DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

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DMA Docket No. 22

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Routing Slip

To:	General Counsel	Date	7/17/51
To:	P.E. Div.	Date	7/20/51
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INT.-DUP. SEC., WASH., D.C. 98868

Contracts Officer, Denver Mint
Colorado Mining

Date Rec'd
NOV 1 9 1951
Bureau of Mines
Denver, Colorado

DEFENSE MINERALS
ADMINISTRATION
WASHINGTON, D. C.

NOV 23 2 39 PM '51

Kontz
Hoffhund

AGREEMENT TO RESCIND
EXPLORATION CONTRACT PROJECT IDM-E80

It is mutually agreed this 30th day of November 1951, by and between the parties hereto that Exploration Project Contract I-DMA-E80 (Docket No. DMA-22) dated July 23d, 1951 , between the parties hereto be rescinded.

The Bonita Mining & Developing Company, Incorporated, the undersigned operator, does hereby release and agrees to save harmless the United States of America from all claims and demands in or under the aforesaid Exploration Contract.

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

UNITED STATES OF AMERICAN

By C. J. Mitchell

Acting Administrator
Defense Minerals Exploration
Administration

BONITA MINING & DEVELOPING CO., INC.

By Henry P. Ehrlinger

HENRY P. EHRLINGER,
GENERAL MANAGER
OPERATOR

MF-200
(June 1951)

Docket No. DMA 22
Commodity Zinc

Idm-E80

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 23rd day of July, 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and[2] Bonita Mining and Developing Company, Inc.
Box 186
Silverton, 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 San Juan described as follows:[3] See Exhibit A attached hereto.

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.~~

SEP 6 SEP 17

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

3. *Exploration project.* The Operator, within thirty (30) days from the date of this contract shall commence work on a project of exploration for[5] zinc and lead; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, material, and labor, all properly designed to bring the project to completion within a period of[6] two (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 50 percent of the approved costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $9000.00, which is 50 percent of the agreed estimated total cost of this project, $18,000.00.

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

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

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

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

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

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

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

Executed in sextuplicate the day and year first above written.

BONITA MINING AND DEVELOPING COMPANY, INC.
(Pride of Bonita)
(Operator)

By [signature]
Henry P. Ehrlinger, Vice President
and General Manager

THE UNITED STATES OF AMERICA

By [signature]
Director, Production Expansion Division
Defense Minerals Administration

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

EXHIBIT A - Exploration Project

The Company holds by lease and option or mining agreement on the following lode mining claims situated within the exploration area and in T42N., R7W., N.M.P.M., Eureka Mining District, San Juan County, Colorado.

Bonnie Bell	MS	16228
Pride of Bonita	"	"
Royal Oak	"	"
Silverton	"	8007
Tom Phipps	Located claim	
John Briggs	"	"

The proposed tunnel project is situated in the Pride of Bonita and Royal Oak claims as shown on attached map.

The exploration project consists of extending the present drift in the Pride of Bonita vein approximately 500 feet to the intersection of the Pride of Bonita and Royal Oak veins. The proposed tunnel is shown on attached map.

Estimated cost of the project is as follows:

Labor - 500 feet @ $19 per foot	$ 9500.00
Supplies	3375.00
Rental Equipment Exhibit	2250.00
Purchased Equipment	325.59
Compensation Insurance	355.05
Supervision	1900.00
Engineering	300.00
Total	$18005.64

The applicant has rounded the above figure to $18000 which is, therefore, taken as the maximum amount of the contract.

EXHIBIT B - Fixtures and Improvements

There are no buildings, fixtures, or facilities on the property at this time other than a 30 - 40 ton ore bin, access road and timber storage ramp which were installed and fully paid for by the Company in 1949 and 1950.

The Company proposes to construct a 10' x 10' woodframe, tarpaper covered tool house, without foundations on the property for the use of the contractors at its own expense and therefore, there will be no charge or Government participation in fixtures or improvements under this contract.

EXHIBIT C - Operating Equipment

The Company proposes to furnish all small tools such as picks, shovels, mine cars, hammers, water tanks, etc.

An air driven pump is to be purchased for pumping drilling water from the creek to the storage tank. The estimated cost of this equipment, a $3\frac{1}{2}$ x $3\frac{1}{2}$ x $3\frac{1}{2}$ Gardner-Denver air pump, is $325.59 and the Government will participate in 50% of this cost as per Section 6 of the Contract.

The following equipment is to be rented by the Company at the cost shown and the Government will participate in 50% of the rental for five months maximum at the monthly rental shown or $2250.

Item	Cost	Rental per Month
Compressor, 210 cfm.	$4500.00	$200.00
Drifter, Complete	978.00	100.00
Mucker GD. 11	3350.00	150.00

In event any of the above equipment is owned or purchased for use on the project instead of rented, the monthly rental is to be determined by depreciation allowance based on sixty month average life instead of the above monthly rental amount.

EXHIBIT D - Labor and Supervision

3 Miners, on a contract basis and at a sliding scale depending on the advances made from the portal, who will be required to set up, drill, blast, muck out and tram to dump, lay pipe and track with the advance, properly maintain all equipment, furnish transportation to and from town for men and supplies and maintain track on dump.

Average rate of $19.00 per running foot to be paid for the crew.

1 Supervisor, who will be responsible for the proper performance of the contractors and who will keep up all data required for reports, etc. and will take care of the compressor and water pump while miners are in the mine.

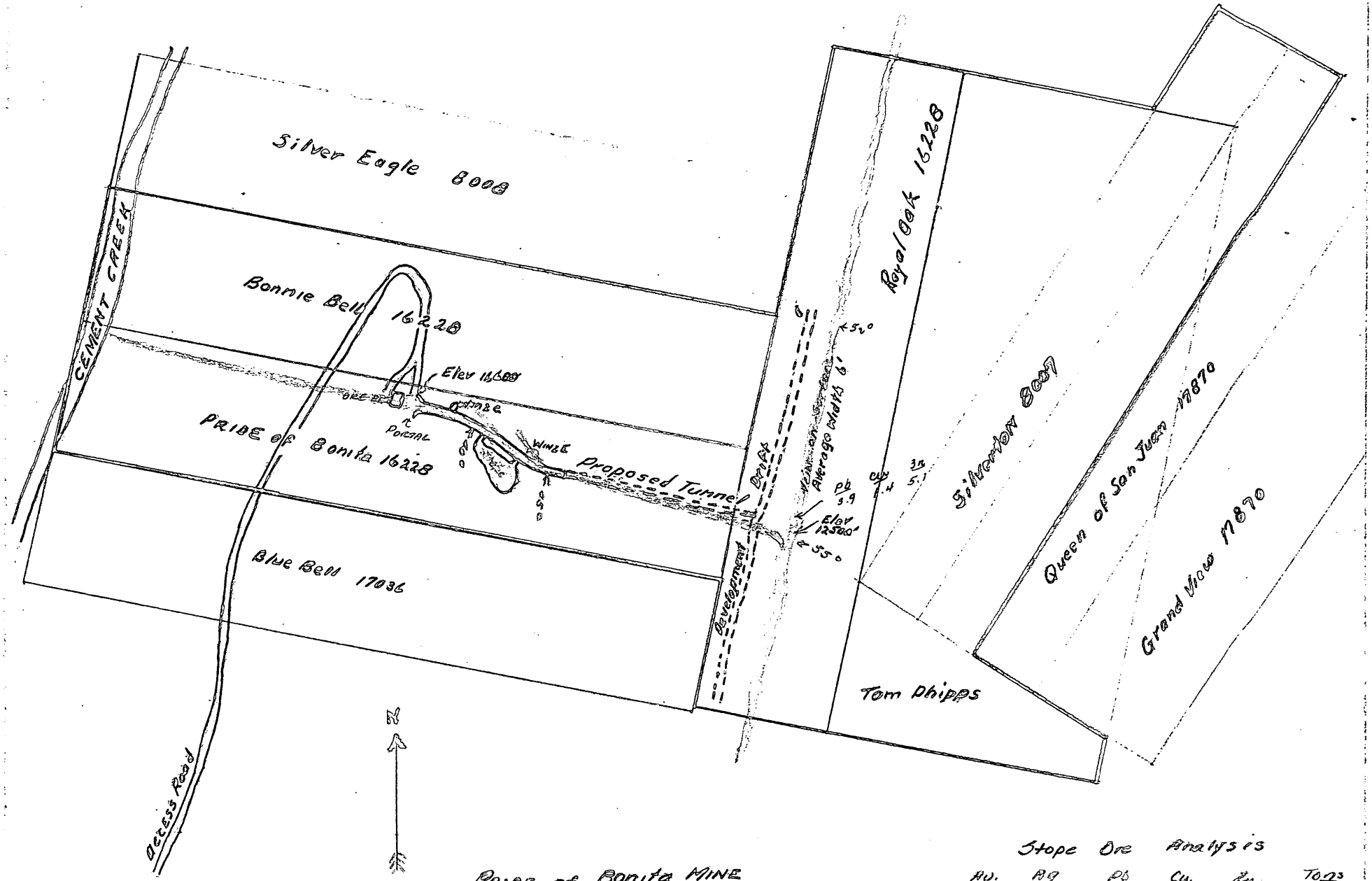
Salary rate $400.00 per month.

1 Engineer, who will keep up all of the maps of the works, make the semi-monthly measurements of the contracts and complete all surface surveys.

Fee Basis of $25.00 per day required on the project.

EXHIBIT E

No facilities require rehabilitation or repair and therefore, no costs of this nature are allowable under this contract.



PRIDE of Bonita MINE
Silverton, Colo.

Stope Ore Analysis

Au.	Ag	Pb	Cu.	Zn	Tons
.05	5.62	3.9	1.16	5.95	180.9

MF-202

LANDLORD'S SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned is the owner in fee simple of that certain parcel of ground in the county of San Juan, State of Colorado, described in a certain Exploration Project Contract dated July 23, 1951, between BONITA MINING AND DEVELOPING CO., INC., the Lessee of said property, and the United States of America;

NOW, THEREFORE, the undersigned, as Lessor of said property under lease dated June 1, 1949, does by these presents subordinate all of his right, title, and interest under the provisions of said lease to the right, title, and interest of the United States of America under the provisions of said Exploration Project Contract, and agrees that the lien and claim of the United States of America under the provisions of said contract shall be prior to the undersigned's rights to rentals or royalties under the terms of said lease; and

Sacramento, California
July 31, 1951

ss Sacramento County
State of California

I, Helen B Higgins Notary Public in and for Sacramento County State of California certify that Wallace H Starnes and Elsia B. Starnes appeared before me this day, thirty first day of July year of Ninteen Fifty -one

Helen B Higgins
NOTARY PUBLIC For Sacramento County
State of California

My commission expires
August 6, 1951

MF-202

LANDLORD'S SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned is the owner in fee simple of that certain parcel of ground in the county of SAN JUAN, State of COLORADO, described in a certain Exploration Project Contract dated July 23, 1951, 1951, between BONITA MINING & DEVELOPING CO., INC.,

the Lessee of said property, and the United States of America;

NOW, THEREFORE, the undersigned, as Lessor of said property under lease dated May 15th 1951, does by these presents subordinate all of his right, title, and interest under the provisions of said lease to the right, title, and interest of the United States of America under the provisions of said Exploration Project Contract, and agrees that the lien and claim of the United States of America under the provisions of said contract shall be prior to the undersigned's rights to rentals or royalties under the terms of said lease; and

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

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

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

Dated this 18th day of May, 1951.

THE OTTE INTERESTS

Walter H. Otte

WALTER H. OTTE,
Representative

U. S. GOVERNMENT PRINTING OFFICE 940768

LEASE AND OPTION TO PURCHASE

THIS LEASE AND OPTION TO PURCHASE, entered into as of June 1, 1949, between J. CLINTON BOWMAN, EMERSON CAREY, JR., and THE DENVER NATIONAL BANK, as TRUSTEES UNDER THE WILL OF C. A. BOWMAN, DECEASED, whose address is care of the Denver National Bank, Denver, Colorado, sometimes herein referred to as the Bowman interests, and WALLACE H. STARNES, sometimes known as Wallace Starnes, and ELSIA B. STARNES, whose address is 516 P Street, Sacramento, California, herein sometimes referred to as the Starnes interests, lessors and optionors, hereinafter called collectively the lessors, and SAN JUAN MINES, INC., a Colorado corporation, whose address is Box 186, Silverton, Colorado, lessee and optionee, hereinafter called the lessee,

W I T N E S S E T H :

THAT, WHEREAS the Bowman interests and the Starnes interests are the owners, each holding an undivided one-half (1/2) interest in and of the following lode mining claims situate in the Cement Creek area of the Eureka Mining District in the County of San Juan, State of Colorado, to-wit:

Name	U. S. Survey No.
Pride of Bonita	16228,
Royal Oak	16228,
Bonnie Bell	16228;

AND, WHEREAS the lessee is the owner of the following unpatented lode mining claims contiguous to the lessors' patented claims aforesaid, to-wit:

Name	San Juan County Records	
	Book	Page
Thomas Phipps	172	72,
John Briggs	172	73;

AND, WHEREAS the lessee intends to or may locate other claims contiguous to the patented or unpatented claims named above; and

WHEREAS it is the desire and intention of the lessors hereby to grant the lessee a lease and option to purchase their three (3) patented lode mining claims above named upon the terms hereinafter set forth for a total price of Ten Thousand Dollars ($10,000.00), under an arrangement whereby a ten (10) per cent royalty on the net smelter returns of all ores extracted and sold from the lessors' claims and/or from the lessee's unpatented claims forming a contiguous group therewith, now or hereafter located by the lessee, shall apply upon and in reduction of said purchase price, and whereby after said $10,000.00 shall have been fully paid and said three (3) patented claims shall have been duly conveyed to the lessee, then the lessee shall still continue to pay to the lessors a total royalty of five (5) per cent on the ores thereafter extracted and sold from said patented and unpatented claims so long as the lessee shall operate the entire group or any part thereof;

NOW, THEREFORE, in consideration of the premises and of the rents, royalties, covenants and agreements herein reserved, to be paid, kept and performed by the lessee, the lessors have granted, leased, demised and let, and by these presents do grant, lease, demise and let unto the lessee the above-described patented lode mining claims, together with all dips, spurs and angles and all buildings and improvements, plants, fixtures, equipment, supplies, and dumps thereon, and all extralateral rights and other appurtenances in anywise incident thereto;

TO HAVE AND TO HOLD unto the lessee from the date hereof to

and until August 1, 1969, unless sooner forfeited, terminated or surrendered as hereinafter provided.

