DMA Form 2

DEFENSE MINERALS ADMINISTRATION
Status Change Notice

DMA Docket No. 1144

To: Reports and Records Branch The King Lease, Inc.

From: [illegible]

Date: JUL 6 1951

The following action has been taken this date on the above Controlled Document.

Forwarded to

Type of request changed to:

Denied ☐ Withdrawn ☐

Approved in amount of $

Other action, specify:

on hand - to be considered

FILE COPY
Surname:

Moulds

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

MAR 25 1952

Mr. Norman Ebbley, Manager
The King Lease, Inc.
Ouray, Colorado

Re: Docket No. DMEA 1144X
King Lease, Inc.

Dear Mr. Ebbley:

Under date of October 1, 1951 a letter was sent to you by the Field Team, Region IV, notifying you that your application was being placed in the inactive file until further instructions were received. Since that time no further instructions from you have been received and we would, therefore, appreciate information as to whether you still desire exploration assistance under the requirements of Mineral Order 5.

Unless we hear from you within thirty days, we will assume that you are no longer interested in exploration project assistance and will consider your application closed.

Sincerely yours,

D. E. Moulds

D. E. Moulds, Chief
Base Metals Division
Defense Minerals Exploration
Administration

DEMoulds/hmj
3-25-52
cc to: Adm. R. File
Mr. Bishop
Mr. McKnight
Mr. Moulds
Region IV
Docket

OFFICE OF THE ADMINISTRATOR

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

224 New Customhouse
Denver 2, Colorado

March 20, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 24 1952

Memorandum

To: D. E. Moulds, Chief, Base Metals Division, DMEA

From: Acting Chief, Mining Division, Reg. IV., for
J. H. East, Jr., Executive Officer, Field Team, Reg. IV

Subject: DMA Docket 1144X - King Lease, Inc., Ouray, Colorado - your memo March 11, 1952

On October 1, 1951, the Field Team notified King Lease, Inc., that their application was being placed in the inactive file until further instructions were received.

We have received no further instructions.

W. H. King

W. H. King, for
J. H. East, Jr.
Executive Officer
Field Team, Region IV

Docket
500 FILE COPY
Surname:

Moulds

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

MAR 11 1952

Mr. J. H. East, Jr.
Executive Officer, Region IV
DMEA Field Team
224 New Customhouse Building
Denver 2, Colorado

Dear Mr. East:

With reference to the exploration application of the King Lease, Inc. We note in your memorandum of August 7, 1951, that the application be held up until after the new Board of Directors had been selected.

As we have received no further correspondence we will appreciate information as to whether the company has a continued interest in the exploration covered by this application sufficient to hold as a pending case.

Sincerely yours,

D. E. Moulds mek

D. E. Moulds, Chief
Lease Status Division
Defense Minerals Exploration
Administration

P.N.
3-11-52

DEMoulds/hmj
3-11-52
cc to: Adm. Reading File
Mr. Bishop
Mr. McKnight
Field Team Reg IV
Mr. Moulds
Docket

8/3/51

Mr. J. H. East, Jr.
Executive Officer
Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: Docket DMA 1144X
Lead, Zinc, Copper
King Lease, Inc.
Yellow Rose Vein
Ouray, Colorado

Dear Mr. East:

A telephone conversation between Mr. Norman Ebbley, General Manager of King Lease, Inc. and Mr. S. Power Warren of Production Expansion Division resulted in a request from Mr. Ebbley for an "on the ground" check by a Defense Minerals Administration Field Team. This request was made because several items set forth in his company's exploration application, which will be discussed later, were not described in sufficient detail to allow approval.

There will accompany this letter the following:

1. Application Form DMA 100 with covering letter dated May 5, 1951.

2. Application Form DMA 100 with covering letter dated May 28, 1951.

3. DMA Form 103 with covering letter dated June 20, 1951.

4. Copy of Agreement of Lease between the Camp Bird Limited Corporation and King Lease, Inc.

5. Copy of an agreement between the Camp Bird Tunnel, Mining and Transportation Co., and the King Lease, Inc.

Study of this application brought to light several points which must be clarified before an exploration contract can be drawn up for signature. No doubt your staff will be able to determine answers to the following questions by an "on the ground" inspection.

(a) The lease, item 4 in the above tabulation, covers only the claims; Yellow Rose, Declaration, and Agnes.

(b) By referring to the claim map attached to item 1, in above tabulation it will be seen that some right to the ore that may be found under the following claims, must be established; Chief Deposit, Millionaire, U. S. Depository, and Sunflower.

(c) Again referring to the claim map in item 1 in above tabulation, it will be seen that some right to the ore that may be found under the fraction between the end lines of the Millionaire and U. S. Depository claims, must be established.

(d) On page 3 of application DMA 100 dated May 1, 1951, it will be noted that it is contemplated to do 4000 feet of drifting and 2400 feet of raising.

It is also contemplated that after three or four months mining could be started.

This will necessitate close inspection to determine what is exploration and what is development. It is possible that as soon as the company can start mining, the exploration period will cease.

(e) Mr. Kohley advised that the Landlord's Subordination Agreement for the claims owned by Camp Bird Limited of London England could be obtained easily because this company maintained an agent in the United States. Other subordination agreements will be provided when arrangements to explore the other claims have been completed. This will also apply to the claim fraction unless King Lease, Inc. stakes it and thereby becomes owner.

(f) The following comments will refer to data furnished May 28, 1951 on DMA Form 103, numbered as shown.

23. (a) Under "Performance of the work", paragraph 4, of the Exploration Project Contract it calls attention to the necessity of Government approval of all contracts. Variable small labor contracts could possibly be treated as wages.

23. (b) It is doubtful if any part of the manager's salary is applicable to this exploration work, certainly not one half of it, although it could possibly be worked out on a proportionate basis, between the present operation now going on and this exploration work.

23. (c, d) Repairs to a trestle for a waste dump should be checked as well as repairing 5800 feet of haulage track. It must be kept in mind that these facilities are being used today in the present operation and any money spent for this rehabilitation work should be charged only in proportion, to the usefulness of the facility to exploration. The items of $6,000.00 and $13,624.00 respectively, might be reduced considerably on a proportionate basis and not hamper exploration work.

23. (e) Equipment - to be purchased. As listed in the DMA Form 103.

2 Mine car loaders	$ 6,360
5 CP-59 Drifters @ $975 each	4,875
10 Stopers R 104 @ $750 each	7,500
2 3½ Air Complete and Hings	360

1 J.B.B.W. Jumbo	$ 3,430
2 Boiler fuel pumps 3 x 7 x 3	300
	$[illegible],895

Several questions arise from a study of the above list such as:

Why two mine car loaders?
If five drifters are necessary why only one Jumbo?
Why 10 stopers?

There are probably answers to these questions which an inspection by a DMA Field Team will get and evaluate from "on the job" evidence.

23. (e) Equipment - expendable supplies (Permanently Installed)

1000	ft. Air Hose @ $117.50 per 100 ft.	$ 1,175.00
6400	ft. 4" Air line @ $1.30 per ft. (Victolic)	8,320.00
4000	ft. 1" Pipe and couplings	800.00
8000	ft. Rail 120 tons @ $[illegible],00	9,600.00
800	Splice bars @ $[illegible].00	1,600.00
2400	Pounds track bolts	674.00
9400	Pounds track spikes	1,880.00
	Track ties 4 x 4 x 3 and switches	1,068.00
	6'x 8'x 20 sills under track ties	2,080.00
800	Rail Bonds	520.00
6400	ft. Vent line and fans	8,708.00
4000	ft. Trolley Wire (2-0)	1,042.00
100	Trolley Hangers	153.00
	Spare Machine Parts	1,500.00
8	tons drill Steel	2,747.00
35000	drill bits @ $0.39	13,650.00
	Powder	29,560.00
	Miscellaneous	10,792.00
		$95,819.00

Some of the items listed above will go into the mine as permanent facilities but it is doubtful if there will be much value in them unless good ore is found by the exploration work, and it is mined. This refers to such items as track and pipe. The other items such as powder, steel and bits will be expended.

However, no matter which of the above two categories the equipment falls under, it cannot be used at a rate faster than the rate at which the exploration drifts and raises are advancing. It is anticipated that the project will consume fourteen months hence these supplies will not be needed all at once.

The encountering of mineable ore in three or four months, as is anticipated in the application, at least indicates the possibility of the exploration work ceasing and should cause careful consideration, before all this list is approved at once.

It is suggested that when administering a project of this size quarterly visits of some representative of the Government should be made. These visits could be made in the last month of any quarter so that requirements for the ensuing quarter could be reviewed and approved in advance, if found in order. In other words, the whole project could be approved quarterly, subject to approval of budgets submitted by the applicant.

The prices in these lists should be given close study because, for example, it is set down in the above equipment list that 8000 feet of rail that weighs 120 tons. This means 30 pound rail which is certainly not exploration rail.

23. (f) The rental for this locomotive and cars seems reasonable and the BMA Field Team can verify, when they determine the size of the equipment and its condition.

23. (g, h, i,) More detail would be helpful and again the BMA Field Team could make this determination.

23. (j) This item should first be analyzed on the basis of work now being done and its proportion to the anticipated work. It then should be analyzed from the standpoint of paragraph 10 of the Exploration Project Contract, headed "Allowable costs of the project".

Please consider this letter simply as a compilation of the results of our study of this application that are passed on to you and your staff to aid them in coming to a fair estimate of the expenditures justified.

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

APPROVED:

Chairman, Coordinating Committee

Member, Bureau of Mines

Member, Geological Survey

SFWarren/meh
Typed: 7/30/51
cc to: Adm. Reading File
Reports and Records
Mr. Mittendorf, Olund
Docket Copy
Mr. Moon
Mr. Warren
Mr. Billings
Mr. McKnight
Region IV

AUG 3 1951

Mr. J. H. East, Jr.
Executive Officer
Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: Docket DMA 1144A
Lead, Zinc, Copper
King Lease, Inc.
Yellow Rose Vein
Gunnison, Colorado

Dear Mr. East:

A telephone conversation between Mr. Norman Ebbley, General Manager of King Lease, Inc. and Mr. S. Power Barrett of Production Expansion Division resulted in a request from Mr. Ebbley for an "on the ground" check by a Defense Minerals Administration Field Team. This request was made because several items set forth in his company's exploration application, which will be discussed later, were not described in sufficient detail to allow approval.

There will accompany this letter the following:

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3. DMA Form 103 with covering letter dated June 20, 1951.

4. Copy of Agreement of Lease between the Camp Bird Limited Corporation and King Lease, Inc.

5. Copy of an agreement between the Camp Bird Tunnel, Mining and Transportation Co., and the King Lease, Inc.

Study of this application brought to light several points which must be clarified before an exploration contract can be drawn up for signature. No doubt your staff will be able to determine answers to the following questions by an "on the ground" inspection.

(a) The lease, item 4 in the above tabulation, covers only the claims: Yellow Rose, Pyoleration, and Annie.

(b) By referring to the claim map attached to item 1, in above tabulation it will be seen that some right to the ore that may be found under the following claims, must be established; Chief Deposit, Millionaire, U. S. Depository, and Sunflower.

(c) Again referring to the claim map in item 1 in above tabulation, it will be seen that some right to the ore that may be found under the fraction between the end lines of the Millionaire and U. S. Depository claims, must be established.

(d) On page 3 of application BMA 100 dated May 1, 1951, it will be noted that it is contemplated to do 4000 feet of drifting and 2400 feet of raising.

It is also contemplated that after three or four months mining could be started.

This will necessitate close inspection to determine what is exploration and what is development. It is possible that as soon as the company can start mining, the exploration period will cease.

(e) Mr. Ebbley advised that the Landlord's Subordination Agreement for the claims owned by Camp Bird Limited of London England could be obtained easily because this company maintained an agent in the United States. Other subordination agreements will be provided when arrangements to acquire the other claims have been completed. This will also apply to the claim fraction unless King Lease, Inc. stakes it and thereby becomes owner.

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23. (b) It is doubtful if any part of the manager's salary is applicable to this exploration work, certainly not one half of it, although it could possibly be worked out on a proportionate basis, between the present operation now going on and this exploration work.

23. (c, d) Repairs to a trestle for a waste dump should be checked as well as repairing 5200 feet of haulage track. It must be kept in mind that these facilities are being used today in the present operation and any money spent for this rehabilitation work should be charged only in proportion, to the usefulness of the facility to exploration. The items of $6,000.00 and $13,624.00 respectively, might be reduced considerably on a proportionate basis and not hamper exploration work.

23. (e) Equipment - to be purchased. As listed in the BMA form 103.

2 Mine car loaders	$ 6,360
5 CP-29 Drifters @ $775 each	4,875
10 Stopers @ 104 @ $750 each	7,500
2 3½ Air Complete not Wired	360

1 J.B.H.W. Jumbo	$ 3,430
2 Euler fuel pumps 3 x 7 x 3	300
	$37,835

Several questions arise from a study of the above list such as:

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If five drifters are necessary why only one Jumbo?
Why 10 stopers?

There are probably answers to these questions which an inspection by a BMA Field Team will get and evaluate from "on the job" evidence.

23. (c) Equipment - expendable supplies (Permanently Installed)

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8000	ft. Rail 120 lbs @ $80.00	9,600.00
800	Splice bars @ $2.00	1,600.00
2400	Pounds track bolts	624.00
9400	Pounds track spikes	1,880.00
	Track ties 4 x 4 x 3 and switches	1,068.00
	6"x 8"x 20 sills under track ties	2,080.00
800	Rail Bonds	520.00
6400	ft. Vent line and fans	8,704.00
4000	ft. Trolley Wire (2-0)	1,040.00
100	Trolley Hangers	152.00
	Spare Machine Parts	1,500.00
8	tons drill Steel	2,727.00
35000	drill bits @ $0.39	13,650.00
	Powder	29,960.00
	Miscellaneous	10,202.00
		$85,819.00

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However, no matter which of the above two categories the equipment falls under, it cannot be used at a rate faster than the rate at which the exploration drifts and raises are advancing. It is anticipated that the project will consume fourteen months hence these supplies will not be needed all at once.

The encountering of minerals are in three or four months, as is anticipated in the application, at least indicates the possibility of the exploration work ceasing and should cause careful consideration, before all this list is approved at once.

It is suggested that when administering a project of this size quarterly visits of some representative of the Government should be made. These visits could be made in the last month of any quarter so that requirements for the ensuing quarter could be received and approved in advance, if found in order. In other words, the whole project could be approved quarterly, subject to approval of budgets submitted by the applicant.

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23. (f) The rental for this locomotive and cars seems reasonable and the DMA Field Team can verify, when they determine the size of the equipment and its condition.

23. (g, h, i,) More detail would be helpful and again the DMA Field Team could make this determination.

23. (j) This item should first be analyzed on the basis of work now being done and its proportion to the anticipated work. It then should be analyzed from the standpoint of paragraph 10 of the Exploration Project Contract, headed "Allowable costs of the project".

Please consider this letter simply as a compilation of the results of our study of this application that are passed on to you and your staff to aid them in coming to a fair estimate of the expenditures justified.

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

Attachments:

SPWarren/mah
Typed: 7/30/51
cc to: Adm. Reading File
Reports and Records
Mr. Mittendorf, Olund
Docket Copy
Mr. Moon
Mr. Warren
Mr. Billings
Mr. McKnight
Region IV

Chairman, Coordinating Committee

Member, Bureau of Mines

Member, Geological Survey

July 17, 1951

Re: Docket [illegible]-1144

The [illegible] Mines, Incorporated

[illegible], Colorado

Gentlemen:

Enclosed are seven copies of Form [illegible]-[illegible], "Creditor's Subordination Agreement". Before further action can be taken on your application, six copies of this form must be completed and returned to us.

If there are any liens, encumbrances, etc., against the property, Form [illegible]-201, "Mortgagee's Subordination Agreement" must also be submitted. The necessary copies are enclosed.

Very truly yours,

R. Billings

R. R. Billings, Chief
Lead-Zinc Branch

Enclosures

RBJyonn:emp

Copies to: J. H. East, Jr. Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
R. H. Mote
L. F. Strobel
Directors r. file 4204 GSA
Br. r. file 4204 GSA
Files

1

June 26, 1951

Mr. Norman Ebbley
Manager
The King Lease, Inc.
Ouray, Colorado

Subject: DMA-1144X
Re: Exploration loan
Yellow Rose Mine and U. S.
Depository group of
claims.

My dear Mr. Ebbley:

Receipt is acknowledged of your application and attachments of June 25, 1951 for an exploration loan under the Defense Production Act of 1950.

The application was assigned Docket Number DMA-1144X and was referred to Mr. Otto Herres, Chief, Lead-Zinc Branch on June 25, 1951.

In any future correspondence relating to your application, kindly refer to DMA-1144X.

Sincerely yours,

LANDON F. STROBEL

Landon F. Strobel
Executive Secretary

LFSTROBEL:Jeb
cc: Strobel-2
Files
Herres
Lyon

R.

May 16, 1951

Airmail

Re: Docket DMA-361

SUPERSEDED BY DMA-1144X

Mr. Norman Ebbley

Ouray, Colorado

Dear Mr. Ebbley:

This will acknowledge receipt of your application for an exploration loan on the Yellow Rose Mine which has been docketed DMA-1144.

Your application was made on a form giving general technical data for use under the Defense Production Act of 1950. Requests for aid under the exploration program of the Defense Minerals Administration should be made on Form MF-105, which I am enclosing. Much of the information given on the form that you have used is equally applicable for the exploration form and need not be repeated. However, the questions under "Requirements and Costs" shown on the back of the exploration form are not covered in the form that you have used and should be answered. There also may be one or two questions in this exploration form that have not been answered in the application already submitted by you.

Will you please fill out the information requested under the heading on page 1 of the attached form, answer the additional questions not covered in your previous application and sign the exploration form. Four copies should be returned to us.

I regret the delay caused in the use of the wrong form but I believe you will find that the additional information requested from you will not be difficult to supply. Reference can be made in this new application to questions already answered in your earlier application, so that no duplication is necessary.

Very truly yours,

Otto Herres

Otto Herres, Chief
Lead-Zinc Branch

Enclosure

ETMcKnight:emp G 5/16/51

Copies to: J. H. East, Jr. Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA

L. B. Moon
R. H. Mote
L. F. Strobel
Tom Lyon
Directors reading file 4214 GSA
Br. reading file 4214 GSA

May 11, 1951

Mr. Norman Ebbley, Manager
The King Lease, Inc.
Ouray, Colorado

Subject: DMA-1144 X
Re: Exploration Loan
Yellow Rose Mine and
U. S. Depository Group
of Claims

My dear Mr. Ebbley:

Receipt is acknowledged of your application and attachments of May 1, 1951 from THE KING LEASE, INC. for a Government loan under the Defense Production Act of 1950.

The application was assigned Docket Number 1144 X and referred to Mr. Otto Herres, Chief, Lead-Zinc Branch, on May 10, 1951.

In any future correspondence relating to your application, kindly refer to DMA-1144 X.

Sincerely yours,

LANDON F. STROBEL

Landon F. Strobel
Executive Secretary

LFSTROBEL:sec
cc: Strobel-2
Files
Mr. Herres
Mr. Lyon

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

OFFICE OF
REGIONAL DIRECTOR

REGION IV

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

August 7, 1951

Memorandum

To: C. O. Mittendorf, Director, Production Expansion Division
Defense Minerals Administration

From: Executive Officer, DMA Field Team, Region IV

Subject: DMA 1144X, The King Lease, Inc., Yellow Rose Mine,
Ouray, Colorado

Referring to the brochure of the King Lease, Inc., as listed above, we have received a letter from Norman Ebbley stating that the Board of Directors of the King Lease, Inc., may be changed at the next stockholders meeting, and requesting that their application be held up until after the new Board has been selected.

Accordingly, we are filing this application in our pending file.

J. H. East, Jr.

J. H. East, Jr.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 10 1951

MF-200
(June 1951)

Docket No. DMA _____
Commodity _____

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

EXPLORATION PROJECT CONTRACT [1]

It is agreed this _____ day of _____, 195__, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] _____

The King Lease, Inc.
Ouray, Colorado.

hereinafter called the "Operator," as follows:

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

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of Colorado, County of _____ described as follows: [3] _____

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

(*a*) ~~That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached:~~

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

3. *Exploration project.* The Operator, within 30 days from the date of this contract shall commence work on a project of exploration for [5] Lead-Zinc-Copper; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] 2 years from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

_____
(Operator)

By _____

By _____

U. S. GOVERNMENT PRINTING OFFICE 16—64066-2

FILE COPY
SURNAME:

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

AUG 3 [redacted]

Mr. J. H. East, Jr.
Executive Officer
Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: Docket DMA 1144X
Lead, Zinc, Copper
King Lease, Inc.
Yellow Rose Vein
Ouray, Colorado

Dear Mr. East:

A telephone conversation between Mr. Norman Ebbley, General Manager of King Lease, Inc. and Mr. S. Power Warren of Production Expansion Division resulted in a request from Mr. Ebbley for an "on the ground" check by a Defense Minerals Administration Field Team. This request was made because several items set forth in his company's exploration application, which will be discussed later, were not described in sufficient detail to allow approval.

There will accompany this letter the following:

1. Application Form DMA 100 with covering letter dated May 5, 1951.

2. Application Form DMA 100 with covering letter dated May 28, 1951.

3. DMA Form 103 with covering letter dated June 20, 1951.

4. Copy of Agreement of Lease between the Camp Bird Limited Corporation and King Lease, Inc.

5. Copy of an agreement between the Camp Bird Tunnel, Mining and Transportation Co., and the King Lease, Inc.

Study of this application brought to light several points which must be clarified before an exploration contract can be drawn up for signature. No doubt your staff will be able to determine answers to the following questions by an "on the ground" inspection.

(a) The lease, item 4 in the above tabulation, covers only the claims; Yellow Rose, Declaration, and Agnes.

(b) By referring to the claim map attached to item 1, in above tabulation it will be seen that some right to the ore that may be found under the following claims, must be established; Chief Deposit, Millionaire, U. S. Depository, and Sunflower.

(c) Again referring to the claim map in item 1 in above tabulation, it will be seen that some right to the ore that may be found under the fraction between the end lines of the Millionaire and U. S. Depository claims, must be established.

(d) On page 3 of application DMA 100 dated May 1, 1951, it will be noted that it is contemplated to do 4000 feet of drifting and 2400 feet of raising.

It is also contemplated that after three or four months mining could be started.

This will necessitate close inspection to determine what is exploration and what is development. It is possible that as soon as the company can start mining, the exploration period will cease.

(e) Mr. Ebbley advised that the Landlord's Subordination Agreement for the claims owned by Camp Bird Limited of London England could be obtained easily because this company maintained an agent in the United States. Other subordination agreements will be provided when arrangements to explore the other claims have been completed. This will also apply to the claim fraction unless King Lease, Inc. stakes it and thereby becomes owner.

(f) The following comments will refer to data furnished May 28, 1951 on DMA Form 103, numbered as shown.

23. (a) Under "Performance of the work", paragraph 4, of the Exploration Project Contract it calls attention to the necessity of Government approval of all contracts. Variable small labor contracts could possibly be treated as wages.

23. (b) It is doubtful if any part of the manager's salary is applicable to this exploration work, certainly not one half of it, although it could possibly be worked out on a proportionate basis, between the present operation now going on and this exploration work.

23. (c, d) Repairs to a trestle for a waste dump should be checked as well as repairing 5800 feet of haulage track. It must be kept in mind that these facilities are being used today in the present operation and any money spent for this rehabilitation work should be charged only in proportion, to the usefulness of the facility to exploration. The items of $6,000.00 and $13,624.00 respectively, might be reduced considerably on a proportionate basis and not hamper exploration work.

23. (e) Equipment - to be purchased. As listed in the DMA Form 103.

2 Mine car loaders	$ 6,360
5 CF-89 Drifters @ $975 each	4,875
10 Stopers R 104 @ $750 each	7,500
2 3½ Air Complete and Wings	360

1 J.B.B.W. Jumbo	$ 3,430
2 Boiler fuel pumps 3 x 2 x 3	300
	$22,825

Several questions arise from a study of the above list such as:

Why two mine car loaders?
If five drifters are necessary why only one Jumbo?
Why 10 stopers?

There are probably answers to these questions which an inspection by a DMA Field Team will get and evaluate from "on the job" evidence.

23. (a) Equipment - expendable supplies (Permanently Installed)

1000 ft.	Air Hose @ $117.50 per 100 ft.	$ 1,175.00
6400 ft.	4" Air Line @ $1.30 per ft. (Victaulic)	8,320.00
4000 ft.	1" Pipe and couplings	800.00
8000 ft.	Rail 120 tons @ $80.00	9,600.00
800	Splice bars @ $2.00	1,600.00
2400	Pounds track bolts	624.00
9400	Pounds track spikes	1,880.00
	Track ties 4 x 4 x 3 and switches	1,068.00
	6"x 8"x 20 sills under track ties	2,080.00
800	Rail Bonds	520.00
6400 ft.	Vent line and fans	8,708.00
4000 ft.	Trolley Wire (2-0)	1,042.00
200	Trolley Hangers	153.00
	Spare Machine Parts	1,500.00
8	tons drill Steel	2,747.00
35000	drill bits @ $0.39	13,650.00
	Powder	29,560.00
	Miscellaneous	10,792.00
		$95,819.00

Some of the items listed above will go into the mine as permanent facilities but it is doubtful if there will be much value in them unless good ore is found by the exploration work, and it is mined. This refers to such items as track and pipe. The other items such as powder, steel and bits will be expended.

However, no matter which of the above two categories the equipment falls under, it cannot be used at a rate faster than the rate at which the exploration drifts and raises are advancing. It is anticipated that the project will consume fourteen months hence these supplies will not be needed all at once.

The encountering of mineable ore in three or four months, as is anticipated in the application, at least indicates the possibility of the exploration work ceasing and should cause careful consideration, before all this list is approved at once.

It is suggested that when administering a project of this size quarterly visits of some representative of the Government should be made. These visits could be made in the last month of any quarter so that requirements for the oncoming quarter could be reviewed and approved in advance, if found in order. In other words, the whole project could be approved quarterly, subject to approval of budgets submitted by the applicant.

The prices in these lists should be given close study because, for example, it is set down in the above equipment list that 8000 feet of rail that weighs 120 tons. This means 90 pound rail which is certainly not exploration rail.

23. (f) The rental for this locomotive and cars seems reasonable and the DMA Field Team can verify, when they determine the size of the equipment and its condition.

23. (g, h, i,) More detail would be helpful and again the DMA Field Team could make this determination.

23. (j) This item should first be analyzed on the basis of work now being done and its proportion to the anticipated work. It then should be analyzed from the standpoint of paragraph 10 of the Exploration Project Contract, headed "Allowable costs of the project".

Please consider this letter simply as a compilation of the results of our study of this application that are passed on to you and your staff to aid them in coming to a fair estimate of the expenditures justified.

Sincerely yours, 8/3

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

APPROVED:

Chairman, Coordinating Committee

Member, Bureau of Mines

Member, Geological Survey

SPWarren/meh
Typed: 7/30/51
cc to: Adm. Reading File
Reports and Records
Mr. Mittendorf, Olund
Docket Copy
Mr. Moon
Mr. Warren
Mr. Billings
Mr. McKnight
Region IV

FILE COPY
SURNAME:

Lyons (E TM)
McKnight
Mote

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

July 17, 1951

Re: Docket DMA-1144

The King Lease, Incorporated

Ouray, Colorado

Gentlemen:

Enclosed are seven copies of Form MF-202, "Landlord's Subordination Agreement". Before further action can be taken on your application, six copies of this form must be completed and returned to us.

If there are any liens, encumbrances, etc., against the property, Form MF-201, "Mortgagor's Subordination Agreement" must also be submitted. The necessary copies are enclosed.

Very truly yours,

T. P. Billings, Chief
Lead-Zinc Branch

Enclosures
EJLyond:emp
Copies to: J. H. East, Jr. Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
R. H. Mote
L. F. Strobel
Directors r. file 4214 GSA
Br. r. file 4214 GSA
Files

6/5/51

Defense Minerals Administration

Review of Application for Exploration Assistance

To: Production-Expansion Division

From: Director, Supply Division

Docket No. 1144X

Commodity Lead-zinc-copper

Total Amount $288,276
144,138

Govt. Participation 50%

1. Name and Address of Applicant The King Lease, Inc. Ouray, Colorado

2. Location of Property Yellow Rose mine, T. 43 N., R. 8 W., N. M. M. 7 miles SW of Ouray, Ouray County, Colorado

3. Mineral or metal Lead-zinc-copper silver-gold Is it listed in Section 9 of MO-5? Yes
If not, application will be rejected.

4. Geologic probability of discovery—based on data in application (question #16, 17, 18, 20 and 22)*

Mines or Survey reports, etc., do you rate chances:

a) Good Good - see attached draft by W. S. Burbank, Exhibit A

b) Poor

c) None

d) Don't know—needs field examination

e) Is there an alternative and favorable project? No
(If so, attach an explanation)

5. Is the applicant's right to the property clearly stated? Yes
(question 5, 6, 7)*

6. If applicant is a lessee, is a copy of the lease attached? Yes

Does the lease have sufficient time to run to cover a future productive period? Yes

*question numbers are those of MF-103

7. Are subordination agreements necessary? Yes

a) MF-201? _____

b) MF-202 Yes. Applicant has been requested to submit

8. From the data presented, does the proposed project appear feasible from the point of view of:

a) Available manpower Yes

b) Equipment and supplies Yes
(Question 14 plus general knowledge of availability)*

c) Accessibility (question 12)* Yes

d) Water (question 13)* Yes

e) Power (question 13)* Yes

Is a field check needed on any of these points? No

9. Does the experience of the applicant appear to be adequate to assure that he can properly conduct the proposed project? (question 4)* Yes

_____

Is a field check needed on this point? No

10. Exhibit A. (questions 21 and 22)*

a) Is the project adequately described? Yes (see p. 3 of answers to Form MF-100)

If not, are there sufficient data given so that you can describe the project? _____ If so, attach a draft.

b) Is there an adequate map or sketch of the proposed work? Map and section do not show proposed work, but show claims, present tunnel, and vein.

c) Is the proposed work "exploration" under the definition of Section 8, MO-5? Yes

If not, what part of it is? _____

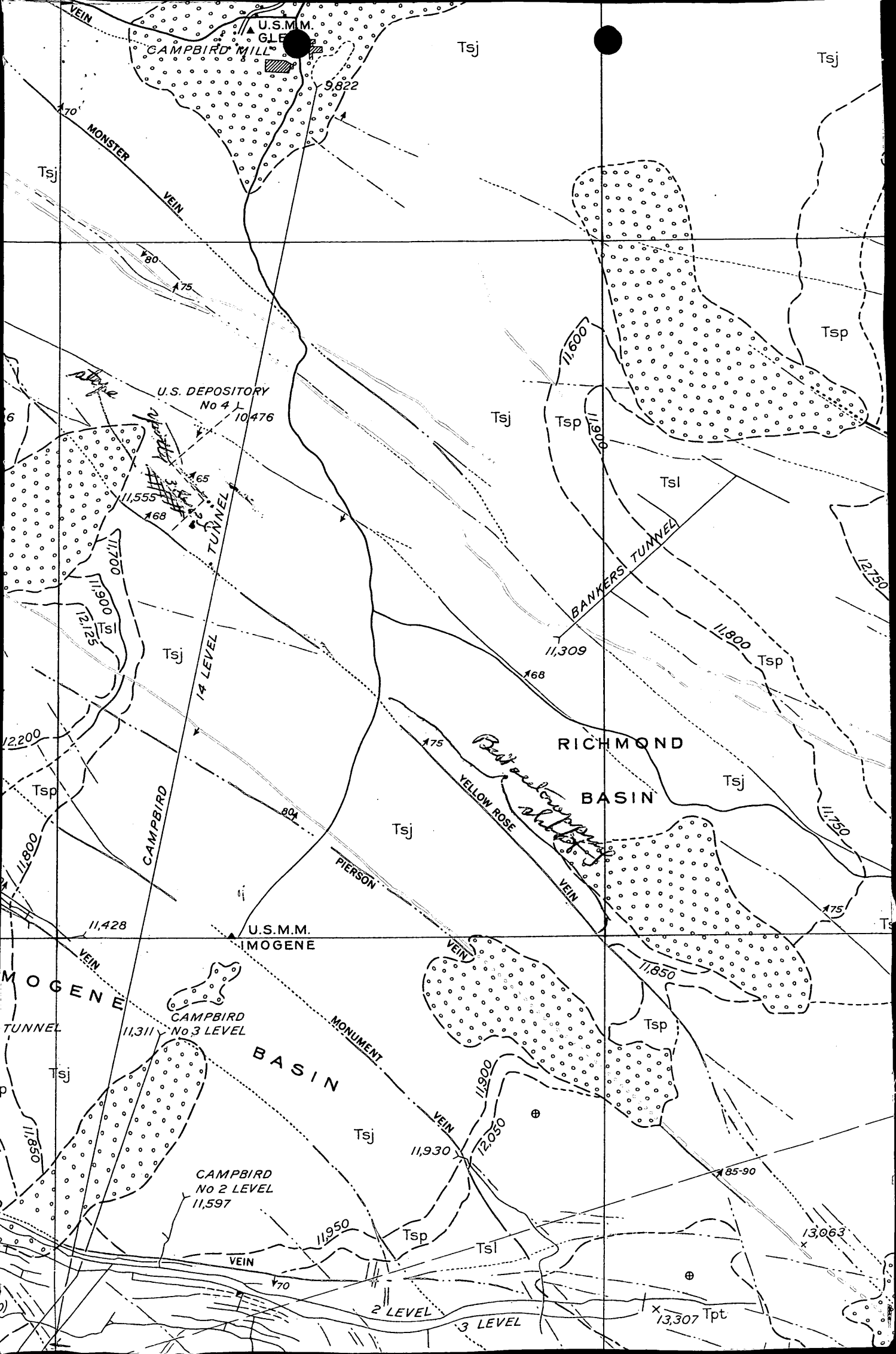
10. Exhibit A

The statements by Spurr and Vaupel are correct in that the Yellow Rose vein is the best prospect cut by the Camp Bird Transportation Tunnel. The best outcrop of this vein lies southeast of the tunnel, (see attached map). The workings of the U. S. Depository NW of tunnel yielded some production (records of grade not available). However, in this direction vein is not as strong.

