish to move the equipment to Utah as soon as the contract has been signed. It is possible that some of our supplies such as rail, pipe, batteries, explosives, and a few other items were allowed as expense under our contract with you. We would, therefore, like to negotiate a settlement on your interests in such items as were purchased partly with government funds so that there can be no question about our using this material on another project.

It is, of course, possible for us to store any items in which the government may have an interest. When operati were last suspended under the contract with you an invento was prepared. Copies of this inventory were sent to you.

When operations are recommenced under our contr with you we expect to have the core drilling done by a independent contractor who will furnish all of the ne

equipment except such road equipment as is found necessary and the equipment necessary to prepare the diamond drill sites.

We would appreciate a letter setting forth the appropriate steps for us to take to arrive at a suitable negotiated price to release the government's interest in our various supplies, etc.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY Ben L. Wright, Jr.
Secretary

BLWJr:lr

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
September 23, 1953

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 1403X, Contract Idm-E250 (Lead-zinc), Leadville Lead Corporation, Park County, Colorado - Request for extension of recess period and extension to the life of the contract

Transmitted herewith are the original and five copies of R. L. Bolmer's memorandum covering the above request.

The denial recommendation for extension of time has my approval and I believe there is sufficient justification, on three counts, for terminating the project.

J. A. Everett, for
W. M. Traver

cc: 5
E250
Chron

WMT/le

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
September 16, 1953

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: R. L. Bolmer

Subject: DMEA 1403X, Contract I6m-4250 (Lead-zinc), Leadville Lead Corporation, Park County, Colorado - Request for extension of recess period and extension to the life of the contract

The operator under the subject contract has requested, by letter dated August 25, 1953, that the presently authorized recess in operation be extended to July 15, 1954, and that the life of the contract be extended to November 1, 1954. The reason given for the request is the inability of the company to raise adequate funds to finance its share of the exploration program yet to be completed.

Operations under the contract were recessed March 14, 1953, principally because the company then was unable to finance its share of any further work. The company requested a 3-month recess in operations until June 15, 1953, hoping within such a period to sell sufficient stock to finance the remainder of the program. At the request of the company, the recess period was extended to August 15, 1953, and later to September 15, 1953. It now appears doubtful that the operator will be able to raise sufficient funds to complete the program even by July 15, 1954. It is not considered advisable to extend the program to such a date, even if the company eventually is able to finance its share of the cost.

At the close of operations in March of this year, the company had extended the Dauntless tunnel to the Last Chance-Hilltop fissure and had diamond drilled that fissure below the tunnel level in the favorable Manitou limestone and Peerless shale formations. The fissure was found to be unmineralized both on and below the tunnel horizon. To complete the program after the recess, the company requested some 2,500 feet of diamond drilling in certain unspecified surface areas which it considered most promising. To date, no specific details on the proposed drilling have been furnished by the company and consequently no official action has been taken on the request. While the general area indicated by the company for drilling is within a mineralized belt, the chances of discovering commercial ore bodies are not considered especially encouraging. The detailed geology of the area indicated for drilling has not been completed by the company's consulting engineer.

Upon recess of operations, approximately $71,000.00 of the authorized $102,000.00 contract amount had been spent. The Dauntless tunnel had been extended 843 feet at a unit cost of nearly $50.00 per foot and five holes aggregating 902 feet had been diamond drilled from the tunnel at a unit cost of $14.25 per foot. An additional $15,000.00 had been spent for maintenance and snow removal from the property's access road and for rehabilitation of certain upper workings for the purpose of geologic examination and possible drilling sites.

Operation of the exploration project was poorly managed and inefficient, and the costs experienced are considered very high, if not excessive. The project was handicapped somewhat by severe climatic conditions, its isolation, and a poor labor supply; however, the operation suffered primarily from a lack of experienced and competent management. Little or no supervision, technical or otherwise, was provided for the project. The equipment furnished by the company was old and worn out and generally unsatisfactory. Much time and expense was required in its repair and maintenance. It is felt that several, if not all, of the general provisions under Article 3 of the contract were violated.

It appears that the company is unable to provide its share of the money necessary to prosecute operations pursuant to the terms of the contract. It is considered that the company has failed to prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within the period specified in the contract and extended by Amendments 11, 12, and 13. Operations to date have not indicated the probability of making any worthwhile discovery and further operations are not considered justified.

An extension of the recess or an extension of the life of the contract is not recommended. Termination of this project

September 10, 1953

Memorandum

To: A. H. Koschmann G.H.K.

From: E. N. Harstman

Subject: DMEA Docket 1463X (Lead-zinc), Contract Idm-E250, Leadville Lead Corporation, Park County, Colorado

In a letter to W. H. King, dated August 25, 1953, Ben L. Wright Jr., Secretary, Leadville Lead Corporation, requests that the recess period of Contract Idm-E250 be extended to July 15, 1954, and the life of the contract be extended to November 1, 1954.

The ore potentialities of the Leadville Lead Corporation's properties in the Hilltop area, in spite of the rather extensive exploration accomplished under the contract, are still unknown. The Dauntless tunnel entered a porphyry sill at a point 1050 feet from the portal and remained in that rock to the present face, 2239 feet from the portal. The Hilltop fissure is exposed at a point 2169 feet from the portal; at this point it is barren. Two diamond drill holes explored the White (Manitou) limestone and Peerless shale, underlying the prophyry sill in which the tunnel was driven. Both holes explored these possible ore horizons on or close to the Hilltop fissure. No ore was found and it is concluded that, in this area at least, these horizons are not favorable loci for ore deposition.

The Leadville Lead Corporation proposes to expend the remaining funds under Contract Idm-E250 in exploring the Blue limestone by diamond drilling in the vicinity of the Last Chance, Hilda, Hilltop, and Upper Cato workings. Their detailed program has not been submitted for approval. Although the tentative program is considered high risk exploration, it may result in the discovery of lead-zinc deposits.

August 25, 1953

Mr. W. H. King, Chief,
Mining Division Corps,
Defense Minerals Exploration Administration
U. S. Bureau of Mines
224 Customhouse Building
Denver 2, Colorado

In re: Docket DMLA 1463X
Contract IDM-E250
Lead - Zinc
Leadville Lead Corporation

Dear Mr. King:

A few days ago I returned to you six copies of an amendment to our contract IDM-E250 extending the period of time in which activities on our property are to be resumed until September 15, 1953.

We have not yet succeeded in raising adequate funds to pay for our portion of the core drilling program contemplated under the contract. A real effort has been made to raise the necessary funds. We have at times felt certain that in the near future, they were forthcoming. It still appears that they will be obtained but not in time to permit us to set up a specific drilling program, obtain a contract with a core driller and undertake the other necessary steps before actual drilling is undertaken. The season in which core drilling can be done is rapidly drawing to a close. Since most of the drilling must be done from the surface it must be done before the winter weather begins.

We, therefore, request that the period in which operations are to be resumed be extended to July 15, 1954, and that the life of the contract be extended to November 1, 1954.

Very truly yours,

LEADVILLE LEAD CORPORATION

BY: Ben L Wright, Jr
Secretary

BLWJr:rd

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 20 1953

No. 13

AMENDMENT OF CONTRACT: No. Idm-E250

Contract Docket No. DMEA 1463X, dated February 1, 1952, between the United States of America and Leadville Lead Corporation is hereby amended as follows, effective August 15, 1953:

> Referring to Amendment No. 12, dated June 23, 1953, which amended Amendment No. 11, dated May 6, 1953, further referring to Amendment No. 12, item "(a)", change the date of August 15, 1953 to read "September 15, 1953".

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 13 of the contract form.

Dated AUG 14 1953

LEADVILLE LEAD CORPORATION

By Ben L. Wright, Jr.
Ben L. Wright, Jr., Secretary

UNITED STATES OF AMERICA

By W. H. King
W.H. King, Executive Officer,
DMEA Field Team, Region IV

Seal

TELETYPE

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W H King
Executive Officer, DMEA Field Team, Region IV

Reurtt Docket 1463, Leadville Lead Corporation, Contract IDM-E250. We approve extension of recess period from August 15 to September 15, 1953 and authorize you to prepare necessary amendment, but continued requests by an operator for recesses should be substantiated.

George C. Selfridge
Chairman, Operating Committee

COPY

LEADVILLE LEAD CORPORATION
500 Ernest & Cranmer Building
Denver, Colorado

July 30, 1953

Mr. W.H. King, Chief,
Mining Division Corps
Defense Minerals Exploration Administration
U. S. Bureau of Mines
224 New Customhouse Building
Denver 2, Colorado

Re: Docket DMEA 1463x
Lead-Zinc
Leadville Lead
Corporation

Dear Mr. King:

To date Leadville Lead Corporation has received no reply on its request that it be permitted to undertake diamond drilling on a price per foot. We believe that this amendment would assist us in obtaining funds for the core drilling program.

It now appears that we may not have our finances sufficiently in hand to commence the core drilling program by the 15th day of August. We do not intend to enter negotiations for a diamond drilling contract until the funds are available. In view of the fact that it would take some time to obtain approval of our program even after the contract is entered into we, therefore, respectfully request that the time in which we are to recommence operations be extended to September 30, 1953.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY: /s/ Ben L. Wright, Jr.
Secretary.

BLWJ:rd

No. 12

AMENDMENT OF CONTRACT: No. Idm-E250

Contract Docket No. DMEA-1463X, dated February 1, 1952, between the United States of America and Leadville Lead Corporation is hereby amended as follows, effective June 15, 1953:

> Referring to Amendment No. 11, dated May 6, 1953, further referring to said Amendment No. 11, third paragraph, item "(a)" change the date of "June 15, 1953" to read "August 15, 1953".

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 13 of the contract form.

Dated June 23, 1953

LEADVILLE LEAD CORPORATION

By Ben L. Wright, Jr.
Ben L. Wright, Jr.
Secretary

UNITED STATES OF AMERICA

By W. H. King
W.H. King, Executive Officer,
DMEA Field Team, Region IV

Seal

No. 11

AMENDMENT OF CONTRACT: No. Idm-E250

Contract Docket No. DMEA 1463X, dated February 1, 1953, between the United States of America and Leadville Lead Corporation is hereby amended as follows, effective March 1, 1953:

Referring to article "3. Exploration Project" of Exploration Project Contract Form MF-200, delete "eighteen (18) months" and in lieu thereof substitute "twenty-four (24) months".

Referring to Amendment No. 10 to Exploration Project Contract Idm-E250, paragraph "(3)", in the statement: "for the nine month period November 1, 1952 to August 1, 1953", delete "nine month" and in lieu thereof substitute "fifteen month", delete "August 1, 1953" and in lieu thereof substitute "February 1, 1954".

Further reference is made to Exploration Project Contract Idm-E250 and operations thereunder. The Leadville Lead Corporation deemed it to be in the best interests of the Exploration Project to recess operations on or about March 14, 1953. In being granted authority for said recess the Leadville Lead Corporation agrees as follows: (a) Operations under Contract Idm-E250 are to be resumed on or before June 15, 1953; (b) During the period of recession of operations the Leadville Lead Corporation shall preserve and protect any equipment or other property in which the Government has an interest to the best interests of the parties concerned, without cost to the DMEA Exploration Project; (c) The Leadville Lead Corporation hereby releases and agrees to save harmless the Government from all claims and demands arising out of conditions or circumstances that may develop at the site of the Exploration Project during the period of said recess of operations.

Payment of the operator's claim for reimbursement under the terms of the contract will be withheld for the period prior to the recess of operations and until the first month's report is received after resumption of operations.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 13 of the contract form.

Dated May 6, 1953

LEADVILLE LEAD CORPORATION

By Ben L. Wright Jr.

Seal

UNITED STATES OF AMERICA

By W. H. King

W.H. King, Executive Officer
DMEA Field Team, Region IV

April 14, 1953

Return to June 15
" " Aug 15 —
by telegram in
telegram June 14 —

Mr. W. H. King, Executive Officer
LMEA Field Team, Region 4
222 New Customs House
Denver, Colorado

In re: Docket LMA 1463X - ILM E-250

Dear Sir:

On or about March 14, 1953, we closed our project down. The weather was such that surface drilling was impractical. This condition will continue until on about June 1, 1953 at the earliest. The project will be reopened on or before June 15, 1953.

The underground drilling from the Dauntless Tunnel was completed and our contract with Wallace Rogers and Eugene Bishop for drilling from the Dauntless Tunnel was fulfilled. During the first two weeks of March, steps were taken to protect our property and the property in which the LMEA has an interest. From March 14 until the project is reopened W. E. VanCooten has been retained by the Corporation at its expense to protect and preserve the property.

Leadville Lead Corporation requests that the term in which the project is to be completed be extended from eighteen to twenty-four months. The remainder of the core drilling cannot be undertaken until spring and our experience shows that additional time will be required to complete the project.

We will, of course, notify you when the project is recommenced.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY: Ben Zeeright Jr
Secretary.

BLWJ:rd

Government's Copy

LEADVILLE LEAD CORPORATION
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-1463X

AMENDMENT NO. 10

It is agreed this 12th day of February, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Leadville Lead Corporation, each acting in consideration of the agreement of the other to the terms hereinafter set forth that Exploration Project Contract Idm-E250, Docket No. DMEA-1463X, dated February 1, 1952, between the parties hereto be modified and amended as of November 1, 1952, as follows:

(1) in paragraph 13 change the figures $50,400 and $100,800 to $51,300 and $102,600 respectively.

(2) on page 2 of Exhibit "A", change the total estimate of the project from $100,800 to $102,600 and insert as a footnote the following:

"Effective November 1, 1952, the Estimated Costs were increased from $100,800 to $102,600 to defray additional costs in Stages II and III of engineering, sampling, analysis and bookkeeping."

(3) The sum provided in the second paragraph of page 5 of Exhibit "A" for engineering, sampling and office expense having been disbursed prior to November 1, 1952, additional expenses for engineering, sampling, analysis, and office expenses, including all those incurred in the preparation of reports and otherwise required by the contract, shall be allowed in amounts not in excess of the following for the nine month period November 1, 1952 to August 1, 1953, regardless of the rate of pay permitted for these services by Amendment No. 4 dated May 26, 1952:

For engineering-sampling and analysis-$150 per month, a maximum of $1,350; for office expenses-$50 a month, a maximum of $450."

LEADVILLE LEAD CORPORATION

By Ben Fleright Jr.

UNITED STATES OF AMERICA

By C P Mitchendorf
Administrator, Defense
Minerals Exploration
Administration

Government Copy
Lead-Zinc

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

1243 New Customhouse
Denver 2, Colorado

February 4, 1953

Leadville Lead Corporation
500 Ernest and Cranmer Building
Denver 2, Colorado

Re: Docket DMEA 1463X
Contract Idm-E250

Gentlemen:

The Amendment dated January 23, 1953, to the Contract For Drilling on the Leadville Lead Corporation Property, Fairplay, Colorado, dated October 23, 1952, between the Leadville Lead Corporation and Eugene D. Bishop and Wallace A. Rogers for performance of the following work: Diamond core drilling in the Dauntless tunnel, which is a part of the work described in an Exploration Project Contract dated February 1, 1952, No. Idm-E250, Docket No. DMEA 1463X, is hereby approved by the United States of America, subject to the following terms and conditions:

1. The Government shall not be nor be considered to be a party to said independent contract, as amended, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of said independent contract, as amended.

2. Regardless of the provisions of said independent contract, as amended, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract, as amended, to be reasonable and necessary.

3. The said independent contract, as amended, shall not have the effect of increasing the estimated total cost of the exploration project contract or the maximum amount which the Government will pay as provided in the exploration project contract.

4. The Government will not participate in costs incurred under the provisions of the last paragraph of said Amendment which is quoted as follows: "In the event the Sawatch Quartzite is drilled into and new bits used therein cut less than 75 feet before wearing out, the cost of the bits so worn out will be split 50% to Customer and 50% to Contractors".

Dated February 5, 1953.

UNITED STATES OF AMERICA

By W. H. King
Executive Officer, DMEA
Field Team, Region IV

accepted
3/19/53
Hoffland

AMENDMENT TO CONTRACT FOR DRILLING ON THE LEADVILLE LEAD CORPORATION PROPERTY, FAIRPLAY, COLORADO, DATED THE 23rd DAY OF OCTOBER, 1952

Acticles of Service, Estimated Quantity and Unit Price appearing on page 3 of said contract is hereby amended to read as follows:

Articles of Service	Estimated Quantity	Unit Price
Drilling with AX Bit	1,000 ft.	$4.75 per foot
Drilling with EX Bit (EX Drilling shall be in lieu of AX Drilling)		$4.50 per foot
Cementing Operations (Not including price of Cement) Including time necessary for mixing, pouring, inducing cement into hole, waiting for cement to set		$5.00 per hour
Drilling out Cement		$5.00 per hour
Reaming EX to AX size hole		$2.50 per foot
Reaming AX to BX size hole		$2.75 per foot
Delay time for all water, air, cutting stations, and installing casing		$5.00 per hour.

Whenever the units of work performed under this contract have totaled the minimum amount guaranteed in this contract, operations with respect to any or all of the items which the Customer may require in excess of the guaranteed minimum shall be performed at a reduction in the various unit prices set forth above of 2% provided the Contractors have not shown a loss on the above drilling.

Wallace A. Rogers shall conduct the drilling operations.

In the event the Sawatch Quartsite is drilled into and new bits used therein cut less than 75 feet before wearing out, the cost of the bits so worn out will be split 50% to Customer and 50% to Contractors.

Executed this Amendment on this 23rd day of January, 1953.

LEADVILLE LEAD CORPORATION

BY: Ken Kleningat, Jr
Secretary

CONTRACTORS:

Wallace A. Rogers
Wallace A. Rogers

Eugene D. Bishopp

No. 9

AMENDMENT OF CONTRACT: No. Idm-E250

Contract Docket No. DMEA 1463X, dated February 1, 1952, between the United States of America and Leadville Lead Corporation is hereby amended as follows, effective October 2, 1952:

> Referring to EXHIBIT "A" attached to Exploration Project Contract Form MF-200, caption "Estimated Cost of the Project", heading "Operating Equipment", subheading "To be furnished by the Operator", add the following:
>
> > 1 - D-2 Caterpillar with traxcavator, value $5000.00, allowable monthly depreciation rate $83.33.
>
> Referring to the same Exhibit, same caption, same heading, subheading "To be purchased:", add the following:
>
> > 3 - Wet cell batteries, estimated cost each $96.00.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated October 29 1952.

Leadville Lead Corporation

By Ben Zeiright, Jr.

United States of America

By W. H. King
Executive Officer, DMEA
Field Team, Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Room 137, Building 20
Denver Federal Center
Denver 14, Colorado
October 2, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Colorado Branch, Mining Division, Region IV

Subject: DMA 1463X, Contract Idm-E250 (Lead-Zinc), Leadville Lead Corporation, Park County, Colorado - Proposed amendments to contract

Please find enclosed the original and five copies of R. L. Bolmer's memorandum on the subject request for a contract amendment.

Bolmer recommends both of the contractor's requests for amendments:

(1) Purchase of three starting batteries at $96.00 each for depreciation equipment

(2) Inclusion of depreciation charge for a traxcavator valued at $5,000.00

I approve his recommendations, emphasizing the limitation to $83.33 of the monthly depreciation charge for the traxcavator.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

WMT/amh

cc 5
E250
DMEA Chron.

[redacted]

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Room 137, Building 20
Denver Federal Center
Denver 14, Colorado
October 2, 1982

Memorandum

To: Chief, Colorado Branch, Mining Division, Region IV

From: R. L. Bolmer

Subject: DMA 1463X, Contract Idm-H250 (Lead-Zinc), Leadville Lead Corporation, Park County, Colorado - Proposed amendment to contract

The operator under the subject contract has requested permission to charge against the project (1) the purchase price, approximately $96.00 each, of three batteries for the starting engines to a large and a small compressor and (2) depreciation over a 60-month period of a Caterpillar D2 traxcavator valued at $5,000.00.

The replacement cost of batteries used for starting the diesel-powered compressors is considered a normal cost of operation and an amendment to the contract permitting such a purchase is recommended.

The traxcavator, which the operator recently has put in operating condition, would be useful to the project. It is recommended that depreciation be allowed by amendment to the contract at a monthly rate of $83.33 for the periods such equipment is used for the benefit of the project.

R. L. Bolmer

R. L. Bolmer
Mining Engineer

RLB/ash
cc 5
H250
DMA Chron.

September 29, 1952

Mr. W. H. King, Executive Officer
Field Team, Region 4
Defense Minerals Administration
Bureau of Mines
New Customs House
Denver, Colorado

In re: Docket DMA 1463X
IDM-B 250

Dear Sir:

On July 2, 1948, Leadville Lead Corporation purchased from McCoy Company one caterpillar D-2 tractor, Series 5U744 complete with traxcavator at a cost of $6500.

When our contract went into effect this traxcavator was in storage in Denver and in need of repairs. The traxcavator has been taken to the property and repairs in the estimated amount of $1200 are being made on it to put it into operating condition.

This machine has a great many uses. It will be used to facilitate and expedite the opening of the Hilda Tunnel. It will be used on the road and dump. It will be used for hauling supplies when the winter is bad, and it will perform other tasks of varied natures. Leadville Lead Corporation desires to charge depreciation of this machinery as an allowable cost of the project. We would like to depreciate this machine over a sixty month period on a basis of $5000 value.

We need three new batteries. These batteries cost approximately $96.00 each. Two are required for the large compressor and one is required for the small compressor and one is required for the generator. The batteries on hand will do the job of one new battery.

We, therefore, wish to purchase three new batteries as allowable cost of the project.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY: Ben Lovright, Jr
Secretary.

Government's Copy

E-250

AMENDMENT NO. 8

Contract Docket No. DMEA-1463, dated February 1, 1952, between the United States of America and Leadville Lead Corporation, is amended, effective February 1, 1952, as follows:

The first paragraph on page numbered 3 of Exhibit "A", is deleted.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 13 of the contract form.

Dated October 16, 1952.

THE UNITED STATES OF AMERICA

By C. Mitteudorf
Administrator, Defense Minerals Exploration Administration

LEADVILLE LEAD CORPORATION

By Ben L. Wright, Jr.

No. 7
Government Copy
Leadville

AMENDMENT OF CONTRACT: No. Idm-E250

Contract Docket No. DMEA 1463X, dated February 1, 1952, between the United States of America and Leadville Lead Corporation is hereby amended as follows, effective August 1, 1952:

Referring to "EXHIBIT A" attached to Exploration Project Contract Form MF-200, Caption "Statement of the Work" add the following to the second paragraph:

In Exception to the foregoing, the Engineering and Geologic work, that is a preliminary requisite to enable formulation of plans for stage II and III work, may be performed at the most advantageous time, prior to completion of Stage I work.

Referring to the said "EXHIBIT A," caption "Estimated Cost of the Project," heading "Operating Equipment," subheading "To be furnished by the Operator," add the following:

1-Ingersoll-Rand drifting drill, value $650.00, monthly depreciation rate $10.83.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 13 of the contract form.

Dated August 15, 1952

LEADVILLE LEAD CORPORATION

By Ben L. Wright, Jr.

UNITED STATES OF AMERICA

By W. B. King
Executive Officer - DMEA

No. 6

AMENDMENT OF CONTRACT: No. Idm-E250

Contract Docket No. DMEA 1463X, dated February 1, 1952, between the United States of America and Leadville Lead Corporation is hereby amended as follows, effective April 1, 1952:

> Referring to EXHIBIT "A" attached to Exploration Project Contract Form MF-200, under caption "Operating Equipment", subheading "To be rented", delete the word "None" and in lieu thereof substitute the following:
>
> "1 - Tractor-Bulldozer, for use when the Company-owned 7 D Caterpillar is being repaired and not available for required use. Rental limited to a maximum of $400.00."
>
> Further referring to said Exhibit, same caption, under subheading "To be furnished by the operator", add the following:
>
> 1 - No. 2 Roots Blower, complete with motor and motor starter, value $800.00; Depreciation allowance per month $13.33. Depreciation is allowable only on one or the other of the Roots Blower or the Buffalo Blower.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 13 of the contract form.

Dated May 26, 1952.

LEADVILLE LEAD CORPORATION

By Ben Lovright, Jr.
Secretary

UNITED STATES OF AMERICA

By [illegible]
Executive Officer - DMEA

No. 5

AMENDMENT OF CONTRACT: No. Idm-E250

Contract Docket No. DMEA 1463X, dated February 1, 1952, between the United States of America and Leadville Lead Corporation is hereby amended as follows, effective as of the date of said contract:

> Referring to EXHIBIT "A" attached to Exploration Project Contract Form MF-200, under title Statement of the Work, after the second paragraph add the following:
>
> "Necessary maintenance of the access road to the Project is an allowable cost of the Project."
>
> Further referring to said Exhibit, same title, subheading "Stage I", add the following:
>
> "Maintenance of the Dauntless Tunnel, exclusive of work covered by any subcontract agreement, is an allowable cost of the Project."
>
> Further referring to said Exhibit, same title, subheading "Stage II", add the following:
>
> "Rehabilitation and Repair of the Cato crosscut and the Hilda tunnel, to make same accessible and safe for other work under Stage II, is a necessary and allowable cost of the Project. Authority is hereby granted to perform the above work."

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 13 of the contract form.

Dated May 26, 1952.

LEADVILLE LEAD CORPORATION

By Ben Florright, Jr.
Secretary

UNITED STATES OF AMERICA

By W. H. Kenney
Executive Officer - DMEA

No. 4

AMENDMENT OF CONTRACT: No. Idm-E250

Contract Docket DMEA 1463X, dated February 1, 1952, between the United States of America and Leadville Lead Corporation is hereby amended as follows, effective as of the date of said contract:

Referring to EXHIBIT "A" attached to Exploration Project Contract Form MF-200, under caption "Labor and Supervision" add the following:

1 - Bulldozer Operator	$2.25 per hour base pay rate
1 - Geologist-Engineer (Part time)	$50.00 per day pay rate
1 - Engineer (Part time)	$50.00 per day pay rate
2 - Engineer-Assistants, or Surveyors (Part time)	$25.00 per day pay rate
1 - Bookkeeper, or charge for bookkeeping not to exceed -	$50.00 per month

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 13 of the contract form.

Dated May 26, 1952.

LEADVILLE LEAD CORPORATION

By Ben L. Wright, Jr.
Secretary

UNITED STATES OF AMERICA

By W. F. Tracy
Executive Officer - DMEA

No, 3

AMENDMENT OF CONTRACT: No. Idm-E250

Contract Docket No. DMEA 1463X, dated February 1, 1952, between the United States of America and Leadville Lead Corporation is hereby amended as follows, effective February 2, 1952:

> Referring to Amendment No. 1 dated March 12, 1952, which amended Exhibit "A", attached to Exploration Project Contract Form MF-200, pertaining to matter under the title "Labor and Supervision", void said Amendment in entirety.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 13 of the contract form.

Dated May 26, 1952.

LEADVILLE LEAD CORPORATION

By Ben Flowright, Jr.
Secretary

UNITED STATES OF AMERICA

By C. N. Kemp
Executive Officer - DMEA

AMENDMENT OF CONTRACT: No. Idm-E250

Contract Docket No. DMEA 1463X, dated February 1, 1952, between the United States of America and Leadville Lead Corporation is hereby amended as follows, effective February 15, 1952:

> Referring to "Exhibit A" attached to Exploration Project Contract Form MF-200 under the title "Estimated Cost of the Project", subtitle "To be furnished by the Operator", add the following:
>
> 1 Studebaker M-29 Weasel, Value $1300.00, depreciation allowance per month, $54.16.
>
> The above depreciation is allowable for months during which the item is used for the benefit of the project.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 13 of the contract form.

Dated April 4, 1952.

LEADVILLE LEAD CORPORATION

By Ben L. Wright, Jr.
Secretary

UNITED STATES OF AMERICA

By [illegible]
Executive Officer - DMA

AMENDMENT OF CONTRACT No. IDR-4520

Contract Docket No. MCDA 14023, dated February 1, 1952, between the United States of America and Jacksville Lead Corporation is hereby amended as follows, effective February 13, 1952:

Referring to "Article 1" entered to Implementation Project Contract Form IT-300 under the title "Estimated Cost of the Project", substitute "To be furnished by the Operator", and the following:

1 Stackdeker U-29 Vessel, Value $1320.00, depreciation allowance per month, $34.15.

The above depreciation is allowable for months during which the item is used for the benefit of the project.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 13 of the contract form.

Dated April 4, 1952.

INDUSTRIAL FUEL CORPORATION

By _____

UNITED STATES OF AMERICA

By _____
Executive Officer - DIA

Contracts & Audit Copy

No. 1

AMENDMENT OF CONTRACT: No. Idm-L250

Contract Docket No. DMEA 1463X, dated February 1, 1952, between the United States of America and Leadville Lead Corporation is hereby amended as follows, effective February 2, 1952:

> Referring to Exhibit "A" attached to Exploration Project Contract Form MF-200 under the title Labor and Supervision add the following:
>
> | | |
> |---|---|
> | 1 Engineer | $50.00 per day |
> | 1 Bookkeeper | $50.00 per month |

This amendment shall not be construed to increase the maximum amount of $1,602.00 which is allowable for engineering, sampling, and office expense, including all expense in the preparation of reports for Stage I of the contract.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 13 of the contract form.

Dated March 12, [illegible], 1952.

LEADVILLE LEAD CORPORATION

By Ben L Wright, Jr.
Secretary

UNITED STATES OF AMERICA

By [illegible]
Executive Officer - DMA

APPROVAL OF SUBCONTRACT GOVERNMENT COPY

To: Leadville Lead Corporation

That certain contract, six copies of which you have submitted with your request for approval, dated October 23, 1952, betwen you and Eugene D. Bishop and Wallace A. Rogers for the performance of the following work: Diamond core drilling in the Dauntless Tunnel, which is all or a specific element of the work described in an Exploration Project Contract dated February 1, 1952, Idm-E250, Docket No. DMEA 1463X, is hereby approved by the United States of America, subject to the following terms and conditions:

1. The Government shall not be nor be considered to be a party to said independent contract, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of said independent contract.

2. Regardless of the provisions of said independent contract, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable and necessary.

3. The said independent contract shall not have the effect of increasing the estimated total cost of the exploration project contract or the maximum amount which the Government will pay as provided in the exploration project contract.

4. The Government will not participate in costs incurred under the provisions of the following paragraph which is found on Page 3 of said contract between the Leadville Lead Corporation and Eugene D. Bishop: "In the event the Sawatch Quartzite is drilled into and new bits used therein cut less than 75 feet before wearing out the cost of the bits so worn out will be split 50% to customer and 50% to contractor."

5.(a) Cores and sludges shall be split and one half properly stored and retained for use of the Defense Minerals Exploration Administration.

(b) At the completion of each hole, 5 copies of the drill hole log shall be furnished the DMEA and be certified as correct by the drilling contractor.

Dated: December 4, 1952

THE UNITED STATES OF AMERICA

By W. H. King
W. H. King
Executive Officer
Field Team, Region IV

CONTRACT FOR DRILLING ON THE
LEADVILLE LEAD CORPORATION PROPERTY
FAIRPLAY, COLORADO

Accompanying this Contract are "Specifications for Drilling" and bid form with schedule of unit prices attached. It is estimated that performance by the Contractor of the minimum amount of work guaranteed in the specifications will be accomplished by the performance of the units of work set forth in the column "Estimated Quantity" in the schedule.

This drilling will be done for Leadville Lead Corporation at its property located in the Horseshoe Mining District, Park County, Colorado, same being called the "Customer" in this contract, and the said drilling program being contracted by EUGENE D. BISHOPP and WALLACE A. ROGERS of Salida, Colorado.

CONTRACTORS' EQUIPMENT AND SERVICES: The Contractors' equipment shall be such as is necessary and proper to perform the work specified, and shall include the following:

Drill capable of drilling AX holes for a depth of a minimum of 600 feet;

The Contractors' services and the expenses which they must bear, except as otherwise provided in this contract, include the following:

A. All labor, machinery, tools, pipe, casing, equipment, materials, cement, and supplies necessary and proper to do and perform everything provided in this contract.

B. The delivery of cores, sludge, and cuttings to the Customer at the drill site into containers furnished by the Customer.

C. Transportation of drilling equipment to and from the project.

D. Installation and setting of standpipe to accommodate continued drilling. However, Customer shall pay for depth of necessary BX hole for such purposes and resulting BX core at the rate of $5.25 per foot up to a maximum of five feet for each hole drilled.

All pipe and casing and standpipe shall remain the property of the Contractors who may pull and salvage the same upon completion of the work, or with the written consent of the Customer's resident engineer, or the contracting officer, prior thereto, unless the resident engineer or the contracting officer directs that any or all of the pipe or casing be left in the hole, in which event the title to all pipe and casing thus passing to the Customer shall be paid for by the Customer provided by the Contractors in this document. Contractors shall provide duplicate invoices of all such pipe and casing.

CUSTOMER'S EQUIPMENT AND SERVICES: The Customer will furnish boxes required for holding the cores and receptacles for collecting and settling sludges, but no other equipment.

The Customer will cut drill stations, furnish air, and water to the drill station.

Any delay time, for which the Customer is responsible, will be charged to the Customer, including air, water and drill station delays.

The Contractors will not give any information regarding the results of the drilling to any third party.

The Contractor shall keep accurate records of drilling operations, and shall furnish the Customer with a daily log showing the inclination of holes, footage drilled, hours worked, nature of rock penetrated, feet and size of casing placed during each shift, feet of holes cemented or sealed, and pertinent information regarding the condition of each hole.

Any delay time for cementing holes or running casing is chargeable to the Customer.

All casing not recovered from holes chargeable to the Customer at cost price.

All work shall be performed with the understanding that the objective is to secure accurate samples of the formation penetrated, and shall be directed to this end. Core barrels of the double tube or ball bearing double tube as designed by the Customer shall be used. When approaching or drilling in material which it is desired to sample, the Contractors shall use a core barrel five feet long if instructed to do so by the Customer. Cores shall be placed by the Contractors in proper sequence in core boxes provided by the Customer. Water return and sludge or cuttings shall all be discharged into receptacles provided by the Customer, as directed by the Customer or the Customer's engineer. The Contractors shall make every effort to secure the highest recovery of core and sludge commensurate with good practice.

No grinding or core will be permitted. Whenever the core block occurs the rods shall be pulled regardless of length of run. When drilling in materials which it is desired to sample, upon completion of run, water shall be pumped down the hole until the return water is clear before drilling is resumed. Water shall not be circulated again through the hole until completely clear of sediment.

When in ore, and when instructed to do so by the Customer, the Contractors shall block the core and pull the rods at intervals of five feet or less, provided the formation is such that this can be done.

PAYMENTS TO CONTRACTORS: The Contractors shall properly certify and present invoices or vouchers, either upon the completion of each hole, or monthly for holes completed, during the preceding month, showing the footage drilled, and all other work which payment is claimed and the amount due. Upon the completion and acceptance of all work required under this contract, a balance then due the Contractors will be paid upon the presentation of a properly executed and duly certified voucher.

Articles of Service	Estimated Quantity	Unit Price
Drilling with AX Bit	1,000 ft.	$4.75 per foot
Drilling with EX Bit (EX Drilling shall be in lieu of AX Drilling)		$4.50 per foot
Cementing Operations (Not including price of Cement)		$5.00 per hour
Time necessary for mixing, pouring, inducing cement into hole, waiting for cement to set		$5.00 per hour
Drilling out Cement		$5.00 per hour
Reaming EX to AX size hole		$2.50 per foot
Reaming AX to BX size hole		$2.75 per foot
Delay time for all water, air, cutting stations, including cementing, and installing casing		$5.00 per hour.

Whenever the units of work performed under this contract have totaled the minimum amount guaranteed in this contract, operations with respect to any or all of the items which the Customer may require in excess of the guaranteed minimum shall be performed at a reduction in the various unit prices set forth above of 2% provided the Contractors have not shown a loss on the above drilling.

Wallace A. Rogers shall conduct the drilling operations.

In the event the Sawatch Quartsite is drilled into and new bits used therein cut less than 75 feet before wearing out, the cost of the bits so worn out will be split 50% to Customer and 50% to Contractors.

CONTRACT FOR DRILLING OPERATIONS

THIS CONTRACT entered into this 23rd day of October, 1952, by LEADVILLE LEAD CORPORATION, herein called the "Customer", and EUGENE D. BISHOPP and WALLACE ROGERS, called the "Contractors"

WITNESSETH THAT,

The parties hereto do mutually agree as follows:

ARTICLE I.

Statement of the work. The Contractors, except as otherwise provided in the contract, shall do and perform drilling and other operations described in the specifications, for a money consideration which will actually be determined and paid according to the operations performed and at unit prices set forth in the schedule of unit prices in strict accordance with said specifications and schedule which are attached hereto and are made a part of this contract.

ARTICLE II.

Payments to the Contractors and Superintendence by Contractors. Payments to the Contractors shall be made as provided in the specifications and the schedule of unit prices. The Contractors shall give their personal superintendence to the work, or have competent foremen or superintendents, satisfactory to the contracting officer, or Customer, on the work at all times during progress, with authority to act for the Contractors.

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the 23rd day of October, 1952.

LEADVILLE LEAD CORPORATION

BY: Ben Lovright.
Secretary.

WITNESSES:

_____

_____

CONTRACTORS:

WMR By Eugene D. Bishopp
Eugene D. Bishopp

Wallace A. Rogers
Wallace A. Rogers.

SPECIFICATIONS FOR CORE DRILLING

LEADVILLE LEAD CORPORATION, 2812 East Sixth Avenue, Denver, Colorado.

1. Purpose. The purpose of this contract is to obtain for the Customer, AX or EX cores, together with the sludge and cuttings produced in drilling from the ore deposits and rock formation of the above described project.

2. Description of work. The Customer guarantees to the Contractors units of work set forth in the schedule of unit prices sufficient to result in payments for a minimum of 1,000 feet drilled.

3. Commencement, Prosecution, Completion. The Contractors shall commence actual drilling operations with all equipment and crews required at the site of the work within five (5) days after receipt of official notice to proceed.

The Contractors shall at all times prosecute the work diligently, and continuously as herein provided, and in a workman-like-manner.

The Contractors shall maintain in operation one drill, not less than one shift or two eight hour shifts as preferred by the Customer, per drill day, six days per week, except for days in which a national holiday may occur, in which event the work week may be reduced by that day.

4. All holes shall be drilled to the satisfaction of the Customer at stations selected by the Customer, and drilled in the direction and to the depth designated by Customer. Cores shall be of AX size unless it is necessary or advisable to reduce the size to EX because of conditions encountered in drilling.

Government Copy

DMEA 1463X
Contract No. Idm-E250
Lead, Zinc

Tunnel Contract, dated March 19, 1952, between Leadville Lead Corporation, Party of the First Part, and Duke Beals and William Van Cooten, Parties of the Second Part, for carrying out certain specified work under the provisions of Exploration Project Contract Docket No. DMEA-1463X between the United States of America and Leadville Lead Corporation is hereby approved.

This approval shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay, or the percentage of the costs which the Government may pay, under the provisions of Article 13 of the contract form.

UNITED STATES OF AMERICA

Dated April 11, 1952

J. H. East, Jr.
Executive Officer, DMEA

TUNNEL CONTRACT

IN CONSIDERATION of the mutual promises herein contained Leadville Lead Corporation, party of the first part, hereinafter called Corporation, and Duke Beals and William Van Cooten, parties of the second part, do hereby covenant and agree as follows:

Parties of the second part shall use their best endeavors, attention and the utmost of their skill, in advancing the Dauntless Tunnel approximately 700 feet to 758 feet to the point where the tunnel crosscuts the downward extension of the Ice Palace Ore Shoot. Until this advance has been completed they shall work exclusively and continuously upon such advance except as hereinafter provided. They shall advance the tunnel on a 9 foot by 8 foot heading on a course and grade heretofore designated by H. W. C. Prommel, the consulting engineer for the Corporation, or as may otherwise hereafter be established by the Corporation or Mr. Prommel.

As each 100 foot advance is completed, approved and accepted as satisfactory by the Corporation it shall pay $3,300.00 to the parties of the second part, less deductions for meals, workman's compensation and any other expenses properly chargeable to parties of the second part.

In the event up to three sets of timbering are required at any one location, square sets shall be placed at such

locations by parties of the second part at their expense with timber furnished by the Corporation. Should timbering be required which is not to be installed at the expense of the parties of the second part, it shall be installed by parties of the second part for $2.00 a foot with timber supplied by the Corporation.

The Corporation shall furnish equipment and supplies now located at or near the portal of the Dauntless Tunnel, lubricating oil for the machinery, rail, pipe and other necessary supplies. It shall supply a blower, blower motor and longer shells for the drill machines. One man shall be employed on company account to help keep the camp policed up and to work on the dump and road. Supervision of this man is assumed by parties of the second part unless and until the Corporation provides supervision. Parties of the second part shall supply all fuel oil, explosives, steel and bits for drill machines, and labor used in connection with the advance of the tunnel and installation of equipment and supplies.

The boarding house shall remain under the control of the Corporation. Meals and housing shall be furnished by the Corporation at a price which fully compensates all expenses in connection therewith. Corporation intends to retain Van Staats as the cook; but should Van Staats be unavailable, party of the second part shall employ a cook as part of their crew. In the event employees, agents or guests of the Corporation use the boarding house facilities

costs shall be prorated or otherwise estimated so that the Corporation shall not pay more than its just share for meals for such employees, agents and guests.

Parties of the second part agree to save harmless the Corporation from any and all claims of any nature whatever by themselves and their employees save claims arising specifically from express agreements hereinabove contained. They agree to maintain all machinery, equipment, supplies and buildings in as good condition as they now are, ordinary wear and tear excepted, so long as it is used in any manner whatever by them or is available for their use. They agree to save the Corporation harmless from all negligent acts committed by themselves or their employees and shall be responsible for all damage resulting from the negligence of themselves or their employees. They shall not be responsible for repair of any machinery due to major mechanical failure, but they do assume all responsibility for damage to themselves, employees and property due to such failure. All equipment, machinery, supplies, buildings, underground workings and other property are not represented as being in good condition. They have been examined by parties of the second part and when used by them in any manner are used at their sole risk and as their sole responsibility. Parties of the second part are independent contractors, responsible for all bills incurred in connection with this work, and shall save Corporation harmless from all bills and claims incurred in connection with this advance of the tunnel.

Party of the first part does agree that parties of the second part may use its workman's compensation account subject to repayment from payments for tunnel drive and subject to all records and accounts being properly kept and handled by parties of the second part.

Should the Corporation require the services of William Van Cooten for purposes other than tunnel drive he will be available for such other work at a compensation on an hourly basis computed on a salary of $400.00 a month and shall act as superintendent where so employed. Corporation reserves the right to use any of its equipment, machinery and supplies when not being used directly to further the advance of the tunnel. Corporation's use of housing facilities shall be superior to those of parties of the second part and it can designate space to be used by its agents, employees and guests.

Parties of the second part shall keep duplicate records and accounts as prescribed by the Corporation for its use or use by the D.M.E.A. which shall be turned over to Corporation wherever requested.

Parties of the second part shall strive to complete the tunnel advance by July 15, 1952 or sooner unless prevented by strike, extraordinary mine casualty or because of other circumtances manifestly beyond control of parties of the second part. They shall operate on a two shift basis as soon as is practical. If the advance is completed by July 15, 1952 a bonus of $2.00 per foot of advance shall be paid to parties of the second part.

This contract shall be effective as soon as the present drive of 500 feet of tunnel has been completed so that there will be no delay in commencing operations under this contract.

This contract shall be binding on the successors, heirs, administrators and executors of each and every party hereto.

This contract is not assignable.

EXECUTED in duplicate this 17th day of March, 1952.

LEADVILLE LEAD CORPORATION

BY: Ben L. Wright Jr.
Secretary.

William VanCooten

Duke Beals

Contract & Audit

Contract Idm-E250
Docket No. DMEA 1463X

Contract dated October 22, 1951, between Leadville Lead Corporation, party of the first part, and Duke Beals and William Van Cooten, parties of the second part, for carrying out certain specified work under the provisions of Exploration Project Contract No. Idm-E250, between the United States of America and Leadville Lead Corporation is hereby approved.

This approval shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay under the provisions of Article 13 of the contract form.

Dated March 7, 1952.

UNITED STATES OF AMERICA

By _____
Executive Officer, DMA, Region IV

BENJAMIN L. WRIGHT, JR.
ATTORNEY AT LAW
718 SYMES BUILDING
DENVER, COLORADO
ACOMA 2521

February 13, 1952

U. S. Department of Interior
Defense Minerals Administration
224 New Customs House
Denver 2, Colorado

Attention: Mr. Shaw

Re: Docket No. DMEA 1463X

Dear Sir:

Enclosed herewith please find 6 photostat copies contract entered into by Leadville Lead Corporation and William E. VanCooten and Duke Beals as independent contractors.

In the second paragraph on the last page of this contract it states that the advance be completed by December 31, 1951, unless prevented by certain situations. It has been mutually agreed between the Corporation and the independent contractors that the time be extended. This contract is now in full force and effect. The independent contractors are not in default and no damages are claimed by the corporatiom for any default under this contract. I am informed that approximately 350 ft. of the 500 ft. advance was completed as of February 1, 1952. A more accurate check as to the actual footage made will be determined by the independent contractors before the end of this month.

Work is presently under way as to the last 100 ft. drive under this contract.

Yours very truly,

LEADVILLE LEAD CORPORATION

Ben L. Wright, Jr.

Benjamin L. Wright, Jr.
Secretary

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 10 1952

BLW:lr

TUNNEL CONTRACT

IN CONSIDERATION of the mutual promises herein contained Leadville Lead Corporation, party of the first part, hereinafter called Corporation, and Duke Beals and William VanCooten, parties of the second part, do hereby covenant and agree as follows:

Parties of the second part shall use their best endeavors, attention and the utmost of their skill, in advancing the Dauntless Tunnel for 500 feet. Until a 500 foot advance has been completed they shall work exclusively and continuously upon such advance except as hereinafter provided. They shall advance the tunnel 500 feet on a 9 foot by 8 foot heading on a course and grade heretofore designated by H. W. C. Prommel, the consulting engineer for the Corporation, or as may otherwise hereafter be established by the Corporation or Mr. Prommel.

As each 100 foot advance is completed, approved and accepted as satisfactory by the Corporation it shall pay $3,500.00 to the parties of the scond part, less deductions for meals, workman's compensation and any other expenses properly chargeable to parties of the second part.

In the event up to three sets of timbering are required at any one location square sets shall be placed at such locations by parties of the second part at their expense with timber furnished by the Corporation. Should timbering be required which is not to be installed at the expense of the parties of the second part, it shall be installed by parties of the second part for $2.00 a foot

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with timber supplied by the Corporation.

The Corporation shall furnish equipment and supplies now located at or near the portal of the Dauntless Tunnel, and lubricating oil for the machinery. Parties of the second part shall supply all fuel, oil, explosives, steel and bits for drill machines, and labor used in connection with the 500 foot advance of the tunnel.

The boarding house shall remain under the control of the Corporation. Meals and housing shall be furnished by the Corporation at a price which fully compensates all expenses in connection therewith. Corporation intends to retain VanStaats as the cook; but should VanStaats be unavailable, party of the second part shall employ a cook as part of their crew. In the event employees, agents or guests of the Corporation use the boarding house facilities costs shall be prorated or otherwise estimated so that the Corporation shall not pay more than its just share for meals for such employees, agents and guests.

Parties of the second part agree to save harmless the Corporation from any and all claims of any nature whatever by themselves and their employees save claims arising specifically from express agreements hereinabove contained. They agree to maintain all machinery, equipment, supplies and buildings in as good condition as they now are, ordinary wear and tear accepted, so long as it is used in any manner whatever by them or is available for their use. They agree to save the Corporation harmless from all negligent acts committed by themselves or their employees and shall be responsible for all damage resulting from the negligence of

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themselves or their employees. They shall not be responsible for repair of any machinery due to major mechanical failure, but they do assume all responsibility for damage to themselves, employees and property due to such failure. All equipment, machinery, supplies, buildings, underground workings and other property are not represented as being in good condition. They have been examined by parties of the second part and when used by them in any manner are used at their sole risk and as their sole responsibility. Parties of the second part are independent contractors, responsible for all bills incurred in connection with this work, and shall save Corporation harmless from all bills and claims incurred in connection with the advance of the tunnel for 500 feet.

Party of the first part does agree that parties of the second part may use its workman's compensation account subject to repayment from payments for tunnel drive and subject to all records and accounts being properly kept and handled by parties of the second part.

Should the Corporation require the services of William VanCooten for purposes other than tunnel drive he will be available for such other work at a compensation on an hourly basis computed on a salary of $400.00 a month and shall act as superintendent where so employed. Corporation reserves the right to use any of its equipment, machinery and supplies when not being used directly to further the advance of the tunnel. Corporation's use of housing facilities shall be superior to those of parties of the second part and it can designate space to be used

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by its agents, employees and guests.

In the event a pending loan application with "D.M.A." be approved as to tunnel advance, this contract may be altered, amended or expanded so as to bring it into conformity with any requirement or requisite to the obtaining of "assistance" or any portion thereof sought through or under the pending application.

The 500 foot advance of the tunnel shall be completed by December 31, 1951, unless prevented by strike, extraordinary mine casualty or because of other circumstances manifestly beyond control of parties of the second part. Failure to complete such advance by said date shall make parties of the second part liable to the Corporation for liquidated damages in the amount of $25.00, for each and every day the advance is not completed.

An advance of approximately 100 feet has been made to date.

This contract shall be binding on the successors, heirs, administrators and executors of each and every party hereto.

This contract is not assignable.

EXECUTED in duplicate this 22nd day of October, 1951.

LEADVILLE LEAD CORPORATION

BY: Ben L. Wright, Jr.
Secretary

William VanCooten

Duke Beals

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DEFENSE MINERALS
ADMINISTRATION
WASHINGTON, D. C.

JAN 14 8 21 AM '52

Leadville Lead Corporation
500 Ernest & Cramner Building
Denver 2, Colorado

January 10

1 9 5 2

Mr. D. E. Moulds, Acting Chief,
Base Metals Division
Defense Minerals Exploration Administration
United States Department of the Interior
Washington 25, D. C.

Re: Docket DMA-1463X, Lead-zinc

Dear Mr. Moulds:-

In reply to your letter of December 19, 1951 in which you ask us for any additional information in order to bring our application for exploration loan todate we herewith submit the following in answer to paragraphs numbered (1) to (4) in your letter.

(1) Subordination Agreement from the Big Chief Mining Company was sent to the Regional Office and has been forwarded by them to your office.

(2) We own the Badger Boy in fee simple.

(3) Six (6) copies of project map, Plate 2, brought up to-date. There are attached hereto as Exhibit 1 and forming a part of this letter six (6) copies of Project Map, Plate 2, brought up to date. In addition to diamond drilling which of course is subject to some changes depending on what is encountered in the Dauntless crosscut tunnel and in the first diamond drill holes completed, the map shows the location of the present (January 1, 1952) face of the Dauntless crosscut tunnel, face at completion of first 500 ft. contract and face at completion of second, 700 ft. contract. Details are discussed under (4) below. The map also shows surface locations of mineralized fissures, prospect holes and prospect shafts, the Hilda Tunnel workings, the south end of the Last Chance-Hilltop workings, the south end of the Lind and Stewart workings, as well as notes referring to work to be undertaken under at least 3 stages of exploration and development work. Plate 2 of course accompanies Plate 1 which shows

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Denver 2, Colorado

the surface geology and complete underground workings of the region and which has already been submitted to the Defense Minerals Administration together with Forms MF-100 and MF-103.

(4) A general discussion of method to be employed in accomplishing the work. If by contract the estimated cost per unit and what is covered by the contract. Equipment to be purchased or rented and cost thereof. Equipment to be furnished by you, with present value to determine use allowance, classification, number, and wage of all labor and supervision not included in contract. Estimated cost of supplies, utilities and other expense. Discussion of fixtures, improvement, repairs and rehabilitation required.

We believe that provision should be made in the project for raising or drilling from the Dauntless tunnel on any favorable fissure zone intersected.

In order to discuss methods to be employed in accomplishing the work, a short review of work already accomplished during 1951 as well as expenses connected therewith, is in order. Intermittant work of rehabilitation was started on May 31 when H. W. C. Prommel made a trip to the property to lay out some of the work which was to be undertaken. Work consisted of salvaging of and some repair work on Caterpiller dozer, cleaning off snow and repair work on road from Leavick to portal of Dauntless crosscut tunnel (2 miles, rise in elevation about 1200 ft. from approx. 11,100 to 12,300 ft.), mucking out Quonset building at tunnel portal, cleaning up and timbering in Dauntless crosscut tunnel, mucking out bunkhouse and Quonset hut bunkhouse, removing equipment and compressor from Vannatter shaft to Dauntless crosscut tunnel portal, moving purchased equipment from Pennsylvania Project (North London mine) west of Alma, Colorado to Dauntless crosscut tunnel portal, a distance of approximately 26 miles, conditioning dump at tunnel portal for side dump cars, repair work on equipment at tunnel and on electric lines in tunnel, installation of newly purchased equipment, surveying tunnel from portal to face, etc., in other words, readying the

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entire project for driving the Dauntless crosscut tunnel under contract. Driving under contract was started on or about September 7, 1951 and by December 31, 1951 the tunnel, 9 ft. high by 8 ft. wide, had been advanced 300 ft.. The contract stipulates an advance of 500 ft.. While the cross section of the tunnel could be smaller, the size was controlled by certain stipulations in an agreement with the Hilltop Mining Company whereby 500 ft. of tunnel was to be driven approximately 9 ft. high by 8 ft. wide as part obligation for a deed to Hilltop mining property to Leadville Lead Corporation. A smaller crosscut would also have made the purchase of a smaller mucking machine unnecessary at the time.

Attached hereto as Exhibit No. 2 and made a part of this letter is a statement of cash disbursements of Leadville Lead Corporation from June 1, 1951 to and including December 31, 1951. Attached hereto as Exhibit No. 3 and made a part of this letter is an inventory of buildings, equipment and supplies, together with original prices wholly owned by Leadville Lead Corporation as of January 1, 1952. Attached hereto as Exhibit No. 4 and made a part of this letter is a copy of contract between Leadville Lead Corporation, party of the first part, and Duke Beals and William Van Cooten, parties of the second part, for advancing the Dauntless crosscut tunnel 500 feet. The contract also contains stipulations whereby William Van Cooten is to carry out services for purposes other than tunnel drive at a compensation on an hourly basis computed on a salary of $400.00 a month and shall act as superintendent when so employed. Under this contract, beginning on or about September 7, 1951,

intendent when so employed.

about September 7, 1951.

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Denver 2, Colorado

the Dauntless crosscut tunnel has been advanced 300 feet to and including December 31, 1951. From June 1, 1951 to December 31, 1951 the following work was done in preparation for the tunnel drive or incidental thereto: Rehabilitation and repair of buildings, opening and grading the road, leveling and widening the dump, extending track on the dump to expedite the work, reconditioning and repairing machinery, retimbering in the crosscut where necessary, widening the crosscut and putting in a passing track, and doing the many odd jobs necessary to put the camp in condition for tunnel drive and to keep operations running smoothly. If such incidental work which has been carried on to date is charged against the 300 ft. of tunnel already completed under the contract, the overall cost per foot of tunnel driving has been approximately $75.00. Much of the incidental work has now been taken care of, but continuing repairs and incidental expenses are expected to arise so that the cost per foot of tunnel drive for the next 200 feet, to complete the 500 ft. contract, over and above the $35.00 per foot contract price, has been estimated at $10.00 per foot, making the total cost of tunnel drive for the next 200 ft. $45.00 per foot, or a total of $9,000, provided the work is continued on a one shift per day basis as it has been done to-date.

A general discussion of method to be employed in accomplishing the work is as follows: Our present application for an exploration loan includes, besides mapping and geological field work, driving the Dauntless crosscut tunnel a distance of 1200 feet, or to the intersection of the tunnel with the Hilltop-Last Chance-Hilda fissure. 300 feet of this drive have already been completed, leaving 900 feet to be driven. The first 200

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feet of the remaining 900 ft. are covered by contract as above set forth as well as on Exhibit No. 4, attached to this letter. With the equipment now on hand at the mine, the remaining 200 feet of the 500 foot contract will have to be driven on a one shift per day basis. At the beginning of the 500 ft. contract the face of the tunnel was in the "Parting Quartzite" which, however gave way to porphyry immediately and the tunnel has remained in porphyry since. At the beginning, the ground was comparatively soft and blocky and a nine foot round could be broken per day. As the face was advanced, the ground became harder and harder, the length of the round had to be reduced to 6 ft. and from 33 to 43 holes were required per round, requiring more time to drill and load the round. At present (January 1, 1952) the ground is softening again and more water is being encountered in the face, so that a change of formation seems possible. Taking into consideration approximate dip and strike of the sedimentaries and the direction or course of the tunnel, the 300 feet of porphyry driven through to date would represent an approximate thickness of 52 feet of porphyry, present as a sill between the Parting Quartzite and the underlying "Manitou" or white limestone.

As of January 1, 1952, a total of 7 to 8 men inclusive of contractors are employed on the property. Of these, six constitute the two contractors and their personnel, number seven is the cook hired by the Corporation at $42.50 a week plus board and room and overtime pay, and number eight is an occasional employee hired by the Corporation at $1.75 per hour for odds and ends and emergency work.

Leadville Lead Corporation
500 Ernest & Cranmor Building
Denver 2, Colorado

Re: Docket DMA-1463X, Lead-zinc.

The two contractors and their crew of four men, besides driving the tunnel which includes mucking and tramming from face to dump, dumping cars and shifting track on dump, laying track, air, water and ventilation lines, also, take care of all repair and rehabilitation work, such as repairs on compressors, mucking machine, caterpillar dozer, moving track on the dump, helping the county in clearing of road from Leavick to the tunnel portal, timbering in tunnel, erection of safety door in tunnel, purchasing supplies and groceries and their transportation from Alma and Fairplay 20 to 14 miles to the tunnel , or any extra work which may have to be done from time to time, and which would be too much for one company man to handle. For some of this work they are paid by the Corporation at the rate of $1.75 to $2.25 per man per hour apart from the contract price and in addition thereto. The contractors pay the compressor man, who takes care of two compressors and diesel electric generator at the rate of $2.00 per hour plus time and a half for overtime. The contractor's three men working in the mine receive a base pay of $1.75 per hour plus time and a half for overtime, plus a bonus of $1.00 each per foot of advance in the tunnel. On the basis of a 6 ft. round per day, their pay would therefor be $20.00 per eight hour day. The men work from Monday to Saturday, inclusive, try to get their round in as early as possible on Saturdays so that they can go to Fairplay and Alma over Saturday and Sunday mights for a change in altitude. The men are, therefore, masters of all the necessary trades and no union men are at present employed on the property.

Leadville Lead Corporation
500 Ernest & Cranmer Building
Denver 2, Colorado

Re: Docket DMA-1463X, Lead-zinc.

The present base pay for day labor at the Climax Molybdenum Company at Climax is $11.40 per day for common labor and $12.40 per day for experienced miners. Contractors make up to $25. and $30.00 per day. The base pay at the Resurrection Co. mines at Leadville is $12.60 per day, plus certain bonuses on different operations, such as tons of ore broken, tons trammed, etc.. At both places, towns are nearby, besides ample and complete bunkhouse and recreation facilities being provided at Climax. It is therefor apparent that a minimum base pay of $12.75 to $13.00 per day will have to be used in any cost calculations for work at Leadville Lead Corporation's properties at or near the Dauntless crosscut tunnel.

Supplies such as powder, fuse and caps, fuel oil, gasoline, drill steel and bits are furnished by the contractor and their costs per foot of tunnel sofar driven under the contract are as follows:

Labor	$18.64	This includes drilling, mucking and tramming wages for the contractors figured @ $2.00 per hour.
Fuel oil and gas	$ 2.99	
Explosives	5.02	
Bits and Steel	3.60	
Overhead	3.60*	
	$33.85	* This includes compensation loss on Boarding House, etc., and drill machine parts.

The above figures are actual costs and do not include anything for contractors profits or machinery depreciation. The contractors suggest that 25% should be added to the above figures for supervision and overhead.

The contractor further estimates the cost of track at $.85 per foot, lubrication $.30, air line $.85, water line $.14,

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vent pipe $1.67, track ties $.06 and splice bars, bolts and spikes at $.18 making the total cost per foot $37.46 per foot, ($37.90) without any timbering or other costs.

The approximate overall cost per foot of the remaining 200 feet of the first 500 ft. contract is set forth on Page 4. The cost of the remaining 700 feet of tunnel to be driven will be approximately the same provided: A new and similar contract covering the 700 ft. of tunnel drive can be entered into between Leadville Lead Corporation and contractors and provided further, that the work is continued on a one shift per day basis as it has been done to date, with the present equipment on hand and without purchase or rental of any additional equipment. The time required to drive the remaining 900 ft. of tunnel, based in part on the time required to drive the first 300 ft. of tunnel and the many improvements already made during that time, and depending on formations encountered and amount of timbering required, will range somewhere between 4 months and 9 months. The work can go on continuously from January 1, 1952 to time of completion, provided the county road from Fairplay to Leavick and the Dauntless crosscut tunnel is opened occasionally during the remaining winter months, as promised by the County Commissioners, for bulk transportation of supplies, such as gasoline, Diesel fuel, dynamite and timber. Occasional trips to and from the mine for transportation of groceries, repair parts, etc. can be made from Leavick (or, if necessary from Fairplay) by snow weasel which may soon be rented by the contractors. Corporation or contractors may have to purchase a snow weasel or snow cat. The former will cost from $1,000.00 to $1,250.00, the latter about $3,500 to

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$4,000. The total approximate cost of completing the remaining 900 feet of tunnel drive under above conditions is therefor $40,500. or at the rate of $45.00 per foot of drive. This might be reduced somewhat by reducing the size of the tunnel for the last 700 feet to be driven but a smaller mucking machine would have to be rented or purchased.

ALTERNATE METHOD OF ADVANCING THE DAUNTLESS CROSSCUT TUNNEL 900 FEET.

An alternate proposal to advance the Dauntless crosscut tunnel 900 feet at a faster rate, which is desirable so that the tunnel drive is completed by the time diamond drilling can be commenced at the surface and from the Last Chance and Hilda crosscuts, is as follows:

Instead of working one shift per day limited by present equipment, employ at least two shifts per day and cut the time of driving in two or more than in two. This will require the hiring of more men per shift in the tunnel, as well as an additional compressor man and one day shift mechanic and a cook's helper, and the acquisition by rental or purchase of some additional equipment, or replacement of some of the old equipment with larger equipment.

In addition to the five men now working underground per shift, three men to work as a bull gang should be employed on the day shift to take care of laying track, placing of air, water and ventilation lines, timbering when necessary, and odds and ends such as track and ditch cleaning, etc.. This would increase the contractor's payroll from six to sixteen men, two contractors included, and doubles his payroll plus adding three men at approximately $12.75 each per day and one mechanic at $2.25 per hour or $18.00 per day, or a total of $56.25 per day added

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to his present payroll. His daily payroll, two shifts, would vary according to the footage made, but on a 6 ft. advance per shift basis would amount to $234.25.

Additional equipment needed or replacements would be:

1 Larger, reversable blower, to take the place of the old oneway blower;
2 3 1/8 drifting machines, the smaller machines now being used to be retained as stand-by's in case of break-downs;
1 Diesel driven 700 cu. ft. compressor, capable of furnishing air for entire operation, to replace the gasoline driven 215 cu. ft. compressor (which should be sold) so that the 365 (445) cu. ft. compressor serves as a stand-by;

Price of blower, plus cost of installation would be	$1000 to $1500
2 Drifting machines @ Approx. $1000	$1840 to $2000
1 Compressor	18500 to 19000.
Total.	$32,500.

The acquisition of another Diesel powered compressor would do away with necessity of keeping two separate large storage reservoirs for different types of fuel. Gasoline fuel at the tunnel portal is now being kept in a 500 gallon tank borrowed by the contractors from the Gately Motor Co. of Alma, Colorado.

The method to be employed in accomplishing the work is controlled by climatic conditions at the mine. From January 1, 1952 until some time in May of this year, surface work, or work in the Cato crosscut or Hilda crosscut tunnels clearing them for diamond drill work is uneconomical and therefor inadvisable. For this reason the continuation of the work in the Dauntless tunnel during the winter months is being stressed in our present exploration loan application.

DIAMOND DRILLING PROGRAM

The diamond drilling program as discussed in our original application for exploration loan as well as laid out on Plate 2 accompanying this letter must at present be considered as

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tentative and subject to changes depending on the sequence of formations and sills, fissures and dikes encountered as the Dauntless crosscut tunnel is advanced. It may even be found that it will be of decided advantage to drill a majority of the diamond drill holes from the tunnel itself in order to avoid the permafrost horizon near the surface as much as possible and shorten some of the holes. Diamond drilling from the tunnel at present would interfere with advancing the tunnel and short crosscuts and diamond drill stations would have to be excavated. It is therefore believed that, while included in stage one of our exploration program, diamond drilling be delayed until the crosscut tunnel has been completed to the Last Chance-Hilltop fissure and until all geological features in the tunnel can be completely mapped and studied to serve as a more definite base for diamond drill hole calculations and locations and number of holes to be drilled. Even with this temporary delay it is believed that the driving of the tunnel and the diamond drilling program, as well as other work briefly discussed under stages two and three of the proposed exploration and development program can be completed within the two year limit imposed on government exploration loans.

A break-down of the cost of diamond drilling is to be looked into further if desired. However, in a preliminary conference by Mr. Prommel with Mr. John H. Emrick, Denver representative of Joy Manufacturing Company who, as well as their predecessors, the Sullivan Machinery Company, have been doing diamond drilling by contract in various parts of the Rocky Mountain region for years and are therefore very familiar with conditions to be encountered as well as formations to be drilled through,

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he estimated an average cost of $7.00 per foot, or even somewhat higher for total cost of drilling in the vicinity of the Last Chance Hilltop region including the Dauntless crosscut tunnel. Mr. Emrick is out of town at present and will not return to Denver until January 14. Upon his return the matter can be further looked into. As no immediate drilling is contemplated, this temporary delay of more detailed information on diamond drilling should not delay the granting of stage one of our exploration project, the principal purpose of which is to advance the Dauntless crosscut tunnel as speedily as possible during the winter months when other work is uneconomical so that information obtained from it can be used in the laying out of an economical drilling campaign part of which would possibly be done from the tunnel itself.

Regarding provisions to me made in the project for raising or drilling from the Dauntless crosscut tunnel on any favorable fissure zone intersected. As far as diamond drill holes are concerned, the advisability of doing so is considered in the preceding paragraph, and is included in stage 1 of our exploration project. 0

On Plate 2 accompanying this letter, the driving of two raises is suggested as stage 2 of our exploration project. Raise No. 1 would be situated in a short crosscut from the Dauntless tunnel, on the Hilltop-Last Chance-Hilda fissure and would follow this fissure upward for a distance of approximately 360 ft. or until it connects with the Last Chance workings.

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Denver 2, Colorado

Re: Docket DMA-1463X, Lead-zinc.