In consideration of said lease, the lessee covenants and agrees:

1. ROYALTIES. To pay to The Denver National Bank of Denver, Colorado, as escrow-agent, for the use of the lessors, a royalty of ten percent (10%) of the net returns from all ores extracted and sold from the three (3) patented mining claims hereby demised and/or from the lessee's unpatented claims forming part of the contiguous group as aforesaid.

Net returns shall be determined by deducting transportation and haulage costs from net mill returns on all ore sold to a mill or from net smelter returns of all ore sold to a smelter.

2. (a) DUPLICATE SETTLEMENT SHEETS. Products shall be sold in the name of the lessee with duplicate settlement sheets furnished to the bank as escrow-agent hereunder.

(b) MINING AND SHIPPING. All work done by the lessee in or upon the demised premises and all ore opened by such operations shall be done and handled in mine-fashion in manner necessary to good and economical mining; and the lessee shall perform at least 120 shifts of work in or for the benefit of the contiguous group aforesaid in each calendar year during the life of the lease herein granted. All ores developed shall be mined and shipped at the earliest reasonable date with due regard to metal markets and whether same can be done at a profit, and to the development and preservation of said premises as a workable mining property; provided, however, the lessee shall not be obligated to operat a loss hereunder, and the mining and shipping of ores may be

reasonably delayed and suspended pending construction of the lessee's own mill.

3. USE OF ADJACENT PROPERTIES. The lessee shall have the right to remove ores, waste, water and other materials from the demised premises and to carry on general mining operations pertaining to the demised premises by means of shafts and workings on other properties and to remove ores, waste, water and other materials from other properties and to carry on general mining operations pertaining to such other properties on the surface of or through shafts and workings on the demised premises; but, until weighed and sampled, all ores extracted and removed from the demised premises shall be kept separate from ores extracted or removed from any other property.

4. SEPARATE DUMPS. All ores of insufficient grade to be shipped at the current market price of metals when extracted shall be stored in separate dumps and held available for later sale when profitable.

5. EQUIPMENT. All tools, machinery, rails, cars, compressors and like equipment shall be the property of the lessee, but should the lessee not become the purchaser under the option hereinafter granted, all ties, timber, chutes and ore bins shall remain as part of the patented claims and become the property of the lessors. Upon termination, surrender or forfeiture, the lessee may within a reasonable time, with due regard to climatic conditions, remove its said property and equipment; and all payments theretofore made to the lessors shall be considered as liquidated damages and there shall be no further liability on the part of the lessee.

6. INSPECTION. To allow the lessors, their agents or representatives at all reasonable times to enter, visit and inspect any and all parts of said premises and workings, but such visits and inspections shall be at lessors' own risk and so as to not hinder unreasonably the operations of the lessee, and the lessors each for himself, shall indemnify and hold harmless the lessee from any damage, claim or demand by reason of injury to or the presence of that particular lessor or his employees, agents, representatives, licensees or guests or any of them on or in the demised premises or approaches thereto.

7. STATE AND FEDERAL LAWS. To comply with the Workmen's Compensation Laws of Colorado and the Social Security, Unemployment Insurance and all other state and federal laws relating to the lessee's operations, and to save the lessors harmless from any claim for damages or liability by reason thereof.

8. LIENS AND NOTICE. To keep the demised premises free and clear of labor and material liens and encumbrances, and to keep posted in a conspicuous place a written or printed notice that the premises are leased to and operated by the lessee and that the interest of the lessors shall not be subject to any liens by reason of the lessee's operations.

9. DEFAULTS. If the lessee shall fail to perform any term or condition on the lessee's part to be performed, the lessors may give the lessee notice in writing specifying such failure, and the lessee shall have sixty (60) days thereafter to remedy such default, and upon failure or refusal within such sixty (60) day period to remedy such default, all the lessee's rights hereunder shall terminate.

10. SURRENDER AND RELEASE. (a) At any time before completing purchase under the option hereinafter granted, the lessee may surrender this lease upon thirty (30) days' prior written notice to lessors, and

upon such surrender all rights, liabilities and obligations of the parties not already accrued shall terminate; and any rights of the lessors to royalties or other benefits from the lessee's own claims shall cease and determine.

(b) Upon surrender or other termination hereof, the lessee shall duly release and quitclaim to the lessors any right or interest hereunder in the lessors' own three (3) patented claims above-named, and the lessors shall also release and quitclaim any right or interest in any and all of the lessee's own claims above-named and any hereafter acquired by the lessee.

11. TAXES. To pay all taxes whether levied as a producing or non-producing mine, including taxes for 1949 and subsequent years.

12. FORCE MAJEURE. If operations under this agreement shall be discontinued because of strike, fire, flood, act of God, public enemy, government restriction, shortage of labor or other causes beyond the reasonable control of the lessee, such discontinuance shall not operate as a violation or work a forfeiture of this agreement.

13. OPTION TO PURCHASE; ESCROW. The lessors hereby give and grant unto the lessee the exclusive right and option, at its election, to purchase said premises with all incidental rights and all improvements, machinery and dumps thereon, at any time during the term of this lease while the lessee is not in default hereunder, on the payment of the total sum and purchase price of $10,000.00 aforesaid. The ten percent (10%) royalty hereinabove reserved shall apply upon and in reduction of said price. The lessee shall have the right to pay other and further sums on account of said price and may pay the balance in full and obtain a conveyance at any time. Simultaneously herewith, the lessors have executed their good and sufficient warranty mining deed of even date herewith conveying to the lessee good and merchantable title to said patented claims, together with the improvements and appurtenances as

aforesaid, free and clear of encumbrance. Said deed shall forthwith be placed in escrow with said The Denver National Bank, together with appropriate escrow instructions of even date whereby said deed shall be delivered by the escrow-agent to the lessee, its successors or assigns, upon payment of said $10,000.00 by royalties or otherwise. The escrow-agent shall be instructed to purchase and affix to said deed at the time of delivery thereof the documentary revenue stamps then required by law, at lessors' expense, and to cancel said stamps in lessors' behalf at the time of such delivery. All fees and charges of the escrow-agent shall be paid by the lessee.

14. CONTINUED ROYALTY AFTER CONVEYANCE. The ten percent (10%) royalty and the leasehold provisions and forfeitures above set forth shall cease and terminate as of course if and when the purchase price aforesaid shall have been paid; but after due delivery of said deed to the lessee, the lessee shall continue to pay a royalty of five percent (5%), similarly computed, to or for the lessors so long as San Juan Mines, Inc., its successors or assigns, shall operate the patented claims above-described or the unpatented contiguous claims of the lessee above referred to, regardless of the claim or claims from which the ores shall be extracted and regardless of whether said claims shall have been patented or shall remain unpatented; and this covenant shall run with the land; provided, however, that such owner shall not be obligated to operate all or any part of the said properties after such purchase from the lessors unless in the owner's judgment such operation can be carried on at a reasonable profit to the owner.

15. TITLE. The respective lessors covenant, as to their respective one-half (½) but not as to the other one-half (½), that the Bowman interests and the Starnes interests respectively now hold title and possession of their own respective undivided one-half (½) interest in the demised property free and clear of former grants, sales, liens or encumbrances and that there are no delinquent taxes; and agree to furnish the lessee such abstracts, location certificates, patents, certified copies of wills and decrees, deeds and other evidences of title as may be in the lessors' possession or control, and to allow and to cooperate with the lessee, at the lessee's option and initial expense, to have abstracts brought to date and to take such steps and proceedings to perfect title as lessee shall reasonably deem advisable. All reasonable expenses thus incurred by the lessee shall apply as a credit against the purchase-price and shall be allowed by the escrow-agent upon filing with it by the lessee of proper receipts and vouchers therefor; but the credit for such expenses shall in no event exceed $250.00.

16. LIQUIDATED DAMAGES. All payments received by or for the lessors hereunder shall be retained by them not as a penalty but as liquidated damages for any failure by the lessee to perform its lease or exercise its option.

17. NOTICES. Notices shall be given by registered United States mail to the respective addresses above set forth.

18. SUCCESSION AND ASSIGNMENT. These presents shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties. The lessee may, at its election, and shall, if requested in writing so to do by the lessors, cause to be organized

a Colorado corporation under the name of Pride of Bonita, Inc., or similar available name, and assign this Lease and Option to Purchase to such new corporation, together with all rights, duties and obligations hereunder.

19. CAPTIONS. The caption of paragraphs herein have been inserted for convenience and not for purposes of construction.

IN WITNESS WHEREOF the lessors and lessee have executed this agreement in quadruplicate as of the date first above written.

(Signed) J. Clinton Bowman (SEAL)
J. Clinton Bowman,

(Signed) Emerson Carey, Jr. (SEAL)
Emerson Carey, Jr.

THE DENVER NATIONAL BANK

by (Signed) H. E. Parks
Vice-president

Attest:

(Signed) J. A. Nyberg
Secretary

as Trustees under the Will of C. A. Bowman, Deceased,

(Signed) Wallace H. Starnes (SEAL)
Wallace H. Starnes, otherwise known as Wallace Starnes,

(Signed) Elsia B. Starnes (SEAL)
Elsia B. Starnes.

Lessors.

SAN JUAN MINES, INC.

by (Signed) Henry Ehrlinger
President

Attest:

(Signed) Carl A. Larson
Secretary

Lessee.

STATE OF COLORADO)
) SS.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 22nd day of August, A. D. 1949 by J. Clinton Bowman and Emerson Carey, Jr., as Trustees under the Will of C. A. Bowman, Deceased.

My commission expires: April 13, 1953

(Signed) Ralph J. Blakley
Notary Public

STATE OF COLORADO)
) SS.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 22nd day of August, A. D. 1949 by H. E. Parks, Vice-President of The Denver National Bank, as a Trustee under the will of C. A. Bowman, deceased.

My commission expires: April 13, 1953

(Signed) Ralph J. Blakley
Notary Public

STATE OF CALIFORNIA)
) SS.
COUNTY OF SACRAMENTO)

The foregoing instrument was acknowledged before me this 25th day of July, A. D. 1949 by Wallace H. Starnes, otherwise known as Wallace Starnes, and Elsia B. Starnes.

My commission expires: Feb. 6, 1950

(Signed) Gladys H. Dennis
Notary Public

STATE OF COLORADO)
) SS.
COUNTY OF SAN JUAN)

The foregoing instrument was acknowledged before me this 30 day of June, A. D. 1949 by H. P. Ehrlinger, president of San Juan Mines, Inc., a Colorado corporation.

My commission expires: Oct. 29, 1950.

(Signed) Nora E. Vote
Notary Public

Original was recorded in San Juan County at 2:25 P.M. on August 24, 1949 in book 175 page 370.

