UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

File

OFFICE OF
REGIONAL DIRECTOR

REGION IV

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

March 16, 1953

Air Mail

Memorandum

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 18 1953

To: C. O. Mittendorf, Administrator, DMEA

From: Regional Director, Region IV

Subject: Chief Consolidated Mining Company, Docket No. 1 and 1A, Contract No. E4.

Under date of July 3, 1952, T. H. Brading, Auditor, submitted to Jay L. Chambers, Chief, Contract Administration and Audit Division, the audit report and certificate on Chief Consolidated Mining Company, Contract No. E4, Docket No. 1 and 1A. Mr. Brading was advised to recall all copies, and they are now held in his office.

It is our understanding that it was ruled that your office was to secure a ruling by the General Accounting Office regarding equipment that was purchased before the date of the contract. It is also our understanding that the Legal Department has ruled that these purchased were in line because of verbal arrangements made by the Administrator at that time, James Boyd.

W. H. King and myself plan to go to Salt Lake City regarding the disposition of the pumping, electrical, and other equipment purchased under the contract, as instructed in your various letters and before going, it is requested that you forward us a ruling of the General Accounting Office regarding this contract. It is requested that you expedite this ruling asmuch as possible, so that Mr. King and myself may complete that phase of the contract. I would like to be in a position to discuss it with you while at the Regional Directors' conference in Washington April 13-18.

J. H. East, Jr.

J. H. East, Jr.

Copy to: J. H. Hedges

GENERAL ACCOUNTING OFFICE
WASHINGTON 25

C. O. Mittendorf

DIVISION OF AUDITS

March 17, 1953

Informal Inquiry No. DMA4-1

D.O. Voucher: 52-21
Bureau Voucher: 30
Voucher date: Sept. 26, 1951
D.O. C.E. Evans
Denver, Colorado
D.O. Symbol 413

Mr. Alfred K. Olson
Authorized Certifying Officer
Bureau of Mines, Region IV
224 New Customhouse Building
Denver 2, Colorado

Payee: Chief Consolidated Mining Co.
Eureka, Utah
Contract: IDMA-E4, dated June 13, 1951
Amount of inquiry: $120,352.80 Amount of Voucher $121,110.17

There appears no authority for government participation in the cost of the pumping system shown to have been installed before the date of Contract IDMA-E4 as provided by amendment thereto dated August 13, 1951.

Recitations in the amendment of August 13, 1951 in justification of the government participation in question furnish no legal basis for disregarding the express terms of Article 10 of the contract and section 12(d) of DMA Regulation MD-5 prohibiting such participations. In view thereof, it is requested that the legal authority for the payment covering work or costs incurred before the date of the contract be furnished.

Yours very truly,

James H. Rogers
James H. Rogers
Supervisor

JHR:hc

OFFICIAL FILE COPY DMEA RECEIVED JUL 26 1957		
DATE	INITIALS	CODE
7/26	C	220
7/26	[illegible]	800
7/29	WRB	500

224 New Customhouse
Denver 2, Colorado

July 24, 1957

Memorandum

To: S. R. Wilson

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 and 1A (Lead-Zinc), Second Amended Contract Idm-E4, Chief Consolidated Mining Company, Chief No. 1 mine, Juab and Utah Counties, Utah

Page 21 of the rough draft, Final Engineering Report, by W. E. Young discloses production and royalty figures that exceed those recorded in this office.

Our production and royalty records coincide to those reported by the THIRD ROYALTY AUDIT CERTIFICATE dated August 16, 1956. The audit includes tonnage and royalty payments reported by settlement sheet, Lot Number 445-A-GPU, November 30, 1955, which is the last settlement sheet received here.

A comparison of our figures to those reported by Mr. Young is as follows:

	Young's Report	3rd Royalty Audit	Overages
Total Dry Tons	155,430.629	155,221.914	208.715
Net Value	$2,530,801.50	$2,511,292.84	$19,508.66
Royalties Paid	$ 127,194.28	$ 127,035.90	$ 158.38

Since the figures reported by Mr. Young are more than ours, there is a possibility that he may have knowledge of production for which we have no record. We would appreciate his comments.

Original signed by
W. H. KING

W. H. King

MHM:eh

cc: Sec. Op. Comm. (2)
Corres. File E-4
Royalty File E-4
Marshall
Chron.

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 27 1957

DATE	INITIALS	CODE
5/27	JWG	220
5/27	[illegible]	800
5/27	[illegible]	500

224 New Customhouse
Denver 2, Colorado

May 22, 1957

Mr. W. W. Watson, Vice President
Chief Consolidated Mining Company
608 Beely Building
Salt Lake City, Utah

Re: Contract DMEA-1 A1A (Lead-Zinc)
Second Amended Contract Idm-E4,
Chief Consolidated Mining Company
(Chief No. 1 mine)
Utah and Juab Counties, Utah

Dear Mr. Watson:

Receipt is acknowledged of your letter of May 20, 1957, and your company's check No. 1734, in the amount of $33.34 as liquidation of the Government's interest in 200 feet of jointly-owned cable.

Yours very truly,

E. N. Harshman
Acting Executive Officer,
DMEA Field Team, Region III

JDC:hh
cc: Chmn. Op. Comm. (2)
Harshman (2)
Wilson
Townsend (2)
Corres. File, Reg. III
Chron.

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 27 1957

DATE	INITIAL	CODE
5/27	JWH	220
5/27	[illegible]	800
5/27	[illegible]	500

204 New Customhouse
Denver 2, Colorado

May 22, 1957

Memorandum:

To: T. A. Christensen

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

Subject: Docket DMEA-1 & 1A (Lead-Zinc) Second Amended Contract Ion-24, Chief Consolidated Mining Company, (Chief No. 1 mine) Utah and Juab Counties, Utah

Enclosed is check No. 1734 from the subject Operator in the amount of $33.54, payable to Bureau Minerals Exploration Administration, as liquidation of the Government's interest in 200 feet or No. 2/0, 37 strand 1 Conductor XXV, 10/64 Kokoroma, 5/64 Neoprene Cable, consisting of small pieces left over from the original installation. The Operator's transmittal letter of May 20, 1957, is also enclosed.

The amount of $33.54 is to be credited to voucher payments.

Original signed by
E. N. HARSHMAN
E. N. Harshman

Enclosure
JEE:ab
cc: Chem. Op. Comm. (2)
Harshman (2)
Wilson
Townsend (2)
DMEA Auditor, Reg. III
Corres. file, Reg. III
MF-104 file, Reg. III
Chron.

w/copy Oper. Let. of May 20, 1957

Chief Consolidated Mining Co.

608 Dooly Building
Salt Lake City, Utah

May 20, 1957

DMEA
DEPARTMENT OF THE INTERIOR
MAY 22 1957
REGION III
DENVER, COLORADO

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Docket 1 & 1A
Seconded Amended Contract Idm-E4

Dear Mr. Harshman:

Under date of April 30 we sold to the Westvaco Products Division of the Food Machinery and Chemical Corporation, the following jointly owned property under the terms of the above captioned contract:

200 feet No. 2/0, 37 strand 1 Conductor 5KV,
10/64 Eskerona, 5/64 Neoprene Cable

This cable was sold for $.3354 per foot and cost $.516 per ft. The Government's interest in this sale is 50% of $67.08 or $33.54. Our check in payment is enclosed.

For your information this wire, consisting of small pieces, was left over in the original installation.

Yours very truly

W. W. Watson

W. W. Watson
Vice President

OFFICIAL FILE COPY
D M E A
RECEIVED MAY 27 1957

DATE	INITIALS	CODE

WWW:ALC
Enc.

224 New Customhouse
Denver 2, Colorado

April 25, 1957

OFFICIAL FILE COPY
D M E A
RECEIVED APR 29 1957

DATE	INITIALS	CODE
4/29	C	220
4/29	[illegible]	800
~~[illegible]~~		500
4/29	[illegible]	

Mr. W. W. Watson, Vice President
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Re: DMEA Docket 1 & 1A (Lead-Zinc)
Seconded Amended Contract Idm-E4
Chief Consolidated Mining Company
(Chief No. 1 mine)
Utah and Juab Counties, Utah

Dear Mr. Watson:

Receipt is acknowledged of your letter of April 23, 1957, and your company's check No. 1730, in the amount of $4,503.24, as liquidation of the Government's interest in the items listed in your letter.

Yours very truly,

Original signed by
E. N. HARSHMAN

E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III

JDC:hh
cc: Chmn. Op. Comm. (2)
Harshman
Wilson
Townsend
Corres. File, Reg. III
Chron.

224 New Customhouse
Denver 2, Colorado

April 25, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED AND RECORDED

DATE		CODE
4/29	C	220
4/29	[illegible]	800
4/29	~~[illegible]~~	500

Memorandum

To: T. A. Christensen

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

Subject: Docket DMEA-1 & 11 (Lead-Zinc)
Second Amended Contract Ida-24
Chief Consolidated Mining Company
(Chief No. 1 mine) Utah and Juab Counties, Utah

Enclosed is Check No. 1730 from the subject Operator in the amount of $4503.24, payable to Defense Minerals Exploration Administration, as liquidation of the Government's interest in certain property acquired under Contract Ida-24. The property is listed in the Operator's transmittal letter of April 23, 1957, which is attached.

The amount of $4503.24 is to be credited to voucher payments.

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosure

JDC:kh
cc: Chmn. Op. Comm. (2)
Harshman (2)
Wilson
Townsend (2)
Corres. File, Reg. III
MF-104 File, Reg. III
DMEA Auditor, Reg. III
Chron.

} w/copy of Oper. transmittal letter

Chief Consolidated Mining Co.

608 Dooly Building
Salt Lake City, Utah

OFFICIAL FILE COPY
DMEA
RECEIVED APR 29 1957

DATE	INITIALS	CODE

DMEA
DEPARTMENT OF THE INTERIOR
APR 25 1957
REGION III
DENVER, COLORADO

April 23, 1957

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket DMEA 1 & 1A (Lead-Zinc)
Second Amended Contract Idm-E4

Dear Mr. Harshman:

Under date of March 14, we advised Mr. C. O. Mittendorf of the sale of the following jointly owned equipment in compliance with the terms of the above captioned contract:

Quantity	Item	Invoice Cost	Sales Price
1	3000 KVA 01GS Larkin Transformer	$11,694.00	$7,000.00
2	DL--6155743-G-4, FK 142-4, 16-25, 4160V 600 A Disconnect Switches with Lever & Trip Coils	712.00	530.00
3	Cat. #6129026-G-5, 46 KV, Type EF-2 Drop Out Fuse Disconnecting Switches	264.00	172.50
6	G.E. Cat. 416X9 Type JKR2 100/5 Current Transformers	160.50	102.00
3	9LA1G33 Thyrite LTG Arresters	1,513.68	908.22
6	1533190 (W) SV Arresters	489.60	293.76
	Total		$9,006.48

Under the terms of the Contract, the Government's interest in the above equipment is 50%, and we are accordingly enclosing our check in the amount of $4,503.24 in full payment thereof.

Yours very truly

W. W. Watson

W. W. Watson
Vice President

WWW:ALC
Enc.

Form 7
(2-56)

OFFICIAL FILE COPY

Date	Surname	Code
3/22	Talbert	800
3/22	C	225
3/25	WEY	500

MAR 22 1957

Contract Admin. and Audit Div.

Defense Minerals Exploration Admin.

14X4401(01) Revolving Fund, Defense Production Act, Interior, (Transfer to Office of Secretary)

TELETYPE

Mr. Thomas H. Broding
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re DMA-1 & 1A, Idm-E4, Chief Consolidated Mining Company, retel verification from your audit work papers that Government contributed 50%, repeat 50%, of $2,590.00 cost of Bucyrus Erie Hydromucker.

(Signed) E. D. Talbert

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

EDTalbert/wb
March 22, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

8623

EXTRA COPY DMEA RECEIVED MAR 25 1957		
DATE	INITIALS	CODE
		500

224 New Customhouse
Denver 2, Colorado

March 22, 1957

Mr. E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Chief Consolidated Mining Co.
Docket No. DMA-1 & 1A
Contract No. Idm-E4

Dear Mr. Talbert:

After receipt of your telegram and talking to you, I called Bill Young in Salt Lake.

He checked the files and called me back just a moment ago and advises that in the months of November and December, 1951, and January and February, 1952, much of the labor and a major portion of the parts charge were for repairs to pump, hoist, and the manufacturing of the hydro mucker. In other words, the cost is not shown as a single item, but Bill states that in his opinion the total of the $2,590.00 charged is included in parts and repair for the four months, and the Government's contribution is on a 25% basis. Cobn

Sincerely yours,

T. H. Brading

T. H. Brading, DMEA Auditor

Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 18 1957

DATE	INITIALS	CODE
3/18	C	220
3/18	WRY	500
		~~225~~

March 14, 1957

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
New Interior Building
Washington 25, D. C.

Re:Docket No. DMA 1 & 1A
Lead-Zinc Second Amended Contract
Idm-E4

Dear Mr. Mittendorf:

We wish to advise you of the sale of the following described equipment which is jointly owned by this Company and your Administration under the terms of the above captioned contract:

Quantity	Item	Invoice Cost	Sales Price
1	3000 KVA 01GS Larkin Transformer	$11,694.00	$7,000.00
2	DL-6155743-G-4, FK 142-4, 16-25, 4160V 600A Disconnect Switches with Lever & Trip Coils	712.00	530.00
3	Cat #6129026-G-5, 46 KV, Type EF-2 Drop Out Fuse Disconnecting Switches	264.00	172.50
6	G.E. Cat. 416X9 Type JKR2 100/5 Current Transformers	160.50	102.00
3	9LA1G33 Thyrite LTG Arresters	1,513.68	908.22
6	1533190 (W) SV Arresters	489.60	293.76
			$9,006.48

The above equipment was sold to the Independent Coal & Coke Company of Salt Lake City, Utah on thirty days net terms. Upon receipt of payment, we are prepared to remit to the Government its proportionate amount ($4,503.24).

Will you kindly advise us to whom this check should be made, and to whom it should be forwarded.

Yours very truly

W. W. Watson

W. W. Watson
Vice President

WWW:ALC

Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 18 1957

DATE	INITIALS	CODE
3/18	C	220
3/18	WRY	500
		~~225~~

March 14, 1957

Mr. C. O. Mittendorf,
Administrator
Defense Minerals Exploration Adm.
New Interior Building
Washington 25, D. C.

Re: Docket No. DMA 1 & 1A
Lead-Zinc Second Amended Contract
Idm-E4

Dear Mr. Mittendorf:

Reference is made to one Bucyrus Erie Hydromucker which is jointly owned by this Company and your Administration, and which was purchased at a cost of $2590.00, and used in connection with shaft sinking operation, and for which the Government advanced twenty-five percent of the cost.

This Company wishes to purchase this Hydromucker on its own account, and offers therefor sixty percent of the original cost, or $1554.00. Upon receipt of your authorization, we will remit twenty-five percent of $1554.00, or $388.50.

Yours very truly

W. W. Watson

W. W. Watson
Vice President

WWW:ALC

OFFICIAL FILE COPY

Date	Surname	Code
2-15	Chambers	800
2-15	C	225
2/15	J Rum	118

FEB 15 1957

Mr. Thomas H. Brading
DMEA Auditor
224 New Customhouse
Denver 2, Colorado

Re: Second Interim Audit Report
Chief Consolidated Mining Co.
Docket No. DMA 1 & 1A
Contract No. Idm-E4

Dear Mr. Brading:

I note and approve that the audit report will not be submitted to Chief Con until you hear further from me. After thinking the matter over I have decided that the audit report should not be furnished until further work has been done on the disposal of the equipment.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

2/15/57
JLChambers/wb

Copy to: Docket
Admr. Reading File
Mr. Chambers

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
2/11	Hawes	800
2-11	Chapman	800
2/13	Selfridge	130
2/13	Johnson	110
2/14	Whitenby	10 225

FEB 14 1957

Mr. W. H. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A (lead-zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Traver:

This is with reference to your January 24 memorandum, with enclosures, concerning the property account under the cited contract.

We did not forward your January 24 letter to the Operator since it appeared that some action of a more positive nature was required. On February 8, the Administrator had a phone conversation with Mr. Watson, who stated that a firm bid had been received on one transformer. Tentative bids had also been received on certain smaller items. On the same date, a telegram was sent to the Operator (with copies to you) authorizing the transformer sale, etc.

Mr. Watson stated that he may possibly have lost several potential sales of equipment by his insistance upon receiving sixty per cent of new cost price. However, it is our opinion that much of the equipment will have to be sold at a substantially lesser percentage if it is to be moved. Obviously, we desire to obtain a maximum return on Government equities but, at the same time, we do not believe that any reasonable offer should be disregarded.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2/13)

APPROVED:

Frank D. Lamb (2/13)
Member, Bureau of Mines

N. E. Nelson (2/13)
Member, Geological Survey

WRGriswold/er 2/11/57
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Mr. Chambers, DMEA
Chron.

8623

DMEA Form 7
(12-56)

500

OFFICIAL FILE COPY

Date	Surname	Code
	Griswold	500
2/1	Talbut	800
2/1	Selfridge	120
		110

100
225

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Traver:

With reference to your January 24 memorandum, we have mailed the letter which you enclosed, addressed to the cited Operator.

Kindly keep us advised as to developments.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

Frank D. Lamb
Member, Bureau of Mines

/s/ M. E. Nelson
Member, Geological Survey

WRGriswold/er 1/31/57
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

8623

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

224 New Customhouse
Denver 2, Colorado

January 24, 1957

Mr. W. W. Watson, Vice President
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake Ci ty, Utah

Re: Docket No. DMA 1 and 1A (Lead-Zinc)
Second Amended Contract No. Idm-E4
Chief Consolidated Mining Company
(Chief No. 1 mine)
Juab and Utah Counties, Utah

Dear Mr. Watson:

Reference is made to your letter of December 27, 1956 and prior correspondence, relative to salvage and disposal of the jointly owned property acquired under Contract No. Idm-E4.

Inasmuch as your company apparently is not interested in bidding in the jointly owned property acquired under Contract No. Idm-E4 at a fair percent of the original cost in order to retain it for future use, it is, therefore, decidedly to your company's interest to obtain the highest price possible for the property in disposing of it to some other party or parties.

Item "6" of the Original Contract provides to the effect that the net cost of operating equipment (original cost less salvage value) is chargeable as a cost to the project.

Item "5(a)" of Exhibit "A" of the First Amended Contract, by reference to Article 11 of that Contract, establishes the basis for liquidating the jointly owned property acquired under the provisions of the Original Contract.

Even though the First Amended Contract does not contain a restatement of the provisions of item "6" of the Original Contract, the basis established therein for charging the net cost of property to the project remains in effect.

It is difficult for us to understand your company's reluctance to settle the matter of the property liquidation on a basis acceptable to the Government, when actually the more the project costs are reduced by the amount of the property liquidation the less will have to be repaid on a royalty basis.

Property liquidation amounts on other DMEA contracts have ranged from 25% to 100% of the original cost, depending upon the character or quality and condition of the property involved. Your bid of $5,000.00 for the Government's interest in the jointly owned property acquired under Contract No. Idm-E4 is less than 5% of the original cost and involves property that, in our opinion, retains a salvage value above the average.

Resolution of the matter of the property liquidation and closing of the account cannot be postponed indefinitely. Therefore, we will appreciate receiving a statement as to whether your company is willing to make a substantially more favorable bid and also if you now consider it virtually impossible to obtain firm bids from other prospective purchasers.

Very truly yours,

W. M. Traver

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

DMEA Form 7
(12-56)

C. O. Mittendorf, Administrator

Defense Minerals Exploration
Administration
14X1401(01) Revolving Fund,
Defense Production Act, Interior (Allocated
Working Fund to the Office of the Secretary)

OFFICIAL FILE COPY

Date	Surname	Code
78	Mittendorf	100
"	Johnson	110
	Trimmel	500
2/11	C	225

FEB 8 1957

Mr. W. W. Watson
Vice President
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

CONFIRMING OUR PHONE CONVERSATION TODAY HEREWITH APPROVAL TO SELL 3000 K.V.A. LARKIN TRANSFORMER FOR SEVEN THOUSAND DOLLARS. REGARDING ANY FUTURE SALES JOINTLY OWNED EQUIPMENT WE FEEL THAT PRICE OF 60 PERCENT OF ORIGINAL COST HIGHLY SATISFACTORY. WE ALSO FEEL THERE MAY BE MANY INSTANCES WHEN A LESSER PERCENTAGE OF COST SHOULD BE GIVEN SERIOUS MUTUAL CONSIDERATION IN ORDER TO EXPEDITE PROPERTY DISPOSAL.

C. O. Mittendorf (fw)

C. O. MITTENDORF, ADMINISTRATOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

COMittendorf/fw
2/8/57

cc: Admr. Reading File
Base Metals Division
Reg. III (2)

Exhibit A

8623

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

224 New Customhouse
Denver 2, Colorado

February 7, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMA 1 and 1A (Lead-Zinc), Second Amended Contract No. Idm-E4, Chief Consolidated Mining Company (Chief No. 1 mine), Juab and Utah Counties, Utah

Enclosed are the original and one copy of the final report submitted by the Operator pertaining to work completed under the subject Contract.

The narrative part of the Operator's report was received in this office January 23, 1957 and the maps received February 7, 1957.

W. M. Traver

W. M. Traver

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 11 1957

DATE	INITIALS	CODE
2-12	C	220
		800
		225

Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

DMEA
DEPARTMENT OF THE INTERIOR
JAN 23 1957
REGION III
DENVER, COLORADO

January 21, 1957

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMA 1 and 1A (Lead-Zinc)
Second Amended Contract No. IDM-E4
Chief Consolidated Mining Company
(Chief No. 1 Mine)
Juab and Utah Counties, Utah

Dear Mr. Traver:

In compliance with your request of January 2, we are pleased to enclose five copies of a final engineering and geological report as required under Article 5 (b) of the above captioned contract.

We trust you will find these reports satisfactory both as to form and substance.

Very truly yours

W. W. Watson

W. W. Watson
Vice President

WWW:ALC
Encs.

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 11 1957
DATE | INITIALS | CODE

DMEA
DEPARTMENT OF THE INTERIOR
JAN 23 1957
REGION III
DENVER, COLORADO

OBERHOLS
FINAL
REPORT

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 11 1957

DATE	INITIALS	CODE

CLOSING GEOLOGICAL & ENGINEERING REPORT

EXPLORATION PROJECT CONTRACT DOCKET

NO. D.M.A.-1 & 1A, & SECOND AMENDED

CONTRACT NO. I.D.M.-E4.

CHIEF CONSOLIDATED MINING COMPANY

EUREKA, UTAH

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 11 1957
DATE | INITIALS | CODE

CONTENTS

GEOLOGICAL REPORT

Page	Title
2	Location & General Scope of Project
2	General Geology
2	(A) General Geological Setting In Project Area
2	(B) Structure
3	(C) Stratigraphy
3	Ore Bodies, Lithologic & Structural Controls
3	Mineralogy
4	Grade of Ore Mined
4	Tonnage Reserves
5	Mining & Economic Conditions
5	Conclusions

ENGINEERING REPORT

7	Engineers Footage & Report

LOCATION & GENERAL SCOPE OF PROJECT

Chief Consolidated Mining Company became actively engaged in this project on June 13, 1951. Location of the work to be completed under the terms of the contract, was in the deep portion of the Chief No. 1 Mine, at Eureka, Utah.

The general scope of the project was to carry out lateral drifting and raising on the 2700 Level of the mine and to explore for the downward continuation of the deep ore channels.

This project also included the deepening of 18/411 Winze, a 3 compartment underground winze, which handled all the deep ore production of the Chief No. 1 mine.

Lateral drifting and raising on the 3100 Level was also a portion of this project, but was never completed.

GENERAL GEOLOGY

(A) General Geologic Setting in Project Area

The area to be explored under this project was geologically situated in the flat trough of the main Tintic syncline. Dissecting this flat trough, and of extreme interest, was an east-west structure, called the Leadville fault. This fault zone was occupied by a thin, highly altered andesitic dike. This structure and related dike had acted as an intersecting loci for the northeast fissure systems, which were the main ore controls to the south.

The position of the northward plunging ore channels at the beginning of this project was on and near the Leadville fault at the 2600 Level of the mine.

The geological exploration problem was to explore and locate these ore channels north of the Leadville on the 2700 Level.

(B) Structure

Relatively flat lying beds were dominant in the area explored, this being due to the position of the trough segment of the main syncline.

Local intra-folding within the trough prevailed, but of a minor nature. Fault systems of the north-south and north-east quadrants prevailed, along with the east-west striking Leadville and accompanying dike.

Local steepening of bedding was noted along and near the Leadville structure. Flat bedding faults were also encountered on, above, and below the 2700 Level.

The trough segment explored had a defined low angle northward plunge of 20-25° on the 2700 Level.

The east-west Leadville fault showed reverse movement as we progressed northward on the 2700 Level. The north block of this fault had been down dropped some 800 feet. This placed the favorable Blue Bell dolomite formation down in line for the northward plunging ore channels.

(C) Stratigraphy

The host rock for ore deposition on the 2700 Level was the upper member of the Blue Bell formation of Ordivician Age. This rock is a true dolomite in its' chemical make-up and prepares itself very well for ore deposition under tectonic stresses. This formation has numerous marker beds for identification and has also accounted for a great portion of the district production.

The 18/411 Winze sinking, below the 2700 Level, was entirely confined to the Ophonga formation, a shaly limestone.

ORE BODIES, LITHOLOGIC AND STRUCTURAL CONTROL

The ore bodies found on 2700 Level were typical in geometric form to the ores above 2700 Level, ie, longitudinal pipe like masses with local irregularities.

As the ore channels penetrated north of the Leadville fault, a new system of lithologic and structural controls prevailed.

Lithologically, the ore channels were localized in a favorable bedding horizon, namely, the "eye bed" horizon of the upper Blue Bell formation. This is a very short breaking unit within the Blue Bell formation and prepares itself well for ore deposition in and near faults.

Structurally, the ore channels were localized within two flat bedding faults in the "eye bed" horizon. Various local enlargements of the ore channels took place when they intercepted cross breaking structures or became involved in intra-folding within the trough segment of the syncline.

As the northward plunging ore channels were explored to the north, a very distinct northeast trend was developed; this was due entirely to the previous mentioned flat bedding fault control, and selective bedding replacement. The overall northward plunge of the ore channels was consistant with the regional plunge of the main synclinal structure.

MINERALOGY

Mineralogically, the ores had a definite increase in zinc content on the 2700 Level. The silicious quartz gangue, which is intimately associated with most Tintic District ores, was ever present. An increase in iron sulphide, "pyrite", was also noted.

The silver and lead ratio remained approximately equal, with the gold content near the same as ores directly higher in the mine.

GRADE OF ORE MINED

Grade of the lower level ores are outlined as follows:

	Au	Ag	Pb	Zn
2500 - 2600 Level	.017	5.6	6.2	7.3
2600 - 2700 Level	.017	6.5	7.6	10.3
2700 - 2800 Level	.017	5.5	6.4	8.1

TONNAGE RESERVES

1. Factual tonnage from level to level within the Chief Mine has been the only means of estimating possible ore reserves in known channels. This situation is primarily due to two main factors:

(A) Drift development and diamond drilling below known ore channels is lacking.

(B) The tortuous habits of the ore channels in their downward continuation to the north and northeast, makes it difficult to actually block out and delineate the entire channel. These channels will vary in size and shape according to their structural and lithologic environments.

2. The best estimate for reserves is based on experience and factual tonnage mined from each channel per vertical foot. On this basis the following tonnage figures are outlined:

Production from 2500 - 2800 Level

Level	Tons
2500 - 2600	61,564
2600 - 2700	67,954
2700 - 2800	68,977

The Tonnage figure, had 2700 to 2800 Level been completely mined out, was expected to approximate 80,000 tons. This was related to known channels.

Expected Tonnage From 2800 - 3000 Level

From the above data, it is reasonable to assume that from the limited channels north of 18/411 Winze which were being mined, 160,000 tons of ore could be realized between 2800 Level and the 3000 Level. Millionaire Row fissure to the east of this project between the 2700 and the 3000 Level, should yield 40,000 tons of ore also, based on the factor used of 133 tons per vertical foot. Total tonnage between 2800 Level and 3000 Level is placed at 200,000 tons expected reserves.

MINING AND ECONOMIC CONDITIONS

During the latter part of our deep level mining, many detrimental and damaging factors developed that prevented the mining of the deep ores as a profitable operation. These factors are outlined and discussed as follows:

1. Physical conditions in the mining of the ores became bad. The flat bedding faults, which controlled the 2700 Level and deeper ore channels, had intensely brecciated and loose hanging wall beds, as a result of this unfortunate condition, excess dilution of wall rock into the ore breaking resulted. Various methods were employed, such as roof bolting, back boards, etc., without success.

2. An increase in cost of materials and supplies also faced this operation.

3. A fluctuating metal market, resulting in lower metal prices, also hampered the survival of deep ore extraction in the Chief No. 1 Mine.

4. Increased labor costs also faced the Company during the deep level operation.

As these increasing non-economic conditions were met, and a depletion of working capital continued, the lower levels were abandoned.

CONCLUSIONS

The D.M.E.A. exploration work in the deep portion of the Chief Mine was carried out very diligently and with good success, in finding and testing the ore channels down to the 2900 Level.

The Company, is its attempt to carry out a successful operation in the deep levels, did drifting and raising on 2700 Level in excess of 6,500 feet. This work was carried out, soley financed by Company capital, without government participation. This project carried out the deepest underground penetration in the entire Tintic District. Substantial ore reserves were also infered from lower level drilling, if and when, economic conditions are such that a new attempt may be made to extract deep ores. Much new geological information was also gained through this project.

Respectfully submitted,

Max T. Evans
Geologist

ENGINEERING REPORT

The work performed by this Company on Project D.M.A.-1 & 1A, and Second Amended Contract I.D.M.-E4 from June, 1951 through May, 1955, was as follows:

	Alloted DMEA Footages	Footages Completed by Company
	2700 Level	
Winzing: 3-Compartment	400.0	330.7
Drifting, Including Slabbing	1,800.0	6,700.0+
Raising	300.0	2,162.0
Diamond Drilling: Grout Holes through dike		377.5
2700 Level Sump & Emergency Sump:		
Drifting		16.5
Cu. ft. Converted to Raise Footage		36.0
Cu. ft. Converted to Winze Footage		445.5
Total Cu. ft. Excavation		18,031.0
Diamond Drilling for Drainhole and Reaming to BX		62.0
	3100 Level	
Drifting	1,800.0	None
Raising	1,500.0	None

This project made it possible for the Company to explore the deeper portions of the mine on projection of known ore channels. The full objective of intercepting and mining these ore channels was carried on until a non-economic point of operating was met. This condition was mainly due to bad ground in and near the ore channels, increased labor, materials and power costs, along with depressed metal prices.

The Company faithfully and diligently pursued the work and agreements within the contracts.

Probable ore reserves were blocked out, in the deep portion of the mine, along with other valuable information gained.

Consulting Engineer

Engineer

Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

February 5, 1957

RECEIVED FEB 10 1957
DATE | INITIALS | CODE
DMEA
DEPARTMENT OF THE INTERIOR
FEB 7 1957
REGION III
DENVER, COLORADO

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMA 1 and 1A (Lead-Zinc)
Second Amended Contract No. IDM-E4
Chief Consolidated Mining Company
(Chief No. 1 Mine)
Juab and Utah Counties, Utah

Dear Mr. Traver:

In compliance with your recent request, we enclose five copies of a map showing the work performed in our 18-411 winze shaft under the terms of the above captioned contract. Also five copies of a map showing the work performed on the 2700 ft. level of the same contract, supplemental to the engineering and geological report sent you under date of January 21.

Yours very truly

W. W. Watson

W. W. Watson
Vice President

WWW:ALC
Encs.

LARGE FORMAT DOCUMENTS AT END OF FILE

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
1-30	Chambers	800
		225
1-30	C	220

JAN 30 1957

Mr. Thomas H. Brading
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Audit Report
Chief Consolidated Mining Co.
Idm-E4, DMA 1 & 1A

Dear Mr. Brading:

Receipt is acknowledged of your Second Interim Audit Certificate and Report covering the above-cited project.

The report is acceptable and normal distribution is authorized after making one minor correction. On page 2, 4th paragraph, first sentence, please change the period after the word "Company" and insert a comma, and change the capital "T" in the word "There" to lower case.

You, of course, have noted that we had paid Chief Con $185,680.73, which according to your audit makes an overpayment of $1,236.92. The contract as you know has not been closed and there will probably be other claims made by the Government after the disposal of the equipment.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
January 30, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.S.

8623

Chm. Op. Comm., DMEA
Washington, D. C.

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DMEA
RECEIVED JAN 25 1957

DATE	INITIALS	PAGE
1-25	C	220
1-27		800
		225

RECEIVED JAN 29 1957 D.M.E.A.

UTAH

Contract has been let to Centennial Development Co., Eureka, for sinking of a 1020-ft exploration shaft in East Tintic area of the state for Bear Creek Mining Co., a wholly-owned domestic subsidiary of Kennecott Copper Corp.

The work on the 2½-compartment shaft is now under way.

Following completion, Bear Creek will drift, drill and explore from the shaft for lead-silver-zinc ores. Three mineralized areas were already reported encountered in the "Tintic Unit" through core drilling from surface.

Participants to the unit, in addition to Bear Creek are Chief Consolidated Mining Co., Eureka and Tintic Standard Mining Co., a Chief subsidiary.

Any profits from ore production will be divided among the companies on basis of a complicated formula.

Bear Creek, in this connection, has what amounts to an option to obtain control of Chief Consolidated.

The new shaft has been billed the most important lead-silver-zinc exploration program in Utah in last quarter century.

From Engineering and Mining Journal
Vol. 158, No. 1
January 1957

Docket No. DMA-1 & 1A, Contract IDM-E4

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

224 New Customhouse
Denver 2, Colorado

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DMEA
RECEIVED JAN 28 1957

DATE	INITIALS	CODE
1-28	C	220
		225
~~January 24, 1957~~		

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMA 1 and 1A (Lead-Zinc), Second Amended Contract No. Idm-E4, Chief Consolidated Mining Company (Chief No. 1 mine), Juab and Utah Counties, Utah

Enclosed are the original and two Washington copies of a letter to Mr. W. W. Watson that we have prepared concerning disposal of the jointly owned property acquired under the subject Contract.

If you approve of the substance and form of the letter, please mail it and advise us, so that we can make distribution of the remaining copies, which will be held pending receipt of advice from you. However, if you do not approve of the letter as written, we will appreciate your recommendations as to changes or that you prepare and furnish a revised letter for transmittal to the Operator.

We hesitate to refer the matter to Mr. Wilson, as suggested in your letter of January 15, 1957, because it is our opinion that a discussion between the Operator and a Government representative, lacking the authority to agree to the basis of a final settlement, would serve no useful purpose.

It is again recommended that contact with the Operator in the matter of liquidating the Government's interest in the jointly owned property be by someone at the Washington level having authority to negotiate a final settlement.

W. M. Traver

W. M. Traver

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

224 New Customhouse
Denver 2, Colorado

January 24, 1957

Mr. W. W. Watson, Vice President
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake Ci ty, Utah

Re: Docket No. DMA 1 and 1A (Lead-Zinc)
Second Amended Contract No. Idm-E4
Chief Consolidated Mining Company
(Chief No. 1 mine)
Juab and Utah Counties, Utah

Dear Mr. Watson:

Reference is made to your letter of December 27, 1956 and prior correspondence, relative to salvage and disposal of the jointly owned property acquired under Contract No. Idm-E4.

Inasmuch as your company apparently is not interested in bidding in the jointly owned property acquired under Contract No. Idm-E4 at a fair percent of the original cost in order to retain it for future use, it is, therefore, decidedly to your company's interest to obtain the highest price possible for the property in disposing of it to some other party or parties.

Item "6" of the Original Contract provides to the effect that the net cost of operating equipment (original cost less salvage value) is chargeable as a cost to the project.

Item "5(a)" of Exhibit "A" of the First Amended Contract, by reference to Article 11 of that Contract, establishes the basis for liquidating the jointly owned property acquired under the provisions of the Original Contract.

Even though the First Amended Contract does not contain a restatement of the provisions of item "6" of the Original Contract, the basis established therein for charging the net cost of property to the project remains in effect.

Not what

It is difficult for us to understand your company's reluctance to settle the matter of the property liquidation on a basis acceptable to the Government, when actually the more the project costs are reduced by the amount of the property liquidation the less will have to be repaid on a royalty basis.

Property liquidation amounts on other DMEA contracts have ranged from 25% to 100% of the original cost, depending upon the character or quality and condition of the property involved. Your bid of $5,000.00 for the Government's interest in the jointly owned property acquired under Contract No. Idm-E4 is less than 5% of the original cost and involves property that, in our opinion, retains a salvage value above the average.

Resolution of the matter of the property liquidation and closing of the account cannot be postponed indefinitely. Therefore, we will appreciate receiving a statement as to whether your company is willing to make a substantially more favorable bid and also if you now consider it virtually impossible to obtain firm bids from other prospective purchasers.

Very truly yours,

Original signed by
W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

JWT:prl

cc: Chairman, Op. Comm. (2)
Harshman (2)
Wilson
Townsend
Corres. E4
Chron.

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

224 New Customhouse
Denver 2, Colorado

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DMEA
RECEIVED JAN 25 1957

DATE	INITIALS	CODE
1-25	C	220
1/31		800
		225

January 23, 1957

Mr. W. W. Watson, Vice President
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Re: Docket No. DMA 1 and 1A (Lead-Zinc)
Second Amended Contract No. Idm-E4
Chief Consolidated Mining Company
(Chief No. 1 mine)
Juab and Utah Counties, Utah

Dear Mr. Watson:

Thank you for the final engineering and geologic report pertaining to work completed under Contract No. Idm-E4, which was forwarded by your letter of January 21, 1957.

The final engineering and geologic report, to be considered adequate as provided in the Contract, must be accompanied by a map or maps to show the extent of approved work completed. Therefore, we will appreciate receipt at an early date of five copies of a map or maps to supplement the report.

Very truly yours,

Original signed by
W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

JWT:prl

cc: Chairman, Op. Comm. (2)
Harshman (2)
Wilson
Townsend
Corres. file
Chron.

DMEA Form 7
(12-56)

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Date	Surname	Code
	Griswold	500
1-14	Chamberlin	800
1/14	Selfridge	1300
1-15	C J	220
1/14	Johnson	110
1/14	Kellenberg	100
		225

500

JAN 15 1957

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Traver:

We have your memorandum of January 2, 1957, enclosing the December 27, 1956, letter from the Operator.

If, as it appears, a comprehensive and bona fide attempt is being made to dispose of the property in question, we do not wish to force a settlement. However, this matter has dragged out for more than a year and settlement cannot be postponed indefinitely.

It is our suggestion that you request Mr. S. R. Wilson of the Salt Lake City office to call upon this Operator. Perhaps an informal discussion might provide additional information and possibly even lead to a settlement of the account.

Mr. Wilson could properly ask to see copies of the correspondence pertaining to the attempt to make property disposal.

You will recall that, in a letter dated October 16, 1956, this Operator suggested paying the Government the sum of $5,000.00 for its equity in the property. Such an offer seemed ridiculously low, but if the Operator should be inclined to make a reasonable offer in line with our usual disposal valuations, we would give it our serious consideration. In any event, an informal discussion, such as we have suggested, could do no harm and might possibly lead to something.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

APPROVED:

Frank D. Lamb (GCS)
Member, Bureau of Mines

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

WRGriswold/er 1/10/57 & 1/14/57
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Kiilsgaard, USGS - Chron.
Mr. Bishop, USBM

8623

DMEA Form 7
(12-56)

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Date	Surname	Code
1/4	Chamberlin	800
1-4	C	275

4 JAN 1957

Mr. Thomas H. Brading
DMEA Auditor
224 New Customhouse
Denver 2, Colorado

Re: Chief Consolidated Mining Co.
Idm-E4, DMEA-1 & 1A

Dear Mr. Brading:

First I want to apologize for the delay in answering your questions concerning the above-cited contract. The docket is so large and so much of the information was obtained by telephone messages between DMEA and the operator that a complete record is hard to put together.

The Washington records indicate that by a letter dated November 4, 1952, Cecil Fitch, Jr., then Vice-President of Chief Consolidated Mining Company, requested that the contract be amended to provide for allowance of additional labor costs retroactive to July 1, 1951, resulting from a labor contract with the United Steel Workers of America, C. I. O., dated September 2, 1952, which provided for wage increases retroactive to July 1, 1951.

Mr. Fitch's letter stated the amount of such retroactive labor costs as $5,256.87. For the reason stated in answer to your Question No. 1 below, and subject to the answers given below to your Questions No. 4 and 5, this office will not object to the total of $5,256.87, divided as follows:

Project 1	$4,373.78
Project 1A	883.09
Total	$5,256.87

Your numbered questions are answered as follows:

(1) The figure $327,218.21 set forth in Part B of Exhibit "A" of the Second Amended Contract, and in paragraph 4 of the First Amended Contract, does not constitute a maximum allowable, nor do the items which compose that amount constitute maximums, for the reason that both provisions stated that these figures were "subject to audit". Furthermore, insofar as concerns the item of "Retroactive Adjustment of Wages," Article 1 of Exhibit "A"

8623

of the Second Amended Contract explicitly states that the First Amended Contract shall govern the settlement of work done prior to the Second Amended Contract (except in matters not here relevant); and Article 1 of Exhibit "A" of the First Amended Contract provides that its terms supersede those of the Original Contract. Therefore, since wages were not maximums under the First Amended Contract, the fact that wages were maximums under the Original Contract is not now relevant. If the retroactive wage costs otherwise allowable were actually incurred as set forth in Mr. Fitch's letter of November 4, 1952, those costs are not to be disallowed on the ground that they "exceeded maximums."

(2) The retroactive wage claim of $883.09 appears to apply to Project 1A, rather than Project 1 as stated in your letter. In any event, the figure of $63,000.00 shown on the Original Contract is not a maximum, having been superseded by the figure of $63,999.54 in Part B of Exhibit "A" of the Second Amended Contract which incorporates Article 4 of Exhibit "A" of the First Amended Contract. As stated in the answer to Question 1 above, that figure is not a maximum.

(3) See answers to Questions 1 and 2 above.

(4) and (5) Any retroactive wage increases allowed under the Amended Contracts which have not been paid to the employees should be disallowed. The project is closed and we have been trying to get Chief Consolidated to make settlement for some time. This work was done on an actual-cost contract and since the company incurred no cost on the wages not actually paid to employees, the Government could not participate in any unpaid amount held by the company.

(6) All items should be disallowed. There should be no suspensions.

Our Associate Solicitor's office has approved the above opinions.

Your audit should be complete to date, but it should not be considered a final audit. It probably will be necessary for you to issue a report of review when settlement has been effected on all the equipment.

I trust the questions submitted in your letter of December 14th have been answered to your satisfaction, but if not, please detail any items not fully understood.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/ama
January 4, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

224 New Customhouse
Denver 2, Colorado

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 7 1957

DATE	INITIALS	CODE
1-7	C	220
		225
January 2, 1957		

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMA 1 and 1A (Lead-Zinc), Second Amended Contract No. IDM-E4, Chief Consolidated Mining Company, (Chief No. 1 mine), Juab and Utah Counties, Utah.

Enclosed are two copies of the Operator's letter of December 27, 1956, in reply to our letter of December 18, 1956, concerning the liquidation of the jointly owned property acquired under the Contract.

Also enclosed are two copies of a letter from this office, dated January 2, 1957, wherein we request that the Operator render at an early date the required final engineering and geologic report.

W. M. Traver

W. M. Traver

Enclosures

Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

DMEA
DEPARTMENT OF THE INTERIOR
DEC 28 1956
DMEA
REGION III
DENVER, COLORADO

December 27, 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA 1 & 1A
Second Amended Contract No. Idm-E4

Dear Mr. Traver:

In your letter of December 18 you requested information concerning the present status of our efforts to dispose of jointly owned equipment acquired under the terms of the above captioned contract.

In previous correspondence we mentioned that we had supplied all of the used equipment dealers in Salt Lake City with a list of the jointly owned equipment, and requested that they inspect and bid upon the same. We further contacted each of these firms by telephone asking whether they would be interested in bidding upon this equipment. As a result, one firm sent a representative to inspect the equipment, others promised to do so, but did not. In further follow-ups, these contacts indicated that they were not particularly interested in purchasing special equipment of this nature.

Concurrently, we wrote some fifty-odd letters to operating mines in the Western United States, enclosing a list of the equipment, and advising them of the conditions of the sale. To this effort, we have not received a single inquiry.

We also wrote letters, enclosing a list of the equipment, to several machinery dealers outside of the Salt Lake City area on the Pacific Coast and in Arizona. We have heard from two of these firms who express some interest in certain substantial items on the list and have had some correspondence concerning them. At this writing, nothing definite has been concluded.

We have supplied the Utah Power and Light Company with a list of the electrical equipment involved. They are presently going over the list to see if it can be adapted to their needs. We expect to hear further from this source in the near future.

As regards the sale of transformers to the City of Murray, this contact apparently supplied their needs from other sources. With regard to the two Westinghouse starters, we are advised that there is still some possibility of sale which remains dependent upon certain power engineering factors.

As to the status of the salvage operations, all equipment on the list is available at our property for inspection. It is partly stored underground and partly on the surface. The only equipment remaining in place is the 2/0 electrical cable which can be readily removed upon sale.

Yours very truly

CHIEF CONSOLIDATED MINING CO.

W. W. Watson
Vice President

WWW:ALC

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 7 1957

DATE	INITIALS	CODE

224 New Customhouse
Denver 2, Colorado

January 2, 1957

Mr. W. W. Watson, Vice President
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Re: Docket No. DMA 1 and 1A (Lead-Zinc)
Second Amended Contract No. IBM-E4
Chief Consolidated Mining Company
(Chief No. 1 Mine)
Juab and Utah Counties, Utah

Dear Mr. Watson:

Thank you for your letter of December 27, 1956, in reply to our letter of December 18, 1956, concerning the status of salvage operations and your company's efforts to obtain bids on the sale of the jointly owned property acquired under the contract.

Another matter requiring prompt attention is the rendering by your company of five copies of a final engineering and geologic report concerning the work completed under the contract, as provided in Article 5 (b) of the Second Amended Contract and similarly in the original and first amended contracts.

The final engineering and geologic report should be provided at an early date regardless of the status of other matters, the resolution of which is prerequisite to closing the account.

Very truly yours,

Original signed by
W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

JWT:prl

cc: Chairman, Op. Comm. (2)
Harshman (2)
Wilson
Townsend
Corres. file
Chron.

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

224 New Customhouse
Denver 2, Colorado

December 18, 1956

Mr. W. W. Watson, Vice-President
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Re: Docket No. DMEA 1 & 1A (Lead-Zinc)
Second Amended Contract No. Idm-E4
Chief Consolidated Mining Company
(Chief No. 1 Mine), Juab and Utah
Counties, Utah

Dear Mr. Watson:

By letter of October 25, 1956, the Administrator, DMEA, authorized you to sell to the City of Murray, Utah, jointly-owned transformers listed in your letter of October 16, 1956. Also by telegram of August 3, 1956, the Administrator authorized the disposal of two Westinghouse starters.

Inasmuch as we have heard nothing further as to the sale of the property, we will appreciate advice at an early date as to the status of the matter; also, advice as to the status of salvage operations and your Company's efforts to obtain bids on the sale of the other jointly-owned property acquired under Contract Idm-E4.

Very truly yours,

Original signed by
W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

JWT:bh
cc-Chairman, Op. Comm. (2)
Harshman(2)) with copy of
Wilson) Chairman's
Traver) teletype of
Townsend) 12/18/56
Corres. File E-4
Chron.

File Copy
Surname

Griswold
Kiilsgaard
Bishop
Selfridge
Jeffrey
Matheson

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

DEC 1 8 1956

WRGriswold/bjl, Rm. 4444, Ext. 3669

DMEA - Base Metals Division

14X4401(01)Revolving Fund
Defense Production Act, Interior (allocated Working fund to Office of Secy.)

T E L E T Y P E

Date:

To: Mr. W. M. Traver, Executive Officer, DMEA Field Team, Denver, Colorado

Reurtsmsg December 6, Docket DMEA 1 and 1A, Second Amended Contract Idm-24, Chief Consolidated Mining Company. We have received no communication from this Operator since Administrator's letter of October 25.

George C. Selfridge
Chairman, Operating Committee

(typed 12/17/56)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kiilsgaard
Chron.

R.C.S.

File Copy
Surname

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

500

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

DEC 12 1956

Re: Final Field Team Reports for DMEA Docket Nos. DMEA-1 & 1A, DMEA-171, DMEA-371, DMEA-606, DMEA-1098, DMEA-1525, DMEA-1870, DMEA-2028, DMEA-2653 and DMEA-2991

Dear Mr. Traver:

The following projects have been concluded or terminated for a considerable period of time and we have received no final Field Team reports covering project results. In certain instances, as noted below, the final Operator's report is also lacking.

It may be that in certain cases final Field Team reports have been delayed pending property settlements and final audits. However, we can see no reason for such delay; actually the final report from the Field Team is not considered as being an exact financial statement. We must depend upon our Contract Administration and Audit Division for our final and precise data on expenditures.

In cases where final precise figures are not available, it would be sufficient if it was so noted in your final report, with an additional notation that such unit and over-all costs which you might have quoted were subject to minor revisions, depending upon matters of final settlement.

DMEA-1 & 1A - Chief Consolidated Mining Company
(Final Operator's Report also due)
Terminated January 30, 1956.

DMEA-171 West Park Mining Company
Terminated February 13, 1956.

DMEA-371 Peru Mining Company
(Final Operator's Report also due)
Terminated November 1, 1955.

Griswold
Selfridge
Bishop
Kiilsgaard

DMEA-606 U. S. Metals Corporation
(Final Operator's Report also due)
Terminated September 1, 1955.

DMEA-1098 Combined Metals Reduction Company
Terminated July 9, 1956.

DMEA-1525 Moreno Uranium Corporation
Terminated July 1, 1955.

DMEA-1870 U. S. Metals Corporation
(Final Operator's Report also due)
Terminated September 1, 1955.

DMEA-2028 U. S. Smelting, Refining and Mining Company
Concluded December, 1955.

DMEA-2653 U. S. Smelting, Refining and Mining Company
Concluded November, 1955.

DMEA-2991 Shenandoah-Dives Mining Company
Terminated September 9, 1955.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

WRGriswold/er 12/10/56
Copy to: Docket (10)
Admr R File
Op. Committee
Base Metals (10)
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

Frank D. Lamb (FDL)
Member, Bureau of Mines

Thor H. Kiilsgaard (THK)
Member, Geological Survey

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

224 New Customhouse
Denver 2, Colorado

December 6, 1956

RECEIVED
DEC 10 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 1 and 1A (Lead-Zinc), Second Amended Contract No. Idm-E4, Chief Consolidated Mining Company (Chief No. 1 mine), Juab and Utah Counties, Utah.

We will appreciate advice as to whether or not you have received any communication from the Operator relative to the disposal of the jointly owned property acquired under the contract, since the Administrator's letter of October 25, 1956, to Mr. W. W. Watson, Vice President, Chief Consolidated Mining Company.

W. M. Traver

W. M. Traver

File Copy
Surname
Griswold
Chapman
Selfridge

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

OCT 2 5 1956

Mr. W. W. Watson, Vice President
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Watson:

Your letter of October 16, addressed to Mr. Traver, covering equipment matters pertaining to the cited contract, has been referred to me.

You are authorized to proceed with the sale of transformers to the City of Murray, as outlined in your letter.

Your offer to purchase all equipment, with a net return to the Government of $5,000.00, is not considered as being satisfactory.

Sincerely yours,

C. O. Mittendorf

Administrator

WRGriswold/er 10/24/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Region III, (2)
Mr. Chambers, DMEA
Chron.

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

RECEIVED
OCT 22 1956

224 New Customhouse
Denver 2, Colorado

October 18, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 1 and 1A (Lead-Zinc), Second Amended Contract No. I-DMA-E4, Chief Consolidated Mining Company, Juab and Utah Counties, Utah.

Enclosed are the original and three copies of the Operator's letter of October 16, 1956, wherein the Government's approval is requested for the Operator to proceed with negotiations to dispose of certain property to the City of Murray, Utah, for $12,000.00.

We recommend that you advise the Operator of the Government's approval of the sale of the property as outlined in Mr. Watson's letter, furnishing this office with a copy of your advice to him.

The last paragraph of the Operator's letter is not clear as to his intent in bidding $10,000.00 for all the equipment involved. We do not understand exactly what is meant and suggest that you request clarification.

W. M. Traver

W. M. Traver

Enclosures

RECEIVED
OCT 22 1956
DMEA
DEPARTMENT OF THE INTERIOR
OCT 18 1956
REGION III
DENVER, COLORADO

Chief Consolidated Mining Co.
608 DOOLY BUILDING
SALT LAKE CITY, UTAH

October 16, 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Contract No. Idm-E4

Dear Mr. Traver:

We wish to report on the progress we are making towards disposing of certain equipment items in which the Government and ourself have a joint interest under the terms of the above captioned contract.

We have approached 5 of the leading Salt Lake concerns who handle used equipment of this nature by mailing to them a list of the equipment and its cost; first, contacting them by telephone and later following up on these telephone calls. Initially all expressed an interest in bidding on the equipment. To date, however, the representative of only one firm has inspected the property, and the principal of this concern advises that they will make a bid in about two weeks, a delay being occasioned by the principal attending other matters in the North West. One concern has advised us by letter that they would not care to bid on this type of equipment. The other three indicated that they will inspect the equipment and give us a decision. However, it is quite evident they will do so at their convenience and not at ours.

The starting equipment, which you will recall, we got authority to sell at a stated price from Washington, is still a possibility. The delay in this instance being occasioned by engineering problems which have not yet been decided.

We have been approached by the City of Murray who may possibly buy the 3,000 K.V.A. Larkin Transformer which cost us $11,694.00, and the 6 - 500 K.V.A. Larkin Auto Transformers which costs us $11,899.20. We have offered these to Murray City, subject to D.M.E.A. approval, for $12,000.00 f.o.b. Eureka, Utah. The 6 - 500 K.V.A. Transformers are still underground and a sum of money will have to be spent in removing them to the surface. Will you kindly authorize us to proceed with this sale at this price as soon as possible. We certainly hope that you will not require additional bids on this equipment, as this would only delay the contemplated sale. We, personally, feel quite fortunate if this sale can be consummated.

We realize that the Government for some reason or other is quite anxious to dispose of all this equipment and conclude this phase of

the contract at as early a date as possible, and we wish to cooporate to the best of our ability, consequently our Company will make a firm bid of $10,000.00 for all of the equipment involved. This would net the Government $5,000.00 and relieve the Government of any obligation in connection with the $4,000.00 plus already spent for the salvaging of the equipment and an additional $4,000. or $5,000. which must be spent in the future to remove the equipment to the surface.

Your views on all of these matters will be appreciated.

Very truly yours

CHIEF CONSOLIDATED MINING CO.

W. W. Watson

W. W. Watson
Vice President

WWW:ALC

cc: Mr. Cecil Fitch, Jr.

RECEIVED
OCT 2 2 1956
DMEA
DEPARTMENT OF THE INTERIOR
OCT 1 8 1956
REGION III
DENVER, COLORADO

October 11, 1956

Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

Attention: Mr. W. W. Watson
Vice-President

Gentlemen:-

In reply to your letter of October 10th with inventory of D.M.E.A. equipment attached, because of the nature of this material, we are not interested in submitting a bid.