This project is believed to be a good exploratory risk for base metal of grade similar to that of Camp Bird base metal production. According to the Minerals Yearbook for 1949, the Camp Bird mine produced in that year, 38,755 tons of ore which, after treatment in a 125-ton flotation mill, yielded concentrates containing 2,083 oz. Au., 137,397 oz. Ag., 364,347 lbs. Cu, 2,127,659 lbs. Pb., and 2,209,336 lbs. Zn.

W.S. Burbank

Equipment Purchase -			$ 54,040.00
Repair of trestle and track			14,460.00
Drifting and raising 6400 ft. at approx. $34.34/ft			
Contract at .....$15.00/ft.....		$96,000	
Supervision at.....$ 2.18/ft.....		13,952	
Equipment rental at....$ 0.99/ft.....		6,336	
Power at.....$ 0.79/ft.....		5,056	
Overhead at.....$ 8.20/ft.....		52,480	
Supplies at.....$ 7.18/ft.....		45,952	
			219,776.00
			$ 288,276.00


VEIN
U.S.M.M.
CAMPBIRD MILL
9,822
Tsj
MONSTER
VEIN
Tsp
U.S. DEPOSITORY
No 4
10,476
11,555
TUNNEL
11,600
11,900
Tsl
BANKERS TUNNEL
11,309
12,750
11,800
12,125
14 LEVEL
12,200
CAMPBIRD
RICHMOND
BASIN
YELLOW ROSE
VEIN
PIERSON
11,750
11,428
U.S.M.M.
IMOGENE
MONUMENT
11,850
CAMPBIRD
No 3 LEVEL
11,311
BASIN
11,930
12,050
CAMPBIRD
No 2 LEVEL
11,597
11,950
13,063
2 LEVEL
3 LEVEL
13,307
Tpt

Is this part a worthwhile exploration project? Yes

*d) Are the cost estimates detailed? Yes

Can they be summarized, as on page 2 of Procedural Instruction 5-A, from the available data? Yes If so, attach a draft.

e) Are the cost estimates reasonable? Yes, as modified

f) Should more information be requested from applicant? No

g) Is a field examination necessary to complete Exhibit A? No

11. Exhibit B (question 23-d)*

a) Is it applicable? No

b) If so, are sufficient data furnished? _____ If so, attach a draft.

c) Is a field check needed? No

12. Exhibit C (question 23-e, f and g)

a) Is it applicable? Yes

b) Sufficient data? Yes If so, attach a draft.

c) Are rents and charges reasonable? Yes

d) Is a field check needed? No

13. Exhibit D (question 23-a, b)*

a) Are there sufficient data? Yes

b) Is the schedule adequate for the work proposed? Yes

c) Is the schedule excessive for the work proposed? No

d) Are the proposed wages and salaries reasonable? Yes

e) Is a field check needed? No

11. Exhibit B

None

12. Exhibit C

Equipment Purchase

1	mine car loader	$ 3,180.00
5	CF 89 drifters at $975 each	4,875.00
3	stopers R 104 at $750 each	2,250.00
1000'	air hose at $117.50/ 100 ft	1,175.00
6400'	4" air line at $1.30/ft (Victaulic)	8,320.00
8000'	rail 120 tons at $80/ton	9,600.00
2	3 1/2" air complete and wings	360.00
800	splice bars at $2.00/pair	1,600.00
2400	lbs. track belts	624.00
9400	" " spikes	1,880.00
6400	ft. vent lines and fans	8,708.00
	track switches	300.00
1	J B B W Jumbo	3,430.00
4000'	trolley wire (2-0)	1,042.00
100	" hangers	153.00
100	4 x 4 x 10 trolley sprags	75.00
800	rail bonds	520.00
4000'	1" pipe with couplings	800.00
2	boiler feed pumps 3 x 2 x 3	300.00
	spare machine parts	1,500.00
	track ties 4 x 4 x 36"	768.00
	6 x 8 x 20 sills under track ties	2,080.00
	hand tools	500.00
		$ 54,040.00

Rental of equipment owned by operator -
Locomotive and mine cars $200/mo..... 2,800.00
Rental of equipment not owned by operator -
Generator, air compressor, etc. $250/mo... 3,500.00

12. Exhibit D

	Drifting and raising by contract	15.00 per foot
	Manager 1/2 salary	350.00 " month
2	shifters	750.00 " "

14. Exhibit E (question 23-c)*

a) Is it applicable? Yes

b) Sufficient data? Yes

* c) Reasonable? Yes

d) Field check needed? No

15. In your judgment, can the proposed work be done in the proposed time? Yes

(All exploration must be completed within two years)

16. If field examination is not needed, attach your recommendation.
Recommended for approval

17. If field examination is needed, do you have any special instructions for the field team not indicated by your answers to the foregoing question?

Reviewed by: Erwin J. Lyons GS

(The larger equipment items were discussed with Apell)

Date 7-16-51

approved
Jm Lyons

INT.-DUP. SEC., WASH., D.C. 99009

14. Exhibit E

Repairing trestle for waste dump.....	$ 6,000.00
" main haulage track, portal to 3600 ft.....	8,460.00
	$14,460.00

The King Lease, Inc.
Curay, Colorado.

Form MF-103
(April 1951)

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

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950	DO NOT FILL IN THIS BLOCK Docket No. Dma-1144X Date Received 6/25/51 Participation

THE KING LEASE, INC.
CURAY,
COLORADO

Name and address of applicant

Date 5/22/51

FILL IN THIS BLOCK

Date of Application 5/22/51 Estimated Cost $300,000.

Mineral or Metal Lead, zinc, copper, silver and some gold Percentage of Government Participation 50%

Location of Mine 7 miles southwest of Curay, Colorado

.....

Date of filing MF-100 May 23, 1951 DMA Docket Number, if available. 1144X.

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

THE APPLICANT

Questions 1-2-3-4-5-6 answered on Form DF-100

(7) Copy of lease attached.

(8) Working capital and operating statement attached.

(9) Applicant prepared to furnish one-half total cost.

(10-22) Answered in Form DMA-100 filed May 5, 1951

THE IMPLEMENTING COSTS.

			Cost per foot $
(23) (a)	Drifts--4 miners day 3 muckers night Raises 8 miners 2 nippers	Average contract price $15. per foot	$15.00
(b)	Manager 1/2 salary $350/Mo.		0.76
	2 Shifters salary 325/Mo.		1.42
(c)	(See attached sheet)	116,729	18.55
(f)	Rental locomotive & mine cars	2,800.	0.44
(g)	Rental generator, air compressor, etc.	3,500.	0.55
(h)	Hand tools $500.		0.08
(i)	Cost power, water utilities, etc	5,040. 14 mo	0.79
(j)	General overhead, shop, office maintainance		11.26
	Total Estimated cost per ft.		48.85

(24) Time Schedule.

8 Raises will be driven at 500 ft. intervals to a height of 300 feet. Expected advance per month for each raise 50 feet.

2 Headings (Drift) will be driven simultaneously. Expected advance per month for drifting 260 feet.

Total estimated time to complete raises and drift 14 months. Money expected to be spent $312,640.

(8)

WORKING CAPITAL--CASH
May 31, 1951

Bank Deposits		
Citizens State Bank	7,823.24	
Denver National Bank	25,000.00	
U. S. Bank of Grand Junction, [illegible]	113,297.47	
Gunnison Bank & Trust Company	25,000.00	
First Nat'l. Bank of Grand Junction	60,000.00	
Total cash in banks		231,120.71
Accounts Receivable		
April Production (est.)	53,714.25	
Less Advances	36,100.00	
Bal. April	17,614.25	
May Production (est.)	54,487.33	
Total Accounts Receivable		72,101.58
Inventories		
Mine and Mill		17,467.69
		320,689.98
Accounts Payable		
Accounts Payable	14,438.03	
Payrolls Payable	7,388.62	
Total Accounts Payable		21,862.65
Estimated Working Capital, 5/31/51		298,863.33

(23) (c) Repairing Trestle for Waste Dump $ 6,000.
(d) Repairing Main haulage track, portal to 5800' 13,624.
(e) Equipment to be purchased:

2	mine car loaders	6,360.
5	CF 89 Drifters @ $975. ea.	4,875.
10	stopers R104 @ $750. ea	7,500.
1000'	Air Hose @ $117.50 CFt.	1,175.
6400'	4" Air Line @ $1.30 per ft. (Victolic)	8,320.
8000'	Rail 120 tons @ $80.	9,600.
2	3½" Air Complete and Wings	360.
800	Splice Bars @ $2. per pair	1,600.
2400	Pounds track bolts	624.
9400	pounds track spikes	1,880.
6400'	Vent Line and Fans	8,708.
	Track switches	300.
1	J B B W Jumbo	3,430.
4000'	Trolley Wire (2-0)	1,042.
100	Trolley Hangers	153.
100	4 x 4 x 10 Trolley Sprags	75.
800	Rail Bonds	520.
4000'	1 " pipe with couplings	800.
2	Boiler feed pumps 3 x 2 x 3	300.
	Machine parts (spare)	1,500.
	Track ties 4 x 4 x 36"	768.
	6 x 8 x 20 sills under track ties	2,080.
	Drill Steel, 8 tons	2,747.
	Bits, 35,000 @ .39	13,650.
	Powder	29,560.
		107,927.
	Miscellaneous additional 10%	10,792.
	Total under (e)	118,719.

KING LEASE, INC.
OPERATING STATEMENT.
FOR THE FIVE YEAR, 1951
January through May

				S.P.T.
[illegible]	20,784.00			
[illegible]			447,[illegible].04	19.[illegible]246
[illegible]: Hauling		[illegible],[illegible].17		.9639
Treatment		54,700.55		2.6347
Gauging		161.24		.0078
Freight		11,605.21		.5584
Production Tax		3,215.27		.1547
Royalty		[illegible],[illegible].17		2.1272
[illegible]			131,[illegible].82	6.1465
[illegible]			272,[illegible].22	13.1779
[illegible]				
[illegible]				
[illegible]es-Supervision	[illegible],[illegible].46			
[illegible]ces-Labor	2[illegible],[illegible].41			.1114
Supplies	[illegible],[illegible].77			.7649
Engineering & Exp.	306.30			.5[illegible]2
Repair, Lbr. Mat.	316.00			.0147
Pipe and Tools	679.95			.0[illegible]70
Main Tunnel Haul	2,[illegible]			.0326
Power Mining & Dev	[illegible]			.1[illegible]73
Generator Mining, Power	[illegible]			
Depreciation	591.28			.0284
[illegible]		34,784.00		1.6736
[illegible] & DEVELOPMENT				
[illegible]es-Supervision	4,[illegible].20			
[illegible]es-Labor	4[illegible],341.19			.2240
Supplies	84,4[illegible].17			2.0416
Repairs, Lbr. Mat.	102.32			1.1782
Engineering & Exp.	609.87			.0049
Pipe & Track	538.64			.0293
Main Tunnel Haul	1,179.66			.0259
Depreciation	1,[illegible]55.27			.[illegible]74
				.0706
[illegible]		76,202.35		
[illegible]				
[illegible]ego-Supervision	[illegible],[illegible].00			
[illegible]ego-Labor	[illegible],[illegible].[illegible]			.2504
Supplies	[illegible],[illegible].[illegible]			.4550
Repairs	[illegible],955.16			.0943
Drilling Bond	5[illegible].60			.43[illegible]9
Engineering, Geo.	[illegible].05			.0289
Depreciation	[illegible].70			.0469
[illegible]				.0073
[illegible]		4[illegible],[illegible].94		2.1025
[illegible]		[illegible],[illegible].74		1.[illegible]749
TOTAL [illegible]			179,4[illegible].61	[illegible].0354
NET [illegible] PROFIT			94,444.61	4.5425

CERTIFICATION

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

The King Lease, Inc.
(Name of company)

By [illegible]
(Signature of authorized official

5/28/51
(Date)

[illegible]
(Title)

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

16-84067-1 U.S Government printing office.

The King Lease, Inc.
Ouray, Colorado.

Form MF-103
(April 1951)

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

U. S. DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION.

	DO NOT FILL IN THIS BLOCK
APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950	Docket No. DMA-1144X Date Received 6/25/51 Participation

THE KING LEASE, INC.
OURAY,
COLORADO

Name and address of applicant

Date 5/28/51

FILL IN THIS BLOCK

Date of Application 5/28/51 Estimated Cost $300,000.

Mineral or Metal Lead, zinc, copper, silver and some gold Percentage of Government Participation 50%

Location of Mine 7 miles southwest of Ouray, Colorado

Date of filing MF-100 May 28, 1951 DMA Docket Number, if available. 1144X

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

THE APPLICANT

Questions 1-2-3-4-5-6 answered on Form MF-100

(7) Copy of lease attached.

(8) Working capital and operating statement attached.

(9) Applicant prepared to furnish one-half total cost.

(10-22) Answered in Form DMA-100 filed May 5, 1951

THE REQUIREMENTS AND COSTS.

			Cost per Foot
(23) (a)	Drifts--4 miners day 3 muckers night Raises 8 miners 2 nippers	Average contract Price $15. per foot	$15.00
(b)	Manager 1/2 salary $350/Mo.		0.76
	2 Shifters salary 325/Mo.		1.42
(c)	(See attached sheet)	118,719	18.55
(f)	Rental locomotive & mine cars	2,800.	0.44
(g)	Rental generator, air compressor, etc.	3,500.	0.55
(h)	Hand tools $500.		0.08
(i)	Cost power, water utilities, etc	5,040. 14 mo	0.79
(j)	General overhead, shop, office maintainance		11.26
	Total Estimated cost per ft.		$ 48.85

(24) <u>Time Schedule.</u>

8 Raises will be driven at 500 ft. intervals to a height of 300 feet. Expected advance per month for each raise 50 feet.

2 Headings (Drift) will be driven simultaneously. Expected advance per month for drifting 260 feet.

Total estimated time to complete raises and drift 14 months. Money expected to be spent $312,640.

(8)

WORKING CAPITAL--CASH
May 31, 1951

Bank Deposits		
Citizens State Bank	7,823.24	
Denver National Bank	25,000.00	
U. S. Bank of Grand Junction,	113,297.47	
Gunnison Bank & Trust Company	25,000.00	
First Nat'l. Bank of Grand Junction	60,000.00	
Total cash in banks		231,120.71
Accounts Receivable		
April Production (est.)	53,714.25	
Less Advances	36,100.00	
Bal. April	17,614.25	
May Production (est.)	54,487.33	
Total Accounts Receivable		72,101.58
Inventories		
Mine and Mill		17,467.69
		320,689.98
Accounts Payable		
Accounts Payable	14,438.03	
Payrolls Payable	7,388.62	
Total Accounts Payable		21,862.65
Estimated Working Capital, 5/31/51		298,863.33

(23)

(c)	Repairing Trestle for Waste Dump	$ 6,000.
(d)	Repairing Main haulage track, portal to 5800'	13,624.
(e)	Equipment to be purchased:	
2	Mine car loaders	6,360.
5	CF 89 Drifters @ 975.ea	4,875.
10	Stopers R104 @750. ea	7,500.
1000'	Air Hose @ 117.50 C Ft.	1,175
6400'	4" Air Line @ $1.30 per ft. (Victolic)	8,320.
8000'	Rail 120 tons @ $80.	9,600.
2	3½" Air Complete and Wings	360.
800	Splice bars @ $2. per pair	1,600.
2400	Pounds track bolts	624.
9400	Pounds track spikes	1,880.
6400'	Vent Line and Fans	8,708.
	Track Switches	300.
1	J B B W Jumbo	3,430
4000'	Trolley Wire (2-0)	1,042
100	Trolley Hangers	153.
800	Rail Bonds	520.
4000'	1" Pipe with Couplings	800.
2	Boiler feed pumps 3 x 2 x 3	300.
	Machine Parts (Spare)	1,500.
	Track ties 4 x 4 x 36"	768.
	6 x 8 x 20 sills under track ties	2,080.
	Drill Steel, 8 tons	2,747.
	Bits, 35,000 @ .39	13,650.
	Powder	29,560.
		107,927.
	Miscellaneous additional 10%	10,792.
	Total under (e)	118,719.

KING LEASE, INC.
OPERATING STATEMENT.
TOTALS FOR YEAR, 1951
January through May.

				C.P.T.
TONS MILLED	20,784.26			
GROSS SMELTER RETURNS			407.882.04	19.6246
LESS: Hauling		20,034.47		.9639
Treatment		54,760.55		2.6347
Sampling		161.24		.0078
Freight		11,605.21		.5584
Production Tax		3,215.27		.1547
Royalty		44,212.17		2.1272
TOTAL EXPENSES			133,398.82	6.4466
NET RETURNS			273,893.22	13.1779
EXPENSES				
MINING				
Wages-Supervision	2,314.46			.1114
Wages-Labor	15,836.41			.7649
Supplies	12,226.97			.5902
Engineering & Exp.	306.30			.0147
Repairs, Lbr. Mtl.	146.00			.0070
Ripe and Track	676.95			.0326
Main Tunnel Haul	2,646.23			.1273
Contract Mining 3 Lev	----			----
Contract Mining, Other	----			----
Depreciation	591.28			.0284
TOTAL MINING EXPENSE		34,784.60		1.6736
EXPENSE & DEVELOPMENT				
Wages-Supervision	4,656.20			.2240
Wages-Labor	42,341.19			2.0416
Supplies	24,488.17			1.1782
Repairs, Lbr. Mtl.	102.32			.0049
Engineering & Exp.	609.87			.0293
Pipe & Track	538.64			.0259
Main Tunnel Haul	1,179.68			.0874
Depreciation	1,655.27			.0796
TOTAL DEVELOPMENT EXPENSE		76,202.35		
MILLING				
Wage-Supervision	3,250.00			.1564
Wage-Labor	9,474.37			.4558
Supplies	20,666.36			.9943
Repairs	8,955.16			.4309
Tailings Pond	599.68			.0289
Metallurgy, etc.	975.65			.0469
Depreciation	152.70			.0073
TOTAL MILLING EXPENSE		44,073.92		2.1025
GENERAL OVERHEAD EXPENSE		24,419.74		1.1749
TOTAL EXPENSE			179,480.61	8.6354
NET ESTIMATED PROFIT			94,412.61	4.5425

CERTIFICATION

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

The King Lease, Inc.
(Name of company)

By [illegible]
(Signature of authorized official

5/24/51
(Date)

Manager
(Title)

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

16-64067-1 U.S Government printing office.

FILE COPY
SURNAME:

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

June 26, 1951

Mr. Norman Ebbley
Manager
The King Lease, Inc.
Ouray, Colorado

Subject: DMA-1144X
Re: Exploration loan
Yellow Rose Mine and U. S.
Depository group of
claims.

My dear Mr. Ebbley:

Receipt is acknowledged of your application and attachments of June 25, 1951 for an exploration loan under the Defense Production Act of 1950.

The application was assigned Docket Number DMA-1144X and was referred to Mr. Otto Herres, Chief, Lead-Zinc Branch on June 25, 1951.

In any future correspondence relating to your application, kindly refer to DMA-1144X.

Sincerely yours,

LANDON F. STROBEL

Landon F. Strobel
Executive Secretary

LFSTROBEL:Jeb
cc: Strobel-2
Files
Herres
Lyon

Dmas 1144

B
2958

The Hi[illegible] Lenso, Inc.
Ouray, Colorado.

Form [illegible]-103
(April 1951)

Budget Bureau No. 42-1035
Approval expires 6-30-51

U. [illegible]

[illegible]

[illegible]	Docket No. Dma-1144X
[illegible]	Date received 6/25/51
[illegible] 5, [illegible]	Classification
[illegible] ACT OF 1950	

T[illegible], Inc.
[illegible]Y,
[illegible]

Name and address of applicant

Date 5/28/51

[illegible]

Date of Application 5/28/51 [illegible] $500,000.

Mineral or [illegible] [illegible] copper, silver [illegible]
Location of [illegible] 7 miles southwest of Ouray, Colorado

[illegible]

Date [illegible] (F-100) May 28, 1951 DMA Docket Number, if [illegible] Dma-1144X.

[illegible] 9, [illegible] Government [illegible] defense projects, before completing this application. [illegible] signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C. or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question [illegible] or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, number it to the application form and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200 for your signature.

THE APPLICANT

Questions 1-2-3-4-5-6 answered on Form DF-100

(7) Copy of lease attached.

(8) Working capital and operating statement attached.

(9) Applicant prepared to furnish one-half total cost.

(10-22) Answered in Form DMA-100 filed May 5, 1951

THE ESTIMATED EXPENSES.

			Cost per foot
(23) 4a)	Drifting--4 miners day 3 muckers night Raises 8 miners 2 nippers	Average contract price $15. per foot	$15.00
(b)	Manager 1/2 salary $350/mo.		0.76
	2 Shifters salary 325/mo.		1.42
(c)	(see attached sheet)	$18,719	18.55
(f)	Rental locomotive & mine cars	2,000.	0.44
(g)	Rental generator, air compressor, etc.	3,500.	0.55
(h)	Hand tools $500.		0.08
(i)	Cost power, water utilities, etc	5,040. 24 mo	0.79
(j)	General overhead, shop, office maintenance		11.26
	Total estimated cost per ft.		$45.85

(24) Time Schedule.

8 raises will be driven at 500 ft. intervals to a height of 300 feet. Expected advance per month for each raise 50 feet.

2 Headings (drift) will be driven simultaneously. Expected advance per month for drifting 300 feet.

Total estimated time to complete raises and drift 14 months. Money expected to be spent $312,640.

(6) WORKING CAPITAL--CASH
May 31, 1951

Bank Deposits		
Citizens State Bank	7,023.24	
Denver National Bank	25,000.00	
U. S. Bank of Grand Junction,	113,297.47	
Gunnison Bank & Trust Company	25,000.00	
First Nat'l. Bank of Grand Junction	60,000.00	
Total cash in banks		231,120.71
Accounts Receivable		
April Production (est.)	53,714.25	
Less Advances	36,100.00	
Bal. April	17,614.25	
May Production (est.)	54,487.33	
Total Accounts Receivable		72,101.58
Inventories		
Mine and Mill		17,467.69
		320,689.98
Accounts Payable		
Accounts Payable	14,436.03	
Payrolls Payable	7,388.62	
Total Accounts Payable		21,862.85
Estimated Working Capital, 5/31/51		298,863.33

(23) (c) Repairing Trestle for Waste Dump $ 6,000.
(d) Repairing Main haulage track, portal to 5600' 13,624.
(e) Equipment to be purchased:

2	mine car loaders	6,360.
5	CF 89 Drifters @ $975. ea.	4,875.
10	stopers R104 @ $750. ea	7,500.
1000'	Air Hose @ $117.50 per ft.	1,175.
6400'	4" Air Line @ $1.30 per ft. (Victolic)	8,320.
8000'	Rail 120 tons @ $60.	9,600.
2	3½" Air Complete and Wings	360.
800	Splice Bars @ $2. per pair	1,600.
2400	Pounds track bolts	624.
9400	pounds track spikes	1,880.
6400'	Vent Line and Fans	8,708.
	Track switches	300.
1	J B B W Jumbo	3,430.
4000'	Trolley Wire (2-0)	1,042.
100	Trolley Hangers	153.
100	4 x 4 x 10 Trolley Sprags	75.
800	Rail Bonds	520.
4000'	1 " pipe with couplings	800.
2	Boiler feed pumps 3 x 2 x 3	300.
	Machine parts (spare)	1,500.
	Track ties 4 x 4 x 36"	768.
	6 x 8 x 20 sills under track ties	2,080.
	Drill Steel, 8 tons	2,747.
	Bits, 35,000 @ .39	13,650.
	Powder	29,560.
		107,927.
	Miscellaneous additional 10%	10,792.
	Total under (e)	118,719.

[illegible], Inc.
OPERATING STATEMENT.
[illegible] YEAR, 1951
January through May

				S.T.A.
[illegible]	20,774.26			
[illegible] RETURNS			407,[illegible].04	19.[illegible]246
[illegible] Hauling		[illegible],[illegible].47		.9639
Treatment		54,760.55		2.6347
Sampling		161.24		.0078
Freight		11,605.21		.5584
Production Tax		3,215.27		.1547
Royalty		44,211.17		2.1272
TOTAL [illegible]			133,[illegible].32	6.4466
NET REVENUE			273,[illegible].22	13.1779
[illegible] Mining				
Wages-Supervision	[illegible],314.[illegible]			.1114
Wages-Labor	15,[illegible].43			.7649
[illegible]	12,[illegible].57			.5[illegible]2
Engineering & Exp.	306.30			.0147
Repairs, Mtr. Etc.	146.00			.0070
[illegible] Trucks	676.55			.0326
Main Tunnel Haul	2,[illegible]46.[illegible]			.1373
[illegible]	—			—
[illegible]	—			—
Depreciation	591.28			.0284
TOTAL [illegible]		34,784.60		1.6736
[illegible]				
Wages-Supervision	4,[illegible]6.20			.2240
Wages-Labor	43,341.19			2.0416
Supplies	24,[illegible]8.17			1.1782
Repairs, Mtr. Etc.	102.32			.0049
[illegible] & Exp.	609.87			.0293
[illegible] Trucks	538.64			.0259
Main Tunnel Haul	1,179.68			.0[illegible]74
Depreciation	1,[illegible]55.27			.0796
TOTAL [illegible]		76,202.35		
[illegible]				
Wages-Supervision	[illegible],[illegible]0.00			.1564
Wages-Labor	[illegible],[illegible]7			.4553
[illegible]	[illegible]			.0943
[illegible]	[illegible],055.15			.43[illegible]9
[illegible] Tool	5[illegible].6[illegible]			.0289
[illegible], etc.	775.05			.0469
Depreciation	15[illegible].70			.0073
TOTAL [illegible]		44,073.92		2.1625
[illegible]		[illegible],419.74		1.[illegible]749
TOTAL [illegible]			17[illegible],[illegible].01	[illegible].0354
TOTAL [illegible] COST			94,41[illegible].01	4.5428

CERTIFICATION

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

The King Lease, Inc.
(Name of company)

By Norman E. King
(Signature of authorized official)

5/28/51
(Date)

President
(Title)

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

16-4267-1 U.S. Government printing office.

Cma-1144 X

THIS INDENTURE made and entered into WITNESSETH, as of the first day of January, 1951, by and between THE CAMP BIRD LIMITED, [illegible] TUNNEL CORPORATION COMPANY, a Colorado corporation (hereinafter described as the "Tunnel Company"), and THE KING TUNNEL, INC., [illegible] Colorado corporation (hereinafter described as the "Licensee"). WITNESSETH:

In consideration of the covenants and agreements hereinafter contained, the parties hereto have this day agreed among themselves as follows:

1. Camp Bird Limited, a corporation duly organized and existing under and by virtue of the laws of the United Kingdom of Great Britain and Northern Ireland, and Licensee have prepared and are now ready to execute and put into effect a certain written agreement of lease dated as of January 1, 1951, which agreement of lease is hereinafter referred to as the "Principal Lease". The Tunnel Company hereby gives and grants to Licensee, for and during the term of said Principal Lease, the right and privilege:

(a) to use the Tunnel Company's tunnel together with its tracks, pipelines, and air receivers from Portal to Tunnel Station;

(b) to use all surface tracks of the Tunnel Company serving its various dumps, and the water developed in the Camp Bird Tunnel;

(c) to use waste disposal dumps of the Tunnel Company for development waste and other discarded material;

(d) to use all buildings, if any, belonging to the Tunnel Company which are situated and located at the Portal of the tunnel belonging to the Tunnel Company, and to use all equipment belonging to the Tunnel Company shown in detail upon Exhibit "A" attached hereto and by this reference made a part hereof, subject, however, to the covenants and

agreements and upon the conditions hereinafter set forth.

2. The Licensee shall, at its own sole cost and expense:

(a) maintain the tunnel from Portal to Tunnel Station, including said Tunnel Station, together with all surface and underground tracks and underground pipelines, and air receivers, if used;

(b) maintain the tunnel drainage ditch from Portal to Tunnel Station;

(c) maintain said buildings and equipment in a good state of repair, and at the termination hereof return the same to the Tunnel Company in as good condition as when received by Licensee less ordinary wear and tear incident to its use.

3. The properties to be operated or used by Licensee under the terms hereof shall be used and operated in a manner satisfactory to the Tunnel Company; and all maintenance work to be done by Licensee under the terms hereof shall be done in a manner satisfactory to the Tunnel Company.

4. Licensee shall not store blasting powder, caps, or any other explosives on the surface of any of the premises or property, or in any of the buildings of the Tunnel Company.

5. Licensee shall, in accordance with the laws of the State of Colorado, carry Workmen's Compensation insurance in a sum sufficient to protect it as well as the Tunnel Company against any and all liability for injuries to Licensee's employees which may occur on or about the said premises; and such insurance shall be in force and effect when the Licensee takes possession of the premises. Licensee further agrees that it will comply with all the laws and regulations of any Bureau or Commission constituted under the laws of the State of Colorado governing and having jurisdiction of any of its operations.

5. If in the opinion of the Tunnel Company it is necessary or expedient to do so, this agreement shall be submitted to the Public Utilities Commission of the State of Colorado, and all

rights and privileges of the Licensee are subject to any duties or obligations imposed or incumbent upon the Tunnel Company under its Articles of Incorporation or the laws of the State of Colorado.

7. The execution of the Principal Lease by Licensee is one of the considerations for the execution of this agreement by the Tunnel Company, and this agreement shall not become operative or effective until and unless the Principal Lease shall have been executed and be in effect; and all rights and privileges herein granted to said Licensee are in connection with the operations to be carried on under and by virtue of said Principal Lease and are subject thereto; and upon the expiration or forefeiture of the Principal Lease, for any cause whatever, all rights acquired by the Licensee hereunder shall immediately terminate.

8. Tunnel Company shall have and retain the right and privilege to grant to others the right to use the Tunnel and other properties referred to in Paragraph 1 hereof jointly with King Lease, Inc., provided that such use shall not unreasonably limit nor interfere with the operations of King Lease, Inc. under the said Principal Lease with Camp Bird, Limited referred to in Paragraph 1, on a basis where each such user will pay its fair share of the costs and expenses in respect of the maintenance and use of the property referred to in Paragraph 1, hereof, such fair share to be agreed upon from time to time by the users of said property, but in the absence of such agreement, such fair share shall be determined upon the basis of the percentage of use of such property. The decision of the Tunnel Company as to such division, unless arbitrary or capricious, shall be binding upon Licensee. In the event any such right is granted by Tunnel Company Licensee agrees to fully cooperate with the grantee thereof to the full extent of its ability to the end that the maximum use of

the property referred to in Paragraph 1 hereof shall be made Tunnel Company reserves the right to make such rules and regulations for the joint use of the property referred to in Paragraph 1 hereof as may be necessary to insure maximum use thereof if the users thereof cannot agree among themselves as to the terms, provisions and details of such joint use. Licensee agrees to comply with any such rules and regulations promulgated by Tunnel Company.

IN WITNESS WHEREOF, the parties hereto have caused their names to be hereunto subscribed and their corporate seals to be hereto affixed by their officers who have been thereunto duly authorized, as of the first day of January, A. D. 1951.

THE CALIFORNIA TUNNEL, TRUCKING AND TRANSPORTATION COMPANY.

BY _____
President

Attest:

_____
Secretary

THE KING LEASE, INC.

Attest:

By _____
Vice-President.

_____
Secretary

Machine Shop at Portal - - - Item 2 Exhibit D-1 to Principal Lease

1	Westinghouse	Motor	No. 69279	100 H. P.
1	"	"	" 274154	20 H. P.
1	"	"	" 212065	20 H. P.
1	"	"	" 129937	20 H. P
1	"	"	" 125369	100 H. P.
1	"	"	" 404430	10 H. P.
1	"	"	" 350474	50 H. P.

1 Generator, No. 213923-- 15 kw

1 Blacksmith forge, anvil, complete set blacksmith tools

1 Large air receiver

8 small, 1 ton rocker type, tunnel cars

1 4" jaw crusher, sample room

2 Westinghouse locomotives, 3½ ton, marked No. 1 and No. 2 on frames

1 Goodman switcher locomotive, 2 ton, marked No. 3 on frame.

Exhibit "A" to Agreement dated

January 1, 1951.

HERRES 2nd Copy

KING LEASE, INC.,
Ouray, Colo.

D.M.A. 1144X

May 28, 1951

Defense Minerals Administration,
Washington 25, D. C.