ASSIGNMENT
of
LEASE AND OPTION TO PURCHASE

THIS ASSIGNMENT entered into this 10th day of October, A. D. 1949 between SAN JUAN MINES, INC., a Colorado corporation, whose address is Box 186, Silverton, Colorado, hereinafter called the assignor, and BONITA MINING AND DEVELOPING CO., INC., a Colorado corporation, whose address is Suite 1800, 160 North LaSalle Street, Chicago, Illinois, hereinafter called the assignee,

W I T N E S S E T H :

THAT, WHEREAS under date of June 1, 1949 J. Clinton Bowman, Emerson Carey, Jr. and The Denver National Bank, as Trustees under the Will of C. A. Bowman, Deceased, and Wallace H. Starnes and Elsia B. Starnes, as lessors and optionors, gave and granted unto the undersigned assignor San Juan Mines, Inc., as lessee and optionee, that certain Lease and Option to Purchase thereafter and on August 24, 1949 recorded in the office of the Clerk and Recorder of San Juan County, Colorado, in book 175 at page 370, to which reference is hereby made for greater certainty; and

WHEREAS, pursuant to paragraph 18 thereof, said San Juan Mines, Inc. has been duly requested by said lessors and

optioners to cause to be organized a Colorado corporation and to assign said Lease and Option to Purchase to said new corporation together with all said assignor's rights, duties and obligations as the lessee and optionee therein; and in compliance with said Lease and Option to Purchase, and particularly paragraph 13 thereof, Escrow No. 1731 has been duly opened and established in and with said The Denver National Bank, of Denver, Colorado, as escrow-agent; and

WHEREAS, pursuant to said paragraph 18, the assignee herein Bonita Mining and Developing Co., Inc. has been duly organized in order to have and receive the assignment of said Lease and Option to Purchase and to enjoy the benefits and assume the covenants and obligations of the lease and option therein;

NOW, THEREFORE, in consideration of the premises and of the sum of Ten ($10.00) Dollars and other good and valuable considerations to the assignor paid by the assignee, receipt of which is hereby acknowledged, and of the issuance of the capital stock of the assignee fully paid and nonassessable to and among certain individuals as approved by the assignor and assignee herein, it is agreed as follows:

1. The assignor hereby assigns, transfers and sets over unto the assignee said Lease and Option to Purchase, together with all of its rights, title and interest in and under

said Escrow No. 1731 above referred to. Concurrently herewith the assignor is delivering to said escrow-agent its good and sufficient Mining Deed in favor of the assignee to be held for appropriate delivery along with the deed described in Schedule A of said escrow instructions.

2. The assignee hereby accepts said assignment and all rights and privileges thereunder and agrees to carry out and discharge the duties and obligations of the lessee and optionee thereunder and to hold the assignor herein harmless by reason of any non-performance or breach by the assignee of any covenant therein.

3. A copy of this assignment shall be delivered to said bank in connection with the escrow aforesaid.

4. (a) In the event that the assignee shall desire to exercise its right of surrender under said Lease and Option to Purchase and particularly paragraph 10 thereof, the assignee shall notify the assignor of such desire and shall send a signed copy of such notice to the escrow-agent at least thirty (30) days before giving any notice of surrender to the lessors and optionors, and, if thereupon requested so to do by the assignor herein, shall duly reassign to the assignor in writing said Lease and Option to Purchase, and advise the escrow-agent in writing of such reassignment.

(b) In the event of a default by the assignee in the performance of any covenant in said Lease and Option to

Purchase, whereby the sixty (60) days' notice of termination provided in paragraph 9 thereof shall be given by the lessors and optionors, and the assignee shall decide not to remedy such default, it shall promptly and within fifteen (15) days after receiving any such notice notify the assignor of such notice and supply the assignor with a copy thereof and shall at the same time tender the assignor a written re-assignment of said Lease and Option to Purchase, and the assignor shall have the right to have such re-assignment and to remedy such default and prevent a termination of said Lease and Option.

IN WITNESS WHEREOF the assignor and the assignee have executed this assignment on this the date first above written.

SAN JUAN MINES, INC.

by Henry P. Ehrlinger
President

Attest:

Carl A. Carson
Secretary

BONITA MINING AND DEVELOPING CO., INC.

by Fred C. Brightly, Jr.

Attest:

Vincent G. Rinn
Secretary

STATE OF COLORADO)
) SS.
COUNTY OF SAN JUAN)

The foregoing instrument was acknowledged before me this 7th day of November, A. D. 1949, by Henry P. Ehrlinger,

president of San Juan Mines, Inc.

Witness my hand and official seal.

My commission expires: July 18, 1953

/s/ William M. Calvert
Notary Public

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 10th day of November, A. D. 1949, by Frederick C. Brightly, Jr., president of Bonita Mining and Developing Co., Inc.

Witness my hand and official seal.

My commission expires: 11-4-52

/s/ Lois Friedl
Notary Public

Denver, Colorado, November 18, 1949

The undersigned escrow-agent acknowledges receipt of a copy of the above and foregoing assignment, and agrees to recognize Bonita Mining and Developing Co., Inc., as such assignee, and in case of re-assignment as above provided and delivery to the undersigned of a signed copy thereof, agrees to recognize San Juan Mines, Inc., pursuant thereto, in reference to said Escrow No. 1731, as though the above and foregoing assignment had not been made, and shall deliver to San Juan Mines, Inc. the mining deed from it to Bonita Mining and Developing Co., Inc., above referred to.

THE DENVER NATIONAL BANK, Escrow-Agent,

by /s/ S. G. Anrud
Asst. Trust Officer.

NO. 91946

ASSIGNMENT OF LEASE AND OPTION TO PURCHASE

SAN JUAN MINES CO.

BONITA MINING AND DEVELOPING CO., INC.

STATE OF COLORADO,)
) SS.
COUNTY OF SAN JUAN)

I HEREBY CERTIFY THAT THIS INSTRUMENT

WAS FILED FOR PERIOD IN MY OFFICE AT

11:00 o'clock A.M.

Nov. 29, 1949 and duly

recorded in Book 175 Page No. 430

by SYLVIA L. NELSON
Recorder

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

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

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

DO NOT FILL IN THIS BLOCK

Docket No. .....

Date received .....

Participation .....

BONITA MINING & DEVELOPING CO., INC.
BOX 186,
SILVERTON, COLORADO

Letter for priority assistance sent to Mr Montag, May 8, 1951 OAH

Name and address of applicant

Date MAY 4, 1951

FILL IN THIS BLOCK

Date of application January 2, 1951

Estimated cost $ 23,375.00

Mineral or metal Zinc, Lead & Copper

Percentage of Government participation 50%

Location of mine PRIDE OF BONITA

SILVERTON, COLORADO

Date of filing MF-100 May 4, 1951

DMA Docket Number, if available DMA-22

INSTRUCTIONS

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

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation?
*2. If a partnership, state names and addresses of partners.
*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.
*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project.
*5. Are you the owner or the lessee of the property?
6. If owner, state what claims, liens, or encumbrances, if any, are against the property.
7. If lessee, attach a copy of the lease and state if it is in good standing.

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

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement.
9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)?

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

16—64067-1

MAY 9

THE PROPERTY

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

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

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

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

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

*13. State source and quantity of water available for operations and its sufficiency at all seasons.
State amount of power to be used, rate per hour or other cost, and source.

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

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

*16. History:

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

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

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

*17. Production:

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

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

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

(*a*) Describe the ore or mineral deposits briefly.

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

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

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

THE EXPLORATION

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

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

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

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

THE REQUIREMENTS AND COSTS

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

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

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

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

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

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

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

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

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

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

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

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.

BONITA MINING & DEVELOPING CO., INC.
(Name of company)

By Henry P. Ehrlinger
(Signature of authorized official)
HENRY P. EHRLINGER
VICE PRESIDENT & GENERAL MANAGER
(Title)

MAY 4, 1951
(Date)

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

*Same as footnote on page 1.

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

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

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

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

DO NOT FILL IN THIS BLOCK

Docket No. .....

Date received .....

Participation .....

BONITA MINING & DEVELOPING CO., INC.
BOX 186,
SILVERTON, COLORADO

Name and address of applicant

Date MAY 4, 1951

FILL IN THIS BLOCK

Date of application January 2, 1951

Estimated cost $ 23,375.00

Mineral or metal Zinc, Lead & Copper

Percentage of Government participation 50%

Location of mine PRIDE OF BONITA

SILVERTON, COLORADO

Date of filing MF-100 May 4, 1951

DMA Docket Number, if available DMA-22

INSTRUCTIONS

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

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation?
*2. If a partnership, state names and addresses of partners.
*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.
*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project.
*5. Are you the owner or the lessee of the property?
6. If owner, state what claims, liens, or encumbrances, if any, are against the property.
7. If lessee, attach a copy of the lease and state if it is in good standing.

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

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement.
9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)?

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

16—64007-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.
    (*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

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

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*13. State source and quantity of water available for operations and its sufficiency at all seasons.
State amount of power to be used, rate per hour or other cost, and source.

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

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

*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.
    (*b*) State briefly the known history and production of adjoining and neighboring properties.
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

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

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

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.

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

THE EXPLORATION

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

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

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

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

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:
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    (*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work.
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24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent.

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.

BONITA MINING & DEVELOPING CO., INC.
(Name of company)

By [signature]
HARRY P. [illegible]
(Signature of authorized official)

MAY 4, 1951
(Date)

VICE PRESIDENT & GENERAL MANAGER
(Title)

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

*Same as footnote on page 1.

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

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

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

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

DO NOT FILL IN THIS BLOCK

Docket No. .....

Date received .....

Participation .....

BONITA MINING & DEVELOPING CO., INC.
BOX 183,
SILVERTON, COLORADO

Name and address of applicant

Date MAY 4, 1951

FILL IN THIS BLOCK

Date of application January 2, 1951

Estimated cost $ 23,375.00

Mineral or metal Zinc, Lead & Copper

Percentage of Government participation 50%

Location of mine PRIDE OF BONITA

SILVERTON, COLORADO

Date of filing MF-100 May 4, 1951

DMA Docket Number, if available DMA-22

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16—64067-1

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

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

THE REQUIREMENTS AND COSTS

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

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

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

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

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

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

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

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

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

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

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

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.

[illegible] & [illegible] CO., INC.
(Name of company)

By [illegible] (Signature of authorized official)

MAY 4, 1951
(Date)

VICE PRESIDENT & GENERAL MANAGER
(Title)

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

*Same as footnote on page 1.

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

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

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

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

DO NOT FILL IN THIS BLOCK

Docket No. _____

Date received _____

Participation _____

[illegible] & [illegible] CO., INC.
[illegible]
[illegible], COLORADO

Name and address of applicant

Date [illegible]

FILL IN THIS BLOCK

Date of application [illegible]

Estimated cost $ [illegible]

Mineral or metal [illegible]

Percentage of Government participation [illegible]

Location of mine [illegible]
[illegible], COLORADO

Date of filing MF-100 [illegible]

DMA Docket Number, if available [illegible]

INSTRUCTIONS

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

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation?
*2. If a partnership, state names and addresses of partners.
*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.
*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project.
*5. Are you the owner or the lessee of the property?
6. If owner, state what claims, liens, or encumbrances, if any, are against the property.
7. If lessee, attach a copy of the lease and state if it is in good standing.

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

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement.
9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)?

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

16—64067-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.
    (*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

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

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

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

*13. State source and quantity of water available for operations and its sufficiency at all seasons.
State amount of power to be used, rate per hour or other cost, and source.

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

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

*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.
    (*b*) State briefly the known history and production of adjoining and neighboring properties.
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

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

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

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.

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

THE EXPLORATION

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

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

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

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

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:
    (*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each.
    (*b*) Supervisors, by numbers and positions, with salaries of each.
    (*c*) Cost of necessary repairs to existing facilities, structures, and buildings.
    (*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings.
    (*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each.
    (*f*) Cost of rental for equipment which the operator proposes to rent.
    (*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work.
    (*h*) Cost of materials and supplies, including items of equipment costing less than $50 each.
    (*i*) Cost of power, water, utilities, and any other items not provided for above.

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

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.

---------- (Name of company)

By ---------- (Signature of authorized official)

---------- (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.

*Same as footnote on page 1.

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

ADDITIONAL PAGE TO ACCOMPANY FORM MF-103, BONITA MINING & DEVELOPING CO., INC., SILVERTON, COLORADO, PRIDE OF BONITA MINE, PROJECT NO. DMA-22

NOTE: FORM NSRB-146 WAS SUBMITTED ON JANUARY 2, 1951 which covers most of the questions shown on this sheet.

6. There are no claims, encumberances or leins against any of the property listed in this application.

7. The Lease and Option to purchase this property from the Bowman Estate and the Starnes is in good standing and all provisions for the 1950 year were met in full.

8. This Statement was a part of NSRB-Form-146

9. The Corporation has signified its stand by stating that it is prepared and ageed to to pay 50% of the total cost confirmed by letter dated April 19, 1951.

10. Full description of the property was made with Form NSRB-146

20. This exploration is being conducted to develop a zinc-lead orebody.

21. The proposed work consists of the driving of a drift on the Pride of Bonita vein to its intersection with the Royal Oak vein, a distance of approximately 600' which will require about 4½ months time to complete.

22. Field examinations by the USGS and USBM have indicated that the Royal Oak vein is mineral bearing and of sufficient size to indicate a sizeable body of ore if continued to the depth of the Pride of Bonita Tunnel and reference has been made to Mr. W. S. Burbank of the USGS on this subject.

23. Fully covered on Form NSRB-146

24. Fully covered on Form NSRB-146

ADDITIONAL PAGE TO ACCOMPANY FORM NF-103, BONITA MINING & DEVELOPING CO., INC., SILVERTON, COLORADO, PRIDE OF BONITA MINE, PROJECT NO. DMA-22

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22. Field examinations by the USGS and USBM have indicated that the Royal Oak vein is mineral bearing and of sufficient size to indicate a discovery body of ore if continued to the depth of the Pride of Bonita tunnel and reference has been made to Mr. V. S. Burbank of the USGS on this subject.

