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OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

The Knight Mining Corporation
2432 Grove Street
Denver, Colorado

pertaining to Exploration Project Contract No. Idm-E1175, DMEA No. 4765, including Amendment No. 1, and Termination Agreement dated June 30, 1959 for the months of May to December 1958, inclusive, covering a project for the exploration of lead, zinc, copper on property known as New York Claims, located in Summit County, Colorado.

My review included an examination of the Monthly Reports (Form MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, verification of work performed by reference to Field Team reports and correspondence, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the reasons given on the attachment to this report.

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

Total cost as billed by Contractor		$14,884.09
Exceptions: (Schedule attached)		
Prior to this review	$454.84	
Less: Reinstatement by review	0	
Herewith	0	454.84
Total Accepted Cost		$14,429.25

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 Seven Thousand Two Hundred Fourteen and 62/100ths Dollars is valid and proper, provided that the Regional Executive Officer, the Director, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount payable to Operator	$7,214.62
Amount reimbursed	6,739.62
Balance due Operator	$ 475.00

October 1, 1959

Donald T. Finch
Donald T. Finch
OME Auditor

REASONS FOR REPORT OF REVIEW IN LIEU OF FINAL AUDIT

CONTRACT NO. [illegible]-R1175 DOCKET NO. [illegible]

THE KNIGHT MINING CORPORATION

(a) The Monthly reports were supported by documentary proof of portion ($11,590.75) of the costs which covered work performed at unit costs under independent contract and that portion ($2,858.50) which covered other costs for contribution by the Government on the basis of actual costs. (Per Summary attached).

(b) The administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible disallowances thereunder.

SCHEDULE OF EXCEPTIONS

CONTRACT NO. IBM-E1175 DOCKET NO. IBMA 4765

THE KNIGHT MINING CORPORATION

Prior to this Review:

Bulldozing charge claimed in excess of invoice cost	$ 20.00	
Gas and Oil claimed for purchases made after completion of approved work under the contract	78.63	
Supervision claimed in excess of allowable maximum of 4.25 months	68.21	
97 ft. of cementing and redrilling disallowed for lack of adequate documentation of cost of this work	$288.00	
Total Exceptions		$454.84

The Executive Officer of the CMK Field Team, Region III and the Auditor concur with the foregoing exceptions.

SUMMARY OF DOCUMENTED COSTS

CONTRACT NO. IBM-K1175 DOCKET NO. IBMA 4765

THE KNIGHT MINING CORPORATION

Independent Contracts			
Bulldozing			
80 hours at average of $11.75/hr		$ 940.00	
Drilling			
Overburden			
76 ft at $12.00/ft	$ 912.00		
Diamond Drilling			
987 ft at $6.75/ft	6,662.25		
Reaming and Casing			
189 ft at $3.50/ft	661.50		
Cementing			
805 ft at $3.00/ft	2,415.00		
Total Drilling		$10,650.75	
Total Independent Contracts			$11,590.75
Direct Costs			
Supervision			
4.25 months at average of $589.39/mo.		$ 2,504.90	
Gas and Oil		104.85	
Depreciation			
1.5 month at $30.00/mo		45.00	
Assaying			
24 assays at $5.00/ea		120.00	
Core boxes			
51 Core Boxes at $1.25/ea		63.75	
Total Direct Costs			$ 2,838.50
Total Accepted Costs			$14,429.25

OCT 5 1959

Memorandum

To: Mr. Donald T. Finch, OME Auditor

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

Subject: Docket No. DMEA-4765 (Lead-Zinc-Copper)
The Knight Mining Corporation
Contract No. Idm-E1175

Your Report of Review in lieu of final cost audit on the subject contract is acceptable and normal distribution is authorized.

AMAlley/ama
October 5, 1959

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

EXTRA COPY
O. M. E.
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DATE | INITIALS | CODE
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Building 20 - Federal Center
Denver 25, Colorado

September 23, 1959

Memorandum

TO: Donald T. Finch, OME Auditor, Region III

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4765 (Lead-Zinc-Copper) Contract No. Idm-E1175
Knight Mining Corporation (New York Claims) Summit County, Colo.

The subject contract was terminated by mutual agreement, effective March 6, 1959. A copy of the executed Termination Agreement is enclosed for your records.

The Operator has rendered a Final Engineering and Geologic Report and a final accounting as required by the contract; therefore, final payment of the Operator's account is in order, contingent on release to this office of a Certificate and Report of Audit, or Report of Review of reported project costs whichever the case indicates.

All work under the contract was completed on an "Actual Cost" basis.

An aggregate sum of $475 was withheld from reimbursement to the Operator in processing the November-December 1958 accounting report, and the supplementary accounting report for the same period, which was submitted at a later date.

Original signed by

J. W. Townsend

JWT:ltm

cc: Chmn. Op. Comm. (2)
Hasler
Corres. file, Reg. III
Susp. file
Chron.

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Building 20 - Federal Center
Denver 25, Colorado
August 20, 1959

DMEA-4765
E-1175

Mr. David J. Lawson
Secretary-Treasurer
Knight Mining Corporation
5438 Grove Street
Denver, Colorado

Dear Mr. Lawson:

Supplementing my letter to you of July 19, 1959, the procedure of closing DMEA accounts is as follows:

Amounts are withheld from reimbursement to an Operator in processing the last accounting report or reports pending receipt of the Operator's final report, as provided for in the contract.

When the Operator's final report is received, the account is scheduled for an audit of reported project costs by an auditor of the Contract Administration and Audit Division, OME. Upon release of the Report of Audit to this office, final payment is made to the Operator in conformance with audit findings.

The sum of $250 was withheld from reimbursement to you in processing your accounting report for the period of November--December, 1958, and an additional $285 was withheld from reimbursement to you in processing the Supplementary Accounting Report for the same period.

In line with the above information to expedite final payment to you, you should promptly submit the required five copies of your final engineering and geologic report pertaining to work completed under the contract.

So that we can formulate plans regarding scheduling of the final audit, please advise the date on or before which we can expect to receive your final report.

Very truly yours,

Original signed by

J. W. Townsend
Executive Officer, OME
Field Team, Region III

JWT/eg

cc: Chem. Op. Cons. (2)
Bailey
Finch
Fin. Dept. file, Reg. III
Corres. file
Susp. file
Chron.

Building 20 - Federal Center
Denver 25, Colorado

July 29, 1959

EXTRA COPY
O. M. E.
RECEIVED AUG 5 1959

DATE	INITIALS	CODE
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Mr. David J. Lawson
Secretary-Treasurer
Knight Mining Corporation
2432 Grove Street
Denver, Colorado

Re: Docket No. DMA 4765 (Lead-Zinc-Copper)
Contract No. Ion-82175
Knight Mining Corporation
(New York Claims)
Summit County, Colorado

Dear Mr. Lawson:

As your final accounting report has been placed in line for reimbursement to you, your attention is directed to item 3 of the Termination Agreement relative to the remaining use of a Final Engineering and Geologic Report pertaining to the work completed under the contract as provided for under Article 7(e) of the contract. We are desirous of closing this account at an early date; therefore, we will appreciate your prompt rendering of the original and four copies of the required final report.

Yours very truly,

Original signed by
J. W. TOWNSEND

J. W. Townsend
Executive Officer, OME
Field Team, Region III

JWT:lm

cc: Chem. Op. Comm. (2)
Finch
Final Rept. File, Reg. III
Corres. File, Reg. III
Supp. File
Chron.

EXTRA COPY
O. M. E.
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DATE	INITIALS	CODE
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	OCT 16 1959	

Building 20 - Federal Center
Denver 25, Colorado

October 9, 1959

Memorandum

TO: T. A. Christensen

From: Executive Officer, OME Field Team, Region III

Subject: Contract No. DMEA 4765 (Lead-Copper-Zinc) Contract No. Ma-2375 Knight Mining Corporation (New York claims) Summit County, Colorado

Reference is made to our memorandum dated May 14, 1959 and July 28, 1959, whereby we forwarded the Operator's accounting reports covering expenditures during the period of November - December 1958 and wherein we requested that the sum of $250.00 and $225.00 respectively be withheld from reimbursement to the Operator pending resolution of all matter precedent to final payment to the Operator.

The Operator has rendered its final engineering report as required by the contract; therefore, it is recommended that final payment be made to the Operator in the sum of $475.00, which is in conformance with the Report of Review of reported project costs by the Contract Administration and Audit Division, OME, dated October 1, 1959.

Original signed by

J. W. Townsend

JWT:lm

cc: Chem. Op. Comm. (2)
MP-104 File, Reg. III
OME/BFC
Mailer
Corres. file
Supp.
Chron.

$475.00

10/14/59 DMEA 60-11

F-104 (Rev.)
April 1952)

Budget Bureau No. 42-R1086.5

AUG 7 1959
O.M.E.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Nov. Dec., 1958 Docket No. DMEA 4765 Contract No. 1-14-E1175
Operator's Name Knight Mining Corporation Minerals Lead, Zinc
Address 2432 Grove Denver, Colo. Copper
Contract Amount, $20,380.00 Government Participation: 50% Amount, $10,190.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
~~Crosscutting~~ Cementing - Redrill	288.00	2415.00	2703.00			
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision	495.10	2054.90	2550.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
	288.00	14596.09	14,884.09			
TOTALS	783.10	4469.90	5253.00	450.00	13,979.25	14,429.25

OME
DEPARTMENT OF THE INTERIOR
JUL 22 1959
REGION III
DENVER, COLORADO

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 7/21/59 *Payee Knight Mining Corp
Per S. J. Lorenz Title Sec - Tres.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

NOTE.—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.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
$ No Payment
Signature (Authorized Certifying Officer)
Date 7/31/59 Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 1175 in accordance with the terms of the contract.

Signature [illegible] Title Mng. Engr. Date 7/28/59

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Executive Officer Date JUL 29 1959

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

F-104A
1 1952)

Budget Bureau No. 42-R1151.2

AUG 7 1959
O.M.E.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Nov Dec 1958 Docket No. DMEA 4265 Contract No. Ed m E-1175
Operator's Name Knight Mining Corporation Minerals Lead, Zinc
Address 2432 Grape Denver, 11, Colo. Copper

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
			Stage II					
~~Drifting~~ Supervision	1	495.10	1	2550.00	4	600.00	4	2550.00
Crosscutting								
Raising								
Shafts								
Winzes								
~~Drilling: Core~~ Cementing	ft	288.00	97	2203.00	902	3.00	200	600.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs								Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		783.10	98	5253.00				

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

Date 7/21/59 Operator Knight Mining Corp

Per W J Loring Title Sec - Tres

NOTE.—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.

Remarks:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

FINAL DISTRIBUTION
MADE AUG 4 - 1959

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III

Administrative Audit Difference Statement

Date: July 31, 1959
Payee's
Reference: Nov. & Dec. 1958

Knight Mining Corp.
243 Grove Street
Denver, Colorado

Upon examination of the above Payee's Reference a difference was found which made it necessary to suspend your account accordingly:

Amount Claimed $ 783.10

Difference $ 333.10

Amount Approved $ 450.00

The reason for the difference was due to:

Amount reclaimed for cleaning and redrilling is again disallowed for lack of adequate documented costs of the work. $200.00

The contract provides for a maximum of 4 months supervision at $200.00 per month of which 3½ months have been previously claimed. The additional maximum allowable would be 3/4 month @ $600.00 or $450.00. The difference between amount claimed $495.10 and allowable maximum of $450.00 is hereby disallowed. 45.10

333.10

The entire amount due, $225.00 is being withheld pending receipt of Final Report.

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Any reclaim for deductions made above must be supported by the ORIGINAL of this form.

Very sincerely yours,

N. E. Stokes
Audit Section

R-III-B & F Form No. 4
4-15-52 D

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 7 1959

DATE	INITIALS	CODE

Building 20 - Federal Center
Denver 25, Colorado

July 28, 1959

Memorandum

TO: T. A. Christensen

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4765 (Lead-Zinc-Copper) Contract No. Km-M1175 Knight Mining Company (New York Claims) Summit County, Colorado - Operator's Supplemental Claim for Reimbursement of Costs Incurred During the Month of November and December 1958

Enclosed are the original and four copies each of Forms MF-104 and MF-104A, and the original of the Operator's note, and the only copy received of a letter dated April 23, 1959, from Stewart S. Marvin, Consulting Geologist, which is submitted as documentation of costs incurred by the Operator for supervision during the reporting period.

The Operator's Accounting Report is incomplete as to other categories of total costs incurred, but under the circumstances is accepted. For details of other charges, reference must be made to the accounting report submitted for the months of November and December 1958.

The sum of $518.21 for supervision, which was disallowed in processing the Operator's Account Report for the period of November and December 1958, is reclaimed in part. Payment is recommended as follows:

> Stage II of the contract provides for a maximum of 4 months supervision at $600.00 a month of which 3¼ months have been claimed previously; therefore, the additional maximum allowable would be 3/4 month at $600.00 a month or $450.00, the Government's portion being 50 percent or $225.00.

The 97 ft. of cementing and redrilling mentioned in the Operator's note, and as reported on Form MF-104, is to remain a disallowance for lack of adequate documented costs of the work. For further reference in the matter of disallowance of cementing and redrilling footage and costs, please refer to the memoranda to you from this office dated November 21, 1958 and December 10, 1958.

The amount of $225.00 is to be combined with the $250.00 withheld from reimbursement to the Operator in processing the accounting report for the period of November-December 1958, and the combined amount of $475.00 withheld from reimbursement to the Operator pending receipt of the Operator's Final Report as provided for under Article 7(c) of the contract. The Operator should be so advised.

JWT:ltm
cc: Chron., Op. Comm. (2), Reg. III
MF-104 file
OME/DFC
Hasler
Susp. file - Chron.

Original Signed
J. W. TOWNSEND

J. W. Townsend

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Nov., Dec., 195 0 Docket No. DMEA 4736 Contract No. DMs-2175
Operator's Name Enight Mining Corp. Minerals Lead, Zinc, Copper
Address 2432 Grove, Denver, Colorado
Contract Amount, $ 20,300.00 Government Participation: 50% Amount, $ 10,100.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	1474.50	6099.75	7574.25			
Bulldozing	60.00	900.00	960.00			
Crosscutting Cement redrill	429.00	1986.00	2415.00			
Drifting Rear view	105.00	556.50	661.50			
(2) Labor and Supervision:						
Labor						
Supervision	818.21	2054.90	2873.11			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase Cas. 011	79.69	104.85	183.49			
Depreciation		45.00	45.00			
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	70.00	50.00	120.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
Core boxes	0.75	58.00	68.75			
Drilling room - cons. bldg.						
TOTALS	2748.00	11852.00	14596.09	1727.25	11,852.00	13,979.25

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 3/12/59 *Payee Enright Mining Corporation
Per D. J. Lorenz Title Sec-Treas

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

NOTE.—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.

(Instructions on reverse)

MAY 25 1959 O.M.E.

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
$ 813.62
Signature
(Authorized Certifying Officer)
Date 5/14/59 Vou. No. OME 59-108
(See other side)

OME
DEPARTMENT OF THE INTERIOR
MAR 13 1959
REGION III
DENVER, COLORADO

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMEA-1175 in accordance with the terms of the contract.

Signature Carl Bilas ($+275.24) Title Mining Engineer Date 3/17/59

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Checked for Engineering Allowability MAY 14 1959

Signature [illegible] Title Executive Officer Date ~~APR 22 1959~~

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-164A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November, December 195[illegible] Docket No. DMEA 4765 Contract No. [illegible]-1175

Operator's Name Knight Mining Corporation Minerals Lead, Zinc, Copper,

Address 2632 Grove, Denver, Colorado

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
			Stage II					
Drilling: Rotary	Mo.	520.21	1	2423.11 DP	4	600.00	4	2400.00
Crosscutting	Ft.	69.00	5	240.00 DP	20	12.00	20	240.00
Raising		70.65		100.40				300.00
Shafts: COTO Box 8	Box	9.75	7	63.75	51	1.25	100	125.00
Winzes: Overburden	Ft.	100.00	16	912.00 DP	76	12.00	60	720.00
Drifting: [illegible]	Ft.	1212.50	100	6662.25 DP	1037	6.75	2000	10,000.00
Drilling: Core: [illegible]	Ft.	425.00	165	2415.00 DP	805	3.00	200	600.00
Churn								
Auger: [illegible]	Ft.	100.00	30	661.50 DP	189	3.50	200	700.00
Stripping: [illegible]	Per	70.00	10	210.00	30	6.00	20	120.00
Trenching: Depree Truck				45.00 DP	1.5	30.00	1.5	30.00
Test Pits				Stage I				
Roads and Trails: Bulldozing	Hr			720.00	60	12.00	60	12.00
Supervision	Mo			150.00	1/4	600.00	1/4	600.00
Total Distributed Costs		2744.00		18,096.07 DP				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		2744.00		18,096.07 DP				

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

Date 3/12/60 Operator Knight Mining Corp.

Per A. J. Lorenz Title Gen.-Treas.

→ NOTE.—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.