Gentlemen:

Pursuant to Defense Minerals Administration Order No. M-7, issued April 17, 1951, King Lease, Inc., operators of Camp Bird Mine in Ouray, Colorado, are herewith applying for a certification order to expedite our operations in obtaining priorities and allocations of scarce materials.

Attached are 4 completed and signed copies of Form DF-100, giving all general technical data requested in the form.

Very truly yours,

KING LEASE, INC.,

Norman E. Abbley

Norman E. Abbley,
General Manager.

Enclosures
NEA:M

King Lease, Inc., Camp Bird Mine
Ouray, Colorado.

Form MP-100
(March 1951)

Form Approved
Budget Bureau No. 42-R1026

UNITED STATES

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

GENERAL TECHNICAL DATA	Not to be filled in by applicant
FOR USE UNDER THE	Docket No. DMA 1144X
DEFENSE PRODUCTION ACT OF 1950	Date Received MS- 0563

The King Lease, Inc. (Camp Bird Mine)
Ouray,
Colorado

Name and Address of Applicant
(Street, City, Zone, State)

Date May 28, 1951

INSTRUCTIONS

This form is to be filed with Defense Minerals Administration, Department of the Interior, Washington 25, D. C. It should be accompanied by appropriate application form when a specific type of Government assistance is requested, in the form of (1) loan, (2) purchase contract, (3) Government guarantee of a private loan, (4) Necessity Certificate pursuant to the provisions of Sec. 124-A (Amortization Deduction) of Internal Revenue Code 1950, (5) priorities or allocation of mining equipment, and maintenance, repair and operating supplies, and (6) other forms of Government assistance that might arise under the Act.

Submit four (4) signed copies of the form and accompanying papers. Name and address should be stamped or typed on each sheet of this form and all accompanying papers. When a question is inapplicable it should be so stated on the form. Additional sheets may be attached in answering any questions or in supplying additional information. (YOU CANNOT ANSWER A QUESTION BY SAYING "SEE ABOVE"). If a question is answered elsewhere in the form where answered. It is not necessary to answer it

King Lease, Inc., Camp Bird Mine
Ouray, Colorado.

GENERAL TECHNICAL DATA

(1) Materials Produced:
(a) The chief mine products, in order of importance, are: zinc, lead, silver, gold and copper. These are produced in separate lead and zinc concentrates.

(b) There are no byproducts

(2) The name of the mine is the Camp Bird. Since 1925 it has been operated continuously by King Lease, Inc.
(a) Linear Feet of shafts- 3,505 feet
(b) Linear feet of drifts and crosscuts-101,710 feet
(c) Linear feet of tunnels and adits-17,000 feet
(d) Linear feet of other mine openings-1,908 feet winzes; 26,648 feet raises.

The mine is not flooded as all the workings are above the main haulage level.

There are no pumping problems.

The mine is producing over 4,500 tons of ore per month.

(3) Location.

(a) Six miles southwest of Ouray, Colorado.
(b) Mt. Sneffles Mining District.
(c) Township 43, North, Range 8 West of the New Mexico, Meridian.
(d) Ouray County, Colorado.

(4) (a) The property is now being operated by King Lease, Inc., as lessee

(5) The mine has been in production for over 55 years.

(6) Experience of Operators.

(a) King Lease, Inc. has operated the Camp Bird Mine continuously since 1925.

(b) Experience records of the general manager and a few of the staff are as follows:

King Lease Inc., Camp Bird Mine
Ouray, Colorado.

NORMAN EBBLEY - GENERAL MANAGER

(Registered Mining Engineer, State off Colorado)

March 1949 to Present	General Manager of King Lease, Inc. Operators of the Camp Bird Mine, Ouray, Colorado. Operate a gold, silver, lead, zinc, copper mine, and concentrating plant.
Nov. 1/47 to Mar. 1949	Mining Engineer for the U. S. Geological Survey in charge of Exploration on the Colorado Plateau Project for Uranium-Vanadium ore reserves. Supervised subordinate professional, clerical or sub-professional personnel. Directly responsible for all phases of the diamond drilling exploration, and formulated general and detailed procedure for carrying out all phases of the field exploration. P-5 Rating. U.S.G.S. Grand Junction, Colorado.
June 15/47 to Oct. 25/47	In charge of general exploration work at Leadville, Colorado. My associates and myself were endeavoring to Unwater some old mining properties under lease.
May 1945 to June 1947	Project Engineer (P-4 Rating) for the U.S. Bureau of Mines at Leadville, Colorado. Sampling of old properties, investigating old mine shafts and workings, supervision of diamond and churn drilling operations, retimbering and maintenance of Leadville Drainage Tunnel, report writing and mapping. U. S. Bureau of Mines New-custom House, Denver, Colorado.
Mar. 1942 to May 1945	Project Engineer (P-4 Rating) for the U. S. Bureau of Mines in Alaska. Work similar to above, U. S. Bureau of Mines, Washington, D. C.
November 1938 to Mar. 1942	Mining Engineer for the Day Mining intrests Wallace, Idaho. Geologist, Mining Engineer and construction foreman for the various properties owned and operated by Day Mines, Inc. In charge of general outside construction road and sewer construction etc. In charge of diamond drill procedure and underground mapping and geology.

Experience record of Norman Ebbley continued:

June 1937 to Nov. 1938	Personal leasing operations. Acquired leases on various mining properties and subleting to operators at Wallace, Idaho.
Sept. 1936 to Nov. 1937 (Overlap)	Had mining drift contract for 3,000 feet of tunnel from Callahan Lead-Zinc Company on their Vulcan Tunnel Job at Wallace, Idaho. Completed the job in November 1937- in full charge of all the work.
June 1936- September 1936	Engineer in charge of drilling and estimating on placer gold prospects for the Day Mines, Inc. at Wallace, Idaho.
March 1934-June 1936	Mining Engineer and geologist for the Nabesna Mining Corporation, Nabesna, Alaska. In charge of diamond drilling operation and mine shifter. Did all engineering work and geology as required.
Year 1936- Year 1936 (Overlap)	County Engineer for Shoshone County, Idaho. Elective Job.
November 1933- March 1934	Flood Control Engineer for the U. S. Goverment at Wallace, Idaho.

Although starting college in 1926, I stayed out three years and worked to complete my courses. During those years and the summers when I was on vacation, I worked as a common Laborer in the mines and for the county (Shoshone, Idaho) driving trucks, and tractors. I have during that period served as a qualified blacksmith, electric-arc and acetylene welder, explosive engineer, "Cat" and shovel operator. Since 1934 I have been continously in charge of men on responsible jobs.

King Lease In[illegible] Camp Bird Mine
Ouray, Colorado.

Franklin A. Bell - Assistant Superintendent.

March 1950- Present	The King Lease, Inc., Camp Bird Mine, Ouray, Colorado. General Superintendent and Secretary in charge of mill, office, and shop. Director in King Lease.
(3) January 1936-1938	The King Lease Inc., Ouray, Colorado. Mine Sampler and Shifter.
(4) January 19[illegible]	The King Lease Inc., Ouray, Colorado. Mill Mechanic, Mill Operator.
(5) January 1943-1944	The King Lease Inc., Ouray, Colorado. Mill Superintendent.
(6) January 1945-1947	The King Lease Inc., Ouray, Colorado. General Superintendent and Vice President. In charge of mining and Milling operations under Charles Bell Sr. President and General Manager.
(7) January 1947-1949	General Superintendent and Vice President in charge of surface and milling operation. The King Lease, Inc.
(2) June 1934-1936	Gardner Denver Company, Quincy, Illinois. Repair and service engineer on pumps rock drills and compressers. Heat Treat Department (Steel Analysis)
(1) 1928-1933	Colorado School of Mines, Golden, Colorado, Metallurigical Engineering.

King Leane, Inc., Camp Bird Mine
Ouray, Colorado.

Roy Hall -Chief Engineer

June 1949	King Lease, Inc., Ouray, Colorado, Engineer
September 1948-April 1949	Colorado Mining Company, Ouray, Colorado, Engineer and Shift Boss
March 1948-July 1948	Sociedad Empresa Lestano de Araca, Viloco, Bolivia, Mill Superintendent.
May 1947-February 1948	Pride of West Operations, Silverton, Colorado, Mine Manager
February 1946-April 1947	W. G. Kruger and Associates, Santa Fe, New Mexico, Surveyor and Field Engineer
August 1945-January 1946	New Mexico Public Service Commission, Santa Fe, New Mexico, Safety Engineer
July 1945	G. E. Kaye, Santa Fe, New Mexico, Civil Engineer
July 1944-June 1945	W. G. Kruger, Los Alamos, New Mexico, Surveyor and Field Engineer
April 1944-June 1944	James H. Russell, Santa Fe, New Mexico, Mining Engineer
September 1942-February 1944	U. S. Navy, Ensign
April 1942-August 1942	Chas. De Louw & Company, Naval Ordinance Depot, Maney Nebraska, Ass't Engineer.
October 1941-March 1942	Banner Mining Company, Lordsburg, New Mexico, Mine and Safety Engineer.
June 1938-July 1941	Compania Minera De Oruro, Oruro, Bolivia, Mine Manager
March 1937-May 1938	Sociedad Empresa De Estano de Araca, Viloco, Bolivia, Chief Engineer
January 1937-February 1937	Nevada Consolidated Copper Corporation Hurley, New Mexico, Flotation Operator.
October 1936-December 1936	New Mexico State Highway Department Santa Fe, New Mexico, Surveyor.

King Leade, Inc. Camp Bird, Mine
Ouray, Colorado.

Experience record of Roy Hall, Continued:

April 1936-May 1936	United States Vanadium Corporation, Uravan, Colorado, Surveyor
June 1935-September 1935	H. N. A. Lead Company, Ohama, New Mexico Surveyor.

Graduate of Colorado School of Mines, 1935, E. M. Degree.

King Lease, Inc., Camp Bird Mine
Ouray, Colorado

Lin D. Barry-Mine Foreman

March 1950- Present	King Lease, Inc., Camp Bird Mine, Ouray, Colorado Mine Foreman in charge of underground operations.
March 1949 - March 1950	Private Engineering Practice Vernal, Utah. Surveying, Mining and Asphalt Construction of Small Irrigation Project.
August 1940 - March 1949	Barber Oil Company, New York City. Manager of Gilsonite Mining Operation at Bonanza, Utah. In complete charge of underground and surface operations.
November 1939 - August 1940	Barber Oil Company, New York City Engineer of Gilsonite Mining Operation. This period was spent as understudy of retiring manager.
October 1938-October 1939	Clear Creek Consolidated Mining & Milling Company, Idaho Springs, Colorado. Mine Superintendent in charge of underground operations of Gold Mining Operation.
September 1937-August 1938	Thunder Mountain Mining & Milling Co., Stibnite, Idaho. Superintendent of surface and milling operations in complete charge of small gold mine.
October 1936-September 1937	Associate in Mines Contracting Company, Wallace Idaho. In charge of tunnel contract driving 3,000 feet of tunnel for Callahan Lead-zinc Company at their Vulcan Tunnel, Wallace, Idaho.
May 1935-August 1936	American Smelting and Refining Company, c/o Federal Min. & Smelting Company, Wallace, Idaho. Superintendent of Azurite Mine, Nazama, Washington, in charge of underground and surface development work prior to producti n operations.
September 1933-May 1935	Jack Waite Mine, Dubois, Idaho American Smelting and Refining Company, c/o Federal Mining and Smelting Company, Wallace, Idaho, Miner, Timberman, Mill Repairman, Mill Operator, Assayer. Lead, Silver, Zinc Mine.

Experience record of Lin D. Barry, continued.

1928 - 1933	Attending College of Mines, University of Arizona, Tucson. 1928-1930 University of Washington, Seattle. 1931-1933 Graduated June 1933 B.S. Mining and Geology.
1926 - 1927	Phelps-Dodge Corporation, Nacozari, Sonora, Mexico Supervisor at Pilares Mine in charge of waste filling of cut and fill stopes with slushers. Timber salvage of abandoned square set stopes.
1925 - 1926	Placer Mining: Burnt River District. Baker, Oregon.
1924 - 1925	Chontales Mines Ltd., Chontales, Nicaragua, Cyanide Plant, Spiff Boss Gold Mining Operation.
1923-1924	Iron Dyke Copper Mine, Homestead, Oregon. Mucker, Tremmer, Timberman Helper.

Other experience includes working in logging and lumbering operations of North West Washington, and clerical work for Northern Pacific Railroad, Seattle, Washington.

I am a graduate engineer with a degree from the University of Washington in Mining and Geology.

(7) History.

(a) The original discovery on what is now the property of the Camp Bird, Ltd. was made in 1877 in Imogene Basin by prospectors in search of high silver-bearing ore. There is evidence that they were aware of the existence of a certain amount of gold in the ore, but the high cost of packing it to Silverton by mule, together with the high smelter rates, did not permit handling of the $20 per ton rock. During 1896 a small group of men was engaged in development and Thomas F. Walsh, who was passing by, stopped to examine some quartz on the dump. Assays convirmed his suspicions that the quartz was high grade gold ore. He quietly acquired title to all claims in the area by direct purchase, or by the purchase of tax title and then developed the property into a large and very profitable mining operation. By 1913 the Camp Bird, Ltd, an English corporation, the present owners, had purchased all of the property This organization had extracted most of the high-grade gold ore by 1916, and the inflow of water made further sinking uneconomical. A subsidiary was then incorporated under the name of the Camp Bird Tunnel, Mining and Transportation Co. to drive a low-level adit (14th level) 11,078 feet in length to intersect the vein 450 feet below the lowest workings. Very little gold ore was discovered by drifting east and west on the vein and large-scale operations were not resumed.

King Lease, Inc., leased the property in 1925 and have operated it continuously since that time, the last 12 years primarily on base metals.

(b) According to Henderson, 1/, the first white men to enter the San Juan Mountain region were a group of prospectors known as "Bakers Party". They reached the Animas River in the summer of 1860 and located in Baker's park, now the site of Silverton. Overtaken by a hard winter and harassed by the Ute Indians, many perished, but the rest escaped over the mountains.

The early experience of Baker's expedition discouraged immediate further attempts to prospect the territory; however, a party sent out by Governor Pile of New Mexico in 1870 discovered and successfully operated the Little Giant on the north side of Arrastre Gulch. Twenty-seven tons of ore yielding $150 a ton in gold was treated in an arrastre. In 1874 a treaty was negotiated with the Indians, and the main rush to the area started, the result of which was an influx of 2,000 prospectors, and more than that may claims were located. During that year several hundred tons of gray copper and galena ore were mined (principally from claims on Hazelton Mountain) and treated the following year in a smelter that had been erected at Silverton.

1/ Henderson, Charles W., Mining in Colorado; U. S. Geol. Surv. Prof. Paper 138, 1926, P. 48.

7 (b) continued.

In 1875 locations were made on what is now the Smuggler vein in San Miguel County, and a ton of ore worth $2,000 was shipped to a smelter at Alamosa. In Ouray County, prospectors were at work at the headwaters of Uncompahgre River and in Poughkeepsie Gulch, and in 1875 the Grand View claim was located below the town of Ouray.

By 1881 the Virginius mine, at the head of Canyon Creek, had two shafts, and mining was being done on three levels. In the same year discoveries were made at Red Mountain and Ironton, and during the succeeding 2 years many prospectors came into the area.

Numerous mills and smelters were erected in the Silverton-Ouray-Telluride triangle, but generally these were unsuccessful and ores running less than $100 could not be marketed outside. The completion of the narrow-gage Denver & Rio Grande Railroad to Silverton in July 1882, and the completion of a smelter at Durango in the same year, made it possible to mine lower-grade ores, and mining was increased about enfold in San Juan County from 1882 to 1885. The same developments were largely responsible for accelerated operations in San Miguel and Ouray Counties.

The history of the area from just prior to the beginning of the 20th century has been one of consolidation of a large number of small producing mines into a few large companies, connecting groups of properties by low-level tunnels to afford drainage and a more economical means of development and transportation, the establishment of larger, better-located milling facilities, and improved methods of treatment.

According to Henderson, the first recorded productin from Ouray County, in 1878, was $49,473 in silver and gold; the earliest production from San Juan County, in 1873, was $13,000 in gold; and the earliest production San Miguel County in 1878, was $4,795 in silver. By 1885 the annual production of gold, silver, copper and lead in the three counties reached a total value of $2,734,000. By 1890 the total value of these metals reached $6,000,000 and remained fairly constant until about 1900 when it reached over $8,000,00 It was not until the period between 1900 and 1910 that zinc was report recovered and became an important source of income. During the period of 1900 to the depression in 1930, the total annual value of metal products fluctuated only slightly between $6,000,000 and $8,000,000. During the 30's annual production remained around $1,000,000 to $2,000,000; however, a steady rise in production took place in the 40's and finally reached an annual value of $6,697,274 in 1947. 2/

The following table gives the total production of gold, silver, copper, lead and zinc in Ouray, San Juan and San Miguel Counties from the earliest record to 1947, in terms of recovered metal. 3/

2/ Production statistics to 1930, U.S. Geol. Sur. Mineral resources; 1931 to 1947, U.S. Bureau of Mines Minerals Yearbook.

3/ G. J. Martin, supervising engineer, Bureau of Mines, Statistics and Economics Division, Denver, Colorado.

King Lease, Camp Bird Mine
Ouray, Colorado.

Production of gold, silver, copper, lead, and zinc in Ouray, San Juan and San Miguel Counties, Colo., 1873-1947

	Ouray 1873-1947	San Juan 1873-1947	San Miguel 1875-1947	Totals
Gold				
Placer:				
Ounces.....	131	379	9,688	10,198
Value.....	$4,299	$13,161	$206,808	$224,268
Lode:				
Ounces.....	1,893,970	1,593,697	3,449,412	6,937,079
Value.....	$40,894,877	$37,099,605	$75,396,014	$153,390,496
Total Gold				
Ounces....	1,894,101	1,594,076	3,459,100	6,947,277
Value.....	$40,899,176	$37,112,766	$75,602,822	$153,614,764
Silver				
Ounces....	44,961,170	41,195,314	52,132,431	138,288,915
Value.....	$34,500,109	$28,094,036	$37,946,151	$100,540,296
Copper				
Pounds....	27,908,561	78,444,618	23,268,666	129,621,845
Value.....	$3,692,483	$11,303,689	$3,745,711	$18,841,883
Lead				
Pounds.....	181,270,150	516,046,695	263,258,690	960,575,535
Value.....	$8,597,599	$29,259,204	$15,598,458	$53,455,261
Zinc				
Pounds;;;;;	7,780,250	315,712,284	35,467,182	278,959,716
Value.....	$823,069	$16,546,048	$3,235,726	$20,604,843
Total Value	$88,712,436	$122,215,743	$136,128,868	$347,057,047

(c) There are no private reports available that apply to this application.

King Lease, Inc., Camp Bird Mine,
Ouray, Colorado.

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

Name and Address	Official Title (If officer is also director indicate by "D"	Total of annual salary, commissions, bonuses, etc., received from Applicant and affiliates during last fiscal year	Estimated net worth outside of Applicant	No. Shares held in Applicant corporation		Life Insurance carried for benefit of Applicant.	
				Common	Preferred	Amount	Net Cash surrender value after loans
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Joseph King Grand Junction, Colo	President "D"	$850.00		47,999		None	
Kenneth Moore Gunnison, Colorado	Vice President & Treasurer "D"	588.30		500		None	
James K. Groves Grand Junction, Colo	Ass't Treasurer	600.00		1		None	
Otis Moore Gunnison, Colorado				54,000		None	
Franklin A. Bell Ouray, Colorado	Secretary "D"			21,999		None	
Mary E. Bell Golden, Colorado				23,000		None	
Louise Ingersoll Denver, Colorado				22,000		None	
	Total		XXXXXXXXX	6		XXXXXXX	XXXXXXX

If more lines are needed continue on separate sheet

Total dividends paid 1950=$50,000.00 on production by King Lease on Camp Bird Vein

(9) Capital Stock Issues For Corporate Applicants

Item	Authorized	Outstanding	Par Value	No. Shares Outstanding	Dividend last paid
	(a)	(b)	(c)	(d)	(e)
Common Stock	$200,000.00	$	$1.00		December, 1950
Preferred	$	$	$		

King Lease, Inc., Camp Bird Mine,
Ouray, Colorado.

(10) Production

Item	Kind of Product (a)	1948 total (b)	1949 total (c)	1950 total (d)	Present Average Monthly tons (e)
1. Quantity of product mined or quarried (Short, long, metric tons, barrels, pounds, etc.)	Mine ore	39,331	37,196	52,959	5,000 1950 average
2. Quantity of product processed, (specify unit of measure and type of process ;	Mine Ore	28,131	39,246	46,163	4,077
3. Quantity and grade of product sold or shipped (specify units of measure)	Lead conc	1,395	1,942	Pb-1855	218
	Zinc con	1,448	2,101	Zn-1773	202

Note: Above figures in tons of 2000lbs.

(11) present plans are to double rate of production in next 12 month period.

(12) Ore or Mineral Reserves:

(a) The Camp Bird vein occupies a fault fissure that crosses the greater portion of the Red Mountain, Sneffels, Telluride area on a general east-west course. In the vicinity of Telluride and its crossing of the Smuggler-Union and Montana veins it is known as the Pandora. The extensive workings of the Camp Bird mine are situated in Imogene Basin, and this portion of the vein is known as the Camp Bird. To the east of Imogene Basin, the vein apparently splits into several components and is dissipated.

In the vicinity of the Smuggler-Union, the vein has a southerly dip of about 65°, whereas in the eastern part of the Camp Bird workings it is somewhat steeper and has a southerly dip of 70°. A vertical displacement of about 120 feet was indicated by Bureau of Mines diamond drilling on the Camp Bird tunnel level to the east of the crosscut. Apparently the hanging wall has moved westward with respect to the footwall but the amount of horizontal movement has not been definitely determined.

The vein filling is composed of massive quartz and is of variable width, usually 5 to 10 feet. At the Camp Bird Mine, minerals of commercial grade apparently are in three principal shoots-- the Hematite to the east, the Big Discovery to the west, and the Camp Bird in the vicinity of the crosscut. Most of the production has been from the Hematite shoot, and current production is from the Big Discovery shoot. Production from the Blue Bird shoot has been principally from the upper levels or gold-ore zone. The contact of the San Juan tuff with the later pyroxene andesite flows of the Silverton volcanic series represents the approximate upper limits of these ore shoots.

The gold-bearing zone extended through a vertical range of about 500 feet from the third level of the mine upward to the base of the flow rocks. The ore from this zone averaged 1.4 ounces gold and about 2 ounces silver per ton. Below the third level, the gold content decreased until, at the 6th level, it averaged only 0.13 ounvrd og half prt yon. Through the same zone, the silver content increased to 4.5 ounces per ton with about 2.2 percent lead and 2.4 percent zinc. The ore extracted between the 6th and 14th levels has been of about the same average grade.

The ore in the upper, or gold zone was nearly pure quartz containing gold in the "free" state and a little silver and was successfully treated in the stamp mills of that time. At greater depths the vein maintains its general characteristics, but galena, sphalerite and some chalcopyrite, together with appreciable amounts of pyrite, appear locally in sufficient quantities to be of economic importance. These minerals are localized in bands within the vein. The most easterly ore shoot contains considerable hematite and was named accordingly.

(12) Ore or mineral reserves, continued:

(b)1. Map attached showing location of present mining operation, showing reserves.

(b) 2.

TOTAL ORE OR MINERAL RESERVES

Ore or Mineral Reserve	Estimated Reser Tons (a)	Metal or Mineral Content Per Ton (Grade) (b) Au	Ag	Pb	Cu	Zn	Gross Value Per Ton (c)	Recoverable Unit Value per ton (d)	Estimated Cost of Production Per ton (e)
Broken	29,876	.060	3.5oz	2.9%	.8%	3.3%	24.42	17.75	10.76
Measured (proved)	36,160								
Camp Bird	129,130	.05	3.5	2.9	.8	3.3	24.42	17.75	10.76
Indicated Yellow Rose	260,000	.01	6.2	4.4	.3	2.9	26.54	19.45	10.76
(probable) 8500 vein	21,400	.04	3.5	5.0	.5	3.0	28.20	20.41	10.76

(13) Access Roads:

From Ouray to the Camp Bird is a distance of six miles over an all weather road kept in good condition.

(14) Labor Supply:

There is an adequate labor supply for camp and mill throughout the year.

(15) Power:

176,750 K.W.H./month, average cost 1.33¢/K.W.H. Power in this district is supplied by Western Colorado Power Company, Ouray, Colorado.

(16) Labor:

Typical labor distribution at King Lease: 16 miners, 6 muckers, 4 hoistmen, 4 trammers, 4 mill operators, 4 mechanics, 3 bit grinders, 2 crushermen, and 1 blacksmith.

(17) Equipment and Facilities

The present buildings on the property are all in excellent condition and in addition to the flotation mill, include 2 rooming and recreation houses for employees, one boarding house, office building, and five additional houses for King Lease personel. All buildings have hot and cold water showers, and are steam heated.

(17) Equipment (con't)

A list of King Lease equipment is enclosed:

KING LEASE EQUIPMENT

2	18 x10 x14 Imperial Type Ten Ingersoll Rand Compressors, complete with 100 H.P. motors and starting boxes.
1	8 x 8 and 14½ x 8 ARB Ingersoll Rand Compressor complete with 100 H. P. motor and starting box
1	Model 75H two stage air cooled Ingersoll Rand compressor complete with 75 H.P. motor and starting box
1	Model 500 Ingersoll Rand combination drill steel cutter and shank grinder
3	167 KVA 2400-240/480 Volt Transformers
13	R-104 Gardner Denver Stopers
4	CF-89 Gardner Denver Automatic Drifters
3	D-89 Gardner Denver Drifters
2	S-55 Gardner Denver Jackhammers
	12,600 Feet of #2/0 3 conductor 5,000 volt underground power cabl
20	40 cubic foot rocker dump mine cars
2	1-1/2-ton battery mine locomotives
1	4 ton Westinghouse mine locomotive
2	3 ton Westinghouse mine locomotives
1	75 KVA Generator complete with 100 H. P. Motor
1	1,000 ft. two drum electric hoist with 80 H. P. motor andcontrol
1	500 ft. two drum electric hoist with 80H.P. motor and controls
1	600 ft. two drum Vulcan Air hoist with air motors and controls
2	Bit grinding machines
1	IR-34 Drill Steel Sharpner
1	Toledo H-1000 Rod Threading Machine
2	Gardner Denver Mine Car Loaders
1	Sullivan Mine Car Loader
	Miscellaneous mine equipment such as air hoists, slushers, mine cars, for levels, etc. $20,000
2	5' x 4' Grate discharge ball mills complete with motors, grids, e
2	10 x 21 Telsmith Jaw Crushers
1	Diester Vibrating Screen
1	300 ton ore bin
2	3" Wilfley sand pumps
3	2" Vertical pumps (Denver equipment)
24	No. 15 Denver Sub A Flotation Cells complete with motors, etc.
1	10 x 12 foot Dorr thickner
1	4' Four disc Eimco Filter
1	15' Tedrow Dryer
	Miscellaneous mill equipment such as conveyor belts, starting boxes, reagent feeders, etc - - - - $6,000

In addition to the above we have a complete machine shop for welding and repairs, also a complete bit grinding shop and electric shop for locomotive repairs, and two four wheel drive trucks.

Mine Lease, Inc., Camp Bird Mine
Ouray, Colorado.

(10) There are no pertaining conditions or circumstances not described above that should affect operations.

CERTIFICATION. The undersigned company, and the official responsible for certification on the left 1f, hereby certify that the information contained in this form and the attached papers is correct and complete to the best of their knowledge and belief.

The Mine Lease, Inc. by Norman Ebbley
Name of Company Signature of authorized official

May 28, 1951 General Manager
Date Title

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

FILE COPY
SURNAME:

McKnight
Herres

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

May 16, 1951

Airmail

Re: [redacted]

Mr. Norman Ebbley

Ouray, Colorado

Dear Mr. Ebbley:

This will acknowledge receipt of your application for an exploration loan on the Yellow Rose Mine which has been docketed DMA-1144.

Your application was made on a form giving general technical data for use under the Defense Production Act of 1950. Requests for aid under the exploration program of the Defense Minerals Administration should be made on Form MF-103, which I am enclosing. Much of the information given on the form that you have used is equally applicable for the exploration form and need not be repeated. However, the questions under "Requirements and Costs" shown on the back of the exploration form are not covered in the form that you have used and should be answered. There also may be one or two questions in this exploration form that have not been answered in the application already submitted by you.

Will you please fill out the information requested under the heading on page 1 of the attached form, answer the additional questions not covered in your previous application and sign the exploration form. Four copies should be returned to us.

I regret the delay caused in the use of the wrong form but I believe you will find that the additional information requested from you will not be difficult to supply. Reference can be made in this new application to questions already answered in your earlier application, so that no duplication is necessary.

Very truly yours,

Otto Herres

Otto Herres, Chief
Lead-Zinc Branch

Enclosure
ETMcKnight:emp G 5/16/51
Copies to: J. H. East, Jr. Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA

L. B. Moon
R. H. Mote
L. F. Strobel
Tom Lyon
Directors reading file 4214 GSA
Br. reading file 4214 GSA

DMA 1144

FILE COPY
SURNAME:

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

May 11, 1951

Mr. Norman Ebbley, Manager
The King Lease, Inc.
Ouray, Colorado

Subject: DMA-1144 X
Re: Exploration Loan
Yellow Rose Mine and
U. S. Depository Group
of Claims

My dear Mr. Ebbley:

Receipt is acknowledged of your application and attachments of May 1, 1951 from THE KING LEASE, INC. for a Government loan under the Defense Production Act of 1950.

The application was assigned Docket Number 1144 X and referred to Mr. Otto Herres, Chief, Lead-Zinc Branch, on May 10, 1951.

In any future correspondence relating to your application, kindly refer to DMA-1144 X.

Sincerely yours,

LANDON F. STROBEL

Landon F. Strobel
Executive Secretary

LFSTROBEL:aec
cc: Strobel-2
Files
Mr. Herres
Mr. Lyon

FILE COPY
SURNAME:

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

March 14, 1951

Mr. Norman Ebbley, Manager
The King Lease, Inc.
Ouray, Colorado

Dear Mr. Ebbley:

We have today received your letter of March 8 addressed to Dr. James Boyd.

We will keep you advised of developments on this matter.

Very truly yours,

Francis B. Speaker
Acting Chief, MRO Branch
Requirements Division

*FBSpeaker:dbs

Copy to: Administrator's Reading File
Mr. Strobel
Mr. Montag
Files

Source 1144

B 258

Dma - 1144 X

DEPARTMENT OF MINERALS ADMINISTRATION

APPLICATION FORM NO. DMA-100

THE LINC LEASE, INC.

Ouray, Colorado

YELLOW ROSE MINE

1144 (Copy)

THE KING LEASE, INC.
Ouray, Colorado
May 5, 1951

Dr. James Boyd
Defense Minerals Administration
U. S. Department of the Interior
Washington, D. C.

Gentlemen:

Attached are four (4) signed copies of Form DMA-100 requesting government assistance in exploration and development of the Yellow Rose vein system, at Ouray, Colorado.

This proposal is to develop a lead-zinc property, and operate the mine in conjunction with the present King Lease, Inc. operation of the Camp Bird Mine.

The government loan (on a 50 percent basis) would approximate $150,000.

It is respectfully requested that the Defense Minerals Administration authorize the Bureau of Mines and the Geological Survey to investigate and define the proposed project as outlined in the attached form.

One signed copy of this application form has been mailed to Defense Minerals Administration, 224 New Customhouse, Denver 2, Colorado.

Yours very truly,

THE KING LEASE, INC.

Norman Ebbley

Norman Ebbley
Manager

NE/as
enclosures

King Lease, Inc., Yellow Rose Mine
Ouray, Colorado

FORM DMA-100
(March 1951)

Form Approved
Budget Bureau No. 42-R1026

UNITED STATES

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

GENERAL TECHNICAL DATA FOR USE UNDER THE DEFENSE PRODUCTION ACT OF 1950	Not to be filled in by applicant Docket No. Dma-1144X Date Received 5/8/51

The King Lease, Inc.
Ouray
Colorado

Name and Address of Applicant (Street, City, Zone, State)

Date May 1, 1951

INSTRUCTIONS

This form is to be filed with Defense Minerals Administration, Department of the Interior, Washington 25, D. C. It should be accompanied by appropriate application form when a specific type of Government assistance is requested, in the form of (1) loan, (2) purchase contract, (3) Government guarantee of a private loan, (4) Necessity Certificate pursuant to the provisions of Sec. 124-A (Amortization Deduction) of Internal Revenue Code 1950, (5) priorities or allocation of mining equipment, and maintenance, repair and operating supplies, and (6) other forms of Government assistance that might arise under the Act.

Submit four (4) signed copies of the form and accompanying papers. Name and address should be stamped or typed on each sheet of this form and all accompanying papers. When a question is inapplicable it should be so stated on the form. Additional sheets may be attached in answering any questions or in supplying additional information. (IF YOU CANNOT ANSWER A QUESTION, SO STATE.) If a question is answered elsewhere indicate where answered. It is not necessary to answer it again.

GENERAL TECHNICAL DATA

(1) Materials produced.

(a) The chief mine products are lead, zinc, copper, silver, and gold. These are produced in separate lead and zinc concentrates.

(b) There are no byproducts.