23. Fully covered on Form NSRB-146

24. Fully covered on Form NSRB-146

COPY

[illegible] NO: [illegible] ON FORM NM-102, [illegible] CO., [illegible], [illegible], [illegible], [illegible], [illegible] NO. NM-20

[illegible] NO. NM-146 [illegible] ON JANUARY 8, 1952 which covers most of the section shown on this sheet.

4. There are no claims, encumbrances or liens against any of the property listed in this application.

5. The terms and [illegible] to purchase this property from the Bureau [illegible] are the [illegible] in good standing and all [illegible] for the 1951 year have not [illegible].

6. This document was a part of NMD-Norm-146

9. The Corporation has signified its [illegible] that it is prepared and [illegible] to pay 50% of the total cost [illegible] by 1 [illegible] dated April 19, 1951.

10. [illegible] of the property was made with Form NMD-146

20. This exploration is being conducted to develop a mine-load [illegible].

21. The proposed work consists of the driving of a drift on the [illegible] of [illegible] vein to the intersection with the [illegible] vein, a distance of approximately [illegible] which will require about [illegible] to complete.

22. Field examinations by the USGS and BLM have indicated that the [illegible] vein is mineral bearing and of sufficient size to indicate a possible body of ore if continued to the depth of the level of Hunter Mineral [illegible] has been made to Lt. Col. G. Burnett of the USGS on this subject.

23. [illegible] covered on Form NMD-146

24. [illegible] covered on Form NMD-146

[illegible]

[illegible]

1. [illegible]

2. [illegible]

3. [illegible]

4. [illegible]

5. [illegible]

6. [illegible]

7. [illegible]

8. [illegible]

9. [illegible]

10. [illegible]

11. [illegible]

12. [illegible]

13. [illegible]

14. [illegible]

COPY

Form MF-100
(March 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

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

NOT TO BE FILLED IN BY APPLICANT

Docket No. DMA 22

Date received DMA 0181

BONITA MINING & DEVELOPING CO., INC.,
BOX 186,
SILVERTON, COLORADO.

DMA 473
09135-

Name and address of applicant

Date May 4, 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

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

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

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

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

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

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

Name and Address (a)	Official Title (If officer is also director indicate by "D") (b)	Total of Annual Salary, Commissions, Bonuses, Etc., Received From Applicant and Affiliates During Last Fiscal Year (c)	Estimated Net Worth Outside of Interest in Applicant (d)	Number of Shares Held in Applicant Corporation		Life Insurance Carried for Benefit of Applicant	
				Common (e)	Preferred (f)	Amount (g)	Net Cash Surrender Value After Loans (h)
	Total		x x x x x			x x x x x	x x x x x

If more lines are needed continue on separate sheet.

9. Capital Stock Issues:

For Corporate Applicants

Item	Authorized (a)	Outstanding (b)	Par Value (c)	Number of Shares Outstanding (d)	Dividend Rate Last Paid* (e)
Common stock	$	$	$		
Preferred stock	$	$	$		

*Indicate period covered.

10. Production:

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

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

12. Ore or Mineral Reserves:

(a) Describe the ore or mine[illegible] deposit briefly. Accompany the application [illegible] available report on the geology and ore reserves.

N O T E

All data that is required on this form has been furnished on NSRB-FORM-146 as of January 15, 1951.

This Form has been submitted to be attached to NSRB-FORM-146 and is made out for the express purpose of getting a Priority number on this project to get materials to prosecute the same.

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

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

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

TOTAL ORE OR MINERAL RESERVES

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

(*c*) If placer:

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

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

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

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

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

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

13. Access Roads:

Give road distances to shipping, supply and residence points, stating kind and condition of roads.

14. Water Supply:

State source and quantity of water available for operations and whether sufficient for all seasons of year.

15. Power:

State amount of power used, rate per hour, and source thereof.

16. Labor:

State number and classes (miners, muckers, millmen, etc.) of men employed during a recent representative payroll period.

17. Equipment and Facilities:

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

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

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.

BONITA MINING & DEVLOPING CO. INC.
(Name of company)

By HENRY P. FRIINGER
(Signature of authorized official)

MAY 4, 1951
(Date)

VICE PRESIDENT & GENERAL MANAGER
(Title)

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

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

NO. 91946

ASSIGNMENT OF LEASE AND OPTION TO PURCHASE

SAN JUAN MINES CO.

BONITA MINING AND DEVELOPING CO., INC.

STATE OF COLORADO,)
) SS.
COUNTY OF SAN JUAN)

I HEREBY CERTIFY THAT THIS INSTRUMENT

WAS FILED FOR RECORD IN MY OFFICE AT

11:00 o'clock A.M.

Nov. 29, 1949 and duly

recorded in Book 175 Page No. 430

by SYLVIA L. NELSON
Recorder

A G R E E M E N T

THIS AGREEMENT, made and entered into this 15th day of May, 1951, by and between the [illegible], (Walter H. Cree, Representative), of Alva, Oklahoma, party of the first part, and [illegible] Mining Co., Inc., a corporation existing under and by virtue of the laws of Colorado, and having its principal offices in Silverton, Colorado, party of the second part, WITNESSETH:—

WHEREAS, the first party is the owner in fee simple of the lode mining claim known and described as the Silverton [illegible] No. 2007 in the Lake Mining District, San Juan County, Colorado, and adjacent the said Silverton lode mining claim is located in such a position that it is not possible to construct an access road for the purpose of effecting mining of the said claim, and whereas the [illegible] Mining Co., Inc. is now contemplating the driving of a tunnel to the [illegible] vein of ore on their group of lode property with Government patents and that by the extension of the said tunnel the Silverton lode mining claim can be explored at depth, and whereas the [illegible] Mining Co., Inc., is in a position to drive this extension tunnel and prospect the possible ore in the [illegible] level of the Silverton lode mining claim for the mutual benefit for all parties, it is agreed as follows:

1. That the party of the first part agrees that they will go into a partnership with the second party to explore, develop and mine the ores in the Silverton lode mining claim on the basis that the second party pays and do all of the work in connection with the exploring, developing and mining of the possible ores contained in the Silverton lode mining claim, which costs are to be kept separate from the other operations of the said mine of Ponite property and will be chargeable to the Silverton lode mining claim in the event that ore of commercial grade is encountered therein.

2. That the second party agrees that after they have driven their proposed exploratory tunnel to the intersection of the [illegible] and can do so without interfering with their operations, drive a secondary tunnel to the Silverton vein and develop the same provided [illegible] the exploratory work [illegible] open stope and then mine the ores contained in the Silverton vein concurrently with those of their own operations and ship them to a custom mill, or smelter, together with their own ores and after sampling and assaying to determine the distribution of values.

3. That both parties hereto agree that after all mining costs have been collected which will include an amortization of the actual costs of this exploratory work the net mill, or smelter, returns will be split on a 50-50 basis and payments made thereon in this manner with certain of the net returns being distributed to the party of the first part with full settlement.

4. That both parties hereto agree that such costs taxes, production taxes and royalties thereon taxes for both the federal and state Government shall be considered as mining costs and paid on the same 50-50 basis as the net returns.

5. That the second party will use over effort of their professional skill to keep the costs of operations and/or exploration at a minimum on these works and perform the mining of the ores to get the highest recovery of the metals for beneficiation.

6. That it is further agreed that should the exploration work referred to herein prove that no orebody does not exist on the Silverton Lode mining claim at this depth that the second party will waive any claim against the first party for work performed thereon but that the access tunnel will remain the property of the second party and that in the event other work is to be done with this access tunnel rights and payments if proven will be subject to an agreement with the party of the second part.

7. That it is further agreed and understood by both parties that this exploration work is for the purpose of developing and exploring the Silverton Lode mining claim at depth but that should other properties be established which may be broken varied by the use of this access tunnel that the first party will not object to the second party granting these privileges to a third party provided, however, that it will not interfere with the mining claims of the Silverton project.

8. The second party reserves the right at any time thereafter to cancel and terminate the obligations herein imposed upon it by giving the first party written notice of its intention to terminate such agreement, such notice to be sent by registered mail to the last known address of the first party, and such obligation shall cease after 30 days of mailing such notice.

This agreement shall extend to, bind and inure to the benefit of the heirs, personal representatives and assigns of the first party hereto, and the successors and assigns of the above named second party.

IN WITNESS WHEREOF said first party hereunto has set their hand and seal and said party of the second part has caused its corporate name to be subscribed and its seal affixed by its President and Secretary thereunto duly authorized.

[illegible]

[illegible]

MINERAL HILL [illegible] CO. LTD.,

[illegible] C. [illegible], Jr., PRESIDENT

[illegible] J. [illegible], SECRETARY

(S E A L)

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

Terminated (or cancelled) without certification. DMEA No. 22

This is the official contract file containing all official records of the project. Duplicate material has been removed. The records contained in the files are checked and are arranged in this manner:

Left Side

Certificate of Audit (Final).

Interim Audit(s).

Report of Review.

Termination Notice or Agreement.

✓ Recision Notice.

Assignment of Contract.

Contract Amendments (latest on top).

✓ Contract with all exhibits and annexes.

Owner's Consent to Lien.

✓ Subordination Agreement.

✓ Leases and assignments of leases.

✓ Application and attachments.

Schedule of Collections.

Operator's monthly reports and all attachments (latest on top).

Right Side

Project summary.

Work completed analysis.

All other material is filed in chronological order with correspondence including the following reports as checked:

Final Field Team Report. (Tab)

Operator's Final Report.

Interim Reports.

On-site Exam Report(s). (Tab)

Settlement Sheets.

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

Maps in folder number _____

Operator's Monthly Reports in folder number _____

Weiner
Reviewer's Initials

7973

FILE COPY
SURNAME:

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

500

NOV 17 1952

Mr. V. L. King
Executive Officer, Region IV
DMEA Field Team
224 Cox Post Office Building
Denver 2, Colorado

Re: Henry P. Darlinger, Contracts and Applications

Dear Mr. King:

According to our records, we had the following contracts with Henry P. Darlinger of which all, with the exception of Contract No. I-15, have been terminated:

		Date of Termination
DMA- 2??	Contract No. 10r-10 Denita Mining & Development Co.	Nov. 30, 1951
DMA- 4??	Contract No. 10r-15 Lead Carbon to Lance, Inc.	Not Terminated
DMA- 4??	Contract No. 10r-30 Denita Mining & Development Co.	Oct. 31, 1951
DMA-11???	Contract No. 10r-66 Colorado Rock Crushing Co.	Oct. 31, 1951

We would appreciate receiving a report on the present status of Contract No. 10r-15, as we have received no progress reports since May, and your recommendation as to whether it should be terminated and a certificate of development issued.

The following applications of Henry P. Darlinger have been held in abeyance pending his trial for fraud.

DMA- 2??? Denita Mining and Development Co.
DMA-1279 Colorado Gold Mine, Inc.

These applications are still in the active file. We believe that the dockets pertaining to these two applications should be closed and removed from the active file, but we would appreciate your recommendations before taking such a step.

Sincerely yours,

Frank E. Johnson

Chairman, Operating Committee

J.H. 11-17-52

APPROVED:

J. H. Hedges

Member, Bureau of Mines

E. A. McKnight

Member, Geological Survey

HFKeller/bw
(written 11/13/52)
Copy to:
Docket (6)
Adm R. File
Op. Comm.
H. F. Keller (7)
Mr. Bishop
Mr. McKnight
Chron.

224 New Customhouse
Denver 2, Colorado

October 30, 1952

Dma-473

Memorandum

To: Paul Zinner, Chief of Memorals Branch, Defense Memorals Exploration Administration

From: Executive Officer, Field Team, Region IV

Subject: Judgment and Order of Probation, Henry P. Ehrlinger

Enclosed for your information are two copies of Judgment and Order of Probation in the matter of Henry P. Ehrlinger, Defendant.

W. H. King

Enclosures (2)

CAY

Judgment and Order of Probation (Revised 2-17-49) Cr. Form No. 101-A

UNITED STATES DISTRICT COURT
FOR THE

DISTRICT OF COLORADO

United States of America

v. No. 13191

Henry F. Herlinger,
Defendant

On this 22 nd day of October, 1952, came the attorney for the government and the defendant appeared in person, and[1] by counsel

It is Adjudged that the defendant has been convicted upon his plea of[2] guilty on 9/15/52

of the offense of making false statements in a matter within the jurisdiction of a Department or Agency of the U. S., 18 USC 1001

as charged in the Indictment

and the court having asked the defendant whether he has anything to say why judgment should not be pronounced, and no sufficient cause to the contrary being shown or appearing to the court,

It Is Adjudged that the defendant is guilty as charged and convicted.

It Is Adjudged that the defendant pay to the United States of America a fine of Two Thousand Dollars ($2,000.00), and that he stand committed to a common jail until payment of said fine or until he is otherwise discharged as provided by law; and it is further ordered that the defendant be granted a stay of execution for a period of ten (10) days from October 22, 1952;

It is further adjudged that imposition of sentence is hereby suspended as to imprisonment, and the defendant is placed on probation for a period of three (3) years from and after this date on the Indictment herein.

It Is Further Ordered that during the period of probation the defendant shall conduct himself as a law-abiding, industrious citizen and observe such conditions of probation as the Court may prescribe. Otherwise the defendant may be brought before the court for a violation of the court's orders.