Remarks:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III

FINAL DISTRIBUTION
MADE MAY 20 1959

Administrative Audit Difference Statement

Date: May 14, 1959
Payee's Reference: Nov. & Dec. 1959

Knight Mining Corp.
2432 Grove Street
Denver, Colorado

Upon examination of the above Payee's Reference a difference was found which made it necessary to suspend your account accordingly:

Amount Claimed	$	2,744.09
Difference	$	616.84
Amount Approved	$	2,127.25

The reason for the difference was due to:

Disallowance, Bulldozing

The Operator has reported five hours bulldozer time at $12.00 per hour; however, the statements from the bulldozing contractor indicate that only $8.00 per hour was charged for this work. The excess cost is disallowed, as follows:

Amount reported, 5 hours at $12.00/hr.--------$60.00
Allowable cost, 5 hours at $8.00/hr.---------40.00
Amount disallowed----------$20.00

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 25 1959

DATE	INITIALS	CODE
5/26	a	220
		800

Any reclaim for deductions made above must be supported by the ORIGINAL of this form.

Very sincerely yours,

N. E. Stokes
Audit Section

R-III-B & F Form No. 4
4-15-52 D

Disallowance, Supervision

The Operator has failed to furnish sufficient documentation to enable the Government to determine what portion, if any, of the reported cost of supervision is allowable. The entire reported cost for supervision is disallowed.

Disallowed, reported cost for supervision----------$518.21

Disallowance, Gas and Oil

According to the invoices, all gas and oil reported was purchased subsequent to completion of the last approved hole, No. 5, and therefore is not an allowable cost of the project.

Disallowed, reported cost for gas and oil---------- 78.63

Total amount disallowed ----------$616.84

Withheld an amount of $250.00 from reimbursement to the Operator, pending completion of work under the contract. If the work is not resumed, the amount will continue to be withheld pending resolution of matters prerequisite to closing the account.

224 New Customhouse
Denver 2, Colorado
May 14, 1959

Memorandum

TO: T. A. Christensen

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4765 (Lead-Zinc-Copper) Contract Idm-51175, Knight Mining Company, (New York claims) Summit County, Colorado - Operator's Monthly Progress Report for November-December, 1958

Enclosed are the original and four copies each of Forms MF-104 and MF-104A, Operator's Narrative Report, and Engineer's Report for the above period.

The work is being performed partly under independent subcontract, and partly at fixed unit costs. The drilling rates are as low or lower than the rates contained in the lowest and best bid submitted with the application. Under the circumstances, the rates for the work performed under independent subcontract are considered to be reasonable.

Except as otherwise indicated below, we consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended on the following basis contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

<u>Disallowance, Bulldozing</u>

The Operator has reported five hours bulldozer time at $12.00 per hour; however, the statements from the bulldozing contractor indicate that only $8.00 per hour was charged for this work. The excess cost is to be disallowed, as follows.

Amount reported, 5 hours at $12.00/hr.--- $60.00
Allowable cost, 5 hours at $8.00/hr.----- 40.00
Amount to be disallowed----------$20.00

Disallowance, Supervision

The Operator has failed to furnish sufficient documentation to enable the Government to determine what portion, if any, of the reported cost of supervision is allowable. The entire reported cost for supervision is to be disallowed.

Disallow, reported cost for supervision----------$518.21

Disallowance, Gas and Oil

According to the invoices, all gas and oil reported was purchased subsequent to completion of the last approved hole, No. 5, and therefore is not an allowable cost of the project.

Disallow, reported cost for gas and oil---------- 78.63

Total amount to be disallowed----------$616.84

Withhold an amount of $250.00 from reimbursement to the Operator, pending resumption of work under the contract. If the work is not resumed, the amount will continue to be withheld pending resolution of matters prerequisite to closing the account.

Reconciliation with Amount Reported by the Operator on Form MF-104 for November-December, 1958

Amount reported on Form MF-104 for November-December, 1958----------	$2744.09
Amount to be disallowed----------	616.84
Allowable cost for November-December, 1958----------	$2127.25
Government participation at 50 percent----------	$1063.62
Amount to be withheld----------	250.00
Balance due the Operator----------	$ 813.62

Remarks:

Date of Report----------March 12, 1959
Date Received in Field Office----------March 16, 1959
Date Received in Region Office----------March 18, 1959
Reason for delay: Held pending receipt of additional documentation, and correction of forms by Operator.

JDC:ltm
cc: Chmn. Op. Comm. (2)
Belser, OME/DFC
MF-104 file, Reg. III
Engle, Hutchinson) w/cpy Engr's Rept
Cooper)
Chron

Original signed by
J. W. TOWNSEND

J. W. Townsend

DEPARTMENT OF THE INTERIOR
MAR 1 ME
REGIONAL
DENVER, COL

March 17, 19

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Carl Belser

Subject: Docket DMEA 4765 (lead-zinc-copper) Contract Idm-E1175, Knight Mining Company (New York claims) Summit County, Colorado — Progress report for November - December 1958

The subject property was visited on November 4, 1958 and again on December 3, 1958. Hole No. 5 had been drilled to a depth of 206 feet and the core filled eight core boxes.

Drilling statements support the operator's claim to drilling through overburden, cementing and redrilling, and reaming. The contract calls for a D-7 Cat which Mr. Lorens states was the size of the unit used on the contract. However, there are two statements (Oct. 14 and Oct. 21) that total 9 hours at $3.00 per hour or $72.00. The operator has submitted (104) 5 hours at $12.00 per hour or $60.00. Payable is five hours bulldozing at $8.00 an hour or a total of $40.00.

Assaying and supervision invoices are in order. Supervision was billed for the entire month of November. The contract allows for 4 4 months at $600.00 per month of which only .8167 months remain after the payments for 1/4, 1/4, and 2 14/15 months supervision that have been made.

Huntington Service statement is for gas, each, from December 10 - December 30. As the last work under the contract was completed November 13, oil and gas purchases after November 13 are disallowed.

The following items are considered as allowable for November - December 1958:

.8167 months supervision at $518.21 per month	$423.22
5 hours bulldozing at $8.00 per hour	40.00
Gas, oil - not allowed	00.00
7 core boxes at $1.25 each	8.75
Casing overburden 16 feet at $12.00 per ft.	192.00

(cont'd)

190 feet BX core drilling at 6.75 per foot	1,232.50
143 feet cementing and redrilling at 3.00 per foot	429.00
30 feet reaming and casing at 3.50 per foot	105.00
14 chemical analyses at 5.00 each	70.00
	$ 2,550.47

Payment of 50 percent of the above sum, or $1,275.[illegible] is recommended.

Carl Belser

Carl Belser
Mining Engineer

CB-[illegible]
cc: 6
Idm-E1175
chron

PROGRESS REPORT

STAGE 8- COMPLETION OF DIAMOND DRILL HOLE #5

KNIGHT MINING COMPANY

Docket No. 4765
Contract No. IDM- E1175
November 20, 1958

Drill Hole #5 was started on October 23 and completed on November 13, 1958. Total depth was 206 feet. The location was planned to explore the projection of the northeast anticline exposed at the Hole #2 drillsite. Also, the best mineralization found thus far in the program was at the Dakota-Morrison contact in Hole #2. One foot assayed .09 Oz. Au, 2.25 oz. Ag, and 4.75% Cu. Furthermore, rather strong faulting and mineralization (assaying 9.5 oz. Ag/Ton) was exposed in a cut in monzonite porphyry near the #5 drillsite.

The hole was collared in the surface monzonite porphyry sill, which is 24 feet thick and is the only porphyry in the hole. Below this is one foot of dark gray quartzite, followed by a 21-foot zone with no core recovery. The exact lithology for this interval is not known but is believed to also be upper Dakota quartzite. No thick middle Dakota shale member was encountered as in the other holes, but the gray shale from 126'-135' is believed to represent this member. The change from the lower quartzite to the Morrison shales appears to be a fault contact, hence part of the lower Dakota section is probably faulted out at this point. In the section exposed by drilling, then, there appears to be 102 feet upper, 9 feet middle, and 20 feet of lower Dakota formation, followed by the black shale, variegated shale, and friable greenish-white sandstone of the Morrison formation. The green and pink variegated Morrison shale shows epidote and garnet typical of the "contact metamorphism" universally found on Gibson Hill.

The target of the mineralized Dakota-Morrison contact in Hole #2 was cut in this hole at 157 feet. However, the only mineralization was sparse pyrite and iron oxide. A few shale members in the upper Dakota member also contain irregular blebs and disseminations of pyrite. No mineralized zone was of sufficient intensity to warrant any assays.

Overall drilling progress was about 12 feet per day, but a few days were lost while changing drilling machines, making the average slower to 16 feet per day. NX core size was used to 98 feet, followed by BX for the balance. Core recovery was 35%. The amount of cementing has not been billed at the time of writing this report, but it will approximate that of previous holes.

Respectfully submitted,
MELBYE AND HERWIN
Charles E. Melbye
Charles E. Melbye
Acting for Knight Mining Co.

FINAL DISTRIBUTION
MADE DEC 17 1958

224 New Customhouse
Denver 2, Colorado

December 10, 1958

EXTRA COPY O. M. E. RECEIVED DEC 22 1958		
DATE	INITIALS	CODE
		800
III		

Memorandum

To: T. A. Christensen

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4765 (Lead-Zinc-Copper), ~~Contract No. 14-06-[illegible]~~, Knight Mining Company, New York claims, ~~Summit County, Colorado~~

Reference is made to our memorandum of November 21, 1958, whereby we forwarded Form MF-104, Operator's Monthly Report and Voucher for the period, July, 1958 through September, 1958, and recommended suspension of the reported costs for reaming and casing in holes 1, 3 and 4, and for cementing and re-drilling in holes 1, 2, 3, and 4, pending receipt of detailed data, and justification for the work. The justification and data have now been received. Enclosed are the original and four copies each of the following items relative to the matter:

1. Justification for cementing and re-drilling, and reaming and casing.

2. Driller's daily drilling schedules showing the footage cemented and re-drilled in each hole.

3. Memorandum dated December 8, 1958 from Carl Belser, Mining Engineer, Bureau of Mines, recommending reinstatement of previously suspended costs.

CEMENTING And RE-DRILLING

The attached detailed data pertaining to cementing and re-drilling is not consistent with the drilling invoice originally submitted with the July-September, 1958 voucher. Reinstatement is to be made on a hole-by-hole basis as follows, based on the drilling invoice, or the driller's daily drilling schedule, whichever indicates the lesser footage.

$1271.25
NS
12/15/58 DMEA 59-73

Hole No.	Feet Cemented and Re-drilled: Per Drilling Invoice	Per Daily Schedule	Acceptable Footage
1	160'	221'	160'
2	252'	177'	177'
3	142'	120'	120'
4	205'	223'	205'
TOTAL acceptable footage, cementing and re-drilling - - -			662'

REAMING And CASING

The justification submitted by the Operator for reaming and casing in holes 1, 3 and 4 appears to be adequate, therefore reinstatement is to be made as follows:

Hole No.	Acceptable Reaming and Casing
1	69'
3	45'
4	49'
TOTAL	159'

REINSTATE:

1. Reported cost for 662 ft. of cementing and re-drilling at $3.00 per foot - - - - - - $ 1,986.00

2. Reported cost for 159 ft. of reaming and casing at $3.50 per foot - - - - - - - - - - 556.50

TOTAL amount to be reinstated - - - - - - - - - - - - - - $ 2,542.50

Government participation at 50 percent - - - - - - - - - $ 1,271.25

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosures
JDC/ff
Chmn. Op. Comm. (2))
Belser, OME/DFC) w/copy items
MF-104 File, Reg. III) 1, 2 and 3
Harshman) c/copy item 3
Cooper)
Chron.

OME
DEPARTMENT OF THE INTERIOR
DEC 8 - 1958
REGION III
DENVER, COLORADO

Dec. 8, 1958

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Carl Belser

Subject: Docket IMSA 4765 (Lead-Zinc-Copper) Contract I4s-X1175, Knight Mining Company (New York claims) Summit County, Colorado -- Reaming and casing, and cementing and redrilling for the months of July, August, September and October 1958

EXTRA COPY
O. M. E.
RECEIVED DEC 13 1958
DATE

The I04's on the subject property contained core drilling, driving pipe through overburden, bulldozing, core boxes, assays, supervision, gas and oil, and truck depreciation but did not include reaming and casing, and cementing and redrilling because the claims were not substantiated.

Since then the operator has substantiated his claims by drillers logs and statements. The area that was drilled is very broken up. The drillers used Lumnite, a high priced, quick-setting cement -- one of the best for drilling. Drilling has been slow and difficult. I believe that the following costs are now allowable for July, August, September and October 1958 in addition to the amount all ready paid:

Hole No.	Acceptable Cementing and Redrilling	Reaming and Casing
1	160 ft.	69 ft.
2	177 ft.	not allowable
3	120 ft.	45 ft.
4	205 ft.	49 ft.
Total	662 ft.	159 ft.

159 feet reaming and casing at $3.50/ft.	$556.50
662 feet cementing and redrilling at $3.00/ft.	1,986.00
	$2,542.50

Payment of 50 percent of the above amount or $1,271.25 is recommended.

Carl Belser

Carl Belser
Mining Engineer

CB/mr
cc: 6 I4s-X1175 chron

Diamond Core Drilling
Mining
Quarries
Shaft Sinking
Tunnel Driving

Boyles Bros. DRILLING COMPANY

CONTRACTORS · ENGINEERS · GEOLOGISTS
General Offices
1321 South Main Street Phone HUnter 4-4401
SALT LAKE CITY 15, UTAH

OME
DEPARTMENT OF THE INTERIOR
NOV 28 1958
REGION III
DENVER, COLORADO

November 12, 1958

Reply to:
2960 West 7th Ave.
Denver 4, Colorado

Mr. J.W. Townsend
Executive Officer, O.M.E.
224 New Custom House
Denver 2, Colorado

Dear Mr. Townsend:

Mr. D.J. Lorenz forwarded your letter of November 3, 1958, to us for an explanation for why there was the amount of cementing, reaming, and casing that we are doing for the Knight Mining Company.

We are enclosing copies of drill logs and explanations for Hole #'s 1, 2, 3, and 4. Please contact us if any further information is needed.

Very truly yours,

H.B. Lane

H.B. Lane
Boyles Bros. Drilling Co.

HBL/rc
Enclosure

EXPLANATIONS FOR CEMENTING, ETC.

Hole #1:

In hole #1 it was necessary to ream the hole where cement and mud would not hold the walls of the hole. Cave would completely close the hole. We tried cleaning the cave from the hole by chopping with a chopping bit, but had no success. The only way to get the hole down to the required depth was by reaming and casing.

Hole #2:

Hole #2 was reamed when the driller was informed that a BX hole was necessary. Our contract with the Knight Mining Company included a price for AX drilling. The hole was started when our man moved the machine on the job.

Hole #3:

Hole #3 was drilled with mud. Where the hole caved, cement was used. When cement would not hold the walls, it was necessary to ream and case.

Overlapping of cement was necessary to keep the hole in a drillable condition. We often cemented several times, and the hole would still cave. We once had to cement 100 ft. of hole to be able to finish it.

Hole #4:

Hole #4 was drilled through extremely bad ground where we encountered bad cave, loss of water, and sand in the hole. We also drilled through two fault zones. A hard quartz cave cut the bit off the core barrel. We used drilling mud to try to hold the walls of the hole. The hole was cemented several times, and when the cement would not hold, we were forced to ream and case.

CEMENT IN HOLE #1

(Copy from drillers reports. Days cement was not drilled are not shown.)

Date	Drilled From	Drilled To	Drilled Cement	Cemented
Aug. 7	0	4	-	2
8	4	7	2	4
9	7	9	3	4
15	9	14	2	-
16	14	18	-	7
18	18	25	7	-
N18	25	27	-	8
19	27	30	8	-
20	30	42	-	-
N20	-	-	-	10
21	42	48	10	-
N21	-	-	-	13
22	48	57	13	-
N22	57	61	-	10
23	61	71	10	-
N23	71	75	-	-
Third23	75	78	-	-
N26	95	100	-	20
27	100	112	20	-
N27	112	125	-	30
28	125	138	20	-
N28	138	147	-	10
29	147	159	10	-
N29	159	176	-	10
30	176	185	10	106
Sept. 2	-	-	106	-
N2	185	200	-	-

CEMENT IN HOLE #2

Date	Drilled From	Drilled To	Drilled Cement	Cemented
Sept.11	45	62	-	8
12	-	-	8	-
14	62	71	-	-
N14	-	-	20	20
15	-	-	20	-
21	-	-	-	29
22	123	132	29	-
N22	-	-	-	30
23	132	150	30	-
N23	150	162	-	30
24	162	175	30	-
N24	175	180	-	30
25	180	190	30	-
N25	190	205	-	30
26	205	209	30	-

CEMENT IN HOLE #3

Sept.13	39	46	-	-
N13	-	-	-	9
15	46	53	9	-
N15	53	63	-	10
N17	-	-	-	24
18	88	94	23	-
N18	94	101	-	20
19	101	105	20	-
N19	105	115	-	40
20	-	-	40	-
22	125	135	-	28
23	135	139	28	-

BOYLES BROS. DRILLING COMPANY

OME
DEPARTMENT OF THE INTERIOR
NOV 26 1958
REGION III
DENVER COLORADO

DRILLER'S REPORT

For Week Ending October 4 195 8

For: Knight - Breckenridge
Drilling at: Breckenridge, Colorado
Hole No. 4 Angle 57 Drill No. 738
Location

15M 9-57

Drill Runners

Day Ray Eitreim
Swing Northrop
Night

DATE	SIZE HOLE	FROM	TO	FEET DRILLED	FEET OF CORE RE-COVERED	GEOLOGY	FEET & SIZE REAMED	FEET & SIZE CASED	FEET CEMENTED	FEET OF CEMENT DRILLED	RUNNER
29						Moving from Hole #3 to Hole #4					E. N.
30	NX	0	13	13	0	Porphory					E.
30	NX	13	35	22	6	Porphory and shale	NC 25	NX 25			N.
1	NX	35	50	15	2	Fault shale					E.
1	NX	50	55	5	0	Fault shale			25		N.
2	NX	55	67	12	3	Fault shale				25	E.
3	NX	67	69	2	1	Fault					E.
4	NX								38		E.