This raise would probably explore all of the formations in which ore might be expected or should be looked for in the region. The raise would serve both exploration and development purposes. The approximate cost of driving this raise by contract has been estimated at $14,400 to $16,200.00, or $40.00 to $45.00 per foot of raise.

The estimated cost of a 5'x8' raise is as follows:

Labor drilling	$ 8.00	
Labor Timbering	8.00	
Air costs	2.00	
Explosives	3.00	
Bits and Steel	1.80	
Timber	4.00	Ladders, lagging, stolls, etc.
	$26.80	
	6.70	25% supervision and overhead
	$33.50	

In addition about $1,000.00 worth of machine repair parts should be on hand. The above does not include mucking costs and other costs which would raise the total cost to the above estimated $40.00 to $45.00 per foot.

The second raise would be situated 80 to 100 feet north of Section B-B' on Plate 2 attached to this letter, slightly to one side of a 6 ft. by 8 ft. shaft 110 ft. deep as shown on a map by the U. S. Bureau of Mines and also shown on Plate 2 on the course of the Dauntless crosscut tunnel near the termination point of the 500 ft. contract mentioned previously in this letter. This shaft and its exploration and ventilation possibilities are also discussed on Page 19 of Exhibit 1 accompanying our Form MF-100, under the heading "14f - Tunnel Ventilation". A raise from the floor of the tunnel level 100 to 120 ft. high would explore the possible continuity of the Lind ore body and other possible bodies of ore below it, or the downward extension of mineralized fissures shown at the surface on the U.S.

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Bureau of Mines map of the region. The raise could also be driven an additional 50 to 70 ft. to connect with the bottom of the110 ft. shaft, for exploration, ventilation and escape purposes. The approximate cost of driving this raise has been estimated at from $40.00 to $45.00 per foot.

The driving of the above two raises has been considered in the method to be employed in accomplishing the work, as stage 2, so that the work can be done in chronological order without adding to the crew required for stage 1, and with the least amount of additional equipment needed for the purpose.

The additional amount of equipment needed, apart from that which already is on hand, would be two stoper drills at a cost of $1500 - $2000 and two small tugger air hoists at a cost of $1,800 to $2,000, and two 3 1/8" drifter drills mentioned as required in alternate method of advancing the Dauntless crosscut, apart from timber for chutes, ladderways and compartments, which is included in the above estimate of $40.00 to $45.00 per foot of raise.

Plate 2 attached to this letter suggests as stage 3 of our exploration project the driving of a drift in a northeasterly direction from raise No. 2 mentioned above. This drift, to be advanced on the Lind fissure if encountered in the tunnel, would connect raise No. 2 with the southern most end of the Lind workings and would explore the territory between them and the Dauntless tunnel. It would furthermore open the way for sufficient rehabilitation along the old workings to reach the Fulton drift at the north end of the Hilltop workings which is supposed to show a good body of zinc ore.

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Re: Docket DMA-1463X, Lead-zinc.

It would also keep the old workings drained at all times and make them accessible to geological and exploratory studies and the production of any remaining ore, if found. The approximate cost of driving this drift would be $17,200.00 or $40.00 per foot on a contract basis derived as follows:

Labor	$15.00	
Air costs	2.00	
Fuel oil, gas & explosives	3.00	
Bits and steel	1.80	
Track, airline, etc.	$ 3.00	
	$24.80	
	6.20	25% supervision and overhead.
	$31.00	

This figure does not include the costs of mucking which would cost an additional sum up to $5.00. Other costs including repair parts for machinery would run the cost to an estimated $40.00 a foot.

Additional equipment required for this work would be one slusher and slusher hoist at about $1,000 to $1,500.

We believe that the advance of the Dauntless crosscut tunnel coupled with a diamond drilling campaign and discussed as stage 1 in our application for exploration loan should be undertaken immediately. While at present our application only covers stage 1, we ask that it be considered subject to future amendments in order to carry out the work described under stages 2 and 3, should results obtained under stage 1 justify such amendments.

Very truly yours,

LEADVILLE LEAD CORPORATION

BY: Ben L. Wright Jr.
Secretary.

Louis H. C. Prommel
Consulting Engineer.

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Exhibit # 2
DMA -14634
1/10/52

LEADVILLE LEAD CORPORATION

STATEMENT OF CASH DISBURSEMENTS

June 1, 1951 to December 31, 1951

Equipment purchased	$13,487.73
Dauntless crosscut tunnel (Contract	10,500.00
Salaries	8,134.78
Legal fees	4,276.05
Property acquisition	3,665.00
Engineering and assaying	2,058.59
Taxes	1,937.69
Boarding house expense	1,829.28
Professional services	1,395.46
Office expense	1,257.24
Materials and supplies	1,162.37
Notes payable	1,000.00
Commission on sale of stock	945.00
Truck expense	901.71
Travel	763.91
Insurance	740.76
Equipment repairs	700.83
Compensation insurance	441.18
Secretarial services	417.40
Telephone and telegraph	407.82
Dozer expense	240.00
Photostats	238.08
Map work	202.70
Revenue stamps	200.00
Road maintenance	150.00
Hauling	123.00
Licenses	86.00
Interest	80.90

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Exhibit #2
DMA - 1463X
1/10/52

Leadville Lead Corporation
Statement of cash disbursements
(Continued)

Miscellaneous expense	$ 74.84
Tools	74.28
Abstracts	64.50
Land exchange	44.60
Total cash disbursements	$57,602.70

It is believed that items included in the above statement that could be directly charged to the Dauntless crosscut tunnel would approximate $11,759.88 in addition to the contract price of $10,500.00 or a total of $22,259.88.

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Exhibit #3
DMA-1463X
1/10/52

INVENTORY OF EQUIPMENT AND SUPPLIES AT DAUNTLESS CROSSCUT TUNNEL,

PARK COUNTY, COLORADO

As of January 1, 1952

BUILDINGS	Purchased From	Date Purchased	Cost
1 40' X 40' X 20' two floor quonset hut at Dauntless crosscut tunnel portal, housing principal mining machinery and shop.		Sept.30, 1948	
1 single floor 20' X 60' Quonset hut, 8 sleeping rooms and one large room, will house 16 men; no heat installation at present		Sept.30, 1948	
1 Wood frame bunkhouse 20' X 80' 3 sleeping rooms, will accommodate 10 men; also contains kitchen with large range and dining room and cook's room, and coal shed addition 25'X9'.			
			$39031.50

$7500 cost of quonset, $6000 cost of frame building, $2400 lining for quonsets. Construction and rehabitilation costs ran high as work was done during winter. Book value of buildings is shown to be $39031.50.

BUNKHOUSE AND KITCHEN
EQUIPMENT AND SUPPLIES

29 Innerspring Mattresses	Colo. Mattress Mfg. Co.	15-7/26/48 10-9/17/48	$ 300.00 200.00
28 Quilts			70.00
28 Army Blankets			69.30
Small quantity of blanket sheets and towels			81.60
Cooking Utensils and dishes for 10 men			265.00
4 Fire Extinguishers			120.00
10 5 gal. Army Cans used for water			35.00
1 Oil Heater Stove			75.00
1 Small Kitchen range (apart from large range above)			40.00
2 Chemical toilets	Sears Robuck	Nov.,1951	51.00
2 Sinks			65.00

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MINING EQUIPMENT (Continued)	Purchased From	Date Purchased	Cost
shut-off, mounted on two trucks, used to pump water to the heading for drilling machines.	Penn. Proj.	11/2/51	$ 340.00
1 Cleveland Drilling Jumbo Complete with air and water hoses and manifolds, Mounts 2 drill machines	Penn. Proj.	11/2/51	1275.00
2 Cf-79 Gardner-Denver Drifting Drill Machines, automatic feed	H.L. Sinclair	5/17/49	1600.00
1 old Ingersoll-Rand stopper drill machine (almost useless)			unknown
1 Gardner-Denver Jackhammer			380.00
1 Gardner-Denver Mp; 4 Mucking Machine			2040.00
2 50 gal. steel water tanks.			100.00
1 Dupont cap crimper and fuse cutter	Penn. Proj.	11/2/51	est. 30.00
1 Dupont blasting galvanometer	" "	11/2/51	15.00
3 Timber trucks	" "	11/2/51	180.00
MISCELLANEOUS SMALL TOOLS, ENGINES, PUMPS, ETC.			
1 Electric Welding Outfit powered by 4 cycle Chevrolet motor truck mounted			550.00
1 Smith Acetylene Welding Outfit.	Penn. Proj.	11/2/51	115.00
4 Randolph No. 4 Fire Extinguishers	H.L. Sinclair	2/17/49	92.00
1 6" Columbia Bench Vise.	Penn. Proj.	4/2/51	74.00
1 Blacksmith Forge			100.00
1 Anvil			est. 5.00
1 Standard Electric Tool Co. electric 2 Wheel Grinder	Hendrie Boldhof	12/7/51	214.20
3 Sets pipe dies 1/2" to 2"			
1 Set Little Giant Bolt Dies	Penn. Proj.	11/2/51	40.00
2 large Alemite Grease Guns			40.00
2 Small Alemite Grease Guns			est. 230.00
1 Air Driven Chain Saw			250.00
1 2 HP Gasoline Engine			50.00
1 Small Centrifugal Pump and Electric Motor			est 173.00
2 1,000 gals. Diesel fuel storage tanks	Barnett Co.	9/12/48	335.00

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MISCELLANEOUS SMALL TOOLS (Continued)	Purchased From	Date Purchased	Cost
6 55 gals. oil drums			$ 18,00

RAILS AND RAIL ACCESSORIES

2 tons, 12 lb. Second Hand Rails, av. 1,000' a rail, or 500' of track (in storage at mine)

26 tons of rail, installed at mine, distributed as follows:

Surface	5.7 tons.	40 lbs.	over or 860' of rail,	or 430' of track	
Underground	16.9 tons	45 lb.	2260' " "	" 1130' "	"(main
	0.4 "	45 lb.	50' " "	" 25' "	"track)
					(Siding)
	2.3 "	35 lb.	400' " "	" 200' "	"
					(main track)
	0.8 "	35 lb.	140' " "	" 70' "	"
					(Siding)
Totals	26.1 tons		3710 feet rail	1855' of track	
				main line and sidings	
				$3712.00	
				Total all above rails	

5 Track Switches, all installed, 1 at surface, 4 at sidings in mine	Card Iron Works	12/13/48	421.07
7 tons 35 lb. rail, or 1200' of rail, or 600' of track, in storage at mine.			600.00
400 Truck ties, in storage at mine.	Penn. Proj.	11/2/51	80.00
350 lbs. track spikes, in storage at mine.	Penn. Proj.	11/2/51	20.00
90 pairs track slice bars, at mine	Penn. Proj.	11/2/51	50.00
400 lbs. 3½" track bolts, at mine			
1 heavy duty rail bender for large rails		6/25/48	45.90
1 small rail bender	Hendrie Boldhof	12/31/48	43.10

PIPE

300 ft. of 3" pipe, in poor shape, in storage at mine.			240.00
800 ft. of 4" air line installed in Xcut tunnel			800.00
500 ft. of 6" invasion pipe installed in Xcut tunnel			

(Continued)

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PIPE (Continued)	Purchased From	Date Purchased	Cost
860 ft. of 6" invasion pipe in storage at mine Installed pipe is tapped every 400 ft. for air outlets for air locomotives and is equipped at terminus with master air manifold.	Penn. Proj.	11/2/51	$ 1190.00
480 ft. of 1½" water line, installed in crosscut tunnel			200.00 est.
200 ft. of 1" water line installed in crosscut tunnel			60.00
AIR VENTILATOR PIPE			
480 ft. of 12" diam galv. iron vent line installed at mine			582.98
100 ft. of 12" diam. galv. iron vent line in storage at Fairplay	Fry Sheet Metal	Oct.12,1951	150.00
300 ft. of 12" diam galv. iron vent line on order from Denver	Fry Sheet Metal	Dec. 4, 1951	450.00
MISCELLANEOUS ITEMS			
1 Bullard Basket Stretcher and various First Aid Supplies			10.00
Miscellaneous small tools, such as wrenches, pipe wrenches, large and small hammers, carpenter saws, hack saws, picks, shovels, etc.			500.00 est.
SUPPLIES			
500 Board Feet of native lumber		Dec.,1951	80.00
40 gal. Alcoid Compressor Oil (about 2 month's supply for present set-up)		Dec.,1951	32.20 est
40 gals Vrsa Diesel Motor Oil (About 2 month's supply for present set-up)		Dec., 1951	29.20 est.
18 gals. Havolin Motor Oil (about 2 month's supply for present set-up)		Dec. 1951	15.50 est.
20 gal. Rock Drill Oil (about 1 year's supply for present set-up)		Dec. 1951	15.40 est
100 lbs. Marfac Grease (about 1 year's supply for present set-up)		Dec., 1951	16.50

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SUPPLIES (Continued)	Purchased From	Date Purchased	Cost
5 gals. Texaco Thuban Grease (about 1 year's supply for present set-up)		Dec., 1951	$ 4.15 est.
		Total	$97177.73

Where date of purchase is not shown, it is believed the item was purchased during the last half of 1948. Prices of such items were taken from inventories in the records of the company. Cost of installation, etc. has not been added except as to buildings.

MF-200
(June 1951)

Docket No. DMA 1463X
Commodity Lead-Zinc

Idm-E250

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

✓GOVERNMENT'S COPY

EXPLORATION PROJECT CONTRACT [1]

It is agreed this 1st day of February, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2]
Leadville Lead Corporation
500 Ernest and Cranmer Bldg.
Denver 2, Colorado

hereinafter called the "Operator," as follows:

1. *Authority for contract.* This agreement is entered into under the authority of the Defense Production Act of 1950, pursuant to Mineral Order 5, entitled "Regulations Governing Government Aid in Defense Exploration Projects."

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of Colorado, County of Park described as follows: [3] Cato (Survey #3196), Last Chance (Survey #3195), Hilda (Survey #5413), Addie (Survey #5413), Rat (Survey #5444), California (Survey #5413 AM), Badger Boy (Survey #1336), all being patented lode mining claims situated in Section 1, T.10S., R79W, Horseshoe Mining District.

with respect to which the Operator represents and undertakes: [4]

(*a*) That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: None on California and Badger Boy claims owned by Operator. Rat claim leased from Robert J. Allison Estate. Cato, Last Chance, Hilda & Addie claims leased from Big Chief Mining Company.

(*b*) That he is a lessee, in possession and entitled to possession, and the subordination agreement of the lessor is attached.

3. *Exploration project.* The Operator, within thirty (30) days from the date of this contract shall commence work on a project of exploration for [5] lead-zinc; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] Eighteen (18) months from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

4. *Performance of the work.* The work shall be performed by the Operator, under his sole direction and control: *Provided,* That with the consent of the Government and its written approval of the contract or contracts, all or any part of the work may be performed by the Operator through contract or contracts with independent contractors. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

5. *Fixtures and improvements.* The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof. Any additional facilities, buildings, and fixtures, to be purchased, installed, or erected by the Operator, with the estimated cost of each, to which the Government will contribute currently its agreed pro rata share, are listed in Exhibit "A" attached hereto. The difference between the cost of such additional facilities, buildings, or fixtures, and the salvage value thereof at the conclusion of the work, shall be charged as a cost of the project to which the Government has contributed its pro rata share.

6. *Operating equipment.* Any operating equipment to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or depreciation, as the case may be, is listed under appropriate headings in Exhibit "A" attached hereto. As to equipment purchased for the project, the Government will contribute its agreed pro rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro rata share.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property.
[4] Strike out the provision not applicable.
[5] Name of mineral.
[6] Not in excess of 2 years.

7. *Title to and disposition of prope* All facilities, buildings, fixtures, equipment other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* An itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project is set forth in Exhibit "A" attached hereto.

9. *Rehabilitation and repairs.* A statement of the cost of any necessary rehabilitation or repairs to put existing facilities, buildings, installations, and fixtures into useful and operable condition and which are to be allowed as costs of the project is included in Exhibit "A."

10. *Allowable costs of the project.* The costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, analytical work, accounting, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in this contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, taxes, or any other indirect costs not expressly allowed by these provisions, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

11. *Accounts and audits.* The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract.

12. *Progress reports.* The Operator shall provide the Government with monthly reports of work performed under the contract upon forms to be provided by the Government. Each monthly progress report shall bear the certification of the Operator and shall constitute the Operator's invoice of costs incurred on the project during the period covered by the report.

13. *Payment to the Operator.* The monthly progress report (invoice), to the extent approved by the Government, shall be processed for payment by the Government. Payment shall be made in the amount of 50 percent of the approved costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $50,400.00, which is 50 percent of the agreed estimated total cost of this project, $100,800.00.

14. *Final reports by Operator.* Upon completion of the project or termination of this contract, the Operator shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

15. *Repayment by Operator.* If, upon the completion of the exploration project or termination of the contract, the Government considers that a discovery or development has resulted from the work from which commercial production of ore may be made, the Government, within 6 months thereafter, shall so certify to the Operator, particularly describing and delimiting its estimate of the discovery or the development. Thereafter, if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first, as follows:

Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent for each additional full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

This obligation to repay from net returns or proceeds shall be and remain a claim and lien upon the mineral deposit which is the subject of the exploration project and upon any production resulting from such discovery or development, in favor of the Government, until fully paid, or until said 10-year period has elapsed; and this claim and lien and the Government's right to repayment shall survive any termination of the contract, whether by completion of the exploration project or otherwise. This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development.

16. *No assignment of contract.* Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder.

17. *Termination and completion.* The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; shall dispose of any unused materials, supplies, and equipment for the joint account of the Operator and the Government in the proportion of their respective interests; and shall pay to the Government its pro-rata share of any money remaining.

Executed in sextuplicate the day and year first above written.

Leadville Lead Corporation
(Operator)

By Ben L. Wright, Jr.
Secretary

THE UNITED STATES OF AMERICA

By C. Whitehead
Acting Administrator,
Defense Minerals Exploration
Administration

U.S. GOVERNMENT PRINTING OFFICE 16—61[illegible]

LEADVILLE LEAD CORPORATION
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-1463X

EXHIBIT "A"

Statement of the Work

The object of the proposed program is to explore for possible extensions of already known ore bodies in the Blue Lime as well as to look for ore bodies at lower horizons in the White Lime and Peerless Shale which have produced lead and zinc ores in commercial quantities in other mining districts of Colorado under equal or similar geological conditions.

The exploration is to be accomplished by advancement of the Dauntless Tunnel approximately 900 feet, drifting from the Dauntless Tunnel on the Lind fissure, diamond drilling and raising as warranted to accomplish the exploration . The project is to consist of three stages. II and III shall be commenced only upon approval of the Government whose determination shall be based upon results of work accomplished in the previous stages.

Stage I

Advance the Dauntless Tunnel from the location of the face as of the effective date of this contract, a distance of approximately 900 feet to intersect the Last Chance-Hilltop fissure.

Stage II

Explore favorable fissures or zones of mineralization by diamond drilling or raising or combination thereof as shall be approved by the Government, and at locations shown on the attached map or at locations mutually satisfactory to the Operator and the Government.

Stage III

Explore the Lind fissure by approximately 430 feet of drifting from the Dauntless Tunnel to a connection with the Fulton Drift at the south end of the Lind-Stewart workings and as shown on the attached map.

Defense Minerals Administration
RECEIVED
FEB 1 1 1952

Estimated Cost of the Project

Stage I

900 feet of drifting @ $45.00 per foot		$ 40,500

Stage II

470 feet of raising @ $40.00 per foot	$ 18,800	
3000 feet of diamond drilling @ $7.00 per foot	21,000	
Equipment to be purchased	3,300	43,100

Stage III

430 feet of drifting @ $40.00 per foot	17,200	17,200
TOTAL ESTIMATE		$100,800

The estimated cost per foot as shown above is to include all labor, supplies, repairs, supervision, engineering, sampling, employee taxes, equipment depreciation allowance, accounting, and miscellaneous costs applicable to the project. The per foot costs have been calculated as follows:

		Dauntless Tunnel	Raising	Drilling	Lind Drift
Labor & Supervision	(Contract)	$ 19.79	$19.60		$19.60
Fuel	"	2.99	2.00		2.00
Explosives	"	5.02	3.00		3.00
Bits & Steel	"	3.60	1.80		1.80
Repairs & Board	"	3.60	3.60		3.60
Drilling	"			$ 6.00	
Pipe, track, timber, etc.		4.05	4.00		4.05
Equipment allowance		4.17	4.22	.25	4.17

	Dauntless Tunnel	Raising	Drilling	Lind Drift
Engineering & sampling	$ 1.78	$ 1.78	$ .75	$ 1.78
TOTAL	$45.00	$40.00	$7. 00	$40.00

The above costs are to serve as a guide in establishing the maximum cost per unit and the individual items to be flexible within this maximum.

The drifts may be driven on contract and of minimum cross-sectional dimensions consistent with maximum economy and efficiency in advance.

The raises shall be a maximum of two compartment of minimum cross-sectional dimensions consistent with maximum economy and efficiency in advance.

The diamond drilling is to be done by independent contract which is subject to approval of the Government.

Fixtures and Improvements

None

Operating Equipment

To be rented:

None

To be furnished by the Operator

	Item	Value	Depreciation Allowance Per Month
1	7D Caterpillar	$4600	$76.00
1	Dodge power wagon	3060	51.00
1	215 cfm. G. D. Compressor	4975	81.00
1	365 cfm. " " "	6950	116.00
1	25 KW Diesel-Electric Generator	3975	66.00
12	30 cu. ft. side dump cars	3900	65.00
2	Air locomotives	3620	60.00

1	Canton car transfer	$ 450	$ 7.50
20	Edison electric cap lamps	450	7.50
1	Buffalo blower 3 hp.	180	3.00
1	Deming pump 1 hp.	340	6.00
1	Cleveland drill jumbo	1275	21.00
2	Cf 79 Air drills	1600	25.00
1	GD Jackhammer	380	6.00
1	GD Mucking machine	2040	34.00

The above allowance for use of operator's equipment shall be allowable for the months actually used for the benefit of the project and to a maximum as follows:

For Stage I	-	Drifting	$3,753
For Stage II	-	Raising	1,983
For Stage II	-	Drilling	750
For Stage III	-	Drifting	1,793

To be purchased:

As part of the raising project of Stage II the purchase of the following equipment shall constitute an allowable cost:

	Item	Estimated Cost
2	Stoper drills	$ 1,500
2	Tugger Hoists	1,800

Labor and Supervision

2	Shifters	$2.25 per hour base rate
1	Mechanic	2.00 " " " "
5	Miners	1.75 " " " "
1	Cook	42.50 per week base rate
1	[illegible]	50.00 [illegible]
1	[illegible]	50.00 [illegible]

Above rates shall be subject to lawful overtime pay and bonuses recognized as standard within the district for like work. Labor is to be paid on unit contract rates approved by the Government insofar as practical.

Engineering, sampling, and office expense, including all expense in the preparation of reports as required by this contract is allowable not in excess of the following:

For Stage I	- Drifting	$ 1,602.00
For Stage II	- Raising	836.60
For Stage II - Diamond Drilling		2,250.00
For Stage III	-	765.40

Rehabilitation and Repairs

None

MF-202

LANDLORD'S SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned is the owner in fee simple of that certain parcel of ground in the county of Park, State of Colorado, described in a certain Exploration Project Contract dated February 1, 1952, between Leadville Lead Corporation, the Lessee of said property, and the United States of America;

NOW, THEREFORE, the undersigned, as Lessor of said property under lease dated July 15, 1948, does by these presents subordinate all of his right, title, and interest under the provisions of said lease to the right, title, and interest of the United States of America under the provisions of said Exploration Project Contract, and agrees that the lien and claim of the United States of America under the provisions of said contract shall be prior to the undersigned's rights to rentals or royalties under the terms of said lease; and

The undersigned further agrees that if said leasehold interest should be surrendered or if said lease should terminate at any time prior to the expiration of the rights of the United States of America under said Exploration Project Contract, the undersigned shall assume and does hereby assume all of the obligations of the Lessee under said Exploration Project Contract to make repayment to the United States of America according to the terms of said contract; and

The undersigned agrees to commit no act, nor assert any claim under judicial process or otherwise that may contravene or conflict with the prior lien and claim of the United States of America under the provisions of said Exploration Project Contract.

This undertaking and covenant shall be binding upon the heirs, successors, and assigns of the undersigned.

Dated this 7th day of August, 1951.

x Alfred J. Lewerenz

As trustee only (and not personally) of and for the Heirs of Robert J. Allison, deceased.

U. S. GOVERNMENT PRINTING OFFICE 940168

MF-202

LANDLORD'S SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned is the owner in fee simple of that certain parcel of ground in the county of Park, State of Colorado, described in a certain Exploration Project Contract dated February 1, 1952, between The Leadville Lead Corporation, the Lessee of said property, and the United States of America;

NOW, THEREFORE, the undersigned, as Lessor of said property under lease dated August 5, 1945, does by these presents subordinate all of his right, title, and interest under the provisions of said lease to the right, title, and interest of the United States of America under the provisions of said Exploration Project Contract, and agrees that the lien and claim of the United States of America under the provisions of said contract shall be prior to the undersigned's rights to rentals or royalties under the terms of said lease; and

The undersigned further agrees that if said leasehold interest should be surrendered or if said lease should terminate at any time prior to the expiration of the rights of the United States of America under said Exploration Project Contract, the undersigned shall assume and does hereby assume all of the obligations of the Lessee under said Exploration Project Contract to make repayment to the United States of America according to the terms of said contract; and in accordance with attached opinion of John G. Liebert, dated August 20, 1951, made a part hereof

The undersigned agrees to commit no act, nor assert any claim under judicial process or otherwise that may contravene or conflict with the prior lien and claim of the United States of America under the provisions of said Exploration Project Contract.

This undertaking and covenant shall be binding upon the heirs, successors, and assigns of the undersigned.

Dated this ..... day of ....., 195....

THE BIG CHIEF MINING COMPANY

BY D. E. Buchman

President

ATTEST: G. H. Robert

Secretary

U. S. GOVERNMENT PRINTING OFFICE 16—64582-1

LETTERHEAD OF

UNITED STATES

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

WASHINGTON 25, D. C.

August 20, 1951

Leadville Lead Corporation
c/o Benjamin L. Wright, Jr.
Attorney At Law,
718 Symes Building
Denver, Colorado

Gentlemen:

Reference is made to your inquiry of August 10, 1951 concerning the meaning of the third paragraph of the Landlord's Subordinarion Agreement, Form MF-202, used in connection with Exploration Project Contracts between this Administration and lessees of mining properties.

The paragraph in question obligates the landlord only as to the repayment provisions of the Exploration Project Contract and does that only in the event the lease is surrendered or terminated before the expiration of the rights of the United States under the Exploration Contract. The repayment provisions consist of:

1. The royalty requirement of Paragraph 15 (MF-200, June 1951). Royalties must be paid only if and as ore is produced as a result of a discovery or development made in the exploration.

2. The salvage value requirement of Paragraphs 6, 7, and 17. If any of the facilities or equipment purchased in part with Government funds have salvage value at the end of the project, the Government's pro rata share of the salvage value must be paid to the Government.

The paragraph imposes no further liability upon the landlord and in particular does not make him responsible in any way for the performance of the exploration work. The effect of the entire agreement is to place a lien upon the mineral deposits discovered in the exploration but only to the extent of the repayment provisions as specified above.

We hope that the foregoing opinion will be of assistance to you in completing the necessary arrangements to enter in the exploration contract covering your proposed project.

Sincerely yours,
/s/ John G. Liebert
Acting for J. L. Hofflund,
General Counsel

Form MF-103
(April 1951)

U. DEPARTMENT OF THE INTERI
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. DMA-146 3X

Date received 6/4/51

Participation

LEADVILLE LEAD CORPORATION
500 ERNEST & CRAMNER BUILDING
DENVER 2, COLORADO

Name and address of applicant

Date MAY 23, 1951

FILL IN THIS BLOCK

Date of application May 23, 1951

Estimated cost $102,000.00

Mineral or metal LEAD, ZINC, SILVER

Percentage of Government participation 50%

Location of mine Horseshoe Mining District
Park County, Colorado

Date of filing MF-100

DMA Docket Number, if available

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation? Corporation

*2. If a partnership, state names and addresses of partners. Not Applicable.

*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders. See Attached Sheet

*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project Answered in Question 6 of MF-100

*5. Are you the owner or the lessee of the property? Answered in Question 4b of MF-100

6. If owner, state what claims, liens, or encumbrances, if any, are against the property.

7. If lessee, attach a copy of the lease and state if it is in good standing. See attached sheet

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract. See Attached Sheets

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement.

9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)? See Attached Sheets

*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

16—64067-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property. See Attached Sheets

(*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*b*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area. See Page 7, Exhibit 2 of MF-100

*11. State the present and former names of the property, if any. See Attached Sheets

*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads. Answered in Question 13 of MF-100

*13. State source and quantity of water available for operations and its sufficiency at all seasons. Answered in Questions 14 & 15 of MF-100

State amount of power to be used, rate per hour or other cost, and source and costs are estimated in Exhibit 1 MF-100

*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work. See Attached Sheets

15. State in detail how the ore could be shipped and how and where milled. See Attached Sheets

*16. History: Answered in MF-100 Question 7

(*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.

(*b*) State briefly the known history and production of adjoining and neighboring properties.

(*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

*17. Production: Answered in MF-100 Question 10

(*a*) If mine is in production, furnish the following information:

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)

(*a*) Describe the ore or mineral deposits briefly. Answered in MF-100 Questions 10 & 11

(*b*) Submit available maps and assay data.

(*c*) Give estimated tonnage and grade of each class of ore reserves.

19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

Answered in MF-100 and various exhibits to MF-100

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted? See Attached Sheets

21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it.

NOTE.—The Government will not participate in a project that will require more than 2 years to complete.

22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data.

See Attached Sheets

THE REQUIREMENTS AND COSTS

See Attached Sheets

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:

(*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each.

(*b*) Supervisors, by numbers and positions, with salaries of each.

(*c*) Cost of necessary repairs to existing facilities, structures, and buildings.

(*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings.

(*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each.

(*f*) Cost of rental for equipment which the operator proposes to rent.

(*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work.

(*h*) Cost of materials and supplies, including items of equipment costing less than $50 each.

(*i*) Cost of power, water, utilities, and any other items not provided for above.

24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent. See Attached Sheets

CERTIFICATION

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this form and accompanying papers is correct and complete to the best of their knowledge and belief.

LEADVILLE LEAD CORPORATION
(Name of company)

By Ben Slovight, Jr.
(Signature of authorized official)

MAY 23, 1951
(Date)

Secretary
(Title)

Title 18, U. S. Code (Crimes), Section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

*Same as footnote on page 1.

16—64067-1 U. S. GOVERNMENT PRINTING OFFICE

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

6. If owner, state what claims, liens or encumbrances, if any, are against the property.

As explained in question 4b of MF-100 only seven claims are involved in the proposed exploratory program. There are no liens against any of these claims, except general taxes for the year 1950. Tax statements have not been received so that the exact amount to be paid is not known.

There is a sublease affecting one of these claims. A copy of this lease and amendments thereto is submitted herewith as exhibit C.

There is a lien of $10,000 on one claim and fractional interests in eight others listed in 4b MF-100 as being held under lease and option. This lien represents the balance due on the purchase contract for the property.

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17th & Curtis Streets
Denver 2, Colorado

7. If lessee, attach a copy of the lease and state if it is in good standing.

The lease and option with amendments upon the Last Chance, Cato, Hilda, Addie and other claims is submitted herewith as exhibit A.

The lease and amendments thereto upon the Rat Claim is submitted herewith as exhibit B.

The above lease and lease and option are now in good standing.

Leadville Lead Corporation
500 Ernest & Cranmer Building
Denver 2, Colorado

BALANCE SHEET

LEADVILLE LEAD CORPORATION-DENVER, COLORADO

APRIL 30, 1951

ASSETS		
DEMAND DEPOSITS AND CASH ON HAND		$924.17
MATERIALS & SUPPLIES		13,564.20
CAPITAL STOCK OF THE HORSESHOE ZINC Co. (97.36% OWNED)		24,417.20
ADVANCE LEASE ROYALTY		250.00
MINE PROPERTIES (FREEHOLDS, LEASES, ETC.) CAPITALIZED RE-OPENING COSTS, ETC.		401,403.35
BUILDINGS, INCLUDING $18,786.72 FOR QUONSETS		39,031.50
TUNNEL CONSTRUCTION		47,398.07
ROAD CONSTRUCTION		24,919.64
MACHINERY & EQUIPMENT	$36,500.81	
LESS ALLOWANCE FOR DEPRECIATION	19,790.48	16,710.33
ACCOUNTS RECEIVABLE		540.00
		$ 569,158.46
LIABILITIES		
NOTES PAYABLE:		
FOR EQUIPMENT	$500.00	
TO INDIVIDUALS FOR MONEY ADVANCED	1,000.00	$1,500.00
ACCOUNTS PAYABLE:		
TRADE ACCOUNTS	$3,691.26	
DOCUMENTARY STAMP TAX AND EMPLOYEE'S INCOME TAX	165.75	
TO STOCKHOLDERS FOR CASH ADVANCES	500.00	4,357.01
PURCHASE CONTRACTS		10,000.00
ACCRUED:		
PROPERTY TAXES AND PAYROLL TAXES	$1,907.51	
INTEREST	39.85	1,947.36
		$ 17,804.37

CAPITAL STOCK & DEFICIT:			
COMMON STOCK, $1.00 PAR VALUE, AUTHORIZED		$1,000,000.00	
LESS: UNISSUED	$258,749.00		
TREASURY	19,067.00	277,816.00	
		$ 722,184.00	
DEFICIT:			
IN CAPITAL SURPLUS	$49,087.25		
IN EARNED SURPLUS	121,742.66	170,829.91	551,354.09
			$569,158.46

Leadville Lead Corporation
500 Ernest & Cranmer Building
Denver 2, Colorado

STATEMENT OF PROFIT AND LOSS FROM OPERATIONS-LEADVILLE LEAD CORPORATION

APRIL 30, 1951

INCOME HAS ACCRUED TO THE CORPORATION, THE DIRECT RESULT OF OPERATIONS ON THE PROPERTY FROM TWO SOURCES:

SALE OF ORE MINED BY LEADVILLE LEAD CORPORATION	$2,295.55
ROYALTIES RECEIVED FROM ORE SHIPPED BY LESSEES	406.41
	$2,701.96

Form MF-103
Page 1 of question 9

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver, 2, Colorado

9. How much money is applicant prepared to invest in proposed project: Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)?

Applicant is in the process of raising $75,000.00 by sale of stock. Exhibit 2 is the prospectus being used in connection therewith. Applicant is confident that the necessary funds will be raised before needed and is of the opinion that at least $40,000.00 will be raised during the next 45 days, and the additional funds raised while the program is in progress.

Form MF-103
Page 1 of question 10

Leadville Lead Corporation
500 Ernest and Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

10. (a) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.

(b) Give the legal description of the exact parcel, plot or area upon which the exploration is to be conducted.

(a) and (b):
Description of the real property is the same, consisting of the following mining claims:

Name of Claim				Survey Number			Title
Badger Boy	Lode	mining	claim	U.S.	Survey	#1336	Fee ownership
Rat	"	"	"	"	"	#5444	Lease
California	"	"	"	"	"	#5517 AM	Fee ownership
Addie	"	"	"	"	"	#5413	Lease and Option
Hilda	"	"	"	"	"	#5413	" " "
Last Chance	"	"	"	"	"	#3195	" " "
Cato	"	"	"	"	"	#3196	" " "

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

15. State in detail how the ore could be shipped and how and where milled.

This question has been answered in considerable detail under question 11, Form MF-100, where distances from the east portal of the Dauntless Tunnel to Leadville are given.

Oxidized silver-lead ore would be shipped to the smelter at Leadville. Oxidized zinc ore of high grade would be shipped if a market is available, or stored on the property. High grade sulphide ores of lead would go to the Leadville smelter. High grade zinc ores would be shipped to the smelters at Salt Lake City, Utah, or Amarillo, Texas. Low grade or mixed lead-zinc sulphide ores would be shipped to the mills at Leadville for concentration. If sufficient ore is developed on the property, the corporation would eventually build its own mill on the property.

Shipments from the property to Leadville would be by truck. Shipments to smelters at Salt Lake City, Utah, or Amarillo, Texas, would be by truck to Buena Vista, a distance of approximately 49 miles, thence by Rio Grande & Western R. R. and others to Salt Lake City or Amarillo.

See also Plates II and III of Exhibit 2 attached to Form MF-100.

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted?

Lead, zinc, and silver, with some possible by-products of gold and copper. The type of deposits are the well known blanket type ore deposits of the Leadville district of Colorado, of both oxide and sulphide ores, i.e. replacement ore bodies as well as mineralized fissures cutting through the sedimentary series.

A low grade manganese deposit is indicated by an outcropping south of the claims included in the current program.

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Denver 2, Colorado

21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it.

1. Plane table mapping and geological field work in conjunction with 2. and 3. below.

2. Advance of Dauntless Tunnel from its present face approximately 1200 feet to intersect the Lind-Stewart and the Hilda-Last Chance-Hilltop ore zones on their downward projections.

3. Approximately 6720 feet of diamond drilling to explore possible lateral as well as vertical extensions of already known and partially mined ore occurrences.

The program may take from six months to a year to complete.

The program is outlined in considerable detail in Exhibit 1 attached to Form MF-100 entitled "Proposed Exploration Program on some of the Holdings of the Leadville Lead Corporation, Hilda, Last Chance and Hilltop Mines, Horseshoe Mining District, Park County, Colorado," by H. W. C. Prommel, dated May, 1951. Of especial interest in answer to question 21 are items 10, 12, 13, 14, and 15, of above Exhibit 1.

Leadville Lead Corporation
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17th & Curtis Streets
Denver 2, Colorado

22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists and other pertinent data.

The geological basis of the project is that sedimentary formations, structural conditions, igneous intrusions and their type are identical to those in the largest mining district of Colorado, the Leadville district, of which this region forms in fact a southeasterly continuation. No known attempts have so far been made to test horizons below the Blue lime in the entire Horseshoe Mining District, which horizons have been productive in the Leadville District and elsewhere. This region is in fact considered by many geologists and mining engineers as the most promising region in the state at present for the opening up of more lead and zinc reserves not necessarily at one mine but in an entire district.

The following exhibits attached to Form MF-100 are of especial interest in connection with question 22.

Exhibit 1 See items 4 to 9, pages 2 to 10, and Plates 1 and 2.
" 2 Pages 5 and 6.
" 3 Pages 3, 6 and 8, and opinions in engineers' reports attached to and forming a part of exhibit 3.
" 4 Page 1, paragr. 5 and 6; pages 5-8, 10-11.
" 5 All.
" 6 Pages 6 to 11 incl.

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Denver 2, Colorado

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the government will participate, as follows:

(a) Labor, by number and classes, with wages of each.

As set forth on pages 26 and 27 of Exhibit 1, attached to Form MF-100, about 15 men will be required for driving the tunnel on a three shift per day basis.

6 men will be required for two diamond drills, as suggested in Exhibit 1, while 2 roustabout men, 1 cook and one cook's assistant will make up the crew.

No organized work of the type suggested has been done on the property of late, so that it is hard to give itemized statements at this time. Nor has actual planning or hiring of men for the contemplated work commenced. Wage scales should be similar to those at Leadville and Climax. Assuming a basic wage scale of $15 per day inclusive of board and room and an average of 22 working days per month, the approximate monthly payroll would be approximately $8,250. This is a rough estimate. More detailed figures can be determined once the property has been opened up (i.e. roads, etc.) and preliminary work is under way. Additional, more detailed data will be furnished on request as soon as it can be made available. It is believed that most of the work will be done on a contract basis, figures for which, together with discussion are set forth on pages 13 and 15 to 17, Exhibit 1, attached to Form MF-100.

(b) Supervisors, by numbers and positions, with salaries of each.

It is believed that one foreman or superintendent,

Tennessee Valley Authority
500 Hamilton Chamber Building
Lynn & Martin Streets
Knoxville, Tennessee

26. Tabulate in the form of an itemized statement with a sum for each item the additional requirements and costs of the project so that the local will give who estimates each of the projects in which the Government will participate, as follows:

(a) Labor, by number and classes, with wages of each.

As set forth on pages 26 and 27 of Exhibit I, attached to Form 27-100, about 15 men will be required for driving the tunnel on a three shift per day basis.

6 men will be required for two diamond drills, as suggested in Exhibit I, while 3 construction men, 1 cook and one cook's assistant will make up the crew.

No organized work of this type suggested has been done on the property of late, so that it is hard to give itemized statements at this time. Not has actual planning or hiring of men for the contemplated work commenced. Page matter should be similar to those of Leatherbite and Vitamer. Assuming a basic wage scale of $15 per day inclusive of board and room and an average of 24 working days per month, the approximate monthly payroll would be approximately $3,500. This is a rough estimate. More detailed figures can be determined once the property has been opened up (i.e. roads, etc.) and preliminary work is under way. Additional, more detailed data will be furnished on request as soon as it can be made available. It is believed that most of the work will be done on a contract basis. Figures for which together with discussion are set forth on pages 13 and 15 to 17, Exhibit I, attached to Form 27-100.

(b) Supervisors, by numbers and positions, with salaries of each.

It is believed that one foreman or superintendent,

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

23. (Continued)

(b) Supervisors, by numbers and positions, with salaries of each (Continued)

living on the property, together with one assistant to take care principally of time-keeping, accounting, purchasing of local supplies, etc., will be sufficient to look after the contract work in the tunnel and on the diamond drills and such other work done by two roustabouts already included under (a) above and described under item 17 on pages 26 and 27 of Exhibit 1 attached to Form MF-100. The salary of the foreman or superintendent may come to $500 inclusive of room and board, while that of his assistant may be in the neighborhood of $300 incl. of room and board. Again more detailed information will have to be accumulated as soon as preliminary work gets under way and will be furnished on request.

(c) Cost of necessary repairs to existing facilities, structures and buildings.

(d) Cost of necessary installation or construction of additional facilities, structures, facilities, and buildings.

Costs of these items cannot be determined until the property has been examined after the winter shut-down. As some work will get under way by the corporation before this application goes through the necessary government procedures and an exploration contract is entered into, most of these items will probably have been taken care of or their costs more definitely determined so that they can be furnished in greater detail upon request and prior to entering into an exploration contract.

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

23. (Continued)

(c) and (d)(Continued)

Applicant can now house approximately 40 men in (1) frame bunkhouse and (2) 20x60 Quonset bunkhouse, both located near portal of Dauntless Tunnel. Each of these buildings is in good repair and applicant does not contemplate necessity for any repairs or alterations at this time.

Applicant does not consider it necessary to construct any additional facilities, structures or buildings in order to carry out proposed program.

(e) Cost of items of equipment, not now owned by the applicant, which must be purchased for operations at a cost of $50 or more each.

These items, as far as they can be determined now, are set forth under item 14(e) on pages 18 and 19 of Exhibit 1 attached to Form MF-100. They consist of a compressed air locomotive and trailer, the cost of which (May, 1951, quotation) is $2,500.00 cash, or a $150 per month rental basis, with $100 applying on the purchase price. A second item needed consists of 8 mine cars. Such cars, manufactured by Card Iron Works in Denver, would come to about $500.00 each, or a total of $4000.00. Again, this question can be answered in greater detail after equipment on hand has been examined on the property once it is made accessible after the winter shutdown.

(f) Cost of rental for equipment which the operator proposes to rent.

This question cannot be answered at the present time,

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Denver 2, Colorado

23. (Continued)

(f) (Continued)

as it will depend on contract terms for the work. For instance, for driving the tunnel it is proposed that the corporation will furnish all necessary equipment and the contractor will furnish the necessary supplies, such as powder, fuse, caps, etc. The rental basis for compressed air locomotive has been set forth under (e) above. It is possible that the contractor may be in possession of mine cars and would want to furnish them on a rental basis. These things remain to be determined. The overall cost of driving tunnel has been estimated at $40 per foot.

For diamond drilling purposes, the contractor is supposed to furnish the equipment which is included in the cost per foot drilled. The total, overall cost of drilling has been estimated at $7.00 per foot.

(g) Rental value of items of equipment which the operator now owns and which will be devoted to the work.

This question must remain unanswered until a check can be made on the ground as to the equipment which is supposed to be on hand and the condition such equipment is in. A list of buildings and equipment which is supposed to be on the ground is given under items 14(a) to 14(d) incl. on pages 17 and 18 of Exhibit 1 attached to Form MF-100

(h) Cost of materials and supplies, including items of equipment costing less than $50 each.

Under Item 14d, Machine parts, rails, etc. on page 18 of Exhibit 1 attached to Form MF-100 it is stated that approximately $5000 worth of machine parts, mine rails,

Leadville Lead Corporation
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17th & Curtis Streets
Denver 2, Colorado

23. (Continued)

(h) (Continued)

compressed air pipe, mine timbers, and miscellaneous supplies, may be stored on the property for which no detailed invoice is at present available. Until such an invoice can be taken, it will not be known what additional small items will be needed and what items are actually on hand at the mine. Question (h) must therefore remain at least partially unanswered at this time, especially as there has not been a watchman on the property during the winter.

(i) Cost of power, water, utilities, ~~any~~ any other items not provided for above.

Power units attached to equipment on hand consist of diesel or gasoline engines. The cost of diesel or gasoline fuel depends on prevailing market prices, plus probably some additional costs for transportation from Fairplay to the East portal of the Dauntless Tunnel.

Form MF-103
Page 1 of question 24

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent.

See Item 10, page 13; Item 14, pages 15 and 17; and Item 15, pages 20 to 25, of Exhibit 1, attached to Form MF-100.

Geological Field Work and Mapping. This will probably be distributed over four months in the summer and will be going on in conjunction with other work. Distribution will therefore be approximately $1000 per month from June to October, 1951.

Advance of Dauntless Tunnel 1200 feet @ $40.00 per foot, total $48,000, distributed over five months, June to October, 1951, would make 240 ft. per month, or $9,600. per month.

Diamond drilling. A total of 6,720 ft. of drilling plus some incidental work, distributed over 7 months in 1951, at a total of $7.44 per foot incl. of incidental work, would amount to $50,000, or $7,143 per month.

An approximate distribution of funds required is therefore:

Description of work	Months and Funds required each month 1st.	2nd.	3rd.	4th.	5th.	6th.	7th.	Total Dollars
Geological Field Work	1000	1000	1000	1000				$ 4,000
Advancing Dauntless Tunnel	9600	9600	9600	9600	9600			48,000
Diamond drilling	7143	7143	7143	7143	7143	7143	7142	50,000
Funds required per month	17743	17743	17743	17743	16743	7143	7142	$102,000

Defense Minerals Administration Exploration loan 50%------$ 51,000

The above figures represent approximate estimates only, based on data immediately available, and subject to some alteration once the preliminary work gets under way and the property is accessible. As plans get under way and preliminary work is started, additional figures will be furnished on request.

Kimberlite Sand Co. Corporation
900 Tower & Commerce Building
Akron 1, Ohio
Service to: Colorado

44. Provide a site schedule on the project, showing in terms of months after project is approved, showing separate expenditures to be made during the month expected to be spent.

See Item 16, page 15; Item 14, pages 12 and 17; and Item 15, pages 80 to 83, of Exhibit 1, attached to Item 14-(1).

Geological Field Work and Drilling. This will probably be undertaken over four months in the area and will be going on in conjunction with other work. Alternative plans will therefore be approximately zero for three months to October, 1951.

Advance of Longhouse Tunnel. 1800 feet (240.00 per foot, total 432,000). Alternative one: Take advance, time to October, 1951, would take 800 ft. per month, or 9,600 per month.

Diamond drilling. A total of 6,750 ft. of drilling plus some instrumental work, distributed over 7 months in 1951, at a total of $4.64 per foot incl. of instrumental work, would amount to $30,000, or $4,285 per month.

An approximate distribution of funds expected is therefore:

Description of work	Months and funds expected each month							Total Dollars
	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	
Geological field work	1000	1000	1000	1000				$ 4,000
Advancing Longhouse tunnel	9600	9600	9600	9600	9600			48,000
Diamond drilling	4285	4285	4285	4285	4285	4285	4285	30,000
Funds required per month	14885	14885	14885	14885	13885	4285	4285	82,000

Balance Diamond Exploration Exploration Loan Requ---- $7,000

The above figures represent approximate estimates only, based on data immediately available, and subject to some alteration once the preliminary work gets under way and the property is reconnoitered. As plans get under way and preliminary work is started, additional figures will be furnished on request.

Form MF-100
(March 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

GENERAL TECHNICAL DATA
FOR USE UNDER THE
DEFENSE PRODUCTION ACT OF 1950

NOT TO BE FILLED IN BY APPLICANT

Docket No. DMA-1463 X

Date received 6/4/51

LEADVILLE LEAD CORPORATION
500 ERNEST AND CRAMNER BUILDING
DENVER 2, COLORADO

Name and address of applicant

Date MAY 23, 1951.

INSTRUCTIONS

This form is to be filed with Defense Minerals Administration, Department of the Interior, Washington 25, D. C. It should be accompanied by appropriate application form when a specific type of Government assistance is requested, in the form of (1) loan, (2) purchase contract, (3) Government guarantee of a private loan, (4) ~~Necessary certificate pursuant to the provisions of Section 124 of the Amortization, Depletion, of Internal Revenue Code, 1950,~~ (5) priorities or allocation of mining equipment, and maintenance, repair and operating supplies, and (6) other forms of Government assistance that might arise under the Act. Submit four (4) signed copies of the form and accompanying papers. Name and address should be stamped or typed on each sheet of this form and all accompanying papers. *When a question is inapplicable it should be so stated on the form.* Additional sheets may be attached in answering any questions or in supplying additional information. (IF YOU CANNOT ANSWER A QUESTION, SO STATE.) If a question is answered elsewhere indicate where answered. It is not necessary to answer it again.

GENERAL TECHNICAL DATA

Supply the following information on separate sheets, arranged, numbered, and lettered as indicated:

1. Materials produced:
   (*a*) What are the chief mine, mill, or smelter products? LEAD, SILVER, ZINC
   (*b*) What are the byproducts, if any? Possibly some MANGANESE and GOLD
2. Name(s) and type(s) of mine(s), mill(s), smelter(s), refinery(ies), pit(s), quarry (ies), drilling operation(s). Include old names of property, if any. Show extent of workings, including the following:
   (*a*) Linear feet of shafts.
   (*b*) Linear feet of drifts and crosscuts. (See Attached Sheets)
   (*c*) Linear feet of tunnels or adits.
   (*d*) Linear feet of other mine openings (explain briefly).

   Indicate whether mine is flooded or not. Describe any pumping problems. Give size or productive capacity.
3. For each operation listed above supply the following:
   (*a*) Distance and direction from nearest town and shipping point.
   (*b*) Mining district.
   (*c*) Township, Section, Range. (See Attached Sheets)
   (*d*) County, State.
4. (*a*) State whether or not property is now in operation, and if in operation, by whom operated.
   (*b*) Are you operating this property as:
   ☐ Owner.
   ☐ Lessee. (See Attached Sheets)
   ☐ Contractor.
5. Number of years in production (See Attached Sheets)

   If not in production or operation, estimated date when production will begin _____
6. Experience of operators:

   Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who manage the project. (See Attached Sheets)
7. History: (See Attached Sheets)
   (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for suspension of operation.
   (*b*) State briefly the known history and production of adjoining and neighboring properties.
   (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

8. Names and addresses of Officers, Directors, or Partners, and in addition thereto, the five largest stockholders if applicant is a corporation.

Name and Address (a)	Official Title (If officer is also director indicate by "D") (b)	Total of Annual Salary, Commissions, Bonuses, Etc., Received From Applicant and Affiliates During Last Fiscal Year (c)	Estimated Net Worth Outside of Interest in Applicant (d)	Number of Shares Held in Applicant Corporation: Common (e)	Number of Shares Held in Applicant Corporation: Preferred (f)	Life Insurance Carried for Benefit of Applicant: Amount (g)	Life Insurance Carried for Benefit of Applicant: Net Cash Surrender Value After Loans (h)
Robert G. Risk	President D	None	200,000	53245	None	None	None
George S. Casey	Vice-Pres D	None	50,000	5000	None	None	None
Francis X. Wieck	Treasurer Vice-Pres D	1350	40,000	5575	None	None	None
Ben L. Wright, Jr.	Secretary D	2925	5,000	2901	None	None	None
Homer R. Bair	"D"	None	50,000	7075	None	None	None
John G. Reid	"D"	2925	75,000	5900	None	None	None
Ray N. Peterson	"D"	None	200,000	39852	None	None	None
Fidelity Philadelphia Trust Co. as Trustee of the Estate of Rosco H. Trumbull, Deceased		None	Unknown	40000	None	None	None
W. A. Huntsinger		None	200,000	33125	None	None	None
James H. Redman		None	15,000	30298	None	None	None
	Total	7200	x x x x x	222971		x x x x x	x x x x x

If more lines are needed continue on separate sheet.

9. Capital Stock Issues:

For Corporate Applicants

Item	Authorized (a)	Outstanding (b)	Par Value (c)	Number of Shares Outstanding (d)	Dividend Rate Last Paid* (e)
Common stock	$ 1,000,000	$ 741,051	$ 1.00	741,051	None
Preferred stock	$	$	$		

*Indicate period covered.

10. Production: (See Attached Sheets)

Item	Kind of Product (a)	1948 Total (b)	1949 Total (c)	1950 Total (d)	Present Average Monthly (e)
1. Quantity of product mined or quarried (Short, long, metric tons; barrels; pounds; etc.)					
2. Quantity of product processed (specify unit of measure and type of process)					
3. Quantity and grade of product sold or shipped (specify units of measure)					

11. Do you contemplate a change in the present average monthly rate of production? If so, state estimated maximum monthly production and basis of change. (See Attached Sheets)

12. Ore or Mineral Reserves: (See Attached Sheets)

(a) Describe the ore or mineral deposit briefly. Accompany the application by any available report on the geology and ore reserves.

(*b*) If deposit is other than placer:

(1) Submit assay plans and/or sections showing location and size of proved (measured) and probable (indicated) ore or mineral reserve.

(2) State the tonnage (indicate type of ton) and grade of each class of ore reserve, as above, and show how computed. Tabulated total ore reserve as follows:

TOTAL ORE OR MINERAL RESERVES

Ore or Mineral Reserve	Estimated Tons (a)	Metal or Mineral Content Per Ton (Grade) (b)	Gross Value Per Ton (c)	Recoverable Unit Value Per Ton (d)	Estimated Cost of Production Per Ton (e)
Measured (proved)					
Indicated (probable)					

(*c*) If placer:

(1) Give estimated total yardage and average marketable mineral content of each deposit.

(2) Submit map showing location of placer deposit and surrounding area, with all test holes or pits. Submit logs of each hole and test pit with depth and average value of each.

(3) Describe gravel, stating whether fine, medium or coarse; loose, tight, cemented, or frozen, and whether it contains stumps or boulders more than 1 foot in diameter; if so, how large, and in what proportion.

(4) Describe bedrock, giving type (granite, sandstone, shale, etc.) and state whether it is hard or soft, smooth, uneven or rough.

(5) Describe overburden, stating whether loose, tight, or cemented; fine or coarse textured; furnish estimate of average thickness and total amount.

(6) Tabulate the reserves using the form outlined above for ore or mineral reserves.

13. Access Roads: (See Attached Sheets)
Give road distances to shipping, supply and residence points, stating kind and condition of roads.

14. Water Supply: (See Attached Sheets)
State source and quantity of water available for operations and whether sufficient for all seasons of year.

15. Power: (See Attached Sheets)
State amount of power used, rate per hour, and source thereof.

16. Labor: (See Attached Sheets)
State number and classes (miners, muckers, millmen, etc.) of men employed during a recent representative payroll period.

17. Equipment and Facilities: (See Attached Sheets)
Describe present equipment on the property, including buildings. (State condition.) List major pieces of equipment now owned or controlled and in serviceable condition available for this operation.

18. Are there any particular conditions or circumstances affecting your operations that are not described above? If so, explain.
(See Attached Sheets)

CERTIFICATION

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this form and accompanying papers is correct and complete to the best of their knowledge and belief.

LEADVILLE LEAD CORPORATION
(Name of company)

By Ben Slowright, Jr.
(Signature of authorized official)

MAY 23, 1951
(Date)

Secretary
(Title)

Title 18, U. S. Code (Crimes), Section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

U. S. GOVERNMENT PRINTING OFFICE 16—63792-1

FORM MF-100
Page 1 of question 2

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

2. Name and type of mine. Include old names of property, if any. Show extent of workings.

The Hilda-Last Chance-Hilltop mine, known also as the Hilda Tunnel, Last Chance Open Cut, Last Chance-Hilltop Ice Palace Stope, Lind Workings, Stewart Workings, Fulton Drift, and the Dauntless Tunnel.

The extent of the workings is shown on Plate 1 attached to and forming a part of Exhibit 1 attached to this form MF-100. The approximate extent of linear feet of the workings is as follows:

(a) Linear feet of shafts:

Last Chance Shaft.	Closed by ice on top. Bottom waste filled.	400 ft.
Hilltop Shaft.	Closed by ice on top.	540 ft.
Hilltop Incline.	About 50 ft. vertical, 72 ft. inclined	122 ft.
Vannatter Shaft.	Vertical	80 ft.
Rob Roy Shaft.	Present condition unknown.	110 ft.
Miller Shaft.	Present condition unknown. Depth assumed.	75 ft.
Hilltop Incline.	Lower part of Hilltop Stope.	150 ft.
Dauntless Shaft.	Connected by raise with Dauntless Tunnel	70 ft.
	TOTAL	1547 ft.

There are other prospect shafts on the property, the combined depths of which is not known and cannot be determined at present.

(b) Linear feet of drifts and crosscuts. (Approximate, as determined by measurements from Plate 1.)

Last Chance-Hilltop-Hilda Workings

Fulton, Doran, Porphyry Drifts and drifts under stope,	3880 ft.
Miller Shaft drift	25 ft.
Dauntless Workings (from Dauntless Shaft)	200 ft.
Various crosscuts in Last Chance-Hilltop Workings, in Hilda Tunnel and in Miller Shaft	1658 ft.
TOTAL	5763 ft.

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

2. (Continued)

(c) Linear feet of tunnels or adits. (Determined by measurement from Plate 1)

Dauntless Tunnel	1029 ft.
Hilda Tunnel	680 ft.
TOTAL	1709 ft.

(d) Linear feet of other Mine Openings.

Stopes

Stope from workings below Hilda Tunnel (approx. length)	200 ft.
Last Chance-Hilltop stope: average width 30 ft., height varying from 20 ft. to 60 ft. and more, continuous length	1500 ft.
Stopes in Lind workings	900 ft.
Stopes in Stewart workings	800 ft.
TOTAL APPROX. LENGTH OF STOPES.....	3400 ft.

Raises and Winzes

There are about 31 raises and winzes in the Last Chance-Hilltop-Fulton-Lind-Stewart workings the exact lengths of which is not known, but which may acerage 30 ft.	930 ft.
The Hilda tunnel workings have 5 winzes (approx. length)	230 ft.
Raise from Dauntless Tunnel to Dauntless workings	90 ft.
TOTAL RAISES AND WINZES APPROX.....	1250 ft.

There are therefore approximately 13,669 ft. of mine workings, all of which are not accessible at this time. The long and somewhat irregular ore bodies along which these workings are located (with exception of Dauntless Tunnel and Dauntless Workings) are replacement ore bodies in the "Leadville" or Blue limestone, and extensions laterally as well as in depth in underlying formations along the same fissures along which replacement has taken place, are to be explored for.

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

2. (Continued)

Indicate whether mine is flooded or not. Describe any pumping problems. Give size or productive capacity.

Of all the workings, only the Fulton Drift is flooded during a part of the year (during the summer months), this water draining through underground passages during the rest of the year. No pumps have ever been installed on the property as far as is known. The ground is perpetually frozen above approximately 12,600 ft. a.s.l.

The size of the stopes on the property is described above. The past productive capacity of the mine must have varied between 50 to 100 tons per day which were hoisted to the surface through the Last Chance and Hilltop shafts. This productive capacity could be substantially increased by development work which is to follow the exploration program so that all ores encountered can be extracted through the Dauntless tunnel.

The Lind, Stewart and Fulton drifts are not accessible due to caveins.

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

3. For each operation listed above supply the following:

(a) Distance and Direction from nearest town and shipping point.

All of the operations listed above are situated in the same locality, on the east slope of the Mosquito Range, between Mount Sherman and Mount Sheridan, about 14 miles west of Fairplay, which is the nearest town, and nearest shipping point by bus. The nearest railroad point, on the Denver & Rio Grande Western R. R., is the town of Buena Vista, 49 miles from the mine and 35 miles south and west of Fairplay.

(b) Mining district.

Horseshoe mining district.

(c) Township, Section, Range.

Township 10 South, Section 1, Range 79 West of the 6th Principal Meridian.

(d) County, State.

Park County, Colorado.

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

4.(a) State whether or not property is now in operation, and if in operation, by whom operated.

The property is not now in operation. A sub-lessee, Frank Vannatter, has a lease on the Last Chance Lode Mining Claim and is expected to continue working upon a block of ore located on the claim when weather permits. The size of the block is not known. A copy of this sub-lease is submitted as Exhibit C under question 7 of MF-103.

(b) Are you operating this property as:

x Owner
x Lessee
Contractor

The applicant owns 75 patented claims in entirity and 24 patented claims in part. It holds 16 patented claims and fractional interests in 8 patented claims under lease and options. It holds 4 patented claims and fractional interests in 8 patented claims under lease without option, as shown in exhibit 2, page 6, under the heading: "Property and Controls." Other pertinent material follows onto page 7.

The exploratory program for which a loan is herewith being sought includes seven lode mining claims. Applicant's control of the seven claims is as follows:

The Cato Lode Mining Claim, U. S. Survey No. 3196; Last Chance Lode Mining Claim, U. S. Survey No. 3195; the Hilda Lode Mining Claim, U. S. Survey No. 5413; and the Addie Lode Mining Claim, U. S. Survey No. 5413, are held under lease and option, a copy of which is submitted as exhibit A under question 7 of MF-103; the Rat Lode Mining Claim is held

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4. (Continued)

(b) Are you operating this property (Continued)

under lease without option, a copy of which is submitted as Exhibit B under question 7 of MF-103; Applicant owns the California Lode Mining Claim, U. S. Survey No. 5517AM, in fee simple and claims ownership of the Badger Boy Lode Mining Claim, U. S. Survey No. 1336 in fee simple; there is, however, a defect as to an undivided 48/100 interest in this claim which applicant expects to cure in due time.

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5. Number of years in production. If not in production or operation, estimated date when production will begin.

The Last Chance and Badger Boy mines started production in 1869 and 1870. Last Chance operated continuously to 1893 when it was shut down on account of low silver price; it was operated by lessees thereafter. The Hilltop mine started operations and production in 1885. Both the Last Chance and the Hilltop mines operated and produced more or less continuously until 1923.

The Dauntless tunnel was started in 1912. From 1923 to 1947 there was practically no production from these mines. From 1948 to 1950 incl. there was production by Leadville Lead Corporation, lesses and sub-lessees from the Last Chance Open Cut, ground immediately below it in proximity of the recently sunk Vannatter shaft (total depth about 80 ft.), and from a pillar left in the Last Chance "Ice Palace" stope next to the Last Chance shaft.

For further details on periods and amounts of past production see Exhibit 2, Prospectus of Leadville Lead Corporation, April 25, 1951, pages 7 and 8. also:

Exhibit 3 "Leadville Lead Corporation and the Hilltop Consolidation", April 30, 1947, pages 9 to 16 incl.

The date when production will begin again depends on the findings of the proposed exploration program to be carried out in 1951 and to be financed by Leadville Lead Corporation with the assistance of a 50-50 exploration loan from the Defense Minerals Administration, Washington, D. C.

Some exploitation may actually be carried on, on known

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Mr. Thomas E. Brenner, President
Lyon & Griffin Streets
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5. Number of years in production. If not in production or operation, estimated date when production will begin.

The Last Chance and Badger Boy mines started production in 1889 and 1870. Last Chance operated continuously to 1892 when it was shut down on account of low silver price; it was operated by lessees thereafter. The Hilltop mine started operations and production in 1888. Both the Last Chance and the Hilltop mines operated and produced more or less continuously until 1926.

The Hamilton summit was started in 1913. From 1921 to 1927 there was practically no production from these mines. From 1928 to 1930 incl. there was production by Leadville Lead Corporation, lessee and sub-lessees from the Last Chance Open Cut, ground immediately below it in proximity to the recently sunk Vanderbilt shaft (total depth about 80 ft.), and from a pillar left in the Last Chance "Ice Palace" stope next to the Last Chance shaft.

For further details on periods and amounts of past production see Exhibit 4, Prospectus of Leadville Lead Corporation, April 28, 1931, pages 7 and 8, also:

Exhibit 3 "Leadville Lead Corporation and the Hilltop Consolidated", April 30, 1927, pages 9 to 16 incl.

The date when production will begin again depends on the outcome of the proposed exploration program to be carried out in 1951 and to be financed by Leadville Lead Corporation with the assistance of a 50-50 exploration loan from the Defense Minerals Administration, Washington, D. C.

Some exploitation may reasonably be carried in, on known

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5. (Continued)

ore below the Last Chance Open Cut by lessees or sub-lessees as soon as the road to the property is opened in the late spring of 1951. Development and exploitation at this locality was closed down during February or March, 1951, on account of inclement weather. Trips to and from the property were made at that time by snow weasel.

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6.(a) Experience of operators: Describe the mining and general business experience of (a) the applicant, and (b) the person or persons who manage the project.

The general business experience of the applicant is covered in exhibit 2 at page 8 under the heading "Work Done by Corporation."

(b) Same as above.

Robert G. Risk, President, is a dentist by profession.

George S. Casey, Vice-President, is an insurance agent.

Francis X. Weick, Treasurer, is a comptroller.

Ben L. Wright, Jr., Secretary, is an attorney.

None of the above officers claim to be mining men although George S. Casey has participated in several small mining operations.

Ultimately applicant expects the management to be assumed by professional mining experts. The exploratory work contemplated in this application will be done by competent persons on a contract basis.

At the present time, H. W. C. Prommel is employed on a retainer basis. He has prepared our exploratory program set out in exhibit 1. Mr. Prommel is a widely known and respected geologist. His experience record is attached hereto.

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PROMMEL, Harald W. C., Res. 731 So. Downing St., Denver, Colo., Born Feb. 21, 1887.
REGISTERED GEOLOGIST AND MINING ENGINEER, STATE OF COLORADO

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SUMMARY EXPERIENCE RECORD

1902-1904. South America, Employed on railroad, Guayaquil to Quito, Ecuador. With South American Development Co. at gold mines near Zaruma, Ecuador, as timekeeper, hoisting engineer, machine man and powder man.

1904-1908. Day laborer and miner, Cripple Creek District, Colorado, U. S. A. Student, International Correspondence Schools, Metal Mining and Spanish.