It Is Further Ordered that the clerk deliver two certified copies of this judgment and order be delivered to the probation officer of this court, one of which shall be delivered to the defendant by the probation officer.

_____
United States District Judge.

_____
Clerk.

A true Copy Certified this_____day of _____,19____

(Signed)_____ (By)_____
Clerk. Deputy Clerk.

August 25, 1952

Memorandum

To: C. O. Kittendorf, BNDA, Washington, D. C.

From: Regional Director, Region IV, Denver, Colorado

Subject: Case pending against Henry P. Ehrlinger

The following is quoted from a letter dated August 14, 1952, from Charles S. Vigil, U. S. Attorney, Denver, Colorado:

"In United States versus Henry P. Ehrlinger:

"This will acknowledge receipt of your letter of August 13, 1952, with reference to the two cashier's checks received from the above named defendant who is under indictment in the Federal court in Denver.

"The checks described in your letter are needed for evidence in connection with the trial of the Ehrlinger case and I would appreciate it if you would take the necessary steps to see that these checks are held until they are called for by this office in connection with the trial of said case."

In compliance with the request made by the U. S. Attorney, these two checks which were described in my memorandum of August 1, 1952, will be held in this office until they are called for by the U. S. Attorney in connection with the Ehrlinger trial.

J. H. Dest, Jr.

JHD:km

cc JL Chambers

FILE COPY
SURNAME:

100

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

Memorandum

February 5, 1952

To: Mr. J. L. Hofflund
Acting Chief Counsel

From: C. O. Mittendorf
Acting Administrator

Subject: DMA-22 - Bonita Mining Co.
Idm-E80 Henry P. Ehrlinger, Gen. Mgr.

During a telephone conversation with Jack East, today, he mentioned the fact that no progress had been made toward instituting a course of action against the subject operator, due to fraudulent reporting of costs incurred under his exploration contract. I advised East that we had referred the case to the Attorney General and that correspondence was received shortly thereafter from the Denver Regional Counsel for the Department of Justice. That correspondence, as I recall, indicated that Regional Counsel had received the case, made a preliminary investigation of it, and concluded that there was no doubt but that a fraud had been committed. Regional Counsel asked for photostats of certain documents contained in the Washington file.

The purpose of this memorandum is a reminder to trace the action we have taken on Counsel's request for photostatic documents.

C. O. Mittendorf (fw)

COMittendorf/fw

cc: Admr. Reading File
Mr. Hofflund
Mails & Files

D.5
R&R

FILE COPY
SURNAME:

100

Moulds
Mittendorf (fw)

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

DEC 4 1951

Mr. Henry P. Ehrlinger, General Mgr.
Bonita Mining & Development Company, Inc.
Box 186
Silverton, Colorado

Re: Docket No. DMA 22
Contract Idm-[illegible]

Dear Mr. Ehrlinger:

We are sending you herewith a copy of the approved Agreement to Rescind Exploration Contract Project Idm-[illegible], which you recently signed and forwarded to the Denver Regional Office.

Sincerely yours,

C. O. Mittendorf (fw)

Acting Administrator
Defense Minerals Exploration
Administration

Enclosure-1

DEMoulds/meh
12/3/51
cc to: Adm. Reading File
Reports and Records
Mr. Mittendorf
Mr. Moulds
Region IV (2)
Docket
Mr. Mote
Mr. McKnight

FILE COPY
SURNAME:

Moulds
Mittendorf (for)

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

DEC 4 1951

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

Re: Docket No. DMA 22
Contract Idm-[illegible]
Benita Mining & Development Co., Inc.

Dear Mr. East:

We are returning to you, herewith, your copy of the approved Agreement to Rescind Exploration Contract Project Idm-[illegible], which had been signed by Mr. H. P. Erhlinger for the subject operator and forwarded to this office by you.

As you state that no work has been accomplished or expense incurred under this contract, we have requested the Fiscal Office to withdraw the allocated funds.

Sincerely yours,

C. O. Mittendorf (for) 12-4

Acting Administrator
Defense Minerals Exploration
Administration

Enclosure-1

DEMoulds/meh
12/3/51
cc to: Adm. Reading File
Reports and Records
Mr. Mittendorf
Mr. McKnight
Mr. Mote
Region IV
Mr. Moulds
Docket

FILE COPY
SURNAME: 102

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

Moulds
Mittendorf (for)

December 3, 1951

Memorandum

To: Chief, Finance Section

From: C. O. Mittendorf, Acting Administrator

Subject: Docket No. DMA 22, Contract Idm-E80
Bonita Mining and Development Co., Inc.

We are transmitting herewith Agreement to Rescind Exploration Contract Project Idm-E80.

There has been no work performed or expense incurred under this contract and the operator requests that the contract be withdrawn.

This action has been approved and the funds allocated are to be released.

C. O. Mittendorf (for)

Attachment

not stamped in R. & R.

DEMoulds/meh
cc to: Reports and Records
Mr. Mittendorf
Mr. Moulds
Docket
Region IV (2)

FILE COPY
SURNAME: 100

Moulds

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

November 27, 1951

Memorandum

To: Mr. C. O. Mittondorf, Acting Administrator

From: D. E. Moulds

Subject: Docket No. DMA 22
Bonita Mining & Development Co.
Termination of Contract

The Region IV office has forwarded the attached letter and agreement relative to the requested withdrawal of the subject contract. There has been no work accomplished or expense incurred by the operator under this contract and the withdrawal has been requested by the operator.

The Regional Director recommends that an agreement be prepared to rescind the contract and that the agreement prepared and signed by the operator be ignored.

It appears that this matter should be called to the attention of the General Counsel of DMEA for proper action.

D. E. Moulds

Attachment

DEMoulds/meh
cc to: Reports and Records
Mr. Moulds
Docket

n.s
R+R

BL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

DEFENSE MINERALS ADMINISTRATION
WASHINGTON, D. C.
NOV 23 2 38 PM '51

REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

November 20, 1951

Memorandum

LEAD-ZINC

To: C. O. Mittendorf, Acting Administrator

From: Regional Director, Region IV

Subject: Contract I-DMA-E80, Docket No. DMA-22

Henry P. Ehrlinger has written a letter to us, dated November 7, 1951, a copy of which is attached, requesting the termination of contract I-DMA-E80 (Docket No. DMA-22) dated July 23, 1951, on the Pride of Bonita property. We also attach six copies of an Agreement he prepared to rescind the contract.

It is our recommendation that this contract be terminated, since he has done no work on it.

Henry P. Ehrlinger is the same party that collected money on two other contracts -- Cement Creek Leasing Company (I-DMA-E66) and Bonita Mining and Development Company (I-DMA-E38). We are holding the certified checks wherein he made restitution pending the decision of Mr. Hofflund regarding prosecution through the Federal Courts.

While in Washington, it was recommended that his remaining applications be denied because of the experience of the aforementioned contracts.

It is recommended that you have an Agreement to rescind contract I-DMA-E80 prepared in Washington and that the copies prepared by Mr. Ehrlinger be ignored.

J. H. East, Jr.

Copy to: W. M. Traver, Jr.
P. T. Allsman

DEPARTMENT OF THE INTERIOR
RECEIVED
NOV 27 1951
Defense Minerals Administration,
Production Expansion Division

Enclosures

DEFENSE MINERALS
ADMINISTRATION
WASHINGTON, D. C.

BONITA MINING & DEVELOPING CO. INC.
Box 186
Silverton, Colorado

NOV 23 2 39 PM '51

COPY

November 7th, 1951

United States Bureau of Mines,
224 New Customhouse,
Denver, Colorado.

COPY

Gentlemen:

We refer you to Exploration Project Contract I-DMA-E80, (Docket No. DMA-22) dated July 23d, 1951 on the Pride of Bonita Mine property.

We have come to the conclusion that we do not want to use a loan to handle this work and hence we want the contract cancelled and closed.

The agreement to rescind has been made out in sextuple, signed by us and is transmitted herewith for signature by the Government agent entitled to do the same in the name of the United States of America.

Very truly yours,

(s) Henry P. Ehrlinger

HENRY P. EHRLINGER
General Manager

HPE:m

COPY

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

Building 20, Denver Federal Center

TO : W. M. Traver, Jr. DATE: September 17, 1951

FROM : Scott W. Hazen, Jr.

SUBJECT: DMA-22, Contract Idm-E80, Bonita Mining and Developing Company, Inc., Pride of Bonita.

Mr. R. R. McLellan and I contacted Mr. Ehrlinger at Silverton, Colorado, regarding the subject contract on September 7, 1951, for the purpose of checking the monthly progress report. At the time Mr. Ehrlinger showed us a copy of the form MF-104 which he had submitted to the Colorado Branch office. On that form he had charged two men for 6 shifts each, a total of 12 shifts at $10.00 per shift, for cleaning up the drift. He had also charged eight days of engineering time at $20.00 per day for engineering work, principally surveying on the property. He had also charged $20.00 worth of supervision time to the project, and a purchase of a pump at a cost of $183.50 which was allowed by the contract. Mr. Ehrlinger was able to produce time cards showing the men working for 12 shifts on the property and an invoice for the pump. The time cards for the men showed each of them working on August 1 and August 2, a total of four shifts, helping the engineer on surveying work. The rest of the time was shown as mucking and clean-up work in the tunnel. Mr. Ehrlinger stated he had paid the engineer a lump sum check for all of his work and did not keep time cards on where he worked on what days. An examination was made of the mine on September 10 at which time it was mapped and the examination showed about fifty cars of broken rock was in the drift. This work had been accomplished by leasers during the summer of 1950 and, owing to the death of one of the partners, the work had not been continued. No provision for clean-up work of this broken rock had been requested in the contract; therefore, it was not included and was not allowable under the terms of the contract. Mr. Ehrlinger was informed of this and he checked the contract at that time and agreed that it could not be charged. He was further questioned concerning the extent of the 8 shifts of engineering work but was rather vague as to what was done other than to re-establish claim corners. The actual amount of rock removed from the tunnel by the two men possibly amounted to about four or five cars from evidence of the amount of clean-up done within the drift. Under the terms of the contract, we will be unable to approve the $120.00 for labor, and, in the opinion of the examining engineers, the 8 shifts of engineering are questionable. It appears advisable to write to Mr. William Rundell, Professor of Mining Engineering, University of Wisconsin, Madison, Wisconsin, and request a complete statement from him as to the amount and the days which he worked for Mr. Ehrlinger.

After our examination of the property and before our return to the Denver office, Mr. Ehrlinger requested that his form MF-104 be returned to him so that he could revise the charges made for the month of August and his request was complied with.

Scott W. Hazen, Jr., Mining Engineer

Russell R. McLellan, Mining Engineer

400

FILE COPY
SURNAME:

Moulds
Mittendorf

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

SEP 4 1951

G. E. C.

Contract Service Section
General Accounting Office
Washington 25, D. C.

Re: Docket No. DMA-22, Zinc
Exploration Project Contract
Idm-980
Benita Mining and Developing Co., Inc.
Silverton, Colorado

Gentlemen:

Enclosed for recording in your office is the original, signed copy of an Exploration Project Contract executed between the operator named in the above reference and the Government of the United States.

Sincerely yours,

C. O. Mittendorf (D. H.)

C. O. Mittendorf, Director
Production Expansion Division

Enclosure-1

DEMoulds/jem
8-21-51

cc to: Adm. Reading File
Reports & Records
Mr. Mittendorf-Olund
Mr. Moulds
Docket

JF 9/4

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

OFFICE OF
REGIONAL DIRECTOR

REGION IV

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

August 16, 1951

Memorandum

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

From: Executive Officer, DMA Field Team, Region IV

Subject: Exploration Project Contract Idm-E80, DMA Docket 22
Bonita Mining & Developing Company, Inc., Box 186
Silverton, Colorado

Enclosed herewith are an original and three copies of the contract as listed above, which has been signed by Henry P. Ehrlinger, Vice President and General Manager of the Bonita Mining and Developing Company, Inc.

The applicant has been given one copy of the contract and one copy is being retained for DMA files.

Paul T. Allsman, Alternate

Enclosures (4)

Director's Reading Copy

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
DENVER

AUG 20 1951

FILE COPY
SURNAME:

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

Moulds
Mittendorf
100

AUG 8

A.E.C.

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

Re: Docket No. DMA 22
Contract Idm-E80
Bonita Mining and Development Co.

Dear Mr. East:

In reference to your letter of August 2, 1951 and the subject docket; the Otto Interests have entered into an Agreement with the Bonita Mining and Development Company for financing the exploring, developing and mining of possible ores in the Silverton lode mining claim. The exploration and development in depth is made possible by the above exploration crosscut to the Royal Oak vein and a relatively short extension of the crosscut will explore the Silverton claim.

While the subject exploration contract does not cover the Silverton claim exploration it is acknowledged by the Agreement that the subject exploration covered by the contract is of benefit to the Silverton and is agreed that production taxes will be paid on a 50-50 basis.

In view of the above agreement contingent on the subject exploration contract which will be of mutual advantage, the subordination agreement from the Otto Interests was attached.