(2) The property includes the Yellow Rose and United States Depository group of claims. These claims are on one continuous vein and are as follows: Sunflower, Agnes, Declaration, Yellow Rose, Millionaire, U. S. Depository, Chief Deposit, and Caribou. The vein outcrop extends over 2-1/2 miles on the surface.

(a) Linear feet of shafts - 100 feet
(b) Linear feet of drifts and crosscuts - 1,443 feet
(c) Linear feet of tunnels and adits - 1,915 feet
(d) Linear feet of other mine openings - 0

The mine is not flooded.

There are no pumping problems.

Productive capacity will depend on the success of the exploration program. With reasonably good results, a capacity of 3,000 to 4,000 tons per month is anticipated.

(3) Location.

(a) Seven miles southwest of Ouray, Colorado
(b) Mt. Sneffles Mining District
(c) Township 43 North, Range 8 west of the New Mexico Meridian
(d) Ouray County, Colorado

(4) (a) The property is not in operation at present.

(b) King Lease, Inc., will operate property as lessee.

(5) (a) Number of years in production, unknown.

(b) Estimated Date When Production Will Begin:

The Yellow Rose vein intersects the lower Camp Bird Tunnel 3,450 feet from the portal. The total width of the vein is 9.3 feet, of which 3.8 feet is well mineralized. A channel sample cut across the width of 3.8 feet gave the following assays:

.01 oz. Au., 6.2 oz. Ag., 4.4% Pb., .3% Cu., and 2.9% Zn.

Drift headings to the east and west would begin on ore. From past experience in this region it seems reasonable to assume that half of the development work would be in ore.

It is intended to carry through the following program in case the loan is granted: 4,000 feet of drift would be driven on the same level as the main Camp Bird Tunnel, driving headings east and west on the Yellow Rose vein. Eight raises 300 feet high would be driven from this level to explore the vein, or a total of 2,400 feet of raise. This exploratory work could probably be completed in fourteen months. After a period of three or four months of work, stope mining could be started. Exploratory work would result in about 900 tons of ore per month, again assuming half of the work would be in ore. By starting stoping operations simultaneously with exploration and development, the tonnage of ore could probably increased to 2,000 tons a month. Thus, the repayment of the loan could be started.

In the event the exploration program is successful, the mining operation could soon be expanded to a production of 4,000 tons a month, or the present capacity of the King Lease operation on the Camp Bird vein.

(6) Experience of Operators.

(a) King Lease, Inc. has operated the Camp Bird Mine continuously since 1925.

(b) Experience records of the general manager and a few of the staff members are enclosed.

King Leas[illegible] Inc., Yellow Rose Mine
Ouray, Colorado

NORMAN EBBLEY
(Registered Mining Engineer, State of Colorado)

March 1949 to Present	General Manager of King Leases, Inc. Operators of the Camp Bird Mine, Ouray, Colorado. Operate a gold, silver, lead, zinc, copper mine, and concentrating plant.
Nov. 1/47 to Mar. 1949	Mining Engineer for the U. S. Geological Survey in charge of Exploration on the Colorado Plateau Project for Uranium-Vanadium ore reserves. Supervised subordinate professional, clerical or sub-professional personnel. Directly responsible for all phases of the diamond drilling exploration, and formulated general and detailed procedure for carrying out all phases of the field exploration. P-5 Rating. U.S.G.S. Grand Junction, Colorado.
June 15/47-October 25/47	In charge of general exploration work at Leadville, Colorado. My associates and myself were endeavoring to unwater some old mining properties under lease.
May 1945-June 1947	Project Engineer (P-4 Rating) for the U. S. Bureau of Mines at Leadville, Colorado. Sampling of old properties, investigating old mine shafts and workings, supervision of diamond and churn drilling operations, retimbering and maintenance of Leadville Drainage Tunnel, report writing and mapping. U. S. Bureau of Mines, New-custom House, Denver, Colorado
March 1942-May 1945	Project Engineer (P-4 Rating) for the U. S. Bureau of Mines in Alaska. Work similar to above. U. S. Bureau of Mines, Washington, D. C.
November 1938-March 1942	Mining Engineer for the Day Mining interests Wallace, Idaho. Geologist, Mining Engineer and construction foreman for the various properties owned and operated by Day Mines, Inc. In charge of general outside construction, road and sewer construction, etc. In charge of diamond drill procedure and underground mapping and geology.

Experience record of Norman Ebbley continued:

June 1937-November 1938	Personal leasing operations. Acquired leases on various mining properties and subleting to operators at Wallace, Idaho.
Sept. 1936-Nov. 1937 (Overlap)	Had mining drift contract for 3,000 feet of tunnel from Callahan Lead-Zinc Company on their Vulcan Tunnel Job at Wallace, Idaho. Completed the job in November 1937—in full charge of all the work.
June 1936-September 1936	Engineer in charge of drilling and estimating on placer gold prospects for the Day Mines, Inc. at Wallace, Idaho.
March 1934-June 1936	Mining Engineer and geologist for the Nabesna Mining Corporation, Nabesna, Alaska. In charge of diamond drilling operation and mine shifter. Did all engineering work and geology as required.
Year 1936-Year 1938 (Overlap)	County Engineer for Shoshone County, Idaho. Elective Job.
November 1933-March 1934	Flood Control Engineer for the U. S. Government at Wallace, Idaho.

Although starting college in 1926, I stayed out three years and worked to complete my courses. During these years and the summers when I was on vacation, I worked as a common laborer in the mines and for the county (Shoshone, Idaho) driving trucks, and tractors. I have during that period served as a qualified blacksmith, electric-arc and acetylene welder, explosive engineer, "Cat" and shovel operator. Since 1934 I have been continuously in charge of men on responsible jobs.

Lin P. Barry

March 1950 - Present	King Lease, Inc., Camp Bird Mine, Ouray, Colorado Mine Foreman in charge of underground operations.
March 1949 - March 1950	Private Engineering Practice Vernal, Utah. Surveying, Mining Sand Asphalt Construction of Small Irrigation Project.
August 1940-March 1949	Barber Oil Company, New York City. Manager of Gilsonite Mining Operation at Bonanza, Utah. In complete charge of underground and surface operations.
November 1939-August 1940	Barber Oil Company, New York City Engineer of Gilsonite Mining Operation. This period was spent as understudy of retiring manager.
October 1938-October 1939	Clear Creek Consolidated Mining & Milling Company, Idaho Springs, Colorado. Mine Superintendent in charge of underground operations of Gold Mining Operation.
September 1937-August 1938	Thunder Mountain Mining & Milling Co., Stibnite, Idaho. Superintendent of surface and milling operations in complete charge of small gold mine.
October 1936-September 1937	Associate in Mines Contracting Company, Wallace, Idaho. In charge of tunnel contract driving 3,000 feet of tunnel for Callahan Lead-Zinc Company at their Vulcan Tunnel, Wallace, Idaho.
May 1935-August 1936	American Smelting and Refining Company, c/o Federal Mng. & Smelting Company, Wallace, Idaho. Superintendent of Azurite Mine, Mazama, Washington, in charge of underground and surface development work prior to production operations.
September 1933-May 1935	Jack Waite Mine, Ruthie, Idaho American Smelting and Refining Company, c/o Federal Mining & Smelting Company, Wallace, Idaho, Miner, Timberman, Mill Repairman, Mill Operator, Assayer. Lead, Silver, Zinc Mine.

Experience record of Lin D. Barry continued:

1928 - 1933	Attending College of Mines, University of Arizona, Tucson. 1928-1930 University of Washington, Seattle. 1931-1933 Graduated June 1933 B.S. Mining and Geology.
1926 - 1927	Phelps-Dodge Corporation, Nacozari, Sonora, Mexico Superivisor at Pilares Mine in charge of waste filling of cut and fill stopes with slushers. Timber salvage of abandoned square set stopes.
1925 - 1926	Placer Mining. Burnt River District. Baker, Oregon.
1924 - 1925	Chontales Mines Ltd., Chontales, Nicaragua, Cyanide Plant, Shift Boss Gold Mining Operation.
1923 - 1924	Iron Dyke Copper Mine, Homestead, Oregon. Mucker, Trammer, Timberman Helper.

Other experience includes working in logging and lumbering operations of North West Washington, and clerical work for Northern Pacific Railroad, Seattle, Washington.

I am a graduate engineer with a degree from the University of Washington in Mining and Geology.

Franklin A. Bell

March 1950 - Present	The King Lease, Inc., Camp Bird Mine, Ouray, Colorado. General Superintendent and Secretary in charge of mill, office, and shop. Director in King Lease.
January 1936 - 1938	The King Lease, Inc., Ouray, Colorado Mine Sampler and Shifter.
January 1939 - 1942	The King Lease, Inc., Ouray, Colorado, Mill Mechanic, Mill Operator.
January 1943 - 1944	Mill Superintendent, The King Lease, Inc., Ouray, Colorado.
January 1945 - 1947	The King Lease, Inc., Ouray, Colorado, General Superintendent and Vice President. In charge of mining and milling operations under Charles Bell Sr. President and General Manager.
January 1947 - 1949	General Superintendent and Vice President in charge of surface and milling operation. King Lease, Inc.
June 1934 - 1936	Gardner-Denver Company, Quincy Illinois. Repair and service engineer on pumps rock drills, and compressors. Heat Treat Department (Steel Analysis)
1928-1933	Colorado School of Mines, Golden, Colorado, Metallurigical Engineering.

Roy Hall

June 1949	King Lease, Inc., Ouray, Colorado, Engineer.
September 1948-April 1949	Idarado Mining Company, Ouray Colorado, Engineer and Shift Boss.
March 1948- July 1948	Sociedad Empresa De Estano de Araca, Viloco, Bolivia, Mill Superintendent.
May 1947-February 1948	Pride of West Operations, Silverton, Colorado, Mine Manager.
February 1946-April 1947	W. C. Kruger and Associates, Santa Fe, New Mexico, Surveyor and Field Engineer.
August 1945-January 1946	New Mexico Public Service Commission, Santa Fe, New Mexico, Safety Engineer.
July 1945	C. D. Macy, Santa Fe, New Mexico, Civil Engineer.
July 1944-June 1945	W. C. Kruger, Los Alamos, New Mexico, Surveyor and Field Engineer.
April 1944-June 1944	James H. Russell, Santa Fe, New Mexico, Mining Engineer.
September 1942-February 1944	U. S. Navy, Ensign
April 1942-August 1942	Chas. De Leuw & Company, Sioux Ordinance Depot, Sidney Nebraska, Assistant Engineer.
October 1941-March 1942	Darner Mining Company, Lordsburg, New Mexico, Mine and Safety Engineer.
June 1938-July 1941	Compania Minera De Oruro, Oruro, Bolivia, Mine Manager.
March 1937-May 1938	Sociedad Empresa De Estano de Araca, Viloco, Bolivia, Chief Engineer.
January 1937-February 1937	Nevada Consolidated Copper Corporation, Hurley, New Mexico, Flotation Operator.
October 1936-December 1936	New Mexico State Highway Department, Santa Fe, New Mexico, Surveyor.

Experience record of Roy Hall continued:

April 1936 - May 1936	United States Vanadium Corporation, Uravan, Colorado, Surveyor.
June 1935 - September 1935	H. N.D. Land Company, Chama, New Mexico, Surveyor.

Graduate of Colorado School of Mines, 1935, E. M. Degree.

(7) History.

(a) Very little is known of past production of the properties as they were abandoned about 1893, probably because of the silver panic of that time. Thomas F. Walsh purchased the claims in 1897 for taxes and later cleared title to them. As he was, at that time, starting development on the nearby Camp Bird Vein in which he had discovered high grade gold and silver, he did not bother to exploit the Yellow Rose Vein.

In 1902 Walsh sold the claims to Camp Bird Limited of England, along with most of his holdings in the Imogene Basin for six million dollars. Camp Bird Limited confined their attention to the Camp Bird Vein, which was well into production by that time. Base metals and silver were very low in value for many years, and the Yellow Rose Vein remained undeveloped.

(b) The Camp Bird vein, 7,500 feet southwest of the Yellow Rose Vein, has been a highly successful producer since it was acquired by Thomas F. Walsh in 1896.

Available records indicate a production in excess of $36,000,000.

(c) The following is a copy of a report by A. Von Schultz, 1883-84: "The Yellow Rose, 300 x 1500 feet; situated at the foot of Imogene Basin, seven miles southwest of Ouray, Mt. Moffles dis-

trict, and patented; vein a fissure, traceable on surface for over 3 miles (ten claims are located on this vein), and from 4 to 6 feet wide, the ores having galena as their base and including gray copper, silver glance, native silver in leaf and wire, red and resin blend, iron and copper pyrites, and the blue and green carbonates of copper with large quantities of manganese silicates and carbonate of manganese, the latter generally accompanied by both native quartz as the matrix of the metals, and a clay gouge between the mineral and the wall, the space between the ore and the footwall containing soft gray porphyry, the pay streak varying from 10 to 36 inches in width, assaying from 20 to 130 ounces silver per ton, the present workings, however, showing mineral of a much better quality; development—one drift on the vein 480 feet long."

"Declaration and Agnes—two adjoining claims on the vein (the Yellow Rose) 300 x 1500 each; situated at the foot of Imogene basin 7 miles southwest of Ouray, Mt. Sneffles district; located in 1876, and patented in 1882; owners Wm. Weston and George Barber, both of Ouray; vein a fissure, with trachyte walls from 4 to 6 feet wide, pay streak from 10 to 36 inches, containing principally a bright galena, associated with iron and copper pyrites, gray copper and blend, in a white crystalline quartz gangue, with native silver in leaves and wire and in many places sheets of silver glance, assaying from $25 to $125 per ton; developed by two tunnels 100 and 610 feet long, respectively, and a series of surface openings."

J. E. Spurr, 1908 writes the following: "I do not recommend any development work on most of the veins within the Camp Bird property and north of the Camp Bird vein. Two of these veins, I believe merit further development work (the Pierson and the Yellow Rose)

but the localities at which work should be done are nearly or quite out of Camp Bird property. These localities are just below the lower intrusive sheet, on both sides of Imogene Creek for the Pierson vein, and on the southeast side of the creek for the Yellow Rose vein, the two localities on the southeast side being preferred."

A report by G. W. Vaupell, 1930 states the following: "The Yellow Rose vein strikes N. 45° W. and dips about 70 degrees SW. This vein has the strongest and most promising outcrop of all the veins in the immediate vicinity.

"The Camp Bird claims cover 4,500 feet along the strike of the vein over the lower tunnel level, and there are two claims which cover the southeastern extension (2,700 feet long) towards the projected junction of the Yellow Rose and Camp Bird veins. These two claims are owned by local people.

"The Yellow Rose vein is credited with some production and there are several large dumps east of the road from the Camp Bird Mill to the old mine, and there are also the remains of two old mills.

"Samples have been taken off the Yellow Rose dumps at the site of the upper mill as follows:

	Oz. Au.	Oz. Ag.	% Pb.
"No. 1	Trace	20.9	Not Assayed
No. 2	0.04	47.9	" "
No. 3	0.04	200.5	" "
No. 4	0.16	29.0	20%

(Zn on No. 4 was 9% which equals $44.70 per ton net)

"The best looking part of the Yellow Rose outcrop is to the southeast of the Camp Bird Ltd. ownership at elevations of 11,000

to 12,000 feet in the Sunflower claim. An outcrop sample over a width of 6 feet gave assays as follows: No. 5: 0.02 oz. Au., 5.3 oz. Ag., and 5.3% Pb."

King Lease, Inc., Camp Bird Vein

King Lease Inc., Yellow Rose Mine
Ouray, Colorado

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

(a)	(b) Official Title (If officer is also director indicate by "D")	(c) Total of annual salary, commissions, bonuses, etc., received from Applicant and affiliates during last fiscal year.	(d) Estimated net worth outside of Applicant	(e) No. Shares held in Applicant corporation: Common	(f) Preferred	(g) Life Insurance carried for benefit of Applicant: Amount	(h) Net cash surrender value after loans
Joseph King Grand Junction, Colorado	President "D"	$650.00		47,999		None	
Kenneth Moore Gunnison, Colorado	Vice President & Treasurer "D"	586.20		500		None	
James K. Groves Grand Junction, Colorado	Ass't Treasurer	600.00		1		None	
Otis Moore Gunnison, Colorado				54,000		None	
Franklin A. Bell Ouray, Colorado	Secretary "D"	4800.00		21,999		None	
Mary A. Bell Golden, Colorado				23,000		None	
Louise Ingersoll Denver, Colorado				22,000		None	
	Total		XXXXXX			XXXXXX	XXXXXX

If more lines are needed continue on separate sheet

Total Dividends paid 1950 = $50,000.00 on production by King Lease on Camp Bird Vein

(9) Capital Stock Issues

For Corporate Applicants

Item	(a) Authorized	(b) Outstanding	(c) Par Value	(d) No. Shares Outstanding	(e) Dividend Last paid
Common Stock	$200,000.00	$	$1.00		December 1950
Preferred Stock	$	$	$		

(10) Production. The Yellow Rose property is not in production at present, nor are records available on past production.

(11) Future production depends on the results of the exploration program. If successful, a monthly production of 3,000 to 4,000 tons is anticipated.

(12) Ore or Mineral Reserves.

(a) The Yellow Rose Vein outcrop can be traced on the surface for over 2-1/2 miles. The lower Camp Bird Tunnel cuts this vein 1,400 feet below the surface, where it shows a strong vein structure with good values in lead and zinc.
With a program based on fourteen months of development work, approximately 200,000 tons of ore should be blocked out. This estimate is made on the assumption that half of the development will be driven on ore.

(b) (1) There are no assay plans. A plan showing claims in the area and a section through the Camp Bird Lower Tunnel accompany this report.
(2) To compute the probable ore reserve, an average width of five feet was used. A tonnage factor of eleven and a half cubic feet per ton is used in calculating Camp Bird ore reserves and should apply as well to this ore.
With 4,000 lineal feet of drifting and raises to a height of 300 feet, the tonnage blocked out would be:
$\frac{4000 \times 300 \times 5}{11.5} = 521,739$. Assuming half of the tonnage blocked out as ore the figure is reduced to 260,000 tons.

(13) Access Roads

There is a truck road between the lower Yellow Rose adit and the Camp Bird Mill Camp, a distance of 1-1/2 miles. Work on the last several hundred yards into the mine would put it in good condition. From the Camp Bird Mill Camp on to Ouray, a distance of six miles, is a good all weather road.

(14) Water Supply

There is an adequate water supply throughout the year.

(15) Power

176,750 KWH/month, Average cost 1.33¢/KWH. Power in this district is supplied by Western Colorado Power Company, Ouray, Colorado.

(16) Labor

Typical labor distribution at King Lease: 16 miners, 6 muckers, 4 hoistmen, 4 trammers, 4 mill operators, 4 mechanics, 3 bit grinders, 2 crushermen, and 1 blacksmith.

(17) Equipment and Facilities

There are no buildings or equipment on the Yellow Rose

property, but the property would be developed from the lower Camp Bird Crosscut. Under the program planned, King Lease buildings and equipment would be available. A list of King Lease equipment is enclosed. In addition, there are housing facilities, a concentrating plant, and other facilities now used by the King Lease, Inc.

KING LEASE EQUIPMENT

2	18 x 10 x 14 Imperial Type Ten Ingersoll Rand Compressors complete with 100 H.P. motors and starting boxes.
1	8 x 8 and 14½ x 8 XRB Ingersoll Rand Compressor complete with 100 H.P. motor and starting box.
1	Model 75H two stage air cooled Ingersoll Rand compressor complete with 75 H.P. motor and starting box.
1	Model 500 Ingersoll Rand combination drill steel cutter and shank grinder.
3	167 KVA 2400-240/480 Volt Transformers
13	R-104 Gardner Denver Stopers
4	CF-89 Gardner Denver Automatic Drifters
3	D-89 Gardner Denver Drifters
2	3-55 Gardner Denver Jackhammers
	12,600 Feet of #2/0 3 conductor 5,000 volt underground power cable
20	40 cubic foot rocker dump mine cars
2	1-1/2-ton battery mine locomotives
1	4 ton Westinghouse mine locomotive
2	3 ton Westinghouse mine locomotives
1	75 KVA Generator complete with 100 H.P. Motor
1	1,000 ft. two drum electric hoist with 80 H.P. motor and controls
1	500 ft. two drum electric hoist with 80 H.P. motor and controls
1	600 ft. two drum Vulcan Air hoist with air motors and controls
2	Bit Grinding Machines
1	IR-34 Drill Steel Sharpner
1	Toledo M-1000 Rod Threading Machine
2	Gardner Denver Mine Car Loaders
1	Sullivan Mine Car Loader
	Miscellaneous mine equipment such as air hoists, slushers, mine cars, for levels etc.....$20,000
2	5' x 4' Grate discharge ball mills complete with motors, grids etc.
2	10 x 21 Telsmith Jaw Crushers
1	Diester vibrating screen
1	300 ton ore bin
2	3" Wilfley sand pumps
3	2" Vertical pumps (Denver Equipment)
24	No. 15 Denver Sub A Flotation Cells complete with motors, etc.
1	10 x 12 foot Door thickner
1	4' Four disc Kinco filter
1	15' Tedrow Dryer
	Miscellaneous mill equipment such as conveyor belts, starting boxes, reagent feeders, etc.....$ 0,000

In addition to the above we have a complete machine shop for welding and repairs, also a complete bit grinding shop and electric shop for locomotive repairs, and two four wheel drive trucks.

(18) There are no particular conditions or circumstances not described above that should affect operations.

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

The King Lease, Inc.	By Norman Tobelley
Name of Company	Signature of Authorized Official
May 1, 1951	General Manager
Date	Title

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

Dma-1144X

DEFENSE MINERALS ADMINISTRATION

APPLICATION FORM NO. DMA-100

THE LING LODGE, INC.

Gunny, Colorado

VILLA, NORE FILE

THE KING LEASE, INC.
Ouray, Colorado
May 5, 1951

Dr. James Boyd
Defense Minerals Administration
U. S. Department of the Interior
Washington, D. C.

Gentlemen:

Attached are four (4) signed copies of Form DMA-100 requesting government assistance in exploration and development of the Yellow Rose vein system, at Ouray, Colorado.

This proposal is to develop a lead-zinc property, and operate the mine in conjunction with the present King Lease, Inc. operation of the Camp Bird Mine.

The government loan (on a 50 percent basis) would approximate $150,000.

It is respectfully requested that the Defense Minerals Administration authorize the Bureau of Mines and the Geological Survey to investigate and define the proposed project as outlined in the attached form.

One signed copy of this application form has been mailed to Defense Minerals Administration, 204 New Customhouse, Denver 2, Colorado.

Yours very truly,

THE KING LEASE, INC.

Norman Ebbley

Norman Ebbley
Manager

NE/ce
Enclosures

King Lease, Inc. Yellow Rose Mine
Carey, Colorado

DMEA DMA-100
(March 1951)

Form Approved
Budget Bureau No. 40-R026

UNITED STATES

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

GENERAL TECHNICAL DATA FOR USE UNDER THE DEFENSE PRODUCTION ACT OF 1950	Not to be filled in by applicant Docket No. dma-1144X Date Received 5/8/51

The King Lease, Inc.
Carey
Colorado

Name and Address of Applicant (Street, City, Zone, State)

Date May 1, 1951

INSTRUCTIONS

This form is to be filed with Defense Minerals Administration, Department of the Interior, Washington 25, D. C. It should be accompanied by appropriate application form when a specific type of Government assistance is requested, in the form of (1) loan, (2) purchase contract, (3) Government guarantee of a private loan, (4) Necessity Certificate pursuant to the provisions of Sec. 124-A (Amortization Deduction) of Internal Revenue Code 1950, (5) priorities or allocation of mining equipment, and maintenance, repair and operating supplies, and (6) other forms of Government assistance that might arise under the Act.

Submit four (4) signed copies of the form and accompanying papers. Name and address should be stamped or typed on each sheet of this form and all accompanying papers. When a question is inapplicable it should be so stated on the form. Additional sheets may be attached in answering any questions or in supplying additional information. (IF YOU CANNOT ANSWER A QUESTION, SO STATE.) If a question is answered elsewhere indicate where answered. It is not necessary to answer it again.

GENERAL TECHNICAL DATA

(1) Materials produced.

(a) The chief mine products are lead, zinc, copper, silver, and gold. These are produced in separate lead and zinc concentrates.

(b) There are no byproducts.

(2) The property includes the Yellow Rose and United States Depository group of claims. These claims are on one continuous vein and are as follows: Sunflower, Agnes, Declaration, Yellow Rose, Millionaire, U. S. Depository, Chief Deposit, and Caribou. The vein outcrop extends over 2-1/2 miles on the surface.

(a) Linear feet of shafts - 100 feet
(b) Linear feet of drifts and crosscuts - 1,443 feet
(c) Linear feet of tunnels and adits - 1,916 feet
(d) Linear feet of other mine openings - 0

The mine is not flooded.

There are no pumping problems.

Productive capacity will depend on the success of the exploration program. With reasonably good results, a capacity of 3,000 to 4,000 tons per month is anticipated.

(3) Location.

(a) Seven miles southwest of Ouray, Colorado
(b) Mt. Sneffles Mining District
(c) Township 43 North, Range 8 West of the New Mexico Meridian
(d) Ouray County, Colorado

(4) (a) The property is not in operation at present.

(b) King Lease, Inc., will operate property as lessee.

(5) (a) Number of years in production, unknown.

(b) Estimated Date When Production Will Begin:

The Yellow Rose vein intersects the lower Camp Bird Tunnel 3,450 feet from the portal. The total width of the vein is 9.3 feet, of which 3.8 feet is well mineralized. A channel sample cut across the width of 3.8 feet gave the following assays:

.01 oz. Au., 6.2 oz. Ag., 4.45 Pb., .35 Cu., and 2.9% Zn.

Drift headings to the east and west would begin on ore. From past experience in this region it seems reasonable to assume that half of the development work would be in ore.

It is intended to carry through the following program in case the lease is granted: 4,000 feet of drift would be driven on the same level as the main Camp Bird Tunnel, driving headings east and west on the Yellow Rose vein. Eight raises 300 feet high would be driven from this level to explore the vein, or a total of 2,400 feet of raise. This exploratory work could probably be completed in fourteen months. After a period of three or four months of work, stope mining could be started. Exploratory work would result in about 900 tons of ore per month, again assuming half of the work would be in ore. By starting steping operations simultaneously with exploration and development, the tonnage of ore could probably increased to 2,000 tons a month. Thus, the repayment of the loan could be started.

In the event the exploration program is successful, the mining operation could soon be expanded to a production of 4,000 tons a month, or the present capacity of the King Lease operation on the Camp Bird vein.

(6) Experience of Operators.

(a) King Lease, Inc. has operated the Camp Bird Mine continuously since 1925.

(b) Experience records of the general manager and a few of the staff members are enclosed.

DUGAN MOSLEY
(Registered Mining Engineer, State of Colorado)

March 1949 to Present	General Manager of King Lease, Inc. Operators of the Camp Bird Mine, Ouray, Colorado. Operate a gold, silver, lead, zinc, copper mine, and concentrating plant.
Nov. 1/47 to Mar. 1949	Mining Engineer for the U. S. Geological Survey in charge of Exploration on the Colorado Plateau Project for Uranium-Vanadium ore reserves. Supervised subordinate professional, clerical or sub-professional personnel. Directly responsible for all phases of the diamond drilling exploration, and formulated general and detailed procedure for carrying out all phases of the field exploration. P-5 Rating. U.S.G.S. Grand Junction, Colorado.
June 15/47-October 25/47	In charge of general exploration work at Leadville, Colorado. My associates and myself were endeavoring to unwater some old mining properties under lease.
May 1945-June 1947	Project Engineer (P-4 Rating) for the U. S. Bureau of Mines at Leadville, Colorado. Sampling of old properties, investigating old mine shafts and workings, supervision of diamond and churn drilling operations, retimbering and maintenance of Leadville Drainage Tunnel, report writing and mapping. U. S. Bureau of Mines, New-custom House, Denver, Colorado
March 1942-May 1945	Project Engineer (P-4 Rating) for the U. S. Bureau of Mines in Alaska. Work similar to above. U. S. Bureau of Mines, Washington, D. C.
November 1938-March 1942	Mining Engineer for the Day Mining Interests Wallace, Idaho. Geologist, Mining Engineer and construction foreman for the various properties owned and operated by Day Mines, Inc. In charge of general outside construction, road and sewer construction, etc. In charge of diamond drill procedure and underground mapping and geology.

Experience record of Norman Abbley continued:

June 1937-November 1938	Personal leasing operations. Acquired leases on various mining properties and subleasing to operators at Wallace, Idaho.
Sept. 1936-Nov. 1937 (Overlap)	Had mining drift contract for 3,000 feet of tunnel from Callahan Lead-Zinc Company on their Vulcan Tunnel Job at Wallace, Idaho. Completed the job in November 1937--in full charge of all the work.
June 1936-September 1936	Engineer in charge of drilling and estimating on placer gold prospects for the Day Mines, Inc. at Wallace, Idaho.
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Year 1936-Year 1938 (Overlap)	County Engineer for Shoshone County, Idaho. Elective Job.
November 1933-March 1934	Flood Control Engineer for the U. S. Government at Wallace, Idaho.

Although starting college in 1926, I stayed out three years and worked to complete my courses. During those years and the summers when I was on vacation, I worked as a common laborer in the mines and for the county (Shoshone, Idaho) driving trucks, and tractors. I have during that period served as a qualified blacksmith, electric-arc and acetylene welder, explosive engineer, "Cat" and shovel operator. Since 1934 I have been continuously in charge of men on responsible jobs.

Lin P. Berry

March 1950 - Present	King Lease, Inc., Camp Bird Mine, Ouray, Colorado Mine Foreman in charge of underground operations.
March 1949 - March 1950	Private Engineering Practice Vernal, Utah. Surveying, Mining Sand Asphalt Construction of Small Irrigation Project.
August 1940-March 1949	Barber Oil Company, New York City. Manager of Gilsonite Mining Operation at Bonanza, Utah. In complete charge of underground and surface operations.
November 1939-August 1940	Barber Oil Company, New York City Engineer of Gilsonite Mining Operation. This period was spent as understudy of retiring manager.
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October 1936-September 1937	Assistant in Mines Contracting Company, Wallace, Idaho. In charge of tunnel contract driving 3,000 feet of tunnel for Callahan Lead-Zinc Company at their Vulcan Tunnel, Wallace, Idaho.
May 1935-August 1936	American Smelting and Refining Company, c/o Federal Mng. & Smelting Company, Wallace, Idaho. Superintendent of Asurite Mine, Marcus, Washington, in charge of underground and surface development work prior to production operations.
September 1933-May 1935	Jack Waite Mine, Mullan, Idaho American Smelting and Refining Company, c/o Federal Mining & Smelting Company, Wallace, Idaho, Miner, Timberman, Mill Repairman, Mill Operator, Assayer. Lead, Silver, Zinc Mine.

Experience record of Lin E. Barry continued:

1926 - 1933	Attending College of Mines, University of Arizona, Tucson. 1926-1930 University of Washington, Seattle. 1931-1933 Graduated June 1933 B.S. Mining and Geology.
1926 - 1927	Phelps-Dodge Corporation, Nacozari, Sonora, Mexico Superivisor at Pilares Mine in charge of waste filling of cut and fill stopes with slushers. Timber salvage of abandoned square set stopes.
1925 - 1926	Placer Mining. Burnt River District. Baker, Oregon.
1924 - 1925	Chontales Mines Ltd., Chontales, Nicaragua, Cyanide Plant, Swift Rose Gold Mining Operation.
1923 - 1924	Iron Dyke Copper Mine, Homestead, Oregon. Mucker, Tracker, Timberman Helper.

Other experience includes working in logging and lumbering operations of North West Washington, and clerical work for Northern Pacific Railroad, Seattle, Washington.

I am a graduate engineer with a degree from the University of Washington in Mining and Geology.

Franklin A. Ball

March 1930 - Present	The King Lease, Inc., Camp Bird Mine, Ouray, Colorado. General Superintendent and Secretary in charge of mill, office, and shop. Director in King Lease.
January 1936 - 1938	The King Lease, Inc., Ouray, Colorado Mine Sampler and Shifter.
January 1939 - 1942	The King Lease, Inc., Ouray, Colorado, Mill Mechanic, Mill Operator.
January 1943 - 1944	Mill Superintendent, The King Lease, Inc., Ouray, Colorado.
January 1945 - 1947	The King Lease, Inc., Ouray, Colorado, General Superintendent and Vice President. In charge of mining and milling operations under Charles Bell Jr. President and General Manager.
January 1947 - 1949	General Superintendent and Vice President in charge of surface and milling operation, King Lease, Inc.
June 1934 - 1936	Gardner-Denver Company, Quincy Illinois. Repair and service engineer on pumps rock drills, and compressors. Heat Treat Department (Steel Analysis)
1928-1933	Colorado School of Mines, Golden, Colorado, Metallurgical Engineering.