Very truly yours,

CATE EQUIPMENT COMPANY

H. A. Christensen, Manager
Used Equipment Division

HAC:mc

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

RECEIVED
SEP 27 1956

224 New Customhouse
Denver 2, Colorado

September 25, 1956

Memorandum

To: Chairman of the Operating Committee

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 and 1A (Lead-Zinc), Second Amended Contract I-DMA-E4, Chief Consolidated Mining Company, Juab and Utah Counties, Utah

Enclosed are two photocopies of a letter, dated September 20, 1956, received in this office September 24, from W. W. Watson with reference to the subject Contract.

Mr. Watson enclosed a copy of his Corporation's unit lease and agreement with Bear Creek Mining Company, dated August 29, 1956. You furnished us with copies of the pertinent items of this lease and agreement by the Chairman's letter of July 25, 1956 and indicated in that letter you do not have a complete copy. It would appear better for the complete copy of this lease and agreement to be in the Washington office files. It is, therefore, enclosed.

The third paragraph of Mr. Watson's letter is concerned with his previous letter of September 7, 1956 having to do with obtaining bids for jointly owned equipment and machinery. You were furnished copies of that letter by our memorandum of September 13.

W. M. Traver

W. M. Traver

Enclosures

(2) Copy to HQ

Chief Consolidated Mining Co.

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

September 20, 1956

DMEA
DEPARTMENT OF THE INTERIOR
SEP 21 1956
REGION III
DENVER, COLORADO

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Dear Mr. Traver:

We enclose a copy of the unit lease and agreement between this Company and the Bear Creek Mining Company, dated August 29, 1956.

Your attention is called to Paragraph 16, Page 26 of the Agreement in which the Government's interest in certain described lands covered by the lease is fully protected. Your attention is further called to Exhibit "E" a claim map showing the part of the leased ground in which the Government has a lien on ore in place, and to Exhibit "F" which is a description of such land.

I was perhaps a little over optimistic in my previous letter to you as to the time required to secure three bids on the equipment items on which the Government has an interest. A number of local concerns have been contacted and furnished with lists of the equipment. Several have expressed interest in bids, but as of this writing none have yet found it convenient to visit the property. We will continue to push this matter as rapidly as possible.

Yours very truly

W. W. Watson

W. W. Watson
Vice President

WWW:ALC
Enc.

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

SEP 24 1956

Mr. Thomas H. Breding
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Chief Consolidated Mining Co.
Contract Idm-E4
Docket No. DMA 1 and 1A

Dear Mr. Breding:

In reply to your letter of September 18, 1956, relative to the return of reels on the project please be advised as follows.

If such reels were charged to the project and are returnable the cost of them should be disallowed as an unnecessary cost. If such reels were not charged to the project in the first place, their cost should not be subject to disallowance.

The above is applicable both to the Foley Construction Company and to the Eureka Machinery Company.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
September 24, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.G.S.

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

RECEIVED
SEP 17 1956

224 New Customhouse
Denver 2, Colorado

September 13, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 and 1A (Lead-Zinc), Second Amended Contract I-DMA-E4, Chief Consolidated Mining Company, Juab and Utah Counties, Utah.

Enclosed are two photo copies of a letter, dated September 7, 1956, and received in this office on September 12, from W. W. Watson, Vice President of Chief Consolidated Mining Company, which is self-explanatory.

You will be advised if Mr. Watson furnishes the bids as promised.

W. M. Traver

W. M. Traver

Enclosures

RECEIVED
SEP 17 1956

Chief Consolidated Mining Co.

608 Dooly Building
SALT LAKE CITY, UTAH

DMEA
DEPARTMENT OF THE INTERIOR
SEP 12 1956
REGION III
DENVER, COLORADO

September 7, 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A
Second Amended Contract No. Idm-E4

Dear Mr. Traver:

This will confirm our telephone conversation of even date regarding the substance of your letter of August 30 as it applies to the disposal of certain equipment items.

We propose to ask not less than three local Salt Lake used equipment dealers to inspect and bid, subject to D.M.E.A. approval, on the above referred to equipment items. These bids will in some instances be for cash and in other instances on a sale and commission basis depending upon the desires of the individual bidders. We are of the opinion that a cash offer for this equipment will be relatively small compared to what may have been obtained if sufficient time were allowed to find purchasers who were in need of these items in their operations. Such a procedure would probably require several years in which to dispose of the equipment. It appears from your letter that the Government is anxious to dispose of this equipment immediately regardless of its value, and as this Company has no foreseeable use for equipment of this nature, we are reluctantly forced to concede.

The equipment dealers referred to above will inspect the property some time next week, and we hope to have their bids in your hands within the next two weeks.

Yours very truly

W. W. Watson

W. W. Watson
Vice President

WWW:ALC

cc: Mr. Cecil Fitch, Jr.

Chief Consolidated Mining Co.

608 Dooly Building
Salt Lake City, Utah

DMEA
Department of the Interior
SEP 4 1956
Region III
Denver, Colorado

August 31, 1956

1+1A

Mr. W. M. Traver, Executive Officer
DMEA Field Team
Region III
New Customhouse
Denver, Colorado

Dear Mr. Traver:

Re your telegram of August 31, 1956, sale has not been consummated as of this date.

Yours very truly

W. W. Watson

W. W. Watson
Vice President per G.L.C.

WWW:ALC

...ge to the account of Bureau of Mines, Lab., 224 New Customhouse $

CLASS OF SERVICE DESIRED			
DOMESTIC		CABLE	
TELEGRAM	X	ORDINARY	
DAY LETTER		URGENT RATE	
SERIAL		DEFERRED	
NIGHT LETTER		NIGHT LETTER	

Patrons should check class of service desired; otherwise the message will be transmitted as a telegram or ordinary cablegram.

WESTERN UNION

1206

CHECK
ACCOUNTING INFORMATION
TIME FILED

A. N. WILLIAMS, PRESIDENT
NEWCOMB CARLTON, CHAIRMAN OF THE BOARD
J. C. WILLEVER, FIRST VICE-PRESIDENT

Send the following message, subject to the terms on back hereof, which are hereby agreed to

Denver, Colorado
August 31, 1956

Unclassified
Reply

RECEIVED
SEP - 4 1956

Mr. W. W. Watson
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Please advise outcome of sale of two Westinghouse starters authorized by the Administrator, DMEA, in his telegram to you of August 3, 1956.

W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

JWT:prl
cc: Chairman, Oper. Comm. (2)
Chambers
Finance Office, Reg. III
Traver
Townsend
Brading
Corres. file E4
Chron.

ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeated message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeated message and paid for as such, in consideration whereof it is agreed between the sender of the message and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeated-message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines.

2. In any event the Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.

3. The Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.

4. Except as otherwise indicated in connection with the listing of individual places in the filed tariffs of the Company, the amount paid for the transmission of a domestic telegram or an incoming cable or radio message covers its delivery within the following limits: In cities or towns of 5,000 or more inhabitants where the Company has an office which, as shown by the filed tariffs of the Company, is not operated through the agency of a railroad company, within two miles of any open main or branch office of the Company; in cities or towns of 5,000 or more inhabitants where, as shown by the filed tariffs of the Company, the telegraph service is performed through the agency of a railroad company, within one mile of the telegraph office; in cities or towns of less than 5,000 inhabitants in which an office of the Company is located, within one-half mile of the telegraph office. Beyond the limits above specified the Company does not undertake to make delivery, but will endeavor to arrange for delivery as the agent of the sender, with the understanding that the sender authorizes the collection of any additional charge from the addressee and agrees to pay such additional charge if it is not collected from the addressee. There will be no additional charge for deliveries made by telephone within the corporate limits of any city or town in which an office of the Company is located.

5. No responsibility attaches to this Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.

6. The Company will not be liable for damages or statutory penalties in the case of any message except an intrastate message in Texas where the claim is not presented in writing to the Company within sixty days after the message is filed with the Company for transmission, and in the case of an intrastate message in Texas the Company will not be liable for damages or statutory penalties where the claim is not presented in writing to the Company within ninety-five days after the cause of action, if any, shall have accrued; provided, however, that neither of these conditions shall apply to claims for damages or overcharges within the purview of Section 415 of the Communications Act of 1934.

7. It is agreed that in any action by the Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.

8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.

9. No employee of the Company is authorized to vary the foregoing.

10-42

CLASSES OF SERVICE

DOMESTIC SERVICES

TELEGRAMS

A full-rate expedited service.

DAY LETTERS

A deferred service at lower than the standard telegram rates.

SERIALS

Messages sent in sections during the same day.

NIGHT LETTERS

Accepted up to 2 A.M. for delivery not earlier than the following morning at rates substantially lower than the standard telegram or day letter rates.

CABLE SERVICES

ORDINARIES

The standard service, at full rates. Code messages, consisting of 5-letter groups only, at a lower rate.

DEFERREDS

Plain-language messages, subject to being deferred in favor of full-rate messages.

NIGHT LETTERS

Overnight plain-language messages.

URGENTS

Messages taking precedence over all other messages except government messages.

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

RECEIVED
SEP - 4 1956

224 New Customhouse
Denver 2, Colorado

August 30, 1956

Mr. W. W. Watson, Vice President
Chief Consolidated Mining Company
608 Deely Building
Salt Lake City, Utah

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
(Chief No. 1 mine)
Juab and Utah Counties, Utah
Second Amended Contract No. Idm-24

Dear Mr. Watson:

We are enclosing herewith a copy of the Supplemental Inventory of Equipment Items on the referenced contract, prepared by Messrs. T. H. Breding and W. E. Young, and discussed at the time of their conference with you.

Both the DMEA Washington Office and this office are determined that the property question on this contract shall be settled without further undue delay. Otherwise, we would be placed in the position of having been negligent in the matters of Government equities.

On February 13, 1956, I advised that under the contract your company is responsible for disposing of all equipment and salvageable material in which the Government has an equity. The letter further stated that the contract in effect makes the Operator an agent for the disposition of all equipment and salvageable material. The letter also gave you some suggestions as to the steps which you might take in making immediate disposition.

In a telegram to C. O. Mittendorf, Administrator of DMEA, under date of August 2, you informed the Government of the possibility of disposing of two Westinghouse Starters at a possible offering of $3195 each. This is a very good start toward disposal and the Government appreciates it very much. However, the time

between the closing of the project and the disposition of equipment and material is lengthening very rapidly. Therefore, this letter is to give you further instructions that all of the unsold equipment and material should be classified and placed in a display which will enable persons interested to make a fair evaluation without too much trouble. This should be done immediately. Any proper methods of publishing the sale, such as notices in trade journals which have a local circulation or in local newspapers may be used. If for any reason your company does not feel that it is in a position to dispose of the equipment and material in the above suggested manner, the Government should be notified so it can make other arrangements.

You will note that the first amended contract provides in Article 11 that the Government may take possession of the property in 90 days after it requests the Operator to make proper disposition. The Government desires to cooperate in any manner with you and if such cooperation will be of help please advise us.

Your early compliance with the instructions contained in the above paragraphs will be appreciated.

Very truly yours,

W M TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

WMT:prl

cc: Chairman, Oper. Comm. (2)
Marshman (2)) w/copy of Administrator's letter of 8/24/56
Wilson)
Breding)
Townsend)
Traver
Corres. E4
Chron.

Docket copy
Surname:
Chambers
Hirsmed
Robin
Dougiss
Selfridge
Bowman
McKendry

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

AUG 4 1957

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Traver:

We have your memorandum of August 2, with enclosures, relative to Government property equities under the cited contract.

We are much concerned over your statement:

"We have advised the Operator of its responsibility in disposing of the property and have outlined the procedure to be followed. Nevertheless, the Operator has not cooperated or complied with the requirements. The property has not been assembled to facilitate proper identification or disposal.

FROM SOLICITOR
AUG 28 1957
FOR SIGNATURE

"From the Operator's attitude, it seems that for economic reasons they are attempting to force the Government to waive its interest in the property or accept a settlement decidedly in favor of the company."

We are fully determined that this property question be settled without any further undue delay. We definitely cannot be placed in a position of having been negligent in matters of Government equities. It is suggested that you write a letter to the Operator somewhat as follows:

"On February 13, 1956, I advised that under the contract your company is responsible for disposing of all equipment and salvageable material in which the Government has an equity. The letter further stated that the contract in effect makes the Operator an agent for the disposition of all equipment and salvageable material. The letter also gave you some suggestions as to the steps which you might take in making immediate disposition.

"In a telegram to C. O. Mittendorf, Administrator of DMEA, under date of August 2, you informed the Government of the possibility of disposing of two Westinghouse Starters at a possible

offering of $3195 each. This is a very good start toward disposal and the Government appreciates it very much. However, the time between the closing of the project and the disposition of equipment and material is lengthening very rapidly. Therefore, this letter is to give you further instructions that all of the unsold equipment and material should be classified and placed in a display which will enable persons interested to make a fair evaluation without too much trouble. This should be done immediately. Any proper methods of publishing the sale, such as notices in trade journals which have a local circulation or in local newspapers may be used. If for any reason your company does not feel that it is in a position to dispose of the equipment and material in the above suggested manner, the Government should be notified so it can make other arrangements.

"You will note that the first amended contract provides in Article 11 that the Government may take possession of the property in 90 days after it requests the Operator to make proper disposition. The Government desires to cooperate in any manner with you and if such cooperation will be of help please advise us."

You appear to be somewhat disturbed over your authority to make disposition of the property under this contract. The only reservation made in your delegated authority which might limit your activity is that you are not permitted to waive substantial Government equities without the approval of the Washington office and that you must obtain final approval in certain cases as set forth in Sec. 2 (e) and (f), Secretary Order No. 2808, January 4, 1956. This can be done by either telephone or teletype request from you.

Your suggestion that we close the project and charge all equipment and material to the project repayable under the royalty provisions of the contract would merit consideration if this was a producing contract. It is true that some production may be made on the land leased by the Kennecott Copper Corporation, but this appears to be too indefinite to act upon at this time.

In regard to the supplemental inventory prepared by T. H. Breding and W. E. Young, we have no objection to your furnishing the Operator with copies.

Sincerely yours,

George O. Selfridge

Chairman, Operating Committee (JLB)

APPROVED:

FRANK D. LAMB (JLB)

Member, Bureau of Mines

N. E. Nelson (JLB)

Member, Geological Survey

WRGriswold/JLChambers/wb
August 15, 1956

Copy to: Docket
Admr.
Operating Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Mr. Griswold
Mr. Chambers

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

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Royalty Audit
Idm-E4, DMA-1 and 1A
Chief Consolidated Mining Co.

Dear Mr. Finch:

Receipt is acknowledged of your Third Royalty Audit Certificate covering the above-cited project.

The report is acceptable and normal distribution is authorized.

Sincerely yours,

(Signed) E. D. Talbert

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

WBorovies/wb
August 22, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

File Copy
Surname

Finnell
Selfridge
Bjornson
Mattenberg

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 500
WASHINGTON 25, D. C.

AUG 13 1956

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab & Utah Counties, Utah
Second Amended Contract No. Idm-24

Dear Mr. Traver:

As requested in your memorandum dated August 7, 1956, we are enclosing two copies of the telegram from the Operator to the Administrator, dated August 2, 1956.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures

APPROVED:

FRANK D. LAMB
Member, Bureau of Mines

N. E. Nelson
Member, Geological Survey

WRGriswold/er 8/10/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

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

AUG - 9 1956

Mr. Thomas H. Brading
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Chief Consolidated Mining Co.
Docket DMEA-1 & 1A, Contract Idm-24

Dear Mr. Brading:

Please refer to your letter of August 6, 1956, relative to the contingent liability mentioned in your letter of July 30, 1956. I did not catch my error until after your letter had been mailed. My thought then was that I could explain later if you inquired about the matter.

You are correct in the matter of disallowing $705.93 in lieu of $19,328.56.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
August 9, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

RECEIVED
AUG 1956

224 New Customhouse
Denver 2, Colorado

August 7, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 and 1A (Lead-Zinc), Second Amended Contract I-DMA-E4, Chief Consolidated Mining Company, Juab and Utah Counties, Utah.

Reference is made to the Administrator's teletype of August 3, 1956, to W. W. Watson of Chief Consolidated Mining Company, wherein the Administrator authorizes the selling of two pieces of the jointly owned property.

Please send us a copy of W. W. Watson's telegram of 8/2/56 referred to.

W. M. Traver

W. M. Traver

cw

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

Mr. Thomas H. Breding
DMEA Auditor
224 New Customhouse
Denver 2, Colorado

AUG - 3 1956

Re: Chief Consolidated Mining Co.
Docket No. DMEA-1 and 1A
Contract Idm-E4

Dear Mr. Breding:

I agree fully with your letter of July 30, 1956, that a suspension in the amount of $19,338.56 should be made against the above-cited contract for the reason that the Government does not participate in a contingent liability. The expense must be actually incurred and payable in a reasonable time. I believe it would be better to make this a suspension rather than a disallowance and to hold the contract open until further consideration is given the matter.

I discussed this point with our legal counsel who expressed agreement with our viewpoint. I am asking the division in charge of lead case to write a letter for the Operating Committee to Mr. Trover setting forth his own thoughts on the matter.

Sincerely yours,

SIGNED

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
August 2 1956

Copy to: Docket
Admr. Reading File
Mr. Gr iswold
Mr. Chambers

R.C.S.

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

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

TELEGRAM

AUG - 3 1956

Chambers
Griswold
F. Johnson

CHIEF CONSOLIDATED MINING COMPANY
608 DOOLY BUILDING
SALT LAKE CITY, UTAH

ATTENTION: W. W. WATSON

YOU ARE AUTHORIZED TO SELL TWO PIECES OF EQUIPMENT DESIGNATED IN YOUR WIRE 8-2-56 FOR $3,195.00 EACH. SELLING COMMISSION APPROVED.

C. O. Mittendorf (for)

C. O. MITTENDORF, ADMINISTRATOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

JLChambers/wb
August 3, 1956

Copy to: Docket (DMA-1)
Admr. Reading File
Administrator
FT REG. III (2)
Mr. Griswold
Mr. Chambers

A.G.L.

CLASS OF SERVICE
This is a ~~fast~~ message unless its deferred character is indicated by the proper symbol.

WESTERN UNION
TELEGRAM

W. P. MARSHALL, PRESIDENT

(40) 1201

SYMBOLS
DL = Day Letter
NL = Night Letter
LT = International Letter Telegram

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

1956 AUG 2 PM 2 42

WT034 DL PD AR=SALTLAKECITY UTAH 2 1045AMM=

C O MITTENDORF ADMINISTRATOR=

DEFENSE MINERALS EXPLORATION ADM NEW INTERIOR BLDG

WAEHDC=

RECEIVED
AUG - 2 1956

WE HAVE GOOD POSSIBILITY TO SELL TWO 600 H P WESTINGHOUSE STARTERS LISTED ON OUR LIST OF SALVAGED EQUIPMENT TO BE SOLD ON DMEA CONTRACT OFFERED $3,195.00 EACH ORIGINAL COST $3,552.00 EACH SALES PRICE LESS 10 PERCENT SELLING COMMISSION PLEASE WIRE GOVERNMENTS ACCEPTANCE OF THIS OFFER IMPOSSIBLE TO OBTAIN

1X/A.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE
This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION
TELEGRAM

W. P. MARSHALL, PRESIDENT

1201

SYMBOLS
DL=Day Letter
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The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

WT034/2

ADDITIONAL BIDS IMMEDIATE ACTION NECESSARY=

CHIEF CONSOLIDATED MINING CO 608 DOOLY BLDG

BY W W WATSON=

600 HP $3,195.00 $3,552.00=

SENDER WAITING! WESTERN UNION Answer by WIRE SENDER WAITING!

628(54)

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

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

RECEIVED
AUG - 6 1956

224 New Customhouse
Denver 2, Colorado

August 2, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 and 1A (Lead-Zinc), Second Amended Contract I-DMA-E4, Chief Consolidated Mining Company, (Chief No. 1 mine), Juab and Utah Counties, Utah.

Reference is made to your letter of June 29, 1956 and prior correspondence, relative to the liquidation of the Government's interest in the jointly owned property acquired under the contract. In conjunction therewith, we are enclosing four sets of data consisting of the following:

1. Memorandum dated July 31, 1956, from Stephen R. Wilson, Bureau of Mines, with attachments as follows:

   (a) Partial listing by the Operator of the jointly owned property.

   (b) Supplemental listing by T. H. Brading, DMEA Auditor, in collaboration with W. E. Young, Mining Engineer, Bureau of Mines, Salt Lake City, Utah.

We have advised the Operator of its responsibility in disposing of the property and have outlined the procedure to be followed. Nevertheless, the Operator has not cooperated or complied with the requirements. The property has not been assembled to facilitate proper identification or disposal.

From the Operator's attitude, it seems that for economic reasons they are attempting to force the Government to waive its interest in the property or accept a settlement decidedly in favor of the company.

It appears that it will be necessary for the Washington Office to take a firm hand in the property liquidation. Final decision in the matter is not within the authority delegated to this office. Neither do we have the means to force cooperation from the Operator and compliance with the provisions of the contract.

If an equitable settlement cannot be arranged, we recommend that if it is possible the Government close the account leaving the entire cost of the property as a charge to the project, repayable under royalty provisions of the contract.

In the discussion between the Government and Company officials at the Company's Salt Lake City office, it was agreed that the Company would be furnished a copy of the supplemental list prepared by T. H. Brading and W. E. Young. However, we will not forward a copy of the supplemental listing to the Company until we receive instructions from you to do so.

We await further instructions from you in the matter.

W. M. Traver

W. M. Traver

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 12, UTAH

RECEIVED
AUG 6 1956 DMEA
Date Rec'd.

AUG 2 1956
BUREAU OF MINES
Denver, Colorado

July 31, 1956

Memorandum

To: W. M. Traver, Executive Officer, DMEA Field Team, Region III

From: Stephen R. Wilson

Subject: Docket No. DMEA 1 and 1A (Lead-zinc), Contract Idm-E4, Chief Consolidated Mining Co., Juab County, Utah.

Reference is made to a letter dated July 2, 1956 addressed to you from Chairman, Operating Committee, DMEA, and your responding memorandum dated July 9, 1956, both concerning liquidation of equipment and supplies jointly owned by the Government and Chief Consolidated Mining Co.

Discussions relative to the inventory were held in offices of the contractor July 10, 1956. Company officials present were Cecil Fitch, Jr. and W. W. Watson. Government representatives included T. H. Brading, D. W. Finch, S. R. Wilson, and W. E. Young.

Chief Consolidated Mining Co. is not interested in bidding on the jointly owned equipment and supplies. Company representatives apparently have no plan for reopening the lower workings of the mine and thus have no need for the equipment. During the discussions July 10, 1956, Mr. Watson stated that in his opinion the equipment is of special design and thus could be used only on a mining property with conditions parallel to those on the Chief Consolidated property. This may be true for part of the equipment, but the majority of the items could be utilized on many properties. Mr. Watson contends that because of the special type equipment, representatives of mining companies and used mining equipment dealers will not be interested in bidding on the equipment, thus he believes it to be futile to request bids.

W. E. Young inspected the inventory on the property January 18 and 19, 1956. A memorandum dated January 26, 1956, including the identifiable jointly owned equipment was prepared by Young and copies were mailed to your office. Part of the

equipment is stored in a building on the surface with company-owned equipment of the same type. Considerable equipment also has been stacked on the 1800-foot level. Many of the smaller items have lost their identities because of confusion with company-owned items. It does not appear feasible to have an engineer and auditor conduct further checking of the inventory on the property.

Chief Consolidated Mining Co. submitted a "List of Equipment Items in which the D.M.E.A. Claims an Interest and which the Unit Cost was in Excess of $50.00." However, T. H. Brading, DMEA auditor, has added a number of items to the contractor's list. Brading's tabulation was prepared after the above-mentioned discussions with company officials.

W. E. Young has not included wire reels in his inventory of equipment and supplies made January 18 and 19, 1956. None were noted on the property. However it appears probable that the company may have returned some of the reels for credit. Others may have been unfit for further use and destroyed.

Stephen R. Wilson

Stephen R. Wilson

Contract Idm-E4

Docket No. DMA 1 and 1A

RECEIVED
AUG - 6 1956

CHIEF CONSOLIDATED MINING CO.

Statement of claimed cost of items with unit or category cost in excess of $50.00 in which Government and Operator have a joint interest and which are subject to liquidation consideration

Total per Operator's list (photocopy attached) $118,741.82

Add:

Applicable Items on Operator's List

No.	Reels	Sales Tax	Freight and Handling	
1 thru 5		$181.54	$432.25	
7		13.26		
8		30.27		
9		13.44		
10		38.40		
11		5.28		
14		5.17		
15		9.91		
16	$ 15.00			
17		2.90		
19		16.82		
20		5.53		
38 thru 40		38.22		
41		1.40		
42		9.79		
43	460.00	218.16		
44	335.00	16.01		
45	135.00	69.06		
46	45.00	23.67		
47	15.00	4.52		
49		4.92		
50		7.88		
53 thru 54		4.64		
55		9.04		
60			179.41	
62 thru 66		210.71		
34			12.40	
48		2.76		
52		3.23		
	$1,005.00	$946.53	$624.06	$ 2,575.59

CHIEF CONSOLIDATED MINING CO.

Statement of claimed cost of items with unit or category cost in excess of $50.00 in which Government and Operator have a joint interest and which are subject to liquidation consideration

Additional Items Not on Operator's List

Invoice Date	Vendor		Description		
2/10/51	G.E.	(3)	10-5 cur. transformers		$ 67.32
3/19/51	G.E.	(12)	Cur. transformers 99 X 988		306.00
1/10/51	G.E.	(3)	Cur. transformers 99 X 985		75.31
1/9/51	G.E.	(6)	400 A, 5 kv. dis. switch		
		(3)	200 amp, 5 kv. dis. switch		
		(2)	Switch hooks and tax		321.50
6/4/51	Larkin Lectro Products Corp.		Secondary voltage change on 3,000 kva. transformer		450.00
6/13/51	Utah Crane & Rigging Co.		Drayage on transformer		385.00
4/27/51	G.E.	(3)	Tripping reactors		74.05
6/11/51	The Galigher Co	(10)	18" vit. elbows, 22-1/2°		
		(10)	18" vit. elbows, 11-1/4°		
		(4)	18" O.D. adaptor nipples and sales tax		1,142.40
6/14/51	D.& R.G.W. R.R.		Freight on pipe		664.90
6/30/51	Eureka Machinery Co.		6" H beam	$266.73	
			4" H beam	81.20	
			4" H beam	81.20	
			Sales tax	8.58	
			Handling	21.45	459.16
6/30/51	Eureka Machinery Co.		Steel plate 88" X 72" X 3/4" with handling and sales tax		93.04
6/30/51	Eureka Machinery Co.		6" H beams	$ 68.99	
			6" H beam	315.78	
			Sales tax and handling	26.93	411.70
4/11/51	Graybar Elec. Co.		1,208 lbs. iron B.B. tel. wire		144.92
3/22/51	Westinghouse Elec. Supply Co.	(45)	Uscolite splice		275.40
5/18/51	Graybar Elec. Co.		325 ft. #4A Copperweld spin. wire		233.48
6/11/51	The Galigher Co.	(30)	Extra ends for vict. pipe		131.89

RECEIVED
AUG - 6 1956

CHIEF CONSOLIDATED MINING CO.

Statement of claimed cost of items with unit or category cost in excess of $50.00 in which Government and Operator have a joint interest and which are subject to liquidation consideration

Additional Items Not on Operator's List (Continued)

Invoice Date	Vendor	Description		
6/30/51	Eureka Machinery Co.	6" angle iron	$115.29	
		1-1/4 rd. mild steel	345.38	
		1/4 X 2-1/2 X 2-1/2 angle iron	78.92	
		6" channel iron	92.23	
		Sales tax and handling	44.23	$676.05
7/31/51	Eureka Machinery Co.	1-1/4" rd. mild steel	$ 76.20	
		4" H beam	91.93	
		6" H beam	79.61	
		Sales tax and handling	17.34	265.08
7/31/51	Eureka Machinery Co.	2 sheets 1" mesh screen	$ 98.55	
		Sales tax and handling	6.90	105.45
12/30/50	Centennial Development Co.	2300 pump sta., 200 A Rail and fittings w/surcharge		162.20
2/30/51	Centennial Development Co.	23/18 raise repair H beams w/surcharge		126.78
1/29/51	Graybar Electric Co.	60 coils #4 Copperweld spin. wire		400.25
1/17/51	Westinghouse Elec. Supply Co.	4,388 lbs. 3/8" Copperweld wire		1,482.38
11/14/51	Westinghouse Elec. Supply Co.	549 lbs. 3/8" Copperweld wire		185.47
7/18/51	Gough Industries, Inc.	In one bank, kva. 4160 v. Primary 240 v. secondary (3)		145.77
1/23/51	Nickerson Machinery Co.	230 ft. #1/0 cable, 2300 volt, complete with motor terminal box, less pot head		988.00
1/25/51	Salt Lake-Delta Freight Line	Freight on electric motor and cable		82.63
2/26/51	Structural Steel & Forge Co.	3 pc. wall pipe		198.00

CHIEF CONSOLIDATED MINING CO.

Statement of claimed cost of items with unit or category cost in excess of $50.00 in which Government and Operator have a joint interest and which are subject to liquidation consideration

Additional Items Not on Operator's List (Continued)

Invoice Date	Vendor		Description	
2/14/51	Winfield H. Smith Corp.	(5)	#4 B speed reducers, 40:1 ratio	$213.75
2/12/51	N. O. Nelson Co.		8" blk. pipe	50.82
3/8/51	N. O. Nelson Co.	(5)	10" Ladish F.S. Slipon $ 72.90	
		(4)	14" Ladish 14" O D Slipon 171.72	244.62
3/22/51	G. E.	(8)	S B-1 switches	344.00
3/5/51	G. E.	(13)	Switches	214.11
3/16/51	G. E.	(12)	Contactors	211.65
4/6/51	The Galigher Co.		Victaulic couplings	6,324.42
4/12/51	Salt Lake Transfer Co.		Freight on couplings	655.02
4/4/51	N. O. Nelson Co.	(3)	12" 300 Ladish F.S. S O flanges	74.10
5/24/51	Westinghouse Elec. Corp	(7)	Current transformers	157.29
6/12/51	D.& R.G.W. R.R.		Freight on pipe	622.12
7/16/51	G. E.	(3)	Current transformers	80.25
7/26/51	G. E.	(3)	Current transformers	77.04
7/13/51	G. E.	(6)	Current transformers	160.32
7/9/51	Westinghouse Elec. Corp.	(6)	Type C T 2.5 150/5 ratio	160.50

Total additional items	$19,644.14
Added, page 1	2,575.59
Total	$22,219.73
Total per Operator's list	$118,741.82
Total items	$140,961.55
Add: Fixed Fee, Foley Bros. for value in place of pumping plant	2,000.00
Grand Total	$142,961.55

CHIEF CONSOLIDATED MINING CO.

RECEIVED AUG - 6 1956

LIST OF EQUIPMENT ITEMS IN WHICH THE D.E.M.A. CLAIMS AN INTEREST AND WHICH THE UNIT COST WAS IN EXCESS OF $50.00

QUANTITY		Description	Salvaged	Unsalvable
2	1	#16CKXL-5 Stage Double Belted Submersible Bowl Assemblies	$3,360.80	
1	2	6GT Pump less Electric Motor Drive	2,575.58	
1	3	#6GT-184 Rotor Complete	1,295.16	
1	4	8" Smolensky Brass Check Valve	333.67	
2	5	10" Smolensky Brass Check Valve	1,079.33	
2	6	1" Sheets Mesh Screen		$ 105.88
1	7	W.11202 Starter for 250 HP	663.17	
3	8	9LA1033 Thyrite LTG Arresters	1,513.68	
7	9	Cat 13F138 25KVA R2400 Volt Class ID Single Phase Outdoor Capacitor Units	672.00	
20	10	Cat 13F138 25KVAR 2400 Volt Class ID SP Outdoor Capacitor Units	1,920.00	
3	11	Cat 6129026-G-5, 46 KV Type EF 2 Drop-out Fuse Disconnecting Switches	264.00	
1	12	60 KVA Askarel immersed Larkin auto transformer type ASD5, 3Phase, 60 cycles, class A insulated for 55° C temperature rise above amvient, 4160Y 2400 Y volts. Dimensions: 38" x 26" x 22"	701.00	
6	13	500 KVA, Askerel Immersed Larkin Auto Transformers type ASD, single phase, 60 cycles, 2400/4160Y volts to 1385/2400Y volts with tertiary windings for the suppression of telephone interfering harmonics, suitable for undergr und installation. Class A insulated for 550 C temperature rise above ambient.	11,899.20	
4	14	114725 W. 3 Phase 2400 Volt Capacitor	258.40	
1	15	27H756 Transformers 2-2400-120/240 Serial 8564308 # 865 4308 10 KVA	237.36	
136	16	ft. 1000 NCW RW Wire		308.58
1	17	Y340 High Pressure (a)	145.00	
1	18	2883228 G2 FK-33-2500 V 400A Oil Circuit Breaker	220.00	
1	19	(W) Glass 11202 Starter with Heaters 2300 Volt, 3 Phase, 60 cycle, Oil immersed 450 HP	840.79	
5	20	M904E2705 Minneapolis Honeywell Modutrol Motors complete with AT72A1K transformers, 115/60	276.25	
1	21	18" to 10" Vict. Reducer	188.49	
2	22	18" 300# Ladish F S Slip on Flanged for 18" OD Steel Pipe		145.96
1	23	14" OD x 12" Ladish x HY Concentric Reducer		61.25
2	24	14" M&H Low Pressure IB BM DBL Disc Gate Valves NRS Flanged for 14" OD Steel Pipe	520.30	

CHIEF CONSOLIDATED MINING CO.

Quantity		Description	Salvaged	Unsalvable
2	25	18" M&H Low Pressure Gate Valves for 18" OD Steel Pipe	$ 948.30	
1	26	8" M&H AWWA NRS Flanged Gate Valve for 250# Working Pressure	94.90	
2	27	10" Low Pressure IBeM DB Gate Valve	252.60	
1	28	14" OD x 10" Ladish XH 45 Deg Lateral		$ 221.78
1	29	18" OD Ladish XHY 90 Deg Weld Ell	201.94	
1	30	18" OD x 14" OD Ladish Concentric Reducer	82.55	
2	31	18" 300# LR Weld Ells		362.72
2	32	18 x 30" 300# Concentric Reducers		339.42
1	33	16 x 14" Concentric Reducer 300#		129.50
7	34	Type F-11 Oil Circuit Breaker	1,540.00	
2	35	600 HP 2300 Volt, 3 Phase, 60 cycle Westinghouse Reduced Voltage Starters, Auto Transformer Type, w/NEMA Type I Enclosure	7,104.00	
2	36	8" Wal 775-F i B Flanged Gate Valves $505.96	252.98	252.98
1	37	Cat #407X24 Current Transformer type J S 5 - 75/5 Amp		58.29
2	38	DL-2883171-G-7 HA-2 Lever Each with 1 DL-6050121-G-3 Trip Coils 5A TD	436.00	
3	39	DL-6155743-G-4 FK-142-4, 16-25, 4160V 600A	1,068.00	
1	40	DL-6155743-G-4 FK-142-4, 16-25, 4160V 600A	407.00	
1	41	121AC66A1A Rated 2.5/5 AMP Time Delay Relay over current relay	70.00	
6	42	1533190 (W) Type SV Arresters	489.60	
21140	43	ft. #2/0, 37 Strand 1 Conductor 5KV, 10/64 Eskerona, 5/64 Neoprene Cable	10,908.24	
14860	44	ft. Ditto	7,667.76	
6430	45	ft. Ditto	3,317.88	
2207	46	ft. Ditto	1,138.81	
409	47	ft. Ditto	211.04	
168	48	sq. ft. 1/2" 42 x 96 IM Transite Board		138.01
1	49	M-9138376 G3 CR-9140 Grid Asmb. It. #1	246.00	
2	50	DL-6155743-G-4 FK-142-4, 16-25, 4160V 600 A.O.C.B.	394.15	
1	51	3000 KVA, OISC Larkin Power transformer AOP3, 3 phase 60 cycle class A insulated for 55° C temperature rise above ambient, 44,000/4160Y delta volt, delta delta connected with four 21/2% full capacity taps below 44,000 normal voltage	11,694.00	
87	52	ft. 1000 MCM 600 V type R Stranded Wire		161.30
3	53	Cat 121AC51A1A Relays	174.00	
1	54	121AC51A3A Relay	58.00	
7	55	1114725 W. Capacitors Type FP	452.20	
50	56	yds. 26 1/0 Strd High Splicer		55.43

RECEIVED AUG - 6 1956

Quantity		Description	Salvaged	Unsalvable
2	57	Byron Jackson 8x10x14 Type DVS Horizontal Single Stage Split Case Centrifugal Pumps with coupling and base	$6,028.00	
2	58	10x21 Suction intake Pipes		$ 385.00
1	59	8x10 Suction intake Pipe		128.37
1	60	Spare Rotating Element Assembled and Balanced including bearings for 8x10x14 type DVS Pump	978.00	
2	61	600 HP, 2300 Volt, 3 Phase 2 Pole GE Motors	16,992.00	
2110	62	ft. 18" O.D. 8 Gauge Naylor Pipe, cold tar primed, Victaulic Grooves, 10 ft lengths for Water Pump Service at 250 lbs. P.S.I.	9,011.60	
10	63	18" Victaulic Elbows for 18" O.D. Naylor Pipe 90 deg. long Radius	706.10	
10	64	18" Victaulic Elbows 45° ditto	517.80	
2	65	18" O.D. to 14" O.D. Victaulic 45° Laterals 18 x 18 x 14" O.D.	195.14	
2	66	14" O.D. Victaulic 45° Lateral Nipples	104.68	
1	67	8 x 6 LR 300 Weld Ell		53.28
30	68	ft. 8" H Beam (1029 lbs.) $97.76	26.07	71.69
2	69	12-ft. lengths 6" Suction Hose, each length complete with part C Evertite shank couplers on one end and other end with 6" Steel nipple with IPT strainer and black iron foot valve attached to withstand 200 ft. head	438.86	
1	70	Bucyrus Erie Hydromucker for mine shaft sinking consisting of 3/8 cu. yd. heavy duty clamshell bucket; hydraulic operated by two single acting rams. Power unit skid mounted with 15 HP, 3 phase 60 cycle 220/440 volt; 1800 RPM Motor, rain-tight starting switch with V-velt drive to hydraulic pumps; 20 gallon tank and 2 - 45 ft. lengths hydraulic hose and valve levers arranged for rope pendant operation.	2,590.00	
			$115,762.38	$2,979.44

File Copy
Surname

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

500

Selfridge
Griswold
Nelson
Matthews

JUL 25 1956

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab & Utah Counties, Utah
Second Amended Contract No. Idm-24

Dear Mr. Traver:

We have your memorandum of July 9 covering the cited project.

We have not received a copy of the lease which you mention. However, so that your files may be complete, we are enclosing two copies of all material we have which has not already been sent to you.

Sincerely yours,

George C. Selfridge
(By [illegible])

Chairman, Operating Committee

Enclosures

WRGriswold/er 7/23/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:
P. F. Yopes
Member, Bureau of Mines
N. E. Nelson
Member, Geological Survey

R.C.S.

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

RECEIVED
JUL 20 1956

224 New Customhouse
Denver 2, Colorado

July 18, 1956

United States Smelting, Refining and Mining Company
P. O. Box 1980
Salt Lake City 1o, Utah

Attention: Accounting Department

Re: Royalty payments, Docket DMEA 1 & 1A, (Lead-Zinc), Contract Idm-E4, Chief Consolidated Mining Company (Chief No. 1 mine), Juab and Utah Counties, Utah

Dear Sirs:

Settlement sheet dated July 19, 1956 for Lot No. 447-GPU, purchased from Chief Consolidated Mining Company, indicates the shipment was valued at $1,2218 per ton. As no metal prices are quoted whereby the metal values can be determined, this office requests a copy of the purchase schedule used and clarification of the value assigned.

Yours very truly,

W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

MHM/vj

cc: Royalty File E4
Correspondence File E4
Sec. Opr. Comm. (2)
S. R. Wilson
Marshall
Chron.

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

224 New Customhouse
Denver 2, Colorado

July 9, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-1 and 1A (Lead-Zinc) Second Amended Contract Idm-E4, Chief Consolidated Mining Company (Chief No. 1 Mine) Juab and Utah Counties, Utah

Reference is made to your letter of June 29 to the Executive Officer and the Administrator's letter of the same date to W. W. Watson regarding the subject amended contract.

With regard to your letter concerned with liquidation of salvaged equipment be advised that T. H. Brading is leaving tonight for Salt Lake City for on site audits of several projects and a conference has been arranged between S. R. Wilson, M. E. Young, T. H. Brading and Mr. Watson for July 10. After the conference, the auditor and engineer will proceed with checking the inventory.

The Administrator's letter to Mr. Watson prepared by R. P. Dwyer for his signature refers to several items apparently presented to the Administrator concerned with a lease Chief Consolidated Mining Company is negotiating with Bear Creek Mining Company. It requests a copy of this lease. If the Region III office is in any way concerned, we would appreciate having copies of the material mentioned and of the lease when it is received.

W. M. Traver

W. M. Traver

RECEIVED
JUL 12 1956

File Copy
Surname
Griswold
Chambers
Selfridge
Yopes
Kiilsgaard

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

500

JUN 29 1956

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab & Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Traver:

We have your memorandum of June 22, with enclosures, covering the cited contract. We note that you now have received from this Operator a listing of salvaged equipment items. Therefore, will you now designate an engineer to check this equipment inventory as soon as possible. It is desirable that an auditor participate in such checking, if at all feasible.

When the checking has been completed you should then advise the Operator that it must promptly take action toward effecting disposal of the equipment. When bids have been received they should be forwarded to us with your comments.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

P. F. Yopes

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

WRGriswold/er 6/27/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Mr. Jay Chambers, DMEA
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 140
WASHINGTON 25, D. C.

JUN 29 1956

Mr. W. W. Watson
Vice President
Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

Re: Docket No. DMA-1 & 1A (Lead-Zinc)
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Watson:

Thank you for letter of June 24, 1956, enclosing copies of Exhibit "E" and Exhibit "F", which are referred to in Paragraph 16, Section IV of your company's proposed lease with Bear Creek Mining Company, and are to be attached thereto. A copy of Paragraph 16, Section IV was enclosed with your letter of June 23, 1956.

In view of the foregoing and the suggested change in the language of the said Paragraph 16, which we understand will be adopted, the Administration interposes no objection to the execution of the proposed lease with Bear Creek Mining Company.

We would appreciate a copy of the lease, in order that our files may be complete.

Very truly yours,

J. O. Mittendorf

Administrator

RPDwyer/wog
June 29, 1956
Copy to: DMEA Docket
Admin. Reading File
Operating Com.
THKiilsgaard USGS
OMBishop/3617
WRGriswold (2)
Field Team, Reg.III (2)
RPDwyer
Pending
Chron.

141A

Chief Consolidated Mining Co.

608 Dooly Building
Salt Lake City, Utah

June 29, 1956

RECEIVED
JUL 2 - 1956

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Adm.
New Interior Building
Washington 25, D. C.

Dear Mr. Mittendorf:

I enclose herewith a copy of the revised Paragraph 16, Article 4 of the proposed lease agreement between ourselves and the Bear Creek Mining Company.

You will note that the revised paragraph is worded exactly as suggested by counsel for your Administration.

Sincerely yours

W. W. Watson

W. W. Watson
Vice President

WWW:ALC
Enc.

RECEIVED
JUL 2 - 1956

agreement upon the basis of their respective legal interest in such land, as such interest may be judicially determined.

16. DMEA Contract. Lessor, Chief Consolidated Mining Company, shall assume and perform all of the obligations imposed upon it by that certain contract with the United States of America, acting through the Department of the Interior, being Defence Minerals Exploration Administration Project Contract, Docket No. DMEA-1 and 1A, Commodity lead, zinc, (original contract No. IDM-E4), dated June 13, 1951; First Amended Contract No. IDM-E4, dated June 16, 1953; Second Amended Contract No. IDM-E4, dated June 16, 1953. The area of the leased premises affected by said contract is subject to a Government lien for payment of royalty on production therefrom as provided for in said contract, and amendments thereto, and is embraced within Tracts Nos. 2 and 3 owned by Chief Consolidated Mining Company and shown upon the plat attached hereto, marked Exhibit "E", and described upon Exhibit "F", also hereto attached.

Should convenience be the better served and Chief Consolidated Mining Company so request, Bear Creek will pay, for Chief Consolidated Mining Company's account, all royalties due the United States under said contract: for such payments Chief Consolidated Mining Company shall reimburse Bear Creek monthly as billed.

17. Termination of Longyear Lease - Tract No. 3. Under date of July 1, 1954, Lessor, Chief Consolidated Mining Company, leased to E. J. Longyear Company for mining purposes and for a term until July 1, 1979, those certain lands designated in this Leases and Unit Agreement as Tract No. 3, which instrument of lease to E. J. Longyear Company is recorded in the office of the County Recorder of Utah County, State of Utah, in Book 668, at pages 37 to 69.

By instrument dated the _____ day of _____, 1956, E. J. Longyear Company, upon stated terms, terminated and surrendered unto Chief Consolidated Mining Company said lease of July 1, 1954, thereby clearing the title of Chief Consolidated Mining Company to Tract No. 3 herein. A copy of said instrument dated _____, 1956, by E. J. Longyear Company to Chief Consolidated Mining Company is appended hereto, identified as Exhibit "G", and Bear Creek shall furnish monthly to Chief Consolidated Mining Company

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 6/27

REFERRED TO:
1. Robt Dwyer
2.
3.
4.

RECEIVED
JUN 27 1956
ASSOC. SOLICITOR
MINERALS & WATERS

FOR:

	Action		Recommendation
	Approval		Record
	Comment		of
	Conference		Referring
	Consideration		to
	Filing		Reply for signa-
	Instructions		ture of
	Investigation		Rewriting
	Initials		Signature
	Mailing		Suggestions
	Previous correspondence		Your information

INTERIOR DEPT.
JUN 27 1956
SOLICITOR

REMARKS:
Note tracing info.
Griswold believes plat
OK. by comparison with
orig. map in his docket.

Check (X) before the items needing attention.

What next?

CEM
Initials of sender.

GPO 16—63815-1

Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

RECEIVED
JUN 27 1956

June 24, 1956

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Adm.
New Interior Building
Washington 25, D. C.

Dear Mr. Mittendorf:

Pursuant to our telephone conversation today, we are pleased to enclose one copy each of Exhibit "E" and Exhibit "F", both of which are referred to in Paragraph 16, Section IV of our proposed lease with the Bear Creek Mining Company insofar as it refers to the rights of the Government under our Defense Minerals Exploration Agency Contract.

We will advise the Bear Creek Mining Co. with the change your Administration desires to make in the wording of Paragraph 16 immediately. We anticipate no objections from the Bear Creek people, as they have agreed to recognize the Government's lien on the subject property.

Sincerely yours

W. W. Watson

W. W. Watson
Vice President

WWW:ALC
cc: Mr. Cecil Fitch, Jr.

Encs.

PARAGRAPH 16, SECTION IV OF LEASE BETWEEN CHIEF CONSOLIDATED MINING COMPANY, LESSOR AND BEAR CREEK MINING COMPANY, LESSEE

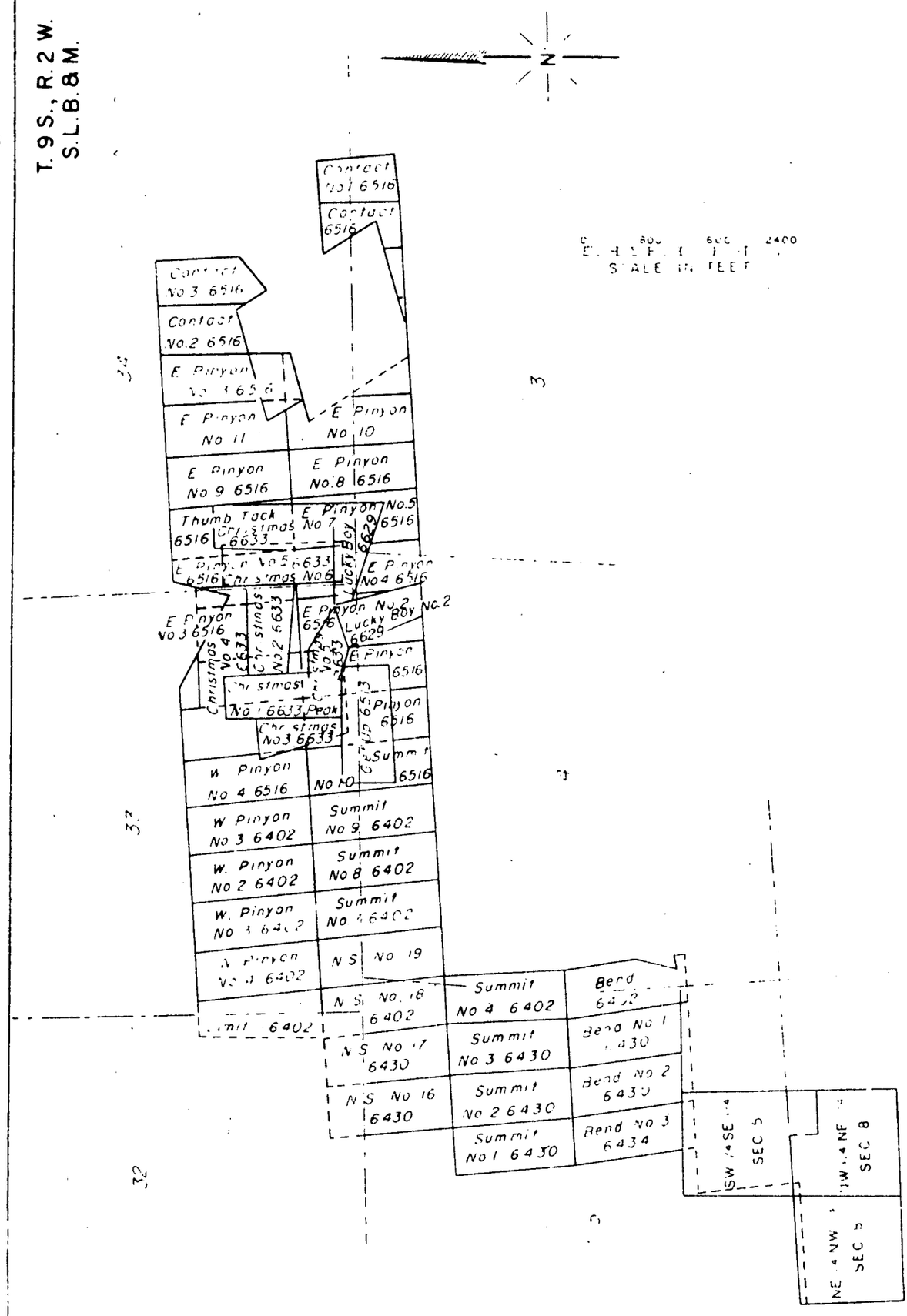
16. DMEA Contract.

First sentence of first paragraph o.k.

Second sentence revised as follows:

The area of the leased premises affected by said contract is (subject to a Government lien for payment of royalty on production therefrom as provided for in said contract, and amendments thereto,) and is embraced within Tracts Nos. 2 and 3 owned by Chief Consolidated Mining Company and shown upon the plat attached hereto, marked Exhibit "E", and described upon Exhibit "F", also hereto attached.

Second paragraph o.k.



CLAIM MAP

SHOWING PART OF

CHIEF CONSOLIDATED CO. PROPERTY

COVERED BY

DMEA LOAN DOCKET NO. DMEA - 1 & 1A

Exhibit "E"

RECEIVED
JUN 2 7 1956

RECEIVED
JUN 27 1956

EXHIBIT "F"

Description of That Part of Unit Tract Covered by United States Department of Interior DMEA Exploration Project Contract, Docket No. DMEA-1 and 1A (lead, zinc), Original Contract No. IDM-E4, dated June 13, 1951; First Amended Contract No. IDM-E4, dated June 16, 1953; Second Amended Contract No. IDM-E4, dated June 16, 1953.

Patented land owned by Chief Consolidated Mining Company that is a part of the Unit Tract and that is also covered by DMEA Contract, Docket No. DMEA-1 and 1A (lead, zinc) includes parts of secs. 32, 33, and 34, T. 9 S., R. 2 W., and parts of secs. 3, 4, 5, and 8, T. 10 S., R. 2 W., Salt Lake Base and Meridian, in the Tintic and North Tintic Mining Districts, Utah County, Utah, and is more particularly described as follows:

SURVEY NO. 6430. Bend No. 1, Bend No. 2, Bend No. 3, Summit No. 1, Summit No. 2, Summit No. 3, N. S. No. 16, and N. S. No. 17 patented lode mining claims.

SURVEY NO. 6402. Bend, Summit No. 4, Summit No. 7, Summit No. 8, Summit No. 9, N. S. No. 18, N. S. No. 19, Limit, W. Pinyon No. 2, W. Pinyon No. 3, and W. Pinyon No. 4 patented lode mining claims.

SURVEY NO. 6513. Get Up patented lode mining claim.

SURVEY NO. 6516. West Pinyon, W. Pinyon No. 8, W. Pinyon No. 9, Pinyon, E. Pinyon, E. Pinyon No. 2, E. Pinyon No. 3, E. Pinyon No. 4, E. Pinyon No. 5, E. Pinyon No. 6, E. Pinyon No. 8, E. Pinyon No. 9, E. Pinyon No. 10, E. Pinyon No. 11, E. Pinyon No. 12, E. Pinyon No. 14, E. Pinyon No. 15, Contact, Contact No. 1, Contact No. 2, Contact No. 3, Thumb Tack, and Peak patented lode mining claims.

SURVEY NO. 6629. Lucky Boy and Lucky Boy No. 2 patented lode mining claims.

SURVEY NO. 6633. Christmas Lode No. 1, Christmas Lode No. 2, Christmas Lode No. 3, Christmas Lode No. 4, Christmas Lode No. 5, Christmas No. 6 and Christmas Lode No. 7 patented lode mining claims.

ALSO, all of NW 1/4 of NE 1/4 and NE 1/4 of NW 1/4 of sec. 8; and all of SW 1/4 of SE 1/4 of sec. 5.

Reference is hereby made to the records of the U. S. Bureau of Land Management and to the records in the office of the Recorder of Utah County,

Utah, and to Article 2 of DMEA Exploration Project Contract, Docket No. DMEA-1 and 1A, Contract No. IDM-E4, dated June 13, 1951.

DEPARTMENT OF THE INTERIOR
Office of the Solicitor

Date June 26, 1956

Referred to: C. O. Mittendorf, DMEA

From: Associate Solicitor Dwyer

For: Information and retention _____

Information ~~xxxxxxxxxx~~ X

Necessary action and return _____

Comment and return _____

Distribution in office or region _____

Remarks: Since you have requested that plats of the area to be leased be furnished, and that the language of paragraph 16 of Operator's lease with Bear Creek Mining Co. be revised to state that the area included in said plats is subject to Government's lien for payment of royalty, it appears that no additional action is required at this time.

R. P. Dwyer
(Signature)

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 6/25

REFERRED TO:

1. Robt Dwyer
2.
3.
4.

FOR:

Action	Recommendation
Approval	Record
Comment	of
Conference	Referring
Consideration	to
Filing	Reply for signature of
Instructions	
Investigation	Rewriting
Initials	Signature
Mailing	Suggestions
Previous correspondence	Your information

RECEIVED
JUN 25 1956
ASSOC. SOLICITOR
FISH AND MINERAL RESOURCES

REMARKS: In connection with the matter we discussed by phone Friday.

Check (X) before the items needing attention.

CJM

Initials of sender.