A copy of the agreement with the Otto Interests is enclosed herewith for your files.

We trust that the Starnes subordination agreement may be secured soon so that the contract may be completed.

Sincerely yours,

C. O. Mittendorf (J. Hr.)

C. O. Mittendorf, Director
Production Expansion Division

Enclosure

DEMoulds/bjs
8/8/51

cc to: Adm. Reading File
Region IV
Mr. Mittendorf, Mr. Olund
Reports and Records
Mr. McKnight
Docket copy
Mr. Billings
Mr. Moulds
Chron. copy

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

OFFICE OF
REGIONAL DIRECTOR

REGION IV

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 6 1951

August 2, 1951

Memorandum

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

From: Executive Officer, DMA Field Team, Region IV

Subject: DMA Docket 22, Bonita Mining and Development Company, Contract Idm-E80

As noted in your memorandum of July 27, 1951, the above contract requires Landlord's Subordination Agreements from the Starnes and from the Bowman Estate. The Bowman Estate, Denver National Bank, Trustee, have signed their Subordination Agreement, but to date Mr. Ehrlinger has been unable to secure the Landlord's Subordination Agreement from the Starnes family, who live in Sacramento, California.

We are holding the contracts here until the latter is received.

With the contracts there were attached Landlord's Subordination Agreements by The Otte Interests. According to our records The Otte Interests do not have any ownership in the subject docket, although they do control the properties to be explored by the Cement Creek Leasing Company, DMA Docket 1180X, Contract Idm-E66. Landlord's Subordination Agreement by the Otte Interests are attached to our copies of Contract Idm-E66.

Please advise us about the Subordination Agreements by The Otte Interests which were submitted with DMA Docket 22, Contract Idm-E80.

P. T. Allsman, for
J. H. East, Jr.

FILE COPY
SURNAME:

Mard do Mittendorf

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

JUL 27 1951

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

Re: Docket No. DMA 22
Bonita Mining and Developing Co.

Dear Mr. East:

Enclosed please find six copies of the contract covering the subject exploration project.

The contract has been signed by this office with project register number and effective date as shown.

The contract requires an executed copy of the Landlord's Subordination Agreement from the Starnes and from the Bowman Estate to be attached to each copy of the contract and the contracts are to be signed by a duly authorized official of the company.

After signing the contract, one copy is to be given to the operator and one copy retained by your office. The remaining copies including the original are to be sent to this office as soon as possible.

We trust that this contract can be thus completed at an early date.

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

Enclosures-6

APPROVED:

Tom Lyon
Chairman, Coordinating Committee

Member, Bureau of Mines

Olaf N. Rove
Member, Geological Survey

DEMoulds/bjs
cc to: Reports and Records
Adm. Reading file
Mr. Mittendorf, Mr. OLund
Mr. Moulds
Mr. Moon
Mr. Herres
Mr. McKnight
Region IV (2)
Chron. copy

FILE COPY
SURNAME:

Jones

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

July 19, 1951

delivered by hand

Memorandum

Confidential

To: Chief, Production and Expansion Division

From: General Counsel

Subject: Bonita Mining and Developing Company, Inc.
Docket No. DMA-22, exploration contract

The contract in the subject case is approved as to form and legal sufficiency, subject to:

1. Proper execution by applicant.

2. Obtaining of proper subordination agreements from Starnes interests and Bowman interests.

At the time of execution of the contract by the Government, the effective date should be inserted.

J. L. Hofflund

J. L. Hofflund
General Counsel

Attachment

WCJones/em

Copy to: L. F. Strobel
J. L. Hofflund
W. C. Jones
Files

delivered by hand

DMA 22

257

TELEPHONE KEYSTONE 1263
CABLE EWNOLD

JOHN A. EWING
1856-1935
FRAZER ARNOLD
ARNOLD WEINBERGER
ALVIN WEINBERGER

EWING, ARNOLD AND WEINBERGER
ATTORNEYS AT LAW
SUITE 730 FIRST NATIONAL BANK BUILDING
DENVER, COLORADO
(2)

June 29, 1951

AIR MAIL

Our file A 311

Defense Minerals Administration,
Department of the Interior,
Washington, D. C.

Attention: Hon. James Boyd, Director, or
Mr. Landon F. Strobel, Executive Sec.

Re: Docket DMA-22 Exploration Loan on
Pride of Bonita property near Silverton,
San Juan County, Colorado.

Gentlemen:

Enclosed please find the original and two carbon copies of Form MF-200 with Exhibits "A" to "E" inclusive, and copies of the agreements with the owners thereto attached. Also attached to the original is the Landlord's Subordination Agreement signed by The Otte Interests.

We have been delayed in sending these to you while expecting daily to receive Form 202 Landlord's Subordination Agreement from the owners of the Pride of Bonita et al. lode mining claims covered by the enclosed Lease and Option to Purchase and the Assignment thereof. The signed Form 202 is expected back from Mr. and Mrs. Starnes in California on any mail, the consent of the Bowman Estate trustees having already been obtained. Therefore, we are sending the enclosures to get them into your hands, and the signed Form 202 will be along in a few days.

At the time instructions were received from DMA in this matter three (3) copies were specified.

We seem to have only the signed original of Form 202 for The Otte Interests, but photostatic copies can be obtained

at our expense later, if necessary. If further details or formalities are desired, we ask permission to supply them later.

Very truly yours,

EWING, ARNOLD and WEINBERGER

by Roger Arnold

Attorneys for Bonita Mining and Developing Co., Inc.

Encl.
ccs to Messrs. J. H. East, Jr.,
Henry P. Ehrlinger,
Howard E. Parks.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 3 - 1951
LANDON F. STROBEL
Executive Secretary

FILE COPY
SURNAME:

Mittendorf

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

May 14, 1951

Memorandum

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

From: D. E. Moulds

Subject: Docket DMA-22 Pride of Bonita
Bonita Mining and Development Company, Inc.
Henry P. Ehrlinger, Manager
Silverton, Colorado

Applicant originally filed application for government loan under date of January 10, 1951. This application was amended to an exploration aid project by letter of April 19, 1951. The application was recommended by the Supply Division, DMA, on the basis of original application and U.S. G. S. information.

While the information required by MO-5 and Form MF-103 was not present in the prescribed form, the information appears adequate for processing the application with the required exhibits to be obtained and attached to the signed "Exploration Project Contract," Form MF-200, for the exploration project recommended and outlined.

Criteria

(a) Lead, copper and zinc are strategic metals as defined in the Defense Exploration Project.

(b) Production for 1950 was 181 tons from a small stope started above the old tunnel on the vein which averaged .05 oz. gold, 5.48 oz. silver, 3.75% lead, 1.15% copper and 5.41% zinc. The vein is strong but tight with a base metal mineralization 18" to 42" in width. At a distance of 450-500' from the present tunnel face this vein intersects the "Royal Oak" vein at right angles and this vein has an average outcrop width of 60" to 84" and can be traced for

considerable distance both directions on the surface. The U.S.G.S. has estimated the possible ore reserves along the two veins as a total of 75,000 tons of which the "Pride of Bonita" is estimated as 25,000. The proposed exploration tunnel will give a 900' back at the Royal Oak intersection which also should be a zone of better grade and quantity of ore.

The project will permit exploration of the "Pride of Bonita" and "Royal Oak" veins and has a better than average chance for success and resultant production of 100 tons per day of crude ore.

(c) Manpower requirements will be 3 miners during the exploration project and are available locally.

(d) The parent company has available necessary small tools but will require rental equipment listed as a drill, mucking machine and compressor.

(e) Property is accessible by truck roads which are adequate for exploration and any necessary future improvement can be done on company account.

(f) The mine has a 35-40 ton transfer bin and ore will be trucked to a custom mill. Gasoline power is adequate for exploration needs and if later production indicates, one mile of line will bring electric power to the portal. Water is ample for mining.

(g) Management of the mine is by a graduate mining and metallurgical engineer with many years of experience in mining, milling and exploration in the Colorado veins exemplified by this project.

Applicants Property

Property lies in the Eureka Mining District, San Juan County, Colorado approximately 1½ miles north east of Gladstone and six miles north of Silverton, Colorado. The mining ground consists of the following listed claims:

Patented Lode Claims

Pride of Bonita	Mineral Survey 16228
Royal Oak	Mineral Survey 16228
Bonnie Bell	Mineral Survey 16228

Unpatented Lode Claims

Tom Phipps
John Briggs

An option to purchase the following patented lode mining claims.

Silverton	Mineral Survey 8007
Silver Eagle	Mineral Survey 8008

Property Ownership

The Bonita Mining and Developing Company, Inc. is operating the property under the name of the "Pride of Bonita Mine." The heart of the operation is the above three claims of U.S. Mineral Survey #16228 and these claims are being purchased from the Bowman Estate and the Stamos Family at a total price of $10,000 all of which is to be paid on a royalty basis of 10% of net smelter returns on ore and concentrates.

A subordination agreement covering the above rights in the property will be required to satisfy Section 14 "Repayment of Operator".

Exploration Project

The applicant shall commence work on the project for exploration within 30 days from date of execution of contract and proceed in workman-like manner to complete project within six months.

The government will participate to the extent of 50% of the cost of the project but such participation shall not exceed the sum of $18,000 of which the Government's maximum share is $9,000.

Approved Project (Exhibit "A")

The approved project consists of driving from the present "Pride of Bonita Tunnel" on the "Pride of Bonita" vein to an intersection with the "Royal Oak" vein a distance estimated at 450-500 feet. The cost of the project to be limited by the following costs as presented by the applicant and consisting of the necessary, reasonable direct cost of performing

the work as defined in Sec. 13 of ID-5.

Item: -

Labor	$9,500
Supervision	1,900
Equipment rental	2,400
Supplies	3,375
Compensation Insurance	850
Total	$18,000

Maps showing the proposed work on plan and section, along with present workings and property, must accompany each copy of the contract as part of Exhibit A.

Fixtures and Improvements (Exhibit "B")

No additional facilities purchased, installed or erected shall be charged to the project and shall be so stated.

Operating Equipment (Exhibit "C")

Rental of mucking machine, drifting drill and compressor is required and approved to a maximum of $2400 for the project. Rental value of other equipment owned and furnished by applicant for use on the project shall be allowed as a cost of the project within the above limitation. A detailed list of such equipment with the allowable rental value of each item monthly shall be attached to the contract as Exhibit "C". If no rental is to be charged, it should be so stated.

Allowable rental value of owned equipment may be determined based on a factor such as original cost, age, and condition of equipment and standard amortization rates such as used by Bureau of Internal Revenue.

Labor and Supervision (Exhibit "D")

The number and classification of labor and supervisors shall be listed on an itemized schedule with maximum wages and salaries that may be allowed as part of the project.

Rehabilitation and Repair (Exhibit "E")

Rehabilitation or repair of present facilities is not required or authorized under this project and should be so stated.

Repayment by Applicant

Proceeds of sales of ore or concentrates produced as a result of the project through exploration shall be used to repay the amount of the government participation at the rate

prescribed in MD-5.

The project specifically excludes any work done in the tunnel except the direct advance of a workable tunnel. Any stoping and ore production from back or walls shall be on company account and the cost there-of maintained as a separate record.

Project Recommendation

The project is recommended for certification with the foregoing limitations subject to receipt of the signed contract with accompanying acceptable data.

DEMoulds:cw

Copy to: Mr. Strobel
Mr. Lyon
Mr. Mittendorf
Mr. Oland
Mr. Moulds
Chron. Files
Files

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

DEM
Whittendorf

May 11, 1951

Docket DMA-22
Bonita Mining & Development Co., Inc.
Henry P. Harlinger, Lawyer
Silverton, Colorado.

Mr. J. H. East, Jr. Director
Region IV
Defense Minerals Administration
Denver, Colorado.

Dear Mr. East:

The subject company applied for a government loan on the Pride of Bonita Mine which was later revised by letter to an application for exploration aid. The information supplied was applicable to the DMA-146 Form used for loans but did not follow the required form, DP-103, for exploration project aid. To expedite processing of the exploration project, we have processed the application to the point of securing the subordination agreements, supplying the Exhibits and executing the contract by the applicant.

The enclosed memorandum indicates the information at hand and required for the recommended exploration project. This project consists of advancing the present "Pride of Bonita Tunnel" to the intersection of the "Pride of Bonita" and "Royal Oak" veins, a distance estimated at 450-500 lineal feet.

The government will participate in this project with the application on a 50-50 basis with a maximum total cost of $18,000 of which the government's maximum share is $9,000. The equipment not owned by the applicant and necessary for the project as listed is authorized on a rental basis. The maximum rental cost allowed for the six months to be $2,400.

The applicant is to be advised that the costs allowed are only for the tunnel extension and any mining done in back or walls of the tunnel for ore production are company account expense and, if production is carried on simultaneously with the exploration, any equipment, supplies, supervision, engineering or like operating costs are to be prorated between production and exploration.

Denver 2 Pa

858

Payment of the loan will be as specified in Section 4 of the "Exploration Project Contract" by proceeds of sales of ore or concentrates produced from the Blade of Leader and Royal Oak veins.