King Lease, Inc. Yellow Rose Mine
Ouray, Colorado

Roy Hall

June 1949	King Lease, Inc., Ouray, Colorado, Engineer.
September 1948-April 1949	Idarado Mining Company, Ouray Colorado, Engineer and Shift Boss.
March 1948- July 1948	Sociedad Empresa De Estano de Araca, Viloco, Bolivia, Mill Superintendent.
May 1947-February 1948	Pride of West Operations, Silverton, Colorado, Mine Manager.
February 1946-April 1947	. C. Kruger and Associates, Santa Fe, New Mexico, Surveyor and Field Engineer.
August 1945-January 1946	New Mexico Public Service Commission, Santa Fe, New Mexico, Safety Engineer.
July 1945	G. A. Macy, Santa Fe, New Mexico, Civil Engineer.
July 1944-June 1945	W. C. Kruger, Los Alamos, New Mexico, Surveyor and Field Engineer.
April 1944-June 1944	James H. Russell, Santa Fe, New Mexico, Mining Engineer.
September 1942-February 1944	U. S. Navy, Ensign
April 1942-August 1942	Chas. De Leuw & Company, Sioux Ordnance Depot, Sidney Nebraska, Assistant Engineer.
October 1941-March 1942	Homer Mining Company, Cordsburg, New Mexico, Mine and Safety Engineer.
June 1938-July 1941	Compania Minera De Oruro, Oruro, Bolivia, Mine Manager.
March 1937-May 1938	Sociedad Empresa De Estano de Araca, Viloco, Bolivia, Chief Engineer.
January 1937-February 1937	Nevada Consolidated Copper Corporation, Hurley, New Mexico, Flotation Operator.
October 1936-December 1936	New Mexico State Highway Department, Santa Fe, New Mexico, Surveyor.

-2-

Experience record of Roy Hall continued:

April 1936 - May 1936	United States Vanadium Corporation, Uravan, Colorado, Surveyor.
June 1935 - September 1935	H. H.D. Land Company, Chama, New Mexico, Surveyor.

Graduate of Colorado School of Mines, 1935, B. S. Degree.

(7) History.

(a) Very little is known of past production of the properties as they were abandoned about 1893, probably because of the silver panic of that time. Thomas F. Walsh purchased the claims in 1897 for taxes and later cleared title to them. As he was, at that time, starting development on the nearby Camp Bird Vein in which he had discovered high grade gold and silver, he did not bother to exploit the Yellow Rose Vein.

In 1902 Walsh sold the claims to Camp Bird Limited of England, along with most of his holdings in the Imogene Basin for six million dollars. Camp Bird Limited confined their attention to the Camp Bird Vein, which was well into production by that time. Base metals and silver were very low in value for many years, and the Yellow Rose Vein remained undeveloped.

(b) The Camp Bird vein, 7,500 feet southwest of the Yellow Rose Vein, has been a highly successful producer since it was acquired by Thomas F. Walsh in 1896.

Available records indicate a production in excess of $36,000,000.

(c) The following is a copy of a report by A. Von Schultz, 1883-84: "The Yellow Rose, 300 x 1500 feet; situated at the foot of Imogene Basin, seven miles southwest of Ouray, Mt. Sneffles dis-

trict, and patented; vein a fissure, traceable on surface for over 3 miles (ten claims are located on this vein), and from 4 to 6 feet wide, the ores having galena as their base and including gray copper, silver glance, native silver in leaf and wire, red and resin blend, iron and copper pyrites, and the blue and green carbonates of copper with large quantities of manganese silicates and carbonate of manganese, the latter generally accompanied by both native quartz as the matrix of the metals, and a clay gouge between the mineral and the wall, the space between the ore and the footwall containing soft gray porphyry, the pay streak varying from 10 to 36 inches in width, assaying from 20 to 130 ounces silver per ton, the present workings, however, showing mineral of a much better quality; development—one drift on the vein 480 feet long."

"Declaration and Agnes—two adjoining claims on the vein (the Yellow Rose) 300 x 1500 each; situated at the foot of Imogene basin 7 miles southwest of Ouray, Co. Shoffler district; located in 1876, and patented in 1882; owners [illegible] Easton and George Barber, both of Ouray; vein a fissure, with smooth walls from 4 to 6 feet wide, pay streak from 10 to 36 inches, consisting principally of bright galena, associated with iron and copper pyrites, gray copper and blend, in a white crystalline quartz gangue, with native silver in leaves and wire and in many places sheets of silver glance, assaying from [illegible] to $125 per ton; developed by two tunnels 100 and 610 feet long, respectively, and a series of surface openings."

J. S. Spurr, 1902 writes the following: "I do not recommend any development work on most of the veins within the Camp Bird property and north of the Camp Bird vein. Two of these veins, I believe merit further development work (the Alerson and the Yellow Rose)

but the localities at which work should be done are nearly or quite out of Camp Bird property. These localities are just below the lower instrusive sheet, on both sides of Imogene Creek for the Pierson vein, and on the southeast side of the creek for the Yellow Rose vein, the two localities on the southeast side being preferred."

A report by C. W. Vaupell, 1930 states the following: "The Yellow Rose vein strikes N. 45° W. and dips about 70 degrees SW. This vein has the strongest and most promising outcrop of all the veins in the immediate vicinity.

"The Camp Bird claims cover 4,500 feet along the strike of the vein over the lower tunnel level, and there are two claims which cover the southeastern extension (3,700 feet long) towards the projected junction of the Yellow Rose and Camp Bird veins. These two claims are owned by local people.

"The Yellow Rose vein is credited with some production and there are several large dumps east of the road from the Camp Bird Mill to the old mine, and there are also the remains of two old mills.

"Samples have been taken off the Yellow Rose dumps at the site of the upper mill as follows:

	Oz. Au.	Oz. Ag.	% Pb.
"No. 1	Trace	20.9	Not Assayed
No. 2	0.04	47.9	" "
No. 3	0.04	200.5	" "
No. 4	0.16	29.0	20%

(x on No. 4 was 9% which equals $44.70 per ton net)

"The best looking part of the Yellow Rose outcrop is to the southeast of the Camp Bird Ltd. ownership at elevations of 11,000

to 12,000 feet in the Sunflower claim. An outcrop sample over a width of 6 feet gave assays as follows: No. 5: 0.02 oz. Au., 5.3 oz. Ag., and 5.3% Pb."

Ring Lease, Inc., Camp Bird Vein

King Lease Inc., Yellow Rose Mine
Ouray, Colorado

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

(a)	Official Title (if officer is also director indicate by "D") (b)	Total of annual salary, commissions, bonuses, etc., received from applicant and affiliates during last fiscal year. (c)	Estimated net worth outside of applicant (d)	No. Shares held in applicant corporation: Common (e)	Preferred (f)	Life Insurance carried for benefit of applicant: Amount (g)	Net cash surrender value after loans (h)
Joseph King Grand Junction, Colorado	President "D"	$50.00		47,999		None	
Kenneth Moore Gunnison, Colorado	Vice President & Treasurer "D"	588.10		500		None	
James L. Groves Grand Junction, Colorado	Ass't Treasurer	600.00		1		None	
Otis Moore Gunnison, Colorado				2,500		None	
Franklin L. Bell Ouray, Colorado	Secretary "D"	4500.00		21,999		None	
Mary L. Bell Golden, Colorado				23,000		None	
Louise Ingersoll Denver, Colorado				23,000		None	
	Total		XXXXXX			XXXXX	XXXXX

If more lines are needed continue on separate sheet

Total Dividends paid 1950 = $50,000.00 on production by King Lease on Camp Bird Vein

(9) Capital Stock Issues

For Corporate Applicants

Item	Authorized (a)	Outstanding (b)	Par Value (c)	No. Shares Outstanding (d)	Dividend last paid (e)
Common Stock	$200,000.00	$	$1.00		December 1950
Preferred Stock	$	$	$		

(10) Production. The Yellow Rose property is not in production at present, nor are records available on past production.

(11) Future production depends on the results of the exploration program. If successful, a monthly production of 1,000 to 4,000 tons is anticipated.

(12) Ore or Mineral Reserves.

(a) The Yellow Rose Vein outcrop can be traced on the surface for over 2-1/2 miles. The Lower Camp Bird Tunnel cuts this vein 1,400 feet below the surface, where it shows a strong vein structure with good values in lead and zinc.
With a program based on fourteen months of development work, approximately 260,000 tons of ore should be blocked out. This estimate is made on the assumption that half of the development will be driven on ore.

(b) (1) There are no assay plans. A plan showing claims in the area and a section through the Camp Bird Lower Tunnel accompany this report.
(2) To compute the probable ore reserve, an average width of five feet was used. A tonnage factor of eleven and a half cubic feet per ton is used in calculating Camp Bird ore reserves and should apply as well to this ore.
With 4,000 lineal feet of drifting and raises to a height of 300 feet, the tonnage blocked out would be: $\frac{4000 \times 300 \times 5}{11.5} = 521,739$. Assuming half of the tonnage blocked out as ore the figure is reduced to 260,000 tons.

(13) Access Roads

There is a truck road between the lower Yellow Rose adit and the Camp Bird Mill Camp, a distance of 1-1/2 miles. Work on the last several hundred yards into the mine would put it in good condition. From the Camp Bird Mill Camp on to Ouray, a distance of six miles, is a good all weather road.

(14) Water Supply

There is an adequate water supply throughout the year.

(15) Power

176,730 KWH/month, Average cost 1.33¢/KWH. Power in this district is supplied by Western Colorado Power Company, Ouray, Colorado.

(16) Labor

Typical labor distribution at King Lease: 16 miners, 6 muckers, 4 holsteen, 4 trammers, 4 mill operators, 4 mechanics, 3 bit grinders, 3 crushermen, and 1 blacksmith.

(17) Equipment and Facilities

There are no buildings or equipment on the Yellow Rose

property, but the property would be developed from the lower Camp Bird Crosscut. Under the program planned, King Lease buildings and equipment would be available. A list of King Lease equipment is enclosed. In addition, there are housing facilities, a concentrating plant, and other facilities now used by the King Lease, Inc.

KING LEASE EQUIPMENT

2 18 x 10 x 14 Imperial Type Ten Ingersoll Rand Compressors complete with 100 H.P. motors and starting boxes.
1 8 x 8 and 14½ x 8 ARD Ingersoll Rand Compressor complete with 100 H.P. motor and starting box.
1 Model 750 two stage air cooled Ingersoll Rand compressor complete with 75 H.P. motor and starting box.
1 Model 500 Ingersoll Rand combination drill steel cutter and shank grinder.
3 167 KVA 2400-240/480 Volt Transformers
13 B-104 Gardner Denver Stopers
4 CP-89 Gardner Denver Automatic Drifters
3 B-89 Gardner Denver Drifters
2 S-55 Gardner Denver Jackhammers
12,000 Feet of #2/0 3 conductor 5,000 volt underground power cable
20 40 cubic foot rocker dump mine cars
2 1-1/2-ton battery mine locomotives
1 4 ton Westinghouse mine locomotive
2 3 ton Westinghouse mine locomotives
1 75 KVA Generator complete with 100 H.P. Motor
1 1,000 ft. two drum electric hoist with 60 H.P. motor and controls
1 900 ft. two drum electric hoist with 60 H.P. motor and controls
1 600 ft. two drum Vulcan air hoist with air motors and controls
2 Bit Grinding Machines
1 IR-34 Drill Steel Sharpener
1 Toledo R-1000 Rod Threading Machine
2 Gardner Denver Mine Car Tackers
1 Sullivan Mine Car Loader
Miscellaneous mine equipment such as air hoses, sluices, mine cars, for level etc.....$30,000
2 5' x 4' Grate discharge ball mills complete with motors, gears etc.
2 10 x 21 Jaloudith Jaw Crushers
1 Hoover vibrating screen
1 100 ton ore bin
2 3" Wilfley sand pumps
3 2" Vertical pumps (Denver Equipment)
24 No. 15 Denver cell & Flotation cells complete with motors, etc.
1 10 x 12 foot Door thickener
1 4' Four disc Vacuum Filter
1 15' Tadros Dryer
Miscellaneous mill equipment such as conveyor belts, starting boxes, reagent feeders, etc.....$ 5,000
In addition to the above we have a complete machine shop for welding and repairs, also a complete big grinding shop and electric shop for locomotive repairs, and two four wheel drive trucks.

(18) There are no particular conditions or circumstances not described above that should affect operations.

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

The King Lease, Inc.	By [signature]
Name of Company	Signature of Authorized Official
May 1, 1951	General Manager
Date	Title

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

Dma - 1144 X

DEFENSE MINERALS ADMINISTRATION

APPLICATION FORM NO. DMA-100

THE KING LEASE, INC.

Ouray, Colorado

YELLOW ROSE MINE

THE KING LEASE, INC.
Ouray, Colorado
May 5, 1951

Dr. James Boyd
Defense Minerals Administration
U. S. Department of the Interior
Washington, D. C.

Gentlemen:

Attached are four (4) signed copies of Form DMA-100 requesting government assistance in exploration and development of the Yellow Rose vein system, at Ouray, Colorado.

This proposal is to develop a lead-zinc property, and operate the mine in conjunction with the present King Lease, Inc. operation of the Camp Bird Mine.

The government loan (on a 50 percent basis) would approximate $150,000.

It is respectfully requested that the Defense Minerals Administration authorize the Bureau of Mines and the Geological Survey to investigate and define the proposed project as outlined in the attached form.

One signed copy of this application form has been mailed to Defense Minerals Administration, 224 New Customhouse, Denver 2, Colorado.

Yours very truly,

THE KING LEASE, INC.

Norman Ebbley

Norman Ebbley
Manager

NE/as
Enclosures

King Lease, Inc., Yellow Rose Mine
Ouray, Colorado

FORM DMA-100
(March 1951)

Form Approved
Budget Bureau No. 42-R1026

UNITED STATES

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

GENERAL TECHNICAL DATA FOR USE UNDER THE DEFENSE PRODUCTION ACT OF 1950	Not to be filled in by applicant Docket No. dma-1144X Date Received 5/8/51

The King Lease, Inc.
Ouray
Colorado

Name and Address of Applicant (Street, City, Zone, State)

Date May 1, 1951

INSTRUCTIONS

This form is to be filed with Defense Minerals Administration, Department of the Interior, Washington 25, D. C. It should be accompanied by appropriate application form when a specific type of Government assistance is requested, in the form of (1) loan, (2) purchase contract, (3) Government guarantee of a private loan, (4) Necessity Certificate pursuant to the provisions of Sec. 124-A (Amortization Deduction) of Internal Revenue Code 1950, (5) priorities or allocation of mining equipment, and maintenance, repair and operating supplies, and (6) other forms of Government assistance that might arise under the Act.

Submit four (4) signed copies of the form and accompanying papers. Name and address should be stamped or typed on each sheet of this form and all accompanying papers. When a question is inapplicable it should be so stated on the form. Additional sheets may be attached in answering any questions or in supplying additional information. (IF YOU CANNOT ANSWER A QUESTION, SO STATE.) If a question is answered elsewhere indicate where answered. It is not necessary to answer it again.

GENERAL TECHNICAL DATA

(1) Materials produced.

(a) The chief mine products are lead, zinc, copper, silver, and gold. These are produced in separate lead and zinc concentrates.

(b) There are no byproducts.

(2) The property includes the Yellow Rose and United States Depository group of claims. These claims are on one continuous vein and are as follow: Sunflower, Agnes, Declaration, Yellow Rose, Millionaire, U. S. Depository, Chief Deposit, and Caribou. The vein outcrop extends over 2-1/2 miles on the surface.

(a) Linear feet of shafts - 100 feet
(b) Linear feet of drifts and crosscuts - 1,443 feet
(c) Linear feet of tunnels and adits - 1,918 feet
(d) Linear feet of other mine openings - 0

The mine is not flooded.

There are no pumping problems.

Productive capacity will depend on the success of the exploration program. With reasonably good results, a capacity of 3,000 to 4,000 tons per month is anticipated.

(3) Location.

(a) Seven miles southwest of Ouray, Colorado
(b) Mt. Sneffles Mining District
(c) Township 43 North, Range 8 West of the New Mexico Meridian
(d) Ouray County, Colorado

(4) (a) The property is not in operation at present.

(b) King Lease, Inc., will operate property as lessee.

(5) (a) Number of years in production, unknown.

(b) Estimated Date When Production Will Begin:

The Yellow Rose vein intersects the lower Camp Bird Tunnel 3,450 feet from the portal. The total width of the vein is 9.3 feet, of which 3.8 feet is well mineralized. A channel sample cut across the width of 3.8 feet gave the following assays:

.01 oz. Au., 6.2 oz. Ag., 4.4% Pb., .3% Cu., and 2.9% Zn.

Drift headings to the east and west would begin on ore. From past experience in this region it seems reasonable to assume that half of the development work would be in ore.

It is intended to carry through the following program in case the loan is granted: 4,000 feet of drift would be driven on the same level as the main Camp Bird Tunnel, driving headings east and west on the Yellow Rose vein. Eight raises 300 feet high would be driven from this level to explore the vein, or a total of 2,400 feet of raise. This exploratory work could probably be completed in fourteen months. After a period of three or four months of work, stope mining could be started. Exploratory work would result in about 900 tons of ore per month, again assuming half of the work would be in ore. By starting stoping operations simultaneously with exploration and development, the tonnage of ore could probably increased to 2,000 tons a month. Thus, the repayment of the loan could be started.

In the event the exploration program is successful, the mining operation could soon be expanded to a production of 4,000 tons a month, or the present capacity of the King Lease operation on the Camp Bird vein.

(6) Experience of Operators.

(a) King Lease, Inc. has operated the Camp Bird Mine continuously since 1925.

(b) Experience records of the general manager and a few of the staff members are enclosed.

NORMAN EBBLEY

(Registered Mining Engineer, State of Colorado)

March 1949 to Present	General Manager of King Lease, Inc. Operators of the Camp Bird Mine, Ouray, Colorado. Operate a gold, silver, lead, zinc, copper mine, and concentrating plant.
Nov. 1/47 to Mar. 1949	Mining Engineer for the U. S. Geological Survey in charge of Exploration on the Colorado Plateau Project for Uranium-Vanadium ore reserves. Supervised subordinate professional, clerical or sub-professional personnel. Directly responsible for all phases of the diamond drilling exploration, and formulated general and detailed procedure for carrying out all phases of the field exploration. P-5 Rating. U.S.G.S. Grand Junction, Colorado.
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Experience record of Norman Ebbley continued:

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November 1933-March 1934	Flood Control Engineer for the U. S. Government at Wallace, Idaho.

Although starting college in 1926, I stayed out three years and worked to complete my courses. During those years and the summers when I was on vacation, I worked as a common laborer in the mines and for the county (Shoshone, Idaho) driving trucks, and tractors. I have during that period served as a qualified blacksmith, electric-arc and acetylene welder, explosive engineer, "Cat" and shovel operator. Since 1934 I have been continuously in charge of men on responsible jobs.

King Lease, Inc., Yellow Rose Mine
Ouray, Colorado

Lin D. Barry

March 1950 - Present	King Lease, Inc., Camp Bird Mine, Ouray, Colorado Mine Foreman in charge of underground operations.
March 1949 - March 1950	Private Engineering Practice Vernal, Utah. Surveying, Mining Sand Asphalt Consturction of Small Irrigation Project.
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October 1936-September 1937	Associate in Mines Contracting Company, Wallace, Idaho. In charge of tunnel contract driving 3,000 feet of tunnel for Callahan Lead-Zinc Company at their Vulcan Tunnel, Wallace, Idaho.
May 1935-August 1936	American Smelting and Refining Company, c/o Federal Mng. & Smelting Company, Wallace, Idaho. Superintendent of Azurite Mine, Mazama, Washington, in charge of underground and surface development work prior to production operations.
September 1933-May 1935	Jack Waite Mine, Duthie, Idaho American Smelting and Refining Company, c/o Federal Mining & Smelting Company, Wallace, Idaho, Miner, Timberman, Mill Repairman, Mill Operator, Assayer. Lead, Silver, Zinc Mine.

Experience record of Lin D. Barry continued:

1928 - 1933	Attending College of Mines, University of Arizona, Tucson. 1928-1930 University of Washington, Seattle. 1931-1933 Graduated June 1933 B.S. Mining and Geology.
1926 - 1927	Phelps-Dodge Corporation, Nacozari, Sonora, Mexico Superivisor at Pilares Mine in charge of waste filling of cut and fill stopes with slushers. Timber salvage of abandoned square set stopes.
1925 - 1926	Placer Mining. Burnt River District. Baker, Oregon.
1924 - 1925	Chontales Mines Ltd., Chontales, Nicaragua, Cyanide Plant, Shift Boss Gold Mining Operation.
1923 - 1924	Iron Dyke Copper Mine, Homestead, Oregon. Mucker, Trammer, Timberman Helper.

Other experience includes working in logging and lumbering operations of North West Washington, and clerical work for Northern Pacific Railroad, Seattle, Washington.

I am a graduate engineer with a degree from the University of Washington in Mining and Geology.

Franklin A. Bell

March 1950 - Present	The King Lease, Inc., Camp Bird Mine, Ouray, Colorado. General Superintendent and Secretary in charge of mill, office, and shop. Director in King Lease.
January 1936 - 1938	The King Lease, Inc., Ouray, Colorado Mine Sampler and Shifter.
January 1939 - 1942	The King Lease, Inc., Ouray, Colorado, Mill Mechanic, Mill Operator.
January 1943 - 1944	Mill Superintendent, The King Lease, Inc., Ouray, Colorado.
January 1945 - 1947	The King Lease, Inc., Ouray, Colorado, General Superintendent and Vice President. In charge of mining and milling operations under Charles Bell Sr. President and General Manager.
January 1947 - 1949	General Superintendent and Vice President in charge of surface and milling operation. King Lease, Inc.
June 1934 - 1936	Gardner-Denver Company, Quincy Illinois. Repair and service engineer on pumps rock drills, and compressors. Heat Treat Department (Steel Analysis)
1928-1933	Colorado School of Mines, Golden, Colorado, Metallurgical Engineering.

Roy Hall

June 1949	King Lease, Inc., Ouray, Colorado, Engineer.
September 1948-April 1949	Idarado Mining Company, Ouray Colorado, Engineer and Shift Boss.
March 1948- July 1948	Sociedad Empresa De Estano de Araca, Viloco, Bolivia, Mill Superintendent.
May 1947-February 1948	Pride of West Operations, Silverton, Colorado, Mine Manager.
February 1946-April 1947	W. C. Kruger and Associates, Santa Fe, New Mexico, Surveyor and Field Engineer.
August 1945-January 1946	New Mexico Public Service Commission, Santa Fe, New Mexico, Safety Engineer.
July 1945	G. D. Macy, Santa Fe, New Mexico, Civil Engineer.
July 1944-June 1945	W. C. Kruger, Los Alamos, New Mexico, Surveyor and Field Engineer.
April 1944-June 1944	James H. Russell, Santa Fe, New Mexico, Mining Engineer.
September 1942-February 1944	U. S. Navy, Ensign
April 1942-August 1942	Chas. De Leuw & Company, Sioux Ordinance Depot, Sidney Nebraska, Assistant Engineer.
October 1941-March 1942	Banner Mining Company, Lordsburg, New Mexico, Mine and Safety Engineer.
June 1938-July 1941	Compania Minera De Oruro, Oruro, Bolivia, Mine Manager.
March 1937-May 1938	Sociedad Empresa De Estano de Araca, Viloco, Bolivia, Chief Engineer.
January 1937-February 1937	Nevada Consolidated Copper Corporation, Hurley, New Mexico, Flotation Operator.
October 1936-December 1936	New Mexico State Highway Department, Santa Fe, New Mexico, Surveyor.

Experience record of Roy Hall continued:

April 1936 - May 1936	United States Vanadium Corporation, Uravan, Colorado, Surveyor.
June 1935 - September 1935	H. W.D. Land Company, Chama, New Mexico, Surveyor.

Graduate of Colorado School of Mines, 1935, E. M. Degree.

(7) History.

(a) Very little is known of past production of the properties as they were abandoned about 1893, probably because of the silver panic of that time. Thomas F. Walsh purchased the claims in 1897 for taxes and later cleared title to them. As he was, at that time, starting development on the nearby Camp Bird Vein in which he had discovered high grade gold and silver, he did not bother to exploit the Yellow Rose Vein.

In 1902 Walsh sold the claims to Camp Bird Limited of England, along with most of his holdings in the Imogene Basin for six million dollars. Camp Bird Limited confined their attention to the Camp Bird Vein, which was well into production by that time. Base metals and silver were very low in value for many years, and the Yellow Rose Vein remained undeveloped.

(b) The Camp Bird vein, 7,500 feet southwest of the Yellow Rose Vein, has been a highly successful producer since it was acquired by Thomas F. Walsh in 1896.

Available records indicate a production in excess of $36,000,000.

(c) The following is a copy of a report by A. Von Schultz, 1883-84: "The Yellow Rose, 300 x 1500 feet; situated at the foot of Imogene Basin, seven miles southwest of Ouray, Mt. Sneffles dis-

trict, and patented; vein a fissure, traceable on surface for over 3 miles (ten claims are located on this vein), and from 4 to 8 feet wide, the ores having galena as their base and including gray copper, silver glance, native silver in leaf and wire, red and resin blend, iron and copper pyrites, and the blue and green carbonates of copper with large quantities of manganese silicates and carbonate of manganese, the latter generally accompanied by both native quartz as the matrix of the metals, and a clay gouge between the mineral and the wall, the space between the ore and the footwall containing soft gray porphyry, the pay streak varying from 10 to 36 inches in width, assaying from 20 to 130 ounces silver per ton, the present workings, however, showing mineral of a much better quality; development--one drift on the vein 480 feet long."

"Declaration and Agnes--two adjoining claims on the vein (the Yellow Rose) 300 x 1500 each; situated at the foot of Imogene basin 7 miles southwest of Ouray, Mt. Sneffles district; located in 1878, and patented in 1882; owners Wm. Weston and George Barber, both of Ouray; vein a fissure, with trachyte walls from 4 to 6 feet wide, pay streak from 10 to 36 inches, containing principally a bright galena, associated with iron and copper pyrites, gray copper and blend, in a white crystaline quartz gangue, with native silver in leaves and wire and in many places sheets of silver glance, assaying from $25 to $125 per ton; developed by two tunnels 100 and 610 feet long, respectively, and a series of surface openings."

J. E. Spurr, 1908 writes the following: "I do not recommend any development work on most of the veins within the Camp Bird property and north of the Camp Bird vein. Two of these veins, I believe merit further development work (the Pierson and the Yellow Rose)

but the localities at which work should be done are nearly or quite out of Camp Bird property. These localities are just below the lower instrusive sheet, on both sides of Imogene Creek for the Pierson vein, and on the southeast side of the creek for the Yellow Rose vein, the two localities on the southeast side being preferred."

A report by C. W. Vaupell, 1930 states the following: "The Yellow Rose vein strikes N. 45° W. and dips about 70 degrees SW. This vein has the strongest and most promising outcrop of all the veins in the immediate vicinity.

"The Camp Bird claims cover 4,500 feet along the strike of the vein over the lower tunnel level, and there are two claims which cover the southeastern extension (2,700 feet long) towards the projected junction of the Yellow Rose and Camp Bird veins. These two claims are owned by local people.

"The Yellow Rose vein is credited with some production and there are several large dumps east of the road from the Camp Bird Mill to the old mine, and there are also the remains of two old mills.

"Samples have been taken off the Yellow Rose dumps at the site of the upper mill as follows:

	Oz. Au.	Oz. Ag.	% Pb.
"No. 1	Trace	20.9	Not Assayed
No. 2	0.04	47.9	" "
No. 3	0.04	200.5	" "
No. 4	0.16	29.0	20%

(Zn on No. 4 was 9% which equals $44.70 per ton net)

"The best looking part of the Yellow Rose outcrop is to the southeast of the Camp Bird Ltd. ownership at elevations of 11,000

to 12,000 feet in the Sunflower claim. An outcrop sample over a width of 6 feet gave assays as follows: No. 5: 0.02 oz. Au., 5.3 oz. Ag., and 5.3% Pb."

King Lease, Inc., Camp Bird Vein

King Lease Inc.; Yellow Rose Mine
Ouray, Colorado

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

(a)	(b) Official Title (If officer is also director indicate by "D")	(c) Total of annual salary, commissions, bonuses, etc., received from Applicant and affiliates during last fiscal year.	(d) Estimated net worth outside of Applicant	(e) No. Shares held in Applicant corporation: Common	(f) Preferred	(g) Life insurance carried for benefit of Applicant: Amount	(h) Net cash surrender value after loans
Joseph King Grand Junction, Colorado	President "D"	$850.00		47,999		None	
Kenneth Moore Gunnison, Colorado	Vice President & Treasurer "D"	588.30		500		None	
James K. Groves Grand Junction, Colorado	Ass't Treasurer	600.00		1		None	
Otis Moore Gunnison, Colorado				54,000		None	
Franklin A. Bell Ouray, Colorado	Secretary "D"	4800.00		21,999		None	
Mary E. Bell Golden, Colorado				23,000		None	
Louise Ingersoll Denver, Colorado				22,000		None	
	Total		XXXXXX			XXXXXX	XXXXXXXX

If more lines are needed continue on separate sheet

Total Dividends paid 1950 = $50,000.00 on production by King Lease on Camp Bird Vein

(9) Capital Stock Issues

For Corporate Applicants

Item	Authorized (a)	Outstanding (b)	Par Value @ ($)	No. Shares Outstanding (d)	Dividend last paid (e)
Common Stock	$200,000.00	$	$1.00		December 1950
Preferred Stock	$	$	$		

(10) Production. The Yellow Rose property is not in production at present, nor are records available on past production.

(11) Future production depends on the results of the exploration program. If successful, a monthly production of 3,000 to 4,000 tons is anticipated.

(12) Ore or Mineral Reserves.

(a) The Yellow Rose Vein outcrop can be traced on the surface for over 2-1/2 miles. The lower Camp Bird Tunnel cuts this vein 1,400 feet below the surface, where it shows a strong vein structure with good values in lead and zinc.
With a program based on fourteen months of development work, approximately 260,000 tons of ore should be blocked out. This estimate is made on the assumption that half of the development will be driven on ore.

(b) (1) There are no assay plans. A plan showing claims in the area and a section through the Camp Bird Lower Tunnel accompany this report.
(2) To compute the probable ore reserve, an average width of five feet was used. A tonnage factor of eleven and a half cubic feet per ton is used in calculating Camp Bird ore reserves and should apply as well to this ore.
With 4,000 lineal feet of drifting and raises to a height of 300 feet, the tonnage blocked out would be:
$\frac{4000 \times 300 \times 5}{11.5} = 521,739$. Assuming half of the tonnage blocked out as ore the figure is reduced to 260,000 tons.

(13) Access Roads

There is a truck road between the lower Yellow Rose adit and the Camp Bird Mill Camp, a distance of 1-1/2 miles. Work on the las t several hundred yards into the mine would put it in good condition. From the Camp Bird Mill Camp on to Ouray, a distance of six miles, is a good all weather road.

(14) Water Supply

There is an adequate water supply throughout the year.

(15) Power

176,750 KWH/month, Average cost 1.33¢/KWH. Power in this district is supplied by Western Colorado Power Company, Ouray, Colorado.

(16) Labor

Typical labor distribution at King Lease: 16 miners, 6 muckers, 4 hoistmen, 4 trammers, 4 mill operators, 4 mechanics, 3 bit grinders, 2 crushermen, and 1 blacksmith.

(17) Equipment and Facilities

There are no buildings or equipment on the Yellow Rose

property, but the property would be developed from the lower Camp Bird Crosscut. Under the program planned, King Lease buildings and equipment would be available. A list of King Lease equipment is enclosed. In addition, there are housing facilities, a concentrating plant, and other facilities now used by the King Lease, Inc.

KING LEASE EQUIPMENT

2 18 x 10 x 14 Imperial Type Ten Ingersoll Rand Compressors complete with 100 H.P. motors and starting boxes.
1 8 x 8 and 14½ x 8 XRB Ingersoll Rand Compressor complete with 100 H.P. motor and starting box.
1 Model 75H two stage air cooled Ingersoll Rand compressor complete with 75 H.P. motor and starting box.
1 Model 500 Ingersoll Rand combination drill steel cutter and shank grinder.
3 167 KVA 2400-240/480 Volt Transformers
13 R-104 Gardner Denver Stopers
4 CF-89 Gardner Denver Automatic Drifters
3 D-89 Gardner Denver Drifters
2 S-55 Gardner Denver Jackhammers
12,600 Feet of #2/0 3 conductor 5,000 volt underground power cable
20 40 cubic foot rocker dump mine cars
2 1-1/2-ton battery mine locomotives
1 4 ton Westinghouse mine locomotive
2 3 ton Westinghouse mine locomotives
1 75 KVA Generator complete with 100 H.P. Motor
1 1,000 ft. two drum electric hoist with 80 H.P. motor and controls
1 500 ft. two drum electric hoist with 80 H.P. motor and controls
1 600 ft. two drum Vulcan Air hoist with air motors and controls
2 Bit Grinding Machines
1 IR-34 Drill Steel Sharpner
1 Toledo M-1000 Rod Threading Machine
2 Gardner Denver Mine Car Loaders
1 Sullivan Mine Car Loader
Miscellaneous mine equipment such as air hoists, slushers, mine cars, for levels etc.....$20,000
2 5' x 4' Grate discharge ball mills complete with motors, grids etc.
2 10 x 21 Telsmith Jaw Crushers
1 Diester vibrating screen
1 300 ton ore bin
2 3" Wilfley sand pumps
3 2" Vertical pumps (Denver Equipment)
24 NO. 15 Denver Sub A Flotation Cells complete with motors, etc.
1 10 x 12 foot Door thickner
1 4' Four disc Eimco Filter
1 15' Tedrow Dryer
Miscellaneous mill equipment such as conveyor belts, starting boxes, reagent feeders, etc.....$ 6,000

In addition to the above we have a complete machine shop for welding and repairs, also a complete bit grinding shop and electric shop for locomotive repairs, and two four wheel drive trucks.