GPO 16—63815-1

Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

RECEIVED
JUN 25 1956

INTERIOR DEPT.
JUN 25 1956
SOLICITOR

June 23, 1956

RECEIVED
JUN 25 1956
ASSOC. SOLICITOR
MINERAL RESOURCES

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
New Interior Building
Washington 25, D. C.

Re: Docket No. DMEA 1 and 1A
Amended Contract Idm-E4

Dear Mr. Mittendorf:

In my telephone conversation with you yesterday I advised that this Company intended to enter into a lease agreement with the Bear Creek Mining Company covering a substantial acreage of this Company's properties located in the East Tintic Mining District, Juab and Utah Counties, Utah. Roughly 1500 acreas of this acreage is embraced in that area of our properties in which the Defense Minerals Exploration Administration has a lien on ores extracted under the terms of the above captioned contract. Article 10 of the second amended contract with your administration provides that the operator will not assign or otherwise transfer or hypothecate this contract of any rights thereunder without written consent of the Government.

Will you, therefor, please consider this letter as our formal request that the Government consent to our leasing these lands subject to full protection of the Government's interest therein. In this connection we enclose a copy of Paragraph 16 of Section IV of the proposed lease with the Bear Creek Mining Company in which such protection is furnished the Government.

We intend to formally sign this agreement with Bear Creek early in the month of July, 1956. You can readily see that time is pressing, and that it is essential that we have the Government's consent prior to the signing of the contract. We will, therefore, greatly appreciate your usual expeditious handling of this matter.

With kindest regards,

Sincerely yours

W. W. Watson

W. W. Watson
Vice President

WWW:ALC

cc: Mr. Cecil Fitch, Jr.

Encs.

RECEIVED
JUN 25 1956

PARAGRAPH 16, SECTION IV OF LEASE BETWEEN CHIEF CONSOLIDATED MINING COMPANY, LESSOR AND BEAR CREEK MINING COMPANY, LESSEE

16. DMEA Contract. Lessor, Chief Consolidated Mining Company, shall assume and perform all of the obligations imposed upon it by that certain contract with the United States of America, acting through the Department of the Interior, being Defense Minerals Exploration Administration Project Contract, Docket No. DMEA-1 and 1A, Commodity lead, zinc, (original contract No. IDM-E4), dated June 13, 1951; First Amended Contract No. IDM-E4, dated June 16, 1953; Second Amended Contract No. IDM-E4, dated June 16, 1953. The area of the leased premises affected by said contract is embraced within Tracts Nos. 2 and 3 owned by Chief Consolidated Mining Company and shown upon the plat attached hereto, marked Exhibit "E", and described upon Exhibit "F", also hereto attached.

and is

Subject to a lien for payment of royalty on ores therefrom as provided for in said contract, and [illegible]

Should convenience be the better served and Chief Consolidated Mining Company so request, Bear Creek will pay, for Chief Consolidated Mining Company's account, all royalties due the United States under said contract: for such payments Chief Consolidated Mining Company shall reimburse Bear Creek monthly as billed.

PARAGRAPH 16, SECTION IV OF LEASE BETWEEN CHIEF CONSOLIDATED MINING COMPANY, LESSOR AND BEAR CREEK MINING COMPANY, LESSEE

16. DMEA Contract.

First sentence of first paragraph o.k.

Second sentence revised as follows:

The area of the leased premises affected by said contract is subject to a Government lien for payment of royalty on production therefrom as provided for in said contract, and amendments thereto, and is embraced within Tracts Nos. 2 and 3 owned by Chief Consolidated Mining Company and shown upon the plat attached hereto, marked Exhibit "E", and described upon Exhibit "F", also hereto attached.

Second paragraph o.k.

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

RECEIVED
JUN 25 1956

224 New Customhouse
Denver 2, Colorado

June 22, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 and 1A (Lead-Zinc) Second Amended Contract Idm-E4
Chief Consolidated Mining Company, Juab and Utah Counties, Utah

Enclosed is the following material pertaining to liquidation of the jointly owned property acquired under the subject contract:

1. One copy of Operator's letter of June 11, 1956, with attached partial listing of the jointly owned property acquired under the contract.

2. One copy of the Operator's letter of June 19, 1956, with attached supplemental listing pertaining to the jointly owned property acquired under the contract.

3. Two copies of the letter from this office to the Operator dated June 22, 1956.

W. M. Traver

W. M. Traver

Encls.

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

RECEIVED
JUN 25 1956

224 New Customhouse
Denver 2, Colorado

June 22, 1956

Mr. W. W. Watson, Secretary - Treasurer
Chief Consolidated Mining Company
606 Dooly Building
Salt Lake City, Utah

Re: Docket DMEA 1 and 1A (Lead-Zinc)
Second Amended Contract Ida-24
Chief Consolidated Mining Company
Juab and Utah Counties, Utah

Dear Mr. Watson:

Receipt is acknowledged of your letter of June 19, 1956, with enclosed listing pertaining to the jointly owned property acquired under the contract.

Reference is made to the listing of the costs incurred by your company in connection with the salvage of the jointly owned property. Under the provisions of item 3 of the Termination Agreement the direct and necessary costs of salvage operations incurred subsequent to the executed date of the Termination Agreement, or in effect subsequent to January 30, 1956, are allowable costs of the project. When salvage and disposal operations have been completed, you may submit in the usual manner a claim for reimbursement of the amount of the Government's contribution, as provided in the contract.

When all of the jointly owned property has been either salvaged or accounted for and when you are ready to invite bids in connection with the disposition of the salvaged property, please advise.

Enclosed are six copies each of Forms MF-104 and 104A for your use in reporting the costs of salvage and disposal operations.

Very truly yours,

W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

JWT:bh

Encls.
cc-Chairman, Op. Comm. (2)
Harshman
Wilson
Osterstock
Brading
Townsend
Corres. File E-4
Chron.

Chief Consolidated Mining Co.

608 Dooly Building
Salt Lake City, Utah

June 11, 1956

RECEIVED
JUN 25 1956
DMEA
Date Rec'd.

JUN 12 1956
BUREAU OF MINES
Denver, Colorado

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 1 and 1A
Second Amended Contract Idm-E4

Dear Mr. Traver:

This is in reply to your letter of February 13, 1956.

In compliance with the request contained in the last paragraph of that letter, we are pleased to enclose a summary of costs incurred in connection with the above captioned contract segregated according to labor, supplies, etc., and excluded in a separate column all items the unit cost of which exceeded $50.00. We also include an itemized list of such items whose unit cost exceeded $50.00. I trust you will find this material in satisfactory form.

In a few days we will send you a further breakdown of the list of items costing in excess of $50.00, showing those items which are available for sale, and those items which were either lost in the flooding of the mine or otherwise consumed.

During the entire program this Company did not purchase any items, such as rail, timber, etc., in bulk on account of this contract, but withdrew these items from its operating warehouses as needed for the several projects, consequently there never were and there are not at this time any inventory as referred to in Paragraph 1 of your letter.

This Company does not comtemplate in the foreseeable future any operations which would require the use of the surplus equipment, and consequently we will not have a justifiable reason for purchasing it ourselves. As soon as we have reached an agreement with your agency regarding the items available for sale, we will propose several methods for its disposal.

In the meantime, we trust your office is giving consideration to our previous correspondence in this regards.

Yours very truly

W. W. Watson
Secretary & Treasurer

WWW:ALC
cc: Mr. Cecil Fitch, Jr.

LIST OF EQUIPMENT ITEMS IN WHICH THE D.M.A. HAS AN INTEREST

AND WHICH THE UNIT COST WAS IN EXCESS OF $50.00

Quantity	Description	Total Cost
2	#16CKXL-5 Stage Double Belted Submersible Bowl Assemblies	$3,360.80
1	6GT Pump less Electric Motor Drive	2,575.58
1	#6GT-184 Rotor Complete	1,295.16
1	8" Smolensky Brass Check Valve	333.67
2	10" Smolensky Brass Check Valve	1,079.33
2	1" sheets Mesh Screen	105.88
1	W. 11202 Starter for 250 HP	663.17
3	9LA1G33 Thyrite LTG Arresters	1,513.68
7	Cat 13F138 25KVA R2400 Volt Class ID Single Phase Outdoor Capacitor Units	672.00
20	Cat 13F138 25KVAR 2400 Volts Class ID SP Outdoor Capacitor Units	1,920.00
3	Cat 6129026-G-5, 46 KV Type EF-2 Drop-out Fuse Disconnecting Switches	264.00
1	60 KVA Askarel immersed Larkin auto transformer, type ASD3, 3 phase, 60 cycles, class A insulated for 55° C temperature rise above ambient, 4160 Y/ 2400 Y volts. Dimensions: 38" x 26" x 22"	701.00
6	500 KVA Askerel Immersed Larkin Auto Transformers type ASD, single phase, 60 cycles, 2400/4160Y volts to 1385/2400Y volts with tertiary windings for the suppression of telephone interfering harmonics, suitable for underground installation. Class A insulated for 550C temperature rise above ambient	11,899.20
4	114725 W. 3 Phase 2400 Volt Capacitor	258.40
1	27H756 Transformers 2-2400-120/240 Serial 8564308	237.36
136	ft. 1000 MCW RW Wire	308.58
1	y34° A High Pressure	145.00
1	2883228 G2 FK-33-2500 V. 400A Oil Circuit Breaker	220.00
1	(W) Glass 11202 Starter with Heaters 2300 Volt, 3 Phase, 60 Cycle, Oil immersed 450HP	840.79
5	M904E27C5 Minneapolis-Honeywell Modutrol Motors, complete with AT72A1K transformers, 115/60	276.25
1	18" to 10" Vict. Reducer	188.49
2	18" 300# Ladish FS Slip on Flanged for 18" OD Steel Pipe	145.96
1	14" OD x 12" Ladish x HY concentric reducer	61.25
2	14" M&H Low Pressure IB BM DBL Disc Gate Valves NRS Flanged for 14" OD Steel Pipe	520.30

RECEIVED
JUN 25 1956

Quantity	Description	Total Cost
2	18" M&H Low Pressure Gate Valves for 18" OD Steel Pipe 47415	$ 948.30
1	8" M&H AWWA NRS Flanged Gate Valve for 250# Working Pressure	94.90
2	10" Low Pressure IBEM DB Gate Valve	252.60
1	14 OD x 10" Ladish X H 45 Deg Lateral	221.78
1	18" OD Ladish XHY 90 Deg Weld Ells	201.94
1	18" OD X 14" OD Ladish Concentric Reducer	82.55
2	18" 300#LR Weld Ells	362.72
2	18 x 10" 300# Concentric Reducers	339.42
1	16 x 14" Concentric Reducer 300#	129.50
7	Type F-11 Oil Circuit Breakers	1,540.00
2	600 HP, 2300 Volt, 3 Phase, 60 Cycle, Westinghouse Reduced Voltage Starters, Auto Transformer Type, w/NEMA Type I Enclosure	7,104.00
2	8" Wal 775-F I B Flanged Gate Valves	505.96
1	Cat #407X24 Curr. Transformer Type 9 J.S.5-75/5 Amp	58.29
2	DL-2883171-G-7 HA-2 Lever Each with 1 DL-6050121-G-3 Trip Coils, 5A TD	436.00
3	DL-6155743-G-4 FK-142-4, 16-25, 4160 V, 600 A	1,068.00
1	DL-6155743-G-4 FK-142-4, 16-25, 4160 V, 600 A	407.00
1	121AC66A1A Rated 2.5/5 AMP Time Delay Relay	70.00
6	1533190 (W) Type SV Arresters	489.60
21140	ft. #2/0, 37 Strand 1 Conductor 5KV, 10/64 Eskerona, 5/64 Neoprene Cable	10,908.24
14860	ft. Ditto	7,667.76
6430	ft. Ditto	3,317.88
2207	ft. Ditto	1,138.81
409	ft. Ditto	211.04
168	sq.ft. 1/2" 42 x 96 IM Transite Board	138.01
1	M-9138376 G3 CR-9140 Grid Asmb. It. #1	246.00
2	DL-6155743-G-4 FK-142-4, 16-25, 4160 V, 600 A.O.C.B.	394.15
1	3000 KVA, OISC, Larkin Power transformer, type AOP3, three phase 60 cycles, class A insulated for 55° C temperature rise above ambient, 44,000/4160Y delta volt, delta delta connected with four 2½% full capacity taps below 44,000 normal voltage	11,694.00
87	ft. 1000 MCM 600V Type R Stranded Wire	161.30
3	Cat 121AC51A1A Relays	174.00
1	121AC51A3A Relay	58.00

Quantity	Description	Total Cost
7	1114725 W. Capacitors Type FP	$ 452.20
50	yds. 26 1/0 Strd High Splices	55.43
2	Byron Jackson 8 x 10 x 14 Type DVS Horizontal Single Stage Split Case Centrifugal Pumps with Coupling and Base	6,028.00
2	10 x 21 Suction Intake Pipes	385.00
1	8x10 Suction Intake Pipes	128.37
1	Spare Rotating Element Assembled and Balanced including bearings for 8X10X14 Type DVS Pumps	978.00
2	600 HP, 2300 Volt, 3 Phase, 2 Pole G.E. Motors	16,992.00
2110	ft. 18" O.D. 8 gauge Naylor Pipe, cold tar primed, Victaulic Grooves, 10 ft lengths for Water Pump Service at 250 lbs. P.S.I.	9,011.60
10	18" Victaulic Elbows for 18" O.D. Naylor Pipe 90 deg. long Radius	706.10
10	18" Victaulic Elbows 45° ditto	517.80
2	18" O.D. to 14" O.D. Victaulic 45° Laterals, 18 x 18 :: 14" O.D.	195.14
2	14" O.D. Victaulic 45° Lateral Nipples	104.68
1	8 x 6 LR 300 Weld Ell	53.28
30	ft. 8" H Beam (1029 lbs)	97.76
2	12-ft. lengths 6" Suction Hose, each length complete with part C Evertite shank couplers on one end and other end with 6" steel nipple with IPT strainer and black iron foot valve attached to withstand 200 ft. head.	438.86
		$116,151.82
1	Bucyrus Erie Hydromucker for mine shaft sinking consisting of 3/8 cu. yd. heavy duty clamshell bucket; hydraulic operated by two single acting rams. Power unit skid mounted with 15 HP, 3 phase, 60 cycle, 220/440 volt; 1800 RPM Motor, rain-tight starting switch with V-belt drive to hydraulic pumps; 20 gallon tank and 2 - 45 ft. lengths hydraulic hose and valve levers arranged for rope pendant operation. F.O.B. Milwaukee, Wis.	2,590.00 Capitalized on company books
		$118,741.82

LARGE FORMAT DOCUMENTS AT END OF FILE

DMEA
Date Rec'd.
JUN 21 1956
BUREAU OF MINES
Denver, Colorado

RECEIVED
JUN 2 8 1956

Chief Consolidated Mining Co.

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

June 19, 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 1 and 1A
Second Amended Contract Idm-E4

Dear Mr. Traver:

In my letter under date of June 11, I advised we would shortly send you a further breakdown of the inventory of items costing in excess of $50.00 in which DMEA has an interest in under the terms of the above captioned contract.

We are now pleased to enclose 5 copies of such list segregated into two columns showing that which has been salvaged and available for sale, and those items which can no longer be accounted for.

We further enclose for your information the statement by months of cost aggregating $4,008.41 which was expended in connection with the salvaging of equipment shown on the list.

not listed?

Certain items included on the list are still intact and will have to be dismantled or recovered from the underground before they can be sold. The expense in connection with dismantling and removing such equipment will, of course, be in addition to the salvage cost included in the enclosed statements.

We now await further advice from you.

Yours very truly

W. W. Watson

W. W. Watson
Secretary & Treasurer

WWW:ALC
Encs.

cc: Mr. Cecil Fitch, Jr.

RECEIVED
JUN 3 5 1956

SALVAGE COSTS INCURRED BY CHIEF CONSOLIDATED MINING COMPANY IN CONNECTION WITH EQUIPMENT IN WHICH THE DEFENSE MINERALS EXPLORATION ADMINISTRATION HAS AN INTEREST.....

Month	Labor
September, 1955	$2,069.38
October, 1955	602.06
November, 1955	579.34
December, 1955	616.69
January, 1956	73.06
March, 1956	67.88
Total	$4,008.41

CHIEF CONSOLIDATED MINING CO.

LIST OF EQUIPMENT ITEMS IN WHICH THE D.E.M.A. CLAIMS AN INTEREST AND WHICH THE UNIT COST WAS IN EXCESS OF $50.00

Quantity	Description	Salvaged	Unsalvable
2	#16CKXL-5 Stage Double Belted Submersible Bowl Assemblies	$3,360.80	
1	6GT Pump less Electric Motor Drive	2,575.58	
1	#6GT-184 Rotor Complete	1,295.16	
1	8" Smolensky Brass Check Valve	333.67	
2	10" Smolensky Brass Check Valve	1,079.33	
2	1" Sheets Mesh Screen		$ 105.88
1	W.11202 Starter for 250 HP	663.17	
3	9LA1G33 Thryrite LTG Arresters	1,513.68	
7	Cat 13F138 25KVA R2400 Volt Class ID Single Phase Outdoor Capacitor Units	672.00	
20	Cat 13F138 25KVAR 2400 Volt Class ID SP Outdoor Capacitor Units	1,920.00	
3	Cat 6129026-G-5, 46 KV Type EF 2 Drop-out Fuse Disconnecting Switches	264.00	
1	60 KVA Askarel immersed Larkin auto transformer type ASD3, 3Phase, 60 cycles, class A insulated for 55° C temperature rise above amvient, 4160Y 2400 Y volts. Dimensions: 38" x 26" x 22"	701.00	
6	500 KVA, Askerel Immersed Larkin Auto Transformers type ASD, single phase, 60 cycles, 2400/4160Y volts to 1385/2400Y volts with tertiary windings for the suppression of telephone interfering harmonics, suitable for underground installation. Class A insulated for 550 C temperature rise above ambient.	11,899.20	
4	114725 W. 3 Phase 2400 Volt Capacitor	258.40	
1	27H756 Transformers 2-2400-120/240 Serial 8564308 # 865 4308 10 KVA	237.36	
136	ft. 1000 NCW RW Wire		308.58
1	Y34° High Pressure (a)	145.00	
1	2883228 G2 FK-33-2500 V 400A Oil Circuit Breaker	220.00	
1	(W) Glass 11202 Starter with Heaters 2300 Volt, 3 Phase, 60 cycle, Oil immersed 450 HP	840.79	
5	M904E2705 Minneapolis Honeywell Modutrol Motors complete with AT72A1K transformers, 115/60	276.25	
1	18" to 10" Vict. Reducer	188.49	
2	18" 300# Ladish F S Slip on Flanged for 18" OD Steel Pipe		145.96
1	14" OD x 12" Ladish x HY Concentric Reducer		61.25
2	14" M&H Low Pressure IB BM DBL Disc Gate Valves NRS Flanged for 14" OD Steel Pipe	520.30	

RECEIVED
JUN 25 1956

Quantity	Description	Salvaged	Unsalvable
2	18" M&H Low Pressure Gate Valves for 18" OD Steel Pipe	$ 948.30	
1	8" M&H AWWA NRS Flanged Gate Valve for 250# Working Pressure	94.90	
2	10" Low Pressure IBeM DB Gate Valve	252.60	
1	14" OD x 10" Ladish XH 45 Deg Lateral		$ 221.78
1	18" OD Ladish XHY 90 Deg Weld Ell	201.94	
1	18" OD x 14" OD Ladish Concentric Reducer	82.55	
2	18" 300# LR Weld Ells		362.72
2	18 x 30" 300# Concentric Reducers		339.42
1	16 x 14" Concentric Reducer 300#		129.50
7	Type F-11 Oil Circuit Breaker	1,540.00	
2	600 HP 2300 Volt, 3 Phase, 60 cycle Westinghouse Reduced Voltage Starters, Auto Transformer Type, w/NEMA Type I Enclosure	7,104.00	
2	8" Wal 775-F i B Flanged Gate Valves $505.96	252.98	252.98
1	Cat #407X24 Current Transformer type J S 5 - 75/5 Amp		58.29
2	DL-2883171-G-7 HA-2 Lever Each with 1 DL-6050121-G-3 Trip Coils 5A TD	436.00	
3	DL-6155743-G-4 FK-142-4, 16-25, 4160V 600A	1,068.00	
1	DL-6155743-G-4 FK-142-4, 16-25, 4160V 600A	407.00	
1	121AC66A1A Rated 2.5/5 AMP Time Delay Relay over current relay	70.00	
6	1533190 (W) Type SV Arresters	489.60	
21140	ft. #2/0, 37 Strand 1 Conductor 5KV, 10/64 Eskerona, 5/64 Neoprene Cable	10,908.24	
14860	ft. Ditto	7,667.76	
6430	ft. Ditto	3,317.88	
2207	ft. Ditto	1,138.81	
409	ft. Ditto	211.04	
168	sq. ft. 1/2" 42 x 96 IM Transite Board		138.01
1	M-9138376 G3 CR-9140 Grid Asmb. It. #1	246.00	
2	DL-6155743-G-4 FK-142-4, 16-25, 4160V 600 A.O.C.B.	394.15	
1	3000 KVA, OISC Larkin Power transformer AOP3, 3 phase 60 cycle class A insulated for 55° C temperature rise above ambient, 44,000/4160Y delta volt, delta delta connected with four 21/2% full capacity taps below 44,000 normal voltage	11,694.00	
87	ft. 1000 MCM 600 V type R Stranded Wire		161.30
3	Cat 121AC51A1A Relays	174.00	
1	121AC51A3A Relay	58.00	
7	1114725 W. Capacitors Type FP	452.20	
50	yds. 26 1/0 Strd High Splices		55.43

Quantity	Description	Salvaged	Unsalvable
2	Byron Jackson 8x10x14 Type DVS Horizontal Single Stage Split Case Centrifugal Pumps with coupling and base	$6,028.00	
2	10x21 Suction intake Pipes		$ 385.00
1	8x10 Suction intake Pipe		128.37
1	Spare Rotating Element Assembled and Balanced including bearings for 8x10x14 type DVS Pump	978.00	
2	600 HP, 2300 Volt, 3 Phase 2 Pole GE Motors	16,992.00	
2110	ft. 18" O.D. 8 Gauge Naylor Pipe, cold tar primed, Victaulic Grooves, 10 ft lengths for Water Pump Service at 250 lbs. P.S.I.	9,011.60	
10	18" Victaulic Elbows for 18" O.D. Naylor Pipe 90 deg. long Radius	706.10	
10	18" Victaulic Elbows 45° ditto	517.80	
2	18" O.D. to 14" O.D. Victaulic 45° Laterals 18 x 18 x 14" O.D.	195.14	
2	14" O.D. Victaulic 45° Lateral Nipples	104.68	
1	8 x 6 LR 300 Weld Ell		53.28
30	ft. 8" H Beam (1029 lbs.) $97.76	26.07	71.69
2	12-ft. lengths 6" Suction Hose, each length complete with part C Evertite shank couplers on one end and other end with 6" Steel nipple with IPT strainer and black iron foot valve attached to withstand 200 ft. head	438.86	
1	Bucyrus Erie Hydromucker for mine shaft sinking consisting of 3/8 cu. yd. heavy duty clamshell bucket; hydraulic operated by two single acting rams. Power unit skid mounted with 15 HP, 3 phase 60 cycle 220/440 volt; 1800 RPM Motor, rain-tight starting switch with V-velt drive to hydraulic pumps; 20 gallon tank and 2 - 45 ft. lengths hydraulic hose and valve levers arranged for rope pendant operation.	2,590.00	
		$115,762.38	$2,979.44

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

Mr. Thomas H. Brading
DMEA Auditor
224 New Customhouse
Denver 2, Colorado

JUN 22 1956

Re: Chief Consolidated Mining Company
Contract Idm-F4, Docket DMA 1&1A

Dear Mr. Brading:

Reference again is made to your letter of June 5, 1956, and to my reply of June 8, 1956, in which I answered the last two questions of your letter. The discussion on the other points of your letter has been delayed for further consideration. I can now say, however, that the matter of disposal of equipment will be left largely in the hands of the representative engineer and the Audit Division which will be represented by you.

Chief Con has requested that the Washington office establish minimum salvage prices for all the salvageable material in which we hold an interest. This procedure would not be very good for a number of reasons: (1) the price established here might delay the disposition of the property because it might be unreal; (2) there doubtless would be a number of pieces of correspondence back and forth because it would be impossible for us to include all the material from the records that we have; and (3) an engineer on the job would know so much more about it than an engineer here.

It is my understanding that Mr. Traver will assign an engineer to work with you on the closing of the project.

In regard to the adjustments to be made on the vouchers, I think my letter of June 8 could be applied to all the adjustments to be made. It is your duty and responsibility to make both allowances and disallowances whenever needed.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
June 22, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.S.

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

RECEIVED
JUN 13 1956

224 New Customhouse
Denver 2, Colorado

June 11, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 and 1A (Lead-Zinc), Second Amended Contract Idm-E4, Chief Consolidated Mining Company, Juab and Utah Counties, Utah.

In conjunction with matters discussed in our letter to the Operator of June 4, 1956, two copies of which were forwarded to you, we are enclosing two copies of the Operator's reply of June 7, 1956, which is self-explanatory.

W. M. Traver

W. M. Traver

Enclosures

V.C.

DMEA
Date Rec'd.
JUN 8 1956
BUREAU OF MINES
Denver, Colorado

Chief Consolidated Mining Co.

608 Dooly Building
Salt Lake City, Utah

June 7, 1956

RECEIVED
JUN 13 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Dear Mr. Traver:

I am sorry to have been somewhat over optimistic in my letter of May 5 as to the time in which I would have the cost breakdown and inventory requested in your letter of Feb. 13, 1956 available for you.

At this time we have completed the final cost breakdown including an inventory of items costing in excess of $50.00 per each unit. This is at the present time being typed in final form and will be mailed to you in a few days. I did hope to include with this the detail of the equipment items showing those which had been salvagable and those which were unsalvagable, or perhaps in some instances unsaleable. A list of these items was sent to our mine some time ago with the request that they identify each item and advise as to each items availability. I am now advised by the mine that it will take an additional two weeks to properly locate and identify this equipment. Upon completion of this phase, we will immediately forward a copy to you for your examination.

Very truly yours

W. W. Watson

W. W. Watson
Secretary & Treasurer

WWW:ALC

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

JUN - 8 1956

Mr. Thomas H. Brading
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Chief Consolidated Mining Company
Contract Idm-E4, Docket DMA 1&1A

Dear Mr. Brading:

Reference is made to your letter of June 5, 1956, relative to the proposed final audit of the above-cited contract. It appears that the main features of your letter are established in the last two questions asked at the end of the letter.

In regard to the first, there is no necessity of advising the Operator to file a corrected MF-104. In answer to your second question, it the auditor's privilege and duty in making exceptions to determine, first, if there are disallowances, second, if there are allowances to be added to the Operator's claim. This, in my opinion, would be the correct way to handle the situation.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
Jun 8, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.G.

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

RECEIVED JUN 7 1956

224 New Customhouse
Denver 2, Colorado

June 4, 1956

Mr. W. W. Watson, Secretary-Treasurer
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Re: Docket DMEA 1 and 1A (Lead-Zinc)
Second Amended Contract Idm-E4
Chief Consolidated Mining Company
Juab and Utah Counties, Utah

Dear Mr. Watson:

In your letter of May 5, 1956 you advised that the cost breakdown and the inventory of the jointly owned property acquired under the contract, requested in our letter of February 13, 1956, would reach us by the first of June or earlier.

We have deferred reply to you regarding your suggestions relative to the manner of effecting disposition of the jointly owned property pending receipt of the requested accounting breakdown of the costs of the pumping system and the inventory of the nonexpendable property involved.

When the cost breakdown and inventory have been received and reviewed by our auditors, we will then be in a position to make definite arrangements with you relative to the manner of disposing of the property.

The matters of considering that the Government has already been reimbursed for its interest in the jointly owned property by the royalties your company has paid; and your suggestion that the Government establish a minimum price for each item of the property were not favorably received by our Washington Office.

Very truly yours,

W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

JWT:prl
cc: Chairman, Oper. Comm. (2)
Traver
Harshman
Wilson
Osterstock
Brading
Townsend
Corres. file
Chron.

File Copy
Surname
Griswold
Talbut
Martin
Jeffrison
Mottendorf

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

WRGriswold/er Rm. 4444 Ext. 3669

TELETYPE

Base Metals Division, DMEA

14X4401(01) Revolving Fund, Defense Production Act, Interior (allocated Wroking Fund to Office of Secy.)

JUN - 1 1956

Date:

To: Mr. W. M. Traver, Executive Officer, DMEA Field Team, Region III, Denver, Colorado

Reurtt May 29, DMEA 1 and 1A, Chief Consolidated Mining Company. We are not replying to Mr. Watson's letter of May 5. Our May 21 letter to you covered fully the procedure to be taken by your office.

W. S. Martin
ACTING Chairman, Operating Committee (WB)

WRGriswold/er 5/31/56

Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Confirmation Copy
Chron.

Mr. George Selfridge

RECEIVED
MAY 3 1 1956

BUR MINES DN 235 5-29-56 1-02 PM

ACTING CHAIRMAN, OPERATING COMMITTEE, DMEA

RE DOCKET DMEA 1 AND 1A, SECOND AMENDED CONTRACT I-DMA-E4, CHIEF CONSOLIDATED MINING COMPA NY, LAST PARAGRAPH OF OUR MEMORANDUM OF MAY 7,1956. PLEASE TELETYPE ADVICE AS TO WHETHER YOUR OFFICE IS DRAFTING A REPLY TO MR. WATSON,S LETTER OF MAY 5.

J W TOWNSEND, ACTING EXECUTIVE OFFICER, DMEA $/// REGION IIII

Denver, Colo.

MAY 31 8 11 AM '56
BUREAU OF MINES
MAIL ROOM
WASHINGTON D. C.

File Copy
Surname
Griswold
Chambers
Martin
Hopkins
Mitchell

500

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

Mr. W. M. Traver, Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

MAY 24 1956

Re: Docket No. DMEA-1 & 1A (lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab & Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Traver:

This is with reference to your letter of May 7, with enclosures, covering Government property equities under the cited contract.

We approve of the Operator's first suggestion that a Government auditor and engineer participate in the inventory, and advise in property disposal matters. Regarding the second point brought up by the Operator that, in many instances, two bona-fide bids would be difficult to obtain, such requirement may be waived, at the Government's discretion.

We note the company's other suggestion that the Government establish a minimum price for the various items, below which no sale could be made except by special arrangement. We question the wisdom of such an arrangement, it could lead to endless delays and complications.

We feel that the auditor-engineer team should go a step further than the first suggestion of the Operator in that they should, in co-operation with the Operator, make definite arrangements looking toward prompt equipment disposal and liquidation of this account.

Our Contract Administration and Audit Division will request Mr. Brading to participate in the inventory; will you therefore please request an engineer to co-operate with the auditor.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

APPROVED:

/s/ Robert W. Geehan
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

WRGriswold/er 5/22/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Mr. Jay Chambers,
Chron.

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

RECEIVED
MAY 10 1956

224 New Customhouse
Denver 2, Colorado

May 7, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 and 1A (Lead-Zinc), Second Amended Contract Idm-E4, Chief Consolidated Mining Company (Chief No. 1 mine), Juab and Utah Counties, Utah

Enclosed are the original and one copy of a letter from W. W. Watson, Secretary-Treasurer, Chief Consolidated Mining Company, dated May 5, 1956, and two copies of a letter from this office, dated May 7, 1956, acknowledging Mr. Watson's letter.

Mr. Watson advances a suggestion relative to the disposition of the jointly owned property acquired under the contract in conjunction with a minimum price for each item to be established by the Government.

Inasmuch as approval of the manner and the details involved with the disposal of the property are deemed not within the authority delegated to this office, it appears that settlement of the Government's interest in the property should be negotiated at the Washington Office level, as undoubtedly numerous problems will arise on which this office does not have the authority to give an answer.

We are forwarding Mr. Watson's letter of May 5, 1956, for your consideration and reply direct to him or advice to us as to how we should proceed.

W. M. Traver

W. M. Traver

Enclosures

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

RECEIVED
MAY 10 1956

224 New Customhouse
Denver 2, Colorado

May 7, 1956

Mr. W. W. Watson, Secretary-Treasurer
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Re: Docket DMEA 1 and 1A,
(Lead-Zinc),
Second Amended Contract
Idn-24

Dear Mr. Watson:

Thank you for your letter of May 5, 1956, explaining the circumstances causing the delay in your forwarding requested data in conjunction with settling the Government's interest in the jointly owned property acquired under the contract.

Your proposal relative to the manner of disposing of the equipment has been referred to the Washington Office, DMEA, and you will be advised either direct from them or from this office at an early date.

Very truly yours,

W. M. Traver

W. M. Traver
Executive Officer
DMEA Field Team, Region III

JWT:prl
cc: Chairman, Oper. Comm. (2)
Harshman
Wilson
Osterstock
Townsend
Corres file
Chron.

WO

Chief Consolidated Mining Co.
608 DOOLY BUILDING
SALT LAKE CITY, UTAH

RECEIVED
MAY 10 1956
DMEA
Date Rec'd.
MAY 7 1956
BUREAU OF MINES
Denver, Colorado

May 5, 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 1 and 1A

Dear Mr. Traver:

We are sorry that an unadvoidable series of delays has made it impossible for us to comply with the request contained in your letter of February 13 up to this time.

The closure of our lower levels, as you can readily realize, necessitated drastic reduction in our key personnel, and particularly those most familiar with the clerical details concerning our DMEA contract. This has placed a burden of preparing the detail requested upon the writer at a time when year end closing of the books, income tax reports, stockholders' and Directors' meetings all require a dead line. Regardless of your letter of February 13, the writer had hoped the Government was considering the suggestion outlined in my previous correspondence to you relative to the fact that we had already returned to the Government in royalties a sum of money far in excess of the equipment purchases made under the terms of the contract and that therefor the Government might rightfully conclude they had been fully reimbursed for such equipment. No reference to this suggestion has been made in your past correspondence.

We have given considerable study to the content of your letter of February 13, and at this time would like to make two suggestions for your consideration: First, that if a Government auditor and/or engineer were to assist us in preparing the initial inventory, the entire matter might be greatly expedited. We believe that within a week the proper reconciliation, with reports and the identification of equipment items in which the Government claims an interest, could be concluded. Also such items of equipment as were lost in the flooding of the mine could be identified and proper notations made. Second, we are somewhat concerned over the two bid requirement for the sale of equipment in which the Government claims an interest. The equipment referred to is very specialized, and we would feel ourselves quite fortunate if we were able to find a purchaser who had need for many of these items at a fair price. In most instances two bona-fide bids could not be obtained at the same time. We would, therefore, suggest that we be allowed to dispose of this equipment at what in our opinion appears to be a fair price, and that the Government, for its protection,

establish a minimum price for each item below which we would not sell without prior consent of the Government.

Regardless of whether you decide to send an auditor or engineer to assist in this final accounting, we are now prepared to go ahead with the initial reporting and furnish the same to you by the first of June, if not earlier.

We await your reply.

Very truly yours

Chief Consolidated Mining Co.

W. W. Watson

W. W. Watson
Secretary & Treasurer

WWW:ALC

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

RECEIVED
MAY 2 - 1956

224 New Customhouse
Denver 2, Colorado

April 30, 1956

Mr. W. W. Watson, Secretary-Treasurer
Chief Consolidated Mining Company
608 Beely Building
Salt Lake City, Utah

Re: Docket DMEA 1 and 1A
(Lead - Zinc)
Second Amended Contract Ldm-E4

Dear Mr. Watson:

Reference is made to our letter of February 13, 1956, and item 2 of the "TERMINATION AGREEMENT" executed the 30th day of January, 1956, both in reference to required action by your company in settling the Government's interest in the jointly owned property acquired under the contract.

As considerable time has elapsed and we have neither received the inventory of the property as requested in the last paragraph of our letter of February 13 nor received advice from you as to the progress you have made in the matter, we will appreciate advice by return mail as to the approximate date we can expect to receive your proposal relative to liquidating the Government's interest in the jointly owned property.

Very truly yours,

W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

JWT:prl
cc: Chairman, Oper. Comm. (2)
Harshman
Wilson
Osterstock
Brading
Townsend
Corres. file
Chron.

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

April 27, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 and 1A (Lead-Zinc) Second Amended Contract Idm-E4, Chief Consolidated Mining Company (Chief No. 1 mine), Juab and Utah Counties, Utah

Your attention is called to an article in the April, 1956 issue of Engineering and Mining Journal, Vol. 157, No. 4, on page 122 with reference to a proposed exploration program to be conducted by Bear Creek Mining Company on the properties of Tintic Standard Mining Company and Chief Consolidated Mining Company, the latter a party to the subject contract.

Bear Creek Mining Company, so we understand, is a subsidiary of Kennecott Copper Corporation and the venture may involve, in some manner, the DMEA contract or payment of royalties thereon.

We have not received a reply to our letter of February 13, 1956 with reference to disposition of jointly-owned property and are writing them again requesting immediate action.

W. M. Traver

W. M. Traver

RECEIVED
APR 30 1956

Preliminary (no final Audit or Report) March 28, 1956 Uncovered Betty

SUMMARY OF CERTIFIED PROJECT

Docket No. DMEA-1 and 1A (Lead and Zinc)
Contract No. Idm-E4

Operator: Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Property: Chief No. 1 Mine
Juab and Utah Counties
Utah

Operator's property rights - (10,000 acres) owner

Contract: Dated June 13, 1951 - Terminated by agreement January 30, 1956
Effective October 15, 1955
Repayment within 15 years.

Work Authorized:

Project (1) 2700 foot level.

Drift North from 18-All winze-600 ft.@ $30.00 p/ft.	$18,000.00
Drift East, North of Leadville fault - 800 ft.@ $30.00 p/ft.	24,000.00
Drift West, North of Leadville fault - 400 ft.@ $30.00 p/ft.	12,000.00
Raise, North drift - 100 ft. @ $30.00 per ft.	3,000.00
Raise, East drift - 100 ft. @ $30.00 per ft.	3,000.00
Raise, West drift - 100 ft. @ $30.00 per ft.	3,000.00
Total	$63,000.00

Project (1-A) 3100 foot level.

Sinking 18-All winze, 4 compartment - 400 ft. @ $350.00 p/ft.	$140,000.00
Drift North from winze, 3100 level 600 ft. @ $30.00 p/ft.	18,000.00
Drift East, North of Leadville fault - 800 ft. @ $30.00 p/ft.	24,000.00
Drift West, North of Leadville fault - 400 ft. @ $30.00 p/ft.	12,000.00
Raise, North drift - 500 ft. @ $30.00 per ft.	15,000.00
Raise, East drift - 500 ft. @ $30.00 per ft.	15,000.00
Raise, West drift - 500 ft. @ $30.00 per ft.	15,000.00
	$239,000.00

Total estimated cost of project $302,000.00

Docket No. DMEA-1 and 1A (Lead and Zinc)

Contract Continued:

Work Authorized:

Amendment No. 1 - August 13, 1951

Allows cost of new pumping system installed prior to contract date as addition cost of project.

Electric system installed	$ 78,900.00
Pumping system installed	126,020.00
Sumps and drainage	26,500.00
Total	$231,420.00

Amendment No. 2 - November 26, 1951

Delete Exhibit A and substitute -

Same as Exhibit A except in Project (A1) only one-half of the first item (sinking) to constitute allowable cost.

Sinking 18-411 winze at $140,000.00 reduced to	$ 70,000.00
Total estimated cost of project	$463,420.00
Government's participation at 50%	$231,710.00

Amendment No. 3 - April 4, 1952.
Effective date of original contract

Establishes salary rate of supervisory and professional employees at no increase cost of the project.

First amended contract - June 16, 1953. Effective June 13, 1951, date of original contract.

Docket No. DMEA-1 and 1A (Lead and Zinc)

Contract continued:

Work Authorized:

Exhibit A

The work shall remain as described in original Contract and Amendments Nos. - 1, 2, and 3, except that 18-411 winze shall be 3 compartments and sump and pump station shall be constructed on the 3100 foot level.

Time for completion of the contract increased from 10 years to 15 years.

(4) In performance of completed work the operator has incurred allowable costs prior to July 1, 1953 of $327,218.21 of which the Government is obligated to pay 50 percent, or $163,609.11.

Upon payment by the Government of the above amount this First Amended Contract shall become terminated except as to Governments interest and equity in property referred to in Article II of First Amended Contract.

Second Amended Contract -

Exhibit A

1. First Amended Contract shall be wound up and settled as therein provided, except for liquidation of Government's equity in any property referred to in Article II of First Amended Contract. All rights and obligations under First Amended Contract are fully merged in Second Amended Contract.

2. Property referred to in Article II of First Amended Contract to be preserved, maintained and repaired, and cost and use-value considered in arriving at agreed unit costs under Second Amended Contract.

3. Any materials or supplies remaining under First Amended Contract may be expended in performance of the work under Second Amended Contract.

4. The work to be performed remains the same as described in the First Amended Contract, and not performed under the provisions thereof.

Docket No. DMEA-1 and 1A (Lead and Zinc)

Contract continued:

Work Authorized:

Exhibit A continued -

5. Costs as estimated in the Original and First Amended Contracts and agreed unit costs under this Second Amended Contract are restated as follows:

A - Recapitulation of costs as estimated in Original Contract

Project 1	$ 63,000.00
Project 1-A	
Winze 400 feet	70,000.00
Drifting and raising	99,000.00
	$232,000.00
Exhibits "B" and "C"	
Pumping system	231,420.00
Total estimated cost	$463,420.00

B - Costs under Original and First Amended Contracts PLUS COSTS TO BE INCURRED

Project 1	$ 63,999.54
Project 1-A (½)	17,697.76
Pumping system	240,705.59
Adjustment of wages retroactive	4,815.32
	$327,218.21
Added work - sump and station	20,482.50
Uncompleted work Original Contract-	
Winze 323 ft. @ $360.00 p/ft. (½) allowable cost	58,140.00
Drifting, crosscutting & raising - 3300 ft. @ $34.00 per ft.	190,822.50
Estimated new total	$518,060.71
Government's participation @ 50%	$259,020.35

Docket No. DMEA-1 and 1A (Lead and Zinc)

Contract continued:

Work Authorized:

Second Amended Contract Continued -

Amendment No. 1 - October 26, 1953.

Provides for recess of work - August 27, 1953 to November 1, 1953.

Amendment No. 2 - February 10, 1954.

(1) Recess extended from January 15, 1954 to September 15, 1954.
(2) Time fixed for completion extended to Sept. 16, 1955.
(3) Annex I substituted for Article 6 of Contract form (Repayment by Operator).

Amendment No. 3 - September 24, 1954.

(1) Recess extended from September 15, 1954 to January 15, 1955.
(2) Time for completion extended to January 16, 1956.

Amendment No. 4 - March 7, 1955.

(1) Recess extended to March 16, 1956.
(2) Time for completion further extended to March 16, 1956.
(3) Annex II substituted for Annex I (Repayment within 15 years from date of Original Contract - June 13, 1951.)

Work Completed: Operator's report through May 1955

Under Original and First Amended Contract (Actual Costs)

Drifting	- 1,663 ft. @	$35.68 per ft.	$59,329.93
Raising	- 300 ft. @	$24.68 per ft.	7,403.33
Pumping station			240,705.59
			$307,438.85

Docket No. DMEA-1 and 1A (Lead and Zinc)

Contract Continued:

Work Completed: Operator's report through May 1955

Under Second Amended Contract (Unit Costs)

Sinking - 254.7 feet at $180.00 per ft.	$ 45,666.00

Under Project A-1 (Unit Costs)

Sinking - 77 feet at $350.00 per ft. (Government obligated for only 25%)	36,278.61
Total cost claimed by Operator	$389,383.46
Government's participation @ 50%	$176,611.08
25% of $36,278.61 =	9,069.65
Government's participation paid	$185,680.73

NOTE: Settlement of jointly owned equipment not yet consumated.

Certificate of Discovery - February 17, 1956.

"Drifting and raising on and above the 2700 mine level, together with winzing below this level have shown the existance of and made accessible lead-zinc ores as replacement in limestone. The ore reserves resulting from the work estimated to be 675,000 tons, with a grade of 5.5 percent lead, 6.8 percent zinc, 5.1 ounces silver, and 0.02 ounces of gold per ton. 140,000 tons of this have already been extracted."

Production -

Second Royalty Audit Certificate - August 22, 1955.
Period, October 3, 1951 to August 12, 1952.
Net dry weight of shipments - 145,931 tons.

Net sales ($17.32 per ton)	$2,528,077.24
Royalty paid (1½ to 5%)	$ 122,915.17
Royalty due	none

DMEA Audit Division reports royalties received to December 13, 1955 - $ 127,035.90

Docket No. DMEA-1 and 1A (Lead and Zinc)

Estimated Ore Reserves:

Operator's Report - Not yet submitted.

Field Team's Final Report - No formal report, see Memoranda reports November 14, 1955 and January 19, 1956, as follows:

"Inferred Ore Reserves resulting from Project Work".

Between the 2450 and 3100 foot levels there are 6½ levels. The mine has produced 120,000 tons of ore per level x 6.5 = 780,000 tons

Deducting ore extracted prior to project work 105,000 "

Inferred ore reserves 675,000 tons

Weighted average grade of ore shipments - 55,882 tons for the first 7 months of 1955 as follows:

5.785% Pb, 7.122% Zn, 5.266 ozs. Ag, 0.023 ozs. Au.

Based on the experience resulting from production on the upper levels and after extracting 70,000 tons of higher grade (fast) ore from the 2900 and 3100 foot levels, the necessity of keeping the lower level dewatered would render the mining of the remaining lesser grade ore uneconomical at present; but this could be mined under more favorable conditions.

Estimating unmined lower grade ore at 50,000 tons between the 2900 and 3100 foot levels -

Average grade - 4.0% Pb, 5% Zn, 4 ozs. Ag, 0.02 ozs. Au.

Deduct 100,000 tons

Field Team estimate of total reserves 575,000 tons

COMMENTS:

The correct estimate of total reserves appears to be 675,000 tons

A. G. Keating

File Copy
Surname
Griswold
Chambers
Butler
Geehan
Kiilsgaard
Selfridge
Fl Johnson

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

FEB 17 1956

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

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab & Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development related to the original and to the first and second amended Exploration Project Contracts No. Idm-E4.

The original contract was dated June 13, 1951; both of the amended contracts were dated June 16, 1953, and provided for Government participation to the extent of 50 per cent in an exploration project estimated to cost $654,242.50. Actual expenditures to date (subject to final audit) have totalled $371,361.46, with the Government's share being half of such amount, or $185,680.73.

The total amount of work provided for under the contracts consisted of the installation of an electrical and pumping station, 3,600 feet of drifting and crosscutting, 1,800 feet of raising, and 400 feet of shaft sinking. Work actually done consisted of the installation of the electrical and pumping system, 1,663 feet of drifting and crosscutting, 300 feet of raising, and 332 feet of shaft sinking.

The discovery consisted of lead-zinc ores occurring as replacement deposits in limestone. The ore reserve resulting from the work was estimated to be 675,000 tons, with a grade of 5.5 per cent lead, 6.8 per cent zinc, 5.1 ounces of silver, and 0.02 ounces of gold per ton. Approximately 140,000 tons of this ore have already been extracted.

rewritten 2/7/56
Sincerely yours, WRGriswold/er 1/31/56
Copy to: Docket
Mr. Geehan, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committe
Base Metals
Cont.Adm.&Audit Div.
Region III (2)
F. E. Johnson
W. R. Griswold - Chron.

G. O. Mittendorf

Administrator

Enclosure

File Copy
Surname
Griswold
Porter
Sawyer
Talbot
Geehan
Kiilsgaard
Stafford
Johnson

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

FEB 17 1958

Mr. W. W. Watson, Secretary-Treasurer
Chief Consolidated Mining Company
608 Booly Building
Salt Lake City, Utah

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab & Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Watson:

Transmitted herewith is a certification of discovery or development related to the Original Contract No. Idm-E4, dated June 13, 1951, and the First and Second Amended Exploration Project Contracts No. Idm-E4, dated June 16, 1953, on the lands described in the contracts.

By the terms of the Amended Exploration Project Contracts and of the Certification, all production from the land described in the second amended contract after June 13, 1951, the date of the original contract, is subject to the Government's percentage royalty as set forth in the said contracts until the sum which the Government has advanced as its participating interest is repaid, or until June 13, 1966, whichever occurs first.

You should continue to make payments to Mr. W. H. Traver as you have in the past. You are requested to notify Mr. Traver of any changes in ownership or production rights that might affect the Government's right to its percentage royalty. Also, if production ceases at any time for an extended period please notify Mr. Traver at six-month intervals that such is the case.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

rewritten 2/10/56
WRGriswold/er (1/31/56 &
Copy to: Docket
Mr. C. A. Fredell, Dr, MD, EPS
Mr. Geehan, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Base Metals
Cont. Adm & Audit Div
Finance Office
Region III (2)
F. E. Johnson
W. R. Griswold
Chron.

R.G.G.

File Copy
Surname

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

Mr. W. W. Watson, Secretary-Treasurer
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab & Utah Counties, Utah
Second Amended Contract No. Idm-Ek

Dear Mr. Watson:

Transmitted herewith is a certification of discovery or development related to the First and Second Amended Exploration Project Contracts No. Idm-Ek, dated June 16, 1953, on the lands described in the contracts.

By the terms of the Amended Exploration Project Contracts and of the Certification, all production from the land described in the contracts after June 13, 1951, the date of the original contract, is subject to the Government's percentage royalty as set forth in the said contract until the sum of $185,680.73 (subject to audit), which the Government has advanced as its participating interest is repaid, or until June 13, 1966, whichever occurs first.

Payments should be made to Mr. W. M. Traver, Executive Officer, DMEA Field Team, Region III, 224 New Customhouse, Denver 2, Colorado. Checks should be drawn in favor of the Defense Minerals Exploration Administration. The purchaser should be advised to deduct royalties from the amount due on each shipment and forward the checks to the Executive Officer.

Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets, showing quantity and grade of the products sold, the name of the purchaser, and the price and charges, certified to be correct by the purchaser.

You are requested to notify Mr. Traver of any changes in ownership or production rights that might affect the Government's right to its percentage royalty. Also, if production ceases at any time for an extended period please notify Mr. Traver at six-month intervals that such is the case.

Sincerely yours,

Administrator

Enclosure

Region III (2)
F. E. Johnson
W. R. Griswold
Chron.
Admr & File
Cp. Committee
Base Metals
Cont.Adm&Audit Div.
Finance Office

WRGriswold/er 1/31/56
Copy to: Docket
Mr. C. A. Fredell, Dr.,MD,EPS
Mr. Geehan, USBM
Mr. Killsgaard, USGS

File Copy
~~Surname~~
Surname
Griswold
Appd. Sol. Off.
Chambers

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

CERTIFICATION BY THE UNITED STATES OF AMERICA OF A DISCOVERY OR DEVELOPMENT UNDER AN EXPLORATION PROJECT CONTRACT

To: Mr. W. W. Watson, Secretary-Treasurer
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Pursuant to the provisions of Exploration Project Contract No. Idm-E4, dated June 13, 1951, and of the First Amended Contract No. Idm-E4, dated June 16, 1953, and of the Second Amended Contract No. Idm-E4, dated June 16, 1953, all having Docket No. DMEA-1 and 1A, hereinafter called the "contracts", between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contracts, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows: Drifting and raising on and above the 2700 mine level has shown the existence of lead-zinc ores occurring as replacements in limestone.

Dated _____

THE UNITED STATES OF AMERICA

By _____
Administrator, Defense Minerals Exploration Administration

WRGriswold/er 1/31/56
Rewritten 2/7/56
Copy to:
Docket
Mr. C. A. Fredell, Dr.,MD,EPS
Mr. Geehan, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Base Metals
Cont.Adm.&Audit Div.
Finance Office
Region III (2)
F. E. Johnson
W. R. Griswold
Chron.

File Copy
Surname

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

CERTIFICATION BY THE UNITED STATES OF AMERICA OF A DISCOVERY OR DEVELOPMENT UNDER AN EXPLORATION PROJECT CONTRACT

To: Mr. W. W. Watson, Secretary-Treasurer
Chief Consolidated Mining Company
608 Deely Building
Salt Lake City, Utah

Pursuant to the provisions of the First Amended Exploration Project Contract No. Idm-E4, dated June 16, 1953, and of the Second Amended Exploration Project Contract No. Idm-E4, dated June 16, 1953, both Docket No. DMEA-1 and 1A, hereinafter called the "contracts", between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contracts, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows: Drifting and raising on and above the 2700 mine level has shown the existence of lead-zinc ores occurring as replacements in limestone.

Dated _____

THE UNITED STATES OF AMERICA

By _____
Administrator, Defense Minerals Exploration Administration

WRGriswold/er 1/31/56
Copy to:
Docket
Mr. C.A. Freedell,Dr.,MD,EPS
Mr. Geehan, USBM
Mr. Kiilsgaard, USGS
Admr. R File
Op. Committee
Base Metals
Cont.Adm.&Audit Div
Finance Office
Region III, (2)
F. E. Johnson
W. R. Griswold
Chron.

File Copy
Surname
Griswold
Chambers
Selfridge
Rubin
Lawyer
H. Johnson
Mittendorf

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 500
WASHINGTON 25, D. C.

FEB 16 1956

Mr. W. N. Traver, Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab & Utah Counties, Utah
Second Amended Contract No. Idm-Eh

Dear Mr. Traver:

We have your memorandum of January 31, with enclosures, covering jointly owned equipment under the cited contract.

We note that the management has requested permission from DMEA to allow the Nickerson Pump Company to sell the equipment for them. We can appreciate the fact that a forced sale could result in much of the material being dumped at absurdly low prices; certainly it is decidedly to the best interest of the Government that sales be arranged on the most favorable basis possible. You may therefore approve of such selling arrangements as you believe will result most advantageously.

Mr. W. E. Young, in his inventory, lists certain equipment as presently being in use by the Operator. If this company desires to retain such equipment, it will, of course, have to negotiate with you regarding purchase of the Government's equity therein.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GCS)

APPROVED:

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

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

WRGriswold/er 2/9/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Mr. Chambers, DMEA
Chron.

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

RECEIVED
FEB 16 1956

224 New Customhouse
Denver 2, Colorado

February 13, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA 1 and 1A (Lead-Zinc), Second Amended Contract Idm-E4, Chief Consolidated Mining Company, Chief No.1 mine, Juab and Utah Counties, Utah

Enclosed are the Government's, Division, and Docket copies of the Termination Agreement which was forwarded by your letter of January 30, 1956, for signature by the Operator.

Also enclosed are three copies of the Operator's letter of February 10, 1956, whereby he returned the executed copies of the Termination Agreement to this office, and two copies of letter from this office to the Operator, dated February 13, 1956, relative to settlement of the Government's interest in the jointly owned property acquired under the contract.

Copies of the Termination Agreement have been given to the Operator, the Finance Office, Region III, and distributed to other offices concerned.

W. M. Traver

W. M. Traver

Enclosures

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

RECEIVED
FEB 1 3 1956

224 New Customhouse
Denver 2, Colorado

February 13, 1956

Mr. W. W. Watson, Secretary & Treasurer
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Re: Docket No. DMEA 1 and 1A (Lead-Zinc)
Second Amended Contract No. Idm-E4

Dear Mr. Watson:

By virtue of Articles 7 and 16 of the original Contract, Article 11 of the First Amended Contract and pursuant to express provisions in paragraphs 1 and 2 of "Exhibit A" of the Second Amended Contract, the Government acquired an interest in property purchased for use on the project which was "paid for or purchased with funds contributed jointly by the operator and the Government." Such property includes any individual items of equipment and facilities, buildings, or other fixtures costing more than $50.00 each. It also includes materials and supplies considered in groups or categories (such as pipe, explosives, rails, drill steel), if the original cost of the remaining unexpended portion of any such category of materials or supplies exceeded $50.00. As to any facility, building, fixture, or piece of equipment, and as to any such group or category of materials or supplies the original cost of which or the unexpended portion of which did not exceed $50.00, the Government does not assert any claim or interest under the terms of the contract.