COPY

Comments:
5 sacks drilling mud
3 sacks Lumnite
15 hr. cementing and drilling cement

C.O. Northrop
FOREMAN

OME
DEPARTMENT OF THE INTERIOR
NOV 28 1958
REGION III
EXTRA COPY COLORADO
O. M. E.
RECEIVED DEC 22 1958

BOYLES BROS. DRILLING COMPANY

DRILLER'S REPORT

For Week Ending October 11 195 8

For: Knight - Breckenridge
Drilling at: Breckenridge, Colo.
Hole No. — Angle 57 Drill No. 738
Location

Drill Runners
Day Ray Eitreim
Swing W. Casper
Night

DATE	INITIALS	CODE

15M 9-57

DATE	SIZE HOLE	FROM	TO	FEET DRILLED	FEET OF CORE RECOVERED	GEOLOGY	FEET & SIZE REAMED	FEET & SIZE CASED	FEET CEMENTED	FEET OF CEMENT DRILLED	RUNNER
6	NX		69			Drilling cement					E.
6	BX	69	72	3	0	Fault Porphry		BX 69			C.
7	BX	72	72			Cave			5		E
7	BX	72	73	1	0	Bit cut off. Left it in hole				5	C
8	BX	73	73			Fishing for bit					E
8						Fishing for bit	NX2	BX71			C
9	BX	73	74			Could not get the bit out	NX2	BX73			E
~~10~~ 9	BX	74	76	2	0	Quartsite broken	NX1	BX74	2		C
10	BX	76	80	4	1	" "			5	2	E
10	BX	80	87	7	5	" "				5	C
11	BX	87	100	13	4	" "					E
11	BX	100	100						25		C

COPY

Comments: 41 hr. cementing and drilling cement
3 sacks lumnite cement
4 sacks drilling mud

C.O. Northrop
FOREMAN

BOYLES BROS. DRILLING COMPANY

OME
DEPARTMENT OF THE INTERIOR
NOV 28 1958
REGION III
DENVER, COLORADO

DRILLER'S REPORT

For Week Ending October 18 **195**8

For: Knight - Breckenridge

Drilling at: Breckenridge, Colo.

Hole No. 4 Angle 57 Drill No. 738

Location

Drill Runners

Day W.F. Casper & Ray Eitreim

Swing C.O. Northrop

Night

15M 9-57

DATE	SIZE HOLE	FROM	TO	FEET DRILLED	FEET OF CORE RECOVERED	GEOLOGY	FEET & SIZE REAMED	FEET & SIZE CASED	FEET CEMENTED	FEET OF CEMENT DRILLED	RUNNER
13	BX	100	105	5	1	Fault Porphory & Shale				24	E
13	BX	105	115	10	5	" " "			25		C
14	BX	115	130	15	5	" " " Lost water 125'				23	C
14	BX	130	130	Cement for water return & cave					24		N
15	BX	130	138	8	1	" " "				24	C
15	BX	138	150	12	6	" " "			30		N
16	BX	150	162	12	3	" " "	Drill repair			30	C
16	BX	162	173	11	6	" " "			30		N
17	BX	173	188	15	11	" " "				25	C
17	BX	188	195	7	4	" " "			25		N
18	BX	195	200	5	1	" " " Drill repair				25	C
18	BX	200	210	10	9	" " " " "					N
						Trip to Leadville					
20	BX	210	230	20	10	Porphry (From Report for week ending Oct. 25)					C
20	BX								35		C.O.N.
21	BX					Hole finished move to hole # 5				35	E

COPY

Comments:

6 sacks Lumnite cement

1 sack drilling mud

53 hr. cementing & drilling cement

4 hr. drill repair

2 sacks Lumnite cement

16 hr. cementing and drilling cement

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

RECEIVED DEC 1 1958 O.M.E.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July, Aug., Sept., Oct., 1958 Docket No. DMEA 4765 Contract No. 2-dm-E1175
Operator's Name Knight Mining Corporation Minerals Lead-Zinc-Copper
Address 2432 Grove - Denver, Colo
Contract Amount, $ 20,380.00 Government Participation: 50% Amount, $ 10,190.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing	120.00	780.00	900.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision	1760.00	294.90	2054.90			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase gas - oil	71.04	33.81	104.85			
Depreciation Truck	90.00	30.00	120.00			
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	50.00	0	50.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
Core Boxes	55.00	0	55.00			
Drilling, Reaming, Cement	9853.75	0	9853.75			
TOTALS	11,999.79	1138.71	13,138.50	8,170.79	1,138.71	9309.50 amd

I certify that the above bill is correct and just and that payment therefor has not been received.

Date 10-24-58 *Payee Knight Mining Corp.

Per D. J. Lorenz Title Sec - Trea

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

NOTE.—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.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 4085.39

Signature RRC
(Authorized Certifying Officer)

Date 11-26-58 Vou. No. DMEA-59-64
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Tdx-E1175 in accordance with the terms of the contract.

Signature Carl Bilm (P4, D82.02) Title Mining engineer Date 11/17/58

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Checked for Engineering Adequacy

Signature [illegible] Title Executive Officer Date NOV 21 1958

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1962)

Budget Bureau No. 42-R1151.2

RECEIVED OME DEPARTMENT OF THE INTERIOR NOV 19 1958 III COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of ~~Sept, Oct~~ July Aug 1958 Docket No. DMEA 4765 Contract No. DMEA 1125
Operator's Name Knight Mining Corp. Minerals Lead - Zinc
Address 2432 Grove Denver 11, Colo. Copper

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
~~Drifting~~ Supervision	Mo.	1760.00	2 14/15	2054.90	3 1/15	600.00	3 1/15	2054.90
Crosscutting Bulldozing	Hr.	120.00	10	900.00	15	12.00	20	960.00
Raising gas-oil truck		71.84		104.85				305.00
Shafts Truck Depreciation	Mo.	40.00	3	120.00	4	30.00	4	120.00
Winzes Core Boxes	Box	55.00	44	55.00	44	1.25	180	225.00
~~Drilling: Core~~ Overburden	Ft.	720.00	60	720.00	60	12.00	60	720.00
~~Churn~~ BX	Ft.	5379.75	797	5379.75	797	6.75	2000	13500.00
~~Auger~~ Cementing	Ft.	2277.00	759	2277.00	759	3.00	200	600.00
~~Stripping~~ Reaming	Ft.	1477.00	422	1477.00	422	3.50	200	700.00
Trenching								
Test Pits								
Roads and Trails Assaying	per	50.00	10	50.00	10.	50.00	20	100.00
Total Distributed Costs		11999.79	2107 14/15	13138.50				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		11,999.79		13138.50				

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

Date 10/24/58 Operator Knight Mining Corp.
Per D. J. Lorenz Title Sec-Treas

Remarks:

NOTE.—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.

(Instructions on reverse)

(For Government use only)

Carl Bilen

OME
DEPARTMENT OF THE INTERIOR
OCT 27 1958
DIVISION III
DENVER, COLORADO

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

EXTRA COPY
O. M. E.
RECEIVED DEC 1 1958

DATE	INITIALS	CODE
		800

MADE NOV 28 1958

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III

Administrative Audit Difference Statement

Freight Mining Corporation
2[illegible] Grove Street
Denver, Colorado

Date: October 27, 1958
Payee's Reference: July, August and September 1958

Gentlemen:

Upon examination of the above Payee's Reference a difference was found which made it necessary to suspend your account accordingly:

Amount Claimed	$	11,930.79
Difference	$	3,860.00
Amount Approved	$	8,070.79

The reason for the difference was due to:

Reaming and casing in Hole No. 2 is disallowed inasmuch as Operator agreed to ream Hole No. 2 from 41 to 58 also at his own expense.

263 feet at $3.50 per foot $920.50

Only ½ month depreciation on truck remains suspended; therefore, the cost for 2½ months at $30.00 per month is disallowed. 75.00

The reported cost for reaming and casing (except Hole No. 2) is suspended pending receipt of detailed data and justification.

Reaming and casing, 159 feet @ $3.50	556.50
Cementing and redrilling, 759 feet @ $3.00	2,277.00
	$3,849.00

Any reclaim for deductions made above must be supported by the ORIGINAL of this form.

Very sincerely yours,

Randel R. Cooper
Randel R. Cooper
Authorized Certifying Officer

R-III-B & F Form No. 4
4-15-52 D

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado
November 21, 1958

Memorandum

To: T. A. Christensen

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4765 (Lead-Zinc-Copper) Contract Ice-X1173, Knight Mining Corporation, (New York claims) Summit County, Colorado - Operator's Monthly Progress Report for the months of July, August, September and October, 1958

Enclosed are the original and four copies each of Forms MF-104 and MF-104A, Operator's Narrative Report, and Engineer's Report for the above period.

The work is being performed partly under independent subcontract, and partly at fixed unit costs. The drilling rates are as low or lower than the rates contained in the lowest and best bid submitted with the application. Bids were not submitted for bulldozer work; however, the bulldozing rates are in line with the standard rates prevailing in the project locality for the size and make of bulldozer used on the project. Under the circumstances, the rates for the work performed under independent subcontract are considered to be reasonable.

Except as otherwise indicated below, we consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended on the following basis contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

<u>Disallowance, Reaming and Casing, Hole No. 2</u>

The contract requires that the holes be drilled BX size or larger. The Operator agreed to ream Hole No. 2 from AX to BX size at its sole expense in order to complete the hole to contract specifications; however, through error the cost of reaming and casing in Hole No. 2 is reported on Form MF-104. The reported cost for reaming and casing in Hole No. 2 is to be disallowed, as follows:

Disallow, reported cost of reaming and casing in Hole No. 2, 263 feet at $3.50 per foot ---------- $ 920.50

Disallowance, Truck Depreciation

The Operator has reported truck depreciation for 3 months at $30.00 per month. Only ½ month depreciation remains unsuspended, therefore, the reported cost for depreciation for 2½ months is to be disallowed, as follows:

Disallow, reported cost of truck depreciation for 2½ months at $30.00 per month ----------	75.00
Total amount to be disallowed ----------	$995.50

Note: The Operator has reported one foot of Overburden drilling at the lower rate for NX drilling. No exception taken by this office.

Suspension, Reaming and Casing and Cementing and Redrilling

Until detailed data and justification for reaming and casing, and cementing and redrilling is received, the Government cannot determine the allowability of the reported costs thereof. The reported cost for reaming and casing (excepting Hole No. 2), and cementing and redrilling is to be suspended pending receipt of the required data from the Operator.

Suspend:

1. Reported cost for reaming and casing, excepting Hole No. 2, 159 feet, at $3.50/ft. ----------	$ 556.50
2. Reported cost for cementing and redrilling, 759 feet, at $3.00/ft. ----------	2277.00
Total amount to be suspended ----------	$2833.50

Reconciliation With Amount Reported by the Operator on Form MF-104 for July, August, September, and October, 1958

Amount reported by Operator ----------		$11,999.79
Amount to be disallowed ----------	$995.50	
Amount to be suspended ----------	2833.50	
Total deduction ----------		3,829.00
Acceptable cost for the period ----------		8,170.79
Government participation at 50 percent ----------		$ 4,085.39

Remarks:

Date of Report----------October 24, 1958
Date Received in Field Office----------November 14, 1958
Date Received in Region Office----------November 19, 1958

Original signed by
J. W. TOWNSEND
J. W. Townsend

Enclosures

JWC:bmh

cc: Chem. Op. Comm. (2)
Belser, CMK/DFC
MF-104 file, Reg. III
Harshman) w/copy of Engr's
Cooper) report
Charen

DEPARTMENT OF THE INTERIOR
DENVER, COLORADO

Nov. 18, 195

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Carl Belser

Subject: Docket DMRA 4765 (Lead-Zinc-Copper) Contract Ida-R1175, Knight Mining Corporation (New York claims) Summit County, Colorado -- Progress report for July, August, September and October 1958

Progress under the subject was inspected August 5, 1958 by M. H. Salsbury and on September 3, October 8, and November 4, 1958 by Carl Belser.

J. P. Webb was the independent bulldozer contractor and Boyles Brothers Drilling Company was the independent drilling contractor.

The operator has turned in the following costs:

Category 1
Bulldozing 10 hrs. at $12.00 supported by statement by James P. Webb for $144.00 -- The bulldozing is allowable

Hole	Core	Ream	Pipe	Core boxes	Cement	
1	176	65	10	16	160	
2	263	263	8	12	252	
3	152	45	18	7	142	
4	205	49	25	9	205	
(4)	796	422	66	44	759	
	2,000	200	60	180	200	(allowable by contract)

The core on the inventories totals 796 feet not 797 feet.
Cementing and reaming cannot be paid without supporting statements from the drill contractors.

Category 2 - Supervision. Contract permits 4 months at $600 a month. Statements show 3 months (Malbye-Marvin) July - August - September for $1,760.00 - Allowable

Category 3 - Gas and Oil - Fred's Service statements $71.04 (allowable $305.00)
Core boxes 44 (allowable 180)

Category 7 - Assaying statements 27 for $168.00 (claimed 10 at $5 ea.) - allowable

Category 4 - Truck depreciation - claimed $90 - allowable $15

Allowable expenses follow:

Stage II

796 feet of BX core drilling at $6.75/ft.	$5,373.00
60 feet of overburden pipe driving at $12/ft.	720.00
10 hrs. of bulldozing at $12/hr.	120.00
44 core boxes at $1.25/ea.	55.00
10 assays at $5.00 ea.	50.00
2 14/15 months supervision at $600/mo.	1,760.00
Gas and oil (vouchers)	71.84
Truck depreciation	15.00
Total	$8,164.84

Payment of 50 percent of the above amount or $4,082.00 is recommended.

Allowable for payment when properly supported are 200 feet of cementing and redrilling at $3.00 a foot and 200 feet of reaming and casing (excepting hole 2) at $3.50 a foot.

Not used

Not used

Carl Belser

Carl Belser
Mining Engineer

CB/mr
cc: 6
I&m-E1175
ckrem

PROGRESS REPORT

STAGE 8- COMPLETION OF DIAMOND DRILL HOLE #1

KNIGHT MINING COMPANY

Docket No. 4765
Contract No. IDM- K1175
September 10, 1958

Diamond Drill Hole #1 was started on August 8, 1958 and completed on September 2, reaching a total depth of 200 feet.

The hole was located at the top of the Dakota quartzite near the intersection of at least 2 faults. The upper quartzite (66' thick) and the middle shale member (54' thick) were penetrated, but the lower quartzite member was missing and probably cut out by a thick monzonite porphyry sill. The first Morrison formation was found, and then only 2 feet, at 158 feet. Below that was another large porphyry sill to the bottom or 200-foot depth. Because of this 80-foot section of porphyry, broken only by 2 feet of silicified Morrison shale, the hole was stopped, since the objective of this drilling is to test as much Dakota and Morrison sedimentary section as possible.

The only significant mineralization, outside of considerable disseminated pyrite, specular hematite, and chalcopyrite in the porphyry, is in the zone from 109'-120', where faulted and shattered Dakota shale contains pyrite, specular hematite, chalcopyrite, and possible specks of galena and sphalerite. The best is from 109'-110' and 119'-120'. Core recovery in the fault zones consisted of only a few small fragments, so only sludge samples from these zones were assayed.(See geologic-assay log). Core recovery for the entire hole was 60%.

Drilling progress was at the usual slow rate in this highly fractured ground. Core size was NX to 69 feet and BX on the remainder. Considerable cementing was absolutely necessary to permit hole completion and consisted of 85 hours. This number of hours is nearly half the total time spent on the hole.

Respectfully submitted,
MELBYE AND MERWIN

Charles E. Melbye

Charles E. Melbye
Consulting Geologist Acting for
Knight Mining Company

PROGRESS REPORT

STAGE 2- COMPLETION OF DIAMOND DRILL HOLE #2

KNIGHT MINING COMPANY

Docket No. 4765
Contract No. IBM- B1175
September 17, 1958

Diamond Drill Hole #2 was started about June 1, 1958, utilizing the Golden Drilling Company, Golden, Colorado. Because of the extreme brecciation of the ground and difficult drilling, they quit the job after about a month, reaching a depth of only 45 feet. Boyles Bros. Drilling Company was then employed to finish the job, and they completed the hole on about September 8. Total depth was 271 feet.

The hole was located near the top of the Dakota quartzite, at the crest of a NE-SW fold. The Dakota is highly fractured at this location and a monzonite porphyry sill has been intruded along the beds near the fold axis. The upper quartzite (71' thick), the middle shale (62.5' thick), and the lower quartzite member (27' thick) were all penetrated. Below this and to the bottom is the Morrison formation consisting largely of highly silicified, variegated, limy shales with a few sandstone beds. Three porphyry sills, 12'-27' thick, have intruded the Dakota formation, but only 2 thin sills, 1.5' and 6' thick, were found in the Morrison section. The upper Morrison is highly silicified and metamorphosed of the "contact" type.