(18) There are no particular conditions or circumstances not described above that should affect operations.

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

The King Lease, Inc.	By Norman Robbins
Name of Company	Signature of Authorized Official
May 1, 1951	General Manager
Date	Title

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

March 30, 1951

Mr. Norman Ebbley, Manager
The King Leasey Inc.
Ouray, Colorado

Dear Mr. Ebbley:

This is in answer to your letter of March 23 to Dr. James Boyd.

We are enclosing press releases concerning the matter of mine loans and also exploration projects. The release of December 5 concerns loans for mine and mill development where the ore reserve is large enough to repay the loan. The release of February 20 concerns purely exploration projects.

If you will let us know which one of these you would be interested in, we will send you the proper forms on which to make your application.

Very truly yours,

Tom Lyon, Director
Supply Division

Enclosures

TLyon/ad

cc: Administrator
Dep. Adm.
Exec.Sedy.
Exec.Officer, Field Team, Region IV
Mr. Lyon
Files

LANDON T. STROBEL

THE KING LEASE, INC.
OURAY, COLORADO

March 23, 1950

Re: Mining Loans for Mineral Exploration

Dr. James Boyd, Administrator
The Defence Minerals Administration
U. S. Bureau of Mines Office
Washington, D.C.

Dear Dr. Boyd:

It would be appreciated if you would send us information regarding the proper procedure in applying for government aid for mine development.

We have two or three deep level development projects which would probably amount to $350,000 to $400,000 entailing some long crosscuts and drifts from our lowest tunnel level. The veinswhich we wish to develop are separate from the Camp Bird vein proper and would have from 1,000 to 1,800 feet of potential backs. Where developed in the upper horizons, the zinc, lead, and copper vein structures are actually stronger than the Camp Bird sulphide vein at the corresponding elevations.

We have written Paul Allsman in Denver and he sent us some forms, NSRB-146. It is our understanding that these original forms have been replaced by less complicated ones, so we have held up filling the NSRB-146's out while endeavoring to get additional information.

Any information which you can give us on this subject will be greatly appreciated.

Yours very truly,

THE KING LEASE, INC.

Norman Ebbley
Manager

NE/as

10

3/27/51 Lyon – reply

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 27 1951
LANDON F. STROBEL
Executive Secretary

March 14, 1951

Mr. Herman Abbley, Manager
The King Lease, Inc.
Curey, Colorado

Dear Mr. Abbley:

We have today received your letter of March 6 addressed to Dr. James Boyd.

We will keep you advised of developments on this matter.

Very truly yours,

Francis B. Speaker
Acting Chief, MRO Branch
Requirements Division

*FBSpeaker:dbs

Copy to: Administrator's Reading File
Mr. Strobel
Mr. Montag
Files

THIS AGREEMENT made and entered into IN TRIPLICATE, as of the first day of January, 1951, by and between THE CAMP BIRD TUNNEL, MINING AND TRANSPORTATION COMPANY, a Colorado corporation (hereinafter described as the "Tunnel Company"). and THE KING LEASE, INC., also a Colorado corporation (herein after described as the "Licensee"). WITNESSETH:

In consideration of the covenants and agreements hereinafter contained, the parties hereto have this day agreed among themselves as follows:

1. Camp Bird Limited, a corporation duly organized and existing under and by virtue of the laws of the United Kingdom of Great Britain and Northern Ireland, and Licensee have prepared and are now ready to execute and put into effect a certain written agreement of lease dated as of January 1, 1951, which agreement of lease is hereinafter referred to as the "Principal Lease." The Tunnel Company hereby gives and grants to Licensee for and during the term of said Principal Lease, the right and privilege:

(a) to use the Tunnel Company's tunnel together with its tracks, pipelines, and air receivers from Portal to Tunnel Station.

(b) to use all surface tracks of the Tunnel Company serving its various dumps, and the water developed in the Camp Bird Tunnel

(c) to use waste disposal dumps of the Tunnel Company for development waste and other discarded material;

(d) to use all buildings, if any, belonging to the Tunnel Company which are situated and located at the Portal of the tunnel belonging to the Tunnel Company, and to use all equipment belonging to the Tunnel Company shown in detail upon Exhibit "A" attached hereto and by this reference made a part hereof, subject, however, to the covenants and

agreements and upon the conditions hereinafter set forth.

2. The Licensee, shall at its own sole cost and expense:

(a) maintain the tunnel from Portal to Tunnel Station, including the said Tunnel Station, together with all surface and underground tracks and underground pipelines, and air receivers, if used;

(b) maintain the tunnel drainage ditch from Portal to Tunnel Station;

(c) Maintain said buildings and equipment in a good state of repair, and at the termination hereof return the same to the Tunnel Company in as good condition as when received by Licensee less ordinary wear and tear incident to its use.

3. The properties to be operated or used by Licensee under the terms hereof shall be used and operated in a manner satisfactory to the Tunnel Company; and all maintenance work to be done by Licensee under the terms hereof shall be done in a manner satisfactory to the Tunnel Company.

4. Licensee shall not store blasting powder, caps, or any other explosives on the surface of any of the premises or property, or in any of the buildings of the Tunnel Company

5. Licensee shall, in accordance with the laws of the State of Colorado, carry Workmen's Compensation insurance in a sum sufficient to protect it as well as the Tunnel Company against any and all liability for injuries to Licensee's employees which may occur on or about said premises; and such insurance shall be in force and effect when the Licensee takes possession of the premises. Licensee further agrees that it will comply with all the laws and regulations of any Bureau or Commission constituted under the laws of the State of Colorado governing and having jurisdiction of any of its operations.

6. If in the opinion of the Tunnel Company it is necessary or expedient to do so, this agreement shall be submitted to the Public Utilities Commission of the State of Colorado, and all

rights and privileges of the Licensee are subject to any duties or obligations imposed or incumbent upon the Tunnel Company under its Articles of Incorporation or the laws of the State of Colorado.

7. The execution of thePrincipal Lease by Licensee is one of the considerations for the execution of this Agreement by the Tunnel Company, and this agreement shall not become operative or effective until and unless the Principal Lease shall have been executed and be in effect; and all rights and privileges herein granted to said Licensee are in connection with the operations to be carried on under and by virtue of said Principal Lease and are subject thereto; and upon the expiration or forefeiture of the Principal Lease, for any cause whatever, all rights acquired by the Licensee hereunder shall immediately terminate.

8. Tunnel Company shall have and retain the right and privilege to grant to others the right to use the Tunnel and other properties referred to in Paragraph 1 hereof jointly with King Lease, Inc., provided that such use shall not unreasonably limit nor interfere with the operations of King Lease, Inc. under the said Principal Lease with Camp Bird, Limited, referred to in Paragraph 1, on a basis where each such user will pay its fair share of the costs and expenses in respect of the maintenance and use of the property referred to in Paragraph 1, hereof, such fair share to be agreed upon from time to time by the users of said property, but in the absence of such agreement, such fair share shall be determined upon the basis of the percentage of use of such property. The decision of the Tunnel Company as to such division, unless arbitrary or capricious, shall be binding upon Licensee. In the event any such right is granted by Tunnel Company Licensee agrees to fully cooperate with the grantee thereof to the full extent of its ability to the end that the maximum use of

the property referred to in Paragraph 1 hereof shall be made. Tunnel Company reserves the right to make such rules and regulations for the joint use of the property referred to in Paragraph 1 hereof as may be necessary to insure maximum use thereof if the users thereof cannot agree among themselves as to the terms, provisions and details of such joint use. Licensee agrees to comply with any such rules and regulations promulgated by Tunnel Company.

IN WITNESS WHEREOF, the parties hereto have caused their names to be hereunto subscribed and their corporate seals to be hereto affixed by their offices who have been thereunto duly authorized, as of the first day of January, A. D. 1951.

THE CAMP BIRD TUNNEL, MINING AND TRANSPORTATION COMPANY

BY_____
President

ATTEST:

_____
Secretary

THE KING LEASE, INC.

BY_____
Vice-President

ATTEST:

_____
Secretary

THIS AGREEMENT made and entered into IN TRIPLICATE, as of the first day of January, 1951, by and between THE CAMP BIRD TUNNEL, MINING AND TRANSPORTATION COMPANY, a Colorado corporation (hereinafter described as the "Tunnel Company"). and THE KING LEASE, INC., also a Colorado corporation (Herein after described as the "Licensee"). WITNESSETH:

In consideration of the covenants and agreements hereinafter contained, the parties hereto have this day agreed among themselves as follows:

1. Camp Bird Limited, a corporation duly organized and existing under and by virtue of the laws of the United Kingdom of Great Britain and Northern Ireland, and Licensee have prepared and are now ready to execute and put into effect a certain written agreement of lease dated as of January 1, 1951, which agreement of lease is hereinafter referred to as the "Principal Lease". The Tunnel Company hereby gives and grants to Licensee for and during the term of said Principal Lease, the right and privilege:

(a) to use the Tunnel Company's tunnel together with its tracks, pipelines, and air receivers from Portal to Tunnel Station:

(b) to use all surface tracks of the Tunnel Company serving its various dumps, and the water developed in the Camp Bird Tunnel;

(c) to use waste disposal dumps of the Tunnel Company for development waste and other discarded material;

(d) to use all buildings, if any, belonging to the Tunnel Company which are situated and located at the Portal of the tunnel belonging to the Tunnel Company, and to use all equipment belonging to the Tunnel Company shown in detail upon Exhibit "A" attached hereto and by this reference made a part hereof, subject, however, to the covenants and

agreements and upon the conditions hereinafter set forth.

2. The Licensee shall, at its own sole cost and expense:

(a) maintain the tunnel from Portal to Tunnel Station, including said Tunnel Station, together with all surface and underground tracks and underground pipelines, and air receivers, if used;

(b) maintain the tunnel drainage ditch from Portal to Tunnel Station;

(c) maintain said buildings and equipment in a good state of repair, and at the termination hereof return the same to the Tunnel Company in as good condition as when received by Licensee less ordinary wear and tear incident to its use.

3. The properties to be operated or used by Licensee under the terms hereof shall be used and operated in a manner satisfactory to the Tunnel Company; and all maintenance work to be done by Licensee under the terms hereof shall be done in a manner satisfactory to the Tunnel Company.

4 Licensee shall not store blasting powder, caps, or any other explosives on the surface of any of the premises or property, or in any of the buildings of the Tunnel Company.

5. Licensee shall, in accordance with the laws of the State of Colorado, carry Workmen's Compensation insurance in a sum sufficient to protect it as well as the Tunnel Company against any and all liability for injuries to Licensee's employees which may occur on or about the said premises; and such insurance shall be in force and effect when the Licensee takes possession of the premises. Licensee further agrees that it will comply with all the laws and regulations of any Bureau or Commission constituted under the laws of the State of Colorado governing and having jurisdiction of any of its operations.

5. If in the opinion of the Tunnel Company it is necessary or expedient to do so, this agreement shall be submitted to the Public Utilities Commission of the State of Colorado, and all

rights and privileges of the Licensee are subject to any duties or obligations imposed or incumbent upon the Tunnel Company under its Articles of Incorporation or the laws of the State of Colorado.

7. The execution of the Principal Lease by Licensee is one of the considerations for the execution of this agreement by the Tunnel Company, and this agreement shall not become operative or effective until and unless the Principal Lease shall have been executed and be in effect; and all rights and privileges herein granted to said Licensee are in connection with the operations to be carried on under and by virtue of said Principal Lease and are subject thereto; and upon the expiration or forefeiture of the Principal Lease, for any cause whatever, all rights acquired by the Licensee hereunder shall immediately terminate.

8. Tunnel Company shall have and retain the right and privilege to grant to others the right to use the Tunnel and other properties referred to in Paragraph 1 hereof jointly with King Lease, Inc., provided that such use shall not unreasonably limit nor interfere with the operations of King Lease, Inc. under the said Principal Lease with Camp Bird, Limited referred to in Paragraph 1, on a basis where each such user will pay its fair share of the costs and expenses in respect of the maintenance and use of the property referred to in Paragraph 1, hereof, such fair share to be agreed upon from time to time by the users of said property, but in the absence of such agreement, such fair share shall be determined upon the basis of the percentage of use of such property. The decision of the Tunnel Company as to such division, unless arbitrary or capricious, shall be binding upon Licensee. In the event any such right is granted by Tunnel Company Licensee agrees to fully cooperate with the grantee thereof to the full extent of its ability to the end that the maximum use of

the property referred to in Paragraph 1 hereof shall be made Tunnel Company reserves the right to make such rules and regulations for the joint use of the property referred to in Paragraph 1 hereof as may be necessary to insure maximum use thereof if the users thereof cannot agree among themselves as to the terms, provisions and details of such joint use. Licensee agrees to comply with any such rules and regulations promulgated by Tunnel Company.

IN WITNESS WHEREOF, the parties hereto have caused their names to be hereunto subscribed and their corporate seals to be hereto affixed by their offices who have been thereunto duly authorized, as of the first day of January, A. D. 1951.

THE CAMP BIRD TUNNEL, MINING AND TRANSPORTATION COMPANY,

BY _____
President

Attest:

_____
Secretary

THE KING LEASE, INC.

Attest:

By _____
Vice-President.

_____
Secretary

Machine Shop at Portal - - - Item 2 Exhibit D-1 to Principal Lease

1	Westinghouse	Motor	No. 69279	100 H. P.
1	"	"	" 274154	20 H. P.
1	"	"	" 212065	20 H. P.
1	"	"	" 129937	20 H. P
1	"	"	" 125369	100 H. P.
1	"	"	" 404430	10 H. P.
1	"	"	" 550474	50 H. P.

1 Generator, No. 213923-- 15 kw

1 Blacksmith forge, anvil, complete set blacksmith tools

1 Large air receiver

8 small, 1 ton rocker type, tunnel cars

1 4" jaw crusher, sample room

2 Westinghouse locomotives, 3½ ton, marked No. 1 and No. 2 on frames

1 Goodman switcher locomotive, 2 ton, marked No. 3 on frame.

Exhibit "A" to Agreement dated

January 1, 1951.

THIS AGREEMENT OF LEASE, made and entered into, IN DUPLICATE, as of the first day of January, A. D. 1951, by and between CAMP BIRD LIMITED, a corporation organized and existing under and by virtue of the laws of the United Kingdom of Great Britain and Northern Ireland, having its principal office in the City of London, England, and doing business in the Counties of Ouray and San Miguel in the State of Colorado by virtue of compliance with the laws of the said State, party of the first part and lessor (hereinafter referred to as the "Lessor"), and THE MINERALS, INC., a corporation duly organized and existing under and by virtue of the laws of the State of Colorado, party of the second part and lessee (hereinafter referred to as the "Lessee"), WITNESSETH:

1. The parties hereto have heretofore under date of the first day of January, 1948, executed and entered into an agreement of lease for a certain part of the mining properties and premises of the Lessor situate in the Mount Sneffels Mining District and the Red Mountain Mining District, in Ouray County, Colorado, and the Upper San Miguel Mining District in San Miguel County, Colorado, which said lease, together with a supplemental agreement in respect thereof entered into as of January 2, 1948, has, prior to the execution hereof, been in full force and effect. Pursuant to the terms of said lease the Lessee is still in possession of the premises therein described. In consideration of the execution of this agreement and of the covenants herein contained, the said lease dated January 1, 1948, between the parties hereto, and said supplemental agreement, as well as all other leases, agreements, writings, pur ite, and contracts of every nature and kind between the parties, are hereby cancelled and terminated as of this date, and this agreement of lease shall be held to set forth and contain all covenants and agreements of every nature and kind between the parties hereto.

2. The Lessor, for and in consideration of the royalties covenants and agreements hereinafter expressed and reserved and

by the Lessee to be paid, kept and performed, has leased, demised and let, and by these presents does lease, demise and let unto the Lessee all of the following described mining properties and premises to-wit:

> Such of the mining claims belonging to the Lessor which are situated in the Mount Sneffles Mining District and Red Mountain Mining District in Ouray County, Colorado, and the Upper San Miguel Mining District in San Miguel County, Colorado, as are set forth on the list of claims attached hereto as Exhibit A, and by this reference made a part hereof, the said claims being marked in red color upon the map attached hereto as Exhibit B and by this reference made a part hereof. Reference to said map and list is hereby made for greater particularity and the same shall be taken and considered as part of this agreement for the purpose of a description of the mining claims hereby leased. The said map and list is further identified by the signatures thereon of the parties to this agreement of lease.

3. The Leassee shall be entitled to use in connection with the property hereinabove demised and for the purposes of the lease aforesaid, all underground workings, trackage, pipe-lines, hoist machinery, and equipment in and about the demised premises and belonging to the Lessor, as well as the buildings and personal property referred to in Paragraph 5 hereof; and in consideration of the right to use said underground workings, trackage, pipe-lines buildings, machinery and equipment and personal property the Lessee agrees to maintain the same in good order, repair and condition, and upon the expiration of this lease to leave the same upon the demised premises in such good order, repair and condition, ordinary wear and tear excepted; and the Lessee shall not be entitled to remove any of such trackage, pipe-lines, buildings, machinery and equipment and personal property from the demised premises.

TO HAVE AND TO HOLD the above described mining properties and premises for the purpose of mining for a term of five (5) years from the first day of January, 1951, until midnight on the 31st. day of December, 1955, unless sooner forfeited or terminated through violation of any of the covenants and conditions hereinafter against the Lessee reserved and contained.

4. For and in consideration of said demise and lease of the properties and premises hereinabove described, the Lessee hereby covenants and agrees to and with the Lessor as follows:

(a) That it will enter upon the demised premises forthwith and from the date hereof commence and thereafter diligently continue the work of developing and mining the demised properties during the term of this lease in mine fashion and in a manner necessary and appropriate to good and economical mining so as to develop and take out the largest amount of ore possible with due regard to the preservation of the premises as a workable mining property, and to the special covenants herein contained.

(b) That it will work and mine said premises as aforesaid steadily and continuously during the period of this lease, and in doing said work will perform at least one hundred (100) shifts of underground work in each and every calendar month during the life of this lease; PROVIDED, HOWEVER, that if said Lessee shall do and perform not less than six hundred (600) shifts of underground work in each and every consecutive six (x) months' period during the life of this lease, such work shall be deemed as the equivalent of the one hundred (100) shifts stipulated to be performed in each and every calender month. The word "shift" as used herein shall be taken and is hereby accepted and agreed to mean the labor of one (1) man for one (1) day of not less than an eight (8) hour period. Failure on the part of the Lessee to work said premises for a period of thirty (30) consecutive days shall be considered as a violation of this covenant and lease and shall, at the option of the Lessor, upon written notice from the Lessor to the representative of the Lessee hereinafter designated, work a termination of this lease; PROVIDED, HOWEVER, AND IT IS EXPRESSLY UNDERSTOOD AND AGREED that the obligation of the Lessee to perform work of some character and to some extent within said period of thirty (30) consecutive days shall not be

construed to modify the covenants hereinabove contained in respect to the time and manner of completing the designated number of shifts of mining labor so as to average not less than one hundred (100) shifts per calendar month in each consecutive six (6) months' period; BUT IT IS EXPRESSLY AGREED that stoppage of work caused by strikes, labor troubles, fires or other causes which in the sole judgment of the Lessor are beyone the control of the Lessee shall not constitute a violation of any of the covenants of this paragraph of this lease, except as hereinafter otherwise expressly stipulated

(c) That it will well and sufficiently timber said mining properties and premises at all points where proper and necessary in accordance ith good and safe mining.

(d) That it will make all shafts, drifts, tunnels and workings of proper size for the usual and economical methods of mining.

(e) That it will allow the Lessor, and its agents and representatives, from time to time to enter upon and into all parts of the demised premises and properties for the purpose of inspection, and will render to aid parties proper assistance in making said inspection.

(f) That it will keep a map or maps showing the work done upon and in the demised premises, and furnish copies of tracings of such maps to the Lessor from time to time as required.

(g) That it will allow the authorized agents or representatives of the Lessor to take such samples as may be desired from any ore extracted from the premises, and anywhere on the premises.

(h) That it will keep all drifts, shafts and other mine workings made or used by it thoroughly drained and clear of loose rock and rubbish, unless prevented from doing so by extraordinary mine casualty beyond the power of the Lessee to prevent; to store no waste rock underground

except with the written consent of the Lessor; and to keep all shafts, winzes, inclines and declines into the mine workings that would normally be used by it as manways fully equipped at all times with substantial ladders through their entire lengths in order that all parts of the mining premises shall be easily and safely accessible for the purpose of inspection; to keep all mine workings made or used by it in a safe and secure condition so as to guard against injury to life or limb of persons therein employed.

(i) That it will do no stoping of any kind within ten (10) feet of any shaft, raise or incline without the written consent of the Lessor. That any and all work which may be done by the Lessee in its use and occupation of the demised premises shall be done with due regard to the preservation of all shafts and stations used in mining, and no work will be permitted nor shall be done that in any manner whatsoever will or may tend to damage or impair the use of any of said shafts and stations.

(j) That it will occupy and hold as the property of the Lessor all cross and parallel lodes, spurs and mineral deposits of every kind which may be uncovered and disclosed or discovered within said demised premises by the Lessee, or any person or persons under or in privity with it, with the privilege to the Lessee to work and mine the same as part and parcel of the demised premises.

(k) That it will not assign this lease nor any interest therein, nor sublet any part of the demised premises without the written consent of the Lessor first had and obtained.

(l) (A) that all ores of salable or profitable grade minded under the terms of this lease shall be milled by the Lessee at its mill on the premises except as provided in Paragraphs 4 (1) B and 4 (1) C below. All bullion and concentrates resulting from the milling of the

ore shall be shipped and sold to a mint or smelter and removed by the Lessee, but in the name of the Lessor and as property of the Lessor, within a period of thirty days after the ore shall have been produced at the portal of the mine. Upon all ores milled in the mill of the Lessee on the premises the Lessee shall pay and deliver to the Lessor royalties computed with reference to bullion and concentrates derived from such ore and sold to a mint or smelter as herein provided, the amount of such royalties to be determined by the use of the following schedule:

WHERE AVERAGE GROSS VALUE PER TON OF ORE MILLED IN A CALENDAR MONTH EQUALS			PER CENT OF ROYALTY TO BE APPLIED TO TOTAL NET MINT RETURNS FROM BULLION, OR TOTAL NET SMELTER RETURNS FROM CONCENTRATES DERIVED FROM SUCH ORE MILLED
Up to	-	14.9999	5.0
15.00	-	15.9999	5.5
16.00	-	16.9999	6.0
17.00	-	17.9999	6.5
18.00	-	18.9999	7.0
19.00	-	19.9999	7.5
20.00	-	20.9999	8.5
21.00	-	21.9999	10.0
22.00	-	22.9999	11.5
23.00	-	23.9999	13.0
24.00	-	24.9999	14.5
25.00	-	25.9999	16.0
26.00	-	26.9999	17.5
27.00	-	27.9999	19.0
28.00	-	28.9999	20.5
29.00	-	29.9999	22.0
30.00	-	34.9999	23.5
35.00	-	39.9999	25.0
40.00	-	44.9999	27.5
45.00 and over			30.0

As used throughout this Agreement of Lease, the term "ton" shall be held to mean a short dry ton of 2,000 pounds.

(a) "Gross Value of Ore Milled," for any given period as applied to ore milled by the Lessee shall be determined by application of the following mathematical formula:

$$V = a + b,$$

where V = "Gross Value of Ore Milled"

and a = Value (as determined under the terms of the mint or smelter contracts in effect at the time) of

that portion of the metal contents of bullion or concentrates produced from the ore milled, which is paid for by the mint or smelter under the terms of the said mint or smelter contract, without any deduction for cost of transportation of the bullion or concentrates from the mill to the mint or smelter, or for cost of extracting the metals.

and b= Value of the metal content of the mill tailings, said value being calculated at the same price per unit of weight for each metal as is paid by the mint or smelter, for the metals in the bullion and concentrates produced from the ore milled, before any deductions.

(b) "Gross Value Per Ton of Ore Milled" for any given period, as applied to ore milled by the Lessee shall be determined by dividing the "Gross Value of Ore Milled" for the period concerned, as determined in accordance with Paragraph 4(1)A (a) above, by the number of tons of ore milled by the Lessee during the same period.

(c) "Net Smelter Returns of Ore Milled" for any given period, as applied to ore milled by the Lessee shall be determined by substracting from "Gross Value of Ore Milled" for the same period, as determined in accordance with Paragraph 4(1)A(a) above, the cost of transportation of the bullion or concentrates from the mill of the Lessee to the mint or smelter and the net charges made by the mint or smelter for extracting the metals.

The "Gross Value Per Ton of Ore Milled" and the rate of royalty shall be determined in the manner aforesaid for each calendar month separately for all ore milled during that month, and such royalty rate then so determined shall apply only to the "Net Smelter Returns of Ore Milled" for the said ore. The total "Gross Value of Ore Milled," the Gross Value, Per Ton of Ore Milled, the rate of royalty, the "Net Smelter Returns of Ore Milled" and the amount of royalty shall be computed monthly in New York office of the Agent of the Lessor with the

method and with the detail shown on the "Production Sheet," one copy of which "Production Sheet" is hereto attached and marked Exhibit "C". Information on the mint or smelter settlement statements shall be accepted in making all calculations.

D) The Lessee shall notify the Lessor immediately in the event that gold ore assaying two (2) ounces of gold or more per ton shall be discovered and such ore shall, if the Lessor so directs, be mined separately and be shipped direct and sold to a smelter as crude ore for direct smelting within a period of thirty days after the same shall have been produced at the portal of the mine. Upon all such crude ore mined and shipped to a smelter for direct smelting as herein provided, the Lessee shall pay to the Lessor royalties, the amount of which shall be determined by use of the following schedule:

GROSS AVERAGE GROSS VALUE PER TON OF CRUDE ORE IN ANY LOT OR LOTS, EQUAL			RATE PER CENT OF ROYALTY TO BE APPLIED TO TOTAL NET SMELTER RETURNS FOR SUCH LOT OR LOTS.
Up to	-	$14.9999	5.0
$15.00	-	15.9999	5.5
16.00	-	16.9999	6.0
17.00	-	17.9999	6.5
18.00	-	18.9999	7.0
19.00	-	19.9999	7.5
20.00	-	20.9999	8.5
21.00	-	21.9999	10.0
22.00	-	22.9999	11.5
23.00	-	23.9999	13.0
24.00	-	24.9999	14.5
25.00	-	25.9999	16.0
26.00	-	26.9999	17.5
27.00	-	27.9999	19.0
28.00	-	28.9999	20.5
29.00	-	29.9999	22.0
30.00	-	34.9999	23.5
35.00	-	39.9999	25.0
40.00	-	44.9999	27.5
45.00 and over			30.0

(a) "Gross Value of Crude Ore" for any given lot or lots, as applied to crude ore shipped by the Lessee direct to a smelter for direct smelting, shall be the value (as determined under the terms of the smelter contract in effect at the time) of that portion of the metal contents

of the crude ore which is paid for by the smelter under the terms of the said smelter contract, without any deduction for cost of transportation of the crude ore to the smelter or for cost of extracting the metals.

(b) "Gross Value Per Ton of Crude Ore" for any given lot or lots, as applied to crude ore shipped direct to a smelter for direct smelting, shall be the "Gross Value of Crude Ore," as determined in accordance with Paragraph 4(1)B(a) above, divided by the dry tons of crude ore in the lot or lots as shown on the smelter settlement statement for the lot or lots of crude ore concerned.

(c) "Net Smelter Returns of Crude Ore" for any given lot or lots, as applied to crude ore shipped by the Lessee direct to a smelter for direct smelting, shall be determined by subtracting from the Gross Value of Crude Ore," as determined in accordance with Paragraph 4(1)B(a) above, the cost of transportation of the crude ore from the portal of the mine tunnel to the smelter and the net charges made by the smelter for extracting the metals contained in the ore.

The "Gross Value Per Ton of Crude Ore" shipped to a smelter for direct smelting and the rate of royalty shall be determined in the manner aforesaid for each lot as shipped, and such royalty rate when so determined shall apply only to the "Net Smelter Returns of Crude Ore" shipped in that lot, PROVIDED THAT, if several lots of crude ore of approximately equal value should be shipped simultaneously or in immediate sequence, the local representatives of the Lessee and the Lessor may agree that the "Gross Value of Crude Ore" shipped to a smelter for direct smelting and the rate of royalty may be determined in the manner aforesaid for any number of lots up to a miximum of five, as if shipped as a single lot.

The term "lot" as used in this paragraph only shall mean a quantity of crude ore not greater than one standard railroad carload of approximately 50 tons. Information on the smelter settlement statements shall be accepted in making all calculations. A statement showing in detail the calculation of "Gross Value of Crude Ore", "Gross Value Per Ton of Crude Ore," the rate of royalty, the "Net Smelter Returns of Crude Ore" and the amount of royalty for the lot or lots concerned shall be prepared in the New York office of the Agent of the Lessor.

c) In the event that the Lessee, or sublessees, mine ore which can be more advantageously milled in the custom mill now owned and operated by the American Zinc, Lead and Smelting Company and located near the town of Ouray, Colorado, than in the mill of the Lessee or the sublessee, the Lessee may, with the written consent of the local representative of the Lessor, ship and sell such ore to said mill for the best price. All such ores which are shipped and sold to the said custom mill shall be shipped and removed by the Lessee, but in the name of the Lessor and as a property of the Lessor. The royalty due the Lessor shall be calculated in the New York office of the Lessor.

(d) Royalty on ores sent direct to a custom mill and covered by this Paragraph 4(1)(C) shall be calculated in such a way as to give Lessor a royalty as nearly as possible the same as Lessor would have received had the ore been run through the mill of the Lessee.

(b) The exact procedure for arriving at this royalty shall be the subject of negotiation from time to time as circumstances require, provided that no ore shall be shipped to the said custom mill until an agreement has been reached as to the procedure for computing royalty on it.

(h) That it will furnish the Lessor with monthly reports and statements of accounts of all ores mined and sold from said above described premises, which reports and statements shall be complete and accurate as to the details of the expense of production and all other items of cost incident to the mining of

said ores so that they will present in form and substance a basis sufficient to meet the requirements of the State of Colorado when presented to the Assessors of the respective counties of said State in which any of the demised property may be situate, to determine the net proceeds of such ores and production for the purpose of making assessment of said properties or output therefrom for taxation; and will cause the smelter, sampler, mill, reduction works, or plant by which said ores, bullion or concentrates may be treated or to which they may be sold, to furnish the Lessor with duplicate settlement statements; and all royalties upon any such ores shall be subject to the order and direction of the Lessor from time to time as to the manner of payment.

(n) That it will pay all taxes assessed against production in the manner following, to-wit:

Upon the receipt of definite and final returns from any and all ores sold, the Lessee shall pay or cause to be paid to the Lessor an amount equal to one per cent (1%) of the hereinabove mentioned net proceeds of each settlement; said amount in each case to apply on account of such taxes and to be retained by the Lessor as a guaranty of the performance by the Lessee of the covenant concerning payment of taxes; and in the event that the amount of the tax payable as aforesaid, when assessed, shall be greater than the aggregate of the sums paid by the Lessee to the Lessor on account thereof, the Lessee hereby further covenants and agrees to pay and shall pay to the Lessor, immediately upon demand, any deficit in amount necessary to pay in full such taxes so assessed; and if the amounts previously paid by the Lessee to the Lessor as aforesaid on account of taxes assessable against production shall exceed the amount requisite therefor, the Lessor agrees to adjust with and refund to the Lessee such excess amounts.

(o) That it hereby acknowledges and agrees that it has received from the Lessor due notice and has information of the present dangerous condition of the workings in and about the demised premises and of the insufficient and decayed condition of timbers therein, and it hereby agrees to notify all persons

employed or permitted by it to enter upon said premises of such condition, and Lessee agrees to protect and hold harmless Lessor of and from any and all legal liability, and will assume at Lessee's own expense the defense of any suit, arising from any accident occurring during the term of this lease either to the Lessee or to any of its assigns, agents, employees or to any other person in and about the demised premises, including buildings and parts of buildings, referred to in Paragraph 5, which Lessee is permitted to use, and the claims for depositing tailings referred to in Paragraph 4( ); provided that by the foregoing Lessee does not indemnify Lessor against any liability which Lessor may have to any of Lessor's agents or employees. The Lessee further agrees that, in accordance with the laws of the State of Colorado, it will carry Workmen's Compensation insurance in a sum sufficient to protect it, as well as the Lessor, against any and all liability for injuries to Lessee's employees which may occur on or about said premises, and such insurance shall be in force and effect when the Lessee takes possession of the demised premises under this lease; that it will further comply with all laws and regulations of any Bureau or Commission constituted under the laws of the State of Colorado governing and having jurisdiction of the operation of metal mining; and that it will comply with all applicable Federal and State Laws, particularly the "Federal Unemployment Tax Act," the "Federal Insurance Contributions Act", and the "Colorado Employment Security Act."