The effect of the contract provisions is to make you the agent of the Government for the disposition of its interest in such property. Therefore it is your responsibility to make the best possible disposition of the property for the benefit of the Government. Every reasonable effort must be made to realize its full value. Such reasonable efforts might include: (1) Advertising in newspapers, periodicals, and posting notices in public places; (2) canvassing users of and dealers in such property; and (3) negotiating with the original vendor for the repurchase of the property.

Should you wish to retain the property or, in effect sell it to yourself, you may do this only after first having made every reasonable effort to procure a price higher than you yourself are willing to pay; or you may buy the Government's equity by paying for it either on the basis of the original cost or at a price higher than the highest bid obtainable from two independent bidders. In bidding on the property for yourself you should give consideration to the fact that the property in place is worth considerably more to you than if dismantled and disposed of elsewhere.

You are requested to advise this office in advance of the proposed disposition of any such property so that we may advise you if the Government will approve thereof and join in the transaction. Please supply this office with the original and five copies of your liquidation proposal, complete with all bids or other documents and material relative to the property disposition.

Please furnish this office with an inventory of the salvaged and non-salvaged electrical and pumping equipment involved. The inventory should be broken down to correspond to Contract authorization and show by individual items the original cost to the project so that the aggregate of all items will balance with the total amount charged to the project on forms NF-104 and NF-104A.

Very truly yours,

W. M. TRAVER

W. M. Traver
Executive Officer, IBRA
Field Team, Region XII.

JWT:bh
cc-Chair. Op. Comm. (2)
Harshman
Wilson
Osterstock
Brading
Townsend
Subject
Chron.

Utah Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

DMEA
Date Rec'd
FEB 13 1956
BUREAU OF MINES
Denver, Colorado

February 10, 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Docket DMA 1 and 1A
Contract Idm-E4

Dear Mr. Traver:

Our Company has accepted the terms outlined in the Termination Agreement you forwarded to us under date of February 2, 1956.

We, therefore, enclose all copies of the Agreement properly executed by our Vice President and General Manager.

Yours very truly

W. W. Watson

W. W. Watson
Secretary & Treasurer

WWW:ALC
Encs.

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

RECEIVED
FEB - 3 1956

224 New Customhouse
Denver 2, Colorado

January 31, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 1 and 1A (Lead-Zinc), Contract Idm-E4, Chief Consolidated Mining Company, Juab County, Utah

In conjunction with the liquidation of the Government's interest in the jointly owned property acquired under Contract Idm-E4, we are enclosing for your information the original and three copies of an inventory prepared by W. E. Young, Mining Engineer, Bureau of Mines, and transmittal thereof by Stephen R. Wilson dated January 27, 1956. The inventory is incomplete as to all property involved because of its inaccessibility.

W. M. Traver

W. M. Traver

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

DMEA
Date Rec'd.
JAN 30 1956

BUREAU OF MINES
Denver, Colorado
RECEIVED
FEB - 3 1956

January 27, 1956

Memorandum

To: W. M. Traver, Executive Officer, DMEA Field Team, Region III

From: Stephen R. Wilson

Subject: Docket No. DMEA-1 and 1A (Lead-Zinc), Contract Idm-E4, Chief Consolidated Mining Co., Juab County, Utah. Your memorandum of January 13, 1956

Attached are nine copies of a memorandum prepared by W. E. Young relative to jointly owned equipment held under the subject contract. The inspecting engineer visited the property January 18 and 19, 1956, and made an inventory of property accessible above the present water level.

Virtually all jointly owned equipment has been removed to the surface and to areas above the 2200-foot level. All is salvageable. The inspecting engineer's memorandum includes a list of equipment that he was able to inventory on the property. Numerous items are covered, and he was unable to actually view each piece.

Stephen R. Wilson
Stephen R. Wilson

Enclosure

cc: J. B. Clemmer

RECEIVED
FEB - 3 1956

S. R. Wilson

January 26, 1956

W. E. Young

Docket No. DMEA-1 and 1A (Lead-zinc), Second Amended Contract Idm-E4, Chief Consolidated Mining Co., Chief No. 1 mine, Juab and Utah Counties, Utah

An inventory of jointly owned property was made at the Chief mine January 18 and 19. Jointly owned material principally consists of electrical and pumping equipment. Some track and pipe was salvaged from the 2700-foot level which is jointly owned. The following is a list of material at the mine:

1 Transformer, 3,000-kv.a., 44,000-volt primary, 4160-volt secondary, type AOP3, 3-phase, 60-cycle, class A, insulated for 55° C. temperature rise above ambient, 44000/4160Y delta volt, delta delta connected with 4 2½ percent full-capacity taps below 44,000 normal voltage	$11,694.00
1 Lightning arrestor, station type SV, outdoor, single-pole unit, type S, No. 1533123	1,513.68
3 Fuses, power-type DRA-1 "DE-10N", dropout, 46,000-volt	260.00
2 Breakers, oil circuit, 800-amp., 4160-volt, 3-pole, 3-phase, 50,000-amp., type D-20 main breaker	822.50
1 Lightning protection, cable-type S. No. 1114725, type FR intereen capacitator, 3-phase, 4160-volt, and 3 type FD special S. No. 1533190 lightning arresters on cable	489.60
2 Breakers, oil circuit, 600-amp., 4160-volt, 3-pole, FK 142-416-25	580.00
(The above equipment is in place on the surface, throughout the mine to the 1800-foot level, and is in use.)	
6 Auto Transformers, "Larkin", 4160-volt to 2300-volt, 500-kv.a., serial Nos. L-759-1 through L-759-6	10, 829.00
1 Control panel, GE, CRZ-820-1740 (All control panel and component parts belong to Chief Consolidated Mining Co. except 2 timing relays)	104.00

2 Pumps, horizontal type, 8 x 10 x 14, BVS-249991, 600-hp., 2300-volt, 3900-g.p.m., at 575-foot head ---------- $ 6,028.00

2 Motors, 600-hp., for above ---------- 16,992.00

2 Breakers, GE, oil circuit, 2500-volt, 400-amp., serial No. 2883228GZRTH ----------

2 Starters, reduce voltage, 600-hp., 2300-volt, 3-phase, 60-cycle ---------- 7,104.00

1 Breaker, oil circuit (no name plate) ----------

1 Pump, #6 GT, 2-stage I-R ---------- 2,575.58

1 Motor, #6 GT-184, rotar, complete ---------- 1,295.16

2 Pumps, 16CKXL, 5-stage, submersible, bowl assemblies only, B-J, 450-hp. ---------- 3,360.80

(In addition to the above pumps, there are 7 pumps on the 1800-foot level. Two pumps were lost in the 2900-foot level sump. Purchase orders show that bowl assemblies for 3 pumps were purchased. These were probably installed in Chief Consolidated Mining Company-owned pumps, but which pumps are not known.)

2 Breakers, GE, oil circuit, FK 142-416-25, 4160-volt, 600-amp.

1 Relay, GE, time-over current, 121AC66A1A

6 Jack switches, single-pole throwout, 5,000-volt, 400-amp.

1 Transformer, air-cooled, 37½-kv.a., 3-phase, 2300- 440- 220-volt

3 Transformers, single-phase, 25-kv.a., 2300- 220- 400-volt

1 Breaker, circuit

1 Transformer, control, 2300-volt to 230-volt, 230-volt to 110-volt, 10-kv.a.

1 Line starter, Westinghouse, 350-hp., 2300-volt, style 1258860

1 Lightning arrestor, 450-hp., Westinghouse, 2300-volt, style 1258861

1 Lightning arrestor

1 Capacitator, GE, 400-amp., 2500-volt, Cat. No. 28322802

1 Capacitator, switch circuit breaker, F11, Westinghouse

1 Lightning arrestor, set, for rotating equipment

1 Magnetic starter, 50-hp., 440-volt

1 Switch, 200 amp., fusible disconnect

1 Lightning arrestor

2 Breakers, Westinghouse, F11, oil circuit

7 Transformers, 200-amp.

1 Magnetic starter, GE, CR7006R2D, 700-hp., 2300-volt

1 Lightning arrestor, set

1 Magnetic switch, GE, CR7006R1BB, 350-hp., 2300-volt

2 Breakers, Westinghouse, F11, oil circuit

10 Transformers, current

2 Magnetic switches, GE

2 Lightning protectors

2 Breakers, Westinghouse, oil circuit, 200-amp., 4500-volt

3 Jack Switches, single-pole, 600-amp.

The above equipment is stored in a building on the surface along with other company-owned equipment of the same type. Considerable equipment, consisting of material similar to the above, and also smaller electrical equipment, is piled on the 1800-foot level, preparatory to being moved to the surface. This could not be inventoried because the quarters are too confined to permit moving the equipment.

No attempt was made to inventory the 18-inch Victaulic pipe and valves, which workmen are in the process of removing and storing on the 1800-foot level in every available opening. Some of the valves have been brought to the surface, but most of them are buried deep, under stored equipment, along with other company-owned pipe and valves.

The water has risen to the 2200-foot level. All material except the two sinker pumps was removed ahead of the water and salvaged. The management plans to remove all cable and pipe from the 2200-foot to the 1800-foot level.

The management has requested permission from DMEA to allow Nickerson Pump Co. to sell the equipment for them. Because of the specialized nature of most of the equipment, bids from dealers would be much below the actual value. There is probably enough equipment, which, if sold on the second-hand market, would repay the remaining part of the loan. However, it is likely the company would lose considerable money on any forced deal of this kind.

W. E. Young

W. E. Young

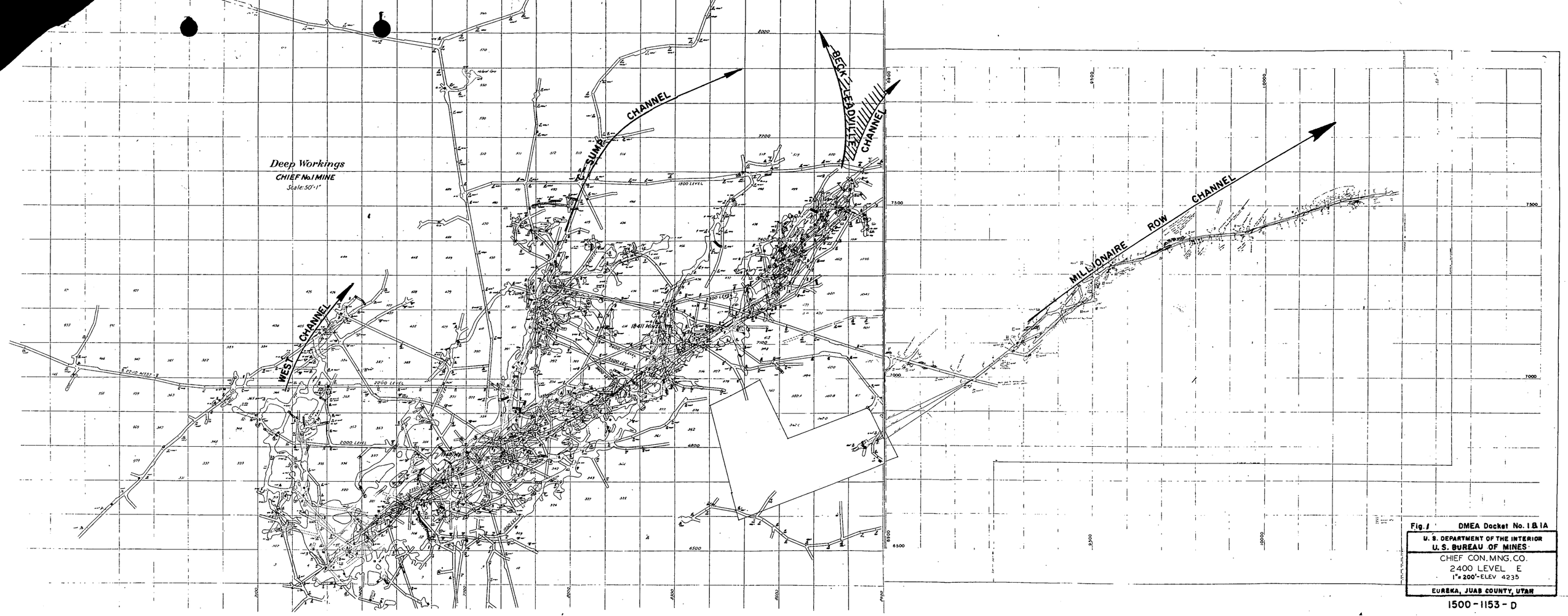


Fig. 1 DMEA Docket No. 1 & 1A

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

CHIEF CON. MNG. CO.
2400 LEVEL E
1" = 200'-ELEV 4235

EUREKA, JUAB COUNTY, UTAH

1500-1153-D

Chief Consolidated Mining Company
Tabulation Showing Pertinent figures
For Use in Estimating
Future Ore

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Table "A" - Showing Production by Level during 5-year Period for which Distributed Tonnage Figures are Available

Name of Channel and Level Interval	Vertical Interval	Production: Period (inclusive)	Production: Dry Tons	Production: Tons Per Vertical Ft.
Millionaire Row Channel: (Includes 22-301 & 24-59 Stopes)				
(1) 1950 - 2200	250	1946 - 1951	33,772	135 } 133
(2) 2200 - 2400	200	1946 - 1951	25,926	130 }
(3) 2400 - 2500	100	1946 - 1951	377	
"C" Sump Channels: (26-27, - 33, - 34, - 41 & - 32 Stopes)				
(4) 2500 - 2600	100	1945 - 1951	22,951	230
(5) 2600 - 2700	100	1945 - 1951	6,840	--
West Channels: (22-224, - 225, -252,) - (22-240, - 79) - (2350-70, - 20 Stopes)				
(6) 1900 - 2350	320	1945 - 1951	40,190	128
Beck-Leadville Channels: (25-21, - 18, - 24, - 35, - 77) (24-10, - 13 Stopes)				
(7) 2400 - 2500	94	1946 - 1951	71,496	769
(8) 2500 - 2600	100	1945 - 1951	17,243	--
(9) 2600 - 2700	100	1946 - 1951	424	--

Table "B" - Development of Tons/Vertical Foot Factor

(10) Line 1 plus Line 2 (Millionaire Row Channel)		59,698 / 450	133
(11) Line 4 ("C" Sump Channel)		22,951 / 100	230
(12) Line 6 (West Channel)		40,190 / 320	125
(13) Line 7 (Beck-Leadville Channels)		71,496 / 94	760
	Grand Total		1,248

Table "C" - Total Tons Production Chief No. 1 Mine Only

(14) 600 - 2700	2,100	1909 - 1951	2,361,480	1,125

Remarks

I Complete production figures can be compiled on a level-channel break-down Only from 1946 to date as shown in Table A Production figures prior to 1945 were not recorded in a way that permits distribution.

II It is Important To Note:
- (a) That Mining is being carried on Currently in All Channels.
- (b) That production figures Do Not represent Exhaustion of the channels.
- (c) That the Final Production figures will be somewhat in excess of these figures (See lines 1, 2, 4, 6, & 7).
- (d) These intervals (See lines 1, 2, 4, 6, & 7) are used to develop a Tons/Vertical Foot Factor (See Table ("B") because
  - (1) these intervals represent a complete record of production
  - (2) tonnage can be distributed for a level-channel breakdown
  - (3) these intervals are the most completely mined intervals.
- (e) That Tonnage figure shown on lines 3, 5, 6, & 9 represents ore coming from channels in a relatively early stage of production.
- (f) That the vertical interval used in line 14 Table "C" is from the top productive level - the 600 - down to the present bottom - the 2700 level or a vertical distance of 2100 feet.

III The Total production figure shown in Table "C" is for the Chief No. 1 Mine Only, and the figure of 2,361,490 tons excludes production from other mines now owned or which were owned at one time. These mines and the production from them under Chief Ownership Only are listed as follows:

(a) Plutus	205,480	Tons
(b) Grand Central	521,951	"
(c) Gemini	18,186	"
(d) Eureka Hill	57,127	"
	802,744	Total Tons Production Excluding Chief No. 1
	2,361,480	Total Tons Production Chief No. 1
Grand Total	3,164,224	Total Tons Production Chief Cons. Mng. Co.

February 6, 1952

J. C. Hall

H. G. Peacock

CHIEF CONSOLIDATED MINING COMPANY
Eureka, Utah

Tabulation Showing Channel Production and Grade
of Deep Workings for use in Estimating Future Ore

Name of Channel		Level Interval	Contributing Stopes	Color Code Plan Maps	Vertical Interval	Period (Inclusive)	(a) Tonnage	(b) (d) Tons / Vertical foot	(c) (d) Stope Production - Hand Sample weighted assays (Local Determinations) oz. Ag.	% Pb.	% Zn.
C-Sump Channel:											
(A) South of Leadville Fault	(1)	2500-2600	(26/27 - 26/32 - 26/33 26/34 - 26/41 - 26/61 - 26/107)	Russet	100	Dec. June 1948 - 1955	26,058	261	5.6	6.5	8.7
	(2)	2600-2700	(26/107 Wz - 27/13 - 27/334)		100	May June 1950 - 1955	9,811	98	4.1	5.1	7.6
	(3)	2700-2800	(27/36 Wz - 28/45)		35	May June 1954 - 1955	1,936	(55)	5.0	6.4	7.9
(B) North of Leadville Fault	(4)	2600-2700	(27/16 - 27/35 - 27/45 - 27/51 27/52 - 27/72)	Red	100	May June 1950 - 1955	10,783	108	7.4	7.5	10.0
	(5)	2700-2800	(27/45 Wz - 27/51 Wz - 28/5 Dr 28/28 - 28/33 - 28/40)		100	May June 1954 - 1955	10 025	(100)	5.8	6.7	10.4
Beck Fault Channel:	(6)	2500-2600	(26/01 - 26/03 - 26/05 - 26/10 26/19 - 26/23)	Brown	100	Dec. June 1948 - 1955	4,540	45	4.2	4.7	7.3
North-South Channel (West):											
(A) South of Leadville Fault	(7)	2500-2600	(26/12 - 26/38 - 26/45)	Green	100	Dec. June 1948 - 1955	5,488	55	4.5	5.4	7.4
(B) North of Leadville Fault	(8)	2600-2700	(27/27 - 27/36 - 27/38 - 28/14)		100	May June 1950 - 1955	14,427	(144)	10.0	9.2	11.6
	(9)	2700-2800	(28/14 - 28/16 - 28/22 - 28/25 28/18)		100	May June 1954 - 1955	33,581	(334)	6.2	6.3	9.0
East-West Channel:											
(A) South of Leadville Fault	(10)	2500-2600	(26/46 - 26/48)	Turquoise	100	Dec. June 1948 - 1955	3,231	32	6.7	6.3	7.1
	(11)	2600-2700	(27/14 - 27/18 - 27/26 - 27/31		100	May June 1950 1955	4,521	45	8.8	9.3	12.0
	(12)	2700-2800	(27/31 Wz)		10	May June 1954 - 1955	872	(87)	8.6	10.7	10.7
(B) North of Leadville Fault	(13)	2500-2600	(26/53 -26/70 - 26/79 - 26/80)	Blue	100	Dec. June 1948 - 1955	13,441	134	9.6	10.5	9.6
	(14)	2600-2700	(27/43)		100	May June 1950 - 1955	3,833	38	10.6	12.4	14.9
North-East Channel:											
(B) North of Leadville Fault	(15)	2600-2700	(27/30 - 27/39 - 27/58 - 27/50 27/58 - 27/72 - 27/76 - 27/79)	Purple	100	May June 1950 - 1955	17,825	178	7.5	10.4	9.7
	(16)	2700-2800	(27/76 Wz - 27/39 Wz - 28/16 28/31 - 28/42)		100	May June 1954 - 1955	9,099	(91)	8.5	10.5	10.4
North-South Channel (East):											
(B) North of Leadville Fault	(17)	2500-2600	(25/36 Wz - 26/58 - 26/86 - 26/36 - 26/104)	Yellow	100	Dec. June 1948 - 1955	5,874	59	8.8	8.4	7.2
	(18)	2600-2700	(26/58 Wz - 26/104 - 27/83 -27/84)		100	May June 1950 - 1955	4,981	50	6.1	10.8	9.9
	(19)	2700-2800	(27/83 Wz - 27/84 Wz - 28/35 - 28/46)		60	May June 1954 - 1955	5,702	(95)	6.4	11.0	12.5
26/59 N-S Channel:											
(A) South of Leadville Fault	(20)	2500-2600	(26/55 - 26/59 - 28/73)	Red Violet	100	Dec. June 1948 - 1955	2,932	29	2.0	4.1	6.5
	(21)	2600-2700	(27/65)		100	May June 1950 -1955	1,150	(12)	1.9	5.3	10.3
Unclassified Ores:	(22)	2600-2700	Random Spots		100	May June 1950 - 1955	183	--	---	---	---
	(23)	2700-2800	" "		100	May June 1954 - 1955	34	--	---	---	---
Millionaire Row Channel:											
	(24)	2200-2500		Red Orange	290	Nov. June 1948 - 1955	35,469	(122)	12.4	12.5	8.0
	(25)	2500-2600			90	July June 1954 - 1955	5,112	(57)	8.5	13.2	12.1
	(26)	2600-2700			100	1954 - 1955	4,926	(49)	6.9	12.3	15.3
Total Tonnage - All Channels, Except M. R. Channel (Lines 25, 26)											
	(27)	2500-2600			100	Dec. June 1948 - 1955	61,564	616	6.5	7.2	8.5
	(28)	2600-2700			100	May June 1950 - 1955	67,514	675	7.6	8.9	10.3
	(29)	2700-2800			100	May June 1954 - 1955	61,049	610	6.5	7.5	9.7
	(e) (30)	2500-2600			100	Dec. July 1948 - 1955	61,564	616			
	(e) (31)	2600-2700			100	Dec. July 1948 - 1955	67,954	680			
	(e) (32)	2700-2800			100	Dec. July 1948 - 1955	68,977	690			

See Sheet #2, Appendage A

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Sheet #2

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JAN 2 6 1956

CHIEF CONSOLIDATED MINING COMPANY

Eureka, Utah

Tabulation Showing Channel Production and Grade
of Deep Workings for use in Estimating Future Ore

Appendage A

Note (a) Figures in Tonnage Column are actually number of mine cars. Average mine car load weight is approximately 1.1 wet tons.

(b) The correct reading for this column should be mine cars / vertical foot - see note (a).

Parenthesis around tons / vertical foot figures indicates channel is still being mined, or as in the case of line 12, channel continuation has not been blocked out below this depth.

(c) Average channel assay determinations are derived by weighting the monthly production and the monthly hand samples average for all stopes which contribute to the total channel tonnage shown.

(d) Settlement assays and tonnages are not available for individual stopes as channel ores are mixed in shipment.

(e) Lines (30), (31) and (32) are beyond the producing period covered by this tabulation and have been included only because they show a marked increase in the ton / vertical foot in depth.

File Copy
Surname

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

January 23, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

Attention: Mr. Rubin

From: Chief, Base Metals Division

Subject: Docket No. DMEA-1 & 1A (Lead-Zinc), Chief Consolidated Mining Company, Chief No. 1 Mine, Juab & Utah Counties, Utah, Second Amended Contract No. Idm-E4

Will you kindly prepare a mutual termination for the cited contract which will require the Operator to dispose of all equipment purchased under the contract and which will preserve the right of the Government to make a certification of discovery or development.

The work under the project was stopped by the Operator, without prior Government approval, on or before October 15, 1955.

We would like to have your comments regarding the attached draft of a letter to Mr. Traver regarding the contract.

W. R. Griswold

W. R. GRISWOLD

WRGriswold/bjl

Copy to: Docket
Base Metals
Chron.

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

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JAN 19 1956

224 New Customhouse
Denver 2, Colorado

AIR MAIL
SPECIAL DELIVERY

January 18, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 and 1A (Lead-Zinc), Second Amended Contract Idm-E4, Chief Consolidated Mining Company, Chief No. 1 mine, Juab and Utah Counties, Utah.

In conjunction with the matter discussed in your letter of January 10, 1956, and prior correspondence, we are enclosing the following material:

1. Three copies of the Operator's letter of January 16, 1956, relative to the liquidation of the Government's interest in the jointly owned property acquired under the Contract.

2. Two copies of letter prepared by this office in reply to the Operator's letter of January 16.

The two copies of letter under item 2 are indicated for distribution to the Washington Office, DMEA, and are forwarded for your review prior to the release of the letter to the Operator and regular distribution of the remaining copies.

Because of the legal aspects of the case, we are hesitant to release the letter to the Operator without your prior review. If the letter is not satisfactory in all aspects, please advise a suggested revision or prepare a new letter for our forwarding to the Operator. If you deem the letter to be satisfactory, please teletype advice so that we can forward the letter to the Operator at the earliest date possible.

W. M. Traver

W. M. Traver

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

RECEIVED
JAN 19 1956

224 New Customhouse
Denver 2, Colorado

January 18, 1956

Mr. W. W. Watson, Secretary-Treasurer
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Re: Docket DMEA 1 and 1A (Lead-Zinc)
Second Amended Contract Idm-E4

Dear Mr. Watson:

Reference is made to your letter of January 16, 1956, regarding liquidation of the Government's interest in the property acquired under Contract Idm-E4.

The following facts have placed the Chief Consolidated Mining Company in an extremely unfavorable position regarding the DMEA Contract:

1. The work agreed upon was not completed to the extent stipulated in the Contract, which defeated the original intent of the Contract.

2. Without the knowledge or consent of the Government, the Company permitted the project area to flood, thereby jeopardizing the project work completed and endangering valuable equipment and material in which the Government has a 50% interest.

3. The Company's action in permitting the DMEA project area to flood has deprived the Government of royalty payments on production from the project area, which otherwise would have been probable.

Regarding item "3", the Washington Office, DMEA, has indicated that they might consider the matter of your Company's default, under the terms of the contract, in a more favorable light if the Company would supplement the ground from which royalty on production is payable to the Government by including the ground which is presently excluded by the provisions in "EXHIBIT "B" (Second Amended Contract)." Please advise as to the Company's attitude in this matter.

Regarding a decision as to the manner of liquidating the Government's interest in the jointly owned property, had the Company remained in a position to continue production and make royalty payments, or resume royalty payments in the foreseeable future, it would have an important bearing on the matter. Under existing circumstances, before a decision can be rendered, it will be necessary that you furnish this office with an inventory of the property involved, showing separately the property recovered and that not recovered. The inventory should be broken down on the basis of Contract authorization and show by item the actual cost to the project and the estimated salvage value. In addition, the inventory should be balanced with the entire cost of pumping system as reported on Forms MF-104 and MF-104A.

Nothing in this letter shall be construed to indicate the Government's agreement or concurrence in the Company's action regarding the DMEA project under Contract Idm-E4.

Very truly yours,

W. M. Traver

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

JWT:prl

cc: Chairman, Operating Committee (2)
Harshman
Wilson
Townsend
Corres. file
Chron.

DMEX
Date Rec'd.
JAN 17 1956

JAN 19 1956

BUREAU OF MINES
Denver, Colorado

Chief Consolidated Mining Co.

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

January 16, 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
224 New Custom House
Denver 2, Colorado

Re: Contract No. Idm-E4

Dear Mr. Traver:

Reference is made to Paragraph 6 of the above captioned contract and also to the fact that this contract due to the cessation of work by the operator is presently being considered for termination.

Certain items of equipment, i.e., pumps, power lines and related items, were purchased at the start of this contract jointly by the contractor and the Government, the Government remitting to the Contractor $120,352.80 as its share in the cost and installation of these items. Upon cessation of work by the Contractor, the Contractor caused all of these items, with the exception of two small pumps and their appurtenances to be removed from the area subject to flooding. This equipment is no longer of value to the Contractor, and the Contractor desires to dispose of the same by sale.

Contractor realizes under the conditions of Paragraph 6 of the Contract that the Government may have an interest in the salvage value of this equipment. The Contractor requests the Government to consider the fact that it has paid to the Government from proceeds derived from the sale of ores a sum in excess of $125,000.00, and further requests the Government's consideration to exercise the powers inferred in Paragraph 6 of the Contract and agree that it has been fully reimbursed for the equipment so purchased and that the title to the same and authority for the disposal remains with the Contractor and the Government's interest ceases therein.

In the event that the Government cannot concede to this request, the Operator then requests that the Government arrange with the Operator to jointly dispose of this equipment at the earliest possible opportunity.

Yours very truly

W. W. Watson

W. W. Watson
Secretary & Treasurer

WWW:ALC

cc: Mr. S. R. Wilson

File Copy
Surname

500

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

JAN 10 1956

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab & Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Traver:

We have your letter of December 23 referring to the property settlement under the cited contract. You are correct in stating: ". . . either completion of the work or termination of the contract is a prerequisite to the settlement of the Government's interest in the jointly owned property".

However, we were hopeful that the Operator might be willing to negotiate an acceptable offer, in which case property settlement matters could have been included in an agreement of mutual termination. If it is not willing to do so, then we obviously must first take action to terminate the project due to the Operator's presently being in default and thereafter proceed with the disposal of the property. You are incorrect in stating that the Operator would be in default on March 16, 1956 (expiration date of the contract); it is already in default.

We repeat that it is quite out of the question that we make a gift of the Government's equipment equity to the Operator; such royalty payments as have been made were in accordance with the terms of the contract and have nothing to do with property settlement matters. Naturally, if royalty payments had equalled the total of the Government's contribution, the equipment account would have been closed, but such is not the case.

Actually, the matter of equipment disposal is clearly covered in Article 11 of the First Amended Contract, and the Operator's responsibility is clearly defined therein. Please advise us as soon as possible regarding the list of equipment, indicating items

which are salvageable, together with the Operator's best offer. If such offer is not acceptable, we must then terminate the project due to default and require the Operator to secure bids from at least three equipment dealers. Failure on its part to do so would then force us to take further action.

Let us emphasize again that what we are trying to do is negotiate a deal with the Operator that results in the greatest return to the Government of the money expended by it. We are aware that a forced sale of highly specialized equipment perhaps would render only a small return; hence, we do not desire to resort to it except as a last resort. It seems obvious that the equipment should be of more value to the Operator than to a third party. Therefore, we are willing to negotiate a settlement rather than to demand a settlement in cash.

It is our understanding that the act of the Operator in defaulting in completion of the work and allowing the lower levels of the mine to flood has cut us off from a certain source of royalty. Hence, if the Operator would be willing to add additional lands, some of which are presently producing, we might be inclined to negotiate an equipment settlement on such a basis.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GB)

APPROVED:

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

Thor H. Kiilsgaard (GB)
Member, Geological Survey

WRGriswold/bjl (1/3/55)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kiilsgaard
Mr. Jay Chambers
Chron.

Mr. W. R. Griswold, Rm 4444 December 30, 1955

Associate Solicitor, Division of Mineral Resources

Docket No. DMEA-1 & 1A - Chief Consolidated Mining Company
Chief No. 1 Mine (lead-zinc)

As stated to you on the phone, I think the letter needs another paragraph at the end emphasizing that what we are trying to do is to negotiate a deal with the Operator that results in the greatest return to the Government of the money expended by it; that crediting the Operator with the repayment of all money for the equipment purchase from royalty already paid will not do it; that the best way to do it is by negotiating with the Operator (not quoting us provisions of the contract with which we are already familiar); and to not give up on the idea of getting more territory into the land description, because the Operator is cutting us off from a possible source of royalty by defaulting in completion of the work. If we understand Harshman's letter, he is probably talking all around the same point, but not directly at it; and probably doesn't understand that if the Government agreed to a negotiated settlement, it might not require the immediate payment of cash for its interest in the property, such as if the Operator agreed to throw into the land description a larger area of land, some of which is presently producing.

H C Robin
[redacted]

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

224 New Customhouse
Denver 2, Colorado

December 23, 1955

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket DMEA 1 and 1A (Lead-Zinc), Second Amended Contract Idm-E4, Chief Consolidated Mining Company, Chief No. 1 mine, Juab and Utah Counties, Utah.

Reference is made to your letter of December 14, 1955, regarding termination of the subject contract and liquidation of the Government's interest in the jointly owned property.

In the third paragraph of your letter, it is stated that you are not in accord that the contract be officially terminated prior to the property settlement. In Exhibit "A" of the "Second Amended Contract", paragraph "1", referring to the property liquidation, it is stated in part:

> ". . . which shall be liquidated and accounted for as provided in that Contract (meaning the First Amended Contract), but upon the completion of the work provided for in this Second Amended Contract or upon its termination."

It appears from the foregoing that either completion of the work or termination of the contract is a prerequisite to the settlement of the Government's interest in the jointly owned property. We are bringing the matter to your attention with the request that you obtain the legal status before we initiate negotiations with the Operator.

Regarding the Government taking over the property, or threatening to do so, and to dispose of it for the joint account of the Government and the Operator, it is doubtful that even the cost of salvaging would be realized if such action were actually taken by the Government. This fact is apparent, no doubt, to the Operator because of its impracticability.

We doubt if the Operator would consider executing an agreement to give the Government royalty from additional areas which are presently in production. However, we will prospect that possibility as you suggested. If it is determined that an agreement to that effect is feasible, there would be a considerable amount of field investigation involved and a suitable Amendment to the Contract would have to be prepared.

Regarding the suggestion of Mr. Watson pertaining to the manner of effecting the liquidation, we agree with your viewpoint in principle. However, it appears immaterial whether the return to the Government is on the basis of a high percentage of its investment in the cost of the jointly owned property and a low percentage of the balance of the project costs, or vice versa.

Total disbursements to date under the contract amount to $185,680.73, on which the Government has had a return by royalties of $127,008.88, leaving an unpaid balance of $58,671.85.

The property involved consists of the pumping system which was constructed at a cost of $240,705.59, in which the Government participated to the extent of 50 per cent, or an amount of $120,352.79.

Relative to the pumping system, a fact that should be realized is that a large portion of the original cost consisted of labor and material in assembling the system which would have no salvage value whatsoever. Also, some individual units of the system were constructed by assembling company owned equipment and new equipment and supplies, to which the Government contributed a part of the cost. Consequently, in some cases, it would be impractical if not impossible to identify or separate the portion to which the Government contributed.

We believe that the Operator's financial condition is such that a cash outlay to liquidate the Government's interest in the property would impose a severe hardship on them which probably would preclude their bidding on the property to retain it in place. The alternative, then, is to salvage such of the property as is possible and dispose of it on the open market, which is not too good at this time. On the other hand, if no outlay of additional cash was involved, at the time of the transaction, we might be able to negotiate a settlement with the Operator at a higher percentage of the Government's original investment, the Operator retaining the property for possible use in the future.

For example, if the settlement could be negotiated on a depreciation basis, say not to exceed a maximum of 15 per cent depreciation per year of operation, then the remaining value in the property,

on the maximum depreciation basis, would be 40 per cent of the original cost, in which the Government's interest would be 20 per cent, or approximately $48,000.00. If absorbing the amount due the Government in royalties already paid would result in a higher return to the Government in the property settlement transaction, then it appears to be to the best interests of the Government to settle on that basis. We believe a settlement of the foregoing nature would bear investigation and would at the same time give the Government a greater return on its original investment, also effect a greater return to the operator by enabling them to retain the property intact for future use.

As a last resort, in event negotiations fail to effect a satisfactory conclusion of the matter, if the project work is not completed by March 16, 1956, the expiration date of the contract, it appears that the Operator would be in default under the terms of the contract and therefore liable for such action by the Government as indicated to protect its interest in the matter, even up to demanding immediate repayment to the Government of the unpaid balance.

We have requested the field office to supply us with an inventory of salvageable property and their recommendations in the matter; also, they have been requested to contact the Operator and have them put in writing any proposal they may have relative to a settlement of the Government's interest in the jointly owned property.

In the meantime, we will appreciate further advice from you on the matters discussed herein.

E. N. Harshman

E. N. Harshman

File Copy
Surname
Griswold
Fisher
Chambers
Selfridge
F Johnson
McKelvey

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

500

DEC 14 1955

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A (lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab & Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Traver:

We have your memorandum of November 28, relative to the Government's equity in equipment purchased under the cited contract.

It would appear that this Operator is not inclined to make an equitable offer. The suggestion of Mr. Watson "that the subsequently agreed upon amount of the Government's interest in the property be considered as having been defrayed as a part of royalty payments already made" is far from being acceptable. In effect, we would be making this company a present of the Government's substantial equity. If, on the other hand, the Operator will agree to the Government receiving royalty on production from additional areas presently being operated, and if such areas show promise of yielding substantial amounts of ore, we might be inclined to come to some such arrangement.

Neither are we in accord that the contract be officially terminated prior to the property settlement. You will recall that work on the project was stopped by the Operator without prior consultation with the Government. The reason given for the stoppage of work on the project was that the over-all mine operation was not yielding a profit; yet there was nothing in the exploration contract which made project work contingent upon profits from the mining operations. Certainly the Operator would not want the Government to, ex parte, terminate the contract because of the Operator's default, when instead, the Government might be inclined to

enter into a termination agreement with the Operator, which would dispose of all problems under the contract. The Operator should be reminded that, if the Government terminates the contract, ex parte, and the Operator fails to satisfactorily dispose of the property, the Government may enter upon the land and dispose of the property.

We note your statement "Therefore it will be difficult for us to negotiate the settlement without some idea as to the minimum of a settlement amount or percentage that would be acceptable to your office." It is difficult for us to make a definite statement at this time. Actually we are not clear as to just what items remain salvageable. Please let us have a list of equipment, indicating which is recoverable, and your comments thereon. It would seem that the proper procedure would be for the Operator to ask for bids from at least three equipment dealers, in accord with our usual practice, and that we accept the most favorable offer, if satisfactory.

These ideas are the framework within which we would negotiate a settlement with the Operator and should afford a basis upon which to initiate negotiations with this company. Please keep us informed.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (WB)

APPROVED:

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

Thor H. Kiilsgaard (WB)
Member, Geological Survey

WRGriswold/er (rewritten 12/8/55)
Copy to: Docket
Admr File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Mr. Jay Chambers
Chron.

File Copy
Surname

Griswold
Selfridge
Fleman
Mitchell

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

DEC - 7 1955

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab & Utah Counties, Utah
Second Amended Contract No. Idm-14

Dear Mr. Traver:

We have your memorandum of November 28, with enclosures, recommending certification of the cited project. Prior to our making such certification, please let us have an estimate as to total tonnage and average grade of ores indicated by the project, plus inferred ores.

Referring to Mr. Marshman's statement: "The lack of data on the grade of the "fast" ore and the marginal grade material somewhat confuses the problem of ore reserves in the lower levels of the mine." We realize that data may be lacking to permit of precise statements, but a reasonable approximation is satisfactory for our needs. Ores which have already been mined will of course be included in the estimate.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GB)

APPROVED:

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

Thor H. Kiilsgaard (GB)
Member, Geological Survey

WRGriswold/er 12/6/55
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

R.C.B.

IN REPLY REFER TO:

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

RECEIVED
DEC - 7 1955

December 7, 1955

Re: DMEA 1 and 1A
Chief Consolidated Mining Co.
Chief Consolidated No. 1 Mine
Juab County, Utah
$518,040.71 - Lead, Zinc

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

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

Subject: Review of memorandum concerning a certification of discovery.

The contract, with several amendments, approved the expenditure of $518,040.71 on winze sinking and exploration on levels from the 18-411 winze. To October 24, 1955, $389,383.46 had been expended and $126,822.00 in royalties on ore mined paid. The balance due is about $68,000.00. (Young and Osterstock to Executive Officer, Region III.)

All work in the lower levels has been stopped by the operator, due, as claimed, to decrease in grade of the ore, and increases in development and mining costs.

As evidenced by the royalty paid on ore produced, the exploration found ore, in this case the succeeding downward extensions of known ore bodies. The examiners estimate the following tonnages may be considered indicated and inferred as a result of the contract work in the subordinated area between the 3100 and 2600-foot levels. The estimate is based on mine experience which suggests that each 100-foot lift produces approximately 120,000 tons of which 70,000 is "fast" ore and 50,000 tons "supplemental" ore.

Interval	Indicated "Fast" Tons	Inferred "Fast" Tons	Supplemental tons
2800 to 2600 Remaining			90,000
2900 to 2800	70,000		50,000
3100 to 2900		140,000	100,000
	70,000	140,000	240,000

Though not now considered commercial by the operator, the tonnages of "fast" ore amply justify the recommendation of the Field Team that a certificate of discovery be issued.

I concur with that recommendation.

N. E. Nelson

N. E. Nelson

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

RECEIVED
DEC - 1 1955

224 New Customhouse
Denver 2, Colorado

November 28, 1955

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 and 1A (Lead-Zinc), Second Amended Contract Idm-E4, Chief Consolidated Mining Company, Chief No. 1 mine, Juab and Utah Counties, Utah

Enclosed are the original and three copies of a joint memorandum from W. E. Young and R. W. Osterstock, dated November 14, 1955, and transmittal thereof from E. N. Harshman, dated November 21, 1955.

The examining team outline the basis and recommend that a certification of discovery or development be issued as a result of the work performed under Contract Idm-E4, in which this office concurs.

W. M. Traver

By J. W. Townsend
J. W. Townsend

Enclosures

IN REPLY REFER TO:

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

DMEA
Date Rec'd
NOV 22 1955
BUREAU OF MINES
Denver, Colorado

November 21, 1955

Memorandum

RECEIVED
DEC - 1 1955

To: Executive Officer, DMEA Field Team, Region III

From: E. N. Harshman

Subject: DMEA Docket No. 1 and 1A (Lead-zinc), Chief Consolidated Mining Company, Juab County, Utah. Recommendations for certification of discovery or development.

In the first paragraph on page 2 of the subject memorandum the ore reserves between the lower four levels (2800, 2900, 3000 and 3100) are discussed. For reasons detailed in paragraph 2, page 2, these reserves are figured at 70,000 tons for each of the three blocks.

Using the term ore in the restricted sence, perhaps the figure of 70,000 tons for each of the lower levels is correct. However, for DMEA purposes, I would recommend that the supplemental 50,000 tons of lower grade material be included in the reserves, particularly between the 2800- and 2900-foot level, for although this material may not be of ore grade at the present time, it may become ore under changing economic conditions.

The lack of data on the grade of the "fast" ore and the marginal grade material somewhat confuses the problem of ore reserves in the lower levels of the mine.

E. N. Harshman

E. N. Harshman
Member, Field Team

Enclosures (9)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

MINERAL DEPOSITS
DMEA
RECEIVED
NOV 18 1955
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

NOV 22 1955
BUREAU OF MINES
Denver, Colorado

RECEIVED
DEC - 1 1955

November 14, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III
Through: S. R. Wilson S.R.W.
E. N. Harshman E.N.H.

From: W. E. Young
R. W. Osterstock

Subject: Docket No. DMEA 1 and 1A (Lead-zinc), Chief Consolidated Mining Co., Juab County, Utah. Recommendations for certification of discovery or development

Adequate exploratory work has been completed and sufficient ore has been mined and shipped as a result of the DMEA contract work to warrant issuing certification of discovery or development on property of the subject operator.

A contract was entered into between the Defense Minerals Administration and Chief Consolidated Mining Co. June 13, 1951. Ore was encountered on the 2700-foot level in September 1951, as a result of contract work. Shipments were started in September 1951, and have been continued to September 1955, except for a short interval during 1952 when the mine was not operating because of a strike. A total of 154,485.041 dry tons of ore has been shipped, on which royalties amounting to $126,822.53 have been paid to DMEA.

The contract work is divided into two projects. Project 1 consists of the installation of electrical and pumping systems capable of dewatering the mine, and of 1,800 feet of drifting and 300 feet of raising on the 2700-foot level. The work has been completed.

Project 1A consists of sinking 400 feet in the 18-411 winze, and driving 1,800 feet of drifts and 1,500 feet of raises on the 3100-foot level. The operator has completed 331.7 feet of sinking in the 18-411 winze under project 1A. Exploratory drifts have been driven from the winze on both the 2800- and 2900-foot levels, using other than DMEA funds. The 2800-foot-level drift was driven to the ore and was used for mining ores between the 2800- and 2700-foot levels. The 2900-foot-level drift was driven to the point of encountering the first ore on that level.

Records show that the mine has produced an average of 120,000 tons of ore for each 100 feet of vertical depth. Approximately 150,000 tons of ore has been mined and shipped to date from the block between the 2800-foot level and the 2600-foot level. The operator's decision to pull the pumps and abandon the lower workings with subsequent flooding of the lower levels resulted in the loss of 70,000 tons of indicated ore between the 2900- and 2800-foot levels. It is inferred that 140,000 tons of ore exists between the 3100- and 2900-foot levels.

Past mining procedure has been to mine the central cores of ore bodies within the short period of 1 year. This production of fast ore totals approximately 70,000 tons between levels. The remaining 50,000 tons is supplemented by lessees mining on higher levels. This latter tonnage is economic only by virtue of the fact the mine is kept open in order to extract the higher grade ores on the lower levels. Obviously, a point will be reached when only the higher grade ores will be economic. Therefore, the supplemental ores of the lower levels are not considered a reserve.

Ore bodies are principally replacement-type deposits in limestone. They form along rolls or tears in bedding or as pipelike deposits on faults. Because of the nature of the mineralization, the ore bodies are not blocked out and defined before mining. Some diamond drilling is done, principally to locate the direction of trend on succeeding levels.

The subject ores are within the encumbered block of ground set forth in Article 2 of the contract. More specifically, this block of ground is described as that area "...indicated by yellow shading on a map attached hereto denominated 'Claims and Mining Rights of the Chief Consolidated Mining Co., in the Tintic and North Tintic Mining Districts, Utah,' excluding thereform everything south of the Leadville fault from the surface to the 2450-foot level of the 18-411 winze (which exclusion is not indicated on the map)".

"Of the areas indicated on the map as excluded from this contract, two situated in the area of the exploration operations are a small rectangular parcel, unshaded, and a larger rectangular parcel partially shaded by diagonal yellow lines, the latter being excluded only from the 1800-foot level to the 2000-foot level. The smaller parcel is more particularly described as follows:

"Part of lot 10 and all of lots 7-11 and 12 in block 3, Plate C Eureka Townsite Survey, 2.521 acres.

"The larger and partly excluded parcel is more particularly described as follows:

"A subsurface block, with vertical exterior boundaries, between the 1800- and 2000-foot levels of the 18-411 winze."

The mine is not completely shut down. The lower levels are presently flooded and the working force has been cut from approximately 175 men to 30 men. The remaining crew will be confined to working above the water table. It is anticipated the water will have risen to the 2400-foot level of the 18-411 winze within two years. All presently known ore bodies above the 2400-foot level are within the excluded block south of the Leadville fault.

It is recommended that a certification of discovery or development be issued on this property.

W. E. Young
W. E. Young
Bureau of Mines

R. W. Osterstock
R. W. Osterstock
Geological Survey

LARGE FORMAT DOCUMENTS AT END OF FILE

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

RECEIVED
NOV 29 1955

224 New Customhouse
Denver 2, Colorado

AIR MAIL

November 28, 1955

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 and 1A (Lead-Zinc), Second Amended Contract Idm-E4, Chief Consolidated Mining Company, Chief No. 1 mine, Juab and Utah Counties, Utah

Reference is made to your letter of November 18, 1955, relative to the settlement of the Government's interest in the jointly owned equipment and property acquired under the contract.

Mr. Watson, of the Chief Consolidated Mining Company, was in this office last week and the matter was discussed tentatively with him. Mr. Watson advanced the opinion that the termination of the contract should be placed on an official basis prior to negitiating the settlement of the Government's equities. He also said that it was doubtful that his company would have any future use for the property; consequently, in that event, the settlement would have to be on a salvage or resale basis.

Mr. Watson also advanced the idea for consideration that the subsequently agreed upon amount of the Government's interest in the property be considered as having been defrayed as a part of the royalty payments already made. No commitment was made by this office. However, the idea does seem to have merit and might possibly result in a higher settlement figure for the Government's interest.

Approval of any part of the liquidation of the Government's interest in the property is not within the authority delegated to this office. Therefore it will be difficult for us to negotiate the settlement without some idea as to the minimum of a settlement amount or percentage that would be acceptable to your office.

We will appreciate immediate advice as to the necessity of an official termination agreement and the other matters mentioned, for our guidance in negotiations with the company.

W. M. Traver

By J. W. Townsend
J. W. Townsend

File Copy
Surname

Att. Chandler
Selfridge
F. Johnson

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

NOV 1 8 1955

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-1 & 14 (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab & Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Traver:

We have your letter of October 31 enclosing a report on the cited project. While we regret that the work program was not carried to its completion, nevertheless it is evident that the project fulfilled its prime purpose in indicating a large amount of new ore.

We are now confronted with the problem of arriving at a satisfactory settlement of the jointly owned equipment, as outlined in Item 1 of Exhibit "A" of the second amended contract. Since substantial sums are involved, we must therefore give full consideration to this question. Consequently, we suggest that the field engineers confer with the representatives of this company in an endeavor to arrive at an equitable valuation of the Government's interest and an acceptable procedure for settlement.

It very well may be that the Operator does not have sufficient funds available to make an immediate cash settlement. In such an event possibly some arrangement could be worked out for installment payments. Maybe an agreement could be made whereby future ore production from the upper levels would be made subject to royalty to the Government to permit liquidation of the equipment account. It is our

understanding that this company is continuing its mine on a reduced basis operation, extracting upper level ores which would not be subjected to royalty to the Government under a certification. However, we are not clear as to what the tonnage expectancy might be from such upper level operation.

In any event, will you investigate the situation and let us have your recommendations.

Sincerely yours,

George C. Selfridge
by ESZ
Chairman, Operating Committee

APPROVED:

/s/ Robert W. Geehan by ESZ
Member, Bureau of Mines

N. E. Nelson by ESZ
Member, Geological Survey

WRGriswold/er 11/17/55

Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsggard, USGS
Chron.

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

RECEIVED
1955

224 New Customhouse
Denver 2, Colorado

October 31, 1955

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 and 1A (Lead-Zinc), Second Amended Contract Idm-E4, Chief Consolidated Mining Company, Juab County, Utah

In conjunction with the matter discussed in your teletype of September 6, 1955, and subsequent correspondence, we are enclosing the original and three copies of the joint memorandum, dated October 24, 1955, from W. E. Young, U. S. Bureau of Mines, and R. W. Osterstock, U. S. Geological Survey.

The examining team have analyzed the situation and appear to have given the information requested by you.

W. M. Traver

By J. W. Townsend
J. W. Townsend

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

MINERAL DEPOSITS
DMEA
RECEIVED
OCT 27 1955
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

OCT 31 1955
BUREAU OF MINES
Denver, Colorado

October 24, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III
Through: S. R. Wilson SRW
E. N. Harshman ENH

RECEIVED
NOV - 2 1955

From: W. E. Young
R. W. Osterstock

Subject: Docket No. DMEA-1 and 1A (Lead-zinc), Second Amended Contract Idm-E4, Chief Consolidated Mining Co., Juab County, Utah. Status of contract and information requested by Executive Officer in a memorandum dated September 27, 1955

Application for DMEA assistance for an exploration project was made by the Chief Consolidated Mining Co. in December 1950. The original application requested funds to complete 400 feet of winze sinking, 5,000 feet of drifting and crosscutting, and 1,000 feet of raising. Incidental to this work, the application requested funds for additional electrical and pumping facilities and for installation of a new hoist. The total estimated cost of the project was $687,120.

In June 1951 a contract was entered into between the Defense Minerals Administration and the Chief Consolidated Mining Co. Under the contract a revised project was set up at an agreed estimated total cost of $463,420. The project consists of sinking, drifting, raising and installation of electrical and pumping systems. The work is inherently divided into three phases. Phase 1 consists of installation of the pumping and electrical systems; phase II consists of drifting and raising on the 2700-foot level; and phase III consists of sinking 400 feet below the 2750 level in the 18-411 winze and drifting and raising on the 3100-foot level.

An amendment to the contract dated August 13, 1951, permits payment for phase I, which was essentially completed before signing of the contract.

An amendment to the contract dated November 26, 1951, specifies the work on the 2700-foot level as project 1 and designates 1,800 feet of drifting and 300 feet of raising to be done under contract. The amendment also specifies shaft sinking and work on the 3100-foot level

as project 1A and designates 400 feet of four-compartment shaft sinking to the 3150-foot level, 1,800 feet of drifting, and 1,500 feet of raising to be done on the 3100-foot level under contract.

An amendment dated April 4, 1952, provides for additional job classifications at specified rates. In June 1953, the project was re-evaluated and revised, which resulted in preparation of the First and Second Amended Contracts. The work remained essentially the same as a result of these amended contracts, with the exception that the operator is permitted to sink a three-compartment shaft instead of a four-compartment shaft. The total cost of the project was raised from $463,420 to $518,040.71 because of increasing costs.

Four other amendments were made to the Second Amended Contract which merely extended the time limits for completion.

Ore shipments from the project were started in September 1951. These were continued regularly until the recent shutdown, except for a period, July 1952 to December 1952, during which time the mine was out on strike. The company shipped a total of 154,485 dry tons of ore, from September 1951 to September 1955. The bulk of the ore was mined from the 2800-foot level to the 2600-foot level, with a minor amount coming from above the 2600-foot level. It is reported that approximately 90 percent of the ore between the 2700- and 2600-foot levels, and approximately 75 percent of the ore between the 2800-foot level and the 2700-foot level has been recovered. Development work for the 2900-foot-level block had progressed to the point of encountering the first ore at the time of the shutdown. The attached plan map and diamond-drill-hole log illustrate the situation as of the date of closing the mine.

Estimates prepared by engineers at the time of the project application indicated an average production of 120,000 tons of ore between 100-foot levels. The mining procedure has been to mine the central cores of the ore bodies within the relatively short period of 1 year. This production of fast ore amounts to about 70,000 tons. The remaining 50,000 tons is slowly mined over a period of years by lessees. It would appear that the blocks between the 2600- and 2700-foot levels and between the 2700- and 2800-foot levels are in the same order of magnitude as those of the upper levels.

A study of the shipment averages indicates that ore grade improved after mining was started north of the Leadville fault on the 2700-foot level. This condition persisted until about the last 6-month period. During this period the silver content dropped nearly 2 ounces and the lead and zinc also decreased. The operator brings this point out in his letter of September 9, 1955. However, this may have been due to

several factors. Silver in the ores has always been erratic due to the spotty occurrence of stopes with high silver. The last such stope encountered was in the "C" sump, 2700-foot-level area. During the mining of this stope, the average silver value of shipments naturally increased. Another item of significance may be the fact that the central core of most of the 2800-foot-level runs had been mined out previous to this last 6-month period. Also, the "I" bed, a 4-foot limestone member overlying the ore, changed in character, becoming softer and more difficult to hold, thus diluting the ore as it was mined. On the other hand, a new, blind ore shoot was intersected on the 2800-foot level. This new shoot was mined from the 2800- to about the 2700-foot level and is continuing upward. A stope of this size and grade tends to raise the average. All in all, it may be said that similar fluctuations doubtlessly occurred during numerous other 6-month periods throughout the life of the mine.

The failure of the operation is probably due to a number of circumstances. To the inspecting engineer as an observer, it always appeared that the operation was far behind in development work. The bulk of the good ore in a level block was mined out before the succeeding level development work was done. In other words, the supply of fast ore was not sufficient to last during the period required for development work. In the past, this was supplied by lessees from the upper levels to supplement the difference. The attempt to develop new ore by the DMPA program probably indicates the management was alert to this. Actually, the DMPA program had little success. The work in the Plutus mine failed to find ore, and the Millionaire Row ore bodies are not of sufficient size and grade to withstand the large amount of development necessary.