1908-1913. Mexico, States of Guerrero, Morelos, Hidalgo, Oaxaca, Zacatecas, Sonora. Mine sampler, shift boss, mine foreman, mine superintendent, assayer, mine examinations, clerical work, interpreter Spanish-English-German. 1913, Mt. Hope Iron Mines, New Jersey, timber foreman; student in mining engineering, Columbia University, New York, N.Y.

1913-1914. Mine examinations, Colorado, California, Idaho, Mexico. Student, Denver University, Denver, Colorado, term 1914-1915.

1915-1916. South America: Peru, Bolivia, Chile. Examinations and reports on tin mines and copper deposits.

1916-1917. Student, Colorado School of Mines, Golden, Colorado, term 1916-1917. Mine examination, zinc and copper, Kelly, New Mexico; Sandon District, British Columbia; interpreter and assistant to C. A. Fisher, Consulting Geologist, Denver, Colorado, on reconnaissance investigation of oil possibilities of Cuba.

1917-1922. Associate Geologist and Mining Engineer with Fisher & Lowrie, Consulting Geologists, Denver, Colorado. Geological and mining investigations, oil fields, coal and metal mines in Wyoming, Colorado, Utah, Kansas, Nevada, Montana, Texas, Tennessee, Kentucky, South Dakota, Oklahoma, Arizona, Louisiana, Nebraska, Illinois. Internal Revenue Agent, U.S.A., collecting oil and gas data and natural gas samples Rocky Mountain Region, for U. S. Internal Revenue Bureau.

1923-1930. Independent Consulting Geologist and Mining Engineer, Denver, Colorado. Investigations in Wyoming, South Dakota, New Mexico, Texas, Oklahoma, Kansas, Colorado, Nebraska, Montana, Utah. South America, Brazil. Investigation of oil possibilities of Brazil.

1930-1932. Russia and Siberia. Chief Consulting Geologist for Tsvetmetzoloto, non-ferrous metal mining trust of the U. S. S. R. Examination of lead, copper and zinc mines and prospects. Organization of geological and prospecting departments.

1932-1934. Geological and mine examinations, lode and placer mines, in Colorado. President and General Manager, Prommel Mining Company. Gold placer operations on South Boulder Creek, Gilpin County, Colorado. Report on Theory of origin of helium rich natural gases, their occurrence, distribution, drilling for same and development of fields. Report written for Soyuzgas Trust, U.S.S.R. Article on Oil and Gas Development in Utah, 1934, for A. I. M. M. E.

1935-____. Organizing Keystone drill test work, Pactolus placer, Colorado. Lode mine geological investigation Nevada. Investigation of tungsten mine, California, and gold silver mine, Panamint Range, California. Detailed sampling, value and yardage estimation and report on gold-scheelite desert placer deposit, Randsburg-Atolia District, California. Placer sampling and report Bighorn County, Wyoming.

(over to page 2)

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1936 - 1942 Investigations and Reports, reconnaissance and detail, sampling by various methods, structural and areal geologic and topographic mapping; lode mines and placer deposits; gold, silver, lead, zinc, copper, tungsten, fluorspar, oil and gas; in Colorado, New Mexico, Nevada, and in the states of Sinaloa and Sonora, Mexico.

1942 - 1947 Project Engineer, U.S.Bureau of Mines, sampling and reporting on mine dumps for lead and zinc, Leadville district, Colorado. Placer and lode mine investigations in Colorado, Sonora, Mexico, South Dakota. Sampling and report on Bentonite, Wyoming. Sampling and reports on gold placer deposits in New Mexico and Virginia. Fluorspar, phosphate, gold, silver, copper, lead investigations and reports in Colorado. Investigation and report on sand and gravel deposits on Ute Indian lands in western Colorado.

1948- 1950 Investigations and reports on natural gas, fire clay, fluorspar, silver, gold, lead, zinc, and tungsten in Colorado, Montana and Idaho. Investigation of lode and placer gold deposits in British Guiana, South America.

LANGUAGES Speak, read and write English, Spanish, German. Some knowledge of French, Portuguese and Russian.

MAPPING, ETC. Plane table, topography, structural and areal geology. Operate typewriter and calculators.

ENGINEERING SOCIETIES

American Institute of Mining and Metallurgical Engineers *	1912
American Association of Petroleum Geologists	1921
Rocky Mountain Association of Geologists * *	1922
North Texas Geological Society	1925
Colorado Scientific Society * *Active in 1950	1929
Colorado Mining Association (Treasurer) *	1930
Denver Mining Club (Vice Chairman) *	1935
Colorado School of Mines Alumni Association *	

ARTICLES AND TECHNICAL PAPERS PUBLISHED

Bulletins of the Amer. Assoc. of Petroleum Geologists, Tulsa, Okla.
Inland Oil Index, Casper, Wyoming
Mining Review, Salt Lake City, Utah.
Trans. Amer. Inst. of Mining and Met. Engineers, New York.
Oil and Gas Journal, Tulsa, Okla.
Mining Congress Journal, Washington, D. C. 1940, 1945.
Colo. Mining Assoc. Yearbooks, Denver, Colo. 1939, 41, 42, 43, 44.
Engineering and Mining Journal, New York, 1941, 1942.
U. S. Bureau of Mines, Washington, D.C. (information Circular 6960) '37.
Mines Magazine, CS of M Alumni Assoc. 1942, 45, 46, 49, 50.

REFERENCES 1950

Mining Engineering and Geology
Robert S. Palmer, Exec. Director, Colo. Mining Assoc.
204 State Office Building, Denver 2, Colorado.
O. R. Whitaker, E.M., Consulting Engineer,
932 Equitable Building, Denver 2, Colorado.
A. J. Martin, Supervising Engineer, Statistical Division,
U. S. Bureau of Mines, Federal Center, Denver, Colorado.
Oil and Gas Geology
The Hon. E. D. Milliken, Senator from Colorado
Senate Office Building, Washington, D. C.
Max W. Ball, Consulting Geologist,
1025 Vermont Avenue, Washington, D. C.
C. E. Dobbin Conservation Division, U. S. Geological Survey,
U. S. Customhouse Building, Denver 2, Colorado.

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7. History

(a) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for suspension of operation.

See page 7, exhibit 2, under heading "History and Production." See also pages 9, 10, and 11 of exhibit 3. These cover the history prior to the time applicant acquired control.

Applicant's operations are outlined on page 8 of exhibit 2 under the heading "Work done by Corporation." Operations were suspended or curtailed at various times due to lack of funds. Lack of funds caused applicant to let block leases as hereinafter outlined.

In the spring of 1949 a lease was let to Orville Adrian which produced no ore as he found no ore in commercial quantities in a superficial exploration of a portion of the Dauntless Lode Mining Claim, U. S. Survey No. 4914.

In the spring of 1949 a lease was let to William Van Cooten on a block in the Last Chance Stope. Some production was made but the lease was abandoned due to the drop in the price of lead and lessee's inability to obtain expected financial backing for the sinking of a shaft into the white limestone along the fissure in the bottom of the Last Chance Stope.

In the spring of 1949 a lease was let to Ted Butler upon a dump on the Hilltop Lode Mining claim or Ptarmigan Lode Mining Claim, U. S. Survey #4620. Samples of this dump ore ran high in zinc carbonates. Several zinc smelters were contacted but most of them were not in operation due to the then

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Denver 2, Colorado

7. (Continued)

(a)(Continued)

low price of zinc. Butler is currently requesting another lease on this dump.

In the fall of 1949, Butler obtained a lease on the Last Chance and made few shipments. The last shipments did not pay expenses due to the fact that rubble and snow got mixed with the ore. In 1950, Butler surrendered his lease after making some arrangement with Frank Vannatter who obtained a lease on the Last Chance Claim.

In the summer of 1949, Frank Vannatter was given a lease on the area near the Dauntless Tunnel as now constructed. Lessee advanced the tunnel 403 feet as a condition of the lease. No ore was encountered in the tunnel drive and Mr. Vannatter centered his attention on the Last Chance Claim. In the fall of 1949 a lease was given to him on the Last Chance Claim except the Butler block. As a condition he was to advance the Dauntless Tunnel 1100 feet. He was also granted an option on a tract 300' x 1500' to be selected by him as, if and when he completed the Dauntless Tunnel to the Western emergence. The first 1100' drive was to be completed by December 31, 1950. Vannatter was unable to obtain financial backers and eventually the lease was cancelled. In the summer of 1950 a new lease was granted to Vannatter. He has sunk an 80' shaft near the open cut, built an ore bin and a hoist house. Some production was obtained before winter set in. Some split check operations are believed to have resulted in a small amount of work being

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Denver 2, Colorado

7. (Continued)

(a) (Continued)

done this winter. It is expected that operations will continue when weather permits.

Production of earlier operations is covered in exhibit 6; in exhibit 3 on pages 12, 13, 14, 15, and 16; in exhibit 2 pages 7 and 8 under heading "Production." Production during the past three years is covered in question 10 herein.

(b) State briefly the known history and production of adjoining and neighboring properties?

Applicant's properties are located in what is known as the Horseshoe Area of the Leadville District. The mineral output of the Leadville District accounts for more than 3/8th of the total mineral production of the State of Colorado. The properties are approximately 3½ miles southeast of the Little Jonny or Ibex Mine, one of Leadville District's largest producers, and is approximately 3 miles southeast of the Resurrection Mine, presently mined through the YAK TUNNEL. These properties are around 4½ miles south of the LONDON Mine of the ALMA DISTRICT, which has had a production in recent years in excess of 20 million dollars.

The mines with a sizeable production record nearest to applicant's properties are: (a) Continental Chief Mine, 1¼ miles north of Dauntless Tunnel, said to have produced more than 4 million dollars in silver and lead; (b) the Peerless Group 1½ miles south of applicant's properties - production unknown, but reputed to have been a profitable producer of silver-

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Denver 2, Colorado

7. (Continued)

(b) (Continued)

lead ores; (c) The Sacramento Mine 3 miles east of applicant's properties, reported to have produced around $500,000 in silver.

(c) Furnish any available (private)reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

There are attached to Form MF-100 the following

EXHIBITS.

Exhibit 1. Contemplated Exploration Program of Leadville Lead Corporation, May, 1951. By H.W.C.Prommel, Geologist and Mining Engineer, Denver, Colorado, with 2 maps, and cross sections for diamond drilling program.

Exhibit 2. Prospectus of Leadville Lead Corporation, April 25, 1951.

Exhibit 3. Leadville Lead Corporation and the Hilltop Consolidation, by James N. Redman, Mining Engineer, Denver, Colorado, April 30, 1947.
Exhibit 3 contains copies of reports as follows:
Engineers Reports on Hilltop Consolidation Properties.

W. G. Franklin	April 11, 1892
Walter S. Larsh	July 14, 1910
Hugh C. Watson	May 6, 1913
Murray F. Crossette	Feb. 15, 1919
Herbert C. Enos	June 22, 1919
Carl O. Lindberg	Aug. 16, 1920
Walter S. Larsh	Oct. 22, 1921

See also pages 26-29 of Exhibit 3 and pages 30 to 33 of Exhibit 3 for digests and additional data by S. F. Emmons, U. S. Bureau of Mines, Sam Doran, Fred J. McNair, A. E. Moynahan, Files of the Fairplay Flume, June 24, 1880, and Nov. 18, 1880.

Exhibit 4. Report of C. R. Wilfley, Mining Engineer, Denver, Colorado. December 20, 1948.

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Denver 2, Colorado

7. (Continued)

(c)(Continued):

Exhibit 5. Report by C. R. Wilfley, Mining Engineer, Denver, Colorado. November 18, 1949.

Exhibit 6. Report on Property of Leadville Lead Corporation, December 1, 1948, by W. F. B. Berger, Mining Engineer (Deceased) and letter by Mr. Berger of December 6, 1948.

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Denver 2, Colorado

10. Production.

1. Quantity of product mined or quarried.

Accurate figures for quantity and value of total production are not available and obtainable data is fragmentary. Some figures prior to 1948 are set forth in Exhibit 3, pages 12-17 incl. Pages 6-8, incl. of Exhibit 3 give some idea as to the nature of the ore, height, width and length of ore bodies and mention is made of 50,000 tons of low grade material in the Last Chance and Hilltop dumps. Taking into consideration the small size of the dumps and the large volume of mined ore bodies it appears that some 300,000 to 350,000 tons of ore may have been mined from the Last Chance-Hilltop, Lind, Stewart and Fulton ore bodies, plus a small amount of tonnage from the ore body in the Hilda tunnel winzes. The product was mine-run oxidized silver-lead ore containing isolated chunks of galena.

Based on smelter settlement sheets at that time (1910) in the possession of the Colorado National Bank, as well as on other data, W. F. B. Berger, in his report of December 1, 1948, and in his letter of December 6, 1948, estimated the value of the past production of these mines at $5,490,000, but he does not give any tonnage figures. See Exhibit 6, pages 12 to 13, and letter of December 6, 1948, page 1, for details. All of this production was obtained by hand mining methods and apart from steam hoists at the shafts and the aerial tram to Leavick, there appears to have been no mechanical mining equipment on the property prior to 1947 or 1948.

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10. Production (Continued)

1. Quantity of product mined or quarried (Continued)

From November 1948 to November 1950 approximately 1025.03 tons which netted $10,508.61, or an average of $10.25 per ton, after deducting smelter charges, freight, royalties, certain taxes, were mined from the Last Chance open cut hear the surface and underneath the open cut, as well as from a pillar alongside the Last Chance Shaft. A summary of these ore shipments (by geometrical average calculations) as obtained from smelter return sheets in the possession of Leadville Lead Corporation is as follows:

Leadville Lead Corporation Oct. 30 to Nov. 29, 1948. From Last Chance Open Cut. 4 shipments. Total 137.97 tons; net average $16.64 per ton; average assay Ag 3.71 oz. Pb 11.12%; highest Zn assay 3.9%, lowest Zn assay 2.3%.

W. E. Van Cooten, Lessee. May 20 to July 1, 1949. From pillar at Last Chance Shaft, Ice Palace Stope. 4 shipments. Total 155.85 tons; net average $18.46 per ton; average assay Ag 7.98 oz. Pb 17.41%; highest Zn assay 8.35%, lowest Zn assay 4.2%.

Ted Butler, Lessee. Sept. 13, 1949 to Jan. 16, 1950. From Last Chance Open Cut Workings at and near surface. 16 shipments. Total 567.99 tons; net average $7.10 per ton; average assay Ag 6.80 oz., Pb. 10.36%; highest Zn assay 3.1%, lowest Zn assay 0.25%. Moisture was extreme in the last 8 shipments, ranging from 7.4% to 28.6%, and the value on two shipments was low, resulting in a deficit

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Denver 2, Colorado

10. Production (Continued)

1. Quantity of product mined or quarried (Continued)

Ted Butler, Lessee. Sept.13,1949 to Jan.16,1950 (Cont'd)

which was made up by the following four shipments. The decrease in value is in part due to surface work in the winter under adverse weather conditions, making selective mining difficult.

Frank Vannatter, Lessee. Sept.10, to Nov. 13, 1950.

From Last Chance Open Cut and underground in vicinity of Vannatter shaft. 4 shipments. Total 163.22 tons; average assay Ag 6.12 oz., Pb 11.84%; highest Zn assay 3.1%, lowest Zn assay 0.00%.

Underground work in the vicinity of the Vannatter shaft was carried on by sublessees of Vannatter up to February, 1951, a face of ore is said to have been opened and some ore which could not be shipped due to adverse weather conditions may be stored in underground working. Three men and a cook were working at the mine in February, 1951, but the work was shut down for the winter shortly thereafter.

2. Quantity of product processed.

An insignificant amount of all ores mined were processed at two gravity concentration plants at the old town of Leavick, some 3 miles below the Hilltop shaft along the course of Four Mile creek. These attempts were made in 1887 and 1892; they are briefly described in Exhibit 3, in paragraphs 5 and 10 on page 10.

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10. Production (Continued)

3. Quantity and grade of product sold or shipped.

All of the ore mined appears to have been shipped as mine-run ore to smelters in Leadville, Colorado, and Salt Lake City, Utah. The approximate quantity is given under 1.

In his brochure on "Leadville Lead Corporation and the Hilltop Consolidation" (Exhibit 3, page 6, "Content and Value of Ore") Redman estimates the average quality of the ore mined prior to 1948 as probab;y 25 oz. of silver, 20% lead and 10% zinc per ton of 2000 lbs. See also pages 11 and 14 to 16 of Exhibit 3 for some settlement sheets on zinc and lead ore and partial list of settlement sheets for 1910 production.

The geometrical average silver and lead content of ore shipments made from November 1948 to November 1950 (see also answer to question 1 above) on 1025 tons of 2000 lbs. is 6.59 oz. silver and 11.8% lead. The zinc content of four lots (155.85 tons) varied from 4.2% to 8.35% zinc (ore from pillar in Last Chance Ice Palace stope) while the zinc content of the remainder, mined from the Last Chance Open Cut and below it varied from 0.0% to 3.9%.

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Denver 2, Colorado

11. Do you contemplate a change in the present average monthly rate of production? If so, state estimated maximum monthly production and basis of change.

Yes. There is no production at the present time. The small production obtained during 1948-1950 can be considered a by-product from cleaning out and opening up of old workings coupled with some exploitation under extremely adverse conditions as to weather and ore haulage. Most of the ore was shipped during late fall and winter months from an elevation of 12,760 ft. a.s.l. over a 49 miles, 4,960 ft. downgrade haul to Buena Vista and thence a 35 mile 2,390 ft. upgrade haul from Buena Vista to Leadville, or a total distance of 84 miles.

If the contemplated exploratory work proves successful, additional ore bodies will be opened up and all ore extraction will be through the Dauntless tunnel, the eastern portal of which is at an elevation of 12,296 ft. a.s.l., or 464 ft. lower than the collar of the Vannatter Shaft. Ore will be lowered by gravity to the Dauntless tunnel level as against hoisting through Vannatter shaft. There will still be the long haul from the East Portal of the Dauntless tunnel to the smelter or mills at Leadville.

The contemplated average monthly rate of production depends therefore on the outcome of contemplated exploration and development work and the number of ore faces which can be opened up in new as well as in the old workings which eventually will be connected with the Dauntless tunnel by laterals and raises. The output also will depend on the number of ore trucks avail-

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17th & Curtis Streets
Denver 2, Colorado

11. (Continued)

able for the 84 mile haul to Leadville.

If sufficient ore is eventually found by contemplated exploratory and development work (See Exhibit 1, Contemplated Exploration Program of Leadville Lead Corporation) to warrant the completion of the Dauntless Tunnel for an additional 3400 feet from its presently contemplated face at the Last Chance-Hilltop fault fissure, to the west portal on the Leadville or western side of the Mosquito Range, the long ore haul from the east portal mentioned above will be replaced by a straight 2106 ft. downgrade haul approximately 8 miles in length. This haul would be from the west portal of the Dauntless tunnel in Iowa Gulch, to Leadville and to the A. S. & R. Co. smelter at Leadville. The reduction in haulage cost would amount to approximately $5.00 per ton, which would make the mining of lower grade ore possible. The reduction of haulage time and number of trucks necessary for ore haulage would be of great value. The completion of the Dauntless Tunnel to its proposed western portal constitutes the long range planning program of Leadville Lead Corporation, provided sufficient ore bodies are encountered by exploratory and development work. Before this ultimate goal can be attained, ore shipments from the eastern portal of the Dauntless Tunnel would make substantial contributions to metals needed in the present national emergency. For ore haulage routes discussed above, see Exhibit 2, Plates II and III, opposite pages 5 and 6.

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Denver 2, Colorado

12. Ore or Mineral Reserves.

(a) Describe the ore or mineral reserve briefly. Accompany the application by any available report on the geology and ore reserves.

The ore deposits so far worked are replacement deposits, developed along fault fissures in the Blue limestone of Pennsylvanian age. Extensions to these deposits will be explored for eventually both to the north as well as to the south. Similar deposits along the same and other fissures in the White lime, the Peerless shale, and the Sawatch quartzite which underlie the Blue lime and which have so far not been explored in this district as far as it is known, are to be explored for.

Geology and Reserves are described in the following Exhibits attached hereto:

Exhibit	1.	Part 8, Pages 7-10.
"	2.	Pages 5 and 6.
"	3.	Pages 4 and 6 to 8 incl. Also Engineers reports in Exhibit 3 listed on page 4 of question 7, under 7 (c).
"	4.	Page 1, paragraphs 5, 6; pages 5-8, 10-11.
"	5.	All.
"	6.	Pages 6 to 11 incl.

(b) If deposit is other than placer.

(1) Submit assay plans and/or sections showing location and size of proved (measured) and probable (indicated) ore or mineral reserve.

Strictly speaking, there are no measurable, immediately accessible proved and probable ore reserves, apart from accessible, but not as yet measurable ore in the bottom of the south part of the Last Chance Open Cut and underneath this open cut in the vicinity

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12. Ore or Mineral Reserves (Continued)

(b) If deposit is other than placer (Continued)

(1) Submit assay plans and/or sections showing location and size of proved (measured) and probable (indicated) ore or mineral reserve. (Continued)

of the Vannatter shaft.

Loose ore is said to be present along the floor and the walls of the Last Chance-Hilltop Ice Palace Stope. Ore in place is said to be present in the Hilda winze workings, and in the Lind, Stewart, Fulton and Doran drift workings, as explained in greater detail on pages 6 to 8 of Exhibit 3. Approximately 30,000 tons of the Hilltop shaft dump averaging 7 oz. in silver and 5.7% lead are mentioned in U. S. Bureau of Mines War Minerals Report No. 194.

For location of workings mentioned above, see Plate 1 of Exhibit 1.

(2) State the tonnage and grade of each class of ore reserve, and show how computed. Tabulated total ore reserves as follows:

As explained under (1) above, this question is inapplicable at the present time and can therefore not be answered.

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Denver 2, Colorado

13. Access Roads:
Give road distances to shipping, supply and residence points, stating kind and condition of roads.

Present and contemplated distances from the portals of the Dauntless Tunnel to ore shipping points are mentioned on page 1 of question 11.

From the east portal of the Dauntless Tunnel where bunkhouses to take care of workmen are in place and ready for occupation, a secondary road constructed by Leadville Lead Corporation along the old road and partly over a more advantageously located new stretch, about 3 miles in length, leads downward to the deserted mining town of Leavick.

From the Dauntless Tunnel upward, secondary roads built by Leadville Lead Corporation and its predecessors lead to the Last Chance Open Cut, Cato crosscut and Hilltop shaft. See Exhibit 1, Plate 1, for location of roads.

From Leavick downward toward Fairplay, for a distance of about 11 miles, a county road built on the abandoned railroad right of way of the branch of the Colorado & Southern Railway follows Four Mile Creek to South Park where it joins U. S. Highway No. 285 about 1½ miles south of Fairplay. Fairplay is the nearest residential and supply point. The distance from Fairplay to Denver over paved U. S. Highway 285 is 87 miles. Other residence and supply towns are Buena Vista and Salida, on the Denver & Rio Grande Western R. R., 35 miles and 56 miles respectively from Fairplay.

The road from Fairplay to the east portal of the Dauntless Tunnel is unsurfaced, but in fair condition and is kept

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

13. Access Roads. (Continued)

open in the winter by Leadville Lead Corporation and Park county jointly when the property is operating.

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

14. Water Supply.

State source and quantity of water available for operation and whether sufficient for all seasons of the year.

In the opinion of applicant, sufficient water is available from the drainage effected by Dauntless Tunnel drive to service compressor and diamond drill (operating in tunnel) as well as to supply water for boarding house. Dauntless Tunnel has already cut several water courses and apparently ran all year, although the flow is somewhat diminished between the date of the first frosts and the beginning of the thaws.

Water required for most of the other drilling purposes under this program can be had for surface drilling by bulldozing out a shallow pond at a suitable location below the perpetual snow bank at the head of Four Mile Gulch above Last Chance mine and catching therein the water produced by the melting of this snow bank. Water could be had in this fashion from June 1 to October 1. Water from this pond could be piped underground for drilling proposed herein in underground workings of Last Chance and in Hilda underground workings.

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

15. Power:

State Amount of power used, rate per hour, and source thereof.

At present, May, 1951, Leadville Lead Corporation is not operating. The power units on equipment at the mine as listed on page 18 of Exhibit 1 consist of direct connected Diesel and gasoline engines, with storage tanks for Diesel oil and gasoline in place near the east portal of the Dauntless Tunnel. A 15 HP steam boiler is used for heating purposes.

Ultimately, electric power is to be installed on the property. The region lies within the Leadville District of the Public Service Company of Colorado, with lines running from Leadville to Alma Junction, Alma and Fairplay. About 2½ miles of branch line will have to be built at an estimated cost of $7,500 which would be subject to refund as power is used. Applicant will probably be required to furnish its own transformer.

See page 16, Exhibit 1, for figures on cost of power.

Leadville Lead Corporation
500 Ernest & Cranmer Bldg.
17th & Curtis Streets
Denver,2,Colorado

16. Labor:
State number and classes (miners, muckers, millmen, etc.) of men employed during a recent representative payroll period.

The property is not operating at present and since 1948 operations have been performed by lessees and sub-lessees working principally for themselves. Basic wages for labor have been $12 and room and board per 8 hour day, but it is probable that a somewhat higher wage scale will have to be adopted during 1951, comparable with wages paid at Climax, Leadville, Alma and Fairplay operations. Due to the altitude, a slightly higher wage scale may have to be adopted.

Since 1947 the work performed by the Leadville Lead Corporation has consisted principally of property acquisition and equipment and rehabilitation work on certain parts of the property, such as re-opening of some of the workings, sampling, removal of ice and debris from open cuts and workings, as well as road construction, installation of buildings and acquisition of equipment. Some surface survey work has also been done.

In a progress report dated July 31, 1948, by James N. Redman, then General Manager, the operating organization was in substance as follows:

> "The Superintendent is directing a crew of 13 men, including foreman, bulldozer operator, traxcavator operator, 2 machine drillers, 2 miners working part time as muckers and trammers and as machine drill and bulldozer helpers; 2 truck drivers, 3 carpenters, 1 cook, and 1 cook's helper."

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

16. Labor:
State number and classes (miners, muckers, millmen, etc.) of men employed during a recent representative payroll period. (Continued)

In a progress report dated August 31, 1948, it is stated:

> "The corporation at this time has a weekly payroll expense of $1,200 to $1,500, in addition to its payments on equipment purchases and its other numerous expenses."

The approximate number and classes of men required for a contemplated exploration program to be undertaken during 1951 are set forth in detail in part 17 on pages 26 to 27 of Exhibit 1 attached hereto. The total approximate number is 26, for whom accomodations on the property are now available. See list of equipment, buildings, etc. on pages 17 to 18, Exhibit 1.

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

17. Equipment and Facilities:
Describe present equipment on the property, including buildings. (State condition). List major pieces of equipment now owned or controlled and in serviceable condition available for this operation.

The present equipment and facilities on the property are described as nearly as it is possible to do so at present (May, 1951) without making an actual inventory on the ground, on pages 17 and 18 of Exhibit 1 attached hereto and made a part hereof. Additional equipment required for a contemplated exploration program to be carried out during 1951 are also listed on pages 18 and 19 of Exhibit 1.

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

18. Are there any particular conditions or circumstances affecting your operations that are not described above? If so, explain.

All of the questions on Form MF-100, which has been made available to us only very recently, have been answered as completely and accurately as possible taking into consideration the short time remaining for filing forms MF-100 and MF-103 as well as the impossibility to check conditions and supplies, buildings and equipment on the ground due to high altitude and snow conditions.

Much time was spent in preparing data and maps for Exhibit 1, "Contemplated Exploration Program of Leadville Lead Corporation, May, 1951", attached hereto and made a part hereof, which is also to serve as a basis for application on Form MF-103 for aid for an exploration project pursuant to Mineral Order 5, under Defense Production Act of 1950. Exhibit 1 was under preparation a considerable time before Forms MO-5, MO-7, MF-100, and MF-103, were available to us, for which reason and in order to avoid repetition, Exhibit 1 has been referred to often in the preparation of answers to questions on Form MF-100.

Compilation of necessary information desired is complicated because of recent changes in officers and directors of Leadville Lead Corporation. Financial difficulties resulted in a temporary shut-down of operations in 1949-50 and leasing of some of the ground as well as sale of some of the equipment acquired during 1948. It is believed, however, that answers to questions on Form MF-100, together with the large and voluminous exhibits submitted therewith, form as good and complete a background of

Leadville Lead Corporation
500 Ernest & Cranmer Building
17th & Curtis Streets
Denver 2, Colorado

18. Are there any particular conditions or circumstances affecting your operations that are not described above? If so, explain. (Continued)

actual conditions affecting the future operations of Leadville Lead Corporation as can be assembled now for presentation prior to June 1, 1951.

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

PROJECT SUMMARY REPORT

By: W. P. Klugescheid September 29, 1954

1. Docket No. DMEA-1463 (Lead-Zinc)
   Contract No. Idm-E250
   Property: Hilltop Mine
   Location: Park County, Colorado

   Operator: Leadville Lead Corporation
   500 Ernest and Cranmer Building
   Denver 2, Colorado

   Operator's Property Rights: Owner and Lessee
   Landlord's Subordination Agreements dated August 7, 1951, and another not dated.

2. Contract dated February 1, 1952. To complete - 18 months

Work Authorized

STAGE I

900 feet of crosscutting @ $45.00 per foot		$ 40,500.00

STAGE II

470 feet of raising @ $40.00 per foot	$18,800.00	
3000 feet of diamond drilling @ $7.00 per foot	21,000.00	
Equipment to be purchased	3,300.00	43,100.00

STAGE III

430 feet of drifting @ $40.00 per foot	17,200.00
Total Cost of the Project	$100,800.00
Government's participation	$ 50,400.00

Amendments

No. 1 Dated March 12, 1952

Referring to Exhibit "A" attached to Exploration Contract, adds allowable wages for one engineer and one bookkeeper under the title Labor and Supervision.

No increase in total cost of the project or in the maximum amount allowable for engineering, sampling and office expense.

No. 2 Dated April 4, 1952

Referring to Exhibit "A" attached to Exploration Project contract under the sub-title "To be furnished by the Operator" adds depreciation allowance for one Studebaker Weasel during months during which it is used for the benefit of the project.

No increase in total cost of the project.

No. 3 Dated May 26, 1952

Voids Amendment No. 1 in its entirety.

No. 4 Dated May 26, 1952

Referring to Exhibit "A" under caption "Labor and Supervision", adds some rates of pay.

No increase in total cost of the project.

No. 5 Dated May 26, 1952

Referring to Exhibit "A" under the title Statement of the Work, specifies that necessary maintenance of the access road to the project is an allowable cost of the project, also specifies the "maintenace of the Dauntless Tunnel", exclusive of work covered by any subcontract agreement, is an allowable cost of the project.

Under Stage II, adds the following: "Rehabilitation and Repair of the Cato crosscut and the Hilda tunnel, to make same accessible and safe for other work under Stage II, is a necessary and allowable cost of the project."

No increase in total cost of the project.

No. 6 Dated May 26, 1952

Referring to Exhibit "A" under caption "Operating Equipment" subheading "To be rented" deletes the word "none" and substitutes 1 Tractor - Bulldozer when company tractor is being repaired and specifies maximum rental permitted.

This amendment also adds 1-Roots blower as equipment "To be furnished by the Operator."

No increase in total cost of the project.

No. 7 Dated August 15, 1952

Referring to Exhibit "A" under caption "Statement of the Work" adds the following to the second paragraph: "In exception to the foregoing, the engineering and geologic work, that is a preliminary requisite to enable formulation of plans for Stage II and III work, may be performed at the most advantageous time prior to completion of Stage I work."

This amendment adds monthly depreciation rate for 1 - Ingersoll-Rand drifting drill.

No. 8 Dated October 16, 1952

First paragraph in "Exhibit A" on page numbered 3 is deleted.

No. 9 Dated October 29, 1952

Adds depreciation rate for a D-2 Caterpiller with traxcavator. Permits purchase of some wet cells.

No increase in total cost of the project.

No. 10 Dated February 12, 1953

Changes the figures $50,400. and $100,800. to $51,300. and $102,600. respectively in paragraph 13 of the contract.

On page 2 of Exhibit "A" increases the estimated total cost to $102,600 to defray additional costs in Stages II and III of engineering, sampling and analysis and bookkeeping. Effective Novermber 1, 1952.

Limits the amounts that can be paid for engineering and analysis and office expenses for the nine months period November 1, 1952 to August 1, 1953.

No. 11 Dated May 6, 1953, effective March 1, 1953.

In contract deletes "eighteen (18) months" in Article 3 and substitutes "twenty-four (24) months."

In Amendment No. 10, paragraph "(3)" in the statement "for the nine month period November 1, 1952 to August 1, 1953" deletes "nine month" and substitutes "fifteen month," deletes August 1, 1953 and substitutes February 1, 1954.

Permission for a recess of operations was granted until June 15, 1953. Contains a clause about withholding reimbursement during the recess.

No. 12 Dated June 23, 1953.

Changes date for resumption of operations after recess from June 15, 1953 to August 15, 1953 in Amendment No. 11.

No. 13 Dated August 14, 1953.

Changes date for resumption of operations after recess from August 15, 1953 to September 15, 1953 in Amendment No. 12.

Work Completed

Stage I - 840 feet of crosscutting @ $46.22 per/ft		$38,828.11
Stage II- 962 feet of diamond drilling @ $14.22 per foot		13,674.86
Stage III - Preparation)		6,518.72
Road Maintenance)	X	6,833.21
Tunnel Maintenance)		2,276.60
Total		$68,131.50

If above costs "X" were distributed to diamond drilling and crosscutting the costs would be considerably higher.

The work was terminated at the request of the Operator by a "Termination Agreement" signed December 30, 1953.

3. Audit Certificate issued July 9, 1954.

Total cost as billed by contractor	$71,313.99
Less proceeds from property disposition	2,285.40
Total	$69,028.59
Exceptions	897.09
Total accepted cost	$68,131.50
Government's participation	$34,065.75

4. Certificate of Discovery - none issued

Ore Reserve - none
Production - none

5. Comments

This project was conducted inefficiently and costs were high. This was due largely to lack of experience and poor planning on the part of the Operator.

The Dauntless Tunnel was advanced a distance of 840 feet for the purpose of cutting the Lind fissure and the Last Chance-Hilltop fissure. The Lind fissure was encountered at approximately 1,600 feet from the portal and the Last Chance-Hilltop fissure at 2,165 feet. Both fissures were barren at the point the tunnel intersected them in the porphyry. The first thousand feet of the tunnel cuts the Blue limestone of the Leadville and Chaffee formations, the host formation of early production, and then passes into the Parting Quartzite, the lower member of the Chaffee formation. Instead of cutting the Manitou (White) limestone, thought to lie directly beneath the Chaffee formation, the tunnel at 1,055 feet, enters a porphyry sill and continues therein to the face.

Project work on Stage II, consisting of 962 feet of diamond drilling in five holes drilled from the Dauntless tunnel, was completed on February 28, 1953.

Results of this work within the two potential lower ore horizons, the Manitou limestone and the Peerless shale, proved that ore does not exist within these formations near the Last Chance-Hilltop fissure in the vicinity of the tunnel. Core recovery was very poor.

Except for road maintenance and equipment repair, operations were suspended from February 28, 1953, until December 9, 1953, when the Operator requested termination by mutual consent. This agreement was signed December 30, 1953.

The Lind fissure is a much weaker structure that the Last Chance-Hilltop fissure. Because of the unsatisfactory results of the drilling in the area of the latter, exploring of the Lind fissure was not comtemplated.

If in a case of national emergency there should exist a critical shortage of lead and zinc, the additional drilling proposed but not undertaken, might be considered.

The ore in the Last Chance-Hilltop mine and immediate area occurred as replacement deposits in the Leadville limestone and possibly the Dyer dolomite, together known as the Blue limestone, primarily associated with and localized by northeasterly striking fissure.

Most productive was the ore body mined along the Last Chance-Hilltop fissure. The Last Chance-Hilltop fault strikes about N 21° E, and the cylindrical shaped ore body was reported as having an approximate length of 1,450 feet with a maximum width and height of 70 feet. The Lind and Stewart ore bodies were of the same type, occurring along minor faults. The Lind ore shoot was reported to be about 840 feet long, 10 to 20 feet wide, and from 15 to 40 feet in height. The Stewart stopes measure about 440 feet in length with a maximum width of 40 feet.

The ore occurred both as sulphides and oxides. The sulphide ore primarily contained galena with minor amounts of sphalerite, chalcopyrite, tetrahedrite, and argentite.

The exploration project was initiated for the purpose of exploring the downward and lateral projection of the major producing fissures in the known productive horizon.

Walter P. Klugescheid

W. P. Klugescheid

WPK/er 10/30/54

Copy to: Docket
Base Metals
Chron.

☒ Audited

☐ Certified

WORK ANALYSIS SHEET - DMEA PROJECT

Analysis as of 12/9/54.
Incl. Voucher for February 1953.

☒ Actual Cost

☐ Agreed Unit Costs

Name Leadville Lead Corporation

Docket No. DMEA-1463

State Colorado.

Commodity Lead-Zinc.

Idm-E No. 250

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	1,330'	$57,700.00	840'	$41,240.54	$39,902.07
Raising	82'	3,259.11			
Shafts					
Winzes					
Drilling (Specify) Diamond	3,000'	21,000.00	962'	13,635.47	13,192.93
Surface Excavation					
Underground Excavation					
Roads and Trails		6,794.89		6,794.89	6,574.36
Operating Equipment Purchased		3,300.00			
Surface Rehabilitation & Repairs					
Underground Rehabilitation		8,746.00		8,746.00	8,462.14
New Building, Improvements, etc.					
Other (Specify) Increased Cost of Engineering		1,800.00			
Totals		$102,600.00		$70,416.90	$68,131.50

Material Cost Recovered.

Explosives	$ 193.70
Pipe	545.00
Track	410.00
Miscellaneous	1,136.70
	$ 2,285.40

Disallowances are distributed in completed cost column

Prepared by W. P. Kugeschied

71626

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 7 1957

DATE	INITIALS	COD.
1-7	C	220
January	3, 1956	

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee

From: DMEA Field Team, Region III

Subject: Docket DMEA 1463X Idm-E250 (lead-zinc-copper) Leadville Lead Company (Hilltop Mine) Park County, Colorado.

Enclosed herewith is Figure 1 of the final report on the subject docket which arrived in this office with the brochure on Docket 4572.

We believe that in a review of the application on Docket DMEA 4572 in the Washington Office, the enclosed map was used and should be returned to your file on Docket DMEA 1463X.

DMEA Field Team, Region III

By W. M. Traver
Executive Officer

Enclosure

File Copy
Surname
J.W. Alt.
Grismer

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

FEB 4 1955

Mr. James C. Tiffany, Manager
Leadville Lead Corporation
636 Santa Clara Avenue
Grand Junction, Colorado

Re: Docket No. DMEA-1463 (Lead-Zinc)
Leadville Lead Corporation
Dauntless Tunnel
Park County, Colorado
Contract No. Idm-E250

Dear Mr. Tiffany:

This is to acknowledge your letter of January 26, 1955, and to advise you that Mr. W. M. Traver, Executive Officer, DMEA Field Team, Region III, 224 New Customhouse Building, Denver 2, Colorado, will inform you regarding your exploration project, lean. You should hear from him shortly.

Sincerely yours,

C. O. Mittendorf

Administrator

JWAlt/er 2/3/55

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

R.C.h.

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

RECEIVED

22[illegible] New Customhouse
Denver 2, Colorado

February [illegible], 1953

Mr. Ken L. Wright, Secretary
Leadville Lead Corporation
[illegible] Ernest and Cranmer Building
Denver 2, Colorado

Re: Docket DMEA [illegible]
Contract [illegible]

Dear Mr. Wright:

Inasmuch as the results of the work performed under Contract [illegible] were unfavorable the Government does not intend to exercise its rights under the provisions of Article [illegible] of the contract form relative to the certification of the project as a discovery or development, therefore does not exhibit a lien against the property.

Your attention is directed to the provisions of Article [illegible] of the contract form relative to the retention of the project records for at least three years after completion of the project or termination of the contract.

Very truly yours,

W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

JWT:jp
cc Chairman, Op. Comm. (4)
Subject
Chron
Harshman
Shaw
Christensen
Townsend

File Copy
Surname
J. W. Alt.
Newcomb
Hedges
Selfridge
Fellman
Mettendorf

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

JAN 28 1955

JWAlt/bjl, Rm. 4444, Ext. 3669

Base Metals, DMEA, Interior

14X4401(01) Revolving Fund, Defense Production Act, Interior (allocated Working Fund to Office of Secy.)

TELETYPE

Date:

To: W. M. Traver, Executive Officer, DMEA Field Team, Region III, Denver, Colorado

Reurtt January 24, Docket DMEA-1463, Contract Idm-250, Leadville Lead Corporation. Because of unsatisfactory performance by Operator, we do not intend to issue usual form letter. Please comply with our teletype of January 24. Send usual number of copies to Washington.

George C. Selfridge
Chairman, Operating Committee

(written 1/28/55)

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

SENT
JAN 28 1955
Clerical Service Section

Leadville Lead Corporation
636 Santa Clara Avenue
Grand Junction, Colorado
January 26, 1955

RECEIVED

Mr. C. O. Mittendorf
Administrator, D.M.E.A.
Dept. of the Interior
Washington 25, D.C.

Dear Sir:

I am writing in regard to our D.M.E.A. Contract No. Idm E 250 Docket No. 1463X. A few days ago Mr. Toundsend of your Denver regional office told me he would drop you a short note to the same effect.

Our treasurer is in some doubt about the $34,065.75 which the government contributed to our unsuccessful exploration program. He would like some final word from your office stating that the loan was terminated and that the Leadville Lead Corporation was no longer obligated to repay the sum. As it is we are carring it as a continuing liability on our books.

If we are still obligated to repay the loan out of possible future production from certain claims we would appreciate a statement to that effect so that we know just how we stand financially.

As Mr. Toundsend will no doubt tell you we have submitted our final report some time ago to your Denver office and they have closed the file on our loan.

Very truly yours,

James C. Tiffany

James C. Tiffany, Manager
Leadville Lead Corporation

Chairman, Operating Committee D.M.E.A.
1-24-55
6:37 P.M.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 25 1955

DN 235 BUREAU MINES 1-24-55 4-37 PM

CHAIRMAN, OPERATING COMMITTEE
DMEA

REURTT JANUARY 24, DOCKET DMEA 1463, CONTRACT IDM-E250, LEADVILLE LEAD CORPORATION, REFERRING TO OUR TELETYPE JANUARY 17. BECAUSE OF THE DISTRIBUTION WE BELIEVE THE USUAL FORM LETTER SHOULD ORIGINATE IN THE WASHINGTON OFFICE DMEA. PLESXXX PLEASE TELETYPE ADVICE.

W M TRAVER

Denver, Colo.

Mr. Chambers:

NOTE: There will be no closing letter on this case per Mr. Johnson's instructions, as Operator did not perform work in satisfactory manner.

B. Lackhoff

JAN 25 8 45 AM '55
BUREAU OF MINES
MAIL ROOM
WASHINGTON D.C.

File Copy
Surname
J.W. Alt
Swisher
Chambers
Selfridge
Hedges
Kiilsgaard
Bishop
Whittenberg

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

JAN 24 1955

JWAlt/bjl, Rm. 4444, Ext. 3669

Base Metals, DMEA, Interior

14X4401(01) Revolving Fund,
Defense Production Act, Interior (allocated
Working Fund to the Office of the Secretary

TELETYPE

Date:

To: W. M. Craver, Executive Officer, DMEA FieldTeam, Region III, Denver, Colorado

Deurtt January 17, 1955, Docket DMEA-1463, Contract Idm-7250, Leadville Lead Corporation. As a Certificate of Discovery was not issued, the Government does not retain a lien against the project. The Operator should be advised to retain its records for three years. Contract terminated December 30, 1953, audit certificate issued July 9, 1953.

George C. Selfridge
Chairman, Operating Committee

(rewritten 1/20/55)

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

SENT
JAN 24 1955
Central Service Section

R.C.B.

File Copy
Surname
J. Alt
Brunwell
Talbutt

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

JWAlt/bjl, Rm. 4444, Ext. 3669

Base Metals, DMEA, Interior

14X4401(01) Revolving Fund,
Defense Production Act, Interior (allocated
Working Fund to the Office of the Secy.)

TELETYPE

Date:

To: W. M. Traver, Executive Officer, DMEA Field Team, Region III, Denver, Colorado

Reurtt January 17, 1955, re Docket DMEA-1463, Contract Idm-E250, Leadville Lead Corporation. We will prepare closing letter to Operator.

Chairman, Operating Committee

(1/19/55)

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

SENT
JAN 24 1955
Central Service Section

Chairman, Operating Committee
1-17-55
4:06 P.M.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 18 1955

DN 235 BUR MINES 1-17-55 2-06 PM

CHAIRMAN, OPERATING COMITTEE

RE DOCKET DMEA [redacted], XXXXX 1463, CONTRACT IDM- E259/// IDM-3///
IDM- E1 WTXXX IDM - E250, LEADVILLE LEAD CORPORATION. OPERATOR
HAS INQUIRED AS TO STATUS OF GOVERNMENT DISPOSITION OF AMOUNT OF
PARTICIPATION IN COST OF WORK UNDER THE CONTRACT. FIELD TEAM
FINAL REPORT FORWARDED TO WASHINGTON OFFUXX OFFICE SEPTEMBER 13, 1954.
PLEASE ADVISE BY TEKETYPE.

2 M XXX W M TRAVER

Denver Colorado

JAN 18 9 05 AM '55

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

IN REPLY REFER TO:

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

Department of the Interior
Defense Minerals Administration
RECEIVED
OCT 1 1954

September 30, 1954

Re: DMEA-1463
Leadville Lead Corp.
(Dauntless Tunnel)
Park Co., Colorado
$68,131.50 - Lead-Zinc

Memorandum

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

From: E. L. Newcomb, U. S. Geological Survey

Subject: Review of Final Field Report

Exploration of the Hilltop mine was planned as a 3-stage program. However, only Stage I and part of Stage II were completed before the contract was terminated by mutual consent.

Stage I consisted of 840 feet of drifting in the Dauntless tunnel to intersect the Lind fissure and the Hilltop fissure. The work was entirely in the upper white porphyry and little or no lead-zinc ore was found as the favorable ore horizons occur above and below the tunnel level.

Only 5 holes were completed under Stage II. Holes No. 1 and No. 2 were drilled to determine the top of the white porphyry sill above the tunnel. The remaining three holes were drilled near the face of the Dauntless tunnel. Hole No. 7 located the lower white porphyry contact about 100 feet (vertical) below the tunnel level. Hole No. 8 tested the top of the Manitou dolomite near the Hilltop fissure and Hole No. 12 prospected the Manitou dolomite and Peerless shale near the Hilltop fissure.

No certificate of discovery was justified as no ore reserves or favorable mineralization were found.

Limited drilling in the Manitou and Peerless formations indicates these rocks are not ore-bearing in the Hilltop mine. The Lind and Hilltop fissures have not been explored in the Dyer and Leadville formations. Both of these formations warrant further exploration by surface drilling.

It is apparent that earlier drilling, before entire drift was driven, should have been done to determine the top and bottom of the porphyry. After Lind fissure was intersected would have been a good time to check the porphyry contacts and to drill intersections of the fissures in the favorable formations. Hindsight is always better when passing judgement, but more informative exploration could have been accomplished on this project by closer field inspection.

E. L. Newcomb

E. L. Newcomb

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

Defense Minerals Administration
RECEIVED
OCT - 1 1954

September 30, 1954

Memorandum

To: W. R. Griswold, DMEA

From: O. M. Bishop, USBM

Subject: Docket No. DMEA-1463X, Leadville Lead Corp., Park County, Colorado. Final Report.

The 3 stage exploration program to cost $102,600, was agreed upon February 1, 1952 and begun shortly thereafter. It was terminated December 30, 1953 by mutual agreement after completing stage I and part of stage II at a cost of $68,131. No certification of discovery was recommended as no ore was discovered or developed.

The field team report notes that further work was curtailed because of lack of matching funds

Under stage I the Dauntless tunnel was driven 840 feet to check the intersection of the Lind and Lost Chance-Hilltop fissures with the Manitou limestone. The tunnel, however, cut a fault and all remaining advance was in the White porphyry which is not a favorable host rock, and all fissure intersections were found barren.

Under stage II, 5 diamond drill holes were drilled. Three of these served to determine the position of the upper and lower contacts of the White porphyry sill with respect to the tunnel, and the remaining two prospected the Manitou limestone and Peerless shale near the Hilltop fissure. No mineralization was found in the core recovered, but recovery was less than 40 percent and the results were far from conclusive.

Although exploration along the Hilltop and Lind fissures in the Dyer and Leadville formations such as planned for stage III is believed favorable for ore discovery, the work could not be done because the Leadville Lead Corp. was unable to furnish its share of the cost. It might be noted that the high exploration costs in both drifting and drilling and the poor core recovery considerably increase the odds against discovery at this property - particularly so if ore shoots of the future are as small as in the past.

O. M. Bishop

O. M. Bishop

C
O
P
Y

224 New Customhouse
Denver 2, Colorado

September 13, 1954

Memorandum

To: Secretary to the Operating Committee, DMEA

From: DMEA Field Team, Region IV

Subject: Docket DMEA 1463 (Lead-Zinc), Contract Idm-E250, Leadville Lead Corporation, Park County, Colorado

Final Fld Tm Rept

Enclosed are the following final reports pertaining to work completed under the subject contract:

1. Original and one copy of the operator's final report.

2. Original and three copies of the final geologic report by the U.S. Geological Survey.

3. Original and three copies of the final engineering report by the U.S. Bureau of Mines.

Final payment to the operator was processed by this office September 14, 1954 in conformance with the Certificate and Report of Audit by the Contract Administration and Audit Division dated July 9, 1954, which was released to this office August 4, 1954.

Only a portion of the work authorized by the contract was completed and the contract was terminated by mutual agreement effective December 30, 1953.

The exploration work completed consisted of preparation, road and tunnel maintenance, 962 feet of diamond drilling, and 840 feet of cross cutting, at a total accepted cost of $68,131.50, in which the Government participated to the extent of 50% or an amount of $54,065.75.

The exploration work did not result in a discovery or development of lead-zinc ore, therefore no certification of such is recommended.

s/ JOHN F. SHAW

John F. Shaw,
for W. H. King

s/ E. N. HARSHMAN
for A. H. Koschmann

Reviewed by
DMEA OPERATING COMMITTEE
9/24/54
(date)

Encls.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Defense Minerals Exploration Administration
Denver Federal Center
Denver 2, Colorado

RECEIVED
SEP 20 1954

March 30, 1954

Memorandum

To: DMEA Field Team, Region IV

From: A. H. Koschmann

Subject: DMEA Docket 1463X, Leadville Lead Corporation, Hilltop Mine, Park County, Colorado

Attached are 9 copies of the final geologic report by E. N. Harshman covering DMEA Docket 1463X.

The subject contract authorized a 3-stage program to explore for lead-zinc ore in the Hilltop mine. Work under the contract was started on February 1, 1952, and on December 30, 1953, after completing Stage 1 and part of Stage 2, the contract was terminated by mutual consent.

Exploration did not result in the discovery of ore and it is recommended that a certificate of discovery not be issued.

A. H. Koschmann

A. H. Koschmann
Supervising Geologist
Colorado-Wyoming

Enclosures (9)

Reviewed by
DMEA OPERATING COMMITTEE
9/24/54
(date)

LEADVILLE LEAD CORPORATION

HILLTOP MINE

PARK COUNTY, COLORADO

DMEA DOCKET 1463X

Final Geologic Report

Reviewed by
DMEA OPERATING COMMITTEE

(date)

By E. N. Harshman
U. S. Geological Survey

HILLTOP MINE
PARK COUNTY, COLORADO

INTRODUCTION

Contract Idm-E250 between the Government and the Leadville Lead Corporation, was signed February 1, 1952. The contract authorized a 3-stage program to explore for lead-zinc ore in the Hilltop mine, Park County, Colorado. The total cost of the program was estimated to be $100,000, Government participation $50,400. By an amendment to the contract, the total permissible expenditure was increased to $102,600. Work under the contract was started on February 1, 1952, and on December 30, 1953, after completing Stage I and a part of Stage II, the contract was cancelled by mutual consent.

The Hilltop mine is located in the Horseshoe Basin area on the east slope of the Mosquito Range about 9 miles (airline) west of Fairplay, Colorado. The principal workings are in sec. 1, T. 10 S., R. 79 W., 6th Principal Meridian, at altitudes of 12,000 to 13,000 feet.

The steep mine road between Leavick and the lower working is open during the summer and during periods of light snow; it is closed for extended periods during the winter.

Exploration from the Dauntless tunnel, the lower working, did not result in the discovery of ore and it is recommended that no certification of discovery be made.

GEOLOGY AND EXPLORATION

Prior to the start of contract Idm-E250, the lower or Dauntless tunnel was advanced a distance of 1,393 feet in an attempt to find the downward extensions of small lead-zinc ore bodies mined in shallow surface workings. The first 1,050 feet of the tunnel was excavated in the Leadville limestone,

Dyer dolomite, and the Parting quartzite. Several prominant fractures and one prophyry dike were exposed by this work (figure 1). A short drift at a point 475 feet from the portal failed to expose ore.

At 1,050 feet from the portal the Dauntless tunnel passed through a well-defined fault and entered a sill of white porphyry. The tunnel was continued in porphyry to the old face at a point 1,393 feet from the portal.

The principal objectives of this exploration were the Lind fissure, intersected at 1,600 feet from the portal, and the Hilltop fissure, intersected at 2,165 feet from the portal. Under Stage I of the contract the Dauntless tunnel was advanced 840 feet in White porphyry to a point 2,233 feet from the portal. Favorable lead-zinc ore horizons in the district include the Leadville limestone, Dyer dolomite, Manitou dolomite, and Peerless shale; the White porphyry contains little or no lead-zinc ore. Although the objectives were reached, the favorable ore horizons here occur above and below tunnel levels and the exploratory value of the work was somewhat nullified by the presence of White porphyry at tunnel level.

Five diamond drill holes were drilled under Stage II of the contract. Data on this drilling follow:

Hole No.	Distance from portal	Direction	Inclination	Depth
1	1200'	N. 75° E.	+ 75°	42'
2	1700'	N. 75° E.	-+ 75°	95'
7	2226'	S. 75° W.	- 75°	115'
8	2218'	S. 50° E.	- 62°	390'
12	2135'	N. 50° W.	- 70°	415'

Logs of the core were prepared by H.W.E. Prommel, consulting geologist, and are included in his progress report of April 1953.

Holes No. 1 and 2 were drilled to determine the position of the top of the White porphyry sill with respect to the tunnel. Data from these holes are shown on the longitudinal section in Figure 1. It should be noted that the Lind fissure, of unknown displacement, lies between the two holes and the dip plotted on the section therefore may be in error.

Three holes were drilled near the face of the Dauntless tunnel. Hole No. 7 located the lower contact of the White porphyry sill at a point about 100 feet below the tunnel level. Hole No. 7 prospected the top of the Manitou dolomite near the Hilltop fissure, and Hole No. 12 prospected the Manitou dolomite and the Peerless shale near the same fissure.

The intrusive and sedimentary rocks in the Hilltop mine area are similar to the corresponding rocks in Leadville, Alma, and adjacent mining districts. They have been fully described by the U. S. Geological Survey in publications on these districts. The approximate thickness of each rock type, as determined from this exploration program follows:

Unit	Thickness in feet*
Leadville limestone and Dyer dolomite (not differentiated)	300 +
Parting quartzite	15 +
Upper White porphyry sill	240
Manitou dolomite	110
Lower White porphyry sill	35
Peerless shale	45
Sawatch quartzite	95 +

*approximate only, for exact data on dip and strike is not available.

The Lind fissure, as exposed in the Dauntless tunnel, is a well-defined structure striking N. 30 E. and dipping 60° to 70° W. No sulfide minerals and only minor amounts of quartz are present in the 6 to 18-inch

gouge and breccia zone.

The Hilltop fissure strikes N. 25° E. and dips 80° to 88° W. It is a 1 to 3 foot silicified zone in White prophyry and contains a minor amount of pyrite and no other visible sulfides. Drill Holes No. 7 and 12 explored the Manitou dolomite and the Peerless shale near the Hilltop fissure but no ore was cut by either hole. It appears that in the Dauntless tunnel area there was no significant lead-zinc ore bodies along the Hilltop fissure in either the Manitou dolomite or Peerless shale.

CONCLUSIONS AND RECOMMENDATIONS

Exploration under Contract Idm-E250 did not lead to a discovery of ore in the Hilltop mine or did it add materially to our knowledge of the ore potential of the Lind and Hilltop fissures. Unfortunately, the Dauntless tunnel intersected both fissures near the middle of a thick sill of White porphyry, a rock unfavorable for the deposition of lead-zinc ore. Limited drilling in the Manitou dolomite and the Peerless shale suggests that these formations are not ore-bearing in the Hilltop mine area.

Exploration along the Hilltop and Lind fissures in the Dyer dolomite and Leadville limestone is still considered favorable for the discovery of small lead-zinc ore bodies. This exploration can be best accomplished by drilling from the surface or from the bottom of shallow surface workings. Exploration of this character was planned under Stage III of the contract but the Leadville Lead Corporation was unable to furnish its share of the cost.

Since no ore was discovered by the exploration accomplished under Contract Idm-E250, it is recommended that no certification of discovery be issued.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Mining Division
Date Rec'd.
JUL 29 1954
BUREAU OF MINES
Denver, Colorado

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
July 27, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 1463X Contract Idm-E250 (Lead-zinc) Leadville Lead Corp., Park County, Colorado

Enclosed are the original and 8 copies of W. L. Dare's final engineering report on the subject docket.

Dare concludes the major objectives of this project have been realized and although some additional exploration is considered justified, it probably should not be undertaken with Government assistance except under more critical conditions with respect to lead and zinc than exist at present. Certification of Discovery or Development is not recommended as no ore of importance was disclosed in the operations.

I concur with Dare's conclusions and recommendations.

W. M. Traver

W. M. Traver

Enclosures

WMT/ici

cc: 8
E250
Chron.

Reviewed by
DMEA OPERATING COMMITTEE
9/24/54
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION IV

FINAL ENGINEERING REPORT

DMEA 1463X, Exploration Project Contract Idm-E250

Leadville Lead Corporation

Park County, Colorado

Lead - Zinc

W. L. Dare, Mining Engineer
Bureau of Mines

July 23, 1954

Reviewed by
DMEA OPERATING COMMITTEE

(date)

DMEA 1463X
Contract Idm-E250

LEADVILLE LEAD CORPORATION
PARK COUNTY, COLORADO

CONTENTS

Page

Final Engineering Report

Summary and introduction..... 1
Location, history, production, and ownership..... 2
Description of the deposit..... 4
Work completed under contract..... 5
Expenditures and efficiency of the operation..... 8
Equipment..... 9
Conclusions and recommendations..... 11

ILLUSTRATIONS

Figure — Follows Page

1. Location map, Last Chance - Hilltop mine, Park County, Colorado..... 2
2. Plan and section, showing monthly contract advance and diamond drill hole locations, Dauntless tunnel, Last Chance - Hilltop mine, Park County, Colorado..... 6

DMEA 1463X
Contract Idm-E250

LEADVILLE LEAD CORPORATION
PARK COUNTY, COLORADO

FINAL ENGINEERING REPORT

By

W. L. Dare

SUMMARY AND INRODUCTION

The Defense Minerals Exploration Administration and Leadville Lead Corporation entered into Exploration Project Contract Idm-E250 on February 1, 1952. This contract provided Government financial assistance in exploring for lead and zinc under a mutually agreed program at a group of 7 mining claims in Horeshoe mining district, Park County, Colorado.

The exploration program as outlined in the contract consisted of 3 stages, restricting commencement of the latter 2 stages upon results of prior work. The objectives of the project were to explore for possible extensions of known ore bodies in the presently productive horizon, as well as to explore for possible new ore bodies in the other lower potential horizons.

Completed Stage I work consisted of advancing the Dauntless tunnel 840 feet, exploring the objectives as required and satisfying contract provisions. Stage II was only partially completed. A total of 962 feet of diamond drilling was accomplished, completing certain project objectives. Additional diamond drilling under Stage II, considered warranted by the Government, was never begun due to the financial condition of the company. Stage III was not started.

The completed project work did not result in a discovery of ore.

The project was considered as operated inefficiently and costs were exceptionally high. This was due to a number of causes, indirectly attributed to inexperience and lack of sound planning and guidance by company officials.

LOCATION, HISTORY, PRODUCTION, AND OWNERSHIP

The property listed in Article 2 of the exploration contract consists of the following claims:

Cato	Survey No. 3196	Leased from Big Chief Mining Co.
Last Chance	Survey No. 3195	Leased from Big Chief Mining Co.
Hilda	Survey No. 5413	Leased from Big Chief Mining Co.
Addie	Survey No. 5413	Leased from Big Chief Mining Co.
Rat	Survey No. 5444	Leased from Robert J. Allison estate
California	Survey No. 5513	Owned by Leadville Lead Corporation
Badger Boy	Survey No. 1336	Owned by Leadville Lead Corporation

These claims are in sec. 1, T. 10 S., R. 79 W., Horseshoe mining district, Park County, Colorado, on the east slope of the Mosquito Range, about one-half mile east of the Continental Divide, at an altitude ranging from 12,500 to 13,100 feet (fig. 1). The portal of the Dauntless tunnel is near the head of Four Mile Creek at an altitude of 12,296 feet.

The Dauntless tunnel is reached from Fairplay, Colorado, by traveling south 1.2 miles on U. S. Highway 285, where a right turn is taken onto a gravel secondary road and followed 10.4 miles to the old town of Leavick, and then by an additional 2.3 miles of fair access road to the portal and mine camp. Due to the altitude, the access road is open only during the summer months unless maintained by snow removal equipment during the winter.

The very early history of mining in the Horseshoe area is vague. It has been stated in an early report that the Last Chance

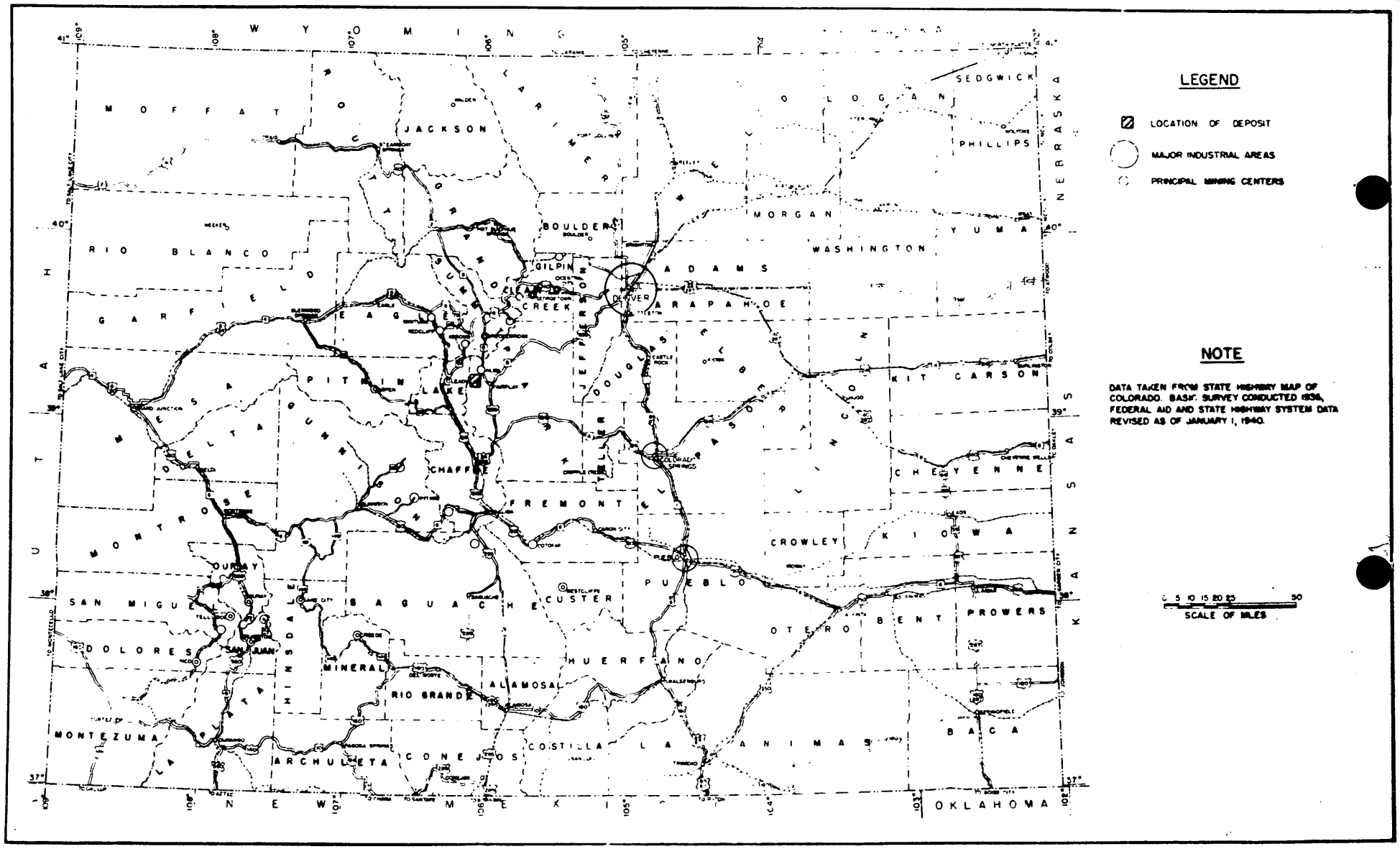

FIGURE 1. - LOCATION MAP, LAST CHANCE-HILLTOP MINE, PARK COUNTY, COLO. (DMEA 1463X, contract Idm-E250)

and Badger Boy claims were outcrop locations made as early as 1870, although a majority of the claims were located about 1875. From 1873, the Last Chance mine was operated by an adit following the outcrop northerly into the hill, resulting in the partial discovery of the Last Chance or Ice Palace ore shoot. In 1885, the Last Chance shaft was sunk to further develop this ore body.

The Hilltop group of claims north of the Last Chance claim were relocated by another group in 1885. An incline was sunk near the north end line of the Last Chance claim and encountered the northern extension of the Last Chance ore body. Later work resulted in discovering and mining the Lind and Stewart ore bodies.

The two groups of claims were individually reorganized many times under various companies, resulting in the construction of the town of Leavick, a mill at Leavick, a narrow gauge railroad from Fairplay to Leavick, and a 3-mile aerial tram from Leavick to the mines. The decline in the price of silver in 1893 caused suspension of operations at both mines. From 1896 to 1908 both properties were operated by lessees. In 1908, the properties were consolidated by the Chance-Hilltop Mining Company and were operated as one unit until 1915. Sporadic leasing was carried on at both mines until 1923; both properties remaining inactive from that time until 1943 when the Hilltop mine was partially reopened.

In 1942, the Hilltop group was leased by James N. Redman and associates, as the Horseshoe Zinc Company, later incorporating additional surrounding claims as the Horseshoe consolidation; the former now a subsidiary of the Leadville Lead Corporation. The Leadville Lead Corporation, in 1951, was reported as controlling,

in the immediate area, 147 claims by recorded ownership and 36 claims by lease.