Significant mineralization is present at two horizons in the Dakota formation; from 43'-47' is brecciated quartzite containing limonite crystals and other forms of iron oxide, and from 101'-104.5', a steeply-dipping fault was cut which contains malachite, pyrite, chalcopyrite and iron oxides. The only assay with appreciable values, however, is the core sample assay from the interval 101'-102.5', which showed 3.24 oz. Ag. (See Geologic-Assay Log).

Two significant mineralized horizons were also cut in the upper "contact-metamorphosed" Morrison section, which is highly silicified and contains disseminated garnet, epidote, pyrite, chalcopyrite, and specular hematite. From 164'-165' is a brecciated zone containing 60-70% sulphides, which assayed .09 oz. Au, 2.25 oz. Ag, and 4.75% Cu. The section from 175'-185' showed a higher concentration of disseminated minerals and was more intensely faulted. The gold values were the only appreciable ones, varying from .12-.16 oz. in the interval 180'-185'.

The hole was stopped after drilling 112' into the Morrison formation, since the shales and sandstones were no longer silicified and metamorphosed, and the 2 thin porphyry sills were only slightly altered.

Drilling was unusually slow and difficult for both drillers. Core recovery was 37%, notwithstanding a total of 85 hours cementing time. Core size was NX to 25 feet and BX for the remainder.

Respectfully submitted,
MELBYE AND MERWIN

Charles E. Melbye

Charles E. Melbye
Consulting Geologist Acting For
Knight Mining Company

PROGRESS REPORT

STAGE 2- COMPLETION OF DIAMOND DRILL HOLE #3

KNIGHT MINING COMPANY

Docket No. 4765
Contract No. IDM- E1175
October 22, 1958

Drill Hole #3 was started on September 11 and completed on September 27, 1958. Total depth was 170 feet.

The stratigraphic location of the hole was uncertain before drilling, but it was collared and continued in Tertiary quartz monzonite porphyry for the first 12 feet, after which the black carbonaceous shale of the middle Dakota member was encountered. There was 22 feet of this shale, followed by 77.5 feet of the lower quartzite member. The Dakota-Morrison contact is at 111.5 feet and is followed by the variegated pink and green silicified Morrison shales and the less silicified greenish-gray sandy shales and sandstone. In addition to the upper quartz monzonite porphyry sill, five thin (2'-4' thick) monzonite porphyry sills were cut near the Dakota-Morrison contact. The major north-striking fault zone to the west of the hole was encountered from 94-127 feet. Faulting of only a minor nature was found in the balance of the hole.

Although the amount of specular hematite and pyrite was notable throughout the fault zone, the assays of very small pieces of core and of the sludges were quite low (See Geologic-Assay Log). The only one of consequence was that of the sludge from interval, 100 - 105 feet, which showed 1.66 oz. Ag/Ton. Stratigraphically, the mineralization is situated similarly to that in Hole #2, where the Dakota-Morrison contact zone is mineralized. The 3.5-foot thick monzonite porphyry sill at the contact contained about 15% specular hematite and pyrite.

Drilling was stopped at 170 feet since the bottom 15 feet showed little or no silicification or alteration of the Morrison shale and sandstone.

Drilling progress was the best thus far in the program, averaging about 12 feet per day. Core recovery was 35%. Core size was NX to 64 feet and BX for the remainder.

Respectfully submitted,
MELBYE AND MERWIN

Charles E. Melbye

Charles E. Melbye
Acting for Knight Mining Company

OME
DEPARTMENT OF THE INTERIOR
NOV 19 1958
REGION III
DENVER, COLORADO

OME
DEPARTMENT OF THE INTERIOR
NOV 10 1958
REGION III
DENVER, COLORADO

PROGRESS REPORT

STAGE 2- COMPLETION OF DIAMOND DRILL HOLE #4

KNIGHT MINING COMPANY

Docket No. 4763
Contract No. IBM- E1175
November 6, 1958

Drill Hole #4 was started on September 30 and completed on October 21, 1958, reaching a total depth of 230 feet. In contrast to the previous three holes, this one was drilled at 57° inclination in a N80°W direction. The purpose was to explore the major N-S fault zone which shows strong brecciation and mineralization at the surface and along which an electromagnetic anomaly was found, indicating a buried conducting body.

The hole was collared in monzonite porphyry and at 20 feet encountered the black carbonaceous shale of the middle Dakota member. A fault from 55'-62' is also the contact between the middle shale and lower quartzite members. Numerous faults make it difficult to determine exact stratigraphic thicknesses, but 52 feet of the lower Dakota quartzite was drilled before encountering the Dakota-Morrison fault contact at the 128-foot depth. Eighty five feet (true thickness) of Morrison was then drilled in the remainder of the hole, the lithology being the typical variegated or greenish-gray silicified limy shales, sandy shales, and sandstones. Sandy members were more numerous in this hole than in the previous three. The Morrison formation also contains epidote and other evidences of the contact metamorphism prevalent on Gibson Hill. The only porphyry sill of consequence was the one at the surface, as only 2 minor thin porphyries were found at greater depths.

The major N-S fault, which constituted the exploration target, was cut from 106'-171'. Utilizing a projection from known surface locations, the dip is 77° East. Although the actual fault contact is at 128 feet, the entire 65 feet is highly faulted, altered, and mineralized with abundant iron and manganese oxides and with occasional zones of abundant pyrite, specular hematite, and calcite. Assays of all the cores and sludges, however, were disappointing in that only a 8-inch vein at 117 feet, a 5-foot zone from 140'-145', and a 2-foot zone from 160'-162' showed appreciable metal values. The significant values were in lead and silver; the maximum was 1.01 oz. Ag and 1.40% Pb at 117 feet. The maximum gold was .02 oz./ton and all the copper and zinc assays were traces. Both the Dakota and Morrison lithologies in the fault zone seemed to be equally mineralized.

Two additional fault zones, unknown from surface indications, were discovered at depths, 195'-201' and 224'-225'. These were both in the greenish-gray silicified sandy shales of the Morrison formation. Metal values in the first were the highest for the hole; the average of core and sludge being .03 oz. Au, .72 oz. Ag, .15% Pb, and 2.78% Zn. The drillers reported ½ foot of massive sulphides were drilled. Small amounts of galena can be seen in the core from 224'-225', but the assays were all low.

Drilling progress averaged 12 feet per day. Core recovery was 38%. Core size was all BX or larger, but the exact footages of NX and BX cores is not available at the time of writing this report. Because of the broken ground and difficult drilling, the drillers found it necessary to cement from 25'-230'.

Respectfully submitted,
WILBYE AND McEWIN

Charles E. Wilbye

Charles E. Wilbye
Acting for Knight Mining Company

UNITED STATES
DEPARTMENT OF THE INTERIOR

OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado

EXTRA COPY
O. M. E.
RECEIVED NOV 5 1958
CODE
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November 3, 1958

Memorandum

TO: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket DMEA 4765 (Lead-Zinc-Copper), Contract No. Idm-E1175 Knight Mining Corporation (New York Claims) Summit County, Colorado

Enclosed are two copies of the letter dated November 3, 1958, from this office to the Operator regarding items of work reported. Also enclosed is a photo copy of the Operator's Accounting Report, and a photo copy of the billing from the independent contractor for the performance of work under Category (1).

This project has been the subject of recent correspondence with your office regarding the allowability of units of work in excess to those established in the contract under Category (1).

Since the Operator referred our letter to him, dated September 17, 1958, to Congressman Byron G. Rogers, to enlist his aid in the Operator's favor, the enclosed material is forwarded so that you are kept abreast of the situation incase Congressman Rogers should make inquiry of your office regarding the matter.

J. W. Townsend

Enclosure

224 New Customhouse
Denver 2, Colorado
November 3, 1958

VIA CERTIFIED MAIL

Mr. David J. Lorenz,
Secretary-Treasurer
Knight Mining Company
2432 Grove Street
Denver, Colorado

Re: Docket DMEA 4765 (Lead-Zinc-Copper)
Contract No. Idm-E1175
Knight Mining Corporation (New York Claims) Summit County, Colorado

Dear Mr. Lorenz:

Your accounting report, Forms MF-104 and MF-104A, for the period July, August, September and October, 1958, has been received. However, before the report can be placed in line for processing for reimbursement to you, certain items of cost must be fully justified and supported, which are as follows: -

(1) The narrative description and drill log pertaining to the drilling of hole No. 4 must be supplied.

(2) Since reaming footages claimed exceed the estimated footages in the contract for which funds are specifically provided, a justification as to the necessity for the reaming must be supplied for each of holes Nos. 1, 3 and 4.

(3) Regarding the reaming footage claimed for hole No. 2, the contract is quite specific in that "The diamond drilling shall be BX size or larger." Some time ago when it came to my attention that hole No. 2 was being drilled AX size, the contract provisions were called to the attention of both you and your Mr. Malkye, and you were advised that before the hole could qualify for contribution to the costs thereof by the Government, either (a) the hole would have to be reamed at your sole expense without contribution by the Government so that it could be completed BX size as specified in the contract, or (b) you would have to obtain an amendment to the contract reducing the required size of the hole to AX.

At the time of our telephone conversation regarding the matter, you stated that your contract with the independent contractor called for RK drilling; therefore, the hole would be reamed and completed the required size without cost to the Government.

Review of the documentation attached to your accounting report discloses that you have included a claim for reaming of hole No. 2 from a depth of 8 feet to the bottom of the hole at 271 feet which, under the circumstances, is not considered an allowable cost of the work to which the Government will contribute its share under the provisions of the contract.

(4) Cementing footages claimed for holes Nos. 1, 2, 3 and 4 far exceed the estimated footages in the contract for which funds are specifically provided; therefore, it will be necessary for you to supply a detailed statement from the driller relative to the cementing and drilling, giving the intervals in each hole which were cemented and redrilled.

When the data requested under items 1, 2 and 4 are received, it will then be possible to continue processing your accounting report.

Very truly yours,

Original signed by
J. W. TOWNSEND

J. W. Townsend
Executive Officer, OME
Field Team, Region III

cc: Mr. Charles E. Melkye
1117 Washington Ave.
Golden, Colorado

Chmn. Op. Comm. (2)
Harshman
Belser, OME/DFC
Corres. File
Cooper
Chron.

10/14/55

Mr. F. N. Kershman
Acting Executive Officer
OGE Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DGS4-4765 (Lead-Zinc-Copper)
Knight Mining Corporation
(Ben Hur Claim)
Summit County, Colorado
Contract No. DGS-5117S

Dear Mr. Kershman:

The purpose of our letter dated September 30, 1955, was to point out that, under the terms of this contract, the manner in which a subcontractor charged the Operator for cementing and redrilling was not too significant so long as the cost in which the Government was expected to participate was reasonable and did not exceed the maximum rate specified in the contract.

It may be that the drilling contractor has cemented more footage than is actually necessary as implied in your letter dated October 3, 1955. It is the prerogative of your office to require such support as deemed necessary in conjunction with recommending reimbursement to the Operator for work performed. However, it would appear that a statement by the subcontractor as to the footage which was cemented and redrilled and the necessity therefor, as approved by the Operator and Field Team, should be sufficient. The Government will not participate in any cost incurred by the Operator in excess of $1.00 per foot.

Article 6(a) provides that the allowable costs to which the Government will contribute are limited to those that are direct, reasonable, and necessary. Under this provision of the contract disallowances may be made for any excess footage cemented and redrilled.

It may be that more than 200 feet of cementing and redrilling will be found to be reasonable and necessary which would have the effect of reducing the amount available for other costs under

Category (1) Independent Contracts. If this should happen the Operator will be expected to complete the required work and assume the excess costs without Government participation.

Sincerely yours,

/s/ George C. Selfridge

Chairman, Operating Committee

APPROVED:

/s/ Richard L. Nace

Member, Bureau of Mines

/s/ W. E. Nelson

Member, Geological Survey

CEFisher/mm
October 8, 1958

Copy to: Docket
Director's Reading File
Operating Committee
T. N. Kiilsgaard
Frank D. Lamb
Mr. Chambers
Mr. Donald T. Finch

204 New Customhouse
Denver 2, Colorado
October 3, 1958

800

Memorandum

To: Chairman, Operating Committee, OME

From: OME Field Team, Region III

Subject: Docket No. [illegible] 4765 (Lead-Zinc-Copper) Contract [illegible]-[illegible]
Knight Mining Corporation, (New York claims) Summit
County, Colorado

Inclusive etc.

Reference is made to your letter of September 30, 1958, wherein you take exception to part of the requirement as outlined in the letter from this office to the Operator, dated September 17, 1958, pertaining to reporting cementing and redrilling costs.

To begin with, it has been our experience that drilling contractors are prone to cement more footage in a hole than is actually necessary. The engineer on his once a month visit to the project, usually after the work in question has been completed, cannot have a direct knowledge as to whether or not the extent of such work was actually necessary. He is, therefore, placed in the position of needing a maximum of support by statements and billings from the independent contractor in order to certify as to the need for the work and resultant reimbursement to the Operator.

In this particular case, in the drilling of two holes to depths of 200 and 270 feet, respectively, the independent contractor intended to bill the Operator for about 8½ hours at $10.50 an hour, for cementing and redrilling time in each hole, or an aggregate charge of about $1795.00 for the two holes.

Since the cementing and redrilling charge was to be made on an hourly basis without reference to footage cemented, this office would have no basis by which to determine the allowability of the charge in excess of funds provided for in the contract for such work, or to ascertain that the allowable maximum unit cost of $3.00 per foot was not exceeded.

It is felt that it is the prerogative of this office to require such support as deemed necessary in conjunction with recommending

reimbursement to the Operator for work performed especially when such charges exceed contract allowances. We concede that, ethically, we cannot demand that the independent contractor bill the Operator in any specific fashion. However, in this case it is imperative that the independent contractor in his billing to the Operator, supply the information as to the footage interval of the hole or holes that was cemented or redrilled.

It is possible that excess costs of component items, such as, in this instance, cementing and redrilling, if allowed, would take funds from the major items of work, thereby disrupting the proposed exploration program so that the property could not be properly explored or anticipated results achieved.

We will appreciate further comments from you in the matter.

Original signed by
E. N. HARSHMAN

By _____
E. N. Harshman

Original signed by
J. W. TOWNSEND

By _____
J. W. Townsend

JWT:hmh

cc: Harshman) w/copy of Chmn's
Corres. file, Reg. III) letter of 9/30/58
Cooper
Chron

. N. Harshman
g Executive Officer
E Field Team, Region III
A New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA-4765
(Lead-Zinc-Copper)
Knight Mining Corporation
(New York claims)
Summit County, Colorado
Contract No. Idm-E1175

Dear Mr. Harshman:

In the Acting Executive Officer's September 17, 1958, letter addressed to Charles E. Melbye, in regard to cementing and redrilling costs under the referenced contract, it was stated that "The billing from the subcontractor to support your claim for reimbursement must also be on a footage basis and not on an hourly basis."

There is no requirement that an independent contractor's billing against an Operator be on a basis of the same units specified in Exhibit "A" of the exploration project contract. Such billing should be on the basis of the units set forth in the independent contract.

Article 13 (a) of this exploration project contract provides that the allowable unit cost per foot of a drilling item is the average unit cost per foot computed on the basis of the actual costs incurred by the Operator. Accordingly, regardless of the basis of the independent contractor's billing, the actual costs

of the cementing and drilling not in excess of an average unit cost of $3.00 a foot are allowable, provided, of course, that the cementing and redrilling work is necessary and otherwise acceptable under the contract.

Sincerely yours,

George C. Selfridge

ACTING Chairman, Operating Committee

APPROVED:

Frank J. Cservenyak

Member, Bureau of Mines

N. E. Nelson

Member, Geological Survey

EDTalbert/GMcC
Sept. 26, 1958

cc: Docket
Act. Director's Reading File
Operating Committee
T. H. Kiilsgaard
Frank D. Lamb
Mr. Chambers
Mr. Donald T. Finch

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of May - June, 1958 Docket No. DMEA 4765 Contract No. Idm-E1175
Operator's Name Knight Mining Corp. Minerals Lead-Zinc
Address 2432 Grove - Denver - Colo Copper
Contract Amount, $ 20,380.00 Government Participation: 50.% Amount, $ 10,190.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing	780.00	0	780.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision	294.90	0	294.90			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase Gas-Oil	33.81	0	33.81			
Depreciation Truck	30.00	0	30.00			
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1138.71	0	1138.71	1138.71		1138.71

DMEA
DEPARTMENT OF THE INTERIOR
JUL 10 1958
REGION III
DENVER, COLORADO

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 7-9-58 *Payee Knight Mining Corp.
Per A. J. Lorenz Title Sec-Treas

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

NOTE.—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.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
$569.36
Signature [illegible]
(Authorized Certifying Officer)
Date 7/29/58 Vou. No. DMA 59-10
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-1175 in accordance with the terms of the contract.