In summation, the above reasons are offered as contributing to the failure of the project. The operator lists four other reasons, which are all statistical, and can be proved or disproved.

The total amount of the DMEA loan is $518,040.71. The total amount expended to date is $389,383.46. There is remaining 68 feet of shaft sinking, 1,800 feet of drifting, and 1,500 feet of raising to complete the project. Based on the past work record, the project would have required at least 1 year to complete. The work done has resulted in the recovery of 154,485 dry tons of ores. A return of $126,822 has been received in royalty by the Government on these ores. It is inferred that completion of the project would have resulted in discovery of 210,000 tons of material of a grade comparable to that shipped. The Government has contributed a total of $186,532.11 as its share of the work done to date. The Government's share of the total costs, had the contract been completed, would have been $259,020.36.

The decision of the operator to discontinue came unexpectedly. The Washington Office of DMEA was notified September 8, 1955. Final DMEA inspection was made by the inspecting engineer October 6, 1955. As of that date, some of the pumps had been removed and dismantling of the level equipment was in progress.

The operator's reasoning regarding the abandonment of some of the jointly owned DMEA equipment is questioned. In his letter to the Administrator, dated September 9, 1955, he states that it would be necessary to keep the mine dewatered for 6 weeks at a cost of $27,000. Actually, almost all the material could have been salvaged while the water was rising. The pumps were kept running while the 2900- and 2800-foot-level equipment was salvaged. After the work on these levels was completed, there was ample time to recover upper-level material with the pumps inoperative. In order to recover the two submersible pumps in the 2900-foot-level sump, it would have been necessary to install two pumps of equal capacity in the shaft. These could have been pulled directly up the shaft after the power was cut. However, the cost of installation would have been greater than the value of the pumps. There was sufficient time to recover all other pumps and equipment.

W. E. Young

W. E. Young
Bureau of Mines

R. W. Osterstock

R. W. Osterstock
Geological Survey

DIAMOND DRILL HOLE LOG

29/16 Drill Station, 2,900-foot Level, Chief No. 1 Mine

Hole No. 1, N 10° E, + 40°

Depth 90.0 feet, Zinc assays ranging from 0.1 to 0.7 percent from 15 to 90 feet.

Hole No. 2, N 15° W, + 40°

Depth 85.0 feet, Zinc assays ranging from 0.1 to 0.8 percent from 35 to 85 feet.

Hole No. 3 (Bearing & Inclination shown on plan map)

Depth 53.0 feet, Zinc assays ranging from 0.7 to 3.9 percent from 35 to 52 feet. Zinc assay 10.8 percent from 52-53 feet.

Hole No. 4, N 20° E, + 15°

Depth 115.0 feet, Zinc assays ranging from 0.2 to 2.4 percent from 55-115 feet. Silver assays ranging from 0.2 to 0.5 ounces - 85 to 105 feet. Lead assays ranging from 0.3 to 0.6 percent - 95 to 105 feet.

Hole No. 5, N 15° E Horizontal

Depth 175.0 feet, Zinc assays ranging from 0.2 to 0.5 percent - 30 to 65 feet; 0.2 to 0.5 percent - 100 to 175 feet.

Hole No. 6, N 6° E, + 20°

Depth 100.0 feet, Zinc assays ranging from 0.2 to 1.7 percent - 45 to 100 feet. Silver assays ranging from 0.2 to 0.4 ounces - 60 to 70 feet.

Hole No. 7, (Bearing & Inclination shown on plan map)

Depth 75.0 feet, Zinc assays ranging from 0.3 to 2.9 percent - 25 to 72 feet
Assays: 70 to 72 feet
4.9 oz. Ag; 5.6 percent Pb; 4.3 percent Zn; 41.6 percent SiO_2
72 to 75 feet
6.6 oz. Ag; 8.3 percent Pb; 11.3 percent Zn; 37.3 percent SiO_2

Hole No. 8, N 30° E, + 5°

Depth 125.0 feet, Zinc assays ranging from 0.2 to 1.5 percent - 40 to 125 feet.

Hole No. 9, (Bearing & Inclination shown on plan map)

Depth 130.0 feet, Zinc assays ranging from 0.1 to 4.2 percent - 50 to 130 feet.
Core Assay at 130.0 feet
0.030 oz. Au; 2.9 oz. Ag; 6.2 percent Pb; 9.4 percent Zn.

LARGE FORMAT DOCUMENTS AT END OF FILE

File Copy
Surname
Russwurm
Rubin
Talbert
H. Johnson

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

Sep 22 1955

Mr. W. W. Watson
Secretary - Treasurer
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Re: Docket No. DMEA 1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Watson:

Reference is made to your letter of September 9, 1955, commenting on the operations at the Chief No. 1 mine and advising of your company's decision to discontinue the exploration work.

We regret very much that your company feels it is not able to continue the exploration work. We realize of course that the principal part of the income for carrying on the exploration project comes from ore production. However, I wish to call to your attention that the contract was entered into for the purpose of doing exploration work and is not contingent upon the mining of ore. The contract does not require the company to produce. The company is obligated to complete the work under the contract unless the Government agrees to an amendment granting a recess in operations or terminating the work. In either case the Government's decision will be based upon the probability of continued work making a worthwhile discovery, and such a decision can be made only after a review of all available information.

We are unable to concur in you decision not to remove equipment from the lower tunnel without additional information justifying such action. Any individual action taken by your company will be at its own risk.

We have requested further da from our Field Team, and upon receipt of this information ll advise you. In the meantime it is suggested that you dis ss your problems and your obligations under the contract with . W. M. Traver, our Executive Officer for Region III.

acerely yours,

rank E. Johnson

ACTIN Administrator

WRGriswold/FEJohnson/er 9/20/55

Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, US
Mr. F.E. Johnson
Region III (2)
Chron.

Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

RECEIVED
SEP 12 1955

September 9,1955

Mr. C.O.Mittendorf, Administrator,
Defense Minerals Exploration Agency,
Interior Department Bldg.,
Washington, D.C.

Docket: DMEA 1 and 1A

Dear Mr. Mittendorf:

This letter will confirm and supplement my telephone conversation with you on the morning of September 8th, as well as my letter to Mr. W.H.Traver, dated September 1st, wherein we advised your Agency of the operator's decision to discontinue work under terms of the above captioned contract and the reasons for this decision which may be set forth as follows:

1- A definite lowering in the average grade of ore encountered on the 2800 and 2900 levels.

2- Increasing costs resulting from wage negotiations.

3- Increasing treatment costs for smelting and concentrating ores produced.

4- Increasing material, supply and equipment costs.

5- A long term forecast of an over supply of both lead and zinc metals with consequent metal price deterioration.

GRADE OF ORE PRODUCED

We enclose copy of our internal statistics showing the average grade of sulphide ore produced during the first seven months of 1955. You will note that the average net value per ton decreased from $17.66 per ton in February to $12.21 in July. The bulk of the ore produced during July came from the 2800 level but was supplemented by some tonnage of higher grade from the upper levels. A typical example of the ore mined on the 2800 level is found in the settlement of lot #413-GPU which returned $10.22 per ton. A copy of this settlement is in your files. Ninety five percent of the sulphide ore produced as shown by the enclosed statistics came from areas opened up with the assistance of D.M.E.A. funds and from which a royalty was paid the Government. The operator's operating costs before depreciation for the first seven months amounted to $14.05 per month and resulted in an operating loss for the period of $57,000.00. Ores so far encountered on the 2900 level show no improvement in grade. Obviously operations would lead to bankruptcy if continued indefinitely. The operator does not have funds available to explore the area further on the mere conjecture that improvement might occur.

Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

September 2,1955

INCREASING COSTS

1- Effective Sept. 2,1955 the operator consented to increase wages to the level effective in Utah lead-zinc mines under threat of strike. This amounted to an increase of ten cents an hour above the previous wage schedule together with certain fringe payments which would aggregate, if operations were continued, an additional cost of $4,000.00 per month.

2- The operator has been advised by the smelting company treating his sulphide ores that as a result of their increased labor costs they will have to increase treatment costs by .50¢ per ton. The operator's shipments to this source approximate 10,000 tons per month.

3- The operator has been further advised by his various suppliers of increases in such prime mining necessities as powder and steel, etc. of substantial increases in the cost of these items likewise.

Summarizing the operator can anticipate an increase of not less than $1.00 per ton for hisforseeable production. The operator, in view of the above conditions, both grade and costs, respectfully requests that your agency in determining the probability of a worth while discovery by continuing the work still contemplated in our D.M.E.A. give some consideration to the probable future metal prices and the operator's costs in addition to the grade of ore as it is hard for us to contemplate a definition of a "worthwhile discovery" that does not include a profit.

The management of our company in deciding to cease operations below the water level considered the following factors regarding equipment to be left underground.

1- The value of theequipment used in the operation.

2- The cost of removing the equipment.

3- Its probable resale or use value after removal.

To remove all the equipment in which D.M.E.A. has an interest would take at least six weeks. The cost of keeping the mine dewatered for six weeks would approximate $27,000.00. The complete removal operation would require at least five men on each of three shifts during the six weeks period and would exceed $10,000.00.

The equipment in question is composed chiefly of 450 H.P. Submersible pumps, columns and submersible power cables. The entire pumping system was designed to take careof the water problem peculiar

Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

September 9,1955

to our Chief No. 1 Mine. The probability of selling specialized equipment of this nature rests mainly in finding a purchaser with very similar problems. The price received would probably be 10 to 20% of original cost.

Since my letter of September 2nd, it appears possible to recover two additional 450 H.P. pumps, at a reasonable cost. If we are successful in doing so the original cost of the equipment left underground will be less than $40,000.00.

Sincerely yours

W. W. Watson

Secretary - Treasurer

Copy to Mr. W.H.Traver
Copy to Mr. Cecil Fitch, Jr.

Chief Consolidated Mining Company
Salt Lake City, Utah

RECEIVED
SEP 12 1955

Statement Analysis of Zinc-Lead Ore shipments for the month of July - 1955

	Dry Tons	Oz. Au.	Oz. Ag.	AVERAGE ASSAY OF ORE % Lead (Net after Non-Sulphide)	% Zinc (Net after Non-Sulphide)	% Lead Non-Sulphide	% Zinc Non-Sulphide	NET VALUE Amount	Per Ton
U.S.Smelting, Refining & Mining Company; Company	8,590.859	.02loz.	4.45oz.	4.89%	6.43%	.22%	.18%	$102,157.93	$11.89
Contractors	333.629	.02loz.	8.05oz.	8.74%	5.40%	.84%	.17%	6,825.73	20.46
Total	8,924.488							$108,983.66	$12.21

Statement Analysis of Zinc-Lead Ore shipments to U.S.Smelting, Refining & Mining Company during the month of July - 1955 and Year to Date

Month									
January -1955	5,814.786	.023oz.	6.28oz.	6.57%	8.21%	.40%	.19%	$99,136.85	$17.05
February	6,044.972	.024oz.	5.99oz.	6.70%	9.00%	.23%	.16%	106,760.02	17.66
March	7,514.780	.023oz.	5.38oz.	6.11%	7.62%	.25%	.17%	113,475.02	15.10
April	8,074.660	.023oz.	5.21oz.	5.26%	6.75%	.25%	.16%	105,037.81	13.01
May	9,949.293	.023oz.	5.19oz.	5.68%	6.84%	.28%	.16%	139,631.23	14.03
June	9,562.350	.023oz.	4.87oz.	5.73%	6.17%	.26%	.19%	128,238.65	13.41
July	8,924.488	.02loz.	4.58oz.	5.03%	6.39%	.24%	.18%	108,983.66	12.21
Total	55,885.329							$801,263.24	$14.34

DRAFT
EEJohnson/bih
9/19/55

Mr. W. W. Watson
Secretary - Treasurer
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Re: Docket No. ~~DMA~~ OmCA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. Idm-E4, ~~amended~~

Dear Mr. Watson:

Reference is made to your letter of September 9, 1955, commenting on the operations at the Chief No. 1 mine and advising of your company's decision to discontinue the exploration work.

We regret very much that your company feels it is not able to continue the exploration work. We realize of course that the principle part of the income for carrying on the exploration project comes from ore production. However, I wish to call to your attention that the contract was entered into for the purpose of doing exploration work and is not contingent upon the mining of ore. The contract does not require the company to produce. The company is obligated to complete the work under the contract unless the Government agrees to an amendment granting a recess in operations or terminating the work. In either case the Government's decision will be based upon the probability of continued work making a worthwhile discovery, and such a decision can be made only after a review of all available information.

We ~~cannot~~ are unable to concur in your decision not to remove equipment from the lower tunnel without additional information justifying such action. Any individual action taken by your company will be at its own risk. We have requested further data from our Field Team, and upon receipt of this information will advise you. In the meantime it is suggested that you discuss your problems and your obligations under the contract with Mr. W. M. Traver, our Executive Officer for Region III.

Sincerely yours,

Administrator

W. R. Griswold/ FEJohnson/bih

cc to: Docket
Admr. Reading File
Operating Committee
Region III (2)
Messrs. R. W. ~~Bishop~~ - USBM
T. H. Kiilsgaard - USGS
~~W. R. Griswold~~
F. E. Johnson
Base Metals
Chron

Frank

I wonder if such a reply (or commitment on our part) is appropriate at this time.

Watson's first letter asking us to acquiesce in the shut down was answered by our teletype to Traver & later amplified by a phone discussion between Watson & myself — His second letter ~~[illegible]~~ attempts to justify his action — taken at his sole discretion.

My question: Is the proposed letter timely — or might we better drag our feet — at least until we hear from Mr. F.T.? Personally — I feel that we have disposed of the case as outlined in the letter — but — is this the time to do it? Don't believe company has formally requested term.

M

R OUGH DRAFT

Mr. W. W. Watson
Secretary - Treasurer
Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

Re: Docket No. DMA 1 and 1A (Lead-Zinc)
Chief Consolidated Mining Co.
Chief No. 1 Mine
Juab and Utah Counties, Utah
Contracted No. Idm-E4, Amended

Dear Mr. Watson:

I have your letter of September 9 covering the cited exploration project. I must point out that the contract was entered into for the purpose of doing exploration work and was not contingent upon the mining of ores to be done concurrently.

Nevertheless, it is my understanding that your company feels that it is no longer able to provide the necessary funds to continue the work of the project. Therefore, since the essential target of the project has been reached and substantial ore bodies encountered, we may consider that the project has already fulfilled its prime purpose.

Hence, we shall consent to a termination of the project by mutual arrangement, and, of course, make the proper certification of discovery.

Will you please make the proper arrangements with Mr. W. M. Traver, Executive Officer of Region III, regarding the disposal of the equipment in which the Government has an interest.

Sincerely yours,

Administrator

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

RECEIVED
SEP 12 1955

AIR MAIL

224 New Customhouse
Denver 2, Colorado

September 9, 1955

Memorandum

To: Chairman of the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 and 1A (Lead-Zinc), Contract Idm-E4, Chief Consolidated Mining Co., Juab County, Utah

Enclosed are three copies of a memorandum, dated September 7, 1955, from the Inspecting Engineer and three copies of a transmittal memorandum of the same date from the Supervising Engineer, relative to Salvage operations of the Chief Consolidated Mining Company.

W. M. Traver

W. M. Traver

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

RECEIVED
SEP 12 1955
DMEA
Date Rec'd.

SEP 9 1955
BUREAU OF MINES
Denver, Colorado

September 7, 1955

Memorandum

To: W. M. Traver, Executive Officer, DMEA Field Team, Region III

From: Stephen R. Wilson

Subject: Docket No. DMEA 1 and 1A (Lead-zinc), Contract Idm-E4, Chief Consolidated Mining Co., Juab County, Utah

Attached are seven copies of a memorandum prepared by W. E. Young relative to inspection of the project September 6, 1955.

The company has made a decision to stop operations on the lower levels of the mine and has begun salvage operations.

Stephen R. Wilson
Stephen R. Wilson

Enclosure

cc: J. Bruce Clemmer

RECEIVED
SEP 12 1955

S. R. Wilson

September 7, 1955

W. E. Young

Docket No. DMEA-1 & 1A (Lead-zinc), Contract Idm-E4, Chief Consolidated Mining Co., Juab County, Utah. Final Inspection

This property was inspected Sept. 6, 1955. The company had the entire crew engaged in salvage operations following their decision to abandon the lower workings. Level equipment, pipe and most of the track had been removed from the 2,900-foot level. The sinker pump in the shaft had been salvaged and also one of the 2,900-foot level station pumps. Two pumps remain on the 2,900-foot level. The company plans to attempt to salvage the motors from these if they have sufficient time before the water forces them out. It will be necessary to abandon the bowls. In order to salvage these it would be necessary to reinstall them in the shaft compartment before backing out. The cost of this makes salvage impossible.

Most of the equipment has been removed from the 2,800-foot level. After the power is turned off the 2,900-foot level pumps, the water will raise fast to the 2,800-foot level. The water will raise much slower above the 2,800-foot level because of the stopes present. Most of the equipment on the 2,300-foot level pump station will be salvaged. The company has pulled one of the 2,300-foot level pumps. The 600-h.p. motors on the remaining two large pumps will be salvaged immediately after the power is out. If sufficient time is available the pumps and transformers will be salvaged. The cost of salvage operations will be weighed against the value of the salvaged material and the operation will be stopped when the two become equal.

The upper levels of the mine will remain in operation on a curtailed basis. The present crew of 150-175 men will be cut to 40 or 45 men. Water will be allowed to raise to its natural level unless the property is taken over by new management.

W. E. Young

W. E. Young

File Copy
Surname

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

September 9, 1955

Memorandum

To: The Administrator

From: Chief, Base Metals Division

Subject: Chief Consolidated Mining Company, Chief No. 1 Mine, Juab and Utah Counties, Utah, Second Amended Contract No. Idm-E4, Lead-Zinc.

As a matter of interest, I have listed all of the shipments from the cited mine, for which DMEA royalty was paid for the period of the past three months. The respective tonnages and weighted averages are as follows:

Month of June 1955

8,567 tons

5.0 oz. Ag.
5.72 % Pb.
6.66% Zn — Net received per ton $13.74

Month of July

9,872 tons

4.6 oz. Ag.
5.27 % Pb.
5.98 % Zn. — Net received per ton $12.38

Month of August

(Settlement sheets received to date are through August 26.)

7,779 tons

4.7 oz. Ag.
5.19 % Pb.
6.60 % Zn. — Net received per ton $12.74

It will be noted that the August ore grade would be considered as a highly satisfactory millhead at most mines. This ore, if milled and concentrate marketed, at today's prices, would net about $19.60 per ton of crude. This assumes a recovery of 91% for lead and 84% for zinc, which is about normal for this type of ore. The Operator only received $12.74, which was after custom milling charge, freight and incidentals, totalling about $5.00 per ton. He also marketed on a 12.5¢ zinc price, which has just recently gone to 13 cents.

It will be noted that there has been no severe fall-off in ore grade. Months of July and August show about half a per cent decrease in lead grade, with a very slight silver decrease also, but it certainly is nothing very severe.

W. R. Griswold

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Mr. George Selfridge
Chron.

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

September 7, 1955

Memorandum to File

From: George C. Selfridge

Subject: Docket No. DMEA-1 & 1A (Lead, Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Contract No. Idm-E4, Amended

During a telephone conversation today Mr. Traver asked if we had received his advice relating to the pulling of the pumps and abandonment of the DMEA project under the subject contract. The writer replied that the information had just come to his desk and that we were sending him a telegram and letter stating our position on the matter. Mention was made that the contract would have to be either recessed or terminated the same as any other and that before Washington could reach a decision it would be necessary to have all the facts at hand. Mr. Traver was informed that he would hear from Washington at once.

George C. Selfridge
George C. Selfridge

Surname
Brawner
Selfridge
Rettenpor

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

Rm. 4444, Ext. 3669
Base Metals, DMEA, Interior

14X4401(01) Revolving Fund, Defense Production Act, Interior (allocated Working Fund to Office of Secy.)

T E L E T Y P E

Date: SEP - 7 1955

To: Mr. W. M. Traver, Executive Officer, DMEA Field Team, Region III, Denver, Colorado

Reurmemo September 2, Docket DMEA 1 and 1A, Chief Consolidated Mining Company, Second Amended Contract Idm-E4. Operator obligated to complete work under contract unless Government agrees to amendment terminating work or Government exercises contract authority to terminate work. In either case, Government's decision will be based upon the probability of continued work making a worthwhile discovery, and will not be based upon any irrelevant items such as production costs. Such decision can be made by Government only after review of all facts, and such facts should be submitted to us. Government cannot concur in Operator's decision not to remove equipment from lower levels before Government determines whether Operator's decision to abandon work is proper. Any independent actions of Operator are at Operator's own risk, and the Operator should be so informed.

George C. Selfridge

Chairman, Operating Committee

HCRubin/bjl (9/7/55)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kiilsgaard
Chron.

R.C.

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 9/7/55

REFERRED TO:

1. [redacted]
2. ~~Operating Committee~~
3. ~~Administrator~~ DMS
4. MHR

FOR:

	Action		Recommendation
X	Approval		Record
	Comment		of
	Conference		Referring
	Consideration		to
	Filing		Reply for signa-
	Instructions		ture of
	Investigation		Rewriting
X	Initials	X	Signature
X	Mailing		Suggestions
	Previous correspondence		Your information

REMARKS: Mr. Rubin informed this office that his surname on the draft of tt he prepared would be sufficient approval from him without surnaming this teletype

Check (X) before the items needing attention.

W. R. Griswold

Initials of sender.

GPO 16—63815-1

(bjl)

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 9/7/55

REFERRED TO:

1. ~~Administrator~~
2. ~~Operating Committee~~
3. Kopplund
4.

FOR:

	Action		Recommendation
X	Approval		Record of
	Comment		Referring to
	Conference		Reply for signature of
	Consideration		Rewriting
	Filing	X	Signature
	Instructions		Suggestions
	Investigation		Your information
X	Initials		
X	Mailing		
	Previous correspondence		

RECEIVED
SEP 7 1955
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

REMARKS:

Check (X) before the items needing attention.

W. R. Griswold

Initials of sender.

GPO 16—63815-1

bjl

Reurmemo Sept 2 etc.

Operator obligated to complete work under contract unless Government agrees to amendment terminating work or Govt. exercises contract authority to terminate work. In either case, Government's decision will be based upon the probability of continued work making a worthwhile discovery, and will not be based upon any irrelevant items such as production costs. Such decision can be made by Government only after review of all facts, and such facts should be submitted to us. Government cannot concur in Operator's decision not to remove equipment from lower levels before determining whether Operator's decision to abandon work is proper. Any independent actions of Operator are at Operator's own risk, and the Operator should be so informed.

STANDARD FORM 14
REVISED MAY 1952
PRESCRIBED BY GENERAL
SERVICES ADMINISTRATION
GENERAL REGULATION NO. 11

TELEGRAPHIC MESSAGE

OFFICIAL BUSINESS—U. S. GOVERNMENT

FROM WRGriswold/bjl Rm. 4444, Ext. 3669

BUREAU Base Metals, DMEA, Interior

CHG. APPROPRIATION 14X4401(01) Revolving Fund, Defense Production Act, Interior (allocated Working Fund to Office of Secy.)

16--66711-1 GPO

T E L E T Y P E

Date:

To: Mr. W. M. Traver, Executive Officer, DMEA Field Team, Region III, Denver, Colorado

Reurmemo September 2, Docket DMEA 1 and 1A, Chief Consolidated Mining Company, Amended Contract Idm-E4. We cannot possibly concur in Operator's action in terminating work under contract without prior consultation with us or approval of this Administration. Letter to you will follow.

Chairman, Operating Committee

Points to consider:

① 1/2 of $55000 ongoost non salvagable ~~etc~~ pd by operator
He Therefore is has interest at stake

② We cannot concur in proposed closed down action for reasons of uneconomic prodn activities

③ Contract must stand on its own provisions — Sink to 3100 to expense downward extension of ore — is not tied to profitable mining operation

4) Closed down at operators own discretion — places him in default. However we can certify — They have paid by $120000 ~~[illegible]~~ out of about 180000 allowance.

5) If mine floods ~~above~~ below 1800 unlikely we will receive any more royalty.

6) We can't acquiesce to anything — without FT recommendation that in best interest of govt to Terminate

File Copy
Surname
Griswold

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

WRGriswold/bjl Rm. 4444, Ext. 3669

Base Metals, DMEA, Interior

14X4401(01) Revolving Fund, Defense Production Act, Interior (allocated Working Fund to Office of Secy.)

T E L E T Y P E

Date:

To: Mr. W. M. Traver, Executive Officer, DMEA Field Team, Region III, Denver, Colorado

Reurmemo September 2, Docket DMEA 1 and 1A, Chief Consolidated Mining Company, Amended Contract Idm-E4. We cannot possibly concur in Operator's action in terminating work under contract without prior consultation with us or approval of this Administration. Letter to you will follow.

Chairman, Operating Committee

WRGriswold/bjl (9/7/55)

Copy to: Docket
Admr. R.File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kiilsgaard
Chron.

Talbert

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

SEP - 7 1955

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse
Denver 2, Colorado

Re: Royalty Audit Report
The Chief Consolidated Mining Co.
Idm-F4, DMA-1 and 1A

Dear Mr. Finch:

The Second Royalty Audit Certificate and Report covering the referenced project is acceptable and normal distribution is authorized.

For your guidance, however, in future cases of a similar nature, where an actual audit of the Operator's records is not made, it is suggested that your findings be covered by a Report of Royalty Review rather than by a Royalty Audit Report and Certificate. Such a Report of Royalty Review should be supported by a schedule including a summary corresponding to that shown on page 3 of this particular Audit Report.

It is realized that this particular review involved considerably more work than is normally encountered in a routine royalty audit. However, the fact remains that the word "audit" infers that an examination of the Operator's records was included, whereas a "review" means that only the Government's files and records were examined.

It is also noted that in this audit report, as well as the prior one, the period covered was indicated as commencing October 3, 1951. It is suggested that, in the future, both Royalty Reviews and Certificates indicate the date of the contract (in this case June 13, 1951) as the beginning date of the period.

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/wb
September 7, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.J.

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

224 New Customhouse
Denver 2, Colorado

September 2, 1955

Memorandum

To: Administrator, DMEA

From: W. M. Traver, Executive Officer, Field Team, Region III

Subject: DMEA 1 and 1A (Lead-Zinc), Amended Contract I-DMA-E4,
Chief Consolidated Mining Company,
Juab County, Utah.

Attached are two copies of Mr. W. W. Watson's letter regarding the ceasing of pumping operations at the Chief No. 1 Mine where the subject project is in progress.

The letter confirms Mr. Watson's advice to me by telephone yesterday, which I relayed on to you. Mr. S. R. Wilson was also advised by Mr. Watson and myself, so he can make a final inspection.

Mr. Watson requests DMEA's concurrence in their decision and it appears to be the only alternative under the circumstance. If that is your opinion, will you please so advise the Contractor.

W. M. Traver

Chief Consolidated Mining Co.
608 DOOLY BUILDING
SALT LAKE CITY, UTAH

September 1, 1955

DMEA
Date Rec'd.
SEP 2 1955
BUREAU OF MINES
Denver, Colorado

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Dear Mr. Traver:

This will confirm our conversation of even date.

Due to a very definite lowering of the average grade of the ores we have mined during the last six months on the lower levels of our Chief No. 1 Mine, together with continuing rising costs has forced our management to foresee further operation below the water level as uneconomical, consequently they have decided that effective September 7 pumping operations will be stopped and that section of the mine allowed to flood to its normal water level. The Company will continue operations in the Chief No. 1 Mine above the water level and other areas of the Company's property.

During the interim period between now and September 7, we will remove all equipment from the lower levels which, in our opinion, can be profitably salvaged after consideration of the labor and power costs involved in such an operation. We estimate approximately $55,000.00 original cost of some pumps, power lines, etc., would cost more to salvage than their replacement or sale value. As a majority of these items were purchased with the aid of DMEA funds, your agency has an interest in the salvage value under the terms of Contract Idm-E4. Will you kindly, therefore, advise your agency's concurrence or decision in the matter, as the mine will flood rapidly after September 7, and as we are unable to continue to finance pumping costs of some $700.00 per day when production from that area ceases.

Yours very truly

W. W. Watson

W. W. Watson
Secretary & Treasurer

WWW:ALC

cc: Mr. Stephen R. Wilson
Mr. Cecil Fitch, Jr.

W. S. Martin

RECEIVED
AUG 11 1955

DN 235 BUR MINES 8-11-55 9-27 AM

W S MARTIN, ACTING CHAIRMAN, OPERATING COMMITTEE, DMEA

REURTT AUGUST 3, DMEA 1 AN XX AND 1A, CONTRACT IDM-E4, CHIEF CONSOLIDATED MINING CO, LETTER EXPLAINING DISAPPROVAL CHANGE OF EXPLORATION WORK NOT RECEIVED. PLEASE EXPEDITE.

W M TRAVER

Denver, Colo.

AUG 11 1 27 PM '55
BUREAU OF MINES
MAIL ROOM
WASHINGTON, D.C.

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

RECEIVED
AUG 10 1955

224 New Customhouse
Denver 2, Colorado

August 8, 1955

Harrold
Betty

Memorandum

To: S. R. Wilson

From: Executive Officer, DMEA Field Team, Region III

Subject: Check Sheet of Examining Engineer
Chief Consolidated Mining Company
Contract Idm-E4, Docket DMA 1 and 1A

Enclosed are five copies of Check Sheet for attachment to second Royalty Audit Report on subject company.

Please have the inspecting engineer complete, sign and return four copies for the audit report.

W. M. Traver

W. M. Traver

DTF:bh
cc-Sec. Op. Comm. (2)
Finch
Traver
Subject
Chron.

File Co
Surnam
Griswold
Martin
Kilsgaard
Mittenbergf

500

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

AUG - 8 1955

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Traver:

Referring to your letter of July 5, covering the proposed change in the work program under the cited contract, we are unable to give our approval to the Operator's request.

We are enclosing copies of the memorandums of Mr. O. H. Bishop, USBM, dated July 26, and Mr. Thor H. Kiilsgaard, USGS, dated August 2. In essence, the proposed work on the 3000 level seems little other than the normal and routine process of mine development and does not fall within the area of intent of the DMEA program.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee (216)

APPROVED:

/s/ Robert W. Geehan (216)
Member, Bureau of Mines

/s/ N. E. Nelson (216)
Member, Geological Survey

Enclosures

WRGriswold/bjl (8/4/55)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kiilsgaard
Chron.

RGS.

File Copy
Surname

Griswold
Kiilsgaard
Gehan
Martin
Matthews

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

WRGriswold/er Rm. 4444, Ext. 3669

Base Metals, DMEA, Interior

14X4401(01) Revolving Fund,
Defense Production Act, Interior (allocated working Fund to Office of Secy.)

T E L E T Y P E

Date: AUG - 3 1955

To: Mr. W. M. Traver, Executive Officer, DMEA Field Team, Region III, Denver, Colorado

Reurtt August 1, DMEA 1 and 1A, Chief Consolidated Mining Company, Contract Idm-44. We do not approve change of exploration work as requested. Letter follows.

W. S. Martin
ACTING Chairman, Operating Committee

WRG/er Written 8/2/55

Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.
Confirmation Copy

RGG

IN REPLY REFER TO:

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

RECEIVED
1955

August 2, 1955

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: Thor H. Kiilsgaard, U. S. Geological Survey

Subject: Review of Field Team memorandum recommending amendment to Chief Consolidated Mining Company Contract Idm-E4, Juab County, Utah, DMEA-1 & 1A (Lead-Zinc).

Field examiners have recommended approval of an amendment that would transfer exploration work proposed for the 3100 level to the 3000 level. This recommendation agrees with a request of the Operator, and it is concurred in by the Field Team. The amendment is justified on the basis that ore bodies are flattening in dip and that they will be too far from the shaft on the 3100 level to be profitably recovered.

From the maps submitted it is difficult to agree with the justification suggested for the amendment. The dip of the ore seems to be more or less uniform in the mine between the 2400 and 2800 levels, at least uniform enough to project to lower levels. The ore body does not appear to depart any more from the over-all dip on the 2800 level than it does on the 2400 or 2600 levels.

As proposed, it would seem that work on the 3000 level is more development than exploration. DMEA has already assisted in exploring the 2700 level and it is my understanding the company obtained DMPA assistance on the 2800 and 2900 levels. All DMEA would do in the proposed amendment is run the next lower level under a known ore body. As to the fact that crosscutting on 3100 may be beyond the economic limits of mining off the shaft, it might be noted that, as now projected, only 350 feet more crosscutting is needed on 3100 than on 3000 to reach the ore body. It might also be noted that the 3100 level will open 350 feet more dip length on the ore than will be opened on the 3000 level.

The contract provides for work on the 3100 level. Such work will give a fairly long "bite" on the projected ore body and will give much information on what may be expected of the mine in the future. Unless the applicant can produce more justification

for a change of work than has been presented, it is my belief the work should be left as is. In this respect, if the 3100 level should fail to find ore, a relatively short raise could be driven to test the same target as would otherwise be reached by cross-cutting on the 3000 level.

I recommend disapproval of the proposed amendment, unless the Operator can present more justification for the change in work than has been submitted. If the applicant wishes to stay closer to the ore on the lower levels, and if water conditions permit, maybe an inclined winze in the ore might be advantageous.

Thor H. Kiilsgaard

Thor H. Kiilsgaard

Acting Chairman, Opr. Comm. D.M.E.A.

RECEIVED

AUG - 1 1955

DN 235 BUR MINES 8-1-55 11-09 AM

ACTING CHAIRMAN, OPERATING COMMITTEE, DMEA

W W WATSON, CHIEF CONSOLIDATED DMEA I AND 1A, CONTRACT 1-DMA-E4 BY TELEPHONE TODAY ASKED STAUST XXX STATUS THEIR REQUEST FOR AMENDMENT TRANSMITTED TO YOU JULY 5. WILL YOU CONSIDER AUTHORIZING US TO GIVE OPERATOR VERBAL APPROVAL TO PROCEED OR AUTHORIZED IT FROM WASHINGTON.

W M TRAVER

Denver, Colo.

AUG 1 3 26 PM '55
BUREAU OF MINES
MAIL ROOM
WASHINGTON, D.C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

July 26, 1955

Re: DMEA-1&1A
Chief Consolidated
Mining Company
Juab County, Utah

Memorandum

To: W. R. Griswold, DMEA

From: O. M. Bishop,
Branch of Base Metals

Subject: Recommendation that amendment as outlined by Field Team be further justified

The Chief Consolidated Mining Company, applicant, asks an amendment to Contract Idm-E4 whereby the operator is allowed to use funds for drifting and crosscutting on the 3,000-foot level; and whereby he is permitted to do 600 feet more drifting, crosscutting or raising on the 3,000-foot level in lieu of sinking the shaft and making an emergency sump on the 3,100-foot level.

The applicant asks the amendment because observations on the 2,700, 2,800 and 2,900 levels indicate an apparent flattening of the ore channels and some decline in the size and grade of the ore bodies which indicate exploration on the 3,100-foot level might not be justified. The Field Team corroborates the observations of the Chief Consolidated Mining Company and states that there is a very real possibility that any ore runs encountered on the 3,100-foot level will be at such a distance from the shaft as to be beyond the economic limit of mining.

These views, while presenting reasons for bottoming the 18-411 shaft at the present depth and not doing work on the 3,100-foot level, do not present a compelling argument for the work proposed on the 3,000-foot level.

The continuity of the ore runs in the past is such that work on the 3,000-foot level looks like development despite the operator's statement that there is probability of a radical change in the ore channels which introduce an added risk element.

I recommend that the Field Team be asked to justify the work on the 3,000-foot level, and that some inquiry be made into what alternate method of ore recovery Mr. Fitch had in mind when he wrote item 3, page 1 of his letter of May 18, 1955.

O. M. Bishop

O. M. Bishop

Copy to - Division of Minerals
Mr. Kiilsgaard, Rm. 5222
O. M. Bishop
Files

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

224 New Customhouse
Denver 2, Colorado

RECEIVED
JUL 11 1955

July 5, 1955

Memorandum

To: Chairman, Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Docket DMEA-1 & 1A (Lead-Zinc), Amended Contract I-DMA-E4, Chief Consolidated Mining Company, Juab County, Utah

Enclosed are the original and three copies of a joint memorandum dated June 23, 1955 from W. E. Young, USBM, and R. W. Osterstock, USGS, and transmittal thereof from S. R. Wilson, supervising engineer, with concurrence indicated by E. N. Harshman, USGS member of the Region III Field Team. The memorandum is relative to the request for an Amendment submitted by the operator under date of May 18, 1955 requesting a change in the description of the work to be performed. Three copies of this request were transmitted to you on May 19, 1955.

The engineer and geologist recommend that the operator be permitted to use funds for drifting and crosscutting on the 3000-foot level allocated for the same work on the 3100-foot level, also that 600 feet of additional drifting, crosscutting or raising be allowed as a substitute for completing the emergency sump on the 3100-foot level. We concur with the field's recommendation.

Preparation of such Amendments are not within the delegated authority of the Region III Field Team, therefore it is requested that you prepare this Amendment as soon as possible.

DMEA Field Team, Region III

W. M. Traver

W. M. Traver

E. N. Harshman

E. N. Harshman

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

DMEA
Date Rec'd.
JUN 27 1955
BUREAU OF MINES
Denver, Colorado

June 24, 1955

RECEIVED
JUL 11 1955

Memorandum

To: W. M. Traver, Executive Officer, DMEA Field Team, Region III

From: Stephen R. Wilson

Subject: Docket No. DMEA-1 and 1A (Lead-zinc), Contract Idm-E4, Chief Consolidated Mining Co., Juab County, Utah.

Attached are 9 copies of a joint memorandum prepared by W. E. Young and R. W. Osterstock, relative to an amendment request submitted by the subject operator. The original of the request letter, dated May 18, 1955, was mailed direct to your office.

The inspecting engineer and geologist recommend that the operator be allowed to use funds for drifting and crosscutting on the 3,000-foot level in lieu of the same work on the 3,100-foot level. It is recommended that 600 feet of additional drifting, crosscutting or raising be allowed in lieu of completing the emergency sump on the 3,100-foot level. I concur in the recommendations of the inspecting engineer and geologist.

Stephen R. Wilson
Stephen R. Wilson

Enclosures

cc: J. Bruce Clemmer

I concur.
E. N. Hauskman

S. R. Wilson June 23, 1955

W. E. Young
R. W. Osterstock

RECEIVED
JUL 11 1955

Docket No. DMKA-1 and 1A (Lead-zinc), Contract Idm-E4, Chief Consolidated Mining Co., Juab County, Utah. Operator's request for contract amendment

The Chief Consolidated Mining Co., in a letter dated May 18, 1955, requests that an amendment be granted to suspend sinking operations at the 3081-foot level and to permit completion of drifting, crosscutting and raising work on the 3000-foot level which, under the Original, First, and Second Amended Contracts, was designated to be done on the 3100-foot Level. The company also requests that the proposed emergency sump on the 3100-foot level be dropped and that the funds allocated for this work by the Second Amended Contract be made available for additional drifting on the 2800-foot level.

The company has based the requests on the fact that the habit of ore occurrence is changing with depth and that ore runs have flattened in dip. As a consequence, the projected position of ore is much farther from the 18/411 winze than originally anticipated. The possibility that the ore runs will be encountered on the 3100-foot level at such a distance from the winze that they will be beyond the economic limits of mining is very real.

The above condition was suspected some time ago. In September 1953, the company requested a suspension of shaft-sinking operations until the 2800-foot-level drifting was completed (Memo September 10, 1953). After ore was encountered on the 2800-foot level, it appeared the company had renewed confidence even though the ore runs had flattened considerably. Subsequently, mining of the ore bodies on the 2800-foot level has shown them to be smaller and lower in grade than on the 2700-foot level. Although this condition has been encountered before on other levels, the present requests reflect a realistic approach by management in view of the risks involved. High development and mining costs due to excessive drifting distances on the 3100-foot level could easily outweigh profits if the ore runs fail to increase in size and grade.

By comparing maps "Exhibit A-1 Plan, 3100 Level Proposed," originally submitted with the application, and "Composite Plan Map," submitted with this amendment request, the difference in distances between the anticipated and actual occurrences can be seen.

RECEIVED
JUL 1 1 1955

Sections submitted with the request substantiate the new projected locations of ore runs on the 3100-foot level. Dips of 15 degrees taken by the examining engineers in the stopes between the 2700- and 2800-feet levels verify the sections.

It would appear the request for use of sump funds for drifting is based on the additional drifting distances required due to flattening of the ore runs. From a standpoint of safety, the emergency sump is a necessity on the 3000-foot level, just as it was on the 3100-feet level. However, if escape raises are driven between the 2000- and 2800-foot levels, they will eliminate the necessity of an emergency sump on the 3000-foot level as long as the 2800-foot level is draining most of the water. It will be necessary to drive an escape raise as soon as the 3000-foot-level drift crosses the Leadville dike. It is the opinion of the management that the necessary escape raises could be driven at less cost than the excavation of the sump. The raises are eventually driven through, in any case, before mining of the level is completed. With the additional 31 feet of pump sump in the shaft, the safety time interval should be sufficient for drifting on the 3000-foot level to a point beyond the Leadville dike and then raising to the 2800-foot level. After the first escape raise is holed through, the emergency sump will not be necessary. If the work is done promptly before the 2900-foot level starts draining the 2900-foot-level water, the 2900-foot emergency sump will afford the necessary protection.

It is recommended that the contract amendment be approved as requested, to allow a total of 3,900 feet of drifting, crosscutting and raising on the 3000-foot level.

W. E. Young
W. E. Young

R. W. Osterstock
R. W. Osterstock

Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

DMEA
Date Rec'd.
MAY 19 1955
BUREAU OF MINES
Denver, Colorado
RECEIVED
JUL 11 1955

May 18, 1955

Mr. W. M. Traver, Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Contract Idm-E4

Dear Mr. Traver:

In Mr. Watson's letter to you of May 13, we advised of our intention to request an amendment to the above captioned contract and that the necessary mapping and geologic report incident thereto would be mailed you this week.

Enclosed, therefore, please find a report, in quadruplicate, from our resident geologist, addressed to me, together with the following maps:

1. Composite plan map of the 2700, 2800 and 2900 levels.

2. Three longitudinal sections of the lower level ore channels.

I believe you will find the report and related mapping self-explanatory and an accurate presentation of the problems we are encountering in our endeavor to complete the work contracted with D.M.E.A. The apparent flattening of the ore channels from their previously consistent downward rake gives rise to the following possibilities and the necessity for management's decision to bottom the 18-411 shaft at its present 3075 foot depth.

1. That we have reached or are approaching the bottom of a syncline and that the ore in the near future will make upward.

2. That we are approaching the end of the presently known ore channels.

3. That the probable contact with ore on the present projected 3100 level will be so distant from the 18-411 shaft as to make the mining of such ore uneconomical and could be more profitably recovered by some other method than that proposed in the contract.

In view of the above, it is our intention to start drifting operations on the 3000 level. To assist in the financing of this work, we request you give consideration towards amending contract Idm-E4 to permit the work presently authorized on the 3100 level to be performed on the 3000 level. The 18-411 shaft is now bottomed 75 feet below the 3000 level, and as that depth is adequate for a pump sump, the emergency sump authorized on the 3100 level will not be required on the 3000 level, we therefore, further request the contract be amended to permit the money already authorized for an emergency sump and pump station on the 3100 level to be expended for an additional 600 feet of drift, raise and cross-cut on the 3000 level, or a total of 3900 feet. The need for this additional footage is evident as contact with the ore channels will be considerably more distant than originally contemplated.

The probability of a radical change in the direction and possible composition of our ore channels at this depth should bring the contemplated change in the program well within the definition of exploration work. A copy of this material has been sent directly to Mr. S. R. Wilson, Chief, Mining Division, Bureau of Mines, Salt Lake City.

Yours very truly

CHIEF CONSOLIDATED MINING CO.

RECEIVED
JUL 11 1955

Cecil Fitch

Cecil Fitch, Jr.
Vice President and General Manager

CF,JR:ALC
Encs.

Chief Consolidated Mining Co.

EUREKA, UTAH

May 14, 1955

RECEIVED
JUL 11 1955

Mr. Cecil Fitch Jr.
Vice President and General Mgr.
Chief Consolidated Mining Co.
Eureka, Utah

Re: Geological report on lower level exploration.

Dear Mr. Fitch:

There are presently eight ore channels being developed and mined from the 2800 foot level at the Chief Consolidated No. 1 Mine. These various productive ore channels will be discussed individually from their position in the mine, from West to East. This will help convey the present number and distribution of ore channels in our deep workings, along with the present habits of the ore channels and the associated geologic picture:

28-33 Ore Channel

This channel represents one of three ore branches that have developed from the main C-Sump channel. The ore is a steep pipe, presently localized on the North side of the Leadville Fault-Dike zone. This ore is deposited in the Blue Bell Formation and is presently silled on the 2800 foot level.

28-45 Ore Channel

This is the second of three ore branches that have developed from our main C-Sump channel. It is a steep body of replacement ore and is localized along the South side of the Leadville Fault-

Dike zone. Presently it is being developed by a raise from the 2800 level. Associated host rock surrounding this ore channel is the Blue Bell dolomite formation.

RECEIVED
JUL 11 1955

28-40 Ore Channel

This is the remaining third branch that developed from our main C-Sump channel. It is a typical pipe like ore body in its geometric form. It is trending North 50 degrees East and is plunging North-Easterly at a flat, minus 12 degrees. This ore channel, in its downward continuation to the Northeast, may junction with the 28-18 channel. The associated ore mineralization in both 28-18 and 28-40 channels is similar. The Blue Bell dolomite formation is the host rock for ore deposition in this vicinity.

28-18 Ore Channel

This North-South ore channel represents one of our major producers in the lower levels of the Chief No. 1 Mine. It has accounted for a great volume of replacement ore from the 2600 level sill to the 2800 level sill. One of the unique structural controls of this large ore body is its position to a gentle fold that has developed Northeast of 18-411 winze and in the flat portion of the major syncline. This ore body is presently localized in the axis of this fold, where the strike of East-West beds rapidly change to North 50 degrees East. The result of this fold has caused the incompetent Blue Bell dolomite formation to extensively fracture and brecciate, resulting in favorable physical preparation for ore deposition.

The present trend of 28-18 ore channel is North 5 degrees East and it is plunging to the North at a very shallow, minus 14 degrees. The plunge of this ore is about coincident with the plunge of the regional syncline in this vicinity.

28-42 Ore Channel

This ore was recently found by exploration diamond drilling and is presently being developed from the 2800 level sill. Development in this ore body is lacking, to predict an immediate accurate trend. Although this ore may be a North-South channel split from our 28-31 ore channel, to be discussed next. The other possible alternative correlation of this ore, is possible Northeast bedding ore that may join 28-18 ore channel, or a split in the 28-35 ore channel to the extreme East. This ore, in its infant development stage, appears to be localized in the Blue Bell formation and is locally controlled by a hanging wall bedding fault.

RECEIVED
JUL 1 1 1955

28-31 Ore Channel

This ore channel represents another of our major productive channels. It has been responsible for a great volume of bedding replacement ore from the 2600 foot elevation to the present ore face, 50 feet above the 2800 level sill. This ore channel is controlled by a very strong Northeast bedding fault, the ore channel has been confined to the foot wall block of this strong fault. Its trend is North 45 degrees East and it is plunging flat at a minus 13 degrees to the Northeast. The associated host rock is the Blue Bell dolomite formation. This ore channel has been diamond drilled to within 20 feet of the 2800 level.

28-35 Ore Channel

28-35 ore channel constitutes another major producer of this mine. This ore channel is presently being mined 56 feet above the 2800 foot level. Its trend is North 20 degrees East and it is plunging flat to the Northeast at a minus 12 degrees. This ore channel is, in part, controlled by a Northeast fissure system.

The trace of the flat bedding against this Northeast structure dictates the flat plunge of the ore channel. This ore is also deposited in the Blue Bell dolomite formation, and is presently being drilled to the 2800 level sill.

The habits of our ore channels in the continued exploration and development of the deep workings of the Chief No. 1 Mine have changed materially between the 2600 level sill and the 2800 level sill. The primary change involved is a pronounced flattening of the ores in their downward continuation to the North and Northeast. Two apparent geologic factors are accountable for this type ore control:

RECEIVED
JUL 11 1955

1. The ore channels are approaching the horizontal trough segment of the major Tintic syncline. This synclinal trough is assumed to flatten and attain horizontal bedding North of Eureka, Utah. This flat segment again rises with reversed Southward dips, reflecting the South limb of an observed anticline. Younger sediments also prevail to the North in the synclinal trough which substantiates the above regional structure.
2. The ore channels in our lower levels are localized as bedding replacement bodies in the relatively flat lying Blue Bell dolomite formation. The result of ore deposition under these conditions, results in flat lying ore channels which we are presently engaged in mining.

The result of encountering these flat plunging ore channels, along with our present structural position in the near flat portion of the regional syncline, offers limited depth at which exploration can be carried out from our main 18-411 operating winze.

To attempt exploration at the 3100 foot elevation, from our present knowledge of ore trends and lower level structure, a conservative minimum figure of 5,000 feet of level drifting alone would be involved to gain access to the general areas of exploration. This figure, in relation to 2600 feet of work to explore and develop all of our channels on the 2800 foot level, offers some comparison as to the magnitude of work involved to attempt exploration work from the 3100 foot level.

RECEIVED
JUL 1 1 1955

A possible alternative to the exploration of our major North-South and Northeast ore channels, if they continue below the 3000 level sill, would be an additional winze installation situated in a position to be dictated by the ore channel positions on the 3100 level sill, North or Northeast of our present 18-411 winze.

To substantiate the above report, I have compiled a composite plan map of the 2700, 2800, and 2900 foot levels. This map displays the entire workings from the sill elevation of the 2600 foot level to the sill elevation of the 2900 foot level, along with the geologic structure and ore trends. Accompanying this plan map are three longitudinal sections of our lower level ore channels. Expected positions for exploration of these channels at the 3100 level elevation is also outlined, to show their distant positions from 18-411 winze.

In summation of the above data, I conclude that geologically, the 3100 level exploration from 18-411 winze offers a picture which would not be feasible with the alloted exploration participation funds granted us by the D. M. E. A., and to attempt exploration of the magnitude required to thoroughly explore this level.

It is, therefore, my recommendation, at this time, to consider the 3000 foot level as the bottom exploration level from 18-411

winze. I would further recommend that a proposal be submitted for the alloted funds of the Defense Minerals Exploration Administrations 3100 level project, be utilized on the 3000 level where the allowed footage should be sufficient to explore for the indicated projections.

Very truly yours,

Max T. Evans
Geologist

MTE:gw

RECEIVED
JUL 11 1955

LARGE FORMAT DOCUMENTS AT END OF FILE

[redacted]

Dept. of the Interior

Defense Minerals Exploration Admin.

14X4401(01) Revolving Fund, Defense Production Act, Interior (Allocated Working Fund to Office of the Secy.)

May 27, 1955

H/A' Chamberlain
Johnson
Selfridge.
Mittendorf

TO: Mr. W. M. Traver, Executive Officer
DMEA Field Team, Region 3
Bureau of Mines
224 New Customhouse Building
Denver 2, Colorado

SUBJECT: Payment for Exploration Work

Message:

REUTT MAY 27 AND YOUR LETTER MAY 11, SEE NO REASON WHY GRIMP CONSOLIDATED SHOULD NOT BE PAID FOR EXPLORATION WORK UNLESS THEY PLAN TO STOP BOTH EXPLORATION AND PRODUCTION WORK.

GEORGE C. SELFRIDGE
CHAIRMAN, OPERATING COMMITTEE

JLChamberlain:mm - 5/27/55

Copy to: Adm. N. File
Mr. Selfridge
Miss Curtin
Bur. of Mines, Audit Div., Rm. 2509
Operating Committee
Confirmation
Chron.
Mail & Files

R.C.A

Chairman, Operating Comm., D.M.E.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 27 1955

DN 235 BUR MINES 5-27-55 11-03 AM

CHAIRMAN, OPERATING COMMITTEE, DMEA

REFERENCE DOCKET DMEA 1 AND 1A, CONTRACT IDM E-4, CHIEF CONSOLIDATED MINING COMPANY. NOW HAVE OPERATOR S MF-104 REPORT FOR MAY. WILL APPRECIATE TELETYPE ADVICE REGARDING WITHHOLDING DISCUSSED IN OUR MEMORANDUM OF MAY 11.

W M TRAVER

Denver, Colo.

MAY 27 2 32 PM '55
BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

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

224 New Customhouse
Denver 2, Colorado

May 19, 1955

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 & 1A (Lead-Zinc), Contract Idm-E4, Chief Consolidated Mining Co., Juab County, Utah

In conjunction with matter discussed in our memorandum of May 11, 1955, we are enclosing three copies of the operator's letter of May 13, 1955 which is in reply to our letter to him of May 10, 1955, a copy of which was forwarded to you with our memorandum of May 11.

We have today received the operator's proposal mentioned in their letter of May 13 and it has been referred to the field examiners for their recommendations. Modification of the description of the work as requested by the operator is deemed not to be within the authority delegated to this office, therefore the entire matter will be forwarded for your consideration and appropriate action as soon as recommendations are available.

In conjunction with the matter we are enclosing three copies of the operator's letter of May 18, 1955 wherein they request a change in the description of work to be performed.

W. M. Traver

W. M. Traver

Enclosures

DMEA
Data Branch
MAY 16 1955
BUREAU OF MINES
Denver Colorado

Chief Consolidated Mining Co.

608 Dooly Building
SALT LAKE CITY, UTAH

May 13, 1955

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 1 & 1A
Contract Idm-E4

Dear Mr. Traver:

Your information is correct that operations under the above captioned contract were suspended May 3, 1955.

The reason for the cessation of operations is that an apparent change in the ore occurrences developed on levels above the projected DMEA work. We propose a change in the terms of the contract permitting a more realistic approach to the exploration program, and in this connection we are preparing the necessary mapping and justification pursuant to requesting an amendment to the existing contract. This request should reach your office some time next week.

In view of the condition outlined above and the fact that this Company has made substantial repayments monthly almost from the inception of the contract, and that ores already projected from work completed as a result of the contract are sufficient to practically insure full repayment of the amounts presently owed the Government in less than two years, we trust that payment of our April request for reimbursement as well as the May request, which will be sent you shortly, will not be unduly delayed.

Yours very truly

W. W. Watson

W. W. Watson
Secretary-Treasurer

WWW:ALC

DMEA
Date Rec'd
MAY 19 1955
BUREAU OF MINES
Denver, Colorado

Chief Consolidated Mining Co.

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

May 18, 1955

Mr. W. M. Traver, Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Contract Idm-E4

Dear Mr. Traver:

In Mr. Watson's letter to you of May 13, we advised of our intention to request an amendment to the above captioned contract and that the necessary mapping and geologic report incident thereto would be mailed you this week.

Enclosed, therefore, please find a report, in quadruplicate, from our resident geologist, addressed to me, together with the following maps:

1. Composite plan map of the 2700, 2800 and 2900 levels.

2. Three longitudinal sections of the lower level ore channels.

I believe you will find the report and related mapping self-explanatory and an accurate presentation of the problems we are encountering in our endeavor to complete the work contracted with D.M.E.A. The apparent flattening of the ore channels from their previously consistent downward rake gives rise to the following possibilities and the necessity for management's decision to bottom the 18-411 shaft at its present 3075 foot depth.

1. That we have reached or are approaching the bottom of a syncline and that the ore in the near future will rake upward.

2. That we are approaching the end of the presently known ore channels.

3. That the probable contact with ore on the present projected 3100 level will be so distant from the 18-411 shaft as to make the mining of such ore uneconomical and could be more profitably recovered by some other method than that proposed in the contract.