We are requesting you to obtain the additional information, complete the contract with necessary maps, estimates and certificate in duplicate with signature of the contractor and forward all copies to this office. If satisfactory, two of the executed contracts will be returned to you, one for the contractor and the other for your files.

Yours very truly,

SIGNED

[illegible] Mitchell, Director
Protection - Exploration Division
Defence Materials Administration

DMMoulds: gs

Copy to: Mr. Strobel
Mr. Lyon
Mr. Mittendorf
Mr. Oland
Mr. Mould
Files

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

CONFIDENTIAL
U. S. GEOL. SURVEY
FOR USE OF
U. S. GOVERNMENT
ONLY

May 4, 1951

MEMORANDUM concerning Item 22 of Form MF-103
Application for Aid for an Exploration Project
(DPA, 1950).

Subject: General geologic basis for exploration covering the following DMA docket numbers:

DMA-22 - Pride of Bonita D. E. Moulds
DMA-280 - Minnehaha and Minnehaha No. 2 S. A. Warren
DMA-434 - Lead Carbonate Mine D. E. Moulds
DMA-487 - Silver Bay Mines, Inc. F. Johnson
Black Hawk and Occidental

FIELD WORK DONE BY GEOLOGICAL SURVEY

The mining area covering the above projects as well as about 30 square miles to the north and northeast were mapped geologically on a scale of 1/12,000 (1 in. = 1,000 ft.) by parties of the Geological Survey during several seasons since 1945. The mining properties listed above were visited and examined last in August 1950.

Reports are in preparation on the geology and economic geology of the area under the title of "Structural Control of Ore Deposits in the Eureka, Ross Basin, and Animas Forks Area, San Juan County, Colorado", by W. S. Burbank.

The following is a very brief summary of geologic factors that bear on the possibilities of finding commercial ore bodies in the vicinity of the properties listed above. This material has not been published and is for confidential use of Government Agencies only.

GENERAL GEOLOGIC CONDITIONS

The general geologic conditions in the vicinity of Bonita Peak and Gladstone are shown in the accompanying maps, Figs. 1 and 2. All the rock formations of the area belong to the Silverton volcanic series of Tertiary age, which is composed of massive lavas, breccias, and tuffs, ranging from andesitic to rhyolitic composition. They probably rest on a basement of pre-Cambrian granitic rocks in this

area, but the depth to the basement is probably in excess of 1 or 2 thousand feet even from the lowest practicable mining entries. It is therefore considered impracticable in the forseeable future to extend mining operations to the depth of the basement rocks.

STRUCTURAL FEATURES

As shown on the Outline Structure Map, Fig. 1, the structure is dominated by several major faults, of which the Bonita fault, the Ross Basin fault, the Sunnyside fault, and the Toltec fault are the ones of principal interest with regard to the above properties and nearby productive mines.

The entire block of ground within the boot-shaped outline of these faults has sunk downward relative to the surrounding rocks from several hundred to as much as 1,000 or 1,500 feet as shown in sections A-A' (on Fig. 2) and B-B' (Fig. 2). The rocks are tilted irregularly away from this central sunken block and considerably fractured at some places on the flanks of the structure. It is thought that the sinking of this block has tended to dilate the veins in the immediate footwalls of several of the bounding blocks. As downfaulting occurred intermittently in numerous stages, the reopening of the veins in several late stages introduced first base metals and finally gold-bearing vein material in succession. As a consequence, the higher grade gold bearing ores bear a close relation to small late-stage dilations of the veins in the immediate footwalls of some of the major faults. This is illustrated by the position of the Gold King mine relative to the Bonita fault as shown in Figure 2.

As most of the fissuring in this area is northeasterly, this relationship between veins and faults of cross trends is most marked along the Bonita fault and with respect to the junction of the Ross Basin and Sunnyside faults.

PRODUCTION

By far the largest production has been made from the Sunnyside mine, which produced from several ore shoots near the junction of the Ross Basin and Sunnyside faults. About 50 million in gross value of metals was produced. Throughout the vertical range of these ore shoots there was very little change in average ratio of base metals and gold or silver. As shown approximately in Figure 2, the ore shoots of the Sunnyside were mined to a depth of 1,400 feet, beneath which ore has been proven for about 600 feet additional depth. It is anticipated

that favorable rocks and structures should extend to at least a lower limit of about 10,000 feet altitude, or well below any present deep developments.

The Gold King mine of about 8 million gross production in the footwall of the Bonita fault produced from a transverse vein of northeast trend. The ore shoot was of short length where discovered near the surface, and stopes barely reached the surface close to the fault. At depth, as shown in Figure 2, the ore shoot lengthened and was mined out to the depth of the 7-level adit. At this time the financing of a new mill and deep-tunnel level at Gladstone was attempted. The mill was operated concurrently with old stope fills above 7 level and from minor new developments, but was unsuccessful, and the operation was abandoned when the deep tunnel reached close to the fault zone. No connection was ever made with the old mine 800 feet above. It is reported that a base metal ore vein was discovered near the breast of the tunnel, as well as quartz veins, all of unknown value. The mill was not adaptable to complex ores, and since that time the old mine and tunnel have never been reopened. Numerous attempts to finance such a project have been made.

The Lead Carbonate vein (DMA-434) lays in similar relation to the Bonita fault, and the ore shoot near the surface has a length of only a few hundred feet. It does not surface, except for relatively low grade or barren quartz.

The footwall side of the Bonita fault is characterized by numerous northerly to northeasterly veins and fractures of west dip. It is thought that these have influenced the ~~widening~~ lengthening in depth of shoots like the Gold King, and may well exert a similar influence on the Lead Carbonate ore shoot. This shoot dips much flatter than the Gold King ore body, which was nearly vertical, but some veins of the Lead Carbonate, such as the Mocking Bird branch, are likewise of relatively steep dip. These cross-breaks have also locally displaced each other and the veins that they intersect so that exploration of the walls by diamond-drilling is advisable in order not to overlook displaced veins.

Many of the flatter west-dipping veins are also well mineralized, of which the Minnehaha (DMA-280) is a typical example. Where these lie farther from the Bonita fault the gold values generally are low. In the Gold King, however, the flat westerly veins were locally enriched in gold close to the steeper Gold King or Davis veins of this mine.

The Pride of Bonita (DMA-22) lies on an east-striking vein with discontinuous ore shoots, but closer to the Bonita fault it is intersected by several mineralized veins that continue to the footwall of the fault. These may be worthy of exploration by driving east on the Price of Bonits.

The Big Indian vein of the Silver Bay Mines, Incorporated (DMA-487) is another strong low-grade base metal vein that strikes east-southeast toward the fault junction at Emery Peak. The Blackhawk vein of this company is now being explored, and a reasonable speculative project would be to extend exploration on the Blackhawk to its junction with the Big Indian and explore the latter vein eastward toward Emery Peak beneath the glacial deposits that conceal this extension. The Big Indian vein is exposed intermittently at the surface for about 1000 feet west of the Blackhawk tunnel.

The Emery Peak area is very high and remote from any deeper exploration tunnels, but is possibly worthy of some future attention.

The American tunnel of the Gold King is apparently the shortest practicable approach to the proven ore of the Sunnyside mine, the distance amounting to about 4,500 feet as compared to 3½ miles from Eureka.

The properties are not owned by the same companies, and hence the likelihood of cooperative development of the veins in the footwall of the Bonita fault and those of Sunnyside ground is problematical. However, such a possibility of future common deep developments from the American tunnel of the Gold King would be conservative of treatment and transportation facilities.

A common development arrangement is in existence between the Lead Carbonate Mines, Incorporated, and the Gold King Company, but no immediate developments or plans have been announced publicly. Should the Lead Carbonate and other ore shoots prove to extend appreciably in size and value to depth, considerable trucking at high altitude in severe winter months could be eliminated by deep connections from the Gold King tunnel at Gladstone. Prospecting lengthwise of the block of ground in the footwall of the Bonita fault at depth for possible ore shoots not indicated at the surface might also be a legitimate speculative venture, such as from the heading of the Gold King tunnel. Obviously the rehabilitation of the tunnel and study of the veins and deep geologic conditions is an essential first step. This could, of course, alter the general picture obtained only from surface studies, but probably chiefly as to local details.

W. S. Burbank

F. C. BRIGHTLY, JR., President
H. P. EHRLINGER, Vice Pres. & Gen. Mgr.
A. COHN, Vice President
V. G. RINN, Secretary
H. P. EHRLINGER, Treasurer

BONITA MINING & DEVELOPING CO., INC.

BOX 186
SILVERTON, COLORADO

OPERATIONS
PRIDE OF BONITA MINE
LAST HOPE MINE
EMMA-GALENA MINE
MINNEHAHA MINE
LEAD CARBONATE MINE
LEAD CARBONATE MILL

May 4, 1951

MAY 9 - 1951

DMA 22

The Defense Minerals Administration,
U.S. Department of the Interior,
Washington 25, D.C.

Attention: Mr. Otto Herres, Chief, Lead-Zinc Section.

Gentlemen:

We refer you to our Docket Number DMA-22 on the Pride of Bonita Mine which you have been processing for sometime. We have had information from the suppliers from whom we want to buy the machinery and equipment that we should have a priority number for this so that they can get the materials for us. They have further told us that application for such a number is made by the use of your form MF-103. We have made out this form in quadruple and submit it herewith for a number.

We now have the contractors ready to go ahead with the project and work will be started just as soon as this has been approved by your agency. We do not want to start this work prior to your approval as we understand that any expenditures made prior to the contract signing are not credited to the account and we do not feel that we should have to bear this added expense if the project is to be approved within a short time.

Since this project will not require field examination by your Denver group we hope that it will be expedited for all of the data required has been furnished your agency and our willingness to contribute on an equal basis has been indicated by letter of April 19, 1951. The season in this area for such work is rather short and it behooves us to get started just as soon as is possible in the spring so as to complete the work and get into production before the snows come in the early fall. We have found that if we are operating and have men on the payroll on any of our properties that the County will keep the roads open in the fall and early winter until the slides run and hence this development work must be prosecuted as soon as is possible. We ask that you give this matter some consideration in getting the approval thru.

Very truly yours,

HENRY P. EHRLINGER
General Manager

HPE:m
Incl- Form MF-103 in Quadruple.

FILE COPY
SURNAME:

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

Al Brokaw
Mahnke
Perkas

Memorandum C. O. Matthewson May 2, 1951

To: Production Expansion Division

From: Director, Supply Division

Re: Docket DMA-22
Commodity: Lead, zinc

Subject: Approval of exploration loan on attached docket.

A. Henry P. Ehrlinger, Manager & Treasurer
Bonita Mining and Development Company
Box 186
Silverton, Colorado

B. Pride of Bonita Mine
Eureka Mining District
San Juan County, Colorado

C. (1) The property is in an area where exploration of the type proposed is very important to the long term development of an important mineralized area. The exploration and development of these veins toward the Bonita fault would be a step forward in increasing the lead-zinc production of this particular area.

Reasonably assured output will be about 720 tons of lead metal per year, 1770 tons of zinc metal and 300 tons of copper metal per year. Although the estimated production of zinc is not a large proportion of the national requirements, it will add to the quantity of metal needed from the Rocky Mountain region to help maintain the balance in the national supply and demand.

(2) The exploration proposed is technically feasible with the addition of small quantities of new equipment and additional manpower.

(3) Equipment is available in Silverton on a rental basis or is carried in stock by the parent company.

(4) Financing of the project has not been possible through local banks. One bank in Durango indicated they would participate

if the Government would guarantee the full amount of the loan.

The inferred reserves appear adequate to amortize this loan but the company does not have enough funds to reach the exploratory objectives.

(5) The applicant, Henry P. Ehrlinger, Manager and Treasurer, has an outstanding reputation as a successful operator.

D. It is recommended that the applicant be granted a participating exploration loan in the full amount stated in the application, $23,375.00, one-half of the loan to be furnished by the applicant and one-half to be furnished by the Government. In the event that exploration can be completed for less than the amount requested in the original application, the contract should be negotiated at the lower figure. The company has waived its original request for an above-market price for the zinc. (Letter dated 4/19/51).

E. The applicant proposes to continue the present drift on the Pride of Bonita vein, until that vein intersects the Royal Oak vein at a distance of 450-500 ft. from the present face. The intersection will be at a depth of 900 ft. on the Royal Oak vein. This is a tunnel driving project which the company is fully capable of completing. The project has been previously recommended to the company by Government geologists and engineers.

F. These funds will be used to explore for ore bodies that could possibly increase the production of zinc-lead-copper from this property by 150% over the present production. If the exploration is successful the mine will be able to produce 100 tons of ore per day.

G. (1) The applicant is very conservative in estimating the possible ore reserves that exist along these veins. In a recent examination by geologists of the U. S. Geological Survey the inferred ore reserves for the Pride of the Bonita and Royal Oak veins were estimated at 25,000 and 50,000 tons respectively. The geological conditions are such that it is quite unlikely that the exploration proposed will be unsuccessful.

(2) The rate of production will be approximately 100 tons of ore per day when the mine is operated at capacity. Production rate is somewhat dependent upon mill capacity in the area.

(3) Mining is by accepted methods for this type of deposit. The ~~cuts~~ costs are in line with comparable operations.