Fairly accurate estimates of production from the Last Chance and Hilltop mines are only available for certain periods of operation. There are no records available to substantiate production during the very early period of operation. From 1888 through 1890, production from the Hilltop mine is valued at $1,128,262.00.* Production data from the Mineral Industry Division, U. S. Bureau of Mines, Region IV, show total known production from 1901 to 1923 as 31,682 dry tons of ore, containing 1,114 ounces gold, 410,438 ounces silver, 7,842,622 pounds lead, 2,503,935 pounds zinc, and 106,680 pounds copper. There was no production from 1923 until 1948. Production in 1948 and 1950, by the Leadville Lead Corporation, totaled 296 tons containing 4 ounces gold, 1,650 ounces silver, 68,917 pounds lead, 6,080 pounds zinc, and 597 pounds copper. This latter production is believed to have resulted from shallow surface stripping in the Last Chance claim. Total known production from 1901 through 1952 amounted to 31,978 tons, averaging 0.035 ounces gold, 12.89 ounces silver per ton, 12.44 percent lead, 3.92 percent zinc, and 0.17 percent copper.

* From Geological Survey Professional Paper 235, Geology and Ore Deposits of West Slope of the Mosquito Range, by Charles H. Behre, Jr.

DESCRIPTION OF THE DEPOSIT

The ore in the Last Chance - Hilltop mine and immediate area occurred as replacement deposits in the Leadville limestone and possibly the Dyer dolomite, together known as the Blue limestone, primarily associated and localized by northeasterly striking fissures.

Most productive was the ore body mined along the Last Chance - Hilltop fissure. The Last Chance - Hilltop fault strikes about N. 21° E., and the cylindrical shaped ore body was reported as having an approximate length of 1,450 feet, with a maximum width and height of 70 feet. The Lind and Stewart ore bodies were of the same type, occurring along minor faults trending N. 35° E. The Lind ore shoot was reported to be about 840 feet long, 10 to 20 feet wide, and some 15 to 40 feet in height. The Stewart stopes measure about 440 feet long with a maximum width of 40 feet.

The ore occurred both as sulphides and oxides. The sulphide ore primarily contained galena with minor amounts of sphalerite, chalcopyrite, tetrahedrite, and argentite. The oxidized ore contained cerussite, smithsonite, malachite, and the oxides of silver. Barite and quartz were gangue minerals.

The exploration project was initiated to explore the downward and lateral projection of major producing fissures in the known productive horizon, as well as two lower potential horizons, and to explore for possible ore deposits along a little known fissure roughly parallel to and approximately 250 feet northeast of the Last Chance - Hilltop fissure.

WORK COMPLETED UNDER CONTRACT

The exploration program, as outlined in the contract, consisted of three stages. Stage I allowed advancing the Dauntless tunnel an estimated distance of 900 feet to intersect the Last Chance - Hilltop fissure. Stage II provided diamond drilling, or raising, or a combination of both, to explore fissures or zones of possible mineralization at

locations mutually satisfactory to both the Government and the operator. Stage III specified approximately 430 feet of drifting from the Dauntless tunnel along the projected Lind fissure northeast to connect with the Fulton drift. The contract restricted commencement of work under Stages II and III to prior approval by the Government to be determined by results of work accomplished in previous stages.

Contract work on Stage I began on February 1, 1952, the effective date of the contract, and was completed on October 12, 1952. During this period the operator advanced the Dauntless tunnel, under 2 approved subcontracts, a total of 840 feet; measuring from the portal the work was completed between points 1,393 and 2,233 feet. The tunnel was driven entirely in a porphyry sill.

The first 1,000 feet of the tunnel cuts the Blue limestone of the Leadville and Chaffee formations, the host formation of early production, and then passes into the Parting quartzite, the lower member of the Chaffee formation. Instead of cutting the Manitou (White) limestone, thought to lie directly beneath the Chaffee formation, the tunnel at 1,055 feet, enters a porphyry sill and continues in porphyry to the breast.

The tunnel cuts numberous faults, fractures, and fissures within the porphyry. The Lind fissure was encountered approximately 1,600 feet from the portal and the Last Chance - Hilltop fissure at 2,165 feet (fig. 2). Both fissures proved barren at the point the tunnel intersected them in the porphyry.

Project work under Stage II began on October 31, 1952, under a modified tentatively approved 1,000 - foot diamond drilling program. This phase of Stage II consisted of exploratory holes drilled from

the Dauntless tunnel, with the intention that the remainder of Stage II drilling, recommended to be accomplished from the surface and upper old workings, be postponed until better weather conditions in the spring of 1953. This first phase of the drilling program, completed under an approved subcontract, was completed on February 28, 1953, and consisted of 962 feet of approved diamond drilling conpleted in 5 holes.

Results of diamond drilling within the two potential lower ore horizons, Manitou (White) limestone and Peerless shale, although core recovery was poor, proved that ore does not exist within these formations near the Last Chance - Hilltop fissure in the vicinity of the tunnel. Hole No. 12 passed from the porphyry sill into the limestone in the up-thrown block of the fault within 8 feet of the fissure, crossed through the fissure, and then passed out of the limestone in the down-thrown block 23 feet from the fissure (fig. 2). Hole No. 8 entered the up-thrown block of limestone at its intersection with the fissure. Core recovery in the limestone was poor, 31 percent for Hole No. 12 and 36 percent for hole No. 8, but recovered core with cuttings assured non-mineralization of this member in the area of the fissure.

Hole No. 12 entered the Peerless shale 27 feet from the fissure and passed out of it 45 feet from the fissure, all in the up-thrown side. Core recovery was only 38 percent but again no mineralization was shown in either core or cuttings. The chances or ore deposition on just one side of the fissure are considered poor and if there is no blanket of ore or enlargement of the fissure with reasonably good mineralization extending 27 to 45 feet from the fissure development below the tunnel would not be justified. Drill hole locations are shown on figure 2.

Except for road maintenance and equipment repair the project was inoperative from February 28 until March 14, 1953. Amendment No. 1 extended the official recess from this latter date until June 15, 1953.

Part of the additional diamond drilling under Stage II, contemplated by the operator and considered warranted by the Government field representatives, tentatively was to consist of surface holes to test the Last Chance - Hilltop fissure for possible continuation of the main ore body in the vicinity of the old Hilda workings, and drilling at the old Cato workings to test the Blue limestone for possible paralleling fissures northwest of the Last Chance - Hilltop fissure. Due to lack of sufficient capital this phase was not undertaken.

The recess was later extended to September 15, 1953, by Amendment Nos. 12 and 13. On December 9, 1953, when additional recess time was under consideration in Washington, the operator requested termination by mutual consent. This agreement was signed effective December 30, 1953.

EXPENDITURES AND EFFECIENCY OF THE OPERATION

Project costs pending final approval by the Contract Administration and Audit Division amounted to $67,980.50. Accepted salvage value for unused and nonexpendable supplies amounted to $2,285.40. In line with the operators final breakdown of project costs and crediting the total salvage value of supplies to crosscutting, the work operations bear the following charges.

Operation	Units Accomplished	Total Costs	Unit Cost
Crosscutting (Dauntless tunnel)	840	$ 38,670.86	46.05
Diamond drilling	962	13,681.11	14.22
Stage II preparation	---	6,518.72	-----
Road maintenance	---	6,833.21	-----
Tunnel maintenance	---	2,276.60	-----

The work item, Stage II preparation, consists of labor costs expended to reopen the old Cato and Hilda workings, plus prorated amounts of technical service charges for geologic work.

Costs shown charged to road and tunnel maintenance are considered secondary and necessary only for the completion of tunnel advance and diamond drilling. If tunnel maintenance costs are charged to tunnel advance, and the total cost for road maintenance is prorated between tunnel advance and diamond drilling on the basis of actual time spent on the two operations, a much clearer picture is presented of the principle operational unit costs. The unit cost per foot of tunnel advance is then $53.98, and the unit cost per foot of diamond drilling is $16.76.

Operation of the exploration project was poorly managed and inefficient. Costs were high if not excessive. Indirectly, the inefficiency of the operation is attributed to the inexperience and lack of sound planning by administrative company officials. High project costs were primarily due to lack of experienced and competent on-the-job management and technical personnel. The equipment supplied by the company was old and repairs and maintenance proved costly, resulting also in lost time on project work. Operation of the project during the winter months was also a major factor contributing to the high project costs. The labor supply was poor.

EQUIPMENT

Equipment listed in the contract and its amendments, specified to be furnished by the operator, consisted of the following:

	Item	Monthly Depreciation Allowance	Total Depreciation Allowed During Project
1	D-7 Caterpillar tractor	$ 76.00	$ 570.00
1	Dodge Power Wagon	51.00	612.00
1	215 cfm. G. D. compressor	81.00	729.00
1	365 cfm. G. D. compressor	116.00	1,508.00
1	25-KW Diesel-Elec. generator	66.00	858.00
12	30 cu. ft. side dump cars	65.00	650.00
2	Air locomotives	60.00	660.00
1	Canton car transfer	7.50	67.50
20	Edison electric cap lamps	7.50	97.50
1	Buffalo blower, 3 hp.	3.00	6.00
1	Deming pump, 1 hp.	6.00	78.00
1	Cleveland drill jumbo	21.00	210.00
2	CF 79 air drills	25.00	250.00
1	Gardner Denver jackhammer	6.00	54.00
1	Gardner Denver mucking machine	34.00	408.00
1	Studebaker Weasel	54.16	189.56
1	No. 2, Roots blower	13.33	93.31
1	Ingersoll-Rand drill	10.83	43.32
1	D-2 Caterpillar tractor with traxcavator	83.33	374.98
		Total	$ 7,459.17

Part of equipment depreciation was charged against road and tunnel maintenance. Considering these work items as secondary and necessary only for completion of the main objectives, and such proration of depreciation costs as relative to diamond drilling and tunnel advance, The unit depreciation cost for tunnel advance under Stage I was $6.71 per foot, and for diamond drilling under stage II, amounted to $1.90 per foot.

Much of this same equipment proved to be in very poor operating condition and during the active life of the project, needed repairs accounted for a considerable part of days - pay labor costs. Project labor expended for equipment repair was in excess of 1,400 man-hours. Major overhauling was necessary on the company owned D-7 Caterpillar tractor and 316 cfm. compressor.

No equipment was purchased under the program.

CONCLUSIONS AND RECOMMENDATIONS

Completed project work succeeded in exploring a majority of the proposed objectives. Some additional exploration was considered warranted but was not undertaken because of the financial inability of the operator to continue. A few operations originally proposed were not undertaken due to conditions encountered.

Had the Dauntless tunnel, after passing through the Parting quartzite, entered the Manitou limestone as expected, instead of entering and remaining within the porphyry sill, the tunnel would have more adequately explored this member in the vicinity of main fissures than did the drilling and possibly would have given a better picture of what might be expected elsewhere along the strike of the fissures in this formation. The tunnel had, however, entered the sill when the project work began, and although the thickness of the sill was unknown, it was thought advisable to continue the advance, expecting either to pass through the sill, or if not, to explore the fissure by drilling when encountered.

The consulting engineer, employed by the operator, concluded that although the completed drilling did not find ore, the results of the program were inconclusive as to ore occurrences in the Manitou limestone. This broad supposition may be true but discovering it would involve a long and costly project, not recommended for Government assistance.

The Lind fissure is relatively a much weaker structure than the Last Chance - Hilltop fissure. Because of unsatisfactory results of drilling in the area of the latter, exploring the Lind fissure was not contemplated.

If in case of a national emergency there exists a critical shortage of lead and zinc, the additional diamond drilling proposed but not undertaken, with reservations concerning project management, might be considered.

The project work did not result in a discovery of any ore deposits, consequently no Certification of Discovery or Development is recommended.

WLD/ici

SEP 20 1954

FINAL REPORT ON DMEA CONTRACT NUMBER
IDM E 250, DOCKET NO. DMEA 1463X

MADE TO:

DMEA FIELD TEAM
Region 4
224 New Customs House
Denver, Colorado

BY:

LEADVILLE LEAD CORPORATION
2812 E. 6th Avenue
Denver, Colorado

OPERATORS FINAL RPT

TABLE OF CONTENTS

SEP 20 1954

INTRODUCTION

The Contract	Pages	1 - 2
Exhibit "A"		3 - 5
The Amendments		6 - 8

PART I

Finances	Pages	9
The Tunnel		9 - 10
Geology		10 - 11
Conclusions		11

PART II

Finances	Pages	12
Drilling Program		12 - 13
Conclusions		13

PART III

Conclusions	Pages	14 - 16

APPENDIX

1. Sample Report on the Dauntless Tunnel	Pages	18
2. First Tunnel Contract		19 - 22
3. Second Tunnel Contract		23 - 26
4. Sample Report of the Surface over the Dauntless Tunnel		27 - 29
5. Diamond Drill Contract		30 - 34
6. Diamond Drill Report		35 - 53
7. Interim and Final Audit Reports		54 - 73

INTRODUCTION

- THE CONTRACT -

This Final Summary Report covers DMEA Contract No. Idm E 250, docket No. DMEA 1463X. Following is a summary of the contract and it's twelve amendments.

The contract was entered into February 1, 1952 between the Defense Minerals Administration and the Leadville Lead Corporation.

The work program for this contract was divided into three stages. This report is similarly divided with each stage summarized in a corresponding part of this report.

The work was to be performed on certain property situated in the State of Colorado, County of Park, described as follows: Cato (Survey No. 3196), Last Chance (Survey No. 3195), Hilda (Survey No. 5413), Addie (Survey No. 5413), Rat (Survey No. 5444), California (Survey No. 5413AM), Badger Boy (Survey No. 1336), all being patented lode mining claims situated in Section 1, T. 10S., R. 79W., Horseshoe Mining District.

Since several of the claims were held under lease by the Leadville Lead Corporation, appropriate landlord subordination agreements were obtained from the owners and attached to the contract. The contract stated that the work should commence within 30 days and shall be completed within 18 months from the contract date.

The total cost of the project was estimated at $100,800.00, of which the Government agreed to pay 50 percent, or $50,400.00.

The contract was signed for the Leadville Lead Corporation by Ben L. Wright, Jr., Secretary, and for the United States of America by

C. O. Mittendorf, Acting Administrator, Defense Minerals Exploration Administration.

The following exhibit was attached to the original Exploration Project Contract Form MF-200.

EXHIBIT "A"

STATEMENT OF THE WORK:

The object of the proposed program is to explore for possible extensions of already known ore bodies in the Blue Lime, as well as to look for ore bodies at lower horizons in the White Lime and Peerless Shale which have produced lead and zinc ores in commercial quantities in other mining districts of Colorado under equal or similar geologic conditions.

The exploration is to be accomplished by advancement of the Dauntless Tunnel on the Lind Fissure, diamond drilling and raising, as warranted to accomplish the exploration. The project is to consist of three stages. II and III shall be commenced only upon approval of the Government, whose determination shall be based upon results of work accomplished in the previous stage.

STAGE I

Advance of the Dauntless Tunnel from the location of the face as of the effective date of this contract, a distance of approximately 900 feet to intersect the Last Chance - Hilltop Fissure.

STAGE II

Explore favorable fissures or zones of mineralization by diamond drilling or raising, or combination thereof, as shall be approved by the Government, and at locations shown on the attached map (see Map Folio), or at locations mutually satisfactory to the operator and the Government.

STAGE III

Explore the Lind Fissure by approximately 430 feet of drifting

from the Dauntless Tunnel to a connection with the Fulton Drift at the south end of the Lind - Stewart workings, as shown on the attached map.

ESTIMATED COST OF THE PROJECT:

Stage I	
900 feet of drifting @ $45.00 per foot	$ 40,500.00
Stage II	
470 feet of raising @ $40.00 per foot	18,800.00
3,000 feet of diamond drilling @ $7.00 per foot	21,000.00
Equipment to be purchased	3,300.00
Stage III	
430 feet of drifting @ $40.00 per foot	17,200.00
TOTAL ESTIMATE:	$100,800.00

The exhibit then goes on to show how the above costs per foot for the work in the various stages was calculated.

A list of the equipment needed for the project, and which will be furnished by the Leadville Lead Corporation with it's value and depreciation allowance, is used to calculate the monthly allowance towards the contract cost. These allowances were as follows:

for Stage I - Drifting	$3,753.00
for Stage II - Raising	1,983.00
for Stage II - Drilling	750.00
for Stage III - Drifting	1,793.00

A list of equipment to be purchased, was furnished, and also a list of the various classes of workers and their base pay.

The engineering, sampling, and office expense, including all expenses in the preparation of reports as required by this contract is allowable, not in excess of the following:

for Stage I - Drifting	$1,602.00
for Stage II - Raising	836.00
for Stage II - Drilling	2,250.00
for Stage III - Drilling	765.40

No allowance was made for rehabilitation and repairs.

AMENDMENTS TO CONTRACT NO. IDM E250:

No. 1 This Amendment, dated March 12, 1952, was concerned with labor, but was voided by Amendment No. 3.

No. 2 This Amendment, dated April 4, 1952, adds to the equipment to be furnished by the operator, another $1,300.00 item with a monthly depreciation allowance of $54.16.

No. 3 This Amendment, dated May 26, 1952, voids Amendment No. 1.

No. 4 This Amendment, dated May 26, 1952, adds to the list of labor, six full or part time employees and their estimated base wage.

No. 5 This Amendment, dated May 26, 1954, provides that the following costs are allowable, and authorizes the work:

A. Maintenance of the project access road.

B. Maintenance of the Dauntless Tunnel.

C. Rehabilitation and repair of the Cato Crosscut and the Hilda Tunnel, to make same accessible and safe for other work under Stage II.

No. 6 This Amendment, dated May 26, 1952, provides that the company may rent a tractor - bulldozer for use when the company equipment is being repaired. The rental is limited to a maximum of $400.00.

Also an additional piece of equipment furnished by the Leadville Lead Corporation, valued at $800.00, shall have a monthly depreciation rate of $13.33.

No. 7 This Amendment, dated August 15, 1952, allows the company to do some of the preliminary geologic and engineering work for Stage II of the project while Stage I is in progress.

Also an additional piece of equipment furnished by the Leadville Lead Corporation, valued at $650.00 shall have a monthly depreciation rate of $10.83.

No. 8 This Amendment, dated October 16, 1952, deletes a paragraph of Exhibit "A" which states: The calculated costs per foot of the Dauntless Tunnel, raising, drilling, and the Lind Drift are to serve as a guide in establishing the maximum cost per unit and the individual items to be flexible within this maximum.

No. 9 This Amendment, dated October 29, 1952, provides that an additional piece of equipment, valued at $5,000.00 may be depreciated at $83.33 per month. It further states that the company intends to purchase additional equipment, estimated cost $288.00.

No. 10 This Amendment, dated February 12, 1953, states that the total cost of the project be raised from $100,800.00 to $102,600.00 with the amount the Government pays, raised from $50,400.00 to $51,300.00. This was to defray additional costs in Stage II of engineering, sampling, analysis, and bookkeeping. It further stated that the increases be as follows: For engineering, sampling and analysis $150.00 per month, a maximum of $1,350.00; for office expenses $50.00 per month, a maximum of $450.00.

No. 11 This Amendment, dated May 6, 1953, states that the Leadville

Lead Corporation has twenty four (24) months to complete the contract instead of eighteen (18), as specified in the original contract. It also changes the wordings in Amendment No. 10 to agree with this.

It further gives the Leadville Lead Corporation the right to terminate the contract March 14, 1953 provided that operations are resumed before June 15, 1953, and that the Government is held harmless for any claims and that it's equipment is protected.

No. 12 This Amendment, dated June 23, 1953, states that the work under the contract shall be resumed before August 15, 1953.

These Amendments, with the exception of No. 10, shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay, or the percentage of the costs which the Government may pay under the provisions of Article 13, of the contract form.

The work under this contract was commenced February 1, 1952 and was terminated August 15, 1953.

Correspondence with the Government was handled by Ben L. Wright, Jr., Attorney at Law, of Denver, Colorado, and Secretary for the Leadville Lead Corporation. The engineering and geology was done by Harold W. C. Prommel, independent consulting geologist and mining engineering of Denver, Colorado who also advised the Corporation's directors on how the exploration program should be set up. The tunnel contract was taken by Duke Beals and William Van Cooten of Alma, Colorado. Wallace Rogers and Eugene Bishop of Salida, Colorado were awarded the diamond drilling contract.

PART I

As stated in Exhibit "A" of the exploration project contract, Stage I was to advance the Dauntless Tunnel from the location of the face as of the effective date of this contract, a distance of approximately 900 feet, to intersect the Last Chance - Hilltop Fissure.

- Finances -

This portion of the contract started February 1, 1952, the effective date of this contract, and was completed October 10, 1952. During these nine months the costs were as follows:

Total costs as billed by the Leadville Lead Corp. -	$55,943.56
Exception (per audit report) -	2,385.95
Total accepted costs:	$53,557.61

The contract called for a 50 percent Government participation so the audit found that payment to the Leadville Lead Corporation of $26,778.80 was valid and proper. The audit also disclosed (in it's Exhibit "B") that the allowable maximum for engineering, sampling, and office expense had been reached.

This certificate was issued with the provision that an official of the D.M.E.A. accepted the project as having met the terms of the contract.

- The Tunnel -

A review of Harold Prommel's monthly narrative reports discloses the following:

1. That work was carried out continuously in the Dauntless Tunnel from February 1 to October 10, 1952 with the exception of a few short periods when work ceased for lack of supplies or labor.

2. That the work was carried out under extreme hardships due to the altitude, a heavy winter snow fall, poor road maintenance, and summer and early fall blizzards.

3. That the tough porphyry encountered was more difficult to break than the blue lime that had been expected in the tunnel.

The tunnel driving was done under contract by two local residents as explained previously in this report. At the time the D.M.E.A. Contract became effective they were finishing a 500 foot contract which had been started sometime earlier. Of this 500 feet, 143 feet were completed under the D.M.E.A. Contract. On April 12, the second subcontract for the final 700 feet was started. The subcontractors were paid $35.00 per foot on the first 500 feet, and $33.00 per foot on the second 700 feet. A copy of these two contracts may be found in the appendix. These subcontracts were, of course, approved by the Government.

The tunnel was advanced until the Last Chance - Hilltop Fissure had been cut and enough further to allow room for a diamond drill station beyond it. The tunnel was completely and minutely geologized by Mr. Prommel. Samples were taken at various intervals on the numerous stringers and fissures that were cut by the tunnel. His sample report is included in the appendix. A copy of the geology map is included in the Map Folio.

- Geology -

During the summer and early fall of 1952, a detailed geologic and surface reconnaissance map was prepared of the area above the Dauntless Tunnel. It's primary purpose was to help correlate data obtained in the tunnel with the surface geologic expressions and thereby aid in planning an effective drilling campaign. Information gathered during this period may be found on the map, entitled "Surface Geology in the Vicinity of the

Dauntless Tunnel. Numerous samples were taken of the old mine dumps and prospects in this area and the results are included in the appendix.

- Conclusions -

The tunnel was completed October 10, 1952, thus ending Stage I of the work contract. During the remainder of the month, work was done to further Stage II which had been started earlier with the geologizing and sampling of the tunnel and the area immediately above it. Deicing of the Hilda and lower Cato workings was begun to ready them for diamond drilling. The mine access road was improved for another winter of work. The drill sites in the Dauntless Tunnel were also begun.

PART II

- I -

As stated in Exhibit "A" of the exploration project contract, Stage II was to explore favorable fissures or zones of mineralization by diamond drilling or raising, or a combination thereof, as shall be approved by the Government, at locations mutually satisfactory to the Leadville Lead Corporation and the Government.

This portion of the contract was started October 10, 1952, and operations on the property were suspended March 14, 1953. The contract terminated August 15, 1953, with the ending of the time allowed for resumption of work by Amendment No. 12. The contract was actually terminated sometime earlier, however, by mutual agreement.

- Finances -

The final audit for the months of November 1952 through March 1953 shows that the total allowable cost of the project during this period was $14,573.89 of which the Government's share was $7,286.95.

- Drilling Program -

In as much as the drilling was the most important part of this exploration project, the full report is given here in the summary. This report was made in April 1953 by Harold Prommel, and covers every phase in detail. The report is in the appendix. A copy of the drillers subcontract may also be found in the appendix.

It should be noted that the winter of 1952 - 1953 was not as severe as the previous one when the camp was snowed in for continued periods. In addition, the company D-7 tractor - bulldozer was in working order and

could keep the road open. Improved road conditions also helped this situation. This fact alone, contributed much to the morale of the men, and decreased the absenteeism and labor turn-over an appreciable amount.

The core records and interpretations are a part of Mr. Prommel's summary drilling report in the appendix. The actual cores and sludge samples are stored at the Denver Federal Center, and are open for inspection.

- Conclusions -

The drilling contract was finished March 14, 1953. The tunnel was then cleaned up, and suitable steps taken to protect the Government equipment on the property. The camp was then closed down, with the intention of reopening in the spring to finish the drilling program planned from the Hilda, lower Cato, and the surface.

As you know, during the time of this contract, the lead - zinc market suffered a rapid and disastrous decline. This made it increasingly difficult to raise money, with which to match Government funds to finish the drilling program. For this reason, the work under the contract was never resumed.

PART III

None of Part III of the work program was ever undertaken, for the same reason as Part II was never completed.

CONCLUSIONS

The objective of this DMEA loan was to find additional lead - zinc ore reserves. This was not accomplished. No ore whatsoever was encountered in the Dauntless Tunnel, and similarly, none was encountered in any of the drilling. Perhaps if the contract had been completed as originally planned, substantial ore reserves could have been blocked out.

It is encouraging to note, however, that the work done, did not disprove the fact that new ore may eventually be discovered on the Last Chance - Hilltop Fissure, and in parallel fissures, both in the blue lime and in the lower ore bearing formations. The presence of the porphyry sill encountered in the tunnel is, in a way, encouraging, since similar sills localized many of the ore bodies in the Leadville District.

Important geologic information was obtained, which will aid any future exploration work. The thicknesses of the various underlying formations was accurately measured. The position, thickness, and direction of flow of the massive porphyry sill encountered in the tunnel, was also determined. The wide distribution of mineral above the Dauntless Tunnel, the apparent fissure paralleling the Last Chance - Hilltop ore body and, the occurrence of ore in the Hilda are all very important facts uncovered during the contract.

It is the belief of the Leadville Lead Corporation, that the property warrants considerable further exploratory work. Some has already been done since the completion of the contract, and more is being planned at present.

The final audit disclosed the following figures relative to the cost of the project:

Total cost per MF-104	$71,313.99
Less proceeds from property disposition	2,285.40
Net Balance Cost:	$69,028.59
Exceptions (see audit report for details)	897.09
Total Accepted Cost:	$68,131.50

The Government's share of these exploration expenses then would be $34,065.75.

A copy of this audit may be found in the appendix along with an interim audit, covering the period from February 1 to October 31, 1952.

Final disposition of equipment and supplies in which the Government had a one half interest was as follows:

Supplies, fuels and lubricants were purchased by the Leadville Lead Corporation at the original cost.

Bids were solicited on the remainder of the equipment. Leadville Lead was the high bidder and the Government agreed to sell to them. This settlement is shown above in the final audit report.

Respectfully submitted,

JAMES C. TIFFANY, Manager
Leadville Lead Corporation
August 20, 1954

APPENDIX

DAUNTLESS TUNNEL SAMPLES
Taken during July, August and September 1952.

Sample No.	Dist. from portal	Width ft.	Description	Gold Au	Silver Ag	Pb	ZN
1	1974	1.3	Brown porphyry with quartz stringers N. side face	0.02	0.28		
2	1974	0.5	Face, center. Stringers, gouge Some FeO	0.03	0.27		
3	1942	0.4	N. wall, streak across tunnel	0.01	0.19		
4	1337	0.1	Stringer, oxid material on footwall brecc. porphyry	tr	tr		
5	1462	0.3	3 small stringers in porphyry fract. zone	tr	0.10		
6	1467	0.1	Quartzy stringer crossing tunnel	tr	0.12		
7	1600	5.5	Fault zone. Brecciated porphyry foot wall of fault	tr	0.10		
8	1605	0.3	Gouge along hanging wall and other minor stringers in fault zone	tr	0.18		
9	1675	0.4	0.28 Gouge, 0.2' brecc. porphyry str.	tr	tr		
10	1835	0.1	Oxidized quartzy stringer	tr	0.32		
11	1890	0.3	Small oxid. fissure	tr	0.12		
12	1918	0.1	Small quartz stringer, some manganese	tr	0.30		
13	922	3.0	Gouge vein on footwall side of porphyry dike	tr	tr		
35	2080	0.1	Stringer, quartz with heavy manganese	0.02	0.20		
36	2074	0.1	Stringer, quartz, manganese, some iron pyrites	0.01	0.30		
40	2087	0.1	do	0.03	0.30	tr	
41	2042	0.1	Stringer, blue quartz, manganese, some iron pyrites	0.17	0.5	tr	
42	2034	0.1	do	0.05	0.25	tr	
48	2110	0.1	do	0.03	0.37		
49	2114	0.1	do	0.02	0.18		
50	2120	0.1	Stringer, blue quartz, manganese and galena	0.02	0.48	1.23	
51	2120	0.75	Stringer, blue quartz, manganese, some iron pyrites	0.03	0.07	0.13	0.63
52	2120	?	do	0.02	0.58	0.27	0.12

TUNNEL CONTRACT

IN CONSIDERATION of the mutual promises herein contained Leadville Lead Corporation, party of the first part, hereinafter called Corporation, and Duke Beals and William VanCooten, parties of the second part, do hereby covenant and agree as follows:

Parties of the second part shall use their best endeavors, attention and the utmost of their skill, in advancing the Dauntless Tunnel for 500 feet. Until a 500 foot advance has been completed they shall work exclusively and continuously upon such advance except as hereinafter provided. They shall advance the tunnel 500 feet on a 9 foot by 8 foot heading on a course and grade heretofore designated by H. W. C. Prommel, the consulting engineer for the Corporation, or as may otherwise hereafter be established by the Corporation or Mr. Prommel.

As each 100 foot advance is completed, approved and accepted as satisfactory by the Corporation it shall pay $3,500.00 to the parties of the second part, less deductions for meals, workman's compensation and any other expenses properly chargeable to parties of the second part.

In the event up to three sets of timbering are required at any one location square sets shall be placed at such locations by parties of the second part at their expense with timber furnished by the Corporation. Should timbering be required which is not to be installed at the expense of the parties of the second part, it shall be installed by parties of the second part for $2.00 a foot with timber supplied by the Corporation.

The Corporation shall furnish equipment and supplies now located at or near the portal of the Dauntless Tunnel, and lubricating oil for the machinery. Parties of the second part shall supply all fuel, oil, explosives, steel and bits for drill machines, and labor used in connection

with the 500 foot advance of the tunnel.

The boarding house shall remain under the control of the Corporation. Meals and housing shall be furnished by the Corporation at a price which fully compensates all expenses in connection therewith. Corporation intends to retain VanStaats as the cook; but should VanStaats be unavailable, party of the second part shall employ a cook as part of their crew. In the event employees, agents, or guests of the Corporation use the boarding house facilities costs shall be prorated or otherwise estimated so that the Corporation shall not pay more than its just share for meals for such employees, agents and guests.

Parties of the second part agree to save harmless the Corporation from any and all claims of any nature whatever by themselves and their employees save claims arising specifically from express agreements hereinabove contained. They agree to maintain all machinery, equipment, supplies and buildings in as good condition as they now are, ordinary wear and tear accepted, so long as it is used in any manner whatever by them or is available for their use. They agree to save the Corporation harmless from all negligent acts committed by themselves or their employees and shall be responsible for all damage resulting from the negligence of themselves or their employees. They shall not be responsible for repair of any machinery due to major mechanical failure, but they do assume all responsibility for damage to themselves, employees and property due to such failure. All equipment, machinery, supplies, buildings, underground workings and other property are not represented as being in good condition. They have been examined by parties of the second part and when used by them in any manner are used at their sole risk and as their sole responsibility. Parties of the second part are independent contractors, responsible for all bills incurred in connection with this work, and shall save Corporation harmless

from all bills and claims incurred in connection with the advance of the tunnel for 500 feet.

Party of the first part does agree that parties of the second part may use its workman's compensation account subject to repayment from payments for tunnel drive and subject to all records and accounts being properly kept and handled by parties of the second part.

Should the Corporation require the services of William VanCooten for purposes other than tunnel drive he will be available for such other work at a compensation on an hourly basis computed on a salary of $400.00 a month and shall act as superintendent where so employed. Corporation reserves the right to use any of its equipment, machinery and supplies when not being used directly to further the advance of the tunnel. Corporation's use of housing facilities shall be superior to those of parties of the second part and it can designate space to be used by its agents, employees and guests.

In the event a pending loan application with "D.M.A." be approved as to tunnel advance, this contract may be altered, amended or expanded so as to bring it into conformity with any requirement or requisite to the obtaining of "assistance" or any portion thereof sought through or under the pending application.

The 500 foot advance of the tunnel shall be completed by December 31, 1951, unless prevented by strike, extraordinary mine casualty or because of other circumstances manifestly beyond control of parties of the second part. Failure to complete such advance by said date shall make parties of the second part liable to the Corporation for liquidated damages in the amount of $25.00, for each and every day the advance is not completed.

An advance of approximately 100 feet has been made to date.

This contract shall be binding on the successors, heirs, admin-

istrators and executors of each and every party hereto.

This contract is not assignable.

EXECUTED in duplicate this _____ day of October, 1951.

LEADVILLE LEAD CORPORATION

BY: _____
Secretary

_____
William VanCooten

_____
Duke Beals

TUNNEL CONTRACT

IN CONSIDERATION of the mutual promises herein contained Leadville Lead Corporation, party of the first part, hereinafter called Corporation, and Duke Beals and William Van Cooten, parties of the second part, do hereby covenant and agree as follows:

Parties of the second part shall use their best endeavors, attention and the utmost of their skill, in advancing the Dauntless Tunnel approximately 700 feet to 758 feet to the point where the tunnel crosscuts the downward extension of the Ice Palace Ore Shoot. Until this advance has been completed they shall work exclusively and continuously upon such advance except as hereinafter provided. They shall advance the tunnel on a 9 foot by 8 foot heading on a course and grade heretofore designated by H. W. C. Prommel, the consulting engineer for the Corporation, or as may otherwise hereafter be established by the Corporation or Mr. Prommel.

As each 100 foot advance is completed, approved and accepted as satisfactory by the Corporation it shall pay $3,300.00 to the parties of the second part, less deductions for meals, workman's compensation and any other expenses properly chargeable to parties of the second part.

In the event up to three sets of timbering are required at any one location, square sets shall be placed at such locations by parties of the second part at their expense with timber furnished by the Corporation. Should timbering be required which is not to be installed at the expense of the parties of the second part, it shall be installed by parties of the second part for $2.00 a foot with timber supplied by the Corporation.

The Corporation shall furnish equipment and supplies now located at or near the portal of the Dauntless Tunnel, lubricating oil for the machinery, rail, pipe and other necessary supplies. It shall supply a

blower, blower motor and longer shells for the drill machines. One man shall be employed on company account to help keep the camp policed up and to work on the dump and road. Supervision of this man is assumed by parties of the second part unless and until the Corporation provides supervision. Parties of the second part shall supply all fuel, oil, explosives, steel and bits for drill machine, and labor used in connection with the advance of the tunnel and installation of equipment and supplies.

The boarding house shall remain under the control of the Corporation. Meals and housing shall be furnished by the Corporation at a price which fully compensates all expenses in connection therewith. Corporation intends to retain Van Staats as the cook; but should Van Staats be unavailable, party of the second part shall employ a cook as part of their crew. In the event employees, agents or guests of the Corporation use the boarding house facilities costs shall be prorated or otherwise estimated so that the Corporation shall not pay more than its just share for meals for such employees, agents and guests.

Parties of the second part agree to save harmless the Corporation from any and all claims of any nature whatever by themselves and their employees save claims arising specifically from express agreements hereinabove contained. They agree to maintain all machinery, equipment, supplies and buildings in as good condition as they now are, ordinary wear and tear excepted, so long as it is used in any manner whatever by them or is available for their use. They agree to save the Corporation harmless from all negligent acts committed by themselves or their employees and shall be responsible for all damage resulting from the negligence of themselves or their employees. They shall not be responsible for repair of any machinery due to major mechanical failure, but they do assume all responsibility for damage to themselves, employees and property due to such failure. All equipment,

machinery, supplies, buildings, underground workings and otherproperty are not represented as being in good condition. They have been examined by parties of the second part and when used by them in any manner are used at their sole risk and as their sole responsibility. Parties of the second part are independent contractors, responsible for all bills incurred in connection with this work, and shall save Corporation harmless from all bills and claims incurred in connection with this advance of the tunnel.

Party of the first part does agree that parties of the second part may use its workman's compensation account subject to repayment from payments for tunnel drive and subject to all records and accounts being properly kept and handled by parties of the second part.

Should the Corporation require the services of William Van Cooten for purposes other than tunnel drive he will be available for such other work at a compensation on an hourly basis computed on a salary of $400.00 a month and shall act as superintendent where so employed. Corporation reserves the right to use any of its equipment, machinery and supplies when not being used directly to further the advance of the tunnel. Corporation's use of housing facilities shall be superior to those of parties of the second part and it can designate space to be used by its agents, employees and guests.

Parties of the second part shall keep duplicate records and accounts as prescribed by the Corporation for its use or use by the D.M.E.A. which shall be turned over to Corporation wherever requested.

Parties of the second part shall strive to complete the tunnel advance by July 15, 1952 or sooner unless prevented by strike, extraordinary mine casualty or because of other circumstances manifestly beyond control of parties of the second part. They shall operate on a two shift basis as soon as is practical. If the advance is completed by July 15, 1952

a bonus of $2.00 per foot of advance shall be paid to parties of the second part.

This contract shall be effective as soon as the present drive of 500 feet of tunnel has been completed so that there will be no delay in commencing operations under this contract.

This contract shall be binding on the successors, heirs, administrators and executors and of each and every party hereto.

This contract is not assignable.

EXECUTED in duplicate this _____ day of March, 1952.

LEADVILLE LEAD CORPORATION

BY: _____
Secretary.

_____
William VanCooten

_____
Duke Beals

LEADVILLE LEAD CORPORATION

Surface and underground samples taken by H. W. C. Prommel and P. Hopkins during August and September 1952 at prospect holes, dumps and workings along the course of and in the vicinity of the Dauntless Tunnel

Badger Boy and Dauntless Dumps and Workings

Sample No.	Width Feet	Location Co-ordinates	Description	Au Gold oz.	Ag Silver oz.	Pb Lead %	Zn Zinc %
15	Grab	825N 775W	Selected ore sample from upper Dauntless Tunnel	0.01	3.08	28.64	0.18
26	Grab	700N 720W	Lower Dauntless shaft around Survey Sta 2, lumps picked by hand	0.04	8.36	23.90	0.12
27	Grab	725N 800W	Middle Dauntless dump, betw. Sta. 4 & 14. lumps picked by hand	0.01	19.31	18.40	10.35
32	Picked	860N 1050W	High grade lead picked from oxid, limestone in place on E. side Badger Boy open cut	0.01	21.09	25.20	0.16
34	Grab	850N 730W	Upper Dauntless open cut, betw. sts. 51 & 52, lumps picked by hand from small piles of ore along cut	0.02	11.28	34.70	tr
37	2.0	710N 770W	Lower Dauntless shaft, sublevel drift, first sample south of shaft, oxid. material with quartz, pyrite and galena	0.01	5.59	3.60	0.11
38	2.0	750N 750W	Lower Dauntless shaft, sublevel drift, north of shaft, oxid. material, with quartz, pyrite and some galena	0.01	6.22	8.55	tr
39	2.0	700N 780W	Lower Dauntless shaft, sublevel drift, second sample south of shaft, oxidized material with quartz, pyrite, galena	0.05	13.70	27.10	tr
33	Grab	700N 720W	Lower Dauntless shaft dump, general dump sample of course material	0.02	6.48	0.86	0.30

Hilda, Last Chance Open Cut, Lower Cato crosscut, Last Chance Dump and Hilltop Incline shaft dump.

14	Grab	182N 1660W	Picked ore sample (lumps) from Hilltop Incline dump	0.01	9.29	13.32	8.87
19	Grab	1235N 2090W	General sample of course material from top of about 5 to 10 ore pile on ore platform of Hilda Tunnel	0.01	20.30	9.36	0.36
21	Grab	1500N 2000W	Hand picked lumps from ore pile near Vannatter shaft	0.01	20.30	47.70	0.18

Sample No.	Width feet	Co-ordinate location	Description	Au Gold oz	Ag Silver oz	Pb Lead %	Zn Zinc %
22	Grab	1320N 2100W	South and Last Chance Open cut, highgrade material lying on side of open cut. Hand picked sample of highgrade galena, lead carbonate with green stain	0.01	51.55	52.80	0.38
23	Grab	1780N 1895W	Hand picked ore, Last Chance dump near old boiler at sta. 191, near old loading platform	0.01	13.20	13.55	13.10
24	Grab	1360N 2130W	South end Last Chance open cut in place. Lumps. mostly lead carbonate with some galena	0.02	7.58	42.50	tr
25	Grab	1670N 1960W	Last Chance dump. Picked lumps of ore from main sump	0.07	11.03	21.00	4.15
			Samples from various localities				
16	Grab	1180N 1570W	Small pile of ore 50 Ft. E. of Sta. 159	0.01	14.60	8.66	44.98
17	Grab	1430N 1470W	Picked lumps of ore from dump of shaft at sta. 121. Galena and lead carbonate	tr	6.10	8.11	4.20
18	Grab	860N 1485W	Picked lumps of about 2-3 ton ore pile at caved workings, so. side of gulch, quartz, galena, lead carbonate	0.01	15.11	18.18	0.25
20	Aver.	1550N 2350W	Upper Cato Crosscut, average sample, coarse and fines from about 300 lb. pile of ore on platform upper Cato xcut, caved. Oxid material, green stains, lead carbonate and some galena. Weight orig. sample ca. 25 lbs.	0.01	62.00	6.90	2.35
28	Grab	1410N 1510W	50 ft. N.45-E from Sta. 128. Old dump. lumps of ore	0.01	11.40	13.85	3.60
29	Grab	1380N 1010W	Prospect pit at Sta. 110 on lake. Lumps	0.01	2.09	0.20	tr
30	Grab	1170N 1325W	West side of open pit at Sta. 139. General grab dump sample of lumps	0.04	24.16	0.60	0.16
31	Grab	1300N 1690W	Muck pile NW of Sta 145 toward Sta. 121 shaft. Looks like sorted ore from shaft. Quartz, lead carbonate, galena	0.04	19.86	32.18	6.40
43	Grab	192S 405W	At Sta. 29. Picked lumps from dump. Oxid. green stained, quartzy, some galena and pyrite. Considerable barite on dump	0.07	11.83	tr	0.30

Sample No.	Width feet	Co-ordinate location	Description	Au Gold oz	Ag Silver oz	Pb Lead %	Zn Zinc %
44	Grab	440S 370W	Grab sample of lumps from ore piles between sts. 27 & 28	0.03	49.77	tr	0.10
45	Grab	350S 570W	Grab sample, lumps, ore pile, 150 ft NW from sta. 27, uphill. Barite on dumps.	0.03	21.58	20.80	7.92
46	Grab	950N 955W	Grab sample of lumps from dump at sta. 39. old prospect hole	0.02	11.28	tr	8.08
47	Grab	998N 625W	Grab sample of lumps from dump, prospect hole at Sta. 88. Possible northern extension of lower Dauntless ore shoot.	0.03	13.96	6.35	0.20

CONTRACT FOR DRILLING ON THE
LEADVILLE LEAD CORPORATION PROPERTY
FAIRPLAY, COLORADO

Accompanying this Contract are "Specifications for Drilling" and bid form with Schedule of unit prices attached. It is estimated that performance by the Contractor of the minimum amount of work guaranteed in the specifications will be accomplished by the performance of the units of work set forth in the column "Estimated Quantity" in the schedule.

This drilling will be done for Leadville Lead Corporation at its property located in the Horseshoe Mining District, Park County, Colorado, same being called the "Customer" in this contract, and the said drilling program being contracted by EUGENE D. BISHOP and WALACE A ROGERS of Salida, Colorado.

CONTRACTORS' EQUIPMENT AND SERVICES: The Contractors' equipment shall be such as is necessary and proper to perform the work specified, and shall include the following:

Drill capable of drilling AX holes for a depth of a minimum of 1000 feet;

The Contractors' services and the expenses which they must bear, except as otherwise provided in this contract, include the following:

A. All labor, machinery, tools pipe, casing, equipment, materials, cement, and supplies necessary and proper to do and perform everything provided in this contract.

B. The delivery of cores, sludge, and cuttings to the Customer at the drill site into containers furnished by the Customer.

C. Transportation of drilling equipment to and from the project.

D. Reaming for and installation and setting of standpipe to accomodate continued drilling. However, Customer shall pay for depth of hole for core as specified under payment to Contractors.

All pipe and casing and standpipe shall remain the property of the Contractors who may pull and salvage the same upon completion of the work, or with the written consent of the Customer's resident engineer, or with the contracting officer, prior thereto, unless the resident engineer

or the contracting officer directs that any or all of the pipe or casing be left in the hole, in which event the title to all pipe and casing thus pasing to the Customer shall be paid for by the Customer provided by the Contractors in this document. Contractors shall provide duplicate invoices of all such pipe and casing.

CUSTOMER'S EQUIPMENT AND SERVICES: The Customer will furnish boxes required for holding the cores and receptacles for collecting and settling sludges, but no other equipment.

The Customer will cut drill stations, furnish air, and water to the drill station.

Any delay time, for which the Customer is responsible, will be charged to the Customer, including air, water and drill station delays.

The Contractor will not give any information regarding the results of the drilling to any third party.

The Contractor shall keep accurate records of drilling operations, and shall furnish the Customer with a daily log showing the inclination of holes, footage drilled, hours worked, nature of rock penetrated, feet and size of casing placed during each shift, feet of holes cemented or sealed, and pertinent information regarding the condition of each hole.

Any delay time for cementing holes or running casing is chargeable to the Customer.

All casing not recovered from holes chargeable to the Customer at cost price.

All work shall be performed with the understanding that the objective is to secure accurate samples of the formation penetrated, and shall be directed to this end. Core barrels of the double tube or ball bearing double tube as designed by the Customer shall be used. When approaching or drilling in material which it is desired to sample, the Contractors shall use a core barrel five feet long if instructed to do so by the Customer. Cores shall be placed by the Contractors in proper sequence in core boxes provided by the Customer. Water return and sludge or cuttings shall all be discharges into receptacles provided by the Customer, as directed by the Customer or the Customer's engineer. The Contractors shall make every effort to secure the highest recovery of core and sludge commensurate with good practice.

No grinding of core will be permitted. Whenever the core block occurs the rods shall be pulled regardless of length of run. When drilling in materials which it is desired to sample, upon completion of run, water shall be pumped down the hole until the return water is clear before drilling is resumed. Water shall not be circulated again through the hole until completely clear of sediment.

When in ore, and when instructed to do so by the Customer, the Contractors shall block the core and pull the rods at intervals of five feet or less, provided the formation is such that this can be done.

PAYMENTS TO CONTRACTORS: The Contractors shall properly certify and present invoices or vouchers, either upon the completion of each hole, or monthly for holes completed, during the preceding month, showing the footage drilled, and all other work which payment is claimed and the amount due. Upon the completion and acceptance of all work required under this contract, a balance then due the Contractors will be paid upon the presentation of a properly executed and duly certified voucher.

Articles of Service	Estimated Quantity	Unit Price
Drilling with AX Bit	1,000 ft.	$4.75 per foot
Drilling with EX Bit (EX Drilling shall be in lieu of AX Drilling)		$4.50 per foot
Cementing Operations (Not including price of Cement)		$5.00 per hour
Including time necessary for mixing, pouring, inducing cement into hole, waiting for cement to set		
Drilling out Cement		$5.00 per hour
Reaming EX to AX size hole		$2.50 per foot
Reaming AX to BX size hole		$2.75 per foot
Delay time for all water, air, cutting stations, and installing casing		$5.00 per hour.

Whenever the units of work performed under this contract have totaled the minimum amount guaranteed in this contract, operations with respect to any or all of the items which the Customer may require in excess of the guaranteed minimum shall be performed at a reduction in the various unit prices set forth above of 2% provided the Contractors have not shown a loss on the above drilling.

Wallace A. Rogers shall conduct the drilling operations.

In the event the Sawatch Quartsite is drilled into and new bits used therein cut less than 75 feet before wearing out, the cost of the bits so worn out will be split 50% to Customer and 50% to Contractors.

CONTRACT FOR DRILLING OPERATIONS

THIS CONTRACT entered into this 23rd day of October, 1952, by LEADVILLE LEAD CORPORATION, herein called the "Customer", and EUGENE D. BISHOPP and WALLACE ROGERS, called the "Contractors"

WITNESSETH THAT,

The parties hereto do mutually agree as follows:

ARTICLE I.

Statement of the work. The Contractors, except as otherwise provided in the contract, shall do and perform drilling and other operations described in the specifications, for a money consideration which will actually be determined and paid according to the operations performed and at unit prices set forth in the schedule of unit prices in strict accordance with said specifications and schedule which are attached hereto and are made a part of this contract.

ARTICLE III

Payments to the Contractors and Superintendence by Contractors. Payments to the Contractors shall be made as provided in the specifications and the schedule of unit prices. The Contractors shall give their personal superintendence to the work, or have competent foremen or superintendents, satisfactory to the contracting officer, or Customer, on the work at all times during progess, with authority to act for the Contractors.

IN WITNESS WHEREOF, the parties hereto have executed this contract on the 23rd day of October, 1952.

LEADVILLE LEAD CORPORATION

BY: _____
Secretary

WITNESSES:

_____

_____

CONTRACTORS:

_____
Eugene D. Bishopp

_____
Wallace A. Rogers.

SPECIFICATIONS FOR CORE DRILLING

LEADVILLE LEAD CORPORATION, 2812 East Sixth Avenue, Denver, Colorado

1. Purpose. The purpose of this contract is to obtain for the Customer AX or EX cores, together with the sludge and cuttings produced in drilling from the ore deposits and rock formation of the above described project.

2. Description of work. The Customer guarantees to the Contractors units of work set forth in the schedule of unit prices sufficient to result in payments for a minimum of 1,000 feet drilled.

3. Commencement, Prosecution, Completion. The Contractors shall commence actual drilling operations with all equipment and crews required at the site of the work within five (5) days after receipt of official notice to proceed.

The Contractors shall at all times prosecute the work diligently, and continuously as herein provided, and in a workman-like-manner.

The Contractors shall maintain in operation one drill, not less than one shift or two eight hour shifts as preferred by the Customer, per drill day, six days per week, except for days in which a national holiday may occur, in which event the work week may be reduced by that day.

4. All holes shall be drilled to the satisfaction of the Customer at stations selected by the Customer, and drilled in the direction and to the depth designated by the Customer. Cores shall be of AX size unless it is necessary or advisable to reduce the size to EX because of conditions encountered in drilling.

H. W. C. PROMMEL

Consulting Geologist and Mining Engineer
731 South Downing Street
Denver 9, Colorado

April 15, 1953

LEADVILLE LEAD CORPORATION

HILLTOP MINE
NW¼ Sec. 1 T-10-S R-79-W
HORSESHOE DISTRICT MOSQUITO RANGE PARK COUNTY COLORADO

SUMMARY OF DIAMOND DRILLING CAMPAIGN IN THE DAUNTLESS TUNNEL
NOVEMBER 1952 - FEBRUARY 1953

INTRODUCTION

From November 1, 1952 to February 28, 1953, five holes were diamond drilled from the Dauntless Tunnel of the Leadville Lead Corporation. The drilling was done under a DMEA loan (1463X Lead-Zinc) and was to follow a general outline discussed in a report entitled "Geological Report on the Dauntless Tunnel and Outline for Diamond Drilling", by H. W. C. Prommel, Denver, Colorado, dated September 1952, a table of holes to be drilled, No. 1 to No. 11, is attached to that report.

Due to the advanced season in 1952 it was deemed advisable to do all drilling from the Dauntless tunnel during the winter months and postpone drilling from the surface and from the Hilda and Cato workings until the summer season of 1953.

OBJECT OF DIAMOND DRILLING

The object of holes to drilled was:

1). To determine the true thickness of a porphyry still encountered between the parting quartzite and the white (Manitou) limestone in advancing the Dauntless Tunnel, and determine, if possible, displacements of formations along the Big fault, Lind fissure and the Hilltop fissure. Holes 1, 2, and 7 were drilled for that purpose.

2). To explore ore possibilities along the Hilltop fissure in the White (manitou) limestone. Hole 8 was drilled for that purpose.

3). To explore ore possibilities along the Hilltop fissure in the Peerless shale and determine thicknesses of sedimentary beds and possible igneous sills below it, to the underlying gneiss or granite Hole 12 was drilled for that purpose as well as to determine the most favorable elevation for a future tunnel site on the western slope of the Mosquito range.

The locations of all holes were determined by H.W.C. Prommel after consultations with U. S. Bureau of Mines engineers. The first three holes drilled, Nos 1, 2, and 7, were spotted by him on the ground. Locations for holes 8 and 12 were spotted by W. E. Van Cooten, Leadville Lead Corporation's supervisor on the property.

GENERAL PROCEDURE

The drilling was done under contract by the Rocky Mountain Drilling Company (W. A. Rogers) of Salida, Colorado. Ax size cores were obtained and air powered drills were used. A drillers log of each hole was kept by the contractor; these logs are showing depths, time distribution of drilling, etc. Copies are attached to the narrative reports for November and December 1952 and for January and February 1953 already prepared by Mr. Prommel for Leadville Lead Corporation, with copies on file with the various branches of the DMEA.

Drill cores and samples of cuttings from holes were shipped to Denver, inspected there by Mr. Prommel and later delivered to the core storage house of the U. S. Bureau of Mines, Federal Center, Denver, Colorado. A geologic interpretation or log of each hole giving the thicknesses and sequence of formations passed through is attached to this report and made a part thereof.

SUMMARY OF DIAMOND DRILLING

In order to avoid confusion, the numbers of the holes as given in the 1952 report were retained and a "rotation" number showing the rotation in which the holes were actually drilled, is added to each hole discussed in this report.

The following holes, also shown on Plate 1 attached to this report and made a part thereof, were drilled during the 1952 - 1953 fall and winter season.

Hole No.	Rotation No.	Distance from tunnel portal	Direction	Inclination	Feet Total Depth	Days Elapsed time inc. delays	Days Total Time	Actual m.h. recorded*
7	1	2226 ft.	S-75-W	75 down	115	Nov. 1-Nov. 4	4	56
2	2	1700 "	N-75-E	75 up	95	Nov. 5-Nov. 15	11	144
1	3	1200 "	N-65-E	75 up	42	Nov. 17-Nov. 26	10	24
8	4	2218½"	S-50-E	62 down	390	Nov. 28-Jan. 17	51	255
12	5	2135½"	N-50-W	70 down	415	Jan. 24-Feb. 28	36	459
					1057***		112	938**

* Drilling contractor's time only.
** equal to 117¾ eight hour days for 1 man.
*** about 1.13 ft. per man hour.

The man hours shown in above table represent drilling contractor's time only. From three to six men were also employed by the company diring the drilling campaign for road maintenance, compressor service, blasting and mucking out drill stations, tibering, etc. which were not covered under the drilling contract. Time distributions for these men and items connected therewith are shown in the narrative reports by H.W. C. Prommel for November 1952 to February 1953 (4 reports)/

The number of feet drilled, core recovered and percentage of core recovery for each formation drilled through in each hole is set forth on Table 1 following this page.

INTERPRETATION OF DIAMOND DRILL CORES AND OTHER DATA

The cores and other drill hole data were used in the construction of a sedimentary column normal to the regional strike and dip of the formations which averages N-15-W, 15 degrees N-75E. True thicknesses of formations thus determined are shown on the table of Plate 1 and on the geological log of each hole attached hereto. The drawing on Plate 1 shows thicknesses and attitudes of faults, fissures and

formations in the vertical plane of the tunnel, the average course of which is N-50-W.

Summing up, the true thicknesses of formations in the vicinity of the westermost 1000 ft. of the Dauntless tunnel (approx. 1200 ft. to 2200 ft. from its portal) are, from the surface downward:

White Porphyry	Thickness not determined
Weber grits	" " " " "
	only lower part present.
Leadville limestone and Dyer dolomite	300 feet plus
Parting quartzite	0-12 feet plus (?)
White (?) porphyry	242 feet plus - minus
White (Manitou) limestone	111 feet.
Iowa Gulch porphyry (?)	38 feet.
Peerless shale	39 - 45 feet.
Sawatch quartzite	96 feet plus.
Porphyry sills None encountered	? ? ? ?
Granite or gneiss Not reached.	----------

While holes 7, 2, and 1 determined the upper and lower limits of the porphyry sill encountered in the Dauntless tunnel, Hole 8 revealed displacement of formations along the Hilltop fissure. It crossed the Hilltop fissure just above the top of the White (Manitou) limestone and found no mineralization in the White limestone. It was continued downward to explore ore possibilities of the many stringers encountered in the driving of the Dauntless tunnel, but finding no mineralization, it was finally abandoned im the Sawatch quartzite.

As originally planned, Hole 12 should have penetrated the Peerless shale along its intersection with the Hilltop fissure. Unfortunately, due to an oversight at the mine, hole 8 was actually started six feet east and hole 12 six and one-half feet west of their originally planned locations. A re-plotting of conditions encountered in holes 7 and 8 was therefor necessary; boundary lines between formations as determined from interpretation of cores from Hole 12 was marked on Plate 1 along the course of Hole 12, they are shown by short, stub lines. As they check very closely with boundary lines determined

by holes 7 and 8 on both sides of the Hilltop fissure, it is apparent from Plate 1 that hole 12 in reality became a test hole of the White limestone in the vicinity of the Hilltop fissure and that its path was 27 feet to 45 feet west of the Hilltop fissure as it passed through the Peerless shale.

At a depth of 415 feet, after passing through 105 feet of Sawatch quartzite (true thickness 96 feet) without encountering porphyry sills in it, the bit and core barrel stuck in the hole. They were later raised about 150 feet, but stuck again and were left in the hole with about 220 feet of drill pipe.

Results of the diamond drilling were inconclusive as to ore occurrences in the White limestone. The Peerless horizon remains untested and drilling proceeded at a far slower rate than anticipated, due in part at least, to lack of proper engineering supervision on the property. The following data were nevertheless obtained:

CONCLUSIONS

1). The thicknesses of two porphyry sills, the upper between the Parting quartzite and the White (Manitou) limestone and the lower between the White limestone and the Peerless shale were determined as 242 feet and 38 feet respectively. The thicknesses of the White limestone, the underlying porphyry sill and the Peerless shale and upper part of the Sawatch quartzite were determined and checked by data from 2 drill holes started from different sides of the Hilltop fissure (see Plate 1).

2). The U. S. Geological Survey map of the "West Slope of the Mosquito Range" (Preliminary Map, 1939) shows two massive porphyry sills within the Sawatch quartzite as well as a massive porphyry sill at the base of the White (Manitou) limestone, the latter referred to by Behre as the type occurrence of the "Iowa Gulch" porphyry. This would correspond to the thin porphyry sill (38 ft.) encountered below the White (Manitou) limestone in holes 8 and 12. No porphyry sills were found in holes 8 and 12 in the upper 96 feet of Sawatch quartzite. The total approximate thickness of the Sawatch

TABLE I

SUMMARY OF DIAMOND DRILL HOLE CORE DATA

Hole No.	Dyer Dolomite			Parting Quartzite			Upper Porphyry			White (Manitou) Limestone			Lower Porphyry			Peerless Shale			Sawatch Quartzite		
	Distance Feet	Core Recovered Feet	% Core Recovery	Distance Feet	Core Recovered Feet	% Core Recovery	Distance Feet	Core Recovered Feet	% Core Recovery	Distance Feet	Core Recovered Feet	% Core Recovery	Distance Feet	Core Recovered Feet	% Core Recovery	Distance Feet	Core Recovered Feet	% Core Recovery	Distance Feet	Core Recovered Feet	% Core Recovery
7	--	--	--	--	--	--	95	87	92%	20	14.6	73%	--	--	--	--	--	--	--	--	--
2	--	--	--	12	4.9	41%	83	73.6	90%	--	--	--	--	--	--	--	--	--	--	--	--
1	18.5	13.4	72%	6.5	6.5	100%	17	15.6	92%	--	--	--	--	--	--	--	--	--	--	--	--
8	--	--	--	--	--	--	98	75	77%	138	51	36%	49	37	76%	57	28.4	50%	48	25.9	54%
12	--	--	--	--	--	--	96	75.5	79%	134	41.9	31%	40	11.1	28%	40	15.2	38%	100	36.9	37%
	18.5	13.4	72%	18.5	11.4	62%	389	326.7	84%	292	107.5	37%	89	48.1	54%	97	43.6	45%	148	62.8	43%

Grand Totals 1052 ft. * of hole; 613.5 ft. of core; 58.3% core recovery

* (Hole 12, Bottom 5 ft. of core not recovered.)

quartzite in this region should be from 105 to 110 feet.

The above conditions indicate a thinning of sills in Sawatch quartzite and at the base of the White limestone in an easterly direction and location of their possible source in a westerly direction.

3). The map mentioned under 2) above does not show a major porphyry sill between the parting quartzite and the underlying White limestone in the Iowa gulch amphitheatre. In an early report by Theodore E. Schwartz on the property of the Hilda Mining Company dated July 6, 1897, he mentions a lower sheet of white porphyry "of small thickness", a "narrow sheet, not always present -- at or near the base of the Blue limestone" (Dyer Dolomite in this case), "which shows on the cliffs of the west slope, just south of Sheridan mountain". This would correspond with the porphyry sill encountered in the western part of the Dauntless tunnel where its thickness, as determined by holes 1, 2, 7, 8, and 12, is 242 feet.

These conditions indicate a thickening of this upper porphyry will from southwest to northeast, toward Mount Sherman and the White Ridge, and a source for this sill in that direction, different from the source of the sills below the Manitou limestone and in the Sawatch quartzite.

It is hoped that a detailed petrographic study of the different types of porphyry in the different sills as well as of the porphyry dike in the Four Mile amphitheatre may soon be made by specialists of the United States Geological Survey in order to more closely determine their interrelations.

4). Neither hole 8 nor hole 12 showed mineralization in the White limestone near the Hilltop fissure. This, however, is not conclusive proof that ore will not be found in the White limestone at some place underneath Leadville Lead Corporation's extensive holdings; ore depositions in and along north and northeasterly trending fissures and faults

which may have served as passageways for ascending mineral solutions and from which mineralization extends outward.

5). In the vertical plane of the Dauntless tunnel the Hilltop-Last Chance known ore horizon in the Blue limestone lies about 180 to 260 feet above the top of the upper porphyry sill encountered in the tunnel (See Plate 1). The approximate position of this ore horizon with respect to the surface line above the tunnel can therefor now be ascertained at places along it where some ore has been mined and where shallow prospect holes have been dug, as shown on Plate 1 of the 1952 report by H. W. C. Prommel. For instance, at the prospect shaft at station 121 (Co-ord. 1410N-1500W)(for location see Plate 1 of this report or Plate 1 of 1952 report), most of the ore horizon lies above the surface and has been eroded. Farther east, in the vicinity of the Porphyry dike at stateion M-5, it should lie from 0 to 80 feet below the surface. In the vicinity of the Badger Boy Open Cut it should lie immediately below the open cut as now exposed. In the vicinity of the Dauntless workings the upper Dauntless drift lies within the upper part of the ore horizon. These observations should serve as a guide to further prospecting and locations of future shallow diamond drill holes from the surface, between the Last Chance shaft and the Dauntless workings, or the drilling of holes along the ore horizon from the upper Dauntless drift.

RECOMMEN-DATIONS

Due to unfavorable weather conditions during the late winter and early spring and increasing costs on account of it, operations were temporarily suspended in the field during March 1953. Additional diamond drilling is to be undertaken during the late spring and summer and fall months. Such drilling will take place from the Hilda tunnel workings and in the space intervening between said workings and the south end of the Last Chance open cut which will test the

southern continuation of the Hilltop-Last Chance orebody; in the vicinity of the Upper Cato Crosscut workings which will test the possibility of a parallel vein system. At both places some ore has already been encountered during the past but their continuities remain unexplored todate.

If finances and time allow, some shallow surface holes, or holes extending westward from the upper Dauntless drift, should be drilled in order to test possibilities of shallow ore bodies in the vicinities of the southern extensions of the known and already mined Lind and Stewart ore bodies to the north. Ultimately, another down hole should be drilled from the Dauntless tunnel to test ore possibilities of the Peerless shale near principal fissures or faults. This should not be undertaken, however, before exploratory work near the surface between the Last Chance and the Hilda workings throws some light on the possible southeastward continuation of the South Dyer fault from the western slope of the Mosquito Range, into the Four Mile amphitheatre on its east slope.

Respectfully submitted,

Harald W. C. Prommel

Denver, Colorado
April 15, 1953

Leadville Lead Corporation. Hilltop Mine. NW¼ Sec. 1, T-10-S R-79-W Mosquito Range
Park County, Colorado.

DIAMOND DRILL HOLE No. 7 (Rotation No. 1) Geological Log. Ax core.

Location: At face in Dauntless tunnel, 2226 feet from Portal.
Direction: S-75-W, 70 degrees down, across dip of sedimentaries (Strike N-15 W, Dip 15 degrees N-75-E).

True thicknesses of formations cut by drill hole: Porphyry 95 ft.; Limestone (Manitou) 20 ft.

From To	Feet	Feet Core	% core Recovery	Type of Rock	Remarks
0 - 5	5	1.4	28%	Porphyry	Gray-white, with bluish quartz and some feldspar phenocrysts; uniform.
5 - 11	6	6.0	100%	"	" " " " " " " " "
11 - 21	10	9.2	92%	"	" " " narrow quartz stringers near base.
21 - 27	6	5.4	90%	"	Same as above, broken Mn ferns; quartz veinlets, some minute pyrite crystals.
27 - 33	6	5.6	93%	"	" " " " " " "
33 - 53	20	18.1	91%	"	Upper 10 ft. same as above; lower 10 ft. light brownish color, more feldspar phenocrysts and manganese ferns; good cores.
53 - 55	2	2.0	100%	"	Grayish color; broken core.
55 - 64	9	8.5	95%	"	" " long unbroken cores; siliceous, many quartz phenocrysts.
64 - 65	1	1.0	100%	"	" " " " " "
65 - 75	10	10.0	100%	"	" " One solid core, not in box, at mine.
75 - 85	10	10.0	100%	"	" " fine grained; increasing feldspar phenocrysts.
85 - 88	3	3.0	100%	"	Gray silicious graoundmass.
88 - 95	7	6.8	97%	"	" "
0 - 95	95	87.0	92%	Porphyry	
95 -105	10	8.0	80%	Limestone (Manitou)	Fine grained, dolomitic limestone; mottled dark spots some surrounded by calcite and vice versa (fossil imprints?), turning lighter in color near base and showing calcite filled irregular fractures and fracture zones.
105-115	10	6.6	66%	"	" " " "
0 -115	115	101.6	88%	Bottom of hole.)	
95 -115	20	14.6	73%	Limestone	

CONTINUED ON PAGE 2

Date drilled: November 1 - 4, 1952.
Cuttings: None saved
Cores stored with U. S. Bureau of Mines, Federal Center, Denver, Colorado.