In view of the above, it is our intention to start drifting operations on the 3000 level. To assist in the financing of this work, we request you give consideration towards amending contract Idm-E4 to permit the work presently authorized on the 3100 level to be performed on the 3000 level. The 18-411 shaft is now bottomed 75 feet below the 3000 level, and as that depth is adequate for a pump sump, the emergency sump authorized on the 3100 level will not be required on the 3000 level, we therefore, further request the contract be amended to permit the money already authorized for an emergency sump and pump station on the 3100 level to be expended for an additional 600 feet of drift, raise and cross-cut on the 3000 level, or a total of 3900 feet. The need for this additional footage is evident as contact with the ore channels will be considerably more distant than originally contemplated.

The probability of a radical change in the direction and possible composition of our ore channels at this depth should bring the contemplated change in the program well within the definition of exploration work. A copy of this material has been sent directly to Mr. S. R. Wilson, Chief, Mining Division, Bureau of Mines, Salt Lake City.

Yours very truly

CHIEF CONSOLIDATED MINING CO.

Cecil Fitch, Jr.

Cecil Fitch, Jr.
Vice President and General Manager

CF,JR:ALC
Encs.

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

224 New Customhouse
Denver 2, Colorado

May 11, 1955

Memorandum

To: Chairman of the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 & 1A (Lead-Zinc), Contract Idm-E4, Chief Consolidated Mining Company, Juab County, Utah

Reference is made to the matter discussed in the Administrator's letter of May 8, 1952 to Mr. J. H. East, then Executive Officer, DMEA Field Team, Region IV. There follows an analysis of the status of funds under the contract:

Total Estimated Cost of the Work:	$518,040.71
Government Participation at 50%:	259,020.36
Disbursements to April 1, 1955:	178,957.73
Balance:	$ 80,062.63

The Operator's claim for the month of April, 1955 is for the amount of $12,060.00, the Government's contribution to which would amount to $6,030.00, leaving an unobligated balance of Government participation under the contract amounting to $74,032.63.

As there may have been a change in policy since the letter of May 8, 1952 was written, we will appreciate advice as to what amount of Government participation we should withhold from reimbursement to the Operator pending settlement of the Government's interest in the property acquired under the contract.

Records in this office indicate that royalty payments to the Government to date amount to $102,087.16. Enclosed for your information is a copy of our letter of May 10, 1955 to the Operator relative to processing their form MF-104, Operator's Monthly Report and Voucher for the month of April, 1955.

W. M. Traver

W. M. Traver

Enclosures

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

224 New Customhouse
Denver 2, Colorado

May 10, 1955

Mr. W. W. Watson
Secretary-Treasurer
Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

Re: Docket DMEA 1 & 1A (Lead-Zinc)
Contract Idm-E4

Dear Mr. Watson:

Receipt is acknowledged of Form MF-104 Operator's Monthly Report and Voucher relative to work performed during the month of April 1955.

We have been informed that operations under the contract were suspended May 3, 1955, therefore processing of Form MF-104 for the month of April 1955 will be deferred pending receipt of advice from you that operations have been resumed and will continue.

Very truly yours,

W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

JWT:jp
cc Subject
Chron
Harshman
Wilson
Osterstock
Chairman, Oper. Comm.
Townsend

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

224 New Customhouse
Denver 2, Colorado

March 25, 1955

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 1 and 1A, (Lead-Zinc), Second Amended Contract Idm-E4, Chief Consolidated Mining Co., Juab and Utah Counties, Utah

Enclosed are the Government, Division and Docket copies of Amendment No. 4 to the subject contract which was prepared in Washington and forwarded by your letter of March 7, 1955 for signature by the operator. Also enclosed are four sets of data relative to the amendment.

Copies of the amendment have been given to the operator, the Finance Office, Region III, and a copy has been retained for our files.

W. M. Traver

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

February 15, 1955

BUREAU OF MINES
Denver, Colorado

Memorandum

To: W. M. Traver, Executive Officer, DMEA Field Team, Region III

From: Stephen R. Wilson

Subject: Docket No. DMA-1 & 1A (Lead-zinc), Contract Idm-E4, Chief Consolidated Mining Co., Juab County, Utah

Attached are the original and eight copies of a letter received from the subject operator wherein a request is made that the allowable recess period be extended to February 15, 1955. The letter is dated February 10, 1955.

Because of conditions beyond the control of the operator, the area near the 18-dll winze at the 2000-foot level caved. The operator was unable to resume actual sinking until the caved area was cleared. The operator believes he will be able to resume the sinking during the week of February 14, 1955.

It is recommended that the operator's request be granted.

Stephen R. Wilson
Stephen R. Wilson

Enclosure

CHIEF CONSOLIDATED MINING CO.

608 Dooly Building
Salt Lake City, Utah

February 10, 1955

Mr. Stephen R. Wilson
Chief, Mining Division
U. S. Bureau of Mines
1600 East 1st South
Salt Lake City, Utah

Dear Mr. Wilson:

Reference is made to Contract No. Idm-E4 under which we advised your office that we would resume the sinking of our 18-411 shaft by January 15, 1955 in accordance with the terms of the extension to the contract that had previously been granted us.

Work preparatory to the sinking commenced sometime prior to January 15. Unfortunately, during the course of this preparatory work, our main power line blew up, closing down our pumps, flooding the shaft for a distance of 90 feet above the 2900 ft. level and closing our operations entirely for a period of four days. This flooding of the shaft and adjacent workings caused a cave-in in the emergency sump on the 2900 ft. level, which sump is essential to the sinking of the 18-411 shaft.

Preparatory work was resumed as quickly as possible thereafter and has progressed to the point where actual excavation on the 18-411 shaft will commence the forepart of next week barring further accidents.

In view of the above and to clarify your records, we request consideration be given us toward extending the period for commencing actual excavation of the shaft until February 15.

Very truly yours,

/s/ W. W. Watson
Secretary-Treasurer

WWW:ALC

cc: Mr. Cecil Fitch, Jr.

File Copy
Surname
Chambers
Selfridge
Johnson

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

MAR 7 - 1955

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. Idm-54

Dear Mr. Traver:

Referring to your teletype of February 18, regarding an additional recess for the cited project, we are enclosing the original and five copies of Amendment No. 4 to the second amended contract.

If you are in accord with the amendment provisions, please present it to the Operator for signature and distribute the copies in the usual manner. Otherwise, all copies should be returned to us with your comments.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GCS)

Enclosures

WRGriswold/er 3/3/55
Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

J. H. Hedges (JHB)
Member, Bureau of Mines

E. L. Newcomb (JHB)
Member, Geological Survey

R.C.

File Copy
Surname

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

February 21, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Docket No. DMEA-1 and 1A, Chief Consolidated Mining Company, Second Amended Contract No. Idm-E4

Will you please prepare an Amendment No. 4 to the second Amended Contract which will provide:

Recess period (fixed by Amendment No. 3 as extending to January 15, 1955) is again extended to March 15, 1955.

Completion time (fixed by Amendment No. 3 as January 16, 1956) is again extended to March 16, 1956.

W. R. Griswold

W. R. Griswold

WRG/er
Copy to: Docket
Base Metals
Chron.

File Copy
Surname
Griswold
Hedges
Kiilsgaard
Selfridge
Johnson
Wittendorf

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

FEB 21 1955

WRGriswold/bjl, Rm. 4444, Ext. 3669

Base Metals Div., DMEA, Interior

14X4401(01) Revolving Fund,
Defense Production Act, Interior (allocated
Working Fund to Office of the Secy.)

TELETYPE

Date:

To: W. M. Traver, Executive Officer, DMEA Field Team, Region III, Denver, Colorado

Reurtt February 18, Docket DMEA-1 and 1A, Chief Consolidated Mining Company, Contract Idm-F4. We shall prepare amendment extending recess period to March 15 and forward to you.

George C. Selfridge
Chairman, Operating Committee (24B)

(written 2/21/55)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kiilsgaard
Chron.

Chairman, Operating Comm, D.M.E.A.
2-18-55
12:30 P.M.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 18 1955

BUR MINES DN 235 2-18-55 10-25 AM

CHAIRMAN, OPERATING COMMITTEE, DMEA

REFERENCE DOCKET DMEA 1 AND 1A, CONTRACT IDM E-4, CHIEF CONSOLIDATED MINING OXY COMPANY. OPERATOR REQUESTS EXTENSION OF RECESS OF OPERATIONS XXXX OPERATIONS TO FEBRUARY 25,1955, BECAUSE OF CONDITIONS BEYOND THEIR CONTROL DUE TO CAVEIN OF AREA NEAR 18-411 WINDS AT THE 2900 LEVEL. PLEASE TELETYPE ADVICE AS TO HOW WE SHOULD PROCEED.

W M TRAVER

Denver, Colo.

FEB 18 1 11 PM '55

BUREAU OF MINES
MAIL ROOM
WASHINGTON D. C.

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

224 New Customhouse
Denver 2, Colorado

January 12, 1955

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMA-1 & 1A (Lead-Zinc), Contract I-DMA-E4, Chief Consolidated Mining Co., Juab and Utah Counties, Utah

Enclosed for your information is a copy of the operator's letter of January 11, 1955 relative to resumption of work under the subject contract.

W. H. King

Enclosure

Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

Date Rec'd
JAN 12 1955
BUREAU OF MINES
Denver, Colorado

January 11, 1955

Mr. W. H. King, Executive Officer
D.M.E.A. Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMA-1 & 1-A
Contract No. Idm-E-4

Dear Mr. King:

The installation of pumps preparatory to dewatering our 18-411 shaft below the 2900 level started on January 10.

Actual sinking of the 18-411 shaft under the terms of the above captioned contract will commence within the next ten to fourteen days.

Yours very truly

W. W. Watson
Secretary-Treasurer

WWW:ALC

cc: Mr. S. R. Wilson
Mr. Cecil Fitch, Jr.

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

224 New Customhouse
Denver 2, Colorado

October 11, 1954

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMA 1 and 1A (Lead-Zinc), Second Amended Contract Idm-E4, Chief Consolidated Mining Co., Juab and Utah Counties, Utah

Enclosed are the Government, Division, and Docket copies of Amendment No. 3 to Second Amended Contract No. Idm-E4 which was prepared in Washington and signed by the Administrator, DMEA, for the Government to extend the period of recess of operations and the period for completion of the project work, which was forwarded to this office for the operator's signature by your letter of September 27, 1954.

Copies of the amendment have been given to the operator, the Finance Office, Region IV, and a copy has been retained for our files.

W. H. King

Enclosures

Talbot
Chambers

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

SEP 3 0 1954

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse
Denver 2, Colorado

Re: Idm-E4, DMA-1 and 1A
Chief Consolidated Mining Co.

Dear Mr. Finch:

Receipt is acknowledged of three copies of the First Royalty Audit Report and Certificate, covering the referenced Exploration Project Contract, as submitted with your letter of September 21, 1954.

This Report and Certificate are accepted and normal distribution may be effected.

Since you submitted three copies each of the Report and Certificate and only two copies of the Report are required for Washington distribution, I am returning herewith the extra copy of the Report. Possibly you may need it for the Regional distribution.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

EDTalbert/ama
September 29, 1954
Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.B.

File Copy
Surname
Griswold
Selfridge
Talbot
Johnson

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

500

SEP 27 1954

Mr. W. H. King, Executive Officer
DMEA Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-1 & 14 (Lead-Zinc)
Chief Consolidated Mining Company
Chief No./Mine
Juab and Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. King:

Referring to your letter of August 25, we are enclosing the original and five copies of Amendment No. 3 to the second amended contract of the cited project.

If the amendment meets with your approval, kindly present it to the Operator for signature and distribute the copies in the usual manner. Otherwise, return all copies to this office, with your recommendations.

Sincerely yours,

George C. Selfridge (by ESF)
Chairman, Operating Committee

Enclosures 6

WRGriswold/er 9/21/54

APPROVED:
J. H. Hedges

Member, Bureau of Mines

Member, Geological Survey

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Kiilsgaard, Rm 5227
Mr. Bishop, USBM
Chron.

File Copy
Surname

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

September 1, 1954

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Chief, Base Metals Division

Subject: Docket No. DMEA-1 & 1A (Lead-Zinc), Chief Consolidated Mining Company, Chief No. 1 Mine, Juab and Utah Counties, Utah, Second Amended Contract No. Idm-14

Will you kindly prepare an Amendment No. 3 to the second amended contract, extending the recess period from September 15, 1954 to January 15, 1955. Likewise, the completion period should be extended from September 16, 1955 to January 16, 1956.

W. R. Griswold

WRGriswold/er 9/1/54

Copy to: Docket
Base Metals
Chron.

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

224 New Customhouse
Denver 2, Colorado

August 25, 1954

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMA-1 and 1A (Lead-Zinc), Contract Idm-E4, Chief Consolidated Mining Company, Juab and Utah Counties, Utah

Enclosed are the original and three copies of a letter dated August 21, 1954 from W. W. Watson, Secretary-Treasurer, Chief Consolidated Mining Company, wherein he requests an extension of the period of recess of operations to January 3, 1955, and that the termination date of the contract be extended for a like period of time.

Preparation of the amendment is not within the authority delegated to this office, therefore the matter is forwarded to you for your consideration and appropriate action.

W. H. King

W. H. King

Enclosures

Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah

August 21, 1954

Mining Division
Date Rec'd
AUG 23 1954
BUREAU OF MINES
Denver, Colorado

Mr. W. H. King, Executive Officer
D.M.E.A. Field Team, Region IV
224 New Customhouse
Denver, Colorado

Dear Mr. King:

We are in receipt of a letter dated August 4 from Mr. C. O. Mittendorf, Administrator, Defense Minerals Exploration Administration in Washington D. C., in which our request of July 13 which was addressed to you requesting certain amendments to the second amended contract No. Idm-E4, has been denied.

In the last paragraph of Mr. Mittendorf's letter, he suggests consideration will be given to an additional recess period, and that we should advise you of the time we believe necessary.

We, therefore, request that the second amended contract No. Idm-E4 be further amended, granting this Company a further extension of time for the resumption of work on the sinking of our 18-411 winze shaft until January 3, 1955, and that the termination date of the contract be extended for a like period of time.

Our engineers estimate that it will require approximately 87 working days (based on a 5 day week) from August 9 to complete the emergency safety facilities essentional before work can be resumed under the terms of the contract. These facilities were fully outlined in our application for an amendment dated July 13. This estimate would assume that work on the shaft would commence approximately next December 6. Because of the holiday periods, deer hunting and unforeseeable delays that may occur, it is our opinion that January 3, 1955 is the most logical time for resumption of work under the contract.

With kindest personal regards,

Sincerely yours

W. W. Watson

W. W. Watson
Secretary-Treasurer

WWW:ALC
cc: Mr. Cecil Fitch, Jr.

File Copy
Surname

Reinwald
Guild
Hedges
Selfridge

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

AUG 4 1954

Mr. W. W. Watson, Secretary-Treasurer
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Re: Docket No. DMEA-1 & 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. Idm-E4

Dear Mr. Watson:

This will refer to your letter of July 13, addressed to Mr. W. H. King, in which a request is made for an amendment to the cited contract, increasing the total amount of the contract by $19,303.00, to provide for a pump station and emergency sump on the 2900 level of the mine.

We note that the original contract contains the following item:

"Sumps, extension of drainage workings and enlargements — $26,500.00"

This item is subdivided as follows:

	Description	Amount
Item 1.	2300 Sump - station to accommodate 600 HP pumps and electrical equipment to include 6 auto-transformers 4160 V to 2300 volts	$ 8,000.00
Item 2.	2700 Sump - station to accommodate 450 HP pumps and local electrical equipment	8,000.00
Item 3.	150 feet raising @ $30.00 to connect a raise thru to 1800 Level to accommodate new 16" pump column	4,500.00
Item 4.	400 feet slabbing @ $15.00 old drifts to accommodate 16" pump column	6,000.00
	Total	$26,500.00

We have been advised by the Field Team that the 2700 level sump and pump station, which had been provided for in the original contract, would have been adequate if the work had been completed as originally planned, but that new development work on the 2800 level is fast draining the bulk of the water to that level, leaving the 2700 level dry except for a small amount of water from extended drift headings.

We must point out that the 2800 level development was not an item of the DMEA contract, and that any expenses resulting from the driving of such level cannot be enfolded into the contract. Furthermore, you will note that Amendment No. 2 to the Second Amended Contract, which provided a recess period of from January 15, 1954 to September 15, 1954, states:

> "Moreover, after the project work is resumed, the Government will not contribute to any costs of rehabilitation or repair which are necessitated by reason of the recess of operations."

In view of the above, your request must therefore be denied.

Since you state that sinking operations cannot be resumed by September 15, you should advise Mr. King as to what additional recess period you believe is necessary.

Sincerely yours,

C. O. Mittendorf (lwg)

Administrator

WRGriswold/bjl (8/4/54)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Gildersleeve
Chron.
Region IV (2)

R&G

File Copy
Surname

500

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

August 4, 1954

Memorandum

To: Administrator

From: Chief, Base Metals Division

Subject: Denial of request for amendment -- Docket No. DMEA-1 & 1A, Chief Consolidated Mining Company, Second Amended Contract No. Idm-E4

The attached letter of denial is largely self-explanatory.

The Field Team has recommended the granting of the requested amendment, but at the same time their engineering discussion plainly states that the present need results from the driving of the 2800 level, under the DMPA project. Likewise, the geological discussion states:

> "The construction of the pump station and the emergency sump was in large part made necessary by the recess that was granted to the Company. Had shaft sinking proceeded to the 3100 level without a recess the pump station and the emergency sump on the 2700 level could have effectively handled the principal part of the water inflow into the mine, and sinking pumps could have handled the water that made in the shaft."

There is little question but what the proposed sump is now a necessity, but it is properly a normal charge against work of mine development on the 2800 level and has no relationship to the DMEA exploration program.

W. R. Griswold

W. R. Griswold

WRGriswold/bjl

Copy to: Docket
~~Admr~~
Base Metals
Chron.

RaG

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

August 4, 1954

Memorandum

To: W. R. Griswold, DMEA

From: O. M. Bishop, USBM

Subject: Proposed amendments allowing a $19,303 pump station and sump on 2,900 level; and revision of the date for resumption of contract. (Docket No. DMEA-1 & 1A, Chief Consolidated Mining Co., Juab and Utah Counties, Utah)

I have reviewed the application of the Chief Consolidated Mining Company of data July 13, 1954 requesting two amendments as follows: (1) To increase the total amount of the contract by $19,303 to provide a pump station and sump on the 2,900-foot level and (2) to provide that the date of resumption be the date work begins on the work proposed under amendment 1 above.

I concur with the views of W. E. Young and Stephen R. Wilson (USBM) that both amendments be granted, for without the amendments it would appear that the winze, and the 3,100-level development previously proposed and agreed to could not be safely completed. I would further recommend the suggestion made by W. E. Young that it be stipulated in the amendment that no development is to be carried forward on the 3,000-foot level until the winze is completed and the 3,100-level sump-pump setup is functioning.

O. M. Bishop

O. M. Bishop

Copy to: Minerals Division
Edward L. Newcomb
O. M. Bishop
Files

IN REPLY REFER TO:

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

July 30, 1954

Re: DMEA 1 and 1A
Chief Consolidated
Mining Co.
Juab Co., Utah
Lead-zinc

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: E. L. Newcomb, U. S. Geological Survey

Subject: Proposed pump station and sump on 2900 level

The requested $19,303 for a pump station and sump is a matter for policy and engineering consideration.

However, the Field Team (Bureau) memoranda indicate that DMPA development work has caused the water problem on the 2900 level. Therefore, it would seem that the responsibility for providing this intermediate pump station would rest with DMPA and the operator and not with DMEA.

E. L. Newcomb

E. L. Newcomb

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

2

224 New Customhouse
Denver 2, Colorado

July 30, 1954

AIR MAIL

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMA 1 & 1A (Lead-Zinc), Contract No. I-DMA-E4, Amended, Chief Consolidated Mining Co., Juab and Utah Counties, Utah--Request for additional work and additional funds.

Supplementing the material forwarded by the Field Team, Region IV memorandum of July 21, 1954 relative to the subject matter, we are enclosing the original and three copies of a memorandum dated July 26, 1954 from Hal T. Morris, Geologist, U. S. Geological Survey, and transmittal thereof from Ralph J. Roberts dated July 27, 1954.

W H King
W. H. King

Enclosure

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

32 - 1954
Mining Division
Date Rec'd
JUL 29 1954
BUREAU OF MINES
Denver, Colorado

Room 208, 222 So. West Temple
Salt Lake City 1, Utah
July 27, 1954

Memorandum

To: DMEA Field Team, Region IV

From: Ralph J. Roberts

Subject: Docket No. DMA 1 and 1A Amended (Lead-Zinc) contract I-DMA-E4, Chief Consolidated Mining Company, Juab County, Utah

Transmitted herewith is a report by H. T. Morris on the subject docket.

I concur with the recommendation of the examining geologist that the deep exploration provided under the contract I-DMA-E4 be resumed.

I concur -
E.M.H. for A.H.K.

for - Ralph J. Roberts

MEMORANDUM REPORT 26 July 1954

To: DMEA Field Team, Region IV, through Mr. R. J. Roberts
Mineral Deposits Branch, U. S. Geological Survey

From: Hal T. Morris, U. S. Geological Survey, Eureka, Utah

Subject: Docket No. DMA 1 and 1A Amended (Lead-zinc) contract I-DMA-E4,
Chief Consolidated Mining Company, Juab County, Utah

Reference is made to the following documents:

(a) A letter from W. W. Watson, Secretary-Treasurer of the Chief Consolidated Mining Co. to Mr. W. H. King, dated June 24, 1954.

(b) A memorandum from W. H. King and E. N. Harshman to S. R. Wilson and R. J. Roberts, dated June 25, 1954, and

(c) A letter and accompanying report with maps from W. W. Watson to W. H. King, dated July 13, 1954, all of which concern: 1) resumption of work by the Chief Consolidated Mining Co. on or before September 15, 1954, under the terms of contract I-DMA-E4, and 2) a proposed amendment to this contract to authorize additional funds for the construction of a pump station and emergency sump on the 2900 level of the Chief No. 1 mine.

In reference to item 1 above: The Chief Consolidated Mining Co. was allowed an 8 months' recess beginning January 15, 1954, from carrying out the provisions of contract I-DMA-E4 to sink the 18:411 winze, the principal interior shaft of the Chief No. 1 mine to the 3100 level. At that date the 18:411 winze stood at about the 2950 level, having been sunk from the 2750 level under the aforementioned contract. This recess was granted because it was believed at the time that the ore zones were flattening on the 2700 level and might not extend downward to the 3100 level in the area mined through the18:411 winze.

However, mining operations carried out during the interval February 15-July 15, 1954, have demonstrated that although many of the larger ore bodies in the block north of the Leadville fault and dike below the 2600 level are chiefly locallized along 10° to 20° north-dipping bedding plane faults and favorable dolomite beds, the more persistent and through-going ore bodies and feeder channels crosscut the beds and are apparently controlled along obscure steep fissures. This is especially true of the "C-sump" ore bodies (specifically the 27-36 ore shoot) which locally appear to extend nearly vertically below the 2700 sill and which demonstrate an overall plunge to the north of 35°. These features are clearly and accurately illustrated on the map and sections submitted by the Chief Consolidated Mining Co.

Recommendation: It is therefore recommended that the Chief Consolidated Mining Co. resume deep exploration under the terms of contract I-DMA-E4 and sink the 18:411 winze from the 2950 level to the 3150 level

to carry forward exploration for the down-rake projection of the main ore zones on the 3100 level.

In reference to item 2 above: The construction of a pump station and emergency sump on the 2900 level of the Chief No. 1 mine is based chiefly on engineering considerations and only in an indirect way on geologic factors. The installation of the pump station on the 2900 level is required to provide a gathering sump for water resulting from operations currently carried out on the 2800 level; the unused part of the 18:411 winze below the 2900 level sill has been used for this purpose, but of course will not be available when shaft sinking is resumed.

The proposed emergency sump will be constructed as a safety feature to allow men working on the 2800 and 2900 levels and in the shaft, sufficient time to escape up the shaft and up safety raises in the event of a pump failure. The time required for the total water inflow in the mine to fill the 16,800 cubic foot capacity sump would be approximately 16 minutes which would give sufficient time for all employees on the 2800 and 2900 levels to climb to safety.

The construction of the pump station and the emergency sump was in large part made necessary by the recess that was granted to the Company. Had shaft sinking proceeded to the 3100 level without a recess the pump station and the emergency sump on the 2700 level could have effectively handled the principal part of the water inflow into the mine, and sinking pumps could have handled the water that made in the shaft. However, during the recess the 2800 level was opened and according to Mr. C. A. Fitch, Jr., the General Manager of the Chief Consolidated Company, now makes approximately 3500 gallons of water per minute. This water flows into the mine at a point below the 2700 level pump station and emergency sumps. Therefore, in consideration of the best engineering and safety practice it would appear that the construction of the emergency sump and pump station on the 2900 level is required before shaft sinking and mining is started on or below this level.

Recommendation: Inasmuch as the chief factors involved in the amendment to add the construction of the pump station and emergency sump to the existing DMEA contract, are almost wholly of an engineering nature and are not directly related to geologic principles, nor directly to exploration, I will defer any recommendations to the Bureau of Mines examining engineers.

Hal T. Morris

htm g

File Copy
Surname

Griswold
Talbot
Selfridge
Hedges
Thayer

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

Mr. L. H. King, Executive Officer
DMEA Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-1 and 1A (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Second Amended Contract No. I-DMA-E4

Dear Mr. King:

We have your July 13 memorandum referring to audits of royalty payments.

It is our opinion that in instances such as the one you cite, where an apparent discrepancy is of a very minor nature, the purchaser's figures should prevail. However, if you should note instances wherein the sums involved were of a substantial nature, you should first call the matter to the attention of the Operator, who would certainly be glad to learn of them and who would undoubtedly promptly put in his claim for an adjustment. Naturally any settlement sheets covering such an adjustment would also have to note the proper royalty deduction.

Sincerely yours,

George C. Selfridge (24B)
Chairman, Operating Committee

APPROVED:

J. H. Hedges (24B)
Member, Bureau of Mines

T. P. Thayer (24B)
Member, Geological Survey

WRGriswold/er (7/22/54)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Gildersleeve
Mr. Bishop
Mr. Chambers (DMEA) 4542
Chron.

R.C.S.

UNITED STATES 500
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

July 23, 1954

Memorandum for the Files

From: Chief, Base Metals Division

Subject: Docket No. DMEA-1&1A, Chief Consolidated Mining Company, Contract No. Idm-E4

Today, Mr. W. W. Watson, Secretary of the Chief Consolidated Mining Company, called upon me for a discussion of their exploration project. He was especially interested in obtaining an amendment to the contract which whould delete three claims from the lands presently included in the contract. Such three claims are located some two miles northeasterly of the project operations and it would be hard to conceive as to how they might be benefited directly by the project work program.

Mr. Watson explained that they were leasing a certain parcel of land in their northerly area to the Longyear Company, and they hoped to include the three above-mentioned claims in such a lease. I explained to him that there would be no objection on the part of the Government to such an arrangement, as long as someone, either the Longyear Company, or the Chief Consolidated Mining Company, made proper royalty payments to the Government upon any ores which might be produced from such claims. However, Mr. Watson believed that perhaps, at a later date, the Longyear Company might wish to sell and transfer their lease to some other mining organization, and the fact that the three claims in question were subject to a DMEA subordination might discourage such a transaction.

I told him that he of course could make a request for such a deleting amendment and that we would give it consideration after having received recommendations from the Field Team, and that obviously we were in no position to make any statements until such a time. However, I did explain to him that it was my off-hand impression that both our legal department and ourselves would probably encounter difficulty in agreeing to such an amendment, which apparently would be of no benefit to the Government, but which would rather represent a relinquishment of a Government equity.

He then suggested that possibly his company might be willing to make a cash payment to the Government (perhaps a thousand dollars) in return for the proposed amendment. I advised him that I was in no position to comment upon such a proposal at this time.

We also discussed the matter of their request for an amendment to the contract which would increase the contract sum by about twenty thousand dollars, to permit excavation of a temporary water sump on the 2900 level of the mine. I told him that this request had not yet been forwarded us by the Field Team, but since the Government had already participated in the cost of such a sump on the 2700 mine level, I was somewhat doubtful as to whether we could again duplicate such expense. Obviously, the 2900 sump now becomes necessary due to the recent work on the 2800 and 2900 levels, which were driven under their DMPA program.

W. R. Griswold

W. R. Griswold

WRGriswold/bjl

Copy to: Docket
Base Metals
Mr. Mittendorf
Chron.

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

224 New Customhouse
Denver 2, Colorado

July 21, 1954

Memorandum

To: Chairman, Operating Committee, DMEA

From: DMEA Field Team, Region IV

Subject: Docket DMA 1 & 1A (Lead-Zinc), Contract I-DMA-E4, Amended, Chief Consolidated Mining Co., Juab & Utah Counties, Utah

Enclosed is the following material relative to the authorization of additional work and allocation of additional funds under the subject contract:

1. Original and three copies of a request from the operator dated July 13, 1954 for an amendment to the contract to authorize the construction of an emergency sump and pump station on the 2900 foot level at a total estimated cost of $19,303.00.

2. Original and three copies of a memorandum from W.E. Young, Mining Engineer, U.S. Bureau of Mines, dated July 19, 1954, and transmittal thereof from the Chief, Minerals Development Branch, Mining Division, Region IV, of the same date, relative to the operator's request.

The operator's request appears to be primarily an engineering problem. However, the recommendations of the U.S. Geological Survey will be forwarded to you upon being made available to this office.

We were informed by Mr. W.W. Watson, Secretary-Treasurer, Chief Consolidated Mining Company, that the matter covered by the request under item 1 was discussed with the Administrator and other DMEA personnel in the Washington office. As the time factor in resolution of the operator's request is of the essence we are forwarding the above data for your consideration and appropriate action prior to receipt of the recommendations of the U.S. Geological Survey.

Bureau of Mines engineers recommend that the operator's request be granted by amendment to the contract as a necessary prerequisite to continuance of sinking operations, in which this office concurs.

If favorable consideration is given to the operator's request we further recommend that a stipulation be incorporated in the amendment to the effect that the shaft be completed to its objective before any

lateral drifting is performed on the 3000 foot level except the necessary station work as the shaft sinking is in progress.

W H King

W. H. King

A. H. Koschmann

A. H. Koschmann

Encls.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

Mining Division
Date Rec'd
JUL 21 1954
BUREAU OF MINES
Denver, Colorado

July 19, 1954

Memorandum

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

From: Chief, Minerals Development Branch, Mining Division, Region IV

Subject: Docket No. DMEA 1 & 1A Amended (Lead-zinc), Contract Idma-E4, Chief Consolidated Mining Co., Juab County, Utah

Enclosed are eight copies of a memorandum prepared by W. E. Young concerning the operator's request to amend the subject contract. The request letter is dated July 13, 1954. Five copies of this letter were mailed direct to your office by the operator. One copy was mailed to this office.

The operator requests that the total amount of the contract be increased by $19,303 to provide a pump station and sump on the 2900-foot level. The request is also made that the present recess period be extended to allow resumption of work on the date work is started on the pump station and emergency sump, if allowed by amendment.

W. E. Young, the inspecting engineer, believes the proposed pump and sump work is essential as a safety measure. It is recommended that the operator's request be granted. I concur with this recommendation.

Stephen R Wilson
Stephen R. Wilson

Enclosure

S. R. Wilson July 19, 1954

W. E. Young

Docket No. DMEA 1 & 1A Amended (Lead-zinc), Contract Idma-E4, Chief Consolidated Mining Co., Eureka, Juab County, Utah. Request for two amendments to contract

A request for amendments to the subject contract has been received from the operator in a letter dated July 13, 1954. This project was recessed by amendment on January 15, 1954. Development work carried on in the interim by the company under DMP-87 contract has necessitated changes in procedure incorporated in the requested amendments.

Amendment No. 1

To increase the total amount of the contract by $19,303, of which the Government will contribute 50 percent or $9,651.50 for the purpose of providing a pump station and emergency sump on the 2900-foot level.

Under the original contract no provision was made for handling water on the 2700-foot level in the event of electrical or mechanical failure. Shortly after sinking work started in the 18-411 winze, it became evident that construction of a sump would be necessary, the sump to be adequate to hold the flow of water for a period sufficiently long to permit workmen to get out of the shaft. The company undertook this work and completed it at their own expense. At that time it was thought that sinking to the 3150-foot level would be completed within a few months. The 2700-foot level sump and pump station would have been adequate if the work had been completed at that time, but development work on the 2800-foot level is fast draining the bulk of the water to that level, leaving the 2700-foot level dry except for a small amount of water from extended drift headings. Eventually the 2700-foot level will be drained and the pump-sump set up on that level will be useless. Inasmuch as the water is now virtually below the 2700-foot level, it will be necessary to construct a sump and pumping setup at some lower point to permit the shaft sinking and 3100-foot level development work to be accomplished safely.

The company is at present sinking an escape winze from the 2800-foot level to the 2900-foot level. The company proposes a sump and pumping setup on the 2900-foot level to be used while doing the lower development work. It will be similar to the proposed sump and pump setup called for on the 3100-foot level and shown in the amended contract. It consists of a 10' x 10' x 50' shaft directly under the escape winze in which the pump setup will be installed. Connected to this will be an emergency sump approximately 55' x 20' x 15', designed

to catch the flow of water and allowing an 18-minute time interval before water starts pouring into the shaft. This will permit the workmen to escape in the event of power or mechanical failure. The cost estimates have been studied and are reasonable. The work is essential as a safety measure. It is recommended that the amendment be granted. It is suggested that it be stipulated in the amendment that the work be completed to the point of installation of 3100-foot level sump-pump setup before allowing any development work on the 3000-foot level. This is to insure completion before the 2900-foot level is drained, making the proposed 2900 sump-pump setup useless.

Amendment No. 2

To provide that resumption of work under the present recession will commence on the date work is started on the additional facilities requested in Amendment No. 1.

Amendment No. 2 to the second amended contract permits a recession of operations "from January 15, 1954, to not later than September 15, 1954."

It will be impossible to complete the escape winze now under way and complete the 2900-foot level pump setup and emergency sump before September 15. This work will all be necessary before shaft-sinking operations can be safely resumed. If Amendment No. 1 is granted, it is recommended that Amendment No. 2 be granted also in order to keep the contract active and in force. It is anticipated that the escape winze from the 2800-foot level to the 2900-foot level will be completed by August 15.

The property was examined on July 12, 1954, with Max Evans, company geologist. The report submitted by Mr. Evans recommending completion of the proposed 2800-, 2900-, 3000- and 3100-foot levels development projects has been studied in detail. All of the ore runs on and below the 2700-foot level have been observed. The report is considered conservative and factual in all respects. The report substantiates and justifies completion of the work outlined under the original contract.

W.E. Young

W. E. Young

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

224 New Customhouse
Denver 2, Colorado

July 13, 1954

Unsigned
Betty

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Audit of Royalty Payments

Donald T. Finch, Auditor, has been examining the settlement sheets covering shipments of ore on which royalty has been paid the DMEA under the terms of Contract Idm-E4, Chief Consolidated Mining Company.

Some minor errors have been noted in these settlement sheets. A summary of the calculations on Lot GP-3 as submitted by the Combined Metals Reduction Company, and as calculated by Finch is as follows:

10/3/51 - $Zn. $\frac{(9.6 + 9.6 + 10.0 + 9.9)}{4}$ = 9.775 - NsZN.45 = 9.325
-1.8
= 7.525
x 1.92 = $14.448 per ton.

Combined Metals showed as 9.75 - .45= 9.30 - 1.8 = 7.50 X 1.92
= $14.400 per Ton.

Correct Value per Ton Zn =	14.448
Combined Metals settled at	14.400
Difference	.048 per Ton

Shipment 54.932 x .048 = $2.64 Underpayment
$2.64 x 5% = 13 cents Amount of Royalty payment short.

In this case, Finch determined there is a difference of $.048 per ton, or a total underpayment of $2.64 on the total shipment. The amount of royalty involved would be 13 cents. The shipper evidently accepted the ore buyer's calculations as correct. Should the DMEA question the value of the ore as determined by the ore buyer if it is accepted by the shipper?

JFS:es

W. H. King
W. H. King

cc: Chron.
Subject
Mittendorf

Chief Consolidated Mining Co.
608 Dooly Building
Salt Lake City, Utah
July 13, 1954

Mr. W. H. King, Executive Officer
DMEA Field Team, Region IV
224 New Customhouse Bldg.
Denver, Colorado

Dear Mr. King:

In our letter of June 24th we advised you of our intention to resume work under the terms and conditions of our DMEA Contract No. IDM-E4. We also advised you that we would request amendment to the contract to provide for additional facilities essential to resumption of the work, and also to include the starting date of work on these facilities as the effective date of resumption of work under the terms of the amendment granting the present recession.

We, therefore, ask that consideration be given to amending the contract to provide, in substance, the following:

AMENDMENT NO. 1

To increase the total amount of the contract by $19,303 of which the Government will contribute 50% or $9,651.50 for the purpose of providing a pump station and emergency sump on the 2900 level.

AMENDMENT NO. 2

To provide that resumption of work under the present recession will commence on the date work is started on the additional facilities requested in Amendment No. 1.

JUSTIFICATION FOR AMENDMENT NO. 1

Disposal of water under our present operation necessitates the use of 50 feet of our 18-411 shaft below the sill of the 2900 level as a gathering sump for water resulting from operations conducted on the 2800 level. Before the 18-411 shaft can be sunk, an additional 200 feet to the 3150 level as provided in the present DMEA contract, a pump station must be provided for on the 2900 level to relieve the shaft of its present function. Safety considerations require that an emergency sump in addition to the pump station be excavated of a sufficient size to allow 18 minutes in which to evacuate personnel in the event of pump failure. The contract has already been amended to provide for the construction of identical facilities on the 3100 level. The need for these facilities on the 2900 level is similar in all respects. Reference is, therefore, made to our application for amendments to the contract dated July 13, 1951 and particularly to Amendment No. 4 for more detailed justification of this request.

There is appended hereto a statement showing in detail the proposed cubic feet of excavation and the estimated cost of the facilities. There is also appended hereto a map showing the location of the proposed pumping station and emergency sump.

JUSTIFICATION OF AMENDMENT NO. 2

The amendment to the contract which provides for a recession of work also stipulates that work will be resumed prior to September 15, 1954. Before the actual sinking of the 18-411 shaft can be resumed the following work will have to be concluded:

1. An escape raise driven by winzing from the 2800 level to the 2900 level.

2. Completion of the pump station and emergency sump on the 2900 level. Work is presently under way on the escape raise, and it is expected this operation will be finished by August 15, 1954.

Upon completion of the escape raise, work will start on the pumping station and emergency sump and should be completed between October 1st and 15th of 1954.

Obviously, actual sinking operations cannot be commenced by September 15, 1954 and consequently if Amendment No. 2 of this request is granted, work on the contract will be resumed approximately August 15, 1954, well within the present limitations.

JUSTIFICATION FOR RESUMPTION OF WORK ON THE CONTRACT IN VIEW OF THE BASIS UPON WHICH THE RECESSION WAS GRANTED

In our request for the present recession of work under the terms of the contract we pointed out that there was a possibility our ore channels were flattening on the 2700 level and that further sinking of the 18-411 shaft should be delayed until such time as development on the 2800 level had progressed to a point where the downward projection of the ore channels could be determined with reasonable assurance of their continuance.

During the period of the recession, development of the 2800 level has been vigorously pursued. Ore has been contacted on the 2800 level by diamond drilling downward from the 2700 level as well as diamond drilling above the sill of the most northerly drift on the 2800 level. The management of our company is now convinced that the results so far obtained are sufficient to justify the decision to continue and complete the exploration program as originally proposed. The probability of the continued occurence of ore in other ore channels at depth likewise has been more conclusively determined during the period of the recession.

Your attention is particularly directed to the enclosed geological report

prepared by our resident geologist, and addressed to Mr. Cecil Fitch, Jr. General Manager, as well as to the plan map and sections which also accompany this request for more detailed justification of our decision to continue the exploration program.

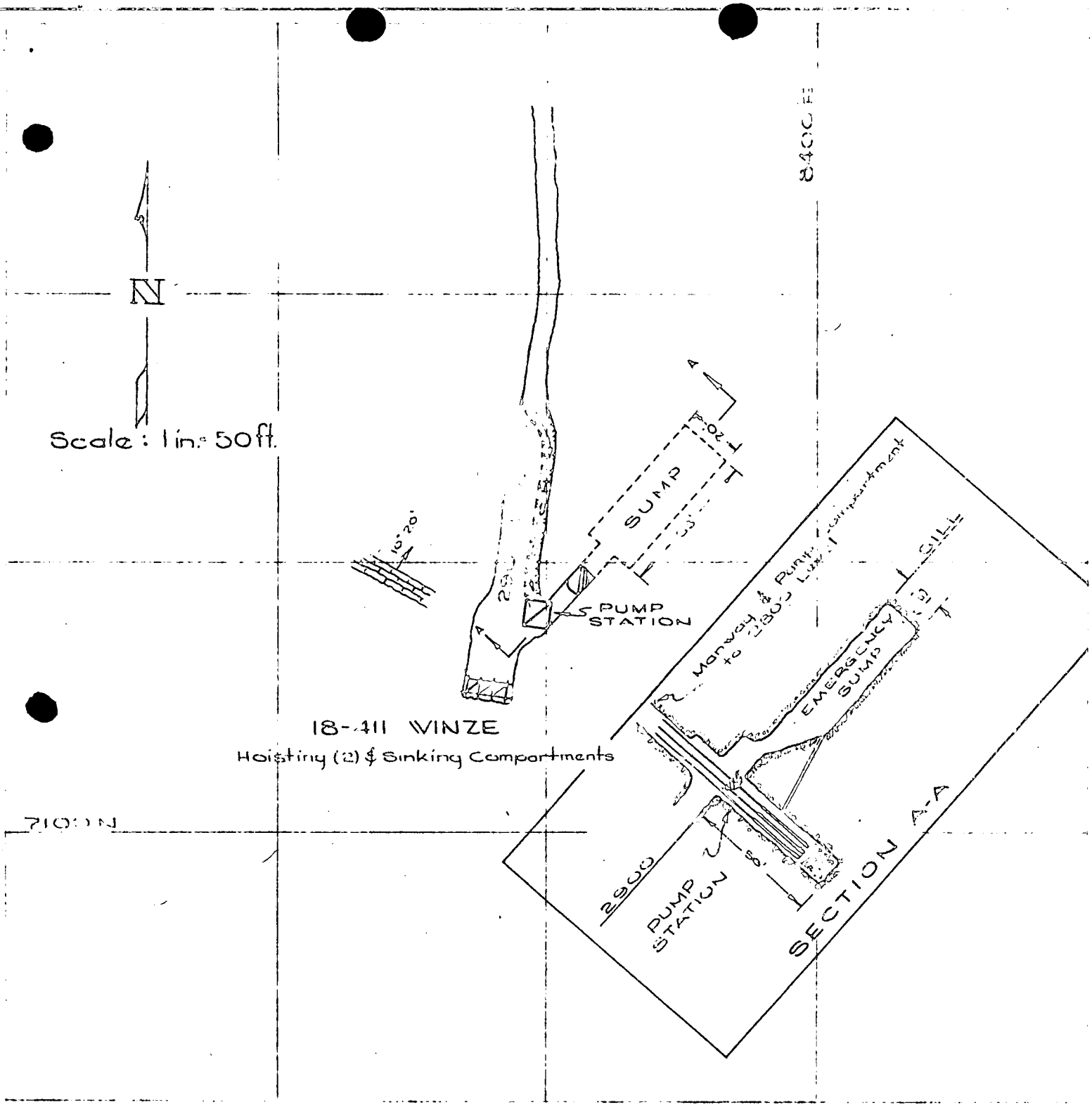
Your earliest consideration of this request will be appreciated.

Yours very truly,

W. W. Watson

Secretary-Treasurer

WWW:gn
Enc.



PROPOSED PUMP INSTALLATION & EMERGENCY SUMP
2900 LEVEL
CONSOLIDATED MINING CO.
EUREKA, UTAH

Geological Report of Lower Level Development Work, Chief No. 1 Mine

Period: Dec. 10, 1953 to July 1, 1954

Mr. Cecil Fitch, Jr.
Vice President and General Manager,
Chief Consolidated Mining Company,
Eureka, Utah.

Dear Mr. Fitch:

During the past seven months of lower level development work in the Chief No. 1 Mine, there have been important changes in the habits of the ore channels. These changes involve the trend, size and grade of the ore between the 2600 level sill and the 2800 level sill.

The change in trend, along with the restricted areas of flat northeastbedding ore, warrants immediate development for the continuation of these ore channels on the 2900, 3000 and 3100 levels.

The various productive channels in the lower level development area will be discussed individually and in orderly sequence from west to east. This will facilitate in correlating this report with the attached plan map and sections.

C-Sump Ore Shannel:

This channel has changed materially between the 2600 level sill and the 2700 level sill as summarized below:

A. This channel has presently developed three separate replacement ore bodies on and below the sill of the 2700 level.

B. A pronounced steepening of two of the replacement ore bodies along the Leadville fault-dike between the 2600 level sill and the 2700 level sill.

C. The C-Sump Channel is presently localized on and near a very potential fault zone along with very receptive host rock, the Bluebell dolomite formation.

D. The size of the replacement ore bodies looks encouraging and the metallization strong for production at lower elevations.

E. The pronounced steeping of the replacement bodies in C-Sump ore channel should result in relatively short range development work on the 2900, 3000 and 3100 levels.

26-10 Ore Channel:

This ore channel has been diamond drilled to within twenty-five feet of the 2800 level, with little change in its attitude.

Diamond drilling has proven additional ore to prevail on the east flank of this channel. This additional ore blocked out is suggestive of bedding replacement ore trending to the northeast along the strike of bedding. This channel is presently being mined between the 2700 level and the 2800 level and warrants immediate development for production of this channel below the 2800 level.

27-79 and 27-50 Ore Channels:

These ore channels have provided a considerable tonnage of good high grade ore. Both channels have been mined to the sill of 2700 level. Their trend has been north 50 degrees east and they have been relatively flat over a distance of 350 feet in strike length.

These channels do not continue flat to the northeast, but junction with the 26-10 North-South channel on the west and 27-58 North-South channel on the east. These channels were previously thought to be continuous flat replacement bodies trending down to the Northeast and not junctioning with the North-South channels. The structure and bedding controlling these important ore channels should be immediately developed on 2800, 2900, 3000 and 3100 levels.

27-43 Ore Channel:

This ore channel has been localized along the north side, or foot wall side of the Leadville fault-dike. The trend has been down nearly due east at about 20 degrees. The ore mined from this channel between 2600 level and the 2700 level sill has been of a very good grade. This channel is still continuing down below the 2700 level sill and development should be started for this channel on the 2900, 3000 and 3100 levels.

27-31 Ore Channel:

This channel has just recently been developed, with ore trending above, on and below the 2700 level sill.

This ore body, in its downward trend to the east, should encounter the acute wedge of intensely fractured host rock, prevailing at the intersection of the Beck - Leadville structures near the 2800 level.

27-43 channel is trending in a similar direction and may junction with 27-31. The grade and size of ore in both channels along with the structural picture looks encouraging for development on the 2900, 3000 and 3100 levels.

27-39 Ore Channel:

This channel, pipe-like in form, appears to be following the prevailing dip of bedding to the north, on and below the 2700 level sill. This ore will be developed by diamond drilling from the 2800 level.

27-58 Ore Channel:

This ore channel junctioned with 27-50 channel and has been mined down to the 2700 level sill. This channel has been exposed for a distance of 135 feet in strike length going below the sill of 2700 level. The grade, size and continuity of this channel looks extremely encouraging for lower level production on the 2800, 2900, 3000, and 3100 levels.

Millionaire Row Ore Channel:

A very complex structural picture has developed on the 2700 level as we have progressed northeasterly on our Millionaire Row project. A compound fissure system trending northeasterly into the Beck fault area has developed on the hanging wall block of the Millionaire Row fissure. These complexities, however, have proven very favorable for the localization of a major ore body, namely, 27-110. The metallization looks strong, the structural setting in this area is extremely favorable for present and future production both above and below the 2700 level.

In summarization of the above data, I conclude that the stratigraphic and structural picture looks very favorable for the continuation of ore deposition on the 2800, 2900, 3000 and 3100 levels of the Chief No. 1 Mine. The number, grade, and size of the ore channels trending above and below the 2700 level, along with ore blocked out in diamond drill holes near the 2800 level, offers a very encouraging picture for lower level production. It is, therefore, my recommendation that development work proceed toward these productive ore channels on the 2900, 3000, and 3100 levels.

Very truly yours,

/s/ Max Thomas Evans

Geologist

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON 25, D. C.

DIVISION OF
CORPORATION FINANCE

Defense Minerals Administration
RECEIVED
JUL 9 1954

JUL - 8 1954

C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Chief Consolidated Mining Company
File 2-11004

Dear Mr. Mittendorf:

This is to thank you for your letter of July 2, in reply to our letter of June 25, 1954. You have been most helpful and we appreciate your cooperation in this matter.

Very truly yours,

Harry Heller

Harry Heller
Assistant Director
Division of Corporation Finance

DOCKET
FILE

Surname Copy

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

JUL 2 - 1954

Mr. Harry Heller
Assistant Director
Division of Corporation Finance
Securities and Exchange Commission
Washington 25, D. C.

Re: Chief Consolidated Mining Co.
File 2-11004

Dear Mr. Heller:

Reference is made to your letter dated June 25 which transmitted a copy of the prospectus submitted by the Chief Consolidated Mining Company in connection with its proposed offering of securities. You call my attention to the references contained therein to the Defense Minerals Exploration Administration and the Defense Materials Procurement Agency, and you request that I review such references and furnish any comments that I might have.

With respect to the DMEA, the comments appearing on page 8 of the prospectus are substantially correct, although they omit considerable detail which might be of interest to your agency. A brief statement of DMEA's dealings with this company follows:

A contract, designated as Idm-E4, was entered into with the subject firm on June 13, 1951. One of its purposes was to explore for the downward projections of the major ore "runs" north of the Leadville dike, an area which was exceedingly heavy with water. The other purpose was to explore for the downward projection of the Mammoth-Chief orebody, south of the Leadville dike, below the 2700-foot level.

To accomplish the first objective, a total of 1500 feet of drift and raises was approved on the 2700 level. This work was estimated to cost $63,000. Since the opening of the area north of the Leadville dike would necessitate the handling of a quantity of water beyond the capacity of the existing equipment, the exploration contract also provided for a new pumping system estimated to cost $231,420.

In order to accomplish the second objective of the contract, a 400-foot winze was approved from the 2700 to the 3100 level, and 3000 feet of drifting, crosscutting, and raising on the lower level. Since the operator desired to sink the 400-foot winze of a larger size than deemed necessary for pure exploratory work, the Government contributed only 25 percent to the cost thereof. The Government contributed

50 percent of the cost of all the remaining work and equipment approved under the contract. The total adjusted cost of the project was estimated at $518,040.71, of which the Government agreed to contribute $259,020.

Actual work under the contract, other than work of installing adequate pumping equipment, commenced during the month of June 1951 and continued uninterrupted until July 1, 1952 when it was stopped as a result of a labor strike affecting most of the Utah mines. Work was not resumed until July 1, 1953, at a time when the lead-zinc industry was in a depressed state due to low metal prices.

Although the first objective on the 2700 level was completed by this time, very little progress was made in deepening the winze during the remainder of 1953. During December 1953 the company requested permission to recess the work for a period of nine months. The DMEA executed a formal amendment to the contract which approved a suspension of work to not later than September 15, 1954.

As of this writing, there remains approximately $190,822 of the total approved sum unexpended, which amount is earmarked for 198 feet of additional winze and 3300 feet of drifting and raising on the 3100 level.

The work accomplished on the 2700 level was successful in intersecting the downward projections of the major ore "runs" north of the Leadville dike. Lateral work done on the 2800 level under a DMPA loan has been successful in intersecting the downward projection of the Mammoth Chief orebody south of the Leadville dike.

The Chief Consolidated Mining Company is currently repaying DMEA's advances at a rate of about $5000 monthly, and as of May 31 has repaid approximately $52,000 of the $174,000 advanced to date. All of the ore subject to Government royalty has been produced from stopes north of the Leadville dike between the 2300- and 2700-foot levels and from stopes south of the Leadville dike between the 2450 and 2700 levels.

In its evaluation of this project, the DMEA was aware of the fact that the Chief Consolidated Mine, throughout its 40 years of existence, seldom had over 60 to 90 days' ore reserves in sight. We considered the historical record of the mine, which indicated that an average of about 1250 tons of ore had been produced for each vertical foot of development at depth, and on the expectancy that this factor would maintain, and that the sulphide ore encountered would have a net smelter value of approximately $20 per ton, we felt that the chances of repayment of our advances were excellent provided the project was successful. In other words, the magnitude of the target was commensurate with the estimated cost of the project. It is gratifying to be able to say at this time that our basic assumptions have been generally borne out by the work done thus far.

The DMEA is, and has been, in a position to certify that a discovery or development has been made as a result of the work accomplished thus far. We have acquiesced to reasonable requests for recesses of sinking operations because we have felt that our investment in this project is reasonably assured and also because we wished to encourage the operator to perform the exploration work on the 3100 level. I cannot say at this time what action the DMEA will take if work under the contract does not resume by September 15.

I am not thoroughly familiar with the details of the loan granted to this firm by the Defense Materials Procurement Agency; however, members of my staff did collaborate with their representatives during the period of contract negotiation.

I believe the work to be performed under the contract entered into with the DMPA falls in the category of development, rather than exploration, some of which will be done on the 2800-, 2900-, and 3000-foot levels from the new winze. It is my understanding that the terms of this development loan provide for 25 percent Government participation in the costs, with the provision that all ore mined and sold as a result of the development work is credited back to the costs of the project in the proportion that each party contributed to it.

I regret that the press of several unusual responsibilities has not permitted a more comprehensive reply. I shall be pleased to furnish any specific items of additional information which you may desire.

Sincerely yours,

C. O. Mittendorf (fw)

Administrator

COMittendorf/fw
7/1/54

cc: Mails & Files
Admr. Reading File
Base Metals Division
Mr. Mittendorf

File Copy
Surname

500

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

June 29, 1954

Memorandum

To: Administrator

From: Chief, Base Metals Division

Subject: Letter of inquiry dated June 25, 1954, from the S.E.C., relative to prospectus of Chief Consolidated Mining Company, Docket No. DMEA-1 and 1A, Contract No. Idm-E4

A review of the attached prospectus shows that all statements with respect to this company's dealings with DMEA are generally correct. We do not know how much money has been advanced to date to this company by DMEA and, hence, cannot certify as to that.

A review of the descriptive matter, referring to the company's property and mining operations, indicates that it has been written in a conservative and businesslike manner, with an avoidance of anything tending toward flamboyancy.

We of course cannot check, nor attempt to check, on any of the statistical tables which are included.

W. R. Griswold
W. R. Griswold

WRGriswold/bjl

Copy to: Docket
Base Metals
Chron.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON 25, D. C.

DIVISION OF
CORPORATION FINANCE

JUN 25 1954

Clarence O. Mittendorf, Administrator
Defense Minerals Exploration Administration
Washington, D. C.

Re: Chief Consolidated Mining Company
File 2-11004

Dear Mr. Mittendorf:

The above-named company has filed a registration statement under the Securities Act of 1933 in connection with a proposed offering of its securities. A copy of the prospectus, wherein the material facts are required to be stated, is attached.

You will note that reference is made therein on pages 7 and 8 to Defense Minerals Exploration Administration and to Defense Materials Procurement Agency on page 7. I assume you are familiar with the work done with money furnished by the latter Agency as well as that under the loan from your Administration.