Signature E. W. Buck Title Mining Engr. Date July 16, 1958

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE

Checked for Engineering Accuracy

Signature J. W. Fernald Title Alternate Acting Executive Officer Date JUL 28 1958

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May-June 1958 Docket No. DMEA 4765 Contract No. Idm E1175

Operator's Name KNIGHT MINING CORP. Minerals Lead - Zinc

Address 2432 Grove Copper

DENVER 11, COLORADO

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date Stage II	Units to Date	Unit Costs to Date	Authorized by Contract Units	Authorized by Contract Unit Costs
~~Drifting~~ Supervision	Mo	144.90	1/4	144.90	1/4	600.00	1/4	144.90
~~Crosscutting~~ Bulldozing	Hr	60.00	5	60.00	5	12.00	20	12.00
Raising Gas - Oil		33.81		33.81				305.00
~~Shafts~~ Truck depreciation	Mo	30.00	1	30.00	1		1	120.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		268.71	6 1/4	268.71				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		268.71		268.71				

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

Date 7-9-58 Operator KNIGHT MINING CORP. 2432 Grove DENVER 11, COLORADO

Per D. J. Lorenz Title Sec - Tres

→ NOTE.—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.

(Instructions on reverse)

Remarks:

E. W. Buel

W. W. Wimbel

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

Form MF-104A
(April 1953)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May-June 1958 Docket No. DMEA 4765 Contract No. Idm-E1175

Operator's Name KNIGHT MINING CORP. Minerals Lead - Zinc

Address 2432 Grove Copper

DENVER 11, COLORADO

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date Stage I	Units to Date	Unit Costs to Date	Authorized by Contract Units	Authorized by Contract Unit Costs
~~Drifting~~ Supervision	Mo	150.00	1/4	150.00	1/4	600.00	1/4	600.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching Bulldozing	Hr	720.00	60	720.00	60	12.00	60	12.00
Test Pits								
Roads and Trails								
Total Distributed Costs		870.00	60 1/4	870.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		870.00		870.00				

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

Date 7-9-58 Operator KNIGHT MINING CORP. 2432 Grove DENVER 11, COLORADO

Per A. J. Lorenz Title Sec - Trea

Remarks:

→ NOTE.—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.

(Instructions on reverse)

E. W. Buel
W. W. Wimpel

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

FILE COPY
DMEA
4
COPY
8/5 CMM 100
800

FINAL DISTRIBUTION
MADE JUL 30 1958

224 New Customhouse
Denver 2, Colorado

July 28, 1958

Memorandum

To: T. A. Christensen

From: Alternate Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4765 (Lead-Zinc-Copper), Contract No. Idm-K1175 Knight Mining Corporation (New York claims) Summit County, Colorado - Operator's Monthly Progress Report for the months of May-June, 1958.

Enclosed are the original and four copies each of Forms MF-104 and MF-104A, Operator's Narrative Report, and Engineer's Report for the above period.

The work is being performed partly under independent subcontract, and partly at fixed unit costs. Bids were not submitted for bulldozer work; however, the bulldozing rates are in line with the standard rates prevailing in the project locality for the size and make of bulldozer used on the project. Under the circumstances, the rates for the work performed under independent subcontract are considered to be reasonable.

We consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended for 50 percent of the amount reported on Form MF-104 for May-June, 1958, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

Remarks:

Date of Report----------July 9, 1958
Date Received in Field Office----July 11, 1958
Date Received in Region Office---July 17, 1958

Original signed by
J. W. TOWNSEND
J. W. Townsend

Encls.
MEM:bh
cc: Chmn. Op. Comm.(2)
DMEA/DFC
MF-104 File, Reg. III
Harshman) w/copy of
Cooper) Engr's report
Chron.

DMEA
DEPARTMENT OF THE INTERIOR

REGION III

JUL 17 1958
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver2, Colorado
July 16, 1958

Memorandum

To: Acting Executive Officer, DMEA Field Team, Region III

From: E. W. Buel
W. W. Winkel

Subject: Docket DMEA 4765 (Lead-zinc-copper) Contract Idm-K1175, Knight Mining Corporation (New York claims) Summit County, Colorado -- Progress report for May and June 1958

Progress under the subject contract was inspected on June 10, 1958 by E. W. Buel. The inspection included all work claimed under Stages I and II for May and June 1958.

The bulldozer trench, about 1200 feet in length, was completed under Stage I work, and conformed with requirements of the contract.

Access roads and drill site preparations for holes Nos. I and II were completed under Stage II work, and in accordance with the contract.

The operator has submitted a narrative report in quintuplicate with map showing location and extent of dozer trenching, drill site locations for holes Nos. I and II and location of access roads, forms MF-104 and 104A for Stages I and II, contractor's invoices for bulldozer time, geological and engineering supervision, and invoices for gasoline and oil used on 3/4 ton pickup truck. Other documentation to support this claim is not required by the contract.

A dated gasoline purchase receipt for the $2.00 charge for gasoline, shown at the bottom of the invoice from Fred and Cecil's Service, dated June 4, 1958, was not submitted with the 104 claim for May and June 1958; however, the inspecting engineer did not recommend a disallowance for this oversight on the part of the operator.

Payment of $569.36 or 50 percent of the amount claimed $1,138.71 is recommended by the inspecting engineer.

E. W. Buel
E. W. Buel
Mining Engineer

W. W. Winkel
W. W. Winkel
Mining Engineer

WWW/mr

cc: 6 Idm-K1175 chron

July 1, 1958

DMEA
DEPARTMENT OF THE INTERIOR
JUL 3 - 1958
REGION III
DENVER, COLORADO

U. S. Department of the Interior
Executive Officer
Defense Minerals Exploration Adm.
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA 4765 (Lead-Zinc-Copper)
Contract No. Idm-E1175
Knight Mining Corporation
(New York Claims)
Summit County, Colorado

Gentlemen:

Enclosed please find the MF-104 and Mf-104A forms and a sketch showing the Bulldozer cut and the new roads to the drill holes 1 and 2.

The cut was made as per your original plan and instructions for Stage #1. The new road and drill hole locations are a part of Stage #2.

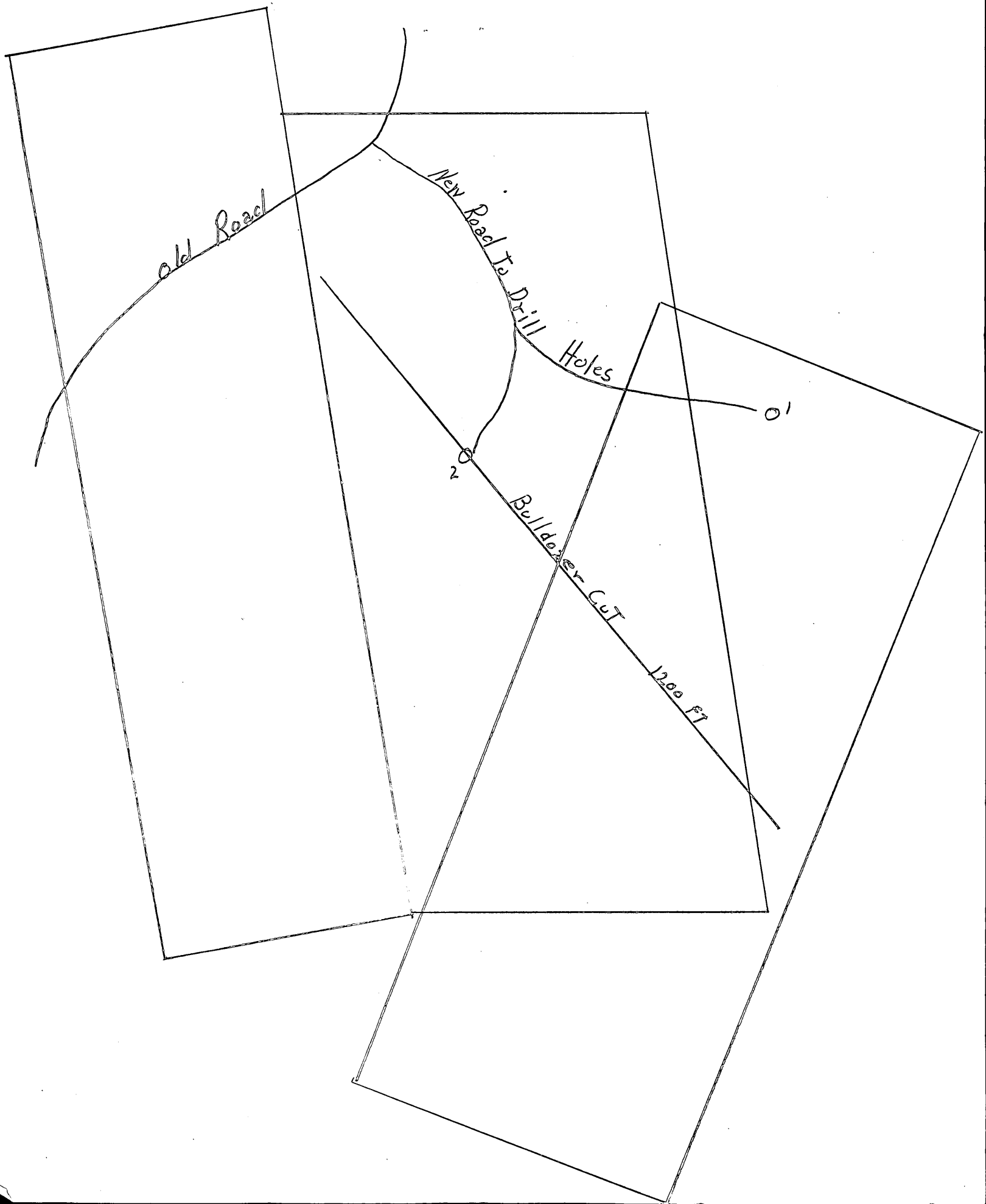
Yours very truly,

KNIGHT MINING CORPORATION

D. J. Lorenz

D. J. Lorenz

KNIGHT MINING CORPORATION
2432 GROVE
DENVER, COLORADO


Old Road
New Road To Drill Holes
0'
2
Bulldozer Cut
1200 ft

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

MAR 29 1960

Mr. H. L. Jones
Vice President
The Knight Mining Corporation
2432 Grove Street
Denver, Colorado

Re: Docket No. DMEA-4765
(Lead-Zinc-Copper-Molybdenum)
Knight Mining Corporation
New York Claims
Summit County, Colorado
Contract No. Idm-E1175

Dear Mr. Jones:

Reference is made to your terminated exploration contract with the Government.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this project. Your attention, however, is called to the provisions of the contract which require the operator to keep and preserve certain records for the period indicated.

We appreciate your interest and participation in the DMEA exploration program.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

JWAlt/gla
3-22-60
cc to: Director's Reading File
CA&A Division
OME Field Team, Region III (2)
Docket
Chron
Code 500

Audit copy

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 27 1959

DATE	INITIALS	CODE
		800

TERMINATION AGREEMENT

It is agreed this 30th day of June, 1959, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government", and the Knight Mining Corporation, hereinafter called the "Operator", parties to that certain Exploration Project Contract Idm-8115, Docket No. DMEA-4765, dated March 6, 1958, as amended, hereinafter called the "Contract", that:

1. Effective March 6, 1959, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the actual costs of work performed prior to said effective date.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract including the rendering of the final report and final account.

4. All rights of the Government respecting certification of discovery or development, percentage royalty and liens to secure the payment thereof, reports (including preservation of the Operator's records) accounts, audits, and the right to recover any overpayment, are hereby preserved.

5. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract, except as otherwise provided in this Termination Agreement.

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

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Acting Director, Office of
Minerals Exploration

KNIGHT MINING CORPORATION

By Edward F. Jarvis

Title Vice Pres

224 New Customhouse
Denver 2, Colorado

May 20, 1959

EXTRA COPY
O. M. E.
RECEIVED MAY 25 1959
DATE | INITIALS | CODE
800

CERTIFIED MAIL

Mr. David J. Lorenz, Secretary-Treasurer
Knight Mining Corporation
2432 Grove Street
Denver, Colorado

Re: Docket No. DMEA 4765 (Lead-Zinc-Copper)
Contract No. IMe-KLT5
Knight Mining Corporation
(New York claims)
Summit County, Colorado

Dear Mr. Lorenz:

In your letter of March 17, 1959, you requested an amendment to the contract to extend the date on or before which the work shall be completed, from March 6, 1959, to July 6, 1959.

Upon receipt of the above letter, you were advised by telephone that the extent of extension of the completion date would depend upon the amount of additional work approved for performance. You were requested at that time, and on several occasions, subsequently by both myself and Mr. Cooper of this office, to submit your request for approval of the additional drilling you considered warranted.

We were advised by you that Winter weather conditions, and caving in the New York tunnel would prevent prompt submission of the work request, but that it would be in our hands within a months time.

In recent conversation with you, we were further advised that your consulting geologist had been instructed to prepare a recommended program for the additional drilling; however, considerable more time has elapsed and the proposed work program has not materialized.

The contract cannot be maintained in an indefinite status. We believe we have been very lenient in allowing you ample time in which to prepare the proposed drilling program; therefore, if your proposed additional work program is not in our hands by June 2, 1979, we will assume that you do not intend to submit such a program and will consider the contract to be completed in its present status.

Very truly yours,

Original signed by
J. W. TOWNSEND

J. W. Townsend
Executive Officer, NRC
Field Team, Region III

JWT:lbm

cc: Chem. Op. Comm. (2)
Rathman
Reiner, CHM/RPG
Corres. file, Reg. III
Surp. file, Reg. III
Chron.

Land Off.	
O. & G.	
Mineral Adj.	
File	Code
	800

[illegible]

TO: [illegible]

From: Executive Officer, Oil Field Term, Region [illegible]

Subject: Docket No. [illegible] Knight Mining [illegible], Colorado

Enclosed are three copies of a [illegible] approval for the drilling of one additional hole under the provisions of Stage II of the subject [illegible].

Also enclosed are two copies of a letter from the [illegible] Operator, dated October [illegible], 1978, with attached [illegible] ment approval for the additional hole, and three copies [illegible] Memorandum dated October 30, 1978, from [illegible], Geological Survey, and Carl [illegible], Mining Engineer, Bureau of Mines, pertaining to the matter.

Copies of the confirmation of verbal work approval have been distributed to the Operator, the Mesa Office, and others concerned in Region IX.

[illegible]
[illegible]

Enclosure

EXTRA COPY
C. M. E.
RECEIVED 13 1958
CODE

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado
November 6, 1958

Mr. Stewart S. Merwin
c/o Melbye & Merwin
Geological & Geophysic Consultants
1117 Washington Avenue
Golden, Colorado

Re: Docket No. DMEA 4765 (Lead-Zinc-Copper) Contract No. Idm-1175
Knight Mining Corporation
(New York claims)
Summit County, Colorado

Dear Mr. Merwin:

In reference to your request of October 17, 1958, this constitutes confirmation of verbal approval by the Government given October 17, 1958 for the drilling of one additional hole under the provisions of Stage II of the captioned contract, as follows:

Hole No.	Location	Estimated depth	Inclination
5	150 ft. N50°E from hole No. 2	200 ft.	Vertical

Nothing in the verbal approval or this confirmation thereof shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the fixed unit cost of any item of work, nor any item of allowable cost which is expressly designated "maximum".

Very truly yours,

JDC:itm

OME Field Team, Region III

cc: Chmn. Op. Comm. (3)
Finance Office, Reg. III
Amendment File, Reg. III
Harshman
Belser, OME/DFC
Corres. File, Reg. III
Cooper
Chron.

By J. W. Townsend

By E. N. Harshman

cc: Mr. David J. Lorenz

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Office of Minerals Exploration
Denver Federal Center
Denver, Colorado

OME
DEPARTMENT OF THE INTERIOR
NOV 3 - 1958
REGION III
DENVER, COLORADO

EXTRA COPY
O. M. E.
RECEIVED NOV 13 1958
CODE

October 30, 1958

Memorandum

To: Executive Officer, OME Field Team, Region III
Through: E. N. Harshman

From: F. B. Moore
Carl Belser

Subject: Docket DMEA 4765 (Lead-zinc-copper), Contract Idm-E 1175, Knight Mining Corporation (New York claims), Summit County, Colorado

In a letter of October 17, 1958, the operator requests approval for Drill Hole No. 5. The hole is to be drilled 150 feet N 50° E of Drill Hole No. 2 and to an estimated depth of 200 feet.

Drill Hole No. 5 will test the northerly projection of the anticlinal roll tested by Drill Hole No. 2. Structural features in the area and the ore body in the nearby Detroit mine trend in a northerly to northeasterly direction. Drill Hole No. 2 cut a 1-foot shear zone which contained nearly 5 percent copper as well as a 50-foot zone of disseminated sulfides.

It is recommended that approval for Drill Hole No. 5 be granted confirming verbal approval granted the operator on October 17, 1958.

F. B. Moore
F. B. Moore
Geologist

Carl Belser
Carl Belser
Mining Engineer

FBMoore:mp

MELBYE MERWIN

GEOLOGICAL AND GEOPHYSICAL CONSULTANTS

OME
DEPARTMENT OF THE INTERIOR
OCT 21 1958
REGION
DENVER, COLORADO

October 17, 1958

CHARLES F. MELBYE
STUART S. MERWIN
CHARLES T. ARNOLD

Executive Officer
Defense Minerals Exploration Administration
224 New Customhouse
Denver, Colorado

Re: Docket No. 476
Contract No. [illegible]

Dear Sir:

This letter constitutes our formal request for proposed Drill Hole No. 5 on the above contract.