(p) That it will post at once and keep posted in conspicuous places on said premises notices stating that the premises are being operated by it under the terms of this lease, and that it, and not the Lessor, will be liable for all labor performed and materials and supplies used on said demised premises, and as well that The Lessee will be responsible for any and all indebtedness incurred in and about the operation of the demised premises; and that it will hold the Lessor Harmless from all loss and

damage arising from anything done or omitted to be done by it, or its employees, under this lease; and that the Lessee will pay all income taxes which may accrue in the mining operations prosecuted by it under the terms of this lease; and that if, by reason of the failure of the Lessee to pay any such bills or expenses, any lien or liens shall be filed against said leased premises, the Lessor may forthwith pay off and discharge the same, and the Lessee holds itself bound to repay to the Lessor all sums so advanced or paid to clear said premises from liens which may be filed as aforesaid, and the Lessor may also, at its election, declare and give notice of a termination of this lease in the manner herein provided.

(c) That all tailings resulting from milling operations hereunder shall be deposited by the Lessee upon the Lilly Millsite, Survey No. 5478, Gertrude Millsite, Survey No. 15488, the Lockington Millsite, Survey No. 7223, or the Sunlight Placer, Survey No. 17309. In order to deposit such tailings upon the Sunlight Placer, Survey No. 17309, it is necessary to cross property belonging to persons not a party to this agreement; and the Lessee represents that it has secured such right or permission of the owners of such intervening property, and covenants that it will not store such tailings upon said Sunlight Placer at any time during the term of this lease without such permission. The Lessor hereby grants to the Lessee during the term of this lease the right to cross property belonging to the Lessor but not covered by this agreement of lease to the extent necessary to deposit tailings in strict accordance with this sub-paragraph (c).

5. (a) The Lessor agrees that the Lessee, during the term of this agreement or lease, shall be allowed to enter into possession of and in connection with the mining operations hereinabove described use and occupy the following

buildings and parts of buildings owned by the Lessor, but which are not upon the premises leased hereby:

(1) The entire portion of the Stamp Mill Building west of the long skylight, together with the entire tram floor of said building and the bins immediately below the tram floor.

(2) All buildings occupied by the Lessee as shown on the schedule attached hereto as Exhibit "D-1" and the plan and photograph attached hereto as Exhibit "D-2", respectively, it being distinctly understood that the Lessor retains possession of all buildings and parts of buildings, whether or not on the mining claims referred to in Paragraph 2, not described or designated in this Paragraph 5 for use by the Lessee. Certain of said buildings shall be subject to joint use by other persons under the terms and conditions specified in Paragraph 8 hereof.

(b) The Lessor agrees that the Lessee shall have the right of ingress and egress (across property of the Lessor not covered hereby) to and from all buildings and parts thereof which the Lessee is entitled to occupy under the terms hereof.

(c) The Lessee shall also have the right to use during the term of this lease the personal property belonging to the Lessor and listed upon Exhibit "E" attached hereto and by this reference made a part hereof

6. In consideration of the right to use said buildings and portions of buildings hereinabove described and the said personal property hereinabove described, the Lessee hereby covenants and agrees to and with the Lessor as follows:

(a) The Lessee at its own expense shall-

(1) At all times provide and maintain ample and adequate fire protection for all buildings and structures belonging to the Lessor and listed on the Said Exhibit "D-1", whether or not occupied in whole or in part by the Lessee.

(2) At all times keep all premises of the Lessor, whether or not used or occupied by the Lessee hereunder, clean and free from refuse and garbage resulting from any of the Lessee's activities.

(3) Promptly and whenever necessary remove snow from the roofs of all buildings listed on Exhibit "D-1" attached hereto, as occupied by it, and from the entire Stump Hill Building, so that the same shall not be unduly burdened with snow.

(b) The Lessee shall purchase sufficient electric current to light the entire premises, including all buildings listed on Exhibit "D-1", charging the Lessor on a proportion to basis of cost for the current used by it.

(c) The heating plant shall be under the control of and operated by the Lessee, and Lessee shall furnish at all times adequate heat to buildings listed on Exhibit "D-1" occupied by Lessor. The Lessor shall pay the Lessee a proportionate part of the expenses, fuel and labor incurred by the Lessee in the operation of said heating plant heating the buildings listed on Exhibit "D-1". Such proportionate part of such expenses shall be determined on the ratio of room space heated fro the Lessor to total room space heated.

(d) All buildings listed on Exhibit "D-1" shall be insured against loss by fire in the name of Camp Bird, Ltd. as the owner thereof, and the Lessee shall reimburse the Lessor for premiums, or the proportionate parts of premiums of insurance on buildings listed on Exhibit "D-1" as occupied by the Lessee.

(e) As consideration for the use of the buildings listed on Exhibit "D-1" hereto, as occupied by the Lessee, and the said personal property, the Lessee shall pay to the Lessor, in cash, on or before the tenth day of each month, the sum of $125.00, as rental for the preceding month.

The first of such rental payments shall become due on February 10, 1951, and the last on January 10, 1956.

(f) The Lessee agrees during the term of this lease to perform such annual labor, and to prepare, cause to be executed and file such affidavits, certificates and other documents with the proper governmental authorities and with the County Clerk and Recorder of the County in which the claim is located, as may be necessary in order to maintain in good standing and to prevent loss of any unpatented mining claims covered by this agreement of lease.

7. For the considerations aforesaid the Lessee further covenants and agrees to and with the Lessor that ti will deliver to the Lessor quiet and peacable possession of all said demised properties and premises, and the said buildings and portions of buildings in good order and condition, with all drifts, tunnels and other passages, in and through which it has conducted its mining operations under the terms of this lease, thoroughly drained and cleared of loose rock and rubbish and said premises ready for immediate continued working, without demand or further notice, on the 31st. day of December, 1955, at midnight, or at any time previous thereto upon demand for forefeiture; AND IT IS MUTUALLY UNDERSTOOD AND AGREED that all buildings and other surface improvements, and all machinery in the compressor room and all movable machinery, tools, transformers, appliances, materials and supplies placed in or about the demised premises, and in the buildings and parts of buildings referred to in Paragraph 5 which Lessee is permitted to use, by the Lessee during the life of this lease and during preceding leases between the parties hereto may be removed therefrom by the Lessee within a period of six (6) months after the expiration or termination of this lease in any manner: PROVIDED, HOWEVER, that no such buildings, improvements, machinery tools, appliances, materials and supplies shall be so removed while the Lessee may in any manner obligated to the Lessor under any

obligation incurred under the terms of this lease, and the Lessor shall have a lien upon such property for the payment and satisfaction of any such obligation; AND PROVIDED FURTHER, that the period of six (6) months' time given hereby to the Lessee for the removal of such property is intended to cover the contingency of consequences dependent upon severe climatic conditions, and, in the event such climatic conditions do not permit of the removal of said property by the Lessee within the time so limited, the Lessee shall have such additional time as may be required to effect such removal when said climatic conditions shall permit of the necessary operations and transportation incident thereto.

6. During the term of this lease the Lessor may authorize or permit others, by lease or otherwise, to enter upon, occupy, mine or develop other mining claims owned by it in the vicinity of the mining claims referred to in Paragraph 2. The Lessee agrees that upon request of the Lessor it will permit the following properties listed on Exhibit "E-1":

Portal Building #2 (limited to right of way only through portal building to and from main tunnel of Camp Bird Tunnel, Mining and Transportation Company),

Barracks House #9

Employees' Rooming House #11

Recreation and Recreation House #10

Oil House #5

Tank House #12

Abandoned Machine Shop #13

and the contents of each belonging to the Lessor to be used jointly by the Lessee and such other person or persons: PROVIDED, that such occupancy shall not deprive the Lessee of quarters or facilities necessary for its operations hereunder. In the event the Lessee and such other person or persons cannot agree as to the division by them of the expense of the Lessee in respect to such jointly used property the respective amounts of such expenses to be paid by the Lessee and such other person or persons shall be determined upon the estimated respective percentage of use by Lessee and such other person or

persons. The Lessor's determination as to such division, unless arbitrary or capricious, shall be binding upon the Lessee. The Lessor agrees to require such other person or persons to agree by contract to reimburse the Lessee for their respective portions of such expenses thus determined.

9. During the term of this agreement the Lessee shall have the right to use any and all water rights belonging to the Lessor from Lagoon Creek or any of its tributaries, to the extent necessary or appropriated for the performance by the Lessee of its covenants, obligations and other rights hereunder. Such use shall not extend to the sale or lease of any portion of the said water rights. Such use shall be subject, however, to the prior right of the Lessor to use the said water rights for its own purposes for domestic use.

10. IT IS MUTUALLY AGREED by and between the parties hereto as follows:

(a) That if a violation of any covenant or condition hereof should occur, which forfeits or permits the Lessor to terminate the rights of the Lessee hereunder to remain in possession of any part or portion of the premises hereby leased, or any of the buildings or personal property shown on Exhibits "B-1" and "B" hereto as occupied by the Lessee, such violation shall be deemed to extend to the whole of the premises and buildings and personal property referred to on Exhibits "B-1" and "B", and similarly to forfeit or allow the Lessor to terminate all rights of the Lessee in and to all such buildings, fixtures, properties, premises, personal property and buildings.

(b) That upon the violation of any covenant or condition herein contained or reserved, the Lessor may, at its election, notify the Lessee in writing thereof, and unless Lessee's defaults specified in such notice have been remedied within a period of sixty (60) days from the giving of such notice, the term of this lease shall thereupon, if Lessor so elects, expire and terminate, the said premises shall become

forfeited to the Lessor and the Lessor or its agents may ther upon enter upon said premises and dispossess all persons occupying same, with or without force, and with or without process of law, and at the option of the Lessor the Lessee and all persons found occupying said premises or any part thereof, may be proceeded against as guilty of an unlawful detainer.

(c) That this agreement shall not be placed of record in any public office within the State of Colorado, and if the same shall be done, either directly or indirectly, by or for the Lessee, this agreement shall become null and void and all rights hereunder granted to the Lessee shall terminate forthwith.

(d) James E. Groves of Grand Junction, Colorado, is hereby designated, authorized and empowered to act by and on behalf of the Lessee in any and all matters and questions which may arise between the Lessee and the Lessor under the terms of this Agreement of Lease. Any notice to be given by the Lessor to the Lessee under the terms hereof shall be deemed to have been properly served upon the Lessee if addressed to the Lessee % James E. Groves, Suite 501 First National Bank Building, Grand Junction, Colorado, and deposited in the United States mail under registered cover with postage prepaid. The Gold Fields American Development Company, Ltd., is hereby designated authorized and empowered to act by and on behalf of the Lessor in any and all matters and questions which may arise between the Lessee and the Lessor under the terms of this Agreement of Lease, and any notice to be given by the Lessee to the Lessor under the terms hereof shall be Addressed to the Lessor in care of said The Gold Fields American Developemnt Company Ltd., 70 Pine Street, New York 5, New York, and deposited in the United States mail under registered cover with postage prepaid.

(c) That time is of the essence of this agreement and of each and every portion hereof; and all the covenants and conditions herein contained shall extend to and be binding upon the successors and assigns of each and all the parties hereto; PROVIDED, HOWEVER, that the Lessee shall not have the right to assign, or sublet or sublease its rights hereunder without the written consent of the Lessor.

(f) Exhibits "A", "B", "C", "D-1", "D-2" and "E" attached to said Agreement of Lease are incorporated in this lease and made a part hereof to the same extent as if set forth at length herein.

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

CALIFORNIA PETROLEUM,

BY _____
Agent.

THE MICHAEL OIL, INC.,

By _____
President.

Attest:

_____
Secretary.

CLAIMS TO BE LEASED TO KING LEASE, INC.

OURAY COUNTY

PATENTED CLAIMS

1.	Glen Monarch	535A	19.	Pythian	12877
2	Yellow Rose	576A	20.	Pa-o'Shanter	13992
3.	Agnes	721A	21	Juneau [illegible]	14450
4.	Declaration	722A	22	Boxer	14450
5.	Una	738A	23	Dodo	14450
6.	Gertrude	1548 A	24	Pasuto	14773
7.	Camp Bird	11611	25	Cosmos	14773
8.	Oro Cache	11969	26	St. Paul	15370
9.	Mojave	11969	27	Compass	15370
10.	Jicarilla	11969	28	Tramp	15405
11.	Mogul (Moguls)	11969	29	Sebastopol	15405
12.	Ivanhoe	12031	30	Monte Carlo	15405
13.	Yellow Jerry	12031	31	White Quede	15405
14	Canuck	12165	32	Yellow Bird	15473
15.	Deadwood	12637A	33	Morline	16236
16.	Angel	12740	34	White Cloud	16236
17.	Scorifier	12875	35	Gore	18750
18.	Zephyr	12876	36	Rebecca	18750

UNPATENTED CLAIMS

Altitude

Lone Hand

CLAIMS TO BE LEASED TO KING LEASE, INC.
SAN MIGUEL COUNTY.
PATENTED CLAIMS.

R. E. Robson	1833
Vera Cruz	2450
Divide	12875

Exhibit "A" to Agreement of Lease
dated January 1, 1951

THIS AGREEMENT OF LEASE, made and entered into, IN TRIPLICATE, as of the first day of January, A. D. 1951, by and between CAMP BIRD LIMITED, a corporation organized and existing under and by virtue of the laws of the United Kingdom of Great Britain and Northern Ireland, having its principal office in the City of London, England, and doing business in the Counties of Ouray and San Miguel in the State of Colorado by virtue of compliance with the laws of the said State, party of the first part and lessor (hereinafter referred to as the "Lessor"), and THE KING LEASE, INC., a corporation duly organized and existing under and by virtue of the laws of the State of Colorado, party of the second part and lessee (hereinafter referred to as the "Lessee"), WITNESSETH:

1. The parties hereto have heretofore and as of the first day of January, 1948, executed and entered into an agreement of lease for a certain part of the mining properties and premises of the Lessor situate in the Mount Sneffels Mining District and the Red Mountain Mining District, in Ouray County, Colorado, and the Upper San Miguel Mining District in San Miguel County, Colorado, which said lease, together with a supplemental agreement in respect thereof entered into as of January 2, 1948, has, prior to the execution hereof, been in full force and effect. Pursuant to the terms of said lease the Lessee is still in possession of the premises therein described. In consideration of the execution of this agreement and of the covenants herein contained, the said lease dated January 1, 1948, between the parties hereto, and said supplemental Agreement, as well as all other leases, agreements milling permits, and contracts of every nature and kind between the parties, are hereby cancelled and abrogated as of this date, and this agreement of lease shall be held to set forth and contain all covenants and agreements of every nature and kind between the parties hereto.

2. The Lessor, for and in consideration of the royalties covenants and agreements hereinafter expressed and reserved and

by the Lessee to be paid, kept and performed, has leased, demised and let, and by these presents does lease, demise and let unto the Lessee all of the following described mining properties and premises to-wit:

> Such of the mining claims belonging to the Lessor which are situated in the Mount Sneffles Mining District and Red Mountain Mining District in Ouray County, Colorado, and the Upper San Miguel Mining District in San Miguel County, Colorado, as are set forth on the list of claims attached hereto as Exhibit A, and by this reference made a part hereof, the aid claims being marked in red color upon the map attached hereto as Exhibit B and by this reference made a part hereof. Reference to said map and list is hereby made for greater particularity and the same shall be taken and considered as part of this agreement for the purpose of a description of the mining claims hereby leased. The said map and list is further identified by the signatures thereon of the parties to this agreement of lease.

3. The Leassee shall be entitled to use in connection with the property hereinabove demised and for the purposes of the lease aforesaid, all underground workings, trackage, pipe-lines, hoist machinery, and equipment in and about the demised premises and belonging to the Lessor, as well as the buildings and personal property referred to in Paragraph 5 hereof; and in consideration of the right to use said underground workings, trackage, pipe-lines buildings, machinery and equipment and personal property the Lessee agrees to maintain the same in good order, repair and condition, and upon the expiration of this lease to leave the same upon the demised premises in such good order, repair and condition, ordinary wear and tear excepted; and the Lessee shall not be entitled to remove any of such trackage, pipe-lines, buildings, machinery and equipment and personal property from the demised premises.

TO HAVE AND TO HOLD the above described mining properties and premises for the purpose of mining for a term of five (5) years from the first day of January, 1951, until midnight on the 31st. day of December, 1955, unless sooner forfeited or terminated through violation of any of the covenants and conditions hereinafter against the Lessee reserved and contained.

4. For and in consideration of said demise and lease of the properties and premises hereinabove described, the Lessee hereby covenants and agrees to and with the Lessor as follows:

(a) That it will enter upon the demised premises forthwith and from the date hereof commence and thereafter diligently continue the work of developing and mining the demised properties during the term of this lease in mine fashion and in a manner necessary and appropriate to good and economical mining so as to develop and take out the largest amount of ore possible with due regard to the p preservation of the premises as a workable mining property, and to the special covenants herein contained.

(b) That it will work and mine said premises as aforesaid steadily and continuously during the period of this lease, and in doing siad work will perform at least one hundred (100) shifts of underground work in each and every calendar month during the life of this lease; PROVIDED, HOWEVER, that if said Lessee shall do and perform not less than six hundred (600) shifts of underground work in each and every consecutive six (x) months' period during the life of this lease, such work shall be deemed as the equivalent of the one hundred (100) shifts stipulated to be performed in each and every calender month. The word "shift" as used herein shall be taken and is hereby accepted and agreed to mean the labor of one (1) man for one (1) day of not less than an eight (8) hour period. Failure on the part of the Lessee to work said premises for a period of thirty (30) consecutive days shall be considered as a violation of this covenant and lease and shall, at the option of the Lessor, upon written notice from the Lessor to the representative of the Lessee hereinafter designated, work a termination of this lease; PROVIDED, HOWEVER, AND IT IS EXPRESSLY UNDER* STOOD AND AGREED that the obligation of the Lessee to perform work of some character and to some extent within said period of thirty (30) consecutive days shall not be

construed to modify the covenants hereinabove contained in respect to the time and manner of completing the designated number of shifts of mining labor so as to average not less than one hundred (100) shifts per calendar month in each consecutive six (6) months' period; BUT IT IS EXPRESSLY AGREED that stoppage of work caused by strikes, labor troubles, fires or other causes which in the sole judgment of the Lessor are beyone the control of the Lessee shall not constitute a violation of any of the covenants of this paragraph of this lease, except as hereinafter otherwise expressly stipulated

(c) That it will well and sufficiently timber said mining properties and premises at all points where proper and necessary in accordance ith good and safe mining.

(d) That it will make all shafts, drifts, tunnels and workings of proper size for the usual and economical methods of mining.

(e) That it will allow the Lessor, and its agents and representatives, from time to time to enter upon and into all parts of the demised premises and properties for the purpose of inspection, and will render to aid parties proper assistance in making said inspection.

(f) That it will keep a map or maps showing the work done upon and in the demised premises, and furnish copies of tracings of such maps to the Lessor from time to time as required.

(g) That it will allow the authorized agents or representatives of the Lessor to take such samples as may be desired from any ore extracted from the premises, and anywhere on the premises.

(h) That it will keep all drifts, shafts and other mine workings made or used by it thoroughly drained and clear of loose rock and rubbish, unless prevented from doing so by extraordinary mine casualty beyond the power of the Lessee to prevent; to store no waste rock underground

except with the written consent of the Lessor; and to keep all shafts, winzes, inclines and declines into the mine workings that would normally be used by it as manways fully equipped at all times with substantial ladders through their entire lengths in order that all parts of the mining premises shall be easily and safely accessible for the purpose of inspection; to keep all mine workings made or used by it in a safe and secure condition so as to guard against injury to life or limb of persons therein employed.

(i) That it will do no stoping of any kind within ten (10) feet of any shaft, raise or incline without the written consent of the Lessor. That any and all work which may be done by the Lessee in its use and occupation of the demised premises shall be done with due regard to the preservation of all shafts and stations used in mining, and no work will be permitted nor shall be done that in any manner whatsoever will or may tend to damage or impair the use of any of said shafts and stations.

(j) That it will occupy and hold as the property of the Lessor all cross and parallel lodes, spurs and mineral deposits of every kind which may be uncovered and disclosed or discovered within said demised premises by the Lessee, or any person or persons under or in privity with it, with the privilege to the Lessee to work and mine the same as part and parcel of the demised premises.

(k) That it will not assign this lease nor any interest therein, nor sublet any part of the demised premises without the written consent of the Lessor first had and obtained.

(l) (A) that all ores of salable or profitable grade mined under the terms of this lease shall be milled by the Lessee at its mill on the premises except as provided in Paragraphs 4 (1) B and 4 (1) C below. All bullion and concentrates resulting from the milling of the

ore shall be shipped and sold to a mint or smelter and removed by the Lessee, but in the name of the Lessor and as property of the Lessor, within a period of thirty days after the ore shall have been produced at the portal of the mine. Upon all ores milled in the mill of the Lessee on the premises the Lessee shall pay and deliver to the Lessor royalties computed with reference to bullion and concentrates derived from such ore and sold to a mint or smelter as herein provided, the amount of such royalties to be determined by the use of the following schedule:

WHERE AVERAGE GROSS VALUE PER TON OF ORE MILLED IN A CALENDAR MONTH EQUALS			RATE PER CENT OF ROYALTY TO BE APPLIED TO TOTAL NET MINT RETURNS FROM BULLION, OR TOTAL NET SMELTER RETURNS FROM CONCENTRATES DERIVED FROM SUCH ORE MILLED
Up to	-	$14.9999	5.0
$15.00	-	15.9999	5.5
16.00	-	16.9999	6.0
17.00	-	17.9999	6.5
18.00	-	18.9999	7.0
19.00	-	19.9999	7.5
20.00	-	20.9999	8.5
21.00	-	21.9999	10.0
22.00	-	22.9999	11.5
23.00	-	23.9999	13.0
24.00	-	24.9999	14.5
25.00	-	25.9999	16.0
26.00	-	26.9999	17.5
27.00	-	27.9999	19.0
28.00	-	28.9999	20.5
29.00	-	29.9999	22.0
30.00	-	34.9999	23.5
35.00	-	39.9999	25.0
40.00	-	44.9999	27.5
45.00 and over			30.0

As used throughout this Agreement of Lease, the term "ton" shall be held to mean a short dry ton of 2,000 pounds.

(a) "Gross Value of Ore Milled," for any given period as applied to ore milled by the Lessee shall be determined by application of the following mathematical formula:

$$V = a + b,$$

where V = "Gross Value of Ore Milled "

and a = Value (as determined under the terms of the mint or smelter contracts in effect at the time) of

that portion of the metal contents of bullion or concentrates produced from the ore milled, which is paid for by the mint or smelter under the terms of the said mint or smelter contracts, without any deduction for cost of transportation of the bullion or concentrates from the mill to the mint or smelter, or for cost of extracting the metals.

and b= Value of the metal content of the mill tailings, said value being calculated at the same price per unit of weight for each metal as is paid by the mint or smelter, for the metals in the bullion and concentrates produced from the ore milled, before any deductions.

(b) "Gross Value Per Ton of Ore Milled" for any given period, as applied to ore milled by the Lessee shall be determined by dividing the "Gross Value of Ore Milled" for the period concerned, as determined in accordance with Paragraph 4(1)A (a) avove, by the number of tons of ore milled by the Lessee during the same period.

(c) "Net Smelter Returns of Ore Milled" for any given period, as applied to ore milled by the Lessee shall be determined by substracting from "Gross Value of Ore Milled" for the same period, as determined in accordance with Paragraph 4(1)A(a) above, the cost of transportation of the bullion or concentrates from the mill of the Lessee to the mint or smelter and the net charges made by the mint or smelter for extracting the metals.

The "Gross Value Per Ton of Ore Milled" and the rate of royalty shall be determined in the manner aforesaid for each calendar month separately for all ore milled during that month, and such royalty rate when so determined shall apply only to the "Net Smelter Returns of Ore Milled" for the said ore. The total "Gross Value of Ore Milled," the Gross Value, Per Ton of Ore Milled, the rate of royalty, the "Net Smelter Returns of Ore Milled" and the amount of royalty shall be computed monthly in New York office of the Agent of the Lessor with the

method and with the detail shown on the "Production Sheet," one copy of which "Production Sheet" is hereto attached and market Exhibit "C". Information on the mint or smelter settlement statements shall be accepted in making all calculations

B) The Lessee shall notify the Lessor immediately in the event that gold ore assaying two (2) ounces of gold or more per ton shall be discovered and such ore shall, ifthe Lessor so directs, be mined spparately and be shipped direct and sold to a smelter as crude ore for direct smelting within a period of thirty days after the same shall have been produced at the portal of the mine. Upon all such crude ore mined and shipped to a smelter for direct smelting as herein provided, the Lessee shall pay to the Lessor royalties, the amount of which shall be determined by use of the following sehedule:

WHERE AVERAGE GROSS VALUE PER TON OF CRUDE ORE IN ANY LOT OR LOTS, EQUALS	RATE PER CENT OF ROYALTY TO BE APPLIED TO TOTAL NET SMELTER RETURNS FOR SUCH LOT OR LOTS.
Up to - $14.9999	5.0
$15.00 - 15.9999	5.5
16.00 - 16.9999	6.0
17.00 - 17.9999	6.5
18.00 - 18.9999	7.0
19.00 - 19.9999	7.5
20.00 - 20.9999	8.5
21.00 - 21.9999	10.0
22.00 - 22.9999	11.5
23.00 - 23.9999	13.0
24.00 - 24.9999	14.5
25.00 - 25.9999	16.0
26.00 - 26.9999	17.5
27.00 - 27.9999	19.0
28.00 - 28.9999	20.5
29.00 - 29.9999	22.0
30.00 - 34.9999	23.5
35.00 - 39.9999	25.0
40.00 - 44.9999	27.5
45.00 and over	30.0

(a) "Gross Value of Crude Ore" for any given lot or lots, as applied to crude ore shipped by the Lessee direct to a smelter for direct smelting, shall be the value (as determined under the terms of the smelter contract in effect at the time) of that portion of the metal contents

of the crude ore which is paid for by the smelter under the terms of the said smelter contract, without any deduction for cost of transportation of the crude ore to the smelter or for cost of extracting the metals.

(b) "Gross Value Per Ton of Crude Ore" for any given lot or lots, as applied to crude ore shipped direct to a smelter for direct smelting, shall be the "Gross Value of Crude Ore," as determined in accordance with Paragraph 4(1)B(a) above, divided by the dry tons of crude ore in the lot or lots as shown on the smelter settlement statement for the lot or lots of crude ore concerned.

(c) "Net Smelter Returns of Crude Ore" for any given lot or lots, as applied to crude ore shipped by the Lessee direct to a smelter for direct smelting, shall be determined by subtracting from the "Gross Value of Crude Ore," as determined in accordance with Paragraph 4(1)B(a) above, the cost of transportation of the crude ore from the portal of the mine tunnel to the smelter and the net charges made by the smelter for extracting the metals contained in the ore.

The "Gross Value Per Ton of Crude Ore" shipped to a smelter for direct smelting and the rate of royalty shall be determined in the manner aforesaid for each lot as shipped, and such royalty rate when so determined shall apply only to the "Net Smelter Returns of Crude Ore" shipped in that lot, PROVIDED THAT, if several lots of crude ore of approximately equal value should be shipped simultaneously or in immediate sequence, the local representatives of the Lessee and the Lessor may agree that the "Gross Value of Crude Ore" shipped to a smelter for direct smelting and the rate of royalty may be determined in the manner aforesaid for any number of lots up to a miximum of five, as if shipped as a single lot.

The term "lot" as used in this paragraph only shall mean a quantity of crude ore not greater than one standard railroad carload of approximately 50 tons. Information on the smelter settlement statements shall be accepted in making all calculations. A statement showing in detail the calculation of "Gross Value of Crude Ore", Gross Value Per Ton of Crude Ore," the rate of royalty, the "net Smelter Returns of Crude Ore" and the amount of royalty for the lot or lots concerned shall be prepared in the New York office of the Agent of the Lessor.

C) In the event that the Lessee, or sublessees, mine ore which can be more advantageously milled in the custom mill now owned and operated by the American Zinc, Lead and Smelting Company and located near the town of Ouray, Colorado, than in the mill of the Lessee on the premises, the Lessee may, with the written consent of the local representative of the Lessor, ship and sell such ore to said mill for treatment and sale. All such ores which are shipped and sold to the said custom mill shall be shipped and removed by the Lessee, but in the name of the Lessor and as a property of the Lessor. The royalty due the Lessor shall be calculated in the New York office of the Lessor.

(a) Royalty on ores sent direct to a custom mill and covered by this Paragraph 4(1)(C) shall be calculated in such a way as to give Lessor a royalty as nearly as possible the same as Lessor would have received had the ore been put through the mill of the Lessee.

(b) The exact procedure for arriving at this royalty shall be the subject of negotiation from time to time as circumstances require, provided that no ore shall be shipped to the said custom mill until an agreement has been reached as to the procedure for computing royalty on it.

(m) That it will furnish the Lessor with monthly reports and statements of accounts of all ores mine and sold from said above demised premises, which reports and statements shall be complete and accurate as to the details of the expense of production and all other items of cost incident to the mining of

said ores so that they will present in form and substance a basis sufficient to meet the requirements of the State of Colorado when presented to the Assessors of the respective counties of said State in which any of the demised property may be situate, to determine the net proceeds of such ores and production for the purpose of making assessment of said properties or output therefrom for taxation; and will cause the smelter, sampler, mill, reduction works, or mint by which said ores, bullion or concentrates, may be treated or to which they may be sold, to furnish the Lessor with duplicate settlement statements; and all royalties upon any such ores shall be subject to the order and direction of the Lessor from time to time as to the manner of payment.

(n) That it will pay all taxes assessed against production in the manner following, to-wit:

Upon the receipt of definite and final returns from any and all ores sold, the Lessee shall pay or cause to be paid to the Lessor an amount equal to one per cent (1%) of the hereinabove mentioned net proceeds of each settlement; said amount in each case to apply on account of such taxes and to be retained by the Lessor as a guaranty of the performance by the Lessee of the covenant concerning payment of taxes; and in the event that the amount of the tax payable as aforesaid, when assessed, shall be greater than the aggregate of the sums paid by the Lessee to the Lessor on account thereof, the Lessee hereby further covenants and agrees to pay and shall pay to the Lessor, immediately upon demand, any deficit in amount necessary to pay in full such taxes so assessed; and if the amounts previously paid by the Lessee to the Lessor as aforesaid on account of taxes assessable against production shall exceed the amount requisite therefor, the Lessor agrees to adjust with and refund to the Lessee such excess amounts.

(o) That it hereby acknowledges and agrees that it has received from the Lessor due notice and has information of the present dangerous condition of the workings in and about the demised premises and of the insufficient and decayed condition of timbers therein, and it hereby agrees to notify all persons

employed or permitted by it to enter upon said premises of such condition, and Lessee agrees to protect and hold harmless Lessor of and from any and all legal liability, and will assume at Lessee's own expense the defense of any suit, arising from any accident odcurring during the term of this lease either to the Lessee or to any of its assigns, agents, employees or to any other person in and about the demised premises, including buildings and parts of buildings, referred to in Paragraph 5, which Lessee is permitted to use, and the claims for depositing tailings referred to in Paragraph 4(q); provided that by the foregoing Lessee does not indemnify Lessor against any liability which Lessor may have to any of Lessor's agents or employees. The Lessee further agrees that, in accordance with the laws of the State of Colorado, it will carry Workmen's Compensation insurance in a sum sufficient to protect it, as well as the Lessor, against any and all liability for injuries to Lessee's employees which may occur on or about said premises, and such insurance shall be in force and effect when the Lessee takes possession of the demised premises under this lease; that it will further comply with all laws and regulations of any Bureau or Commission constituted under the laws of the State of Colorado governing and having jurisdiction of the operation of metal mining; and that it will comply with all applicable Federal and State Laws, particularly the "Federal Unemployment Tax Act," the "Federal Insurance Contributions Act", and the "Colorado Employment Security Act."

(p) That it will post at once and keep posted in conspicuous places on said premises notices stating that the premises are being operated by it under the terms of this lease, and that it, and not the Lessor, will be liable for all labor performed and materials and supplies used on said demised premises, and as well that The Lessee will be responsible for any and all indebtedness incurred in and about the operation of the demised premises; and that it will hold the Lessor harmless from all loss and

damage arising from anything done or omitted to be done by it, or its employees, under this lease; and that the Lessee will pay all indebtedness which it may contract in the mining operations prosecuted by it under the terms of this lease; and that if, by reason of the failure of the Lessee to pay any such bills or expenses, any lien or liens shall be filed against said demised premises, the Lessor may forthwith pay off and discharge the same, and the Lessee holds itself bound to repay to the Lessor all sums so advanced or paid to clear said premises from liens which may be filed as aforesaid, and the Lessor may also, at its election, declare and give notice of a termination of this lease in the manner herein provided.

(q) That all tailings resulting from milling operations hereunder shall be deposited by the Lessee upon the Emily Millsite, Survey No. 5478, Gertrude Millsite, Survey No. 1548B, the Declaration Millsite, Survey No. 722B, or the Sunlight Placer, Survey No. 17309. In order to deposit such tailings upon the Sunlight Placer, Survey No. 17309, it is necessary to cross property belonging to persons not a party to this agreement; and the Lessee represents that it has secured such right or permission of the owners of such intervening property, and covenants that it will not store such tailings upon said Sunlight Placer at any time during the term of this lease without such permission. The Lessor hereby grants to the Lessee during the term of this lease the right to cross property belonging to the Lessor but not covered by this agreement of lease to the extent necessary to deposit tailings in strict accordance with this sub-paragraph (q).