It would be appreciated if you would review references mentioned as well as the information given in the prospectus concerning the business and property of the company and furnish us with any comments you may have.

Since our time schedule is prescribed by statute, it would be appreciated if you could forward your comments at an early date. If you wish to discuss this matter with us, kindly phone Mr. Adelstein of our staff on Code 193, Extension 3867.

Very truly yours,

Harry Heller
Assistant Director
Division of Corporation Finance

Enclosure

PROSPECTUS

RECEIVED
JUN 24 1954

CHIEF CONSOLIDATED MINING COMPANY

1,252,408 shares Preferred Stock
(Par Value 50 cents per share--preferred only on liquidation)

626,204 Preferred Stock Purchase Options

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Company is offering to the holders of its outstanding Common Stock rights to subscribe for Securities Units, at the price of fifty-five cents per Unit, on the basis of one Unit for each two shares of Common Stock held of record on _____, 1954. Each Unit consists of one share of Preferred Stock and an Option for the purchase of one additional share of Preferred Stock (herein called "Preferred Stock Purchase Options").

Subscription Warrants evidencing such rights to subscribe for Securities Units also contain a privilege to subscribe for additional Securities Units, subject to allotment, as more fully described herein under "Offering to Stockholders".

No fractions of shares will be issued. Excess subscription rights may be sold or used in combination with similar rights, two rights entitling the owner to subscribe for one Securities Unit. In calculating the number of shares which a Preferred Stock Purchase Option will entitle the subscriber, or assignee, to purchase, fractional shares will be disregarded.

The Preferred Stock Purchase Options evidence the right to purchase 626,204 shares of Preferred Stock at 50 cents per share until 3 P.M., Mountain Standard Time, September 30, 1959, and are in registered, transferable form.

Subscription Warrants expire at 3 P.M., Mountain Standard Time, on September 30, 1954.

	Price to Shareholders and Proceeds to Company*	
	Per Unit	Total
626,204 Securities Units, each Unit consisting of one share of Preferred Stock, par value 50 cents per share, and one Preferred Stock Purchase Option	55 Cents	$344,412.20
626,204 shares of Preferred Stock, par value 50 cents per share, issuable upon exercise of Preferred Stock Purchase Options	50 Cents	$313,102.00

* From the proceeds, if any, the Company will be required to bear expenses of the offering estimated at approximately $_____.

The offering is not underwritten and no commissions or discounts are payable.

The date of this Prospectus is July _____, 1954.

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REGISTRATION STATEMENT

Chief Consolidated Mining Company (the "Company") has filed with the Securities and Exchange Commission, Washington, D. C., a Registration Statement under the Securities Act of 1933, as amended, for the registration of (a) 626,204 Securities Units, each Unit consisting of one share of Preferred Stock and one Preferred Stock Purchase Option, (b) 626,204 shares of Preferred Stock to be issued on the exercise of Preferred Stock Purchase Options and (c) rights to subscribe (evidenced by Subscription Warrants) for the Securities Units.

Except where otherwise indicated, this Prospectus speaks as of its date of issue. Neither the delivery hereof nor any sale made hereunder shall create an implication that the affairs of the Company have continued without change since such date. Statements contained in this Prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance reference is hereby made to the copy of such contract or other document as is indicated herein to have been filed as an exhibit to the Registration Statement, each such statement being qualified and amplified in all such respects by such reference.

No person has been authorized to give any information or to make any representation not contained in this Prospectus in connection with the offer made hereby, and if given or made, must not be relied upon as having been authorized by the Company. This Prospectus does not constitute an offer to sell securities of the Company in any state or to any person to whom it is unlawful for the Company to make such offer in such state.

OFFERING TO STOCKHOLDERS

Rights to Subscribe

The Company is issuing to the holders of its outstanding Common Stock rights to subscribe for Securities Units, at the price of 55 cents per Unit, on the basis of one Unit for each two shares of Common Stock held of record at the close of business on _____, 1954, pursuant to the pre-emptive rights. Each Unit consists of one share of Preferred Stock and one Preferred Stock Purchase Option.

The Preferred Stock Purchase Options, which are in registered, transferable form, evidence the right to purchase 626,204 shares of Preferred Stock at 50 cents each until 3 P.M., Mountain Standard Time, on September 30, 1959.

No fractions of shares will be issued, but those stockholders who would otherwise be entitled to fractional shares will be given a right to satisfy such fractional share interest under the privilege to subscribe for additional Securities Units, subject to allotment as stated below.

The right to subscribe as well as the additional privilege to subscribe are evidenced by registered, transferable Subscription Warrants.

Excess subscription rights may be sold or used in combination with similar rights, two rights entitling the owner to subscribe for one Securities Unit.

Additional Privilege to Subscribe

In addition to the right to subscribe to the Securities Units, the Subscription Warrants provide an additional privilege to subscribe under which holders of the Subscription Warrants may, when the rights are exercised, subscribe at the same price per Unit, subject to allotment, for any additional Units which have not been purchased through exercise of the rights. If the 626,204 Units offered hereunder are fully subscribed for by exercise of the rights and under the additional privilege, then all subscriptions for one Unit under the additional privilege will be filled first, for the purpose of allotting full subscription rights to any stockholder who otherwise would have been entitled to subscribe to a fraction of a Unit. After filling all such one Unit subscriptions entered under the additional privilege, the number of Units remaining, after providing for issuance of the Units subscribed for pursuant to the rights, will be allotted pro rata, as nearly as practicable, in accordance with the aggregate number of Units subscribed for under the privilege.

Holders of Subscription Warrants will not be entitled to subscribe for Units under the additional privilege, unless the rights concurrently are exercised for the full number of Units covered by the Subscription Warrant, and unless full payment is made, upon surrender of such Subscription Warrants, for the Units covered thereby and for the additional Units subscribed for under the additional privilege, subject to allotment. If less than the full number of Units applied for under the additional privilege is allotted,

the Company will return any excess payments over the cost of the Units allotted as soon as the allotments have been determined.

Expiration Date

The Subscription Warrants will become void and of no value unless exercised at or before 3 P.M., Mountain Standard Time, on September 30, 1954.

Specimens of certificates for the Preferred Stock, the Preferred Stock Purchase Options and the Subscription Warrants, all of which are in registered form, are filed as exhibits to the Registration Statement.

Subscription and Payment

To exercise both the rights and the additional privilege, holders of the Subscription Warrants must deliver or mail such Warrants, with the subscription form endorsed thereon, duly completed, accompanied by full payment of the subscription price for all Units subscribed to, in cash or by check, bank draft, or postal or express money order, in United States dollars, payable to the order of Chief Consolidated Mining Company, so as to be received by the Company at its office at 608 Dooly Building, Salt Lake City, Utah, at or before 3 P.M., Mountain Standard Time, on September 30, 1954.

Delivery of Certificates

Certificates for the Preferred Stock and the Preferred Stock Purchase Options will be delivered as soon as practicable after the expiration of the Subscription Warrants.

The offering is not underwritten and no commissions or discounts are payable.

HISTORY AND BUSINESS

Introductory

The Company was organized in 1909 under the laws of the State of Arizona. Since that date it has been engaged continuously in mining complex ores containing in commercial quantities principally lead, zinc and silver as well as a small content of gold. Its mining properties are located in the Tintic mining district in Juab and Utah Counties in the State of Utah.

The Tintic mining district has been a continuously producing mining area since 1869. From 1869 through 1952 the district has produced, in terms of recovered metals, in excess of 2,631,000 ounces of gold, 265,466,000 ounces of silver, 246,000,000 pounds of copper, 1,934,000,000 pounds of lead and 121,149,000 pounds of zinc. Production in the district has generally declined substantially in the past eight years. The most recent published production records available are for 1952, during which year the district produced, in terms of recovered metals, 2,942 ounces of gold, 666,345 ounces of silver, 265,800 pounds of copper, 8,557,000 pounds of lead and 5,901,000 pounds of zinc.

Since 1909 the Company has produced gold, silver, lead and zinc, having a net smelter return to the Company over that period of time of $45,787,062. During 1953 the Company produced 2,984 ounces of gold, 574,692 ounces of silver, 9,110,847 pounds of lead and 5,904,661 pounds of zinc, in terms of total metal content, having a net smelter return to the Company of $903,405.

The Company does not carry on any smelting, refining or other ore beneficiating operations. It ships its entire production as a crude ore to smelters and concentrating plants located in the Salt Lake Valley. For the past 45 years these smelters and concentrating plants have included United States Smelting, Refining and Mining Company; American Smelting and Refining Company; International Smelting and Refining Company and Combined Metals Reduction Company. Each of these companies is principally engaged in smelting or concentrating ores mined from their own properties in the Western United States. For many years they have also engaged in custom smelting and concentrating of ores purchased from other companies engaged solely in mining, including the Company.

During the past two years the foreign importation, together with the domestic production, of both lead and zinc has been greatly in excess of domestic consumption. This has resulted in a generally depressed condition

in the lead-zinc mining industry and has led to the shutting down of many lead and zinc mining operations. While, in the latter part of 1952, the Company considered closing down Chief No. 1 mine, its principal producing mine, it was deemed advisable, in the best interests of its stockholders, to continue mining operations and the water pumping necessary to prevent the mine from flooding.

Throughout the period of the Company's operations, while its own production has fluctuated from year to year, the Company has always been able to sell all the ores it produced and generally at a profit. Reference is made to the information herein under "Summary of Earnings."

Recent Developments

From 1928 to the present time the Company's production has been derived almost solely from its Chief No. 1 mine.

During the 1920's, mining operations were conducted to a depth below the normal water level of the mine and a water problem was encountered necessitating constant pumping operations. As a result of the curtailment of production during the depression of the 1930's, the pumping operations were discontinued and the mine was allowed to flood.

At the start of World War II, with financial assistance from the United States Government, a project was commenced of unwatering and reactivating the lower levels of the mine. To stimulate production in the industry the United States Government adopted a premium price plan during the War which made possible the production and sale of low grade ores which otherwise would not have been marketable. Little development work was accomplished by the Company during the war period but in 1946 all operating levels of the mine were again open for development and production.

Following the War and the return to a free metal market, the Company in 1946 commenced a program of development and modernization to meet competitive conditions. Since that date, the mine has been completely mechanized, including the extensive installation of new equipment and machinery, as set forth herein under "Properties." Among other improvements, water pumping capacity was doubled to 14,000 gallons per minute, adequate for operations at the mine in the foreseeable future; and underground facilities for hoisting were increased to handle 10,000 tons of ore a month, if produced, from the lowest levels of the mine.

The underground conditions presently present two factors, one of which is to the disadvantage of mining operations and the other to the advantage. The Company's present pumping system has a capacity of 14,000 gallons per minute. Up to the present time the maximum number of gallons per minute pumped has not exceeded 7,000 gallons. The pumping expense is offset to a great extent by the excellent country rock surrounding the ore bodies. The country rock is such that we are able to use a modified open stoping method of mining which requires virtually no timbering. Therefore, the Company is able to mine its ores without the substantial costs involved where timbering is required in mines having heavy ground.

In the overall program, including development work, the Company has expended during the period 1946 through 1953 approximately $1,150,000, of which amount an aggregate of approximately $200,000 has been furnished, as of May 31, 1954, by Defense Minerals Exploration Administration and Defense Materials Procurement Agency, under contracts hereinafter referred to. In addition, on April 14, 1952, the Company obtained a loan from the Reconstruction Finance Corporation in the amount of $120,000. The proceeds of the loan were used entirely for the purchase and installation of the new hoisting facilities. Approximately $25,000 of this loan has been repaid.

For many years the Company's production of ores has included both relatively low grade siliceous ores (with a commercial content principally of lead and silver with some gold) and relatively higher grade sulphide ores (with a commercial content principally of lead, zinc and silver with some gold). While the tonnage of the siliceous ores has generally exceeded that of the sulphide ores, net smelter returns from the shipment of sulphide ores have been considerably in excess of those from the siliceous ores. The following table sets forth this comparison during the past five years and the four month period ended April 30, 1954:

	Average Monthly Production (Tons)		Average Net Smelter Return Per Ton of Ore Shipped	
Year	Dry Siliceous Ores	Sulphide Ores	Dry Siliceous Ores	Sulphide Ores
1949	833	9,401	$4.37	$13.68
1950	1,160	10,005	6.38	10.77
1951	3,902	6,037	5.61	14.95
1952	4,500	4,004	5.12	21.64
1953	6,146	3,053	4.06	15.88
4 months ended 4/30/54	5,011	4,630	5.09	16.68

During the month of April, 1954 the Company received an average of $5.33 net smelter return per ton for the siliceous ores and approximately $18.35

net smelter return per ton for the sulphide ores. Although the Company has no reason to believe that the present rate of net smelter returns will decrease, no representation can be made to this effect. Although the Company is paid for siliceous ores on the basis of the metal content, the value of such ores to the Company's customers is mainly the silica content which is used as a flux in connection with the smelting of copper ores.

The Company's properties are served by both the Union Pacific Railroad Company and the Denver & Rio Grande Western Railroad Company. The crude ores are hauled a distance approximating ninety miles with very favorable freight rates.

The Company's overall program has as its main objective the increase of sulphide ore production. The Company has found it advantageous to supplement its production of sulphide ores with siliceous ores until such time, if ever, as further development of the sulphide ores materializes and production increases. This proposed increase of production, if achieved, is expected to come mainly from the lower levels of the mine. The sulphide ore is now mined principally from the 2700 level, with development work being concentrated at the 2800 and 2900 levels. Development of the 2800 level, while far from complete, has reached a point where production has started. This development work, which the Company contemplates will continue through 1956, embraces the sinking of the main underground shaft to the 3100 level; the development of the 3000 and 3100 levels; five short-range development projects in the upper levels of the mine, and one such project in the mine of the Company's 92% owned subsidiary, Plutus Mining Company.

In connection with the overall program, the Company, on June 13, 1951, entered into an exploration project contract, which has been amended from time to time, with the Defense Minerals Exploration Administration of the United States Department of the Interior. Under this contract the Government is required to advance, as the exploration work is accomplished, a maximum of $259,020 in the aggregate, of which the Company has received approximately $173,000 as of May 31, 1954. The Government's participation is approximately 50% of the estimated total cost of the greatest portion, and 25% of the balance, of the exploration project. The monies advanced by the Government are non-interest bearing and, until fully repaid or a 15-year period has elapsed from the original date of the contract, whichever occurs first, are repayable out of net proceeds, in amounts varying from

$1\frac{1}{2}$ to 5% thereof, received by the Company from the sale of the ores produced in the mine areas defined in the contract. In the event the monies are not fully repaid prior to the end of said 15-year period, the Company has no further obligation to the Government. The Government has the right to terminate the contract at any time in the event the Company fails to provide its share of the money or perform the exploration operations contemplated, or in the event, in the opinion of the Government, operations have not indicated the probability of a worthwhile discovery. In the opinion of the Company no such ground exists nor does the Company anticipate that any grounds will arise for such termination.

On June 29, 1953, the Company entered into a development contract with Defense Materials Procurement Agency of the United States. This contract is primarily concerned with the development of areas between the 2700 and 3100 levels which the above-mentioned exploration contract is designed to explore. This contract includes an obligation on the part of the Government to advance a maximum of $283,373 in the aggregate from time to time as the Company furnishes the Government monthly progress reports of the work performed. This work primarily includes drifting, cross-cutting, raising and diamond drilling. As of May 31, 1954 the Company had reported work performed obligating the Government to advance approximately $25,000, the substantial part of which the Company had received.

The monies advanced by the Government under this contract are repayable with interest at 5% until repaid in full. The obligation of repayment is limited to 5% of the net receipts of the ores produced and sold, regardless of value, from the mine areas defined in the contract and which primarily relate to the areas being developed. However, other areas may be included at the discretion of the Government. The contract automatically terminates three years from its date whether or not the development work has been completed. The Government has certain cancellation rights including cancellation in the event the Company fails to perform the development work. The Company has performed, and expects to continue to perform, the work required.

Both the United States Bureau of Mines and the United States Geological Survey have conducted extensive investigations of the Company's Chief No. 1 Mine and have certified to both the Government agencies participating in the Company's exploration and development programs that, in their opinion, the projects are feasible.

The overall development program is approximately 30% complete. The work performed to date includes deepening of the main underground shaft to the 2900 level, completion of development work on the 2600 level, 80% completion of the development work at the 2700 level, 25% completion of the development work at the 2800 level and with development work just commenced at the 2900 level.

The Company believes that the overall program can be concluded and adequately financed through the monies to be received under the above-mentioned exploration and development contracts as well as from monies received from the continued sale of ore, assuming that market prices for lead and zinc continue to improve, as they have for the past several months, or, at least, do not worsen. The Company makes no representation as to any price movements. As more fully described herein under "Application of Proceeds" the Company will use a portion of the funds which may be received from the sale of the securities offered hereby to further expedite the overall program and to provide the additional funds which would be required in the event the metal market did worsen. Monies already expended contribute to the desirability of continuing the program.

The Company makes no claim to proven ore reserves on any of its properties. Ore reserves in limestone replacement ore bodies, such as the Company has encountered in the past, cannot reasonably be estimated. With respect to its Chief No. 1 mine, the Company anticipates, based upon past habits of its known ore channels, the underground exploration and development work hereinbefore described and the length of ore already exposed on the 2700 level, the production of ore of grades similar to those now being produced and at the present rate of production for several or more years.

Marketable ore has at this time been exposed for a distance of 670 feet on the 2700 level on the general line of its strike, and as of May 31, 1954, 58,000 tons of ore have been produced from this level. The Company has every reason to believe that it will extract in excess of 100,000 tons from this level, and that the same conditions will continue to exist as its development work progresses to the 3100 level and below.

Except for the mine of the Plutus Mining Company, a 92% owned subsidiary, the other properties of the Company, hereinafter more fully described, at the present time are unprospected and unexplored.

It is not the intention of the Company to use any of the funds which may be received from the sale of the securities herein offered in the pros-

pecting and exploration of such other mining properties. In connection with prospecting operations, the Company's policy is to encourage other companies to furnish the capital for exploration under lease arrangements whereby the Company retains ownership and a share in the profits, if any.

In 1951 the Company commenced the negotiation of one such arrangement, at which date extensive geological investigation started at no expense to the Company. These negotiations were concluded in 1953 with the signing of a unitizing agreement between the Company and E. J. Longyear Company of Minneapolis, Minnesota. The unitized area contains approximately 2700 acres in which the Company is the largest single owner with approximately 1,240 acres, located north of its Chief No. 1 mine. If the venture is finally successful, it contemplates mining operations of 25 to 50 years. At such time, and after reimbursement to the lessees of all preproduction expenses, the Company will receive net to its interest approximately 15% of the net profits of the lessees' operations. Under the terms of this lease, drilling or other sub-surface investigations should commence in the near future. The Company has no obligation to furnish any monies in connection with this arrangement with financially responsible operators.

Since 1951 another section of the Company's properties east of the Chief No. 1 mine, known as the Apex Standard Properties, has been the subject of active geological investigation by diamond drilling conducted by the United States Geological Survey. This prospecting work has been carried on continuously since 1951, weather permitting, although it was somewhat curtailed during 1953. To date approximately 7000 feet of drilling has been accomplished. In 1952 this investigation for the first time disclosed an important geological structure. The work still continues without any expenditures or other obligations on the part of the Company. An additional 2000 feet of drilling is projected. No representation is made that the investigation will disclose the presence of ores of commercial grade.

In June 1954 the Company filed an application with the Atomic Energy Commission at Grand Junction, Colorado, for a lease on ground drilled by the Commission in the Colorado Plateau for uranium mining purposes. No representation is made as to whether or not such application will be granted, or if granted, as to the ultimate success of the venture.

Employee Relations

During the past few years the Company has employed on the average of approximately 135 persons of whom 16 represent executive, administrative, professional and clerical personnel with the balance being production personnel. The Company has a contract covering its production personnel with Local 4260, United Steel Workers of America (CIO). The Company has had one strike in its history which lasted for approximately three months in 1952. The union contract contains the usual provisions prevailing in the industry. In addition the Company inaugurated in 1941 an incentive pay plan which is applicable to almost all the production workers and which, in the opinion of the Company, has had and should continue to have excellent results and is to a large degree responsible for the Company's excellent labor relations.

SUMMARY OF EARNINGS

The following is a summary of the consolidated earnings and earned surplus of the Company and its subsidiaries consolidated for the 8 years ended December 31, 1953, and the three months ended March 31, 1954. The summary (with the exception of the 3 months ended March 31, 1954) has been examined by Wells, Baxter & Miller, certified public accountants, as set forth in their certificate appearing elsewhere in this Prospectus, and should be read in conjunction with the balance sheet and notes to financial statements hereinafter included.

	1946	1947	1948
Operating Revenues	944,170.21	1,222,003.22	1,740,248.3
Less Mining expenses	728,266.58	1,097,622.78	1,350,802.0
Gross Profit from Operations	215,903.63	124,380.44	389,446.3
Overhead Expenses:			
General and administrative	91,618.21	52,381.95	131,373.6
Taxes	27,978.80	26,380.26	31,202.6
Total	119,597.01	78,762.21	162,576.3
Net Operating Profit (Loss)	96,306.62	45,618.23	226,870.0
Other Income:			
Interest	3,267.51	3,733.27	3,457.9
Gain on sale of capital assets	437.50	113.80	
Rents and miscellaneous			3,366.3
Total	3,705.01	3,847.07	6,824.3
Net Income before Deductions	100,011.63	49,465.30	233,694.4
Other Deductions:			
Interest	344.42	21.07	133.3
Loss on sale of capital assets		62.50	
Total	344.42	83.57	133.3
Net Income before Provision for Federal Taxes	99,667.21	49,381.73	233,561.0
Less Provision for Federal Taxes	21,157.20	13,274.67	45,207.4
Net Consolidated Income	78,510.01	36,107.06	188,353.5
Add Net loss of Plutus Mining Company applicable to minority interest	142.91	1,221.62	2.6
Net Income to Surplus	78,652.92	37,328.68	188,356.2
Surplus beginning of period	1,550,981.37	1,629,634.29	1,586,962.9
Total	1,629,634.29	1,666,962.97	1,775,319.2
Add:			
Transfer from reserve for contingencies		(80,000.00)	
Adjustment of fixed assets to R.A.R.			
Total		(80,000.00)	
Surplus before Deductions	1,629,634.29	1,586,962.97	1,775,319.2
Deduct:			
Excess of cost of Plutus Mining Co. stock over book value			
Dividends paid			
Total			
Surplus End of Period	$1,629,634.29	$1,586,962.97	$1,775,319.2

( ) Indicates loss.

	1949	1950	1951
Operating Revenues	1,632,555.43	1,593,425.45	1,349,640.32
Less Mining expenses	1,241,748.31	1,416,382.65	1,453,731.17
Gross Profit from Operations	390,807.12	177,042.80	(104,090.85)
Overhead Expenses:			
General and administrative	126,260.73	108,495.30	121,119.75
Taxes	34,644.54	44,195.00	45,665.74
Total	160,905.27	152,690.30	166,785.49
Net Operating Profit (Loss)	229,901.85	24,352.50	(270,876.34)
Other Income:			
Interest	5,432.37	5,809.01	493.12
Gain on sale of capital assets		5,092.17	
Rents and miscellaneous			
Total	5,432.37	10,901.18	493.12
Net Income before Deductions	235,334.22	35,253.68	(270,383.22)
Other Deductions:			
Interest	5,235.65		
Loss on sale of capital assets			7,884.36
Total	5,235.65		7,884.36
Net Income before Provision for Federal Taxes	230,098.57	35,253.68	(278,267.58)
Less Provision for Federal Taxes	33,631.81	4,827.91	848.68
Net Consolidated Income	196,466.76	30,425.77	(279,116.26)
Add Net loss of Plutus Mining Company applicable to minority interest	11.47	11.82	12.52
Net Income to Surplus	196,478.23	30,437.59	(279,103.74)
Surplus beginning of period	1,775,319.21	1,922,043.38	1,952,480.97
Total	1,971,797.44	1,952,480.97	1,673,377.23
Add:			
Transfer from reserve for contingencies			30,000.00
Adjustment of fixed assets to R.A.R.	9,911.49		
Total	9,911.49		30,000.00
Surplus before Deductions	1,981,708.93	1,952,480.97	1,703,377.23
Deduct:			
Excess of cost of Plutus Mining Co. stock over book value			
Dividends paid	59,665.55		
Total	59,665.55		
Surplus End of Period	$1,922,043.38	$1,952,480.97	$1,703,377.23

( ) Indicates loss.

	1952	1953	Three Months Ended Mar. 31, 1954
Operating Revenues	1,329,952.55	905,592.01	285,958.92
Less Mining expenses	992,850.00	1,001,990.20	267,406.75
Gross Profit from Operations	337,102.55	(96,398.19)	18,552.17
Overhead Expenses:			
General and administrative	138,386.18	103,898.94	29,089.06
Taxes	44,429.39	41,677.87	11,842.06
Total	182,815.57	145,576.81	40,931.12
Net Operating Profit (Loss)	154,286.98	(241,975.00)	(22,378.95)
Other Income:			
Interest			
Gain on sale of capital assets			
Rents and miscellaneous			
Total			
Net income before Deductions	154,286.98	(241,975.00)	(22,378.95)
Other Deductions:			
Interest	7,097.10	6,843.71	1,594.59
Loss on sale of capital assets			
Total	7,097.10	6,843.71	1,594.59
Net Income before Provision for Federal Taxes	147,189.88	(248,818.71)	(23,973.54)
Less Provision for Federal Taxes	19,872.43		
Net Consolidated Income	127,317.45	(248,818.71)	(23,973.54)
Add Net loss of Plutus Mining Co. applicable to minority interest	11.27	1,008.93	514.29
Net Income to Surplus	127,328.72	(247,809.78)	(23,459.25)
Surplus beginning of period	1,703,377.23	1,880,146.84	1,632,337.06
Total	1,830,705.95	1,632,337.06	1,608,877.81
Add:			
Transfer from reserve for contingencies	50,000.00		
Adjustment of fixed assets to R.A.R.			
Total	50,000.00		
Surplus before Deductions	1,880,705.95	1,632,337.06	1,608,877.81
Deduct:			
Excess of cost of Plutus Mining Co. stock over book value	559.11		
Dividends paid			
Total	559.11		
Surplus End of Period	$1,880,146.84	$1,632,337.06	$1,608,877.81

( ) Indicates loss.

PROPERTIES

The Company and its subsidiaries own in fee patented mining claims and rights in excess of 10,000 acres, all of which are located in the Tintic mining district, Juab and Utah Counties in the State of Utah. The properties owned by the subsidiaries represent less than 3% of the total acreage. In addition, the Company holds under lease mining claims and rights in the Tintic mining district covering approximately 30 acres.

The mining operations, which are located primarily at the Chief No. 1 mine, cover approximately 300 acres. Production at the mine of Plutus Mining Company has been insignificant since 1928.

In connection with the overall program set forth herein under "History and Business" the Company, since 1946, has installed at Chief No. 1 mine new machinery and equipment at a cost in excess of $750,000 to supplement the machinery and equipment on hand at that time. This new machinery and equipment includes a 400 h.p., double drum, sectionalized, underground hoist; a new pumping system with 14,000 gallon per minute capacity; a fleet of trucks, including dump trucks for hauling ore from the mining shaft to the railroad car docks and pick-up trucks for use in distributing men and supplies on the Company's properties; an ambulance, which is also used for transporting men; automobiles for use of supervisory personnel; electric battery locomotives; ore cars; an additional compressor; mucking machines and slushers; and drills and ventilating fans.

The Company maintains the usual surface facilities consisting of one-story buildings of corrugated steel, brick and wood frame construction with fire protection throughout and in good condition and repair. These include a hoist and compressor house, machine shop, carpenter shop, blacksmith shop, mine office, two warehouses, a truck repair shop and an engineering office.

No further addition to the Company's plant,machinery and equipment or other mining facilities, except for normal replacements, are required in connection with the operations now contemplated under the overall program.

All plant and equipment is carefully maintained by current repairs, replacements and improvements and is in excellent operating condition.

In addition, the Company owns eighteen single family dwelling houses (most of which it rents to supervisors and employees). The houses average thirty years of age and are in excellent repair.

APPLICATION OF PROCEEDS

Assuming that all the securities units, each consisting of one share of Preferred Stock and a Preferred Stock Purchase Option, at the unit price of 55¢ each, offered hereby, are sold, the minimum net proceeds (after deduction of expenses estimated at $_____) will be approximately $_____. It is contemplated that an amount not to exceed $150,000 will be used during the next several years to further expedite the overall program described herein under "History and Business." The balance of such proceeds will be used for working capital and general corporate purposes. However, it is proposed that a sum, depending upon the amount of

the proceeds but not to exceed $78,000, may be used, if deemed desirable by the directors, for the payment in whole or in part of certain existing indebtedness, including an advance from a director in the amount of $22,500.

The Company may find it necessary or desirable in connection with the program to expend larger or smaller sums and during a different period of time, depending upon circumstances over which the Company has no control, including the exact number of shares which may be sold hereunder, the market price for lead and zinc and other factors.

Since the Company cannot now determine the number of options which may be exercised for the purchase of additional shares of Preferred Stock, no statement can be made with respect to the use of such proceeds as may be received therefrom.

MANAGEMENT

Directors and Officers

The names and addresses of the directors and officers of the Company are:

Name	Address	Office
Cecil Fitch	Eureka, Utah	President and Director
Cecil Fitch, Jr.	Eureka, Utah	Vice President, General Manager and Director
W. W. Watson	608 Dooly Building Salt Lake City, Utah	Secretary, Treasurer and Director
Howard Fitch	San Francisco, Calif.	Director
Mahlon S. Kemmerer	120 Broadway, New York 5, New York	Director
Harry J. Pitts	Eureka, Utah	Director
C. W. Wilkins	Continental Bank Bldg. Salt Lake City, Utah	Director

The business experience of the officers and directors of the Company is as follows:

Cecil Fitch has been engaged in the mining business throughout his entire life and has been associated continuously with the Company in supervisory and executive capacities since its organization in 1909. Since 1911 he has been a director and since 1937, the chief executive officer.

Cecil Fitch, Jr. has been a director of the Company since 1941 and since 1945 has been associated continuously with it in supervisory and executive capacities. He has been General Manager of the Company for more than the last five years.

W. W. Watson has devoted more than thirty-two years in supervisory, production and executive capacities with various companies in the metal and coal mining industries. Since 1943 Mr. Watson has been associated continuously with the Company in an executive capacity. In 1946 he was elected as a director; in 1951, the Secretary; and in 1954, the Treasurer.

Howard Fitch, a graduate geologist, is semi-retired and has served as a director of the Company since 1932.

Mahlon S. Kemmerer is a director of a number of corporations. For many years he has been vice president and a director of the Kemmerer Coal Company, Frontier, Wyoming. Mr. Kemmerer has served continuously as a director since 1949.

Harry J. Pitts was chief engineer of the Company from 1912 until July 1, 1952. Since that time he has acted as consulting engineer. He has been a director of the Company since 1953.

C. W. Wilkins is a partner in the law firm of Marr, Wilkins & Cannon, Salt Lake City, Utah, which firm for many years has been legal counsel for the Company. He has been a director of the Company since April, 1954.

Remuneration

During the year 1953 the Company and its subsidiaries paid to all its directors and officers as a group remuneration in the aggregate amount of $46,989.

There are no pension, retirement or similar plans in effect and there is no arrangement whereby any of the directors or officers has the right to defer remuneration. The Company has a group life insurance policy in which each of the officers participates. There is no arrangement whereby any officer or director holds or can claim options, warrants or rights to purchase any securities of the Company.

PRINCIPAL HOLDERS OF EQUITY SECURITIES

No person owns of record or is known by the Company to own beneficially as much as 10% of any class of its equity securities as of June 30, 1954. All directors and officers as a group own, as of that date, beneficially and of record 38,912 shares, constituting approximately 3.11% of the issued and outstanding shares, of the Common Stock.

CAPITALIZATION

The capitalization of the Company and of its two consolidated subsidiaries as of June 30, 1954 and, after giving effect to the sale of all the securities being offered hereunder, is as follows:

Title of Class	Amount Authorized	Amount Outstanding as of 6/30/54	Amount to be Outstanding if all Securities being Registered are sold	
		The Company		
Common Stock, $1. par value	1,500,000 shs.	1,252,408 shs.	1,252,408 shs.	*
Preferred Stock, 50¢ par value	1,500,000 shs.	None	1,252,408 shs.	**
Preferred Stock Purchase Options expiring 9/30/~~54~~59	626,204 shs.	None	626,204 shs.	
		Eureka Machinery and Supply Company		
Common Stock, $100 par value	750 shs.	***	***	
		Plutus Mining Company		
Common Stock, 10¢ par value	1,000,000 shs.	82,112 ****	82,112	***

* Excluding 23,535 shares held in the treasury of the Company.
** Including 626,204 shares issuable upon the exercise of options.
*** 750 shares issued outstanding and owned by the Company.
**** An additional 915,033 shares issued and outstanding are owned by the Company. The remaining 2,855 shares are held in the treasury of Plutus Mining Company.

Preferred Stock

The holders of the Preferred Stock are entitled to participate equally with the holders of the Common Stock in dividends and voting rights. The Preferred Stock is entitled to receive such dividends as may be declared by the Board of Directors, in its discretion, out of any funds of the Company lawfully available for dividends under the laws of the State of Arizona. The Preferred Stock is entitled to one vote for the election of directors and for all other purposes. In the event of the liquidation of the Company, the holders of the Preferred Stock are entitled to receive 50 cents per share, being the par value, prior to any distribution of assets to the holders of Common Stock. Otherwise the holders of the Preferred Stock are entitled to participate equally with the holders of the Common Stock in the distribution of assets remaining after the payment of debts and expenses.

No holder of the Preferred Stock has any pre-emptive or subscription right nor is such Preferred Stock convertible into any other security. No holder of the Common Stock will have any pre-emptive rights after the offering of the Preferred Stock hereunder. The shares of Common Stock now outstanding are, and the shares of the Preferred Stock offered hereby will be when issued and paid for in accordance with the terms of offering set forth herein, full paid and nonassessable.

Preferred Stock Purchase Options

The Preferred Stock Purchase Options entitle the registered owners or assigns to subscribe for a total of 626,204 shares of Preferred Stock at the price of 50 cents per share at any time on or before 3:00 P.M., Mountain Standard Time, September 30, 1954. The options are in registered form and are transferable or exercisable at the office of the Company in Salt Lake City.

In the event of any reclassification of the Preferred Stock of the Company into a larger or smaller number of shares or in the event of the payment of any preferred stock dividend, the options provide for a proportionate adjustment in the option price per share and in the number of shares subject to the options. In the event of any consolidation, merger or sale of all or substantially all the assets of the Company, the holder of the option is entitled to purchase his proportionate share of the cash, securities or other property issuable or deliverable in connection therewith.

The Company acts as its own transfer agent in connection with the Preferred Stock and the Common Stock and in each case Walker Bank and Trust Company, Salt Lake City, Utah, is Registrar.

LEGAL OPINION

The legality of the Securities offered hereby will be passed upon by Messrs. Marr, Wilkins & Cannon, Continental Bank Building, Salt Lake City, Utah, counsel for the Company, and by Charles C. Kieffer of the firm of Ralph E. Becker, special counsel for the Company.

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AUDITORS' CERTIFICATE

We have examined the consolidated balance sheet of the Chief Consolidated Mining Company, Eureka Machinery and Supply Company and Plutus Mining Company as at December 31, 1953, and the summary of earnings and earned surplus for the eight years then ended (included under the caption Summary of Earnings). Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The mining properties are stated at book value without provision for depletion; likewise, no deduction for depletion appears in the summary of earnings.

In our opinion, the above described statements present fairly the consolidated financial position as at December 31, 1953 and the results of operations for the eight years then ended in conformity with generally accepted accounting principles applied on a consistent basis during the period, except as follows:

No provision is made for depletion of mine property which has been sustained in an unascertainable amount. If the amount of it were ascertainable, generally accepted accounting principles would require that depletion sustained to December 31, 1953 be provided for in the balance sheet and that the depletion sustained in each of the eight years be provided for in the summary of earnings.

/S/ Wells, Baxter & Miller
CERTIFIED PUBLIC ACCOUNTANTS.

Salt Lake City, Utah,

May 25, 1954.

CHIEF CONSOLIDATED MINING COMPANY

EUREKA MACHINERY AND SUPPLY COMPANY AND PLUTUS MINING COMPANY

SALT LAKE CITY, UTAH

CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 1953 AND MARCH 31, 1954

ASSETS	December 31, 1953		March 31, 1954	
CURRENT ASSETS:				
Cash on hand	125.00		125.00	
Cash in banks(Demand dep)	22,108.73		60,570.86	
Cash in bank (Segregated for workmen's compensation insurance)	4,662.76		3,901.14	
Due from Gov't agencies	16,685.57		16,097.83	
Accounts receivable less reserve for doubtful accounts $430.07	53,434.70		67,295.40	
Inventories of supplies and parts (at cost, on first-in, first-out method)	86,289.67		84,277.49	
Total Current Assets		183,306.43		232,267.72
INVESTMENTS:				
Securities of subsidiaries not consolidated	70,351.18		70,351.18	
Less Valuation reserve	11,359.30		11,359.30	
Net Book Value	58,991.88		58,991.88	
Indebtedness of subsidiary-Not current - Not consolidated	1,069.91		1,089.91	
Other security investments at cost(Market value 12/31/53, $8,590.16; at 3/31/54, $12,524.10)	10,410.48		10,410.48	
Total Investments		70,472.27		70,492.27
FIXED ASSETS:				
Mining claims & property	3,188,559.42		3,188,559.42	
Buildings	114,286.08		114,286.08	
Machinery and equipment	633,080.15		633,080.15	
Total	3,935.925.65		3,935,925.65	
Less Reserve for depreciation	279,566.65		292,159.52	
Total Fixed Assets		3,656,359.00		3,643,766.13
DEFERRED CHARGES:				
Prepaid insurance	3,188.89		5,779.54	
Prepaid interest	19.76		49.47	
Total Deferred Charges		3,208.65		5,829.01
OTHER ASSETS:				
Insurance premium deposit		150.00		150.00
		$3,913,496.35		$3,952,505.13

Notes to Financial Statements are an integral part of these Balance Sheets.

LIABILITIES, CAPITAL SHARES AND SURPLUS	December 31, 1953		March 31, 1954	
CURRENT LIABILITIES:				
Notes payable - Smelter	9,460.25		24,202.75	
Note payable - R.F.C. - Current portion	27,180.00		27,180.00	
Accounts payable-Trade - Current	53,644.98		56,925.27	
Accounts payable-Trade - Deferred	59,978.65		65,553.64	
Indebtedness to affiliate	.50			
Accrued Liabilities:				
Federal taxes prior years	13,749.38		12,999.38	
Payrolls	27,266.66		30,448.63	
Payroll taxes	6,111.35		8,099.04	
Mine occupation tax	8,344.30		11,021.26	
Property and other taxes			4,774.00	
Interest	1,369.45		1,515.87	
Total Current Liabilities		207,105.52		242,719.84
LONG-TERM LIABILITIES:				
Note payable - R. F. C.	102,313.70		96,800.33	
Less Current portion	27,180.00		27,180.00	
	75,133.70		69,620.33	
Note payable - D.M.P.A. payable at 5% of smelter returns from ore when developed	16,296.32		26,771.98	
Advance by Director			22,500.00	
Total Long-Term Liabilities		91,430.02		118,892.31
OTHER LIABILITIES:				
Unclaimed dividends	13,518.73		13,518.73	
Reserve for insurance	2,983.13		2,788.84	
Total Other Liabilities		16,501.86		16,307.57
MINORITY STOCKHOLDERS INTEREST IN SUBSIDIARY COMPANIES:				
Plutus Mining Company 8.235%				
Capital shares	8,211.20		8,211.20	
Capital stock assessments	17,611.56		17,611.56	
Deficit	(21,591.19)		(22,105.48)	
Total Minority Interest		4,231.57		3,717.28
CAPITAL STOCK AND SURPLUS:				
Capital Shares:				
Common, Non-Assessable Capital Stock Par $1.00 Authorized 1,500,000 Shares:				
Outstanding:				
December 31, 1953, 1,252,208 shares	1,252,208.00			
March 31, 1954, 1,252,408 shares			1,252,408.00	
Surplus:				
Stock premium less discount	709,682.32		709,582.32	
Earned	1,632,337.06		1,608,877.81	
Total Capital Shares & Surplus		3,594,227.38		3,570,868.13
		$3,913,496.35		$3,952,505.13

NOTES TO FINANCIAL STATEMENTS

BALANCE SHEET AS AT DECEMBER 31, 1953

NOTE 1: All inter-company items and transactions have been eliminated and no inter-company profit and loss is included in the inventory.

NOTE 2: No provision has been made for depletion of mining properties.

NOTE 3: All majority owned subsidiaries are included in this consolidation except the Eureka Mines Company and East Crown Point Consolidated Mining Company which are inactive and still in the development stage. There has been no change during the year of companies included, or excluded, in the consolidation.

NOTE 4: Parent corporation's investment in subsidiaries included in this consolidation exceeds its proportionate book value of net assets of such subsidiaries by $340,463.45 which amount has been treated as a reduction in earned surplus.

NOTE 5: Parent corporation's investment in subsidiaries not consolidated exceeds its proportionate book value of net assets of such subsidiaries by $5,710.65.

NOTE 6: A contingent liability exists for repayment of funds advanced by the Defense Minerals Administration of the United States Government under its mineral exploration program in the amount of $137,159.26, payable under a sliding scale of 1-1/2% to 5% royalties on net smelter returns from ore, if and when produced, within a 15-year period from June 13, 1951.

NOTE 7: A contingent liability exists for payment of a retroactive wage increase covering the period July 1, 1951 to September 2, 1952, in the amount of $22,290.73. The payment is contingent upon the Company realizing a monthly net operating profit and is computed monthly at a rate of 10% of the profit with no allowance for a monthly loss carryover. The expiration date of the claim is September 1, 1954.

SUPPLEMENTAL PROFIT AND LOSS INFORMATION

NOTE 1:

(a) The policy of the registrant with respect to depreciation is to provide therefor on the straight-line method by addition to the reserve at annual rates approved for Federal income tax purposes, which are considered adequate to extinguish the cost of the various items over the period of their useful life. The rates used range from 3% to 25%. No provision is made for depletion of the mine property resulting from the extraction of ore.

(b) Maintenance, repairs and minor replacements are charged to operating expenses. The registrant's policy is to capitalize major renewals and betterments.

(c) At the time properties are retired or otherwise disposed of, the policy is to adjust the accumulated reserves by eliminating therefrom the accumulated depreciation provided with respect to the properties disposed of or retired.

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

224 New Customhouse
Denver 2, Colorado

June 25, 1954

Memorandum

To: S. R. Wilson
R. J. Roberts

From: DMEA Field Team, Region IV

Subject: Docket DMA-1 and 1A (Lead-Zinc), Contract I-DMA-E4, Chief Consolidated Mining Company, Juab and Utah Counties, Utah

Enclosed is a copy of a letter dated June 24, 1954, from W. W. Watson, Secretary-Treasurer, Chief Consolidated Mining Company, wherein he indicates that they expect to resume work by September 15, 1954, under the terms of the contract, and that in a short time they will formally request an amendment to the contract to authorize additional funds for the construction of a pump station and an emergency sump on the 2800 level.

Please keep in close touch with this project so that when the operator's formal request is received you will be able to submit your reports relevant to the request with the least delay possible.

W. H. King

W. H. King

JWT:jp

per E. N. Hauschmann
A. H. Koschmann

Enclosure

cc Contract
Chron
COMittendorf w/encl
AHKoschmann w/encl
JWTownsend

Mining Division
Date Rec'd
JUN 25 1954
BUREAU OF MINES
Denver, Colorado

Chief Consolidated Mining Co.

608 DOOLY BUILDING
SALT LAKE CITY, UTAH

June 24, 1954

Mr. William H. King, Executive Officer
D.M.E.A. Field Team
Region IV
224 New Customhouse
Denver, Colorado

Dear Mr. King:

This Company proposes to resume operations under the terms and conditions of our D.M.E.A. Contract No. IDM-E4 prior, if at all possible, by September 15, 1954, the date when the present recession of operations granted by amendment to the contract ends.

In approximately two weeks, we will furnish you with detail and maps showing that sufficient development work on the 2800 level has been accomplished to evidence the continuing downward rake of the ore channels and justifying our position that continuation of the exploration program by sinking the underground shaft an additional 200 feet to the 3100 ft. level with lateral drifting from that depth as comtemplated in the present contract is feasible and to the best interests of the Government and ourselves.

At the same time, we will formally request D.M.E.A. to amend the present contract to do the following:

1. Increase the amount of the contract by an estimated total cost of $20,000 to $25,000. permitting the Government to participate in 50% of such cost for the construction of a pump station and emergency sump on the 2800 level which work is essential to further sinking of the underground shaft.

2. Make the effective date of resumption of work under the contract, the date work is commenced on the 2800 level pump station and emergency sump.

Sincerely yours

W. W. Watson

W. W. Watson
Secretary-Treasurer

WWW:ALC

cc: Mr. Cecil Fitch, Jr.

FILE COPY
SURNAME:

500

Minerals
Selfridge
Williams
Mathewson

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

MAR 1 5 1954

Mr. [illegible] King, Executive Officer
DMEA Field Team, Region IV
224 New Customhouse Building

Re: Docket No. DMA-1 & 1a (Lead-Zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Contract No. [illegible]

Dear Mr. King:

We have received your letter of March 9, 1954, enclosing the report by Mr. [illegible] T. Young on the Chief Consolidated project.

We wish to express our appreciation of a report presented to us in such a thorough and capable manner. In view of the magnitude of the project, the periodic visits which Mr. Young refers to should be continued.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

APPROVED:

J. H. Hedges

Member, Bureau of Mines (GCS)

Philip W. Guild

Member, Geological Survey (GCS)

WRGriswold/bjl (3/12/54)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kinkel
Chron.

R.C.B. 3-15-54

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

224 New Customhouse
Denver 2, Colorado

March 9, 1954

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 1 & 1A (Lead-Zinc), Contract Idm-E4, Chief Consolidated Mining Co., Juab and Utah Counties, Utah

In compliance with your request of January 28, 1954, we are enclosing four copies of a report by W. E. Young, Mining Engineer, Bureau of Mines, dated March 1, 1954, and transmittal thereof from the Chief, Minerals Development Branch, Mining Division, Region IV, dated March 2, 1954, which we believe will give you the information requested in your letter of January 28.

W. H. King

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

Mining Division
Date Rec'd
MAR 4 - 1954
BUREAU OF MINES
Denver, Colorado

March 2, 1954

Memorandum

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

From: Chief, Minerals Development Branch, Mining Division, Region IV

Subject: Docket No. DMEA 1 & 1A (Lead-zinc), Contract Idm-E4, Chief Consolidated Mining Co., Juab and Utah Counties, Utah. Your memorandum of February 1, 1954

Enclosed are six copies of a memorandum prepared by W. E. Young in accordance with your request of above date. It is believed that the memorandum includes all items mentioned by the Chairman of the Operating Committee in his letter dated January 28, 1954.

No maps are attached to Young's memorandum. Officials of the company have agreed to supply necessary level and stope maps, but they are unable to furnish them at this time.

Stephen R. Wilson

Stephen R. Wilson

Enclosure

S. R. Wilson

March 1, 1954

W. E. Young

Docket No. DMEA 1 and 1A (Lead-Zinc), Contract Idm-24, Chief Consolidated Mining Co., Juab and Utah Counties, Utah. Memorandum concerning status of project and information on ore production and royalty payments.

Application for DMEA assistance for an extensive exploration and development program was made by the Chief Consolidated Mining Co. in December 1950. The original application requested funds to complete 400 feet of winze sinking, 5,000 feet of drifting and crosscutting, and 1,000 feet of raising. The cost of this work was estimated at $320,000. Incidental to the work the request included funds for installation of additional electrical and pumping facilities at an estimated cost of $231,420 and installation of a new hoist and hoisting set-up on the 1,8 0-foot level at an estimated cost of $135,700. The total estimated cost of the entire project was $687,120.

A contract effective June 13, 1951 was entered into between the Defense Minerals Administration and the Chief Consolidated Mining Co. The agreed estimated total cost of the project is $463,420. The work consists of sinking, drifting, raising, and installation of an electrical system and a pumping system. An amendment dated November 26, 1951 specifically permits 400 feet of sinking, 3,600 feet of drifting, and 1,800 feet of raising. The estimated cost of sinking is $350 per foot, only one-half of which constitute an allowable cost of the project. The estimated cost of drifting, crosscutting, and raising is $30 per foot. The estimated cost of the pumping system, including electrical system, sumps and drainage enlargements, is $231,420. The total estimated allowable cost of all work under a long form contract is $463,420.

Work was stopped July 1, 1952 as a result of a labor strike. Work was resumed July 1, 1953. At this time a new contract was secured which was designated the First and Second Amended contract. This new contract essentially sanctions all allowable costs incurred to July 1, 1953, and recapitulates and grants additional costs. The amendments bring the project under a short-form contract. The estimated allowable cost of all work under the new short-form contract is $518,040.71. The work to be done under the revised contract remained essentially the same except for minor changes in winze sinking and sump preparation for water control.

The work is divided into Project 1 and Project 1A. Project 1, which consists of drifting and raising on the 2,700-foot level, was completed under the original long-form contract. Part of Project 1A was completed under the original long-form contract. This part consists of sinking the 18-411 winze 77 feet. Footage costs incurred in this work are: drifting $36.66 per foot, raising $24.68 per foot, and shaft sinking $471.15 per foot (1/2 allowable). The 18-411 winze has been sunk 125 feet since July 1953 under the new short-form contract, at $360 per foot (1/2 allowable).

The work completed under the original contract and sanctioned under the First and Second Amended Contract amounts to $327,218.21. This leaves $190,822.50 remaining under the new short-form contract with $22,500 of this amount obligated for the 125 feet of sinking in 18-411 winze.

The work remaining to be done consists of 198 feet of winze sinking, 3,300 feet of drifting, raising, and cross-cutting, and construction of sump and pump station on the 3,100-foot level.

Project 1 was successful in intersecting the downward projections of the major ore "runs" north of the Leadville dike. The work was inspected on February 15, 1954 and is in good condition. All drifts, raises, and stopes are standing well without timber. However, the haulage track is in poor condition. This condition has existed from the time the drift was driven due to the large volume of water encountered. Previously, two or more levels were being developed simultaneously, thus each carried a share of the water being drained. The 2,700-foot level was driven alone after the upper levels were drained, consequently this level had the full volume of water. The management believes this condition can be alleviated by developing more slowly and with more levels being driven simultaneously.

Project 1 consisted of 1,663 feet of drifting and 300 feet of raising. In addition the company has done a considerable amount of drifting and raising incidental to stoping. The company also has driven approximately 350 feet of drifts on the 2,800-foot level under a DMPA loan for development of the downward projection of the ore "run." Part of the 2,900-foot level station has been excavated. Development drifting on the 2,600-foot level which has been done since the start of the DMEA project has contributed to development of this block of ore. Maps will be supplied by the company at a later date to show development work and stoping.

In December 1953 the company asked for an amendment to permit a recess in DMEA contract operations for a period of 9 months and an extension of 9 months for the period of project completion. This amendment was requested to allow time for driving the drifts on the 2,800-foot level and the 2,900-foot level before sinking the winze deeper. It is considered highly possible that the ore "runs" may flatten, in which case it may not be necessary to sink beyond the 2,950-foot level. A study of the sections through the ore "runs" bears this out. However, in addition to the mantos type ore "runs" along fractured beddings, there is also the more or less vertical, irregular type replacement deposit along major east-west faults such as the stopes on the Centenial, the Beck, and the Leadville faults. Development of these deposits may require deeper winze sinking even though the mantos type deposits flatten. It is considered highly probable that the market price of metals will have as much bearing on the development of the mine as the physical conditions that may be encountered. In view of the success of the past work, it is anticipated that conditions on the 2,800 and 2,900-foot levels should be equally as encouraging as those encountered on the 2,700-foot level. However, the future market price for metals is not known, thus profitable extraction of these ores remains a question.

It is considered that the management of the Chief Consolidated Mining Co. has been and now are competent and able operators. The work is conducted with an overall efficiency that is believed to be above average in the mining industry. The operating success is partially accounted for by the excellent labor-management relations existing between the company and the workers and partially by the long years of experience of the company in this type of operation.

ORE PRODUCTION

Settlement sheets to date show that 38,531.22 tons of ore has been shipped and royalties amounting to $37,292.01 have been paid to the Government. This ore has been produced from stopes north of the Leadville dike from the 2,300-foot level to the 2,700-foot level and from stopes south of the Leadville dike from the 2,450-foot level to the 2,700-foot level. At the present time, all ore on which DMEA royalty is being paid is being mined from the 2,700-foot level, except for ore from one stope above the 2,600-foot level. Royalty payments were started in September 1951 and have continued since that date.

The company uses an incentive bonus system in which everyone engaged in production participates. The employee receives a bonus on the number of cars handled in addition to the regular daily wage. Thus, everyone from the miner in the stope to the top man at the collar is concerned with a record of production. Each keeps a record and turns in a report which must tally with a daily total.

Eight different classifications of ores are made. The ores are labeled A, B, C, D, E, F, G, or J. All ore subject to DMEA royalty is labeled "G" ore. The foreman, from practice, is able to classify roughly from sight and informs the miner how to label his cars. A grab sample is taken and determination made by local assayers as a further check for classification. The ore is dumped on ramps and is held here awaiting return of the assay value before trucking directly to railroad cars. After receipt of the assay result the bookkeeper is able to determine to which smelter or mill the ore is to be shipped to bring the greatest return. Various lots are then mixed at his direction by truckers dumping the ores into railroad cars. The company is now shipping to three smelters. Previously shipments were made under five different mill and smelter contracts. All DMEA ore to date has been sulfide ore. For a long period the DMEA ores were shipped to the Combined Metals Reduction Co. mill at Bauer, but since July 1953 a more desirable contract has been made with the U. S. Smelting, Refining and Mining Co. mill and smelter at Midvale, Utah.

The company does not follow the practice of measuring stopes to check against tonnage mined. The stopes are irregular and are delineated roughly for location on plan and sectional maps. The only information recorded is the daily tonnages as shown by cars mined. In practice, the company has found that by taking the cars mined and applying a factor (in the case of oxide ore, 0.85 percent, and in the case of sulfide ore, 1.1 percent), the tonnages as weighed out on railroad cars is closely approximated.

Again, the system of numbering stopes used by the company further confuses the picture with regard to checking tonnages. In some cases stopes are mined below the level. The stope number corresponds to the number of the nearest working place; thus ores coming from, say, 26/34 Winze and ores coming from 27/86 Stope may have been mined from what is now the same open stope between the 2,600 and 2,700-foot levels, but will appear on records as coming from different numbered working places. In some cases an intermediate raise may

It is believed the company has carefully and properly recorded all production of ore subject to DMEA royalty. Under the system employed it is conceivable that an attempt could be made to evade paying royalty by improperly labeling the ore as it comes from the stope. It appears that this point is the only point at which the records could be falsified. A rough check on this possibility could be made at any time by measuring the stopes. Periodic visits have been made to the mine for verifying reported work. Most of these visits were made at times when the management was not notified beforehand. The management has issued instructions to personnel that the DMEA representative is to be admitted to the mine at all times. During the periodic visits it was noted that all ore cars were properly labeled "G," the symbol for ores subject to DMEA royalty.