Drill Hole No. 5 is intended to explore the possibility of extending the mineralization encountered in Drill Hole No. 2. An anticlinal roll in a monzonite sill is exposed in the bulldozer cut and DDH 2 is collared on the axis of this roll.

It is proposed that Drill Hole No. 5 test the extension of this roll and that it be collared approximately 150 feet N 50° E of Drill Hole No. 2. It is expected to bottom about 200 feet.

We trust this will furnish you with the information needed to proceed with Drill Hole No. 5.

Sincerely yours,

Stuart S. Merwin

Stuart S. Merwin

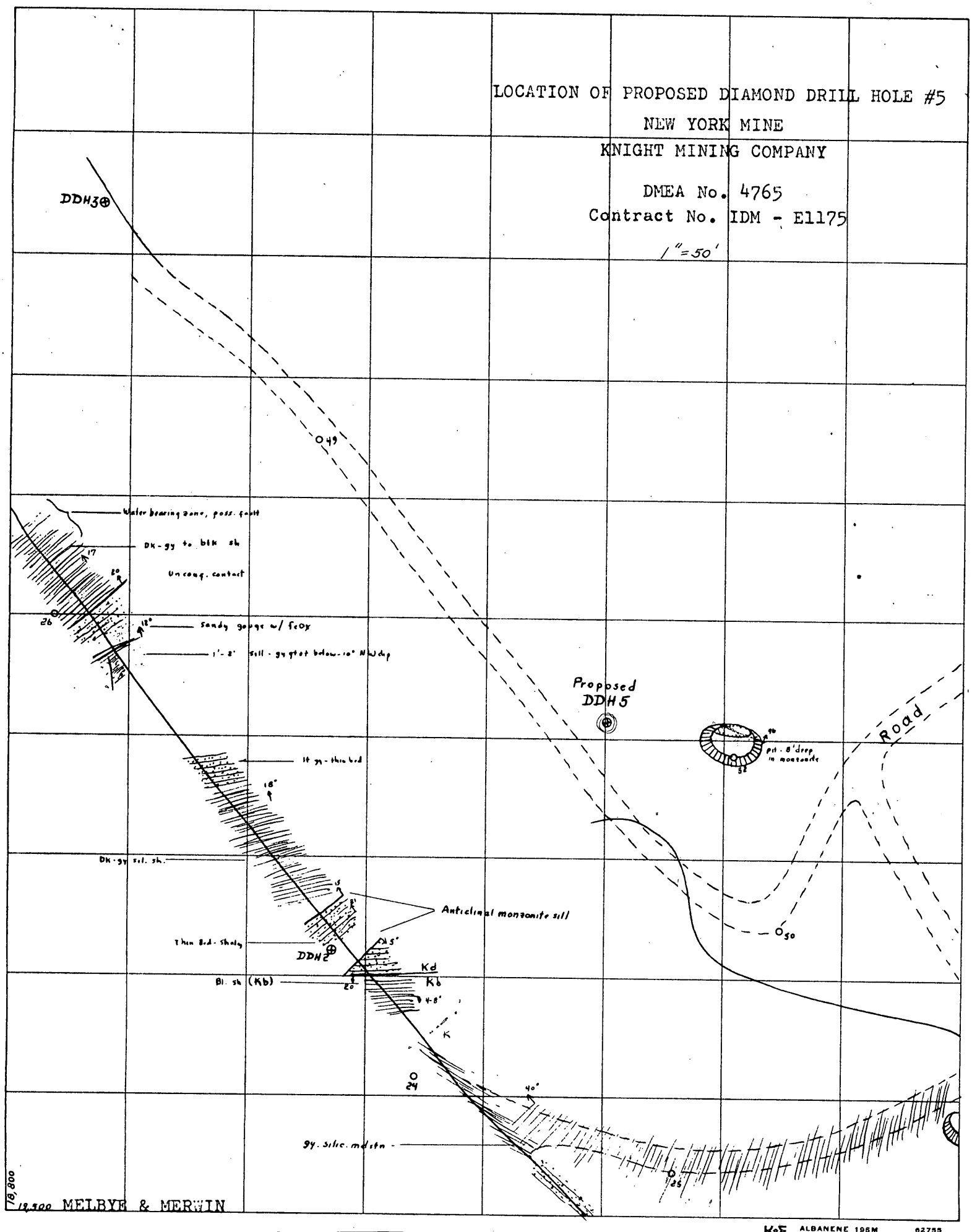
SSM:kk

cc: Knight Mining Company

1807 WASHINGTON AVE.

CRESTVIEW 6-8042

GOLDEN COLORADO


LOCATION OF PROPOSED DIAMOND DRILL HOLE #5
NEW YORK MINE
KNIGHT MINING COMPANY
DMEA No. 4765
Contract No. IDM - E1175
1" = 50'
DDH3
49
Water bearing zone, poss. fault
Dk-gy to blk sh
Uncong. contact
17
20
26
12°
Sandy gouge w/ FeOx
1'-2' sill - gy qtzt below - 10° NW dip
Proposed DDH5
Road
pit - 8' deep in monzonite
52
lt gy - thin bed
18°
Dk-gy sil. sh.
15
Anticlinal monzonite sill
Thin Bd. Shaly
DDH2
5°
Kd
Kb
Bl. sh (Kb)
20
4-8°
K
24
40°
gy. silic. mdstn
25
50
18,800
19,500
MELBYE & MERWIN
K&E ALBANENE 195M 62755

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O. M. E.
RECEIVED NOV 13 1958
DATE INITIALS
CODE

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O. M. E.
RECEIVED OCT 20 1958
DATE | INITIAL | CODE
200

[redacted]
OFFICE OF MINERALS EXPLORATION
[redacted]
Denver 2, Colorado
October 15, 1958

[redacted]

To: Chairman, Operating Committee, [redacted]

From: Acting Executive Officer, OME Field Team, Region III

Subject: Project No. [redacted] (Lead-Zinc-Copper), Contract No. [redacted], Knight Mining Corporation (New York claims), Summit County, Colorado

Enclosed are three copies of confirmation of verbal work approval by the OME Field Team, Region III, for the drilling of one additional hole under the provisions of Stage II of the subject contract.

Also enclosed are three copies of a joint memorandum, dated October 10, 1958, from F. S. Mann, Geologist, Geological Survey, and Chas Baldwin, Mining Engineer, Bureau of Mines, pertaining to the matter. Two copies of the Operator's letter of September 30, 1958 were forwarded to you with copies of our memorandum of October 3, 1958 to the field examiners.

Copies of the confirmation of work approval have been distributed to the Operator, the Finance Office, and others concerned in Region III.

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures

ENH:yel

cc: Finance Office, Reg. III - w/copy of confirmation of work approval.

Harshman
Baldwin, OME/BMC
Central file
Operator
Chron.
} w/copy of confirmation of work approval and joint memorandum.

[redacted]
[redacted]
[redacted]
[redacted]

Mr. Charles E. Hodges
Hodges & Hendie
Geological and Geophysical Consultants
1127 Washington Avenue
Golden, Colorado

Re: Permit No. [redacted] (Sand-Blue-Copper)
Contract No. [redacted]
Knight Mining Corporation
(Our Test Shaft)
Summit County, Colorado

Dear Mr. Hodges:

In reference to your letter of September 30, 1965, this constitutes confirmation of verbal approval by the Commission, given September 29, 1965, for the drilling of one additional hole (No. 4) to be drilled under Page 22 of the referenced contract. The hole is to be drilled as follows:

Hole No.	Direction	Inclination	Vertical Depth
4	N. 80° W.	- 37°	[redacted] feet.

The location of the hole is shown on the map enclosed, "Figure 1--Map Showing Location of Proposed Drill Hole No. 4, Knight Mining Corporation, Summit County, Colorado," which is attached hereto and made a part of this confirmation of verbal approval.

Nothing in the verbal approval or this confirmation thereof shall be construed to increase the contract price of the project, the aggregate amount which the Government may be required to contribute, the final unit cost of any item of work, nor any item of allowable cost which is expressly designated "unclear."

Very truly yours,

[redacted] Field Team, Region III

By [signature]
[redacted]
Acting Executive Officer

[redacted]
cc: Chief, Op. Comm. (3)
Finance Office, Reg. III
Accountant File, Reg. III
Brochure
Inland Oil/NFC
Contract File

cc: Mr. D. J. Kenyon
Knight Mining Corporation
[redacted] Court Street
Denver 11, Colorado

Copyer
Chron.

U. S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 4765
CONTRACT Idm-E1175

PREPARED FOR
OFFICE OF MINERALS
EXPLORATION

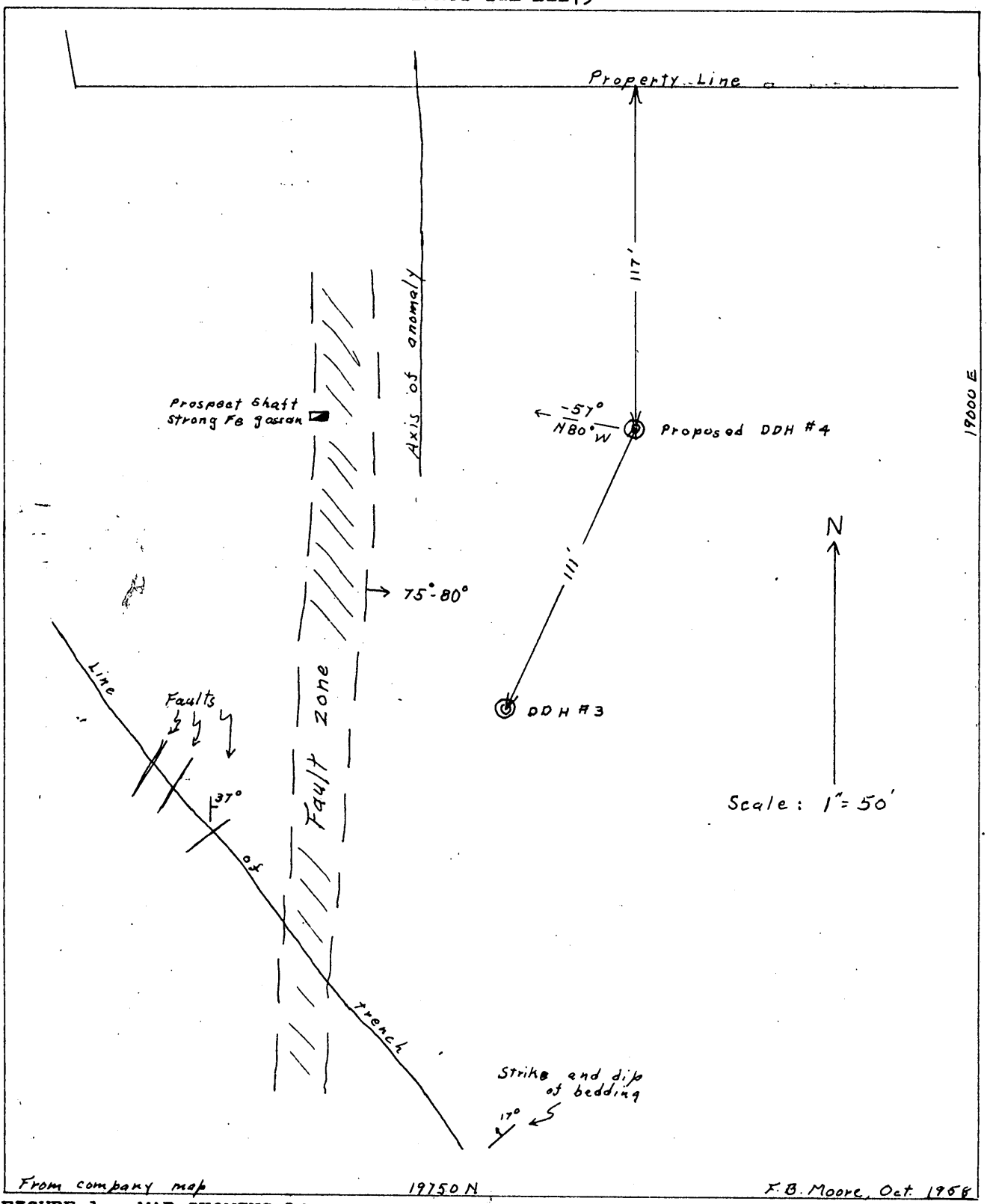


FIGURE 1.--MAP SHOWING LOCATION OF PROPOSED DRILL HOLE NO. 4, KNIGHT MINING CORPORATION, SUMMIT COUNTY, COLORADO

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Office of Minerals Exploration
Denver Federal Center
Denver, Colorado

October 1[illegible], 19[illegible]

Memorandum

To: Executive Officer, OMX Field Team, Region III
Through: E. N. Hershman EWH

From: F. B. Moore
Carl Belser

Subject: Docket OMX 4[illegible] (lead-zinc-copper), Contract No. 11[illegible], Knight Mining Corporation (New York claims), Summit County, Colorado

During a visit to the DMA Federal Center office on September 29, 1953, C. L. Wilbye, consultant for Knight Mining Corporation, was given verbal approval to drill hole No. 4 contingent upon verification of distances to the property boundary and to previously drilled hole No. 3. In a letter with map of September 30, 1953, the operator requests formal approval of hole No. 4.

Hole No. 4 will be drilled 110 feet N 20° E from hole No. 3 and 117 feet from the property line (fig. 1 attached) to an estimated depth of 200 feet at -50° inclination. The hole is planned to test the Dakota-Morrison contact, which was mineralized in hole No. 3, as well as a large northerly trending fault zone. The hole will thus explore for both a bedded and vein type deposit. An electromagnetic survey of the area disclosed an anomaly along the hanging wall of the fault zone.

Because the structure, the stratigraphic interval, the anomaly, and evidence of mineralization along the fault all indicate a favorable place to drill, it is recommended that the operator's request be approved.

F. B. Moore
F. B. Moore, Geologist

Carl Belser
Carl Belser, Mining Engineer

FBMoore:arh

U. S. DEPARTMENT OF T[illegible]
INTERIOR
GEOLOGICAL SURVEY

DMEA 4765
CONTRACT Idm-E1175

PREPARED FOR
OFFICE OF MINERALS
EXPLORATION

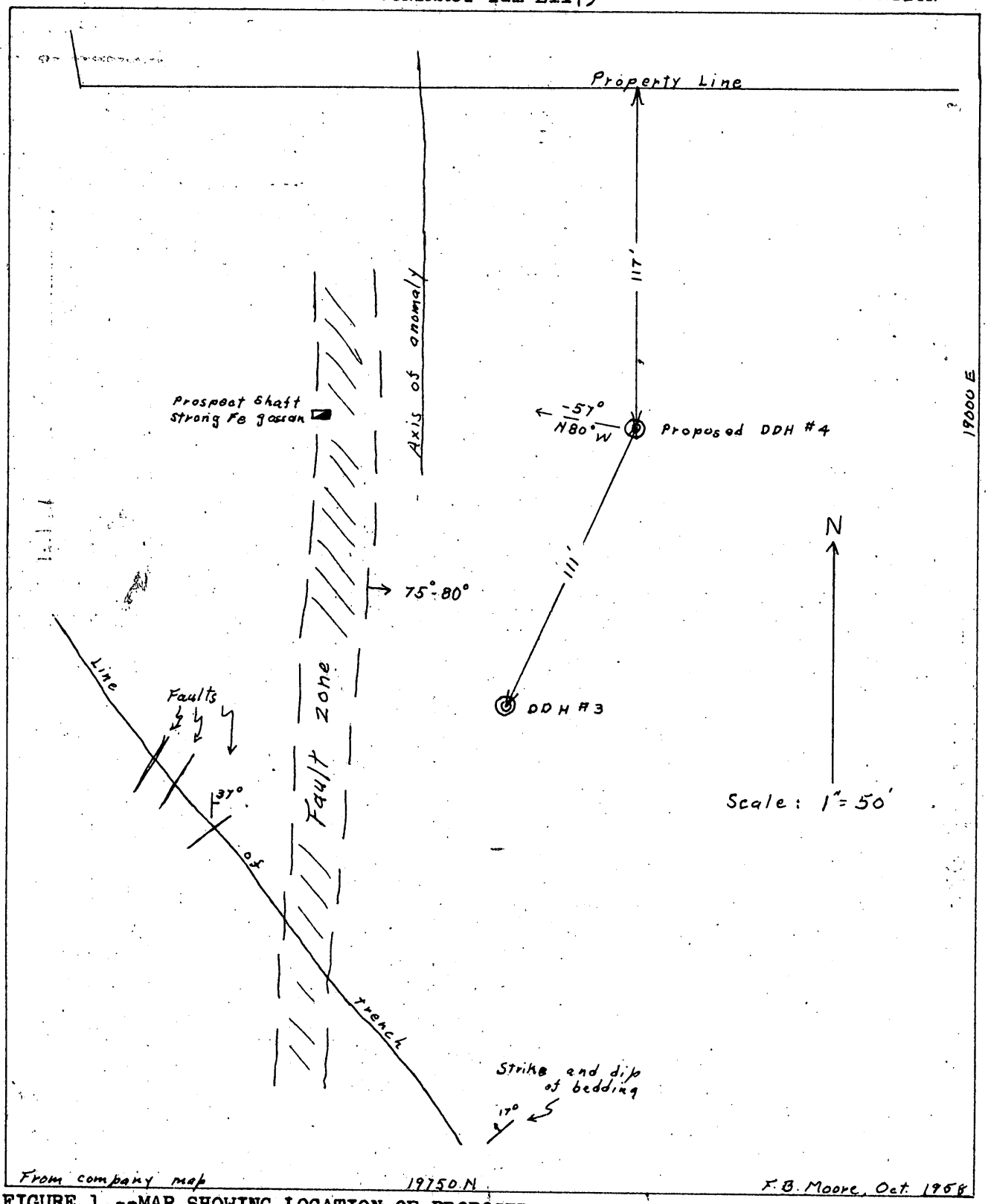


FIGURE 1.--MAP SHOWING LOCATION OF PROPOSED DRILL HOLE NO. 4, KNIGHT MINING CORPORATION, SUMMIT COUNTY, COLORADO

RECEIVED SEP 22 1958
DATE
CODE
30-0

224 New Customhouse
Denver 2, Colorado
September 25, 1958

Memorandum

To: Chairman, Operating Committee, GSE

From: Acting Executive Officer, GSE Field Team, Region III

Subject: Docket No. DMA 4965 (Lead-Zinc-Copper), Contract No. Ma-41173, Knight Mining Corporation (New York claims), Summit County, Colorado

Enclosed are three copies of confirmation of verbal work approval, issued by the GSE Field Team, Region III, for the drilling of one additional hole under the provisions of Stage II of the subject contract.