****

Core study and interpretation by H. W. C. Prommel.
Consulting Geologist and Mining Engineer.
Denver, Colorado

March, 1953

Leadville Lead Corporation. Hilltop Mine. NW¼ Sec. 1 T10-S R-79-W Mosquito Range, Park County, Colorado.
DIAMOND DRILL HOLE No. 2 (Rotation No. 2) Geological Log. Ax core.

Location: In Dauntless Tunnel, 1700 feet from Portal. Collar of hole about 10 ft. above floor of tunnel.

Direction: N-75-E, 75 degrees up, across dip of sedimentaries. (Strike N-15-W, Dip 15 degrees. N-75-E).

True thicknesses of formations cut by drill Hole: Porphyry 83 ft.; Parting Quartzite 12 ft. Hole bottomed in quartzite.

0 - 5	5	4.2	84%	Porphyry	Gray to brown; small quartz and feldspar phenocrysts; manganese ferns.
5 - 11	6	5.6	93%	"	" " " Good cores.
11 - 21	10	7.4	74%	"	" " "
21 - 27	6	5.8	97%	"	" " "
27 - 31	4	3.7	93%	"	" " "
31 - 41	10	6.0	60%	"	" " broken cores, upper part.
41 - 47	6	6.0	100%	"	" " very uniform.
47 - 57	10	9.3	93%	"	" " good cores.
57 - 60	3	2.7	90%	"	" " somewhat finer grained.
60 - 67	7	7.0	100%	"	" " Lower 1.4 ft. extremely shattered core.
67 - 77	10	9.9	100%	"	" Firm core, thin brown banding in places (manganese).
77 - 83	6	6.0	100%	"	" Good core, less brown banding.
0 - 83	83	73.6	90%	Porphyry	
83 - 84	1	0.7	70%	Quartzite-Sharp contact with underlying porphyry, then broken core; much cold water.	
84 - 90	6	0.0	0%	(Parting)-Cave, no core in box; presumably quartzite.	
90 - 95	5	4.2	84%	" Ex core; good core of grayish white quartzite.	
83 - 95	12	4.9	41%	Parting	
0 - 95	95	78.5	83%	Bottom of Hole	

Date drilled: November 6 - 15, 1952.
Cuttings: None saved
Cores stored with U. S. Bureau of Mines, Federal Center, Denver, Colorado

Core study and interpretation by H. W. C. Prommel.
Consulting Geologist and Mining Engineer.
Denver, Colorado.
March, 1953

Leadville Lead Corporation. Hilltop Mine. NW¼ Sec. 1. T-10-S R-79-W Mosquito Range, Park County, Colorado.
DIAMOND DRILL HOLE No. 1 (Rotation No. 3) Geological Log. Ax. core.
Location: In Dauntless Tunnel, 1200 feet from Portal. Collar of hole approximately 10 ft. above floor of tunnel.
Direction: N-75-E, 75 degree up, across dip of sedimentaries. (Strike N-15-W, Dip 15 degrees N-75-E)
True thicknesses of formation cut by drill hole: Porphyry 18 (?) ft.; Quartzite (Parting) 5½ (?) ft.; Dyer Dolomite 18½ ft.

From To	Feet	Core Feet	% Core Recovery	Type of Rock	Remarks
0 - 5	5	4.5	90%	Porphyry	Gray-Brown, medium soft.
5 - 6.5	1.5	1.5	100%	"	Very hard and silicious. No separate markers in core box.
6.5 - 7.3	0.8	0.8	100%	"	Very soft, yellow " " " "
7.3 -12	4.7	3.8	81%	"	Hard, some banding; could be quartzite (?). No separate markers in core box.
12 -12.5	0.5	0.5	100%	Shale	Limey, greenish color
12.5 -22	9.5	9.5	100%	Porphyry ?	Lower 5.8 ft. porphyry (?) grading into quartzite
22 -23.5	1.5	1.5	100%	Quartzite	(?) above for 2.3 ft., followed by 0.5 ft. greenish limey shale, then 0.9 ft. quartzite.
0 -23.5	23.5	22.1	94%	Porphyry and Parting Quartzite.	Contact of Porphy and Parting Quartzite irregular, approximately at 17 feet. Correlations uncertain. Core box looks like it might have been dumped or broken and cores misplaced with respect to each other. May also be irregular contact. Driller's log shows 6 runs, from 0 - 21 ft. while core box shows spacers at 12, 22, and 24 ft. only.
23.5 -24	0.5	0.5	100%	Limestone	Light gray.
24 - 32	8	7.6	95%	Dyer Dolomite.	Light gray; some irregular calcite bands and fractures, also thin, wavy carbonaceous bands, short, but fair cores.
32 - 42	10	5.3	53%	"	Same as above, but lower 4 ft. dark gray. Badly broken core, from about 40-42 ft.
23.5- 42	18.5	13.4	72%	Dyer	
0 - 42	42	35.5	84%	Bottom of hole in Dyer Dolomite.	

CONTINUED ON PAGE 2

Date drilled: November 25 - 26, 1952.
Cuttings: None saved
Cores stored with U. S. Bureau of Mines, Federal Center, Denver, Colorado

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Core study and interpretation by H. W. C. Prommel.
Consulting Geologist and Mining Engineer.
Denver, Colorado
March, 1953.

Leadville Lead Corporation, Hilltop Mine. NW½ Sec. 1, T-10-S R-79-W Mosquito Range, Park County, Colorado

DIAMOND DRILL HOLE No. 8 (Rotation No. 4) Geological Log. Ax Core.

Location: Near face in Dauntless Tunnel, 2218½ ft. from Portal.

Direction: S-50-E, 62 degrees down, along course of Tunnel, Strike and dip of sedimentaries, N-15-W 15 degrees N-75-E.

Thicknesses of formations cut by drill hole: Porphyry 98 ft.; Limestone (manitou) 138 ft.; Porphyry 49 ft.; Peerless shale 57 ft.; Sawatch quartzite 48 ft.; Hole Bottomed in quartzite.

Corresponding columnar section. Porphyry 74 ft.; Manitou Limestone 111 ft.; Porphyry 38 ft.; Peerless shale 45 ft.; Sawatch Quartzite 40 ft.; Bottom of Sawatch not reached.

From	To	Feet	Core Feet	% Core Recovery	Type of Rock	Remarks
0 -	31	31	23.3	75%	Porphyry	Gray-white, with bluish quartz and light feldspar penocrysts; uniform.
31 -	64	33	29.0	88%	"	" " "
64 -	91	27	18.5	69%	"	Gray-white with bluish quartz and light; good cores, manganese ferns.
91 -	94	3	0.6	20%	"	HILTOP FISSURE. Broken porphyry; sandy material; cemented hole.
94 -	96	2	1.7	85%	"	Finer groundmass; other characteristics as above.
96 -	98	2	1.9	95%	"	" " ; limey.
0 -	98	98	75.0	77%	Porphyry	
98 -	101	3	2.9	97%	Limestone	Gray-blue limestone with oxidized breacia fractures.
101 -	104	3	2.9	97%	(Manitou)	" " ; fractures diminishing.
104 -	110	6	0.0	0%	"	Limestone. Tested cuttings with acid; panned cuttings.
110 -	111	1	0.6	60%	"	Light, thinbedded, lightly banded. No mineralization.
111 -	116	5	1.8	36%	"	" " 114-115 ft. oxidized, quartzy, vuggy, some iron pyrites.
116 -	126	10	5.4	54%	"	Light, thin bedded, lightly banded, thin white bands.
126 -	132	6	5.5	92%	"	" " " "
132 -	146	14	4.0	29%	"	" " Broken cores.
146 -	156	10	4.6	46%	"	Gray; thin whitish irregular bands; dark and brecciated 155 ft. to 156'.
156 -	161	5	1.8	36%	"	Gray; think whitish irregular bands; 2" dark bank.
161 -	171	10	3.7	37%	"	Formation badly broken; cuttings panned, no 156.5 ft. mineralization.
171 -	181	10	3.1	31%	"	" " cutting.

181 - 191	10	2.6	26%	Limestone (Manitou)	Formation badly broken; gray-blue; dark band 190 ft. to 191 ft. Approx.
191 - 201	10	2.8	28%	"	Limestone with quartz stringers
201 - 211	10	3.8	38%	"	" " and some pyrite crystals at 202 ft.
211 - 221	10	1.7	17%	"	" " broken core, quartzy at 212 ft.
221 - 226	5	1.9	38%	"	Limestone care in hole; broken limestone with quartz stringer 221 ft. - 225 ft.
226 - 236	10	1.0	10%	"	Broken limestone with quartz stringers; no mineralization.
98 - 236	138	51.0	36%	Limestone	
236 - 244	8	8.0	100%	Porphyry	Light colored; feldspar phenocrysts and sparse small biotite phenocrysts;
244 - 254	10	5.0	50%	"	lower 6 to 8 ft. extremely quartzitic, with iron pyrite grans spar[illegible]y
254 - 264	10	10.0	100%	"	scattered; shattered core 262 ft. to 263 ft. cuttings 261 to 271 ft. slightly acid reaction.
264 - 268	4	3.0	75%	"	" " "
268 - 276	8	6.5	81%	"	Less Quartzitic.
276 - 285	9	4.5	50%	"	" "
236 - 285	49	37.0	76%	Prophyry	
285 - 296	11	3.5	32%	Limestone (Peerless)	Blue, mottled, also fine white and black shaly bands with slightly reddish bands.
296 - 304	8	4.2	52%	(Shale)	" " " "
304 - 306	2	1.0	50%	"	Bluish shaly limestone with red casts.
306 - 316	10	2.5	25%	"	Shaly limestone with red casts and bands.
316 - 326	10	7.4	74%	"	Thin bedded shaly limestone, Fucoid (?) markings in up per part; shalier at base.
326 - 336	10	5.8	58%	"	Gray, shaly limestone, thin wavy carbonaceous layers, mottled and brecciated in places.
336 - 342	6	4.0	67%	"	Gray, Shaly Limestone, and shale beds, up to 6" thick; lower 3 ft. greenish-gray shale.
285 - 342	57	28.4	50%	Peerless	
342 - 352	10	6.3	63%	Quartzite (Sawatch)	Light green shale at very top, grading downward throughshaly bands and quartzite into mottled quartzite with thin irregular brownish bands, purplish color near base.
352 - 362	10	8.6	86%	"	Same, but no shale bands; fine grained banded and mottled purplish quartzite.
362 - 372	10	3.9	39%	"	Same, but no shale bands; appears brecciated in places.

CONTINUED ON PAGE 3

372 - 382	10	4.5	45%	Quartzite	Quartzite, purplish; less mottled, coarser grained.
382 - 390	8	2.6	32%	"	Quartzite, gray-brown, finer grained, mottled; calcite seems 389 to 390 ft. approximately.
342 - 390	48	25.9	54%	Sawatch	
0 - 390	390	216.4	55.5%	Bottom of Hole.	

Date drilled: November 29 to December 27, 1952 and January 16 - 17, 1953.
Cuttings: Saved, from 95 ft. to 390 ft.
Cores and Cuttings stored with U. S. Bureau of Mines, Federal Center, Denver, Colorado

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Core study and interpretation by H. W. C. Prommel.
Consulting Geologist and Mining Engineer.
Denver, Colorado
March, 1953

Leadville Lead Corporation. Hilltop Mine. NW¼ Sec. 1, T-10-S E-79-W Mosquito Range, Park County, Colorado.
DIAMOND DRILL HOLE No. 12 (Rotation No. 5) Geological Log. Ax core.
Location: In Dauntless Tunnel, 2135½ ft. from Portal
Direction: N-50-W, 70 degrees down, along course of tunnel. Strike and dip of sedimentaries N-15-W, 15 degrees N-75-E.
Thicknesses of formations cut by drill hole: Porphyry 96 ft.; Limestone (Manitou) 134 ft.; Porphyry 40 ft.; Peerless Shale 40 ft.; Sawatch Quartzite 100 ft.; Hole bottomed in quartzite.

Corresponding columnar section: Porphyry 91 ft.; Manitou limestone 17 ft.; east of Hilltop fissure (fault), 111 ft. west of Hilltop fissure; Porphyry 38 ft.; Peerless shale 39½ ft.; Sawatch Quartzite 96 ft.; Bottom of Sawatch not reached.

From To	Feet	Core Feet	%core Recovery	Type of Rock	Remarks
0- 5	5	2.0	40%	Porphyry	White-gray; quartz and feldspar phenocrysts.
5- 10	5	3.1	62%	"	" 5-6 ft., brownish, considerable Mn ferns in core
10- 20	10	10.0	100%	"	" dark quartz and white feldspar phenocrysts.
20- 30	10	7.7	77%	"	" " " "
30- 35½	5½	5.5	100%	"	" " " "
35½- 40	4½	4.2	93%	"	" " " "
40- 50	10	10.2	100%	"	" " " "
50- 59	9	8.3	92%	"	" vuggy quartz and Mn stringer 55.5-56 ft.
59- 60	1	0.7	70%	"	" Quartz and feldspar phenocrysts; coarse, silicious groundmass.
60- 66	6	1.9	32%	"	" " " getting finer.
66- 75	9	8.0	89%	"	" " fine grained, silicous groundmass.
75- 85	10	5.9	59%	"	" " coarser toward bottom.
85- 90	5	4.0	80%	"	Yellowish color; coarser grained; more phenocrysts.
90- 92	2	1.9	95%	"	Grayish; finer groundmass.
92- 96	4	2.3	57%	"	" "
0- 96	96	75.5	79%	Porphyry	
96-100	4	2.0	50%	Limestone	Gray, fine grained, dolomitic, mottled, dark spots in places surrounded
100-106	6	4.3	72%	(Manitou)	by calcite and vice versa (fossil imprints?), turning lighter in color
106-115	9	3.6	40%	"	near base and showing calcite filled irregular fractures and fracture
115-125	10	3.3	33%	"	zones. Cuttings effervesce in warm dil. HCl.
125-135	10	2.0	20%	"	" " " "
135-145	10	1.3	13%	"	" " " "
145-155	10	2.7	27%	"	" " " "
155-165	10	1.6	16%	"	" " " "

CONTINUED ON PAGE 2

165-175	10	2.4	24%	(Manitou)	Gray, broken, vuggy, with calcite fractures.
175-185	10	3.5	35%	Limestone	Gray, vuggy, broken, with calcite fractures.
185-190	5	4.1	82%	(Manitou)	More solid, but irregularly banded with knife blade thin carbonaceous layers.
190-200	10	1.9	19%	"	" " " broken, short cores.
200-210	10	5.1	51%	"	Less carbonaceous seams, more calcite fractures and spots. Darker color near base.
210-215	5	1.5	30%	"	Dark blue " " " "
215-220	5	0.6	12%	"	" " " " "
220-230	10	1.6	16%	"	" very broken cores, small kaolinized gragments at base.
96-230	134	41.9	31%	Manitou	
230-240	10	1.5	15%	Porphyry	Grayish white; quartz and feldspar phenocrysts; Mn ferns in fractures.
240-250	10	1.4	14%	"	" " " "
250-260	10	4.3	43%	"	" " " "
260-265	5	2.0	40%	"	" " " "
265-270	5	1.9	38%	"	" " " "
230-270	40	11.1	28%	Porphyry	
270-280	10	6.6	66%	Limestone (Peerless)	Gray, with whitish and carbonaceous thin, irregular ~~(Peerless)~~ bedding and pinkish casts 271-272 ft. and red casts about 277 ft., white speckled appearance to 280 ft.
280-290	10	1.7	17%	"	" " Some oxid. cracks, small vugs; banded as above.
290-300	10	0.3	3%	"	Typical black, carbonaceous irregular thin banding
300-310	10	6.6	66%	"	" " to 305 ft. then 6 in. light green shale with partly oxid. calcite stringer to 310.
270-310	40	15.2	38%	Peerless	
310-320	10	4.5	45%	Quartzite (Sawatch)	Carbonaceous banded, grey to reddish color. Thin banded irregular carbonaceous purple quartzite slightly calcarous.
320-330	10	7.6	76%		
330-340	10	3.6	36%	"	Thin banded irregular carbonaceous purple quartzite, slightly lighter color toward base.
340-345	5	1.5	30%	"	Whiter, finer grained quartzite.

CONTINUED ON PAGE 3

345-355	10	4.8	48%	Limey	Shaley, fine grained limestone with typ. Peerless wavy thin carbonaceous bands.
355-365	10	3.5	35%	"	Same, but with purplish casts and bands, greenish shale bands towards center and hard, purplish quartzite at very base.
365-370	5	1.1	22%	Quartzite	Banded, blue-grey quartzite.
370-380	10	5.9	59%	(Sawatch)	Banded, light orange colored toward base, less carbonaceous bands.
380-390	10	0.9	9%	"	Grayish color; core badly broken, small pieces only.
390-400	10	1.2	12%	"	Gray-blue, hard; fractures have oxidized surface.
400-410	10	2.3	23%	"	Gray-white upper 3 ft. approximately bluish gray bottom with small oxid. spots. Core badly broken.
10-410	100	36.9	37%	(Sawatch)	Bottom of hole.
0-410	410	184.6	45%		

Date drilled: January 24 to February 28, 1953
Cuttings: 94 ft. to 410 ft. 33 Samples.
Cores and Cuttings stored with U. S. Bureau of Mines, Federal Center, Denver, Colorado

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Core study and interpretation by H. W. C. Prommel.
Consulting Geologist and Mining Engineer.
Denver, Colorado.
March, 1953

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

INTERIM AUDIT CERTIFICATE

I have examined the records and transactions of:

LEADVILLE LEAD CORPORATION
2812 E-6th Avenue
Denver, Colorado

pertaining to Exploration Contract Idm-E250, Docket No. 1463X, including amendments No. 1 to No. 9, covering a project for exploration of lead and zinc for the period of February 1 to October 31, 1952.

My examination was made in accordance with generally accepted standards applicable in the circumstances.

The audit disclosed the following facts in regard to the amount to be paid the contractor:

Total Cost as billed by Contractor	$55,943.56
Exceptions (per Audit Report)	2,385.95
Total Accepted Cost	$53,557.61

The contract calls for a 50 per cent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Twenty six thousand seven hundred seventy-eight and 80/100

-$26,778.80

is valid and proper.

This certificate is issued on the provision that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having other-wise met the terms of the contract.

February 4, 1953

T. H. BRADING
Auditor

I. INTRODUCTION

On January 7 to 9, 1953, a second interim audit (covering the period July 1 through October 31, 1952) was made of the records and accounts of operations pertaining to Contract No. Idm-E250, Docket No. DMEA 1463X, with the

LEADVILLE LEAD CORPORATION
2812 E-6th Avenue
Denver, Colorado

covering a project of exploration fro lead and zinc. The records pertaining to this contract are in the office of the company, 2812 East 6th Avenue, Denver, Colorado. The project is located approximately 100 miles from Denver, Colorado, and is about 15 miles from Fairplay, in Park County, Colorado.

The contract is dated February 2, 1952, and at the present time two-sub-contracts have been entered into and the following listed amendments have the approval of the Regional Executive Officer or the Administrator, DMEA, Washington.

No. 1 - dated March 12, 1952, effective Feb 2, 1952
No. 2 - dated April 4, 1952, effective Feb 2, 1952
No. 3 - dated May 26, 1952, effective Feb 2, 1952
No. 4 - dated May 26, 1952, effective Feb 2, 1952
No. 5 - dated May 26, 1952, effective Feb 2, 1952
No. 6 - dated May 26, 1952, effective Feb 2, 1952
No. 7 - dated Aug. 15, 1952, effective Aug. 1, 1952
No. 8 - dated Oct. 16, 1952, effective Feb. 1, 1952
No. 9 - dated Oct. 9, 1952, effective Oct. 2, 1952

Sub-Contract, styled tunnel Contract, dated March 19, 1952 between Operator and Duke Beals and William Van Cooten was approved by the Regional Executive Officer April 11, 1952. Sub-Contract for diamond core drilling, dated October 23, 1952 between the Operator and Eugene D. Bishop and Wallace A. Rogers was approved by the Regional Executive Officer December 4, 1952.

A previous audit covered the period from February 1, 1952 to June 30, 1952, while the present audit covered the period from July 1, 1952 to October 31, 1952.

During the course of the audit, the following officers and employees were consulted as required:

Mr. Ben L. Wright, Jr., Secretary
Mrs. Maurine Beck, Bookkeeper

II. GENERAL INFORMATION ON RECORDS

The original records covering the costs of this project are recorded on Monthly Work Sheets, which form the basis of the preparation of the Monthly MF-104 reports. As noted in the previous report, the records are in poor condition and no effort is made to segregate invoices and payroll records reflecting the costs of the project from invoices and charges assumed by the company direct. A cash journal and general ledger are maintained, however insofar as the audit is concerned, the only reference to the general ledger

was to reconcile the amount shown in an account captioned "Dauntless Tunnel Account" with the total shown on Form MF-104. All costs except for depreciation are recorded on a cash basis.

III. SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety, and validity of the costs as shown on the "Totals to Date" column of MF-104, Operator's Monthly Report and Voucher for the month of October 1952. In view of the previous audit, covering the period from February 1, 1952 to June 30, 1952, except as otherwise indicated, this audit was restricted to the costs claimed by the operator since that latter date. The extent of the Audit and the findings under each of the "Items of Cost" follow:

(1) Independent Contracts:

Balance October 31, 1952	$28, 165.00
Balance June 30, 1952	14, 965.00
Expended July 1-Oct. 31, 1952	$13,200.00

Total advance of 400 feet for the period under review and covered by sub-contract dated March 17, 1952 were paid for as follows:

July - 100 feet at $33.00	$3,300.00
Aug. - 100 feet at $33.00	3,300.00
Sept. - 100 feet at $33.00	3,300.00
Oct. - 100 feet at $33.00	3,300.00
Total	$13,200.00

The total costs as shown above are considered as properly chargeable to, and allowable under the sub-contract as approved by the Executive Officer.

(2) Labor and Supervision:

All charges for labor were checked against the amounts shown on the Monthly Work Sheets. Payrolls for the months of July Through October, 1952 were checked in detail, all calculations verified, and cancelled checks for net amounts checked against the payroll.

Schedule A-1 attachedshows details of disallowances made by the Finance Officer on October 1952 payrolls in the amount of $917.54, the correct disallowances and reinstatement of $10.04, or a net amount applicable to the October payroll of $907.50 which is approved. Additional disallowances of $262.00 applicable to the October payroll, as disclosed by the audit also are shown on Schedule A-1.

Payroll disallowances amounting to $327.25 in addition to the foregoing were revealed by the audit as follows:

P. K. Woodward--July salary paid Aug. 2, 1952	$187.25
No explanation of work performed	
week ended Aug. 9	70.00
week ended Aug. 16	70.00
	$327.25

Buildings and Building Toilets-Repair----------
Not covered by Contract

Total Disallowances:

By Finance Officer----------	$917.54
By Audit----------	589.25
Total	$1506.79

Balance-October 31, 1952----------	$6090.36
Less Balance June 30, 1952----------	2308.66
Net Verified by Audit----------	$3781.70

The total as verified by audit is a proper and reasonable cost of operation for the period July 1-October 31, 1952.

Supervision:

No supervision was charged for the period under review.

Technical Services:

An analysis of charges under subject item for the period under review is presented herewith:

Balance-October 31, 1952----------	$5049.00
Balance-June 30, 1952----------	736.50
Charges for Period----------	$4312.50

H.C.W. Prommell-Consulting Geologist and Mining Engineer 67.26 days at $50.00----------		$3,363.00
Hopkins, Junior Engineer-Assisting Prommell		
July-16 days at $350.00 per mo.	$186.67	
Aug.-31 days at $350.00 per mo.	350.00	
Sept.-19 days at $350.00 per mo.	198.33	735.00
McNair-Special Survey		214.50
		$4,312.50

The figures shown on the preceding page (Above) are considered as proper charges to the project in line with contract and amendment No. 7.

During October, the Finance Officer disallowed $236.70-services of Mr. Prommell, as this amount is in excess of the total amount allowed for technical services for three stages of the contract.

In addition, a correction in payroll distribution transferring the following amounts from labor charge to technical services was made, as the person named was shown on the payroll records as "Assisting Prommell."

Richard Gheelbach:

week ended Aug. 2--------	$38.96
week ended Aug. 9--------	38.96
	$77.92

Inasmuch as after this transfer, the total amount allowable was exceeded by $77.92, this amount is disallowed.

Total amount Disallowances:

Finance Officer	$236.70	
During Audit	77.92	$314.62

(3) Operating Material and Supplies:

All invoices covering charges for Operating Materials and Supplies were inspected, and totals traced to Monthly Work Sheets. Cancelled checks covering payment of related invoices were examined. The Finance Officer made a disallowance, in the amount of $286.06 for supplies purchased which were not considered as being allowable under the contract. This disallowance is approved by the Auditor. In addition, the following disallowances were made during the audit: Ten dollars each month during July, September and October for cash deposit on gas and oil drums and $47.32 for gasoline charges in October that are not considered as being properly chargeable to the project. Total disallowances are:

By Finance Officer	$286.06
By Auditor	77.32
Total	$363.38

The audit disclosed that the costs under Materials and Supplies according to the terms of the contract are:

	Balance 10-31-52		Balance 6-30-52	Allowable Charge
Timber	$ 78.56		------	$ 78.56
Explosives	235.55		------	235.55
Pipe	1183.20		$ 979.20	204.00
Track	935.42		462.83	472.59
Miscell. Supplies	2053.74	*	674.87	1378.87
	$4486.47		$2116.90	$2369.57

* Principally small tools and gasoline and oil.

(4) Operating Equipment:-Rental

Rental of Bulldozer for 13 hours at $6.00 per hour, $78.00, used for snow removal while company equipment was being repaired is considered a reasonable and proper charge to the project.

Operating Equipment:-Depreciation

All charges for use of operating equipment were checked against the Monthly Work Sheets and the monthly rates specified in the contract. No records indicating the time company equipment was used on the project were maintained. The proper and allowable charges for usage of company equipment were as follows:

DEPRECIATION

Description	Rate per Month		Total
1-7D Caterpillar	$76.00	Sept & Oct.	$152.00
Dodge Power Wagon	51.00	July through Oct.	204.00
215 GD Compressor	81.00	July through Oct.	324.00
365 GD Compressor	116.00	July through Oct.	464.00
25 KW Diesel Generator	66.00	July through Oct.	264.00
12-30 Cu' Side Dump Cars	65.00	July through Oct.	260.00
2-Air Locomotives	60.00	July through Oct.	240.00
Canton Car Transfer	7.50	July through Oct.	30.00
20-Edison Camp Lamps	7.50	July through Oct.	30.00
1-HP Deming Pump	6.00	July through Oct.	24.00
Cleveland Drill Jumbo	21.00	July through Oct.	84.00
2-6F 79 Air Drills	25.00	July through Oct.	100.00
GD Jack Hammer	6.00	July through Oct.	24.00
GD Mucking Machine	34.00	July through Oct.	136.00
#2 Roots High Pressure Blower	13.33	July through Oct.	53.32
DA 35 Driftex	10.83	July through Oct.	43.32
DE Caterpillar	83.33	July through Oct.	83.33
			$2515.97

The Finance Officer disallowed $.02 in October due to a mathematical error. Disallowance is approved.

(5) Initial Rehabilitation and Repairs:
Not applicable to this contract.

(6) New Buildings, Improvements, etc.:
Not applicable to this contract.

(7) Miscellaneous:
Repairs to Equipment:

All charges under subject caption were traced to Monthly Work Sheets. All invoices were inspected for propriety of charge and cancelled checks matched with related invoices. The proper and allowable charges for the period under review were found to be as follows:

Compressor	$ 108.82
Mucker	621.03
Caterpillar	40.85
Power Wagon	173.03
Trammer	189.67
Total	$1,133.40

Disallowances were made by the Finance Officer as follows:

Supplies-October ---------- $ 70.18
Not applicable to project, approved by audit

July-South Park Motor Co. ---------- 55.47
Not Properly documented

September-South Park Motor Co. ---------- 293.93
Not Properly documented

These last two disallowances were accepted by the contractor, however, during the audit, invoices covering the above items were inspected. Should the contractor wish to reclaim these items, it will be necessary for him to file a supplementary claim.

Sampling and Analysis:

The entire amount claimed for sampling and analysis, $141.00, was disallowed by Finance Officer. The allowable maximum for technical services, sampling and analysis, and bookkeeping was reached during October.

Bookeeping:

Invoices for $155.00 total amount charged for bookkeeping services since June 30, 1952, were inspected. The amount charged is considred to be an allowable and proper cost to the project.

Transportation:

Charges from recognized carriers in the amount of $92.80 make up the cost of transportation from July 1-October 31, 1952. This item is considered as an allowable charge to the project.

IV. CONCLUSIONS AND RECOMMENDATIONS

The totals as shown on MF-104A, are in agreement with those shown on MF-104.

Stage I of the contract provides for 900' of drifting at $45.00 per foot or a total of $40,500.00. MF-104A shows that 843' of drifting has been accomplished at a reported cost of $42,093.42 or an excess of $1593.42 with a shortage of 57' in drifting. Footnote on MF-104A for October states that the 900' of drifting has been completed of which 57' are entirely at the cost of the operator.

Amendment #5 provides that maintenance of the access road and of the Dauntless Tunnel are allowable costs of the project. This same amendment provides that the rehabilitation and repair of the Cato Crosscut and the Hilda Tunnel are allowable costs of the project. No definite sums are assigned to these portions of the project. To October 31, 1952, the MF-104A shows the following expenditures:

Stage II-Preparation	$ 7,879.01
Roads and Trail Maintenance	4,141.12
Tunnel Maintenance	1,830.01
	$13,850.14
Less Disallowances	2,488.99
Net	$11,361.15

According to the contract, Stage II allows the following amounts:

470' of raising at $40.00'	$18,800.
3000' of Diamond Drilling at $7.00'	21,000.
Equipment to be purchased	3,300.
	$43,100.

With a preparatory expenditure of $11,361.15, it would appear doubtful if the contractor can complete Stage II with the present funds allotted unless new economies are effected. In addition to the foregoing facts, the contractor has expended the total allowable for Engineering, Sampling and Office Expense at this time.

This audit has disclosed that all costs, as charged to the project with the exception of disallowances itemized under items (2) Labor and Tedhnical Services, (3) Miscellaneous Supplies, (4) Operating Equipment, Depreciation, (7) Repairs to Equipment, and Sampling and Analysis, of the preceding section of this report, are reasonable and proper under the terms of the contract.

The adjustments between Items of Cost, as shown on the October MF-104, the recommended disallowances, and approved amounts, are summarized as follows:

	Totals Oct.31 MF-104	Correct-ed	DISALLOWED Finance Officer	Audit	Rein-stated	Accept-ed
(1)Independent Contracts:						
Drilling-	$28165.00	$28165.00				$28165.00
(2)Labor & Supervision:						
Labor-	7665.03	7587.11	$917.54	$589.25	$10.04	6090.36
Supervision-	133.33	133.33				133.33
Technical Services-	5285.70	5363.62	236.70	77.92		5049.00
(3)Operating Material & Supplies:						
Timber-	78.56	78.56				78.56
Explosives-	235.55	235.55				235.55
Pipe-	1183.20	1183.20				1183.20
Track	935.42	935.42				935.42
Misc. Supplies-	2417.12	2417.12	286.06	77.32		2053.74
(4)Operating Equipment:						
Rental-	178.00	178.00				178.00
Depreciation-	5633.54	5633.54	.02			5633.52
(7)Miscellaneous:						
Repairs to Equip.-	3204.37	3204.37	70.18			3134.19
Sampling & Anal.-	141.00	141.00	141.00			---
Bookkeeping-	405.00	405.00				405.00
(8(Contingencies:						
Transportation-	282.74	282.74				282.74
	$55943.56	$55943.56	$1651.50	$744.49	$10.04	$53557.61

At the conclusion of the audit, the findings were discussed with Mr. Ben L. Wright, Jr., Secretary.

February 4, 1953

T. H. Brading, Auditor

EXHIBIT B

The audit also disclosed that the status as of October 31, 1952 of the "Allowable Maximum" under this contract was as follows:

Engineering, Sampling and Office Expense, including all expenses in the preparation of reports as required by this contract, are allowable not in excess of the following:

For StageI-Drifting-------	$1602.00
For StageII-Rasing--------	836.60
II-Diamond Drilling-----	2250.00
StageIII----------	765.40
	$5454.00

TOTAL COSTS

Technical Services--------	$5049.00
Bookkeeping----------	405.00
	$5454.00

Available Balance--------- None

LEADVILLE LEAD CORPORATION
PAYROLL DISALLOWANCES-OCTOBER, 1952

SCHEDULE A-1

	TOTAL PAYROLL	TOTAL CLAIMED	DISAL-LOWED FINANCE OFFICER	CORRECT DISALLOW-ANCE	DIFFER-ENCE	NET ALLOWED	DISALLOW-ED BY AUDIT
WEEK ENDED OCT. 6							
C. E. Van Hoosen	$117.00	$117.00	$117.00	$117.00(1)	------	------	------
Ed Knisley	42.00	42.00	42.00	42.00(3)	------	------	------
Francis Blaney	56.00	56.00	56.00	56.00(3)	------	------	------
Ed Knisley	125.00	125.00	------	125.00(2)	$125.00	------	------
Clarence Donaher	42.00	------	------	------	------	------	------
John O'Malia	31.50	19.00	------	19.00(3)	19.00	------	------
John O'Malia	30.00	30.00	------	------	------	$ 30.00	$30.00(6)
William O'Malia	14.00	14.00	------	------	------	14.00	------
William O'Malia	56.00	56.00	------	------	------	56.00	56.00(6)
WEEK ENDED OCT. 11							
C. E. Van Hoosen	117.00	117.00	72.00	72.00(1)	------	45.00	------
Ed Knisley	150.00	150.00	38.00	38.00(2)	------	112.00	------
Francis Blaney	100.00	100.00	30.00	30.00(2)	------	70.00	------
William O'Malia	48.00	48.00	------	------	------	48.00	48.00(6)
William O'Malia	5.25	5.25	5.25	5.25(4)	------	------	------
Jack Burton	48.00	48.00	------	------	------	48.00	48.00(6)
Jack Burton	5.25	5.25	5.25	5.25(4)	------	------	------
Clarence Donaher	61.25	------	------	------	------	------	------
WEEK ENDED OCT. 18, 1952							
Charles Van Hoosen	45.00	45.00	45.00	45.00(1)	------	------	------
Ed Knisley	100.00	100.00	100.00	100.00(2)	------	------	------
Francis Blaney	90.00	90.00	90.00	90.00(2)	------	------	------
Clarence Donaher	63.00	63.00	------	------	------	63.00	------
Porter Kirkwood	64.75	64.75	------	------	------	64.75	------
W. L. Wells	150.00	------	------	------	------	------	------

SCHEDULE A-1 (CON'T)

	TOTAL PAYROLL	TOTAL CLAIMED	DISAL-LOWED FINANCE OFFICER	CORRECT DISALLOW-ANCE	DIFFER-ENCE	NET ALLOWED	DISALLOW-ED BY AUDIT
WEEK ENDED OCT. 25, 1952							
Charles Van Hoosen	$117.00	$ 54.00	$ 99.00	$ 36.00	$(63.00)*	$ 18.00	------
Ed Knisley	100.00	100.00	100.00	100.00(2)	------	------	------
Francis Blaney	56.00	28.00	28.00	------	(28.00)*	28.00	------
Porter Kirkwood	70.00	28.00	42.00	------	(42.00)*	28.00	------
Wayne Rankin	91.04	70.00	21.04	------	(21.04)*	70.00	------
John Burton	70.00	------	------	------	------	------	------
Clarence Donaher	56.00	56.00	------	------	------	56.00	------
Duke Beals	117.00	117.00	27.00	27.00(5)	------	90.00	------
William O'Malia	56.00	56.00	------	------	------	56.00	
William O'Malia	40.00	40.00	------	------	------	40.00	$40.00(6)
Jack Burton	42.00	42.00	------	------	------	42.00	
Jack Burton	40.00	40.00	------	------	------	40.00	40.00(6)
	$2416.04	$1926.25	$917.54	$907.50	$(10.04)	$1018.75	$262.00

1 - Work on road in excess of that deemed necessary for project
2 - Contract work on Hilda Tunnel at rates not established in contract
3 - No description of work performed
4 - Moving Building-Not project cost
5 - 40 Hours - Not 48 reported - 8 hours overtime disallowed
6 - Cutting Ice at $2.00' not covered in contract

*Disallowances made due to poor explanation on payroll. Corrected after conference with Mr. Wright who furnished additional acceptable explanation.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

AUDIT CERTIFICATE

I have examined the records and transactions of:

Leadville Lead Corporation
2816 E. 6th Avenue
Denver, Colorado

pertaining to Exploration Contract Idm-E250, Docket No. DMEA 1463X including Amendments 1 through 13, and covering a project of exploration for Lead-Zinc, and located in Park County, Colorado, commonly known as the Hill Top and Last Chance mines, for the period February 1, 1952 to September 15, 1953 and subsequent settlement on July 6, 1954.

My examination was made in accordance with generally accepted standards applicable in the circumstances.

The audit disclosed the following facts in regard to the amount to be paid the Contractor:

Total Cost per MF-104		$71,313.99
Less Proceeds from Property Disposition		2,285.40
Net Balance Cost		$69,028.59
Exceptions: (See audit report for details)		
During this audit	$283.95	
Prior to this audit	613.14	897.09
Total Accepted Cost		$68,131.50

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Thirty-four Thousand Sixty-five and 75/100th Dollars

- $34,065.75 -

is valid and proper.

This certificate is issued on the provision that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Dated: July 9, 1954

T. H. Brading
Auditor

AUDIT REPORT

I Introduction

On March 30 and 31, 1954, a final audit (covering the period from February 1, 1952 to March 15, 1953, including authorized recess from March 15, 1953 to September 15, 1953, and subsequent settlement on July 6, 1954) was made of the accounts and records of operations pertaining to Contract Idm-E250, Docket No. DMEA 1463X, including Amendments 1 through 13 and Termination Agreement with

Leadville Lead Corporation
2816 E. 6th Avenue
Denver, Colorado

covering a project of exploration for Lead and Zinc located in Park County, Colorado, commonly known as the Hill Top and Last Chance mines. Prior to the On Site audit, considerable time was devoted to preparing preliminary working papers in the office.

The records pertaining to this contract are in the offices of the Company: 2816 East 6th Avenue, Denver, Colorado. Sub contract, styled Tunnel contract, dated March 19, 1952 between the operator and Duke Beals and William Van Cooten was approved by the Regional Executive Officer April 11, 1952. Sub contract for diamond core drilling dated October 23, 1952 between the operator and Wallace A. Rogers and Eugene J. Bishop was approved by the Regional Executive Officer December 4, 1952. Previous interim audits made by T. H. Brading covered the period from February 1, 1952 to June 30, 1952 and July 1, 1952 to October 31, 1952. Except as otherwise indicated this audit was restricted to the costs claimed by the operator since that latter date.

During the course of the audit the following officers and employees were consulted as required:

Mrs. Ben L. Wright, Jr., Secretary
Mrs. Maurine Beck, Bookkeeper

II General Information on Records

The source documents covering this project are recorded on Monthly Work Sheets which form the basis of the preparation of the Monthly MF-104 Reports. As noted on the previous reports, the records are in poor condition. No effort is made to segregate invoices and payroll records pertaining to costs of the project from invoices and charges assumed by the company. All costs except for depreciation are recorded on a cash basis.

The accounts of the company are audited each year by Peat, Marwick, Mitchell & Company, Certified Public Accountants, Denver, Colorado

III Scope of Audit and Findings

The audit was limited to ascertaining the accuracy, propriety, and validity of the costs as shown in the "Totals to Date" column of Form MF-104, Operator's Monthly Report and Voucher for the month of March 1953. The extent of the audit and the findings under each of the "Items of Cost" follows:

(1) Independent Contracts

Diamond Drilling

Invoices from Sub contracts covering diamond drilling were examined. It was found that the total costs properly chargeable to and allowable under this item were:

931' AX drilling @ $4.75'	$4422.25
11' EX " @ 4.50'	49.50
20' BX " @ 5.25'	105.00
65' Reaming AX to BX @ 2.75'	178.75
Waiting Time	927.00
Casing left in Hole	8.85
Total Accepted Cost	$5691.35

The Finance Officer disallowed an item of $6.25 charged by the sub contractor for cement furnished. A further disallowance of $31.25 is made by this audit for cement. These disallowances are made, as the contract provides that sub contractor will furnish all supplies.

Crosscutting

143' @ $35.00'	$5005.00
700' @ 33.00'	23100.00
30' timbering @ 2.00'	60.00
Total	28165.00
Less disallowance 3' @ $33.00'	99.00
Total Accepted Cost	$28066.00

At the time the final engineering check was made, it was noted that the operator had completed 840 feet of crosscutting and not 843 feet as claimed and also reported on Form MF-104A. The examining engineer recommends a disallowance of 3 feet @ $33.00 per foot, or $99.00. The auditor concurs in this disallowance.

(2) Labor and Supervision

Balance per previous audit	$6090.36
Accepted Costs November 1952-March 1953	4520.09
Total Accepted Labor Costs	$10610.45

All charges for labor were checked against the amounts shown on Monthly Work Sheets. Payrolls for the months of November 1952 through March 1953 were checked in detail, all calculations verified and rates checked to contract and Amendments. The operator has consistently followed the practice of including both com-

pany and exploratory operations on one payroll. It is necessary to verify time charged for each individual against payroll memoranda showing nature of his duties and then, in collaboration with the examining engineer, make a decision as to whether the charge made pertained to project work. Numerous errors both in hours reported and rates of pay appear in payroll records. All disallowances heretofore made by the examining engineer were accepted by the operator and necessary corrections made in succeeding MF-104 Reports. All disallowances were checked and approved by this audit.

Supervision

Balance previous audit		$133.33
Duke Beals -- Shifter,	November	324.00
W. E. Van Cooten "	"	200.00
W. E. Van Cooten "	December	200.00
W. E. Van Cooten "	January through March 15, @ $400 per month	1000.00
Total Accepted Supervision Costs		$1857.33

Examining engineer disallowed $200.00 charged for services of W. E. Van Cooten in the month of December 1952. After reviewing the matter with the examining engineer and the Executive Officer, DMEA Field Team, Region IV disallowance of $200.00 made was reinstated by the auditor. The Executive Officer has approved Supervision charges as shown above.

Technical Services

Balance Previous audit		$5049.00
Services H. W. C. Prommel Consulting Engineer $50.00 per day as follows:		
November -- 3 days	$150.00	
December -- 3 days	150.00	
January -- 3 days	150.00	
February -- 3 days	150.00	*600.00
*Accepted cost - Technical Services November 1952 through February 1953		
Total Accepted Cost - Technical Services		$5649.00

(3) Operating Materials and Supplies

All invoices covering charges for Operating Materials and Supplies were inspected and totals traced to Monthly Work Sheets.

The audit disclosed that the costs of Materials and Supplies properly chargeable and allowable under the terms of the contract to be:

	Adjusted Balances 10/31/52	Totals MF-104 March 1953	Dis-allow-ances	Property Settle-ment	Allow-able Charges
Timber	$ 78.56	$ 78.56			$ 78.56
Explosives	335.55	335.55		$ 193.70	141.85
Pipe	1183.20	1805.30	$ 311.10	545.00	949.20
Track	935.42	935.42		410.00	525.42
Miscellaneous Supplies	2053.74	4109.38	649.49	1136.70	2323.19

Miscellaneous Supplies are further classified as follows:

	MF-104 Net of Disallow-ances	Property Settle-ment	Net Allowed
Welding Rod	$ 158.21	$ 53.63	$ 104.58
Oxygen and Acetylene	87.32		87.32
Gasoline and Oil	2001.28	427.87	1573.41
Small Tools	493.87	317.00	176.87
Electrical Supplies	519.17	267.60	251.57
Drill Bits	110.00	54.60	55.40
Miscellaneous Supplies	90.04	16.00	74.04
Total	$3459.89	$1136.70	$2323.19

In January a disallowance of $306.68 was made by the Finance Officer for Gasoline and Oil on hand when the project was terminated. In view of the fact that subject MF-104's were filed for February and March and charges were included on these reports for Gasoline and Oil, the amount disallowed is reinstated by the auditor. The Gasoline and Oil on hand at the time work was discontinued was included in the final settlement of supplies in which the Government has an equity. This action has the approval of the Executive Officer, DMEA Field Team, Region IV.

Following disallowances made by the Finance Officer are approved by the auditor:

January -- $0.60 Walker Welding Company, not properly documented.
605.05 Beals and Van Cooten -- Drill Steel, not necessary for project at present time.
1.24 South Park Lines -- not properly documented.
Total Disallowances by Finance Officer -- $913.57
Reinstated by Auditor 306.68
Net Disallowance by Finance Officer $606.89

In addition the following disallowances were made during the course of the audit:

Deposits on bottle for Distilled water	$ 2.00
Drum for Acetylene	15.00
Oil Drum	6.00
	$23.00

Charge from Alskogs in March in the amount of $19.60, supplies, not considered pertinent to project. Total disallowed -- $42.60. Pipe purchased from Harvey Tedrow in November 1952 in the amount of $311.10 was not used in project and is disallowed.

(4) Operating Equipment

Rental

Balance prior audit	$178.00
Total Accepted Cost	178.00

Depreciation

All charges for operating equipment were checked against the Monthly Work Sheets and rates specified in the contract. There were no daily logs or other records covering the use on the project of Company owned equipment. Reference to examining the engineer's Narrative Report confirmed the fact that the equipment was used as claimed.

The proper and allowable charges under the contract for depreciation were found to be:

	Rates per Month	Total Previous Audit	Nov. 1952 to March 1953	Allowable Cost
7 D Caterpillar	$ 76.00	$ 304.00	$266.00 (6)	$ 570.00
Dodge Power Wagon	51.00	459.00	153.00 (1)	612.00
215 G.D. Compressor	116.00	729.00	462.00 (2)(a)	1191.00
365 G.D. Compressor	81.00	1044.00		1044.00
25 K.W. Diesel Generator	66.00	594.00	264.00 (2)	858.00
12- 30 cu. ft. Side Dump Cars	65.00	585.00	65.00 (3)	650.00
2- Air Locomotives	60.00	540.00	120.00 (4)	660.00
Canton Car Transfer	7.50	67.50	--	67.50
20- Edison Cap Lamps	7.50	67.50	30.00 (2)	97.50
Deming Pump	6.00	54.00	24.00 (2)	78.00
Cleveland Drill Jumbo	21.00	189.00	21.00 (5)	210.00
2- 6 F- 79 Air Drills	25.00	225.00	25.00 (5)	250.00

(A) Prior error of $2.00 corrected by operator.

Description	Rates per Month	Total Previous Audit	Nov. 1952 to March 1953	Allowable Cost
G.D. Jack Hammer	$ 6.00	$ 54.00		$ 54.00
G.D. Mucking Machine	34.00	306.00	$ 102.00 (1)	408.00
#2 Roots High Pressure Blower	13.33	93.31		93.31
D.A. 35 Drifter	10.83	43.32		43.32
D.2- Caterpillar	83.33	83.33	291.65 (6)	374.98
Studebaker Weasel	54.16	189.56		189.56
Buffalo Blower	3.00	6.00		6.00
Total		$5633.52	$1823.65	$7457.17

(1) November-December-January
(2) November-December-January-February
(3) 6 Cars in November, 3 - December-January
(4) 2 Locomotives - November, 1 - December-January
(5) November
(6) November-December-January - 1/2 month March

(5) Initial Rehabilitation and Repairs

Not applicable to this contract.

(6) New Buildings and Improvements

Not applicable to this contract.

(7) Miscellaneous

Repairs to Equipment

All charges under this caption were traced to Monthly Work Sheets. All invoices were examined for propriety and validity of charges made.

Balance previous audit	$3134.19
Compressor	269.24
Dodge Power Wagon	140.25
D-7 Tractor	208.17
Total Accepted Cost - Repairs	$3751.85

Bookkeeping

Balance previous audit		$ 405.00
Total charge for Bookkeping services were as follows:		
January	$20.00	
February	50.00	
March	25.00	95.00
Total Accepted Cost - Bookkeping Services		$500.00

(8) Contingencies - Transportation

Balance previous audit	$282.74
Net accepted charges - Nov. 1952 - Mar. 1953	69.39
Total Accepted Cost - Transp.	$352.13

IV Conclusions

On May 14, 1954 the operator submitted a bid for supplies and materials on hand in which the Government had an equity. In view of the fact that this bid in the amount of $2,285.40 was the most favorable of three bids received, it was accepted by the Executive Office, DMEA Field Team, Region IV, on July 6, 1954.

This audit has disclosed that all costs, as charged to this subject, with the exception of the disallowances itemized under Item (1) Imdependent Contracts, Item (2) Labor and Supervision, and Item (3) Operating Materials and Supplies, of the preceding section of this report, and giving effect to settlement of property in which the Government has an equity; are reasonable and proper under the terms of the contract.

The adjustments between Items of Costs as shown on the March 1953 MF-104, the recommended disallowances, reinstatements, property settlements, and approved amounts, are summarized as follows:

	Totals MF-104 March 1953	Distribution Corrected	Disallowances Finance Officer	Disallowances This Audit	Property Settlement	Allowed by Audit
1. Independent Contracts						
Drilling	$ 5,728.85	$ 5,728.85	$ 6.25	$ 31.25		$ 5,691.35
Crosscutting	28,165.00	28,165.00		99.00		28,066.00
2. Labor & Supervision						
Labor	12,134.45	10,610.45				10,610.45
Supervision	133.33	1,657.33		(200.00)		1,857.33
Technical Services	5,649.00	5,649.00				5,649.00
3. Operating Materials & Supplies						
Timber	78.56	78.56				78.56
Explosives	235.55	335.55			193.70	141.85
Pipe	1,494.30	1,805.30		311.10	545.00	949.20
Track	935.42	935.42			410.00	525.42
Miscellaneous	4,520.38	4,109.38	606.89	42.60	1,136.70	2,323.19
4. Operating Equipment						
Rental	178.00	178.00				178.00
Depreciation	7,457.17	7,457.17				7,457.17
5. Miscellaneous						
Repairs to Equipment	3,751.85	3,751.85				3,751.85
Bookkeeping	500.00	500.00				500.00
6. Transportation	352.13	352.13				352.13
Totals	$71,313.99	$71,313.99	$613.14	$283.95	$2285.40	$68,131.50

At the conclusion of the audit, the findings were discussed with the Secretary, Ben L. Wright, Jr.

There were no unused materials, supplies, or other property to be disposed of for the joint account of the operator and the Government other than that covered by waiver or liquidation. The final inventory of supplies and materials was approved by the examining engineer.

Dated: July 9, 1954

T. H. Brading
Auditor

MAPS

1. Map accompaning Exhibit "A" showing the exploration to be accomplished under this contract.

2. Map showing the monthly Dauntless Tunnel progress.

3. Geologic Map of the Dauntless Tunnel.

4. Surface geology in the vicinity of the Dauntless Tunnel.

5. Map showing locations of drill holes in the Dauntless Tunnel. Part of the diamond drill report.

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

August 3, 1954

Memorandum

To: Chairman of Operating Committee, DMEA Washington

From: Executive Officer, DMEA Field Team, Region 1V

Subject: Docket DMEA 1463X (Lead-Zinc), Contract Idm-E250
Leadville Lead Corporation, Dauntless Tunnel
Park County, Colorado

Reference is made to your letter of July 27, 1954 wherein you request advice as to when you may expect to receive final Field Team and Operators Report relative to work performed under subject contract.

The engineering and geologic reports have been received and we are advised by the operator that his report will be available about August 20, 1954, upon receipt of which Field Team Report will be forwarded to you.

W. H. King

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

JUL 30 1954

Mr. Thomas H. Brading
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: DMEA-1463X, Idm-E250
Leadville Lead Corporation
Park County, Colorado

Dear Mr. Brading:

Receipt is acknowledged of your Audit Report and Certificate covering the above-cited Exploration Project Contract.

The Report and Certificate are acceptable and normal distribution may be effected.

Sincerely yours,

(Signed) J. L. Chambers
Jay L. Chambers, Chief
Contract Administration
and Audit Division

WBorovies/wb
July 30, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.S.

File Copy
Surname
J. W. All.
Grimwell
Selfridge
Kepner
Wittendorf

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

JUL 23 1954

Mr. W. H. King, Executive Officer
DMEA Field Team, Region II
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMA-1463X (Lead-Zinc)
Leadville Lead Corporation
Dauntless Tunnel
Park County, Colorado
Contract No. Idm-L250

Dear Mr. King:

Will you please advise us as to when we may expect to receive the final Field Team report and the Operator's final report for the above contract.

As this contract was terminated on December 30, 1953, we are anxious to complete our file on this contract.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JWB)

APPROVED:

J. H. Hedges
Member, Bureau of Mines (JWB)

D. M. Larrabee
Member, Geological Survey (JWB)

JWAlt/er 7/23/54

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

R.C.S.

Talbert
Chambers

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

JUL 15 1954

Mr. Thomas H. Brading
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: DMEA-1463X, Idm-1250
Leadville Lead Corporation

Dear Mr. Brading:

The copies of your Audit Report and Audit Certificate covering your audit of the referenced project are returned herewith for correction.

In the last paragraph on page 4 of the Audit Report you have indicated the total disallowances by the Finance Officer under Miscellaneous Supplies as $606.89, from which figure you have deducted the reinstated amount. However according to the January, 1953, MF-104 as well as other information indicated on this page of your report the disallowances were:

Walker Welding Co.	- not documented	$ .60
Teals & Van Cooten	- drill steel	605.05
South Park Lines	- not documented	1.24
Gasoline and Oil on hand at shut-down		306.68
		$913.57

This indicates that the reinstatement of the $306.68 item has been duplicated in your calculations and the error carried through to the summary on page 8 and, also, to the Audit Certificate.

In the penultimate paragraph on the same page you state the inventory of Gas and Oil "will be included" in the final settlement. It appears that the proper wording should be "was included".

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

EDTalbert/wb
July 15, 1954

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.

224 New Customhouse
Denver 2, Colorado

January 20, 1954

Memorandum

To: C.O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 1463 (Lead-Zinc), Contract Idm-E250
Leadville Lead Corporation, Park County, Colorado

Enclosed are the original and two copies of "Termination of Exploration Project Contract by Agreement After Commencement But Before Completion of the Work" which has been prepared and executed by authorization contained in a teletype from George C. Selfridge dated December 23, 1953. Also enclosed are three sets of data relevant to the termination agreement.

Copies of this agreement have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

W.H. King

W.H. King

Enclosures

RECEIVED
JAN 29 1954
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

FILE COPY
SURNAME:

Keating
Selfridge
Bishop
Hoffman

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

DEPARTMENT OF THE INTERIOR
AGENCY: DMEA

Originator: Keating/bjl
Rm: 4058 Ext: 3669

Date: December 31, 1953

To: [illegible] King, Executive Officer, DMEA Field Team, Region IV, Denver, Colorado

Reurlet December 11, 1953, Docket [illegible]-1463, Leadville Lead Corp., Contract Idm-5250. If you have determined that target area has been reached and that there is small probability of making any worthwhile discovery and that further operations are not considered justified, we approve your preparing and executing a termination agreement by mutual consent at the current date.

George C. Selfridge
Chairman, Operating Committee

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

SENT
DEC 23 1953
Clerical Service Section

R. C. S. 12-23-53

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

224 New Customhouse
Denver 2, Colorado

December 11, 1953

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA 1463 (Lead-Zinc), Contract Idm-E250, Leadville Lead Corporation, Park County, Colorado

In conjunction with material forwarded by our memorandum September 30, 1953 and in reference to your letter of October 26, 1953 we are enclosing a copy of a letter from the Operator, dated December 9, 1953, wherein he requests that the subject contract be terminated by mutual agreement, after start but before completion of all of the work.

Also enclosed is a copy of the letter from this office acknowledging receipt of his letter of December 9th and wherein we refer him to our letter of September 29, 1953 which outlines the procedures and his responsibility in liquidating the Government's interest in the property acquired under the contract.

The last work performed under the contract was prior to March 14, 1953, the date operations were recessed. We have deferred processing the Operator's MF-104 Report for the month of March 1953 pending resolving of matters relative to resumption of work or termination of the contract and liquidation of the Government's interest in the property acquired under the contract.

The exploration work did not result in a significant discovery; therefore no certification of such is to be recommended.

We recommend that the contract be terminated by mutual agreement as requested by the Operator. Please teletype advice as to whether you will prepare the termination agreement, or if we are to prepare it under the authority delegated to this office under the Secretary's Order No. 2684. If we are to prepare the termination agreement, please advise whether or not it should be made effective at the current date or date of expiration of authorized recess period on September 15, 1953.

W H King

W. H. King

Enclosure

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

22[illegible] New Customhouse
Denver 2, Colorado

December 11, 1953

Mr. Ben L. Wright, Jr.,
Secretary
Leadville Lead Corporation
500 Forest and Cranmer Building
Denver, Colorado

Re: Docket No. [illegible] 1403
Contract Dmr-250

Dear Mr. Wright:

Receipt is acknowledged of your letter of December 9, 1953 wherein you request that Contract Dmr-250 be terminated by mutual agreement. Your request has been forwarded to our Washington Office for advice in the matter, upon receipt of which you will be advised of the Government's action.

Relative to the liquidation of the Government's interests in property acquired under the contract, you are referred to our letter of September 29, 1953 wherein we outlined your responsibility in the matter and the procedures to be followed. Your Form DF-104, Operator's Monthly Report and Voucher, for the month of March 1953 cannot be processed for reimbursement to you until an audit of the project accounts has been completed. The audit cannot be completed until we receive an acceptable proposal from you relative to the disposition of the property in which the Government has an interest.

Yours very truly,

W H Kung

[illegible] King
Executive Officer, DMEA
Field Team, Region IV

cc Charm.Oper.Comm.

December 9, 1953

Mr. W. H. King
Executive Officer
DMEA, Field Team
Region 4
224 New Customs House
Denver, Colorado

Re: Docket No. DMEA 1463 - Lead-Zinc

Dear Mr. King:

Your letter of October 30, 1953 has been called to the attention of the Directors of Leadville Lead Corporation. On December 1, 1953 the Board of Directors instructed me to notify you that we desire to close up our contract by mutual agreement before the balance of the authorized work is completed.

We have obtained leases to uranium properties in Utah. These properties do have excellent possibilities. The possibility of getting into production and making a profit from production appears to be much greater on our Utah properties than the property upon which we have obtained a DMEA loan.

It appears to us that even if we undertake a core drilling program on our Lake and Park Counties properties that a hugh amount of development work would still be necessary to develop the ores found by the drilling at current prices for lead and zinc. Considerable time and expense would be involved in developing the properties. We have heretofore moved our equipment and supplies from the area of the Dauntless Tunnel. We are using our machinery in Utah. The supplies and most of the items in which the government have participated have been stored in Fairplay. Some rail and pipe has been left in the Dauntless Tunnel.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY: Ben Lewright, Jr.
Secretary.

BLWJ:rd

FILE COPY
500
SURNAME:

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

Keating
Bunbow
Selfridge
Fitzsimmons

OCT 26

Mr. W. H. King, Executive Officer
DMEA Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA 1463 (Lead-Zinc)
Leadville Lead Corporation
Park County, Colorado
Contract No. Idm-E250

Dear Mr. King:

This refers to your memorandum dated September 30, 1953, in which you make inquiry regarding a request by the Operator of the above project for an additional period of recession of work to July 1954, and extension of time for completion of the project to November 1954. This additional time is requested so that diamond drilling from the surface may be undertaken, which is impractical during the winter months, and also to allow time for raising the necessary funds to provide the Operator's portion of the costs.

We feel that we cannot reach a proper conclusion regarding the questions you raise until the Operator has furnished us with a report and map covering the work accomplished to date, and a definitely described plan and map of the proposed surface drilling. We should also have a geologic report and recommendations by the Field Team engineers to supplement the Operator's report on the area.

In a memorandum September 16, 1953, to the Chief, Mineral Resources Branch, Mr. Bolmer mentions that the company's engineer has been engaged in the preparation of a detailed geologic report and map of the area indicated for drilling. Since it is necessary that details of the proposed diamond drilling be furnished, together with a map showing the location, attitude, and extent of the holes, the data being prepared by the company's engineer should be submitted.

Will you, therefore, please obtain the above information and forward it to us at your early convenience.

APPROVED:

J. H. Hedges

Member, Bureau of Mines

T. P. Thayer

Member, Geological Survey

Sincerely yours,

10-26

George C. Selfridge
Chairman, Operating Committee

AGKeating/hmj (10-22-53)
CC to: Docket
Adm. F. File
Op. Committee
Mr. Kinkel
Mr. Bishop
Base Metals Division
Chron.

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

224 New Customhouse
Denver 2, Colorado

September 30, 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Field Team, DMEA

Subject: Docket No. DMEA 1463X (Lead-Zinc), Contract IDM-E250, Leadville Lead Corporation, Park County, Colorado

Enclosed is one copy of the following data relevant to an extension of the recess of operations and disposal of jointly-owned property acquired under the contract:

(1) Letter, dated August 25, 1953, from Ben L. Wright, Secretary, Leadville Lead Corporation, in request for authorization of the extension of the recess period from September 15, 1953 to July 15, 1954, and extension of the life of the contract to November 1, 1954.

(2) Memorandum Report, dated September 10, 1953, from E. N. Harshman of the U. S. Geological Survey, relative to the Operator's request under item "1" above.

(3) Memorandum Report, dated September 16, 1953, from R. L. Bolmer of the Bureau of Mines and transmittal thereof, dated September 23, 1953, from the Chief, Minerals Resources Branch, Mining Division, Region IV, relative to the Operator's request under item "1" above.

(4) Memorandum Report, dated September 25, 1953, from the Chief, Minerals Resources Branch, Mining Division, Region IV, relative to the removal of equipment from the project site.

(5) Letter, dated September 28, 1953, from Ben L. Wright, Secretary, Leadville Lead Corporation, requesting advice as to the procedure in disposing of jointly-owned property acquired under the contract.

(6) Letter, dated September 30, 1953, from this office to Ben L. Wright, Secretary, Leadville Lead Corporation, in reply to his letter under item "5" above.

The remaining project authority consists of Diamond Drilling, for which a detailed program has not been submitted by the Operator.

The Examining Engineer, in his report under item "3," summarizes his report as follows:

> "Operations to date have not indicated the probability of making any worthwhile discovery, and further operations are not considered justified. An extension of the recess or an extension of the life of the contract is not recommended. Termination of this project because of any or all of the provisions under Article 17 of the contract would be considered fully justified, and is so recommended."

In the absence of a detailed drilling program from the Operator, which might or might not be approved if submitted, the Examining Geologist tentatively recommends the extension of the recess period and extension of the life of the contract, with the qualification that steps must be taken to improve the supervision of the exploration.

The unfavorable results of the past operation as a whole, and the Operator's present financial difficulties, which may or may not be resolved within the extension time requested, are paramount factors considered in our concurrence in the Examining Engineer's recommendation that the contract be terminated.

The listed material is forwarded for your review, after which we will appreciate your advice as to how we should proceed in the matter of terminating the contract or extending the recess period and the life of the contract as the Operator requests.

W. H. King

W. H. King

A. H. Koschmann

A. H. Koschmann

Enclosures

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 2 1953

224 New Customhouse
Denver 2, Colorado

September 29, 1953

Mr. Ben L. Wright, Jr., Secretary
Leadville Lead Corporation
500 Ernest and Cranmer Building
Denver, Colorado

Re: Docket No. DMA-1463X
Contract No. Idm-E250

Dear Mr. Wright:

Reference is made to your letter of September 28, 1953, wherein you request advice relative to the procedure in disposing of the jointly owned property acquired under the contract.

By the terms of your exploration project contract with the Government, the Government acquires an interest in any property paid for or purchased with funds contributed jointly by the Operator and the Government. Such property includes: all facilities, buildings, fixtures, equipment, or other items costing more than $50 each; materials and supplies considered in groups or categories (such as pipe, or explosives, or rails, or drill steel), if the original cost of the remaining categories of materials or supplies exceeded $50; and equities in any installment-purchase contract or rental-purchase contract.

It is your responsibility to make the best possible disposition of the property for the benefit of the Government. Every reasonable effort must be made to realize its full value. By the terms of your contract, if it is necessary to accomplish such disposition of property, you are required to dismantle it, sever it from the land, and remove it for the purposes of sale. Reasonable efforts to accomplish the sale might include: (1) advertising in newspapers, periodicals, and posting notices in public places; (2) canvassing users or dealers in such property; and (3) negotiating with the original vender for accepting the return of the property.

Should you wish to retain the property, or in effect sell it to yourself, you may do this only after having first made every reasonable effort to procure a price higher than you yourself are willing to pay. In the case of an incompleted installment-purchase or rental-purchase agreement, the contract itself is the property to be disposed of. You are not authorized to complete the purchase of the equipment covered by such incompleted contracts for your own account without reference to the Government's interest. Consultation should be had with the Government's agents with respect to the disposition of equities in any installment-purchase or rental-purchase contracts.

In a proper case the Government will approve of and join in the sale of property for the joint account of the Operator and the Government. You are requested to advise this office in advance of the proposed disposition of any such property so that we may advise you if the Government will approve thereof.

Upon completion of the exploration project or any termination of the exploration project contract, your final report should include a detailed statement of the disposition you have made of the property. Proceeds from sales of property, or credit for its value if you are allowed to retain it for your own account, should be indicated in your final monthly report, on Form MF-104, by the insertion of suitable credits in the "Monthly Total" column.

The Government will withhold from your final voucher or vouchers such sums as it deems necessary to cover its equity in property until you have rendered your final report and final account, and the final auditing and settlement of the contract has been made.

This office will need the original and five copies of all bids and other data you submit relative to the disposal of jointly owned property or the unexpended portion of materials and supplies acquired under the contract.

Should you wish to retain the property, as is, for your own use, it will be necessary that your bid and proposal be accompanied by at least two other bids as evidence of your attempts to obtain the highest price possible for the property for the account of the operator and the Government.

Very truly yours,

W. H. KING

W. H. King
Executive Officer, DMEA
Field Team, Region IV

JWT:jp
cc Contract
Chron
WMTraver
AHKoschmann
JWTownsend
COMittendorf

September 28, 1953

Mr. W. H. King, Executive Officer
DMEA Field Team
Region 4
224 New Customs House
Denver 2, Colorado

RE: Docket DMEA 1463X - contract IDM E250

Dear Mr. King:

Leadville Lead Corporation has heretofore requested that the term of its contract be extended. Our request set forth our reasons fordesiring that extension.