W. E. Young

W. E. Young

DMEA

FILE COPY
Surname:

Mittendorf

E-6

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

PRS 2384

MAR - 9 1954

Dear Mr. Fitch:

Reference is made to your letter dated January 25, which brings to my attention your recent effort to obtain a moratorium on royalty payments due the Government under DMEA contract Ida-54. Your request is based principally on financial hardship resulting from abnormally low lead and zinc prices prevailing during the past eighteen months, which you fear will eventually force the closure of your mines unless relief in some form is forthcoming. You state that your Counsel agrees with Mr. Mittendorf's opinion that, under the regulations, he is without legal authority to grant your request; however, you feel that a general order could be issued amending the regulations, if all Government agencies concerned would agree.

I have given much thought to your proposal and have considered its probable implications if adopted. In the first place, I do not believe any recommendation to waive or defer royalty payments due the Government would receive favorable consideration by other Government agencies.

No other operator has requested relief from the obligation to pay royalties as provided for in the exploration contract. It seems rather impracticable to me to initiate steps which might make a beneficial grant to any one operator among the many with whom we have contracts and who are currently paying royalties to the Government in spite of the various economic factors which adversely affect their operations. It would seem only somewhat less practicable to grant such a benefit to the whole group of operators on the basis of financial hardship. Such a precedent would open the way for granting similar benefits to alleviate financial hardship which might be caused by factors other than metal prices, such as mismanagement, inefficiency, ore depletion, diminution of ore grades, etc. In a great number of cases the Government's rights would be severely jeopardized because of complete mine depletion during the period of the moratorium. In all the above circumstances, I do not feel disposed to initiate the orders which you suggest.

I wish to assure you that I am keenly aware of the adverse conditions under which the lead-zinc industry is now operating, and

R.C.B. 3-9-54

I am wholly sympathetic toward a solution of its problems. I am convinced, however, that the solution will have to be on a much broader basis than that suggested by your request for a moratorium on royalty payments.

Sincerely yours

(sgd) F. E. Wormser

Assistant Secretary

Mr. Cecil Fitch, Jr.
Vice President and General
Manager
Chief Consolidated Mining Company
608 Deely Building
Salt Lake City, Utah

COMittendorf/fw
3/5/54

cc: Secretary's File
Secretary's Reading File
Asst. Sec'y for Mineral Resources (2)
L. E. Imhoff
Mails & Files, DMEA
Admr. Read. File, DMEA
Base Metals Div., DMEA
Field Team, Reg. IV (2)
C. O. Mittendorf, DMEA

SECRETARY'S
MAIL CENTER
FEB 4 1954

Dept. of the Interior
DMEA
Rec'd
FEB 4 1954

C
O
P
Y

CHIEF CONSOLIDATED MINING CO.
608 Dooly Building

SALT LAKE CITY, UTAH

January 25, 1954

Mr. Felix Wormser
Assistant Secretary of the Interior
New Interior Building
Washington, D. C.

Dear Mr. Wormser:

This Company through its Washington counsel, Mr. Harold W. Swope, by letter dated December 22, 1953 and by personal contact, formally requested the Administrator of the Defense Minerals Exploration Administration to consider the feasibility of granting us a moratorium in royalty payments to the Government which result from the terms of an exploration contract now in effect between the Government and our Company.

In justification of this request, the Administrator's attention was called to the following:

1. During the past 18 months, the low market price received for lead and zinc has been insufficient to allow this Company to operate at a profit. There appears to be no immediate relief in sight. A continuation of these losses will eventually close our properties permanently.

2. For some time the royalty payments paid the Government monthly have been greater than the amounts the Government is contributing under the contract terms for work accomplished on the exploration program. This results in an exchange of checks each month and is defeating the original intention of the contract which is to assist the Company in financing an exploration project.

3. If we are permitted to retain these royalty payments for a period of time, the funds would be used in more rapid development of the ore bodies which have resulted from the exploration program, and consequently, the ultimate repayment to the Government of the funds advanced would, in our opinion, be considerably accelerated.

The Administrator replied by letter dated January 18, 1954 to the effect that while he was aware of the conditions under which the lead-zinc mining industry was working, and that he was also sympathetic toward any solution of the industries' problems, he was of the opinion that no legal authority existed which would permit a moratorium or deferment of the royalty payments due.

Our counsel agrees with the Administrator, but he is also of the opinion that a general order providing for such a moratorium could be effected with propriety if the proper parties in Government would agree.

We think the matter should be called to your attention, and if you feel our request is reasonable under the circumstances, we would suggest steps be taken to implement the necessary orders.

With kindest personal regards,

Sincerely yours

CHIEF CONSOLIDATED MINING CO.

(Sgd) CECIL FITCH, JR.
Cecil Fitch, Jr.
Vice President and General Manager

CF,JR:ALC

CHIEF CONSOLIDATED MINING COMPANY
608 Dooly Building
Salt Lake City, Utah

C O P Y

Statement showing funds received from Defense Minerals Exploration Agency resulting from terms of Contract IDM-E4 and royalty repayments made from June 13, 1951 to October 31, 1953

Month	Funds Received from D. M. E. A. (1)	Royalty Repayments
1951		
September	---	$217.71
October	$123,768.54	128.41
November	3,148.36	64.62
December	2,326.19	--
	$129,243.09	$410.74
1952		
January	$ 1,840.45	$1,011.58
February	815.91	2,172.45
March	1,489.14	2,334.35
April	7,723.10	3,127.49
May	---	4,141.45
June	7,613.29	1,385.76
July	6,341.52	---
August	---	---
September	7,039.25	---
October	---	38.00
November	---	167.74
December	---	534.63
	$ 32,862.66	$14,913.45
1953		
January	---	$ 844.63
February	---	305.93
March	---	371.30
April	---	1,180.86
May	---	1,710.54
June	---	1,457.78
July	---	2,926.47
August	---	2,665.35
September	1,557.89	2,696.35
October	2,205.00	2,674.00 (Estimated)
November	2,205.00 (accrued Oct.)	---
	$ 5,967.89	$16,833.21
1951	$129,243.09	$ 410.74
1952	32,862.66	14,913.45
1953	5,967.89	16,833.21
Total	$168,073.64	$32,157.40
Balance due D.M.E.A. as at Nov. 1, 1953		$135,916.24

(1) Month in which funds were actually received.

C
O
P
Y

DANIELS, SWOPE AND FIRST
Commerce Building
Harrisburg, Penna.

January 19, 1954

[Dated 1-18-54]

Mr. W. W. Watson, Secretary
Chief Consolidated Mining Company
608 Dooly Building
Salt Lake City, Utah

Dear Sir:

Enclosed please find a letter from Mr. Mittendorf concerning our request for a moratorium in royalty payments. You will note that the answer of the Government is in the negative.

Mr. Mittendorf is correct in his statement that the contract makes no provision for the waiver of royalty payments. However, that need not necessarily be the final answer. A general order from D.M.E.A. changing the conditions of repayment could be issued with propriety if all the many government interests could agree. A discussion of our proposal with your representatives and senators in Congress might well be in order at this point. It is also obvious that if Mr. Wormser thought favorably of the moratorium proposal, it would have a much brighter future. Please let me have your thinking on this problem, now that the D.M.E.A. has taken its position.

Have you started the machinery for a suspension of the D.M.E.A. work. I understand that you were preparing to approach that through the local office in Denver.

Kindest regards,

DANIELS, SWOPE & FIRST

/s/ By Harold W. Swope
Harold W. Swope

HWS/db
encl.1

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 2/8

REFERRED TO:
1. John Liebert
2.
3.
4.

FOR:

..... Action	..... Recommendation
✓ Approval	..... Record
✓ Comment	of .....
..... Conference	..... Referring
..... Consideration	to .....
..... Filing	..... Reply for signature of .....
..... Instructions	
..... Investigation	..... Rewriting
..... Initials	..... Signature
..... Mailing	..... Suggestions
..... Previous correspondence	..... Your information

REMARKS: Herewith draft & background correspondence

Check (X) before the items needing attention.

Pls return attachments

CGM
Initials of sender.

GPO 16—63815-1

DRAFT 2/8/54

Dear Mr. Fitch:

This ~~is in reply~~ Reference is made to your letter dated January 25, which brings to my attention your recent effort to obtain a moratorium on royalty payments due the Government under DMEA contract Idm-E4.

The ~~justification of~~ Your request is based ~~primarily~~ principally on financial ~~stress~~ hardship resulting from abnormally low lead and zinc prices prevailing during the past 18 months, which you ~~feel~~ fear will eventually force the closure of your mines unless relief in some form is forthcoming. You state that your counsel agrees with Mr. Mittendorf's opinion that he is without legal authority to grant your request; however, you feel that a general order could be issued under the regulations if all Government agencies concerned would agree.

I have ~~carefully reviewed~~ given much thought to your proposal and have considered its ~~broad~~ probable implications if adopted. In the first place, I do not believe any ~~proposal to~~ recommendation to waive or defer royalty payments due the Government would receive favorable consideration by other Government agencies. The terms of DMEA contracts have been considered ~~over-~~quite lenient by other Govt agencies, and recommendations are frequently made to ~~deny~~ tighten them. [Specific reference is made to the fact that DMEA advances are not repayable with interest, or other conditions specified which would help to ~~defer~~ defray a part of administrative costs in the case of successful projects.]

Your record of repayment is a worthy one and is fully appreciated by this Administration. That record shows ~~that~~ repayments made by you have exceeded the amounts received from the Government

over certain periods during the time your contract has been in force. It should be recognized, however, that this situation arises in part by the fact that no work was performed under the terms of the exploration contract for 13 of the 27 months it has been in existence. The completion date for the work approved under your original contract was first estimated to be June 13, 1953. That date was extended to December 13, 1954 by an amendment to the contract, although no exploration progress was made during the nine-month period between October 1952 and August 1953. Your recent request to recess the exploration work for the first nine months of 1954 would extend the completion date to Sept 13, 1955. I know you will agree that approval on the part of DMEA to extended periods of recess has permitted you to concentrate your available capital on work of a production nature and has, therefore, unduly weighted the ~~proportion~~ ratio of repayments made by you to funds received from the Government. These extended recesses

Govt & The Senator - result with administration WSB

prolong the winding up of affairs between the

It will also be remembered that the expensive pumping installations which were included under the DMEA contract have permitted continuance of your production activities and that these installations are being depreciated substantially without benefit to the exploration project.

~~It is interesting to note that~~ No other operator has requested relief from the obligation to pay royalties as provided in the exploration contract. It seems impractical to me to initiate steps which might make a beneficial grant to any one operator among the many with whom we have contracts and who are currently paying royalty to the

Government. It would seem only less practicable to grant such a benefit to the whole group of operators on the basis of claiming financial hardship. Obviously, as soon as one operator, or group of operators, received such a benefit others, either singly or by groups, would feel that they were entitled to the same treatment. Such a precedent would open the way for granting benefits to alleviate financial hardship which could be based on inefficiency, depletion, diminution of grade, etc. In a great number of cases the Government's rights would be severely jeopardized because of complete ore depletion during the period of process. In all of the above circumstances, I do not feel disposed to implement the orders which you suggest.

I wish to assure you that I am also keenly aware of the adverse conditions under which the lead-zinc industry is now operating, and that I am wholly sympathetic toward a solution to its problems. I am convinced, however, that the solution of the problems will have to be on a much broader basis than that suggested by your request for a moratorium on royalty payments.

Sincerely yours,

Assistant Secretary

CMittendorf/fw
2/8/54

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

February 5, 1954

MEMORANDUM to Mr. Mittendorf

I have talked to Mr. Clarence A. Fredell, Chairman, Operating Committee, Emergency Procurement Service, General Services Administration, regarding the matter of the Chief Consolidated Mining Company. At the moment he was not too familiar with the specific terms of the DMP-87 contract, but we can obtain this information from them whenever necessary. As far as he could recall they had not received a request for deferment of payments.

He likewise felt that the three Government units concerned with loans to this company should get together and decide upon a mutual course of action. He will be glad to cooperate fully at any time.

W. R. Griswold

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

500

February 5, 1954

Memorandum

To: Administrator

From: Chief, Base Metals Division

Subject: Request for royalty deferment, Chief Consolidated Mining Company, Docket No. DMEA-1 & 1A

Referring to your inquiries —

Original completion date for work — 6/13/53

Present completion date by amended contract — 12/13/54

Amendment now being prepared in Legal extends completion date to — 9/13/55

Recess period — 8/27/53 to 11/1/53

Amendment now in Legal also provides recess from 1/15/54 to 9/15/54

About the best shaft progress which has been made to date is 40 feet per month. Hence, 40 feet x $360 = $14,400, of which one half is allowed, or $7,200, of which 50% would be the Government's share, or $3,600. This would go on for some five months or so (200 feet still to sink), after which 3,300 feet of drifting, crosscutting and raising is allowed, at $34.00 per foot. Assuming 250 feet of such work monthly, Government's share would be $4,250

As to the transactions of this Operator with the DMPA, Mr. Hedges is not too clear as to the repayment of loan, but he is sure they have not requested a deferment of repayment.

Regarding RFC loan, I talked with Mr. Ronan who stated that this Operator was presently in default on their loan. Loan has been reduced from $120,000 to $102,000 and RFC has been considering foreclosure action. He suggested that it might be wise for all Government agencies concerned to get together and mutually decide upon a course of action, rather than each one pulling in a different direction, possibly to another agency's disadvantage. For example, if RFC started foreclosure action, it might harm our equity. He will dig into the case in more detail and phone me next week.

W. R. Griswold

W. R. Griswold

Answered

Before I get on this will you check on questions below

m

ASBO

1) When was project scheduled for completion originally? When, now?

2) How many recesses approved? What periods?

3) With steady progress in shape, how much $ would we put up per month

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

Defense Minerals Administration
RECEIVED
MAR 8 - 1954

224 New Customhouse
Denver 2, Colorado

March 3, 1954

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMA 1 & 1A (Lead-Zinc), Contract Idm-E4, Chief Consolidated Mining Company, Juab and Utah Counties, Utah

Enclosed are the Government, Division and Docket copies of Amendment No. 2 to Second Amended Contract Idm-E4 which was prepared in Washington and signed by you for the Government to authorize a recess of operations from January 15, 1954 to not later than September 15, 1954, amend article 3 of the contract to extend the period for completion of the project work from December 13, 1954 to on or before September 16, 1955, and amend article 6 of the contract form by substituting the provisions of Annex I attached to and made a part of the amendment.

Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

W. H. King

W. H. King

Enclosures

C. O. Mittendorf, Administrator

FILE COPY
SURNAME!

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

Defense Minerals Exploration Administration
14X3923, Working Fund, Interior, DMEA

February 17, 1954

To: Mr. W. H. King, Executive Officer, DMEA Field Team, Region IV, 224 New Customhouse Building, Denver 2, Colorado

Reurtel February 15, 1954 reference DMA-1 & 1A, Idm-E4. Not necessary to defer processing November and December vouchers in this special instance.

C. O. Mittendorf (fw)

C. O. Mittendorf, Administrator

JLChambers/COMittendorf/wb/fw
2/17/54

cc: Docket
Admr Reading File
Bu Mines Audit
Operating Committee
Mr. Griswold
Mr. Chambers

SENT
FEB 17 1954
Clerical Service Section

R.C.L. 2-17-54

Mr. C. O. Mittendorf
Feb. 16, 1954
(unattended service after 4:15)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 16 1954

DN 235 BUREU MINES 2-15-54 2-21 PM

C O MITTENDORF

REFERENCE DOCKET DMA-1 AND 1-A CONTRACT IDM-E4, OUR MEMORANDUM OF JANUARY 22,1954. HAVE RECEIVED OPERATOR S MF-104 REPORTS FOR MONTHS OF NOVEMBE R AND DECEMBER 1953, AGGREGATE AMOUNT OF CLAIM $13,860.00. SHALL WE DEFER PROCESSING FOR REIMBURSEMENT TO OPERATOR PEDXXX PENDING RESUMPTION OF WORK UNDER THE CONTRACT-Q/

W H KING

Denver, Colo.

FEB 16 8 21 AM '54

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

FILE COPY
SURNAME:

500

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

Griswold
Chairman
Selfridge
Fitzhugh

FEB 11 1954

Mr. W. H. King, Executive Officer
DMEA Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. [illegible]-1 & 1A (lead-zinc)
Chief Consolidated Mining Company
Chief No. 1 Mine
Juab and Utah Counties, Utah
Contract No. I[illegible]-24

Dear Mr. King:

Enclosed are the original and five copies of Amendment No. 2 to the Second Amended Contract referred to above.

If it meets with your approval, will you please present it to the Operator for signature and distribute the copies in the usual manner. If not, and if any suggested changes should lie beyond the range of your delegated authority, please return all copies to this office with your recommendations.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (SHB)

Enclosures 6

APPROVED:

J. H. Hedges
Member, Bureau of Mines (SHB)

D. M. Larrabee
Member, Geological Survey (SHB)

WRGriswold/bjl (2/9/54)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kinkel
Chron.

R.G.F. 2-11-54

February 5, 1954

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W. R. Griswold

FILE COPY
SURNAME

500

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

U.S. in R.A.

February 5, 1954

Memorandum

To: Administrator

From: Chief, Base Metals Division

Subject: Request for royalty deferment, Chief Consolidated Mining Company, Docket No. DMPA-1 & 1A

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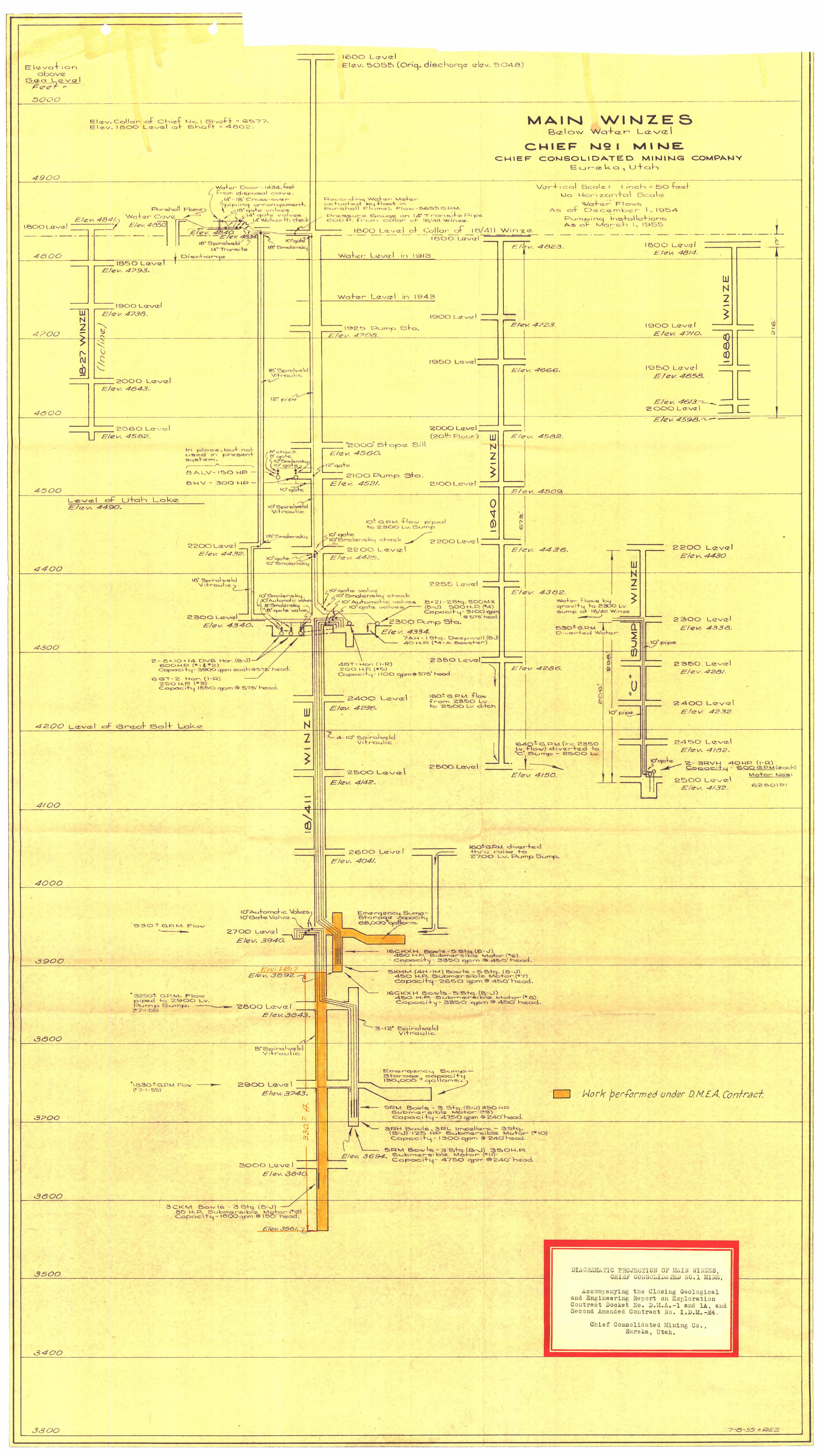
WRGriswold/bjl

/S/
W. R. Griswold

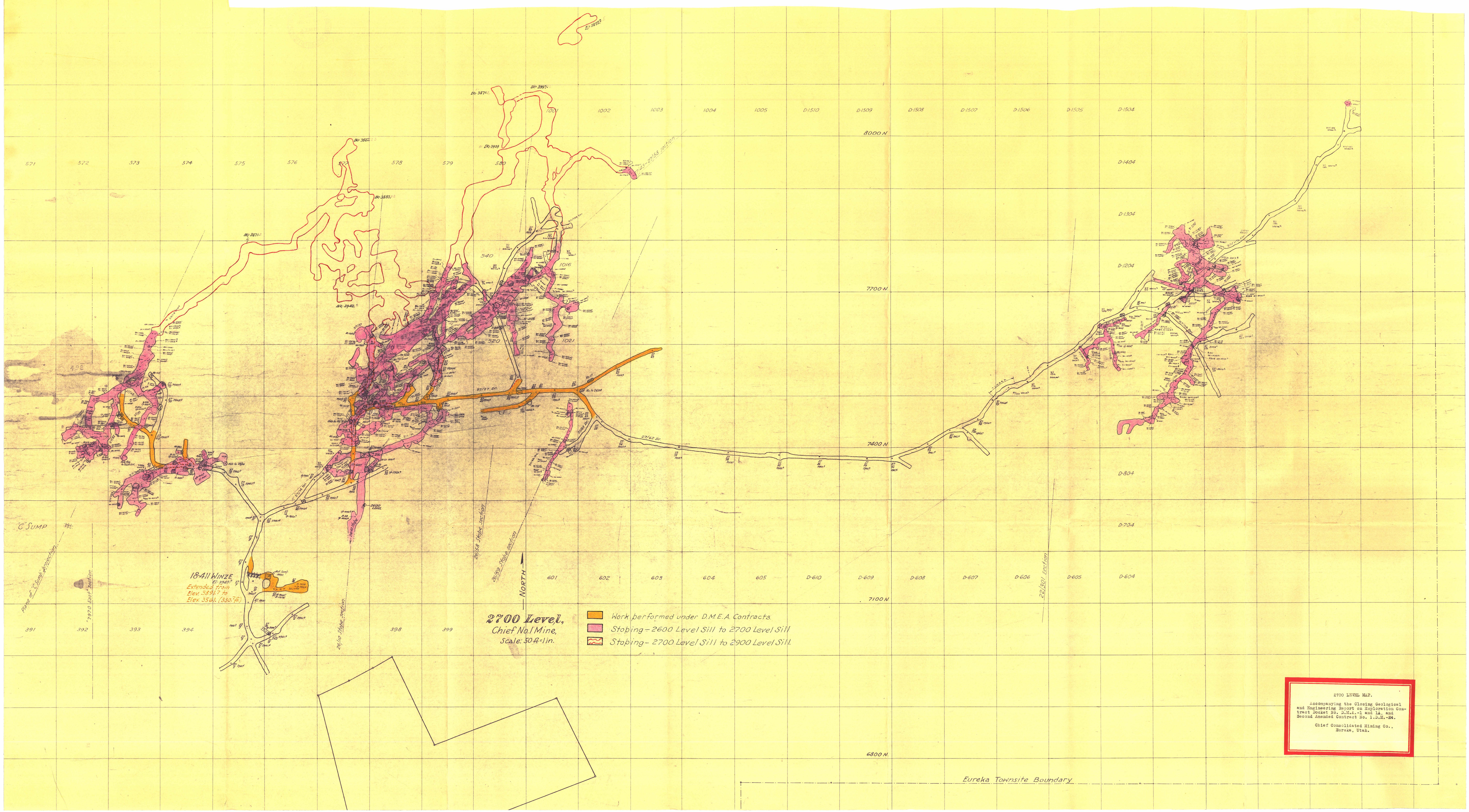
Copy to: Docket
Base Metals
Chron.



DIAGRAMATIC PROJECTION OF MAIN WINZES,
CHIEF CONSOLIDATED NO.1 MINE,

Accompanying the Closing Geological and Engineering Report on Exploration Contract Docket No. D.M.A.-1 and 1A, and Second Amended Contract No. I.D.M.-E4.

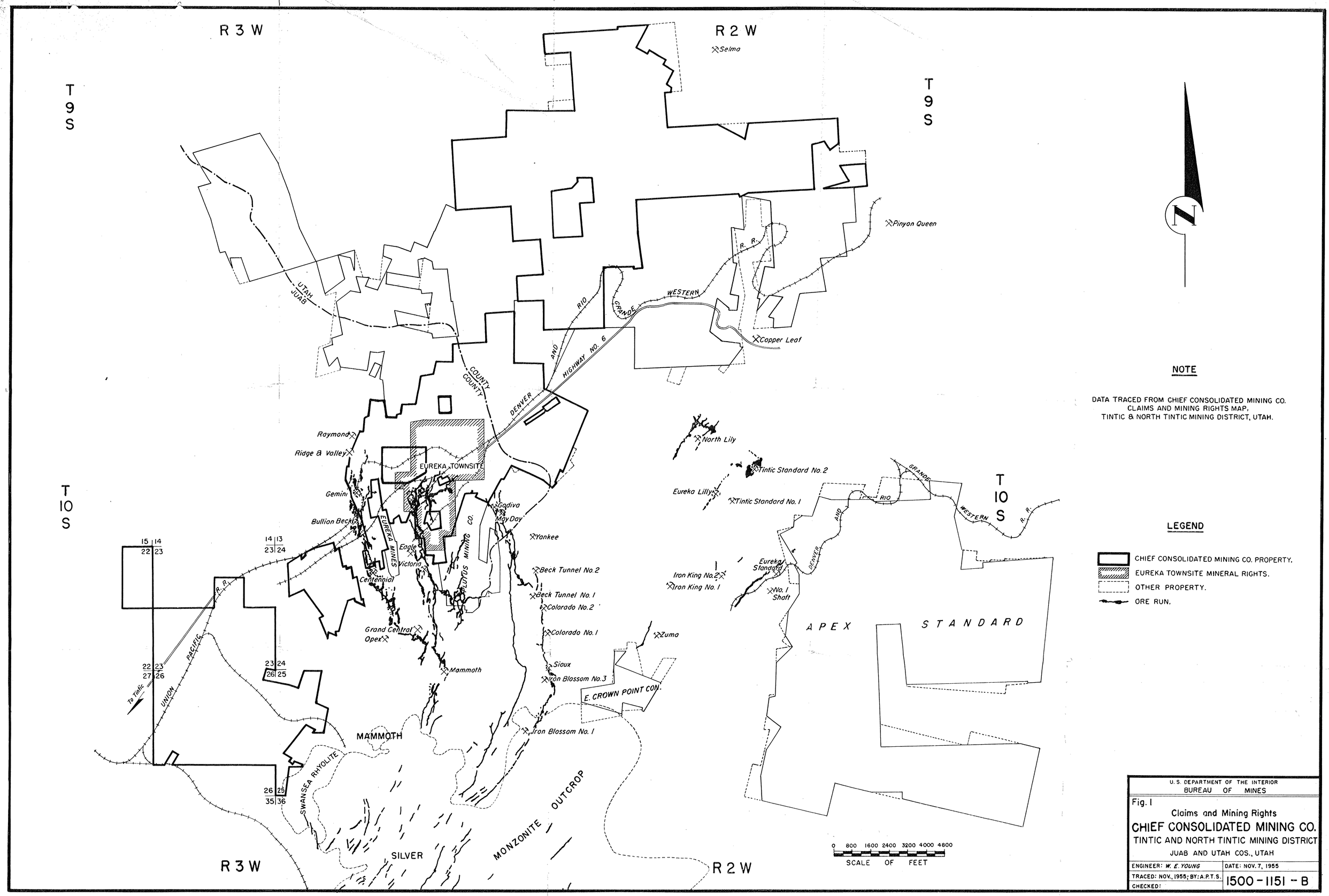
Chief Consolidated Mining Co.,
Eureka, Utah.

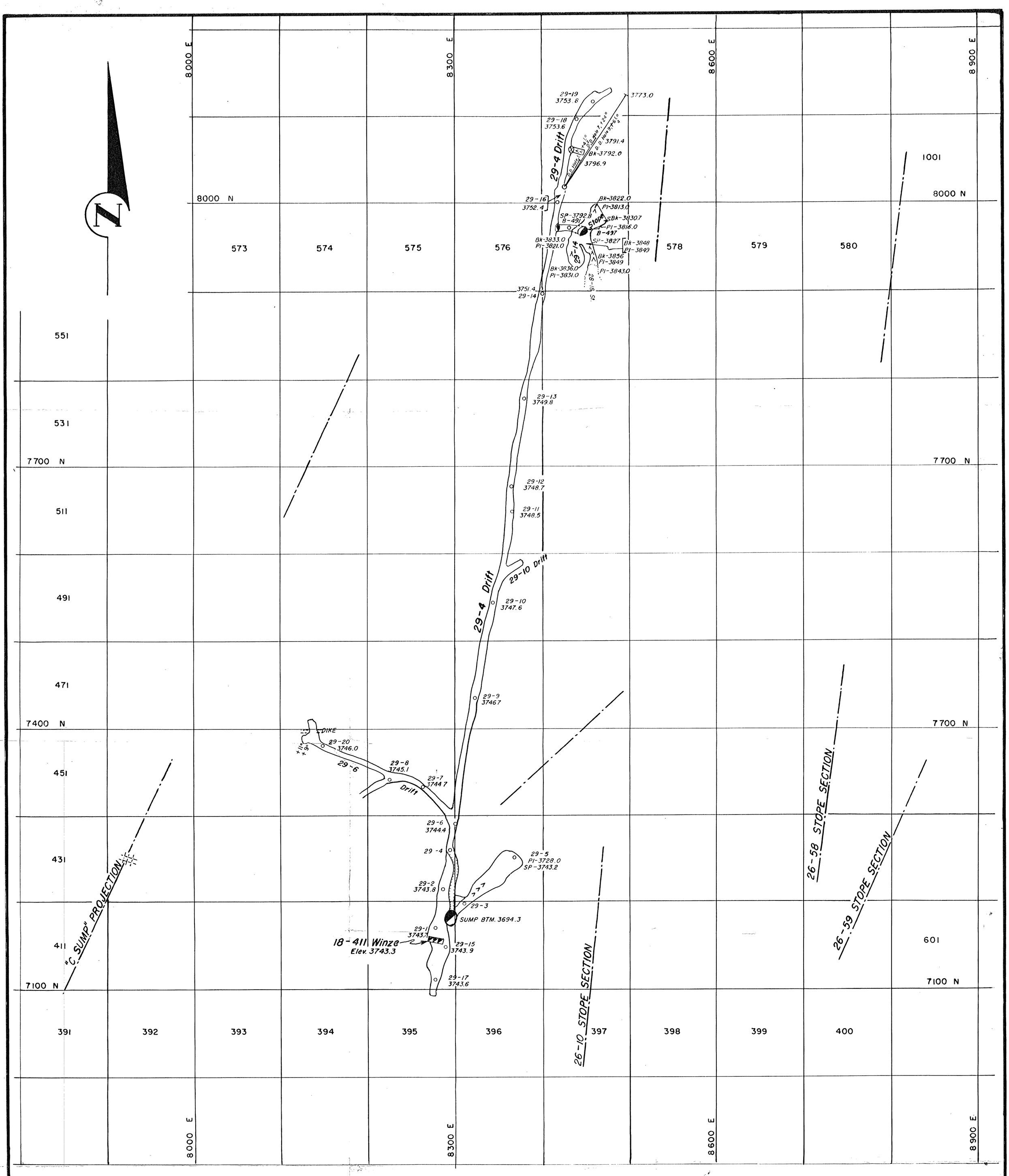

2700 Level,
Chief No. 1 Mine,
Scale: 50 ft. = 1 in.
Work performed under D.M.E.A. Contracts.
Stoping - 2600 Level Sill to 2700 Level Sill
Stoping - 2700 Level Sill to 2900 Level Sill.
NORTH
18-All WINZE
Extended from
Elev. 3891.7 ft.
Elev. 3561. (330.7 ft.)
Sump
Eureka Townsite Boundary
8000 N
7700 N
7400 N
7100 N
6800 N
2700 LEVEL MAP.
Accompanying the Closing Geological and Engineering Report on Exploration Contract Docket No. D.M.E.A.-1 and 1A, and Second Amended Contract No. 1.D.M.-24.
Chief Consolidated Mining Co.,
Eureka, Utah.

FINAL SUMMARY OF COSTS EXPENDED IN CONNECTION WITH DEFENSE MINERALS ADMINISTRATION

EXPLORATORY CONTRACT No. IDM-E4 ISOLATING ITEMS OF EQUIPMENT UNIT COST OF WHICH IS OVER $50.00

	Total	Chief Labor	Payroll Tax & Comp. Ins.	Supplies	Air, Hoist & Tram	Hoist & Power Exp.	Pumping Costs	Foley Company	Centennial Develop. Co.	Equip Items over $50	Frt.,Tax Handling
ELECTRICAL & PUMPING EQUIPMENT											
MF 104 Reference - August 20, 1951 Period Dec. 1950 thru July 31, 1951	240,784.88	12,985.30	1,106.12	19,640.85	8,730.81			33,018.41	48,112.47	115,615.20	1575.72
18411 WINZE SHAFT											
MF 104 Reference											
Month of November 1951	727.24	540.70	47.82	138.72							
" December 1951	2,014.93	909.45	80.43	920.35						97.76	6.94
" January 1952	1,435.85	289.87	27.52	670.82						438.86	8.78
" February 1952	2,446.47	1,135.34	107.69	1,203.44							
" March 1952	12,803.31			181.27	1,246.83	797.06	481.28		10,096.87		
" April 1952	15,265.18			17.40	1,770.76	1,034.30	499.74		11,942.98		
" May 1952	702.54			16.11					686.43		
" July 1953	1,866.28	906.38	1.78	23.30					934.82		
" August 1953	7,442.26			39.03	791.52	83.48	364.28		6,163.95		
" September 1953	456.92								456.92		
" October 1953	7,125.04	268.22	21.09	107.32	565.37	90.25			6,072.79		
" November 1953	13,627.97	245.85	19.33		1,173.57	112.54	1,055.23		11,021.45		
" December 1953	7,113.35	140.62	11.06	75.31	543.38	67.17	454.48		5821.33		
" January 1954	90.00			90.00							
" December 1954	250.80								250.80		
" January 1955	1,181.73								1,181.73		
" February 1955	6,987.31			47.60	399.62	59.46			6,480.63		
" March 1955	14,162.66			55.80	881.29	80.61			13,144.96		
" April 1955	17,174.43			88.32	1,472.67	118.31			15,495.13		
" May 1955	2,172.13			36.82	172.21	103.16			1,859.94		
Totals -	115,046.40	4,436.43	316.72	3,711.61	9,017.22	2,546.34	2,855.01		91,610.73	536.62	15.72
Bucyrus Erie Hydromucker	2,839.23									2,590.00	249.23
Capitalized on Company books											
2700 LEVEL EXPLORATION											
MF 104 Reference											
June 15 to July 31, 1951	1,514.75	17.08	1.52		356.84				1,139.31		
Month of August 1951	5,316.74				1,214.84				4,101.90		
" September 1951	6,296.72				1,341.98	884.65	1,525.54		2,544.55		
" October 1951	4,652.37				756.28	468.61	525.09		2,902.39		
" November 1951	3,317.27	79.65	7.04	54.39	413.86	147.47	183.86		1,894.59	Equipment Rented 536.41	
" December 1951	2,978.28				461.69	160.43	316.47		2,039.69		
" January 1952	5,729.57			122.40	839.75	236.36	270.18		4,260.88		
" February 1952	6,768.02				1,370.45	385.98	409.91		4,601.68		
" March 1952	8,824.92	267.90	25.67	149.78	1,545.48	619.95	688.19		5,527.95		
" April 1952	5,050.45	47.56	4.56	11.73	847.06	313.97	284.82		3,540.75		
" May 1952	6,615.47				1,005.89	430.54	580.45		4,598.59		
" June 1952	7,111.77				1,138.83	768.52	963.26		4,241.16		
" July 1953	4,373.78	4,373.78									
Totals -	68,550.11	4,785.97	38.79	338.30	11,292.95	4,416.48	5,747.77		41,393.44	Equipment Rented 536.41	
TOTAL	$427,220.62	$22,207.70	$1,461.63	$23,690.76	$29,040.98	$6,962.82	$8,602.78	$33,018.41	$181,116.64	$118,741.82 Equipment Rented $536.41	$1,840.67


R 3 W
R 2 W
T 9 S
T 10 S
Selma
Pinyon Queen
Copper Leaf
UTAH
JUAB
COUNTY
COUNTY
DENVER
AND
RIO
GRANDE
WESTERN
R. R.
HIGHWAY NO. 6
Raymond
Ridge & Valley
EUREKA TOWNSITE
Gemini
Bullion Beck
EUREKA MINES
Eagle
Victoria
Centennial
FLOYDS MINING CO.
Godiva
May Day
Yankee
Beck Tunnel No. 2
Beck Tunnel No. 1
Colorado No. 2
Colorado No. 1
Sioux
Iron Blossom No. 3
Iron Blossom No. 1
Grand Central
Opex
Mammoth
Zuma
E. CROWN POINT CON.
North Lily
Tintic Standard No. 2
Eureka Lilly
Tintic Standard No. 1
Iron King No. 2
Iron King No. 1
Eureka Standard
No. 1 Shaft
APEX
STANDARD
15 14
22 23
14 13
23 24
22 23
27 26
23 24
26 25
26 25
35 36
R. R.
UNION
PACIFIC
To Tintic
MAMMOTH
SWANSEA RHYOLITE
SILVER
MONZONITE OUTCROP
0 800 1600 2400 3200 4000 4800
SCALE OF FEET
N
NOTE
DATA TRACED FROM CHIEF CONSOLIDATED MINING CO.
CLAIMS AND MINING RIGHTS MAP,
TINTIC & NORTH TINTIC MINING DISTRICT, UTAH.
LEGEND
CHIEF CONSOLIDATED MINING CO. PROPERTY.
EUREKA TOWNSITE MINERAL RIGHTS.
OTHER PROPERTY.
ORE RUN.
U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
Fig. 1
Claims and Mining Rights
CHIEF CONSOLIDATED MINING CO.
TINTIC AND NORTH TINTIC MINING DISTRICT
JUAB AND UTAH COS., UTAH
ENGINEER: W. E. YOUNG
DATE: NOV. 7, 1955
TRACED: NOV., 1955; BY: A.P.T.S.
CHECKED:
1500-1151-B



PLAN OF UNDERGROUND WORKINGS

NOTE

DATA TRACED FROM COMPANY MAP.

0 50 100 150 200

SCALE OF FEET

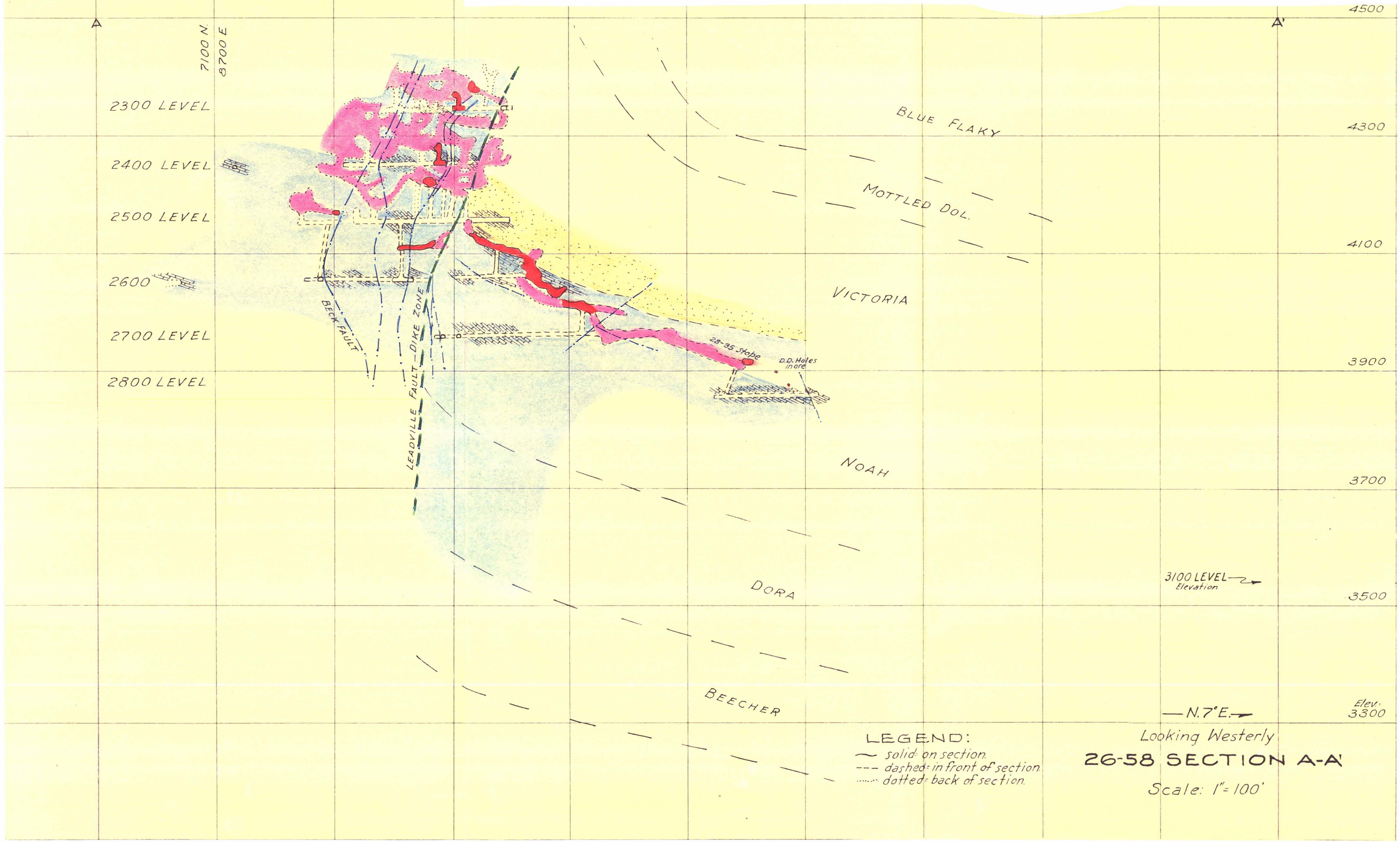
U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Fig.

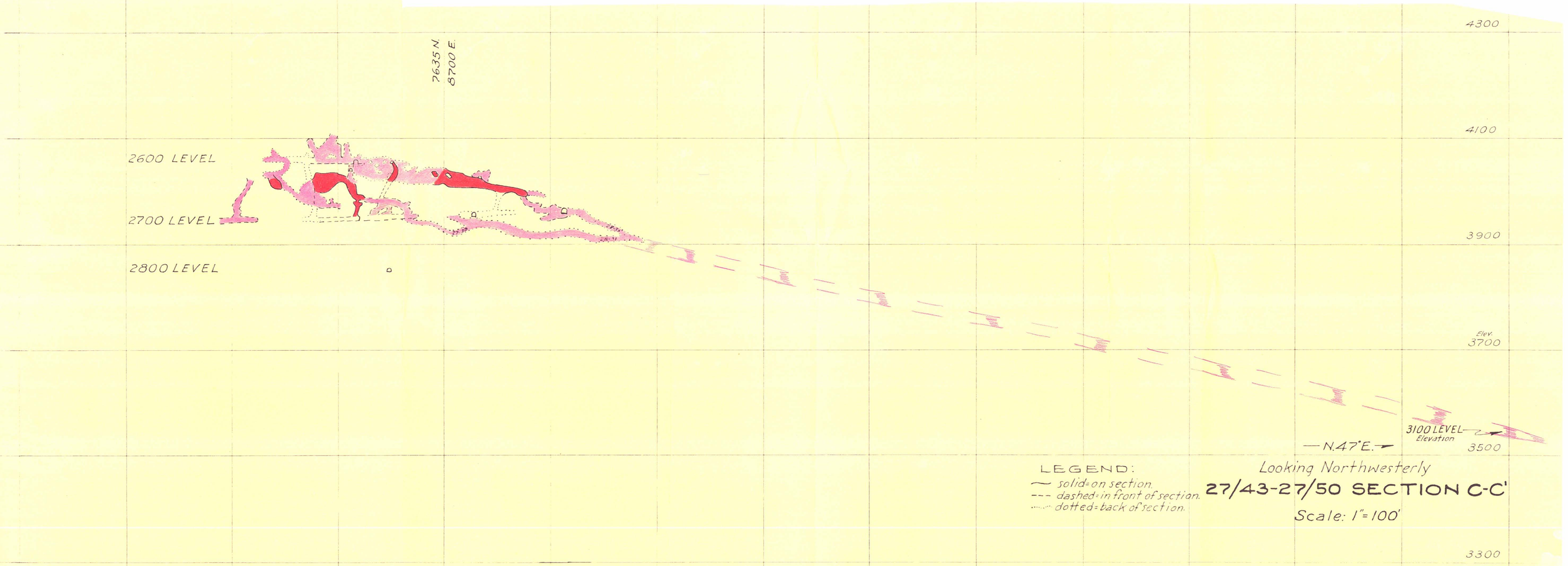
Working Plan of 2900 Level
CHIEF CONSOLIDATED MINING COMPANY
CHIEF NO. 1 MINE

EUREKA, JUAB COUNTY, UTAH

ENGINEER: *W. E. YOUNG*	DATE: OCT. 20, 1955
TRACED: OCT., 1955; BY: A.P.T.S.	1500-1150-B
CHECKED:	


A
A'
7100 N
8700 E
2300 LEVEL
2400 LEVEL
2500 LEVEL
2600
2700 LEVEL
2800 LEVEL
4500
4300
4100
3900
3700
3500
Elev: 3300
BLUE FLAKY
MOTTLED DOL.
VICTORIA
NOAH
DORA
BEECHER
BECK FAULT
LEADVILLE FAULT—DIKE ZONE
28-35 Stope
D.D. Holes in ore
3100 LEVEL Elevation
N.7°E.
LEGEND:
solid on section
dashed = in front of section
dotted = back of section
Looking Westerly
26-58 SECTION A-A'
Scale: 1" = 100'

C

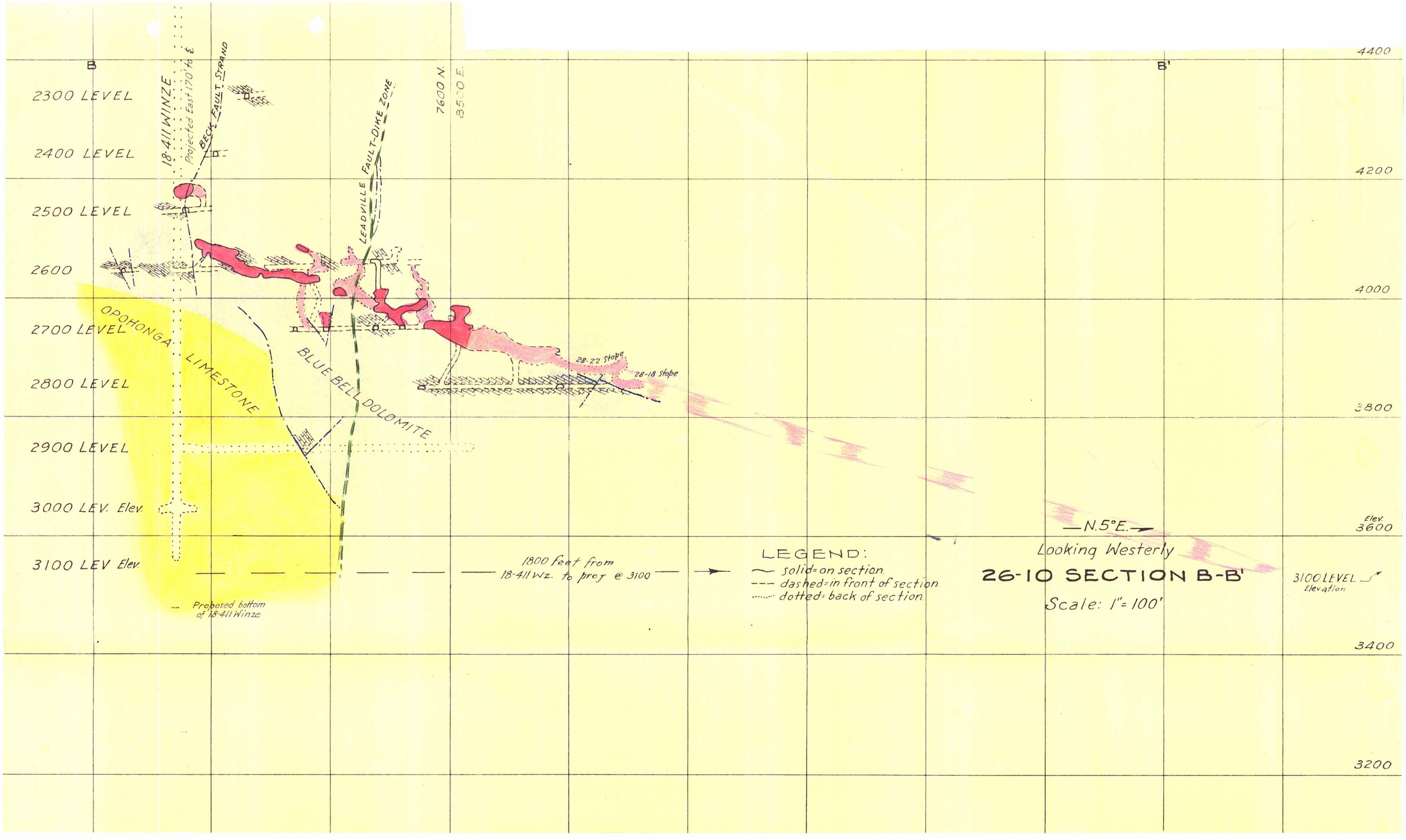


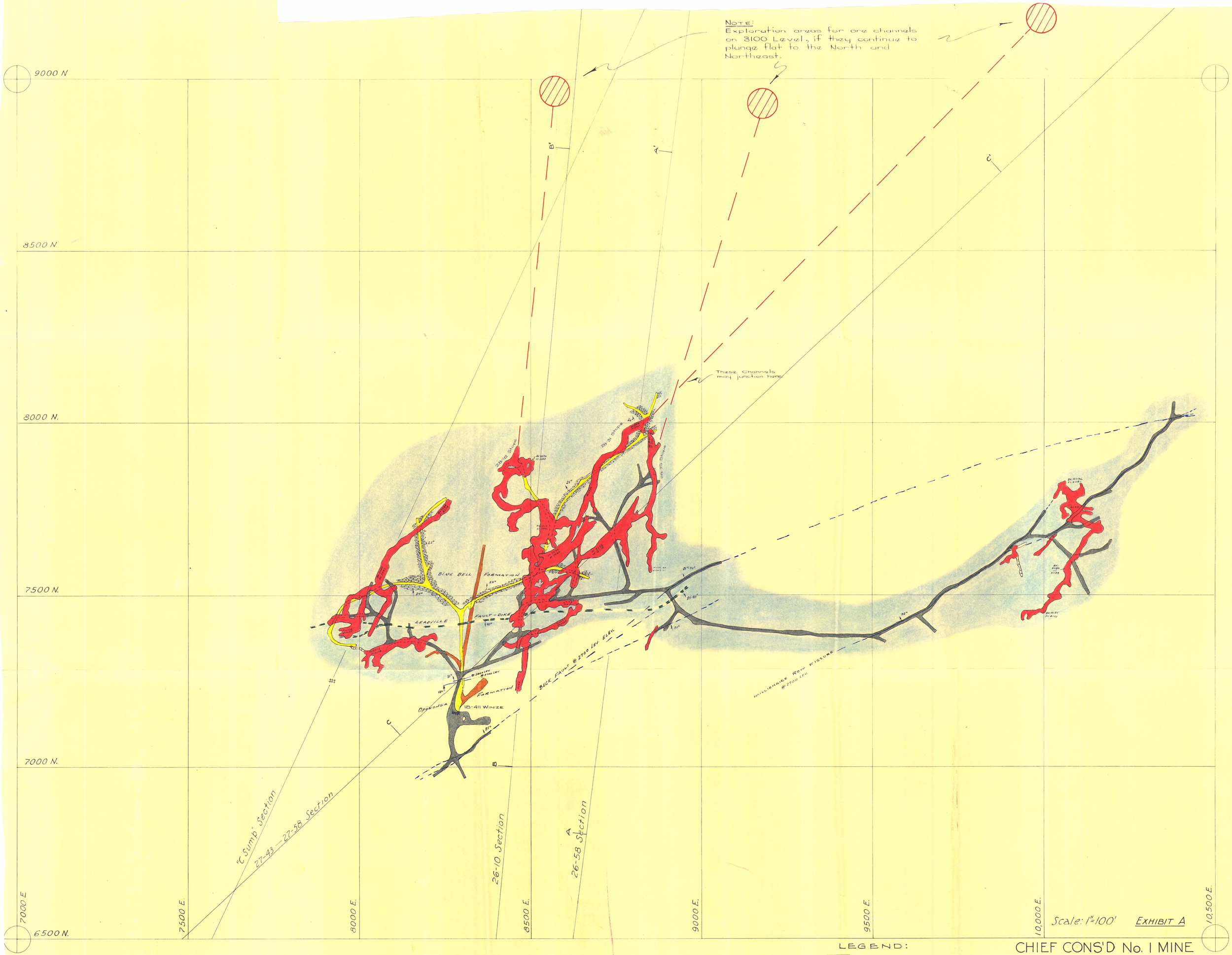
LEGEND:
solid=on section.
dashed=in front of section.
dotted=back of section.

Looking Northwesterly

27/43-27/50 SECTION C-C'

Scale: 1"=100'


B
B'
2300 LEVEL
2400 LEVEL
2500 LEVEL
2600
2700 LEVEL
2800 LEVEL
2900 LEVEL
3000 LEV. Elev.
3100 LEV Elev.
18-411 WINZE
Projected East 170'±
BECK FAULT STRAND
LEADVILLE FAULT-DIKE ZONE
7600 N.
8500 E.
OPOHONGA LIMESTONE
BLUE BELL DOLOMITE
28-22 Stope
28-18 Stope
Proposed bottom of 18-411 Winze
1800 feet from 18-411 Wz. to proj @ 3100
LEGEND:
solid = on section
dashed = in front of section
dotted = back of section
N.5°E.
Looking Westerly
26-10 SECTION B-B'
Scale: 1" = 100'
4400
4200
4000
3800
Elev. 3600
3100 LEVEL Elevation
3400
3200



Scale: 1"=100'

EXHIBIT A

LEGEND:
- 2700 Level
- 2800 Level
- 2900 Level
- Ore bodies

CHIEF CONS'D No. 1 MINE
COMPOSITE PLAN MAP
Showing workings
From **2600** Level sill elevation to **2900** Level.