(4) Ore produced from this mine will be milled at the Shenandoah-Dives custom mill, located 12 miles from the mine.

(6) The exploration can be completed and the mine in operation within 5 months.

F. (1) The property is equipped with ore cars, rail laid the entire length of the present tunnel, newly timbered portal, 35-40 ton ore bin, access road to both portal and ore bin, and all small tools necessary for exploratory work.

(2) New equipment required would be a drifter, muck machine and a rented compressor.

(3) Transportation is by trucks over roads adequate for the present time. Any road improvements necessary in the future can be financed by the company.

(4) Manpower requirements will be 3 miners during tunnel driving and increased to 6 if 2 shifts are operated. When in full operation the manpower requirements will be 10-12 men per day. The manpower is available.

(5) Power for the present operation is by gasoline engine. If higher compressor output is needed later 1 mile of power line to carry electrical energy may be constructed.

I. (1) A participating exploration loan for $23,375.

(2) It is possible the work can be accomplished for less than the requested amount.

(4) Repayment will be from production following rules and regulations governing the exploration program.

J. The management is under the direct supervision of Henry P. Ehrlinger, a graduate Mining and Metallurgical Engineer, who has been engaged in this type of work for the past 25 years. He is President of the Lead Carbonate Mines. His record in the district in opening up and putting into production several mines has been successful. He is known as a conservative and efficient operator by geologists of the

U. S. Geological Survey.

[illegible] K. All correspondence is contained in the attached docket.

Tom Lyon, Director
Supply Division

ALBrokaw:emp
G 5/2/51
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
T. Lyon
Files

FILE COPY
SURNAME:

McKnight
Herres
Otto

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

April 27, 1951

Mr. Henry P. Ehrlinger
Bonita Mine and Development Company, Inc.
Box 186
Silverton, Colorado

Dear Mr. Ehrlinger:

This will acknowledge receipt of your four letters confirming that your company is willing to proceed with matching of exploration funds on four of your properties.

We do not believe that DMA-22 on the Pride of Bonita, DMA-434 on the Lead Carbonate mine and DMA-473 on the Emma-Oregon-Galena mine will have to be referred to the field. Docket no. DMA-280 has already been referred to the field team for consideration of certain phases of the proposed exploration.

In regard to the access road on DMA-473, this problem is now handled by the Bureau of Public Roads, but upon certification by the Defense Minerals Administration. As the procedure for getting an access road takes considerable time, I don't believe it will be feasible to hold up your exploration of your property in Ice Lake Basin until the access road is constructed. I would suggest that you go ahead with your plan to pack in supplies and tools needed for Phases A and B of the exploration. If the exploration proves successful, I hope that the access road can be prepared in time to be of help on the next phase of the work. Meantime, it would be well to get the application for the access road started.

I am enclosing 5 copies of Form DF-105, 4 of which should be filled out and sent to Mr. J. H. East, Jr., 224 New Customhouse Denver 2, Colorado.

If I can be of further help, please let me know.

Very truly yours,

Otto Herres
O. R. HERRES, Chief
Lead-Zinc Branch

ETMcKnight:emp
G 4/27/51
Copies to: J. H. East, Jr, Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
L. B. Moon
L. F. Strobel
Enclosures
C.O. Mittendorf
Files

856

FILE COPY
SURNAME:

McKnight
Herres
Moon

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

April 13, 1951

Mr. Henry P. Ehrlinger
Bonita Mining and Developing Co., Inc.
Box 186
Silverton, Colorado

In reply please refer to DMA-22

Dear Mr. Ehrlinger:

One of the purposes of the Defense Production Act of 1950 is the encouragement of exploration, development and mining of strategic minerals and metals. Where an applicant has proven reserves of strategic materials, Federal aid in mining can be given through procurement contracts for such materials as are in short supply. On the strength of these contracts, the applicant can obtain private financing in most instances.

The program recently approved for encouragement of exploration of strategic materials calls for participation on the part of the applicant. For zinc, lead and copper deposits it will be necessary to match Government funds on an equal basis. Funds advanced by the Government will be considered a loan, to be repaid if the exploration is profitable, but to be canceled if unsuccessful. The details of the plan, explaining the projects that will be eligible for assistance, the terms and schedules of financing, repayment, and other pertinent information, are enclosed.

A review of your application (DMA-22) for financial aid in developing the Pride of Bonita and Royal Oak veins indicates that your proposal may be considered under this exploration program. Details concerning expenditures that will be considered chargeable to exploration aid will be subject to a final determination by negotiation, but as a preliminary appraisal, we believe that the program will apply to all of your proposed project, amounting to $23,375.00.

Before we can proceed further with consideration of your application, please indicate your willingness to provide your share of the funds needed to carry out the proposed exploration. Any modification of your original proposal that you may wish to make will be considered, but you should be specific concerning the work you wish to undertake.

ETMcKnight:emp G 4/13/51
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
C. O. Mittendorf
Files

Very truly yours,

Otto Herres

OTTO HERRES, Chief
Lead-Zinc Branch

Enclosures

FILE COPY
SURNAME:

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

McKnight
Herres

April 13, 1951

J. H. East
Denver

Memorandum

To: Executive Officer of the Field Team, Region IV

From: Chief, Lead-Zinc Branch

Subject: Application of the Bonita Mining and Developing Company Lead Carbonate Mines, Inc.

Re: Docket NMA-22
NMA-434

Your request to the Executive Secretary dated April 5, for Docket NMA-22 and information as to an application on the Lead Carbonate mine, has been referred to me for reply.

Those two dockets are strictly exploration proposals. Details of the exploration program are being mailed to over 100 applicants, asking them to indicate their willingness to provide their share of the funds necessary to carry out the exploration they have proposed. Copies of the letters to Mr. Ehrlinger concerning the Pride of Bonita and Lead Carbonate mines are enclosed.

We have thorough analydes of those two projects made by Wilbur Burbank of the Geological Survey who is personally familiar with both of these mines. If Mr. Ehrlinger's reply indicates his willingness to go ahead with one or both of these projects, we intend to forward favorable recommendations immediately to the Production Expansion Division, in order to get some of these exploration projects processed before the main flood of approved applications come in.

Application No. NMA-280, Minnehaha mine, belonging to the same company, may also be an exploration project under the interpretation of the NMA exploration program. If the field team can appraise the proposal in this respect in advance of examination, an inquiry of Mr. Ehrlinger may show that he is unable to finance this particular project so that it would be a waste of the field team's time to examine the property.

There are several other exploration projects in the vicinity of Silverton on which letters of inquiry have been written. Carbons of these letters should reach you in a day or two if they have not already arrived. However, we will make a list of them and forward them in a day or two, as it may not always be evident from a letter to an applicant as to where his mine is.

E. T. McKnight: emp G 4/13/51

Otto Herres

Copies to: J. H. East Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight
L. B. Moon

OTTO HERRES, Chief
Lead-Zinc Branch

R. H. Mote
L. F. Strobel
C. O. Mittendorf
Files

Enclosures

Dual 2

FILE COPY
SURNAME:

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

Hesse
Moto

[illegible] 10, 1951

[illegible]

[illegible]

[illegible]

[illegible]

Otto Herres

[illegible]

OHERRES:ks

cc: Mr. East confirmation copy
Mr. Strobel
Mr. Moon
Mr. Maye
Audits
Files
Mr. Moto
Mr. McKnight
Mr. Herres

~~LANDON F. STROBEL~~

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

April 5, 1951

Memorandum

To: Landon S. Strobel, Executive Secretary, Defense Minerals Administration

From: DMA Field Team, Region IV

Subject: DMA Docket 22, Bonita Mining & Developing Company

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D.C.
APR 11 9 03 AM '51

In your letter dated February 20 addressed to Henry P. Ehrlinger, Manager, Bonita Mining and Developing Company, Silverton, Colorado, you mention that Docket DMA 22 might be considered for an exploration project. By covering letter dated February 6, you forwarded us DMA 280 for the Minnehaha mine of the Bonita Mining and Developing Company, and since the two dockets are for mines in virtually the same area, when we send engineers in we would like to investigate both properties at the same time.

We do not have the docket for DMA 22 and will appreciate being informed by air mail of the status of the docket.

Also, in a letter received from Henry P. Ehrlinger, he mentions his application for the Lead Carbonate mine, which is another mine of the same group as DMA 22 and DMA 280. If the report on the Lead Carbonate mine is pending, we will appreciate being advised regarding that application.

J. H. East, Jr.

J. H. East, Jr.

A. H. Koschmann

A. H. Koschmann

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 12 1951

LANDON F. STROBEL
Executive Secretary

APR 12 1951

Mr Herres

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

December 13, 1950

Memorandum

To: Production Expansion Division, DPA
Through Operating Committee

From: Nonferrous Metals Committee, DPA

Subject: Docket DPA-22, Pride of Bonita Mine, Aurora Mining District Colorado

The application for a Government loan of $23,375 under the Defense Production Act of 1950, submitted by the Bonita Mining and Developing Company, Inc. has been reviewed by the Nonferrous Metals Committee. The funds applied for are to be used in drifting on the Pride of Bonita vein some 475 feet to its intersection with the well defined Royal Oak vein. No indication is made in the application as to the method of repayment of the loan but it is inferred that a fixed price of lead at 13 cents per pound, 17.50 cents for zinc, and 24.50 cents for copper would be required during the period of liquidation to insure repayment. No need is seen to commit the Government to floor prices, however, because these market risks can be assumed by the Government by securing the loan only on production.

In the opinion of the Geological Survey, the development of the type proposed would be a step forward in increasing the lead and zinc production of the Aurora district and would be most significant to the long term development of mining in the area. The ore reserves are believed to be substantially greater than estimated by the applicant. In a recent examination by W. S. Burbank of the Geological Survey the total (measured, indicated, and inferred) reserves of the Pride of Bonita and Royal Oak vein were estimated at 25,000 and 50,000 tons, respectively.

The application indicates the company has sound and economical operating methods. Further evidence of efficient operation is the fact that the company repayed the Government the full amount of an R. F. C. loan granted its Lead Carbonate mine during World War II.

In view of the foregoing information, the Nonferrous Committee recommends the following action:

1. The applicant should be granted immediate certification for the Government loan subject to formal consideration of application form DMM-146 for such loan.

2. The attached letter indicating DTA action on the application should be mailed to the applicant.

CHARLES W. MERRILL, Acting Chairman
Nonferrous Committee, DTA

Attachments 6

APPROVED:

DTA Operating Committee

S. H. Williston, Chairman

J. E. Hodgson

Olaf E. Rove

RHM/km

Copy to: Chairman, Commodity Com. ✓
Geological Survey - McKnight
C. W. Merrill
S. H. Williston
R. H. Mote
Files

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

WASHINGTON 25, D. C.

December 13, 1950

Mr. E. P. Ehrlinger, Manager
Bonita Mining & Development Co., Inc.
P. O. Box 136
Silverton, Colorado

Dear Mr. Ehrlinger:

Your application for a Government loan of $23,375 under provisions of the Defense Production Act of 1950 to be used in developing your company's Pride of Bonita Mine in the Eureka district, Colorado has been reviewed by the Operating Committee of the Defense Minerals Administration. The Committee believes your program of development, as outlined in the application, to be reasonable and to show considerable promise of expanding the domestic productive capacity and supply of lead and zinc. However, before an operating program can be formulated for your property certain additional information is required.

Enclosed are five copies of D. S. B. Form 146, Application for Government Loan. Please supply the data requested and return four of these schedules to Dr. James Boyd, Administrator Defense Minerals Administration, Department of the Interior, Washington 25, D. C. A prompt compliance with this request will be sincerely appreciated.

Very truly yours

S. H. WILLISTON, Chairman
Operating Committee, DMA

Enclosures 5

Copy to: Chairman, Commodity Com. ✓
Geological Survey - McKnight
C. W. Merrill
S. H. Williston
R. H. Mote
Files

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
~~BUREAU OF MINES~~
WASHINGTON 25, D. C.

December 26, 1950

Mr. [illegible] Ritzinger, Manager
Ontario Mining & Development Co., Inc.
P. O. Box 186
Silverton, Colorado

In replying please refer to DMA Docket No. 22

Dear Mr. Ritzinger:

Your application for a Government loan under provisions of the Defense Production Act of 1950 has been reviewed by the Read-Line Committee of the Defense Minerals Administration. Before your application can be considered further, certain additional information is required.

Enclosed are five copies of D.M.A. form 146, Application for Government Loan. Please supply the data requested and return four of these schedules to Mr. James Boyd, Administrator Defense Minerals Administration, Department of the Interior, Washington 25, D. C. The Bureau of Mines regional office in Denver, Colorado will be pleased to assist you in completing form 146 in case you have any questions regarding the information requested. A prompt return of this form will be appreciated.

Very truly yours

[illegible], Chairman
Read-Line Committee, DMA

Enclosures 5

RHMote/km

Copy to: Chairman, Commodity Committee
Geological Survey - McKnight
C. W. Morrill
C. F. Williston
J. L. Hodges

R. H. Mote
2 copies to Executive Officer, Regional Field Team, Region IV
Base Metals Branch
Files