Also enclosed are three photo copies of a letter, dated September 5, 1958, from F. E. Moore, Geologist, Geological Survey, to the Operator confirming verbal approval given September 5, 1958, and two copies each of the Operator's letters dated September 10, 1958 and September 11, 1958, with attached map, requesting Government approval for the drill hole.

Copies of the confirmation of work approval have been distributed to the Operator, the Finance Office, and others concerned in Region III.

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures

JEC:ymk

cc: Finance Office,
Region III - w/copy of confirmation of work approval.

Harshman
Real GSE/MPC
Chrron. file
} w/copy of confirmation of work approval, Moore's letter of Sept. 5, and Operator's two letters.

Cooper
Chrron.

[illegible] New Customhouse
Denver 2, Colorado
September 25, 1958

Mr. D. J. Lorenz
Knight Mining Corporation
[illegible] Grove Street
Denver 11, Colorado

Re: Docket No. [illegible] 4765 (Lead-Zinc-Copper)
Contract No. [illegible]-[illegible]175
Knight Mining Corporation
(New York claims)
Summit County, Colorado

Dear Mr. Lorenz:

In reference to your request, dated September 11, 1958, this confirms verbal approval by the Government, given September 5, 1958, for the drilling of one additional hole under the provisions of Stage II of Contract No. [illegible]-[illegible]175. The hole is to be drilled from the surface and is to be located approximately 355 feet N. 20° W. from [illegible] Stage II drill hole No. 9.

Nothing in this confirmation of verbal work approval shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the fixed unit cost of any item of work, nor any item of allowable cost which is expressly designated 'maximum.'

Very truly yours,

Oil Field Team, Region III

By E. H. Hardman
E. H. Hardman

By J. W. Forrand
J. W. Forrand

cc: Mr. Charles E. Kelly
Kelly & Marvin
1117 Washington Avenue
Golden, Colorado

JBC:prl
cc: Chem. Op. Comm. (3)
Finance Office, Reg. III
Assistant File, Reg. III
Enrollment

Rmal OMR/DFC
Corres. File
Cooper
Chron.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

September 5, 1958

Mr. D. J. Larson
Enright Mining Corporation
2421 Grove Street
Denver, Colorado

DMEA
DEPARTMENT OF THE INTERIOR
SEP 8 - 1958
REGION III
DENVER, COLORADO

E 1175

Dear Mr. Larson:

Confirming verbal authorization given September 5, 1958, the DMEA Field Team, Region III, authorized me to advise you that the Government approves the work requested by you to the following extent:

One diamond drill hole to be located approximately N 20° W 595 feet from DMEA drill hole no. 2.

Formal confirmation of the verbal approval will be issued by the DMEA Field Team, Region III, Denver, Colorado, upon their receipt of your written request in sextuplet forwarded through this office for the Government's approval of the work.

Very truly yours,

F. B. Moore

F. B. Moore

September 11, 1958

DMEA
DEPARTMENT OF THE INTERIOR
SEP 15 1958
REGION III
DENVER, COLORADO

EXTRA COPY
DMEA
RECEIVED SEP 29 1958

DATE	INITIALS	CODE

U. S. Department of the Interior
Executive Officer
Defense Minerals Exploration Adm.
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA 4765 (Lead-Zinc-Copper)
Contract No. Idm-E1175
Knight Mining Corporation
(New York Claims)
Summit County, Colorado

Gentlemen:

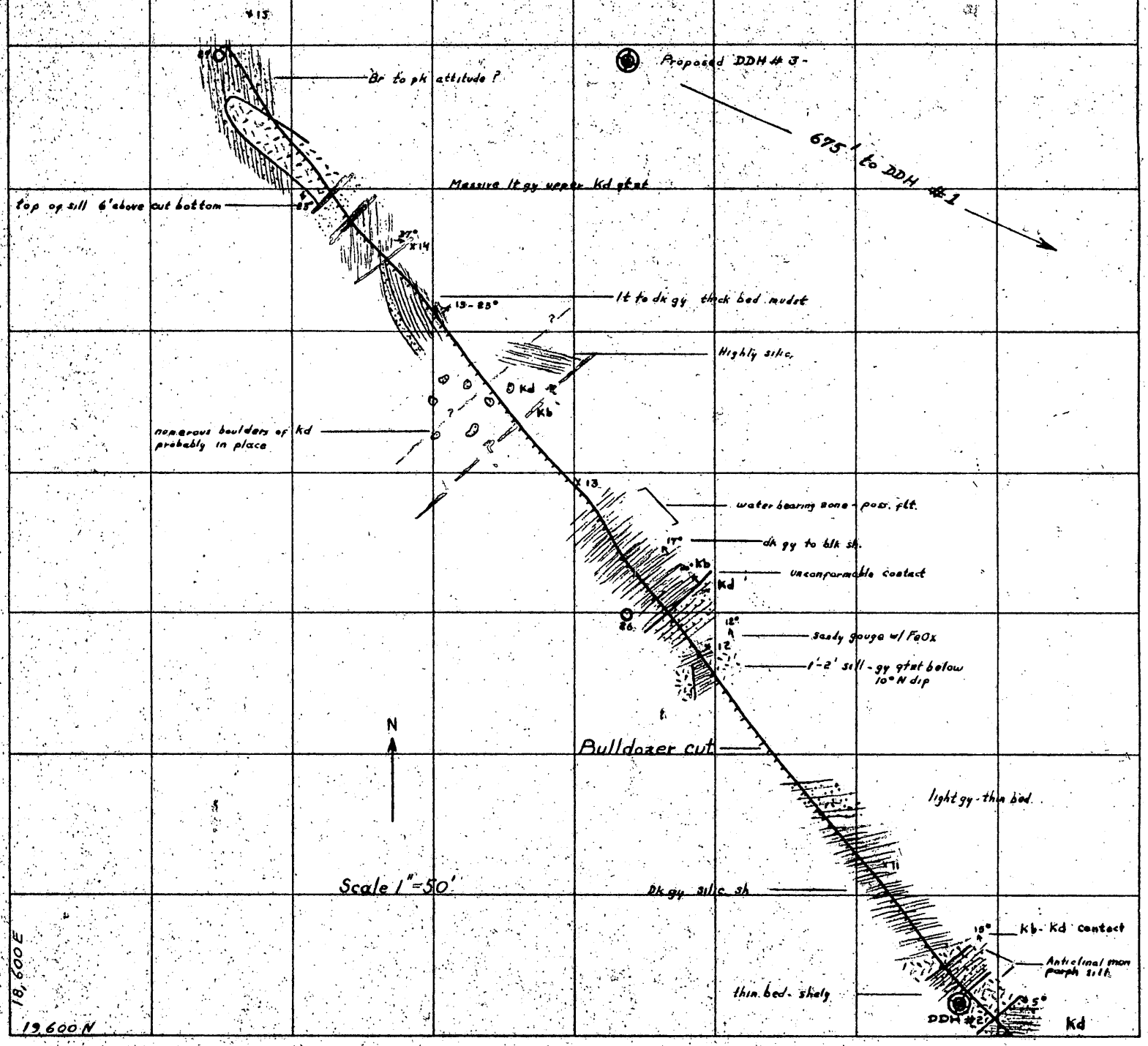
We would appreciate receiving authorization on drill hole #3 as per enclosed drawing.

Yours very truly,

KNIGHT MINING CORPORATION

A J Lorenz

LOCATION OF PROPOSED DIAMOND DRILL HOLE # 3
NEW YORK MINE
KNIGHT MINING COMPANY
DMEA No. 4765
Contract No. IDM - E 1175



Melbye & Mervin

EXTRA COPY DMEA RECEIVED JUN 27 1958		
DATE	INITIALS	CODE
		800

22d New Customhouse
Denver 2, Colorado

JUN 25 1958

Memorandum

To: Chairman, Operating Committee, DMEA

From: Alternate Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4765 (Lead-Zinc-Copper) Contract I4m-[illegible], Knight Mining Corporation, (New York claims) Summit County, Colorado

Enclosed are three copies of confirmation of verbal project work approval issued by the DMEA Field Team, Region III.

Also enclosed are three copies of a memorandum dated June 16, 1958, from F. B. Moore, Geologist, USGS, and E. W. Buel, Mining Engineer, U. S. Bureau of Mines, with attached map, pertaining to the drilling.

Copies of the confirmation of work approval have been distributed to the Operator, the Finance Office, and others concerned in Region III.

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosures

JDC:hmh

cc: Finance Off., Reg. III -w/copy of Confirmation of work approval

Barnhman
DMEA/DFC
Geogen.file, Reg. III
} w/copy of Confirmation of work approval and Field memorandum

Cooper
Chron

224 New Customhouse
Denver 2, Colorado
June 20, 1958

Mr. David J. Lorenz,
Secretary-Treasurer
Knight Mining Corporation
2432 Grove Street
Denver, Colorado

Re: Docket No. DMEA 4765
(Lead-Zinc-Copper)
Knight Mining Corporation
(New York claims)
Summit County, Colorado
Contract Ldm-E1175

Dear Mr. Lorenz:

In reference to your request of June 9, 1958, this confirms verbal approval issued by the Government on May 26, 1958, for you to drill two holes under the provisions of Stage II of the contract. The holes will be drilled at the locations shown on the map "Figure 2, CLAIM MAP SHOWING GENERALIZED GEOLOGY, MINE WORKINGS, AND LOCATIONS OF RECOMMENDED STAGE I AND II EXPLORATIONS, NEW YORK CLAIMS, 3, 6 and 9, SUMMIT COUNTY, COLORADO, which is attached hereto and made a part of this confirmation of work approval.

The estimated depth of each hole is 300 feet; however, if any porphyry sill more than 40 feet thick is cut by the first hole drilled, the second hole shall not penetrate more than five (5) feet into this sill without prior Government approval.

Nothing in this confirmation of work approval shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the fixed unit cost of any item of work, nor any item of allowable cost which is expressly designated "maximum."

Very truly yours

JBC:hsh

DMEA Field Team, Region III

By J. W. Townsend
J. W. Townsend

By E. N. Hershman
E. N. Hershman

cc: Chem. Op. Comm. (3)
Finance Off., Reg. III
Amendment file, Reg. III
Hershman
DMEA/DFC
Copper
Corres. file, Reg. III
Chron

IN REPLY REFER TO:
DMEA
DEPARTMENT OF THE INTERIOR
JUN 18 1958
REGION III
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

EXTRA COPY
DMEA
RECEIVED 1958
DATE June 16 1958 CODE

Memorandum

To: Executive Officer, DMEA Field Team, Region III
Through: E. N. Harshman

From: F. B. Moore
E. W. Buel

Subject: Docket DMEA 4765 (Lead-zinc-copper), Contract Idm-E1175, Knight Mining Corporation (New York claims), Summit County, Colorado

In a letter dated June 9, 1958, the operator requests permission to start drilling under Stage II of the contract. The locations of the first two holes are shown on the attached map.

The Stage I trench was examined on May 26, 1958, by F. B. Moore and C. E. Melby, consultant for the applicant, and the locations of the first two holes were determined by mutual agreement.

Diamond drill hole no. 1 will explore the favorable Dakota quartzite near the projected intersection of two strong iron-stained faults cut by the trench.

Diamond drill hole no. 2 will explore an anticlinal roll exposed by the trench in the upper Dakota quartzite. Faults near the roll create a geologic situation similar to that in the nearby Detroit mine where a faulted roll produced broken ground favorable for ore deposition.

Both holes should be drilled vertically through the Dakota quartzite and, if significant mineralization is found, through the limy beds in the lower Morrison. The depth of each hole is estimated to be 300 feet. If any porphyry sill more than 40 feet thick is cut in the first hole, the second hole should not be drilled more than 5 feet into this sill without prior Government approval.

Both holes are believed to be well located geologically. It is therefore recommended that the operator's request be approved, thus verifying verbal approval granted on June 11, 1958.

F. B. Moore
F. B. Moore, Geologist

E. W. Buel
E. W. Buel, Mining Engineer

FBMoore:arh

Audit Copy

DMEA

EXPLORATION PROJECT CONTRACT

KNIGHT MINING CORPORATION

DOCKET NO. DMEA 4765

CONTRACT NO. 14m-K1175

AMENDMENT NO. 1

It is agreed this 18th day of April, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Knight Mining Corporation, hereinafter called the "Operator," pertinent to that certain Exploration Project Contract No. 14m-K1175, Docket No. DMEA 4765, dated March 6, 1958, hereinafter called the "Contract," that:

> The date fixed in Article 3, on or before which the Operator shall commence the work, is extended from April 15, 1958 to May 15, 1958.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the fixed unit cost of any item of work, nor any item of allowable cost which is expressly designated "maximum."

Executed in quintuplicate the day and year first above written.

KNIGHT MINING CORPORATION

By N. L. Jones
N. L. Jones
Vice President

UNITED STATES OF AMERICA

By E. M. Henderson
Acting Executive Officer,
DMEA Field Team, Region III

(Seal)

MME Form 14
Sept. 1958

Contract No. Idm-E) 14-23) ~~1175~~

Docket No. DMEA) MME) ~~4765~~

Date of Action ~~October 19, 1959~~
Terminated contract

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Accounts Section, Finance Branch, Bureau of Mines

From: Director, Division of Operations Control and Statistics

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor:

Knight Mining Corporation
2432 Grove Street
Denver, Colorado

Date of Contract	Region	State	Commodity
March 6, 1958	III	Colorado	Lead-Zinc-Copper

	Reserve	Obligation
Prior Amount	0	10,190.00
Increase	0	0
Decrease	~~0~~	~~2,975.38~~
Revised Amount	0	7,214,62

Remarks:

cc: 800
210

43244

DMEA Form 14

Contract No. Idm-E 1175

Docket No. 4765

DEPARTMENT OF THE INTERIOR

Executed contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
March 6, 1958	III	Colorado	Lead-Zinc-Copper

Name and Address of Operator: The Knight Mining Corp.
2432 Grove Street
Denver, Colorado

	Reserve	Obligation
Prior Amount	10,190.00	0
Increase	0	10,190.00
Decrease	10,190.00	0
Revised Amount	0	10,190.00

Remarks:

(Name)
Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date delivered to Bureau of Mines, Washington 4/9/58

22845

Audit copy
EXTRA COPY
DMEA
RECEIVED APR 4 1958

DATE	INITIALS	CODE

MF-200
(Revised June 1954)

Docket No. DMEA 4765

Commodity lead, zinc, copper

Contract No. Idm-E 1175

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 6 MAR 1958 day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] The Knight Mining Corporation, a Colorado corporation, whose mailing address is 2432 Grove Street, Denver, Colorado, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and one map, Figure 2

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Colorado, County of Summit, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] owner of [5] the entire interest in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] deed, [7] ..... recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: none

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

of the land (lessor, seller, optionor, etc.), are attached, as follows: .....

.....

.....

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of .....lead, zinc and copper..... The work to be performed is described in Exhibit "A." The Operator on or before .....April 15, 1958..... shall commence the work, and on or before .....12 mos. from Contract date..... (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A." , except as otherwise provided in Exhibit "A" with respect to stages of work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this 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.

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $.....20,380.00..... The Government shall contribute .....50..... percent of the allowable costs as they are incurred in a total sum not in excess of $.....10,190.00.....: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; but except for any such necessary excesses in categories, subcategories, or items thereunder the Operator is not obligated to incur more than his agreed percentage of the estimated, total allowable cost of the work.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums. **See Article 13.**

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

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

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

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

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

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 9. See Article 13.

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

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

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

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

ARTICLE 8. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 7) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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

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

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

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½)

percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

(For instance: the royalty on an amount of five dollars ($5.00) per ton would be one and one-half (1½) percent; on an amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

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

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

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

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

ARTICLE 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

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

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 10 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 11. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 12. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 13. *Changes and added provisions.*—

(a) Notwithstanding any other provision of the Contract, the allowable unit cost per foot of a drilling item is the average unit cost per foot computed on the basis of all the actual unit costs of said drilling item incurred by the Operator: Provided, That the Government will not contribute to any portion of an average unit cost of a drilling item that exceeds the estimated unit cost of said item set forth in the Contract.