Among the reasons given was that core drilling from the surface is impractical during the winter months. Rather than have our machinery lie idle during the winter and spring we have attempted to obtain a lease on mining property which can be worked this year. We are presently negotiating for a lease on uranium properties in Utah.

We will wish to move the equipment to Utah as soon as the contract has been signed. It is possible that some of our supplies such as rail, pipe, batteries, explosives, and a few other items were allowed as expense under our contract with you. We would, therefore, like to negotiate a settlement on your interests in such items as were purchased partly with government funds so that there can be no question about our using this material on another project.

It is, of course, possible for us to store any items in which the government may have an interest. When operations were last suspended under the contract with you an inventory was prepared. Copies of this inventory were sent to you.

When operations are recommenced under our contract with you we expect to have the core drilling done by an independent contractor who will furnish all of the necessary

equipment except such road equipment as is found necessary and the equipment necessary to prepare the diamond drill sites.

We would appreciate a letter setting forth the appropriate steps for us to take to arrive at a suitable negotiated price to release the government's interest in our various supplies, etc.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY Ben L. Wright, Jr.
Secretary

BLWJr:lr

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
September 25, 1953

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 1463X, Contract Idm-E250 (Lead-zinc) Leadville Lead Corporation, Park County, Colorado

On September 24, 1953, I visited the above project with R. L. Bolmer in order to determine the present status, expecting to find operations suspended or in the process of being suspended for the requested winter recess.

Instead, three men were employed loading all the Leadville Lead Corporation's machinery and equipment for removal from the property. They reported most of it was to be transported to a uranium property in Utah, near Moab, in which Leadville Lead Corporation is interested, and the remainder will be stored in Fairplay. It is presumed everything will be moved except the pipe and track in the Dauntless tunnel. They stated they expected to return the machinery and equipment next summer.

W. M. Traver

W. M. Traver

cc 5
E250
DMEA Chron.

WMT/pam

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
September 23, 1953

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 1463X, Contract Idm-E250 (Lead-zinc), Leadville Lead Corporation, Park County, Colorado - Request for extension of recess period and extension to the life of the contract

Transmitted herewith are the original and five copies of R. L. Bolmer's memorandum covering the above request.

The denial recommendation for extension of time has my approval and I believe there is sufficient justification, on three counts, for terminating the project.

F. W. Everett, for
W. M. Traver

cc: 5
E250
Chron

WMT/le

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
September 16, 1953

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: R. L. Bolmer

Subject: DMEA 1403X, Contract Idm-E250 (Lead-zinc), Leadville Lead Corporation, Park County, Colorado - Request for extension of recess period and extension to the life of the contract

The operator under the subject contract has requested, by letter dated August 25, 1953, that the presently authorized recess in operation be extended to July 15, 1954, and that the life of the contract be extended to November 1, 1954. The reason given for the request is the inability of the company to raise adequate funds to finance its share of the exploration program yet to be completed.

Operations under the contract were recessed March 14, 1953, principally because the company then was unable to finance its share of any further work. The company requested a 3-month recess in operations until June 15, 1953, hoping within such a period to sell sufficient stock to finance the remainder of the program. At the request of the company, the recess period was extended to August 15, 1953, and later to September 15, 1953. It now appears doubtful that the operator will be able to raise sufficient funds to complete the program even by July 15, 1954. It is not considered advisable to extend the program to such a date, even if the company eventually is able to finance its share of the cost.

At the close of operations in March of this year, the company had extended the Dauntless tunnel to the Last Chance-Hilltop fissure and had diamond drilled that fissure below the tunnel level in the favorable Manitou limestone and Peerless shale formations. The fissure was found to be unmineralized both on and below the tunnel horizon. To complete the program after the recess, the company requested some 2,500 feet of diamond drilling in certain unspecified surface areas which it considered most promising. To date, no specific details on the proposed drilling have been furnished by the company and consequently no official action has been taken on the request. While the general area indicated by the company for drilling is within a mineralized belt, the chances of discovering commercial ore bodies are not considered especially encouraging. The detailed geology of the area indicated for drilling has not been completed by the company's consulting engineer.

Upon recess of operations, approximately $71,000.00 of the authorized $102,000.00 contract amount had been spent. The Dauntless tunnel had been extended 843 feet at a unit cost of nearly $50.00 per foot and five holes aggregating 962 feet had been diamond drilled from the tunnel at a unit cost of $14.25 per foot. An additional $15,000.00 had been spent for maintenance and snow removal from the property's access road and for rehabilitation of certain upper workings for the purpose of geologic examination and possible drilling sites.

Operation of the exploration project was poorly managed and inefficient, and the costs experienced are considered very high, if not excessive. The project was handicapped somewhat by severe climatic conditions, its isolation, and a poor labor supply; however, the operation suffered primarily from a lack of experienced and competent management. Little or no supervision, technical or otherwise, was provided for the project. The equipment furnished by the company was old and worn out and generally unsatisfactory. Much time and expense was required in its repair and maintenance. It is felt that several, if not all, of the general provisions under Article 3 of the contract were violated.

It appears that the company is unable to provide its share of the money necessary to prosecute operations pursuant to the terms of the contract. It is considered that the company has failed to prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor; all properly designed to bring the project to completion within the period specified in the contract and extended by Amendments 11, 12, and 13. Operations to date have not indicated the probability of making any worthwhile discovery and further operations are not considered justified.

An extension of the recess or an extension of the life of the contract is not recommended. Termination of this project

because of any or all of the provisions under Article 17 of the contract would be considered fully justified and is so recommended.

R. L. Bolmer

R. L. Bolmer
Mining Engineer

cc 5
E250
DMEA Chron.

RLB/le

September 10, 1953

Memorandum

To: A. H. Koschmann A.H.K.

From: E. N. Harshman

Subject: DMEA Docket 1463X (Lead-zinc), Contract Idm-E250, Leadville Lead Corporation, Park County, Colorado

In a letter to W. H. King, dated August 25, 1953, Ben L. Wright Jr., Secretary, Leadville Lead Corporation, requests that the recess period of Contract Idm-E250 be extended to July 15, 1954, and the life of the contract be extended to November 1, 1954.

The ore potentialities of the Leadville Lead Corporation's properties in the Hilltop area, in spite of the rather extensive exploration accomplished under the contract, are still unknown. The Dauntless tunnel entered a porphyry sill at a point 1050 feet from the portal and remained in that rock to the present face, 2235 feet from the portal. The Hilltop fissure is exposed at a point 2165 feet from the portal; at this point it is barren. Two diamond drill holes explored the White (Manitou) limestone and Peerless shale, underlying the prophyry sill in which the tunnel was driven. Both holes explored these possible ore horizons on or close to the Hilltop fissure. No ore was found and it is concluded that, in this area at least, these horizons are not favorable loci for ore deposition.

The Leadville Lead Corporation proposes to expend the remaining funds under Contract Idm-E250 in exploring the Blue limestone by diamond drilling in the vicinity of the Last Chance, Hilda, Hilltop, and Upper Gate workings. Their detailed program has not been submitted for approval. Although the tentative program is considered high risk exploration, it may result in the discovery of lead-zinc deposits.

Supervision of the exploration program, both technical and nontechnical, has been most unsatisfactory. Critical drill holes have not been located as requested, resulting in failure to secure desired geologic data. The difficulty of access to the claims and the high altitude of the property result in high cost exploration. When these factors are augmented by poor supervision, exploration costs are prohibitive.

From the geological viewpoint extension of the recess period, as requested by the operator, is tentatively recommended with the qualification that the Leadville Lead Corporation take steps to provide adequate general and technical supervision of the proposed drilling program. This recommendation does not imply approval of a drilling program on the Leadville Lead Corporation property. Such approval must depend on the character of the program proposed by the corporation, and the steps taken to improve supervision of exploration.

224 New Customhouse
Denver 2, Colorado

August 28, 1953

Memorandum

To: A. H. Koschmann — 9-10-53
W. M. Traver —

From: DMEA Field Team, Region IV

Subject: Docket No. DMEA-1463X (Lead-Zinc), Contract IDM-E250, Leadville Lead Corp., Park County, Colorado

Enclosed is a copy of a letter, dated August 25, 1953, from Ben L. Wright, Jr., Secretary, Leadville Lead Corporation, wherein he advises that they have not succeeded in raising adequate funds with which to pay their portion of the core drilling program contemplated under the contract, as a result of which he requests an extension of the recess period to July 15, 1954, and an extension of the life of the contract to November 1, 1954.

Please submit a memorandum report of your recommendations in the matter.

W. H. King

A. H. Koschmann

Enclosure

JWT:jp
cc Contract
Chron
JWTownsend

August 25, 1953

Mr. W. H. King, Chief,
Mining Division Corps,
Defense Minerals Exploration Administration
U. S. Bureau of Mines
224 Customhouse Building
Denver 2, Colorado

In re: Docket DMEA 1463X
Contract IDM-E250
Lead - Zinc
Leadville Lead Corporation

Dear Mr. King:

A few days ago I returned to you six copies of an amendment to our contract IDM-E250 extending the period of time in which activities on our property are to be resumed until September 15, 1953.

We have not yet succeeded in raising adequate funds to pay for our portion of the care drilling program contemplated under the contract. A real effort has been made to raise the necessary funds. We have at times felt certain that in the near future, they were forthcoming. It still appears that they will be obtained but not in time to permit us to set up a specific drilling program, obtain a contract with a core driller and undertake the other necessary steps before actual drilling is undertaken. The season in which core drilling can be done is rapidly drawing to a close. Since most of the drilling must be done from the surface it must be done before the winter weather begins.

We, therefore, request that the period in which operations are to be resumed be extended to July 15, 1954, and that the life of the contract be extended to November 1, 1954.

Very truly yours,

LEADVILLE LEAD CORPORATION

BY: Ben Zeiwright, Jr
Secretary

BLWJr:rd

FILE COPY 500
SURNAME:

Keating

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

SEP 25 1953

N.S. in R.R.

Docket No. DMEA 1463, Leadville Lead Corporation (Lead-Zinc)
Park County, Colorado, Contract No. Idm-E250

Contract dated February 1, 1952, Form MF-200 (June 1951)- to be completed within 18 months to August 1, 1953; extended by amendment to February 1954.

Exhibit "A" Digest

Operating equipment to be purchased	$ 3,300.00
Drifting 900 ft. at $45.00 per foot	40,500.00
Drifting 430 ft. at $40.00 per foot	17,200.00
Raising 470 ft. at $40.00 per foot	18,800.00
Diamond drilling 3,000 ft. at $7.00 per foot	21,000.00
Total estimated cost of project	$100,800.00
Government participation	50,400.00
Increased by amendment to	102,600.00
Total expenditures to March 1953	67,341.69
Contract funds unexpended	35,258.31

March 12, 1952, Amendment No. 1 - Labor & supervision, additional.
April 4, 1952, Amendment No. 2 - Depreciation allowance, additional.
May 26, 1952, Amendment No. 3 - Void amendment No. 1.
May 26, 1952, Amendment No. 4. - Labor & supervision changes.
May 26, 1952, Amendment No. 5 - Maintenance tunnel - access road.
May 26, 1952, Amendment No. 6 - Equipment to be rented & furnished.
Aug. 15, 1952, Amendment No. 7 - Equipment to be furnished
Oct. 16, 1952, Amendment No. 8 - Deleted first paragraph, page 3 Exhibit "A".
Oct. 29, 1952, Amendment No. 9 - Equipment to be furnished and purchased.
Feb. 12, 1953, Amendment No. 10 - Increased total estimated cost from $100,800.00 to $102,600.00.
May 6, 1953, Amendment No. 11 - Extended time for completion from 18 months to 24 months to Feb. 1, 1954, and changing period for certain miscellaneous charges. Allows suspension of work March 14, 1953 to June 15, 1953.

June 23, 1953, Amendment No. 12 - Suspension of work from June 15, 1953 to August 15, 1953.

Aug. 14, 1953, Amendment No. 13 - Suspension of work from August 15, 1953 to September 15, 1953. Operator reports work suspended March 14, 1953.

March 24, 1953 - Field Office notified Washington that they notified Operator in December 1952 that he could recess for winter; no time designated or amendment written.

Progress to March 14, 1953:

Crosscutting 843 ft. at $49.20/ft.
Diamond drilling 956 ft. at $11.98/ft.
Preparation and maintenence.

April 7 - Field Team reports a geologic report of diamond drilling will be submitted with logs.

April 23- Field Team reports operations, including accounting, have been inefficient and supervision should be improved. Field Team examination reports mostly concerned with accounting and supervision matters.

May 14 - Field Team forwards Operators report and inspecting engineers report mostly concerning accounting charges. No late Field Team report received.

No mineralization of any consequence disclosed. It appears that sufficient work has been done without success to consider termination by mutual consent if Operator has not started work by the end of recess period on September 15, 1953. This is subject to a present examination by Field Team. A letter is being written to Field Office requesting an examination and report.

A. G. Keating

AGKeating/hmj
(9/15/53)
CC to: Docket
Mr. Mittendorf
Mr. F. E. Johnson
Mr. G. C. Selfridge
Mr. Alt
Mr. Keating
Mr. Griswold.
Chron.

P. S. Contract work to explore for possible extensions of known ore bodies in the Blue Lime and to explore for ore bodies at lower horizons in the White Lime and Peerless shale, which are considered to be favorable, and identical to similar conditions in the Leadville District of Colorado.

The Operator reports four ore occurrences previously mined as follows: (1) Ice Palace, 1,200 feet in length, 30 feet wide, and 60 feet high, which yielded about 4 million dollars; (2) Lind, 800 feet in length, 15 feet wide, yield unknown; (3) Stewart, 800 feet in length, 15 feet wide, yield unknown; (4) Fulton, 900 feet in length, width and yield unknown. It is estimated that the total production was approximately $4,000,000.00. Assay values are not given.

While the objective appears to be of sufficient magnitude to warrant the expenditure of funds provided in the contract, it is very highly speculative and based principally on conjecture.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 20 1953

224 New Customhouse
Denver 2, Colorado

August 14, 1953

Memorandum

To: C.O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA 1463X (Lead-Zinc), Contract Idm-E250, Leadville Lead Corporation, Park County, Colorado

Enclosed are the original and two copies of Amendment No. 13 to the subject contract which extends the period of recess from August 15, 1953 to September 15, 1953. The amendment was prepared in conformance with authority contained in a teletype from the Chairman of the Operating Committee, dated August 6, 1953. Also enclosed are three sets of data relevant to the amendment.

A copy of this amendment has been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

W.H. King
W.H. King

Enclosures

Coe
8-20

7

TELETYPE

COPY

DN 235 Bur Mines GA PLS

Wash DC Bu Mines 310 8/6/53 2.30 PM

W H King
Executive Officer, DMEA Field Team, Region IV

Reurtt Docket 1463, Leadville Lead Corporation, Contract IDM-E250. We approve extension of recess period from August 15 to September 15, 1953 and authorize you to prepare necessary amendment, but continued requests by an operator for recesses should be substantiated.

George C. Selfridge
Chairman, Operating Committee

COPY

LEADVILLE LEAD CORPORATION
500 Ernest & Cranmer Building
Denver, Colorado

July 30, 1953

Mr. W.H. King, Chief,
Mining Division Corps
Defense Minerals Exploration Administration
U. S. Bureau of Mines
224 New Customhouse Building
Denver 2, Colorado

Re: Docket DMEA 1463x
Lead-Zinc
Leadville Lead
Corporation

Dear Mr. King:

To date Leadville Lead Corporation has received no reply on its request that it be permitted to undertake diamond drilling on a price per foot. We believe that this amendment would assist us in obtaining funds for the core drilling program.

It now appears that we may not have our finances sufficiently in hand to commence the core drilling program by the 15th day of August. We do not intend to enter negotiations for a diamond drilling contract until the funds are available. In view of the fact that it would take some time to obtain approval of our program even after the contract is entered into we, therefore, respectfully request that the time in which we are to recommence operations be extended to September 30, 1953.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY: /s/ Ben L. Wright, Jr.
Secretary.

BLWJ:rd

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

MDS

Keating
Swimmer
Selfridge
Wattendorf

DMEA

AGKeating/bjl
3669 4058

August 6, 1953

W. H. King, Executive Officer, DMEA Field Team, Region IV, Denver, Colorado

Heurtt Docket 1463, Leadville Lead Corporation, Contract Idm-250. We approve extension of recess period from August 15 to September 15, 1953 and authorize you to prepare necessary amendment, but continued requests by an Operator for recesses should be substantiated.

Chairman, Operating Committee

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals (DMEA)
Mr. Bishop (USBM)
Mr. Kinkel (USGS)
Audits
Chron.

SENT
AUG 6 1953
Clerical Service Section

R.C.B.
8-6-53

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG - 5 1953

C. O. Mittendorf
8/5/53
Rec'd. 12:10 P.M.

DN 235 BUREAU MINES 8-5-53 9-07 AM

C O MITTENDORF

REFERENCE DOCKET 1463X, CONTRACT IDM-E250, LEAEXXX LEADVILLE LAXXX LEAD ERRX CORPORATION. OPERATOR HAS REQUESTED AN EXTENSION OF THE RECESS PERIOD FROM AUGUST 15 TO SEPTEMBER 15,1953. PLEASE TELETYPE AUTHORITY FOR US TO PREPARE THE NECESSARY AMENDMENT.

J F SHAW FOR W H KING

Sn., Colo.

AUG 5 1 22 PM '55
BUREAU OF MINES
MAIL ROOM
WASHINGTON, D.C.

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

224 New Customhouse
Denver 2, Colorado

June 23, 1953

Memorandum

To: C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration

From: Executive Officer, DMEA Field Team, Region IV

Subject: Amendment No. 12 to Contract Idm-E250, Docket DMEA 1463X, Leadville Lead Corporation

Enclosed are the original and two copies of Amendment No. 12 to Contract Idm-E250. Copies of this amendment have been given to the Operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

Also enclosed are three copies of a letter from the operator requesting this amendment and three copies of a telegram from the Deputy Administrator authorizing this amendment.

W. H. King

W. H. King

Enclosures

Coe
6-26

FILE COPY
SURNAME:

Keating
Minerals
Chrome
Rubber
Office
Johnson
Litchfield

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

DMEA

AGKeating/bjl
3669 4058

June 4, 1953

W. H. King, Executive Officer, DMEA Field Team, Region IV, Denver, Colorado

Reurtt Docket DMEA 1463, Leadville Lead Corporation, Contract Idm-E250, we approve extension of recess period from June 15, 1953 to August 15, 1953 with any necessary extension of time for completion of the work.

(signed) FRANK E. JOHNSON (B.A.)
~~Chairman, Operating Committee~~
DEPUTY ADMINISTRATOR

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

6-4-53

Mr. C. O. Mittendorf
6-3-53
7:45 P.M.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED

JUN 3 1953

BL

DN 235 BUREAU MINES 6-2-53 3-40 PM

C O MITTENDORF

REFERENCE DOCKET DMEA 1463X, CONTRACT IDM-E250, LEADVILLE LEAD CPRXXX CORPORATION. OPERATOR HAS REQUESTED AN EXTNXXX EXTENSION OF RECESS PERIOD FROM JUNE 15, 1953 TO AUGUST 15, 1953. PLEASE TELETYPE YOUR APPROVAL.

W H KING

Denver, Colo.

JUN 3 8 22 AM '53
BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

May 27
1953

Mr. W. H. King, Chief,
Mining Division Corps,
Defense Minerals Exploration Administration,
U. S. Bureau of Mines,
224 New Customhouse Building,
Denver 2, Colorado.

In re: Docket DMEA 1463x
Lead-zinc.
Leadville Lead Corporation.

Dear Mr. King:-

In connection with the Exploration Project Contract between the DMEA and the Leadville Lead Corporation, the corporation recently asked for and was granted an extension of time in which to resume exploratory diamond drilling on the corporation's holdings in the Horseshoe mining district, Mosquito Range, Park County, Colorado, more particularly known as the Last Chance-Hilltop mine and the Dauntless tunnel. Under this extension diamond drilling was to be resumed "on or before June 15th. 1953".

Due to low world market prices of lead and zinc the present uncertainty of lead-zinc mining undertakings in the Rocky Mountain region makes it difficult to finance and carry on exploratory work at this time. Furthermore, the corporation wishes to present to you in the near future arguments for a set price per foot of diamond drilling under which to carry out the remainder of the contract amounting to a participation of approximately $15,000 by the DMEA.

Leadville Lead Corporation will hold its annual meeting of stockholders in Denver, Colorado, on July 14th. 1953, at which meeting important decisions may be made.

It is doubtful whether more than 2500 feet of diamond drilling can be done under the remaining $15000 participation by the DMEA. This amount of drilling should be completed within a time interval of two to two and one half months. From the weather standpoint which must be taken into consideration for high altitude surface and underground drilling, the best time for such work falls within August to the early part of October.

In the meantime, beginning about June 1st. 1953, certain surface geological reconnaissance work in which the DMEA is not participating, but which may have a bearing on the holes to be drilled, will be undertaken on the property.

Leadville Lead Corporation therefor asks that you take above points under consideration and grant it further extension of time to resume diamond drilling, from "on or before June 15th., 1953" to "on or before August 15th., 1953".

We thank you for an early reply, addressed to Mr. Ben. L. Wright, Jr., Secretary, Leadville Lead Corporation, 718 Symes Building, Denver 2, Colorado.

Very truly yours,

Ben L. Wright, Jr.

Ben. L. Wright, Jr., Secretary,
Leadville Lead Corporation.

H. W. C. Prommel, Cons. Geol.

/p

Docket Copy

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

224 New Customhouse
Denver 2, Colorado

May 7, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 11 1953

Memorandum

To: C.O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Amendment No. 11 to Contract Idm-E250, Docket DMEA 1463X, Leadville Lead Corporation

Enclosed are the original and two copies of Amendment No. 11 to Contract Idm-E250. Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

Also enclosed are three copies of a letter from the operator requesting this amendment. The suspension of operations on this project was approved in a letter dated April 6, 1953, from the Chairman of the Operating Committee.

W.H. King

W.H. King

Enclosures

RECEIVED
MAY 18 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

cae 5/11

April 14, 1953

Mr. W. H. King, Executive Officer
RMA Field Team, Region 4
222 New Customs House
Denver, Colorado

In re: Docket RMA 1463X - RM R-250

Dear Sir:

On or about March 14, 1953, we closed our project down. The weather was such that surface drilling was impractical. This condition will continue until on about June 1, 1953 at the earliest. The project will be reopened on or before June 15, 1953.

The underground drilling from the Dauntless Tunnel was completed and our contract with Wallace Rogers and Eugene Bishop for drilling from the Dauntless Tunnel was fulfilled. During the first two weeks of March, steps were taken to protect our property and the property in which the RMA has an interest. From March 14 until the project is reopened W. B. VanCooten has been retained by the Corporation at its expense to protect and preserve the property.

Leadville Lead Corporation requests that the term in which the project is to be completed be extended from eighteen to twenty-four months. The remainder of the core drilling cannot be undertaken until spring and our experience shows that additional time will be required to complete the project.

We will, of course, notify you when the project is recommenced.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY: Ben Zeiwright, Jr.
Secretary.

BLedford

FILE COPY
SURNAME:
500

Keating
Hedges
Selfridge
Kinkel
Mittenthal

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

APR 6 1953

(BW)

Mr. W. H. King, Executive Officer
DMA Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. [illegible]-1,53 (Lead-Inc)
Leadville Lead Corporation
Horseshoe Mining District
Park County, Colorado
Contract No. 1[illegible]-250

Dear Mr. King:

This refers to your memorandum dated March 24, 1953, regarding a recess of operations at the above-cited project.

You advise us that in December 1952 you notified the Operator that he could recess his operations for the winter. Our records indicate that the last work reported on Form [illegible]-104 was for the month of December 1952, but a copy of a letter from the Operator dated March 23, 1953, states that the project was closed down on or about March 14, 1953.

While a recession appears to be justified in this case as a result of snow conditions, a definite period of deferment should be arranged and an amendment executed determining a fixed time for resumption of operations and the necessary extension of time for completion of the work. Also, an agreement for suspension of work under the contract should fix the rights and obligations of the parties with regard to preserving interests in equipment and for withholding contribution by the Government until resumption of operations. If a recess is granted, the Operator should agree to maintain the property during the period of recess at his own expense.

We approve of a recession in this case and suggest that you prepare and execute an amendment to the subject contract in conformity with the above and the considerations as outlined in Operating Committee Memorandum No. 18 of March 9, 1953.

Sincerely yours,

George C. Selfridge (2WB)
Chairman, Operating Committee

S.H. 4/6/53

APPROVED:

J. H. Hedges (2WB)
Member, Bureau of Mines

A. R. Kinkel, Jr. (2WB)
Member, Geological Survey

AGKeating/hmj (4/1/53)
CC to: Docket
Adm. R. File
Base Metals Div.
Operating Committee
Mr. Kinkel
Mr. Bishop
Mr. Keating
Chron.

April 3, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 3 1953

MEMORANDUM to G. C. Selfridge

From: Chief, Base Metals Division

Subject: Leadville Lead Corporation, Docket No. DMEA 1463, Contract No. Idm-E250, (Lead-Zinc), Hilltop Mine and surrounding area, Horseshoe Mining District, Park County, Utah.

The Operator has requested recession due to snow conditions. We are writing Mr. King to give a fixed time amendment. No interim charges should be allowed, unless the one man retained is actually doing necessary repair work.

It probably will be well that all recessing amendments specifically state that the Government participates in no stand-by expenses, nor any charges during an idle period.

W R Griswold

W. R. Griswold

We call your attention to the fact that from November 1, 1952, to August 1, 1953, the date scheduled for completion of the work, is only nine months and therefore the added maximum allowable for engineering, sampling, and assaying would only total $1,350.00 and for bookkeeping $450.00, a total of $1,800.00, and not $2,000.00, the figure given by you which was estimated on a ten-month basis.

If the enclosed amendment meets with your approval and that of the Operator, please obtain the required signatures and distribute in the usual manner.

Sincerely yours,

George C. Selfridge (GHB)

Chairman, Operating Committee

Enclosures 6

AGKeating/bjl (written 2/10/53)

S.H. 2-12-53

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

APPROVED:

J. H. Hedges (GHB)

Member, Bureau of Mines

/s/ S. M. Lemmon (GHB)

Member, Geological Survey

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

224 New Customhouse
Denver 2, Colorado

March 24, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 27 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Contract Idm-E250, Docket DMEA 1463, Leadville Lead Corporation

Enclosed for your information are two copies of a letter from Ben L. Wright, Jr., Secretary, Leadville Lead Corporation. The operator was notified in December that he could recess operations for the winter.

W. H. King
W. H. King

Enclosures

No time designated in amendment contract.
K

COPY

LEADVILLE LEAD CORPORATION
718 Symes Building
Denver, Colorado

March 23, 1953

Mr. W.H. King
Executive Officer, DMEA
Field Team, Region 4
224 New Customs House
Denver 2, Colorado

Re: DMEA 1463
Contract IDM-E250

Dear Sir:

On or about March 14, 1953 our project was closed down with the exception of one man who is performing certain repair and upkeep work and acting as custodian of machinery, etc. on the property.

The core drilling from the tunnel has been completed at least for the present. When the surface is sufficiently cleared of snow for surface drilling and when the upper workings are likewise free from snow we will recommence drilling operations; pending, of course, approval of holes by your field officer. There appeared to be no reason to keep a crew on the hill while drilling operations are not in progress.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY: Ben L. Wright, Jr.

Secretary

BLWJ:rd

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

224 New Customhouse
Denver 2, Colorado

Keating
~~Greenwood~~
Betty

February 24, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 2 1953

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, Field Team, Region IV

Subject: Form MF-104, DMEA Docket 1463X, Contract Idm-E250 (Lead-Zinc)
Leadville Lead Corporation, Park County, Colorado

Enclosed are two copies of the Operator's Monthly Progress Report MF-104 and MF104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data for the month of November, 1952, pertaining to DMEA Docket 1463X, Contract Idm-E250, Leadville Lead Corporation.

W. H. King
W. H. King

Enclosures

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

224 New Customhouse
Denver 2, Colorado

February 24, 1953.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 2 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, Field Team, Region IV

Subject: Amendment No. 10, Contract Idm-E250, Docket No. DMEA-1463X, Leadville Lead Corporation.

Enclosed are the original and two copies of Amendment No. 10 to Contract Idm-E250. Copies of this amendment have been given to the Operator, copies to the Fiscal Officer, Region IV, and a copy has been retained for our files.

W. H. King
W. H. King

Enclosures

cae 3/2/53

FILE COPY
SURNAME:

500

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

Keating
Chandler
Lemmon
Selfridge

FEB 12 1953

BW.

Mr. W. H. King, Executive Officer
DMEA Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-1463X (Lead-Zinc)
Leadville Lead Corporation
Park County, Colorado
Contract No. Idm-E250

Dear Mr. King:

This is in response to your inquiry dated December 3, 1952, relative to a request from the Operator to increase the amount allowed under the terms of the contract for technical services, engineering, sampling and office expense, which would increase the amount under that heading from $3,000.00 to $4,000.00.

On page 5 of Exhibit "A", it is provided generally that these services should not cost more than $1,602.00 in Stage I, $3,086.60 in Stage II, and $765.40 in Stage III, a total of $5,454.00. Amendment No. 4 specifies that $50.00 per day might be paid each to a part-time geologist and engineer, and $25.00 a day each to the engineer's two assistants and $50.00 a month to a bookkeeper provided the total amount paid did not exceed the amount specified in Exhibit "A". The records indicate that on October 31, 1952, nine months prior to the date set forth in the contract for the completion of the work, the entire $5,454.00 had been spent for these services even though only Stage I had been completed, Stage II was in progress and Stage III not yet begun. The Chief of the Minerals Resources Branch, Mining Division, Region IV, has recommended that for the balance of the term, a sum be allowed for these services not in excess of $150.00 a month for engineering, sampling and assaying and $50.00 a month for bookkeeping.

While the Executive Officer, by amendment, has authority in the absence of any special provision to increase wage rates established by contracts written on the old form, as this one was, the increase here recommended will increase the estimated total cost of the contract by $1,800.00. There is no legal objection to such an amendment provided it is approved and executed by the Washington office. Therefore, in accordance with your request, we have prepared and there is attached Amendment No. 10 which has been executed by the Administrator.

FILE COPY
SURNAME:
800
Chambers

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

FEB 11 1953 BW

Mr. Thomas N. Brading
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Leadville Lead Corporation
DMEA-1463X, Idm-2290
(Lead-Zinc)

Dear Mr. Brading:

Reference is made to your memorandum of February 6, 1953, to which were enclosed three Audit Certificates and two Audit Reports of the above-cited contract.

The Certificate and Report have been examined and approved for appropriate distribution.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

J.H.
2-11-53

JLChambers/wb
February 11, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

224 New Customhouse
Denver 2, Colorado

February 4, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 11 1953

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 1463X (Lead-Zinc), Contract Idm-E250, Leadville Lead Corporation

Reference is made to your letter of January 5, 1953, relative to the diamond drilling contract between the Leadville Lead Corporation and independent drilling contractors Eugene D. Bishop and Wallace A. Rogers, which was approved by this office by approval dated December 4, 1952.

To clarify the rates for cementing operations the operator has submitted an Amendment to the independent drilling contract. We are attaching the original and two copies of the Amendment with three copies of our approval thereof.

Relative to your comments on the schedule of unit prices set forth in the contract on page (3) and the provision that if the operator requires drilling more than the minimum, then it "shall be performed at a reduction in the various prices set forth above of 2%, provided the contractors have not shown a loss on the drilling", the operator has informed this office that charges for drilling in excess of the minimum will be charged to the project at rates reflecting the 2% reduction.

Consistent with your advice, we will require that all future independent contracts contain a reference to the exploration contract in the manner as outlined.

W. H. King
W. H. King

Enclosures

Please call the Executive Officer's attention to the fact that from November 1, 1952, to August 1, 1953, the date scheduled for completion of the work, is only nine months and therefore the added maximum amount allowable for engineering, sampling, and assaying would only total $1350 and for bookkeeping $450, a total of $1800, and not $2000, the figure given by him which was estimated on a ten month basis.

J. L. Hofflund

J. L. Hofflund
Chief Counsel

Attachments

AEKane/ema/mef
cc to: Mails and Files
Mr. Hofflund
Mr. Kane
Chron.
Mr. Keating

Docket Copy
Lead - Zinc

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

New Customhouse
Denver 2, Colorado

February 4, 1953

Leadville Lead Corporation
500 Ernest and Cranmer Building
Denver 2, Colorado

Re: Docket DMEA 1463X
Contract Idm-E250

Gentlemen:

The Amendment dated January 23, 1953, to the Contract For Drilling on the Leadville Lead Corporation Property, Fairplay, Colorado, dated October 23, 1952, between the Leadville Lead Corporation and Eugene D. Bishop and Wallace A. Rogers for performance of the following work: Diamond core drilling in the Dauntless tunnel, which is a part of the work described in an Exploration Project Contract dated February 1, 1952, No. Idm-E250, Docket No. DMEA 1463X, is hereby approved by the United States of America, subject to the following terms and conditions:

1. The Government shall not be nor be considered to be a party to said independent contract, as amended, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of said independent contract, as amended.

2. Regardless of the provisions of said independent contract, as amended, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract, as amended, to be reasonable and necessary.

3. The said independent contract, as amended, shall not have the effect of increasing the estimated total cost of the exploration project contract or the maximum amount which the Government will pay as provided in the exploration project contract.

4. The Government will not participate in costs incurred under the provisions of the last paragraph of said Amendment which is quoted as follows: "In the event the Sawatch Quartzite is drilled into and new bits used therein cut less than 75 feet before wearing out, the cost of the bits so worn out will be split 50% to Customer and 50% to Contractors".

Dated February 5, 1953.

UNITED STATES OF AMERICA

By W H King
Executive Officer, DMEA
Field Team, Region IV

AMENDMENT TO CONTRACT FOR DRILLING ON THE LEADVILLE LEAD CORPORATION PROPERTY, FAIRPLAY, COLORADO, DATED THE 23rd DAY OF OCTOBER, 1952

Acticles of Service, Estimated Quantity and Unit Price appearing on page 3 of said contract is hereby amended to read as follows:

Articles of Service	Estimated Quantity	Unit Price
Drilling with AX Bit	1,000 ft.	$4.75 per foot
Drilling with EX Bit (EX Drilling shall be in lieu of AX Drilling)		$4.50 per foot
Cementing Operations (Not including price of Cement) Including time necessary for mixing, pouring, inducing cement into hole, waiting for cement to set		$5.00 per hour
Drilling out Cement		$5.00 per hour
Reaming EX to AX size hole		$2.50 per foot
Reaming AX to BX size hole		$2.75 per foot
Delay time for all water, air, cutting stations, and installing casing		$5.00 per hour.

Whenever the units of work performed under this contract have totaled the minimum amount guaranteed in this contract, operations with respect to any or all of the items which the Customer may require in excess of the guaranteed minimum shall be performed at a reduction in the various unit prices set forth above of 2% provided the Contractors have not shown a loss on the above drilling.

Wallace A. Rogers shall conduct the drilling operations.

In the event the Lawatch Quartsite is drilled into and new bits used therein cut less than 75 feet before wearing out, the cost of the bits so worn out will be split 50% to Customer and 50% to Contractors.

Executed this Amendment on this 23rd day of January, 1953.

LEADVILLE LEAD CORPORATION

BY: Ben L. Wright Jr.
Secretary

CONTRACTORS:

Wallace A. Rogers
Wallace A. Rogers

Eugene D. Bishopp

FILE COPY
SURNAME:

140

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

E/Kane

January 28, 1953

M.S. in R.v.R.

Memorandum

To: ~~Administrator~~
~~Through:~~ A. G. Keating

From: Chief Counsel

Subject: Leadville Lead Corporation - Docket No. DMEA-1463X
Amendment No. 10

Reference is made to the memorandum from the Executive Officer, DMEA Field Team, Region IV, to Mr. Johnson, dated December 30, 1952, regarding the Operator's request to increase the maximum wages set forth for engineering and technical services by $3000-$4000. On page 5 of Exhibit "A", it is provided generally that these services should not cost more than $1602 in Stage I, $3,086.60 in Stage II, and $765.40 in Stage III, a total of $5,454. Amendment No. 4 specifies that $50 per day might be paid each to a part-time geologist and engineer, and $25 a day each to the engineer's two assistants and $50 a month to a bookkeeper provided the total amount paid did not exceed the amount specified in Exhibit "A". The records indicate that on October 31, 1952, nine months prior to the date set forth in the contract for the completion of the work, the entire $5,454.00 had been spent for these services even though only Stage I had been completed, Stage II was in progress and Stage III not yet begun. The Chief of the Minerals Resources Branch, Mining Division, Region IV, has recommended that for the balance of the term, a sum be allowed for these services not in excess of $150 a month for engineering, sampling, and assaying and $50 a month for bookkeeping.

While the Executive Officer by amendment has authority in the absence of any special provision to increase wage rates established by contracts written on the old form, as this one was, the increase here recommended will increase the estimated total cost of the contract by $1800. There is no legal objection to such an amendment provided it is approved and executed by the Washington office. Therefore, in accordance with your request, we have prepared and attached Amendment No. 10 for the signature of the Administrator, if it meets with your approval.

FILE COPY
SURNAME:

Keating

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

BW.

n.s. in R. v R.

DMEA- Base Metals Div.

AGKeating/bjl
3669 2616

January 27, 1953

Mr. W. H. King, Executive Officer, DMEA Field Team, Region IV, Denver, Colorado

Reurtt Docket No. DMEA-1463, Contract No. Idm-5250, Leadville Lead Corporation, an amendment is in preparation to be signed by the Administrator which will be in conformity with recommendations in memorandum December 18, 1952, from R. L. Bolmer.

/s/ by

A. G. Keating, Acting Chief
Base Metals Division
Defense Minerals Exploration Administration

AGKeating/bjl

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals Div.
Chron.

SENT
JAN 28 53

Service Section

Mr. C. O. Mittendorf
January 27, 1953
1:35 p.m.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 26 1953

DN 235 BUREAU MINES 1-23-53 11-28 AM

C O MITTENDORF

REFERENCE OUR MEMORANDUM OF DECEMBER 30,1952 DOCKET DMEA 1463X, CONTRACT IDM-E250, LEADVILLE LEAD CORPORATION. PLEASE ADVISE STATUS OF MATTER REFERRED TO IN THE LAST PARAGRAPH OF OUR MEMORADNDUM.

W H KING

Denver, Colo.

JAN 23 2 14 PM '53

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

FILE COPY
SURNAME:

Keating

500

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

BW

January 21, 1953

Memorandum

To: Mr. F. E. Johnson

From: Acting Chief, Base Metals Division

Subject: Amendment to Docket No. DMEA-1463, Leadville Lead Corp.

Amendment as suggested by the Field Team and recommended for approval by the Base Metals Division, has been sent to the Office of the Chief Counsel on this date.

/s/
A. G. Keating

J.C. 1/21/53

AGKeating/bjl

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

REGIONAL DIRECTOR

UNITED STATES
DEPARTMENT OF THE INTERIOR

BUREAU OF MINES

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

January 13, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 19 1953

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Washington 25, D. C.

Dear Mr. Chambers:

On December 19, we forwarded to your office DMEA Voucher Schedule No. DMA-53-73 in favor of the Leadville Lead Corporation. The disallowance of $377.70 for Assaying and Technical services was incorrectly distributed on this voucher and we will appreciate your changing the figures shown under "Approved Monthly Total" and "Approved Totals to Date" as follows.

The item of $584.80 should be changed to $725.80 and the item of $4908.00 to $5049.00. The figure of $141.00 under item (7) "Miscellaneous: Sampling and Analysis" was disallowed entirely and should be eliminated from the "Approved Monthly Total and Approved Totals to Date".

Very truly yours,

T. A. Christensen
Acting Special Assistant
to Regional Director

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

224 New Customhouse
Denver 2, Colorado

January 6, 1953

Memorandum

To: J. H. East, Jr., Regional Director

From: W. H. King, Executive Officer, Field Team, Region IV

Subject: Docket No. DMEA 1463X (Lead-Zinc), Contract Idm-E250, Leadville Lead Corp., Park County, Colorado

Enclosed are copies of the following correspondence:

(1) A letter dated December 8, 1952 to the Executive Officer from Ben L. Wright, Jr., Secretary, Leadville Lead Corp.

(2) A memorandum dated December 18, 1952 from R. L. Bolmer, Mining Engineer, to Chief, Mineral Resources Branch, Mining Division, Region IV.

(3) A letter dated December 18, 1952 from the Chairman of the Operating Committee to the Executive Officer, Region IV.

(4) A memorandum dated December 30, 1952 to the Chairman of the Operating Committee to the Executive Officer, Region IV.

Amendment number 4, which was referred to in the letter dated December 18, 1952 from the Chairman of the Operating Committee to the Executive Officer, was prepared in order to include a Schedule of Payment for the engineering personnel in Exhibit A of the contract.

This schedule is necessary in order to administer the contract because the contract form requires an itemized schedule of labor by numbers and classes and of supervisors by numbers and positions, with the maximum wages and salaries that may be paid to each as an

allowable cost of the project.

This itemization is for the purpose of administering the contract, and the personnel will have to be reimbursed by the operator if the costs of their services exceed the allowable maximums.

W. H. King

Enclosures

224 New Customhouse
Denver 2, Colorado

December 30, 1952

Memorandum

To: Frank E. Johnson, Chairman, Operating Committee
Defense Minerals Exploration Administration

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA 1463X (Lead-Zinc), Contract Idm-E250,
Leadville Lead Corp., Park County, Colorado

Reference is made to your letter, dated December 18, 1952, relative to the charges for Engineering and Technical Services under the subject contract.

Inasmuch as there were no engineering, geologist, or accounting positions and maximum rates of pay scheduled under the caption "Labor and Supervision" of "Exhibit A," in conformance with "article 6" of Exploration Project Contract Form MF-200, Amendment No. 4 was prepared to correct that deficiency and in no way voided the stipulation on page -5- of "Exhibit A" pertaining to the allowable maximum charge therefor.

Engineering and Technical Service charges do appear to be high; however, due to the complexity of their geologic problems and the necessity of performing a major portion of the work prior to actual work under the various stages, no exception has been taken to the charges on the various Form MF-104 Reports, because this office has on several occasions orally informed the operator that the amounts allocated were the allowable maximum. On the MF-104 Report for October 1952 excesses above the maximum allowable charge were deducted. The October Report was forwarded to the Secretary of the Operating Committee by our memorandum of December 19, 1952.

Recently we received a request from the operator for authorization to increase the allowable maximum charge. Inasmuch as the increasing of amounts stipulated as "allowable maximum" is not within the authority delegated to this office we are forwarding the following matter for your consideration and appropriate action:

1 - Three sets of data consisting of (a) Request from the operator; (b) Memorandum report by R. L. Bolmer of the Bureau of Mines; (c) Transmittal of the memo-report and recommendations pertaining thereto by W. M. Traver, Jr., Chief, Mineral Resources Branch, Mining Division, Region IV.

Enclosure

W. H. King

JWT:fwo cc WMTraver,Jr.,Townsend,Contract,Chron,Koschmann (2)

December 6, 1952

Mr. W. H. King, Executive Officer
DMEA, Field Team, Region 4
222 New Custom House
Denver, Colorado

RE: DMEA-1463X
IBM-X 250

Dear Sir:

Page 5 of our contract reads, "Engineer, sampling, and office expense, including all expense in the preparation of reports as required by this contract is allowable not in excess of the following;"

During the month of October our expenditures under the above quoted paragraph were exceeded. Certain geology work and office expense will be required during the remainder of our contract. When the contract has been completed our engineer should then prepare a report covering work under the entire contract. Certain geology work should be performed in conjunction with the remainder of the diamond drilling program as well as the other incompleted portions of the contract.

Leadville Lead Corporation, therefore, requests that its contract be amended so that the maximums set forth in the last paragraph of our contract be increased by $3000 or $4000, or that the maximum amounts set in that paragraph be considered only as guides and not as absolute maximums. Such an amendment need not increase the total amount authorized under the contract.

The geology picture confronting our geologist is more complex than we had reason to believe when an estimate was originally made. The area is apparently criss-crossed by several faults and mineralization appears more widely distributed than was originally anticipated by our geologist.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY:

Secretary.

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

[illegible] New Customhouse
Denver 2, Colorado

December 9, 1952

Memorandum

To: W. M. Traver

From: Executive Officer, Field Team, Region IV

Subject: Docket DMEA 1463X, Contract Idm-8250, Leadville Lead Corporation - Request for Amendment

Enclosed is a copy of a letter dated December 8 from the subject Company concerning a request for an amendment to increase the allocation of funds for engineering, sampling and office expense. An amendment of this type, since it is concerned with a stipulated maximum charge, must be forwarded to Washington for appropriate action. Please render a memorandum report containing your comments on the request.

W. M. King

Enclosures

JWT:xc
cc: JWTowsend
Contract
Chron.
Kuechmann (2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
December 18, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 1463X, Contract Idm-E250 (Lead-zinc), Leadville Lead Corporation, Park County, Colorado - Request for amendment

Please find enclosed the original and five copies of R. L. Balmer's memorandum covering the subject amendment request.

The contractor requests the allowance of an increase of $3,000.00 to $4,000.00 in the amount for technical services, including engineering, sampling, assaying, and office expense, for the balance of the project.

Balmer recommends limiting the amount chargeable for engineering, sampling, and assaying to $150.00 per month with a maximum of $1,500.00, and for office expense to $50.00 per month with a maximum of $500.00.

I am in agreement with his recommendations and also with his suggestions as to the methods that can be employed to accomplish the desired results within the funds allowed.

W. M. Traver, Jr.

enclosures

WMT/ob

cc 5
E250
DMEA Chron

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
December 18, 1952

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: R. L. Bulmer

Subject: DMEA 146XX, Contract Dm-E250 (Lead-zinc), Leadville Lead Corporation, Pueblo County, Colorado - Request for amendment

The Leadville Lead Corporation has requested that the subject contract be amended either to disregard the maximum allowed by the contract for engineering, sampling, and office expense or to increase the maximum allowed for such work by $3,000.00 to $4,000.00. As of October 31, 1952, the total aggregate costs incurred for engineering, sampling, and office expense had exceeded $5,454.00, the maximum total allowed for all stages of the program.

At present, stage I of the program has been completed and stage II is in progress. About 2,500 feet of diamond drilling remain to be completed under stage II; 470 feet of raising and 430 feet of drifting under stages II and III also are allowed, but have not been started. The basic engineering work for the remaining stages of the program has been completed. The necessary engineering work for the remaining stages involves only the spotting of drill holes, the logging of drill core, and the mapping of the advance in the two headings contemplated.

There is no doubt that portions of the engineering and sampling performed to this time have been too elaborate and of too great a scope to benefit directly the work allowed under the contract: too extensive surface surveying and mapping were performed; too many samples, unrelated to the project, have been taken; many gold-silver analyses were made; too elaborate narrative reports were submitted.

The company should be cautioned to relieve its consulting engineer of work more applicable to supervision and management, at least not to charge such work as technical services to the project. The consultant should be restricted to engineering and geological work concerning the direct and immediate objectives of the project. Sampling should be curtailed and limited to structures having a direct bearing on the project; gold and silver assays should not be charged to the project. A brief, comprehensive narrative, one to two pages in length, describing the work accomplished and conditions encountered during the month, is sufficient.

It is believed that the necessary future engineering for the project can be performed by the company consultant in two or, at most, three days per month. Only minor amounts of sampling and assaying are considered necessary for the remaining exploration. In the past, office expense, including bookkeeping and stenographic services, has not exceeded $50.00 per month; such expense is expected to continue unchanged.

Because the company cannot be trusted to charge only the necessary engineering work as a cost to the project, some limitation must be placed if such service is to be allowable for future work.

It is recommended, therefore, that the contract be amended to delete the second paragraph, page 5, pertaining to maximum allowances for engineering, sampling, and office expense and, in lieu thereof, substitute:

> "Effective November 1, 1952, incurred engineering, sampling, analysis, and office expense, including all expense in the preparation of reports as required by the contract, are allowable not in excess of the following:
>
> > Engineering, sampling, and analysis, $150.00 per month or a total $1,500.00 for the remainder of the project.
> >
> > Office expense (bookkeeping, preparation of reports), $50.00 per month or a total of $500.00 for the remainder of the project."

R. L. Bolmer,
Mining Engineer

RLB/cb

cc 5
E250
DMEA Chron

FILE COPY
SURNAME:

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

Keating
Chandler

Mr. W. H. King
Executive Officer, Region IV
DMEA Field Team
224 New Customhouse Building
Denver 2, Colorado

JAN 5 1953

Re: Docket No. DMEA 1463 (Lead-Zinc)
Contract No. Idm-E250
Leadville Lead Corporation

Dear Mr. King:

This refers to your memorandum dated December 4, 1952 with which were enclosed the original and 2 copies of a diamond drilling contract between the Leadville Lead Corporation and independent drilling contractors Eugene D. Bishop and Wallace A. Rogers, approved and executed by your office.

An examination of this drilling contract causes us to question the meaning of three items in the schedule of unit prices relating to cementing as follows:

Cementing Operations	$5.00 per hour
Time necessary for mixing, pouring, inducing cement into hole, waiting for cement to set	$5.00 per hour
Delay time for cementing	$5.00 per hour

Our Chief Counsel is of the opinion that the effect of the first two items may provide for cementing at $10.00 per hour. The third item may be a repetition of the above statements or it could mean an addition to them. Will you be kind enough to make the purpose of these three items clear to us.

We call your attention to the schedule of unit prices set forth in the contract on page (3) and the provision that if the Operator requires more drilling than the minimum, then it "shall be

performed at a reduction in the various unit prices set forth above of 2%, provided the contractors have not shown a loss on the drilling". This would necessarily involve records of cost accounting.

The purpose of requiring independent contracts to be made on the basis of agreed unit costs is to avoid cost accounting, and if cost accounting is to be required, as indicated by this provision, it is necessary to set forth in detail what are to be allowed as costs.

The drilling contract contains no reference to the exploration contract. It should contain a recital to the effect that it is entered into under the provisions of an exploration project contract and is subject to all of the relevant provisions of the exploration project contract.

No doubt your counsel has passed on this contract and will be able to clear the points we have mentioned. It does not appear that the drilling contract should be revised to correct defects. However, a careful check should be made of vouchers by the Field Team with particular attention to disallowing such payments as they believe should not have been incurred in connection with the drilling operations. We will appreciate your advising us with regard to the question we have raised concerning the cementing operations.

Sincerely yours,

Frank E. Johnson (JHB)

Chairman, Operating Committee

J.C. 1/5/53

APPROVED:

J. H. Hedges (JHB)

Member, Bureau of Mines

A. R. Kinkel, Jr. (JHB)

Member, Geological Survey

AGKeating/hmj (12-31-52)

CC to: Adm. Reading File
Op. Committee
Docket
Mr. Keating (2)
Mr. Kinkel
Mr. Bishop

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 2 1953

224 New Customhouse
Denver 2, Colorado

December 30, 1952

Memorandum

To: Frank E. Johnson, Chairman, Operating Committee
Defense Minerals Exploration Administration

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA 1463X (Lead-Zinc), Contract Idm-E250, Leadville Lead Corp., Park County, Colorado

Reference is made to your letter, dated December 18, 1952, relative to the charges for Engineering and Technical Services under the subject contract.

Inasmuch as there were no engineering, geologist, or accounting positions and maximum rates of pay scheduled under the caption "Labor and Supervision" of "Exhibit A," in conformance with "article 8" of Exploration Project Contract Form MF-200, Amendment No. 4 was prepared to correct that deficiency and in no way voided the stipulation on page -5- of "Exhibit A" pertaining to the allowable maximum charge therefor.

Engineering and Technical Service charges do appear to be high; however, due to the complexity of their geologic problems and the necessity of performing a major portion of the work prior to actual work under the various stages, no exception has been taken to the charges on the various Form MF-104 Reports, because this office has on several occasions orally informed the operator that the amounts allocated were the allowable maximum. On the MF-104 Report for October 1952 excesses above the maximum allowable charge were deducted. The October Report was forwarded to the Secretary of the Operating Committee by our memorandum of December 19, 1952.

Recently we received a request from the operator for authorization to increase the allowable maximum charge. Inasmuch as the increasing of amounts stipulated as "allowable maximum" is not within the authority delegated to this office we are forwarding the following matter for your consideration and appropriate action:

1 - Three sets of data consisting of (a) Request from the operator; (b) Memorandum report by R. L. Bolmer of the Bureau of Mines; (c) Transmittal of the memo-report and recommendations pertaining thereto by W. M. Traver, Jr., Chief, Mineral Resources Branch, Mining Division, Region IV.

W. H. King

Enclosure

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
December 18, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 1463X, Contract Idm-E250 (Lead-zinc), Leadville Lead Corporation, Park County, Colorado - Request for amendment

Please find enclosed the original and five copies of R. L. Bolmer's memorandum covering the subject amendment request.

The contractor requests the allowance of an increase of $3,000.00 to $4,000.00 in the amount for technical services, including engineering, sampling, assaying, and office expense, for the balance of the project.

Bolmer recommends limiting the amount chargeable for engineering, sampling, and assaying to $150.00 per month with a maximum of $1,500.00, and for office expense to $50.00 per month with a maximum of $500.00.

I am in agreement with his recommendations and also with his suggestions as to the methods that can be employed to accomplish the desired results within the funds allowed.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

WMT/cb

cc 5
E250
DMEA Chron

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
December 18, 1952

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: R. L. Bolmer

Subject: DMEA 1463X, Contract Idm-E250 (Lead-zinc), Leadville Lead Corporation, Park County, Colorado - Request for amendment

The Leadville Lead Corporation has requested that the subject contract be amended either to disregard the maximum allowed by the contract for engineering, sampling, and office expense or to increase the maximum allowed for such work by $3,000.00 to $4,000.00. As of October 31, 1952, the total aggregate costs incurred for engineering, sampling, and office expense had exceeded $5,454.00, the maximum total allowed for all stages of the program.

At present, stage I of the program has been completed and stage II is in progress. About 2,500 feet of diamond drilling remain to be completed under stage II; 470 feet of raising and 430 feet of drifting under stages II and III also are allowed, but have not been started. The basic engineering work for the remaining stages of the program has been completed. The necessary engineering work for the remaining stages involves only the spotting of drill holes, the logging of drill core, and the mapping of the advance in the two headings contemplated.

There is no doubt that portions of the engineering and sampling performed to this time have been too elaborate and of too great a scope to benefit directly the work allowed under the contract; too extensive surface surveying and mapping were performed; too many samples, unrelated to the project, have been taken; many gold-silver analyses were made; too elaborate narrative reports were submitted.

Item why pay consultant

The company should be cautioned to relieve its consulting engineer of work more applicable to supervision and management, at least not to charge such work as technical services to the project. The consultant should be restricted to engineering and geological work concerning the direct and immediate objectives of the project. Sampling should be curtailed and limited to structures having a direct bearing on the project; gold and silver assays should not be charged to the project. A brief, comprehensive narrative, one to two pages in length, describing the work accomplished and conditions encountered during the month, is sufficient.

It is believed that the necessary future engineering for the project can be performed by the company consultant in two or, at most, three days per month. Only minor amounts of sampling and assaying are considered necessary for the remaining exploration. In the past, office expense, including bookkeeping and stenographic services, has not exceeded $50.00 per month; such expense is expected to continue unchanged.

Because the company cannot be trusted to charge only the necessary engineering work as a cost to the project, some limitation must be placed if such service is to be allowable for future work.

It is recommended, therefore, that the contract be amended to delete the second paragraph, page 5, pertaining to maximum allowances for engineering, sampling, and office expense and, in lieu thereof, substitute:

> "Effective November 1, 1952, incurred engineering, sampling, analysis, and office expense, including all expense in the preparation of reports as required by the contract, are allowable not in excess of the following:
>
> Engineering, sampling, and analysis, $150.00 per month or a total $1,500.00 for the remainder of the project.
>
> Office expense (bookkeeping, preparation of reports), $50.00 per month or a total of $500.00 for the remainder of the project."

R. L. Bolmer

R. L. Bolmer,
Mining Engineer

RLB/cb

cc 5
E250
DMEA Chron

December 8, 1952

Mr. W. H. King, Executive Officer
DMEA, Field Team, Region 4
222 New Custom House
Denver, Colorado

Re: DMEA-1463X
IBM-3 250

Dear Sir:

Page 5 of our contract reads, "Engineer, sampling, and office expense, including all expense in the preparation of reports as required by this contract is allowable not in excess of the following;"

During the month of October our expenditures under the above quoted paragraph were exceeded. Certain geology work and office expense will be required during the remainder of our contract. When the contract has been completed our engineer should then prepare a report covering work under the entire contract. Certain geology work should be performed in conjunction with the remainder of the diamond drilling program as well as the other incompleted portions of the contract.

Leadville Lead Corporation, therefore, requests that its contract be amended so that the maximums set forth in the last paragraph of our contract be increased by $3000 or $4000, or that the maximum amounts set in that paragraph be considered only as guides and not as absolute maximums. Such an amendment need not increase the total amount authorized under the contract.

The geology picture confronting our geologist is more complex than we had reason to believe when an estimate was originally made. The area is apparently criss-crossed by several faults and mineralization appears more widely distributed than was originally anticipated by our geologist.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY: Ben L. Wright, Jr.
Secretary.

140

FILE COPY
SURNAME:

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

December 22, 1952

Memorandum

To: The Administrator

From: Chief Counsel

Subject: Leadville Lead Corporation, Docket No. DMEA-1463X, Contract Idm-E250 (Lead-Zinc)

Reference is made to memorandum of the Executive Officer, Field Team, Region IV, to the Secretary of the Operating Committee dated December 4, 1952, to which are attached an independent contract dated October 3, 1952, between the Operator and Eugene D. Bishop and Wallace A. Rogers, for the performance of drilling, and an approval of that independent contract signed by the Executive Officer dated December 4, 1952. The independent contract by virtue of the approval of the Executive Officer appears to have been delivered to the Operator and to be in full force and effect.

Accompanying the memorandum and attached documents is a memorandum from the Chief, Contract Administration and Audits Division, to the Deputy Administrator, dated December 11, 1952, as follows:

> "The contract does not permit inspection by the Government nor does it provide for the subcontractor to give any information to the Government. It also appears to me that the contract is unduly complex and that the timekeeping and cost accounting on the job would be rather sizeable."

It seems advisable to me to comment at some length on this matter, for the purpose of improving procedures for reviewing such matters, and for the information and aid of the Field Team where the matter arose. Nothing that is said here is for the purpose of undue criticism or condemnation.

1. It seems to me that it serves no useful purpose to put in the record a memorandum such as that of the Chief of the Contract Administration and Audits Division, which points out supposed or real defects without any advice or

instructions as to what is to be done about them. Are the defects pointed out to be ignored, or is an effort to be made to induce the Operator to enter into a superseding contract to replace the defective one?

2. Although this independent contract is defective, I do not think that the defects pointed out by the Chief, Contract Administration and Audits Division, will present much difficulty. The Government can easily enforce its rights for inspection of the property and reports on the work without special provisions in the independent contract. The contract is on a 50-50 basis and I think that such timekeeping and cost accounting as may be necessary will be performed by the Operator in its own interest.

3. This office is mystified by three items in the schedule of unit prices relating to cementing as follows:

"Cementing Operations ... $5.00 per hour"

"Time necessary for mixing, pouring, inducing cement into hole, waiting for cement to set ... $5.00 per hour"

"Delay time for...cementing ... $5.00 per hour"

It seems to this office that the effect of the first two items is to provide for cementing at $10.00 per hour. We have no idea what the third item means. Drilling contracts frequently provide for payments for "delay time" caused by the Government, but it does not seem to make sense to tie the provision to "cementing holes or running casing" as is stated on page 2 of the drilling contract.

4. The drilling contract provides: "All casing not recovered from holes chargeable to the Customer at cost price." This seems like a bad provision. It offers no inducement to the drilling contractor to use his best efforts to recover casing. Another provision relating to pipe and casing recites that it shall be the property of the drilling contractor "unless the resident engineer or the contracting officer /who are not defined/ directs that any or all of the pipe or casing be left in the hole ...," with added ambiguous provisions intending to pass title to such casing to the Operator and to be paid for by the Operator. Of course, the

Government should participate in no such costs, unless the casing should be unrecoverable.

5. The drilling contract sets forth a schedule of unit prices with a minimum guaranteed amount of drilling, and then provides that if the Operator requires more drilling than the minimum it "shall be performed at a reduction in the various unit prices set forth above of 2% provided the Contractors have not shown a loss on the above drilling." This is an unworkable provision. To administer it would require cost accounting for all drilling operations. The purpose of requiring independent contracts to be made on a basis of agreed unit costs is to avoid cost accounting on these contracts. Moreover, if cost accounting is to be required, as indicated by this provision, it is necessary to set forth in detail what are to be allowed as "costs". The drilling contract recites that: "Accompanying this Contract are 'Specifications for Drilling' and bid form with schedule of unit prices attached." Similar references appear at other points. No such "bid form with schedule of unit prices" are attached. However, set up in the contract is a schedule of unit prices, although not so denominated. I think that it is reasonably clear that the reference to an attachment is an inadvertence. However, the "Specifications for Core Drilling" are an essential element of the contract, and they are not properly incorporated by reference by simply referring to them as "accompanying this Contract." However, a reading of the contract as a whole makes it plain that the specifications attached to it are actually a part of the contract.

6. The drilling contract is entitled "Contract for Drilling ..." On page 3 of the document is a title in the middle of the page reading "Contract for Drilling Operations." The second title, of course, serves no useful purpose, but it probably does no harm.

7. The drilling contract contains no reference at all to the exploration contract. It should always contain a recital to the effect that it is entered into under the provisions of an exploration project contract, and is subject to all of the relevant provisions of the exploration project contract.

8. The approval of the drilling contract contains an added provision (sec. 5(b)) which states that: "At the completion of each hole, 5 copies of the drill hole log shall

be forwarded to DMEA and be certified as correct by the drilling contractor." The drilling contract contains no reference to any "drill hole log" and the drilling contractor cannot be bound by this provision in the certification. Assuming that the practice would be for the drilling contractor to provide a "drill hole log," I suppose that it will be provided.

* * * * *

Unless any of the provisions above pointed to would require payments under the drilling contract which the Government deems to be unwarranted, the defects are not, in my opinion, of a character which require reformation of the drilling contract at this late date, after it has been entered into and presumably is partly or wholly performed. The form for approval of independent contracts which has been used in this case was carefully designed to protect the Government's interests in the event that poorly drawn or poorly advised independent contracts are entered into. Section 2 of the approval form is probably sufficient to protect the Government against any unnecessary costs incurred under this drilling contract. That is a long way from saying that such a drilling contract should be approved. If any of the defects that I have pointed to are real or substantial, the officers in the field should carefully check vouchers for payment, and disallow any that they think should not have been incurred in connection with the drilling operations. In particular, I think that any vouchers for cementing operations and "delay time" require checking; and certainly the Government should not participate in payments for any pipe or casing which are left unnecessarily in the hole.

J. L. Hofflund
Chief Counsel

JLHofflund/em
Copy to: Mails and Files
JLChambers
AGKeating
AEKane
HCRubin
JLHofflund
chron.

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

224 New Customhouse
Denver 2, Colorado

Healing
Betty

December 19, 1952

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, Field Team, Region IV

Subject: Form MF-104, DMEA Docket 1463X, Contract Idm-E250 (Lead-Zinc)
Leadville Lead Corporation, Park County, Colorado

Enclosed are two copies of the Operator's Monthly Progress Report MF-104 and 104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data for the month of October, 1952, pertaining to DMEA Docket 1463X, Contract Idm-E250, Leadville Lead Corporation.

John F. Shaw
John F. Shaw for
W. H. King

Enclosures

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 20 1952

FILE COPY
SURNAME:

UNITED STATES 140
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

Keating
H.F.Keller
Chambers
Hollaud
Keating

Rewritten by BW

DEC 18 1952

Mr. W. H. King, Executive Officer
DMEA Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMA-1463 (Lead-Zinc)
Contract No. Idm-E250
Leadville Lead Corporation
Colorado

Dear Mr. King:

With reference to the September 1952 monthly report on Form MF-104, submitted by the above-named company, your attention is called to the figure $4,624.25 in Item (2) under the heading "Labor and Supervision: Technical Services," which includes $1,597.50 paid to Mr. Prommel, a consulting engineer. Preceding reports indicate that in July $736.50 and in August $1,448.50 were also expended for technical services.

The work outlined in this contract is approximately fifty per cent completed. However, under the heading "Labor and Supervision" on pages 4 and 5 of Exhibit "A", the contract provides that engineering, sampling and office expense including preparation of reports is not allowable in excess of a total of $5,454.00 for Stages I, II, and III of the project. Nevertheless, Amendment No. 4, dated May 26, 1952, prepared and executed under the jurisdiction of your office, although expressly stating that it is not to be construed as increasing the estimated total cost of the project, adds the following items under the caption "Labor and Supervision":

1 - Geologist-Engineer	(Part time)	$50/day
1 - Engineer	(Part time)	$50/day
1 - Engineer Assistant	(Part time)	$25/day
1 - Bookkeeper not to exceed		$50/mo.

From the figures shown in the monthly reports, expenditures for technical services in relation to the scope of the project appear to be unreasonably high. If similar

expenses continue, it may require curtailment of part of the work, or if the program of work is to be accomplished then an increase in the total estimated cost of the project may be necessitated. We suggest that a more reasonable ratio of technical to operational expenses be arranged.

Sincerely yours,

(signed) FRANK E. JOHNSON (JHB)

Chairman, Operating Committee

Approved:

J. H. Hedges (JHB)

Member, Bureau of Mines

A. R. Kinkel, Jr. (JHB)

Member, Geological Survey

J.H.
12-18-52

AGKeating/AEKane/em 12/15/52
Copy to: Mails and Files
Op. Committee
Adm. R. File
Mr. Keller (2)
Mr. Keating
Mr. Kinkle
Mr. Bishop
Mr. Hofflund
Mr. Kane
chron.
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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

December 11, 1952

Memorandum

To: Mr. Frank E. Johnson
Deputy Administrator

From: Jay L. Chambers, Chief
Contract Administration and Audit Division

Subject: Subcontracts with the Leadville Lead Corporation

The contract does not permit inspection by the Government nor does it provide for the subcontractor to give any information to the Government. It also appears to me that the contract is unduly complex and that the timekeeping and cost accounting on the job would be rather sizeable.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

WASHINGTON 25, D. C.

December 4, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 8 1952

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, Field Team, Region IV

Subject: DMEA Docket 1463X (Lead-Zinc) Contract Idm-E250, Leadville Lead Corporation, Park County, Colorado

Enclosed are the following documents for attachement to the subject contract.

1. Original and two copies of a diamond drilling contract between the Leadville Lead Corporation and drilling contractors Eugene D. Bishop and Wallace A. Rogers.

2. Three copies of the Government's approval of the subcontract as executed by this office.

W. H. King
W. H. King

Enclosures

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

224 New Customhouse
Denver 2, Colorado

November 18, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 21 1952

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, Field Team, Region IV

Subject: MF-104, DMA Docket 1463X, Contract Idm-E250 (Lead-Zinc), Leadville Lead Corporation, Park County, Colorado

Enclosed are two copies of the Operator's Monthly Progress Report Form MF-104 and 104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data for the month of September 1952 pertaining to Leadville Lead Corporation, DMA Docket 1463X, Contract Idm-E250.