5. (a) The Lessor agrees that the Lessee, during the term of this agreement of lease, shall be allowed to enter into possession of and in connection with the mining operations hereinabove described use and occupy the following

buildings and parts of buildings owned by the Lessor, but which are not upon the premises leased hereby:

(1) The entire portion of the Stamp Mill Building west of the long skylight, together with the entire tram floor of said building and the bins immediately below the tram floor.

(2) All buildings occupied by the Lesses as shown on the schedule attached hereto as Exhibit "D-1" and the plan and photograph attached hereto as Exhibit "D-2", respectively, it being distinctly understood that the Lessor retains possession of all buildings and parts of buildings, whether or not on the mining claims referred to in Paragraph 2, not described or designated in this Paragraph 5 for use by the Lessee. Certain of said buildings shall be subject to joint use by other persons under the terms and conditions specified in Paragraph 8 hereof.

(b) The Lessor agrees that the Lessee shall have the right of ingress and egress (across property of the Lessor not covered hereby) to and from all buildings and parts thereof which the Lessee is entitled to occupy under the terms hereof.

(c) The Lessee shall also have the right to use during the term of this lease the personal property belonging to the Lessor and listed upon Exhibit "E" attached hereto and by this reference made a part hereof

6. In consideration of the right to use said buildings and portions of buildings hereinabove described and the said personal property hereinabove described, the Lessee hereby covenants and agrees to and with the Lessor as follows:

(a) The Lessee at its own expense shall-

(1) At all times provide and maintain ample and adequate fire protection for all buildings and structures belonging to the Lessor and listed on the said Exhibit "D-1", whether or not occupied in whole or in part by the Lessee.

(2) At all times keep all premises of the Lessor, whether or not used or occupied by the Lessee hereunder, clean and free from refuse and garbage resulting from any of the Lessee's activities.

(3) Promptly and whenever necessary remove snow from the roofs of all buildings listed on Exhibit "D-1" attached hereto, as occupied by it, and from the entire Stamp Mill Building, so that the same shall not be unduly burdened with snow.

(b) The Lessee shall purchase sufficient electric current to light the entire premises, including all buildings listed on Exhibit "D-1", charging the Lessor on a proportionate basis of cost for the current used by it.

(c) The heating plant shall be under the control of and operated by the Lessee, and Lessee shall furnish at all times adequate heat to buildings listed on Exhibit "D-1" occupied by Lessor. The Lessor shall pay the Lessee a proportionate part of the expenses, fuel and labor incurred by the Lessee in the operation of said heating plant heating the buildings listed on Exhibit "D-1". Such proportionate part of such expenses shall be determined on the ratio of room space heated fro the Lessor to total room space heated.

(d) All buildings listed on Exhibit "D-1" shall be insured against loss by fire in the name of Camp Bird, Ltd. as the owner thereof, and the Lessee shall reimburse the Lessor for premiums, or the proportionate parts of premiums on insurance on buildings listed on Exhibit "D-1" as occupied by the Lessee.

(e) As compensation for the use of the buildings listed on Exhibit "D-1" hereto, as occupied by the Lessee, and the said personal property, the Lessee shall pay to the Lessor, in cash, on or before the tenth day of each month, the sum of $125.00, as rental for the preceding month.

The first of such rental payments shall become due on February 10, 1951, and the last on January 10, 1956.

(f) The Lessee agrees during the term of this lease to perform such annual labor, and to prepare, cause to be executed and file such affidavits, certificates and other documents with the proper governmental authorities and with the County Clerk and Recorder of the County in which the claim is located, as may be necessary in order to maintain in good standing and to prevent loss of any unpatented mining claims covered by this agreement of lease.

7. For the considerations aforesaid the Lessee further covenants and agrees to and with the Lessor that ti will deliver to the Lessor quiet and peacable possession of all said demised properties and premises, and the said buildings and portions of buildings in good order and condition, with all drifts, tunnels and other passages, in and through which it has conducted its mining operations under the terms of this lease, thoroughly drained and cleared of loose rock and rubbish and said premises ready for immediate continued working, without demand or further notice, on the 31st. day of December, 1955, at midnight, or at any time previous thereto upon demand for forefeiture; AND IT IS MUTUALLY UNDERSTOOD AND AGREED that all buildings and other surface improvements, and all machinery in the compressor room and all movable machinery, tools, transformers, appliances, materials and supplies placed in or about the demised premises, and in the buildings and parts of buildings referred to in Paragraph 5 which Lessee is permitted to use, by the Lessee during the life of this lease and during preceding leases between the parties hereto may be removed therefrom by the Lessee within a period of six (6) months after the expiration or termination of this lease in any manner: PROVIDED, HOWEVER, that no such buildings, improvements, machinery tools, appliances, materials and supplies shall be so removed while the Lessee may in any manner obligated to the Lessor under any

obligation incurred under the terms of this lease, and the Lessor shall have a lien upon such property for the payment and satisfaction of any such obligation; AND PROVIDED FURTHER, that the period of six (6) months' time given hereby to the Lessee for the removal of such property contemplates and is intended to cover the contingencies and consequences dependent upon adverse climatic conditions, and if, in the event such climatic conditions do not permit of the removal of said property by the Lessee within the time so limited, the Lessee shall have such additional time as may be required to effect such removal when said climatic conditions shall permit of the necessary operations and transportation incident thereto.

8. During the term of this lease the Lessor may authorize or permit others, by lease or otherwise, to enter upon, occupy, mine or develop other mining claims owned by it in the vicinity of the mining claims referred to in Paragraph 2. The Lessee agrees that upon request of the Lessor it will permit the following properties listed on Exhibit "D-1":

Portal Building #2 (limited to right of way only through portal building to and from main tunnel of Camp Bird Tunnel, Mining and Transportation Company),
Boarding House #9
Employees' Rooming House #11
Rooming and Recreation House #10
Oil House #5
Tank House #12
Abandoned Machine Shop #13

and the contents of each belonging to the Lessor, to be used jointly by the Lessee and such other person or persons: PROVIDED that such occupancy shall not deprive the Lessee of quarters or facilities necessary for its operations hereunder. In the event the Lessee and such other person or persons cannot agree as to the division by them of the expense of the Lessee in respect to such jointly used property the respective amounts of such expenses to be paid by the Lessee and such other person or persons shall be determined upon the estimated respective percentage of use by Lessee and such other person or

persons. The Lessor's determination as to such division, unless arbitrary or capricious, shall be binding upon the Lessee. The Lessor agrees to require such other person or persons to agree by contract to reimburse the Lessee for their respective portions of such expenses thus determined.

9. During the term of this agreement the lessee shall have the right to use any and all water rights belonging to the Lessor from Imogene Creek or any of its tributaries, to the extent necessary or appropriate for the performance by the Lessee of its covenants, obligations and operations hereunder. Such use shall not extend to the sale or leasing of any portion of the said water rights. Such use shall be subject, however, to the prior right of the Lessor to use the said water rights for its own purposes for domestic use.

10. IT IS FURTHER UNDERSTOOD AND AGREED by and between the parties hereto as follows:

(a) That if a violation of any covenant or condition hereof should occur, which forfeits or permits the Lessor to terminate the right of the Lessee hereunder to remain in possession of any part or portion of the premises hereby leased, or any of the buildings or personal property shown on Exhibits "D-1" and "E" hereto as occupied by the Lessee, such violation shall be deemed to extend to the whole of the premises and buildings and personal property referred to on Exhibits "D-1" and "E", and similarly to forfeit or allow the Lessor to terminate all rights of the Lessee in and to all such mining claims, millsites, properties, premises, personal property and buildings.

(b) That upon the violation of any covenant or condition herein contained or reserved, the Lessor may, at its election, notify the Lessee in writing thereof, and unless Lessee's defaults specified in such notice have been remedied within a period of sixty (60) days from the giving of such notice, the term of this lease shall thereupon, if Lessor so elects, expire and terminate, the said premises shall become

forfeited to the Lessor and the Lessor or its agents may thereupon enter upon said premises and dispossess all persons occupying same, with or without force, and with or without process of law, and at the option of the Lessor the Lessee and all persons found occupying said premises or any part thereof, may be proceeded against as guilty of an unlawful detainer.

(c) That this agreement shall not be placed of record in any public office within the State of Colorado, and if the same shall be done, either directly or indirectly, by or for the Lessee, this agreement shall become null and void and all rights hereunder granted to the Lessee shall terminate forthwith.

(d) James E. Groves of Grand Junction, Colorado, is hereby designated, authorized and empowered to act by and on behalf of the Lessee in any and all matters and questions which may arise between the Lessee and the Lessor under the terms of this Agreement of Lease. Any notice to be given by the Lessor to the Lessee under the terms hereof shall be deemed to have been properly served upon the Lessee if addressed to the Lessee % James K. Groves, Suite 501 First National Bank Building, Grand Junction, Colorado, and deposited in the United States mail under registered cover with postage prepaid. The Gold Fields American Development Company, Ltd., is hereby designated authorized and empowered to act by and on behalf of the Lessor in any and all matters and questions which may arise between the Lessee and the Lessor under the terms of this Agreement of Lease, and any notice to be given by the Lessee to the Lessor under the terms hereof shall be Addressed to the Lessor in care of said The Gold Fields American Developemnt Company Ltd., 70 Pine Street, New York 5, New York, and deposited in the United States mail under registered cover with postage prepaid.

(e) That time is of the essence of this agreement and of each and every portion hereof; and all the covenants and conditions herein contained shall extend to and be binding upon the successors and assigns of each and all the parties hereto; PROVIDED, HOWEVER, that the Lessee shall not have the right to assign, or sublet or sublease its rights hereunder without the written consent of the Lessor.

(f) Exhibits "A", "B", "C", "D-1","D-2" and "E" attached to this Agreement of Lease are incorporated in this lease and made a part hereof to the same extent as if set forth at length herein.

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

CAMP BIRD LIMITED,

BY_____
Agent.

THE KING LEASE, INC.,

By_____
President.

Attest:

_____
Secretary.

CLAIMS TO BE LEASED TO KING LEASE, INC.

OURAY COUNTY

PATENTED CLAIMS

1.	Glen Monarch	535A	19.	Pythian	12877
2	Yellow Rose	576A	20.	TamO'Shanter	13992
3.	Agnes	721A	21	Juneau NOs2	14450
4.	Declaration	722A	22	Boxer	14450
5.	Una	738A	23	Dodo	14450
6.	Gertrude	1548 A	24	Basuto	14773
7.	Camp Bird	11611	25	Cosmos	14773
8.	Oro Cache	11969	26	St. Paul	15370
9.	Mojave	11969	27	Compass	15370
10.	Jicarilla	11969	28	Tramp	15405
11.	Mogul (Moqui?)	11969	29	Sebastopol	15405
12.	Ivanhoe	12031	30	Monte Carlo	15405
13.	Yallar Dorg	12031	31	White Swede	15405
14	Canuck	12165	32	Yellow Bird	15473
15.	Deadwood	12637A	33	Moraine	16236
16.	Rigel	12748	34	White Soud	16236
17.	Scorifier	12875	35	Gore	18750
18.	Zephyr	12876	36	Rebecca	18750

UNPATENTED CLAIMS

Altitude

Lone Hand

CLAIMS TO BE LEASED TO KING LEASE, INC.

SAN MIGUEL COUNTY.

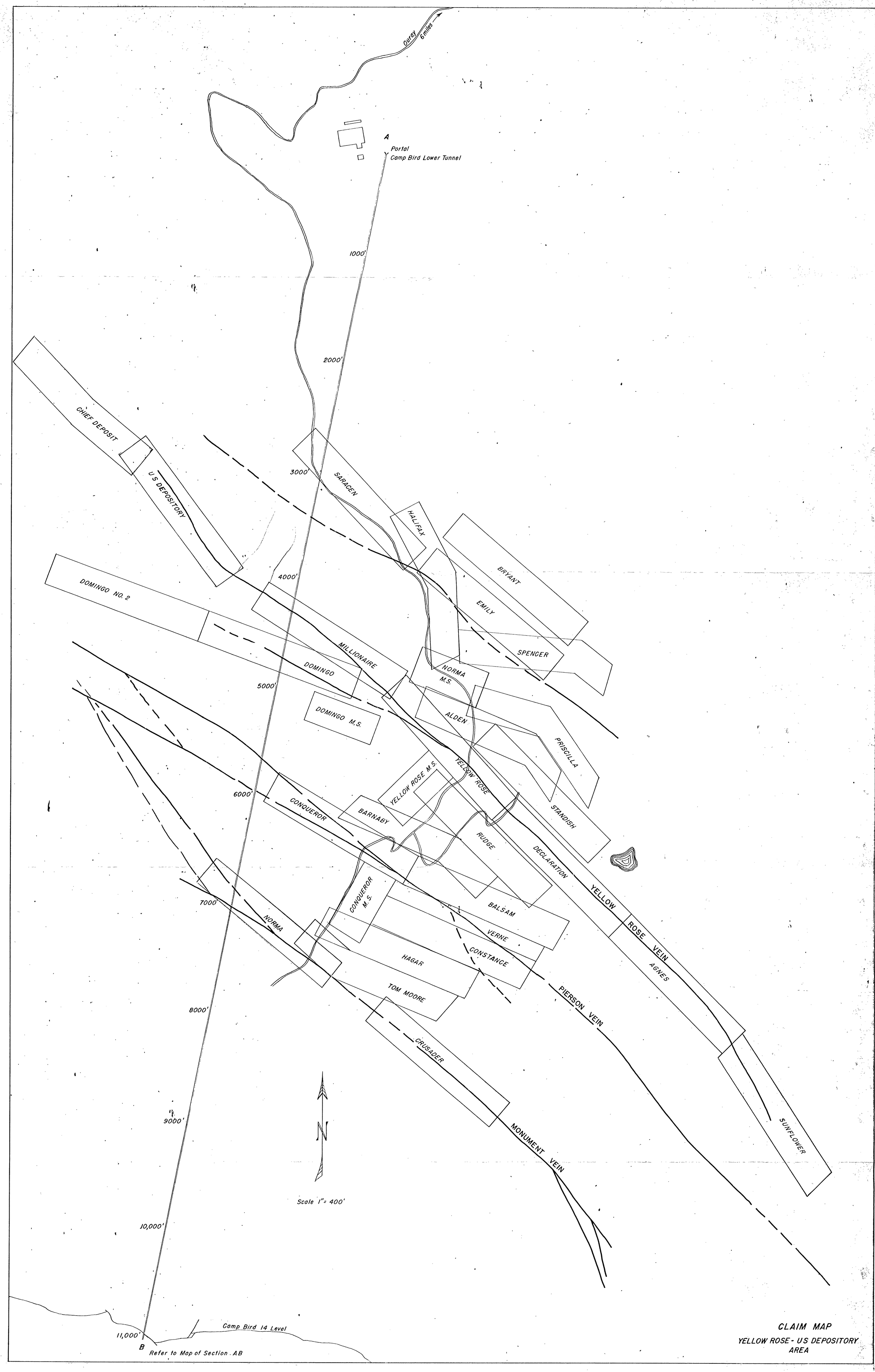
PATENTED CLAIMS.

R. S. Robson	1833
Vera Cruz	2450
Divide	12875

Exhibit "A" to Agreement of Lease
dated January 1, 1951

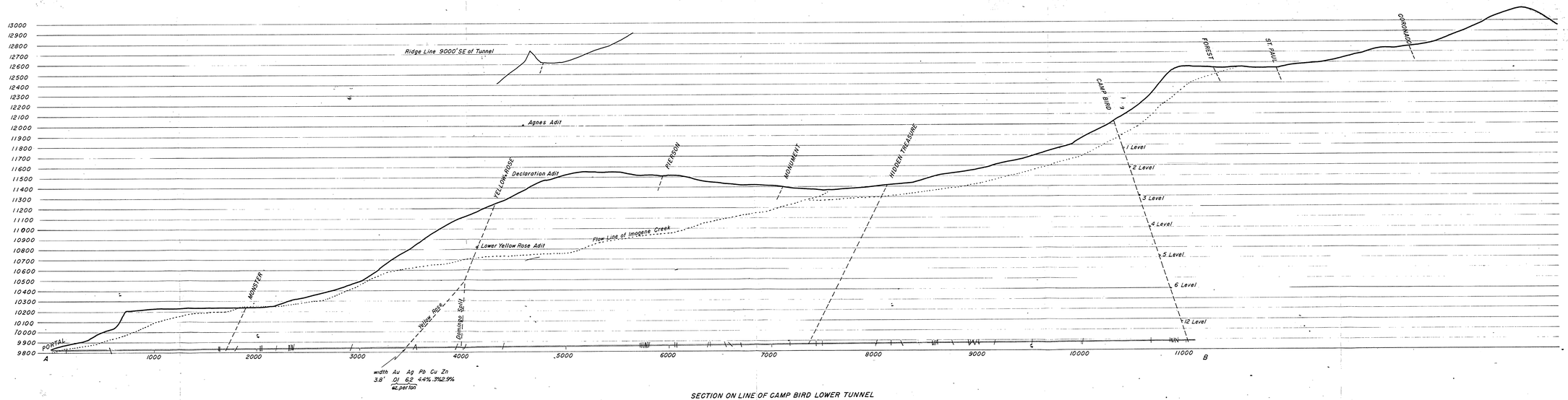
Royalty

Do not hike costs without docketing



CLAIM MAP

YELLOW ROSE - US DEPOSITORY AREA

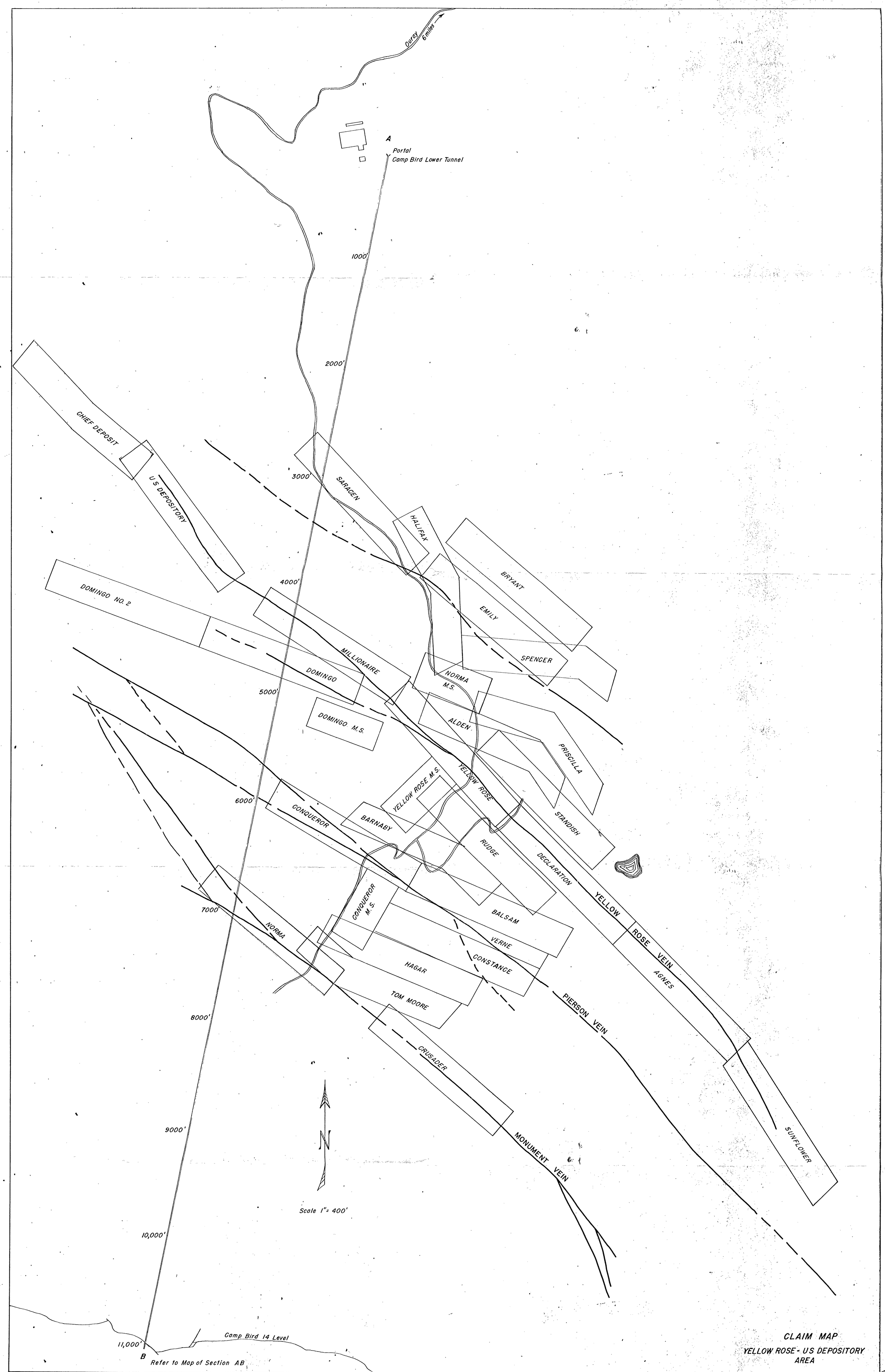


SECTION ON LINE OF CAMP BIRD LOWER TUNNEL

S 11° 52' W

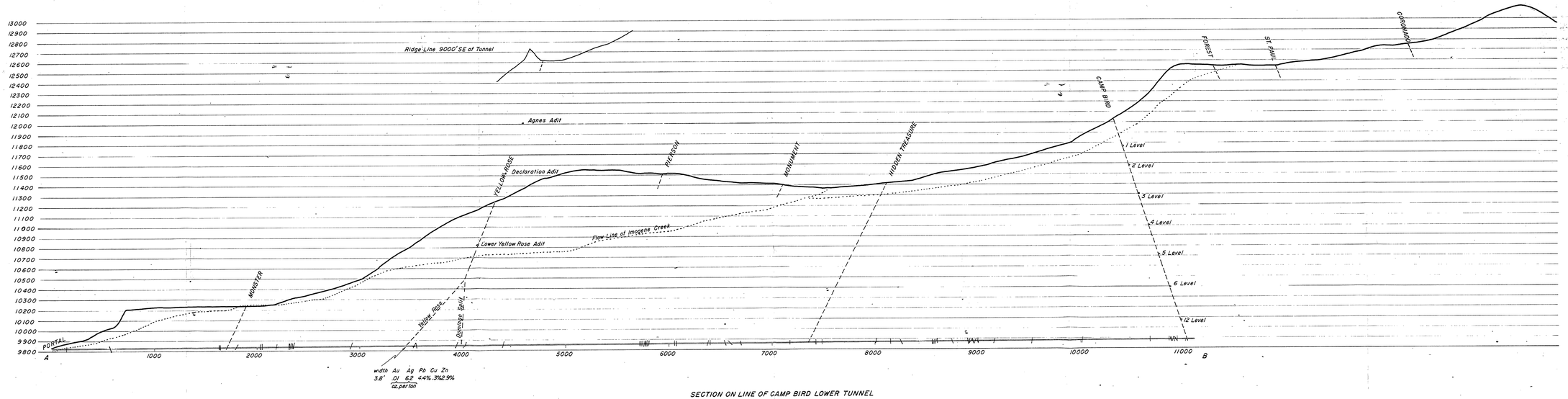
Scale 1" = 400'

Refer to Claim Map of Yellow Rose – US Depository Area



CLAIM MAP

YELLOW ROSE - US DEPOSITORY AREA



SECTION ON LINE OF CAMP BIRD LOWER TUNNEL

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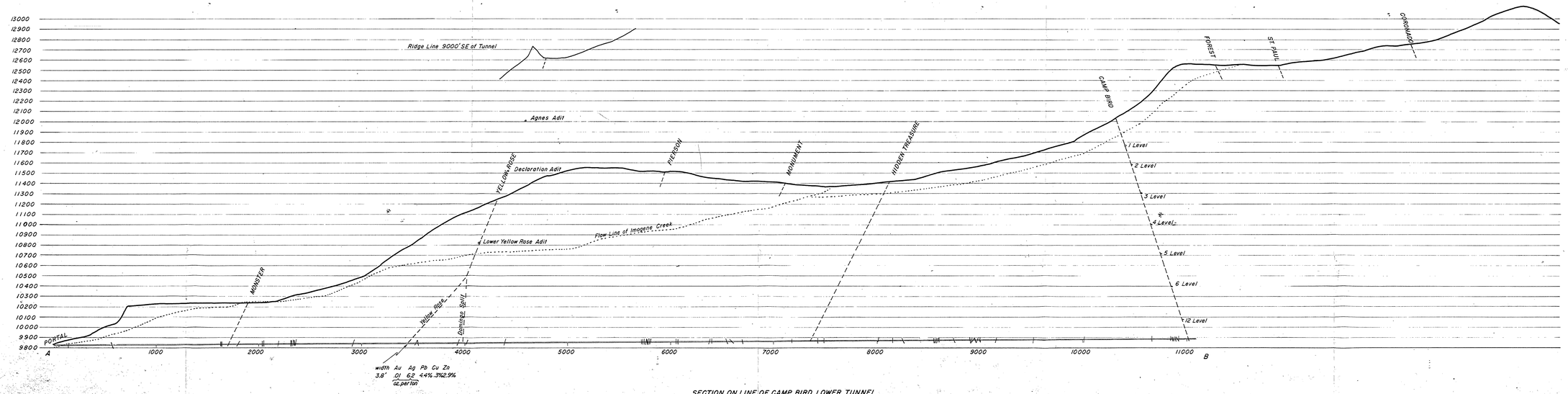

SECTION ON LINE OF CAMP BIRD LOWER TUNNEL
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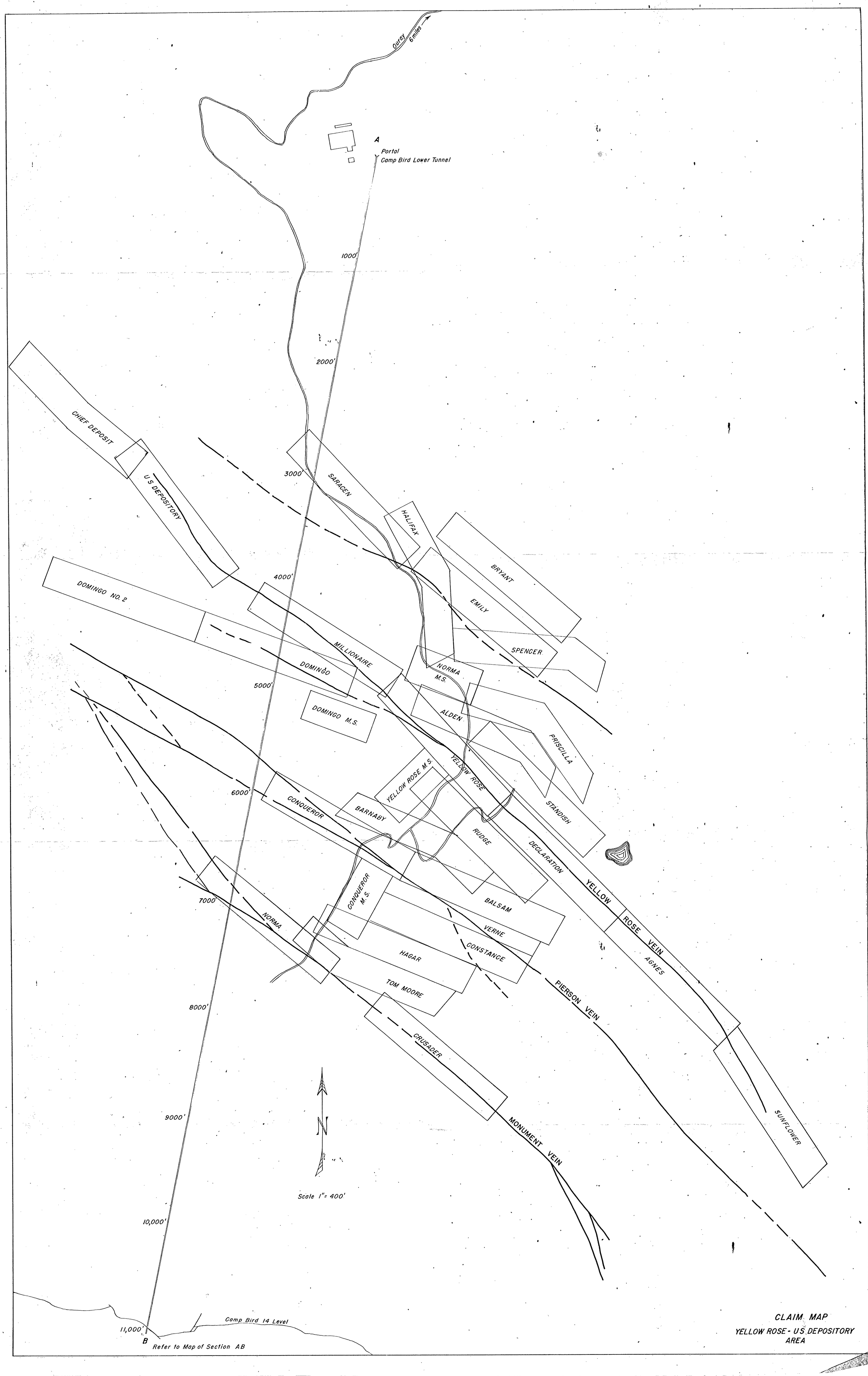
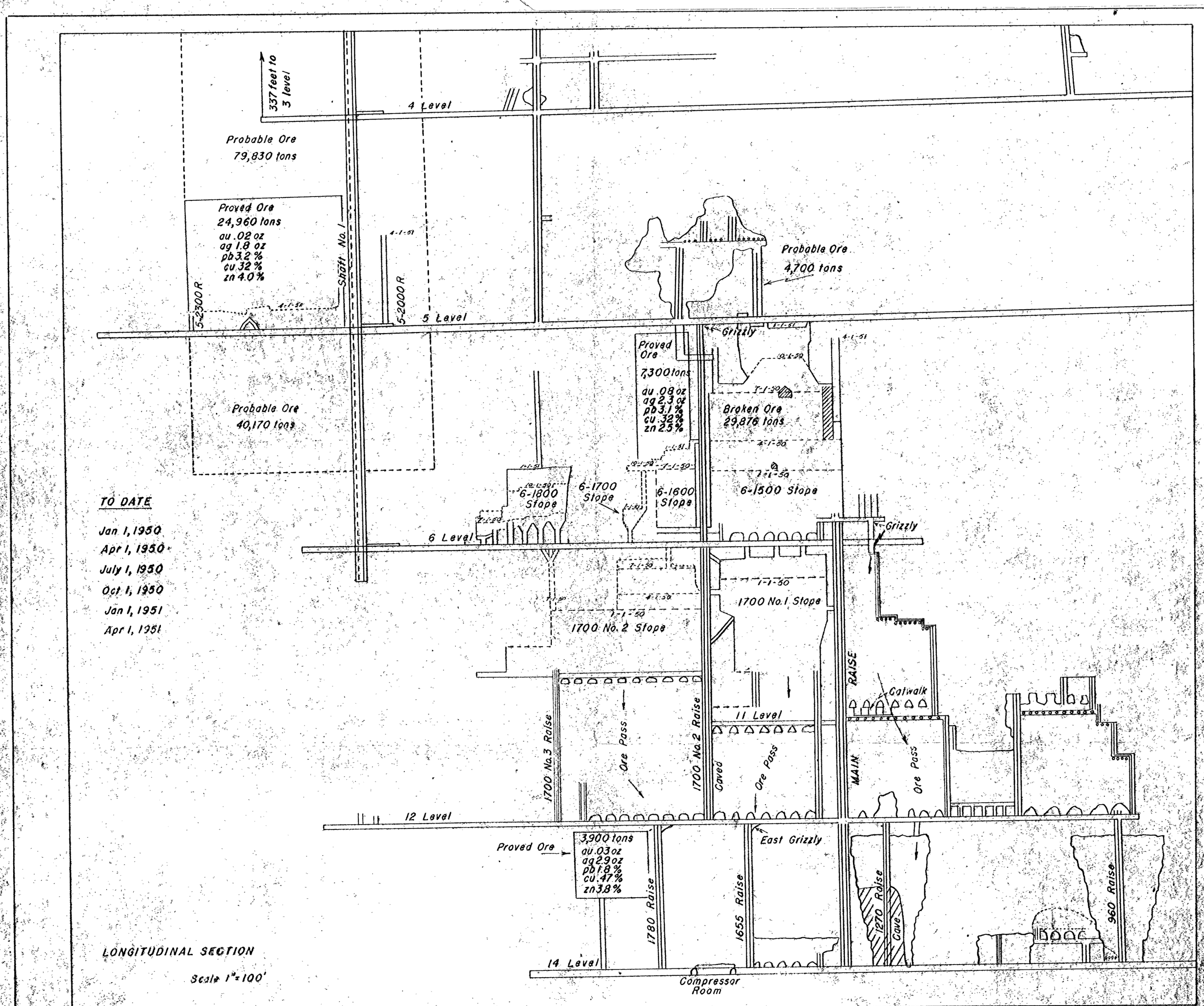
Scale 1" = 400'

Refer to Claim Map of Yellow Rose – US Depository Area



CLAIM MAP
YELLOW ROSE - U.S. DEPOSITORY AREA



KING LEASE WEST WORKINGS

CAMP BIRD MINE