16—70617-1

(b) In the last sentence of Article 6(c), the words "Article 8" are substituted for the words "Article 9."

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Mitterdorf
Administrator, Defense Minerals
Exploration Administration

KNIGHT MINING CORPORATION
(Operator)

By N. L. Jones

Title Vice President

I, David Joseph Lorenz, certify that I am the secretary of the corporation named as Operator herein; that N. L. Jones who signed this contract on behalf of the Operator, was then Vice President of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

REMEDIATION PROJECT SUMMARY
KNOWN MINING CONTAMINATION
DOCKET NO. [illegible]-[illegible]

ANNEX I

The land referred to in Article 2 of the Contract consists of three patented mining claims, located in the NW Sec. 32, T. 6 S., R. 77 W. of the sixth principal meridian, Summit County, Colorado, as follows:

Name	U. S. Survey No.
New York No. 3 Lode	20285
New York No. 6 Lode	20285
New York No. 9 Lode	20285

These claims are shown on the attached map entitled "Figure 2 - Claim Map . . . New York Claims 3, 6, 8, 9, Summit County, Colorado."

EXPLORATION PROJECT CONTRACT
KNIGHT MINING CORPORATION
DOCKET NO. DMEA-4765

EXHIBIT "A"

Description of the Work

The purpose of the project is to explore for ores of lead, zinc, and copper by trenching, and by diamond drilling from surface and underground locations. The work is divided into two stages. The Operator shall perform all Stage I work, and as much of the Stage II work as is approved in advance by the Government.

STAGE I

A trench, approximately 1200 feet in length, shall be excavated to bedrock at the general location indicated on the attached map, with D-7 or equivalent unit.

STAGE II

Prepare access roads and drill sites with D-7 or equivalent sized unit and diamond drill 2,000 feet (plus necessary overburden drilling), from surface and underground locations, in not to exceed eight holes. The diamond drilling shall be BX size or larger.

All significantly mineralized core shall be split and one-half assayed for copper, lead, zinc, gold and silver. Sludge samples shall be taken and, if core recovery in any significantly mineralized area is less than 70 percent, the equivalent sludge samples shall be split and one-half analysed for copper, lead, zinc, gold and silver. One-half of a split core and one-half of a sludge sample (if assayed) shall be made available for the inspection and possible use of the Government.

The approximate locations of three holes (two surface and one underground) are shown on the attached map. However, the actual locations of all drill holes must be approved in advance by the Government.

Drill holes shall be reamed and cased or cemented and redrilled as necessary. Two diamond drill stations with dimensions of approximately 5 feet by 5 feet by 20 feet shall be excavated for underground drilling.

Estimated Costs

Stage I

Category (1) Independent Contracts

60 hours bulldozing (actual working time) @ $12/hr. (includes all costs whatsoever) $720.00

Category (2) Supervision and Technical Services

(a) and (b) One Supervising engineer-geologist @ $600.00 monthly, 1/4 month $150.00

Category (3) through (7)

None

Estimated total cost of Stage I $870.00

Stage II

Category (1) Independent Contracts (See Article 13)

A. Overburden drilling and setting pipe 60 feet @ $12/ft. $720.00

2,000 feet diamond drilling @ $6.75/ft.	$13,500.00	
200 feet reaming and casing @ $3.50/ft.	700.00	
200 feet cementing and redrilling @ $3/ft.	600.00	
B. 80 hours holidaying (actual working time) for drill sites and access roadways, @ $10/hr. (includes all costs whatsoever)	800.00	
C. 2 underground drill stations constructed @ $300/each	600.00	$16,360.00

Category (2) Personal Services

(a) and (b) Supervision and Technical Services

1 supervising engineer-geologist @ $500/mo., 4 months	$2,400.00

(c) Labor

None

Category (3) Supplies, Materials and Rentals

100 cardboard core boxes @ $1.25 each	$125.00	
Gas and oil (for truck and compressor)	305.00	$530.00

Category (4) Equipment Rentals

(a) and (b) None

(c) Depreciation

Gardner-Denver air compressor, value $3,000 - 1½ months @ $50/mo.	$75.00

3/4 ton pick up
truck, value
$1,800.00 - 1½
months @ $30/mo. $45.00 $120.00

Categories (5) and (6)

None

Category (7) Miscellaneous

Lumber, 20 samples @ $5/
sample $100.00

Estimated total cost of Stage II $19,510.00

S U M M A R Y

Estimated total cost of Stage I	$870.00	
Estimated total cost of Stage II	$19,510.00	
Estimated total cost of project		$20,380.00
Government's participation, 50 percent		$10,190.00

EXTRA COPY
RECEIVED APR 4 1958
DATE | CODE
KLC

224 New Customhouse
Denver 2, Colorado
April 2, 1958

Memorandum

To: Chairman, Operating Committee, DMEA

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4765 (Lead-Zinc-Copper), Contract No. Idm-E1175, Knight Mining Corporation (New York claims), Summit County, Colorado

Enclosed are the following, pertaining to the subject contract:

1. The Government's and Audit copies of Contract No. Idm-E1175, which was forwarded by your letter of March 6, 1958 for signature by the operator and insertion of a suitable starting date under Article 3.

2. Three copies of a letter from this office, dated April 2, 1958, whereby we forwarded the Operator's Copy of the Contract, blank report forms and instructions relative to reporting on work performed under the contract, and provided instructions relative to procedure in corresponding with this office in matters concerned with the contract.

3. Two copies of the Operator's letter of April 1, 1958, whereby the executed copies of the contract were returned to this office and the Operator advised it would like to commence work on April 15.

The contract, dated March 6, 1958, provides for exploration work estimated to cost $20,380.00, toward which the Government will contribute 50 percent, or an amount not in excess of $10,190.00.

Copies of the contract have been distributed to the Finance Office and others concerned in Region III.

Original signed by
E. N. HARSHMAN

E. N. Harshman

JWT:prl
cc: Finance Office,
Region III -)w/copy of contract and
Harshman) letter to Operator.
DMEA/DFC)
(Winkel))
Corres. file - w/copy of material under items 2 and 3.
Townsend
Chron.
Ransome

EXTRA COPY
D
RECEIVE 4 1958
DATE CODE

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

APR 2 - 1958

Knight Mining Corporation
2432 Grove Street
Denver, Colorado

Re: Docket No. DMEA 4765 (Lead-Zinc-Copper)
Contract No. Idm-K1175
Knight Mining Corporation
(New York claims)
Summit County, Colorado

Gentlemen:

Enclosed is the "Operator's Copy" of Exploration Project Contract No. Idm-K1175, Docket No. DMEA 4765.

Also enclosed are six copies of Form MF-104, "Operator's Monthly Report and Voucher," and six copies of Form MF-104A, "Operator's Unit Cost and Progress Report." At the end of the first calendar month after work is commenced, and monthly thereafter, you are required to submit the original and four copies of each form to the

Executive Officer
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado.

The extra copy is for your records.

Forms MF-104 and MF-104A are to be combined into five sets of one of each form. Each set of the combined forms is to be accompanied by a map or sketch, showing the location and extent of work performed, and a signed narrative report which describes the work performed, conditions encountered, and results of the work. The monthly accounting report will not be processed for reimbursement unless it is accompanied by a signed narrative report and other required or pertinent data. Additional copies of Forms MF-104 and MF-104A will be forwarded to you each month on receipt of your report for the prior month.

For your information, and in reply to many questions that have been asked, after Forms MF-104 and MF-104A are received, an engineer will check progress on the project and review your accounts, after which the report forms will be forwarded to this office for administrative examination and vouchering. If the report is in order, a check will be issued by the Treasury Department for the Government's portion of the approved costs. If you have any difficulty in completing these forms and the reports, please call on this office for assistance.

In the matter of your claim for reimbursement for costs of drilling under Stage II, under the terms of the contract reimbursement to you will be on the basis of a hole or holes completed to the objective, which has, or have been, drilled in compliance with conditions pertaining thereto as outlined in Exhibit "A", under the caption, "Description of the Work," subheading "Stage II." Therefore, your monthly report should include only such holes which are completed to that extent, and the required records made a part of your claim for reimbursement.

The contract is prepared on form MF-200, and as outlined in Exhibit "A" attached to the contract, the estimated allowable costs are broken down into categories which conform to the Categories in Article 6 of the contract form and conform to the numbered items for reporting on Form MF-104. Under the provisions of Article 6, the work outlined in Exhibit "A", under Category (1), is to be performed by an independent contractor. The unit costs established are the maximum unit costs to which the Government will contribute its share during any reporting period, except for the drilling, which is a maximum average unit cost, as explained in the following paragraph. The actual costs of the work completed under Category (1), up to the allowable maximum unit cost, are to be recorded under item (1) on Form MF-104 and must be supported and documented by signed or certified true copies of the billing from the subcontractor, except for drilling, and in that instance the actual costs will be reported, regardless of the maximum unit cost established, which will be handled as explained in the next paragraph. Information relative to documentation of charges for work or service performed under other "Categories" is given in the next to the last paragraph on the reverse side of Form MF-104. Also, please refer to the instructions on the reverse side of Form MF-104A regarding preparation of that form.

In reference to Article 13 (a) of the contract, pertaining to the average unit cost of the drilling, if excess costs are suspended by reason of exceeding the maximum unit cost of the drilling described under Category (1), the excess costs will be held in suspense and be reinstated by this office, to the extent suspended funds are available, in the event the unit costs for any subsequent month should cause the average unit cost to fall below the maximum average unit cost established in the contract for the drilling.

In the event you desire to perform the work under Category (1) on company account instead of subcontracting it, as provided in the contract, it will be necessary that you request and obtain an appropriate amendment to the contract before reimbursement can be made to you for the Government's portion of the allowable incurred costs.

Your requests to this office for work approval, changes in the contract, or any other communication pertaining to operations under the contract, must be in writing, of which please supply the original and five copies, each copy complete with maps or other pertinent data. Each request for action by this office must pertain to one matter only. Such requests are not to be incorporated in your narrative report accompanying monthly progress report Forms MF-104 and MF-104A.

The general location of the work to be performed under Stage I is indicated on the map, "Figure 2," attached to the contract. Should conditions encountered necessitate any appreciable change in the location or direction of any of the work, approval of this office for the change must be obtained prior to performance of the work. Otherwise, the work may not be acceptable for reimbursement to you under the terms of the contract.

Your attention is directed to the provision that Stage II work is contingent on results obtained from Stage I, and performance of the work under Stage II is subject to the prior written approval of the Government.

When work under Stage I has been completed, or sufficiently so to permit evaluation of the results of the work, you must request approval from this office for the work you propose to perform under the next stage. Your request for the work approval must be in sextuplicate, each copy complete with a map showing the location and extent of the work completed and the location of the additional work proposed. Also, your request must include an evaluation of the work completed and include assay returns and any other pertinent data which will be of value to the Government in appraising the results of the work.

You should anticipate a suspension of operations between stages of work, to enable the Government geologist and engineer to evaluate results of the work performed and make their recommendations to this office relative to the additional work you propose.

To eliminate as much delay to operations as possible, if that is of serious consideration, you should expedite forwarding of the results of the work completed and your request for the Government's approval of the additional work you propose.

No oral statement of any person shall be construed to modify or change the terms of the contract. Field Representatives of the Government are not authorized to approve any changes in the work program or contract provisions. Such approval can only be given by the Washington Office, DMEA, or by the DMEA Field Team, Region III.

It is a regulation that reimbursement for the cost of work accomplished prior to the date of the contract will not be allowed. It is a requirement and imperative that you notify this office in writing the date work actually commences under the contract.

Very truly yours,

Original signed by
W. H. KING

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

Enclosures

J.T:prl

cc: Chem. Op. Comm. (3)
Finance Office Reg. III
Amendment file, Reg. III
Harshman
DMEA/DFC (Winkel)
Corres. file
Townsend
Chron.

April 1, 1958

DMEA
DEPARTMENT OF THE INTERIOR
APR 1 - 1958
REGION III
DENVER, COLORADO

U. S. Department of the Interior
Defense Minerals Exploration
224 New Customhouse
Denver 2, Colorado

Re: Docket #DMEA 4765
New York Claims
Summit County, Colorado
Exploration Project Contract #Idm -E1175

Gentlemen:

Enclosed please find the signed contracts on the above project.

We would like to commence work on April 15, 1958.

Thanking you for the work you have done on our behalf, we remain,

Yours very truly,

D. J. Lorenz

D. J. Lorenz

Kinght Mining Corporation
2432 Grove Street
Denver, Colorado

DMEA Form 14

Contract No. Idm-E 1175

Docket No. 4765

DEPARTMENT OF THE INTERIOR

Approved contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
March 6, 1958	III	Colorado	Lead-Zinc-Copper

Name and Address of Operator: The Knight Mining Corporation
2432 Grove Street
Denver, Colorado

	Reserve	Obligation
Prior Amount	0	0
Increase	10,190	0
Decrease	0	0
Revised Amount	10,190	0

Remarks:

(Name)
Allen S. Baker, Chief
Operations Control and
Statistics Division
(Title)

Date delivered to Bureau of Mines, Washington 3/6/58

22845

DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

EXAMINATION REPORT
DMEA 4765

PREPARED FOR
DEFENSE MINERALS
EXPLORATION ADMINISTRATION

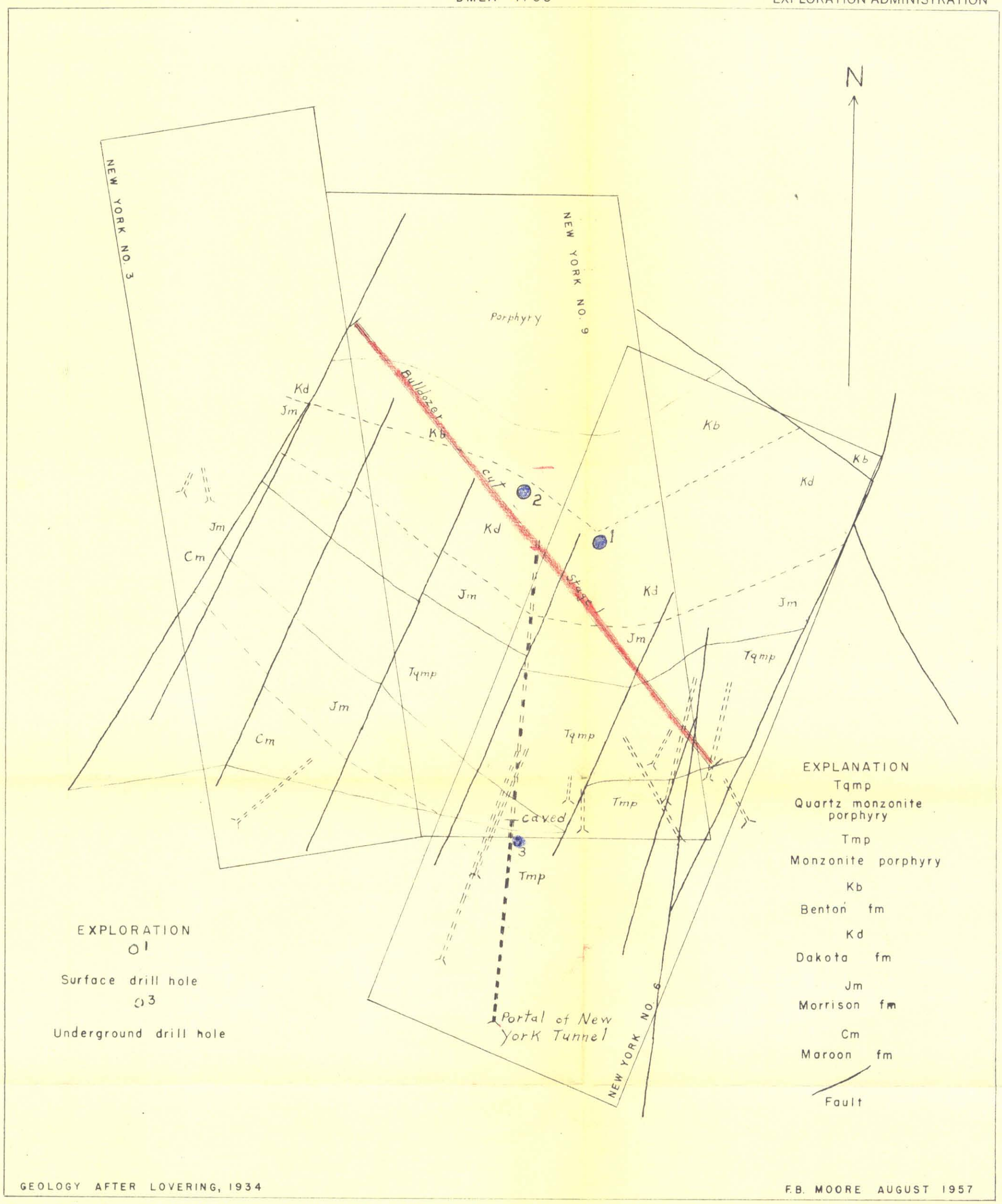


FIGURE 2.- CLAIM MAP SHOWING GENERALIZED GEOLOGY, MINE WORKINGS, AND LOCATIONS OF RECOMMENDED STAGE 1 & 2 EXPLORATION, NEW YORK CLAIMS 3, 6, & 9, SUMMIT COUNTY, COLORADO

0 100 200 300 400 500 600 700 800 FEET
SCALE