W. H. King
W. H. King

Enclosures

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 1952

224 New Customhouse
Denver 2, Colorado

October 29, 1952

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Amendment No. 9 to Contract Idm-E250, Docket DMEA 1463X, Leadville Lead Corporation

Enclosed are the original and two copies of Amendment No. 9 to Contract Idm-E250. Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

Also enclosed are three copies of a letter from the operator requesting this amendment and three copies of a memorandum from a Bureau of Mines engineer recommending this amendment.

W. H. King
W. H. King

Enclosures

RECEIVED
NOV 17 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

Cor
11-3

September 29, 1952

Mr. W. H. King, Executive Officer
Field Team, Region 4
Defense Minerals Administration
Bureau of Mines
New Customs House
Denver, Colorado

In re: Docket DMA 1463X
JDM-- 250

Dear Sir:

On July 2, 1948, Leadville Lead Corporation purchased from McCoy Company one caterpillar D-2 tractor, Series 5U744 complete with traxcavator at a cost of $6500.

When our contract went into effect this traxcavator was in storage in Denver and in need of repairs. The traxcavator has been taken to the property and repairs in the estimated amount of $1200 are being made on it to put it into operating condition.

This machine has a great many uses. It will be used to facilitate and expedite the opening of the Hilda Tunnel. It will be used on the road and dump. It will be used for hauling supplies when the winter is bad, and it will perform other tasks of varied natures. Leadville Lead Corporation desires to charge depreciation of this machinery as an allowable cost of the project. We would like to depreciate this machine over a sixty month period on a basis of $5000 value.

We need three new batteries. These batteries cost approximately $95.00 each. Two are required for the large compressor and one is required for the small compressor and one is required for the generator. The batteries on hand will do the job of one less battery.

We, therefore, wish to purchase three new batteries as allowable cost of the project.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY: Ben Lewright, Jr.
Secretary

REGIONAL DIRECTOR

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Room 137, Building 20
Denver Federal Center
Denver 14, Colorado
October 2, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Colorado Branch, Mining Division, Region IV

Subject: IMA 1463X, Contract Idm-H250 (Lead-Zinc), Leadville Lead Corporation, Park County, Colorado - Proposed amendments to contract

Please find enclosed the original and five copies of R. L. Bolmer's memorandum on the subject request for a contract amendment.

Bolmer recommends both of the contractor's requests for amendments:

(1) Purchase of three starting batteries at $96.00 each for depreciation equipment

(2) Inclusion of depreciation charge for a traxcavator valued at $5,000.00

I approve his recommendations, emphasizing the limitation to $83.33 of the monthly depreciation charge for the traxcavator.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

WMT/mmh

cc 5
H250
IMRA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Room 137, Building 20
Denver Federal Center
Denver 14, Colorado
October 2, 1952

Memorandum

To: Chief, Colorado Branch, Mining Division, Region IV

From: R. L. Bolmer

Subject: DMA 1463X, Contract I4s-E250 (Lead-Zinc), Leadville Lead Corporation, Park County, Colorado - Proposed amendment to contract

The operator under the subject contract has requested permission to charge against the project (1) the purchase price, approximately $96.00 each, of three batteries for the starting engines to a large and a small compressor and (2) depreciation over a 60-month period of a Caterpillar D2 transexcavator valued at $5,000.00.

The replacement cost of batteries used for starting the diesel-powered compressors is considered a normal cost of operation and an amendment to the contract permitting such a purchase is recommended.

The transexcavator, which the operator recently has put in operating condition, would be useful to the project. It is recommended that depreciation be allowed by amendment to the contract at a monthly rate of $83.33 for the periods such equipment is used for the benefit of the project.

R. L. Bolmer

R. L. Bolmer
Mining Engineer

RLB/emh
cc 5
E250
DMA Chron.

Docket Copy

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 3 1 1952

224 New Customhouse
Denver 2, Colorado

October 28, 1952

Memorandum

BH

To: C.O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Amendment No. 8 to Contract Idm-E250, Docket DMEA 1463, Leadville Lead Corporation

Enclosed are the original and two copies of Amendment No. 8 to Contract Idm-E250 which have been properly executed by the operator.

Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

W. H. King
W. H. King

Enclosures

cae
10/31/52

1463

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

324 New Customhouse
Denver 2, Colorado

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1952

October 22, 1952

~~Hasting~~
Betty

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, Field Team, Region IV

Subject: Form MF-104, DMA Docket 1463, Contract Idm-E250, (Lead-Zinc) Leadville Lead Corporation, Park County, Colorado

Enclosed are two copies of the Operator's Monthly Progress Report MF-104 and MF-104A, operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data for the month of August, 1952, pertaining to DMA Docket 1463, Contract Idm-E250, Leadville Lead Corporation.

W. H. King
W. H. King

Enclosures

FILE COPY
SURNAME:

140

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

Keating
Guthrie
Hofflund
Keller
Chamber
Keller

OCT 21 1952

Mr. W. H. King, Executive Officer
DMEA Field Team, Region IV
224 New Customhouse
Denver 2, Colorado

Subject: Leadville Lead Corporation
Docket No. DMEA-1463
Contract Idm-E250
(Lead-Zinc)

Dear Mr. King:

This responds to your memorandum dated October 3, to the Administrator, transmitting a copy of a letter dated September 26 from the above-described operator requesting an amendment of its contract written on Form MF-200 (June 1951), to permit the payment of an additional two dollars per foot for all drifting under an independent contract previously approved by the Executive Officer.

The independent contract provided for 700 feet of drifting, all but 40 feet of which was completed at the time when the operator's letter was written. It does not appear that the independent contractor will not complete the remaining work.

Your memorandum states that "*** We do not believe that it would be legal for us to prepare the amendment *** because all benefits would flow from the Government to the operator.***" This conclusion, in our opinion, is correct. The Government's approval of the independent contract converted the allowable costs of the contract work described therein from actual costs to contract unit prices. In the circumstances of this case, once the independent contract was approved the Government no longer was interested in the independent contractor's actual costs for performing this work. Payments were to be made thereunder as units of work were performed. In the absence of some new legal consideration flowing to the Government, the unit price, once fixed, becomes and remains the allowable cost for the work.

Sincerely yours,

10-21

(signed) FRANK E. JOHNSON

Chairman, Operating Committee

Approved:

J. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

Copy to: Mails and Files
Adm. Reading File
Op. Comm.
Mr. Thayer
Mr. Hedges

H.F. Keller
J.L. Hofflund
H.C.Rubin
chron.
pending

HCRubin/em
10/16/52

FILE COPY
SURNAME:

140

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

Keating
Pritch
Chambers

OCT 10 1952

Mr. W. H. King, Executive Officer
DMEA Field Team, Region IV
224 New Customhouse
Denver 2, Colorado

Subject: Docket No. DMEA-1463X
Contract No. Idm-E250
Leadville Lead Corporation
(Lead-Zinc)

Dear Mr. King:

This responds to your letter to me dated September 24, requesting an interpretation of the above-described contract. Briefly stated, you ask whether the costs of the work, which are estimated in terms of unit costs for each of the three stages of the work, are allowable maximum unit costs, or whether the Government may contribute to the actual costs in excess of the estimated unit costs, but not in excess of the agreed estimated total cost of the project. You have interpreted the contract as permitting Government contribution in excess of the estimated unit costs. This interpretation is correct. The intent of the contract, when read in entirety, is to allow actual costs, with no fixed maximum for any unit of work.

The first note on page 3, following the items which go to make up the estimated costs, reads as follows:

> "The above costs are to serve as a guide in establishing the maximum cost per unit and the individual items to be flexible within this maximum."

This note, when read alone, may be construed as permitting payment of actual costs so long as they do not exceed the estimated unit costs. Such a construction of the contract was not intended.

In view of the ambiguity created by the above-quoted note, an amendment has been executed deleting the

note from the contract. All copies of the amendment should be executed by the Operator and the same distribution of them made as was made of the contract.

Sincerely yours,

(signed) FRANK E. JOHNSON

Chairman, Operating Committee

Enclosures 6

Approved:

J. H. Hedges

Member, Bureau of Mines

T. P. Thayer

Member, Geological Survey

HCRubin/em

Copy to: Mails and Files
Adm. R. File
C. O. Mittendorf
Operating Committee
Mr. Thayer
Mr. Hedges
J. L. Hofflund
H. F. Keller
H. C. Rubin
chron.
pending

File
DMA 14634

October 7, 1952

Memorandum

To: Mr. Stephen W. Wood
Chief, Manpower Facilities Branch
Defense Materials Procurement Agency

From: C. O. Mittendorf
Administrator

Subject: Deferment of Mr. Robert G. Risk

Attached hereto you will please find a memorandum, dated September 30, 1952, from the Executive Officer of Region IV which transmits a letter from the Leadville Lead Corporation requesting that we institute proceedings to defer the induction of the President of that corporation into military service.

Since you are the competent authority in such matters, I am taking the liberty of requesting your opinion as to the likelihood of justifying a request for Dr. Risk's deferment.

C. O. Mittendorf

Administrator

Attachments-2

COMittendorf/fw

cc: Admr Reading File
Mails & Files
Mr. Mittendorf

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

224 New Customhouse
Denver 2, Colorado

September 30, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 3 1952

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMA 1463X, Contract Idm-E250, Leadville Lead Corporation

Enclosed are three copies of a letter from Ben L. Wright, Jr., Secretary, Leadville Lead Corporation, requesting that Robert G. Risk be deferred from the Army.

We doubt that Dr. Risk would qualify for deferment; however, we are sending this letter to you for consideration by the proper authorities.

John F. Shaw
For W. H. King

Enclosures

September 26, 1952

Mr. W. H. King, Executive Officer
Field Team, Region 4
Defense Minerals Administration
Bureau of Mines
New Customs House
Denver, Colorado

In re: Docket DMA 1263X
DM - D250

Dear Sir:

The President of Leadville Lead Corporation is Robert G. Risk. Dr. Risk is a dentist whose office is located in Indianapolis, Indiana. He has been informed by his draft board that there is a possibility that he will shortly be inducted into the armed forces to perform dental work for them.

On September 3, 1950 Dr. Risk assumed the Presidency of Leadville Lead Corporation. At that time the Corporation was practically without funds and was indebted to various persons in an amount in excess of $21,000. Part of this indebtedness was secured by the principal mining machinery then owned by the Corporation. He was primarily responsible for obtaining the money to discharge the indebtedness of the Corporation. Later we filed a letter of notification with the SEC for the sale of over 88,000 shares at $1.00 a share. Dr. Risk was personally responsible for the sale of practically the entire issue. At the present time we are offering stock at $1.25, and with 35,000 shares sold he is personally responsible for the sale of over 30,000 shares. He is responsible for the raising of the funds with which we have carried out our share of our contract No. DM-D250.

Our bank balance is now such that we could not complete our core drilling program without raising further capital. We anticipate that Dr. Risk will be the primary source where the necessary funds will be raised to provide our 50% of our contract amount. Without Dr. Risk's assistance in raising funds it would be impossible for Leadville Lead Corporation to complete its DMA contract.

Although Dr. Risk resides in Indianapolis, all matters are cleared through him. He is more responsible for the decisions of the Company followed by the corporation than any other individual. He knows more about the corporation than

any other individual with the possible exception of myself. Even prior to the time he assumed the Presidency of the Corporation he was the most influential person on the Board of Directors. Almost without exception his decision on any policy made was followed subsequent to the time the original promotional management was removed. He is responsible for the removal of the promotional management and the present management.

Leadville Lead Corporation would like very much to have a letter from the Bureau of Mines to the effect that we are operating under a Governmental Loan; that the work performed by the company is designed to develop minerals necessary for defense; that Mr. Risk's connection with the Company is such that it would be advisable to give him a deferment until such time as this part of the promotion and development of the company has been completed and the company has employed professional mining management.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY: Ben Lewright, Jr.
Secretary.

BLWJ:rd

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

224 New Customhouse
Denver 2, Colorado

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 6 1952

October 3, 1952.

ans. 10/16/52 WCKlam

Memorandum

To: C. O. Mittendorf

From: Executive Officer, Field Team, Region IV

Subject: Request for Amendment, DMA Docket 1463X, Contract IDM-E250
Leadville Lead Corporation

Enclosed is a copy of a letter from Ben L. Wright, Secretary of Leadville Lead Corporation, requesting that Contract IDM-E250 be amended to permit paying the contractors $2.00 per foot for the last 700 feet of work on the Dauntless Tunnel.

The subcontract authorized payment of the contractors at the rate of $33.00 per foot, and provided that if the advance be completed by July 15, 1952, a bonus of $2.00 per foot would be paid. The contract was not completed within the required time. We do not believe that it would be legal for us to prepare the amendment as requested because all benefits would flow from the Government to the operator. The Colorado Field Office has been told that the cost to the contractors was in excess of $35.00 per foot. They believe that this amendment should be allowed in order to reduce the loss to the contractors. Please give us your recommendations.

W. H. King

W. H. King

Enclosure

September 26, 1952

Mr. W. H. King, Executive Officer
Field Team, Region 4
Defense Minerals Administration
Bureau of Mines
New Customs House
Denver, Colorado

In re: Docket DMA 1,63X
IDM -E250

Dear Sir:

On the 17th day of March, 1952, pursuant to DMA Contract IDM-E250, Leadville Lead Corporation entered into a contract for the drive of 700 feet of tunnel. This contract provides for the payment of $3300 on each 100 feet of advance. It provides if the advance be completed by July 15, 1952, a bonus of $2.00 per foot be paid to the contractors.

Due to conditions, some of which were beyond control of the contractors, the advance was not completed on July 15, 1952. One reason which delayed the advance was the extremely bad winter. Another was that the drive has to date been almost entirely in hard porphyry. This porphyry was not contemplated by the corporation or the contractors. There was nothing to indicate to either of us that we should expect to encounter so large a sill. The labor supply has been short and the labor could easily find other work. This resulted in independence on the part of the miners and there was considerable absenteeism.

At the present time there remains approximately 40 feet of tunnel to be driven under the contract. We have heretofore advanced the contractors practically everything that will be due to them. We are reliably informed that the contractors are hard pressed for funds and have not made much or any profit on the contract. Some of their creditors have contacted us requesting us to pay bills owed them by the contractors.

Sometime ago the contractors informed us that in order to maintain adequate labor they had to promise the miners more money. The only way they could pay more money would be to obtain the 2.00 per foot, or 1,400 which was to be paid them if they completed the contract prior to July 15, 1952.

Yesterday was the first time the Board of Directors of Leadville Lead Corporation has met since the above facts were called to our attention. Leadville Lead Corporation is of the opinion that the 1,400 should be paid to the contractors, either directly or to their creditors and themselves.

We, therefore, request an amendment to our contract permitting us to pay the total of 2.35 per foot to the contractors for the 700 foot drive under our contract with them. This was the same amount which was paid to them under our previous contract with them when the length of the tunnel was less.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY: Ben Fleright Jr.
Secretary.

MMedrd

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

224 New Customhouse
Denver 2, Colorado

September 24, 1952

RECEIVED
OCT 1 - 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 1463X, Contract Idm-E250 (Lead-Zinc)
Leadville Lead Corporation, Park County, Colorado

We are in urgent need of legal interpretation of a clause in the above contract.

Our interpretation of the contract form MF-200, prior to the revising February 1952, has been that the estimated costs of performing the various phases of work, which are the basis for establishing the total estimated cost of the project, are flexible within the total estimated cost of the project.

In this respect we have interpreted the subject contract likewise regarding the estimated cost per foot of Dauntless Tunnel drifting, raising, drilling and Lind drifting as stated on page 2 of EXHIBIT "A". However, on a recent review of the contract, in conjunction with a proposed amendment, it appears that we may have been in error in participating in the Dauntless Tunnel drifting costs which have exceeded the $45.00 per foot estimated as the cost of performing the work.

At the top of page 3, following the breakdown of the estimated unit cost, there is the following statement: "The above costs are to serve as a guide in establishing the maximum cost per unit and the individual item to be flexible within this maximum".

The above statement stipulates allowable flexibility among the component parts of the unit cost which leaves the implication that the total unit cost is in effect the allowable maximum.

If the estimated unit cost is in fact the allowable maximum it will be necessary to make a sizeable deduction from previously allowed costs which have exceeded the estimated cost per unit. We know that this will work a hardship on the operator and may develop into a controversial issue, therefore we desire legal interpretation before any action is initiated.

We will appreciate prompt consideration of the matter.

W. H. King

W. H. King

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

244 New Customhouse
Denver 2, Colorado

September 24, 1952

Keeping
Betty

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, Field Team, Region IV

Subject: Form MF-104, DMA Docket 1463X, Contract Idm-8250 (Lead-Zinc)
Leadville Lead Corporation, Park County, Colorado

Enclosed are two copies of the Operator's Monthly Progress Report Form MF-104, Operator's Narrative Report, Inspecting Engineer's Narrative Report and other supporting data for the month of July, 1952, pertaining to DMA Docket 1463X, Contract Idm-8250, Leadville Lead Corporation.

W. H. King
W. H. King

Enclosure

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

224 New Customhouse
Denver 2, Colorado

September 2, 1952

Memorandum

To: Acting Administrator, Defense Minerals Exploration Administration

From: Executive Officer, DMEA Field Team, Region IV

Subject: Amendment No. 6 - Contract Idm-E250 (Lead-Zinc), Docket No. DMEA-1463X, Leadville Lead Corporation

The transmission and the clutch of the company owned bulldozer needed repairing, and it was impossible to obtain parts immediately. In order to continue operations under the contract it was necessary to remove snow from the road to the mine. The company made arrangements to rent a bulldozer during the period in which the company's bulldozer was inoperative. It was to the best interest to the Government to allow this rental; otherwise the project could not have continued uninterruptedly.

The contract provides for a Buffalo Blower and allows depreciation at the rate of $3.00 per month. This blower was not large enough for the project work. It was in the best interests of the Government to allow depreciation on a larger blower so that work could be carried on in the tunnel heading. Therefore amendment No. 6 was prepared which allowed depreciation on a Roots Blower at the rate of $13.33 per month. The amendment was made flexible so that in the event the Roots Blower became inoperative the Buffalo Blower could be used in the interim.

Letters from the operator requesting this amendment are attached.

W. H. King

W. H. King

Enclosure

LEADVILLE LEAD CORPORATION
500 ERNEST & CRANMER BUILDING - DENVER, COLORADO
AComa 6211

April 30, 1952

April 30, 1952

U. S. Department of Interior
DMA
224 New Custom House
Denver 2, Colorado

Attention: Mr. J. H. East,
Executive Officer, Region IV

RE: Contract IDM - E250, Docket 1463X

Gentlemen:

The County has opened the road to the abandoned Town of Leavick. Transportation from Leavick to the tunnel adit has been effected through the use of a weasel or weasels. During the past few days the weather has been mild. The snow has melted and is now very treacherous for weasel transportation. It is, therefore, imperative that the road be opened from the Town of Leavick to the tunnel adit.

An attempt was made to open the road with the caterpillar presently at our property. Unfortunately one of the clutches do not provide adequate control. It is, therefore, necessary to strip the caterpillar down to where the gears can be replaced or repaired. As soon as the road is open a McCoy Company employee with necessary parts can be taken to our caterpillar and the repair completed.

Arrangements have been made whereby the County will send its largest caterpillar to open the road from Leavick up to the tunnel, provided we also furnish a caterpillar of sufficient size to extricate the large caterpillar from trouble should it become stuck or slip off the road. The smaller caterpillar is to also assist in the work of cleaning the road.

We, therefore, request an amendment to our contract permitting the rental of a tractor bulldozer for use while our caterpillar is being repaired. The rented tractor bulldozer will be used for clearing the access road and cleaning

the dumps. The maximum rental will not exceed $400.00. This amendment shall not be construed to increase the maximum amount allowable under Stage 1 of the Exploratory Contract, and shall not be construed to increase the percentage of Government participation in said Stage I.

Yours very truly,

LEADVILLE LEAD CORPORATION

By: /s/ Ben L. Wright, Jr.
Secretary

BLWJ:rd

LEADVILLE LEAD CORPORATION
500 ERNEST & CRANMER BUILDING - DENVER, COLORADO
AComa 6211

COPY

April 29, 1952

U. S. Department of Interior
DMA
224 New Custom House
Denver 2, Colorado

Attention: Mr. John Shaw

In re: Contract IDM - E250, Docket 1463X

Gentlemen:

During March of this year Leadville Lead Corporation purchased one No. 2 Roots High Pressure Blower, Serial No. 35106, together with a motor and a motor starter for the total amount of $800.00. The Buffalo Blower shown on Page 4 of the contract under the machinery furnished by the operator was inadequate for the present job. This Buffalo Blower will be available for use in the event the new blower develops trouble.

We, therefore, request that the list of machinery to be furnished by the operator be amended to show one No. 2 Roots Blower, Motor, and Starter, at the value of $800.00 with a depreciation allowance per month of $14.17.

This amendment shall not be construed to increase the total estimated cost of the project, the aggregate total amount which the government may pay, or the percentage of costs which the government will pay.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY: /s/ Ben L. Wright, Jr.
Secretary

BLW:rd

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

218

224 New Customhouse
Denver 2, Colorado

August 15, 1952

Memorandum

To: C.O. Mittendorf, Acting Administrator
Defense Minerals Exploration Administration

From: Executive Officer, Field Team, Region IV

Subject: Amendment No. 7 to Contract No. Idm-E250, Docket No. DMEA 1463X, Leadville Lead Corp. (Lead)

Enclosed are the original and two copies of Amendment No. 7 to Contract No. Idm-E250. Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

Also enclosed are three copies of a letter from the operator requesting this amendment and three copies of a memorandum from R. L. Bolmer, Bureau of Mines Engineer, recommending this amendment.

W. H. King

W. H. King

Enclosures

RECEIVED
AUG 21 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

SES 8-14-52

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado

July 29, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Colorado Branch, Mining Division, Region IV

Subject: DMEA 1463X (Lead-zinc), Contract Idm-E250, Leadville Lead Corporation, Park County, Colorado - Proposed amendments to contract.

Please find the original and five copies of a memorandum report by R. L. Bolmer on the subject request for contract amendments.

Bolmer recommends the amendment to allow engineering and geological work to be done for the benefit of Stage II and III of the contract and charges approved before completion of Stage I, and for the charge of depreciation for the cost of a used drifter at $10.83 per month. He disapproves the amendment allowing repair of a company-owned Transavator as a cost of the project.

I concur with these recommendations.

W. M. Traver, Jr.

W. M. Traver, Jr.

Enclosures

WMT/bam

cc: 5
E250
DMEA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado

July 29, 1952

Memorandum

To: Chief, Colorado Branch, Mining Division, Region IV

From: R. L. Belmar

Subject: DMEA 1463K (Lead-zinc), Contract Idm-E250, Leadville Lead Corporation, Park County, Colorado - Proposed amendments to contract.

The Leadville Lead Corporation has submitted by letter dated July 11, 1952, a request for amendment to the subject contract which will permit (1) the spending of funds alletted for engineering and geological work under Stages II and III before work under Stage I is completed, (2) the charging of depreciation on a third drifting drill as a cost to the project, and (3) the charging as a cost to the project the repairs to a company-owned Tramavator which will be used for road maintenance.

The request for an amendment which will permit the performance of engineering and geological work allocated under Stages II and III before the work under Stage I has been completed is considered justified. Work under Stage I, the extension of the Dauntless tunnel approximately 900 feet, is behind schedule. At the present rate of progress, the completion of Stage I is not antisipated until October 1, 1952. Weather conditions at such time will not be as favorable as now for the surface surveying and geologic mapping necessary to lay out work under Stages II and III. The results

of the proposed work would not be affected by the incompletion of Stage I. The performance of the work at this time will allow the plans for Stage II to be drawn up and submitted for government approval, and thus prevent undue delay in the start of the second stage of exploration. It is recommended, therefore, the subject contract be amended to permit the performance now of that portion of the engineering and geological work allotted to Stages II and III which it is possible to perform before Stage I is completed.

The request for an amendment to permit the depreciation of a third drifting drill as a cost of the project is considered justified. At present, the contractor is allowed depreciation on two drifting drills which are being used on a two-drill jumbo for advancing the tunnel. When one of these drills breaks down, undue delays are encountered until repairs can be made. The contractor has purchased a fully reconditioned drill for $650.00 and desires to depreciate it over a 60-month period. The monthly charge against the project will be $10.83 for the periods the drill actually is in use. An amendment to the subject contract is recommended to permit charging as a cost to the project the depreciation of a third reserve or replacement drill at a cost of $10.83 per month for the periods actually in use. There is no need for drilling long holes with this machine, as suggested in the request letter, especially before preliminary geological work has been completed.

The request for an amendment which will permit the repair costs of a company-owned Traxcavator to be charged against the project is not considered justified. The cost of repairing this equipment is estimated at between $1,500.00 and $2,700.00. The value to the project of such equipment

is questionable. There possibly may be some advantage in using a Traxcavator to make the access road more serviceable during the winter months; however, the value of this work would be less than the estimated repair costs. Should the contractor, at his own expense, put the equipment in good operating condition, a standard monthly depreciation charge on the equipment for the periods actually used would be recommended as a cost to the project.

R. L. Bolmer

R. L. Bolmer
Mining Engineer

RLB/bam

cc: 5
E250
DMEA Chron

C
O
P
Y

LEADVILLE LEAD CORPORATION
500 Ernest & Cranmer Building
Denver, Colorado

July 11, 1952

U. S. Department of Interior
Bureau of Mines
New Custom Building
Denver, Colorado

Attention: W. H. King
Executive Officer DMEA

RE: Docket No. DMA 1463X IDM-E250

Gentlemen:

Our contract on Page 5 provides for engineer sampling, etc. for Stage 1 $1602.00, for Stage 2 Raising $836.60, for Stage 2 Diamond Drilling $2250.00, and for Stage 3 $365.40.

The contract on Page 1 provides that Stage 2 and Stage 3 shall be commenced only upon the approval of the Government whose determination will be based on the result of the work accomplished in the previous stages.

When our application was prepared, our consulting engineer had not had an opportunity to examine the surface of the property. Since Stage 1 has been in progress we have encountered a porphyry sill which was not indicated by any maps of the area available for his inspection. Therefore, before Stage 2 or Stage 3 can be undertaken geological work and surveying must be undertaken. Obviously most of the geological work and surveying work necessary to accurately determine where core drilling holes and raises should be made must be undertaken before that work is commenced. Stage 1 will probably not be completed until sometime in September due to the extremely difficult winter which has just ended. Examination of the surface and surface engineering and geological work must be made during the period when there is no snow on the surface.

Our consulting engineer, Mr. Prommel, has made time available the latter part of this month to conduct the geological work. Arthur McNair is a professor of engineering at Cornell University, who will be available at that time to assist in the engineering work. Mr. McNair has

heretofore done some engineering work on our property which should expedite our getting the work completed. In other words, we intend to tie his prior work in with the present work so that we will receive the maximum benefit from the minimum amount of work.

We, therefore, very earnestly recommend that our contract be amended to permit us to do the engineering and geological work when it is the most feasible and that the engineering and geological work pertaining to Stages 2 and 3 be permitted to be done prior to the time Stage 1 has been completed.

One of our drill machines has been developing trouble. This seriously impedes driving of the tunnel because when it breaks down much time is lost in repairing it before the round can be completed. We desire to obtain a third drilling machine to avoid this loss of time. We have located a machine which can be purchased for $650.00 and is guaranteed to be as good as new. If it is not, we may turn it in on a new machine which will cost $1050. The machine is an Ingersol Rand. We believe that it can be used to punch long holes through the porphyry so that we can determine where we stand in the porphyry. We realize that these holes will not show us as much as a core-drilled hole but we believe that very valuable information can be obtained at a considerably less cost. We, therefore, request an amendment to our contract permitting us to depreciate this machine over a 60 month period, when all three drilling machines are used during any month.

We own a traxcavator which is in need of repair. We desire to repair this machine and use it in connection with road maintenance. If we have this machine available to us we will be able to load trucks with rock and carry the rock to places where a wider road will prevent snow drifts and will enable us to much easier maintain the road for the balance of the contract period. During the winter this machine would assist materially keeping the portal building accessible and the dump cleared of snow. We, therefore, request an amendment to our contract allowing as cost of the project the repair of this machine.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY: /s/ Ben L. Wright, Jr.
Secretary.

BLWJ:rd
cc: W.M.Traver, Jr.,
Chief, Colorado Mining Branch
Mining Division, Region 4

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

224 New Customhouse
Denver 2, Colorado

August 14, 1952

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Interior Building
Washington 25, D. C.

Dear Mr. Chambers:

Enclosed are three Audit Certificates and two Audit Reports for Leadville Lead Corporation, Denver, Colorado.

Very truly yours,

T. H. Brading
Auditor, Region IV

Enclosures

SD

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

224 New Customhouse
Denver 2, Colorado

July 11, 1952

Memorandum

To: Secretary to the Operating Committee, Defense Minerals Exploration Administration

From: Executive Officer, Field Team, Region IV

Subject: Form MF-104, DMA Docket 1463X, Contract Idm-E250 (Lead-Zinc) Leadville Lead Corporation, Park County, Colorado

Enclosed are two copies of the Operator's Monthly Progress Report, Form MF-104, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data for the period of May, 1952, pertaining to DMA Docket 1463X, Contract Idm-E250, Leadville Lead Corporation.

W. H. King

W. H. King

Enclosures

JUL 11 1952

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

224 New Customhouse
Denver 2, Colorado

June 20, 1952

Memorandum

To: Secretary to the Operating Committee
Defense Minerals Exploration Administration

From: Executive Officer, Field Team, Region IV

Subject: Form MF-104, DMA Docket 1463X, Contract No. Idm-E250, Leadville Lead Corporation, Park County, Colorado

Enclosed is a copy of the Operator's Progress Report Form MF-104, Operator's Narrative Report, Inspecting Engineer's Narrative Report and other supporting data for the period of April, 1952, pertaining to DMA Docket 1463X, Contract Idm-E250, Leadville Lead Corporation.

Only one copy of this Progress Report is available for the Washington office because the report has been in process prior to the date of our instructions to submit two copies.

According to our agreement with Mr. Mittendorf and Mr. Chambers, the Washington office will photostat all Progress Reports that were being processed prior to the date of our instructions.

Copy made by R.&R. and sent to Documents Cmm

W. H. King

W. H. King

Enclosures

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JUN 20 1952

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

224 New Customhouse
Denver 2, Colorado

June 3, 1952

Memorandum

To: Secretary to the Operating Committee
Defense Minerals Exploration Administration

From: Executive Officer, Field Team, Region IV

Subject: Form MF-104, DMA Docket 1463X, Contract Idm-E250, Leadville Lead Corporation, Park County, Colorado

Enclosed are the Operator's Monthly Progress Report Form MF-104, Operator's Narrative Report, Inspecting Engineer's Narrative Report and other supporting data for the period of March, 1952, pertaining to DMA Docket 1463X, Contract Idm-E250, Leadville Lead Corporation, Park County, Colorado.

W. H. King

W. H. King

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JUN 6 1952

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

224 New Customhouse
Denver 2, Colorado

May 26, 1952

Memorandum

To: C. O. Mittendorf, Acting Administrator
Defense Minerals Exploration Administration

From: Executive Officer, Field Team, Region IV

Subject: Amendments to Contract Idm-E250, Docket DMEA 1463X, Leadville Lead Corporation

Enclosed are the original and two copies of Amendments No. 3, 4, 5 and 6, to Contract Idm-E250, Docket DMEA 1463X.

Copies of each of these amendments have been given to the operator, the Fiscal Officer, Region IV, and copies have been retained for our files.

W. H. King

W. H. King

Enclosures

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
DENVER
MAY 30 1952

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

224 New Customhouse
Denver 2, Colorado

May 22, 1952

Memorandum

To: Secretary to the Operating Committee
Defense Minerals Exploration Administration

From: Executive Officer, Field Team, Region IV

Subject: Form MF-104, DMA Docket 1463X, Contract Idm-E250, Leadville Lead Corporation, Park County, Colorado

Enclosed are the Operator's Monthly Progress Report Form MF-104, Operator's Narrative Report, Inspecting Engineer's Narrative Report and other supporting data for the period February, 1952, pertaining to DMA Docket 1463X, Contract Idm-E250, Leadville Lead Corporation.

W. H. King

W. H. King

Enclosures

1d

cc. Contract, chron.
Traver, w/1 copy of MF-104
Koschmann

Mechanical trouble and bad weather retarded work. No ore reported. 12,300' cut to date

A3 not advanced

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

224 New Customhouse
Denver 2, Colorado

April 11, 1952

Memorandum

To: C. O. Mittendorf, Acting Administrator
Defense Minerals Exploration Administration

From: Executive Officer, Field Team, Region IV

Subject: Docket 1463X, Contract Idm-E250, Leadville Lead Corporation, Approval of Tunnel Contract dated March 19, 1952.

Enclosed are the original and two copies of a tunnel contract dated March 19, 1952, between Leadville Lead Corporation, party of the first part, and Duke Beals and William Van Cooten, parties of the second part.

Also enclosed are the original and two copies of an approval of the contract.

Copies of the approval have been given to the Operator, the Fiscal Officer, Region IV, and we have retained a copy for our files.

J. H. East, Jr.

J. H. East, Jr.

Enclosures

RECEIVED
APR 16 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

APR 14 1952

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

224 New Customhouse
Denver 2, Colorado

Department of the Interior
Defense Minerals Administration
Received
APR 10 1952

April 7, 1952

Memorandum

To: C. O. Mittendorf, Acting Administrator
Defense Minerals Exploration Administration

From: Executive Officer, Field Team, Region IV

Subject: Amendment to Contract Idm-E250, Docket 1463X, Leadville Lead Corporation

Enclosed are the original and two copies of an amendment to the above contract. Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

W. H. King
W. H. King, for
J. H. East, Jr.

Enclosures

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

224 New Customhouse
Denver 2, Colorado

March 12, 1952

MAR 1 1952

Memorandum

To: C. O. Mittendorf, Acting Administrator, Defense Minerals Exploration Administration

From: Executive Officer, Field Team, Region IV

Subject: Amendment to Contract Idm-E250, DMEA-1463X, Leadville Lead Corporation, Park County, Colorado

Enclosed are the original and two copies of an amendment to the above contract. Copies of this amendment have been given to the operator, the Fiscal Office of Region IV, and a copy has been retained for our files.

J. H. East, Jr.

J. H. East, Jr.

Enclosures

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

224 New Customhouse
Denver 2, Colorado

March 7, 1952

Memorandum

To: C. O. Mittendorf, Acting Administrator, Defense Minerals Exploration Administration

From: Executive Officer, Field Team, Region IV

Subject: Approval of Drilling Contract between Leadville Lead Corporation, Party of the First Part, and Duke Beals and William Van Cooten, Parties of the Second Part, Contract Idm-E250, Docket DMEA 1463X.

Enclosed for your files are three photostatic copies of the above contract, the original and two copies of a letter from Benjamin L. Wright, Jr., Secretary, Leadville Lead Corporation, stating that the contractors are not in default, and the original and two signed copies of the approval of this contract.

Copies of the contract and the approval have been given to the Fiscal Officer, Region IV, and retained for our files. A copy of the approval has been transmitted to the operator.

J. H. East, Jr.

Enclosures

RECEIVED
MAR 12 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 10 1952

OFFICE OF THE ADMINISTRATOR

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

WASHINGTON 25, D. C.

224 New Customhouse
Denver 2, Colorado

February 6, 1952

Memorandum

To: Secretary to the Operating Committee, DMEA, Washington, D. C.

From: Executive Officer, Region IV

Subject: Exploration Project Contract Idm-E250, DMA Docket 1463X
Leadville Lead Corporation

Enclosed are the original and three (3) signed copies of contract Idm-E250. One copy of this contract has been given to the operator, and a copy has been retained for our files.

J. H. East, Jr.

J. H. East, Jr.

Enclosure

[illegible]
Defense Minerals Administration
RECEIVED
FEB 11 1952

Supreme
Keating
Moads

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

February 6, 1952

Mr. Ray Peterson
The Ray Peterson Company
500 E & C Building
17th and Curtis Streets
Denver, Colorado

Dear Mr. Peterson:

With reference to your letter of January 30, 1952, and the Stokely - Van Camp food products received.

Gratuities of this nature cannot be accepted and I, therefore, request that you advise shipping instructions for the return of the package.

Your visit to this office and discussion of mining was appreciated and we trust you will visit us again when in this vicinity.

Very truly yours,

A. G. Keating (mch)

A. G. Keating, Mining Engineer
Base Metals Division
Defense Minerals Exploration
Administration

FILE COPY
SURNAME:

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

Defense Minerals Exploration Adm.
D669
2616
Mould

420137 - Salaries and Expenses, Defense Production Activities
February 1, 1952 Interior, 1952

Mr. J. H. East, Exec. Officer, Region IV, 224 New Customhouse Building
Denver 2, Colorado
Docket No. 1463, Leadville Lead Corporation

Leadville Lead Corp. contract approved in the amount of $100,800 for driving Dauntless Tunnel and other work. Effective date February 1. Contracts probably mailed to you today.

not stripped in R. & R.

D. E. Moulds (mch)

D E Moulds/mch
cc: Adm. R. File
Docket File Copy
Mr. Moulds

SENT
FEB 1 1952
Clerical Service Section

FILE COPY
SURNAME:

Moulds

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

Mr. J. H. East, Jr.
Executive Officer, Region IV
DMEA Field Team
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA 1463X
Leadville Lead Corporation

Dear Mr. East:

We are transmitting herewith the original and five copies of a contract covering the proposed exploration to be conducted in the Dauntless Tunnel by the Leadville Lead Corporation.

The contract covers participation by the Government in a three stage program consisting of advancing the Dauntless Tunnel, raising and/or diamond drilling in favorable mineralization encountered in the tunnel and drifting on the Lind fissure. Stages subsequent to Stage I will be dependent upon favorable possibilities warranting additional exploration in the estimation of the Government.

The contract has been signed by this office for the Government and bears effective date and register number as shown. If the contract merits your approval, present it to the Corporation for approval and signature. After signing, one copy is to be retained by the Operator, one copy for your files, and the original and three copies returned to this office in the normal manner. If the contract is not satisfactory, return all copies to this office with your comments on the items unsatisfactory.

Sincerely yours,

(signed) FRANK E. JOHNSON

Chairman, Operating Committee
Defense Minerals Exploration
Administration

Enclosures-6

APPROVED:

J. H. Hedges

Member, Bureau of Mines

Z. P. Thayer

Member, Geological Survey

DEMoulds/meh
1/28/52
cc to: Adm. R. File
Docket File Copy
Mr. Moulds
Mr. Bishop
Mr. McKnight
Region IV

THE RAY PETERSON COMPANY

FOOD BROKERS

500 E & C BUILDING • DENVER, COLORADO
17th and Curtis Street Phone Alpine 9011

JANUARY 30, 1952

MR. D.E. MOULDS
109 E. GEORGE MASON ROAD
FALLS CHURCH, VIRGINIA

DEAR MR. MOULDS:

I WANT TO THANK YOU FOR YOUR COURTESIES DURING MY VISIT IN WASHINGTON.

I TRUST YOU HAVE RECEIVED THE STOKELY-VAN CAMP CANNED GOODS WHICH I HAVE ASKED TO BE SENT TO YOUR HOME.

WE ARE LOOKING FORWARD TO THE MINING CONGRESS THIS WEEK END, AND HOPE TO HAVE FAVORABLE WORD ON THE APPLICATION OF LEADVILLE LEAD BY THAT TIME.

WITH KINDEST REGARDS,

VERY TRULY YOURS,

Ray Peterson

RAY PETERSON.

RP-c.

Stokely's Finest Foods

Van Camp's

THE RAY PETERSON COMPANY

FOOD BROKERS

500 E & C BUILDING • DENVER, COLORADO
17th and Curtis Street Phone Alpine 9011

JANUARY 30, 1952

MR. GEORGE KEATING
3636 16TH STREET N.W.
WASHINGTON, D.C.

DEAR MR. KEATING:

I WANT TO THANK YOU FOR YOUR COURTESIES DURING MY VISIT IN WASHINGTON.

I TRUST YOU HAVE RECEIVED THE STOKELY-VAN CAMP CANNED GOODS WHICH I HAVE ASKED TO BE SENT TO YOUR HOME.

WE ARE LOOKING FORWARD TO THE MINING CONVENTION THIS WEEK END, AND HOPE TO HAVE FAVORABLE WORD ON THE APPLICATION OF LEADVILLE LEAD BY THAT TIME.

WITH KINDEST REGARDS,

VERY TRULY YOURS,

RAY PETERSON.

Ray Peterson

RP-c.

Stokely's Finest Foods

Van Camp's

500
FILE COPY
SURNAME:

Moulds

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

JAN 21 1952

Mr. Ben L. right, Jr.
Leadville Lead Corporation
500 Ernest & Cramer Building
Denver 2, Colorado

Re: Docket No. DMA 1463X, Lead-Zinc

Dear Mr. Wright:

Your letter of January 10th, transmitting information and maps concerning your exploration Project, Docket No. DMA 1463X, has been received and is being reviewed.

A contract covering the proposed work will be drawn and will be presented to you by the Regional Office in Denver, as soon as possible, for your approval and signature.

Sincerely yours,

1-21-52

D. E. Moulds (MEH)

D. E. Moulds, Acting Chief
Base Metals Division
Defense Minerals Exploration
Administration

DEMoulds/ meh/hmj
cc to: Adm. R. File
Docket File Copy
Region IV
Mr. Moulds

H. W. C. PROMMEL
CONSULTING GEOLOGIST AND MINING ENGINEER
731 SOUTH DOWNING STREET
DENVER 9, COLORADO

December 24
1951

Mr. D. E. Moulds, Acting Chief,
Base Metals Division,
Defense Minerals Exploration Administration,
U. S. Department of the Interior,
Washington 25, D. C.

Re: Docket DMA-1463X, Lead-zinc.

Dear Mr. Moulds:-

This will acknowledge receipt of your letter of the 19th. inst. confirming our previous telephone conversation and giving us the points you wish us to elaborate in our application for exploration loan.

A copy of your letter has been forwarded to each of the Directors and officers of the Leadville Lead Corporation and we shall mail the desired information to you as fast as we can get it together.

Thanks for your letter and with best wishes of the season,

Sincerely yours,

Harald W. C. Prommel

Harald W. C. Prommel.

HWCP/p

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 26 1951

500

FILE COPY
SURNAME:

Mrs. Mattendorf

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

AIR MAIL

DEC 19 1951

Mr. R. W. C. Prommel
731 South Downing Street
Denver 9, Colorado

Re: Docket DMA-1463X, Lead-zinc

Dear Mr. Prommel:

I apologize for not acknowledging receipt of your letter of November 6, 1951 in regard to the subject exploration project application. Your letter was very informative as was the letter by Professor McNair transmitted to this office by Mr. Risk. These letters were referred to the appropriate commodity specialists for review and reconsideration of your project.

The recommendation of these specialists has now been received and preliminary agreement reached covering the entire project of drifting and drilling.

Pursuant to our telephone conversation of December 13th, we believe that you should be given the opportunity to supply any additional information at hand to bring the project up to date. The following points discussed with you via telephone are hereby confirmed:

(1) Receipt of landlord's subordination agreement from Big Chief Mining Company on property leased by the Leadville Lead Corporation.

(2) Clarification of property rights and subordination agreements covering the undivided interest on outstanding Badger Boy.

(3) 6 copies of project map, Plat 2, brought up to date.

(4) A general discussion of method to be employed in accomplishing the work. If by contract the estimated cost per unit and what is covered by the contract. Equipment to be purchased or rented and cost thereof. Equipment to be furnished by you with present value for determining use allowance. Classification, number, and

wage of all labor and supervision not included in contract. Estimated cost of supplies, utilities and other expense. Discussion of fixtures, improvements, repairs and rehabilitation required.

We believe that provision should be made in the project for raising or drilling from the Dauntless tunnel on any favorable fissure zone intersected.

Perhaps the foregoing material suggested for transmission to bring the project up to date is more than required. We desire, however, to clear your contract as soon as possible and any pertinent information available will assist in the effort. The subordination previously requested for the Hat Lode has been received.

Sincerely yours,

SIGNED

D. E. Moulds, Acting Chief
Base Metals Division
Defense Minerals Exploration
Administration

DEMoulds/jem
12-17-51
cc to: Adm. Reading File
Mails & Files Br.
Mr. Mittendorf
Dr. R. G. Lisk
Mr. McKnight
Mr. Bishop
Mr. Moulds
Docket

JCD
12-19-51

D. E. Moulds
December 19, 1951
10:15

BUR MINES DN 235 12-19-51 8-10 AM

D E MOULDS

REURTELETYPE LEADVILLE LEAD CORPORATION, COXXX DOCKET 1463.
SUBORDINATION AGREEMENTS WERE FORWARDED WASHINGTON YESTERDAY.

J H ESXXX EAST JR

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 19 1951

Denver, Colorado.

Dmea

FILE COPY
SURNAME:

Moulds
Mittendorf

500

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

Got stripped in R.R.

DMEA

D. E. Moulds
4070

1420137 Salaries & Expenses 5369
Defense Production Activities Interior 1952, "100(100)"
12/18/51

J. H. East, Jr. Exec. Officer, Reg. IV, 224 New Customhouse Bldg.
Denver, Colorado
Docket 1463 - Leadville Lead Corp.

ADVISE IF YOU HAVE SUBORDINATION AGREEMENTS FROM BIG CHIEF MINING COMPANY ON PROPERTY HELD BY LEASE BY SUBJECT COMPANY. WE ARE READY TO WORK OUT CONTRACT FOR TUNNEL AND DRILLING.

D. E. MOULDS, ACTING CHIEF
BASE METALS DIVISION.

DEMoulds/hmj
12-18-51
cc to: Mails and Files
Mr. Mittendorf
Mr. Moulds
Docket

SENT
DEC 18 1951
Clerical Service Section

bt

OFFICE OF THE ADMINISTRATOR

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

224 New Customhouse
Denver 2, Colorado

December 18, 1951

AIR MAIL

Memorandum

To: C. O. Mittendorf, Director, Production Expansion Division
Defense Minerals Administration

From: Executive Officer, DMA Field Team, Region IV

Subject: Docket 1463X, Leadville Lead Corporation, Landlord's Subordination Agreement by Big Chief Mining Company

Enclosed are six signed copies of Form MF-202, Landlord's Subordination Agreement between the Leadville Lead Corporation and the Big Chief Mining Company. This is in accordance with the request by teletype of D. E. Moulds dated December 18, 1951.

J. H. East, Jr.

J. H. East, Jr.

Enclosures

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 20 1951

Leadville Lead Corporation

500 ERNEST & CRANMER BUILDING • DENVER, COLORADO
AComa 6211

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
DEC 1 1951

December 13, 1951

Mr. C. E. Mittendorf, Director
Production Expansion Division
Defense Minerals Exploration Administration
Interior Building
Washington 25, D. C.

Re: DMA Docket 1463x

Attention: Mr. D. E. Moulds

Dear Mr. Moulds:

This morning, our consulting engineer informed me that he had talked with you by telephone. He informs me that the gist of the conversation was that the Commodities Division has approved our entire loan subject to our furnishing certain materials and information. Among the items mentioned as being required were subordination agreements from the Big Chief Mining Company and information about the Badger Boy lode mining claim.

On or about September 14, 1951, I delivered to Mr. J. H. East, Jr. subordination agreements signed by the Big Chief Mining Company. At that time, I informed him that our corporation now claims ownership of the entire Badger Boy lode mining claim.

On October 22, 1951, I informed Mr. East that the sub-lease to F. VanAtter had been canceled.

Mr. Prommel also informs me that you want an inventory of our machinery and equipment. Arrangements are being made to obtain this inventory for you as soon as possible. Should there be any further information that you desire, will you please inform either myself or Mr. Prommel.

Yours very truly,

LEADVILLE LEAD CORPORATION

Ben L. Wright, Jr.

Benjamin L. Wright, Jr.,
Secretary

BLW:bsk

IN REPLY REFER TO:

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

December 11, 1951.

Memorandum

To: Mr. C. O. Mittendorf
Acting Administrator, DMEA

From: Mr. Erwin J. Lyons
Geological Survey

Subject: DMA Docket 1463, Leadville Lead Corporation
500 Ernest and Cramner Building, Denver 2, Colorado

The Leadville Lead Corporation applied for an exploration loan of $102,000 on a participating basis to investigate their property in the Horseshoe mining district, Lake and Park Counties, Colorado. The monies were to be used as follows:

Geologic field work including plane table mapping...$4,000
Extension of Dauntless tunnel 1,200 feet.....48,000
6,720 feet of diamond drilling.....50,000

In the Horshoe and adjacent districts the most productive horizon is the Blue Lime, particularly the upper part. The formations underlying the Blue Lime, namely the Parting Quartzite, the White Lime the Peerless Shale, and the Sawatch Quartzite are not as productive, the ore bodies being smaller and not as numerous. Of these lower formations the White Lime and the Peerless Shale are the most favorable, but some production has come from the Sawatch Quartzite. In the Horseshoe mining district there has been no production from these lower beds and, so far as is known, they never have been explored at depth.

Exploration by extension of the Dauntless tunnel and by 3,040 feet of the diamond drilling would be in the beds underlying the Blue Lime. The Defense Minerals Administration originally denied these parts of the proposed project and approved only the geologic field work and 3,680 feet of diamond drilling.

Because the White Lime, Peerless Shale, and Sawatch Quartzite have had some production in adjacent districts and because these beds have never been explored in the Horseshoe district, it is believed, on recomsideration, that investigation of these lower horizons is warranted, especially in view of the present metal crisis. It is therefore recommended that the exploration project as proposed by the Leadville Lead Corporation be approved.

The docket material is returned herewith.

Erwin J. Lyons
Erwin J. Lyons
Geologist

OMB Bishop Prince
Bur. 12/12/51

H. W. C. PROMMEL
CONSULTING GEOLOGIST AND MINING ENGINEER
731 SOUTH DOWNING STREET
DENVER 9, COLORADO

December 7
1951

Mr. C. E. Mittendorf, Director,
Production Expansion Division,
Defense Minerals Exploration Administration,
Interior Building,
Washington 25, D. C.

Re: DMA Docket 1463x

Attention Mr. D. E. Moulds

Dear Mr. Moulds:-

Under date of November 6, 1951, I wrote you in considerable detail regarding the application for an exploration loan by the Leadville Lead Corporation, 500 E & C Building, Denver 2, Colorado. Todate I have had no reply.

I thank you for advising me at your earliest convenience whether my letter of November 6th. has reached you and what actions have been taken in the matter.

Very truly yours,

Harald W. C. Prommel

Harald W. C. Prommel

HWCP/p
c.c. R.G.R. Indianapolis, Ind.
C.W. Denver, Colo.
B.L.W. " "
L.L.Corp. Denver, Colo.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 10 1951

Mr. Moulds

LEADVILLE LEAD CORPORATION
305 CALIFORNIA BUILDING
DENVER 2, COLORADO

DEFENSE MINERALS ADMINISTRATION
WASHINGTON, D. C.
DEC 3 10 40 AM '51

DEPARTMENT OF THE INTERIOR
RECEIVED
DEC 3 1951
Defense Minerals Administration,
Production Expansion Division.

November 29, 1951

6 DMA-1463

Mr. C. O. Mittendorf, Director
Production Expansion Division
Defense Minerals Administration
Interior Building
Washington 25, D.C.

ATTENTION: Mr. D. E. Moulds

Dear Mr. Moulds

The enclosed engineering report by Professor Arthur McNair should assist your office considerably in re-evaluating the program of exploration and development being pursued by the Leadville Lead Corporation in the Horseshoe mining district of Colorado.

Mr. Ralph Golt of this city, who visits Washington almost every week, will call your office in the near future. He will want to discuss our application and the new defense minerals setup.

If I can be of any assistance in expediting our application, please advise.

Yours very truly

Robert G. Risk

Robert G. Risk, President
Leadville Lead Corporation

jd

Send communications to
Dr. R. G. Risk
401 E. 34th Street
Indianapolis, Indiana

COLLEGE OF ENGINEERING
CORNELL UNIVERSITY
ITHACA, NEW YORK

SCHOOL OF CIVIL ENGINEERING
N. A. CHRISTENSEN, *Director*

November 20, 1951

Mr. C. O. Mittendorf, Director
Production Expansion Division
Defense Minerals Administration
Interior Building
Washington 25, D. C.

Re: DMA Docket 1463K

Attention Mr. D. E. Moulds

Dear Mr. Moulds:

Because of my long and intimate contact with the historical, geological, and engineering aspects of the properties involved, Dr. Robert C. Risk, the President of Leadville Lead Corporation, has asked me to make a brief statement to you concerning the properties now operated by the Leadville Lead Corporation and the immediate need for rapid prosecution of work on the so-called Dauntless Tunnel.

LOCATION

The properties involved in the so-called Leadville Lead area, lie along the crest of the Mosquito Range, and are located in Lake and Park Counties, Colorado, between the towns of Leadville and Fairplay at elevations ranging from 12,000 to 14,000 feet above sea level. Prior to 1947, the area was considered as the "Hill Top" area, named after the Hill Top Mine which produced over $4,000,000 in lead-silver ore in early days. Other mines in the area now controlled by Leadville Lead Corporation, which have had a good record of production, include the Last Chance, the Badger Boy, the Hilda, and others. Adjoining this property on the northwest is the Continental Chief Mine with a production to 1930 of over $500,000.

CLIMATE

The collar of the main Hill Top shaft is located at about elevation 13,000 feet above sea level. The mean annual temperature at this elevation is somewhat below 32° Fahrenheit. Consequently, this area is subjected to the same freezing and difficult operating conditions due to permafrost as areas which normally occur only in northern Canada and in parts of Alaska. The depth of this permafrost naturally

varies with the amount of surface cover and the actual surface elevation, but in general, at this latitude, any ground above approximately 12,500 feet above sea level remains permanently frozen.

HISTORICAL

My father, Fred J. McNair, mining engineer, and U. S. Mineral Surveyor, Leadville, Colorado, started making surveys at the Hill Top about 1901. Subsequent to that time, he made all of the mine surveys and made many geological and engineering reports on the area, up to 1922, the time of the last active operation of the mine. Because of his intimate and extensive knowledge of mining conditions in and around the Leadville district, which has identical formations and ore horizons, it was my father who first suggested to the management that the possibilities of prospecting for and developing other ore bodies both in the Leadville or Blue Limestone and in the underlying formations of the Parting quartzite, the White Limestone, and the Cambrian Quartzite were tremendous. On more than one occasion I have sat in on conversations with or read correspondence between my father and the late Mr. W. F. B. Berger, himself a mining engineer and manager of the Hill Top for many years. The mine had always been operated by extracting ores which were readily available starting from the surface, or by lucky strikes made by projecting known ore bodies. No scientific development work has ever been done in the area below the Leadville or Blue Limestone formation. In all of the surrounding mining districts where these formations occur, the lower formations have been almost as good producers as the Leadville Limestone. Knowing all of this, my father even at one time had a lease on the Hill Top properties in his own name. This was about 1923, after the mine had been "gouged" or "high-graded" for the last time. However, he was unable to interest any investment capital at that time, and the mine has remained untouched to the present date.

My own active connection with Leadville Lead Corporation began in 1948 and continued for two years on a part-time basis, while I was on the Civil Engineering Faculty at the University of Colorado. My father, now in his eighties, has not taken an active part in the affairs of the company, but the notes and records from his office are available to me and have been made available to the corporation. During 1948 and 1949, I made engineering surveys, locations of mining claims, as well as underground, and geological surveys. Probably at the present writing, I have spent more time underground in engineering and geological investigations at the Hill Top, than any other individual living, except my father.

OPERATING CONDITIONS THROUGH HILL TOP SHAFT

Of course there is a reason why the property has not been operated. This is caused by the very difficult climatic conditions and the great

difficulty of transportation at the extreme elevations encountered. A few of these difficulties might be cited as follows:

1. Many men are not physically qualified and many others are unwilling to live and work at elevations around 13,000 feet above sea level. It is currently impossible to hire men to live at elevations of 13,000 feet.

2. In the workings, the temperatures vary from about 25° above zero Fahrenheit a few feet under the surface to 32° at depths up to several hundred feet under the surface, or roughly down to elevation 12,500 feet as mentioned previously. These temperatures vary less than 1° throughout the year, which means that not only is it cold for working, but, more serious, with temperatures continually below freezing, it is expensive to obtain and to maintain water supply for drilling and other normal mining operations.

   Flippantly stated, the only alleviating factors of this condition are that first, since the temperatures in the mine are at or below freezing, the men never have any temptation to loaf on the job, but have to work to keep warm. Second, no refrigeration has ever been required for any food supplies. Third, and more seriously, the important factor is that because the ground always remains frozen, there is no need to put in supporting timbers. This means that some of the enormous stopes, up to several hundred feet long, sixty feet wide, and sixty or more feet high, have stood as open rooms in perfect condition for the last fifty years with absolutely no tendency toward caving. This latter factor, however, is not an unmitigated blessing for any water which does enter the mine workings freezes and blocks passages. This has occurred on two or three occasions when the mine was shut down for a period without proper precautions being taken. Any surface water due to the spring thaw or summer rains which gets into the shafts and upper workings blocks them completely and they in past times had to be thawed by steam jets to a depth of 500 feet.

3. Year-round operations have been extremely expensive and difficult because during the winter, although the amount of snow fall is not excessive, the prevailing winds--with velocities to a hundred miles an hour being not uncommon--drift all of the snow from the western side of the Mosquito Range over onto the workings which lie on the eastern slope of the mountains. In 1908, one of the principal Last Chance surface buildings was lost by a snow slide.

4. The two-and-a-half mile aerial tramway from the Hill Top shaft at 13,000 feet down to Leavick, which was the rail head at timber line, has not been used in almost thirty years and is inoperable. It is entirely uneconomic to attempt to reconstruct this and maintain a year-round tramway or to construct a road or other mode of transportation from some lower elevation to the former main entrance to the mine.

5. To replace the old steam plant, to install power, a compressor, and buildings; in short, to outfit the old workings with a minimum plant of machinery, would cost well in excess of $100,000. It would still necessitate hoisting through a small shaft rather than having a natural flow of ore by gravity out through a tunnel.

6. Since the beginning of mining operations in the area, it has never been possible to assemble any major block of ground under one ownership or management so that there would be some continuity of mining. Now that all of the separately owned claims have been combined under one ownership, it is possible to operate the entire area as a unit and to mine in a scientific manner.

7. Strange as it may seem, during the late summer months for about two months of the year, the lower levels of the mine, at the bottom of the permafrost zone, are flooded. There is evidence that the water has at times flooded from the bottom of the 550-foot shaft up to the 500-foot level. In the earlier operations of the mine, this water was bailed. Naturally this restricted the use of the shaft, and the presence of water was a serious deterring factor in the development of lower ore horizons. Equipping the mine to pump water against a minimum head of 500 feet and a probable head of 700 to 800 feet as development extends downward involves a large capital outlay.

PRESENT OPERATIONS

The mine is now being developed through what is known as the Dauntless Tunnel, which lies at an elevation just under 12,300 feet. This site offers several advantages:

1. It has been demonstrated during the last two or three winters that an access road can be kept open to the tunnel. I understand that the Park County Commissioners have recently taken over maintenance of this road.

2. The tunnel is low enough to be below the permafrost line. This means that (a) Water supply can be obtained for normal living and mine operation if care is exercised in conservation of the supply during the winter time. (b) The tunnel is low enough stratigraphically to prospect the Parting Quartzite and White Limestone

formations which heretofore have never been reached. (c) Drainage will be provided for the lower levels of the mine. A still lower tunnel has long been proposed for development of some ore horizons below the Dauntless Tunnel, but this is for the distant future when the area above the Dauntless level is worked out.

3. The tunnel site was selected with the plan in mind for eventual extension of the tunnel through the Mosquito Range to a western portal on the Lake County side. Such extension would be geologically, topographically, and climatically feasible and would offer many obvious operating advantages and economies.

4. The tunnel will serve as a base of operations for diamond drill prospecting which can then be conducted much more economically. It would be very unwise and quite expensive to conduct satisfactory diamond drill explorations from the present workings.

5. The advance of the Dauntless Tunnel to make connections with the existing workings through short raises will permit the extraction of known bodies of lead-zinc ore by gravity flow which could not be mined at a profit thirty and more years ago because of the operating conditions and because of the high zinc content of the ore for which the smelter charged a penalty.

RECOMMENDATION

In my opinion as an engineer, the advance of the Dauntless Tunnel for a distance of approximately 1,000 feet is a prerequisite to successful prospecting for new ores and the extraction of existing ores from the Leadville Lead properties. The extremely unusual combination of climatic, topographic, and geologic conditions point inevitably to this conclusion.

If our nation is really in need of base metals such as lead and zinc, which occur here in large quantities, then here is an unequalled opportunity, with the investment of a comparatively small sum, to prospect scientifically for ore occurrences with every expectation of having the search locate very extensive untapped resources. Simultaneously, the expenditure of this sum will apply modern engineering techniques to the operation of a mine which has extremely unusual conditions thus permitting of the extraction of reserves of low-grade ores now in the mine. The Hill Top alone has produced in excess of $4,000,000 to say nothing of the production of smaller mines in the vicinity which all are now under unified ownership and control. The existence of proper geological formations for the presence of ore can be verified readily from government publications by such authors as

S. F. Emmons; Emmons, Irving, and Laughlin, and more recently by Dr. C. H. Behre and Quentin Singewald. The possibilities for developing very extensive deposits of lead-zinc ores in the other ore-bearing horizons are tremendous.

Respectfully submitted,

Arthur J. McNair

Arthur J. McNair
Professor and Head
Surveying Department, Cornell University
Registered Professional Engineer
State of Colorado

AJM/cjo

Panel 8445

DEPARTMENT OF THE INTERIOR
RECEIVED
NOV 19 1951
Defense Minerals Administration,
Production Expansion Division,
OFFICIAL FILE COPY

H. W. C. PROMMEL
CONSULTING GEOLOGIST AND MINING ENGINEER
731 SOUTH DOWNING STREET
DENVER 9, COLORADO

To	Info	Date
210		

November 6
1 9 5 1

Mr. C. O. Mittendorf
Director Production Expansion Division
Defense Minerals Administration
Interior Building
Washington 25, D. C.

Re: DMA Docket 1463X

Attention Mr. D. E. Moulds

Dear Mr. Moulds:-

I am addressing this letter to you in my capacity as consulting engineer for Leadville Lead Corporation and as the author of Exhibit No. 1 to Form MF-100 and MF-103 in connection with Leadville Lead Company's application for an exploration loan of $51,000, to cover 500 ft. of tunnel driving and 6720 ft. of diamond drilling. Leadville Lead Corporation has been assigned the above docket number.

I have been advised by Mr. Benjamin L. Wright, Jr., secretary of Leadville Lead Corporation that he received verbally from you by telephone from Washington, D. C., information that our application had been favorably considered with respect to 3680 ft. of diamond drilling, namely, 3 holes on Section A-A', 1 hole on Section B-B', 2 holes on C-C', 4 holes on E-E', and four holes on D-D', as shown on plate 2 attached to and forming a part of the above Exhibit 1; that $4000 for geological work had been approved, as well as $2000 for supervisory and clerical work; that the Commodities Division of the Defense Minerals Administration turned down our application with respect to the tunnel driving because it was of the opinion that the tunnel was not in a good horizon for exploration.

Leadville Lead Corporation has so far not received any written confirmation of matters discussed in above mentioned telephone conversation for its files, nor can we obtain any additional information from Mr. J. H. East, Jr., Executive Officer, DMA Field Team, Region IV, because the case has not as yet been assigned to his office. However, we have received a letter from Mr. East, dated Denver, Colorado, August 1, 1951, asking for certain additional information. I enclose copy of this letter herewith on which I have numbered the paragraphs, 1 to 7, for easier reference. I briefly wish to discuss these paragraphs as follows:

NOV 13 1 45 PM '51
DEFENSE MINERALS ADMINISTRATION WASHINGTON, D.C.

Paragraph 1. As we asked for a loan to cover 50% of the cost of drilling 6720 ft. of diamond drill holes, I am at a loss to know which 3680 ft. of the 6720 ft. have been approved. Let me refer to Plate 2 of Exhibit 1. The three holes on Section A-A' have been approved; so has the one hole on Section B-B'; three holes are shown on Section C-C' and two have been approved, but I do not know which two holes have been approved.

COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
Bureau of Mines

224 New Customhouse
Denver 2, Colorado

August 31, 1951

Leadville Lead Corporation
500 Ernest & Cramner Building
Denver 2, Colorado

Re: DMA Docket 1463X

Gentlemen:

Our Washington office has requested us to obtain the following information:

1. Information as to the availability of diamond drilling contractor and cost estimate for 3,680 feet of drilling at locations presented by operator.

2. Information as to time required to start and complete the project after receipt of contract.

3. Landlord's subordination from Big Chief Mining Company for "Cato", "Last Chance", "Hilda" and "Addie" Lode Mining Claims.

4. Subordination from F. Vannatter on sub-lease on "Last Chance" Lode.

5. Landlord's subordination on "Rat" Lode Mining Claim from Robert J. Allison estate.

6. Subordination from parties concerned in 48/100 outstanding undivided interest in "Badger Boy" Lode Mining Claim.

7. Six copies of project map included with application and designated "Plate 2".

Some of this information was requested by Mr. Allsman last week, but due to a later request from Washington, we are asking for additional information, and upon receipt of the same we can complete the processing of your application.

Yours very truly,

s/ J. H. East Jr.
J. H. East, Jr.
Executive Officer
DMA Field Team, Region IV

7 holes are shown on Section D-D' and 4 of them have been approved, but which ones? The same holds true for Section E-E' which also shows 7 holes, 4 of which have been approved. As the holes on each section on Plate 2 are numbered, can you clear me up as to what holes have been approved on sections C-C', D-D', and E-E', and which holes have been rejected and why they have been rejected? The program as outlined in Exhibit 1 is of course tentative, as results obtained in some holes might not make the drilling of other holes necessary so that the detailed program may change somewhat as drilling goes on.

As information regarding the part approval of our loan application was received too late in the year to plan a drilling campaign all of which will be above 12,000 feet a.s.l. in elevation, it will be impossible to carry on this part of the program during the remainder of 1951. However, plans will be made now to do preliminary work as early as possible in the spring of 1952 and to ready the sites, which includes removing ice from the Cato crosscut and some ice from the Hilda workings. (See Plates 1 and 2 of Exhibit 1.) Drilling will probably be done under contract by Joy Manufacturing Company (Sullivan) through their Denver office or by Boyles Bros. Drilling Co. of Salt Lake City. As stated in the first paragraph on page 21 of Exhibit 1, the cost of diamond drilling is made up of costs per foot to contractor, plus costs not covered by contract price, such as water lines, readying, locations, furnishing core boxes and transporting cores, sampling of cores, etc. As no diamond drilling of consequence has been done on the property and no figures are therefor available, a rough estimate has to be made and comparisons made with work done under similar conditions at similar altitudes, for which reason the diamond drilling work conducted by the U. S. Bureau of Mines at Ross Basin in the San Juan Mountains of Colorado was cited in Exhibit 1. I believe that either Joy Manufacturing Co. or Boyles Brothers will be available to do the diamond drilling. I shall certainly endeavor to furnish you additional information on this point within the near future. However, I must also know what holes on Sections C-C', D-D' and E-E' have been approved by the DMA, for the cost of drilling will partially depend on the depths of holes and kind of formations to be drilled through during the drilling campaign.

Paragraph 2. The time required to start and complete the project after receipt of the contract is principally dependent on weather conditions. Preliminary work, such as readying diamond drill sites, will be undertaken as soon as weather conditions permit in the spring of 1952. Contracts to cover the actual drilling can be entered into before that time, so that the entire season of 1952 can be used for diamond drilling. The probable length of the season, taking into consideration that some of the drilling will be done from underground workings, will probably be from the end of May to the end of December, during which time, with two drills employed, it should be possible to carry out the entire drilling program of 6720 ft. However, I shall gladly endeavor to furnish you with additional information as soon as I have discussed the contemplated program with the drilling contractors.

Paragraphs 3 to 6 incl. The data required in these paragraphs have been furnished to Mr. J. H. East, Jr., Executive Officer DMA Field Team, Region IV, by Mr. Benjamin L. Wright. We will be glad to hear from you whether your requests have been fully met in connection with these matters.

Dauntless Tunnel Drive. The turning down of the tunnel drive and the reason therefor, namely, that it is thought the tunnel is not in a good

horizon for exploration, leaves me somewhat dumbfounded and I beg to ask you for further explanation on this point. As the tunnel is advanced, its face will not remain in the same horizon, but will cross through four possible productive horizons, namely, the Blue Lime, White Lime, Peerless Shale and Sawatch quartzite. Its course will cross not one, but a number of fissures in these horizons all of which have produced ores in commercial quantities in Colorado. At about 1200 feet from its face, as of October, 1949, as shown on Plate 1 of Exhibit 1, the tunnel should penetrate the interception of the principal ore bearing fissure, namely the Hilltop-Last Chance-Hilda fissure, with the Peerless shale horizon in the sedimentary series. That the exploration of these horizons under conditions existing in the Leadville district and in the Mosquito Range region of which our properties form a part is warranted, is unquestioned by United States Geological Survey geologists and United States Bureau of Mines Engineers familiar with the district. Behre and Singewald point out that the Hilltop-Last Chance region lies within the paths of several major faults, such as the Dyer and South Dyer, extending from the Iowa Gulch region of Leadville southeastward. We are therefore at a loss to understand why the tunnel is not in a good horizon for exploration and would like to argue this point further with consultants for the Defense Minerals Administration with a view to appealing this decision so that our application can be amended to include the driving of the Dauntless tunnel.

In spite of what I hope is a temporary denial of our application for a participating loan to drive the Dauntless tunnel, Leadville Lead Corporation has proceeded with its plans as outlined in Exhibit 1. The road to the Dauntless tunnel was cleared of snow, rocks and debris and surface buildings at the tunnel portal have been put in shape. Two compressors were moved down from the Butler Open Cut and Vannater shaft, the Diesel powered electric generator as well as mine ventilating fan were repaired and some $12,000 worth of equipment, including 12 30-cu.ft. side dumping mine cars, jumbo, rails, ties, electric battery mine lamps, drill steel, two compressed air locomotives, switches, air saw chain timber hog, track spikes, etc. have been purchased from the Pennsylvania Project near Alma and elsewhere. In other words, the property is now fully equipped to advance the Dauntless tunnel and in fact has completed 200 feet of new tunnel drive, 9 ft. high by 8 ft. wide, since starting operations under contract on September 7, 1951. A contract for the first 500 ft. has been let at a price of $35. per foot, the contractor furnishing labor, powder, fuse, caps and steel while the company is furnishing the necessary mining equipment. We hope to continue the work without interruption throughout the winter as our caterpillar bulldozer is at the mine, ready to keep the road open to Leavick, where the road to the tunnel joins the county road from Fairplay to Leavick. Negotiations are now under way to deed the right of way from Leavick to the Dauntless tunnel, a distance of about 2 miles, to Park County and to have the County assist in keeping the road open throughout the winter. A Dodge power wagon owned by Leadville Lead Corporation is being used to move food and light supplies from Fairplay to the mine and four wheel powered larger trucks are available to move heavier equipment if necessary. Pipe and rails to advance the tunnel the full 1200 feet as originally anticipated are at the mine and paid for and the necessary additional ventilation pipe has been contracted for, for delivery by the end of November.

The elevation at the portal of the Dauntless tunnel is 12297 ft. a.s.l.. while elevations at the drilling sites range from 12530 ft. to 12780 ft. a.s.l.

Apart from its exploratory value in itself, advancing the Dauntless tunnel to its intersection with the Hilltop-Last Chance-Hilda fissure will therefore also offer many drilling sites along its course for testing the lower formations with shorter holes, independent of weather conditions, closer to water supply, at a lower elevation and away from frozen ground. An automatic water pressure system purchased from the Pennsylvania Project and now in use in the Dauntless tunnel to furnish water under pressure to the drills at the heading, could also be made use of to furnish water for diamond drilling from the tunnel.

I thank you for an early reply to this letter and advising us as to what part of our diamond drilling program has been approved and why the driving of the Dauntless tunnel really has been turned down. Please accept my assurance that it will be our aim to cooperate fully with the Defense Minerals Administration in its endeavor to explore for and further the obtaining of minerals so badly needed in our present and very probably future emergency.

Very truly yours,

Harald W. C. Prommel

Harald W. C. Prommel
Consulting Geologist and Mining Engineer

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

DEPARTMENT OF THE INTERIOR
RECEIVED
NOV 9 1951
Defense Minerals Administration,
Production Expansion Division.

224 New Customhouse
Denver 2, Colorado

November 6, 1951

Memorandum

To: C. O. Mittendorf, Director, Production Expansion Division, Defense Minerals Administration

From: Executive Officer, DMA Field Team, Region IV

Subject: DMA Docket 1463 - Leadville Lead Corporation, Horseshoe Mining District, Park County, Colo.

We have been advised by Mr. Ben Wright, Secretary, Leadville Lead Corporation that the company has terminated the lease formerly held by F. Vannatter to the Last Chance Lode Mining Claim. A copy of the letter is attached for your information.

The other information requested by you for the completion of the contract is being assembled by the company. This information will be forwarded on to you when it is received by us.

J. H. East, Jr.
J. H. East, Jr.
Executive Officer
DMA Field Team, Region IV

Enclosure

DEFENSE MINERALS
ADMINISTRATION
WASHINGTON, D. C.
NOV 9 9 05 AM '51

BENJAMIN L. WRIGHT, JR.
Attorney At Law
718 Symes Building
Denver, Colorado

October 22, 1951

Mr. J. H. East, Jr.
Executive Officer
DMA Field Team, Region IV
224 New Customhouse
Denver, Colorado

Re: DMA Docket 1463X

Dear Sir:

Leadville Lead Corporation has terminated the lease formerly held by F. Vannatter to the Last Chance Lode Mining Claim.

Vannatter has made arrangements for the removal of his machinery from said claim, therefore, no subordination agreement should be necessary.

At the present time the advance of the Dauntless Tunnel is continuing. Approximately 120 feet of tunnel had been driven as of a week ago. Most of this drive had been in porphory.

Yours very truly,

LEADVILLE LEAD CORPORATION

BY: s/ Ben Wright
Secretary

BLWJ:rd

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

DEFENSE MINERALS ADMINISTRATION
WASHINGTON, D. C.
OCT 1 10 35 AM '51

DEPARTMENT OF THE INTERIOR
RECEIVED
OCT 1 1951
Defense Minerals Administration,
Production Expansion Division.

224 New Customhouse
Denver 2, Colorado

September 26, 1951

Memorandum

To: C. O. Mittendorf, Director, Production Expansion Division
Defense Minerals Administration

From: Executive Officer, DMA Field Team, Region IV

Subject: DMA Docket 1463X, Leadville Lead Corporation, Horseshoe Mining District, Park County, Colorado

The information requested recently by telephone is being prepared by the Consulting Engineer of the company and we expect it to be submitted to this office for transmittal to you in the near future.

J. H. East, Jr.

J. H. East, Jr.

OFFICIAL FILE COPY

To	Init.	Date
for	G. E. C.	10-1
210		

FILE COPY
SURNAME:
140

Johnson
Mentch (for Mote)
McKnight
Lyon
Hofflund
Schroeder

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

AUG 30 1951

Rewritten

Hon. Edwin C. Johnson
Hon. Eugene D. Millikin
United States Senate
Washington 25, D. C.

My dear Senators Johnson and Millikin:

Reference is made to your letter dated August 24 to Mr. Gunnard Johnson, Lead-Zinc Branch, Defense Minerals Administration, relating to DMA-1463X, Leadville Lead Corporation.

Enclosed is a copy of a letter of this date from the General Counsel of the Defense Minerals Administration to Mr. Benjamin L. Wright, Jr., of the Leadville Lead Corporation, which I believe will satisfactorily serve his purposes and which will be self-explanatory.

Should this action fail to satisfy the requirements of the situation please advise me further.

Mr. Wright's letter is returned herewith.

Sincerely yours,

J. C. SCHROEDER

Acting Administrator

8/31

Enclosures 2

JLHofflund/bjl/ema
Written 8/29/51

Copy to: Administrator's Reading File
J. L. Hofflund
Gunnard E. Johnson
C. O. Mittendorf
Chron.
Reports & Records

UNITED STATES SENATE

August 24, 1951

Mr. Dunnard Johnson
Lead-Zinc Branch
Defense Minerals Administration
New Interior Building - Room 3618
19th and "E" Street, N. W.
Washington 25, D. C.

Dear Mr. Johnson:

Pursuant to our telephone conversation re the Leadville Lead Corporation, L.M.A. 1463X, we are herewith transmitting letter concerning Form MF 202, Landlord's Subordination Agreement for your study.

When you have made a study of same, we will greatly appreciate receiving a copy of your report, together with the return of the enclosed letter for our files.

Sincerely,

/s/ Ed. C. Johnson, U. S. S.

/s/ Eugene D. Millikin, U. S. S.

Enclosure

BENJAMIN L. WRIGHT, JR.
Denver, Colorado

August 21, 1951

Senator Edwin C. Johnson
Senate Office Building
Washington, D. C.

Re: DMA 1463X

Dear Senator:

After your very kind inquiry in our behalf, Leadville Lead Corporation received a letter informing them that it would be necessary for it to obtain signatures on Form MF 202, the Landlord's Subordination Agreement, before further consideration of our application would be made.

Anticipating that the 202 would be required, I had obtained a promise from one of the lessors that was expected to be obstinate about signing. Another had always cooperated and the cooperation was assured in this matter. Unfortunately when I presented the Form 202 to them, they refused to sign because of imagined possible obligations and detriment to themselves.

On August 10th a letter was sent to the Defense Minerals Administration requesting an explanation of the intention of the Act. I believe that as soon as this letter is obtained we will be able to obtain the other Subordination Agreement.

The principal reasons given for their refusal to sign the Form 202 is that it might obligate them to repay the amount of the loan and actually enter mining operations. They also feel that there is a lien upon the property which could be foreclosed by the United States Government.

I have explained to them that there is no obligation whatsoever upon the lessors to perform any labor in the event we complete the program set forth in our loan application, and that the lien extends only to ore that is actually discovered and mined and that it cannot be foreclosed. I have explained that the only obligation upon them is that if they work the property themselves or lease it to another party within ten years from the date of the contract, they or their lessees will be required to make repayment up to 5% of the net mill or smelter value of ore produced from a discovery resulting from the exploratory program for which a loan has been obtained under the Act.

C
O
P
Y

They do not accept my interpretation but would accept such an interpretation if it came from the General Counsel of D.M.A. or any other governmental officer connected with the D.M.A. Leadville Lead Corporation will greatly appreciate any assistance you can give us in speeding up the sending of such a letter.

With best personal regards and again many thanks for your assistance.

Yours very truly,

LEADVILLE LEAD CORPORATION

By /s/ Ben L. Wright, Jr.
Ben L. Wright, Jr.
Secretary

BLW:PR

FILE COPY
SURNAME:
140

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

August 29, 1951

Mr. Benjamin L. Wright, Jr.
Attorney at Law
718 Symes Building
Denver, Colorado

My dear Mr. Wright:

Reference is made to your letter of August 21 to Senator Edwin C. Johnson concerning the requirement of a Landlord's Subordination Agreement in connection with DMA-1463X, Leadville Lead Corporation. Your letter was forwarded by Senators Johnson and Millikin under date of August 24 to Mr. Gunnard Johnson, Lead-Zinc Branch, Defense Minerals Administration. In your letter you indicate that an interpretation of the exploration project contract and of the Landlord's Subordination Agreement by the General Counsel of the Defense Minerals Administration would be sufficient to enable you to procure the required subordination agreement.

The only obligation upon anybody to repay to the Government its contribution under an exploration project contract is as follows:

> ". . . if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first . . . This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development."

It follows, that if no discovery or development results from the operations, or even if such discovery or development does result but no production is made therefrom within ten years, no payments will be made to the Government by anybody. It also follows, that there is no personal obligation on anybody to repay the Government except ". . . a percentage royalty on the net smelter

returns or other net proceeds" realized from such production. This percentage royalty is fixed at from 1½ percent of the net smelter returns to 5 percent of the net smelter returns depending upon the amount of the net smelter returns per ton of ore.

The operator under the exploration project contract undertakes to make these payments. The landlord, under the Landlord's Subordination Agreement undertakes to make the same payments to the extent that they are not made by the lessee-operator, in the event that the "leasehold interest should be surrendered or if said lease should terminate at any time prior to the expiration of the rights of the United States of America under said Exploration Project Contract."

In brief, the obligation of the operator is limited to payments from commercial production from a discovery or development that has resulted from the work, and the landlord's obligation, if any should arise under the subordination agreement, is necessarily likewise so limited.

I trust that this will answer your purposes. If you still have difficulty in procuring the Landlord's Subordination Agreement, please advise and I shall try to assist you further.

Sincerely yours,

J. L. Hofflund

J. L. Hofflund
General Counsel

JLHofflund/bjl

Copy to: Administrator's Reading File
Sen. Johnson
Sen. Millikin
J. L. Hofflund
Gunnard E. Johnson
C. O. Mittendorf
Chron.
~~File~~ Reports & Records

350

FILE COPY
SURNAME:

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

AUG 28 1951

G.E.C.

Johnson
Mentch
(for Mote)
McKnight

Memorandum

To: J. L. Mofflund, General Counsel

From: Gunnard Johnson, Acting Chief, Lead-Zinc Branch

Subject: DMA 1463X
Leadville Lead Corporation

The attached copies of correspondence from Senator Edwin C. Johnson and Senator Eugene D. Millikin with Mr. Ben L. Wright of Denver, Colorado are referred to your office for your consideration and assistance.

A letter from Mr. Wright suggests that an interpretation from the General Counsel of the Defense Minerals Administration or any other Governmental officer connected with Defense Minerals Administration would be of assistance to them in obtaining a Landlord's Subordination Agreement. Will you kindly prepare information which can be forwarded to the applicant to assist him in his efforts.

G. E. Johnson,
G. E. Johnson, Acting Chief
Lead-Zinc Branch

J.F. 8/28

Attachments

GEJOHNSON: jb
8/27/51

cc: Administrator
Reports & Records
Mote
McKnight
Billings
DMA Docket File

APPROVED:

Tom Lyon, Director
Supply Division

400

FILE COPY
SURNAME:

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

AIR MAIL

AUG 28 1951

Mr. J. H. East, Jr.
Executive Officer, Region IV
Defense Minerals Administration
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMA-1463X, Lead-Zinc
Leadville Lead Corporation

Dear Mr. East:

Tentative approval has been given for geological study, 3,680 feet of diamond drilling and necessary supervising and clerical expense to a maximum amount of $33,400 in which the Government will participate to 50%.

To complete the contract the following information and documents are required; as per telephone conversation of August 23rd:

Information as to the availability of diamond drilling contractor and cost estimate for 3,680 feet of drilling at locations presented by operator.

Information as to time required to start and complete the project after receipt of contract.

Landlord's subordination from Big Chief Mining Company for "Cato", "Last Chance", "Wilda" and "Addie" Lode Mining Claims.

Subordination from F. Vanpatter on sub-lease on "Last Chance" Lode.

Landlord's subordination on "Bet" Lode Mining Claim from Robert J. Allison estate.

Subordination from parties concerned in 28/100 outstanding undivided interest in "Badger Boy" Lode Mining Claim.

Six copies of project map included with application and designated "Plate 2".

Receipt of the above information; subordination agreements and maps will permit processing of the contract.

DEMoulds/jem 8-23-51

cc to: Adm. Reading File Moulds
Reports & Records Docket
Messrs: Mittendorf-Olund
Billings
Mote
McKnight
Field Team, Reg. IV

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

WALTER F. GEORGE, GA., CHAIRMAN
[illegible] CONNALLY, TEX.
HARRY FLOOD BYRD, VA.
EDWIN C. JOHNSON, COLO.
CLYDE R. HOEY, N. C.
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EUGENE D. MILLIKIN, COLO.
ROBERT A. TAFT, OHIO
HUGH BUTLER, NEBR.
OWEN BREWSTER, MAINE
EDWARD MARTIN, PA.
JOHN J. WILLIAMS, DEL.
ELIZABETH B. SPRINGER, CHIEF CLERK

United States Senate

COMMITTEE ON FINANCE

August 24, 1951

Mr. Gunnard Johnson
Lead-Zinc Branch
Defense Minerals Administration
New Interior Building - Room 3618
19th and "E" Street, N. W.
Washington 25, D. C.

Dear Mr. Johnson:

Pursuant to our telephone conversation re the Leadville Lead Corporation, D.M.A. 1463X, we are herewith transmitting letter concerning Form MF202, Landlord's Subordination Agreement for your study.

When you have made a study of same, we will greatly appreciate receiving a copy of your report, together with the return of the enclosed letter for our files.

Sincerely,

Ed C. Johnson, U. S. S.

Eugene D. Millikin, U.S. S.

Enclosure

350

DEPARTMENT OF THE INTERIOR
RECEIVED
AUG 2 8 1951
Defense Minerals Administration,
Production Expansion Division.

BENJAMIN L. WRIGHT, JR.
ATTORNEY AT LAW
718 SYMES BUILDING
DENVER, COLORADO
ACOMA 2521

August 21, 1951

Defense Minerals Administration
Production Expansion Division
Interior Building
Washington, D. C.

Re: DMA 1463X

Attention: T. B. Billings, Chief of Lead-Zinc Division

Gentlemen:

This will acknowledge receipt of your letter of July 31, 1951.

Enclosed herewith please find six copies of MF 202 which have been signed by Alfred S. Lewerenz as Trustee for the heirs of Robert J. Allison, Deceased. This covers the property which will be worked upon first under our exploratory program. We are ready to drive the tunnel into this property.

The Subordination Agreement from the Big Chief Mining Company has not yet been made available to me. Their present reason is that they fear that if we do not complete the exploratory program, they will be required to do so.

The other Subordination Agreements will be sent to you as soon as I am able to obtain them.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 23 1951

Yours very truly,

Leadville Lead Corporation

By Ben L. Wright, Jr.
Ben L. Wright, Jr.
Secretary

BLW:PR

AUG 23 1951

McKnight
~~6/5/51~~ 8/21/51
Billings
ollery
(for MOTB)

Defense Minerals Administration

Review of Application for Exploration Assistance

Docket No. 1463X

Commodity Lead-zinc

Total Amount $102,000 (to be approved for $33,400)

Govt. Participation 50% to be approved for $16,700

1. Name and Address of Applicant Leadville Lead Corporation

500 Ernest and Cramner Building, Denver 2, Colorado

2. Location of Property Hilltop Mine and surrounding area, Horseshoe Mining District, Park County, Colorado (49 miles west of Buena Vista)

3. Mineral or metal Lead-zinc Is it listed in Section 9 of MO-5?

If not, application will be rejected.

4. Geologic probability of discovery—based on data in application (question #16, 17, 18, 20 and 22)*

Mines or Survey reports, etc., do you rate chances:

a) Good In part - see attached explanation

b) Poor

c) None

d) Don't know—needs field examination

e) Is there an alternative and favorable project? See attached
(If so, attach an explanation)

5. Is the applicant's right to the property clearly stated? Yes
(question 5, 6, 7)*

6. If applicant is a lessee, is a copy of the lease attached? Yes

Does the lease have sufficient time to run to cover a future productive period? Yes

*question numbers are those of MF-103

4. (a) The oldest rocks of the Hilltop area are pre-Cambrian crystallines which are overlain by a sequence of sedimentary Paleozoic rocks as follows: Sawatch quartzite (Cambrian), Peerless shale (Upper Cambrian), Manitou limestone (Ordovician), Parting quartzite (Devonian), Dyer dolomite (Devonian), Leadville dolomite (Mississippian), and the Weber formation (Pennsylvanian). The Dyer and the Leadville cannot be distinguished in this area and are termed the "Blue limestone", the local name used by miners. The Manitous locally is termed the "White limestone" . The Weber formation is siliceous in this district.

Intrusive rocks of Cretaceous or Early Tertiary age include a number of porphyries. The oldest is the White porphyry and here forms sills in the Weber formation. Another prophyry occurring at the Hilltop Mine is the Gray, forming a major dike along the Lind fault.

A number of faults cut these rocks, most of them with horizontal displacement. The chief structures associated with ore bodies are the Hilltop and Lind faults, which intersect at the north end of the principal ore bodies. Some lesser fissures carry smaller amounts of sulfides.

Sulfides in the deposits include argentiferous galena and chalcopyrite and sphalerite, and the principal carbonate is smithsonite. The larger ore shoots consist of a central mass of galena, small quantities of sphalerite, and minor chalcopyrite, sheathed by a thick envelope of smithsonite (Behre, U.S.G.S. unpublished Prof. Paper.). Ore occurs in flat-dipping pipes and in small veins.

The major ore bodies, now mined out, consisted of three large pipes, the Hilltop-Last Chance, the Lind, and the Stewart. The Hilltop-Last Chance was more than 1,400 feet long, and cylindrical in cross-section with a diameter of about 70 feet. Its lateral continatuion southward was limited by intersection with the surface and northward by the intersection of the Hilltop and Lind faults. The Lind and Stewart pipes were smaller, lying on both sides of the dike of Gray porphyry along the Lind fault; Behre surmises that their southern extent was limited by weakening of mineralizing solutions in that direction, and the northern extent was limited by the Hilltop-Lind fault intersection. All are at the top of the"Blue limestone", just below the siliceous Weber formation and included sills of the White prophyry. Mineralization in fissures is minor.

Behre states that the principal factors controlling location and extent of mineralization are: distance from magma furnishing solutions, host rock, and effect of fissures and impermeable beds. This area is at the periphery of the Leadville district and large quantities of ore are comparatively scarce. Sedimentary carbonate rocks throughout the

and quartzite; owing to the lack of ore deposits in such clastic rocks in this district, this hole is not recommended.

Total footage: 620 feet for holes C-1 and C-2.

D-1 through D-7: approved in part. The southern extension of the Hilltop-Last Chance structure is to be explored by holes D-1, D-2, D-3; of these only the first two, which contemplate reaching the structure in "Blue limestone" and "White limestone" are approved and the last hole, D-3, is rejected on the same grounds as listed above for C-3. The remaining holes contemplate exploration of a minor showing of ore west of the Hilltop-Last Chance body exposed at the south end of the workings. Of the proposed holes, only D-4, and D-5 are approved; deeper drilling on the small structure is not justified at present.

Total footage: 980 feet for holes D-1, D-2, D-4, and D-5.

E-1 through E-7: approved in part. The same structures are to be explored in this group of holes as in the D-group. The same holes heading into the same stratigraphic levels are herewith approved.

Total footage: 630 feet for holes E-1, E-2, E-4, and E-5.

Grand total footage approved: 3,680 feet. The applicant states that average cost per foot will be $7.44. The total cost of drilling will then be $27,400.00.

The last item proposed by the applicant is that geological work be done in conjunction with this program for which the sum of $4,000 is requested. This is herewith approved.

A. J. Bodenlos
Geologist

Is this part a worthwhile exploration project?_____

d) Are the cost estimates detailed? No

Can they be summarized, as on page 2 of Procedural Instruction 5-A, from the available data? Yes If so, attach a draft.

e) Are the cost estimates reasonable? Yes

f) Should more information be requested from applicant? No

g) Is a field examination necessary to complete Exhibit A? No

11. Exhibit B (question 23-d)*

a) Is it applicable? No

b) If so, are sufficient data furnished?_____ If so, attach a draft.

c) Is a field check needed?_____

12. Exhibit C (question 23-e, f and g)*

a) Is it applicable? Not applicable under plan as proposed herein.

b) Sufficient data?_____ If so, attach a draft.

c) Are rents and charges reasonable?_____

d) Is a field check needed?_____

13. Exhibit D (question 23-a, b)*

a) Are there sufficient data? No. see proposal in attached draft.

b) Is the schedule adequate for the work proposed?_____

c) Is the schedule excessive for the work proposed?_____

d) Are the proposed wages and salaries reasonable?_____

e) Is a field check needed? No

10. (d) The details of proposed geologic field work and mapping cannot be laid out in advance but must be laid out as this work proceeds. Consequently, detailed cost estimate for such work cannot be given.

The estimate of cost for drilling is as follows, and the work should be done by a well established experienced diamond-drill contractor. Applicant's estimate of $7.44 as the average total cost per foot of hole, including water, supply and other incidentals, is believed to be adequate.

Hole No.	Depth, feet		
A-1	400		
A-2	400		
A-3	400		
B-1	250		
C-1	250		
C-2	370		
D-1	140		
D-2	270		
D-4	270		
D-5	300		
E-1	170		
E-2	290		
E-4	50		
E-5	120		
Total	3680	at $7.44/ft.	$27,379.20

13. Even though the proposed work should be done on a contract basis, an allowance should be made for supervision and clerical expense of the applicant. Since the open season for work at the high elevation of the property is rather short, the contract drilling work should be so planned for more than one crew; the whole project can be accomplished in about four months.

Allowance for supervision and clerical expense should be on a minimum basis of $400 per month for five months at a total cost of $2000.00.

4. (a) The oldest rocks of the Hilltop area are pre-Cambrian crystallines which are overlain by a sequence of sedimentary Paleozoic rocks as follows: Sawatch quartzite (Cambrian), Peerless shale (Upper Cambrian), Manitou limestone (Ordovician), Parting quartzite (Devonian), Dyer dolomite (Devonian), Leadville dolomite (Mississippian), and the Weber formation (Pennsylvanian). The Dyer and the Leadville cannot be distinguished in this area and are termed the "Blue Limestone", the local name used by miners. The Manitous locally is termed the "White limestone" . The Weber formation is siliceous in this district.

Intrusive rocks of Cretaceous or Early Tertiary age include a number of porphyries. The oldest is the White porphyry and here forms sills in the Weber formation. Another prophyry occurring at the Hilltop Mine is the Gray, forming a major dike along the Lind fault.

A number of faults cut these rocks, most of them with horizontal displacement. The chief structures associated with ore bodies are the Hilltop and Lind faults, which intersect at the north end of the principal ore bodies. Some lesser fissures carry smaller amounts of sulfides.

Sulfides in the deposits include argentiferous galena and chalcopyrite and sphalerite, and the principal carbonate is smithsonite. The larger ore shoots consist of a central mass of galena, small quantities of sphalerite, and minor chalcopyrite, sheathed by a thick envelope of smithsonite (Behre, U.S.G.S. unpublished Prof. Paper.). Ore occurs in flat-dipping pipes and in small veins.

The major ore bodies, now mined out, consisted of three large pipes, the Hilltop-Last Chance, the Lind, and the Stewart. The Hilltop-Last Chance was more than 1,400 feet long, and cylindrical in cross-section with a diameter of about 70 feet. Its lateral continatuion southward was limited by intersection with the surface and northward by the intersection of the Hilltop and Lind faults. The Lind and Stewart pipes were smaller, lying on both sides of the dike of Gray porphyry along the Lind fault; Behre surmises that their southern extent was limited by weakening of mineralizing solutions in that direction, and the northern extent was limited by the Hilltop-Lind fault intersection. All are at the top of the"Blue limestone", just below the siliceous Weber formation and included sills of the White prophyry. Mineralization in fissures is minor.

Behre states that the principal factors controlling location and extent of mineralization are: distance from magma furnishing solutions, host rock, and effect of fissures and impermeable beds. This area is at the periphery of the Leadville district and large quantities of ore are comparatively scarce. Sedimentary carbonate rocks throughout the

district are the major sites of mineralization and clastic rocks rarely carry ore. Of the carbonate rocks the upper Leadville dolomite is the most favored host rock and only in the heart of the Leadville district is the Manitou dolomite (or White limestone) mineralized to any extent. Behre states that appreciable mineralization at the periphry of the district is limited almost entirely to the upper part of the Leadville. Ore-bearing solutions moved through fissures and deposited sulfides where the carbonate rock reacted with the acidic solutions. The larger replacements occur where the solutions were ponded by overlying impervious beds; this is clearly shown by the location of the Hilltop pipes just under the Weber siliceous beds and the White porphyry.

From this analysis it can be seen that the geologic probability of developing major ore bodies below the present pipes is comparatively poor. It is possible that some of the fissure deposits in the area carry ore at depth.

4. (e) The applicant proposes to explore beneath the pipes and along fissures below the present workings by means of drifting and diamond drilling. Inasmuch as any advance of the Dauntless tunnel will bring the workings into the Parting quartzite and thereafter into the unfavorable Manitou dolomite, Peerless shale and Sawatch quartzite, this part of the proposal is herewith rejected.

The applicant's proposal to drill at depth is herewith approved in part, as follows:

A-1, A-2, and A-3: approved in total. All holes will be in the "Blue limestone" and will explore ore possibilities along small fissure veins flanking a Gray porphyry dike which may be a continuation of the dike at the Lind and Stewart bodies.

Total footage: 1,200 feet.

B-1: approved in total. Exploration at depth is contemplated to see if any possible extension of ore from the Lind pipe can be found.

Total footage: 250 feet.

C-1, C-2, and C-3: approved in part. Exploration will attempt to see if any southern extension of the Hilltop-Last Chance bodies exist. Inasmuch as the main pipe comes to the surface north of the drillsite, the possibilities are slim. Nevertheless, holes C-1 will explore in the "Blue limestone" and hole in C-2 in the "White limestone". These are approved. The third hole is planned to cut the structure in shale and

and quartzite; owing to the lack of ore deposits in such clastic rocks in this district, this hole is not recommended.

Total footage: 620 feet for holes C-1 and C-2.

D-1 through D-7: approved in part. The southern extension of the Hilltop-Last Chance structure is to be explored by holes D-1, D-2, D-3; of these only the first two, which contemplate reaching the structure in "Blue limestone" and "White limestone" are approved and the last hole, D-3, is rejected on the same grounds as listed above for C-3. The remaining holes contemplate exploration of a minor showing of ore west of the Hilltop-Last Chance body exposed at the south end of the workings. Of the proposed holes, only D-4, and D-5 are approved; deeper drilling on the small structure is not justified at present.

Total footage: 980 feet for holes D-1, D-2, D-4, and D-5.

E-1 through E-7: approved in part. The same structures are to be explored in this group of holes as in the D-group. The same holes heading into the same stratigraphic levels are herewith approved.

Total footage: 630 feet for holes E-1, E-2, E-4, and E-5.

Grand total footage approved: 3,680 feet. The applicant states that average cost per foot will be $7.44. The total cost of drilling will then be $27,400.00.

The last item proposed by the applicant is that geological work be done in conjunction with this program for which the sum of $4,000 is requested. This is herewith approved.

A. J. Bodenlos
Geologist

7. Are subordination agreements necessary? Yes

a) MF-201? _____

b) MF-202 Mailed to applicant

8. From the data presented, does the proposed project appear feasible from the point of view of:

a) Available manpower Yes

b) Equipment and supplies Yes
(Question 14 plus general knowledge of availability)*

c) Accessibility (question 12)* Yes

d) Water (question 13)* Yes

e) Power (question 13)* Yes, see Form MF-100

Is a field check needed on any of these points? No

9. Does the experience of the applicant appear to be adequate to assure that he can properly conduct the proposed project? (question 4)* Yes

Is a field check needed on this point? No

10. Exhibit A. (questions 21 and 22)*

a) Is the project adequately described? Yes

If not, are there sufficient data given so that you can describe the project? _____ If so, attach a draft.

b) Is there an adequate map or sketch of the proposed work? Yes

c) Is the proposed work "exploration" under the definition of Section 8, MO-5? Yes

If not, what part of it is? _____

Is this part a worthwhile exploration project?_____

d) Are the cost estimates detailed? No

Can they be summarized, as on page 2 of Procedural Instruction 5-A, from the available data? Yes If so, attach a draft.

e) Are the cost estimates reasonable? Yes

f) Should more information be requested from applicant? No

g) Is a field examination necessary to complete Exhibit A? No

11. Exhibit B (question 23-d)*

a) Is it applicable? No

b) If so, are sufficient data furnished?_____ If so, attach a draft.

c) Is a field check needed?_____

12. Exhibit C (question 23-e, f and g)*

a) Is it applicable? Not applicable under plan as proposed herein.

b) Sufficient data?_____ If so, attach a draft.

c) Are rents and charges reasonable?_____

d) Is a field check needed?_____

13. Exhibit D (question 23-a, b)*

a) Are there sufficient data? No. see proposal in attached draft.

b) Is the schedule adequate for the work proposed?_____

c) Is the schedule excessive for the work proposed?_____

d) Are the proposed wages and salaries reasonable?_____

e) Is a field check needed? No

10. (d) The details of proposed geologic field work and mapping cannot be laid out in advance but must be laid out as this work proceeds. Consequently, detailed cost estimate for such work cannot be given.

The estimate of cost for drilling is as follows, and the work should be done by a well established experienced diamond-drill contractor. Applicant's estimate of $7.44 as the average total cost per foot of hole, including water, supply and other incidentals, is believed to be adequate.

Hole No.	Depth, feet		
A-1	400		
A-2	400		
A-3	400		
B-1	250		
C-1	250		
C-2	370		
D-1	140		
D-2	270		
D-4	270		
D-5	300		
E-1	170		
E-2	290		
E-4	50		
E-5	120		
Total	3680	at $7.44/ft.	$27,379.20

13. Even though the proposed work should be done on a contract basis, an allowance should be made for supervision and clerical expense of the applicant. Since the open season for work at the high elevation of the property is rather short, the contract drilling work should be so planned for more than one crew; the whole project can be accomplished in about four months.

Allowance for supervision and clerical expense should be on a minimum basis of $400 per month for five months at a total cost of $2000.00.

14. Exhibit E (question 23-c)*

a) Is it applicable? Not applicable

b) Sufficient data?

c) Reasonable?

d) Field check needed?

15. In your judgment, can the proposed work be done in the proposed time? Yes, four months

(All exploration must be completed within two years)

16. If field examination is not needed, attach your recommendation.

17. If field examination is needed, do you have any special instructions for the field team not indicated by your answers to the foregoing question?

Reviewed by: A. J. Bodenlos GS 6/22/51

Approved Sam Lyon

Date 7-30-51

INT.-DUP. SEC., WASH., D.C. 99009

16. It is herewith recommended that the exploration proposal be approved as follows:

Geological field work in the mine area as a guide for the drilling program.....	$ 4,000
Diamond drilling, 3,680 ft. at $7.44/ft, approx.....	27,400
Total approved.....	$31,400

A.J. Bodenlos

Addition of

Supervision and clerical expense, 5 months at $400/month.....	2,000
	$33,400

F. W. Hanson
Mining Engineer, DMA

Schedule Proposed for Exhibits to be Attached to Form MF-200, Exploration Project Contract.

EXHIBIT "A"

Time

5 months Geological field work in the mine area as a guide for the drilling program. This should start at least two weeks prior to actual drilling in order to furnish data as a guide to the drilling program.

Estimated Cost of Project

Geological field work.....	$ 4,000.00
Core drilling 3,680 ft at $7.44/ft.....	27,400.00
Supervision and clerical expense.....	2,000.00
	$ 33,400.00

EXHIBIT "B"

Fixtures and Improvements..... None

EXHIBIT "C"

Equipment..... None

EXHIBIT "D"

Supervision and clerical expense -
5 months at $400.00..... $ 2,000.00

EXHIBIT "E"

Rehabilitation and repairs..... None

FILE COPY
SURNAME: 140

Guthrie
Hoffmann
Liebert

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

August 20, 1951

R.E.C.

Leadville Lead Corporation
c/o Benjamin L. Wright, Jr.
Attorney At Law
718 Symes Building
Denver, Colorado

Gentlemen:

Reference is made to your inquiry of August 10, 1951 concerning the meaning of the third paragraph of the Landlord's Subordination Agreement, Form MF-202, used in connection with Exploration Project Contracts between this Administration and lessees of mining properties.

The paragraph in question obligates the landlord only as to the repayment provisions of the Exploration Project Contract and does that only in the event the lease is surrendered or terminated before the expiration of the rights of the United States under the Exploration Contract. The repayment provisions consist of:

1. The royalty requirement of Paragraph 15 (MF-200, June 1951). Royalties must be paid only if and as ore is produced as a result of a discovery or development made in the exploration.

2. The salvage value requirement of Paragraphs 6, 7, and 17. If any of the facilities or equipment purchased in part with Government funds have salvage value at the end of the project, the Government's pro rata share of the salvage value must be paid to the Government.

The paragraph imposes no further liability upon the landlord and in particular does not make him responsible in any way for the performance of the exploration work. The effect of the entire agreement is to place a lien upon the mineral deposits discovered in the exploration but only to the extent of the repayment provisions as specified above.

We hope that the foregoing opinion will be of assistance to you in completing the necessary arrangements to enter in the exploration contract covering your proposed project.

Sincerely yours,

J. L. Hofflund

JF 8/21

~~JGLiebert/ema~~
RRGuthrie/ema
Copy to: J.L.Hofflund
J.G.Liebert
R.R.Guthrie/Reports & Record Unit
Chron.

John G. Liebert, Acting for
J. L. Hofflund, General Counsel

FILE COPY
SURNAME:

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

Hanson (E TM)
McKnight
Billrodge
O'Leary
(for Mote)

July 31, 1951

Re: DMA-1463X

Horseshoe Mining District
Park County, Colorado

a.g.c

Leadville Lead Corporation
500 Ernest & Cramner Building
Denver 2, Colorado

Gentlemen:

Before the processing of your application for an exploration loan can be completed, it will be necessary that you obtain Landlord's Subordination Agreement, Form MF-202, signed by the owner of the property.

Seven copies of the required form are enclosed, six to be returned to Defense Minerals Administration, Production Expansion Division, Interior Building, Washington 25, D. C., and the seventh to be retained for your files.

Very truly yours,

JPB.

T. P. Billings, Chief
Lead-Zinc Branch

Enclosures 7
A.J. Bodendos:emp
G 7-31-51
Copies to: J. H. East, Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
R. H. Mote
Reports & Records
Directors r. file 4214 GSA
Br. r. file 4214 GSA
Files

FILE COPY 350
SURNAME:

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

Billings
O'Leary
(for Moe)
McKnight

July 19, 1951

DMA-1463X
Leadville Lead Corporation
Horseshoe Mining District
Park County, Colorado

Mr. Harald O. C. Frommel
731 Downing Street
Denver 9, Colorado

Dear Mr. Frommel:

Your letter of July 16 to Mr. Otto Herres has been received and referred to me. This is to advise that Mr. Herres is no longer connected with the Defense Minerals Administration and has returned to Utah.

In the matter of your application DMA-1463X, we have a great many applications to process and this is among the recent ones and will be given prompt and careful consideration. We here really have concern on account of the high elevation in Colorado and the short summers. So we plan to expedite this application as quickly as possible.

Very truly yours,

T. P. Billings, Chief
Lead-Zinc Branch

TPBILLINGS:ks

cc: Reports & Records
Moe
McKnight
Billings
Files

H. W. C. PROMMEL
CONSULTING GEOLOGIST AND MINING ENGINEER
731 SOUTH DOWNING STREET
DENVER 9, COLORADO

Mr. Herres

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 17 1951
LANDON F. STROBEL
Executive Secretary

July 14
1951

Mr. Otto Herres,
Chief, Lead-Zinc Branch,
U. S. Department of the Interior,
Defense Minerals Administration,
Washington 25, D. C.

In re: DMA - 1463 - X.

Dear Mr. Herres:-

On May 23 1951, Leadville Lead Corporation with offices at 500 E & C Building, Denver, Colorado filed an application for an exploration loan of $51,000 through the proper channels with the Defense Minerals Administration.

Receipt of above application was acknowledged under date of June 18, 1951, by Mr. Landon F. Strobel, Exec. Secretary, who informed us that the application was referred to you on June 5, 1951.

My position in this matter is that of Consultant to Leadville Lead Corporation and as such I laid out an Exploration Program for their Last Chance - Hilltop - Hilda - Dauntless Tunnel and other properties in the Horseshoe mining district of Park county, Colorado, which accompanied Forms MF-100 and MF-103 as Exhibit 1.

Since filing of the application for an exploration loan, rehabilitation and other work has been going ahead at the property under my supervision and negotiations are under way to either rent or purchase all of the additional equipment needed to start driving the Dauntless tunnel ahead. As the properties are at high elevations contemplated work must be carefully planned and gotten under way as early in the season as possible.

Since acknowledgement of receipt of application by Mr. Strobel we have had no further word from Washington, nor has Mr. Jack East's office in Denver received any word on DMA -1463- X.

I would therefor greatly appreciate if you will advise me at the above Denver address or at the Company's office at 500 E & C Building, Denver 2, Colorado, when we might possibly expect to hear from Washington on this matter and whether it has as yet come to your attention.

I hope that you will not become too enchanted with Washington not to return to us out West in Utah and Colorado , and I look forward to renew our acquaintance of long standing at next year's Colorado Mining Association's Convention or sooner. They should have put "Cool and Colorful Colorado" on those auto license plates instead of just "Colorful Colorado". You see I am still a booster for the home state.

JUL 17 1951

With kindest personal regards and best wishes,

Sincerely,

Harald W. C. Prommel

Harald W. C. Prommel.

FILE COPY
SURNAME:

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

Herres
Review for McKnight
Note
Jim
Strobel 7/9

July 5, 1951

DMA-1463X
Leadville Lead Corporation
Park County, Colorado

Hon. Edwin C. Johnson
Hon. Eugene D. Millikin
United States Senate
Washington 25, D. C.

My dear Senators Johnson and Millikin:

I wish to acknowledge receipt of your letter of June 27 concerning the application of the Leadville Lead Corporation for Government assistance under the exploration program of DMA.

In accordance with your request, the Lead-Zinc Branch is prepared to give prompt and careful consideration to this application.

In case I can be of further assistance to you at any time, please feel free to call on me.

Sincerely yours,

JAMES BOYD
Administrator

OHERRES:ks

cc: Administrator
Strobel
Mote
McKnight
Herres
Files

Error 1463

856

WALTER F. GEORGE, GA., CHAIRMAN
TOM CONNALLY, TEX.
HARRY FLOOD BYRD, VA.
EDWIN C. JOHNSON, COLO.
CLYDE R. HOEY, N. C.
ROBERT S. KERR, OKLA.
J. ALLEN FREAR, JR., DEL.
EUGENE D. MILLIKIN, COLO.
ROBERT A. TAFT, OHIO
HUGH BUTLER, NEBR.
OWEN BREWSTER, MAINE
EDWARD MARTIN, PA.
JOHN J. WILLIAMS, DEL.
ELIZABETH B. SPRINGER, CHIEF CLERK

~~LANDON F. STROBEL~~

United States Senate

COMMITTEE ON FINANCE

June 27, 1951

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 2 - 1951
LANDON F. STROBEL
Executive Secretary

Mr. James Boyd, Administrator
Department of the Interior
Defense Minerals Administration
Washington 25, D. C.

Attention: Mr. Otto Herres, Chief of the Lead-Zinc Branch.

Dear Mr. Boyd:

The Leadville Lead Corporation has received notice that their application is DMA-1463X.

The applicant is prepared to match the loan application of $51,000 with $51,000 of private capital. Due to the short working period at this altitude, we will deeply appreciate your kind consideration of this application.

$31,000

Sincerely,

Ed C. Johnson, U. S. S.

Eugene D. Millikin, U. S. S.

JUL 2 1951

FILE COPY
SURNAME:

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

June 18, 1951

Mr. Ben L. Wright, Jr.
500 Ernest & Cramner Building
Denver 2, Colorado

Subject: DMA-1463X
Re: Exploration Loan - Hilda-Last Chance-Hilltop Mine, Hilda Tunnel, Last Chance Open Cut, Last Chance-Hilltop Ice Palace Stope, Lind Workings, Stewart Workings, Fulton Drift, Dauntless Tunnel

My dear Mr. Wright:

Receipt is acknowledged of your application and attachments of May 23, 1951 for an exploration loan under the Defense Production Act of 1950.

The application was assigned Docket Number DMA-1463X and referred to Mr. Otto Herres, Chief, Lead-Zinc Branch on June 5, 1951.

In any future correspondence relating to your application, kindly refer to DMA-1463X.

Sincerely yours,

LANDON F. STROBEL

Landon F. Strobel
Executive Secretary

L. F. Strobel:jc
cc: Strobel
✓File
Herres
Lyon

Dma-1463X

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

OFFICE OF
REGIONAL DIRECTOR

REGION IV

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

May 29, 1951

Memorandum

To: Landon Strobel, Executive Secretary, Defense Minerals Administration

From: Executive Officer, DMA Field Team, Region IV

Subject: DMA applications

We are enclosing the following application which was submitted to this office:

Leadville Lead Corporation
305 California Building
Denver 2, Colorado (4 copies MF 100, 4 copies MF 103)

J. H. East, Jr.

J. H. East, Jr.

Enclosures

LEADVILLE LEAD CORPORATION
305 CALIFORNIA BUILDING
DENVER 2, COLORADO

May 28, 1951

REGIONAL DIRECTOR'S OFFICE REGION IV MAY 28 1951 DEFENSE MINERALS ADMINISTRATION

Defense Minerals Administration
Division 4
Mr. J. H. East
New Custom Building
Denver, Colorado

Dear Sir:

Enclosed herewith please find four sets of the following forms:

Form MF-100 and Answers thereto.
Form MF-103 and Answers thereto.
Exhibits Form MF-100:

Exhibit 1. Contemplated Exploration Program of Leadville Lead Corporation. Report by Prommel incl. of Plates 1 and 2.
Exhibit 2. Prospectus of Leadville Lead Corporation of April 25, 1951.
Exhibit 3. James N. Redman Brochure of April 30, 1947.
Exhibit 4. C. R. Wilfley Report, December, 1948, with maps.
Exhibit 5. C. R. Wilfley Report, November 18, 1949, with maps.
Exhibit 6. W. F. B. Berger Report, December 1, 1948, and page later letter.

Exhibit Form MF-103:

Exhibit A:
Mining lease and option from the Big Chief Mining Company dated August 5, 1945, with various amendments thereto and assignments thereof.
Exhibit B:
Mining lease from Alfred S. Lewrenz, as trustee for the heirs of Robert J. Allison, deceased, dated June 15, 1948, and amendments thereto.
Exhibit C:
Mining lease to Frank Vannatter, dated July 26, 1950, and amendments thereto.

Yours very truly,
LEADVILLE LEAD CORPORATION

By Ben L. Wright, Jr.

BLW:PR

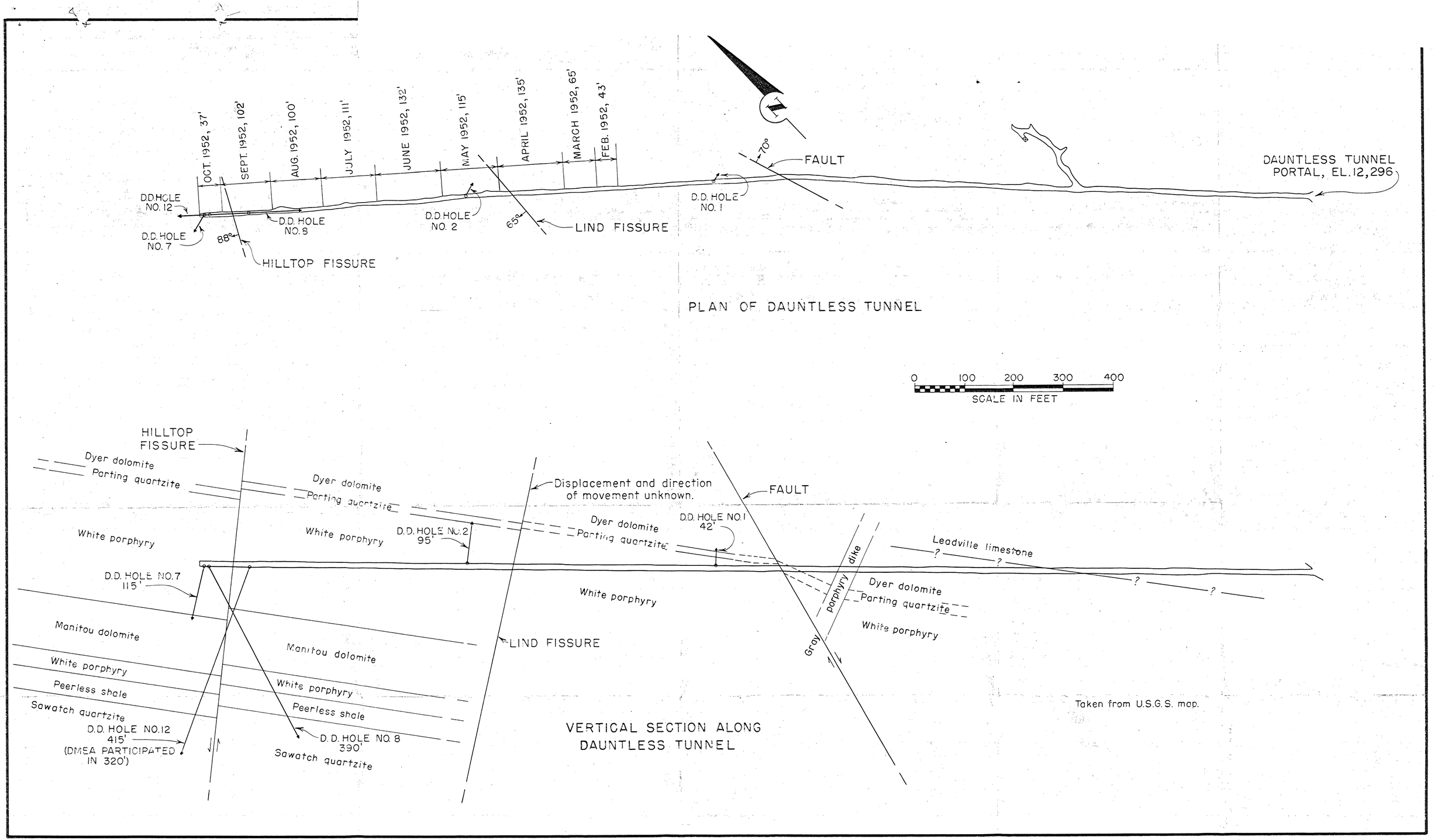
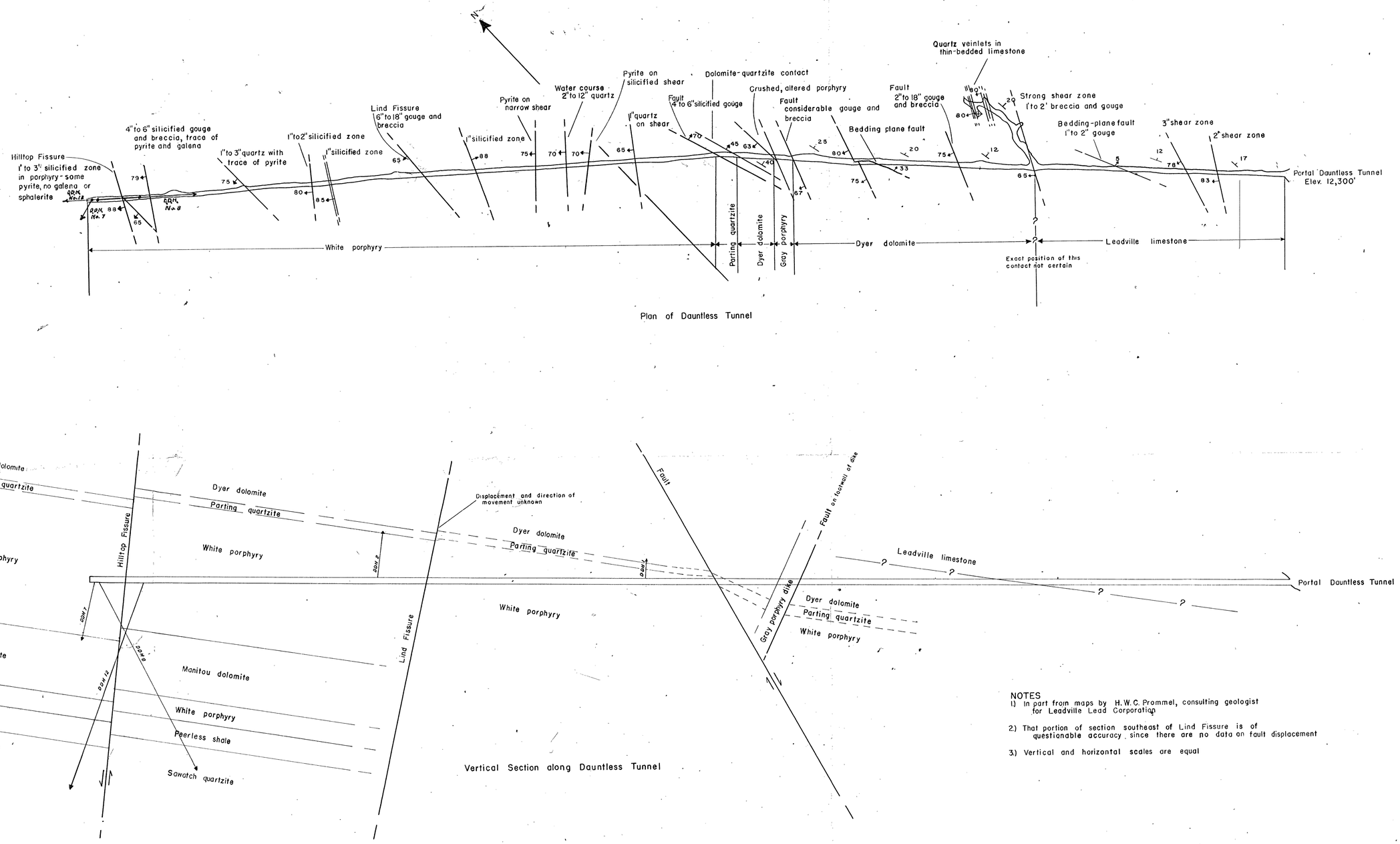


FIGURE 2 - PLAN AND SECTION, SHOWING MONTHLY CONTRACT ADVANCE AND D.D. HOLE LOCATIONS, DAUNTLESS TUNNEL, LAST CHANCE - HILLTOP MINE, PARK COUNTY, COLO. (DMEA 1463X, CONTR. Idm-E250)

DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY



NOTES
1) In part from maps by H. W. C. Prommel, consulting geologist for Leadville Lead Corporation
2) That portion of section southeast of Lind Fissure is of questionable accuracy since there are no data on fault displacement
3) Vertical and horizontal scales are equal

E. N. Harshman March 1954

FIGURE 1 PLAN AND SECTION HILLTOP MINE, LEADVILLE LEAD CORPORATION, PARK COUNTY, COLORADO

100 0 300 Feet
Datum is mean sea level

PLATE 2

FORMATION BOUNDARY LINES ON DAUNTLESS TUNNEL PLANE, ELEVATION 12,296 FT. a.s.l. SECTION A-A' TO E-E' SHOWING LOCATION OF PROPOSED DIAMOND DRILL HOLES AND PROPOSED ADVANCE OF DAUNTLESS X CUT TUNNEL

Compilation for Leadville Lead Corporation By H.W.C. Prommel

DRAWN BY H.E. MILLER — MAY, 1951
" " F.E. WASHBURN. — JANUARY 1952

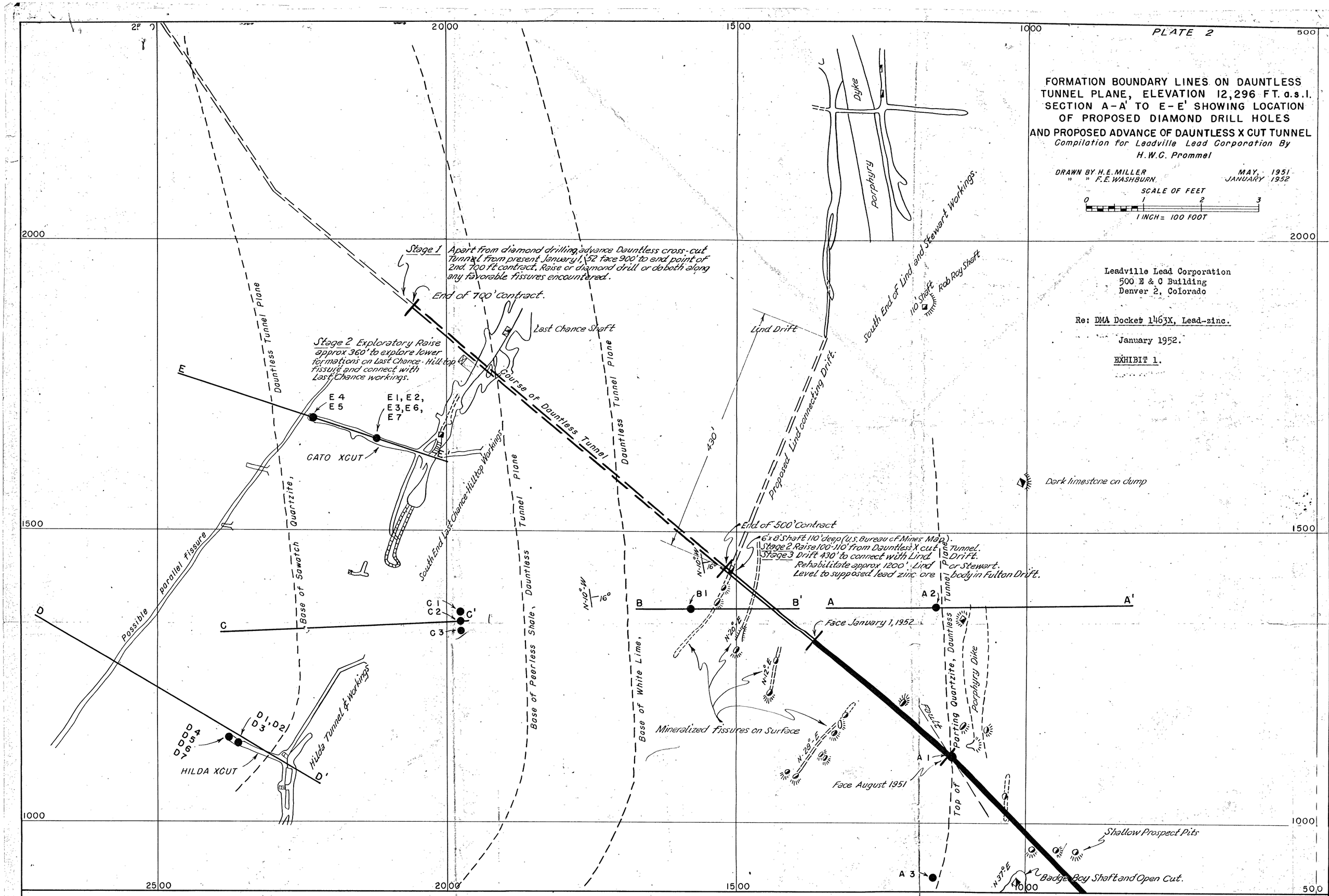
SCALE OF FEET: 0 1 2 3 — 1 INCH = 100 FOOT

Leadville Lead Corporation
500 E & C Building
Denver 2, Colorado

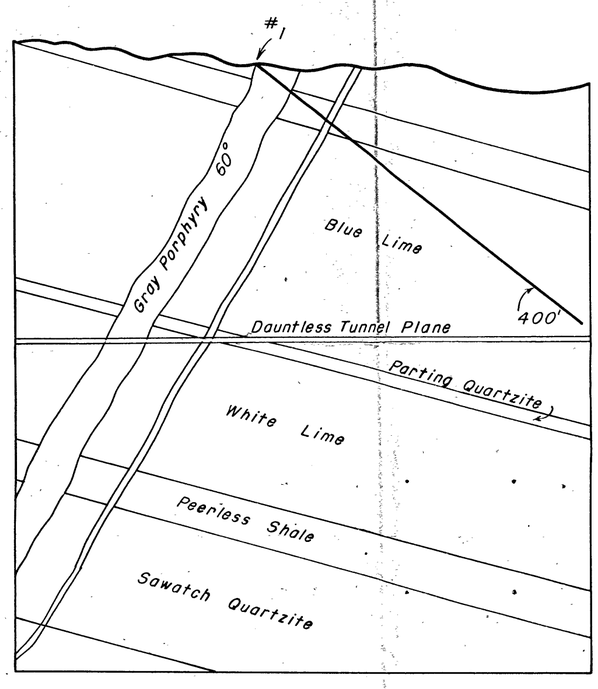
Re: DMA Docket 1463X, Lead-zinc.

January 1952.

EXHIBIT 1.

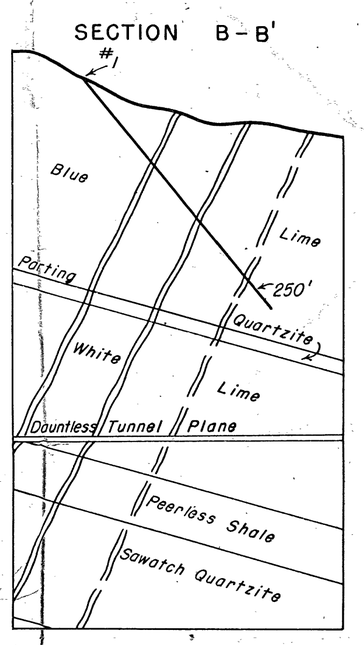


SECTION A-A'

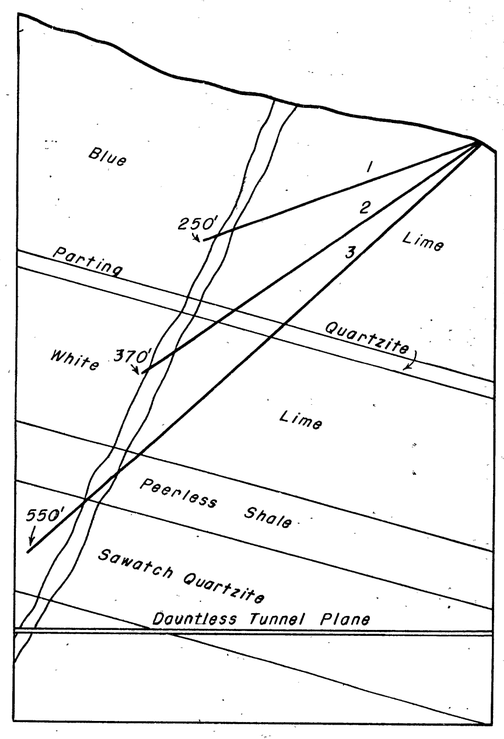


SCALE OF FEET: 0 1 2 3 4
HORIZONTAL & VERTICAL SCALE 1 INCH = 100 FOOT

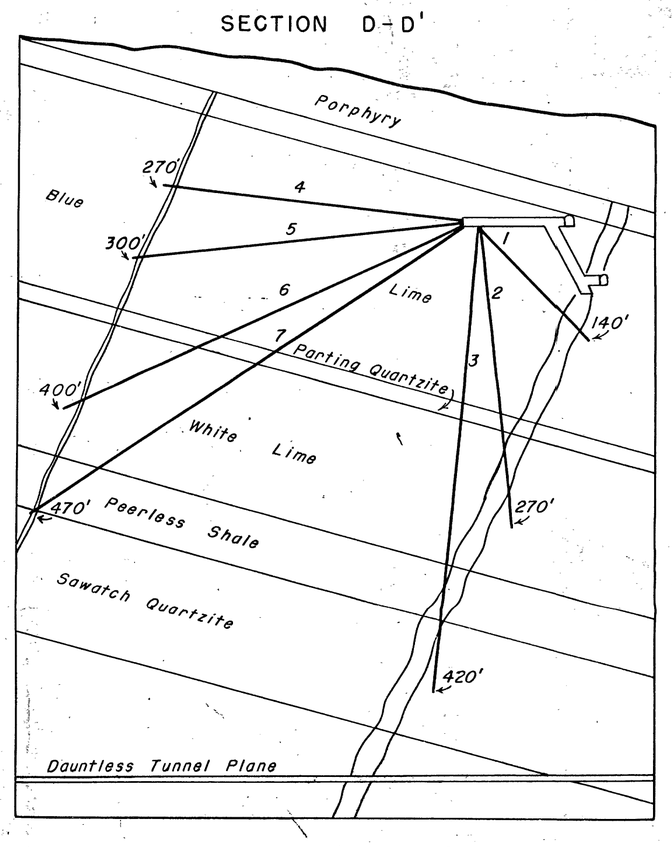
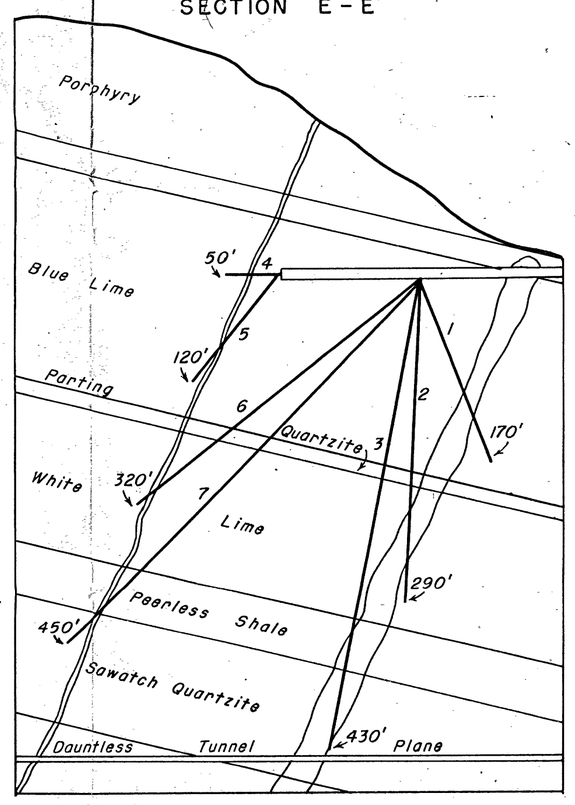
SECTION B-B'



SECTION C-C'



SECTION D-D'



SECTION E-E'